

RYANAIR HOLDINGS PLC
Form 6-K
August 01, 2012

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 6-K

Report of Foreign Private Issuer

Pursuant to Rule 13a-16 or 15d-16
of the Securities Exchange Act of 1934

For the month of August 2012

RYANAIR HOLDINGS PLC
(Translation of registrant's name into English)

c/o Ryanair Ltd Corporate Head Office
Dublin Airport
County Dublin Ireland
(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual
reports under cover Form 20-F or Form 40-F.

Form 20-F..X.. Form 40-F.....

Indicate by check mark whether the registrant by furnishing the information
contained in this Form is also thereby furnishing the information to the
Commission pursuant to Rule 12g3-2(b) under the Securities Exchange
Act of 1934.

Yes No ..X..

If "Yes" is marked, indicate below the file number assigned to the registrant
in connection with Rule 12g3-2(b): 82- _____

*For full version of the Annual Report with graphs included please view attached PDF.

http://www.rns-pdf.londonstockexchange.com/rns/0371J_1-2012-8-1.pdf

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*See Index on page 34 for detailed table of contents.

Information on the Company is available online via the Internet at our website, www.ryanair.com. Information on our website does not constitute part of this Annual Report. This Annual Report and our 20-F are available on our website.

FINANCIAL HIGHLIGHTS

2012	2011	Change
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Summarised consolidated income statement in accordance with IFRS as adjusted – see below	€M	€M	
Operating revenue (i)	4,324.9	3,629.5	+19%
Net profit after tax	560.4	374.6	+50%
Adjusted net profit after tax (ii)	502.6	400.7	+25%
Basic EPS (in euro cent)	38.03	25.21	+51%
Adjusted basic EPS (in euro cent)	34.10	26.97	+26%
(i) Excludes for the year ended March 31, 2012 a one off release of ticket sales revenue of €65.3 million, due to a change in accounting estimate arising from enhancements to our Revenue Accounting Systems, and			
(ii) Excludes, for the year ended March 31, 2011, estimated costs of €26.1m (net of tax) relating to the closure of airspace in April and May 2010 due to the Icelandic volcanic ash disruptions.			

See reconciliation of profit for the financial year to adjusted profit for the financial year on pages 9 and 10.

	2012	2011	Change
Key Statistics			
Scheduled passengers	75.8m	72.1m	+5%
Fleet at period end	294	272	+8%
Average number of employees	8,438	8,063	+5%
Passengers per average no. of employees	8,983	8,942	+1%

CHAIRMAN'S REPORT

Dear Shareholders,

I am very pleased to report a 25% increase in profit after tax to a new record of €503 million. This was a strong performance despite a €367 million rise in fuel costs which we managed to offset by a 16% rise in average fares.

During the year Ryanair delivered a number of significant milestones:

- We grew our traffic by 5% to 76 million passengers.
- We took delivery of 25 (net) new aircraft and we had a year-end fleet of 294 Boeing 737-800's.
- We opened 6 new bases and 330 new routes bringing the total number of routes operated to over 1,500.
- We improved our industry leading passenger service with better punctuality, fewer lost bags and less cancellations.
- We completed a share buyback of €125 million in fiscal 2012 and €68 million in April 2012, and the board have proposed a dividend of €0.34 per share amounting to approximately €489 million subject to shareholder approval at

the annual general meeting. The combination of the second special dividend (subject to shareholder approval) and previous share buybacks and dividends will mean that Ryanair has returned an industry leading €1.53 billion to shareholders over the past 5 years.

Fuel costs as a proportion of our total operating costs have risen to 43% in fiscal 2012. We are 90% hedged for fiscal 2013, at just over \$100 per barrel and we are faced with a further €320 million increase in our fuel bill, a total increase in 2 years of €687 million. Oil price rises and higher winter airport charges at certain government owned airports will make it commercially sound to ground up to 80 aircraft rather than suffer losses operating these aircraft during the winter when yields are significantly lower. Nevertheless, we still expect passenger volumes in fiscal 2013 to grow by approximately 5% to 79 million passengers.

In the airline industry, we yet again face another challenging year with significantly higher fuel prices and with European government fiscal deficits resulting in austerity measures and leading to falling European consumer confidence. As recessionary pressures continue we believe more carriers will exit the industry and we intend to take advantage of those developments, as we have this year, when we opened a new base in Budapest following the closure of Malev, and significantly expanded our operations at Barcelona and Madrid following the closure of Spanair. We believe that the winners will be those airlines with strong balance sheets (we currently have over €3.8 billion in cash), the lowest costs and a strong sustainable business model.

I would like to take this opportunity to thank Paolo Pietrogrande for his contribution and commitment to Ryanair as a director over the last eleven years. Although eligible, Paolo has decided not to stand for re-election at the AGM on September 21, 2012 and we wish him much success in the future.

Notwithstanding the issues we face, the outstanding people at Ryanair continue to work hard on behalf of shareholders to reduce our costs while at the same time delivering the lowest fares in Europe to our 79 million passengers. As a result, we still expect to generate significant profits in fiscal 2013 although these are likely to be lower than we enjoyed in fiscal 2012.

Yours sincerely,

David Bonderman
Chairman

CHIEF EXECUTIVE'S REPORT

Dear Shareholders,

Our results for the past year underline the enduring strength of Ryanair's ultra low fare airline model here in Europe. While traffic growth has slowed, Ryanair delivered a 25% increase in annual profits to a new record of €503 million. Our traffic grew 5% to 75.8 million, our load factor was 82% and average fare (which include optional checked in bag fees) rose by 16% to €45. Group turnover rose 19% to €4,325 million, which included scheduled revenue growth of 22% to €3,439 million, and ancillary revenue growth of 11% to €886 million.

Operating costs rose 19% to €3,707 million, due to a €367 million (30%) increase in our fuel bill to €1,594 million and further unjustified price increases at Dublin Airport, where the Government owned DAA monopoly continues to raise airport fees while presiding over record traffic declines. Over the past 4 years, despite wasting €1.2 billion on its new Terminal 2, Dublin Airport's traffic has declined from 23.5 million in 2008, to 18.7 million in 2011. Ryanair has made a number of growth offers to Government to reverse these declines, and create thousands of new jobs at Dublin Airport, but so far these offers have not been taken up.

In the UK, the Ferrovial owned BAA airport monopoly continues to launch Court appeals to delay the inevitable sale of Stansted Airport. Ryanair is working with the Competition Commission to expedite the long delayed sale of Stansted which will, we believe, bring about much needed competition, lower costs and better passenger service at Stansted, and reverse 5 years of traffic declines from 24 million in 2007 to just 18 million in 2011 under the BAA's mismanagement. We hope now that the BAA's latest appeal, which was dismissed by the Court of Appeal in mid July, will finally result in the sale of Stansted before the end of 2012. Ryanair has held discussions with a number of parties who are interested in bidding for Stansted and we have assured them that subject to a competitive cost base, Ryanair would be willing to deliver rapid traffic growth at Stansted over a 5 year period.

