SPARTAN MOTORS INC
Form DEF 14A
April 12, 2018
**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**SCHEDULE 14A**

Proxy Statement Pursuant to Section 14(a) of the

Securities Exchange Act of 1934

Filed by the Registrant
Filed by a Party other than the Registrant

Check the appropriate box:
Preliminary Proxy Statement
Confidential, For Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
Definitive Proxy Statement
Definitive Additional Materials
Soliciting Material Pursuant to § 240.14a-12

**SPARTAN MOTORS, INC.**

(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.
Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:
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(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
(4) Proposed maximum aggregate value of transaction:
(5) Total fee paid:

Fee paid previously with preliminary materials.
Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount previously paid:
(2) Form, Schedule or Registration Statement No.:
(3) Filing party:
(4) Date filed:

**Spartan Motors, Inc.**
**1541 Reynolds Rd. - Charlotte, MI 48813 - USA**

**Telephone 517.543.6400 - Facsimile 517.543.5403**

**Web Page - www.spartanmotors.com**

April 12, 2018

To Our Shareholders:

You are cordially invited to attend the annual meeting of shareholders of Spartan Motors, Inc. on Wednesday, May 23, 2018, at 10:00 a.m. Eastern Daylight Time. The meeting will be held by means of remote communication only via the Internet at www.virtualshareholdermeeting.com/SPAR18.

At the annual meeting, we will vote on a number of important matters, as listed in the enclosed Notice of Annual Meeting of Shareholders and as described in detail in the enclosed Proxy Statement. In addition, you will hear a report on Spartan Motors' business activities. On the following pages, you will find the Notice of Annual Meeting of Shareholders and the Proxy Statement. We are pleased to take advantage of Securities and Exchange Commission rules that allow issuers to furnish proxy materials to their stockholders on the Internet. We believe these rules allow us to provide you with the information you need while lowering the costs of printing and delivery and reducing the environmental impact of the Annual Meeting.

It is important that your shares be represented at the annual meeting, regardless of how many shares you own. Whether or not you plan to attend the virtual annual meeting, please **sign**, **date**, and **return the enclosed proxy card as soon as possible or vote by Internet following the instructions on the proxy card**. Sending a proxy card or voting by Internet prior to the meeting will not affect your right to vote if you attend the virtual meeting.

Sincerely,

Daryl M. Adams

President and Chief Executive Officer

**Your vote is important. Even if you plan to attend the meeting,**

**PLEASE SIGN, DATE, AND RETURN THE ENCLOSED PROXY CARD PROMPTLY.**

**Spartan Motors, Inc.**
**1541 Reynolds Rd. - Charlotte, MI 48813 - USA**

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## NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

To Our Shareholders:

You are cordially invited to attend the 2018 annual meeting of shareholders of Spartan Motors, Inc. The meeting will be held on Wednesday, May 23, 2018, at 10:00 a.m., Eastern Daylight Time, by means of remote communication via the Internet at www.virtualshareholdermeeting.com/SPAR18. At the meeting, you will be invited to:

(1) vote on the election of two directors to three-year terms expiring in 2021;

(2) vote on the ratification of the appointment of BDO USA, LLP as Spartan Motors' independent registered public accounting firm for the current fiscal year;

(3) participate in an advisory vote to approve the compensation of our executives; and

(4) transact such other business as may properly come before the annual meeting.

You may vote at the meeting only if you were a shareholder of record of Spartan Motors common stock at the close of business on March 26, 2018. Please note that this year's annual meeting will be held via the Internet only.

We are pleased to take advantage of Securities and Exchange Commission rules that allow issuers to furnish proxy materials to their stockholders on the Internet. We believe these rules allow us to provide you with the information you need while lowering the costs of printing and delivery and reducing the environmental impact of the annual meeting.

**Important Notice Regarding the Availability of Proxy Materials for the Shareholder Meeting to be Held on May 23, 2018:** Our Proxy Statement, proxy card and Annual Report to Shareholders\Form 10-K are available on the Internet at www.proxyvote.com. You may also contact John Bober at (517) 543-6400 or John.Bober@SpartanMotors.com to request these materials.

| | |
|---|---|
| | Sincerely, |
| Charlotte, Michigan | Thomas T. Kivell |
| April 12, 2018 | Secretary |

**Your vote is important. Even if you plan to attend the meeting,**

**PLEASE SIGN, DATE AND RETURN THE ENCLOSED PROXY PROMPTLY.**

**SPARTAN MOTORS, INC.**

**ANNUAL MEETING OF SHAREHOLDERS**

**MAY 23, 2018**

## PROXY STATEMENT

In this Proxy Statement, "**we**," "**us**," "**our**," the "**Company**," "**Spartan Motors**," and "**Spartan**" refer to Spartan Motors, Inc., "**you**" and "**your**" refer to shareholders of Spartan Motors.

## Frequently Asked Questions About the Annual Meeting

### Where and when is the annual meeting?

Our annual meeting will be held on Wednesday, May 23, 2018, at 10:00 a.m. (Eastern Daylight Time) by means of remote communication via the Internet at www.virtualshareholdermeeting.com/SPAR18. If you need help accessing the annual meeting, please contact John Bober at (517) 543-6400 or at John.Bober@SpartanMotors.com.

### Who can vote at the annual meeting?

You are entitled to vote your shares of common stock at our annual meeting if you were a stockholder at the close of business on March 26, 2018, the record date for our annual meeting.

The total number of shares of common stock outstanding and entitled to vote on March 26, 2018 was 35,089,684. Holders of common stock have the right to one vote for each share registered in their names as of the close of business on the record date.

**What is the quorum requirement for the annual meeting?**

In order to conduct business at our annual meeting, a quorum must be present. The presence in person or by proxy of stockholders holding a majority of the outstanding shares of common stock entitled to vote is necessary for a quorum at the meeting. If a quorum is not present, a vote cannot occur, and our annual meeting may be adjourned to a subsequent date for the purpose of obtaining a quorum. Proxies voted as "withheld," abstentions, and broker non-votes are counted for the purpose of determining whether a quorum is present.

The shareholders present at the meeting, in person or represented by proxy, may by a majority vote adjourn the meeting despite the absence of a quorum. If there is not a quorum at the meeting, we expect to adjourn the meeting to solicit additional proxies.

**How do I know whether I am a registered shareholder or a beneficial shareholder?**

You are a registered shareholder if your shares of common stock are registered directly in your name with our transfer agent, American Stock Transfer & Trust Company.

You are a beneficial shareholder if your shares are held in an account at a bank, broker or other holder of record (also referred to as holding shares "in street name").

**How do I participate in the annual meeting?**

In order to participate in this year's annual meeting and submit your questions during the meeting, please visit www.virtualshareholdermeeting.com/SPAR 18. You will need to enter the control number shown on your proxy card.

**What is the effect of not casting my vote?**

If you are a registered shareholder and you do not vote your shares, your shares will not be taken into consideration in determining the outcome of the matters that are acted upon.

If you are a beneficial shareholder and you do not instruct your bank or broker how to vote your shares, under Nasdaq rules, your bank or broker will only be able to vote your shares on the ratification of BDO USA, LLP as our independent registered public accounting firm. Your bank or broker will not be able to vote your shares on the election of directors or the advisory resolution to approve the compensation of our named executive officers, resulting in “broker non-votes” on those items.

**How do I vote my shares?**

Registered shareholders may vote in one of four ways:

*Vote by Mail*: If you are a shareholder of record (that is, your common stock is registered directly in your name with our transfer agent, American Stock Transfer & Trust Co.), you may vote by returning the enclosed proxy card. If you properly complete, sign, date, and return your proxy card in the enclosed postage-paid envelope so that we receive it before the meeting, the shares of Spartan Motors common stock represented by your proxy card will be voted at the annual meeting and any adjournment of the annual meeting, so long as you do not revoke the proxy before or at the meeting.

*Vote by Internet*: Go to the website listed on your proxy card to vote by Internet. You will need to follow the instructions on your proxy card and the website.

*Vote by Telephone*: Call the telephone number on your proxy card to vote by telephone. You will need to follow the instructions on your proxy card and the voice prompts.

If you vote by Internet or by telephone, your electronic vote authorizes the named proxies to vote on your behalf in the same manner as if you completed, signed, dated, and returned your proxy card. *If you vote by Internet or by telephone, you do not need to return your proxy card.*

If you are a beneficial shareholder, you should receive instructions from your bank, broker, or other holder of record that you must follow in order to have your shares voted.

**Can I change my vote after I have voted?**

Proxies are revocable at any time before they are exercised at our annual meeting. If you are a registered shareholder and you originally voted by mail, Internet, or telephone, you may revoke your proxy by:

**completing and returning a timely and later-dated proxy card, or using the Internet or telephone to timely transmit your later voting instructions,**

**casting a subsequent vote via the internet, or**

**contacting Thomas Kivell, Secretary of the Company, at the following address to notify him that your proxy is revoked:**

Spartan Motors, Inc.
1541 Reynolds Rd.
Charlotte, Michigan 48813
Email: Thomas.Kivell@SpartanMotors.com
Fax: (517) 543-5403

If you are a beneficial shareholder, you must follow the directions provided by your bank, broker or other holder of record to change or revoke any prior voting instructions.

Your last vote properly received before the polls are closed at the meeting is the vote that will be counted.

**What are my voting options and how does the Board of Directors recommend that I vote?**

| **Proposal** | **Voting Options** | **Board of Director's Recommendation** |
|---|---|---|
| 1. Election of Directors | For All, Withhold All, or For All Except Any Individual Nominee | For All |
| 2. Ratification of the appointment of BDO USA, LLP | For, Against, or Abstain | For |
| 3. Advisory Vote on the Compensation of our Named Executive Officers | For, Against, or Abstain | For |

We do not know of any other matters to be presented for consideration at the annual meeting. In the absence of instructions, proxies will be voted in accordance with the recommendation of the Board of Directors of the Company with respect to all proposals and in accordance with the best judgment of the individuals named as proxies with respect to any other matter properly brought before the meeting.

**What vote is required to approve each proposal?**

***Proposal 1 - Election of Directors***. Under Michigan law and our bylaws, directors are elected by a plurality of the shares voting. This means that the nominees who receive the most votes will be elected to the open director positions. However, pursuant to our Corporate Governance Principles, because this is an uncontested election of directors (i.e., the number of persons nominated for election is equal to the number of directors to be elected), any nominee for director who receives a greater number of votes "withheld" for his or her election than votes "for" such election is required to promptly tender his or her offer of resignation to the Chairman of the Board. The Governance Committee will promptly consider the resignation offer and recommend to the Board whether to accept or reject it. The Board will then make a final decision not later than 90 days following the date of the shareholder meeting at which the election occurred. In counting votes on the election of directors, abstentions, broker non-votes, and other shares not voted will be counted as not voted and therefore will not affect the outcome of the election.

***Proposal 2 - Ratification of Independent Auditors.*** The proposal to ratify the appointment of BDO USA, LLP as Spartan Motors' independent registered public accounting firm for the current fiscal year will be approved if a majority of the shares voted at the meeting are voted in favor of the proposal. In counting votes on this proposal, abstentions and broker non-votes will be counted as not voted and therefore will not affect the outcome of the election.

***Proposal 3 - Advisory Vote on Executive Compensation.*** The proposal to approve the compensation of our executives, as described in this Proxy Statement, is an advisory vote only. The Company will disclose the results of this vote, but is not required to take action based upon the outcome of this vote. However, the Human Resources and Compensation Committee of the Board intends to consider the outcome of the vote when considering future executive compensation arrangements.

**Who is soliciting this proxy?**

This Proxy Statement and the enclosed proxy card are being furnished to you in connection with the solicitation of proxies by the Board of Directors of Spartan Motors for use at the annual meeting and any adjournment of the meeting.

**Who is paying the expenses of this proxy solicitation?**

The Company will pay all expenses in connection with the solicitation of proxies by our Board of Directors for use at our annual meeting. We will also pay banks, brokers, or other holders of record their out-of-pocket and reasonable clerical expenses incurred in sending our proxy materials to beneficial owners for the purpose of obtaining their proxies.

**How will the Company solicit proxies?**

We will primarily solicit proxies by mail; however, certain of our directors, officers, or employees may solicit by telephone, electronically, or by other means of communication. Our directors, officers, and employees will receive no additional compensation for any such solicitation. We do not expect to engage any paid solicitors to assist us in the solicitation of proxies.

**Proposal: Election of Directors**

**Nominees for Election**

The Board of Directors proposes that the following individuals be elected as directors of Spartan Motors for three-year terms expiring at the annual meeting of shareholders to be held in 2021:

Daryl M. Adams

Thomas R. Clevinger

Each nominee is presently a director of Spartan Motors whose term will expire at the annual meeting. Mr. Adams, who is the Company's Chief Executive Officer has been a director since 2014. Mr. Clevinger is a new director who was appointed to the Board on April 6, 2018. Biographical information concerning the nominees appears below under the heading "Spartan Motors' Board of Directors and Executives," beginning on page .

The persons named as proxies in the proxy card intend to vote for the election of each of the nominees. The proposed nominees are willing to be elected and to serve as directors of Spartan Motors. However, if any or all of the nominees become unable to serve or otherwise unavailable for election, which we do not anticipate, the incumbent Board of Directors may or may not select a substitute nominee or nominees. If a substitute nominee or nominees is or are selected, the shares represented by your proxy card will be voted for the election of the substitute nominee(s), unless you give other instructions. If a substitute is not selected, all proxies will be voted for the election of the remaining nominee(s). Proxies will not be voted for more than two nominees.

