Titan Machinery Inc.
Form DEF 14A
April 25, 2014

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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 ý

Filed by a Party other than the Registrant o

Check the appropriate box:

o Preliminary Proxy Statement

o Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

ý Definitive Proxy Statement

o Definitive Additional Materials

o Soliciting Material under §240.14a-12

TITAN MACHINERY 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):

ý No fee required.

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(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(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:

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o Fee paid previously with preliminary materials.

o 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:

TITAN MACHINERY INC.

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

The Annual Meeting of Stockholders of Titan Machinery Inc. will be held at 8:00 a.m., Central time, on May 29, 2014, at the offices of The Depot Hotel, 225 Third Avenue South, Minneapolis, MN 55401, for the following purposes:

1. To elect three Class I directors ("Proposal 1").
2. To conduct an advisory vote on a non-binding resolution to approve the compensation of our named executive officers ("Proposal 2").
3. To ratify the appointment of Deloitte & Touche LLP as our Independent Registered Public Accounting Firm for the fiscal year ending January 31, 2015 ("Proposal 3").
4. To approve our 2014 Equity Incentive Plan ("Proposal 4").
5. To transact such other business as may properly come before the Annual Meeting or any adjournment or postponement thereof.

Only stockholders of record at the close of business on April 4, 2014 are entitled to notice of the meeting and to vote at the meeting or any adjournment or postponement thereof.

Your vote is important. You are cordially invited to attend the meeting. Whether or not you plan to attend the meeting in person, we urge you to sign, date and return the proxy at once in the enclosed envelope. The prompt return of proxies will save us the expense of further requests for proxies.

Important Notice Regarding the Availability of Proxy Materials for the Upcoming Annual Meeting of Stockholders To Be Held on May 29, 2014: The Proxy Statement, proxy card, and Annual Report on Form 10-K are available in the Investor Relations section of the Titan Machinery Inc. website at http://www.titanmachinery.com.

BY ORDER OF THE BOARD OF DIRECTORS

David J. Meyer
Board Chair and Chief Executive Officer

West Fargo, North Dakota
April 25, 2014

TITAN MACHINERY INC.
Annual Meeting of Stockholders
May 29, 2014

PROXY STATEMENT

INTRODUCTION

Your proxy is solicited by the Board of Directors (the "Board") of Titan Machinery Inc. ("we," "us," "our," or the "Company") for our Annual Meeting of Stockholders to be held on May 29, 2014 (the "Annual Meeting"), at the location and for the purposes set forth in the Notice of Annual Meeting of Stockholders, and at any adjournment or postponement thereof. The proposals to be voted on are described in this Proxy Statement.

The mailing address of our principal executive offices is Titan Machinery Inc., 644 East Beaton Drive, West Fargo, North Dakota 58078. We expect that this Proxy Statement, the related proxy card, and the Notice of Annual Meeting of Stockholders will first be mailed to our stockholders on or about April 25, 2014.

GENERAL INFORMATION

Purpose of the Annual Meeting	At the Annual Meeting, our stockholders will act upon the proposals outlined in the Notice of Annual Meeting of Stockholders. Following this, management of the Company will give a business update. Management will be available to respond to questions from stockholders.
What is a Proxy?	It is your legal designation of another person to vote the stock you own in the manner you direct. That other person is called a proxy. You may designate someone as your proxy in a written document, typically with a proxy card. We have authorized certain members of our senior management designated by the Board and named in your proxy to represent you and to vote your shares as instructed. The proxies also may be voted at any adjournments or postponements of the meeting.
What is a Proxy Statement?	It is a document we give you when we are soliciting your designation of a proxy pursuant to Securities and Exchange Commission ("SEC") regulations.
Stockholder of Record	If your shares are registered in your name with our transfer agent, Wells Fargo Shareowner Services, you are a stockholder of record with respect to those shares. If you hold your shares in an account at a bank or broker, then you are the beneficial owner of shares held in "street name." Your bank or broker is considered the stockholder of record for purposes of voting at the Annual Meeting, but you, as the beneficial owner, have the right to direct your bank or broker on how to vote the shares held in your account.

Number of Shares Required to be Present to Hold the Annual Meeting	In order to conduct the Annual Meeting, holders of a majority of the shares entitled to vote as of the close of business on the record date, April 4, 2014, must be present in person or by proxy. This constitutes a quorum. Your shares are counted as present if you attend the Annual Meeting and vote in person, or if you return your proxy by mail. Shares represented by proxies that include abstentions and broker non-votes will be counted as present for purposes of establishing a quorum. If a quorum is not present, we will adjourn the Annual Meeting until a quorum is obtained.
Voting Methods	• By Written Proxy. All stockholders of record who received proxy materials by mail may vote by written proxy card. • In Person. All stockholders of record may vote in person at the Annual Meeting. • Shares Held In Street Name. If your shares are held in "street name" you must instruct the record holder of your shares (i.e., your broker or bank) in order to vote. If your shares are held in "street name" and you want to attend the meeting and vote in person, you must obtain a legal proxy from the record holder of your shares and bring it to the meeting.
Revoking Your Proxy or Changing Your Vote	Any stockholder giving a proxy may revoke it at any time prior to its use at the meeting by giving written notice of such revocation to the Secretary of the Company or by attending and voting at the meeting.
Proposals at Meeting	Proposal 1 - Election of Directors Proposal 2 - Advisory Vote on Executive Compensation Proposal 3 - Ratification of Independent Registered Public Accounting Firm Proposal 4 - Approval of 2014 Equity Incentive Plan
Voting for Directors (Proposal 1)	On the election of directors, stockholders may: Vote FOR one or more of the nominees; WITHHOLD votes as to one or more of the nominees. Directors will be elected by plurality of the votes cast. This means that the nominees who receive the greatest number of "FOR" votes cast will be elected as directors. If you "WITHHOLD" authority to vote with respect to

any director nominee, your shares will be counted for purposes of establishing a quorum, but will have no effect on the election of that nominee.

The Board recommends that you vote "FOR" each of the director nominees (Proposal 1).

Voting on the Advisory Vote on Executive Compensation (Proposal 2)	On the Advisory Vote on Executive Compensation (commonly referred to as "Say-on-Pay"), stockholders may: Vote FOR the proposal; Vote AGAINST the proposal; or ABSTAIN from voting on the proposal. The affirmative vote of a majority of the shares present in person or by proxy and entitled to vote on the matter is required to approve Proposal 2. An "ABSTAIN" vote has the same effect as an "AGAINST" vote on Proposal 2. Your vote on Proposal 2 is an advisory vote to approve the compensation of our named executive officers (as defined below under "Executive Compensation"). The Board will consider the results of this advisory vote when considering future executive compensation decisions. The Board of Directors recommends that you vote "FOR" the Advisory Vote on Executive Compensation (Proposal 2).
Vote on Ratification of Selection of Independent Registered Public Accounting Firm (Proposal 3)	On the vote to ratify the appointment of Deloitte & Touche LLP, stockholders may: Vote FOR the proposal; Vote AGAINST the proposal; or ABSTAIN from voting on the proposal. The affirmative vote of a majority of the shares present in person or by proxy and entitled to vote on the matter is required to approve Proposal 3. An "ABSTAIN" vote has the same effect as an "AGAINST" vote on Proposal 3. The Board recommends that you vote "FOR" the ratification of Deloitte & Touche LLP as our independent Registered Public Accounting Firm (Proposal 3). The Audit Committee will consider the outcome of this vote in its decision to select Deloitte & Touche LLP as the Company's independent registered public accounting firm, but is not bound by the stockholders' vote.
Approval of 2014 Equity Incentive Plan (Proposal 4)	On the vote to approve the 2014 Equity Incentive Plan, stockholders may:

- Vote FOR the proposal;
- Vote AGAINST the proposal; or
- ABSTAIN from voting on the proposal.