Ryanair welcomes the EU's recent ruling that the differential Irish air travel tax in 2009 was unlawful, and we hope this will encourage the Irish Government to repeal what remains of this damaging and anti-visitor tax. Ryanair regrets the Spanish Government's recent decision to increase departure taxes at many Spanish airports (doubling them at Madrid and Barcelona) from 1st July. Ryanair, and many other airlines at these airports have announced cuts to flights, traffic and jobs from October 2012, although we hope that the Spanish Government will change its mind and follow the earlier lead of the Dutch and Belgian Governments who reversed similar damaging passenger taxes.

Our passengers

Ryanair delivers Europe's No. 1 passenger service for the benefit of our passengers, our people and our shareholders. We continue to grow delivering lower fares, better punctuality, fewer lost bags and, as a result have fewer passenger complaints than any other airline in Europe.

Despite the current EU recession, and the spread of austerity measures, Ryanair's lowest fares continue to encourage passengers to travel, and more importantly fly with Ryanair. Ryanair beats every other airline on price on every flight, every route, every day. We have grown to carry over 75.8 million passengers in the past year and IATA's 2011 traffic statistics confirm that Ryanair carries far more international passengers than any other scheduled airline, making Ryanair the "world's" favourite airline. Over the past year, Ryanair welcomed 75.8 million passengers onboard, at an average fare of just €45. These passengers saved an average of €7.6 billion over the high fares charged by our competitor's incl. Air France, British Airways, Easyjet and Lufthansa.

Ryanair's growth and profitability is not based solely on price. In addition to the lowest fares in every market last year, Ryanair also delivered:

1. The best punctuality – 91% of flights on-time (up 6%).
2. The fewest lost bags – We lost less than 1 bag for every 4,000 passengers carried, an improvement on the prior year.
- 3.

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The fewest complaints – Last year we received less than 1 complaint per 2,000 passengers, an improvement on the prior year.

4. The youngest fleet – the average age of our 294 aircraft is under 4 years old.

5. Rapid passenger complaint responses – Over 99% replied to within 7 days.

6. The world's greenest, cleanest airline – Independent research confirms Ryanair is the world's greenest/cleanest airline, which allows all passengers to demonstrate their commitment to the environment by switching their travel choice to Ryanair.

Details of this Brighter Planet Report are available on Ryanair.com

Our people

Over the past year average headcount in Ryanair rose to 8,438. Within this number, more than 568 people were promoted, as our growth created new opportunities for career progression and development. Our people know that they can advance their careers by taking advantage of Ryanair's commitment to promote from within wherever possible. At a time when many European airlines are cutting jobs, or closing (as in the case of Spanair, Malev, Cimber Sterling, and OLT Express in recent months) Ryanair is proud of its long-standing record of job creation and internal promotions.

Our shareholders

Unlike other airlines, Ryanair continues to deliver significant returns for shareholders. In Ryanair the Board and Management team hold a significant stake in the company, which means we think and act like shareholders, precisely because we are substantial shareholders.

Our 2012 net profit of €503 million (\$672 million) makes Ryanair one of the world's most profitable airlines. Ryanair's increased profits and the substantial cash reserves means that our Board is able to recommend a second special dividend of €0.34 (approx. €489 million) to shareholders in late 2012, subject to AGM approval in September. The airline has completed three further share buybacks in the last year amounting to €193 million. As a result of these two special dividends and share buybacks, Ryanair has returned more than €1.53 billion to shareholders over the past five years.

It is remarkable that having raised just €559 million from our flotation and four secondary offers in 1998, 2000, 2001 and 2002 Ryanair has now returned almost 3 times this amount (over €1.53 billion) to shareholders in recent years.

Ryanair continues to look for opportunities to invest our cash wisely. While we have no requirement for new aircraft orders in the immediate future, we would hope to expand the fleet with deliveries from 2015/16 onwards. Our discussions with manufacturers continue, but we will only order aircraft when we believe that the pricing will make it profitable for our shareholders to do so.

Finally, I would like to sincerely thank our Chairman, my fellow Board members, our Managers and all the team at Ryanair for their hard work over the past 12 months, which has helped us deliver another year of low fare traffic growth and record profits for the benefit of our passengers, our people and our shareholders.

Yours sincerely

Michael O'Leary
Chief Executive

SUMMARY OPERATING AND FINANCIAL OVERVIEW

CONSOLIDATED INCOME STATEMENT DATA

	Pre Exceptional Results Mar 31, 2012 €M	Exceptional Items Mar 31, 2012 €M	IFRS Year Ended Mar 31, 2012 €M	Pre Exceptional Results Mar 31, 2011 €M	Exceptional Items Mar 31, 2011 €M	IFRS Year Ended Mar 31, 2011 €M
Operating revenues						
Scheduled revenues	3,438.7	65.3	3,504.0	2,827.9	-	2,827.9
Ancillary revenues	886.2	-	886.2	801.6	-	801.6
Total operating revenues						
-continuing operations	4,324.9	65.3	4,390.2	3,629.5	-	3,629.5
Operating expenses						
Staff costs .	415.0	-	415.0	371.5	4.6	376.1
Depreciation	309.2	-	309.2	273.0	4.7	277.7
Fuel and oil .	1,593.6	-	1,593.6	1,226.7	0.3	1,227.0
Maintenance, materials and repairs	104.0	-	104.0	93.9	-	93.9
Aircraft rentals .	90.7	-	90.7	95.2	2.0	97.2
Route charges .	460.5	-	460.5	410.5	0.1	410.6
Airport and handling charges .	554.0	-	554.0	490.9	0.9	491.8
Marketing, distribution & other .	180.0	-	180.0	151.6	3.0	154.6
Icelandic volcanic ash related cost .	-	-	-	-	12.4	12.4
Total operating expenses	3,707.0	-	3,707.0	3,113.3	28.0	3,141.3
Operating profit – continuing operations	John Bode		28,148		*	
	(6)					
Tony Christianson (7)	316,750			1.47	%	
Theodore Crosbie (8)	9,245			*		
Stanley Dardis (9)	16,791			*		
Jody Horner (10)	4,152			*		
James Irwin (11)	20,481			*		
Richard Mack (12)	4,698			*		
	4,205,179			19.36	%	

All executive officers and
directors/nominees as a
group (10 persons) (13)

* Less than one percent.

This information is based on the Schedule 13G/A filed with the SEC by FMR LLC on February 12, 2016. FMR
(1) LLC, as parent company of various subsidiaries listed in the Schedule 13G/A, may be deemed to beneficially own
the shares held by such subsidiaries.

