SUPREME INDUSTRIES INC

FORM 10-K
(Annual Report)

Filed 02/27/14 for the Period Ending 12/28/13

Address	P O BOX 237 2581 EAST KERCHER ROAD GOSHEN, IN 46528
Telephone	5746423070
CIK	0000350846
Symbol	STS
SIC Code	3713 - Truck and Bus Bodies
Industry	Auto, Truck & Motorcycle Parts
Sector	Consumer Cyclicals
Fiscal Year	12/31

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON D.C. 20549

FORM 10-K

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended: December 28, 2013

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

COMMISSION FILE NUMBER: 1-8183

SUPREME INDUSTRIES, INC.
(Exact name of Registrant as specified in its charter)

Delaware	**75-1670945**
(State or other jurisdiction of incorporation)	(I.R.S. Employer Identification Number)
2581 E. Kercher Road **Goshen, Indiana**	**46528**
(Address of principal executive office)	(Zip Code)

Registrant's telephone number, including area code: **(574) 642-3070**

Securities registered pursuant to Section 12(b) of the Exchange Act:

Title of each class:	**Name of each exchange on which registered:**
Class A Common Stock ($.10 Par Value)	NYSE MKT

Securities registered pursuant to Section 12(g) of the Exchange Act: **None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☒

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐	Accelerated filer ☐
Non-accelerated filer ☐ (Do not check if a smaller reporting company)	Smaller reporting company ☒

Indicate by check mark whether the registrant is a shell company (as defined by Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The aggregate market value of the voting and non-voting common stock held by non-affiliates of the registrant as of the last business day of the registrant's most recently completed second fiscal quarter, based on the last closing sale price of $5.00 per share for the common stock on the NYSE MKT on such date, was approximately $63,396,873.

Indicate the number of shares outstanding of each of the registrant's classes of common stock as of the latest practicable date.

Class	**Outstanding at February 25, 2014**
Class A Common Stock ($.10 Par Value)	14,537,255 shares
Class B Common Stock ($.10 Par Value)	1,771,949 shares

Documents incorporated by reference

Listed below are documents, parts of which are incorporated herein by reference, and the part of this report into which the document is incorporated:

Portions of the Proxy Statement for the 2014 Annual Meeting of Stockholders — Part III

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PART I

ITEM 1. BUSINESS.

History

Supreme Industries, Inc., a Delaware corporation (the "Company," "Supreme" or "we"), is one of the nation's leading manufacturers of specialized vehicles including truck bodies, buses, and armored and specialty vehicles. The Company was originally incorporated in 1979.

In January of 1984, Supreme Corporation, the Company's wholly-owned operating subsidiary, was formed to acquire a company engaged in the business of manufacturing, selling, and repairing specialized truck bodies, buses, and related equipment.

During 2012, several legal entity restructuring transactions occurred as a result of which Supreme Corporation, a Texas corporation, became the Company's principal subsidiary. As part of these restructuring transactions, several operating and real estate entities became wholly-owned subsidiaries of Supreme Corporation. This corporate restructuring was undertaken to provide the Company a more effective structure for purposes of efficient management and measurement of business operations.

General Description of the Company's Business

The Company has two operating segments — specialized vehicles and fiberglass products. The fiberglass products segment does not meet the quantitative thresholds for separate disclosure. See segment information in Note 1 - Nature of Operations and Accounting Policies of the Notes to Consolidated Financial Statements (Item 8).

Supreme competes in two core areas of the specialty vehicle market, truck bodies and buses. Supreme manufactures a truck body or bus body that is attached to a truck chassis. The truck chassis, which consists of an engine, drivetrain, a frame with wheels, and in some cases a cab, is manufactured by third parties who are major automotive or truck companies. Such companies typically do not build specialized truck bodies. Supreme is the only major manufacturer that produces both truck and bus bodies. Some examples of specialized vehicles that are not manufactured by Supreme are dump bodies, utility bodies, and garbage packers.

Supreme offers a wide range of truck products with prices that range from $4,000 to more than $100,000. Supreme's truck bodies are offered in aluminum, fiberglass reinforced plywood ("FRP"), FiberPanel, or SignaturePlate. Most of our products are attached to light-duty truck chassis and medium-duty chassis. Supreme integrates a wide range of options into its truck bodies including liftgates, cargo-handling equipment, customized doors, special bumpers, ladder racks, and refrigeration equipment. Supreme is primarily a build-to-order operation with very limited production occurring in anticipation of pending orders.

The following table shows net sales contributed by each of the Company's product categories:

	2013	2012	2011
Specialized vehicles:			
Trucks	$ 225,778,360	$ 211,971,626	$ 218,927,753
Buses	42,395,350	55,025,147	60,640,186
Specialty vehicles	11,929,635	16,180,244	18,505,470
	280,103,345	283,177,017	298,073,409
Fiberglass products	2,169,954	2,963,095	2,287,280
	$ 282,273,299	$ 286,140,112	$ 300,360,689

The following is a brief summary of Supreme's products:

Signature Van bodies . Supreme's Signature Van bodies range from 10 to 28 feet in length with exterior walls assembled from one of several material options including pre-painted aluminum, FRP panels, FiberPanels, or SignaturePlate. Additional features include molded composite front and side corners, LED marker lights, sealed wiring harnesses, hardwood or pine flooring, and various door configurations to accommodate end-user loading and unloading requirements. This product is adaptable for a diverse range of uses in dry-freight transportation.

Iner-City® cutaway van bodies. An ideal route truck for a variety of commercial applications, the Iner-City bodies are manufactured on cutaway chassis which allow access from the cab to the cargo area. Borrowing many design elements from Supreme's larger van body, the Iner-City is shorter in length (10 to 18 feet) than a typical van body.

Spartan service bodies. Built on the cutaway chassis out of durable FRP, the Spartan Service Body is a virtual workshop on wheels. In lengths from 10 to 14 feet, the Spartan's selection of compartments, shelves, doors, and pre-designed options provides job-site protection from the weather while offering a secure lockable workspace.

Spartan cargo vans. Built on a cutaway chassis and constructed of FRP, the Spartan Cargo Van provides the smooth maneuverability of a commercial van with the full-height and spacious cargo area of a truck body. In lengths of 10 to 14 feet and available with a variety of pre-designed options, the Spartan Cargo Van is a bridge product for those moving up from a traditional cargo van into the truck body category.

Kold King® insulated van bodies. Kold King insulated bodies, in lengths of up to 28 feet, provide versatility and dependability for temperature controlled applications. Flexible for either hand-load or pallet-load requirements, they are ideal for multi-stop distribution of both fresh and frozen products.

Stake bodies. Stake bodies are flatbeds with various configurations of removable sides. The stake body is utilized for a broad range of agricultural and construction industries transportation needs.

Armored SUVs . Supreme's armored SUV products offer the same outside appearance and interior as a stock model SUV, but with armored protection against hostile fire. These protective vehicles are used both abroad by governmental agencies and for various domestic applications.

Armored trucks and specialty vehicles. Supreme is one of the largest makers of cash-in-transit vehicles as well as SWAT rapid deployment vehicles, prisoner transport vehicles, and a variety of other security vehicles.

Shuttle buses. Shuttle buses (Senator and Candidate) have seating capacities for 12 to 29 people and are offered with a variety of seating arrangements and with options such as wheelchair lifts, custom interiors, and special exterior paint schemes. The shuttle bus line features an aerodynamic exterior design and is intended for use by hotels, nursing homes, car leasing companies, and airport-related users.

Mid-size buses. Supreme's mid-size buses (President and Ambassador) are offered in lengths of up to 31 feet with capacities of up to 35 passengers. This product serves the public transit and tour markets as well as end users such as universities and various sport franchises.

Trolleys. Supreme's trolley line is similar in size to the mid-size bus line but resembles a San Francisco trolley car. Supreme is a leading manufacturer of this product which is marketed to resort areas, theme parks, and cities desiring unique transportation vehicles.

Kold King®, Iner-City®, Spartan, and Fuel Shark are trade names used by Supreme in its marketing of truck bodies and buses. Kold King® and Iner-City® are trademarks registered in the U.S. Patent and Trademark Office.

Manufacturing

Supreme's manufacturing facilities are located in Goshen and Ligonier, Indiana; Griffin, Georgia; Cleburne, Texas; Moreno Valley, California; and Jonestown, Pennsylvania.

Supreme builds specialized vehicle bodies and installs other equipment on truck chassis, most of which are provided by converter pool agreements or are owned by dealers or end-users. These truck bodies are built on an assembly line from engineered structural components such as floors, roofs, and wall panels. These components are manufactured from Supreme's proprietary designs and are installed on the truck chassis. Supreme then installs optional equipment and applies any special finishes that the customer has specified. Throughout the manufacturing and installation process, Supreme conducts quality control procedures to ensure that the products meet its customers' specifications. Supreme's products are generally produced to firm orders and are designed and engineered by Supreme. Order levels will vary depending upon price, competition, prevailing economic conditions, and other factors.

The Company manufactures its own fiberglass reinforced plywood and has extensive metal bending capabilities. These component manufacturing facilities are located in Goshen and Ligonier, Indiana.

Supreme provides limited warranties against construction defects in its products. These warranties generally provide for the replacement or repair of defective parts or workmanship for periods of up to five years following the date of retail sale.

We purchase raw materials and component parts from a variety of sources. Although we generally do not enter into long-term supply contracts, management believes that we have good relationships with our primary suppliers. In recent years prices have fluctuated significantly, but we have experienced no material adverse problems in obtaining adequate supplies of raw materials and component parts to meet the requirements of our production schedules. Management believes that the materials used in the production of our products are available at competitive prices from an adequate number of alternative suppliers. Accordingly, management does not believe that the loss of a single supplier would have a material adverse effect on our business.

Marketing

Supreme sells its products to commercial dealers/distributors, fleet leasing companies, or directly to end-users. Products purchased by a dealer from Supreme are sold by the dealer/distributor to its own customers.

Supreme's dealer/distributor network consists of more than 1,000 commercial dealers, a limited number of truck equipment distributors, and approximately 25 bus distributors. Management believes that this large network, coupled with Supreme's geographically-dispersed plant and distribution sites, gives Supreme a marketing advantage over its competitors. Supreme generally delivers its products within 4 to 8 weeks after the receipt of orders.

Approximately 80 employees are engaged in direct sales. Supreme engages in direct marketing to target markets and participates in industry and vocational trade shows.

Trademarks

The Company owns and maintains trademarks that are used in marketing specialized products manufactured by Supreme. Management believes that these trademarks have significant customer goodwill. For this reason, management anticipates renewing each trademark discussed above for an additional ten-year period prior to such trademark's expiration.

Working Capital

The Company utilizes its revolving line of credit to finance its accounts receivable and inventories. The Company believes that its days sales outstanding and its days inventories on hand are within normal industry levels. The Company had working capital of $37.6 million and $38.6 million at December 28, 2013, and December 29, 2012, respectively.

Major Customers

No single customer or group of customers, accounted for 10% or greater of the Company's consolidated net sales for the fiscal years ended in 2013 and 2012. During 2011, one of our customers (Penske) accounted for approximately 20% of consolidated net sales. The Company's export sales are minimal.

Competitive Conditions

The highly competitive nature of the specialized vehicle industry presents a number of challenges. With only a few national competitors, the Company often competes with smaller, regional companies. As a result of this broad competition, the Company is often faced with competitive pricing pressures. Other competitive factors include quality of product, lead times, geographic proximity to customers, and the ability to manufacture a product customized to customer specifications.

During favorable business cycles, the industry tends to see an increase in smaller, regional competitors, and then a similar decrease during times of challenging economic pressures. With its national presence and diverse product offerings, the Company believes that it is well positioned to meet the competitive challenges presented.

Governmental Regulation

The Company's operations are subject to a variety of federal, state, and local environmental and health and safety statutes and regulations including those related to emissions to the air, discharges to water, treatment, storage, and disposal of water, and remediation of contaminated sites. Additionally, the Company's products are subject to a variety of federal, state, and local safety statutes and regulations. From time to time, the Company has received notices of noncompliance with respect to our operations and products. These notices have typically been resolved by investigating the alleged noncompliance and correcting any noncompliant conditions.

Cyclicality and Seasonality of Business

The Company's business can be cyclical due to the normal replacement cycle particularly of its truck products (historically approximately seven years) being subject to customers delaying purchases due to adverse changes in economic conditions and other long range factors that can affect the transportation industry. Seasonality arises due to the Company typically participating in bids for large fleet contracts. If successful, the fleet orders generally require shipment of the truck bodies in the first and second quarters. Additionally, our business depends on various factors that are particularly sensitive to general economic conditions and business cycles including: corporate profitability; interest rates; fuel costs; changes in government regulations (i.e. fuel standards); customer preferences; industrial, commercial, and consumer spending patterns; and availability of truck chassis.

Employees

As of December 28, 2013 and December 29, 2012, the Company employed approximately 1,700 and 1,500 employees, respectively, none of whom are represented by a collective bargaining unit. The Company considers its relations with its employees to be favorable.

Backlog

The Company's backlog of firm orders was $84.7 million at December 28, 2013 compared to $67.9 million at December 29, 2012, all of which was reasonably expected to be filled within the applicable year.

ITEM 1A. RISK FACTORS

Any investment in our Common Stock involves a high degree of risk. You should carefully consider the risks and uncertainties described below and the other information included in this Form 10-K before purchasing our Common Stock. Although the risks described below are the risks that we believe are material, they are not the only risks relating to our business and our Common Stock. Additional risks and uncertainties, including those that are not yet identified or that we currently believe are immaterial, may also adversely affect our business, financial condition, or results of operations. If any of the events described below occur, our business and financial results could be materially and adversely affected. The market price of our Common Stock could decline due to any of these risks, perhaps significantly, and you could lose all or part of your investment.

A lack of credit and/or limited financing availability to the Company, its vendors, dealers, or end users could adversely affect our business.

The Company's liquidity and financial condition could be materially and adversely affected if, under its current bank credit agreement, the Company's ability to borrow money from its existing lender to finance its operations is reduced or eliminated. Similar adverse effects may also result if the Company realizes lessened credit availability from trade creditors. Additionally, many of our customers require the availability of financing to facilitate the purchase of our products. As a result, a continuing period of reduced credit availability in the marketplace could have adverse effects on the Company's business.

Increases in the price and demand for raw materials could lower our margins and profitability.

Supreme generally does not have long-term raw material contracts and is dependent upon suppliers of steel, aluminum, wood products, and fiberglass materials, among others, for its manufacturing operations. Consequently, our ability to produce and deliver our products could be affected by disruptions encountered by our raw material suppliers or freight carriers. Additionally, competitive market conditions may prevent the Company from implementing price increases to offset raw material cost increases. As a result the Company's gross margin could be adversely affected.

Volatility in the supply of vehicle chassis and other vehicle components could adversely affect our business.

With the exception of some bus and armored products, the Company generally does not purchase vehicle chassis for its inventory. The Company accepts shipments of vehicle chassis owned by dealers or end-users for the purpose of installing and/or manufacturing its specialized truck bodies and buses on such chassis. Historically, General Motors Corp. ("GM") and Ford Motor Company ("Ford") have been the primary suppliers of chassis. In the event of a disruption in supply from one major supplier, the Company would attempt to use another major supplier, but there can be no assurance that this attempt would be successful. Nevertheless, in the event of chassis supply disruptions, there could be unforeseen consequences that may have a significant adverse effect on the Company's business operations.

The Company also faces risk relative to finance and storage charges for maintaining excess consigned chassis inventory from GM and Ford. Under these consigned inventory agreements, if a chassis is not delivered to a customer within a specified time frame, the Company is required to pay finance or storage charges on such chassis.

We compete in the highly competitive specialized vehicle industry which may impact our financial results.

The competitive nature of the specialized vehicle industry creates a number of challenges for the Company. Important factors include product pricing, quality of product, lead times, geographic proximity to customers, and the ability to manufacture a product customized to customer specifications. Specialized vehicles are produced by a number of smaller, regional companies which create product pricing pressures that could adversely impact the Company's profits. Chassis manufacturers have not generally shown an interest in manufacturing specialized vehicles, including truck bodies and buses, because such manufacturers' highly-automated assembly line operations do not lend themselves to the efficient production of a wide variety of highly-specialized vehicles with various options and equipment.

We have potential exposure to environmental and health and safety liabilities which may increase costs and lower profitability.

Our operations are subject to a variety of federal, state, and local environmental and health and safety statutes and regulations, including those relating to emissions to the air, discharges to water, treatment, storage, and disposal of waste, and remediation of contaminated sites. In certain cases, these requirements may limit the productive capacity of our operations.

Certain laws, including the Federal Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended, have imposed strict and, under certain circumstances, joint and several liability for costs to remediate contaminated sites upon designated responsible parties including site owners or operators and persons who dispose of wastes at, or transport wastes to, such sites.

From time to time, we have received notices of noncompliance with respect to our operations. These notices have typically been resolved by investigating the alleged noncompliance and correcting any non-compliant conditions. New environmental requirements, more aggressive enforcement of existing ones, or discovery of presently unknown conditions could require material expenditures or result in liabilities which could limit expansion or otherwise have a material adverse effect on our business, financial condition, and operating cash flows.

A product defect claim in excess of our insurance coverage, or for which we have no insurance, or an inability to acquire or maintain insurance at commercially reasonable rates, could have a materially adverse effect upon our business.

We face an inherent risk of exposure to product liability, product recall, and other product defect related claims, if the use of our current or formerly manufactured products result, or are alleged to result, in personal injury and/or property damage, or if a significant number of our products must be recalled, or if a product defect results in the Company having to refund the purchase price of a substantial number of vehicles. If we manufacture a defective product, we may experience material losses and we may incur significant costs to defend product defect claims. We could also incur damages and significant costs in correcting any defects, lost sales, and suffer damage to our reputation. We may not have insurance coverage for certain types of claims or our insurance coverage may not be adequate for liabilities we could incur and may not continue to be available on terms acceptable to us.

Our manufacturer's warranties expose us to potentially significant claims.

We are subject to product warranty claims in the ordinary course of our business. If we manufacture poor quality products or receive defective materials, we may incur unforeseen costs in excess of what we have reserved in our financial statements. These costs could have a material adverse effect on our business and operating cash flows.

We depend on the services of our key executives. Any loss of our key executives could have a material adverse effect on our operations.

Our ability to compete successfully and implement our business strategy depends on the efforts of our senior management personnel. The loss of the services of any one or more of these individuals could have a material adverse effect on our business. We do not maintain key-man life insurance policies on any of our executives. If we were unable to attract qualified personnel to our management, our existing management resources could become strained, which may harm our business and our ability to implement our strategies.

Our relatively low trading volumes may limit our stockholders' abilities to buy or sell their shares.

Our Class A Common Stock has experienced, and may continue to experience, price volatility and low trading volumes. Overall market conditions, and other risk factors described herein, may cause the market price of our Class A Common Stock to fall. Our high and low sales prices for the twelve month period ended December 28, 2013 were $7.12 and $3.10, respectively. Our Class A

Common Stock is listed on the NYSE MKT exchange under the symbol "STS." However, daily trading volumes for our Class A Common Stock are, and may continue to be, relatively small compared to many other publicly-traded securities. For example, during the twelve month period ended December 28, 2013, our daily trading volume has been as low as 900 shares. It may be difficult for you to buy or sell shares in the public market at any given time at prevailing prices, and the price of our Class A Common Stock may, therefore, be volatile.

Our officers and directors own a large percentage of our common stock. They may vote their shares in ways with which you disagree.

As of February 25, 2014, our officers and directors as a group beneficially owned 23.7% of our Class A Common Stock and 90.7% of our Class B Common Stock. As a result, they will continue to be able to exercise significant influence, and in most cases, control, over matters requiring stockholder approval, including the election of directors, changes to our charter documents, and significant corporate transactions. This concentration of ownership makes it unlikely that any other holder or group of holders of our Class A Common Stock will be able to affect the way we are managed or the direction of our business.

Our split classes of stock may make it more difficult or expensive for a third party to acquire the Company which may adversely affect our stock price.

Our outstanding Common Stock is split into two classes. The Class A Common Stock is listed on the NYSE MKT exchange, and the holders thereof are entitled to elect two members of the Company's Board of Directors. The majority (90.7%) of the Class B Common Stock is owned or controlled by the Company's officers and directors and is entitled to elect the remaining six members of the Company's Board of Directors. The continuing ability of the holders of our Class B Common Stock to elect a majority of the members of the Company's Board of Directors will make it difficult for another company to acquire us and for Class A stockholders to receive any related take-over premium (unless the controlling group approves the sale).

The shuttle bus industry is highly competitive.

The shuttle bus industry is highly competitive; we routinely face competition from multiple companies for state and municipal bid contracts, as well as retail sales. The recent competitive environment in the bus industry has resulted in increased discounting, which effectively lowers unit sales prices. Sustained or increasing competitive pressures could have a material adverse effect on our results of operations. There can be no assurance that we will be able to reduce the cost of our products to remain competitive or that existing or new competitors will not develop products that are superior to ours or that achieve better consumer acceptance, thereby adversely affecting our market share, sales volume, and profit margins.

Our internal controls provide only reasonable assurance that objectives are met. Failure of one or more of these controls could adversely affect the Company.

While the Company believes that its control systems are effective, there are inherent limitations in all control systems, and misstatements due to error or fraud may occur and not be detected. The Company continues to take action to comply with the internal controls, disclosure controls, and other requirements of the Sarbanes-Oxley Act of 2002. Management, including our Chief Executive Officer and Chief Financial Officer, cannot guarantee that our internal controls and disclosure controls will prevent all possible errors or all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. In addition, the design of a control system must reflect the fact that there are resource constraints, and the benefit of controls must be relative to their costs. Because of the inherent limitations in all control systems, no system of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple error or mistake. Further, controls can be circumvented by individual acts of some persons, by collusion of two or more persons, or by management override of the controls. The design of any system of controls is also based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Over time, a control may be inadequate because of changes in conditions or the degree of compliance with the policies or procedures may deteriorate. Because of inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

Ability to sell idle facilities .

We currently own facilities which have been idle for a period of time and are currently being marketed for sale (see Item 2. " *Properties* "). Although management has exercised its best judgment to reflect accurate current market values of these properties in the Company's financial statements, there cannot be, due to current adverse market conditions, any assurance that these properties can be sold for these values anytime in the near future.

(See other risk factors listed in Item 7 under the caption: “Forward-Looking Statements”).

ITEM 1B. UNRESOLVED STAFF COMMENTS.

Not applicable.

ITEM 2. PROPERTIES.

Set forth below is a brief summary of the properties which are owned or leased by the Company.

	Square Footage	Owned or Leased	Operating Segment
Manufacturing of Products			
Goshen, Indiana	521,816	Owned	Specialized Vehicles
Jonestown, Pennsylvania	424,416	Owned	Specialized Vehicles
Griffin, Georgia	191,779	Owned	Specialized Vehicles
Cleburne, Texas	177,035	Owned	Specialized Vehicles
Moreno Valley, California	103,200	Owned	Specialized Vehicles
Moreno Valley, California	13,758	Leased	Specialized Vehicles
	1,432,004		
Manufacturing of Component Parts			
Ligonier, Indiana	52,142	Owned	Fiberglass Products
	52,142		
Distribution			
Harrisville, Rhode Island	20,000	Owned	Specialized Vehicles
Colorado Springs, Colorado	950	Leased	Specialized Vehicles
	20,950		
Properties Held for Sale			
Wilson, North Carolina	113,694	Owned	Not Applicable
White Pigeon, Michigan	74,802	Owned	Not Applicable
St. Louis, Missouri	4,800	Owned	Not Applicable
Goshen, Indiana (land)	—	Owned	Not Applicable
	193,296		
Corporate Office Building			
Goshen, Indiana	26,000	Owned	Not Applicable
Total square footage	1,724,392		

In an effort to manage its capacity utilization and control its assets, the Company had previously ceased operations at a number of facilities during and prior to 2011. The North Carolina and Michigan properties were classified as property, plant, and equipment as of December 28, 2013. The North Carolina property is being aggressively marketed for sale and the Michigan property is being leased to an unrelated business. The Missouri and Indiana properties were classified as assets held for sale as of December 28, 2013 and are being aggressively marketed for sale. The facilities owned or leased by the Company are well maintained, in good condition, and adequate for their intended purposes.

ITEM 3. LEGAL PROCEEDINGS.

The Company is subject to various investigations, claims, and legal proceedings covering a wide range of matters that arise in the ordinary course of its business activities. Each of these matters is subject to various uncertainties, and it is possible that some of these matters may be resolved unfavorably to the Company. The Company establishes accruals for matters that are probable and reasonably estimable.

ITEM 4. MINE SAFETY DISCLOSURES.

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS, AND ISSUER PURCHASES OF EQUITY SECURITIES.

The Company's Class A Common Stock is traded on the NYSE MKT exchange (ticker symbol STS). The number of record holders of the Class A Common Stock as of February 25, 2014 was approximately 233. Due to the number of shares held in nominee or street name, it is likely that there are substantially more than 233 beneficial owners of the Company's Class A Common Stock.

The Company's Class A Common Stock closed at a price of $6.64 per share on the NYSE MKT exchange on February 25, 2014 on which date there were 14,537,255 shares of Class A Common Stock outstanding. High and low sales prices of the Class A Common Stock for the two-year periods ended December 28, 2013 and December 29, 2012 were:

	2013		2012	
	High	Low	High	Low
1st Quarter	$ 4.86	$ 3.10	$ 3.25	$ 2.42
2nd Quarter	5.26	4.25	4.57	3.01
3rd Quarter	6.59	4.76	4.66	3.65
4th Quarter	7.12	5.47	4.00	3.22

All of the 1,771,949 outstanding shares of the Company's Class B Common Stock were held by a total of 13 persons as of February 25, 2014. There is no established trading market for the Class B Common Stock. The Class B Common Stock is freely convertible on a one-for-one basis into an equal number of shares of Class A Common Stock, and ownership of the Class B Common Stock is deemed to be beneficial ownership of the Class A Common Stock under Rule 13d-3(d) (1) promulgated under the Securities Exchange Act of 1934.

Pursuant to the terms of the Class B Common Stock, on August 9, 2013, Elizabeth R. Gardner converted 30,834 shares of Class B Common Stock into 30,834 shares of Class A Common Stock. The shares of Class A Common Stock were issued pursuant to Rule 3(a)(9) of the Securities Act of 1933, as amended.

On May 8, 2013, the Company's Board of Directors declared a five percent (5%) stock dividend on its outstanding Class A and Class B Common Stock. Stockholders of record on May 20, 2013 received a stock dividend for each share owned on that date, paid on June 3, 2013. The Company did not declare or pay any cash dividends during the years ended December 28, 2013 or December 29, 2012 and did not pay any stock dividends during the year ended December 29, 2012. Future dividend payments will necessarily be subject to business conditions, the Company's financial position, and requirements for working capital, property, plant and equipment expenditures, and other corporate purposes.

ITEM 6. SELECTED FINANCIAL DATA

The following selected financial data has been derived from our consolidated financial statements. The data set forth below should be read in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations and our consolidated financial statements and notes thereto.

All per share data has been adjusted to reflect the five percent (5%) common stock dividend declared and paid during 2013.

	For Fiscal Years Ended				
	2013	2012	2011	2010	2009
Consolidated Statement of Continuing Operations Data: (in millions, except per share amounts)					
Net sales	$ 282.3	$ 286.1	$ 300.4	$ 221.2	$ 183.9
Income (loss) from continuing operations	6.4	11.8	1.7	(8.8)	(6.0)
Income (loss) from continuing operations per share:					
Basic earnings (loss) per share	0.40	0.74	0.11	(0.59)	(0.41)
Diluted earnings (loss) per share	0.39	0.73	0.11	(0.59)	(0.41)
Consolidated Balance Sheet Data: (in millions)					
Working capital (a)	$ 37.6	$ 38.6	$ 35.4	$ 19.1	$ 22.4
Total assets	113.5	105.1	104.7	101.1	109.2
Total debt	9.7	14.1	15.9	26.6	27.3
Stockholders' equity	74.1	67.2	54.9	51.5	62.3

(a) During the third quarter of 2009, the Company reclassified its revolving line of credit from long-term to current ($25.6 million at December 26, 2009). During the third quarter of 2011, the Company reclassified its revolving line of credit from current to long-term ($11.7 million at December 31, 2011).

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

Company Overview

Established in 1974 as a truck body manufacturer, Supreme Industries, Inc., through its wholly-owned subsidiary Supreme Corporation, is one of the nation's leading manufacturers of specialized vehicles. The Company engages principally in the production and sale of customized truck bodies, buses, and other specialty vehicles. Building on its expertise in providing both cargo and passenger transportation solutions, the Company's specialty vehicle offerings include products such as customized armored vehicles and homeland response vehicles.