The affirmative vote of a majority of the shares present in person or by proxy and entitled to vote on the matter is required to approve Proposal 4.

An "ABSTAIN" vote has the same effect as an "AGAINST" vote on Proposal 4.

The Board recommends that you vote "FOR" the approval of the 2014 Equity Incentive Plan (Proposal 4).

What if I do not specify a choice for a matter when returning a proxy?	Stockholders should specify their choice for each proposal on their proxy card. If no specific voting instructions are given, proxies that are signed and returned will be voted as follows: • FOR the election of all director nominees; • FOR the advisory approval of the compensation of our named executive officers; • FOR the ratification of the appointment of Deloitte & Touche LLP as our Independent Registered Public Accounting Firm; and • FOR the approval of the 2014 Equity Incentive Plan.
Broker Non-Votes	A "broker non-vote" occurs when a broker has not received voting instructions from the beneficial owners of shares held in street name, and the broker does not have, or declines to exercise, discretionary authority to vote those shares. (Brokers generally have authority to vote on "routine matters," as determined by applicable self-regulatory organizations governing that broker). "Broker non-votes" have the following effect: • Your shares will be counted as present for the purposes of determining whether there is a quorum at the Annual Meeting. • Your shares will not be counted as votes FOR or WITHHOLD authority for the election of the director nominees at the Annual Meeting. • Your shares will not be counted as votes FOR, AGAINST, or ABSTAIN on Proposals 2, 3 and 4.
Proxy Solicitation and Cost	The cost of soliciting proxies, including the preparation, assembly and mailing of the proxies and soliciting material, as well as the cost of forwarding such material to beneficial owners of the Company's common stock, will be borne by the Company. Directors, officers and employees of the Company may, without compensation other than their regular remuneration, solicit proxies personally or by telephone.

OUTSTANDING SHARES AND VOTING RIGHTS

The Board has fixed April 4, 2014 as the record date for determining stockholders entitled to vote at the Annual Meeting. Persons who were not stockholders on such date will not be allowed to vote at the Annual Meeting. There were 21,256,281 shares of the Company's Common Stock issued and outstanding at the close of business on April 4, 2014. The Common Stock is the only outstanding class of capital stock of the Company entitled to vote at the meeting. Each share of Common Stock is entitled to one vote on each matter to be voted upon at the meeting. No holders of any capital stock of the Company are entitled to cumulative voting rights.

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SECURITY OWNERSHIP OF PRINCIPAL STOCKHOLDERS AND MANAGEMENT

The following table sets forth, as of April 4, 2014, certain information regarding beneficial ownership of our Common Stock by:

- Each person known to us to beneficially own 5% or more of our Common Stock;
- Each executive officer (as that term is defined under the rules and regulations of the Securities and Exchange Commission) named in the Summary Compensation Table on page 21, who are collectively referred to herein as our "named executive officers;"
- Each of our directors (including nominees); and
- All of our executive officers and directors as a group.

We have determined beneficial ownership in accordance with Rule 13d-3 under the Securities Exchange Act of 1934, as amended. Beneficial ownership generally means having sole or shared voting or investment power with respect to securities. Unless otherwise indicated in the footnotes to the table, each stockholder named in the table has sole voting and dispositive power with respect to the shares of Common Stock set forth opposite the stockholder's name. We have based our calculation of the percentage of beneficial ownership on 21,256,281 shares of Common Stock outstanding on April 4, 2014. Unless otherwise noted below, the address of each beneficial owner listed on the table is c/o Titan Machinery Inc., 644 East Beaton Drive, West Fargo, North Dakota 58078.

Name of Beneficial Owner	Number	Percent of Class	
5% Beneficial Owners:			
Invesco Ltd. 1555 Peachtree Street NE Atlanta, GA 30309 (1)	4,043,183	19.02	%
FMR LLC 245 Summer Street Boston, MA 02210 (2)	2,413,829	11.36	%
Boston Partners One Beacon Street Boston, MA 02108 (3)	1,248,511	5.87	%
Names of Executive Officers and Directors:			
David Meyer(4)	2,903,211	13.62	%
Peter Christianson(5)	698,866	3.28	%
Mark Kalvoda(6)	36,729	*	
John Bode(7)	22,427	*	
Tony Christianson(8)	308,362	1.45	%
Stanley Dardis(9)	8,403	*	
James Irwin(10)	12,093	*	
James Williams(11)	55,261	*	
Theodore Wright(12)	10,006	*	
All executive officers and directors as a group (9 persons)(13)	4,055,358	18.95	%

* Less than one percent.

(1) This information is based on the Schedule 13G/A filed with the Securities and Exchange Commission by Invesco Ltd. on February 11, 2014. Invesco Ltd., as parent company of various subsidiaries listed in the Schedule 13G/A, may be deemed to beneficially own the shares held by such subsidiaries.

(2) This information is based on the Schedule 13G filed with the Securities and Exchange Commission by FMR LLC on January 10, 2014. FMR LLC, as parent company of various subsidiaries listed in the Schedule 13G, may be deemed to beneficially own the shares held by such subsidiaries.

(3) This information is based on the Schedule 13G filed with the Securities and Exchange Commission by Boston Partners on February 12, 2014, as an investment advisor with regard to shares held by Boston Partners in the discretionary accounts of certain of its clients.

(4) Includes 2,200,000 shares held by the Meyer Family Investment Limited Partnership, over which Mr. Meyer has shared voting and investment control. Also includes 53,000 shares that may be purchased upon exercise of stock options by Mr. Meyer that were exercisable as of April 4, 2014, or within 60 days of such date. Also includes 33,195 restricted shares held by Mr. Meyer that are subject to risk of forfeiture.

(5) Includes 53,000 shares that may be purchased upon exercise of stock options by Mr. Christianson that were exercisable as of April 4, 2014, or within 60 days of such date. Includes 551,285 shares beneficially owned by C.I. Farm Power, Inc. Mr. Christianson may be deemed to be the beneficial owner of such shares by virtue of his status as a controlling stockholder of C.I. Farm Power, Inc. Also includes 33,195 restricted shares held by Mr. Christianson that are subject to risk of forfeiture.

(6) Includes 15,000 shares that may be purchased upon exercise of stock options by Mr. Kalvoda that were exercisable as of April 4, 2014, or within 60 days of such date. Also includes 13,249 restricted shares held by Mr. Kalvoda that are subject to risk of forfeiture.

(7) Includes 7,334 shares that may be purchased upon exercise of stock options by Mr. Bode that were exercisable as of April 4, 2014, or within 60 days of such date. Also includes 3,343 restricted shares held by Mr. Bode that are subject to risk of forfeiture.