This information is based on the Schedule 13G/A filed with the SEC by Invesco Ltd. on March 10, 2016. Invesco
(2) 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.

Includes 2,200,000 shares held by the Meyer Family Investment Limited Partnership, over which Mr. Meyer has
(3) 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 7, 2016, or within 60 days of such date. Also includes
14,834 restricted shares held by Mr. Meyer that are subject to risk of forfeiture.

- Includes 53,000 shares that may be purchased upon exercise of stock options by Mr. Christianson that were exercisable as of April 7, 2016, or within 60 days of that date. Includes 530,285 shares beneficially owned by (4) 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 14,834 restricted shares held by Mr. Christianson that are subject to risk of forfeiture.
- Includes 16,666 shares that may be purchased upon exercise of stock options by Mr. Kalvoda that were exercisable (5) as of April 7, 2016, or within 60 days of that date. Also includes 32,862 restricted shares held by Mr. Kalvoda that are subject to risk of forfeiture.
- Includes 2,000 shares held by Mr. Bode's revocable living trust. Includes 2,667 shares that may be purchased upon (6) exercise of stock options by Mr. Bode that were exercisable as of April 7, 2016, or within 60 days of that date. Also includes 4,525 restricted shares held by Mr. Bode that are subject to risk of forfeiture.
- Includes 200,000 shares beneficially owned by Adam Smith Fund, LLC, 87,531 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 that were exercisable as of April 7, 2016, or within 60 days of that date. Mr. Christianson may be deemed to share beneficial ownership of shares held beneficially by Adam (7) Smith Fund, LLC, Adam Smith Companies, LLC, and Cherry Tree Companies, LLC, by virtue of his status as a controlling owner of those entities. Mr. Christianson expressly disclaims beneficial ownership of any shares held by Adam Smith Fund, LLC, Adam Smith Companies, LLC, and Cherry Tree Companies, LLC, except to the extent of his pecuniary interest in such entities. Also includes 4,525 restricted shares held by Mr. Christianson that are subject to risk of forfeiture.
- (8) Includes 4,525 restricted shares held by Dr. Crosbie that are subject to risk of forfeiture.
- (9) Includes 1,500 shares held by Mr. Dardis' revocable living trust. Also includes 4,525 restricted shares held by Mr. Dardis that are subject to risk of forfeiture.
- (10) Includes 4,152 restricted shares held by Ms. Horner that are subject to risk of forfeiture.
- (11) Includes 20,481 shares held by Mr. Irwin's revocable living trust, which amount includes 4,525 restricted shares that are subject to risk of forfeiture.
- (12) Includes 4,698 restricted shares held by Mr. Mack that are subject to risk of forfeiture.
- Includes 128,000 shares that may be purchased by our executive officers and directors upon exercise of options (13) that were exercisable as of April 7, 2016, or within 60 days of that date. Also includes 94,005 restricted shares held by our 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 officers (as defined in Rule 16(a)-1 under the Securities Exchange Act of 1934, as amended) and directors, and persons who own more than ten percent of the Company's Common Stock, to file with the SEC initial reports of ownership and reports of changes in ownership of the Common Stock. These 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, 2016, all Form 3, Form 4 and Form 5 filing requirements were met.

BOARD OF DIRECTORS

The Governance Committee has recommended, and the Board has approved, that the number of Class III Directors be reduced from three (3) to two (2) and the total number of directors be set at 7, to become effective as of the 2016 Annual Meeting. Currently, the Board consists of three classes of directors: three Class III directors who hold office until the 2016 Annual Meeting (thereafter, we will have two Class III directors); two Class I directors who hold office until the 2017 Annual Meeting; and three Class II directors who hold office until the 2018 Annual Meeting or, in all cases, until their successors are elected and qualified.

The Governance Committee has recommended, and the Board has approved, Stanley Dardis and David Meyer as director nominees for the two (2) Class III Director positions to be elected at the 2016 Annual Meeting.

The following information states the principal occupations for at least the past five years of the 2016 nominees and the remaining directors whose terms will continue beyond the Annual Meeting:

2016 Nominees

Upon election,
these Directors
will Hold Office
Until The 2019
Annual Meeting

Age Position/Committee Membership/Biography

Stanley Dardis	66	Director; Chair of Compensation Committee; Governance/Nominating Committee Mr. Dardis has been a director since October 1, 2010. From 1998 to his retirement in 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.
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David Meyer	62	Board Chair and Chief Executive Officer Mr. Meyer is our Board Chair and Chief Executive Officer. Mr. Meyer worked for JI Case Company in 1975. From 1976 to 1980, Mr. Meyer was a partner in a Case/New Holland Dealership with locations in Lisbon, North Dakota and Wahpeton, North Dakota. In 1980, Mr. Meyer, along with a partner, founded Titan Machinery Inc. Mr. Meyer has served on both the Case CE and CaseIH Agriculture Dealer Advisory Boards. Mr. Meyer is the past chairman and current board member of the North Dakota Implement Dealers Association. 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 is capable of effectively identifying strategic priorities and leading the discussion and execution of strategy.
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Directors Who
Hold Office
Until The 2017
Annual Meeting

Age Position/Committee Membership/Biography

Tony
Christianson

63 Director

Mr. Christianson has been a director since January 2003 and was a founder of Titan Machinery LLC. Since 1981, Mr. Christianson has been the Chairman of Cherry Tree Companies, an

affiliated group of investment banking 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 currently serves as a director of Arctic Cat, Inc., a manufacturer of snowmobiles and related equipment. Mr. Christianson served as a director for several other public companies during the last 5 years including: The Dolan Company, Peoples Educational Holdings, Inc. and Williston Holding Company. Tony Christianson and Peter Christianson, our former President, are brothers. Among other attributes, skills and qualifications, the Board believes that Mr. 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.