Supreme's dealer/distributor network consists of more than 1,000 commercial dealers, a limited number of truck equipment distributors, and approximately 25 bus distributors. The Company's manufacturing and service facilities are located in seven states across the continental United States allowing us to meet the needs of customers across all of North America. Additionally, the Company's favorable customer relations, strong brand recognition, extensive product offerings, bailment chassis arrangements, and product innovation competitively positions Supreme with a strategic footprint in the markets it serves.

The Company and its product offerings are affected by various risk factors which include, but are not limited to, economic conditions, interest rate fluctuations, volatility in the supply chain of chassis, and the availability of credit and financing to the Company, our vendors, dealers, or end users. The Company's business is also affected by the availability and costs of certain raw materials that serve as significant components of its product offerings. The Company's risk factors are disclosed in Item 1A "Risk Factors" of this document.

Results of Operations

The following discussion should be read in conjunction with the consolidated financial statements and related notes thereto (see Note 1 "Nature of Operations and Accounting Policies") located in Item 8 of this document, and pertain to continuing operations unless otherwise noted. All earnings per share and share figures have been adjusted for the 5% stock dividend distributed in the second quarter of 2013.

Overview

Consolidated net sales for the twelve-month period ended December 28, 2013 decreased 1.4%, to $282.3 million, from $286.1 million last year, due to lower bus and specialty vehicle sales offset by increased truck body volume. For the twelve months ended December 28, 2013, gross profit increased to $46.8 million, from last year's $43.5 million. Gross margin, as a percentage of sales, increased to 16.6%, compared with 15.2% in 2012, despite margin pressure in the bus product line. The margin growth reflects improved product mix, pricing disciplines and margin-expansion initiatives including process improvements, manufacturing efficiencies and strategic purchasing.

Selling, general and administrative expenses increased year over year as a percent of sales to 12.1% from 11.1%, mainly due to higher commissions on more profitable sales and other employee costs, such as healthcare, wage increases and selective headcount additions.

Income tax expense of $2.9 million was recorded in the year ended December 28, 2013 due to the Company's return to normalized tax rates. In 2012, the Company recorded an income tax benefit of $0.3 million that included the reversal of a deferred tax valuation allowance due to the Company's improved profitability.

Reported net income for the twelve months ended December 28, 2013 was $6.4 million, or $0.39 per diluted share, compared with $11.8 million, or $0.73 per diluted share in 2012.

On December 31, 2013, the Company announced its intention to divest its shuttle bus business. The progressively competitive environment in the bus industry has led to intensified price cutting, making it more difficult to sustain profitability. Shuttle bus products represented less than 13% of the Company's consolidated 2013 sales, but have had a material adverse effect on reported financial results. Although the Company made this announcement on December 31, 2013, the technical requirements for discontinued operations accounting were not met with the result that the Company did not present the shuttle bus business as discontinued operations for all years presented.

In the second quarter of 2013, the bus division settled its King County, Washington, lawsuit which resulted in a year-to-date pre-tax charge of $3.6 million including related legal costs. The legal settlement and related costs for the year totaled $4.7 million, partially offset by $1.1 million of estimated value assigned to the returned product. See "Basic and diluted income per share" for a more detailed explanation regarding the reconciliation of net income and net income per share to adjusted net income and adjusted net income per share.

On a pro forma basis, adjusting for the impact of the shuttle bus business (including costs associated with the King County lawsuit) and normalizing the 2012 income tax expense, diluted earnings per share for 2013 improved to $0.68 per share compared to $0.53 for 2012.

The decision to divest the shuttle bus business is expected to help us improve stockholder value by reallocating resources where they are expected to earn a higher return. Supreme's core business of manufacturing and selling customized truck bodies has recently undergone successful facilities and manufacturing process upgrades, resulting in better operating efficiencies and expanding margins for these products.

Because of improved truck demand, sales backlog at the end of 2013 increased 24.7% to $84.7 million, compared with $67.9 million at the end of 2012.

Working capital was $37.6 million at December 28, 2013, compared to $38.6 million at the end of 2012. During 2013, Supreme invested $6.2 million in facilities and equipment to enhance manufacturing efficiencies. Total debt declined more than 30% to $9.7 million at year end, compared with $14.1 million last year. Stockholders' equity increased 10.3% to $74.1 million at December 28, 2013, compared with $67.2 million at December 29, 2012. Book value per-share grew to $4.59 at year end versus $4.20 at the end of 2012. Net cash provided by operating activities in 2013 was $13.5 million, compared with $12.4 million in 2012.

The pending divestiture of the shuttle bus business represents a continued transition towards an organizational focus on profitable growth. As we enter 2014, we are encouraged by the opportunities we see in the work truck and specialty vehicle product lines, where customers value high-quality products and dependable delivery performance. Supreme will celebrate its 40 th anniversary during 2014, which is a direct result of our dedicated employees and loyal customers.

Comparison of 2013 with 2012

Net sales

Net sales for the year ended December 28, 2013 decreased $3.8 million, or 1.4%, to $282.3 million as compared with $286.1 million for the year ended December 29, 2012. The following table presents the components of net sales and the changes from 2012 to 2013:

($000's omitted)	2013	2012	Change	
Specialized vehicles:				
Trucks	$ 225,778	$ 211,972	$ 13,806	6.5%
Buses	42,395	55,025	(12,630)	(23.0)
Specialty vehicles	11,930	16,180	(4,250)	(26.3)
	280,103	283,177	(3,074)	(1.1)
Fiberglass products	2,170	2,963	(793)	(26.8)
	$ 282,273	$ 286,140	$ (3,867)	(1.4)%

Truck division sales increased by $13.8 million, or 6.5%, for the 2013 year primarily due to improved retail demand and additional fleet orders in certain product categories. As we move into 2014, we are encouraged by the increased truck backlog and by our improved flexibility in our manufacturing processes resulting in efficiency improvements, higher-quality products, and improved on-time delivery.

Bus division sales decreased $12.6 million, or 23.0%, as the bus market continued to feel the effects of tightened municipal and state budgets that caused intense competition leading to increased discounting and reduced margins.

Specialty vehicle division sales for 2013 decreased $4.3 million, or 26.3%, compared with 2012. The decrease was the result of minimal sales of specialty vehicles and continued weakness in U.S. Department of State business. To improve our overall consolidated performance, we are reworking our product flow of complex, high option content products, utilizing production processes designed for lower volume customer trucks. A portion of these units will be produced at the specialty vehicle division as the process is designed for lower volume customized products. Using existing products and capabilities as a foundation, we continue to look for opportunities to expand product offerings and our customer base for these specialty products.

The Fiberglass division sells fiberglass reinforced plywood to Supreme for use in the production of certain of its truck bodies and to third parties. The decrease of $0.8 million, or 26.8%, was due to lower sales to third parties in 2013.

Cost of sales and gross profit

Gross profit increased by $3.3 million, or 7.5%, to $46.8 million for the year ended December 28, 2013 as compared with $43.5 million for the year ended December 29, 2012. The following presents the components of cost of sales and the changes from 2012 to 2013:

Material — Material cost as a percentage of net sales decreased by 1.8% for the year ended December 28, 2013 as compared with 2012. The decrease in the material percentage was due in part to favorable product mix, strategic purchasing of certain materials, and our focus on pricing disciplines in our sales efforts. The Company closely monitors major commodities to identify raw material cost escalations and attempts to pass through cost increases as markets will allow by having material adjustment clauses in most key customer contracts.

Direct Labor — Direct labor as a percentage of net sales decreased by 0.7% for the year ended December 28, 2013 as compared with 2012 due to improved efficiencies achieved at certain locations resulting from the use of real time metrics on labor utilization and manufacturing redesign initiatives for more efficient production flow.

Overhead — Manufacturing overhead as a percentage of net sales increased by 1.2% for the year ended December 28, 2013 as compared with 2012 due partially to the fixed nature of certain overhead expenses that do not fluctuate with sales volume changes. Additionally, for the year ended December 28, 2013, the dollars spent on overhead increased approximately $3.0 million when compared with 2012 with increases in costs associated with improvements to the physical inventory process and accuracy of our inventory accounting systems and increased group health costs.

Delivery — Delivery as a percentage of net sales decreased by 0.1% for the year ended December 28, 2013 as compared with 2012.

Selling, general and administrative expenses

Selling, general and administrative ("G&A") expenses increased by $2.6 million, or 8%, to $34.2 million for the year ended December 28, 2013 as compared with $31.6 million for the year ended December 29, 2012. The following table presents selling and G&A expenses as a percentage of net sales and the changes from 2012 to 2013:

($000's omitted)	2013		2012		Change	
Selling expenses	$ 11,957	4.2%	$ 10,499	3.6%	$ 1,458	0.6%
G&A expenses	22,210	7.9	21,103	7.4	1,107	0.5
Total	$ 34,167	12.1%	$ 31,602	11.0%	$ 2,565	1.1%

Selling expenses — Selling expenses for 2013 increased $1.5 million as compared with 2012. As a percentage of net sales, selling expenses increased 0.6% for the year ended December 28, 2013 as compared with 2012. The increase was the result of an increase in sales commissions on more profitable sales and lower marketing program incentives received in 2013 from chassis suppliers.

G&A expenses — G&A expenses for 2013 increased $1.1 million as compared with 2012. As a percentage of net sales, G&A expenses increased 0.5% for the year ended December 28, 2013 as compared with 2012. The increase was the result of higher costs associated with the implementation of a new inventory management system and strategic headcount additions.

Legal settlement and related costs

In October of 2011, the Company was named a defendant in a personal injury suit (Paul Gendrolis and Katherine Gendrolis v. Saxon Fleet Sales, Kolstad Company, and Supreme Industries, Inc.) which was filed in the United States District Court, District of Massachusetts. The complaint sought $10 million in damages based on allegations that a truck body manufactured by the Company contained an improperly installed plate or lip, which caused Mr. Gendrolis to trip and become injured. Claims alleged against the Company included negligence, breach of warranty, breach of consumer protection laws, and loss of consortium. In September 2013, the parties mediated and reached a settlement to this litigation. The Company's contribution to the settlement was the remainder of its self-insurance deductible in the amount of $0.1 million. The remainder of the settlement above was paid by insurance.

In February of 2012, the Company was named a defendant in a claim that a fleet of buses manufactured by the Company was defective (King County v. Supreme Corporation) which was filed in Superior Court in King County, Washington. King County sought to revoke its acceptance of a fleet of 35 buses, which had been manufactured by the Company and sold to King County, and alleged breach of contract and breach of implied warranties. As of February 28, 2013, King County claimed its damages were $10.6 million and subsequently moved to add a consumer protection act claim which would have permitted an award of attorney's fees, if successful. On June 14, 2013, the Company and King County entered into a Settlement and Release Agreement under the terms of which the lawsuit would be dismissed and mutual releases granted in exchange for payment of the sum of $4.7 million to King County within 90 days of the date of the agreement and the return of 35 buses to the Company. Through separate agreements, the Company settled third-party claims against certain third-party subcontractors who have contributed to the Company $520,000 of the settlement funds, with the Company responsible for the balance which was paid on September 9, 2013. The Company assigned an estimated $1.1 million to the returned product. Including the legal settlement and related costs, the Company recorded a pre-tax charge of $3.6 million in 2013.

Other income

For the year ended December 28, 2013, other income was $0.9 million, or 0.3% of net sales, as compared with other income of $1.2 million, or 0.4% of net sales, for the year ended December 29, 2012. Other income consisted of rental income, gain on the sale of assets, and other miscellaneous income received by the Company. During the first quarters of 2013 and 2012, the Company realized a gain of $0.4 million and $0.3 million, respectively, on the sale of real estate.

Interest expense

Interest expense was $0.6 million, or 0.2% of net sales, for the year ended December 28, 2013, compared with $1.0 million, or 0.3% of net sales, for the year ended December 29, 2012. The decline in interest expense resulted from a combination of lower average bank borrowings and the termination of a capital lease obligation through the exercise of a purchase option eliminating the interest expense associated with the lease payments. The effective interest rate on bank borrowings was 2.47% at 2013 year end, and the Company was in compliance with all provisions of its Credit Agreement.

Income taxes

For the year ended December 28, 2013, the Company recorded income tax expense of $2.9 million at an effective tax rate of 30.8% which differed from the federal statutory rate primarily because of state income tax and federal permanent income tax differences. For the year ended December 29, 2012, the Company recorded an income tax benefit of $0.3 million for an effective tax rate of -2.7% resulting primarily from the reversal of a deferred tax valuation allowance due to the Company's improved profitability. During 2012, the Company generated taxable income sufficient to realize the benefit of all its federal net operating loss carryforwards and a portion of its state net operating loss carryforwards.

Net income

Net income for year ended December 28, 2013 was $6.4 million, or $0.39 per diluted share, compared with net income of $11.8 million, or $0.73 per diluted share for the comparable period last year. On a pro forma basis, adjusting for the impact of the shuttle bus business (including costs associated with the King County lawsuit) and normalizing the 2012 income tax expense, the earnings for 2013 result in $0.68 per diluted share compared with $0.53 per diluted share for 2012.

Basic and diluted income per share

The following table presents a reconciliation of net income and net income per share to adjusted net income and adjusted net income per share. These non-GAAP financial measurements relate to adjustments for shuttle bus operation losses, costs of a legal settlement, which management believes should be adjusted because it was an unusual item, and to show the effect of current tax rates as the prior year tax rates were reduced by the reversal of a deferred tax valuation allowance related to previously unrecognized net operating loss carryforwards that were utilized. Management believes that these non-GAAP financial measures are helpful to show a more accurate comparison of the Company's operating performance year over year.

	December 28, 2013	December 29, 2012
Net Income, as reported	$ 6,425,876	$ 11,832,985
Normalized taxes (2012 adjusted to 2013 effective tax rate, net of tax benefit reported in 2012)	—	3,859,211
Tax adjusted net income before shuttle bus operations	6,425,876	7,973,774
Shuttle bus operations (including legal costs):		
Reported legal settlement and related costs	3,600,161	616,744
Shuttle bus loss from operations, net of legal above	4,236,270	334,587
Total shuttle bus operations	7,836,431	951,331
Tax effect (shuttle bus rates-39.1% for 2013, 39.4% for 2012 periods)	3,064,045	374,824
Total adjustment, net of tax	4,772,386	576,507
Adjusted net income	$ 11,198,262	$ 8,550,281
Per Share Data:		
Net Income (as reported, not calculated on this schedule)		
Basic	$ 0.40	$ 0.74
Diluted	0.39	0.73
Adjusted income tax expense		
Basic	—	(0.24)
Diluted	—	(0.24)
Shuttle bus operations		
Basic	0.30	0.04
Diluted	0.29	0.04
Adjusted net income		
Basic	$ 0.70	$ 0.54
Diluted	0.68	0.53
Shares used for per share calculations:		
(Adjusted for 5% stock dividend paid on June 3, 2013)		
Basic	16,113,136	15,954,564
Diluted	16,487,804	16,212,508

Comparison of 2012 with 2011

Net Sales

Net sales for the year ended December 29, 2012 decreased $14.2 million, or 4.7%, to $286.1 million as compared with $300.4 million for the year ended December 31, 2011. The following table presents the components of net sales and the changes from 2011 to 2012:

($000's omitted)	2012	2011	Change	
Specialized vehicles:				
Trucks	$ 211,972	$ 218,928	$ (6,956)	(3.2)%
Buses	55,025	60,640	(5,615)	(9.3)
Specialty vehicles	16,180	18,506	(2,326)	(12.6)
	283,177	298,074	(14,897)	(5.0)
Fiberglass products	2,963	2,287	676	29.6
	$ 286,140	$ 300,361	$ (14,221)	(4.7)%

Truck division sales decreased by $7.0 million, or 3.2%, for the year due primarily to fewer orders from certain large national fleet customers and our decision to decline sales that do not meet our target margins.

Bus division sales decreased $5.6 million, or 9.3%, as the core market continued to feel the effects of tightened municipal and state budgets that caused intense competition which led to increased discounting and reduced margins.

Armored division sales decreased $2.3 million, or 12.6%, as a result of lower government procurements which included our business with the U.S. Department of State to produce armored SUVs for embassies abroad.

The Fiberglass division sells fiberglass reinforced plywood to Supreme for use in the production of certain of its truck bodies and to third parties. The 2012 increase of $0.7 million, or 29.6%, was due to higher sales to third parties in 2012.

Cost of sales and gross profit

Gross profit increased by $11.0 million, or 34%, to $43.5 million for the year ended December 29, 2012 as compared with $32.5 million for the year ended December 31, 2011. The following presents the components of cost of sales and the changes from 2011 to 2012:

Material — Material cost as a percentage of net sales decreased by 3.9% for the year ended December 29, 2012 as compared with 2011. The decrease in the material percentage was due in part to a favorable product mix and our focus on improved product pricing.

Direct Labor — Direct labor as a percentage of net sales decreased by 0.8% for the year ended December 29, 2012 as compared with 2011 due to improved efficiencies achieved at certain locations resulting from the use of real time metrics on labor utilization and manufacturing redesign initiatives for more efficient production flow.

Overhead — Manufacturing overhead as a percentage of net sales increased by 0.5% for the year ended December 29, 2012 as compared with 2011 due to the fixed nature of certain overhead expenses that do not fluctuate with sales volume changes. For the year ended December 29, 2012, the dollars spent on overhead decreased approximately $0.5 million when compared with 2011 due to reductions in warranty, workers compensation claims, and group health claims.

Delivery — Delivery as a percentage of net sales decreased by 0.2% for the year ended December 29, 2012 as compared with 2011.

Selling, general and administrative expenses

Selling, general and administrative ("G&A") expenses increased by $3.9 million, or 14%, to $31.6 million for the year ended December 29, 2012 as compared with $27.7 million for the year ended December 31, 2011. The following table presents selling and G&A expenses as a percentage of net sales and the changes from 2011 to 2012:

($000's omitted)	2012		2011		Change	
Selling expenses	$ 10,499	3.6%	$ 9,484	3.2%	$ 1,015	0.4%
G&A expenses	21,103	7.4	18,170	6.0	2,933	1.4
Total	$ 31,602	11.0%	$ 27,654	9.2%	$ 3,948	1.8%

Selling expenses — Selling expenses increased $1.0 million from 2011 to 2012. As a percentage of net sales, selling expenses increased 0.4% for the year ended December 29, 2012 as compared with 2011 which was primarily attributable to a change in the sales commission structure which was more closely aligned with profit contribution versus gross sales volume.

G&A expenses — G&A expenses increased $2.9 million from 2011 to 2012. As a percentage of net sales, G&A expenses increased 1.4% for the year ended December 29, 2012 as compared with 2011. The increase was the result of several factors including strategic additions to the senior management team, profit-based incentive compensation plans, and severance expenses related to exiting management personnel in early 2012 as well as expenses associated with the implementation of a perpetual inventory management system.

Legal settlement and related costs

On January 21, 2009, The Armored Group ("TAG") filed a complaint against the Company alleging breach of oral contract, unjust enrichment, and other claims. Due to the inherent nature of litigation, and the uncertainty surrounding the ultimate outcome of this case, on May 25, 2011, the Company and TAG signed a Civil Settlement Agreement under the terms of which this lawsuit was dismissed, and the Company agreed to pay $3.3 million including $1.1 million in cash and $2.2 million in stock. The legal settlement and related costs amounted to $2.2 million for the year ended December 31, 2011. There were no associated costs for the year ended December 29, 2012. Legal costs of $0.6 million for the year ended December 29, 2012 were related to the King County claim previously discussed.

Other income

For the year ended December 29, 2012, other income was $1.2 million, or 0.4% of net sales, as compared with other income of $0.9 million, or 0.3% of net sales, for the year ended December 31, 2011. Other income consisted of rental income, gain on the sale of assets, and other miscellaneous income received by the Company. During the first quarter of 2012, the Company realized a gain of approximately $0.3 million on the sale of real estate.

Interest expense

Interest expense was $1.0 million, or 0.3% of net sales, for the year ended December 29, 2012 as compared with $2.2 million, or 0.7% of net sales, for the year ended December 31, 2011. The decline in interest expense resulted from a combination of lower average bank borrowings and lower (performance-based) borrowing rates during the periods. Additionally, interest expense in 2011 included approximately $0.8 million of charges resulting from the write off of capitalized bank fees related to the Company's previous bank credit agreement. The effective interest rate on bank borrowings was 2.7% at December 29, 2012.

Income taxes

At December 31, 2011, the Company maintained a valuation allowance against its net deferred tax assets of $4.6 million due to uncertainty of the utilization of such assets. At December 31, 2011, the Company had net operating loss carryforwards totaling $6.5 million for federal tax purposes and approximately $22 million for state tax purposes. Additionally, the Company had research and experiment credits totaling $0.3 million for federal tax purposes and $0.5 million for state tax purposes. During 2012, the Company generated taxable income sufficient to realize the benefit of all its federal net operating loss carryforwards and a portion of its state net operating loss carryforwards. Given the income generated in 2012, the valuation allowances were reversed which resulted in a nominal effective tax rate. The Company's effective tax rate for the year ending December 29, 2012 was -2.7%, substantially lower than statutory rates. For the year ended December 31, 2011, the income tax benefit of $0.4 million resulted primarily from expiring state statutes related to uncertain tax positions.

Income (loss) from continuing operations

Net income from continuing operations increased by $10.1 million to $11.8 million, or 4.1% of net sales, for the year ended December 29, 2012 from $1.7 million, or 0.6% of net sales, for the year ended December 31, 2011.

Discontinued operations

In December of 2010, the Company decided to discontinue its Oregon operations. Discontinued operations include the operating results as well as impairment charges for related buildings and equipment. Accordingly, the Company has reclassified the prior period results as discontinued operations. The Oregon operations were ceased in the first quarter of 2011 due to the Company's decision to exit this unprofitable geographic region. The after-tax loss from the discontinued operations related to our Oregon operations was $0.9 million in 2011.

Basic and diluted income (loss) per share

The following table presents basic and diluted income (loss) per share and the changes from 2011 to 2012:

	2012	2011	Change
Basic income (loss) per share:			
Income from continuing operations	$ 0.74	$ 0.11	$ 0.63
Loss from discontinued operations	—	(0.06)	0.06
Net income per basic share	$ 0.74	$ 0.05	$ 0.69
Diluted income (loss) per share:			
Income from continuing operations	$ 0.73	$ 0.11	$ 0.62
Loss from discontinued operations	—	(0.06)	0.06
Net income per diluted share	$ 0.73	$ 0.05	$ 0.68

Liquidity and Capital Resources

Cash Flows

The Company's primary sources of liquidity have been cash flows from operating activities and borrowings under its credit agreements. Principal uses of cash have been to support working capital needs, meet debt service requirements, and fund capital expenditures.

Operating activities

Cash flows from operations represent the net income earned in the reported periods adjusted for non-cash charges and changes in operating assets and liabilities. Net cash from operating activities totaled $13.5 million for the year ended December 28, 2013 as compared with $12.4 million for the year ended December 29, 2012. Changes in operating assets and liabilities were favorably impacted by a $4.0 million increase in trade accounts payable. This was partially offset by a $2.9 million increase in accounts receivable caused by increased sales in December of 2013 as compared to December of 2012. Additionally, net cash from operating activities was adversely impacted by a net cash payment of $4.2 million for a legal settlement.

Net cash from operating activities totaled $12.4 million for the year ended December 29, 2012 as compared with $14.5 million for the year ended December 31, 2011. Net cash from operating activities was favorably impacted by a $5.8 million decrease in inventories and a $3.2 million decrease in accounts receivable, primarily due to decreased business activity at the end of December of 2012 as compared to the same period in the prior year. This was offset by a $9.5 million decrease in trade accounts payable resulting from a decrease in inventories.

Investing activities

Cash used by investing activities was $5.0 million for the year ended December 28, 2013 as compared with $10.9 million for the year ended December 29, 2012. During 2013, the Company's capital expenditures totaled $6.2 million and included facilities and equipment to enhance manufacturing efficiencies. Investing activities provided cash of $1.3 million in 2013 as a result of net proceeds from the sale of a facility in Goshen, Indiana which was previously included in assets held for sale.

Cash used by investing activities was $10.9 million for the year ended December 29, 2012 as compared with $1.9 million for the year ended December 31, 2011. During 2012, the Company's capital expenditures totaled $13.2 million including $5.4 million used to exercise purchase options for leased facilities in Indiana and Georgia and $0.7 million used to exercise the purchase option for a leased facility in California which was previously accounted for as a financing (capital lease) transaction. Investing activities provided cash of $4.2 million in 2012 as a result of net proceeds from the sale of facilities in Woodburn, Oregon; Apopka, Florida; Streetsboro, Ohio; and Ligonier, Indiana which were previously included in assets held for sale. Additionally, the Company's wholly-owned captive insurance subsidiary purchased short-term investments of $2.0 million during 2012.

Financing activities

Financing activities used $4.7 million of cash for the year ended December 28, 2013 as compared with cash used of $1.6 million for the year ended December 29, 2012. Net long-term debt payments consisted of net borrowings from the Company's revolving line of credit of $4.4 million.

Financing activities used $1.6 million of cash for the year ended December 29, 2012 as compared with cash used of $13.5 million for the year ended December 31, 2011. Net long-term debt payments consisted of net borrowings from the Company's revolving line of credit of $2.4 million which were offset by the $3.0 million net payoff of a capital lease obligation under a sale and leaseback transaction and the $0.7 million early payoff of obligations under industrial revenue bonds.

Capital Resources

On September 14, 2011, the Company entered into a Credit Agreement (the "2011 Credit Agreement") with Wells Fargo (the "Lender"). The 2011 Credit Agreement provided a revolving line of credit of up to $45.0 million, subject to a monthly borrowing base calculation. The term of this revolving line of credit was for a period ending on September 14, 2015. Interest on outstanding borrowings under the 2011 Credit Agreement was based on the Lender's prime rate, or LIBOR, depending on the pricing option selected and the Company's leverage ratio which resulted in an effective rate of 3.04% at December 31, 2011.

On December 19, 2012, the Company entered into an Amended and Restated Credit Agreement (the "2012 Credit Agreement") with the Lender. A portion of the amounts received under the 2012 Credit Agreement was used to repay in full all of the obligations of the Company and certain of the guarantors owing to the Lender under the 2011 Credit Agreement. Under the terms of the 2012 Credit Agreement, the Lender agreed to provide to the Company a credit facility of up to $45.0 million consisting of a revolving credit facility, a term loan facility, and a letter of credit facility. The 2012 Credit Agreement is for a period of five years ending on December 19, 2017. The Company had unused credit capacity of $31.3 million at December 28, 2013. Interest on outstanding borrowings under the 2012 Credit Agreement is based on the Lender's prime rate or LIBOR depending on the pricing option selected and the Company's leverage ratio (as defined in the 2012 Credit Agreement) resulting in an effective interest rate of 2.47% at December 28, 2013. Pursuant to the 2012 Credit Agreement, the financial covenants include a consolidated total leverage ratio, a consolidated fixed charge coverage ratio, and a limitation on annual capital expenditures. As of December 28, 2013 and December 29, 2012, the Company was in compliance with all three financial covenants.

A portion of the amounts received in conjunction with the 2012 Credit Agreement were used to terminate a lease by exercising an option on December 19, 2012 to purchase certain real estate and improvements located in the State of California. The outstanding principal amount of the obligation as of December 31, 2011 was $3.5 million at an interest rate of 5.5%.

A portion of the amounts received in conjunction with the 2012 Credit Agreement were used to terminate leases by exercising options on December 19, 2012 to purchase certain real estate and improvements located in the States of Indiana and Georgia which a subsidiary of the Company had previously leased under two separate lease agreements.

Revolving Credit Facility

The revolving credit facility provides for borrowings of up to $35.0 million. The Company's cash management system and revolving credit facility are designed to maintain zero cash balances and, accordingly, checks outstanding in excess of bank balances are classified as borrowings under the revolving credit facility. There were no checks outstanding in excess of bank balances and no additional borrowings against the revolving credit facility at December 28, 2013. The revolving credit facility also requires a quarterly commitment fee ranging from 0.20% to 0.50% per annum depending on the Company's financial ratios and based upon the average daily unused portion.

Term Loan Facility

The term loan facility provides for borrowings of up to $10.0 million. Effective April 29, 2013, the Company and the Lender entered into a $10.0 million term loan. The term loan is secured by real estate and improvements and is payable in quarterly installments of $166,667 commencing on June 28, 2013, plus interest at the Lender's prime rate or LIBOR (as defined in the 2012 Credit Agreement), through maturity on December 19, 2017. As of December 28, 2013, the outstanding balance under the term loan facility was $9.7 million.

On August 9, 2013, the Company entered into an interest rate swap agreement for a portion of the term loan with a notional amount of $5.0 million. The interest rate swap agreement provides for a 3.1% fixed interest rate and matures on December 19, 2017. The Company designated this swap agreement as a cash flow hedge on its variable rate debt and records the fair value of the swap agreement as an asset or liability on the balance sheet with changes in fair value recognized in other comprehensive income (loss).