(8) Includes 200,000 shares beneficially owned by Adam Smith Fund, LLC, 70,000 shares beneficially owned by Adam Smith Growth Partners, LP, 17,531 shares beneficially owned by Adam Smith Companies, LLC, 6,071 shares beneficially owned by Cherry Tree Companies, LLC and 2,667 shares that may be purchased upon exercise of stock options. The options were exercisable as of April 4, 2014, or within 60 days of this date. Mr. Christianson may be deemed to share beneficial ownership of shares beneficially owned by Adam Smith Fund, LLC, Adam Smith Growth Partners, LP, Adam Smith Companies, LLC, and Cherry Tree Companies, LLC, by virtue of his status as a controlling owner of such entities. Mr. Christianson expressly disclaims beneficial ownership of any shares held by Adam Smith Fund, LLC, Adam Smith Growth Partners, LP, Adam Smith Companies, LLC, and Cherry Tree Companies, LLC, except to the extent of his pecuniary interest in such entities. Also includes 3,343 restricted shares held by Mr. Christianson that are subject to risk of forfeiture.

(9) Includes 1,500 shares held by Mr. Dardis' revocable living trust. Also includes 3,343 restricted shares held by Mr. Dardis that are subject to risk of forfeiture.

(10) The 12,093 shares of common stock are held by the James Irwin Revocable Trust, which amount includes 3,343 restricted shares that are subject to risk of forfeiture.

(11) Includes 8,334 shares that may be purchased upon exercise of stock options by Mr. Williams that were exercisable as of April 4, 2014, or within 60 days of this date. Also includes 3,343 restricted shares held by Mr. Williams that are subject to risk of forfeiture.

(12) Includes 3,343 restricted shares held by Mr. Wright that are subject to risk of forfeiture.

(13) Includes 139,335 shares that may be purchased upon exercise of options that were exercisable as of April 4, 2014, or within 60 days of such date. Also includes 99,697 restricted shares held by our named executive officers and directors that are subject to risk of forfeiture.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires the Company's executive officers and directors, and persons who own more than ten percent of the Company's Common Stock, to file with the Securities and Exchange Commission initial reports of ownership and reports of changes in ownership of Common Stock and other equity securities of the Company. Officers, directors and greater than ten percent stockholders ("Insiders") are required by SEC regulation to furnish the Company with copies of all Section 16(a) forms they file. To the Company's knowledge, based solely on review of the copies of such reports furnished to the Company, or written representations from Insiders that no reports were required, the Company believes that during the fiscal year ended January 31, 2014, all Form 3, Form 4 and Form 5 filing requirements were met.

BOARD OF DIRECTORS

The Board consists of three classes of directors: Class I directors who hold office until the 2014 Annual Meeting, Class II directors who hold office until the 2015 Annual Meeting and Class III directors who hold office until the 2016 Annual Meeting or, in all cases, until their successors are elected and qualified.

The following information states the principal occupations for at least the past five years of the nominees and those directors whose terms will continue beyond the Annual Meeting:

Class I Directors/2014 Nominees (Terms Expire at 2014 Annual Meeting)	Age	Position/Committee Membership/Biography
Tony Christianson	61	Director Mr. Tony Christianson has been a director since January 2003. Since 1981, Mr. Christianson has been the Chair of Cherry Tree Companies, an affiliated group of investment banking, investment management and wealth management firms in Minneapolis, Minnesota. Affiliates of Cherry Tree Companies act as the general partner of Adam Smith Fund, LLC. Mr. Christianson also serves as a director of each of The Dolan Company, an information services provider; Peoples Educational Holdings, Inc., an educational materials publisher; Arctic Cat, Inc., a manufacturer of snowmobiles and related equipment; and Znomics, Inc., a shell company (has since changed its name to Williston Holding Company, Inc.) and went off the Board in November 2013. Tony Christianson and Peter Christianson, our President and one of our directors, are brothers. Among other attributes, skills and qualifications, the Board believes that Mr. Tony Christianson is uniquely qualified to serve as a director based on his experience in the financial services and investment industries, as well as his experience as a public and private company director, which provides the Board with a seasoned view on financing, investment, acquisition and operating strategies, public company regulatory compliance issues, and investor relations.
James Irwin	71	Lead Independent Director; Compensation Committee; Governance/Nominating Committee Mr. Irwin has been a director since 2005 and currently serves as Lead Independent Director of the Board. Mr. Irwin is a former vice president of Case IH's North American Agricultural Business, with over 40 years of experience in various executive positions at Case New Holland ("CNH") prior to his retirement in January 2005. Among other attributes, skills and qualifications, the Board believes that Mr. Irwin is uniquely qualified to

serve as a director based on his experience in the agricultural industry, his tenure with CNH, the Company's largest supplier, his executive management experience, and his ability to assist the Company in managing its relationship with CNH and other important industry participants.

Theodore Wright	51	Director; Compensation Committee; Audit Committee Mr. Wright has been a director since 2009. Since February 2011, Mr. Wright has served as Chief Executive Officer of Conn's, Inc., a specialty retailer of home appliances, consumer electronics, computers, furniture and mattresses, and lawn and garden products. Mr. Wright has served as a director of Conn's since 2003, including as its Board Chair since December 2010. Mr. Wright served as President of Sonic Automotive, Inc., a New York Stock Exchange listed and Fortune 300 automotive retailer, from 2002 to 2004, and prior to that he served as its Chief Financial Officer from its formation in 1997. From 1995 to 1997, Mr. Wright was a Senior Manager in Deloitte & Touche LLP's Columbia, South Carolina office. From 1994 to 1995, Mr. Wright was a Senior Manager in Deloitte & Touche LLP's National Office Accounting Research and SEC Services Department. Mr. Wright is also the principal owner of a construction and agriculture equipment rental business, and he owns and operates a farm and ranch. Among other attributes, skills and qualifications, the Board believes that Mr. Wright is uniquely qualified to serve as a director because of his familiarity with operating issues in an industry with substantially similar opportunities and challenges as the one in which the Company operates, as well as his experience as a public company executive and director and his accounting expertise, which provides the Company's Audit Committee and Board with additional familiarity with generally accepted accounting principles, internal controls over financial reporting, and disclosure controls and procedures, and experience in analysis and evaluation of financial statements of public companies generally and of companies similar to the Company.
Class II Directors (Terms Expire at 2015 Annual Meeting)	Age	Position/Committee Membership/Biography
Peter Christianson	57	President and Director Mr. Peter Christianson has been our President and a director since January 2003. He was our Chief Operating Officer from April 2011 to July 2013, and was our Chief Financial Officer from August 2007 to April 2011. Prior to joining us and since 1988, he was a partner and owner of C.I. Farm Power, Inc., the operator of two of the dealership locations acquired by Titan Machinery LLC in 2002. Peter Christianson and Tony Christianson, one of our directors, are brothers. Among other attributes, skills and qualifications, the Board believes that Mr. Peter Christianson is uniquely qualified to serve as a director because of his lifelong experience in the agriculture equipment industry, his years of experience leading the Company, as well as one of its predecessor entities, which broadens his ability to understand the challenges and opportunities facing the Company and to guide its long-term strategies, and his intimate understanding of the Company's financial and operational matters.
James Williams	74	Director; Chair of Governance/ Nominating Committee; Audit Committee

Mr. Williams has been a director since 2003. Mr. Williams is currently Chair of First State Bank of North Dakota and Goose River Bank, and previously worked at Bank of New York. For over 12 years, Mr. Williams had been an owner of Arthur Mercantile Company and Valley Equipment, Inc., farm equipment dealerships, which were acquired by the Company in fiscal 2010. Among other attributes, skills and qualifications, the Board believes that Mr. Williams is uniquely qualified to serve as a director because his experience as an owner and operator of agriculture equipment dealerships provides the Board with an important perspective on strategic operating decisions and acquisition opportunities, his experience as a banker offers the Company insight into the local and regional credit markets, and his executive management experience with responsibility over accounting matters provides the Company's Audit Committee and Board with additional expertise and familiarity with generally accepted accounting principles, internal controls over financial reporting, and disclosure controls and procedures, and experience in analysis and evaluation of financial statements.