***Your Board of Directors recommends that you vote <u>FOR</u> the election of each nominee.***

**Ownership of Spartan Motors Stock**

**Five Percent Shareholders**

The following table sets forth information as to each person or other entity (including any group) known to Spartan Motors to have been the beneficial owner of more than 5% of Spartan Motors' outstanding shares of common stock as of March 26, 2018:

| Name and Address of Beneficial Owner | Sole Voting Power | Sole Dispositive Power | Shared Voting or Dispositive Power | Total Beneficial Ownership | Percent of Class | |
|---|---|---|---|---|---|---|
| Dimensional Fund Advisors LP[(1)]<br>Palisades West, Building One<br>6300 Bee Cave Road<br>Austin, Texas 78746 | 2,825,628 | 2,927,707 | -- | 2,927,707 | 8.34 | % |
| Black Rock, Inc.[(2)]<br>55 East 52nd Street<br>New York, NY 10055 | 2,237,233 | 2,317,076 | -- | 2,317,076 | 6.60 | % |
| The Rayburn Group[(3)]<br>1526 Ute Blvd.,<br>Suite 209, Room 6<br>Park City, Utah 84068 | 1,930,000 | 1,930,000 | -- | 1,930,000 | 5.50 | % |

(1) Based on information regarding the reporting person's beneficial ownership as of December 31, 2017, as set forth in an amendment to Schedule 13G filed with the SEC on February 9, 2018.

(2)

Based on information regarding the reporting person's beneficial ownership as of December 31, 2017, as set forth in an amendment to Schedule 13G filed with the SEC on January 23, 2018.

(3) Based on information regarding the reporting person's beneficial ownership as of December 4, 2015, as set forth in a Schedule 13G filed with the SEC on December 14, 2015. The reporting person also discloses an additional 70,000 shares (in addition to those disclosed in the table above) owned by Alexander C. McAree, the portfolio manager for the reporting person.

**Security Ownership of Board and Management**

The following table sets forth the number of shares of common stock that each of Spartan Motors' directors and nominees for director, each of the named executive officers (as that term is defined in the Summary Compensation Table below), and all directors and executive officers (including all named persons) as a group beneficially owned as of March 26, 2018:

| | **Amount and Nature of Beneficial Ownership**[(1)] | | | |
|---|---|---|---|---|
| | **Sole Voting and Dispositive Power**[(2)] | **Shared Voting or Dispositive Power**[(3)] | **Total Beneficial Ownership**[(2)(3)] | **Percent of Class** |
| James A. Sharman | 21,776 | - | 21,776 | * |
| Thomas R. Clevinger | - | - | - | * |
| Richard R. Current | 90,000 | - | 90,000 | * |
| Richard F. Dauch | 74,711 | - | 74,711 | * |
| Ronald E. Harbour | 69,071 | - | 69,071 | * |
| James C. Orchard | 29,776 | - | 29,776 | * |
| Dominic A. Romeo | - | - | - | - |
| Andrew M. Rooke | 45,776 | - | 45,776 | * |
| Daryl M. Adams | 569,392 | - | 569,392 | 1.62 % |
| Frederick J. Sohm | 160,127 | - | 160,127 | * |
| Thomas C. Schultz | 153,302 | - | 153,302 | * |
| Stephen K. Guillaume | 69,047 | - | 69,047 | * |
| Thomas T. Kivell | 85,998 | - | 85,998 | * |
| All directors and executive officers as a group (14 persons)[(4)] | 1,480,141 | - | 1,480,141 | 4.22 % |

*Less than 1%.

(1) The number of shares stated is based on information provided by each person listed and includes shares personally owned of record by the person and shares which, under applicable regulations, are considered to be otherwise beneficially owned by the person.

(2) These numbers include restricted shares, which are detailed in the tables on pages 30 and 35, for the officers and the directors, respectively.

(3)

These numbers include shares over which the listed person is legally entitled to share voting or dispositive power by reason of joint ownership, trust or other contract or property right, and shares held by spouses, children or other relatives over whom the listed person may have substantial influence by reason of relationship.

(4) These numbers include shares owned by each person named in the table as well as our executive officer not included in the table (John Slawson).

**Board Member and Executive Stock Ownership Requirement**

Spartan Motors' Board members and executives are expected, but not required, to attain ownership of stock, within five years of being named to their position, at least equal to the minimum expectations as follows: Outside Directors – five times annual retainer; CEO – four times annual salary; all other named executive officers – two times annual salary. Shares owned directly by Board members or executives, shares owned through a 401(k) plan or individual retirement account, unvested restricted shares and shares previously owned by executives but placed in irrevocable trusts for family members are counted toward these ownership expectations. Unexercised options or stock appreciation rights are not counted toward the ownership expectations.

**Spartan Motors' Board of Directors and Executives**

Spartan Motors' Board of Directors currently consists of nine directors; however, as described below, two directors are retiring from the Board as of the 2018 annual meeting and, as a result, the number of directors will be reduced to eight as of the annual meeting. The Board of Directors is divided into three classes, with each class as nearly equal in number as possible. Each class of directors serves a successive three-year term.

Biographical information concerning Spartan Motors' directors (including the persons who are nominated for election to the Board of Directors) and executives is presented below.

**Nominees for Election as Directors with Terms Expiring in 2021**

***Daryl M. Adams*** (age 56) was appointed President and CEO of Spartan Motors effective February 19, 2015, and was appointed to the Board of Directors on December 10, 2014. Mr. Adams joined the Company as the Chief Operating Officer on July 31, 2014. Prior to joining Spartan Motors, Mr. Adams served for seven years as CEO of Midway Products Group, a privately-held Tier One automotive supplier. Prior to that, he held a succession of management positions over a 17-year career with Lear Corporation, including senior leadership and international roles in Lear's North American and European operations. Mr. Adams holds a Master of Business Administration degree from Michigan State University and a Bachelor of Science degree in Industrial Management and Manufacturing from Lawrence Institute of Technology. He is an active member of various manufacturing associations including: Business Leaders of Michigan, the Capital Area Manufacturers Council, and Lansing Economic Area Partners. As the current President and CEO of the Company, Mr. Adams' participation on the Spartan Motors Board of Directors is of critical importance, providing the remaining members a clear perspective into the Company's operations and strategic direction.

***Thomas R. Clevinger*** (age 65) was appointed to the Board of Directors on April 6, 2018. Since 2016, Mr. Clevinger has served as the CEO and Managing Partner of Cornerstone Growth Advisors, LLC., a consulting firm that focuses on strategic growth initiative advisory services, namely for the automotive and commercial vehicles industries. From 2010 to 2016 Mr. Clevinger served as Senior Vice President/Managing Director – Global at Navistar, Inc., where he managed all lines of business outside the U.S. and Canada. Prior to his work at Navistar, Mr. Clevinger served from 1995 to 2010 in various senior leadership roles at PACCAR, Inc. where he oversaw global sales and distribution operations for parts and service support. Mr. Clevinger holds a Bachelor of Science in

Business and a Master of Arts in Leadership and Organizational Development, both from the City University of Seattle. Mr. Clevinger brings with him a wealth of expertise in global commercial vehicle sales and support, with an emphasis in aftermarket parts and service sales and distribution.

**Directors with Terms Expiring in 2019**

***Richard F. Dauch*** (age 57) has been a Director since 2010. In 2011, Mr. Dauch became President and CEO of Accuride Corporation, a manufacturer and supplier of commercial vehicle components. Prior to that, Mr. Dauch served as President and CEO of global mechanical fastener supplier, Acument Global Technologies, Inc. He held prior leadership roles during a 13-year career at American Axle & Manufacturing, a global supplier of driveline and chassis systems, as well as at United Technologies Carrier Corporation, after concluding an 11-year career in the United States Army. Mr. Dauch is a member of the Board of Directors of Accuride Corporation, an SEC registrant and is the Chairman of the Heavy Duty Business Forum. He also serves on the Board of Directors and Audit Committee of Koch Enterprises, Inc., a privately held company, and on the Board of Directors of the Army Football Club at West Point. Mr. Dauch is a graduate of the United States Military Academy at West Point and the MIT "Leaders For Manufacturing" program. Mr. Dauch's 30-plus years of cumulative leadership experience in a broad range of disciplines allow him to provide valuable insight and experience to the Board. Mr. Dauch currently serves as the Chairman of the Nominating and Corporate Governance Committee of the Board.

***Ronald E. Harbour*** (age 61) has been a Director since 2009. Mr. Harbour serves as Senior Partner – Global Automotive Manufacturing for Oliver Wyman, a global management consulting firm. He was the President of Harbour Consulting prior to its acquisition by Oliver Wyman in 2007. Mr. Harbour serves on the Board of Lincoln Educational, a public company providing schooling for automotive repair skills, Detroit Cristo Rey, a non-profit private school, and on the Advisory Council of the Western Michigan University Haworth College of Business. Mr. Harbour previously served on the Board of Directors of Noble International, Ltd., an SEC registrant, and three privately held automotive companies: U.S. Manufacturing, a manufacturer of axles; Empire Electronics, a manufacturer of wire harnesses; and Techform, a manufacturer of vehicle hardware. Over his 35-plus years of experience as a management consultant, Mr. Harbour has gained a deep and broad knowledge of the automotive industry and particular expertise in the various unique management and operational issues facing participants in the industry, along with experience in the electronics, food, aerospace and furniture industries. Mr. Harbour currently serves as the Chairman of the Human Resources and Compensation Committee of the Board.

***James A. Sharman*** (age 59) is the current Chairman of the Board of Directors. He was appointed as a Director in January 2016 and has served as Chairman since the 2017 annual meeting of shareholders. Since February 2018, Mr. Sharman has served as the Chief Operating Officer of GoHealth, a leading provider of technology and service solutions for the health care and insurance industries. From 2014 through 2017, Mr. Sharman served as Chief Operating Officer of Coyote Logistics, a freight broker and logistics services provider and a wholly owned subsidiary of United Parcel Service, Inc. From 2006 through 2014, Mr. Sharman served as Managing Partner of Truecast Capital, LLC, an investment firm. His work history includes President and CEO of World Kitchen, Inc. and Rubicon Technology, Inc. He was Senior Vice President of Global Supply Chain for CNH as well as Vice President and General Manager, Latin America, for the Case Corporation. He served as the Commanding Officer of an Engineering Company in the United States Army and was an Assistant Professor at the United States Military Academy, West Point. Mr. Sharman also serves on the Board of Directors of Standard Solar, Inc., a privately held solar electric systems company. Mr. Sharman is a graduate of the United States Military Academy at West Point and

Duke's Fuqua School of Business. Mr. Sharman's extensive business experience, including international management experience, allows him to provide valuable insight to the Board.

**Directors with Terms Expiring in 2020**

***Dominic A. Romeo*** (age 58) was appointed to the Board of Directors in October of 2017. Mr. Romeo served as Senior Vice President and Chief Financial Officer of Thor Industries, Inc., a leading publicly-traded manufacturer of recreational vehicles, from February 2013 to October 2013. From 2004 to 2011, Mr. Romeo served as Vice President and Chief Financial Officer of IDEX Corporation, a leading publicly-traded global manufacturer of pump products, dispensing equipment, and other engineered products. Prior to joining IDEX, Mr. Romeo served in several financial leadership positions at Honeywell International, Inc., a diversified technology and manufacturing company that services customers globally, including Vice President and Chief Financial Officer of Honeywell Aerospace from 2001 to 2004; Vice President and Chief Financial Officer of Honeywell International's Engine Systems and Services divisions from 1999 to 2001; and various other senior finance positions from 1994 to 1999. Mr. Romeo's prior work history also includes various management positions in finance and accounting with General Electric, AAR Corporation and Price Waterhouse. Mr. Romeo currently serves on the board of Novanta, Inc. a leading publicly-traded technology supplier to medical and advanced industrial equipment manufacturers, and BBB Industries, a privately-held automotive parts manufacturer. Mr. Romeo served on the Board of Directors and as a member of the Audit Committee of Federal Signal Corporation, a leading publicly-traded global designer and provider of safety and security products and solutions, from 2010 to April 2013. Mr. Romeo has a Bachelor of Arts Degree in both Accounting and Business Administration from Manchester University. Mr. Romeo brings to the Board of Directors significant experience and expertise in finance and accounting.

***Andrew M. Rooke*** (age 60) was appointed to the Board of Directors in February of 2012. Since December, 2016, Mr. Rooke has served as Chairman and Chief Executive Officer of ASV Holdings, Inc., a Minnesota based manufacturer of compact track loader and skid steer loader equipment used in the construction, agricultural and forestry industries. From 2007 through 2016, Mr. Rooke served as President and Chief Operating Officer of Manitex International, Inc., a manufacturer of engineered lifting equipment. From 2002 until 2006, Mr. Rooke served as Vice President of Finance for GKN Sinter Metals, a Tier 1 supplier of components to the auto industry, and, from 1999 until 2002, as Finance Director of various GKN off highway and auto components divisions. Mr. Rooke holds a Bachelor of Arts degree in Economics from the University of York, England, and is a Chartered Accountant. Mr. Rooke's experience and knowledge in finance, international business, manufacturing, and the automotive industry allow him to provide valuable insight and experience to the Board.