Letter of Credit Facility

Outstanding letters of credit, related to the Company's workers' compensation insurance policies, reduce available borrowings under the 2012 Credit Agreement and aggregated $3.7 million at December 28, 2013.

Summary of Liquidity and Capital Resources

The Company's primary capital needs are for working capital demands, to meet its debt service obligations, and to finance capital expenditure requirements. Cash generated from operations, and borrowings available under our 2012 Credit Agreement, are expected to be sufficient to finance the known and/or foreseeable liquidity and capital needs of the Company for at least the next 12 months based on our current cash flow budgets and forecasts of our liquidity needs.

Contractual Obligations

The Company's fixed, noncancelable obligations as of December 28, 2013 were as follows:

	Payments due by period				
	Total	Less than 1 Year	1-3 Years	3-5 Years	More than 5 Years
Debt (a)	$ 9,666,666	$ 666,668	$ 1,500,003	$ 7,499,995	$ —
Interest payments on debt (b)	839,511	242,942	444,512	152,057	
Operating leases (c)	147,189	107,851	39,338	—	—
Total	$ 10,653,366	$ 1,017,461	$ 1,983,853	$ 7,652,052	$ —

(a) Amounts are included on the Consolidated Balance Sheets. See Note 6 of the Notes to Consolidated Financial Statements for additional information regarding debt and related matters.

(b) Scheduled interest payments reflect expense related to debt obligations and are calculated based on interest rates in effect at December 28, 2013: fixed rate obligations under an interest rate swap — 3.10%, and LIBOR based obligations — 2.07%.

(c) See Note 10 of the Notes to Consolidated Financial Statements for additional information regarding property leases.

Critical Accounting Policies and Estimates

Management's discussion and analysis of its financial position and results of operations are based upon the Company's consolidated financial statements which have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of these financial statements requires management to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues, expenses, and related disclosure of contingent assets and liabilities. The Company's significant accounting policies are discussed in Note 1 of the Notes to Consolidated Financial Statements. In management's opinion,

the Company's critical accounting policies include revenue recognition, allowance for doubtful accounts, excess and obsolete inventories, inventory relief, fair value of assets held for sale, accrued insurance, and accrued warranty.

Revenue Recognition - The Company generally recognizes revenue when products are shipped to the customer. Revenue on certain customer requested bill and hold transactions is recognized after the customer is notified that the products have been completed according to customer specifications, have passed all of the Company's quality control inspections, and are ready for delivery based on established delivery terms.

Allowance for Doubtful Accounts - The Company maintains an allowance for doubtful accounts which is determined by management based on the Company's historical losses, specific customer circumstances, and general economic conditions. Periodically, management reviews accounts receivable and adjusts the allowance based on current circumstances and charges off uncollectible receivables against the allowance when all attempts to collect the receivable have failed.

Excess and Obsolete Inventories - The Company must make estimates regarding the future use of raw materials and finished products and provide for obsolete or slow-moving inventories. Periodically, management reviews inventories and adjusts the excess and obsolete reserves based on product life cycles, product demand, and/or market conditions.

Inventory Relief - For monthly and quarterly financial reporting, cost of sales is recorded and inventories are relieved by the use of standard bills of material adjusted for scrap and other estimated factors affecting inventory relief. Because of our large and diverse product line and the customized nature of each order, it is difficult to place full reliance on the bills of material for accurate relief of inventories. Although the Company continues to refine the process of creating accurate bills of materials, manual adjustments (which are based on estimates) are necessary in an effort to assure correct relief of inventories for products sold. The calculations to estimate costs not captured in the bill of materials take into account the customized nature of products, historical inventory relief percentages, scrap variances, and other factors which could impact inventory cost relief.

The accuracy of the inventory relief is not fully known until physical inventories are conducted at each of the Company's locations. We conduct semi-annual physical inventories at a majority of locations and schedule them in a manner that provides coverage in each of our calendar quarters. As of December 28, 2013, the Company reported inventories of $32.5 million, 89% of which was subject to a physical inventory during the fourth quarter. We have invested significant resources in our continuing effort to improve the physical inventory process and accuracy of our inventory accounting system.

Fair Value of Assets Held for Sale - The Company evaluates the carrying value of property held for sale whenever events or changes in circumstances indicate that a property's carrying amount may not be recoverable. Such circumstances could include, but are not limited to: (1) a significant decrease in the market value of an asset, or (2) a significant adverse change in the extent or manner in which an asset is used. The Company measures the carrying amount of the asset against the estimated undiscounted future cash flows associated with it. Should the sum of the expected future net cash flows be less than the carrying value of the asset being evaluated, an impairment loss would be recognized. The impairment loss would be calculated as the amount by which the carrying value of the asset exceeds its fair value. The Company estimates the fair value of its properties held for sale based on appraisals and other current market data.

Accrued Insurance - The Company has a self-insured retention against product liability claims with insurance coverage over and above the retention. The Company is also self-insured for a portion of its employee medical benefits and workers' compensation. Product liability claims are routinely reviewed by the Company's insurance carrier, and management routinely reviews other self-insurance risks for purposes of establishing ultimate loss estimates. In addition, management must determine estimated liability for claims incurred but not reported. Such estimates, and any subsequent changes in estimates, may result in adjustments to our operating results in the future.

Accrued Warranty - The Company provides limited warranties for periods of up to five years from the date of retail sale. Estimated warranty costs are accrued at the time of sale and are based upon historical experience.

Forward-Looking Statements

This report contains forward-looking statements, other than historical facts, which reflect the view of management with respect to future events. When used in this report, words such as "believe," "expect," "anticipate," "estimate," "intend," and similar expressions, as they relate to the Company or its plans or operations, identify forward-looking statements. Such forward-looking statements are based on assumptions made by, and information currently available to, management. Although management believes that the expectations reflected in such forward-looking statements are reasonable, it can give no assurance that the expectations reflected in such forward-looking statements are reasonable, and it can give no assurance that such expectations will prove to be correct. Important factors that could cause actual results to differ materially from such expectations include, without limitation, an economic

slowdown in the specialized vehicle industry, restrictions on financing imposed by the Company's primary lender or major chassis suppliers, limitations on the availability of chassis on which the Company's product is dependent, availability of raw materials, raw material cost increases, severe interest rate increases, and the successful divestiture of the shuttle bus business. Furthermore, the Company can provide no assurance that such raw material cost increases can be passed on to its customers through implementation of price increases for the Company's products. The forward-looking statements contained herein reflect the current view of management with respect to future events and are subject to those factors and other risks, uncertainties, and assumptions relating to the operations, results of operations, cash flows, and financial position of the Company. The Company assumes no obligation to update the forward-looking statements or to update the reasons actual results could differ from those contemplated by such forward-looking statements.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

In the normal course of business, the Company is exposed to fluctuations in interest rates that can impact the cost of investing, financing, and operating activities. The Company's primary risk exposure results from changes in short-term interest rates. In an effort to manage risk exposures, the Company strives to achieve an acceptable balance between fixed and floating rate debt positions. The Company's Credit Agreement is floating rate debt and bears interest at the bank's prime rate or LIBOR plus certain basis points depending on the pricing option selected and the Company's leverage ratio. On August 9, 2013, the Company entered into an interest rate swap agreement for a portion of its term loan with a notional amount of $5.0 million (See Note 6 - Long-Term Debt). The interest rate swap agreement is a contract to exchange floating rate for fixed rate interest payments over the life of the interest rate swap agreement and is used to measure interest to be paid or received and does not represent the amount of exposure of credit loss. The differential paid or received under the interest rate swap agreement is recognized as an adjustment to interest expense.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

Index to Financial Statements

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of
Supreme Industries, Inc.

We have audited the accompanying consolidated balance sheets of Supreme Industries, Inc. and subsidiaries as of December 28, 2013 and December 29, 2012, and the related consolidated statements of comprehensive income, stockholders' equity, and cash flows for each of the three years in the period ended December 28, 2013. In connection with our audits of the consolidated financial statements, we also have audited the financial statement schedule, Schedule II — Valuation and Qualifying Accounts. These financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and financial statement schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Supreme Industries, Inc. and subsidiaries as of December 28, 2013 and December 29, 2012, and the results of their operations and their cash flows for each of the three years in the period ended December 28, 2013, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related consolidated financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

/s/ Crowe Horwath LLP

Oak Brook, Illinois
February 27, 2014

Supreme Industries, Inc. and Subsidiaries
Consolidated Balance Sheets
December 28, 2013 and December 29, 2012

	2013	2012
ASSETS		
Current assets:		
Cash and cash equivalents	$ 3,894,277	$ 59,056
Investments	2,865,287	2,887,172
Accounts receivable, net of allowance for doubtful accounts of $52,000 in 2013 and $100,000 in 2012	21,623,319	18,781,735
Refundable income taxes	1,008,688	526,817
Inventories	32,496,255	32,308,931
Deferred income taxes	1,844,648	2,298,181
Assets held for sale	545,635	2,149,760
Other current assets	1,645,248	1,995,634
Total current assets	65,923,357	61,007,286
Property, plant and equipment, net	46,387,839	42,937,988
Other assets	1,219,655	1,142,809
Total assets	$ 113,530,851	$ 105,088,083
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current maturities of long-term debt	$ 666,668	$ 16,934
Trade accounts payable	15,888,955	11,936,544
Accrued wages and benefits	3,789,416	2,642,433
Accrued self-insurance	2,593,711	2,430,674
Customer deposits	1,428,590	1,428,997
Accrued warranty	1,432,000	1,609,000
Accrued income taxes	708,256	519,611
Other accrued liabilities	1,835,860	1,779,215
Total current liabilities	28,343,456	22,363,408
Long-term debt	8,999,998	14,089,063
Deferred income taxes	2,078,366	1,472,730
Other long-term liabilities	28,864	—
Total liabilities	39,450,684	37,925,201
Commitments and contingencies (Note 10)		
Stockholders' equity:		
Preferred Stock, $1 par value; authorized 1,000,000 shares, none issued	—	—
Class A Common Stock, $.10 par value; authorized 20,000,000 shares, issued 16,263,322 shares in 2013 and 15,417,656 in 2012	1,626,332	1,541,766
Class B Common Stock, convertible into Class A Common Stock on a one-for-one basis, $.10 par value; authorized 5,000,000 shares, issued 1,771,949 shares in 2013 and 1,716,937 in 2012	177,195	171,694
Additional paid-in capital	72,719,592	68,953,487
Retained earnings	15,268,209	12,154,745
Treasury stock, Class A Common Stock, at cost, 1,893,446 shares in 2013 and 2012	(15,668,055)	(15,668,055)
Accumulated other comprehensive income (loss)	(43,106)	9,245
Total stockholders' equity	74,080,167	67,162,882
Total liabilities and stockholders' equity	$ 113,530,851	$ 105,088,083

See accompanying notes to consolidated financial statements.

Supreme Industries, Inc. and Subsidiaries
Consolidated Statements of Comprehensive Income
for the years ended December 28, 2013, December 29, 2012, and December 31, 2011

	2013	2012	2011
Net sales	$ 282,273,299	$ 286,140,112	$ 300,360,689
Cost of sales	235,520,946	242,644,088	267,865,673
Gross profit	46,752,353	43,496,024	32,495,016
Selling, general and administrative expenses	34,167,348	31,602,317	27,653,505
Legal settlements and related costs	3,600,161	616,744	2,182,091
Other income	(925,537)	(1,217,057)	(850,420)
Operating income	9,910,381	12,494,020	3,509,840
Interest expense	625,190	971,225	2,243,249
Income from continuing operations before income taxes	9,285,191	11,522,795	1,266,591
Income tax (benefit) expense	2,859,315	(310,190)	(401,000)
Income from continuing operations	6,425,876	11,832,985	1,667,591
Discontinued operations			
Operating loss of discontinued Oregon operations, net of tax	—	—	(876,920)
Net income	6,425,876	11,832,985	790,671
Other comprehensive income (loss), net of tax	(52,351)	1,946	7,088
Total comprehensive income	$ 6,373,525	$ 11,834,931	$ 797,759
Basic income (loss) per share:			
Income from continuing operations	$ 0.40	$ 0.74	$ 0.11
Loss from discontinued operations	—	—	(0.06)
Net income	$ 0.40	$ 0.74	$ 0.05
Diluted income (loss) per share:			
Income from continuing operations	$ 0.39	$ 0.73	$ 0.11
Loss from discontinued operations	—	—	(0.06)
Net income	$ 0.39	$ 0.73	$ 0.05
Shares used in the computation of income (loss) per share:			
Basic	16,113,136	15,954,564	15,548,580
Diluted	16,487,804	16,212,508	15,782,311

See accompanying notes to consolidated financial statements

Supreme Industries, Inc. and Subsidiaries
Consolidated Statements of Stockholders' Equity
for the years ended December 28, 2013, December 29, 2012 and December 31, 2011

	Class A Common Stock		Class B Common Stock		Additional Paid-In Capital	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity
	Shares	Amount	Shares	Amount					
Balance, December 26, 2010	15,237,438	$1,523,744	1,716,937	$171,694	$71,725,540	$ (381,611)	$(21,587,778)	$ 211	$51,451,800
Net income	—	—	—	—	—	790,671	—	—	790,671
Unrealized holding gain on investments, net of tax	—	—	—	—	—	—	—	7,088	7,088
Exercise of stock options	26,920	2,692	—	—	45,893	—	—	—	48,585
Issuance of 350,000 shares of treasury stock	—	—	—	—	(712,212)	—	2,896,212	—	2,184,000
Issuance of 41,672 shares of common stock	41,672	4,167	—	—	115,833	—	—	—	120,000
Issuance of 15,384 shares of treasury stock	—	—	—	—	—	(87,300)	127,300	—	40,000
Issuance of restricted stock	24,584	2,458	—	—	81,546	—	—	—	84,004
Stock-based compensation	—	—	—	—	207,199	—	—	—	207,199
Balance, December 31, 2011	15,330,614	1,533,061	1,716,937	171,694	71,463,799	321,760	(18,564,266)	7,299	54,933,347
Net income	—	—	—	—	—	11,832,985	—	—	11,832,985
Unrealized holding gain on investments, net of tax	—	—	—	—	—	—	—	1,946	1,946
Issuance of 350,000 shares of treasury stock	—	—	—	—	(2,896,211)	—	2,896,211	—	—
Exercise of stock options	58,804	5,881	—	—	94,528	—	—	—	100,409
Stock-based compensation	28,238	2,824	—	—	291,371	—	—	—	294,195
Balance, December 29, 2012	15,417,656	1,541,766	1,716,937	171,694	68,953,487	12,154,745	(15,668,055)	9,245	67,162,882
Net income	—	—	—	—	—	6,425,876	—	—	6,425,876
Unrealized loss on hedge activity, net of tax	—	—	—	—	—	—	—	(19,864)	(19,864)
Unrealized holding loss on investments, net of tax	—	—	—	—	—	—	—	(32,487)	(32,487)
Common stock dividend	686,278	68,628	85,846	8,584	3,235,200	(3,312,412)	—	—	—
Exercise of stock options	95,548	9,554	—	—	131,843	—	—	—	141,397
Issuance of restricted stock	—	—	—	—	141,847	—	—	—	141,847
Stock-based compensation	33,006	3,301	—	—	257,215	—	—	—	260,516
Conversion of Class B shares to Class A shares	30,834	3,083	(30,834)	(3,083)	—	—	—	—	—
Balance, December 28, 2013	16,263,322	$1,626,332	1,771,949	$177,195	$72,719,592	$15,268,209	$(15,668,055)	$ (43,106)	$74,080,167

See accompanying notes to consolidated financial statements.

Supreme Industries, Inc. and Subsidiaries
Consolidated Statements of Cash Flows
for the years ended December 28, 2013, December 29, 2012 and December 31, 2011

	2013	2012	2011
Cash flows from operating activities:			
Net income	$ 6,425,876	$ 11,832,985	$ 790,671
Adjustments to reconcile net income to net cash from operating activities:			
Depreciation	3,412,891	2,921,624	3,030,790
Treasury stock issued for legal settlement	—	—	2,184,000
Amortization and write-off of debt issuance costs	282,129	392,518	1,224,954
Provision for losses on doubtful receivables	62,618	30,034	151,915
Deferred income taxes	1,059,169	(825,451)	—
Stock-based compensation expense	402,363	294,195	451,203
Gain on sale of property, plant, and equipment, net	(289,632)	(353,007)	(191,108)
Changes in operating assets and liabilities			
Accounts receivable	(2,904,202)	3,228,527	(2,514,944)
Inventories	(187,324)	5,825,931	(907,713)
Other current assets	(131,485)	574,922	(228,056)
Trade accounts payable	3,952,411	(9,487,890)	9,852,532
Other current liabilities	1,377,903	(2,005,044)	625,599
Net cash from operating activities	13,462,717	12,429,344	14,469,843
Cash flows from investing activities:			
Proceeds from sale of property, plant, and equipment	1,268,167	4,239,153	579,400
Additions to property, plant and equipment	(6,237,152)	(13,159,255)	(2,766,344)
Proceeds from sale of investments	—	—	304,755
Purchases of investments	(27,338)	(1,963,156)	(12,852)
Decrease in other assets	25,736	29,878	8,746
Net cash from investing activities	(4,970,587)	(10,853,380)	(1,886,295)
Cash flows from financing activities:			
Proceeds from revolving line of credit and other long-term debt	63,374,736	295,080,663	121,630,314
Repayments of revolving line of credit and other long-term debt	(67,814,067)	(296,428,325)	(132,821,867)
Debt issuance costs	(358,975)	(376,488)	(2,383,794)
Proceeds from exercise of stock options	141,397	100,409	48,585
Net cash from financing activities	(4,656,909)	(1,623,741)	(13,526,762)
Change in cash and cash equivalents	3,835,221	(47,777)	(943,214)
Cash and cash equivalents, beginning of year	59,056	106,833	1,050,047
Cash and cash equivalents, end of year	$ 3,894,277	$ 59,056	$ 106,833
Supplemental disclosure of cash flow information:			
Cash paid (received) during the year for:			
Interest, net	$ 305,895	$ 792,810	$ 1,363,223
Income taxes, net	2,072,401	1,264,905	(50,133)

See accompanying notes to consolidated financial statements.

Supreme Industries, Inc. and Subsidiaries
Notes to Consolidated Financial Statements

1. NATURE OF OPERATIONS AND ACCOUNTING POLICIES.

Supreme Industries, Inc. and its subsidiaries (collectively the "Company") manufacture specialized vehicles including truck bodies, buses, and armored vehicles. The Company's core products include cutaway and dry-freight van bodies, refrigerated units, stake bodies, and other specialized vehicles. At December 28, 2013, the Company operated eight manufacturing, distribution, and component manufacturing locations. The Company's customers are located principally in the United States of America.

On December 31, 2013, the Company announced its intention to divest its shuttle bus business. The progressively competitive environment in the bus industry has led to intensified price cutting, making it more difficult to sustain profitability. Although the Company made this announcement on December 31, 2013, the technical requirements for discontinued operations accounting were not met with the result that the Company did not present the shuttle bus business as discontinued operations for all years presented.

Principles of Consolidation - The accompanying consolidated financial statements include the accounts of Supreme Industries, Inc. and its wholly-owned subsidiaries. All significant intercompany accounts and transactions have been eliminated in consolidation.

Fiscal Year End - The Company's fiscal year ends the last Saturday in December. The fiscal years ended December 28, 2013 and December 29, 2012 each contained 52 weeks. The fiscal year ended December 31, 2011 contained 53 weeks.

Use of Estimates in the Preparation of Financial Statements - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates include but are not limited to, allowance for doubtful accounts, inventory relief and valuation, fair value of assets held for sale, accrued insurance, and accrued warranties.

Revenue Recognition - The production of specialized truck bodies, buses, and armored vehicles starts when an order is received from the customer, and revenue is recognized when the unit is shipped to the customer. Revenue on certain customer-requested bill and hold transactions is recognized subsequent to when the customer is notified that the products have been completed according to customer specifications, have passed all of the Company's quality control inspections, and are ready for delivery based upon established delivery terms. Net sales are net of cash discounts which the Company offers its customers in the ordinary course of business.

Concentration of Credit Risk - Concentration of credit risk is limited due to the large number of customers and their dispersion among many different industries and geographic regions. The Company's export sales are minimal. No single customer or group of customers accounted for 10% or greater of the Company's consolidated net sales for the fiscal years ended in 2013 and 2012. During 2011, one of the Company's customers accounted for approximately 20% of consolidated net sales.

Financial Instruments and Fair Values - The Company has utilized interest rate swap agreements to reduce the impact of changes in interest rates on certain of its floating rate debt. The swap agreements are contracts to exchange the debt obligation's LIBOR floating rate (exclusive of the applicable spread) for fixed rate interest payments over the term of the swap agreement without exchange of the underlying notional amounts. The notional amounts of the interest rate swap agreements are used to measure interest to be paid or received and do not represent the amount of exposure of credit loss. The differential paid or received under interest rate swap agreements is recognized as an adjustment to interest expense.

At December 28, 2013, the Company had an interest rate swap agreement outstanding with a notional amount of $5.0 million. The interest rate swap agreement provides for a 3.1% fixed interest rate and matures on December 19, 2017. The Company designated this swap agreement as a cash flow hedge on its variable rate debt and records the fair value of the swap agreement as an asset or liability on the balance sheet, with changes in fair value recognized in other comprehensive income (loss).

Fair value is the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The Company utilizes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The hierarchy is as follows:

Level 1: Quoted prices (unadjusted) or identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Supreme Industries, Inc. and Subsidiaries
Notes to Consolidated Financial Statements, Continued

1. NATURE OF OPERATIONS AND ACCOUNTING POLICIES, Continued

Level 2: Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant unobservable inputs that reflect a company's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

The carrying amounts of cash and cash equivalents, accounts receivable, and trade accounts payable approximated fair value as of December 28, 2013 and December 29, 2012 because of the relatively short maturities of these financial instruments. The carrying amount of long-term debt, including current maturities, approximated fair value as of December 28, 2013 and December 29, 2012, based upon terms and conditions available to the Company at those dates in comparison to the terms and conditions of its outstanding long-term debt.

Cash and Cash Equivalents - The Company considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

Investments - The Company categorizes its investments as trading, available-for-sale, or held-to-maturity. The Company's investments are comprised of available-for-sale securities and are carried at fair value with unrealized gains and losses, net of applicable income taxes, recorded within accumulated other comprehensive income (loss). The Company determined fair values of investments available for sale by obtaining quoted prices on nationally recognized securities exchanges (Level 1 inputs). Dividend and interest income are accrued as earned. The Company reviews its investments quarterly for declines in market value that are other than temporary.

Accounts Receivable - The Company accounts for trade receivables based on the amounts billed to customers. Past due receivables are determined based on contractual terms. The Company does not accrue interest on any of its trade receivables.

Allowance for Doubtful Accounts - The allowance for doubtful accounts is determined by management based on the Company's historical losses, specific customer circumstances, and general economic conditions. Periodically, management reviews accounts receivable and adjusts the allowance based on current circumstances and charges off uncollectible receivables against the allowance when all attempts to collect the receivable have failed.

Inventories - Inventories are stated at the lower of cost or market with cost determined using the first-in, first-out method.

Assets Held For Sale - The Company previously made the decision to cease operations at a number of its facilities and is actively pursuing their sales. Assets are classified as held for sale upon meeting certain criteria as specified by accounting standards. Assets held for sale are not depreciated and are recorded at the lower of carrying amount or fair value less cost to sell. The Company evaluates the carrying value of property held for sale whenever events or changes in circumstances indicate that a property's carrying amount may not be recoverable. Such circumstances could include, but are not limited to: (1) a significant decrease in the market value of an asset, or (2) a significant adverse change in the extent or manner in which an asset is used. The Company measures the carrying amount of the asset against the estimated undiscounted future cash flows associated with it. Should the sum of the expected future net cash flows be less than the carrying value of the asset being evaluated, an impairment loss would be recognized. The impairment loss would be calculated as the amount by which the carrying value of the asset exceeds its fair value. During the years ended December 28, 2013 and December 29, 2012, the Company sold certain assets held for sale and recorded a net gain of $0.4 million and $0.3 million, respectively. As of December 28, 2013 the following locations were held for sale: St. Louis, Missouri; and one parcel of land in Goshen, Indiana. As of December 29, 2012 the following locations were held for sale: Wilson, North Carolina; one facility in Goshen, Indiana; and St. Louis, Missouri.

Property, Plant and Equipment - Property, plant and equipment are recorded at cost. For financial reporting purposes, depreciation is provided based on the straight-line method over the estimated useful lives of the assets. The useful life of each class of property is as follows: land improvements (22 years); buildings (40 years); and machinery and equipment (3 to 10 years). For financial reporting purposes, leasehold improvements are amortized using the straight-line method over the lesser of the useful life of the asset or term of the lease.

Supreme Industries, Inc. and Subsidiaries
Notes to Consolidated Financial Statements, Continued

1. NATURE OF OPERATIONS AND ACCOUNTING POLICIES, Continued

Upon sale or other disposition of assets, the cost and related accumulated depreciation and amortization are removed from the accounts, and any resulting gain or loss is reflected in operations (included in other income in the consolidated statements of comprehensive income). Expenditures for repairs and maintenance are charged to operations as incurred. Betterments and major renewals are capitalized and recorded in the appropriate asset accounts.

Evaluation of Impairment of Long-Lived Assets - The Company evaluates the carrying value of long-lived assets whenever significant events or changes in circumstances indicate the carrying value of these assets may be impaired. The Company evaluates potential impairment of long-lived assets by comparing the carrying value of the assets to the expected undiscounted future cash flows resulting from use of the assets. The Company determined there were no such impairments in 2013, 2012, and 2011.

Stock-Based Compensation - The Company records all stock-based payments, including grants of stock options and restricted stock, in the consolidated statements of comprehensive income based on their fair values at the date of grant.

Restricted stock awards are valued based upon the closing market price of the Company's stock on the date of grant. The Company currently uses the Black-Scholes option pricing model to determine the fair value of stock options. The determination of the fair value of stock-based payment awards on the date of grant using an option-pricing model is affected by stock price as well as assumptions regarding a number of complex and subjective variables. These variables include expected stock price volatility over the term of the awards, actual and projected employee stock option exercise behaviors, risk-free interest rate, and expected dividends.

The risk-free interest rate is determined based on observed U.S. Treasury yields in effect at the time of grant for maturities equivalent to the expected life of the option. The expected life of the option (estimated average period of time the option will be outstanding) is estimated based on the historical exercise behavior of grantees with executives displaying somewhat longer holding periods than other grantees. Expected volatility is based on historical volatility measured daily for a time period equal to the expected life of the option ending on the day of grant. The expected dividend yield is estimated based on the dividend yield at the time of grant as adjusted for expected dividend increases and historical payout policy.

Compensation expense (net of estimated forfeitures) relative to stock-based awards (see Note 8), included in the consolidated statements of comprehensive income for the years ended December 28, 2013, December 29, 2012, and December 31, 2011, was $402,363, $294,195 and $451,203, respectively. There were no stock options issued during the years ended December 28, 2013, December 29, 2012, and December 31, 2011.

Warranty - The Company provides limited product warranties for periods of up to five years from the date of retail sale. Estimated warranty costs are provided at the time of sale and are based upon historical experience. Warranty activity for the years ended December 28, 2013, December 29, 2012, and December 31, 2011 is as follows:

	2013	2012	2011
Accrued warranty, beginning of year	$ 1,609,000	$ 1,588,000	$ 1,636,000
Warranty expense	1,170,983	1,361,626	1,757,367
Warranty claims paid	(1,347,983)	(1,340,626)	(1,805,367)
Accrued warranty, end of year	$ 1,432,000	$ 1,609,000	$ 1,588,000

Income Taxes - Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets, including tax loss and credit carryforwards, and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. Deferred income tax expense represents the change during the period in the deferred tax assets and deferred tax liabilities. The components of the deferred tax assets and liabilities are individually classified as current and non-current based on their characteristics. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized.

Supreme Industries, Inc. and Subsidiaries
Notes to Consolidated Financial Statements, Continued

1. NATURE OF OPERATIONS AND ACCOUNTING POLICIES, Concluded

Earnings (Loss) Per Share - Basic earnings (loss) per share is computed by dividing net income (loss) by the weighted average number of shares of common stock outstanding during the period. Diluted earnings (loss) per share is computed by dividing net income (loss) by the weighted average number of shares of common stock outstanding plus the dilutive effect of stock options and restricted stock awards.

Comprehensive Income - Other comprehensive income (loss) refers to revenues, expenses, gains, and losses that, under generally accepted accounting principles, are included in comprehensive income (loss) but are excluded from net income since these amounts are recorded directly as an adjustment to stockholders' equity. The Company's other comprehensive income (loss) is comprised of unrealized gains and losses on hedge activities and available-for-sale securities, net of tax.