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James Irwin	73	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.
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Directors
Who Hold
Office Until
The 2018
Annual
Meeting

Age Position/Committee Membership/Biography

Dr. Theodore Crosbie	65	Director; Governance/Nominating Committee Dr. Crosbie has been a director since August 1, 2014. Dr. Crosbie retired from Monsanto Company in March 2014, after serving the company in various positions since 1996, including as Vice President of Integrated Farming Systems (2010-2014) and Vice President of Global Plant Breeding of Monsanto Agricultural Sector (1998 - 2010). In addition, Dr. Crosbie has served in various public service positions, including as the Chief Technology Officer for the State of Iowa from 2005 to the present. Dr. Crosbie also currently serves on the board of directors of Renewable Energy Group. Among other attributes, skills and qualifications, the Board believes that Dr. Crosbie is uniquely qualified to serve as a director based on his 35 years of experience leading major seed company research programs as well as several company and commercial operations and his experience farming.
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Jody Horner	54	Director; Audit Committee; Compensation Committee Ms. Horner has been a director of Titan Machinery since August 1, 2015. In February 2015, Ms. Horner was appointed President of Midland University, a private liberal arts college located in Fremont, Nebraska. Prior to joining Midland University, Ms. Horner spent over 30 years at Cargill, Inc., holding several leadership positions including President of Cargill Meat Solutions, President of Cargill Case Ready, President of Cargill Salt, Vice President - Corporate Global Diversity, and Vice President - Human Resources. At Cargill, Ms. Horner was a member of several corporate committees including the Global Business Conduct & Ethics Committee and the Global Enterprise Process, Data and Technology Committee. Among other attributes, skills and qualifications, the Board believes Ms. Horner is uniquely qualified to serve as a director based on her 30 years of experience in leadership positions and her knowledge of financial matters, operating strategies, agri-business market, and human resources.
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Richard Mack	48	Director; Audit Committee Mr. Mack has been a director since June 4, 2015. Since June 2014, Mr. Mack has served as Executive Vice President and Chief Financial Officer at The Mosaic Company, a leading international producer and marketer of phosphate and potash crop nutrients. Mr. Mack previously held the position of Senior Vice President, General Counsel and Corporate Secretary for Mosaic from the date of its initial public offering in 2004 until his promotion to Executive Vice President
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in 2009. In the decade prior to Mosaic's formation, he served in various legal capacities at Cargill, Incorporated, and was a founding executive of Mosaic and Cargill Ventures. Mr. Mack is also the founding executive and sponsor of Streamsong Resort, which is owned by Mosaic. Among other attributes, skills and qualifications, the Board believes that Mr. Mack is uniquely qualified to serve as a director based on his experience as a public company executive, his familiarity with public company finance, financial statements, and capital markets, and his knowledge of corporate governance, agri-business markets, mergers and acquisitions, operating strategies, and international business.

ELECTION OF DIRECTORS

(PROPOSAL 1)

2016 Director Nominees

The Governance/Nominating Committee recommended to the Board that the following persons be nominated and elected as directors:

Stanley Dardis

David Meyer

The nominees are currently Class III Directors whose terms expire at the upcoming 2016 Annual Meeting. Each of the nominees has consented to being named as a nominee. If elected, each nominee will serve a three-year term until the 2019 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 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.

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 which, in fiscal 2016, was as follows:

	Cash Retainer (\$)	Restricted Stock Awards (\$)
Compensation for each non-employee director	50,000	70,000
Additional cash retainers:		
Audit Committee Chair	25,000	
Compensation Committee Chair	10,000	
Governance/Nominating Committee Chair	10,000	
Lead Independent Director	15,000	

We also reimburse our non-employee directors for reasonable expenses incurred in connection with their service as directors. The restricted stock awards are granted on the date of the Annual Meeting each year, and vest on the next Annual Meeting date. Directors who serve on the Board for only a portion of the year receive a prorated cash retainer and restricted stock award, the equity component of which is granted on the director's effective start date and has the same vesting date as awards to full-year directors. Directors who terminate service as a director also receive a prorated cash retainer, however, any unvested restricted stock is forfeited, unless the reason for termination is death, in which case the award immediately vests.

The following table provides compensation information for our non-employee directors during fiscal 2016:

Name	Fees Earned or Paid in Cash (\$)	Stock Awards (5) (\$)	Total (\$)
John Bode	75,000	70,000	145,000
Tony Christianson	50,000	70,000	120,000
Theodore Crosbie	57,500	70,000	127,500
Stanley Dardis	60,000	70,000	130,000
Jody Horner (1)	25,000	58,333	83,333
James Irwin	65,000	70,000	135,000
Richard Mack (2)	33,333	70,000	103,333
James Williams (3)	20,000	—	20,000
Theodore Wright (4)	32,065	—	32,065

(1)

Ms. Horner was appointed to the Board effective August 1, 2015, and received prorated compensation for fiscal 2016.

(2)Mr. Mack was elected to the Board effective June 4, 2015, and received prorated compensation for fiscal 2016.

(3)Mr. Williams retired at the end of his term on June 4, 2015 and received pro-rated compensation for fiscal 2016.

Mr. Wright resigned from the Board on September 21, 2015. Prior to his resignation, Mr. Wright received cash (4) compensation based on his prorated service for the year. His fiscal 2016 restricted stock grant in the amount of \$70,000 was forfeited upon resignation.

These amounts represent the grant date fair value for each grant awarded in fiscal 2016, valued in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 718, Compensation—Stock Compensation. For all directors other than Ms. Horner and Mr. Mack, each director received 4,525 restricted shares based on the \$15.47 closing price on the grant date of June 1, 2015. Mr. Mack was elected (5) to the Board on June 4, 2015. He received 4,698 restricted shares based on the \$14.90 closing price on the grant date of June 4, 2015. Ms. Horner was appointed to the Board effective August 1, 2015, and received a prorated restricted stock award calculated based on the remaining number of months until the 2016 Annual Meeting, which restricted stock award was valued at \$58,333. Based on the \$14.05 closing price on the grant date of August 1, 2015 for Ms. Horner's restricted stock award, she received 4,152 restricted shares.

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 and not sold during his or her term of service.

Executive Officers

We do not have any stock retention or ownership guidelines for our executive officers. We will, however, continue to evaluate whether to implement a stock ownership policy for our executive officers.

Trading Restrictions

Our insider trading policy prohibits our directors and executive officers from trading our securities on a short-term basis and requires that any of our Common Stock purchased in the open market be held for a minimum of six months. This policy also requires that company personnel not "margin" or "sell short" our Common Stock, buy or sell put or call options on our Common Stock, or otherwise engage in speculative or hedging transactions in our Common 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 and must continually possess a comprehensive knowledge of the Company's business, including the Company's opportunities 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, our policy that all members of our standing committees are independent, and the policy 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 Board Chair and Chief Executive Officer on the efficiency of the board meetings, and facilitating teamwork and communication among the non-employee directors and management.

Independence

Our Board has determined that six of our eight directors were independent directors, as defined by Rule 5605(a)(2) of the listing standards of the Nasdaq Stock Market. The six independent directors were: John Bode, Theodore Crosbie, Stanley Dardis, Jody Horner, James Irwin and Richard Mack. Of the two nominees and directors that will continue to hold office after the Annual Shareholder Meeting, five directors, including Theodore Crosbie, Stanley Dardis, Jody Horner, James Irwin and Richard Mack, are expected to be independent directors as defined by the listing standards of the Nasdaq Stock Market. In making this determination, the Board considered the recommendation of the Governance/Nominating Committee, as well as any related person transactions and other relationships.