**Retirement of Directors**

***Richard R. Current*** (age 73) has been a Director since 2008. From November 1999 to December 2010, Mr. Current, a CPA, served as Vice President and Chief Financial Officer of Neogen Corporation. Prior to joining Neogen, Mr. Current served as Executive Vice President and Chief Financial Officer of Integral Vision, Inc. from 1994 to 1999 and as Vice President and Chief Financial Officer of The Shane Group, Inc., a privately held company, from 1991 to 1994. Prior to this, Mr. Current practiced with the public accounting firm Ernst & Young LLP for 24 years.

He served as Managing Partner from 1986 to 1991 at its Lansing, Michigan office. Mr. Current's 19 years of experience as a Chief Financial Officer of two separate public companies and one private company, in addition to his 24 years as an auditor and experience on several boards of directors, allowed him to provide valuable insight and expertise to the Board. This is particularly true with respect to the Board's oversight of financial reporting, internal controls, and similar issues. Mr. Current currently serves as the Chairman of the Audit Committee of the Board. After 10 years of Board service, Mr. Current is retiring from the Board effective at the 2018 annual meeting of shareholders.

***James C. Orchard*** (age 67) has been a Director since 2015. From 2008 until 2014, Mr. Orchard served as CEO of Dayco, LLC, a privately-held supplier of engine parts and systems to the automotive industry. Mr. Orchard has served in executive and leadership positions in the automotive, truck, and aftermarket parts industries for the past 49 years, and currently serves on the Board of Directors of BBB Industries, a leading supplier and re-manufacturer of rotating electrical, steering gear and caliper products to the North American vehicle aftermarket. Mr. Orchard is retiring from the Board effective at the 2018 annual meeting of shareholders.

**Executive Officers Who Are Not Directors**

***Frederick J. Sohm*** (age 48) joined Spartan Motors as its Chief Financial Officer effective September 28, 2015. Prior to joining the Company, Mr. Sohm most recently served as the Treasurer of ALTe Technologies, a start-up company that engineers and produces hybrid electric powertrain systems for the commercial vehicle market. Prior to joining ALTe Technologies in 2015, Mr. Sohm was the CFO of Warrior Sports, Inc., a position he held from 2009 to 2014. Prior to that, he held several executive and leadership positions in finance and accounting at various organizations including ArvinMeritor, Inc., Kmart Corporation and DaimlerChrysler Corporation.

***Thomas C. Schultz*** (age 53) was appointed Chief Administrative Officer (CAO) in July 2016 after joining Spartan Motors as the Corporate VP of Human Resources in 2014. Prior to joining Spartan, Mr. Schultz served as Director, North America where he led the Human Resources corporate function at BASF in 2013. Prior to that Mr. Schultz served as Senior Vice President of Human Resources at Energy Conversion Devices and United Solar Ovonics from 2008 until 2012. Previous to that, Mr. Schultz was Director, North America at Carrier Commercial Refrigeration, a United Technologies Corporation. Mr. Schultz began his career at American Axle & Manufacturing where he held various progressive manufacturing, labor relations and human resources roles over an 11 year period. Mr. Schultz earned a Juris Doctorate degree from the University of Detroit, a Master’s degree in Labor and Industrial Relations from Michigan State University and a Bachelor of Science degree in Political Science/Public Administration from Western Michigan University.

***Stephen K. Guillaume*** (age 50) was appointed as President of the Specialty Chassis and Vehicles business unit effective May 11, 2015. Mr. Guillaume joined Spartan Motors in January 2015 as Vice President of New Business Development and Joint Ventures. In this role, Mr. Guillaume was responsible for managing Spartan's joint ventures and leading business development initiatives across the organization. Prior to joining the Company, Mr. Guillaume held a succession of management positions over a 24 year career with Navistar, a leading manufacturer of commercial trucks, busses, defense vehicles and engines, most recently as General Manager of Navistar Commercial Trucks, a position he held from 2010 through 2014. Mr. Guillaume began his career at Navistar in finance and accounting, before progressing into a plant controller role and later positions in business development and general management. Mr. Guillaume holds a Master of Business Administration degree from Northwestern University's Kellogg School of Management, and a Bachelor of Business Administration degree from Baylor University.

***Thomas T. Kivell*** (age 65) joined the Company as Vice President and General Counsel in November of 2008. Mr. Kivell joined Spartan from GE Aviation, where he served as general counsel to its Digital Systems business unit, and its predecessor, Smiths Aerospace, since 1996. During his tenure there, he was the senior legal staff member responsible for the Electronic Systems unit of Smiths Aerospace, and served as the sole attorney for Smiths Aerospace in the United States over a four-year period. In 2002, he was a founder of a new legal and compliance department for Smiths Aerospace, unifying several other legal and compliance departments. Prior to his position with GE Aviation and Smiths Aerospace, he was co-owner and CEO of a general design and contracting firm. Mr. Kivell also founded and managed a private law practice. In his career, he has also served in legal counsel and contract management positions for Armored Vehicle Technologies Associated, a joint venture between General Dynamics Land Systems and FMC Corporation, and with General Dynamics Land Systems. Before beginning his legal career, Mr. Kivell was a project engineer for tracked military vehicle programs. Mr. Kivell also serves as a Vice President and as Secretary and Chief Compliance Officer of Spartan Motors, Inc.

***John W. Slawson*** (age 52) was appointed President of the Emergency Response business unit effective November 5, 2015. Prior to joining Spartan, Mr. Slawson served as the President of Horton Emergency Vehicles, a market-leading manufacturer of ambulances in North America and a member company of Allied Specialty Vehicles (ASV). Prior to joining Horton in 2011, he was the President and an equity partner of U.S. Tanker Fire Apparatus LLC. Mr. Slawson was previously the President of Oshkosh Specialty Vehicles, a manufacturer of command and law enforcement vehicles, and Director of Dealer Development and Distribution for Pierce Manufacturing, the largest fire apparatus manufacturer in North America. His career spans over 25 years, during which he has held executive positions and led teams within many world-class companies.

**Significant Management Team Member**

***Thomas Ninneman*** (age 48) is the President of Fleet Vehicles and Services business unit, which includes the Utilimaster® and Spartan Upfit Services brands, a position he has held since June 2, 2017. Mr. Ninneman joined Spartan Motors on January 1, 2017, as part of our acquisition of Smeal Fire Apparatus Co., for which he served as Chief Operating Officer. Prior to joining Smeal, he served as the President of Navitor, a division of privately held Taylor Corporation as well as in a variety of operating and managerial roles at Oshkosh Corporation, a manufacturer of specialty vehicles and vehicle bodies. He also served for 11 years as an active duty and reserve officer in the U.S. Army. Mr. Ninneman brings over 25 years of business and leadership experience to our Fleet Vehicles and Services business unit, including 10 years anchored in custom vehicle manufacturing across the emergency response, construction, and defense markets.

**Board Meetings, Annual Meeting, and Committees**

Spartan Motors' Board of Directors held seven meetings during 2017. Each director who served as a director during 2017 attended at least 75% of the aggregate of (1) the total number of Board of Directors meetings (held during the periods that he served on the Board) and (2) the total number of meetings held by all committees of the Board of Directors on which he served (held during the periods that he served on such committees). Pursuant to the Company's Corporate Governance Principles, the Company expects all directors to participate in the annual shareholder meeting, and typically all directors do attend the annual shareholder meeting. In 2017, all of the board members who were then directors of Spartan Motors attended the annual meeting of shareholders. Independent directors also meet regularly in executive sessions without the presence of management.

The Board of Directors has three standing committees: the Audit Committee, the Human Resources and Compensation Committee, and the Corporate Governance and Nominating Committee. Information regarding each of the committees as of the mailing date of this Proxy Statement is as follows:

| **Director** | **Audit Committee** | **Human Resources and Compensation Committee** | **Corporate Governance and Nominating Committee** | **Independent Director (1)** |
|---|---|---|---|---|
| James A. Sharman | | | | |
| Daryl M. Adams | | | | |
| Thomas R. Clevinger | | | | |
| Richard R. Current (2) | Chair | | | |
| Richard F. Dauch | | | Chair | |
| Ronald E. Harbour | | Chair | | |
| James C. Orchard | | | | |
| Dominic A. Romeo (2) | | | | |
| Andrew M. Rooke (2) | | | | |
| Number of meetings held in 2017 | 9 | 6 | 4 | |

(1) The directors indicated are independent as that term is defined in Rule 4200(a)(15) of the Nasdaq Marketplace Rules. Members of the Audit Committee also satisfy applicable SEC independence standards for audit committee members.

(2) The directors indicated are audit committee "financial experts" as the term is defined in SEC rules.

***Audit Committee***. The Audit Committee has been established in accordance with the Securities Exchange Act of 1934. Its primary purpose is to provide assistance to the Board of Directors in fulfilling its oversight responsibility relating to: Spartan Motors' financial statements and the accounting and financial reporting process; Spartan Motors' systems of internal accounting and financial controls; the qualification and independence of its independent registered public accounting firm; the annual independent audit of Spartan Motors' financial statements; legal and regulatory compliance; and ethics issues. Among other things, the Audit Committee oversees the integrated audit of the financial statements and internal control over financial reporting and is directly responsible for the selection, appointment, compensation, retention and oversight of the work of the independent registered public accounting firm engaged by Spartan Motors, and exercises direct oversight of the Company's Manager of Internal Audit. The Audit Committee operates pursuant to a written charter adopted by the Board of Directors that is available for viewing at the Company's website, www.spartanmotors.com.

The Audit Committee has a Pre-Approval Policy related to the audit and non-audit services performed by the independent registered public accounting firm. All services provided by the independent registered public accounting firm engaged by the Company are within general pre-approval limits; or, up to a certain dollar amount, approved by the Chairman of the Audit Committee, who must communicate the approval to the full Audit Committee; or, above a certain dollar amount, approved by the full Audit Committee. The general pre-approval limits are detailed as to each particular service and are limited by a specific dollar amount for each type of service.

The Audit Committee meets the definitions of an “audit committee” under applicable Nasdaq and SEC rules. In connection with Mr. Current's retirement from the Board as of the annual meeting, Mr. Romeo will take over as Chairman of the Audit Committee.

***Human Resources & Compensation Committee***. The responsibilities of the Human Resources & Compensation Committee include exercising oversight over the development of competitive compensation plans that ensure the attraction, retention and motivation of key associates, as well as recommending the cash and other incentive compensation, if any, to be paid to Spartan Motors’ executive officers and board members based on independent third-party benchmarking analyses. In addition, the Human Resources & Compensation Committee is responsible for reviewing and making recommendations to the Board of Directors regarding stock incentives awarded under Spartan Motors’ stock incentive plans, reviewing all material proposed stock incentive plan changes and determining the employees to whom stock incentives will be granted, the number of shares covered by stock incentive, and the terms and other matters associated with equity-based compensation awards.

The Human Resources and Compensation Committee operates pursuant to a written charter adopted by the Board of Directors. The Human Resources and Compensation Committee charter is available on our website, www.spartanmotors.com. For specific information regarding the processes and procedures of the Human Resources and Compensation Committee, see the “Compensation Discussion and Analysis” section of this Proxy Statement.

The Human Resources and Compensation Committee has reviewed all components of the Chief Executive Officer’s compensation and the compensation of the other executive officers who are named in the Summary Compensation Table set forth later in this Proxy Statement, including salary, bonuses, equity and other incentive compensation, accumulated realized and unrealized stock options, stock appreciation rights and restricted stock gains, the dollar value to the executive and the cost to Spartan Motors of all perquisites and other personal benefits.

***Corporate Governance and Nominating Committee.*** The Corporate Governance and Nominating Committee develops and recommends to Spartan Motors’ Board of Directors criteria for the selection of candidates for director, seeks out and receives suggestions concerning possible candidates, reviews and evaluates the qualifications of possible candidates, and recommends to the Board of Directors candidates for vacancies occurring from time to time and for the slate of directors to be proposed on behalf of the Board of Directors at each annual meeting of shareholders. In addition to its responsibilities regarding director nominations, the Corporate Governance and Nominating Committee assists the Board of Directors in fulfilling its responsibility to the shareholders and in complying with applicable rules and regulations relating to corporate governance. Specifically, the Corporate Governance and Nominating Committee develops and recommends corporate governance principles that address Board independence and leadership, Board size and composition, meetings and committee structure, and other governance matters. In addition, the Committee reviews the Company’s adherence to established corporate governance principles and provides reports and recommendations to the Board of Directors.

The Corporate Governance and Nominating Committee operates pursuant to a written charter that is available for viewing at the Company’s website, www.spartanmotors.com.

The Corporate Governance and Nominating Committee will consider candidates who display high character and integrity; are free of any conflict of interest that would violate any applicable law or regulation or interfere with the proper performance of the responsibilities of a director; possess substantial and significant experience that would be of particular importance to Spartan Motors in the performance of the duties of a director; have sufficient time available to devote to the affairs of Spartan Motors in order to carry out the responsibilities of a director; and have the capacity and desire to represent the balanced, best interests of the shareholders as a whole.

The Committee believes the foregoing qualities are the most important qualifications for any director or director nominee; however, in identifying candidates for directors, the Board considers other attributes that may make a person a strong director. One such attribute that is considered is the potential diversity of viewpoint that a potential candidate would likely bring to the Board of Directors, which could be the result of the person’s background, current occupation, career history, and other factors.

As the need to make changes or additions to the Board arises, the Committee gives consideration to the Board size, experiences, and needs. The Committee may use outside resources, including consultants retained by the Committee, to assist in the process of establishing the criteria for director candidates, establish a process to identify potential candidates, and assist in the introduction of potential candidates to the Committee. Regardless of how they are identified, candidates must understand, accept, and value the culture and history of Spartan Motors, Inc.