Segment Information - The Company's principal business is manufacturing specialized vehicles. Management has not separately organized the business beyond specialized vehicles (includes three categories of products) and manufacturing processes. The fiberglass manufacturing subsidiary constitutes a segment, however this segment does not meet the quantitative thresholds for separate disclosure. The fiberglass manufacturing subsidiary's net sales are less than ten percent of consolidated net sales, the absolute amount of its net income (loss) is less than ten percent of the absolute amount of consolidated net income, and finally, its assets are less than ten percent of consolidated assets.

Net sales consist of the following:

	2013	2012	2011
Specialized vehicles:			
Trucks	$ 225,778,360	$ 211,971,626	$ 218,927,753
Buses	42,395,350	55,025,147	60,640,186
Specialty vehicles	11,929,635	16,180,244	18,505,470
	280,103,345	283,177,017	298,073,409
Fiberglass products	2,169,954	2,963,095	2,287,280
	$ 282,273,299	$ 286,140,112	$ 300,360,689

2. DISCONTINUED OPERATIONS.

Effective December 25, 2010, the Company decided to cease operations at its Woodburn, Oregon manufacturing facility. The Oregon operations were discontinued due to the Company's decision to exit this unprofitable geographic region. The Company completed its exit of these operations in 2011, and the following 2011 operating results for the Woodburn, Oregon location are classified as discontinued operations:

	2011
Net sales	$ 3,372,508
Pretax loss from operations	(876,920)
Net loss	(876,920)

3. INVESTMENTS.

Investment securities consist of the following:

	2013	2012
Intermediate bond fund-cost	$ 2,888,529	$ 2,877,927
Unrealized gains (losses)	(23,242)	9,245
Intermediate bond fund-fair value	$ 2,865,287	$ 2,887,172

There were no sales of securities during 2013 and 2012. Sales of securities were $304,755 during 2011 and resulted in losses of $(8,787). Investment income (included in other income) consisted of dividend income and aggregated $27,338, $10,197, and $12,852 for the years ended 2013, 2012, and 2011, respectively.

Supreme Industries, Inc. and Subsidiaries
Notes to Consolidated Financial Statements, Continued

4. INVENTORIES.

Inventories consist of the following:

	2013	2012
Raw materials	$ 20,877,513	$ 21,557,053
Work-in-progress	3,673,301	3,654,801
Finished goods	7,945,441	7,097,077
Total	$ 32,496,255	$ 32,308,931

5. PROPERTY, PLANT AND EQUIPMENT.

Property, plant and equipment consist of the following:

	2013	2012
Land	$ 4,243,448	$ 4,144,158
Land improvements	6,852,111	6,442,647
Buildings	42,606,220	40,084,004
Machinery and equipment	41,839,430	42,124,850
	95,541,209	92,795,659
Less, Accumulated depreciation and amortization	49,153,370	49,857,671
Property, plant and equipment, net	$ 46,387,839	$ 42,937,988

6. LONG-TERM DEBT.

Long-term debt consists of the following:

	2013	2012
Revolving credit facility	$ —	$ 14,089,063
Term loan facility	9,666,666	—
Other	—	16,934
Total	9,666,666	14,105,997
Less, current maturities	666,668	16,934
Long-term debt	$ 8,999,998	$ 14,089,063

Credit Agreement

On September 14, 2011, the Company entered into a Credit Agreement (the "2011 Credit Agreement") with Wells Fargo. Under the terms of the 2011 Credit Agreement, Wells Fargo agreed to provide to the Company a revolving line of credit of up to $45.0 million, subject to a monthly borrowing base calculation. The term of this revolving line of credit was for a period ending on September 14, 2015. Interest on outstanding borrowings under the 2011 Credit Agreement was based on the Wells Fargo prime rate, or LIBOR, depending on the pricing option selected and the Company's leverage ratio, resulting in an effective rate of 3.04% at December 31, 2011.

On December 19, 2012, the Company entered into an Amended and Restated Credit Agreement (the "2012 Credit Agreement") with Wells Fargo. A portion of the amounts received in conjunction with the 2012 Credit Agreement were used to repay in full all of the obligations of the 2011 Credit Agreement. Under the terms of the 2012 Credit Agreement, Wells Fargo agreed to provide to the Company a credit facility of up to $45.0 million, consisting of a revolving credit facility, a term loan facility, and a letter of credit facility. The 2012 Credit Agreement is for a period of five years ending on December 19, 2017. The Company had unused credit capacity of $31.3 million at December 28, 2013. Pursuant to the 2012 Credit Agreement, the financial covenants include a consolidated total leverage ratio, a consolidated fixed charge coverage ratio, and a limitation on annual capital expenditures. As of December 28, 2013 and December 29, 2012, the Company was in compliance with all three financial covenants.

Supreme Industries, Inc. and Subsidiaries
Notes to Consolidated Financial Statements, Continued

6. LONG-TERM DEBT, Concluded

A portion of the amounts received in conjunction with the 2012 Credit Agreement were used to terminate leases with related parties by exercising options to purchase certain real estate and improvements located in the States of California, Georgia, and Indiana. The aggregate option purchase price related to the terminated leases was $9.5 million and was paid in 2012.

Revolving Credit Facility

The revolving credit facility provides for borrowings of up to $35.0 million. The revolving credit facility bears interest at (i) LIBOR plus a margin which varies from 1.50% to 2.50% based upon a leverage ratio of total indebtedness to trailing four quarter EBITDA or (ii) the higher of (a) the prime rate and (b) the federal funds rate plus 0.50% plus a margin which varies from 0.50% to 1.50% based upon the debt to EBITDA leverage ratio. The revolving credit facility also requires a quarterly commitment fee ranging from 0.20% to 0.50% per annum depending on the Company's financial ratios and based upon the average daily unused portion. The effective interest rate was 2.47% and 2.66% at December 28, 2013 and December 29, 2012, respectively.

Term Loan Facility

The term loan facility provides for borrowings of up to $10.0 million. Effective April 29, 2013, the Company and Wells Fargo entered into a $10.0 million term loan by converting $10.0 million of revolving credit facility borrowings to term debt. The term loan is secured by real estate and improvements, payable in quarterly installments of $166,667 commencing on June 28, 2013, plus interest at prime rate or LIBOR (as defined in the 2012 Credit Agreement), with remaining balance due upon maturity on December 19, 2017. Maturities of the term loan for each of the next four years are as follows: 2014 - $666,668; 2015 - $666,668, 2016 - $833,335, and 2017 - $7,499,995.

On August 9, 2013, the Company entered into an interest rate swap agreement for a portion of the term loan with a notional amount of $5.0 million. The interest rate swap agreement provides for a 3.1% fixed interest rate and matures on December 19, 2017. The Company designated this swap agreement as a cash flow hedge on its variable rate debt and records the fair value of the swap agreement as an asset or liability on the balance sheet, with changes in fair value recognized in other comprehensive income (loss).

Letter of Credit Facility

Outstanding letters of credit, related to the Company's workers' compensation insurance policies, reduce available borrowings under the 2012 Credit Agreement and aggregated $3.7 million and $3.1 million at December 28, 2013 and December 29, 2012, respectively.

7. RETIREMENT PLAN.

The Company maintains a defined contribution plan which covers substantially all employees of the Company who have reached the age of twenty-one years and have completed thirty days of credited service. The plan provides that eligible employees can contribute from one to fifteen percent of their annual compensation. The Company formerly maintained a policy to match thirty percent of each employee's contributions up to seven percent of the employee's compensation. Effective September 1, 2008, however, the Company temporarily suspended this contribution match. Effective July 30, 2012, the Company reinstated its matching contribution at fifty percent of each employee's contributions up to four percent of the employee's compensation. The Board of Directors may increase or decrease the Company's contribution as business conditions permit. Expense for this plan was $427,119 and $184,275 for the years ended 2013 and 2012, respectively. There was no expense related to the plan for the year ended 2011.

8. STOCKHOLDERS' EQUITY

Preferred Stock

The Company is authorized to issue 1,000,000 shares of preferred stock ($1 par value) of which none have been issued. The Board of Directors is vested with the authority to determine and state the designations and relative preferences, limitations, voting rights, if any, and other rights of the preferred shares.

Common Stock

On May 8, 2013, the Company's Board of Directors declared a five percent (5%) stock dividend on its outstanding Class A and Class B Common Stock. Stockholders of record on May 20, 2013 received a stock dividend for each share owned on that date, paid on June 3, 2013. All share and per share data have been adjusted to reflect the stock dividend on a retroactive basis. No dividends were declared or paid during the years ended December 29, 2012 or December 31, 2011.

Convertible Class B Common Stock

Class B Common Stock is convertible into Class A Common Stock on a one-for-one basis. During 2013, 30,834 shares of Class B Common Stock were converted into Class A Common Stock. Holders of Class A Common Stock are entitled to elect one-third of the Board of Directors rounded to the lowest whole number. Holders of Class B Common Stock elect the remainder of the directors.

Stock Options

On January 31, 2001, the Company's Board of Directors approved, and the Company's stockholders subsequently ratified, the 2001 Stock Option Plan under which 891,990 shares of Class A Common Stock were reserved for grant. This plan expired on January 31, 2011. On January 23, 2004, the Company's Board of Directors approved, and the Company's stockholders subsequently ratified, the 2004 Stock Option Plan, as amended, under which 1,297,440 shares of Class A Common Stock were reserved for grant. Under the terms of the stock option plans, both incentive stock options and non-statutory stock options can be granted by a specially designated Stock Awards Committee. The Amended and Restated 2004 Stock Option Plan also allows for awards of common stock including restricted stock awards. Options granted under the stock option plans generally vest and become exercisable in annual installments of 33 1/3% beginning on the first anniversary date, and the options expire five or seven years after the date of grant. The Company generally issues new shares to satisfy stock option exercises.

The following table summarizes the activity for stock options:

	Options	Weighted - Average Exercise Price
Outstanding, December 25, 2010	1,264,951	3.65
Granted	—	—
Exercised	(34,362)	1.41
Expired	(7,754)	6.80
Forfeited	(8,382)	1.44
Outstanding, December 31, 2011	1,214,452	3.71
Granted	—	—
Exercised	(61,744)	1.63
Expired	(13,623)	5.86
Forfeited	(131,287)	4.13
Outstanding, December 29, 2012	1,007,798	3.74
Granted	—	—
Exercised	(115,890)	1.87
Expired	(272,462)	6.29
Forfeited	(84,015)	4.29
Outstanding, December 28, 2013	535,431	2.79

Supreme Industries, Inc. and Subsidiaries
Notes to Consolidated Financial Statements, Continued

8. STOCKHOLDERS' EQUITY, Continued

The total intrinsic value of options exercised during the fiscal years ended 2013, 2012 and 2011 approximated $306,985, $117,975 and $47,152, respectively.

Information about stock options outstanding and exercisable at December 28, 2013 is as follows:

	Outstanding			Exercisable	
Range of Exercise Prices	Number Outstanding	Weighted - Average Remaining Contractual Life in Years	Weighted - Average Exercise Price	Number Exercisable	Weighted - Average Exercise Price
5.51 - 6.06	64,076	0.33	5.79	64,076	5.79
5.46	6,811	1.05	5.46	6,811	5.46
4.62 - 5.09	79,596	1.35	4.83	79,596	4.83
1.35	63,773	1.83	1.35	63,773	1.35
1.48 - 1.63	112,700	2.49	1.50	112,700	1.50
2.12 - 2.33	208,475	3.76	2.15	208,475	2.15
	535,431	2.46	2.79	535,431	2.79

At December 28, 2013 and December 29, 2012, the aggregate intrinsic value of options exercisable approximated $1,510,029 and $635,280, respectively. The intrinsic value of all options outstanding at December 28, 2013 and December 29, 2012 was approximately $1,510,029 and $739,586, respectively.

At December 28, 2013 and December 29, 2012, there were exercisable options outstanding to purchase 535,431 and 863,741 shares at weighted average exercise prices of $2.79 and $4.13.

2012 Long-Term Incentive Plan

On May 23, 2012, the Company held its annual meeting of stockholders at which the Company's stockholders approved the 2012 Long-Term Incentive Plan (the "Plan") which had previously been approved by the Board of Directors and recommended to the stockholders. The Plan is effective until May 23, 2022; provided, however, any awards issued prior to the Plan's termination will remain outstanding in accordance with their terms. The Plan authorizes the issuance of 1,000,000 shares of the Company's Class A Common Stock with certain officers being limited to receiving grants of 100,000 shares in any one year. Employees, contractors and non-employee directors of the Company and its subsidiaries are eligible to receive awards under the Plan. The following types of awards may be granted under the Plan: (1) stock options (incentive and non-qualified); (2) stock appreciation rights; (3) restricted stock and restricted stock units; (4) dividend equivalent rights; (5) performance awards based on achieving specified performance goals; and (6) other awards.

The following table summarizes the activity for the unvested restricted stock:

	Unvested Restricted Stock	Weighted - Average Grant Date Fair Value
Unvested, December 29, 2012	—	—
Granted	145,784	3.98
Vested	(35,353)	3.94
Unvested, December 28, 2013	110,431	3.99

Supreme Industries, Inc. and Subsidiaries
Notes to Consolidated Financial Statements, Continued

8. STOCKHOLDERS' EQUITY, Concluded

All restricted stock remained restricted at December 28, 2013 as the service periods over which the restrictions lapse have not been met. The total fair value of shares vested and recognized as stock-based compensation expense during the year ended December 28, 2013 was $141,847.

Beginning in 2012, as a part of annual director compensation, a stock award is paid to each of the Company's outside directors equal to $27,500 divided by the closing sales price on the grant date. The grants are made in quarterly increments. Shares granted during 2013 and 2012 totaled 33,006 and 28,238, respectively.

Total unrecognized compensation expense related to all share-based awards outstanding at December 28, 2013, is approximately $440,803 and is to be recorded over a weighted-average contractual life of 2.28 years.

As of December 28, 2013, 1,340,465 shares were reserved for the granting of future share-based awards compared to 1,132,179 shares at December 29, 2012.

9. INCOME TAXES.

Federal and State income tax expense (benefit) from continuing operations consist of the following:

	2013	2012	2011
Federal:			
Current	$ 1,439,346	$ 665,615	$ (91,975)
Deferred	1,253,385	372,886	—
	2,692,731	1,038,501	(91,975)
State:			
Current	360,800	(150,354)	(309,025)
Deferred	(194,216)	(1,198,337)	—
	166,584	(1,348,691)	(309,025)
Total	$ 2,859,315	$ (310,190)	$ (401,000)

Deferred tax assets and deferred tax liabilities were as follows:

	2013	2012
Deferred tax assets:		
Receivables	$ 20,020	$ 38,500
Inventories	937,161	1,544,285
Accrued liabilities	1,687,924	1,560,629
State net operating losses and credit carryforwards	1,615,046	1,269,848
Other	186,864	170,050
Total deferred tax assets	4,447,015	4,583,312
Deferred tax liabilities:		
Depreciation	(3,862,862)	(2,919,247)
Prepaids and other	(817,871)	(838,614)
Total deferred tax liabilities	(4,680,733)	(3,757,861)
Net deferred tax assets (liabilities)	$ (233,718)	$ 825,451

At December 28, 2013, the Company had state tax loss carryforwards of approximately $21 million available to offset future taxable income, expiring in various amounts through December 31, 2032.

Supreme Industries, Inc. and Subsidiaries
Notes to Consolidated Financial Statements, Continued

9. INCOME TAXES, Concluded

A reconciliation of the tax provision for income taxes from continuing operations at the U.S. Statutory rate (34% in 2013, 35% in 2012 and 34% in 2011) to the effective income tax expense rate as reported is as follows:

	2013	2012	2011
U.S. Federal statutory rate	34.0%	35.0%	34.0%
State income taxes, net of federal benefit	1.2	2.9	(16.1)
Tax-exempt underwriting income of wholly-owned small captive insurance subsidiary	(2.4)	—	—
Domestic production deduction	(1.8)	(2.6)	—
Research and development tax credits	(1.1)	—	(11.7)
Alternative fuel tax credit	(0.4)	—	(6.9)
Stock-based compensation	0.1	0.3	(2.8)
Change in valuation allowance	—	(39.8)	(28.4)
Other, net	1.2	1.5	0.2
Effective Tax Rate	30.8%	(2.7)%	(31.7)%

Uncertain Tax Positions

The Company recognizes income tax benefits only when it is more likely than not that the tax position will be allowed upon examination by taxing authorities, which is presumed to occur. The amount of such tax benefit recorded is the largest amount that is more likely than not to be allowed. A reconciliation of the change in the unrecognized tax benefits for the three years ended December 28, 2013 is as follows:

Unrecognized tax benefits at December 26, 2010	$ 1,040,054
Gross increases - tax positions in prior periods	80,558
Lapse of statute of limitations	(401,000)
Unrecognized tax benefits at December 31, 2011	719,612
Gross increases - tax positions in prior periods	22,430
Lapse of statute of limitations	(222,431)
Unrecognized tax benefits at December 29, 2012	519,611
Gross increases - tax positions in prior periods	197,310
Lapse of statute of limitations	(57,921)
Unrecognized tax benefits at December 28, 2013	$ 659,000

The entire balance of approximately $659,000 at December 28, 2013 relates to unrecognized tax positions that, if recognized, would affect the annual effective tax rate. The Company is subject to U.S. federal income tax as well as various state taxes. The Company is no longer subject to examination by federal taxing authorities for the fiscal year ended 2009 and earlier. The Company does not expect the total amount of unrecognized tax benefits to significantly increase or decrease over the next twelve months. Interest and penalties related to income tax matters are recognized in income tax expense. Interest and penalties accrued for, and recognized during, the fiscal years ended 2013, 2012, and 2011 were immaterial.

10. COMMITMENTS AND CONTINGENCIES.

Lease Commitments and Related Party Transactions

The Company leases certain office and manufacturing facilities under operating lease agreements which expire at various dates from November 2014 through April 2016. Previously, certain lease agreements were with related parties for which related party rent expense was approximately $658,000 in 2012 and $683,000 for the fiscal year ending 2011. The Company exercised its options to purchase these related party leased facilities during 2012, as described in Note 6.

Rent expense under all operating leases aggregated $96,066, $733,340, and $758,834 for the fiscal years ended 2013, 2012, and 2011, respectively.

10. COMMITMENTS AND CONTINGENCIES, Continued

At December 28, 2013, future minimum rental payments under noncancelable operating leases aggregated $147,189 and are payable as follows: 2014 - $107,851; 2015 - $29,504; and 2016 - $9,834.

Consigned Inventories

The Company obtains most vehicle chassis for its specialized vehicle products directly from the chassis manufacturers under converter pool agreements. Chassis are obtained from the manufacturers based on orders from customers, and to a lesser extent, for unallocated orders. Although each manufacturer's agreement has different terms and conditions, the agreements generally state that the manufacturer will provide a supply of chassis to be maintained from time to time at the Company's various facilities with the condition that the Company will store such chassis and will not move, sell, or otherwise dispose of such chassis except under the terms of the agreement. The manufacturer transfers the chassis to the Company on a "restricted basis," retaining the sole authority to authorize commencement of work on the chassis and to make certain other decisions with respect to the chassis including the terms and pricing of sales of the chassis to manufacturer's dealers. The manufacturer also does not transfer the certificate of origin to the Company nor permit the Company to sell or transfer the chassis to anyone other than the manufacturer (for ultimate resale to a dealer). Although the Company is party to related finance agreements with General Motors and Ally Bank, the Company has not historically settled, nor expects to in the future settle, any related obligations in cash. Instead, the obligation is settled by General Motors upon reassignment of the chassis to an accepted dealer, and the dealer is invoiced for the chassis by General Motors. Accordingly, the Company accounts for the chassis as consigned inventory belonging to the manufacturer. Under these agreements, if the chassis is not delivered to a customer within a specified time frame the Company is required to pay a finance or storage charge on the chassis. At December 28, 2013 and December 29, 2012, chassis inventory, accounted for as consigned inventory to the Company by the manufacturers, aggregated approximately $19.2 million and $26.0 million, respectively. Typically, chassis are converted and delivered to customers within 90 days of the receipt of the chassis by the Company.

Repurchase Commitments

The Company was contingently liable at December 28, 2013, under a repurchase agreement with a certain financial institution providing inventory financing for retailers of its products. Under the arrangement, which is customary in the industry, the Company agrees to repurchase vehicles in the event of default by the retailer. The maximum repurchase liability is the total amount that would be paid upon the default of the Company's independent dealers. The maximum potential repurchase liability, without reduction for the resale value of the repurchased units, was approximately $1.8 million at December 28, 2013 and $1.9 million at December 29, 2012. The risk of loss under the agreement is spread over several retailers. The loss, if any, under the agreement is the difference between the repurchase cost and the resale value of the units. The Company believes that any potential loss under this agreement in effect at December 28, 2013 would not be material.

Self-Insurance

The Company is self-insured for a portion of general liability ($100,000 per occurrence in 2013 and 2012), certain employee health benefits ($200,000 annually per employee with no annual aggregate), and workers' compensation in certain states ($250,000 per occurrence with no annual aggregate). The Company accrues for the estimated losses occurring from both asserted and unasserted claims. The estimate of the liability for unasserted claims arising from incurred but not reported claims is based on an analysis of historical claims data.

Ownership Transaction Incentive Plan

On October 25, 2011, the Company approved an Ownership Transaction Incentive Plan (the "OTIP"). Pursuant to the terms of the OTIP, upon a Change of Control, as defined, certain employees of the Company are entitled to receive a percentage of the difference between the per share value of the total cash proceeds or the per share fair market value of any other consideration received by the Company or the Company's stockholders in connection with a Change of Control minus $2.50 (such amount being the "Value") as described below with such amount then being multiplied by the number of outstanding shares of common stock of the Company immediately prior to the Change of Control. The aggregate amount of payments to be made under the OTIP is equal to the number of outstanding shares of common stock immediately prior to the Change of Control multiplied by the sum of (i) 7% multiplied by the Value until the value reaches $5.00, plus (ii) 8% multiplied by the amount of any Value above $5.00 and up to $7.00, plus (iii) 9% multiplied by the amount of any Value above $7.00. For

10. COMMITMENTS AND CONTINGENCIES, Concluded

example, if a Change of Control occurs in which the Company's common stock is sold for $9.00 per share, then the aggregate amount of payments to be made is equal to the number of outstanding shares of common stock immediately prior to the Change of Control multiplied by $0.52 (which is the sum of (i) 7% multiplied by $2.50 (the Value up to $5.00); (ii) 8% multiplied by $2.00 (the Value between $5.00 and $7.00) and (iii) 9% multiplied by $2.00 (the Value over $7.00)). Certain employees are eligible to participate in the OTIP upon a Change of Control. If prior to a Change of Control, any of the current participants in the OTIP resign from the Company or are terminated for Cause, as defined, such participant shall immediately forfeit any rights to receive payment under the OTIP. If prior to a Change of Control, any of the current participants in the OTIP are terminated without Cause, such participant's right to receive a percentage of the aggregate amount described above upon a Change of Control shall generally be forfeited six months after the termination without Cause. The OTIP units are accounted for consistent with performance vesting securities and as such no compensation is reflected until the contingent change in control becomes inevitable and an estimate of value can be made.

Other

The Company is subject to various investigations, claims, and legal proceedings covering a wide range of matters that arise in the ordinary course of its business activities. Each of these matters is subject to various uncertainties, and it is possible that some of these matters may be resolved unfavorably to the Company. The Company establishes accruals for matters that are probable and reasonably estimable. Management believes that any liability that may ultimately result from the resolution of these matters in excess of accruals and/or amounts provided by insurance coverage will not have a material adverse effect on the consolidated financial position or results of operations of the Company.

In October of 2011, the Company was named a defendant in a personal injury suit (Paul Gendrolis and Katherine Gendrolis v. Saxon Fleet Sales, Kolstad Company, and Supreme Industries, Inc.) which was filed in the United States District Court, District of Massachusetts. The complaint sought $10 million in damages based on allegations that a truck body manufactured by the Company contained an improperly installed plate or lip, which caused Mr. Gendrolis to trip and become injured. Claims alleged against the Company included negligence, breach of warranty, breach of consumer protection laws, and loss of consortium. In September 2013, the parties mediated and reached a settlement to this litigation. The Company's contribution to the settlement was the remainder of its self-insurance deductible, in the amount of $0.1 million. The remainder of the settlement above was paid by insurance.

In February of 2012, the Company was named a defendant in a claim that a fleet of buses manufactured by the Company was defective (King County v. Supreme Corporation) which was filed in Superior Court in King County, Washington. King County sought to revoke its acceptance of a fleet of thirty-five buses which had been manufactured by the Company and sold to King County, and alleged breach of contract and breach of implied warranties. As of February 28, 2013, King County claimed its damages were $10.6 million and subsequently moved to add a consumer protection act claim which would have permitted an award of attorney's fees, if successful. On June 14, 2013, the Company and King County entered into a Settlement and Release Agreement under the terms of which the lawsuit would be dismissed and mutual releases granted in exchange for payment of the sum of $4.7 million to King County within ninety days of the date of the agreement and the return of thirty-five buses to the Company. Through separate agreements, the Company settled third-party claims against certain third-party subcontractors who have contributed to the Company $520,000 of the settlement funds, with the Company responsible for the balance which was paid on September 9, 2013. The Company assigned an estimated $1.1 million to the returned product. Including the legal settlement and related costs, the Company recorded a pre-tax charge of $3.6 million in 2013.

SUPREME INDUSTRIES, INC. AND SUBSIDIARIES
SCHEDULE II — VALUATION AND QUALIFYING ACCOUNTS

Column A Description	Column B Balance Beginning of Period	Column C Additions Charged to Costs and Expenses	Column D Deductions(1)	Column E Balance End of Period
Year ended December 28, 2013:				
Reserves and allowances deducted from asset accounts:				
Allowance for doubtful receivables	$ 100,000	$ 63,000	$ 111,000	$ 52,000
Year ended December 29, 2012:				
Reserves and allowances deducted from asset accounts:				
Allowance for doubtful receivables	$ 200,000	$ 30,000	$ 130,000	$ 100,000
Year ended December 31, 2011:				
Reserves and allowances deducted from asset accounts:				
Allowance for doubtful receivables	$ 100,000	$ 152,000	$ 52,000	$ 200,000

(1) Uncollectible accounts written off, net of recoveries.

SUPREME INDUSTRIES, INC. AND SUBSIDIARIES
UNAUDITED SUPPLEMENTARY DATA

	First	Second	Third	Fourth
2013 Quarter				
Net sales	$ 65,880,891	$ 76,547,227	$ 67,310,853	$ 72,534,328
Gross profit	11,408,101	13,604,107	10,681,115	11,059,030
Net income	2,303,806	925,131	1,531,437	1,665,502
Income per share:				
Basic	0.15	0.06	0.09	0.10
Diluted	0.14	0.06	0.09	0.10

	First	Second	Third	Fourth
2012 Quarter				
Net sales	$ 72,166,821	$ 84,574,041	$ 71,671,126	$ 57,728,124
Gross profit	10,815,717	13,514,185	11,573,845	7,592,277
Net income	2,481,526	5,397,391	3,570,491	383,577
Income per share:				
Basic	0.16	0.34	0.22	0.02
Diluted	0.16	0.33	0.22	0.02

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

Not applicable.

ITEM 9A. CONTROLS AND PROCEDURES.

Management's Conclusions Regarding Effectiveness of Disclosure Controls and Procedures

As of December 28, 2013, the Company conducted an evaluation, under the supervision and participation of management including the Chief Executive Officer and Chief Financial Officer, of the effectiveness of the Company's disclosure controls and procedures (as defined in Rule 13a-15(e) and Rule 15d-15(e) of the Securities Exchange Act of 1934). Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective as of December 28, 2013.

Management's Report on Internal Control over Financial Reporting

Management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rule 13a-15(f) and Rule 15d-15(f) of the Securities Exchange Act of 1934. Internal control over financial reporting provides reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

The Company's internal control over financial reporting includes policies and procedures that: (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the Company's assets; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles; and that the Company's receipts and expenditures are being made only in accordance with authorizations of management and directors; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

Management of the Company has assessed the effectiveness of the Company's internal control over financial reporting based on criteria established in the 1992 *Internal Control-Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

Management's assessment included an evaluation of the design of the Company's internal control over financial reporting and testing of the operational effectiveness of the Company's internal control over financing reporting. Based on this assessment, management has concluded that the Company's internal control over financial reporting was effective as of December 28, 2013.

Changes in Internal Control over Financial Reporting

No change in the Company's internal control over financial reporting (as such term is defined in Exchange Act Rule 13a-15(f) and Rule 15d-15 (f)) occurred during the fiscal quarter ended December 28, 2013 that materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

ITEM 9B. OTHER INFORMATION.

Not applicable.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE.

The information required by Item 10 of Form 10-K is hereby incorporated by reference from the Company's definitive proxy statement which will be filed with the Securities and Exchange Commission in connection with the Company's 2014 annual stockholders' meeting.