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 or controller that relates to any element of the code of ethics definition enumerated in Item 406(b) of SEC 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. 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 have 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, 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 the director or directors to whom it is directed. 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 June 4, 2015.

Board and Committees Meetings

During fiscal 2016, the Board held ten meetings. The directors also participate in periodic 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, 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 2016 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 during fiscal 2016. Service is for the entire year unless indicated.

Audit Committee	Governance/Nominating Committee	Compensation Committee
John Bode (Chair)	Theodore Crosbie, Chair (6/4/15 - Present)	Stanley Dardis (Chair)
Jody Horner (10/1/15 - Present)	Stanley Dardis	James Irwin
Richard Mack (6/4/15 - Present)	James Irwin	Jody Horner (10/1/15 - Present)
James Williams (Service through 6/3/15)	James Williams (Service through 6/3/15)	Theodore Wright (Service through 9/20/15)
Theodore Wright (Service through 9/20/15)		

Audit Committee

The Audit Committee acts pursuant to a written charter. The charter, which is reviewed annually by the Audit 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 in fulfilling its oversight responsibility to our stockholders and other constituents with respect to the integrity of our financial statements;
- appoints and has oversight over our independent auditors, approves the compensation of our independent auditors, 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 manager 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 SEC rules to be included in our annual Proxy Statement.

Our independent auditors, internal audit manager, 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 determined that the following members who served on the Audit Committee in fiscal year 2016 qualified as an "audit committee financial expert" (as defined under the SEC rules): John Bode, Jody Horner, Richard Mack and Theodore Wright (who resigned from the Board effective September 21, 2015). 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 Nasdaq Stock Market listing rules.

The Audit Committee met seven times in fiscal 2016.

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 a nominee;
- 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.

The Governance/Nominating Committee met five times in fiscal 2016.

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 other executive officers, 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 to directors and employees 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;
 - conduct periodic compensation risk assessments, as further discussed below; and
 - review and discuss with management the Compensation Discussion and Analysis ("CD&A") required by SEC rules.
- 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.

Our Chief Executive Officer, Chief Financial Officer, and other executive officers 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 on compensation for our other officers and employees. The Compensation Committee regularly reports to the Board respecting its actions, decisions and recommendations. The Compensation Committee does not have authority to delegate any of its duties or responsibilities.

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.

Each member of the Compensation Committee satisfies the Nasdaq Stock Market independence standards.

The Compensation Committee met five times in fiscal 2016.

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 Chief Executive Officer, Peter Christianson, our former President, and Mark Kalvoda, our Chief Financial Officer. Mr. Christianson acted as President through June 4, 2015. In this Proxy Statement, we refer to Messrs. Meyer, Christianson and Kalvoda as our "named executive officers."

Executive Summary

Executive Compensation Overview for Fiscal 2016

In fiscal 2016, 50% of the equity awards to each of Mr. Meyer and Mr. Christianson were in the form of performance based restricted stock units ("Performance Based RSUs").

In fiscal 2016 our named executive officers and other executive management did not receive an annual performance bonus.

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

We believe that our compensation plan properly aligns the interests of our named executive officers with the interests of our stockholders.

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 2015 Annual Meeting of Stockholders, the say-on-pay proposal received 99.43% 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.

Performance based compensation should be an important component of our executive compensation program.

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.

Fiscal 2016 Executive Compensation as Compared to our Peer Group.

Our Compensation Committee performed a peer group analysis of the target total direct compensation of our named executive officers, consisting of base salary, annual performance bonus, the grant date fair value of restricted stock equity awards and the target value for Performance Based RSUs. The total direct compensation of our Chief Executive Officer in fiscal year 2016 was in the bottom 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.

Role of Compensation Committee and Named Executive Officers in Setting Compensation

Our Compensation Committee sets the compensation for our named executive officers. None of these individuals makes recommendations or participates in the discussions and decisions respecting his own compensation. Mr. Meyer provides input to the Compensation Committee on compensation for other named executive officers, as appropriate.

Consideration of Tax and Accounting Implications

In setting executive officer compensation, we are generally aware of the tax implications under Sections 162(m) and 409A of the Internal Revenue Code or compensation expense charges under ASC 718, Compensation Stock-Compensation, and 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. Our annual performance bonus program and the Performance Based RSUs are designed to be performance based compensation exempt from the Section 162(m) limitation. We may determine to award compensation that does not qualify as performance based compensation exempt from the Section 162(m) limitation, if appropriate.

Peer Group

In fiscal 2014, the Compensation Committee retained a compensation consultant to develop the Company's peer group for compensation benchmarking purposes. The Compensation Committee did not retain the compensation consultant to review the peer group in fiscal 2015 or 2016, but the Committee conducted its own review and concluded that the peer group was still appropriate. The Company's executive officers did not participate in the selection of the companies for inclusion in the peer group. The peer group is stated as follows:

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.

Executive Compensation Components for Fiscal 2016

The principal elements of our executive compensation program for fiscal 2016 were:

- Base Salary;
- Annual Performance Bonus;
- Long-Term Equity Incentive Compensation; and
- 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 sought 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.

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 an individual's base salary 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 base salary following the close of each fiscal year.

During Fiscal 2016, the annual base salary for Messrs. Meyer and Christianson was \$475,000 and Mr. Kalvoda's base salary was \$294,500.

Annual Performance Bonus

We establish competitive annual performance bonus opportunities 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.

The annual performance bonus is paid in cash.

Under our fiscal 2016 Executive Cash Bonus Plan, Messrs. Meyer, Christianson, and Kalvoda were eligible to earn cash bonuses as described below, but no annual performance bonuses were earned by our named executive officers for fiscal 2016.

	Percent of Base Salary Eligible for Cash Bonus	Eligible Max Cash Bonus Amount	Bonus Earned	Bonus Earned as a % of Maximum
David Meyer	200%	\$950,000	\$	—0.0%
Peter Christianson	200%	\$950,000	\$	—0.0%
Mark Kalvoda	100%	\$294,500	\$	—0.0%

The fiscal 2016 Executive Cash Bonus Plan provided that the "Eligible Max Cash Bonus Amount" set forth above (hereafter the "Eligible Bonus Amount") would be allocated among three categories as described below:

Performance Category	% Allocation of Eligible Bonus Amount
Adjusted Pre-Tax Income (1)	30%
Non-GAAP Cash From Operating Activities (2)	40%
Return on Assets (1)	30%

The Adjusted Pre-Tax Income and Return on Assets performance goals for the fiscal 2016 Executive Cash Bonus Plan were based on the Company's adjusted pre-tax income which is calculated as GAAP pre-tax income (loss) with certain adjustments.