Nominations of candidates for election to the Board of Directors of Spartan Motors at any annual meeting of shareholders or at any special meeting of shareholders called for election of directors may be made by the Board of Directors or, pursuant to the process described below, by a shareholder of record of shares of a class entitled to vote at such annual or special meeting of shareholders. The Corporate Governance and Nominating Committee applies the same standards and qualification requirements to all director nominees, regardless of the party making the director nomination.

***Shareholder Nominations of Directors***. The Corporate Governance and Nominating Committee will consider nominees for election to the Board of Directors submitted by shareholders. Spartan Motors' bylaws provide that any shareholder entitled to vote generally in the election of directors may nominate one or more persons for election as directors at a meeting only if written notice of the shareholder's intent to make a nomination or nominations has been given to Spartan Motors' Secretary at least 120 days before the one-year anniversary date of the notice of the previous year's annual meeting if the meeting is an annual meeting, and not more than seven days following the date of notice of the meeting if the meeting is a special meeting at which directors will be elected. Each such notice to the Secretary must include:

the name, age, business address and residence of each nominee proposed in the notice;

the principal occupation or employment of each nominee;

the number of shares of capital stock of Spartan Motors that each nominee beneficially owns;

a statement that each nominee is willing to be nominated; and

such other information concerning each nominee as would be required under the rules of the Securities and Exchange Commission in a proxy statement soliciting proxies for the election of such nominees.

**Board Leadership Structure**

The Company believes the leadership structure of its Board of Directors is appropriate in light of the size of the Company, its organizational structure, its strategies, and similar factors. Although Mr. Adams, our President and CEO, serves as a director, the Board of Directors is chaired by Mr. James Sharman, a non-employee director who meets Nasdaq standards for being an independent director. The Company believes this separation of responsibility is appropriate in order to provide independent Board oversight of and direction for the Company's executive management team, led by Mr. Adams. The Company has maintained this leadership structure (i.e., with separate individuals serving as the President/CEO and Chairman of the Board) since 2002.

**Board's Role in Oversight of Risk**

The Company believes the Board plays an appropriate role in the risk oversight of the Company and its business. The Board's risk oversight function is largely carried out through the Board's independent oversight of the executive management team and, in particular, its oversight of the various operational, industry, economic, and other risk factors faced by the Company. The Board is an active Board that meets regularly with consistent input from all directors. All directors except for Mr. Adams have been determined to meet the independence standards of applicable Nasdaq rules.

In addition, the Company believes that the strength and experience of its directors is important to their independent oversight of the executive management team. Those members of the executive management team who have particular risk management responsibilities, including the CEO, the CFO, the CAO, General Counsel, and the Manager of Internal Audit report directly to the Board of Directors on a regular basis. In addition, the Board regularly holds sessions of the independent directors only, without the presence of any employee directors or other executives of the Company.

In addition to the foregoing, the Board of Directors of the Company conducts certain risk oversight activities through its committees with direct oversight over specific functional areas. These functional areas are described in more detail on the preceding pages for each Committee's responsibilities.

Finally, the Board works to ensure that management is properly focused on the appropriate strategic risks and initiatives to profitably grow the business through acquisitions, organic growth and alliances by, among other things, reviewing and discussing the performance of executive management and conducting succession planning for key leadership positions.

**Communicating with the Board**

Shareholders and interested parties may communicate with members of Spartan Motors' Board of Directors by sending correspondence addressed to the Board as a whole, a specific committee, or a specific Board member c/o Thomas T. Kivell, Secretary, Spartan Motors, Inc., 1541 Reynolds Road, Charlotte, Michigan 48813. All such communications are forwarded to the appropriate recipient(s).

**Executive Compensation**

**Compensation Discussion and Analysis**

**Compensation Philosophy and Objectives**

The Company's executive compensation philosophy is to provide competitive levels of compensation and incentives to achieve strong financial performance. The Company's executive compensation policies are designed to achieve the following five primary objectives:

- Attract and retain qualified management;
- Align the interests of management with those of shareholders to encourage achievement of continuing increases in shareholder value;
- Align management's compensation with the achievement of Spartan Motors' annual and long-term performance goals;
- Reward excellent corporate performance; and
- Recognize individual and team initiatives and achievements.

The Human Resources and Compensation Committee sets management compensation at levels that the Compensation Committee believes are competitive with other companies in Spartan Motors' industry.

The advisory vote on executive compensation was conducted at our annual meeting of shareholders in 2017, based on the disclosure of our executive compensation in the proxy statement for that meeting. Of the shares of common stock represented at that meeting in person or by proxy, approximately 96% of the shares voted to approve the resolution, 3% voted against the resolution, and 1% abstained. Our Board considered the results of this vote to be supportive of the Company's compensation policies and programs and did not make any changes to such policies and programs as a result of such vote.

Executive compensation consists of both cash and equity and is comprised of the following elements, each of which is described below:

Base salary;
Annual cash incentive (AIC) bonus; and
Long-term equity-based compensation (LTIC).

Each component of executive compensation is designed to accomplish one or more of the five compensation objectives described above. The total compensation for executives is structured so that a majority of the total earnings potential is derived from performance-based incentives to encourage management to adopt an ownership mentality and take appropriate risks. The elements of the executive compensation program are described in detail below. In 2017, 71% of our CEO’s target pay and 54% of our other NEO’s target pay was performance based.

The Human Resources and Compensation Committee believes that the percentage of an executive's total compensation that is "at risk" should increase as the executive's responsibilities and ability to influence profits increase. For this reason, the percentage of executive officers' potential compensation that is based upon bonuses and stock plan awards is larger relative to other employees.

The Spartan Motors, Inc. Leadership Team Compensation Plan (the "LTC Plan") sets forth the framework for compensation of the Company's executive officers and other key employees, including each of the named executive officers shown in the tables below. The LTC Plan is intended to provide management with incentives to choose strategies and investments that maximize shareholder value, utilize a financial measurement consistent with the market's evaluation of Spartan Motors' performance, and communicate Spartan Motors' financial objectives in a clear and quantifiable manner. The Human Resources and Compensation Committee is responsible for annually reviewing the provisions of the LTC Plan and reviewing all payouts under the plan. The LTC Plan was adopted by the Board of Directors on April 6, 2015 and approved by shareholders on May 25, 2016.

**Base Salary**

Base salary is a fundamental component of the Company's compensation system, and overall competitive salary levels are necessary to attract and retain well-qualified executives. The Company's intention is to set base salary levels of its executive officers at median market rates, with the expectation that cash bonuses and equity based compensation will allow the executive to receive overall compensation that is at or above market rates, provided that certain performance objectives are met. The Human Resources and Compensation Committee determines recommended base salaries for executive officers by evaluating the responsibilities of the position, the experience of the individual, the performance of Spartan Motors, the performance of the individual, the competitive marketplace for similar management talent, and other relevant factors. The Committee does not give specific weight to any particular factor. Using these same factors, the Committee may recommend base salary adjustments on a periodic basis to maintain the desired levels of base salaries for Spartan Motors' executives. As stated above, total compensation for executives is structured so that a majority of the total earnings potential is derived from performance-based incentives to encourage management to adopt an ownership mentality.

In 2016, Mercer was engaged to benchmark the salaries of the executive officers of Spartan Motors. Details regarding this benchmarking process appears below under the heading "Human Resources and Compensation Committee Processes and Procedures; Participation of Management; Benchmarking Process." This Mercer benchmarking process was completed in December of 2016. Based on the results of this benchmarking process and to align the salaries of our executive officers with median market rates, the annual base salary of Mr. Adams (our CEO) increased from $645,000 in August, 2016, to $665,000 in April, 2017. The annual base salary for Mr. Sohm (our CFO) increased from $300,000 in August, 2016, to $320,000 in April, 2017. The annual base salaries for our other three NEOs did not change significantly from their prior levels.

The 2018 annual base salaries of our named executive officers have not changed significantly from their prior levels.

Mercer has again been engaged to benchmark the salaries of the executive officers, which is expected to be completed in July 2018.

The Board of Directors may increase the base salaries of our executive officers from time to time, and such increases may be made at any time (i.e., not just in conjunction with the Board's customary annual performance and compensation review or as the result of the completion of a benchmarking analysis).

**Cash Incentive Bonuses**

The LTC Plan provides an opportunity for our named executives to earn an annual cash bonus based upon achievement of the top priorities for business performance which can include key metrics. The LTC Plan requires management to annually revise the metrics and weightings based upon current business conditions and to obtain approval of the proposed framework from the Human Resources and Compensation Committee.

Each participant's annual bonus is determined by multiplying (1) his or her target bonus percentage (which is determined separately for different categories of employees) by (2) a Bonus Multiplier (described below) by (3) the participant's annual salary.

The target bonus percentage is a percentage of the participant's salary. The LTC Plan establishes a target bonus percentage of 80% of base salary for our CEO and 60% for the other named executives. In February 2017, the Human Resources and Compensation Committee set the target bonus percentage for our CEO at 100% of base salary for 2017 and beyond in order to better align our CEO's compensation with median market rates as a result of the Mercer benchmarking analyses described above.

The Bonus Multiplier is a fraction or multiple of the target bonus percentage. For example, achievement of bonus metrics at exactly their target amounts would result in a Bonus Multiplier of 1.0X, while achievement of the bonus metrics at double their target amounts would result in a Bonus Multiplier of 2.0X. The threshold Bonus Multiplier is 0.5X. The Bonus Multiplier is calculated to one decimal place. Annually, based on a proposal by management, the Human Resources and Compensation Committee will evaluate and establish, based upon the current key metrics, the incremental improvements required to attain an incremental Bonus Multiplier. The final Bonus Multiplier for a year may be a fractional value based upon prorating results within the target matrix.

The LTC Plan prohibits an annual cash bonus to our named executives for any year in which Spartan Motors incurs a net loss. However, the Board of Directors retains the right to make adjustments or grant discretionary bonuses that it deems appropriate.

At the discretion of the Human Resources and Compensation Committee, any bonus payable under the LTC Plan may be paid in the form of the Company's common stock.

Executives subject to the plan for a partial year are eligible for annual bonuses on a prorated basis.

2017 Annual Incentive Compensation

For 2017, the following metrics were established for our named executives to earn an annual cash bonus pursuant to the LTC Plan:

Corporate Officers (Messrs. Adams, Sohm, Kivell and Schultz): The Bonus Multiplier for the corporate-level officers was determined based on the achievement of goals relating to (1) adjusted earnings before interest, taxes, depreciation, and amortization ("Adjusted EBITDA") on a Company-wide basis, (2) free cash flow on a Company-wide basis, and (3) pre-determined management objectives and key performance indicators (the "MBO Goals"). The final Bonus Multiplier was determined using a weighting of 60% for Adjusted EBITDA, 15% for free cash flow, and 25% for the MBO Goals. Please see the GAAP reconciliations in Appendix A for our computations of Adjusted EBITDA and free cash flow. The actual achievement for each goal for the corporate officers for 2017 is as follows (dollar amounts in thousands):

Corporate Officers

| Metric | Performance Criteria for payouts at: Min. (50% payout) | Target (100% payout) | Max. (200% payout) | Actual Performance | Actual Payout % | Weight | Weighted Percentage |
|---|---|---|---|---|---|---|---|
| Company-wide Adjusted EBITDA[1] | $19,600 | $28,000 | $36,400 | $ 31,327 | 140% | 60 % | 83 % |
| Free Cash Flow [1] | $8,900 | $12,700 | $16,500 | $ 16,676 | 200% | 15 % | 30 % |
| MBO Goals Achievement | 0 % | 100 % | 200 % | 170 % | 170% | 25 % | 42 % |
| | | | | | Total Multiplier [2] | | 160 % |

(1) See GAAP reconciliation in Appendix A.
(2) Total multiplier is rounded to one decimal per the LTC Plan.

Business Unit Presidents: The Bonus Multiplier for the Business Unit Presidents was determined based on the achievement of goals relating to (1) Company-wide Adjusted EBITDA, (2) the segment Adjusted EBITDA, and (3) pre-determined operation and strategic objectives. The segment Adjusted EBITDA is the adjusted EBITDA for the reportable segment as disclosed in *Note 16, Business Segments* in the Notes to Consolidated Financial Statements of our Annual Report on Form 10-K filed with the SEC on March 1, 2018. The final Bonus Multiplier was determined using a weighting of 60% for Company-wide Adjusted EBITDA, 25% for the individual business unit Adjusted EBITDA, and 15% for the operational and strategic objectives. Please see the GAAP reconciliation in Appendix A for our computation of Company-wide Adjusted EBITDA. The actual achievement for each goal for the Business Unit Presidents for 2017 is as follows (dollar amounts in thousands):

Specialty Chassis and Vehicles business unit (Mr. Guillaume)

| Metric | Performance Criteria for payouts at: Min. (50% payout) | Target (100% payout) | Max. (200% payout) | Actual Performance | Actual Payout % | Weight | Weighted Percentage |
|---|---|---|---|---|---|---|---|
| Company-wide Adjusted EBITDA[1] | $19,600 | $28,000 | $36,400 | $ 31,327 | 140% | 60 % | 83 % |
| Segment Adjusted EBITDA | $7,698 | $10,997 | $14,296 | $ 14,058 | 190% | 25 % | 48 % |
| Business unit operational and strategic plan | 0 % | 100 % | 200 % | 170 % | 150% | 15 % | 23 % |
| | | | | | Total Multiplier [2] | | 150 % |

(1) See GAAP reconciliation in Appendix A.