ITEM 11. EXECUTIVE COMPENSATION.

The information required by Item 11 of Form 10-K is hereby incorporated by reference from the Company's definitive proxy statement which will be filed with the Securities and Exchange Commission in connection with the Company's 2014 annual stockholders' meeting.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS.

The information required by Item 12 of Form 10-K is hereby incorporated by reference from the Company's definitive proxy statement which will be filed with the Securities and Exchange Commission in connection with the Company's 2014 annual stockholders' meeting.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE.

The information required by Item 13 of Form 10-K is hereby incorporated by reference from the Company's definitive proxy statement which will be filed with the Securities and Exchange Commission in connection with the Company's 2014 annual stockholders' meeting.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES.

The information required by Item 14 of Form 10-K is hereby incorporated by reference from the Company's definitive proxy statement which will be filed with the Securities and Exchange Commission in connection with the Company's 2014 annual stockholders' meeting.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES.

a. The following financial statements and financial statement schedule are included in Item 8 herein:

1. Financial Statements

Report of Crowe Horwath LLP, Independent Registered Public Accounting Firm

Consolidated Balance Sheets as of December 28, 2013 and December 29, 2012

Consolidated Statements of Comprehensive Income for the years ended December 28, 2013, December 29, 2012 and December 31, 2011

Consolidated Statements of Stockholders' Equity for the years ended December 28, 2013, December 29, 2012 and December 31, 2011

Consolidated Statements of Cash Flows for the years ended December 28, 2013, December 29, 2012 and December 31, 2011

Notes to Consolidated Financial Statements

2. Financial Statement Schedule

Schedule II - Valuation and Qualifying Accounts

3. Exhibits

See Index to Exhibits

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

SUPREME INDUSTRIES, INC.

Date: February 27, 2014 By: /s/Mark D. Weber
Mark D. Weber
President and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

/s/ Herbert M. Gardner Herbert M. Gardner	Chairman of the Board	February 27, 2014
/s/ Mark D. Weber Mark D. Weber	President, Chief Executive Officer and Director (Principal Executive Officer)	February 27, 2014
/s/ William J. Barrett William J. Barrett	Executive Vice President, Secretary, Assistant Treasurer and Director	February 27, 2014
/s/ Matthew W. Long Matthew W. Long	Chief Financial Officer, Treasurer and Assistant Secretary (Principal Financial and Accounting Officer)	February 27, 2014
/s/ Robert J. Campbell Robert J. Campbell	Director	February 27, 2014
/s/ Edward L. Flynn Edward L. Flynn	Director	February 27, 2014
/s/ Arthur J. Gajarsa Arthur J. Gajarsa	Director	February 27, 2014
/s/ Thomas B. Hogan, Jr. Thomas B. Hogan, Jr.	Director	February 27, 2014
/s/Mark C. Neilson Mark C. Neilson	Director	February 27, 2014
/s/Wayne A. Whitener Wayne A. Whitener	Director	February 27, 2014

INDEX TO EXHIBITS

Exhibit	Description
3.1	Certificate of Incorporation of the Company, filed as Exhibit 3(a) to the Company's Registration Statement on Form 8-A, filed with the Commission on September 18, 1989, and incorporated herein by reference.
3.2	Certificate of Amendment of Certificate of Incorporation of the Company filed with the Secretary of State of Delaware on June 10, 1993 filed as Exhibit 3.2 to the Company's annual report on Form 10-K for the fiscal year ended December 31, 1993, and incorporated herein by reference.
3.3	Certificate of Amendment of Certificate of Incorporation of the Company filed with the Secretary of State of Delaware on May 29, 1996 filed as Exhibit 3.3 to the Company's annual report on Form 10-K for the fiscal year ended December 31, 1996, and incorporated herein by reference.
3.4	Second Amended and Restated Bylaws, filed as Exhibit 3.1 to the Company's current report on Form 8-K, filed on February 22, 2011, and incorporated herein by reference.
+ 10.1	1998 Stock Option Plan, filed as Exhibit 10.3 to the Company's annual report on Form 10-K for the fiscal year ended December 31, 1998, and incorporated herein by reference.
+ 10.2	Amendment No. 1 to the Company's 1998 Stock Option Plan, filed as Exhibit 10.4 to the Company's annual report on Form 10-K for the fiscal year ended December 31, 1999, and incorporated herein by reference.
+ 10.3	Amendment No. 2 to the Company's 1998 Stock Option Plan, filed as Exhibit 10.5 to the Company's annual report on Form 10-K for the fiscal year ended December 31, 2000, and incorporated herein by reference.
+ 10.4	2001 Stock Option Plan, filed as Exhibit 10.6 to the Company's annual report on Form 10-K for the fiscal year ended December 31, 2001, and incorporated herein by reference.
+ 10.5	Amendment No. 1 to the Company's 2001 Stock Option Plan, filed as Exhibit 10.7 to the Company's annual report on Form 10-K for the fiscal year ended December 31, 2001, and incorporated herein by reference.
+ 10.6	2004 Stock Option Plan, filed as Exhibit 4.1 to the Company's Registration Statement on Form S-8 effective on August 26, 2004, and incorporated herein by reference.
+ 10.7	Amended and Restated 2004 Stock Option Plan filed as Exhibit A to the Company's Revised Definitive Proxy Statement filed on April 5, 2006, and incorporated herein by reference.
+ 10.8	Amendment Number One to the Company's Amended and Restated 2004 Stock Option Plan dated October 25, 2006, included in the Company's Definitive Proxy Statement filed on April 2, 2007, and incorporated herein by reference.
+ 10.9	Amendment No. Two to the Company's Amended and Restated 2004 Stock Option Plan dated March 28, 2007, included in the Company's Definitive Proxy Statement filed on April 2, 2007, and incorporated herein by reference.
+ 10.10	Amendment No. Three to the Company's Amended and Restated 2004 Stock Option Plan dated March 25, 2008, included in the Company's Definitive Proxy Statement filed on April 3, 2008, and incorporated herein by reference.
+ 10.11	Amendment No. Four to the Company's Amended and Restated 2004 Stock Option Plan dated August 25, 2009, filed as Exhibit 10.3 to the Company's quarterly report on Form 10-Q for the quarterly period ended September 26, 2009, and incorporated herein by reference.
+ 10.12	Form of Supreme Industries, Inc. Director and Officer Indemnification Agreement, filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed on October 6, 2008, and incorporated herein by reference.
+ 10.13	Indemnification Agreement by and among Supreme Industries, Inc. and Kim Korth dated February 16, 2011, filed as Exhibit 10.2 to the Company's Current Report on Form 8-K filed on February 22, 2011, and incorporated herein by reference.

Exhibit	Description
+ 10.14	Indemnification Agreement by and among Supreme Industries, Inc. and Kim Korth dated September 23, 2011, filed as Exhibit 10.2 to the Company's Current Report on Form 8-K filed on September 29, 2011, and incorporated herein by reference.
+ 10.15	Indemnification Agreement by and among Supreme Industries, Inc. and Matthew W. Long dated December 29, 2011, filed as Exhibit 10.2 to the Company's Current Report on Form 8-K filed on January 5, 2012, and incorporated herein by reference.
10.16	Special Vehicle Manufacturer Converters Agreement with General Motors Corporation, effective February 29, 2008, between General Motors Corporation and Supreme Corporation, filed as Exhibit 10.11 to the Company's annual report on Form 10-K for the fiscal year ended December 27, 2008, and incorporated herein by reference.
10.17	Ford Authorized Converter Pool Agreement, effective May 1, 2008, among Ford Motor Company, Supreme Corporation and certain subsidiaries, filed as Exhibit 10.12 to the Company's annual report on Form 10-K for the fiscal year ended December 27, 2008, and incorporated herein by reference.
+ 10.18	Amended and Restated Employment Contract by and among Supreme Industries, Inc. and Herbert M. Gardner dated to be effective January 1, 2005, filed as Exhibit 10.2 to the Company's Current Report on Form 8-K dated February 10, 2006, and incorporated herein by reference.
+ 10.19	Amended and Restated Employment Contract by and among Supreme Industries, Inc. and William J. Barrett dated to be effective January 1, 2005, filed as Exhibit 10.3 to the Company's Current Report on Form 8-K dated February 10, 2006, and incorporated herein by reference.
+ 10.20	Employment Agreement by and among Supreme Industries, Inc., Supreme Indiana Operations, Inc. and Kim Korth, dated to be effective September 23, 2011, filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed on September 29, 2011, and incorporated herein by reference.
+ 10.21	Separation Agreement and Release, dated as of May 3, 2012, by and among Supreme Industries, Inc., Supreme Indiana Operations, Inc. and Kim Korth, filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed on May 9, 2012, and incorporated herein by reference.
+ 10.22	Employment Agreement by and between Supreme Industries, Inc. and Matthew W. Long, dated December 29, 2011, filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed on January 5, 2012, and incorporated herein by reference.
+ 10.23	First Amendment to December 29, 2011 Letter Agreement by and between Supreme Industries, Inc. and Matthew W. Long, dated December 21, 2012 filed as Exhibit 10.32 to the Company's annual report on Form 10-K for the fiscal year ended December 29, 2012, and incorporated herein by reference.
+ 10.24	Ownership Transaction Incentive Plan, filed as Exhibit 10.36 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2011, and incorporated herein by referenced.
+ 10.25	2012 Long-Term Incentive Plan, filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed on May 29, 2012, and incorporated herein by reference.
+ 10.26	Amendment Number One to Employment Contract between Supreme Industries, Inc. and William J. Barrett, effective June 29, 2012, filed as Exhibit 10.4 to the Company's Form 10-Q for the quarter ended June 30, 2012, and incorporated herein by reference.
+ 10.27	Amendment Number One to Employment Contract between Supreme Industries, Inc. and Herbert M. Gardner, effective June 29, 2012, filed as Exhibit 10.5 to the Company's Form 10-Q for the quarter ended June 30, 2012, and incorporated herein by reference.
10.28	Amendment No. 1 to Credit Agreement, effective as of March 29, 2013, by and among Supreme Industries, Inc., Wells Fargo Bank, National Association and the Lenders party thereto, filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed on April 4, 2013, and incorporated herein by reference.
+ 10.29	Employment Agreement, effective as of May 6, 2013, by and among Supreme Industries, Inc., Supreme Corporation, and Mark D. Weber, filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed on April 19. 2013, and incorporated herein by reference.

	Exhibit	Description
+	10.30	Indemnification Agreement, effective as of May 6, 2013, by and between Supreme Industries, Inc. and Mark D. Weber, filed as Exhibit 10.2 to the Company's Current Report on Form 8-K filed on April 19. 2013, and incorporated herein by reference.
	10.31	Amended and Restated Credit Agreement, dated as of April 29, 2013, by and among Supreme Industries, Inc. and Wells Fargo Bank, National Association, filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed on May 3, 2013, and incorporated herein by reference.
	10.32	Omnibus Amendment and Reaffirmation Agreement, dated as of April 29, 2013, by and among Supreme Industries, Inc., the subsidiaries of Supreme Industries, Inc. and Wells Fargo Bank, National Association, filed as Exhibit 10.2 to the Company's Current Report on Form 8-K filed on May 3, 2013, and incorporated herein by reference.
	10.33	Settlement and Release Agreement, dated June 14, 2013, by and between Supreme Indiana Operations, Inc. and King County, Washington, filed as Exhibit 10.5 to the Company's quarterly report on Form 10-Q for the quarter ended June 29, 2013, and incorporated herein by reference.
+	10.34	2013 Supreme Cash and Equity Bonus Plan, dated August 7, 2013, filed as Exhibit 10.1 to the Company's quarterly report on Form 10-Q for the quarter ended September 28, 2013, and incorporated herein by reference.
+	10.35	2012 Supreme Cash and Equity Bonus Plan, filed as Exhibit 10.1 to the Company's Form 10-Q for the quarter ended September 29, 2012, and incorporated herein by reference.
	10.36	Standard Offer, Agreement and Escrow Instructions for Purchase of Real Estate by and between Supreme Indiana Operations, Inc., Buyer, and BFG2011 Limited Liability Company, Seller dated December 13, 2012, filed as Exhibit 10.38 to the Company's annual report on Form 10-K for the fiscal year ended December 29, 2012, and incorporated herein by reference.
	10.37	Exercise of Option to purchase property owned by G-2, Ltd., located in Indiana dated December 14, 2012, filed as Exhibit 10.39 to the Company's annual report on Form 10-K for the fiscal year ended December 29, 2012, and incorporated herein by reference.
	10.38	Exercise of Option to purchase property owned by G-2, Ltd., located in Georgia dated December 14, 2012, filed as Exhibit 10.40 to the Company's annual report on Form 10-K for the fiscal year ended December 29, 2012, and incorporated herein by reference.
+*	10.39	Amended and Restated Ownership Transaction Incentive Plan effective as of November 4, 2013.
*	10.40	Special Vehicle Manufacturer Converters Agreement effective August 1, 2013, between General Motors LLC and Supreme Corporation.
*	10.41	Special Vehicle Manufacturer Converters Agreement for bus effective August 1, 2013, between General Motors LLC and Startrans bus - Supreme Corporation.
*	21.1	Subsidiaries of the Registrant.
*	23.1	Consent of Crowe Horwath LLP, Independent Registered Public Accounting Firm.
*	31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
*	31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
*	32.1	Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
*	32.2	Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
*	101	The following financial statements from the Company's Annual Report on Form 10-K for the fiscal year ended December 28, 2013, filed on February 27, 2014, formatted in XBRL: (i) Consolidated Balance Sheets, (ii) Consolidated Statements of Comprehensive Income, (iii) Consolidated Statements of Equity, (iv) Consolidated Statements of Cash Flows and (v) the Notes to Consolidated Financial Statements.

* Filed herewith.
\+ Management contract or compensatory plan or arrangement.

Exhibit 10.39

SUPREME INDUSTRIES, INC.
AMENDED AND RESTATED OWNERSHIP TRANSACTION INCENTIVE PLAN

This SUPREME INDUSTRIES, INC. AMENDED AND RESTATED OWNERSHIP TRANSACTION INCENTIVE PLAN (the "***Plan***") was adopted by the Board of Directors of SUPREME INDUSTRIES, INC., a Delaware corporation (the "***Company***"), effective as of November 4, 2013 (the "***Effective Date***"), and amends and restates the Supreme Industries, Inc. Ownership Transaction Incentive Plan previously adopted by the Board of Directors of the Company on October 25, 2011.

ARTICLE 1
PURPOSE

The purpose of the Plan is to advance the interests of the Company and its stockholders and motivate and retain certain key employees in order to maximize the proceeds received in a potential Change of Control by providing these key employees with certain bonus opportunities in the event a Change of Control occurs. This Plan is intended to be compliant with the requirements of Section 409A of the Internal Revenue Code of 1986, as amended (the "***Code***") and the regulations or other applicable guidance issued thereafter, including, without limitation, Treas. Reg. section 1.409A-3(i)(5)(iv)(A).

ARTICLE 2
DEFINITIONS

For the purpose of the Plan, unless the context requires otherwise, the following terms shall have the meanings indicated:

2.1 "***Base Price***" means the amount established by the Board, in its sole discretion, as the base measurement price with respect to a share of Common Stock for purposes of determining the Value in connection with a Change of Control. The "Base Price" may be the Fair Market Value of the Common Stock (either the Class A or Class B, or both), or any other amount established by the Board, provided, however, in no event may the Base Price be less than the Base Price established for the first grant made pursuant to the Plan.

2.2 "***Board***" means the board of directors of the Company.

2.3 "***Cause***" for termination means "cause" as defined in any employment agreement then in effect between the Company and the Participant, or if no such agreement is in effect (or cause is not defined in such agreement), then (i) the Participant's breach or violation of a material term of this Agreement or other agreement to which the Participant and the Company are parties (including the Disclosure and Invention Agreement), which the Participant failed to cure within thirty (30) days after receiving written notice detailing the allegations from the Board; (ii) the Participant's material failure or refusal to perform his or her job duties or responsibilities, which the Participant failed to cure within thirty (30) days after receiving written notice from the Board (or the board of directors of any Subsidiary); (iii) the Participant's gross negligence, willful misconduct, willful breach of fiduciary duty, dishonesty, fraud, embezzlement or theft, which the Company, in its sole discretion, consider materially damaging to, or which materially discredits, the Company; and (iv) the Participant's conviction, commission, or plea of *nolo contendere* to any felony or other crime involving dishonesty or moral turpitude. Upon the giving of notice of termination of the Participant's employment for Cause, the Company shall have no further obligation or liability to the Participant hereunder.

2.4 " ***Change of Control*** " means a change in (i) the Company's ownership; or (ii) the ownership of a substantial portion of its assets, as follows:

(i) Change in Ownership . A change in ownership of the Company occurs on the date that any "Person" (as defined in paragraph (iii) below), other than (1) the current stockholders of the Company or their respective Affiliates, to the extent such stockholders, individually or acting as a group, effectively control the Company (within the meaning of Treasury Regulation §1.409A-3 (i)(5)(vi)(C)) immediately prior to such date, (2) the Company or any of its subsidiaries; (3) a trustee or other fiduciary holding securities either on behalf of a current stockholder or pursuant to an employee benefit plan (or related trust) sponsored or maintained by the Company or any of its Affiliates; or (4) an underwriter temporarily holding stock pursuant to an offering of such stock, acquires ownership (either directly, or indirectly through application of the attribution of stock ownership rules described in Treasury Regulation §1.409A-3(i)(5)(iii)) of the Company's stock that, together with stock held by such Person, constitutes more than 50% of the total fair market value or total voting power of the Company's stock (including, Common Stock and any other equity securities then outstanding). However, if any Person is considered to own already more than 50% of the total fair market value or total voting power of the Company's stock (either directly or indirectly through application of the attribution of stock ownership rules described in Treasury Regulation §1.409A-3(i)(5)(iii)), the acquisition of additional stock by the same Person is not considered to be a Change of Control; or

(ii) Change in Ownership of Substantial Portion of Assets . A change in the ownership of a substantial portion of the Company's assets occurs on the date that a Person acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition by such Person) total assets of the Company (including the stock of its consolidated subsidiaries), that have a total gross fair market value equal to at least 80% of the total gross fair market value of all of the Company's assets (including the stock of its consolidated subsidiaries) immediately before such acquisition or acquisitions. However, there is no Change of Control when there is such a transfer to an entity that is controlled by the current stockholders of the Company immediately after the transfer, through a transfer to (1) a stockholder of the Company (immediately before the asset transfer) in exchange for or with respect to the Company's stock; (2) an entity, at least 50% of the total value or voting power of the stock of which is owned, directly or indirectly, by the Company; (3) a Person that owns directly or indirectly, at least 50% of the total value or voting power of the Company's outstanding stock; or (4) an entity, at least 50% of the total value or voting power of the stock of which is owned by a Person that owns, directly or indirectly, at least 50% of the total value or voting power of the Company's outstanding stock.

(iii) For purposes of paragraphs (i) and (ii):

(1) "Person" would have the meaning given in Section 7701(a)(1) of the Code. Person would include more than one Person acting as a group as defined by the Final Treasury Regulations issued under Section 409A of the Code.

(2) "Affiliate" would have the meaning set forth in Rule 12b-2 promulgated under Section 12 of the Securities Exchange Act of 1934, as amended.

Notwithstanding the foregoing, a Change of Control shall not be deemed to include any equity financing of the Company, or the transactions contemplated thereby or executed in connection therewith (including but not limited to preferred stock equity financings with venture capital operating companies)..

2.5 " ***Code*** " means the Internal Revenue Code of 1986, as amended.

2.6 " ***Committee*** " shall have the meaning given to such term in Section 3.1 below.

2.7 " ***Common Stock*** " means all classes of common stock of the Company which the Company is currently authorized to issue or may in the future be authorized to issue (including, without limitation, the Class A and Class B common stock).

2.8 " ***Company*** " means Supreme Industries, Inc., a Delaware corporation, and any successor entity thereto.

2.9 " ***Employee*** " means a common law employee (as defined in accordance with the Regulations and Revenue Rulings then applicable under Section 3401(c) of the Code) of any Employer.

2.10 " ***Employer*** " means the Company or its Subsidiaries.

2.11 " ***Fair Market Value*** " means (i) for purposes of the establishing the Base Price, the fair market value of a share of Common Stock as determined by the Committee in good faith, from time to time, by any reasonable means; and (ii) for purposes of establishing the Value in connection with a Change of Control, the per share of Common Stock fair market value of the consideration received by the Company (or the stockholders).

2.12 " ***Incentive Payment*** " means the compensation awarded by the Committee to a Participant in connection with a Change of Control in accordance with Section 5.2 below.

2.13 " ***Incentive Pool*** " means the aggregate number of shares of Common Stock outstanding immediately prior to a Change of Control, multiplied by the sum of (i) 7% multiplied by any Value up to $5.00, plus (ii) 8% multiplied by any Value above $5.00 and less than or equal to $7.00, plus (iii) 9% multiplied by Value above $7.00. By way of example, if the Common Stock's Base Price is equal to $2.50 on the effective date of the Plan (or the date an Incentive Pool Percentage is awarded), and, a Change of Control occurs where the Common Stock is sold for $9.00 per share, then the Incentive Pool shall be equal to the number of shares of all Common Stock outstanding on the date of the Change of Control multiplied by $.52 (which is the sum of (i) 7% multiplied by $2.50 (the Value up to $5.00); (ii) 8% multiplied by $2.00 (the Value between $5.00 and $7.00) and (iii) 9% multiplied by $2.00 (the Value over $7.00)).

2.14 " ***Incentive Pool Percentage*** " means the percentage of the Incentive Pool allocated to each Employee. The Incentive Pool Percentage for certain Participants shall be as set forth on Exhibit A hereto. Any amount of the Incentive Pool that remains unallocated at any time may be allocated by the Committee among those Employees it designates as Participants; provided that in the event any portion of this percentage remains unallocated as of a Change of Control, then the unallocated portion shall be reallocated on a pro rata basis among the Participants employed as of the date of the Change of Control. Further, in the event a Participant forfeits his or her Incentive Pool Percentage prior to a Change of Control, and the Committee has not reallotted such Incentive Pool Percentage by the date of such Change of Control, then such forfeited Incentive Pool Percentage shall be reallocated pro rata to all of the Participants employed as of the date of the Change of Control.

2.15 " ***Participant*** " means those Employees set forth on Exhibit A and any other Employee who satisfies the eligibility requirements of Article 4 of the Plan and who is selected by the Committee to participate in the Plan.

2.16 " ***Permanent Disability*** " means, a Participant meets one of the following requirements: (A) the Participant is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that be expected to result in death or can be expected to last for a continuous period of not less than 12 months; or (B) the Participant is, by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, receiving income replacement benefits for a period of not less than three months under an accident and health plan covering employees of the Company. The Company, at its own option and expense, may retain a physician to confirm the existence of such incapacity or disability, and the determination of such physician shall be binding upon the Company and the Participant.

2.17 " ***Plan*** " means this Supreme Industries, Inc. Ownership Transaction Incentive Plan, as amended from time to time.

2.18 " ***Subsidiary*** " means (i) any corporation in an unbroken chain of corporations beginning with the Company, if each of the corporations other than the last corporation in the unbroken chain owns stock possessing a majority of the total combined voting power of all classes of stock in one of the other corporations in the chain, (ii) any limited partnership, if the Company or any corporation described in item (i) above owns a majority of the general partnership interest and a majority of the limited partnership interests entitled to vote on the removal and replacement of the general partner, and (iii) any partnership or limited liability company, if the partners or members thereof are composed only of the Company, any corporation listed in item (i) above or any limited partnership listed in item (ii) above. " ***Subsidiaries*** " means more than one of any such corporations, limited partnerships, partnerships or limited liability companies.

2.19 " ***Termination of Service*** " means a Participant ceases to serve as an Employee of the Company and its Subsidiaries, for any reason, provided that such cessation constitutes a "separation from service" within the meaning of Section 409A of the Code.

2.20 " ***Value*** " means, for each award granted pursuant to this Plan, the difference between (i) the per share value of the total cash proceeds or the per share Fair Market Value of any other consideration received by the Company or the Company's stockholders in connection with a Change of Control, as determined by the Committee, in its sole discretion, less (ii) the Base Price.

ARTICLE 3
ADMINISTRATION OF THE PLAN

3.1 Committee's Establishment and Organization . Subject to the terms of this Article 3 , the Plan shall be administered by the Board, or such committee of the Board as is designated by the Board to administer the Plan, which committee shall consist of at least three members (the " ***Committee*** "). If a committee is so designated, any member of the committee may be removed at any time, with or without cause, by resolution of the Board, and any vacancy occurring in the membership of the committee may be filled by appointment of the Board. At any time there is no committee to administer the Plan, any references in this Plan to the Committee shall be deemed to refer to the Board. Notwithstanding the foregoing, if at any time there are no longer any Class B shares of common stock outstanding (or the Class B shares of common stock no longer have the authority to elect 2/3rds of the directors on the Board), the Board shall make such provisions as they, in their discretion, deem appropriate to cause one or more persons to exercise the powers of the Committee hereunder, prior to any Change of Control or other event the result of which will be the cessation of control (by virtue of their not constituting a majority of directors) of the Board by the individuals who (x) at the date of this Plan were directors or (y) become directors after the date of this Plan and whose election or nomination for election by the

Company's stockholders was approved by a vote of at least two-thirds of the directors then in office who were directors at the date of this Plan or whose election or nomination for election was previously so approved.

3.2 Committee Action . At any time there is no committee to administer the Plan, any action of the Board with respect to the Plan shall be taken in the same fashion as any other Board action, and shall be subject to the same procedural requirements as any other Board action. In the event a committee is designated by the Board in accordance with Section 3.1 , the following shall apply:

(i) A majority of the committee shall constitute a quorum, and the act of a majority of the members of the committee present at a meeting at which a quorum is present shall be the act of the committee;

(ii) Any action taken by the committee may be taken without a meeting, without prior notice, and without a vote, if a consent or consents in writing, setting forth the action so taken, shall be signed by a majority of the members of the committee; and

(iii) Prompt notice of the taking of any action by members of the committee without a meeting by less than unanimous consent shall be given to the members who did not consent in writing to the action.

3.3 Committee's Powers . The Committee shall have the power, in its discretion, to take such actions as may be necessary to carry out the provisions and purposes of the Plan and shall have the authority to control and manage the operation and administration of the Plan. In order to effectuate the purposes of the Plan, the Committee shall have the discretionary power and authority to construe and interpret the Plan, to supply any omissions therein, to reconcile and correct any errors or inconsistencies, to decide any questions in the administration and application of the Plan, and to make equitable adjustments for any mistakes or errors made in the administration of the Plan. All such actions or determinations made by the Committee, and the application of rules and regulations to a particular case or issue by the Committee, in good faith, shall not be subject to review by anyone, but shall be final, binding and conclusive on all persons ever interested hereunder.

In construing the Plan and in exercising its power under provisions requiring the Committee's approval, the Committee shall attempt to ascertain the purpose of the provisions in question, and when the purpose is known or reasonably ascertainable, the purpose shall be given effect to the extent feasible. Likewise, the Committee is authorized to determine all questions with respect to the individual rights of all Participants under this Plan (which need not be identical), including, but not limited to, all issues with respect to eligibility. The Committee shall have all powers necessary or appropriate to accomplish its duties under this Plan including, but not limited to, the power and duty to:

(i) designate the employees of the Company and its Subsidiaries who shall participate in the Plan;

(ii) maintain complete and accurate records of all plan transactions and other data in the manner necessary for proper administration of the Plan;

(iii) adopt rules of procedure and regulations necessary for the proper and efficient administration of the Plan, provided the rules and regulations are not inconsistent with the terms of the Plan as set out herein. The Committee shall exercise its discretion hereunder in a nondiscriminatory manner;

(iv) enforce the terms of the Plan and the rules and regulations it adopts;

(v) review claims and render decisions on claims for benefits under the Plan;

(vi) furnish the Company or the Participants, upon request, with information that the Company or the Participants may require for tax or other purposes;

(vii) employ agents, attorneys, accountants or other persons (who also may be employed by or represent the Company) for such purposes as the Committee considers necessary or desirable in connection with its duties hereunder; and

(viii) perform any and all other acts necessary or appropriate for the proper management and administration of the Plan.

ARTICLE 4
ELIGIBILITY

In addition to those Employees set forth on Exhibit A hereto, the Committee may, but shall not be obligated to, select the particular Employees who may be Participants and their respective Incentive Pool Percentages. In the event a Participant does not vest in the Participant's Incentive Payment in accordance with the provisions of Article 6 , the Committee may, but shall not be obligated to, designate one or more additional Employees as Participants or designate any forfeited Incentive Pool Percentages to the Participants. Participants may also participate in other incentive or benefit plans of the Company or any Subsidiary, subject to the terms and conditions of such plans. The compensation payable pursuant to this Plan is in addition to, and not in lieu of, any other compensation, including severance payments, that a Employee may be entitled to pursuant to his or her employment agreement with the Company, or pursuant to any other plan, program or compensation arrangement of the Company.