Non-GAAP Cash From Operating Activities performance goals for the fiscal 2016 Executive Cash Bonus Plan were based on GAAP net cash provided by operating activities, adjusted to include all floorplan payable activity, to maintain a constant equity in equipment inventory, and for the after-tax impact of certain store closing and foreign currency remeasurement costs in Ukraine.

Within each performance category, the Compensation Committee established threshold, target, 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. As part of the fiscal 2016 Executive Cash Bonus Plan, the Compensation Committee determined that no bonus would be paid, regardless of achievement of any specific performance measurement, unless the Company's adjusted pre-tax income for fiscal 2016 was at least \$30.0 million, before 401k discretionary match and cash incentive payouts, which adjusted pre-tax income amount was not achieved. The actual results of each performance category are calculated according to the methodology defined in the bonus plan, which may not agree with our calculations of such performance measures in our Forms 10-K or 8-K.

The following discusses the details of the bonus for each performance category:

1. Adjusted Pre-Tax Income

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

	Adjusted Pre-Tax Income Goals	% of Bonus Amount Payable
Threshold and Target	\$30,000,000	50 %
Maximum	\$36,000,000	100 %

Our fiscal 2016 adjusted pre-tax income (loss) was (\$42,960,000), which is below the threshold goal. Therefore, our named executive officers did not receive a cash bonus attributable to this performance category.

2. Non-GAAP Cash From Operating Activities

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

	Non-GAAP	% of	
	Cash From	Bonus	
	Operating	Amount	
	Activities	Payable	
	Goals		
Threshold	\$ 77,400,000	4.5	%
Target	\$ 86,000,000	50	%
Maximum	\$ 94,600,000	100	%

Our fiscal 2016 Non-GAAP Cash From Operating Activities was \$47,745,000, which was below the threshold goal. Therefore, our named executive officers did not receive a cash bonus attributable to this performance category.

3. Return on Assets

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

	Return on Assets	% of Bonus Amount Payable
Threshold	1.53 %	4.5 %
Target	1.70 %	50 %
Maximum	1.87 %	100 %

Our return on assets was (3.65%), which was below the threshold goal. Therefore our named executive officers did not receive a cash bonus attributable to this performance category.

Long-Term Equity Incentive Awards

We establish competitive long-term equity incentive opportunities for our named executive officers that:

• motivate achievement of long-term operational goals and increased total shareholder return; and

• align the interests of participants with stockholders.

Under the terms of Mr. Meyer's current employment agreement and Mr. Christianson's former employment agreement, each of Mr. Meyer and Mr. Christianson were entitled to receive an equity incentive award on June 1, 2015 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, under such terms as determined by the Compensation Committee.

50% of the total long-term equity incentive award for each of Mr. Meyer and Mr. Christianson was in the form of time-vested restricted stock. Accordingly, each of Mr. Meyer and Mr. Christianson received \$237,500 of restricted stock (15,352 shares at \$15.47 per share) on June 1, 2015. One-third of the restricted stock award vests on each of April 1, 2016, 2017 and 2018, respectively.

50% of the total long-term equity incentive award for each of Mr. Meyer and Mr. Christianson was in the form of Performance Based RSUs. Accordingly, each of Mr. Meyer and Mr. Christianson received \$237,500 in Performance Based RSUs (15,352 units at \$15.47 per unit) on June 1, 2015. The Performance Based RSUs that vest, if any, will be settled in shares of our common stock following the close of fiscal 2018 based on the Company's cumulative after-tax return on equity ("ROE") over the 3-year performance period starting February 1, 2015, and ending January 31, 2018. The vested Performance Based RSUs will be settled based on one share of our common stock for each vested Performance Based RSU. The threshold and target ROE's and associated vesting are stated as follows:

Level of Performance	Award Payout (% of Performance Based RSUs Vested)
Below Threshold ROE (less than 4.25%)	0 %
Threshold ROE (equal to 4.25%)	25 %
Target ROE (5.66% or greater)	100 %

The vesting percentage is calculated on a linear basis (from 25% to 100%) based on the actual ROE within the range of 4.25% to 5.66%.

Under the terms of Mr. Kalvoda's employment agreement in effect for the 2015 equity awards, he was entitled to receive an equity incentive award on June 1 (or the first business day thereafter) in an amount determined by the Compensation Committee, under such terms as established by the Compensation Committee. Mr. Kalvoda received a time-vested restricted stock award on June 1, 2015, as discussed below. Mr. Kalvoda was granted \$400,000 of restricted stock (25,856 shares at \$15.47 per share) on June 1, 2015. One-third of the restricted stock award vests on

each of April 1, 2016, 2017 and 2018, respectively. Effective September 4, 2015, Mr. Kalvoda's employment agreement was amended and restated which provides that he is entitled to receive an equity incentive award on June 1 of each year 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, under such terms as recommended by the CEO and approved by the Compensation Committee.

All grants of restricted stock and Performance Based RSUs were made under our 2014 Equity Incentive 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, restricted stock units, 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 employees.

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.

Employment Agreements

We have written employment agreements with David Meyer to serve as our Chief Executive Officer and Mark Kalvoda to serve as our Chief Financial Officer.

Mr. Meyer's current employment agreement has an initial 3-year term that commenced on February 1, 2013, with automatic annual one-year extensions, subject to earlier termination, as described below. Pursuant to the agreement, Mr. Meyer is paid a base salary of \$500,000 per year, subject to annual review and adjustment by our Compensation Committee. For fiscal 2016, Mr. Meyer agreed to a 5% reduction in his base salary. Mr. Meyer is also eligible for an annual incentive bonus of up to 200% of his base salary pursuant to terms, conditions and annual objectives established by our Compensation Committee, as further discussed above under "Annual Performance Bonus." The agreement also provides for yearly equity incentive awards in a dollar amount equal to his base salary, as further discussed above under "Long-Term Equity Incentive Awards," pursuant to terms, conditions and annual objectives established by our Compensation Committee. Mr. Meyer is eligible to participate in any employee benefit plans and programs generally available to our other executive officers.

Mr. Kalvoda's current employment agreement has a rolling 3-year term with automatic annual one-year extensions (running from February 1 through January 31), subject to earlier termination, as described below. Pursuant to the agreement, Mr. Kalvoda is paid a base salary as established by, and subject to annual review and adjustment, by our Compensation Committee. As of January 31, 2016, Mr. Kalvoda's base salary was \$294,500 per year. Mr. Kalvoda is also eligible for an annual incentive bonus of up to 100% of his base salary pursuant to terms, conditions and annual objectives established by the Compensation Committee. The agreement also provides for yearly equity incentive awards in a dollar amount equal to his base salary, as further discussed above under "Long-Term Equity Incentive Awards," pursuant to terms, conditions and annual objectives established by our Compensation Committee. Mr. Kalvoda is eligible to participate in any employee benefit plans and programs generally available to our other executive officers.