(2) Total multiplier is rounded to one decimal per the LTC Plan.

2018 Annual Incentive Compensation

Corporate Officers: For 2018, the metrics for annual cash incentive awards for our corporate officers include: (1) Company-wide Adjusted EBITDA; (2) free cash flow; and (3) MBO Goals. The final bonus multiplier will be determined using weightings of 65% for Adjusted EBITDA, 15% for free cash flow and 20% for the MBO Goals.

Business Unit Presidents: For 2018, the metrics for annual cash incentive awards for our business unit presidents include: (1) Company-wide Adjusted EBITDA; (2) individual business unit Adjusted EBITDA; and (3) pre-determined operational and strategic objectives. The final Bonus Multiplier will be determined using a weighting of 65% for Company-wide Adjusted EBITDA, 20% for the individual business unit Adjusted EBITDA and 15% for the pre-determined operational and strategic objectives.

**Long Term Incentives**

Spartan Motors' equity compensation plans are designed to encourage long-term investment in Spartan Motors by participating executives and employees, more closely align executive and shareholder interests, and reward executive officers and other employees for building shareholder value. The Human Resources and Compensation Committee believes stock ownership by management and other employees is beneficial to all Spartan Motors, Inc. stakeholders. See the minimum stock ownership expectations for executive officers under "Security Ownership of Board and Management" above.

Spartan Motors currently has the ability to grant equity-based compensation to its named executives pursuant to the Stock Incentive Plan of 2016. The Human Resources and Compensation Committee administers all aspects of the plans and reviews, modifies (to the extent appropriate), and approves management's recommendations for awards.

Since 2008, the Company has utilized grants of restricted stock for its equity-based compensation. The Company believes that restricted stock awards can be more effective at retaining key personnel in a volatile or depressed stock market. Additionally, the Company believes that restricted stock helps the executives focus on creating shareholder value and encourages executive officers to manage the Company from the perspective of an owner, while the time-based vesting feature provides a strong incentive for the executives to commit themselves to the Company for the long-term.

In connection with the Board's adoption of the LTC Plan in April 2015, the Board determined that all long-term equity compensation for 2015 and 2016 would be awarded in the form of time-vested restricted stock or restricted stock units. The Board subsequently determined that all long-term equity compensation for 2017 would be awarded in the form of time-vested restricted stock.

Stock-based compensation for the Company's named executives is currently determined considering long-term incentive compensation ("LTIC") targets and multiples. The amount of LTIC to be awarded to an executive each year (the "LTIC Award") is to be determined by multiplying (1) his or her target percentage (which is determined separately for different categories of employees) by (2) a LTIC Multiplier (described below) by (3) the participant's annual salary.

The target percentage is a percentage of the participant's salary. The LTC Plan establishes a target percentage for LTIC equity awards of 75% of base salary for our CEO and 60% for the other named executives. In February 2017, the Human Resources and Compensation Committee set the target percentage for LTIC equity awards for our CEO at 150% of base salary for 2017 and beyond in order to better align our CEO's compensation with median market rates as a result of the Mercer benchmarking analyses described above.

The LTIC Multiplier can range from 0% to 200% (referred to as "0X" through "2.0X") and is calculated based on the combined performance on three metrics:

Total Shareholder Return (TSR);
Spartan Motors' Financial Results (*e.g.,* operating income, earnings per share, etc.); and
Established Strategic Objectives (MBOs).

Each year, the Board will determine the weighting of the individual metrics, which may range from 0% up to 50% for any of the three metrics.

*TSR Metric*: Up to one half of the LTIC Multiplier is based on performance relative to a TSR metric. The TSR metric is a comparison of Spartan Motors' TSR to a peer group of companies in similar industries for the previous 12 months.

Management will provide the data (which is provided by an independent third party), the appropriate analysis, and make a recommendation as to the Company's performance relative to the peer group. The Human Resources and Compensation Committee will make the final determination as to the appropriate TSR Metric.

The TSR is calculated using the change in share price since the start of the measurement period, along with dividends paid. The calculation assumes that dividends are reinvested and also adjusts for stock splits.

*Spartan Motors' Financial Results*: Up to one half of the LTIC Multiplier is based on achievement of established financial metrics (*e.g.,* operating income, earnings per share, etc.). On an annual basis, the CEO will propose to the Human Resources and Compensation Committee the financial metrics (and measurement metrics) based upon priorities discussed and derived during the annual planning process. Unless specifically weighted differently by the Board of Directors, each of the objectives will be equally weighted.

*Strategic Objectives Metric*: Up to one-half of the LTIC Multiplier is based on achievement of established strategic objectives. On an annual basis, the CEO will propose to the Human Resources and Compensation Committee the strategic objectives (and measurement metrics) based upon the priorities discussed and derived during the annual planning process. Unless specifically weighted differently by the Board of Directors, each of the objectives will be equally weighted.

2017 Long Term Incentive Compensation

For 2017, the following metrics were established for our named executives to earn LTIC awards pursuant to the LTC Plan:

*Company-wide Adjusted EBITDA*:

Spartan Motors' company-wide Adjusted EBITDA for 2017. Please see the reconciliation of Adjusted EBITDA to net income in Appendix A.

*TSR Metric*:

The TSR goal was set as the Company's TSR percentile rank for the period from January 1, 2017 through December 31, 2017 based on companies included in the Dow Jones Commercial Vehicles and Trucks index along with related peer companies.

*Return on Invested Capital ("ROIC")*:

Spartan Motors' company-wide ROIC. ROIC is defined as adjusted net income after tax less dividends divided by invested capital, where invested capital is total equity plus total debt. Please see the computation of ROIC in Appendix A.

The final LTIC multiplier for 2017 was determined using weightings of 40% for Company-wide Adjusted EBITDA, 30% for the TSR Metric, and 30% for ROIC, as set by the Human Resources and Compensation Committee. The actual achievement for each goal for all NEOs for 2017 is as follows (dollar amounts in thousands):

| Metric | Performance Criteria for payouts at: Min. (50% payout) | Target (100% payout) | Max. (200% payout) | Actual Performance | Actual Payout % | Weight | Weighted Percentage |
|---|---|---|---|---|---|---|---|
| Company-wide Adjusted EBITDA (1) | $19,600 | $28,000 | $36,400 | $ 31,327 | 140% | 40 % | 56 % |
| ROIC (2) | 3.49 % | 4.98 % | 6.47 % | 6.6 % | 200% | 30 % | 60 % |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| TSR (percentile) | 28th | 40th | 52nd | 82nd | 200 % | 30 % | 60 % |
| | | | | | Total Multiplier (3) | | 180 % |

(1) See GAAP reconciliation in Appendix A.
(2) See the computation of ROIC in Appendix A.
(3) Total multiplier is rounded to one decimal per the LTC Plan.

2018 Long Term Incentive Compensation

For 2018, LTIC awards targets were established by the Human Resources and Compensation Committee using Adjusted EBITDA, TSR, and ROIC. The final LTIC multiplier will be determined using weightings of 40% for Adjusted EBITDA, 30% for TSR, and 30% for ROIC.

**Chief Executive Officer**

The Chief Executive Officer's compensation is based on the policies and objectives outlined above for all executive officers. The Human Resources and Compensation Committee believes that incentive compensation, designed to reward performance, should represent a significant percentage of the CEO's potential compensation.

**Human Resources and Compensation Committee Processes and Procedures; Participation of Management; Benchmarking Process**

The Human Resources and Compensation Committee of the Board of Directors develops and recommends to the Board of Directors Spartan Motors' executive compensation policies. The Human Resources and Compensation Committee also administers Spartan Motors' executive compensation program and recommends for approval to the Board of Directors the compensation to be paid to the Chief Executive Officer and other executive officers. The Human Resources and Compensation Committee consists of three directors, none of whom is a current or former employee of Spartan Motors.

The Company's CAO serves as a coordinator of the Human Resources and Compensation Committee meetings, but does not participate in any decisions regarding executive or board compensation. The Company's CEO and CFO participate only to assist in the process of determining the compensation for executives other than themselves and to provide information to the committee regarding Company performance, operations, strategies, and other information requested by the committee. Other than the CEO, the CAO and the CFO, none of the Company's named executives participate in the discussions with the Human Resources and Compensation Committee.

The Human Resources and Compensation Committee's written charter provides that the Committee will review and make recommendations regarding the compensation of executive officers. The Committee's policy is to conduct benchmarking of officer's salaries at least once every two years. Executive compensation decisions must be approved by a majority of the independent members of the Board of Directors.

The Human Resources and Compensation Committee periodically engages independent third-party consultants to provide data and analysis regarding the compensation of executives at our peer group companies and at companies against whom we must compete for talent. The Human Resources and Compensation Committee uses this data to design and implement competitive compensation programs. Independent consultants engaged by the Human Resources and Compensation Committee do not answer to management. In 2016, the Committee engaged Mercer to benchmark officer salaries and other compensation incentives. This engagement was completed in December, 2016 and was a factor utilized in determining the incentive compensation adjustment for Mr. Adams and Mr. Sohm for 2017.

In performing the compensation benchmarking that was completed in 2016, Mercer conducted benchmarking analyses of the named executive officers' compensation, including base salaries, long-and short-term incentives, and severance practices, utilizing information from proxy disclosures and published surveys. A peer group was selected consisting of durable goods manufacturers with revenues ranging from one-half to double that of Spartan Motors. Market median level salary information in the study reflects the pay for an executive with a median level of experience. All market data comparisons were aged forward to January 1, 2017. The list of identified peer companies in this survey include:

| | |
|---|---|
| Alamo Group, Inc. | Miller Industries, Inc. |
| Altra Industrial Motion Corp. | Shiloh Industries, Inc. |
| Commercial Vehicle Group, Inc. | Standard Motor Products |
| ESCO Technologies, Inc. | Supreme Industries, Inc. |
| Federal Signal Corp. | Twin Disc, Inc. |
| LCI Industries, Inc. | Winnebago Industries |
| Methode Electronics, Inc. | |

**Pricing Equity Awards; Disclosure of Information**

Spartan Motors has long observed a policy of setting the exercise price for stock options, stock appreciation rights, and other share-based awards equal to the closing market price on the date of the grant (or most recent closing price if the date of the grant is not a trading day). Stock options and stock appreciation rights are not repriced. We do not "backdate" stock options or any other share based payments. The price used to determine the number of restricted shares granted is generally an average of the closing share price for the thirty calendar days prior to the grant date.

The Board of Directors is committed to maintaining the integrity of the compensation philosophy and programs. As part of this commitment, Spartan Motors believes that the disclosure of material nonpublic information should never be manipulated for the purpose of enriching compensation awards. We do not time the release of public information to affect the value of share based awards, and we do not time the grant of share based awards to take advantage of the disclosure of information.

**Personal Benefits; Perquisites**

We believe that compensation in the form of perquisites and personal benefits do not provide transparency for shareholders or serve our compensation philosophy. Consequently, such benefits play a very minor role in the compensation program.

**Clawback Provision**

Our LTC plan contains a provision stating that compensation awarded under the LTC Plan will be retracted to the extent a grant was made to an executive as the result of a material misrepresentation.

**CEO Pay Ratio**

Spartan Motors' policy is to pay our employees competitively with similar positions in the applicable labor market by providing a combination of competitive base pay, incentives, and other benefits. We benchmark our compensation levels by position and adjust compensation to match the applicable labor market. By doing so, we believe we maintain a high quality and stable workforce.

We are disclosing the following pay ratio, which compares the annual total compensation of our employees (including full-time, part-time and contract employees employed directly by Spartan, but excluding contract employees employed through a third party) other than Mr. Adams (our President and CEO) and the annual total compensation of Mr. Adams, as required by the Dodd-Frank Act.

We identified our median employee using the following methodology, consistent with SEC rules:

We first examined the annual compensation paid to each of our full-time and part-time employees as well as contract employees directly employed by Spartan, that were employed as of December 31, 2017, a total of 2,070 employees (excluding Mr. Adams), all located within the United States. The annual compensation used for this analysis included each element of compensation listed in the Summary Compensation Table below, along with benefits such as health insurance that are available on an equal basis to all employees. We annualized the total compensation for any employee who was not employed for all of 2017. We did not annualize the compensation for contract employees employed directly by Spartan who were not employed for all of 2017. We did not make any other adjustments to any employee's compensation or exclude any employees for this analysis.

We then ranked all of our employees (except for Mr. Adams) in terms of total compensation from highest to lowest, and identified the employee that ranked as the median (1,035 on the list of 2,070 employees).

Following this methodology, the components of our pay ratio disclosure for 2017 were reasonably estimated as follows:

- The median of the total annual compensation of all of our employees other than Mr. Adams was $54,583.
- The total compensation of Mr. Adams was $2,988,239 (including benefits available on an equal basis to all employees that are not required to be included in compensation disclosed in the summary compensation table).
- The ratio of Mr. Adams' compensation to the compensation of the median employee was 55:1.

**Other Information**

We do not provide a defined benefit pension to our named executive officers, although we do provide a defined contribution plan. Our typical practice when hiring a new executive is to set forth the principal terms of their employment in an employment offer letter. These employment letters often commit us to provide certain benefits to these executives, including upon their termination of employment. Those commitments are described in this Proxy Statement.