Class III Directors (Terms Expire at 2016 Annual Meeting)	Age	Position/Committee Membership/Biography
John Bode	66	Director; Chair of Audit Committee Mr. Bode has been a director since 2005. Mr. Bode is a retired partner of KPMG, LLP with over 34 years of experience in public accounting. Mr. Bode was elected to the partnership in 1981 and retired in 2005. Mr. Bode also currently serves on the board of The Valspar Corporation. Among other attributes, skills and qualifications, the Board believes that Mr. Bode is uniquely qualified to serve as a director, chair of the Company's Audit Committee and one of its Audit Committee financial experts in light of his ability to understand generally accepted accounting principles, internal controls over financial reporting and disclosure controls and procedures, and his experience in analyzing and evaluating financial statements of public companies generally and of companies similar to the Company, particularly from an auditor's perspective.
Stanley Dardis	64	Director; Chair of Compensation Committee; Governance/Nominating Committee Mr. Dardis has been a director since October 1, 2010. From 1998 to 2010, Mr. Dardis served as Chief Executive Officer and Director of Bremer Financial Corporation, a bank holding company composed of nine bank subsidiaries, a trust company, and an insurance company, headquartered in St. Paul, Minnesota. Among other attributes, skills and qualifications, the Board believes that Mr. Dardis is uniquely qualified to serve as a director based on his experience in the financial services and investment industries, as well as his experience as a public and private company director, which provides the Board with a seasoned view of financing, investment, acquisition and operating strategies, public company regulatory compliance issues, and investor relations.
David Meyer	61	Board Chair and Chief Executive Officer Mr. Meyer is our Board Chair and Chief Executive Officer. Mr. Meyer was a founder of the Company in 1980 and has been one of its directors and officers since its creation. Among other attributes, skills and qualifications, the Board believes that Mr. Meyer is uniquely qualified to serve as a director and the Board's Chair because he is the person most familiar with the Company's history, business and industry, and most capable of effectively identifying strategic priorities and leading the discussion and execution of strategy.

ELECTION OF DIRECTORS
(PROPOSAL 1)
2014 Director Nominees
The Governance/Nominating Committee recommended to the Board that the following persons be nominated and elected as Class I directors:

Tony Christianson

James Irwin
Theodore Wright

The nominees are currently Class I directors whose terms expire at the upcoming 2014 Annual Meeting. Each has consented to being named as a nominee. If elected, each nominee will serve until the 2017 Annual Meeting or until his successor is elected and qualified. If any nominee is unable or declines to serve as a director at the time of the Annual Meeting, the proxy holders will vote for a nominee designated by the present Board to fill the vacancy.

The Board recommends that you vote "FOR" each of the nominees to the Board of Directors set forth in this Proposal 1.

Vote Required

Under applicable Delaware law, the election of each nominee requires the affirmative vote by a plurality of the voting power of the shares present and entitled to vote on the election of directors at the Annual Meeting at which a quorum is present.

NON-EMPLOYEE DIRECTOR COMPENSATION

Our non-employee directors receive cash and restricted stock grants as compensation for their service as directors pursuant to our Non-Employee Director Compensation Plan. In fiscal 2014, all of our non-employee directors received an annual retainer of $50,000 for attending Board meetings. In addition, the chair of the Audit Committee received an additional $25,000 cash retainer, each of the chairs of the Compensation Committee and Governance/Nominating Committee received additional $10,000 cash retainers, and the Lead Independent Director received an additional $15,000 cash retainer. Each non-employee director also received a grant of shares of restricted stock with a value equal to approximately $70,000 on June 3, 2013, which resulted in a grant to each director of 3,343 shares based on the $20.94 closing price on that date. The restricted shares vest one year from the date of the grant. Shares received as non-employee director compensation must be held by the director during his term of service. We also reimburse our non-employee directors for reasonable expenses incurred in connection with their services as directors.

The following table provides compensation information for our non-employee directors during fiscal 2014:

Name	Fees Earned or Paid in Cash ($)	Stock Awards(1) ($)	Total ($)
John Bode	75,000	70,000	145,000
Tony Christianson	50,000	70,000	120,000
Stanley Dardis	60,000	70,000	130,000
James Irwin	65,000	70,000	135,000
James Williams	60,000	70,000	130,000
Theodore Wright	50,000	70,000	120,000

(1) These amounts represent the grant date fair value for each grant awarded in fiscal 2014, valued in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 718, Compensation—Stock Compensation.

STOCK OWNERSHIP/RETENTION GUIDELINES

Directors

In order to align director and stockholder interests, directors are encouraged to become stockholders of the Company. In furtherance of this goal, our restricted stock agreements with our non-employee directors require that the restricted shares received must be held by the director during his term of service.

Officers

Although we do not have any stock retention or ownership guidelines for our officers, our Board of Directors and Compensation Committee intend to continue to encourage our executives to have a financial stake in our Company in order to align the interests of our stockholders and management. We will continue to evaluate whether to implement a stock ownership policy for our officers.

Insider Trading Policy

Our insider trading policy prohibits the trading of our securities on a short-term basis and requires that any Company stock purchased in the open market be held for a minimum of six months. This policy also states that employees should not "margin" or "sell short" Company stock, or buy or sell put or call options on Company stock.

CORPORATE GOVERNANCE

Board Leadership Structure

David J. Meyer serves in the combined role of Board Chair and Chief Executive Officer. The Board believes that this combined role is in the best interests of the Company and its stockholders for the reasons discussed below. Mr. Meyer possesses unique familiarity with the Company's history, business and industry, making him most capable of effectively leading discussions among directors of diverse backgrounds and experience regarding the Company's operations and strategy. As the Chief Executive Officer, Mr. Meyer has responsibility for overseeing the Company’s day-to-day operations. He must continually possess a comprehensive knowledge of the Company’s business, including the Company’s opportunities, issues, and challenges. Mr. Meyer is in the best position to prioritize the Board's agenda items, identify issues to bring to the Board, and to lead the development of the Board’s strategic plans. We feel that certain other practices initiated by the Board also secure independent oversight of management without the need to separate the roles of Chief Executive Officer and Board Chair. These include the adoption of a Lead Independent Director, that all members of our standing committees are independent, and that the Board and its committees hold regular executive sessions outside the presence of the Chief Executive Officer and other management.

James Irwin, an independent director, was selected by the Board to serve as the Lead Independent Director. The Lead Independent Director has the responsibility of presiding at all executive sessions of the Board, consulting with the Board Chair and Chief Executive Officer on Board and committee meeting agendas, maintaining frequent contact with the Board Chair and Chief Executive Officer, advising the Chief Executive Officer on the efficiency of the board meetings, and facilitating teamwork and communication among the non-management directors and management.

We believe that our board leadership structure facilitates strategy development, and the exchange of information with management to enable the Board to evaluate management's execution of our strategy.