ARTICLE 5
DETERMINATION OF INCENTIVE POOL AND INCENTIVE PAYOUTS

5.1 Determination of Incentive Pool . On the closing date (or, if later, the effective time) of a Change of Control, the Committee shall determine the Value to be received in connection with the Change of Control and shall determine the amount of the Incentive Pool available with respect to such Change of Control.

5.2 Determination of Incentive Payments . Each Participant shall be eligible for an Incentive Payment in an amount equal to the Participant's Incentive Pool Percentage multiplied by the Incentive Pool approved by the Committee in connection with a Change of Control.

5.3 Form and Time of Payment . Incentive Payments to the Participants under the Plan shall be payable as employee compensation, prior in right to any payment to the Company's stockholders. Incentive Payments to the Participants under the Plan shall be payable in the same form (*e.g.* , cash, securities or other property), on the same schedule, and subject to the same terms and conditions, as that of the consideration paid to the Company or, in the case of a transaction described in Section 2.4(i) above, to the Company's stockholders in connection with the Change of Control; provided that, (i) at the Committee's election, the Company may pay any amount payable in securities or other property, in cash in lieu thereof, the amount of which shall be equal to the Fair Market Value of such securities or other property (as determined by the Committee); and (ii) a Participant's Incentive Payment shall be paid no later than the date that is five (5) years from the closing of the Change of Control, as required by Treas. Reg. section 1.409A-3(i)(5)(iv)(A).

5.4 Allocation of Amounts to the Incentive Pool . No amounts will be allocated to the Incentive Pool or the Plan until a transaction is consummated and the Committee has determined, in its sole discretion, that the transaction constitutes a Change of Control and the Committee has determined that amount of the Value.

5.5 Committee Discretion . The Committee shall have the sole authority for valuing the proceeds to be received in a Change of Control transaction for purposes of determining the Value, the Incentive Pool and any Incentive Payments. The Committee shall utilize such methods as they in their discretion deem appropriate in determining the Value. The Committee shall have the sole discretion at any time prior to the Vesting Date to increase, but not decrease, the amount of any Incentive Pool Percentage of any Participant prior to the effective date of a Change of Control; provided, however, in the event any Participant fails to vest in accordance with the provisions of Section 6.2 , such Participant's Incentive Pool Percentage shall automatically be reduced to zero.

ARTICLE 6
VESTING

6.1 No Right to Benefits . No Participant shall have a right to any benefit under this Plan prior to the date that a determination is made by the Committee that a Change of Control has occurred.

6.2 Vesting . Except as otherwise provided by Section 6.3 below, any Participant who is a current Employee upon the effective date of a Change of Control shall become one hundred percent (100%) vested in his or her Incentive Payment.

6.3 Forfeiture . If a Participant resigns employment or is terminated by the Company for Cause prior to a Change of Control, then such Participant shall immediately forfeit any right to receive any Incentive Payment upon his or her Termination of Service. If a Participant's employment is terminated without Cause prior to a Change of Control, then his or her Incentive Pool Percentage shall be forfeited on the date that is six (6) months from the date of the Participant's Termination of Service without Cause.

ARTICLE 7
AMENDMENT AND TERMINATION

7.1 Term . The Effective Date of the Plan shall be as of November 4, 2013 and, unless sooner terminated by action of the Board, the Plan will terminate on December 31, 2015 (" ***Termination Date*** "); provided, however, the term may be extended by the adoption of a resolution by the Board extending the term prior to the Termination Date. If the Plan is not extended by the Board, then on the Termination Date, all rights of Participants under this Plan shall terminate, provided, however, than in the event a definitive, legally binding agreement has been entered into by the Company with respect to a Change of Control prior to the Termination Date, then the term of this Plan automatically shall be extended solely with respect to such Change of Control until the closing date of the Change of Control or the termination or revocation of such agreement without the consummation of the Change of Control (as determined by the Board in its sole discretion)(the " ***Extended Term*** "), and any Participants holding Incentive Pool Percentages as of the Termination Date shall be entitled to payment pursuant to this Plan upon the closing date of such Change of Control to the extent it closes during the Extended Term.

7.2 Amendment and Termination . The Company may at any time and from time to time amend, in whole or in part, any or all of the provisions of this Plan or terminate the Plan by the adoption

of a resolution by the Board, provided, however, that no amendment or termination of this Plan shall, without the consent of the affected Participant, decrease the amount of any Incentive Pool Percentage of the Participant prior to the effective date of a Change of Control.

ARTICLE 8
MISCELLANEOUS PROVISIONS

8.1 Non-Assignability . A Participant may not alienate, assign, pledge, encumber, transfer, sell or otherwise dispose of any rights or benefits awarded hereunder prior to the actual receipt thereof; and any attempt to alienate, assign, pledge, sell, transfer or assign prior to such receipt, or any levy, attachment, execution or similar process upon any such rights or benefits shall be null and void.

8.2 No Right to Continue In Employment . Nothing in the Plan confers upon any employee the right to continue in the employ of the Company or any Subsidiary, or interferes with or restricts in any way the right of the Company and its Subsidiaries to discharge any employee at any time, including without limitation, before or after any Vesting Date.

8.3 Indemnification Of Committee . No member of the Committee nor any director, officer or employee of the Company acting on behalf of the Committee, shall be personally liable for any action, determination, or interpretation taken or made in good faith with respect to the Plan, and all members of the Committee and each director, officer or employee of the Company acting on its behalf shall, to the extent permitted by law, be fully indemnified and protected by the Company with respect to any such action, determination or interpretation.

8.4 No Plan Funding . The Plan shall at all times be entirely unfunded and no provision shall at any time be made with respect to segregating assets of the Company for payment of any amounts hereunder. No Participant, beneficiary, or other person shall have any interest in any particular assets of the Company by reason of the right to receive a Performance Bonus under the Plan. Participants and beneficiaries shall have only the rights of a general unsecured creditor of the Company.

8.5 Governing Law . This Plan shall be construed in accordance with the laws of the State of Delaware and the rights and obligations created hereby shall be governed by the laws of the State of Delaware.

8.6 Binding Effect . This Plan shall be binding upon and inure to the benefit of the Company, its successors and assigns, and the Participants, and their heirs, successors, assigns, and personal representatives.

8.7 Construction of Plan . The captions used in this Plan are for convenience only and shall not be construed in interpreting the Plan. Whenever the context so requires, the masculine shall include the feminine and neuter, and the singular shall also include the plural, and conversely.

8.8 Integrated Plan . This Plan constitutes the final and complete expression of agreement among the parties hereto with respect to the subject matter hereof.

8.9 FMLA Leave . This Plan shall be administered to comply with the Family and Medical Leave Act of 1993, as amended (" ***FMLA*** "). Any employee of the Company or a Subsidiary who takes leave that satisfies the requirements of the FMLA shall, for purposes of Article 6 only, be considered actively working with the Company or a Subsidiary during such FMLA leave; provided, however, that nothing herein shall be construed to credit such employee with working full time if such employee was not otherwise actually working full time prior to such FMLA leave.

8.10 Accounting of Compensation . Unless otherwise specifically provided in such benefit plan, any Performance Bonus paid to a Participant hereunder shall not be treated as compensation paid to such Participant for the purposes of any other benefit plan.

ARTICLE 9
EFFECT OF THE PLAN

Neither the adoption of this Plan nor any action of the Board or the Committee shall be deemed to give any Participant any right to be granted an Incentive Payment or any other rights. In addition, nothing contained in this Plan and no action taken pursuant to its provisions shall be construed to (a) give any Participant any right to any compensation, except as expressly provided herein; (b) be evidence of any agreement, contract or understanding, express or implied, that the Company or any Subsidiary will employ a Participant in any particular position; (c) give any Participant any right, title, or interest whatsoever in or to any investments which the Company may make to aid it in meeting its obligations hereunder; or (d) create a trust of any kind or a fiduciary relationship between the Company and a Participant or any other person.

[Signature Page Follows]

IN WITNESS WHEREOF, the Company has caused this instrument to be executed as of November 4, 2013, by its Chief Executive Officer pursuant to prior action taken by the Board.

SUPREME INDUSTRIES, INC. ,
a Delaware corporation

By: /s/ Mark Weber
Name: Mark D. Weber
Title: President and Chief Executive Officer

EXHIBIT A

- Mark Weber (President and CEO) will receive 23.75% of the bonus pool. The Base Price is $2.50.
- Matt Long (CFO) will receive 17% of the bonus pool. The Base Price is $2.50.
- Mike Oium (VP Operations) will receive 11.75% of the bonus pool. The Base Price is $2.50.
- John Dorbin, (VP and General Counsel) will receive 7.5% of the bonus pool. The Base Price is $2.50.
- Roman Jach (VP Engineering) will receive 5% of the bonus pool. The Base Price is $2.50.

Exhibit 10.40

SPECIAL VEHICLE MANUFACTURER CONVERTERS AGREEMENT

THIS AGREEMENT is executed by and between General Motors LLC, a Delaware limited liability company whose business office is located in Detroit, Michigan ("GM"), and Supreme Corporation , whose business office is located at 2581 East kercher Rd., Goshen, IN 46527 ("Manufacturer"), and is effective as of August 1, 2013.

Recitals

GM is engaged in the business of manufacturing and marketing complete and incomplete motor vehicles, including trucks, truck chassis and cars ("Vehicles"); and

Manufacturer is engaged in the business of manufacturing and marketing special bodies and equipment installed on or in Vehicles. (Vehicles modified, completed or altered by Manufacturer are defined as "End Products"); and

Authorized GM dealers ("Dealers") may acquire End Products from Manufacturer; and

GM and Manufacturer desire that GM sell Vehicles to Manufacturer on a restricted basis to be made into End Products by Manufacturer for resale to Dealers to facilitate the business operations of GM, its Dealers, and Manufacturer, including the accommodation of the parties' production schedules to the extent feasible; and

Implementation of this Agreement will require, among other things, the establishment and maintenance of an arrangement between Manufacturer and a financial institution to finance the purchase of, and facilitate the payment for, the Vehicles from GM.

In reliance on and in consideration of the mutual promises contained in this Agreement, the parties agree as follows:

Article 1: Term of Agreement

This Agreement will expire on July 31, 2018, unless earlier terminated consistent with Article 15.2 below.

Article 2: Agreement to Sell and Purchase Vehicles

2.1 GM agrees to sell to Manufacturer, and Manufacturer agrees to purchase from GM, Vehicles subject to the terms and conditions of this Agreement. By posting on http://www.gmfleet.com, GM has provided Manufacturer with a copy of its current Special Vehicle Manufacturer Policy and Procedures Manual (the "Manual"), setting forth the policies and procedures Manufacturer is required to follow in processing Vehicles under this Agreement, including policies and procedures governing certain activities which include but are not limited to Vehicle ordering, repair of Vehicle damage during transportation and defective parts. GM reserves the right to change the Manual at any time.

2.2 The Manual is incorporated by reference into this Agreement, and all of the provisions contained in the Manual now and in the future will be deemed to be part of this Agreement. Manufacturer will follow the policies and procedures set forth in the Manual in the performance of its obligations under this Agreement. In case of a conflict between provisions of the Manual and the terms and conditions of this Agreement, the terms and conditions of this Agreement will control.

Article 3: Vehicle Orders; Price; Financing

3.1 Manufacturer will submit orders to GM for Vehicles electronically or in such other manner as may be specified by GM. There are numerous factors which affect the availability of Vehicles. GM reserves to itself absolute discretion in accepting orders and distributing Vehicles to Manufacturer, and its judgment in such matters is final. Manufacturer's orders for Vehicles are not binding on GM until accepted by GM and may be canceled by Manufacturer until that time. An order is accepted by GM when the Vehicle is released to production. Manufacturer will be responsible for ordering Vehicles with emissions systems that comply with the emissions laws in the states in which the End Products will be sold.

3.2 Prices and other terms of sale applicable to Vehicles are those set forth at GMPricing.com. Such prices and terms may be changed by GM at any time, without prior notice to Manufacturer. Except as otherwise provided by GM in writing, such changes will apply to Vehicles not yet invoiced at the time the changes are effective. Vehicles ordered under this Agreement are not eligible for any price protection allowance that otherwise may have been available on orders submitted directly by a Dealer to GM.

3.3 Manufacturer will establish and maintain a financing arrangement between Manufacturer and a financial institution for the purpose of financing the purchase of Vehicles from GM and facilitating the payment for these Vehicles to GM. The financial institution must be satisfactory to GM, in GM's sole discretion. Manufacturer must provide to GM a copy of the agreement between Manufacturer and its financial institution. Manufacturer will notify GM in advance of any proposed changes in its financing arrangement, and proposed changes are subject to review and acceptance by GM. Manufacturer and its financial institution will furnish GM with a statement as to the maximum number of Vehicles that will be financed by the financial institution at any particular time. This maximum number of Vehicles is referred to in this Agreement and the Manual as the "Credit Limit." Failure of Manufacturer to obtain or retain a Vehicle inventory financing arrangement consistent with this Section 3.3 will result in termination of this agreement pursuant to the terms of Article 15.

3.4 Except for the purpose of financing Manufacturer's acquisition of Vehicles, Manufacturer will not grant, nor cause or permit to arise, any security, lien, or other interest in any part of an End Product (other than a special body or equipment installed on the Vehicle by Manufacturer) without GM's prior written approval. Manufacturer will promptly reimburse GM for any money paid by GM to discharge any such adverse lien or interest, if GM elects or is required to make such a payment. GM has no obligation to Manufacturer to make any such payment.

3.5 GM has the right, with or without advance notice, to examine Vehicles and End Products and Manufacturer's records relating to Vehicles and End Products at any time during regular business hours.

Article 4: Handling of Vehicles

4.1 Upon receipt of Vehicles, Manufacturer will inspect each Vehicle for damage or a shortage of parts and will accept custody of, and execute an appropriate receipt for, each Vehicle. Manufacturer agrees to resolve any damage or warranty claims in accordance with the Manual.

4.2 Manufacturer will keep and maintain each Vehicle delivered to it in safe storage (including, as appropriate, in a defined area enclosed by an adequate fence and

protected by security personnel to the extent appropriate in that vicinity). Manufacturer will store Vehicles only at those locations identified by an address on Exhibit A. Manufacturer's obligation is to ensure that Vehicles do not deteriorate from a like new condition in appearance or quality during the period of Manufacturer's control, and GM retains the right to inspect Manufacturer's storage areas upon reasonable notice.

4.3 Manufacturer will correct all damage or parts shortages noted upon receipt. All repairs to any Vehicle must be performed by an authorized GM dealer.

Article 5: Delivery; Title and Risk of Loss; Insurance

5.1 GM will select the assembly and shipping locations and the modes of transportation for delivery of Vehicles to Manufacturer. Risk of loss will pass to Manufacturer upon delivery by GM to a carrier (F.O.B. GM's assembly plant), and actual and legal title will similarly pass to Manufacturer but with certain restrictions for mutual benefit as further provided in this Agreement. GM will purchase, on behalf of the Manufacturer, commercially reasonable insurance coverage for risk of loss or damage to any Vehicle in transit between GM and the Manufacturer that is not otherwise borne by the carrier while such Vehicles are in-transit and not yet received by the Manufacturer. Delivery will be to Manufacturer's business premises identified on Exhibit A, unless GM decides another location is appropriate. Any claims for loss or damage to a Vehicle while in the possession of a carrier must be noted on the delivery receipt and submitted to the Dealer with whom Manufacturer is dealing.

5.2 Manufacturer's purchase and possession of Vehicles under this Agreement is a restrictive purchase and possession for mutual benefit and Manufacturer acknowledges that this Agreement is intended to result in the distribution of quality End Products only to GM's dealer network for the particular Vehicle brand. Following an agreement by Manufacturer with a Dealer for the Dealer's purchase of an End Product, Manufacturer will notify GM in a manner specified by GM. Upon such notice, GM will credit Manufacturer for the original cost of the Vehicle and charge the Dealer for that Vehicle, in compliance with GM's normal billing procedures. Within two days after invoicing the Dealer, GM will initiate delivery to Dealer of the Manufacturer's Statement or Certificate of Origin ("MSO") for each Vehicle. Manufacturer agrees not to perform any modifications or alterations to the Vehicle until issuance of the MSO. Manufacturer agrees that after ownership of each Vehicle has been transferred to Dealer, Manufacturer's continued possession of the Vehicle is a bailment for purposes of upfitting and storage only.

5.2.1 GM may elect to allow Manufacturer to pre-build a limited number of End Products ("Pre-Built End Products") on Vehicles prior to re-invoicing those Vehicles to a Dealer. The number of Pre-Built End Products is to be determined in GM's sole discretion, for the express purpose of satisfying customers' immediate needs for End Products. Once GM has approved a Pre-Built product volume, Manufacturer must receive and keep on file its financial institution's approval of Vehicles identified as Pre-Build End Products. GM will retain possession of the MSO of any Pre-Built End Product which GM will transfer to Dealer when Manufacturer releases (reinvoices) the chassis to the purchasing Dealer. Manufacturer will bear all risk associated with the Pre-Built End Products and expressly agrees that GM will have no obligation to repurchase these Vehicles under any circumstance, including, but not limited to, termination of this Agreement as initiated by either party.

5.3 Manufacturer will, absent written agreement to the contrary, be responsible for delivery of End Products to Dealers with certification and labeling in accordance

with Section 8.1 of this Agreement and for invoicing and collecting for its work on or in Vehicles. GM is not responsible for the cost of any work performed by Manufacturer on any Vehicle. Manufacturer acknowledges that the date of GM's charge to a Dealer for a Vehicle has significance for purposes of pricing, promotions, inventory charges, and other purposes, and to the extent possible, Manufacturer will modify, alter or complete the End Product and ship the appropriate End Product promptly upon a Dealer's purchase of such End Product. Manufacturer agrees to promptly negotiate a reasonable settlement in good faith with any Dealer who incurs undue delay in delivery of an End Product.

5.4 Manufacturer agrees to indemnify and hold GM harmless from and against any and all claims, causes of action, loss, damage, or expense, including reasonable attorney fees and expenses incurred from any litigation, arising from or relating to any claim for injury or property damage made in connection with the manufacturing, use or marketing of End Products or with the use, operation or storage of any Vehicle while Manufacturer has title, custody, possession, or risk of loss under this Agreement.

5.5 Manufacturer will obtain and maintain, at its sole expense and pursuant to the terms of this Agreement, the following types of insurance coverage with minimum limits as set forth below:

A. Comprehensive General Liability coverage, including products, completed operations and contractual liability, at a limit acceptable to GM but not less than $10,000,000 per occurrence for personal injury and property damage combined.

B. Comprehensive Automobile Liability covering all owned, hired, and non-owned vehicles at a limit of not less than $5,000,000 per occurrence for personal injury and property damage combined, including all statutory coverages for all states of operation.

C. Workers Compensation in compliance with the statutory limits for all states of operation.

D. Employers Liability in limits of not less than $1,000,000 for all states of operation.

E. Garage Keepers Legal Liability on a Direct Primary coverage basis including comprehensive and collision coverage at a limit equal to at least the highest value of Vehicles in the Manufacturer's care, custody and control at any one time. Coverage must apply to all Vehicles while in the care, custody or control of Manufacturer and cover any cause of physical damage on a primary basis without regard to negligence. (This coverage should be maintained separate and distinct from coverage available under the Manufacturer's finance plan.)

F. Manufacturer will annually provide GM with a certificate of insurance and insurance policy evidencing GM as an additional insured for all types of coverage listed above, except Workers Compensation and Employers Liability, for all activities connected with this Agreement, and stating that the insurance listed above is primary to any coverage that may be available to GM. Manufacturer will provide at least thirty days prior written notice to GM of cancellation, modification, expiration or material change to any

policy and, at that time, will provide GM with a certificate of insurance and insurance policy for the modified, renewed or replacement policy. Such certificate(s) will be in a form acceptable to, and underwritten by, insurance company (ies) satisfactory to GM. Neither the purchase of appropriate insurance coverage by Manufacturer, nor the furnishing of certificate (s) of insurance to GM, will release Manufacturer from its respective obligations or liabilities under this Agreement. All coverage must be maintained throughout the duration of this Agreement with the exception of Comprehensive General Liability coverage referenced in Section 5.5.A above, which will be maintained for a period of ten years after termination of this Agreement.

Article 6: End Product Demonstrators; Show and Event End Products

6.1 In some cases, Manufacturer may seek to loan an End Product to Dealer(s) for demonstration purposes and/or to GM for static display at a show or event, without reaching an agreement with Dealer or GM for the purchase or sale of the End Product and without the Manufacturer reporting the End Product or Vehicle to GM as "Sold." GM, in its sole discretion, may approve Manufacturer's use of a limited number of such End Products for demonstrator services ("Demo End Product" or "Demo") to support the Manufacturer's marketing of End Products to Dealers and at shows and events. GM, in its sole discretion, will specify the number of Demos that Manufacturer may have in use at any one time. Manufacturer must enter the Demo End Product into the GM Demo program service, in accordance with GM's then standard requirements, which may change from time to time, for a specified minimum days service (the "Demo Period"). Additionally, if a Demo is loaned to GM for static display at a show or event, any such loan must be in accordance with GM's then standard requirements for show and event Demos loaned to GM, which may change from time to time. Manufacturer must execute a Loan of Upfit Vehicle(s) by SVM Terms and Conditions and Vehicle Receipt.

6.2 GM will retain the MSO of Vehicles incorporated into Demo End Products enrolled in the Demo program, pending its restricted sale to a Dealer at the end of the Demo Period. Manufacturer will make every effort to "pre-sell" the Demo to a GM Dealer before the end of the Demo Period.

6.3 Except as expressly provided in this Article 6, all the terms and conditions of this Agreement, including but not limited to title, risk of loss, labeling, certification, indemnification and insurance, will apply to the Demo End Product. Manufacturer will be responsible for all costs related to the Demo End Products, including tax, title, registration, fuel, maintenance, mileage, wear and tear, licensing fees, and insurance for the Demo End Product.

Article 7: Upfitting; Standard of Workmanship

7.1 Manufacturer will not alter any Vehicle, install any body or equipment on any Vehicle, or remove any Vehicle from its business premises where originally delivered, prior to:

a. Approval by GM of Manufacturer's financial institution for Demos, Show and Event End Products and Pre-built inventory; or
b. For all other Vehicles, sale of such Vehicle(s) by Manufacturer to a Dealer as provided in this Agreement, with notice provided to GM.

7.2 To the extent possible, Manufacturer will process Vehicles delivered under the terms of this Agreement on a first-in, first-out basis.

7.3 Manufacturer will use its best skills and judgment and will perform all work on its premises (unless an alternate location to perform the work has been approved by GM in writing) in accordance with the highest professional standards of workmanship. Manufacturer will exercise due care to ensure that all work it performs is free from defects in design, materials, and workmanship. Manufacturer will employ or retain persons with appropriate technical competence for the work being performed. GM may provide technical information about Vehicles to assist Manufacturer, but Manufacturer will control and bear full responsibility for the design and manufacture of the End Product. Installations or alterations to the original equipment vehicle/chassis as distributed by GM are not covered by General Motors New Vehicle Limited Warranties. The Manufacturer is solely responsible for warranties on the body or equipment and any alterations (or any effect of the alterations) to all the parts, components, systems or assemblies installed by GM on the original equipment vehicle/chassis. Further, GM is not responsible for the safety or quality of design features, materials, or workmanship of any alterations by the Manufacturer.

7.4 Manufacturer acknowledges that the reputation of GM and its products may be affected by the quality, reliability, and durability of Manufacturer's products and its conduct in the marketplace. GM may provide Manufacturer with process guidelines and other information for improving End Product quality, reliability and durability, and provide to Manufacturer an assessment of its processes. Manufacturer is responsible for selecting and implementing processes which meet customer expectations for quality, reliability, and durability.

Article 8: Compliance with Applicable Laws

8.1 Manufacturer will comply with all federal, state, and local laws, regulations, and standards in performance of its work. Manufacturer acknowledges its legal responsibility insofar as it is the manufacturer of an End Product and agrees to certify, label and warrant its contribution to the End Product in compliance with applicable laws, including but not limited to warranty laws and Federal Motor Vehicle Safety Standards. Further, Manufacturer agrees to cooperate with GM in achieving compliance with applicable laws and regulations. Manufacturer will comply with and maintain a copy of the "Document for Incomplete Vehicles" supplied by GM with certain Vehicles, maintain a record of the name and address of the first retail purchaser of each End Product, and make such information available to GM at the times and in the manner specified by GM. Manufacturer will be responsible for ensuring that End Products are sold to first retail purchasers in compliance with federal and state emissions laws and federal fuel economy laws. Manufacturer will refer to GM's annual letter to Dealers and upfitters for guidance concerning compliance with emissions laws.

8.2 Manufacturer will promptly notify GM of any real or potential defect in the End Products and is responsible for reporting under the federal Transportation Recall Enhancement Accountability and Documentation (T.R.E.A.D.) Act. If Manufacturer believes that there is an emission-related defect or failure in the End Products, Manufacturer will promptly notify GM and GM and the Manufacturer will exchange information and consult with each other with respect to the need and advisability of either or both filing an emission report to the appropriate government agencies.

8.3 Manufacturer agrees to indemnify, and to defend against and hold GM harmless from any claims, suits, loss, damage or expense, including settlements, judgments, expert fees, and attorney fees, resulting from or related to any actual, potential, or threatened claim, action, complaint, or proceeding against GM for, without limitation, any unauthorized use of any

trademark, patent, process, idea, method, or device by Manufacturer in connection with modifications or additions made by or for Manufacturer (including those modifications or additions made by Manufacturer with assistance provided by GM under Section 7.3 above).

8.4 Even if not required by law, Manufacturer will affix a properly located Information Label, consistent with Federal Motor Vehicle Safety Standards, to each End Product for either an altered or completed vehicle, according to the specifications established by the National Highway Traffic Safety Administration. Manufacturer will also comply with the requirements of the Automobile Information Disclosure (Monroney) Act and the Energy Policy and Conservation Act, as applicable. If Manufacturer's work affects the information contained on the window label placed on the Vehicle by GM, Manufacturer will apply its own additional label with appropriate disclosure or updated information. Nothing in this Section will relieve Manufacturer of its obligation to comply with all applicable laws as specified in Section 8.1. of this Article.

Article 9: New Vehicle Preparation; Vehicle Warranty and Campaign Corrections by Manufacturer

9.1 Manufacturer agrees to offer and maintain a viable competitive warranty for Dealers and consumers, for warranty work to be performed, that is equal in duration and in every other aspect, to the warranty provided by GM for the applicable chassis model year new Vehicle and powertrain warranties. Manufacturer must maintain, through Dealers and others at Manufacturer's discretion, a system of convenient warranty corrections for consumers and make available to Dealers service replacement parts for warranty and non-warranty service for a reasonable period of time after End Products are sold to consumers. Should chassis service/repairs be required due to the Manufacturer's alterations, such repairs/service must be covered under the Manufacturer's warranty for a term equal in duration, and in every other aspect, to the warranty provided by GM for the applicable chassis model year new Vehicle warranties.

9.2 Needed Vehicle warranty repairs, special policy repairs and adjustments, and campaign corrections required by GM in GM's sole discretion must be performed by an authorized GM dealer. Such services may be performed on Vehicles prior to upfitting so long as the upfitting will not impact either directly or indirectly the Vehicle components or systems affected by the services. Otherwise, such services will be performed after upfitting but before the End Products are sold to the Dealer. Manufacturer will make End Products available to the Dealer who is purchasing such End Product in such fashion as to facilitate the performance of services.

9.3 The written warranty provided with each Vehicle (the "New Vehicle Warranty") contains the only GM warranty applicable to such Vehicle or related End Product, and GM neither assumes nor authorizes anyone to assume for GM any other obligation or liability in connection with such Vehicle or related End Product. In particular, GM does not assume and hereby disclaims any warranty or other liability or obligation, **INCLUDING ANY IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE AND ANY PRODUCT LIABILITIES BASED UPON NEGLIGENCE OR STRICT LIABILITY** , to Manufacturer, except if Manufacturer becomes an owner of a Vehicle, and then only to the extent of the New Vehicle Warranty. Manufacturer will ensure that the New Vehicle Warranty and other product information intended for the consumer are placed in the End Product and remain with it when it leaves the custody of the Manufacturer. Manufacturer will also ensure that Manufacturer's written warranty and other product information intended for the consumer are placed in the End Product and remain with it when it leaves the custody of the Manufacturer.

9.4 Without limiting the foregoing, GM makes no warranty that any Vehicle is or will continue to be suitable to become an End Product. Manufacturer acknowledges that GM may alter the design of any of its product lines at any time, in GM's sole discretion, which alteration may impact Manufacturer's ability to use Vehicles to produce the End Products.