**Summary Compensation Table**

The following table shows certain information concerning the compensation earned by Daryl M. Adams, our President and CEO; Frederick J. Sohm, our CFO; Stephen K. Guillaume, the President of our Specialty Chassis and Vehicles business unit; Thomas T. Kivell, our Vice President, Secretary and General Counsel; and Thomas C. Schultz, our Chief Administrative Officer. When used in this Proxy Statement, "named executive officers" and "named executives" refer to the individuals identified in this table.

**Summary Compensation Table**

| Name and Principal Position | Year | Salary ($) | Bonus[1] ($) | Stock Awards[2] ($) | Non-Equity Incentive Plan Compen-sation[3] ($) | All Other Compen-sation[4] ($) | Total ($) |
|---|---|---|---|---|---|---|---|
| Daryl M. Adams, | 2017 | $665,000 | $- | $1,197,000 | $1,064,000 | $48,030 | $2,974,030 |
| President and CEO[5] | 2016 | 620,385 | 337,385 | 1,662,500 | 992,615 | 29,905 | 3,642,790 |
| | 2015 | 520,692 | 320,320 | 728,119 | - | 23,462 | 1,592,593 |
| Frederick J. Sohm, | 2017 | 315,000 | - | 230,400 | 307,200 | 21,296 | 873,896 |
| CFO[6] | 2016 | 269,231 | 75,000 | 325,385 | 325,385 | 28,723 | 1,023,724 |
| | 2015 | 67,308 | 45,913 | 352,000 | - | 288 | 465,509 |
| Thomas C. Schultz | 2017 | 285,250 | - | 206,640 | 275,520 | 106,728 | 874,138 |
| Chief Administrative | 2016 | 257,620 | 75,000 | 434,190 | 313,890 | 9,936 | 1,090,636 |
| Officer[9] | 2015 | - | - | - | - | - | - |
| Stephen K. Guillaume | 2017 | 240,057 | - | 173,984 | 217,480 | 8,497 | 640,018 |
| President, Specialty | 2016 | 234,423 | 75,000 | 434,190 | - | 36,076 | 779,689 |
| Chassis and Vehicles[7] | 2015 | 233,077 | 110,000 | 91,015 | - | 93,760 | 527,852 |
| Thomas T. Kivell | 2017 | 225,884 | - | 163,922 | 218,562 | 7,180 | 615,548 |
| Vice President, Secretary | 2016 | 217,568 | 25,000 | - | 265,246 | 3,264 | 511,078 |
| and General Counsel[8] | 2015 | 205,269 | 73,903 | - | - | 3,079 | 282,251 |

(1) Amounts in this column reflect one-time cash bonuses earned and expensed by the Company in the respective year.

(2) Amounts shown in this column for 2017 stock awards represent the aggregate grant date fair value of stock awards for our named executives, which primarily include awards made pursuant to our LTC Plan in early 2017 that were subject to performance conditions for 2017 performance. The fair values for these awards were determined based on the *probable* outcome of the performance conditions specified in the LTC Plan at the time the awards were

made. The grant date fair value of the shares actually issued on March 30, 2018 pursuant to these awards was: $1,821,979 for Mr. Adams; $350,691 for Mr. Sohm; $314,536 for Mr. Schultz; $264,828 for Mr. Guillaume; and $249,503 for Mr. Kivell. The grant date fair values of the awards made in early 2017 if the *highest* level of performance was achieved were $2,024,425 for Mr. Adams, $389,664 for Mr. Sohm, $349,480 for Mr. Schultz, $294,250 for Mr. Guillaume and $277,232 for Mr. Kivell. The fair values were determined in accordance with the FASB ASC Topic 718, "Stock Compensation." For information regarding valuation assumptions, see *Note 13 – Stock Based Compensation* to the Consolidated Financial Statements for the year ended December 31, 2017.

(3) Consists of performance-based non-equity (cash) compensation earned under the LTC Plan (or its predecessor) for performance during the respective year. Please see the "Compensation Discussion and Analysis" section above for details.

(4) The 2017 amounts reported in this column consist of the following:

| Name | 401(k) Matching Contribution ($) | SERP Matching Contribution ($) | Dividends Paid on Restricted Stock ($) | Relocation Payments ($) | Country Club Dues Paid ($) | Total ($) |
|---|---|---|---|---|---|---|
| Daryl M. Adams | $ 2,710 | $ - | $ 36,444 | $ - | $ 8,876 | $ 48,030 |
| Frederick J. Sohm | 3,942 | 6,934 | 10,420 | - | - | 21,296 |
| Thomas C. Schultz | 3,109 | - | 12,124 | 91,495[a] | - | 106,728 |
| Stephen K. Guillaume | 2,807 | - | 5,690 | - | - | 8,497 |
| Thomas T. Kivell | 3,444 | - | 3,736 | - | - | 7,180 |

(a) Relocation payments include $11,854 in reimbursements of taxes owed on relocation payments of $79,641.

(5) Mr. Adams joined the Company as COO in August 2014. He was appointed as President and CEO effective February 19, 2015.

(6) Mr. Sohm joined the Company as CFO effective September 28, 2015.

(7) Mr. Guillaume was appointed President of the Specialty Chassis and Vehicle business unit in May 2015.

(8) Mr. Kivell joined the company as Vice President and General Counsel in November 2008.

(9) Mr. Schultz joined the Company as Corporate Vice President of Human Resources in July 2014, and was promoted to Chief Administrative Officer in July 2016.

**Grants of Plan-Based Awards During 2017**

The following table provides information concerning each grant of a plan based award made to the named executive officers in the last completed fiscal year.

**Grants of Plan-Based Awards**

| | Date the Compen- | Estimated Possible Payouts Under Non-Equity Incentive Plan | Estimated Possible Payouts | All Other Stock | Grant Date |
|---|---|---|---|---|---|

| Name | Grant Date | sation Commit- tee Took Action | Awards[1] Threshold ($) | Target ($) | Maximum ($) | Under Equity Incentive Plan Awards[2] Threshold (#) | Target (#) | Maximum (#) | Awards: Number of Shares of Stock or Units (#)[3] | Fair Value of Stock and Option Awards[4] |
|---|---|---|---|---|---|---|---|---|---|---|
| Daryl M. Adams | 2/15/17 | | $332,500 | $665,000 | $1,330,000 | - | - | - | - | $- |
| | 3/30/18 | 2/15/17 | - | - | - | 66,500 | 133,000 | 266,000 | - | 1,197,000 |
| Frederick J. Sohm | 2/15/17 | | 96,000 | 192,000 | 384,000 | - | - | - | - | - |
| | 3/30/18 | 2/15/17 | - | - | - | 12,800 | 25,600 | 51,200 | - | 230,400 |
| Thomas C. Schultz | 2/15/17 | | 86,100 | 172,200 | 344,400 | - | - | - | - | - |
| | 3/30/18 | 2/15/17 | - | - | - | 11,480 | 22,960 | 45,920 | - | 206,640 |
| Stephen K. Guillaume | 2/15/17 | | 72,493 | 144,986 | 289,973 | - | - | - | - | - |
| | 3/30/18 | 2/15/17 | - | - | - | 9,666 | 19,332 | 38,663 | - | 173,984 |
| Thomas T. Kivell | 2/15/17 | | 68,301 | 136,601 | 273,203 | - | - | - | - | - |
| | 3/30/18 | 2/15/17 | - | - | - | 9,107 | 18,214 | 36,427 | - | 163,922 |

(1) The amounts reported in these columns are not actual payouts. They represent the possible threshold, target, and maximum payouts that could have been earned by each named executive officer for fiscal year 2017 under the LTC Plan described under "Compensation Discussion and Analysis" above. The threshold amounts represent the minimum bonus payable to the named executive under the LTC Plan. Generally, there is no guarantee of any minimum bonus under the LTC Plan. Each target amount assumes a Bonus Multiple of 1.0X. Each maximum amount represents the maximum annual bonus payable to the named executive under the LTC Plan and is calculated based on a Bonus Multiple of 2.0X. For details, see the "Compensation Discussion and Analysis" section above.

(2) These columns represent possible payouts of common stock under the Company's LTC Plan. The target amounts represent the target equity payout for each named executive for 2017 performance. Each threshold amount assumes an LTIC multiple of 0.5X. Each target amount assumes an LTIC multiple of 1.0X. Each maximum amount represents the maximum stock award under the LTC plan, which for 2017 was a multiple of 2.0X. Estimates of possible payouts were determined using current share price information at the time the plan was approved by the Compensation Committee on February 15, 2017. For details regarding how equity incentive awards under the LTC Plan are determined, see the "Compensation Discussion and Analysis" section above. Shares are granted the following year based on achievements of targets approved for the current fiscal year.

(3) The amounts reported in this column reflect the number of shares of common stock issued to the named executive during 2017 other than shares granted under the LTC Plan. Shares granted are generally subject to a 3-year vesting schedule (33% per year beginning on the first anniversary of the grant date). Dividends are paid on shares of restricted stock at the rate dividends are paid on common stock. All shares of restricted stock have voting rights and are subject to cancellation in the event of termination from employment for reasons other than death, disability, or retirement.

(4) Amounts reported represent the aggregate grant date fair value of stock awards. The fair values for plan based awards were determined based on the probable outcome of the performance conditions specified in the LTC Plan at the time the performance conditions were approved by the Board. The fair values of any discretionary awards made during the year were determined in accordance with FASB ASC Topic 718.

The Company paid the compensation set forth in the Summary Compensation Table and the Grants of Plan Based Awards table pursuant to the philosophy, procedures, and practices set forth in the "Compensation Discussion and Analysis" section above.

**Outstanding Equity Awards at December 31, 2017**

The following table provides information concerning unexercised options, SARs, and restricted stock that had not vested for each named executive outstanding as of December 31, 2017.

**Outstanding Equity Awards at Fiscal Year-End**

| | **Option Awards** | | | **Stock Awards** | |
|---|---|---|---|---|---|
| **Name** | **Number of Securities** | **Option Exercise** | **Option Expiration Date** | **Number of Shares or** | **Market Value of** |

| | Underlying Unexercised Options: Exercisable (#) | Price ($) | | Units of Stock That Have Not Vested[1] (#) | Shares or Units of Stock That Have Not Vested[2] ($) |
|---|---|---|---|---|---|
| Daryl M. Adams | - | $ - | - | 354,436 | $5,582,367 |
| Frederick J. Sohm | - | - | - | 104,195 | 1,641,071 |
| Thomas C. Schultz | - | - | - | 121,237 | 1,909,483 |
| Stephen K. Guillaume | - | - | - | 56,897 | 896,128 |
| Thomas T. Kivell | - | - | - | 37,359 | 588,404 |

(1) The vesting dates for shares of restricted stock that have not vested as of December 31, 2017 are as follows:

| Named Executed Officer | Vesting Dates |
|---|---|
| Daryl M. Adams | 128,192 shares on each of 3/30/2018 and 3/30/2019<br>20,000 shares on 8/10/2018<br>78,052 shares on 3/30/2020 |
| Frederick J. Sohm | 44,459 shares on each of 3/30/2018 and 3/30/2019<br>15,278 shares on 3/30/2020 |
| Thomas C. Schultz | 51,491 shares on 3/30/2018<br>44,035 shares on 3/30/2019<br>25,711 shares on 3/30/2020 |
| Stephen K. Guillaume | 22,474 shares on 3/30/2018<br>21,141 shares on 3/30/2019<br>13,282 shares on 3/30/2020 |
| Thomas T. Kivell | 37,359 shares on 3/30/2018 |

(2) The market value of the unvested restricted stock is determined by multiplying the closing market price of the Spartan Motors' common stock as of December 29, 2017 ($15.75) by the number of shares of stock.

**Stock Vested in 2017**

The following table provides information concerning the vesting of restricted stock during 2017 for each of the named executives.

| Name | Option Awards | | Stock Awards | |
|---|---|---|---|---|
| | Number of Shares Acquired | Value Realized on Exercise ($) | Number of Shares Acquired on Vesting | Value Realized on Vesting(1) ($) |

| | on Exercise (#) | | | (#) | |
|---|---|---|---|---|---|
| Daryl M. Adams | - | $ | - | 70,140 | $ 564,077 |
| Frederick J. Sohm | - | | - | 29,184 | 224,717 |
| Thomas C. Schultz | - | | - | 25,781 | 198,514 |
| Stephen K. Guillaume | - | | - | 9,193 | 70,786 |
| Thomas T. Kivell | - | | - | - | - |

(1) The amounts in this column are determined by multiplying the number of shares of stock vesting by the market value of the underlying shares on the vesting date (or, if the vesting date is not a trading day, the trading day immediately preceding the vesting date).

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**Non-Qualified Deferred Compensation**

The following table provides information concerning non-qualified deferred compensation for 2017. This table should be read in conjunction with the narrative discussion that follows the table.

**Non-Qualified Deferred Compensation**

| Name | Plan | Executive Contributions In Last FY ($) | Registrant Contributions In Last FY(1) ($) | Aggregate Earnings In Last FY(2) ($) | Aggregate Withdrawals/ Distributions In Last FY ($) | Aggregate Balance At Last FYE ($) |
|---|---|---|---|---|---|---|
| Daryl M. Adams | SERP | $ - | $ - | $ - | $ - | $ - |
| Frederick J. Sohm | SERP | 21,996 | - | 5,337 | - | 42,394 |
| Thomas C. Schultz | SERP | - | - | - | - | - |
| Stephen K. Guillaume | SERP | - | - | - | - | - |
| Thomas T. Kivell | SERP | - | - | - | - | - |

(1) Participant contributions to the SERP are matched by the Company at the discretion of the Board of Directors and included in the "All Other Compensation" column in the Summary Compensation Table above. No company match was paid during fiscal year 2017.