Independence

Our Board has determined that five of our eight directors are independent directors, as defined by Rule 5605(a)(2) of the listing standards of the Nasdaq Stock Market. The five independent directors are: John Bode, Stanley Dardis, James Irwin, James Williams and Theodore Wright. In making this determination, the Board considered the recommendation of the Governance/Nominating Committee, as well as any related party transactions and other relationships as disclosed elsewhere in this Proxy Statement.

Code of Ethics

The Board has approved a Code of Ethics that applies to all employees, directors and officers, including the principal executive officer, principal financial officer, principal accounting officer and controller. The Code of Ethics addresses such topics as protection and proper use of our assets, compliance with applicable laws and regulations, accuracy and preservation of records, accounting and financial reporting, conflicts of interest and insider trading. The Code of Ethics is available under "Corporate Governance" on the "Investor Relations" page of the Company's website at www.titanmachinery.com. Titan Machinery Inc. intends to include on its website at www.titanmachinery.com any amendment to, or waiver from, a provision of its Code of Ethics that applies to the principal executive officer, principal financial officer, principal accounting officer and controller that relates to any element of the code of ethics definition enumerated in Item 406(b) of Regulation S-K.

Board's Role in Risk Oversight

Our enterprise risk management program identifies, prioritizes and monitors risks inherent in the operation of our business and the implementation of our business plan. The Board oversees this enterprise risk management program through several different levels of review. In addition to the Board's oversight, each standing committee of the Board oversees the management of enterprise risks that fall within that committee's scope of responsibility. In performing these oversight functions, the Board and each committee has full access to management, as well as the ability to engage advisors. As appropriate, each committee reports back to the full Board on its respective review of applicable enterprise risks. Further, executive management reports directly to the Board and its committees on a quarterly basis regarding the implementation of the enterprise risk management program.

Stockholder Communications with the Board of Directors

Stockholders may communicate directly with the Board of Directors. All communications should be directed to the Company's Secretary at the address below:

Titan Machinery Inc. Board of Directors
Attention: Corporate Secretary
644 East Beaton Drive
West Fargo, North Dakota 58078

The communication should prominently indicate on the outside of the envelope that it is intended for the Board of Directors or for non-management directors. The Company's Secretary will forward the communications to all specified directors or, if no directors are specified, to the entire Board.

Directors' Attendance at Annual Meetings

Directors' attendance at annual meetings of stockholders can provide stockholders with an opportunity to communicate with directors about issues affecting the Company. The Board's policy is that, subject to unavoidable personal or business conflicts, directors shall attend stockholders' meetings. All of our directors attended the Annual Meeting of Stockholders held on May 30, 2013.

Board and Committees Meetings

During fiscal 2014, the Board held seven formal meetings. The directors also participate in monthly telephonic conference calls with management for purpose of reviewing updates on financial performance and business operations. The independent directors meet in executive session at least quarterly. When appropriate, the Board takes formal action by written consent of all directors, in accordance with the Company's Certificate of Incorporation and Bylaws and Delaware law.

Our Board has three standing committees: the Audit Committee, the Compensation Committee, and the Governance/Nominating Committee. Members of such committees met formally and informally from time to time throughout fiscal 2014 on committee matters.

All directors attended 75% or more of the aggregate number of meetings of the Board and of committees of which each respective director was a member.

Committee Membership

The following table sets forth the membership of each of the Company's committees.

Audit Committee	Governance/Nominating Committee	Compensation Committee
John Bode (Chair)	James Williams (Chair)	Stanley Dardis (Chair)
James Williams	James Irwin	James Irwin
Theodore Wright	Stanley Dardis	Theodore Wright

Audit Committee

The Audit Committee acts pursuant to a written charter. The charter, which is reviewed annually by the Committee, may be amended upon approval of the Board and was last amended on March 6, 2014. The Audit Committee charter is available under "Corporate Governance" on the "Investor Relations" page of our website at www.titanmachinery.com. Among other matters, our Audit Committee:

- assists the Board of Directors in fulfilling its oversight responsibility to our stockholders and other constituents with respect to the integrity of financial statements;
- appoints and has oversight over our independent auditors, determines the compensation of our independent auditors and reviews the independence and the experience and qualifications of our independent auditors' lead partner, and pre-approves the engagement of our independent auditors for audit and permitted non-audit services;
- meets with the independent auditors and reviews the scope and significant findings of audits and meets with management and internal financial personnel regarding these findings;

- reviews the performance of our independent auditors;
- discusses with management, the director of internal audit, and our independent auditors the adequacy and effectiveness of our financial and accounting controls, practices and procedures, the activities and recommendations of our auditors and our reporting policies and practices, and makes recommendations to the Board for approval;
- establishes procedures for the receipt, retention and treatment of complaints regarding internal accounting controls or auditing matters and the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters; and
- prepares the audit committee report required by the rules of the SEC to be included in our annual Proxy Statement.

Our independent auditors, other committee advisors, and management have regular contact with our Audit Committee. The Audit Committee regularly reports to our Board respecting its actions, decisions and recommendations.

Our Board of Directors has determined that two of the members of the Audit Committee qualify as "audit committee financial experts," as defined under the applicable rules of the SEC. These directors are Theodore Wright and John Bode. Each member of our Audit Committee satisfies the Nasdaq Stock Market independence standards and the independence standards of Rule 10A-3(b)(1) of the Securities Exchange Act of 1934, as amended. Each member of our Audit Committee possesses the financial qualifications required of Audit Committee members set forth in the rules and regulations of the Nasdaq Stock Market and under the Securities Exchange Act of 1934, as amended.

The Audit Committee met seven times in fiscal 2014.

Governance/Nominating Committee

The Governance/Nominating Committee acts pursuant to a written charter. The charter, which is reviewed annually by the Governance/Nominating Committee, may be amended upon approval of the Board and was last amended on November 26, 2013. The Governance/Nominating Committee charter is available under "Corporate Governance" on the "Investor Relations" page of our website at www.titanmachinery.com.

Our Governance/Nominating Committee makes recommendations to our Board regarding candidates for directorships, the size and composition of our Board of Directors, and the organization and membership of our committees. In addition, our Governance/Nominating Committee oversees our code of ethics and other governance policies and matters. The Governance/Nominating Committee regularly reports to the Board respecting its actions, decisions and recommendations.

The Governance/Nominating Committee will review director nominees proposed by stockholders. Stockholders may recommend a nominee to be considered by the Governance/Nominating Committee by submitting a written proposal to the Chair of the Board of Directors at Titan Machinery Inc., 644 East Beaton Drive, West Fargo, North Dakota 58078. A consent signed by the proposed nominee agreeing to be considered as a director should accompany the written proposal. The proposal should include the name and address of the nominee, in addition to the qualifications and experience of said nominee. Please see the section below entitled "Stockholder Proposals" with regard to timing requirements for nominations made directly by a stockholder for consideration at an annual meeting of stockholders.

When selecting candidates for recommendation to the Board, the Governance/Nominating Committee will consider the attributes of the candidates and the needs of the Board and will review all candidates in the same manner, regardless of the source of the recommendation. In evaluating director nominees, a candidate should have certain minimum qualifications, including the ability to read and understand basic financial statements, familiarity with our business and industry, high moral character and mature judgment, and the ability to work collegially with others. In addition, factors such as the following are also considered:

- appropriate size and diversity of the Board;
- needs of the Board with respect to particular talent and experience;
- knowledge, skills and experience of nominee;

- familiarity with domestic and international business affairs;

- legal and regulatory requirements;
- appreciation of the relationship of our business to the changing needs of society; and
- desire to balance the benefit of continuity with the periodic injection of the fresh perspective provided by a new member.