The employment agreements with Messrs. Meyer and Kalvoda 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 Kalvoda, as applicable, at any time upon 60 days written notice for any reason, or immediately by us for cause. Each of the employment agreements of Mr. Meyer and Mr. Kalvoda include severance payment provisions in the event of termination of employment. See "Potential Payments upon Termination or Change-In-Control" for additional information regarding these severance payment provisions.

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 incorporated by reference in our Annual Report on Form 10-K for the fiscal year ended January 31, 2016.

Members of the Compensation Committee

Stanley Dardis (Chair)

Jody Horner

James Irwin

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

None of our Compensation Committee members was an officer or employee of the Company during fiscal 2016, has formerly been an officer of the Company, or has or had any related party transaction relationship with our Company of a type that is required to be disclosed under Item 404 of Regulation S-K. None of our executive officers has served as a member of the Board of Directors, or as a member of the compensation or similar committee, of any entity that has one or more executive officers who served on our Board or Compensation Committee during fiscal 2016.

EXECUTIVE COMPENSATION

Summary Compensation Table for Fiscal 2016

The table below sets forth certain information regarding compensation earned during the last three fiscal years to the Company's named executive officers.

Name and Principal Position	Fiscal Year	Salary (\$)(1)	Stock Awards (\$)(2)	Non-Equity Incentive Plan Compensation (\$)	All Other Compensation (\$)(3)	Total (\$)
David Meyer, Chief Executive Officer	2016	475,000	475,000	—	1,980	951,980
	2015	500,000	500,004	—	7,800	1,007,804
	2014	500,000	—	40,500	7,858	548,358
Peter Christianson, Former President (4)	2016	475,000	475,000	—	2,375	952,375
	2015	500,000	500,004	—	11,195	1,011,199
	2014	500,000	—	40,500	21,562	562,062
Mark Kalvoda, Chief Financial Officer	2016	294,500	400,000	—	1,473	695,973
	2015	306,667	200,009	—	7,825	514,501
	2014	285,000	199,998	27,000	7,753	519,751

(1) Amounts shown are not reduced to reflect the named executive officers' elections, if any, to contribute portions of their salaries to 401(k) plans.

(2) Amounts represent the grant date fair value of Performance Based RSUs granted in fiscal 2016 and fiscal 2015, and restricted stock awards granted in fiscal 2016, fiscal 2015 and fiscal 2014, respectively. The assumptions used to determine the valuation of the awards are further discussed in Note 16 to our financial statements in our Annual Report on Form 10-K for the fiscal year ended January 31, 2016. See the Grants of Plan-Based Awards for fiscal 2016 table for further information regarding the equity awards granted in fiscal 2016 and the Outstanding Equity Awards at January 31, 2016 table for information regarding all outstanding equity awards.

(3) Amounts for Messrs. Meyer, Christianson and Kalvoda represent a Company match to the 401(k) plan for fiscal years 2015 and 2014. The amount for fiscal 2016 represents a Company match for two months. Mr. Christianson's amounts for fiscal years 2014 and 2015 also include spousal travel benefits.

(4) Mr. Christianson concluded his term as President of the Company on June 4, 2015, but continued as an employee through the end of fiscal 2016.

Grants of Plan-Based Awards for Fiscal 2016

The following table sets forth certain information regarding grants of plan-based awards (annual performance bonus and long-term equity incentive) to our named executive officers in fiscal 2016:

Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards\$(1)			Estimated Future Payouts Under Equity Incentive Plan Awards(2)		All Other Stock Awards: Number of Shares of Stock(3)	Grant Date Fair Value of Stock and Option Awards \$(4)
		Threshold	Target	Maximum	Threshold	Maximum		
David Meyer	6/1/2015	172,425	475,000	950,000	3,838	15,352	15,352	475,000
Peter Christianson	6/1/2015	172,425	475,000	950,000	3,838	15,352	15,352	475,000
Mark Kalvoda	6/1/2015	62,729	147,250	294,500	—	—	25,856	400,000

Amounts shown in the table reflect the potential amount of annual performance bonuses that could be earned in fiscal 2016 by each of our named executive officers, based on meeting the threshold goals, target goals and (1) maximum goals amounts, as defined in our 2016 Executive Bonus Plan. Actual amounts earned by the named executive officers for fiscal 2016 are reported in the Summary Compensation Table on page 19 under the column entitled "Non-Equity Incentive Plan Compensation."

Amounts shown in the table reflect the potential number of shares that could be earned after the completion of (2) fiscal 2018 by Mr. Meyer and Mr. Christianson under Performance Based RSUs granted on June 1, 2015, based on meeting the threshold and target goals, as defined in the Performance Award Agreement. Actual results below the threshold goal result in vesting of none of the Performance Bond RSUs that were awarded.

Mr. Meyer and Mr. Christianson each received a grant of restricted stock on June 1, 2015 in the amount of 15,352 (3) restricted shares, as to which the risk of forfeiture will terminate ratably on April 1 of each year from 2016 to 2018. Mr. Kalvoda received a grant of restricted stock on June 1, 2015 in the amount of 25,856 restricted shares, as to which the risk of forfeiture will lapse ratably on April 1 of each year from 2016 to 2018.

This amount represents the grant date fair value of the restricted stock and Performance Based RSUs, (4) determined in accordance with FASB ASC Topic 718. The amounts for both Mr. Meyer and Mr. Christianson include \$237,500 related to restricted stock and \$237,500 related to Performance Based RSUs. The amount for Mr. Kalvoda relates entirely to restricted stock.

Outstanding Equity Awards at January 31, 2016

The following table sets forth certain information regarding equity awards granted to our named executive officers outstanding as of January 31, 2016:

Name	Option Awards					Stock Awards			
	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)(1)	Market Value of Shares or Units of Stock That Have Not Vested \$(2)	Equity Incentive Plan Awards: Number of Shares, Units or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested \$(2)
David Meyer	53,000	—	—	8.50	12/6/17	24,550	208,430	29,149	247,475

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Peter Christianson	53,000	—	—	8.50	12/6/17	24,550	208,430	29,149	247,475
Mark Kalvoda	6,666	—	—	8.50	12/5/17	46,665	396,186	—	—
	10,000	—	—	22.21	9/22/18	—	—	—	—

(1) For Mr. Meyer and Mr. Christianson, 9,716 shares vest on each of April 1, 2016 and 2017, and 5,118 shares vest on April 1, 2018, respectively. For Mr. Kalvoda, 13,804 shares vest on April 1, 2016, 13,459 shares vest on April 1, 2017, 13,075 shares vest on April 1, 2018, 4,119 shares vest on April 1, 2019, and 2,208 shares vest on April 1, 2020.

(2) The amounts reflect the value based on the closing price of our common stock on January 29, 2016 of \$8.49.

