

## **Huffy Corporation Corporate Governance Guidelines**

### **1. Responsibilities:**

Directors are expected to attend all meetings of the Board and of the committees on which we serve. Directors should devote the time and effort necessary to fulfill our responsibilities. Information important to Directors' understanding of issues to come before the Board or a committee will be provided sufficiently in advance of the meeting to permit Directors to inform ourselves. Directors are expected to review these materials before the meeting.

The Board will hold regularly scheduled meetings at least five times a year. The Chairman of the Board will set the agenda for Board meetings. Any Director may suggest items for inclusion on the agenda. Any Director may raise a subject that is not on the agenda at any meeting. Certain items pertinent to the oversight and monitoring function of the Board will be brought to us regularly. The Board will review the Corporation's long-term strategic plans and the most significant financial, accounting and risk management issues facing the Corporation at at least one Board meeting each year.

Non-management Directors will meet in executive session as needed. Normally, such meetings will occur during regularly scheduled Board meetings. Meetings of the non-management Directors will be chaired on a rotating basis by the chair of one of the Committees, who will at all times be an independent Director.

### **2. Director Qualifications:**

A majority of the Directors will be independent. No Director will be deemed independent unless the Board affirmatively determines that the Director has no material relationship with the Corporation, directly or as an officer, shareholder or partner of an organization that has a material relationship with the Corporation. The Board will observe all additional criteria for independence established by the New York Stock Exchange or other governing laws and regulations. Annually, Directors will certify to the Chairman of the Audit Committee that no conflict of interest exists.

Directors may be nominated by the Board or by shareholder in accordance with the Code of Regulations. The Nominating and

Governance Committee will review all nominees for the Board in accordance with its charter. The assessment will include a review of the nominee's judgment, experience, independence, understanding of the Corporation's or other related industries, and such other factors as the Committee concludes are pertinent in light of the current needs of the Board. The Board believes that its membership should reflect a diversity of experience, gender, race, ethnicity and age. The Committee will select qualified nominees and review its recommendations with the Board, which will decide whether to invite the nominee to join the Board. The Chairman of the Board should extend the Board's invitation to join the Board.

In accordance with the Code of Regulations and Board policy, Directors are elected for a term of three years and generally serve for 12 years or age 70, whichever occurs first, unless the Board is confronted with an unusual situation which requires relaxation of the age or service limitation. However, to ensure that the Board remains composed of high functioning members able to keep our commitments to Board service, the Nominating and Governance Committee will evaluate the qualifications and performance of each incumbent Director before recommending the nomination of that Director for an additional term.

It is the sense of the Board that individual Directors who change the responsibility they held when elected to the Board should submit a letter of resignation to the Board. Whether the individual continues to serve on the Board is a matter for discussion at that time with the Nominating and Governance Committee and the full Board.

### **3. Committees of the Board:**

The Board has three standing committees: Audit, Compensation, and Nominating and Corporate Governance. The Board may establish additional committees as necessary or appropriate.

Management Directors will not be members of standing committees. Only independent Directors may serve on the Audit Committee, the Compensation Committee and the Nominating and Corporate Governance Committee. Each of the standing committees will have its own charter. The charter will set forth the responsibilities of each committee, the qualifications and procedures of the committee and how the committee will report to the Board.

The Chairman of each committee will determine the frequency of committee meetings, consistent with the committee's charter and the Corporation's needs.

**4. Director Access to Officers, Employees and Information:**

Directors have full and free access to officers, employees and the books and records of the Corporation. Any meetings or contact that a Director wishes to initiate may be arranged through the Chief Executive Officer or the Secretary or directly by the Director. The Directors should use their judgment to ensure that any such contact is not disruptive to the business operations of the Corporation.

The Board welcomes the regular attendance at Board meetings of non-Board members who are in the most senior management positions in the Corporation. The Chairman of the Board shall extend such invitations.

**5. Director Orientation:**

All new Directors must participate in the Corporation's Orientation Program, which should be conducted within one month of Director's election. This orientation will include presentations by senior management to familiarize new Directors with the Corporation's business and strategic plans, its significant financial, accounting and risk management issues, its compliance programs, its Standards of Ethics and Behavior, its principal officers, and its internal and independent auditors. Any sitting Directors may attend the Orientation Program. In addition, Directors are encouraged to attend educational presentations as may be offered by the Corporation from time to time with regard to Corporate Governance of public companies.

**6. Annual Chief Executive Officer Performance Evaluation:**

To ensure that the Chief Executive Officer is providing the best leadership for the Corporation, the Board will annually evaluate the Chief Executive Officer's performance. The Board of Directors will discuss the Chief Executive Officer's performance in an executive session of non-management Directors. The Board's evaluation of the Chief Executive Officer's performance will be a significant factor in the Board's annual review of the Chief Executive Officer's compensation.

## **7. Annual Board Performance Evaluation:**

The Board of Directors will conduct an annual self-evaluation to determine whether we and our committees are functioning effectively. The Nominating and Governance Committee Chairman will receive comments from all Directors and report annually to the Board with an assessment of the Board's contribution to the Corporation and specifically focus on areas in which the Board or management believes that the Board or any of its committees could improve.

**8. Director Compensation.** The form and amount of Director compensation shall be determined by the Nominating and Governance Committee and then recommended to the full Board for action in accordance with the committee charter. Director compensation is a combination of cash and stock in the Corporation.

**9. Board Interaction with Outside Interested Parties.** The Board believes that Management speaks for the Corporation. From time to time, at the request of Management, individual Board members may meet or otherwise communicate with various constituencies that are involved with the Corporation. Where comments from the Board are appropriate, they will normally come from the Chairman.

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