The Governance/Nominating Committee does not have a formal diversity policy at this time; however, as summarized above, the Governance/Nominating Committee seeks to nominate candidates with a diverse range of knowledge, experience, skills, expertise, and other qualities that will contribute to the overall effectiveness of the Board of Directors.

The Governance/Nominating Committee met four times in fiscal 2014.

Compensation Committee

The Compensation Committee acts pursuant to a written charter. The charter, which is reviewed annually by the Compensation Committee, may be amended by approval of the Board and was last amended on November 26, 2013. The Compensation Committee charter is available under "Corporate Governance" on the "Investor Relations" page of our website at www.titanmachinery.com.

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

- develop and periodically review with management the Company's philosophy of compensation, taking into consideration enhancement of stockholder value and the fair and equitable compensation of all employees;
- review and approve corporate goals and objectives relevant to the compensation of our Chief Executive Officer, Chief Financial Officer and President, evaluate the performance of these officers in light of those goals and objectives, and set the compensation of these officers based on such evaluations;
- determine and approve equity grants made pursuant to the Company's equity incentive plans;
- develop, recommend to the Board, review and administer senior management compensation policy and plans, including incentive plans, benefits and perquisites;
- develop, recommend, review and administer compensation plans for non-employee directors;
- annually consider the relationship between the Company's strategic and operating plans and the various compensation plans for which the Committee is responsible;
- periodically review with management, and advise the Board with respect to, employee deferred compensation plans;
- periodically review with management and advise the Board with respect to employee benefits;
- review and set non-employee director compensation;
- conduct periodic compensation risk assessments, as further discussed below; and
- review and discuss with management the Compensation Discussion and Analysis ("CD&A") required by the SEC. Based on such review and discussion, the Committee determines whether to recommend to the full Board that the CD&A be included in the annual report or Proxy Statement.

The Chief Executive Officer, Chief Financial Officer, and the President do not participate in the Compensation Committee's deliberations or decisions regarding their own compensation. The Compensation Committee also provides input to our Chief Executive Officer and President on compensation for our other officers and employees, but compensation levels for such officers and employees and the corporate goals and objectives relating to compensation are set by our Chief Executive Officer and President. The Compensation Committee regularly reports to

the Board respecting its actions, decisions and recommendations.
The Compensation Committee has conducted a risk assessment of our employee compensation programs, including our executive compensation programs. The Compensation Committee has concluded that our employee compensation

programs are designed with the appropriate balance of risk and reward in relation to our overall business strategy and do not incent executives or other employees to take unnecessary or excessive risks. As a result, we believe that risks arising from our employee compensation policies and practices are not reasonably likely to have a material adverse effect on the Company.
The Compensation Committee met five times in fiscal 2014.

COMPENSATION DISCUSSION AND ANALYSIS

In the following Compensation Discussion and Analysis, we describe the material elements of the compensation awarded to, earned by or paid to David J. Meyer, our Board Chair and Chief Executive Officer, Peter Christianson, our President, and Mark Kalvoda, our Chief Financial Officer. In this Proxy Statement, we refer to Messrs. Meyer, Christianson and Kalvoda as our "named executive officers."

Executive Summary

Key Compensation Highlights for Fiscal Year 2014

- We retained Aon Hewitt as the Compensation Consultant to the Compensation Committee.

- We redesigned our long-term equity incentive program to incorporate performance based awards.

- We refined our annual performance bonus program so that it will be entirely performance based in fiscal year 2015.

- With the consultation of Aon Hewitt, we decided on a peer group of companies for benchmarking purposes.

- We reviewed the compensation program and the compensation of our named executive officers with our peer group, and concluded that our current executive compensation is reasonable and appropriate.

We believe that our efforts during this past fiscal year will further align the interests of our named executive officers with our shareholders. After the changes to our long-term incentive program and our annual performance bonus program, and the run-out of legacy restricted stock awards, more than 60% of the total realizable compensation for our Chief Executive Officer and President will be performance based.

We are committed to considering our Stockholders' views on executive compensation

We receive direct feedback from stockholders on our compensation programs through the advisory vote on the compensation paid to our named executive officers (commonly known as a "say-on-pay" vote). We hold the "say on pay" vote at each annual meeting. At our 2013 Annual Meeting of Stockholders, the say-on-pay proposal received 98.3% approval, indicating strong stockholder support for our approach to executive compensation. Our Compensation Committee will continue to monitor our stockholders' views with respect to our executive compensation practices and take those views into account when making decisions regarding executive compensation.

Compensation Objectives and Philosophy

We have designed our compensation programs with the following objectives:

- There should be an appropriate relationship between executive compensation and our short-term and long-term success, including creation of stockholder value.

- Our compensation program should be designed and implemented in a manner that will attract, retain and motivate executives of outstanding ability.

- Total compensation opportunities should be competitive within the industry and other comparable companies but also consistent with our conservative and prudent approach to executive compensation.

Role of Compensation Committee and Named Executive Officers in Setting Compensation

Our Compensation Committee sets the compensation for Messrs. Meyer, Christianson and Kalvoda. None of these individuals makes recommendations or participates in the discussions and decisions respecting their own salary or performance.

Mr. Meyer provides recommendations to the Compensation Committee on Mr. Christianson's and Mr. Kalvoda's compensation. Our Chief Executive Officer and President evaluate the performance of all other executive officers and work with the Compensation Committee to set the compensation for such executive officers.

Consideration of Tax and Accounting Implications

In setting executive officer compensation, we have not historically considered the tax implications under Sections 162(m) and 409A of the Internal Revenue Code or compensation expense charges under ASC 718, Compensation-Stock Compensation, but we may consider these factors when making future compensation decisions. Section 162(m) of the Internal Revenue Code restricts the ability of publicly held companies to take a federal income tax deduction for compensation paid to certain of their executive officers to the extent that compensation exceeds $1 million per covered officer in any fiscal year. However, this limitation does not apply, among other things, to compensation that is performance-based. The proposed 2014 Equity Incentive Plan submitted for approval by the stockholders in Proposal 4 below includes provisions that would allow the Company to set performance-based compensation that may be considered exempt from this limitation.

Independent Compensation Consultant

The Compensation Committee engaged Aon Hewitt as its independent compensation consultant during fiscal 2014 to develop a peer group of companies for compensation benchmark purposes, to advise the Compensation Committee on all principal aspects of executive compensation, including the competitiveness of program design and award values, and to provide executive compensation analyses with respect to the named executive officers. Aon Hewitt reports directly to the Compensation Committee, and the Compensation Committee is free to replace them or hire additional consultants at any time. Aon Hewitt attended meetings as requested by the Compensation Committee. In accordance with the Compensation Committee Charter, all services of Aon Hewitt were pre-approved or ratified by the Committee. Aon Hewitt did not perform any services for the Company or the Compensation Committee except for the executive compensation work described above. The Compensation Committee believes that the consulting advice it receives from Aon Hewitt is objective and not influenced by Aon Hewitt’s other relationships with the Company or any of its executive officers.

Peer Group

The Compensation Committee asked Aon Hewitt to develop peer groups that:

- were compatible with the Company’s compensation strategy;
- were an accurate reflection of the typical external labor market;
- were consistent with the Company’s size and complexity of operations;
- included a sufficient number of companies to stand up over time to predictable changes in the external market; and
- could be easily described to external constituents.

