

ARCTIC CAT INC.

GOVERNANCE COMMITTEE CHARTER

A. PURPOSE

The primary purpose of the Governance Committee is to ensure an appropriate and effective role for the Board of Directors acting on behalf of the shareholders in the governance of the Company. The Committee's focus is on the overall system by which the Corporation is directed and controlled, including the distribution of rights and responsibilities among the different participants in the Corporation, such as the Board, managers, shareholders and other stakeholders, and spells out the rules and procedures for making decisions on corporate affairs. In doing so, it provides the structure through which the Company objectives are set and the means of attaining those objectives and monitoring performance.

B. ORGANIZATION

The Committee will consist of at least two independent directors, elected by the Board of Directors, and the Board Chairman. However, if the Chairman is not independent, he will be an ex-officio Committee member. The Committee Chair will be elected by the Board and, in the event the Board Chairman is not independent, the Committee Chair will also be named lead director. The Committee will meet as needed, but at least twice a year.

C. RESPONSIBILITIES

The primary recurring duties and responsibilities of the Committee include the following:

1. *Corporate Governance Policies and Procedures.* Review and recommend to the Board Corporate governance guidelines, policies, and procedures for the Company, including those relating to the size, composition, tenure, structure, and operation of the Board and its committees.
2. *Code of Conduct and Ethics.* Ensure that the Company's Code of Conduct and Code of Ethics are appropriately approved, adherence to these guidelines is promoted, and compliance assured and annually reviewed. Ensure that waivers are thoughtfully considered and, if appropriate, approved.
3. *Director Selection.* In conjunction with the Board, develop and implement a process for identifying qualified candidates to be considered by the Board as candidates to be advanced for shareholder consideration.

4. *Director Education.* Ensure that newly elected Directors are adequately educated about the Company and that Incumbent Directors are adequately informed about governance issues that may affect their ability to serve effectively.
5. *Board Evaluation.* Develop a process for a thoughtful annual Board evaluation, conduct the Board evaluation, and report the results and recommendations to the Board for consideration and action.
6. *Board Compensation.* Develop and recommend to the Board of Directors compensation policies, practices, and levels of compensation for the board.