(2) Earnings on the SERP are determined by investment choices made by the SERP participants from options determined by the Company. The investment choices consist of specified mutual funds (primarily those offered by Fidelity Investments).

**The Supplemental Executive Retirement Plan (the "SERP")**

The SERP is a non-qualified defined contribution plan administered by the Human Resources and Compensation Committee that allows eligible participants to defer compensation and incentive amounts and provides for discretionary matching and profit-sharing type contributions by the Company. The SERP is operated much like the Company's 401(k) plan, but participation is limited to a select group of employees determined by the Board of

Directors. The SERP is a funded plan, however, the participants are merely general creditors of the Company. The SERP's assets are subject to other creditors of the Company in some circumstances.

The SERP allows participants to defer up to 25% of their base salary and up to 50% of their cash bonuses each year. At the beginning of each plan year, the Human Resources and Compensation Committee may elect to match all or a specified portion of each participant's contribution for that year. The Human Resources and Compensation Committee will generally provide that each participant will receive a matching contribution equal to the matching contribution that the participant would have received under the Company's 401(k) plan but for limitations imposed by the Internal Revenue Code. In addition, the Human Resources and Compensation Committee may, in its discretion, make an additional matching contribution and/or a profit-sharing type contribution to the SERP each year.

Contributions to the SERP are transferred to an irrevocable rabbi trust where each participant has a bookkeeping account in his name. Earnings on each participant's SERP balance are determined by the investment election of the participants. The investment options available to participants consist primarily of mutual funds offered by Fidelity Investments.

All participants are always fully vested in their elective deferrals, and such deferrals will be distributed upon termination of employment, death, disability, or a change in control of the Company. Amounts are also distributable upon an unforeseeable emergency. Matching and profit-sharing contributions contributed by the Company will vest at a rate of 20% per year over a five-year period and may be distributed upon the later of attainment of age 60 and termination of employment, or upon earlier death, disability, or change in control of the Company. Any unvested matching or profit-sharing contributions will become fully vested if a participant retires upon reaching age 60, dies, or becomes disabled. Matching contributions and profit-sharing contributions may be forfeited if the participant enters into competition with the Company, divulges confidential information about the Company, or induces Company employees to leave their employment to compete with the Company.

Distributions from the SERP may be made in a lump sum or in an installment plan not to exceed 10 years (at the election of the participant).

**Potential Payments Upon Termination or Change-in-Control**

The following table summarizes the potential payments and benefits payable to the Company’s named executives upon termination of employment in connection with each of the triggering events set forth in the table below, assuming, in each situation, that the triggering event took place on December 29, 2017. The closing market price of Spartan Motors common stock was $15.75 as of December 29, 2017. The benefits listed below would be payable in a lump sum to the executive, except for severance, which would be payable ratably over an 18 month period for Daryl M. Adams and over a 12 month period for all other executives, and payments related to the SERP plan which would be payable according to the terms of the plan.

**Triggering Event and Payments/Benefits**

| | **Change in Control** | **Death or Disability** | **Retirement** | **Without Cause**[(5)] |
|---|---|---|---|---|
| **Daryl M. Adams** | | | | |
| Early vesting of restricted stock[(1)] | $5,582,367 | $5,582,367 | $ - | $- |
| Severance[(2)] | 1,330,000 | - | - | 665,000 |
| Pro-rated bonus[(3)] | 1,330,000 | 1,064,000 | - | - |
| SERP Plan[(4)] | - | - | - | - |
| Total | $8,242,367 | $6,646,367 | $ - | $665,000 |
| **Frederick J. Sohm** | | | | |
| Early vesting of restricted stock[(1)] | $1,641,071 | $1,641,071 | $ - | $- |
| Severance[(2)] | 320,000 | - | - | 320,000 |
| Pro-rated bonus[(3)] | 192,000 | 307,200 | - | - |
| SERP Plan[(4)] | 42,394 | 42,394 | 42,394 | 42,394 |
| Total | $2,195,465 | $1,990,665 | $ 42,394 | $362,394 |
| **Thomas C. Schultz** | | | | |
| Early vesting of restricted stock[(1)] | $1,909,483 | $1,909,483 | $ - | $- |
| Severance[(2)] | 287,000 | - | - | 287,000 |
| Pro-rated bonus[(3)] | 172,200 | 275,520 | - | - |
| SERP Plan[(4)] | - | - | - | - |
| Total | $2,368,683 | $2,185,003 | $ - | $287,000 |
| **Stephen K. Guillaume** | | | | |
| Early vesting of restricted stock[(1)] | $896,128 | $896,128 | $ - | $- |
| Severance[(2)] | 241,644 | - | - | 241,644 |
| Pro-rated bonus[(3)] | 144,986 | 217,480 | - | - |
| SERP Plan[(4)] | - | - | - | - |
| Total | $1,282,758 | $1,113,608 | $ - | $241,644 |

| | | | | |
|---|---|---|---|---|
| **Thomas T. Kivell** | | | | |
| Early vesting of restricted stock[1] | $588,404 | $588,404 | $ - | $- |
| Severance[2] | 227,669 | - | - | 227,669 |
| Pro-rated bonus[3] | 136,601 | 218,562 | 218,562 | - |
| SERP Plan[4] | - | - | - | - |
| Total | $952,674 | $806,966 | $ 218,562 | $227,669 |

(1) Upon a change in control of the Company, as that term is defined in the plans, all of the named executive officers' outstanding equity awards granted under the 2016 Stock Incentive Plan or granted in 2016 or later become immediately and fully vested and nonforfeitable only if the awards are not assumed or replaced with awards having substantially the same value, or if the executive's employment is terminated following the change in control of the Company. For grants made prior to 2016, shares of restricted stock will become immediately and fully vested upon a change in control of the Company. For all grants, a participant's shares of restricted stock will also become immediately vested upon death or disability. For grants made under the 2012 Stock Incentive Plan or the 2007 Stock Incentive Plan, a participant's shares of restricted stock will become immediately vested upon the participant becoming Retirement Eligible, as that term is defined in the plans.

(2) In accordance with the LTC Plan, in the event of the executive officer's termination following a change in control (as defined by the LTC Plan), Mr. Adams is entitled to severance payments totaling two years base salary and the remaining NEOs are entitled to severance payments totaling 12 months base salary.

(3) In accordance with the LTC Plan, in the event of the executive officer's termination following a change in control (as defined by the LTC Plan), Mr. Adams is entitled to two year's bonus at the target level and the remaining NEOs are entitled to one year's bonus at the target level. In the event of the executive officer's death, disability or retirement (upon reaching either age 62 or age 60 with 10 years of service), the executive officers are entitled to a pro-rated portion of their annual incentive bonus for the year in which the event occurs.

(4) Amounts reflect accumulated balance, earnings to date on the balance, and registrant contributions for the SERP.

(5) Amounts reported in this column reflect severance payments the Company would expect to make to the named executive upon any termination of employment without cause. Messrs. Adams, Sohm and Schultz are contractually entitled to one year's base salary upon termination of employment without cause, Messrs. Guillaume and Kivell are employed at will, however, as a matter of practice, the Company generally does make severance payments equal to one year's base salary to executive officers upon termination of employment without cause

In July 2017, the Company adopted the Spartan Motors, Inc. Management Severance Plan (the "Severance Plan"). Pursuant to the Severance Plan, in the event of an executive officer's termination without cause (as defined by the Severance Plan), Mr. Adams is entitled to severance payments totaling 18 months base salary, a pro rata bonus at his target rate, Company-paid COBRA benefits for 18 months, outplacement services for up to 18 months, and immediate vesting of any outstanding unvested equity awards. The remaining NEOs are entitled to severance payments totaling 12 months base salary, a pro rata bonus at the target rate, Company-paid COBRA benefits for 12 months, outplacement services for up to 12 months and immediate vesting of any outstanding unvested equity awards. The Severance Plan became effective in February 2018.

**Compensation of Directors**

Compensation for the Board of Directors is established by the full Board based on input from external compensation experts. The following table provides information concerning the compensation of directors for Spartan's last completed fiscal year.

**Director Compensation - 2017**

| Name[(1)(3)] | Fees Earned or Paid in Cash[(4)] ($) | Stock Awards[(5)] ($) | Total ($) |
|---|---|---|---|
| James A. Sharman | $75,986 | 75,914 | 151,900 |
| Richard R. Current | 60,986 | 75,914 | 136,900 |
| Richard F. Dauch | 58,486 | 75,914 | 134,400 |
| Ronald E. Harbour | 60,986 | 75,914 | 136,900 |
| James C. Orchard | 50,986 | 75,914 | 126,900 |
| Dominic A. Romeo [(2)] | 12,500 | - | 12,500 |
| Andrew M. Rooke | 50,986 | 75,914 | 126,900 |

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(1) Mr. Adams received no additional compensation for his service as a director. All compensation paid to Mr. Adams is reported in the Summary Compensation Table above.

(2) Mr. Romeo was appointed to the Board of Directors on October 23, 2017, and only received fees for the fourth quarter of 2017.

(3) As of December 31, 2017, each director had outstanding the following aggregate number of (a) unvested stock awards and (b) options to purchase or SAR awards with respect to the following number of shares:

| **Name** | **Outstanding Stock Awards - # of shares** | **Outstanding Option/SAR Awards - # of shares** |
|---|---|---|
| James A. Sharman | 9,859 | - |
| Richard R. Current | 9,859 | - |
| Richard F. Dauch | 9,859 | - |
| Ronald E. Harbour | 9,859 | - |
| James C. Orchard | 9,859 | - |
| Dominic A. Romeo | - | - |
| Andrew M. Rooke | 9,859 | - |

(4) Includes dividends paid on unvested restricted stock.

(5) Amounts shown in this column represent the aggregate grant date fair value of the stock awards granted during 2017. The fair values were determined in accordance with the FASB ASC Topic 718, “Stock Compensation.” For information regarding valuation assumptions, see *Note13 – Stock Based Compensation* to the Consolidated Financial Statements for the year ended December 31, 2017.

In 2017, each non-employee director other than the Chairman of the Board received an annual retainer of $50,000. The Chairman of the Board receives an annual retainer of $100,000. Each of the chairs of the Human Resources and Compensation Committee and the Audit Committee received an additional annual fee of $10,000 while the chair of the Corporate Governance and Nominating Committee received an additional annual fee of $7,500. No changes have been made to these amounts for 2018.

In 2017, each non-employee director received a grant of 9,859 shares of restricted stock on March 30, 2017. Such grants were made under the Stock Incentive Plan of 2016 and have a vesting period of one year. The Human Resources and Compensation Committee may, at its discretion, accelerate the vesting of these awards.

Directors are also eligible to participate in the Spartan Motors, Inc. Directors’ Stock Purchase Plan. This plan provides that non-employee directors of Spartan Motors may elect to receive at least 25% and up to 100% of their “director’s fees” in the form of Spartan Motors common stock. The term “director’s fees” means the amount of income payable to a non-employee director for his or her service as a director of Spartan Motors, including payments for attendance at meetings of Spartan Motors’ Board of Directors or meetings of committees of the Board, and any retainer fee paid to such persons as members of the Board. A non-employee director who elects to receive Spartan Motors common stock in lieu of some or all of his or her director’s fees will, on or shortly after each “applicable date,” receive a number of shares of common stock (rounded down to the nearest whole share) determined by dividing (1) the dollar amount of the director’s fees payable to him or her on the applicable date that he or she has elected to receive in common stock by (2) the market value of common stock on the applicable date. The term “applicable date” means any date on which a director’s fee is payable to the participant. To date, no shares have been issued under this plan.

**Human Resources and Compensation Committee Report**

The Human Resources and Compensation Committee has reviewed and discussed with management the information provided under the heading "Compensation Discussion and Analysis." Based on this review and discussion, the Human Resources and Compensation Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in Spartan's annual report on Form 10-K and in this Proxy Statement.

Respectfully submitted,

Ronald E. Harbour, Chairman

Richard F. Dauch

James C. Orchard

**Human Resources and Compensation Committee Interlocks and Insider Participation**

Messrs. Harbour (Chair), Dauch, and Orchard served as members of the Human Resources and Compensation Committee during 2017. None of these members of the Human Resources and Compensation Committee were, during 2017, an officer or employee of Spartan Motors or formerly an officer of Spartan Motors. Except for John Forbes (a former executive officer who is no longer with Spartan), who served as a member of the compensation committee of Patrick Industries, Inc., none of Spartan's executive officers served as a member of a Compensation Committee (or Board committee performing a similar function) for another entity during 2017.

**Transactions with Related Persons**

The Code of Ethics and Compliance, available for viewing at the Company's website at www.spartanmotors.com, requires all officers and employees who may have a potential or apparent conflict of interest to immediately notify the Compliance Officer and requires all directors who may have a potential or apparent conflict of interest to immediately notify the remaining members of the Board of Directors. The Company expects its directors, officers and employees to act and make decisions that are in the Company's best interests and encourage them to avoid situations which present a conflict between the Company's interests and their own personal interests. The directors, officers and employees are prohibited from taking any action that makes it difficult to perform his or her Company work objectively and effectively, or that cloud or interfere with that person's judgment in the course of his or her job for the Company.