Article 10: Recall Campaigns; Product Liability

10.1 In the event of a recall campaign by GM necessitated by a defect or nonconformity in a Vehicle or End Product for which Manufacturer is responsible, in whole or in part, Manufacturer will reimburse GM the direct costs, expenses and any penalties which may be incurred in connection with such recall campaign, with the understanding that the portion of such direct costs, expenses and penalties to be borne by Manufacturer will be proportional to the degree to which the defect or non-conformity of Manufacturer's work caused the recall. Prior to GM or Manufacturer performing any recall campaign for which GM or Manufacturer expects reimbursement, GM and Manufacturer will exchange information and will consult with each other with respect to the need and advisability of such a recall; provided, however, that the final decision as to whether or not to have such a recall will, in every instance, rest with GM in its sole discretion.

10.2 With respect to any actual, potential, or threatened claim, action, or proceeding initiated by a third party (the "Claim"), regardless of whether such Claim is based on strict liability, negligence, warranty, or other theory ("Product Liability"), relating to any aspect of Manufacturer's work, each of the parties to this Agreement will (a) communicate and cooperate with the other and, if necessary, the appropriate insurance carrier, to the fullest extent reasonably possible in investigation of the facts and circumstances surrounding the Claim and in any litigation involving the Claim; (b) refrain from knowingly taking any position adverse to the interests of the other party to this Agreement; and (c) not, except in enforcement of rights under this Agreement, institute any claim, action, or proceeding, whether by cross-complaint, third party complaint, interpleader, or otherwise, against the other party to this Agreement.

10.3 With respect to any Product Liability or related liability, costs, and expense under this Article, the following are applicable:

a. Any settlement or payment to satisfy an adverse judgment in any Claim will be apportioned to GM and Manufacturer based upon such judgment or, if there is no judgment or it is not definitive as to causation, each party's liability (as determined by Article 12); and

b. GM and Manufacturer will bear their respective costs and expenses incurred in connection with their cooperation in investigation and litigation, including those costs incurred for the production of documents and answering of other discovery.

10.4 In the event a Product Liability Claim is brought against GM or Manufacturer relating to the other's work, each party will promptly forward to the other party every summons and complaint and every other court document received by it; and if the other party is named a party in the action, in no event will either party take any action toward settlement without prior notification to the other party of such proposed action followed by a reasonable period of time to allow the other party to respond to such notification.

Article 11: GM Trademark Usage

11.1 During the term of this Agreement, Manufacturer is granted a royalty-free, non-exclusive right and license to display the GM Fleet & Commercial authorized logo as depicted in Exhibit "B" (the "Mark"). This Mark may be used only in communications with Dealers, provided that the following disclosure language appears prominently and in close proximity to the Mark: "GM Special Vehicle Manufacturer means Manufacturer orders and receives vehicles directly from GM, agrees to maintain $10,000,000 product liability coverage, and agrees to comply with applicable government safety regulations. Manufacturer, and not GM, is responsible for FMVSS certification of the Modified or Upfitted Vehicle." The Mark may not be used on or in any End Product, on any End Product labeling, or on any communications with, or materials intended for, the end user. Manufacturer does not have any other right to use any GM Marks. Notwithstanding the foregoing, Manufacturer is not required to remove any Marks that are pre-installed on any Vehicle received by it from GM.

11.2 The Mark may be used only to convey to Dealers and end users that the Manufacturer (1) can order Vehicles directly from GM, (2) can be shipped Vehicles directly from GM, (3) has a direct transmittal and billing relationship with GM, and (4) meets GM insurance requirements applicable to special vehicle Manufacturers. The Mark cannot, under any circumstances, be used to state or imply that GM endorses, approves or authorizes in any way the End Products of Manufacturer. For example, Manufacturer will not use phrases such as "GM Authorized," "GM Approved," or any similar terms or phrases where the use of GM's trademark, or similar statements, may cause confusion to end users or Dealers about the nature of GM's limited relationship with Manufacturer.

11.3 Other than as set forth in Sections 11.1 and 11.2, the Manufacturer is not authorized or licensed to use any GM source identifiers in association with the promotion or offering of their services to Dealers or end users. GM source identifiers include trademarks, trade dress, website URLs, rights of publicity, and other intellectual property owned by GM that evoke GM and GM's related products and services.

11.4 Manufacturer acknowledges that the Proprietary Marks (defined as the various trademarks, service marks, names and designs used in connection with General Motors products and services) are the sole and exclusive property of GM. Manufacturer and/or its customers will not, at any time, do or suffer to be done, any act or thing which will in any way impair the rights of GM with regard to the Proprietary Marks. In particular, Manufacturer will not use, cause, or permit to be used, any of the Proprietary Marks on any goods or in conjunction with any services, except as provided to it by GM under this Agreement. Moreover, Manufacturer will not use the Proprietary Marks to incur any obligations or indebtedness on behalf of GM.

11.5 Manufacturer will not apply to register or maintain a registration for any Proprietary Marks either alone or as part of another mark, including internet domain name without GM's prior written approval. Manufacturer will not take any action that may adversely affect the validity of the Proprietary Marks or the goodwill associated with them.

11.6 Manufacturer agrees to purchase and sell goods bearing Proprietary Marks only from parties authorized or licensed by GM. The Proprietary Marks may not be used as part of the Manufacturer's name without the express written permission of GM.

11.7 Manufacturer agrees to change or discontinue the use of any Proprietary Marks upon GM's request. Manufacturer agrees that no company owned by or affiliated with Manufacturer or any of its owners may use any Proprietary Mark to identify a business without GM's prior written permission.

11.8 Manufacturer agrees to maintain reasonable and adequate records to allow GM to verify Manufacturer's compliance with all obligations under this Agreement.

Article 12: Indemnification; Dispute Resolution

12.1 In addition to Manufacturer's other obligations in this Agreement, if a suit or other proceeding is commenced relating to any aspect of Manufacturer's work, including any portions of a Vehicle affected by Manufacturer's work, Manufacturer agrees to hold GM harmless and indemnify GM completely from product liability losses. Each party will retain the right to conduct its own defense to such suit or proceeding.

12.2 In the event of a breach of any obligation contained in this Agreement, the breaching party will indemnify the nonbreaching party for any damage, cost, and expense, including reasonable attorney fees, suffered by the nonbreaching party due to the breach.

12.3 If it cannot be determined whether, or the extent to which, a settlement of or judgment in a Claim or a recall campaign was based on an aspect of Manufacturer's work or on another part in a Vehicle that plaintiff alleged was defective, then either party may submit the matter to binding arbitration in order to determine the relative percentage allocable to each party. Such disputes will be finally settled under the Rules of the American Arbitration Association, provided that the arbitration will not occur until after the conclusion of the Claim. There will be three (3) arbitrators, one appointed by GM and one appointed by Manufacturer, with the third arbitrator appointed by the other two. Administrative costs of the arbitration will be shared equally but GM and Manufacturer will be responsible for their own costs and expenses including, but not limited to, attorneys' fees and expert witness fees.

Article 13: Periodic Business Review

13.1 Each calendar year, Manufacturer will submit the following to GM:

(a) A current certificate of insurance as provided under Section 5.5.F above; and
(b) An updated and completed SVM Business Information Update Form, which will be provided to Manufacturer by GM from time to time.

13.2 Manufacturer agrees to meet with a GM representative periodically to complete a GM Special Vehicle Manufacturer Business Assessment form, which will be provided to Manufacturer by GM from time to time.

13.3 If Manufacturer fails to provide (a) the information required in Section 13.1 or (b) the certificate of insurance and insurance policies as required under Section 5.5.F, GM may suspend any shipment of Vehicles to Manufacturer or terminate this Agreement, as provided below.

Article 14: Distribution of Vehicles in US; Export Controls

14.1 Vehicles sold to Manufacturer under this Agreement are for distribution in the 50 United States, and the District of Columbia ("U.S."), Puerto Rico or Guam. It is a material breach of this Agreement for Manufacturer to sell, cause or arrange to be sold End Products or new Vehicles for resale or principal use outside the U.S., Puerto Rico, or Guam. Manufacturer agrees that it will not sell any Vehicles or End

Products in or into the U.S. which were not originally manufactured for sale and distribution in the United States.

14.2 Manufacturer agrees that the products, software or technical data supplied by GM under this Agreement are subject to the export control laws and regulations of the U.S. Manufacturer will comply with such laws and regulations and agrees not to export, re-export or transfer such products, software or technical data contrary to U.S. export laws and regulations. Furthermore, Manufacturer agrees that it will not export, re-export or otherwise transfer the products, software or technical data supplied under this Agreement to: (a) any country subject to U.S. sanctions; (b) any party for a prohibited military end-use or to a prohibited military end-user; (c) any party that is engaged in missile, nuclear, biological or chemical weapons end-uses; or (d) any party on any of the U.S. Government's various lists of restricted parties.

14.3 Manufacturer's obligations under this Article will survive the expiration or termination of this Agreement.

Article 15: Termination

15.1 This Agreement will expire at the end of the term specified above without further notice unless terminated earlier as specified below in this Article.

15.2 This Agreement may be terminated prior to the end of the term by either party at any time with written notice to the other party. Written notice of termination will be delivered personally or by certified mail-return receipt requested; termination will be effective at the end of the third business day after the day of receipt of such written notice or at such later time as may be set forth in such notice.

15.3 If this Agreement is terminated by GM, Manufacturer may sell to a Dealer any or all Vehicles acquired by Manufacturer under this Agreement that have not yet been converted into End Products. Manufacturer must notify GM of its intent to have Dealer purchase any such Vehicles no later than five (5) business days after termination of this Agreement. The net purchase price for each such Vehicle will be the Dealer invoice price at which GM would have sold such Vehicle to Dealer on the date of GM's invoice to Manufacturer inclusive of any discounts or allowances (including model close-out allowance, if applicable) that might have been available to such Dealer. Unless otherwise agreed in writing, such purchase price will be paid to GM by certified check or bank check delivered not later than the third business day after GM notifies Manufacturer of the purchase price of any such Vehicles. In the alternative, and at GM's discretion, GM will retake possession of Vehicles in Manufacturer's custody and credit Manufacturer for Manufacturer's original purchase price from GM. Manufacturer may complete any End Products that are currently in process at the time of termination.

15.4 If this Agreement is terminated by Manufacturer, Manufacturer will, prior to the effective date of termination, have a Dealer purchase outright, all Vehicles in its custody that have not yet been converted into End Products, or, for demonstrator or show and event units, purchase outright those Vehicles in accordance with the terms of Section 5.2; provided, however, that GM, at its option, may retake possession of any or all Vehicles that are not in process of or have not been converted to End Products and (a) credit Manufacturer for Manufacturer's original purchase price from GM, and (b) charge Manufacturer the lesser of the expense incurred by GM to redistribute such Vehicles or the destination charge applicable to similar units delivered to any authorized GM dealer or other Manufacturer at

GM's sole discretion, near Manufacturer's business premises. Manufacturer may complete any End Products that are currently in process at the time of termination.

15.5 GM will have a reasonable period, and in any event not less than thirty days from the date of termination, in which to remove Vehicles from Manufacturer's premises if GM decides to retake possession of any Vehicles, and Manufacturer's obligation under this Agreement in connection with safekeeping Vehicles in its possession will continue during such period.

15.6 If GM retakes possession of any Vehicles under this Article, the terms of this Agreement will not apply to any Vehicles upon which Manufacturer has installed bodies or other equipment, or that are not in a new and unused condition or have missing parts or components.

15.7 If this Agreement is terminated, any and all funds in the Manufacturer's Tiered Volume account, addressed in Article 16, will revert to GM.

Article 16: Tiered Volume Incentive

16.1 To incentivize Manufacturer to increase sales volumes of eligible GM Vehicles, GM may in its sole discretion provide a tiered volume incentive in an amount to be determined each model year (the "Tiered Volume Incentive").

16.2 This Tiered Volume Incentive will be accumulated by GM for eligible Vehicles released to Dealers from September 1 through August 31, until further notice. The Tiered Volume Incentive fund will be paid to the Manufacturer's open account twice a year (typically early Spring and early Fall) unless GM notifies the Manufacturer otherwise.

16.3 Until the Tiered Volume Incentive is actually paid to the Manufacturer, it remains the sole property of GM. GM has the right to recoup, setoff or deduct from the Tiered Volume Incentive any amounts due or to become due (whether matured, contingent or liquidated) from Manufacturer to GM or its subsidiaries. If this Agreement is terminated, any and all funds in the Tiered Volume Incentive account will not be paid to Manufacturer.

16.4 GM reserves the right to cancel, amend or revoke the Tiered Volume Incentive at any time, at GM's sole discretion, and upon thirty (30) days written notice.

Article 17: General Terms

17.1 This Agreement and related agreement(s) are valid only if signed by duly authorized representatives of Manufacturer and GM.

17.2 No waiver or modification of any term of this Agreement or creation of additional terms will be valid or binding upon GM unless made in writing and executed on GM's behalf by a Manager in General Motors Fleet & Commercial Operations. The failure by either party to enforce any term of this Agreement at any future time will not be considered a waiver of any right or remedy available under this Agreement or by law.

17.3 This Agreement does not make either party the agent or legal representative of the other for any purpose whatsoever, nor does it grant either party authority to assume or create any obligation on behalf of or in the name of the other. No fiduciary obligations are created by this Agreement.

17.4 This Agreement (i) contains the entire understanding of the parties relating to these subjects, (ii) supersedes all prior statements, representations and agreements, and (iii) cannot be amended except by written instruments signed by all parties. Without limiting the foregoing, the parties agree that, if Manufacturer is currently a party to a Special Vehicle Manufacturer Converters Agreement with GM, such previous agreement is hereby terminated and of no further force or effect. The parties represent and agree that, in entering into this Agreement, they have not relied upon any oral or written agreements, representations, statements, or promises, express or implied, not specifically set forth in writing in this Agreement. The Parties expressly waive application of any law, statute or judicial decision allowing oral modifications, amendments or additions to this agreement. Any and all modifications to the Agreement require a writing signed by the parties.

17.5 This Agreement is governed by and construed in accordance with the laws of the State of Michigan as if entirely performed there, without regard to the conflicts of law and its related principles.

17.6 Any notice required or permitted to be given by either party under or in connection with this Agreement, with the exception of notice required under Article 15.2, will be in writing and will be deemed duly given when personally delivered or sent by mail, or by expedited courier service, by cable, or facsimile to the addresses indicated in the SVM Business Information Update Form, unless otherwise agreed to by the parties.

17.7 All monies or accounts due Manufacturer from GM under this Agreement will be considered net of any indebtedness of Manufacturer to GM, including its subsidiaries, and GM may, at its election, recoup, setoff or deduct any indebtedness of Manufacturer or Manufacturer's financial institution to GM against any monies or accounts due to Manufacturer from GM.

17.8 Manufacturer may not assign or delegate this Agreement or any of its obligations under this Agreement without the prior written consent of GM.

17.9 This Agreement is not enforceable by any third parties and is not intended to convey any rights or benefits to anyone who is not a party to this Agreement.

17.10 If any term of this Agreement is invalid or unenforceable under any statute, regulation, ordinance, executive order or other rule of law, such term will be deemed reformed or deleted, but only to the extent necessary to comply with such statute, regulation, ordinance, order or rule, and the remaining provisions of this Agreement will remain in full force and effect.

17.11 Manufacturer agrees to keep any information provided by GM pursuant to this Agreement confidential and to only use such information in the creation of End Products and for no other commercial use.

[Signature page follows]

IN WITNESS WHEREOF , the parties have caused their duly authorized representatives to execute this Agreement on the dates set forth below:

MANUFACTURER NAME:
Supreme Corporation

Code(s): 59-335, 56-936, 59-488, 56-272, 59-552, 56-265, 59-596, 56-266, 59-833, 56-267, 59-915, 59-932, 56-270

By: /s/ Mark Weber

Name: Mark Weber

Title: President CEO

Date: 9/16/2013

GENERAL MOTORS LLC
Fleet and Commercial Operations

By: /s/ Mark Karney

Name: Mark Karney

Title: Manager, Comml. Prod/Specialty Vehicles

Date: 9/16/2013

EXHIBIT A

TO

SPECIAL VEHICLE MANUFACTURER CONVERTERS PROGRAM AGREEMENT

Agreement applies to all models of Vehicles available through General Motors Fleet and Commercial Operations which are shipped under this Agreement.

Vehicles delivered to Manufacturer will be stored at the following locations, and no others:

1 59-335/56-936 – 2572 E. Kercher Rd., Goshen, IN 46528
2 59-488/56-272 – 2051 U.S. Hwy. 41 Griffin, GA 30224
3 59-552/56-265 – 500 W. Commerce St., Cleburn, TX
4 59-883/56-267 – 411 Jonestown Rd., Jonestown, PA 17038
5 59-596/56-266 – 22135 Alessandro Blvd., Moreno Valley, CA 92553
6 59-932/56-270 – 135 Douglas Pike, Harrisville, RI 02830
7 59-915 - 2592 E. Kercher Rd., Goshen, IN 46528 (Supreme StarTrans Bus)

MANUFACTURER NAME:
Supreme Corporation

Code(s): 59-335, 56-936, 59-488, 56-272, 59-552, 56-265, 59-596, 56-266, 59-833, 56-267, 59-915, 59-932, 56-270

By: /s/ Mark Weber

Name: Mark Weber

Title: President CEO

Date: 9/16/2013

GENERAL MOTORS LLC
Fleet and Commercial Operations

By: /s/ Mark Karney

Name: Mark Karney

Title: Manager, Comml. Prod/Specialty Vehicles

Date: 9/16/2013

EXHIBIT B TO

SPECIAL VEHICLE MANUFACTURER CONVERTERS PROGRAM AGREEMENT

GM Fleet & Commercial Authorized Logo

Usage limited as stipulated in Article 11

SPECIAL VEHICLE MANUFACTURER CONVERTERS AGREEMENT FOR BUS

THIS AGREEMENT is executed by and between General Motors LLC, a Delaware limited liability company, whose business office is located in Detroit, Michigan ("GM"), and Startrans Bus-Supreme Corporation , whose business office is located in 2592 East Kercher Road, Goshen, IN 46526 ("Manufacturer"), and is effective as of August 1, 2013.

Recitals

GM is engaged in the business of manufacturing and marketing complete and incomplete motor vehicles, including trucks, truck chassis and cars ("Vehicles"); and

Manufacturer is engaged in the business of manufacturing and marketing special bodies and equipment installed on or in Vehicles (Vehicles modified, completed or altered by Manufacturer are defined as "End Products") and ultimately sold through a non-traditional sales channels outside the GM dealer network ("Distributors"); and

Authorized GM dealers ("Dealers") may acquire End Products from Manufacturer; and

GM and Manufacturer desire that GM sell Vehicles to Manufacturer on a restricted basis to be sold by Manufacturer to Dealers and then resold to Manufacturer for making into End Products so as to facilitate the business operations of GM, its Dealers, the Manufacturer and Distributors, including the accommodation of the parties' production schedules to the extent feasible; and

Implementation of this Agreement will require, among other things, the establishment and maintenance of an arrangement between Manufacturer and a financial institution to finance the purchase of, and facilitate the payment for, the Vehicles from GM.

In reliance on and in consideration of the mutual promises contained in this Agreement, the parties agree as follows:

Article 1: Term of Agreement

This Agreement will expire on July 31, 2018, unless earlier terminated consistent with Article 15.2 below.

Article 2: Agreement to Sell and Purchase Vehicles

2.1 GM agrees to sell to Manufacturer, and Manufacturer agrees to purchase from GM, Vehicles subject to the terms and conditions of this Agreement. By posting on http://www.gmfleet.com, GM has provided Manufacturer with a copy of its current Special Vehicle Manufacturer Policy and Procedures Manual (the "Manual"), setting forth the policies and procedures Manufacturer is required to follow in processing Vehicles under this Agreement, including policies and procedures governing certain activities which include but are not limited to Vehicle ordering, repair of Vehicle damage during transportation and defective parts. GM reserves the right to change the Manual at any time.

2.2 The Manual is incorporated by reference into this Agreement, and all of the provisions contained in the Manual now and in the future will be deemed to be part of this Agreement. Manufacturer will follow the policies and procedures set forth in the Manual in the performance of its obligations under this Agreement. In case of a conflict between provisions of the Manual and the terms and conditions of this Agreement, the terms and conditions of this Agreement will control.

Article 3: Vehicle Orders; Prices; Financing

3.1 Manufacturer will submit orders to GM for Vehicles electronically or in such other manner as may be specified by GM. There are numerous factors which affect the availability of Vehicles. GM reserves to itself absolute discretion in accepting orders and distributing Vehicles to Manufacturer, and its judgment in such matters is final. Manufacturer's orders for Vehicles are not binding on GM until accepted by GM and may be canceled by Manufacturer until that time. An order is accepted by GM when the Vehicle is released to production. Manufacturer will be responsible for ordering Vehicles with emissions systems that comply with the emissions laws in the states in which the End Products will be sold.

3.2 Prices and other terms of sale applicable to Vehicles are those set forth at GMPricing.com. Such prices and terms may be changed by GM at any time, without prior notice to Manufacturer. Except as otherwise provided by GM in writing, such changes will apply to Vehicles not yet invoiced at the time the changes are effective. Vehicles ordered under this Agreement are not eligible for any price protection allowance that otherwise may have been available on orders submitted directly by a Dealer to GM.

3.3 Manufacturer will establish and maintain a financing arrangement between Manufacturer and a financial institution for the purpose of financing the purchase of Vehicles from GM and facilitating the payment for these Vehicles to GM. The financial institution must be satisfactory to GM, in GM's sole discretion. Manufacturer must provide to GM a copy of the agreement between Manufacturer and its financial institution. Manufacturer will notify GM in advance of any proposed changes in its financing arrangements, and proposed changes are subject to review and acceptance by GM. Manufacturer and its financial institution will furnish GM with a statement as to the maximum number of Vehicles that will be financed by the financial institution at any particular time. This maximum number of Vehicles is referred to in this Agreement and the Manual as the "Credit Limit." Failure of Manufacturer to obtain or retain a Vehicle inventory financing arrangement consistent with this Section 3.3 will result in termination of this Agreement, pursuant to the terms of Article 15.

3.4 Except for the purposes of financing Manufacturer's acquisition of Vehicles, Manufacturer will not grant, nor cause or permit to arise, any security, lien, or other interest in any part of an End Product (other than a special body or equipment installed on the Vehicle by Manufacturer) without GM's prior written approval. Manufacturer will promptly reimburse GM for any money paid by GM to discharge any such adverse lien or interest, if GM elects or is required to make such a payment. GM has no obligation to Manufacturer to make any such payment.

3.5 GM has the right, with or without advance notice, to examine Vehicles and End Products and Manufacturer's records relating to Vehicles and End Products at any time during regular business hours.

Article 4: Handling of Vehicles

4.1 Upon receipt of Vehicles, Manufacturer will inspect each Vehicle for damage or shortage of parts and will accept custody of, and execute an appropriate receipt for, each Vehicle. Manufacturer agrees to resolve any damage or warranty claims in accordance with the Manual.

4.2 Manufacturer will keep and maintain each Vehicle delivered to it in safe storage (including, as appropriate, in a defined area enclosed by an adequate fence and protected by security personnel to the extent appropriate in that vicinity). Manufacturer will store Vehicles only at those locations identified by an address on Exhibit A.

Manufacturer's obligation is to ensure that Vehicles do not deteriorate from a like new condition in appearance or quality during the period of Manufacturer's control and GM retains the right to inspect Manufacturer's storage areas upon reasonable notice.

4.3 Manufacturer will correct all damage or parts shortages noted upon receipt. All repairs to any Vehicle must be performed by an authorized GM dealer.

Article 5: Delivery; Title and Risk of Loss; Insurance

5.1 GM will select the assembly and shipping locations and the modes of transportation for delivery of Vehicles to Manufacturer. Risk of loss will pass to Manufacturer upon delivery by GM to a carrier (F.O.B. GM's assembly plant), and actual and legal title will similarly pass to Manufacturer but with certain restrictions for mutual benefit as further provided in this Agreement. GM will purchase on behalf of the Manufacturer, commercially reasonable insurance coverage for risk of loss or damage to any Vehicle in transit between GM and the Manufacturer that is not otherwise borne by the carrier while such Vehicles are in-transit and not yet received by the Manufacturer. Delivery will be to Manufacturer's business premises identified on Exhibit A, unless GM decides another location is appropriate. Any claims for loss or damage to a Vehicle while in the possession of a carrier must be noted on the delivery receipt and submitted to the Dealer with whom Manufacturer is dealing.

5.2 Manufacturer's purchase and possession of Vehicles under this Agreement is a restrictive purchase and possession for mutual benefit, and Manufacturer acknowledges that this Agreement is intended to result in the sale of a Vehicle to Dealer for resale to Manufacturer prior to any modification or alterations of a Vehicle. Following an agreement by Manufacturer with a Dealer for the Dealer's purchase of a Vehicle, Manufacturer will notify GM in a manner specified by GM. Upon such notice, GM will credit Manufacturer for the original cost of the Vehicle and charge the Dealer for that Vehicle, in compliance with GM's normal billing procedures. Within two days after invoicing the Dealer, GM will initiate delivery to Dealer of the Manufacturer's Statement or Certificate of Origin ("MSO") for each Vehicle. Manufacturer agrees not to perform any modifications or alterations to the Vehicle until issuance of the MSO. Manufacturer agrees that after ownership of each Vehicle has been transferred to Dealer, Manufacturer's continued possession of the Vehicle is a bailment for purposes of upfitting and storage only.

5.2.1 GM may elect to allow Manufacturer to pre-build a limited number of End Products ("Pre-Built End Products") on Vehicles prior to re-invoicing those Vehicles to a Dealer. The number of Pre-Built End Products is to be determined in GM's sole discretion, for the express purpose of satisfying customers' immediate needs for End Products. Once GM has approved a Pre-Built product volume, Manufacturer must receive and keep on file its financial institution's approval of Vehicles identified as Pre-Build End Products. GM will retain possession of the MSO of any Pre-Built End Product which GM will transfer to Dealer when Manufacturer releases (reinvoices) the chassis to the purchasing Dealer. Manufacturer will bear all risk associated with the Pre-Built End Products and expressly agrees that GM will have no obligation to repurchase these Vehicles under any circumstance, including, but not limited to, termination of this Agreement as initiated by either party.

5.3 Manufacturer will, absent written agreement to the contrary, be responsible for delivery of End Products to its Distributors with certification and labeling in accordance with Section 8.1 of this Agreement. GM is not responsible for the cost of any work performed by Manufacturer on any Vehicle.

5.4 Manufacturer agrees to indemnify and hold GM harmless from and against any and all claims, causes of action, loss, damage, or expense, including reasonable attorney fees and expenses incurred from any litigation, arising from or relating to any claim for injury or property damage made in connection with the manufacturing, use or marketing of End Products or with the use, operation or storage of any Vehicle while Manufacturer has title, custody, possession, or risk of loss under this Agreement.

5.5 Manufacturer will obtain and maintain, at its sole expense and pursuant to the terms of this Agreement, the following types of insurance coverage, with minimum limits as set forth below:

A. Comprehensive General Liability coverage, including products, completed operations and contractual liability, at a limit acceptable to GM but not less than $10,000,000 per occurrence for personal injury and property damage combined.

B. Comprehensive Automobile Liability covering all owned, hired, and non-owned vehicles at a limit of not less than $5,000,000 per occurrence for personal injury and property damage combined, including all statutory coverages for all states of operation.

C. Workers Compensation in compliance with the statutory limits for all states of operation.

D. Employers Liability in limits of not less than $1,000,000 for all states of operation.

E. Garage Keepers Legal Liability on a Direct Primary coverage basis including comprehensive and collision coverage at a limit equal to at least the highest value of Vehicles in the Manufacturer's care, custody and control at any one time. Coverage must apply to all Vehicles while in the care, custody or control of Manufacturer and cover any cause of physical damage on a primary basis without regard to negligence. (This coverage should be maintained separate and distinct from coverage available under the Manufacturer's finance plan.)

F. Manufacturer will annually provide GM with a certificate of insurance and insurance policy evidencing GM as an additional insured for all the types of coverage described above, except Workers Compensation and Employers Liability, for all activities connected with this Agreement, and stating that the insurance listed above is primary to any coverage that may be available to GM. Manufacturer will provide at least thirty days prior written notice to GM of cancellation, modification, expiration or material change to any policy and, at that time, will provide GM with a certificate of insurance and insurance policy for the modified, renewed or replacement policy. Such certificate(s) will be in a form acceptable to, and underwritten by, insurance company (ies) satisfactory to GM. Neither the purchase of appropriate insurance coverage by Manufacturer nor the furnishing of certificate(s) of insurance to GM will release Manufacturer from its respective obligations or liabilities under this Agreement. All coverage must be maintained throughout the duration of this Agreement with the exception of Comprehensive General Liability coverage referenced in Section 5.5.A above, which will be maintained for a period of ten years after termination of this Agreement.

