

ARCTIC CAT INC.
COMPENSATION COMMITTEE CHARTER

A. PURPOSE

The Compensation Committee shall provide assistance to the Company's Directors in fulfilling their responsibility of insuring that the Company's executives are compensated in accordance with the Company's total compensation objectives and executive compensation philosophy. The Committee will help the Board of Directors insure the achievement of the overall goals and objectives of the Company by recommending an appropriate executive compensation approach to be implemented through an effective total compensation program. The total compensation program and practices of the Company will be designed with full consideration of all accounting, tax, security laws, and regulatory requirements.

B. ORGANIZATION

The Board of Directors shall have a Compensation Committee composed of at least three independent directors who are free of any relationship that would interfere with their exercise of independent judgment as a Committee member and may include directors who are not independent but would provide a positive impact on the Committee. The members of the Committee and the Committee Chair will be appointed by the Board of Directors. The Committee will meet as needed but at least twice a year.

The Committee shall meet with the independent compensation consultant and management in separate meetings, as often as is deemed necessary and appropriate.

C. RESPONSIBILITIES

1. Assist the Company in defining an executive total compensation philosophy that provides for: pay for performance; attraction and retention of executives who contribute to the long-term success of the Company; and alignment of the interests of management with those of the shareholders.
2. Develop recommendations for the Board of Directors with respect to compensation for the Company's executives.
3. Act on behalf of the Directors in administering compensation plans approved by the Board and shareholders.
4. On an annual basis, review and approve the compensation structure for the Company's officers.

5. Recommend to the full Board for their approval the annual compensation for the executive officers including salaries, bonus, incentive and any other compensation provided under the Company's then current compensation program.
6. Review and recommend to the Board of Directors for their approval executive perquisites, employment agreements, change of control provisions/agreements, severance agreements, benefits, and supplemental benefits of the Chief Executive Officer and all executive officers.
7. Review and recommend for approval new executive incentive plans where appropriate to the Board of Directors that are consistent with the Board's executive compensation philosophy.
8. Review the retirement plans of the Company and determine any differences between plan objective needs and current benefit levels.
9. Periodically review the group health care benefits provided by the Company against benefits provided by other organizations in the same or similar industries.
10. Select independent compensation consultants to advise the Compensation Committee when appropriate. The Committee shall have the authority to obtain advice and assistance from internal and external legal, accounting, and other advisors.
11. Keep abreast of current developments in executive compensation outside the Company.
12. The Committee shall be responsible for overseeing production of an annual report on executive compensation for inclusion in the Company's Proxy Statement.
13. The Committee may, from time to time, delegate authority to subcommittees, where appropriate.
14. The Committee will annually review the adequacy of its charter and propose changes as needed to the Board.

The Compensation Committee must distinguish its oversight responsibility from involvement in the Company's day-to-day management and the conduct of any independent compensation reviews. The Committee must not be considered an adversary of management. Rather, it is a part of the Company's governance and oversight process.