The companies that were included in the peer group pursuant to the criteria set forth above are listed below:

Alamo Group, Inc.	Rent-A-Center, Inc.
Asbury Automotive Group, Inc.	Rocky Mountain Dealerships, Inc.
Cervus Equipment Corporation	Rush Enterprises, Inc.
Finning International Inc.	Strongco Corporation
H&E Equipment Services Inc.	Toromont Industries Ltd.
hhgregg, Inc.	Tractor Supply Company
Lithia Motors Inc.	United Rentals, Inc.

The Company’s executive officers did not participate in the selection of the companies for inclusion in the peer group.

Peer Group Analysis of our Executive Compensation

Our compensation consultant performed a peer group analysis of the target total direct compensation of our named executive officers. The target total direct compensation of our Chief Executive Officer and our Chief Financial Officer, consisting of base salary, annual performance bonus, long-term equity incentive award, and the grant date fair value of equity awards, was in the bottom quartile of the benchmark data of the U.S. companies in our peer group. Target total direct compensation of our President was in the second quartile of the benchmark data of the U.S. companies in our peer group.

The results of the peer group analyses are considered important by the Compensation Committee. However, the Compensation Committee does not target compensation at a particular benchmark of the peer group analysis or otherwise make any determination of, or change to, compensation in reaction to market data alone. Rather, the Compensation Committee uses this information as one of several considerations to make its judgments and determinations of appropriate compensation levels (and when to change compensation levels).

Executive Compensation Components for Fiscal 2014

The principal elements of our executive compensation program for fiscal 2014 were:

- Base Salary;
- Annual Performance Bonus;
- Long-Term Equity Incentive Compensation; and
- Certain Limited Perquisites and other Employee Benefits.

In allocating compensation across these elements, the Compensation Committee does not follow any strict policy or guidelines. However, consistent with the general compensation objectives and philosophies outlined above, the Compensation Committee seeks to place a meaningful percentage of an executive's compensation at risk, subject to achievement of specific performance objectives and long-term equity value creation. In addition, the Compensation Committee generally places a greater proportion of total compensation at risk for our Chief Executive Officer and our President, based on their greater responsibility for, and ability to influence, overall Company performance.

Base Salary

Base salary provides executives with a fixed, regular, non-contingent earnings stream. We provide competitive base salaries to our named executive officers in recognition of their job responsibilities. In addition to competitive data, we consider individual work experience, leadership, time in position, performance of our Company (based upon achievement of strategic initiatives) and job performance of each executive officer. As a result of the Compensation Committee's evaluation of these factors, the Compensation Committee may adjust base salaries to better align individual compensation with comparative market compensation, to provide merit increases based upon individual or Company achievement, or to account for changes in roles and responsibilities. The Compensation Committee reviews each executive officer's salary at the end of each fiscal year.

The annualized base salary of each of our named executive officers for fiscal year 2014 is stated below:

	FY14 Base Salary
David Meyer	$500,000
Peter Christianson	$500,000
Mark Kalvoda	$300,000

The Compensation Committee has determined that Mr. Meyer’s and Mr. Christianson’s base salary will remain unchanged for fiscal year 2015. Mr. Kalvoda’s base salary for fiscal year 2015 will be reviewed and set by the Compensation Committee following his annual performance review.

Annual Performance Bonus

We establish competitive annual performance bonus opportunities as a percent of base salary for our named executive officers that:

- motivate attainment of short-term goals; and
- link annual cash compensation to achievement of the annual priorities and key objectives of the business.

Under our 2014 Executive Bonus Plan, Messrs. Meyer, Christianson, and Kalvoda were eligible for and earned cash bonuses as follows:

	Percent of Base Salary Eligible for Cash Bonus	Eligible Max Cash Bonus Amount ($)	Bonus Paid ($)	Bonus Paid as a % of Maximum
David Meyer	200%	1,000,000	40,500	4.05%
Peter Christianson	200%	1,000,000	40,500	4.05%
Mark Kalvoda	81%	243,000	27,000	11.1%

The fiscal year 2014 annual performance bonus provided that the "Eligible Max Cash Bonus Amount" set forth above (hereafter the "Eligible Bonus Amount") would be allocated among four categories as described below:

	% Allocation of Eligible Bonus Amount	
Performance Category	Mr. Meyer and Mr. Christianson	Mr. Kalvoda
Pre-Tax Net Income	40%	44.4%
Total Sales	20%	22.2%
Return on Assets	20%	22.2%
Position Specific Goals	20%	11.1%

Within each category, the Compensation Committee established threshold goals, target goals, and maximum goals. If the threshold goal was not satisfied for any financial performance category, then no bonus was payable for that category. If the actual performance for any financial performance category exceeds the threshold, then the percentage of bonus payable for that category is calculated proportionately based on where the actual performance falls within the range of the pre-determined goals. The annual performance bonus is paid in cash.

The following discusses the details of the bonus categories:

1. Pre-Tax Net Income

The goals and percentage of bonus payable at each goal level are stated below

	Pre-Tax Net Income Goals	% of Bonus Amount Payable
Threshold	$64,770,928	1 %
Target	$86,361,250	50 %
Maximum	$107,951,563	100 %

Our fiscal year 2014 pre-tax net income was $18,429,918, which is below the threshold goal. Therefore, our named executive officers did not receive a cash bonus attributable to pre-tax net income.

2. Total Sales

The goals and percentage of bonus payable at each goal level are stated below:

	Total Sales Goals	% of Bonus Amount Payable
Threshold	$2,261,462,019	3 %
Target	$2,512,735,577	50 %
Maximum	$3,140,919,471	100 %

Our fiscal year 2014 total sales was $2,226,445,871, which was below the threshold goal. Therefore, our named executive officers did not receive a cash bonus attributable to total sales.

3. Return on Assets

We define return on assets as our pre-tax net income (adjusted for short-term incentive compensation expense) divided by our monthly average total assets. The goals and percentage of bonus payable at each goal level are stated below:

	Return on Assets Goals	% of Bonus Amount Payable
Threshold	5.67 %	2.78 %
Target	6.30 %	50 %
Maximum	6.93 %	100 %

Our return on average assets was 1.19%, which was below the threshold goal. Therefore our named executive officers did not receive a cash bonus attributable to return on assets.

4. Position Specific Goals
The remaining amount of the Eligible Bonus Amount was based on achievement of the executive's position-specific goals.

Personal position-specific goals were set by our Compensation Committee for Messrs. Meyer and Christianson. Mr. Meyer and Mr. Christianson set the position-specific goals for Mr. Kalvoda. For Mr. Meyer and Mr. Christianson, the position-specific personal goals related to the Company's market share for its major product lines. Mr. Kalvoda's position-specific goals for fiscal year 2014 were qualitative in nature and included developing and managing an accounting, tax, and internal audit staff, working effectively with the Audit Committee and outside auditors, improving the accounting and financial reporting processes, and continuing to act as a primary management contact in communications with investors.

For the position-specific performance portion of the cash bonus, we paid Mr. Meyer and Mr. Christianson 20.25%, and Mr. Kalvoda 100%, of that portion of their respective Eligible Bonus Amount allocated to this category. For each of Mr. Meyer and Mr. Christianson this amount was $40,500, and for Mr. Kalvoda $27,000. Mr. Meyer's and Mr. Christianson's position-specific bonuses were determined based on a pre-determined formula tied to our market share results in fiscal year 2014 for certain major product lines. Mr. Kalvoda's position-specific bonus was based on an evaluation of his achievement of his position-specific goals for fiscal year 2014.