Additionally, it is the Company's policy that the Audit Committee of the Board of Directors reviews all material transactions with any related person as identified by management. Generally speaking, a "related" person is a director, executive officer, or affiliate of the Company, or a family member of a director, executive officer, or affiliate of the Company. To identify related person transactions, each year the Company requires its directors and executive officers to complete questionnaires identifying any transactions with the Company in which the officer or director or their family members have an interest. Additionally, material undertakings by the Company are reviewed by management, with a view, in part, to identify if a related person is involved. A "related person transaction" is any transaction involving more than $120,000 in which the Company participates and a "related" person has a direct or indirect material interest. The Audit Committee intends to approve only those related person transactions that are in the best interests of the Company and its shareholders (or not inconsistent with the best interests of the Company or its shareholders).

**Proposal: Advisory Vote on Executive Compensation**

Our "Compensation Discussion and Analysis" above describes, among other things, our executive compensation policies and practices. Federal law requires that our shareholders be given the opportunity to express their approval of the compensation of our executives, as disclosed in this Proxy Statement. Under the federal law that requires this vote, the shareholder vote is not binding on our Board of Directors or the Company and may not be construed as overruling any decision made by our Board or the Company or as creating or implying any change in the fiduciary duties owed by our Board. However, our Board of Directors values the views of shareholders and intends to take the outcome of this shareholder advisory vote into consideration when making future executive compensation decisions.

Therefore, at the annual meeting of shareholders, our shareholders will be given the opportunity to vote, on an advisory (non-binding) basis, to approve the compensation of our named executives as disclosed in this Proxy Statement under “Executive Compensation – Compensation Discussion and Analysis,” the compensation tables, and the narrative discussion following the compensation tables. This vote proposal is commonly known as a “say-on-pay” proposal and gives our shareholders the opportunity to endorse or not endorse our executive pay program. This vote is not intended to address any specific item of our executive compensation, but rather the overall compensation of our named executive officers and the policies and practices described in this Proxy Statement. You are encouraged to read the full details of our executive compensation program, including our primary objectives in setting executive pay, under “Executive Compensation” above.

The Company evaluates the compensation of its executives at least once each year to assess whether our compensation policies and programs are achieving their primary objectives and are competitive with other companies in our industry. Based on its most recent evaluation, our Board of Directors believes our executive compensation programs achieve these objectives, including aligning the interests of our management with those of our shareholders, and are therefore worthy of shareholder support. In determining how to vote on this proposal, we believe shareholders should consider the following:

*Independent Compensation Committee*. All members of our Human Resources and Compensation Committee are independent directors. Meetings of this committee include executive sessions in which management is not present.

*Performance-Based Compensation*. Our Human Resources and Compensation Committee intends to set our executive officers’ base salaries at median market rates for comparable companies. Total compensation for executives is structured so that a majority of the total earnings potential is derived from performance-based incentives. The Company believes that this structure allows its executives the opportunity to receive overall compensation that is above median market rates, provided that performance objectives are met or exceeded.

*Restricted Stock Grants*. A significant percentage of our executives’ compensation is paid in the form of restricted stock that generally vests over a three-year period. We believe these stock awards help align the executives’ interests with longer term shareholder returns and also serve to help retain the services of executives.

***For these reasons, our Board of Directors recommends that you vote FOR the adoption of the following resolution:***

“RESOLVED, that the shareholders of Spartan Motors, Inc. approve, on an advisory basis, the compensation of the Company’s named executive officers, as disclosed pursuant to the rules of the Securities and Exchange Commission, including the Compensation Discussion and Analysis, the compensation tables, and the related narrative discussion set forth in the Company’s Proxy Statement for its 2018 Annual Meeting of Shareholders.”

**Audit Committee Report**

The Audit Committee reviews and supervises on behalf of the Board of Directors Spartan Motors’ procedures for recording and reporting the financial results of its operations. Spartan Motors’ management has primary responsibility for the financial statements and the reporting process, including the systems of internal controls. As part of its supervisory duties, the Audit Committee has reviewed Spartan Motors’ audited financial statements for the year ended December 31, 2017, and has discussed those financial statements with Spartan Motors’ management.

The Audit Committee has also discussed with Spartan Motors’ independent registered public accounting firm, who are responsible for expressing an opinion on the conformity of those financial statements with U.S. generally accepted accounting principles, the judgments of the independent registered public accounting firm concerning the quality, not just the acceptability, of Spartan Motors’ accounting principles and such other matters that are required under applicable rules, regulations, U.S. generally accepted accounting principles and the standards of the Public Company Accounting Standards Oversight Board (United States) (PCAOB).

In addition, the Audit Committee has received from the independent registered public accounting firm the written disclosures required by the PCAOB and has discussed their independence from Spartan Motors and Spartan Motors’ management with them, including a consideration of the compatibility of non-audit services with their independence.

After and in reliance upon the reviews and discussions described above, the Audit Committee recommended to Spartan Motors' Board of Directors that the audited financial statements for the year ended December 31, 2017 be included in Spartan Motors' annual report on Form 10-K for the year ended December 31, 2017.

Respectfully submitted,

Richard R. Current, Chairman

Dominic A. Romeo

Andrew M. Rooke

**Proposal: Ratification of Appointment of Independent Auditors**

Subject to the ratification of shareholders, Spartan Motors' Audit Committee has appointed BDO USA, LLP as the Company's independent registered public accounting firm for its 2018 fiscal year. Representatives of BDO USA, LLP are expected to participate in the annual meeting of shareholders, will have the opportunity to make a statement if they desire to do so and are expected to be available to respond to appropriate questions from shareholders.

***Your Board of Directors recommends that you vote <u>FOR</u> ratification of the appointment of BDO USA, LLP.***

**BDO USA, LLP's Fees**

All fees paid to BDO USA, LLP for services performed in 2017 and 2016, were approved pursuant to Spartan Motors' Audit Committee Pre-Approval Policy described above under "Audit Committee" on page . A summary of the fees billed by BDO USA, LLP for each of the last two calendar years follows.

| | **2017** | **2016** |
|---|---|---|
| Audit Fees(1) | $480,313 | $379,976 |

| | | |
|---|---|---|
| Audit-Related Fees[(2)] | 49,544 | 66,224 |
| Tax Fees[(3)] | 235,153 | 149,237 |
| All Other Fees[(4)] | 63,214 | 28,923 |

(1) Represents the aggregate fees billed for professional services rendered by the principal accountant for the audit of the Company's annual financial statements, review of financial statements included in the Company's Form 10-Q, and services that are normally provided by the accountant in connection with statutory and regulatory filings or engagements for those fiscal years.

(2) Represents the aggregate fees billed by the principal accountant for completion of the employee benefit plan audit and general accounting consultations and services that are reasonably related to the annual audit.

(3) Represents the aggregate fees for professional services rendered by the principal accountant for tax compliance.

(4) Represents the aggregate fees for professional services rendered by the principal accountant for analysis related to acquisition due diligence activities in 2017 and legal entity reorganization in 2016.

**Section 16(a) Beneficial Ownership Reporting Compliance**

Section 16(a) of the Securities Exchange Act of 1934 requires Spartan Motors' directors, executive officers, and persons who beneficially own more than 10% of the outstanding shares of common stock to file reports of ownership and changes in ownership of shares of common stock with the Securities and Exchange Commission. Based solely on the Company's review of such reports filed with the Securities and Exchange Commission and written representations from certain reporting persons that no reports on Form 5 were required for those persons for the 2017 fiscal year, the Company believes that its directors and executive officers complied with all applicable Section 16(a) filing requirements during 2017.

**Shareholder Proposals**

Shareholder proposals intended to be presented at the annual meeting of shareholders in the year 2019 and that a shareholder would like to have included in the Proxy Statement and form of proxy relating to that meeting must be received by Spartan Motors for consideration not later than December 13, 2018 to be considered for inclusion in the Proxy Statement and form of proxy relating to that meeting. Such proposals of shareholders should be made in accordance with Rule 14a-8 under the Securities Exchange Act of 1934. All other proposals of shareholders that are intended to be presented at the annual meeting in the year 2019 must be received by Spartan Motors not later than December 13, 2018 or they will be considered untimely.

**Solicitation of Proxies**

We will initially solicit proxies by mail. In addition, directors, officers, and employees of Spartan Motors and its subsidiaries may solicit proxies by telephone or facsimile or in person without additional compensation. Proxies may be solicited by nominees and other fiduciaries that may mail materials to or otherwise communicate with the beneficial owners of shares held by them. Spartan Motors will bear all costs of the preparation and solicitation of proxies, including the charges and expenses of brokerage firms, banks, trustees, or other nominees for forwarding proxy material to beneficial owners.

**Important Notice Regarding Delivery of Shareholder Documents.**

We are pleased to take advantage of Securities and Exchange Commission rules that allow issuers to furnish proxy materials to their stockholders on the Internet. We believe these rules allow us to provide you with the information you need while lowering the costs of printing and delivery and reducing the environmental impact of the Annual Meeting. Shareholders may request a paper copy of this Proxy Statement and the 2017 Annual Report to Shareholders by:

Internet: www.proxyvote.com

Telephone: 1-800-579-1639

E-mail: sendmaterial@proxyvote.com

**Form 10-K Report Available**

**Spartan Motors' annual report to the Securities and Exchange Commission on Form 10-K, including financial statements and financial statement schedules, will be provided to you without charge upon written request. Please direct your requests to Mr. Kivell at the address above. In addition, Spartan Motors' annual report to the Securities and Exchange Commission on Form 10-K is available on Spartan Motors' website at www.spartanmotors.com in the "Investor Relations" section.**

BY ORDER OF THE BOARD OF DIRECTORS

Thomas T. Kivell

Secretary

Charlotte, Michigan

April 12, 2018

**Appendix A**

Non-GAAP Reconciliations

This Proxy Statement contains adjusted EBITDA (earnings before interest, taxes, depreciation and amortization), free cash flow, and return on invested capital (ROIC), which are non-GAAP financial measures. Adjusted EBITDA is calculated by excluding items that we believe to be infrequent or not indicative of our continuing operating performance. For the periods covered by this Proxy Statement such items include expenses associated with restructuring actions taken to improve the efficiency and profitability of certain of our manufacturing operations, expenses related to product recall campaigns, expenses related to a recent business acquisition, the impact of the step-up in inventory value associated with the recent business acquisition, and the impact of the business acquisition on the timing of chassis revenue recognition. Free cash flow is calculated as operating cash flow less capital expenditures. ROIC is calculated as adjusted net income less dividends, divided by total shareholders' equity plus long term debt. Adjusted net income is calculated by excluding items that we believe to be infrequent or not indicative of our continuing operating performance. For the periods covered by this Proxy Statement such items include expenses associated with restructuring actions taken to improve the efficiency and profitability of certain of our manufacturing operations, expenses related to product recall campaigns, expenses related to a recent business acquisition, the impact of the step-up in inventory value associated with the recent business acquisition, the impact of the business acquisition on the timing of chassis revenue recognition, the impact of tax adjustments related to our deferred tax asset valuation allowance that we recorded in 2015, the impact of a tax deduction for the write-off of an investment in a subsidiary, and the impact of the Tax Cuts and Jobs Act on tax expense recorded in 2017.

Adjusted EBITDA is used, along with free cash flow and ROIC, for purposes of determining annual and long-term incentive compensation for our management team.

The following table reconciles Net income attributable to Spartan Motors, Inc. to Adjusted EBITDA for 2017.

| | **2017** |
|---|---|
| Net Income attributable to Spartan Motors, Inc. | $15,935 |
| Interest expense | 864 |
| Income tax | 90 |
| Depreciation & Amortization | 9,937 |
| EBITDA | 26,826 |
| Restructuring charges | 1,252 |

| | |
|---|---|
| Impact of intercompany chassis sales to Smeal | 2,073 |
| Acquisition related expenses | 1,354 |
| Impact of inventory fair value step-up | 189 |
| Product recall expenses | (368 ) |
| Joint venture expenses | 1 |
| Adjusted EBITDA | $31,327 |

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The following table reconciles Net increase in cash and cash equivalents to free cash flow for 2017.

| | | |
|---|---|---|
| Operating Activities | | |
| Net earnings | $15,934 | |
| Depreciation & amortization | 9,937 | |
| Accruals for warranty | 9,100 | |
| Other non-cash charges | (451) | |
| Change in working capital | (12,504) | |
| Net cash provided by operating activities | 22,016 | (A) |
| Capital expenditures | (5,340) | (B) |
| Acquisition of business, net of cash acquired | (28,903) | |
| Proceeds from long-term debt | 32,919 | |
| Payments on long-term debt | (15,070) | |
| Dividends | (3,508) | |
| Other | (632) | |
| Net increase in cash and cash equivalents | $1,482 | |
| Free cash flow (A+B) | $16,676 | |

The following table shows the calculation of ROIC used for the LTIC award for 2017.

| | | |
|---|---|---|
| Net Income attributable to Spartan Motors, Inc. | $15,935 | |
| Restructuring charges | 1,252 | |
| Impact of intercompany chassis sales to Smeal | 2,073 | |
| Acquisition related expenses | 1,354 | |
| Impact of inventory fair value step-up | 189 | |
| Product recall expenses | (368) | |
| Deferred tax asset valuation allowance adjustments | (6,223) | |
| Deferred tax asset adjustment for 2018 tax rate change | 2,963 | |
| Tax effect of adjustments | (1,323) | |
| Joint venture expenses | 1 | |
| Adjusted net income | $15,853 | (A) |
| Dividends declared | $3,508 | (B) |
| Total shareholders' equity | $168,269 | (C) |

| | | |
|---|---|---|
| Total long-term debt | $17,989 | (D) |
| ROIC [(A)-(B)] / [(C)+(D)] | 6.6 | % |