

ARCTIC CAT INC.
COMPENSATION AND HUMAN RESOURCES
COMMITTEE CHARTER

Last amended and approved by the Board: 12/19/2011

A. PURPOSE

The Compensation and Human Resources Committee (the “Committee”) provides assistance to the Board of Directors (the “Board”) of Arctic Cat Inc. (the “Company”) in fulfilling its responsibility of ensuring that the Company’s executives are compensated in accordance with the Company’s total compensation objectives and executive compensation philosophy and that the Company’s human resources initiatives support the Company’s strategic objectives. The Committee helps the Board ensure the achievement of the overall goals and objectives of the Company by following an appropriate executive compensation approach to be implemented through an effective total compensation program and by following an appropriate human resources approach that reinforces the Company’s values and promotes a positive culture. The total compensation and human resources programs, policies, practices and plans of the Company are designed with full consideration of all accounting, tax, securities and employment laws and regulatory requirements.

B. ORGANIZATION

The Committee shall be composed of at least three “independent directors,” as defined by the rules of the Securities and Exchange Commission (“SEC”) and The Nasdaq Stock Market LLC (“Nasdaq”) and who are free of any relationship that would interfere with their exercise of independent judgment as a Committee member. At least two members must qualify as “outside directors” for the purposes of Section 162(m) of the Internal Revenue Code, as amended (“Section 162(m)”) for deductibility of compensation expenses and as “non-employee directors” for the purposes of Rule 16b-3 under the Securities Exchange Act of 1934 for exclusion of equity compensation from short swing liability. The members and Chair of the Committee are appointed by the Board. The Committee will meet as needed but at least twice a year. As it may be necessary, permissible, or desirable, the Committee may request that members of management or others, including the Company’s advisors, be present at meetings of the Committee. However, voting and deliberations on the compensation of the CEO or other executive officers must occur outside the presence of such executive officers. The Committee will meet with an independent compensation consultant and management in separate meetings, as often as is deemed necessary and appropriate, and in any event no less frequently than every two years.

A majority of the members of the Committee shall constitute a quorum for the transaction of business. The Committee shall take action by the affirmative vote of a majority of the Committee members present at a duly held meeting, or by written action signed by the number of Committee members that would be required to take the same action at a meeting in which all Committee members were present. The Committee shall maintain written minutes of its meetings. The Committee shall make such minutes available to the members of the Board, and shall file such minutes with the minutes of the meetings of the Board.

C. RESPONSIBILITIES

1. *Executive Compensation Philosophy.* Assist the Company in defining a total executive compensation philosophy that provides for: alignment of the interests of management with those of the shareholders; attraction and retention of executives who contribute to the long-term success of the Company; payment for performance; and internal equity.
2. *Incentive Compensation Programs.* Develop and recommend to the full Board for approval the structure of incentive compensation programs, policies, practices and plans for the Company's executive officers. To the extent any such plans are qualified under Section 162(m) and require the Committee to certify whether performance goals have been met, the Committee shall make such certification prior to making any payments under such plans. Periodically review with management, and advise the Board with respect to, related registration statements for equity compensation plans and report to the full Board if any shareholder approval or additional registration is necessary.
3. *CEO Compensation Recommendation.* Annually review and recommend to the independent directors of the full Board performance goals and objectives of the person serving as the CEO and recommend to the Board appropriate compensation levels and equity grants based on this evaluation, market data, and the Company's compensation philosophy. All voting and deliberations regarding the recommendation of the compensation of the CEO must occur outside the presence of the CEO.
4. *Executive Compensation Approval.* Annually review and approve performance goals and objectives of executive officers other than the CEO, evaluate such officers' performance in light of these goals, and determine and approve appropriate compensation levels and equity grants based on this evaluation and the Company's compensation philosophy. All voting regarding the compensation of the executive officers must occur outside the presence of the executive officers.
5. *Employment Agreements.* Periodically review, negotiate and approve the employment agreements, change of control provisions/agreements and severance agreements of the executive officers, excluding the CEO, whose agreements will be reviewed, negotiated and approved by the full Board.
6. *Employee Compensation and Benefits.* Periodically review the compensation, perquisites, retirement plans and benefits provided by the Company to employees generally.
7. *Compensation Developments.* Keep abreast of current developments in executive compensation outside the Company.
8. *Executive Officer Stock Ownership.* Review and recommend to the independent directors of the full Board appropriate stock ownership guidelines for the CEO and determine stock ownership guidelines for the other executive officers; then monitor compliance with such guidelines.
9. *Human Resources Initiatives and Reports.* Periodically review, and advise the Board with respect to, key human resources initiatives focused on reinforcing the Company's values and

promoting a positive Company culture. Periodically review human resources reports as needed, including employee opinion surveys and employment litigation statistics.

10. *Proxy Statement.* Annually review, discuss with management and recommend to the full Board for inclusion in the Company's proxy statement the Compensation Discussion and Analysis report and related executive compensation information. Recommend that the Compensation Discussion and Analysis and related executive compensation information be included in the Company's annual report on Form 10-K and proxy statement.
11. *Say on Pay.* Recommend to the Board the frequency of the required advisory shareholder vote regarding the compensation of the Company's "named executive officers," as identified in the Company's proxy statement.
12. *Charter Review.* Annually review the adequacy of this Charter and propose to the Board appropriate changes.
13. *Committee Review.* Annually review the performance and effectiveness of the Committee.
14. *Board Report.* Periodically report to the Board on the Committee's activities and any items requiring Board approval.
15. *Compensation Risk.* Annually evaluate whether the Company's compensation policies and practices for all of its employees create risks that are reasonably likely to have a material adverse effect on the Company, evaluate compensation policies and practices that could mitigate any such risk, and report such evaluation to the full Board for consideration of any appropriate action.

D. AUTHORITY

As and when it shall determine to be necessary or appropriate to the functions of the Committee, the Committee shall have the authority to complete the following tasks.

- At the expense of the Company, if required, conduct such studies, analyses and evaluations the Committee deems necessary to perform the duties and fulfill the responsibilities assigned to it by the Board.
- Have full and independent access to Company management and personnel, provided that the Committee shall provide prior notice to at least one of the persons serving as CEO or CFO of its intention to interview personnel.
- Request information from any person serving as CEO or CFO and rely upon advice and information, whether given orally or in writing, concerning the Company's business operations and financial information relevant to the functions of the Committee.
- Select, retain, or terminate, at the Committee's sole discretion, any compensation consultant as it may deem necessary, to assist with the execution of its duties and responsibilities as set forth in this charter.

- Retain and obtain the advice and assistance of outside counsel, and such other advisors, as it deems necessary to fulfill its duties and responsibilities under this charter. The Committee shall set the compensation and oversee the work of its outside counsel and other advisors. The Company shall provide appropriate funding, as determined by the Committee in its capacity as a committee of the Board, for the payment of compensation to its outside counsel and any other advisors.
- Incur ordinary administrative expenses that are necessary or appropriate in carrying out the Committee's responsibilities.

E. DELEGATION OF AUTHORITY

To the extent permissible under applicable laws and regulations, the Committee may delegate any of its responsibilities, along with the authority to take action in relation to such responsibilities, to one or more members of the Committee or a subcommittee as the Committee may deem appropriate, provided that each member of any such subcommittee is composed entirely of independent directors.

The 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, the Committee and its responsibilities are a part of the Company's governance and oversight process.

5005708_6.DOC