5. Design Changes for Fiscal Year 2015
We have decided to remove the “personal position-specific” portion of the annual performance bonus plan, and to reallocate this portion of the bonus equally to the return on assets category and to the total sales category. Therefore, after this adjustment, the Eligible Bonus Amount will be allocated as follows: (i) 40% to net income; (ii) 30% to total sales; and (iii) 30% to return on assets. We feel that this change makes our annual performance bonus plan more consistent with our performance based philosophy as described above.
Long-Term Equity Incentive Awards
We establish competitive long-term incentive opportunities for our named executive officers that:
- motivate achievement of long-term operational goals and increased total shareholder return;
- align the interests of participants with shareholders.

Under the terms of their respective employment agreements, each of Mr. Meyer and Mr. Christianson is entitled to receive an equity incentive award, in the form of restricted stock or restricted stock units, on the anniversary date of his agreement in an amount determined by dividing his annual base salary in effect on the date of grant by the closing sale price of the Company's common stock on the date of grant. The parties have agreed that the equity awards to Mr. Meyer and Mr. Christianson scheduled for the 2014 anniversary date of their agreements will be granted on June 1, 2014, which is the same grant date as equity awards to other employees and non-employee directors.

Historically, our long-term equity awards to our Chief Executive Officer and to our President consisted of restricted stock with 3-year cliff vesting. Following the review of our executive compensation program with our compensation consultant, we have incorporated performance based awards as part of the long-term equity awards to the Chief Executive Officer and President. The June 1, 2014 long-term equity award to Mr. Meyer and Mr. Christianson will include time based and performance based vesting components as follows: 50% of the award will be restricted stock with 3-year cliff vesting and 50% of the award will consist of restricted stock units settled in common stock based on the Company's financial performance (after tax return on equity) over a 3-year performance period. The Compensation Committee may modify this mix for future long-term equity awards, considering the Company's compensation objectives and the goal of aligning executive compensation with Company performance.
Mr. Kalvoda was granted 9,551 shares of restricted stock on June 3, 2013, from the pool of restricted shares approved by the Compensation Committee for awards to key employees, under the 2005 Equity Incentive Plan. In general, this pool of restricted shares is available to be granted to key employees in conjunction with the Company's annual employee performance review process. Mr. Kalvoda's annual performance review for fiscal year 2013 considered a

number of performance factors, including overall performance in his role as chief financial officer and accounting leadership, development and management of accounting, tax, and internal audit staff, interaction with the Audit Committee and outside auditors, management of the accounting and financial performance process, and investor communications. Following Mr. Kalvoda’s annual performance review, the Compensation Committee determined that his total compensation, including his restricted stock award, should be increased to be more competitive as well as to foster the Company’s goal of retaining Mr. Kalvoda as a key employee through the use of the time-vested restricted stock awards. In furtherance of the retention goal, Mr. Kalvoda’s restricted stock award vests proportionately at a rate of 20% per year commencing on April 1, 2015, and each April 1st anniversary thereafter, for a total vesting period of approximately six (6) years. The long-term equity award to Mr. Kalvoda for fiscal year 2015 will be made in conjunction with his upcoming performance evaluation.

All grants of restricted stock have been made pursuant to our Amended and Restated 2005 Equity Incentive Plan (the "2005 Plan"), which is administered by our Compensation Committee. Consistent with our compensation philosophies related to performance-based compensation, long-term stockholder value creation and alignment of our management's interests with those of our stockholders, we may make future grants of long-term compensation in the form of stock options or restricted stock grants to our executive officers and other key employees. In the future, we may from time to time make one-time grants to recognize promotion or consistent long-term contribution, or for specific incentive purposes. We may also make grants in connection with the hiring of new executives. The Compensation Committee will have the authority to administer any equity incentive plan under which we make equity or equity-based awards.

Perquisites and Other Benefits

We offer only limited perquisites to our executive officers. We provide each of Messrs. Meyer, Christianson and Kalvoda with a cellular phone and cellular phone service. All of our executive officers are eligible for insurance, vacation, 401(k) Company match and other benefits at the same levels provided to all of our full-time employees. Mr. Christianson received a Company vehicle allowance for a portion of the year and also received spousal travel benefits related to his frequent travel to our European operations.

Employment Agreements

We have written employment agreements with David Meyer to serve as our Chief Executive Officer and Peter Christianson to serve as our President. We do not have a written employment agreement with our Chief Financial Officer, Mark Kalvoda.

Each of Mr. Meyer’s and Mr. Christianson’s current employment agreement has an initial term that commenced on February 1, 2013, and expires on January 31, 2016, with automatic one-year extensions, subject to earlier termination, as described below. Pursuant to the agreements, Messrs. Meyer and Christianson are each paid a base salary of $500,000 per year, subject to annual review and adjustment by our Compensation Committee. Messrs. Meyer and Christianson are also eligible for an annual incentive bonus of up to 200% of their base salary pursuant to terms, conditions and annual objectives established by our Compensation Committee. Each agreement also provides for yearly equity incentive awards in a dollar amount equal to the applicable base salary, as further discussed above under "Long-Term Equity Incentive Awards", pursuant to terms, conditions and annual objectives established by our Compensation Committee. Messrs. Meyer and Christianson are eligible to participate in any employee benefit plans and programs generally available to our other executive officers.

The employment agreements with Messrs. Meyer and Christianson each contain a restrictive covenant prohibiting them from owning, operating or being employed by competing agricultural or construction equipment stores during their employment with us and for 24 months following termination of their employment with us. Each agreement is terminable by either us or Messrs. Meyer and Christianson at any time upon 60 days written notice for any reason, or immediately by us for cause. If Messrs. Meyer or Christianson are terminated by us without cause prior to the expiration of the term or if they resign for good reason, we are obligated to pay severance in an amount equal to two times the sum of (i) the annual base salary then in effect, plus (ii) the amount of the annual performance bonus last paid prior to the termination. These severance payments would be made in 24 equal monthly installments. If such termination occurs we would also be required to allow Mr. Meyer or Mr. Christianson to continue to participate in our group medical and dental plans at our expense for a period of 24 months. In order to receive the severance and continued benefits, each officer would be required to sign a release of claims against us, fulfill his non-competition obligations, cooperate with transitioning his duties and execute a non-disparagement agreement with us. We arrived at these terms based on the advice and experience of our advisors and directors, including their knowledge of practices and agreements at public companies.

Conclusion

We have concluded that the base salary, annual performance bonus and long-term incentives for each of the named executive officers, as well as the total compensation received by those named executive officers, in fiscal 2014 was reasonable and appropriate in light of our goals and competitive requirements. We believe that the compensation structure is in the best interests of the Company and its stockholders because it enables us to attract, retain, motivate and fairly reward talent, incentivize our executives to accomplish our financial objectives, and aligns the interests of management with those of long-term stockholders.

COMPENSATION COMMITTEE REPORT

The Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis set forth above with our management. Based on this review and discussion with management, the Compensation Committee recommended to our Board that the Compensation Discussion and Analysis be included in this Proxy Statement and in our Annual Report on Form 10-K for the fiscal year ended January 31, 2014.

Members of the Compensation Committee