Article 6: End Product Demonstrators; Show and Event End Products

6.1 In some cases, Manufacturer may seek to loan an End Product to Dealer(s) for demonstration purposes and/or to GM for static display at a show or event, without reaching an agreement with Dealer or GM for the purchase or sale of the End Product and without the Manufacturer reporting the End Product or Vehicle to GM as "Sold." GM, in its sole discretion, may approve Manufacturer's use of a limited number of such End Products for demonstrator services ("Demo End Product" or "Demo") to support the Manufacturer's marketing of End Products to Dealers and at shows and events. GM, in its sole discretion, will specify the number of Demos that Manufacturer may have in use at any one time. Manufacturer must enter the Demo End Product into the GM Demo program service, in accordance with GM's then standard requirements, which may change from time to time, for a specified minimum days service (the "Demo Period"). Additionally, if a Demo is loaned to GM for static display at a show or event, any such loan must be in accordance with GM's then standard requirements for show and event Demos loaned to GM, which may change from time to time. Manufacturer must execute a Loan of Upfit Vehicle(s) by SVM Terms and Conditions and Vehicle Receipt.

6.2 GM will retain the MSO of Vehicles incorporated into Demo End Products enrolled in the Demo program, pending its restricted sale to a Dealer at the end of the Demo Period. Manufacturer will make every effort to "pre-sell" the Demo to a GM Dealer before the end of the Demo Period.

6.3 Except as expressly provided in this Article 6, all the terms and conditions of this Agreement, including but not limited to title, risk of loss, labeling, certification, indemnification and insurance, will apply to the Demo End Product. Manufacturer will be responsible for all costs related to the Demo End Products, including tax, title, registration, fuel, maintenance, mileage, wear and tear, licensing fees, and insurance for the Demo End Product.

Article 7: Upfitting; Standard of Workmanship

7.1 Manufacturer will not alter any Vehicle, install any body or equipment on any Vehicle, or remove any Vehicle from its business premises where originally delivered, prior to:

a. Approval by GM of Manufacturer's financial institution for Demos, Show and Event End Products and Pre-built inventory; or
b. For all other Vehicles, sale of such Vehicle(s) by Manufacturer to a Dealer as provided in this Agreement, with notice provided to GM.

7.2 To the extent possible, Manufacturer will process Vehicles delivered under the terms of this Agreement on a first-in, first-out basis.

7.3 Manufacturer will use its best skills and judgment and will perform all work on its premises (unless an alternate location to perform the work has been approved by GM in writing) in accordance with the highest professional standards of workmanship, Manufacturer will exercise due care to ensure that all work it performs is free from defects in design, materials, and workmanship. Manufacturer will employ or retain persons with appropriate technical competence for the work being performed. GM may provide technical information about Vehicles to assist Manufacturer, but Manufacturer will control and bear full responsibility for the design and manufacture of the End Product. Installations or alterations to the original equipment vehicle/chassis as distributed by GM are not covered by General Motors New Vehicle Limited Warranties. The Manufacturer is solely responsible for warranties on the body or equipment and any alterations (or any effect of the alterations) to all the parts, components, systems or assemblies installed by GM on the original equipment vehicle/chassis. Further, GM is

not responsible for the safety or quality of design features, materials, or workmanship of any alterations made by or on behalf of the Manufacturer.

7.4 Manufacturer acknowledges that the reputation of GM and its products may be affected by the quality, reliability, and durability of Manufacturer's products and its conduct in the marketplace. GM may provide Manufacturer with process guidelines and other information for improving End Product quality, reliability and durability, and provide to Manufacturer an assessment of its processes. Manufacturer is responsible for selecting and implementing processes which meet customer expectations for quality, reliability, and durability.

Article 8: Compliance with Applicable Laws

8.1 Manufacturer will comply with all federal, state, and local laws, regulations, and standards in performance of its work. Manufacturer acknowledges its legal responsibility insofar as it is the manufacturer of an End Product and agrees to certify, label and warrant its contribution to the End Product in compliance with applicable laws, including but not limited to warranty laws and Federal Motor Vehicle Safety Standards. Further, Manufacturer agrees to cooperate with GM in achieving compliance with applicable laws and regulations. Manufacturer will comply with and maintain a copy of the "Document for Incomplete Vehicles" supplied by GM with certain Vehicles, maintain a record of the name and address of the first retail purchaser of each End Product and make such information available to GM at the times and in the manner specified by GM. Manufacturer will be responsible for ensuring that End Products are sold to first retail purchasers in compliance with federal and state emissions laws and federal fuel economy laws. Manufacturer will refer GM's annual letter to Dealers and upfitters for guidance concerning compliance with emissions laws.

8.2 Manufacturer will promptly notify GM of any real or potential defect in the End Products and is responsible for reporting under the federal Transportation Recall Enhancement Accountability And Documentation (T.R.E.A.D.) Act. If Manufacturer believes that there is an emission-related defect or failure in the End Products, Manufacturer will promptly notify GM and GM and the Manufacturer will exchange information and will consult with each other with respect to the need and advisability of either or both filing an emission report to the appropriate government agencies.

8.3 Manufacturer agrees to indemnify, and to defend against and hold GM harmless from any claims, suits, loss, damage or expense, including settlements, judgments, expert fees, and attorney fees, resulting from or related to any actual, potential, or threatened claim, action, complaint, or proceeding against GM for, without limitation, any unauthorized use of any trademark, patent, process, idea, method, or device by Manufacturer in connection with modifications or additions made by or for Manufacturer (including those modifications or additions made by Manufacturer with assistance provided by GM under Section 7.3 above).

8.4 Even if not required by law, Manufacturer will affix a properly located Information Label, consistent with Federal Motor Vehicle Safety Standards, to each End Product for either an altered or completed vehicle, according to the specifications established by the National Highway Traffic Safety Administration. Manufacturer will also comply with the requirements of the Automobile Information Disclosure (Monroney) Act and the Energy Policy and Conservation Act, as applicable. If Manufacturer's work affects the information contained on the window label placed on the Vehicle by GM, Manufacturer will apply its own additional label with appropriate disclosure or updated information. Nothing in this Section will relieve Manufacturer of its obligation to comply with all applicable laws as specified in Section 8.1. of this Article.

Article 9: New Vehicle Preparation; Vehicle Warranty and Campaign Corrections by Manufacturer

9.1 Manufacturer agrees to offer and maintain a viable competitive warranty for Dealers and consumers, for warranty work to be performed, that is equal in duration and in every other aspect, to the warranty provided by GM for the applicable chassis model year new Vehicle and powertrain warranties. Manufacturer must maintain, through Dealers and others at Manufacturer's discretion, a system of convenient warranty corrections for consumers and make available to Dealers service replacement parts for warranty and non-warranty service for a reasonable period of time after End Products are sold to consumers. Should chassis service/repairs be required due to the Manufacturer's alterations, such repairs/service must be covered under the Manufacturer's warranty for a term equal in duration, and in every other aspect, to the warranty provided by GM for the applicable chassis model year new Vehicle warranties.

9.2 Needed Vehicle warranty repairs and special policy repairs and adjustments, and campaign corrections required by GM, in GM's sole discretion, must be performed by an authorized GM dealer. Such services may be performed on Vehicles prior to upfitting so long as the upfitting will not impact either directly or indirectly the Vehicle components or systems affected by the services. Otherwise, such services will be performed after upfitting but before the End Products leave Manufacturer's or Manufacturer's Distributor's possession. Manufacturer will make End Products available to a GM dealer in such fashion as to facilitate the performance of services.

9.3 The written warranty provided with each Vehicle (the "New Vehicle Warranty") contains the only GM warranty applicable to such Vehicle or related End Product, and GM neither assumes nor authorizes anyone to assume for GM any other obligation or liability in connection with such Vehicle or related End Product. In particular, GM does not assume, and hereby disclaims, any warranty or other liability or obligation, **INCLUDING ANY IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE AND ANY PRODUCT LIABILITIES BASED UPON NEGLIGENCE OR STRICT LIABILITY** , to Manufacturer, except if Manufacturer becomes an owner of a Vehicle, and then only to the extent of the New Vehicle Warranty. Manufacturer will ensure that the New Vehicle Warranty and other product information intended for the consumer are placed in the End Product and remain with it when it leaves the custody of the Manufacturer and the Manufacturer's Distributors. Manufacturer will also ensure that Manufacturer's written warranty and other product information intended for the consumer are placed in the End Product and remain with it when it leaves the custody of the Manufacturer and the Manufacturer's Distributors.

9.4 Without limiting the foregoing, GM makes no warranty that any Vehicle is or will continue to be suitable to become an End Product. Manufacturer acknowledges that GM may alter the design of any of its product lines at any time, in GM's sole discretion, which alteration may impact Manufacturer's ability to use Vehicles to produce the End Products.

Article 10: Recall Campaigns; Product Liability

10.1 In the event of a recall campaign by GM, necessitated by a defect or nonconformity in a Vehicle or End Product for which Manufacturer is responsible, in whole or in part, Manufacturer will reimburse GM the direct costs, expenses and any penalties which may be incurred in connection with such recall campaign, with the understanding that the portion of such direct costs, expenses and penalties to be borne by Manufacturer will be proportional to the degree to which the defect or non-conformity of Manufacturer's work caused the recall. Prior to GM or Manufacturer performing any recall campaign for which GM or Manufacturer expects reimbursement, GM and Manufacturer will exchange information and will consult with each other with respect to

the need and advisability of such a recall; provided, however, that the final decision as to whether or not to have such a recall will, in every instance, rest with GM in its sole discretion.

10.2 With respect to any actual, potential, or threatened claim, action, or proceeding initiated by a third party (the "Claim"), regardless of whether such Claim is based on strict liability, negligence, warranty, or other theory ("Product Liability"), relating to any aspect of Manufacturer's work, each of the parties to this Agreement will (a) communicate and cooperate with the other and, if necessary, the appropriate insurance carrier, to the fullest extent reasonably possible in investigation of the facts and circumstances surrounding the Claim and in any litigation involving the Claim; (b) refrain from knowingly taking any position adverse to the interests of the other party to this Agreement; and (c) not, except in enforcement of the rights under this Agreement, institute any claim, action, or proceeding, whether by cross-complaint, third party complaint, interpleader, or otherwise, against the other party to this Agreement.

10.3 With respect to any Product Liability or related liability, costs, and expense under this Article, the following are applicable:

a. Any settlement or payment to satisfy an adverse judgment in any Claim will be apportioned to GM and Manufacturer based upon such judgment or, if there is no judgment or it is not definitive as to causation, each party's liability (as determined by Article 12); and

b. GM and Manufacturer will bear their respective costs and expenses incurred in connection with their cooperation in investigation and litigation, including those costs incurred for the production of documents and answering of other discovery.

10.4 In the event a Product Liability Claim is brought against GM or Manufacturer relating to the other's work, each party will promptly forward to the other party every summons and complaint and every other court document received by it; and if the other party is named a party in the action, in no event will either party take any action toward settlement without prior notification to the other party of such proposed action followed by a reasonable period of time to allow the other party to respond to such notification.

Article 11: GM Trademark Usage

11.1 During the term of this Agreement, Manufacturer is granted a royalty-free, non-exclusive right and license to display the GM Fleet & Commercial authorized logo as depicted in Exhibit "B" (the "Mark"). This Mark may be used only in communications with Dealers, provided that the following disclosure language appears prominently and in close proximity to the Mark: "GM Special Vehicle Manufacturer means Manufacturer orders and receives vehicles directly from GM, agrees to maintain $10,000,000 product liability coverage, and agrees to comply with applicable government safety regulations. Manufacturer and not GM is responsible for FMVSS certification of the Modified or Upfitted Vehicle." The Mark may not be used on or in any End Product, on any End Product labeling, or on any communications with, or materials intended for, the end user. Manufacturer will not have any other right to use any GM Marks. Notwithstanding the foregoing, Manufacturer is not required to remove any Marks that are pre-installed on any Vehicle received by it from GM.

11.2 The Mark may be used only to convey to Dealers and end users that the Manufacturer (1) can order Vehicles directly from GM, (2) can be shipped Vehicles directly from GM, (3) has a direct transmittal and billing relationship with GM, and (4) meets GM insurance requirements

applicable to special vehicle Manufacturers. The Mark cannot under any circumstances be used to state or imply that GM endorses, approves or authorizes in any way the End Products of Manufacturer. For example, Manufacturer will not use phrases such as "GM Authorized","GM Approved", or any similar terms or phrases where the use of GM's trademark, or similar statements, may cause confusion to end users or dealers about the nature of GM's limited relationship with Manufacturer.

11.3 Other than as set forth in Sections 11.1 and 11.2, Manufacturer is not authorized or licensed to use any GM source identifiers in association with the promotion or offering of their services to Manufacturer's distributors or end users. GM source identifiers include trademarks, trade dress, website URLs, rights of publicity, and other intellectual property owned by GM that evoke GM, and GM's related products and services.

11.4 Manufacturer acknowledges that the Proprietary Marks (defined as the various trademarks, service marks, names and designs used in connection with General Motors products and services) are the sole and exclusive property of GM. Manufacturer and/or its customers will not, at any time, do or suffer to be done any act or thing which will in any way impair the rights of GM with regard to the Proprietary Marks. In particular, Manufacturer will not use, cause, or permit to be used, any of the Proprietary Marks on any goods or in conjunction with any services, except as provided to it by GM under this Agreement. Moreover, Manufacturer will not use the Proprietary Marks to incur any obligations or indebtedness on behalf of GM.

11.5 Manufacturer will not apply to register or maintain a registration for any Proprietary Marks either alone or as part of another mark, including internet domain name without GM's prior written approval. Manufacturer will not take any action that may adversely affect the validity of the Proprietary Marks or the goodwill associated with them.

11.6 Manufacturer agrees to purchase and sell goods bearing Proprietary Marks only from parties authorized or licensed by GM. The Proprietary Marks may not be used as part of the Manufacturer's name without the express written permission of GM.

11.7 Manufacturer agrees to change or discontinue the use of any Proprietary Marks upon GM's request. Manufacturer agrees that no company owned by or affiliated with Manufacturer or any of its owners may use any Proprietary Mark to identify a business without GM's prior written permission.

11.8 Manufacturer agrees to maintain reasonable and adequate records to allow GM to verify Manufacturer's compliance with all obligations under this Agreement.

Article 12: Indemnification; Dispute Resolution

12.1 In addition to Manufacturer's other obligations in this Agreement, if a suit or other proceeding is commenced relating to any aspect of Manufacturer's work, including any portions of a Vehicle affected by Manufacturer's work, Manufacturer agrees to hold GM harmless and indemnify GM completely from product liability losses. Each party will retain the right to conduct its own defense to such suit or proceeding.

12.2 In the event of a breach of any obligation contained in this Agreement, the breaching party will indemnify the nonbreaching party for any damage, cost, and expense, including reasonable attorney fees, suffered by the nonbreaching party due to the breach.

12.3 If it cannot be determined whether, or the extent to which, a settlement of or judgment in a Claim or a recall campaign was based on an aspect of Manufacturer's work or on another part in a Vehicle that plaintiff alleged was defective, then either party may

submit the matter to binding arbitration in order to determine the relative percentage allocable to each party. Such disputes will be finally settled under the Rules of the American Arbitration Association, provided that the arbitration will not occur until after the conclusion of the Claim. There will be three (3) arbitrators, one appointed by GM and one appointed by Manufacturer, with the third arbitrator appointed by the other two. Administrative costs of the arbitration will be shared equally but GM and Manufacturer will be responsible for their own costs and expenses including, but not limited to, attorneys' fees and expert witness fees.

Article 13: Periodic Business Review

13.1 Each calendar year, Manufacturer will submit the following to GM:

(a) A current certificate of insurance as provided under Section 5.5.F above; and
(b) An updated and completed SVM Business Information Update Form, which will be provided to Manufacturer by GM from time to time.

13.2 Manufacturer agrees to meet with a GM representative periodically to complete a GM Special Vehicle Manufacturer Business Assessment form, which will be provided to Manufacturer by GM from time to time.

13.3 If Manufacturer fails to provide (a) the information required in Section 13.1 or (b) the certificate of insurance and insurance policies as required under Section 5.5.F, GM may suspend any shipment of Vehicles to Manufacturer or terminate this Agreement, as provided below.

Article 14: Distribution of Vehicles in US; Export Controls

14.1 Vehicles sold to Manufacturer under this Agreement are for distribution in the 50 United States, and the District of Columbia ("U.S."), Puerto Rico, or Guam. It is a material breach of this Agreement for Manufacturer to sell, cause or arrange to be sold End Products or new Vehicles for resale or principal use outside the U.S., Puerto Rico, or Guam. Manufacturer agrees that it will not sell any Vehicles or End Products in or into the U.S. which were not originally manufactured for sale and distribution in the United States.

14.2 Manufacturer agrees that the products, software or technical data supplied by GM under this Agreement are subject to the export control laws and regulations of the U.S. Manufacturer will comply with such laws and regulations and agrees not to export, re-export or transfer such products, software or technical data contrary to U.S. export laws and regulations. Furthermore, Manufacturer agrees that it will not export, re-export or otherwise transfer the products, software or technical data supplied under this Agreement to: (a) any country subject to U.S. sanctions; (b) any party for a prohibited military end-use or to a prohibited military end-user; (c) any party that is engaged in missile, nuclear, biological or chemical weapons end-uses; or (d) any party on any of the U.S. Government's various lists of restricted parties.

14.3 Manufacturer's obligations under this Article will survive the expiration or termination of this Agreement.

Article 15: Termination

15.1 This Agreement will expire at the end of the term specified above without further notice unless terminated earlier as specified below in this Article.

15.2 This Agreement may be terminated prior to the end of the term by either party at any time with written notice to the other party. Written notice of termination will be delivered personally or by certified mail, return receipt requested; termination will be effective at the end of the third business day after the day of receipt of such written notice or at such later time as may be set forth in such notice.

15.3 If this Agreement is terminated by GM, Manufacturer may sell to a Dealer any or all Vehicles acquired by Manufacturer under this Agreement that have not yet been converted into End Products. Manufacturer must notify GM of its intent to have Dealer purchase any such Vehicles no later than five (5) business days after termination of this Agreement. The net purchase price for each such Vehicle will be the Dealer invoice price at which GM would have sold such Vehicle to Dealer on the date of GM's invoice to Manufacturer inclusive of any discounts or allowances (including model close-out allowance, if applicable) that might have been available to such Dealer. Unless otherwise agreed in writing, such purchase price will be paid to GM by certified check or bank check delivered not later than the third business day after GM notifies Manufacturer of the purchase price of any such Vehicles. In the alternative, and at GM's discretion, GM will retake possession of Vehicles in Manufacturer's custody and credit Manufacturer for Manufacturer's original purchase price from GM. Manufacturer may complete any End Products that are currently in process at the time of termination.

15.4 If this Agreement is terminated by Manufacturer, Manufacturer will, prior to the effective date of termination, have a Dealer purchase outright, all Vehicles in its custody that have not yet been converted into End Products, or, for demonstrator or show and event units, purchase outright those Vehicles in accordance with the terms of Section 5.2; provided, however, that GM, at its option, may retake possession of any or all Vehicles that are not in process of or have not been converted to End Products and (a) credit Manufacturer for Manufacturer's original purchase price from GM, and (b) charge Manufacturer the lesser of the expense incurred by GM to redistribute such Vehicles or the destination charge applicable to similar units delivered to any authorized GM dealer or other Manufacturer at GM's sole discretion, near Manufacturer's business premises. Manufacturer may complete any End Products that are currently in process at the time of termination.

15.5 GM will have a reasonable period, and in any event not less than thirty days from the date of termination, in which to remove Vehicles from Manufacturer's premises if GM decides to retake possession of any Vehicles, and Manufacturer's obligation under this Agreement in connection with safekeeping Vehicles in its possession will continue during such period.

15.6 If GM retakes possession of any Vehicles under this Article, the terms of this Agreement will not apply to any Vehicles upon which Manufacturer has installed bodies or other equipment, or that are not in a new and unused condition or have missing parts or components.

15.7 If this Agreement is terminated, any and all funds in the Manufacturer's Tiered Volume account, addressed in Article 16, will revert to GM.

Article 16: Tiered Volume Incentive

16.1 To incentivize Manufacturer to increase sales volumes of eligible GM Vehicles, GM may in its sole discretion provide a tiered volume incentive in an amount to be determined each model year (the "Tiered Volume Incentive").

16.2 This Tiered Volume Incentive will be accumulated by GM for eligible Vehicles released to Dealers from September 1 through August 31, until further notice. The Tiered

Volume Incentive fund will be paid to the Manufacturer's open account twice a year (typically early Spring and early Fall) unless GM notifies the Manufacturer otherwise.

16.3 Until the Tiered Volume Incentive is actually paid to the Manufacturer, it remains the sole property of GM. GM has the right to recoup, setoff or deduct from the Tiered Volume Incentive any amounts due or to become due (whether matured, contingent or liquidated) from Manufacturer to GM or its subsidiaries. If this Agreement is terminated, any and all funds in the Tiered Volume Incentive account will not be paid to Manufacturer.

16.4 GM reserves the right to cancel, amend or revoke the Tiered Volume Incentive at any time, at GM's sole discretion, and upon thirty (30) days written notice.

Article 17: General Terms

17.1 This Agreement and related agreement(s) are valid only if signed by duly authorized representatives of Manufacturer and GM.

17.2 No waiver or modification of any term of this Agreement or creation of additional terms will be valid or binding upon GM unless made in writing and executed on GM's behalf by a Manager in General Motors' Fleet & Commercial Operations. The failure by either party to enforce any term of this Agreement at any future time will not be considered a waiver of any right or remedy available under this Agreement or by law.

17.3 This Agreement does not make either party the agent or legal representative of the other for any purpose whatsoever, nor does it grant either party authority to assume or create any obligation on behalf of or in the name of the other. No fiduciary obligations are created by this Agreement.

17.4 This Agreement (i) contains the entire understanding of the parties relating to these subjects, (ii) supersedes all prior statements, representations and agreements, and (iii) cannot be amended except by written instruments signed by all parties. Without limiting the foregoing, the parties agree that, if Manufacturer is currently a party to a Special Vehicle Manufacturer Converters Agreement with GM, such previous agreement is hereby terminated and of no further force or effect. The parties represent and agree that, in entering into this Agreement, they have not relied upon any oral or written agreements, representations, statements, or promises, express or implied, not specifically set forth in writing in this Agreement. The parties expressly waive application of any law, statute or judicial decision allowing oral modifications, amendments or additions to this Agreement. Any and all modifications to the Agreement require a writing signed by the parties.

17.5 This Agreement is governed by and construed in accordance with the laws of the State of Michigan as if entirely performed there, without regard to the conflicts of law and its related principles.

17.6 Any notice required or permitted to be given by either party under or in connection with this Agreement, with the exception of notice required under Article 15.2, will be in writing and will be deemed duly given when personally delivered or sent by mail, or by expedited courier service, by cable, or facsimile to the addresses indicated in the SVM Business Information Update Form, unless otherwise agreed to by the parties.

17.7 All monies or accounts due Manufacturer from GM under this Agreement will be considered net of any indebtedness of Manufacturer to GM, including its subsidiaries, and GM may, at its election, recoup, setoff or deduct any indebtedness of Manufacturer

or Manufacturer's financial institution to GM against any monies or accounts due to Manufacturer from GM.

17.8 Manufacturer may not assign or delegate this Agreement or any of its obligations under this Agreement without the prior written consent of GM.

17.9 This Agreement is not enforceable by any third parties and is not intended to convey any rights or benefits to anyone who is not a party to this Agreement.

17.10 If any term of this Agreement is invalid or unenforceable under any statute, regulation, ordinance, executive order or other rule of law, such term will be deemed reformed or deleted, but only to the extent necessary to comply with such statute, regulation, ordinance, order or rule, and the remaining provisions of this Agreement will remain in full force and effect.

17.11 Manufacturer agrees to keep any information provided by GM pursuant to this Agreement confidential and to only use such information in the creation of End Products and for no other commercial use.

IN WITNESS WHEREOF , the parties have caused their duly authorized representatives to execute this Agreement on the dates set forth below:

MANUFACTURER NAME:	**GENERAL MOTORS LLC**
Startrans Bus-Supreme Corporation	Fleet and Commercial Operations
Code(s): 59915	
By: /s/ Mark Weber	By: /s/ Susan Jagoda
Name: Mark Weber	Name: Susan Jagoda
Title: President CEO	Title: Manager, Comml. Prod/Specialty Vehicles
Date: 9/13/2013	Date: 9/14/2013

EXHIBIT A

TO

SPECIAL VEHICLE MANUFACTURER CONVERTERS AGREEMENT
BUS

Agreement applies to all models of Vehicles available through General Motors Fleet and Commercial Operations which are shipped under this Agreement.

Vehicles delivered to Manufacturer will be stored at the following locations, and no others:

1 2581 East Kercher Road, Goshen, IN 46528-7556
2
3
4
5

MANUFACTURER NAME:	**GENERAL MOTORS LLC**
Startrans Bus-Supreme Corporation	Fleet and Commercial Operations
Code(s): 59915	
By: /s/ Mark Weber	By: /s/ Susan Jagoda
Name: Mark Weber	Name: Susan Jagoda
Title: President CEO	Title: Manager, Comml. Prod/Specialty Vehicles
Date: 9/13/2013	Date: 9/14/2013

EXHIBIT B

TO

SPECIAL VEHICLE MANUFACTURER CONVERTER AGREEMENT

GM Fleet & Commercial Authorized Logo

Usage limited as stipulated in Article 11

Exhibit 21.1

Subsidiaries of the Registrant (a)

Supreme Corporation, a Texas corporation

Supreme Indiana Operations, Inc., a Delaware corporation

Supreme Corporation of Georgia, a Texas corporation

Supreme Corporation of Texas, a Texas corporation

Supreme Armored, Inc., a Texas corporation

Supreme Truck Bodies of California, Inc., a California corporation

Supreme Mid-Atlantic Corporation, a Texas corporation

SC Tower Structural Laminating, Inc., a Texas corporation

Supreme Insurance Company, Inc., a Nevada corporation

Supreme STB, LLC, a California limited liability company

Supreme Northwest, L.L.C., a Texas limited liability company

Supreme/Murphy Truck Bodies, Inc., a North Carolina corporation

Supreme Midwest Properties, Inc., a Delaware corporation

Supreme Southeast Properties, Inc., a Texas corporation

Supreme Southwest Properties, Inc., a Texas corporation

Supreme West Properties, Inc., a Texas corporation

(a) All subsidiaries are 100% owned by the Registrant.

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement Nos. 333-185589, 333-157017, 333-143369, 333-118584, 333-104386 and 333-89867 on Form S-8 and 033-64047 on Form S-3 of Supreme Industries, Inc. and subsidiaries of our report dated February 27, 2014, relating to the consolidated financial statements and financial statement schedule appearing in this Annual Report on Form 10-K.

/s/ Crowe Horwath LLP

Oak Brook, Illinois
February 27, 2014

Exhibit 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

I, Mark D. Weber, certify that:

1. I have reviewed this Annual Report on Form 10-K of Supreme Industries, Inc. (the "registrant");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 27, 2014

/s/ Mark D. Weber
Chief Executive Officer

Exhibit 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER

I, Matthew W. Long, certify that:

1. I have reviewed this Annual Report on Form 10-K of Supreme Industries, Inc. (the "registrant");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 27, 2014

/s/ Matthew W. Long
Chief Financial Officer

Exhibit 32.1

Certification of Chief Executive Officer of
Supreme Industries, Inc. Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002

This certification is furnished solely pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350) and accompanies the Annual Report on Form 10-K (the "Form 10-K") for the year ended December 28, 2013 of Supreme Industries, Inc. (the "Company"). I, Mark D. Weber, the Chief Executive Office of the Company, certify that, based on my knowledge:

(1) The Form 10-K fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Form 10-K fairly presents, in all material respects, the financial condition and results of operations of the Company as of and for the periods covered in this report.

Dated: February 27, 2014

/s/ Mark D. Weber
Chief Executive Officer

Exhibit 32.2

Certification of Chief Financial Officer of
Supreme Industries, Inc. Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002

This certification is furnished solely pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350) and accompanies the Annual Report on Form 10-K (the "Form 10-K") for the year ended December 28, 2013 of Supreme Industries, Inc. (the "Company"). I, Matthew W. Long, the Chief Financial Officer of the Company, certify that, based on my knowledge:

(1) The Form 10-K fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Form 10-K fairly presents, in all material respects, the financial condition and results of operations of the Company as of and for the periods covered in this report.

Dated: February 27, 2014

/s/ Matthew W. Long
Chief Financial Officer