Option Exercises and Stock Vested for Fiscal 2016

Name	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise (\$)	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting (\$)
David Meyer	—	—	22,740(1)	282,467(2)
Peter Christianson	—	—	22,740(1)	282,467(2)
Mark Kalvoda	—	—	3,478 (3)	45,144 (4)

(1) Represents 4,599 and 18,141 shares of restricted stock as to which the risk of forfeiture lapsed on April 1, 2015 and December 1, 2015, respectively.

(2) Calculated based on the closing share price of our common stock of \$12.98 and \$12.28 on April 1, 2015 and December 1, 2015, respectively, the dates the risk of forfeiture lapsed with regard to the restricted stock.

(3) Represents 3,478 shares of restricted stock as to which the risk of forfeiture lapsed on April 1, 2015.

(4) Calculated based on the closing share price of our common stock of \$12.98 on April 1, 2015, the date the risk of forfeiture lapsed as to the restricted stock.

Potential Payments upon Termination or Change-In-Control

The following is a discussion of the agreements, plans or arrangements that provide for payments or benefits to our named executive officers in connection with any termination of employment or change in control of the Company.

As provided under "Compensation Discussion and Analysis-Employment Agreements," we are party to an employment agreement with Mr. Meyer which provides that if Mr. Meyer, is terminated by us without "cause" prior to the expiration of the term or if he resigns for "good reason", we are obligated to pay severance in an amount equal to two times the sum of (i) his annual base salary, plus (ii) the amount of the annual incentive bonus last paid prior to the termination, and we are also required to allow Mr. Meyer to continue to participate in our group medical and dental plans at our expense for a period of 24 months. If such termination occurred on January 31, 2016, Mr. Meyer would have been entitled to a severance payment of \$950,000 (paid in equal monthly installments over 24 months) calculated as follows: two times the sum of (i) the current base salary of \$475,000, plus (ii) the amount of the last annual incentive bonus paid of \$0. In addition, we would pay for the cost of Mr. Meyer's continued participation in our group medical and dental plans for the 24 month period following termination (currently \$1,181 per month).

Mr. Meyer's employment agreement does not contain any special provisions or additional payments applicable to a termination following a change in control. Upon termination of employment for any reason, Mr. Meyer's unvested equity awards are forfeited.

Under Mr. Meyer's employment agreement, "cause" is defined to mean the occurrence of any of the following: (i) the commission of a felony; (ii) any intentional and/or willful act of fraud or material dishonesty; (iii) the willful and/or continued failure, neglect, or refusal by Mr. Meyer to perform in all material respects his job duties, or to fulfill his fiduciary responsibilities to the Company; or (iv) a material breach of the Company's material policies or codes of conduct or other agreement. In addition, "good reason" is defined to mean any of the following: (i) an action that results in a substantial diminution in duties, status or position; (ii) the relocation of the principal office for Company business to a location more than forty (40) miles from the Company's current headquarters; or (iii) material breach by the Company of any terms or conditions of the employment agreement.

We are also party to an employment agreement with Mr. Kalvoda, which provides that if Mr. Kalvoda is terminated by us without "cause" prior to the expiration of the term or if he resigns for "good reason" (not following a "change in control"): (a) we are obligated to pay severance in an amount equal to the sum of (i) his annual base salary plus (ii) the amount of the average annual incentive bonus paid to Mr. Kalvoda in the three years preceding termination; (b) his non-vested restricted equity awards that vest with the passage of time will not be forfeited and will vest in accordance with the normal vesting schedule; (c) his non-vested equity-based compensation awards that are intended to constitute performance-based compensation shall remain outstanding and shall vest or be forfeited in accordance with the terms

of the applicable award agreements; and (d) we are required to allow Mr. Kalvoda to continue to participate in our group medical and dental plans at our expense for a period of 12 months. If such termination occurred on January 31, 2016, (not following a "change in control"), Mr. Kalvoda would have been entitled to a severance payment of \$316,716 (paid in equal monthly installments over 12 months) calculated as follows: the sum of (i) the current base salary of \$294,500, plus (ii) the amount of the average annual incentive bonus paid in the three years preceding termination of \$22,216. In addition, the Company would pay for the cost of his continued participation in our group medical and dental plans for the 12 month period following termination (currently \$829 per month). Assuming a termination date of January 31, 2016, the value of the non-vested equity awards that would continue to vest over

the established vesting schedules would be \$396,186, calculated based upon the closing price of our common stock on January 29, 2016 of \$8.49.

If Mr. Kalvoda is terminated by the Company without "cause" or if he resigns for "good reason" within 12 months following a "change in control", the Company is 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 average annual incentive bonus paid to Mr. Kalvoda in the three years preceding the termination. These severance payments would be made in 24 equal monthly installments. Also, Mr. Kalvoda's non-performance based equity awards would become fully vested and earned as of the first day following the expiration of the rescission period under the release; and any performance based equity awards would vest and be earned in accordance with the terms of the applicable award agreement. If such termination occurs we would also be required to allow Mr. Kalvoda to continue to participate in our group medical and dental plans at our expense for a period of 24 months following termination. If Mr. Kalvoda was terminated on January 31, 2016, (following a "change in control") he would have been entitled to a severance payment of \$633,432 (paid in equal monthly installments over 24 months) calculated as follows: two times the sum of (i) the current base salary of \$294,500, plus (ii) the amount of the average annual incentive bonus paid in the three years preceding termination of \$22,216. In addition, the Company would pay for the cost of his continued participation in our group medical and dental plans for the 24 month period following termination (currently \$829 per month). Assuming a termination date of January 31, 2016, the value of the equity awards that would vest on a change in control would be \$396,186, calculated based upon the closing price of our common stock on January 29, 2016 of \$8.49.

Under Mr. Kalvoda's employment agreement, "cause" is defined to mean any of the following: (i) material breach of the employment agreement; (ii) willful refusal to perform assigned duties without justification, or willful misconduct or gross negligence in the performance of duties; (iii) a material breach of the Company's material policies or codes of conduct or of material obligations under any other agreement; (iv) the willful engagement in dishonesty, fraud, illegal conduct, with respect to or in the course of the business or affairs of the Company, which materially and adversely harms the Company; (v) conviction of, or a plea of nolo contendere to, a felony or other crime involving moral turpitude; and (vi) death or permanent disability. In addition, "good reason" is defined to mean any of the following: (i) substantial diminution in duties, status, compensation, or reporting relationship; (ii) the relocation of the principal office for Company business to a location more than forty (40) miles from the Company's current headquarters; (iii) material breach by the Company of any terms or conditions of the employment agreement; or (iv) the failure of the Company to require a successor to assume the terms of the employment agreement. In addition, "change in control" is defined to mean the occurrence of any of the following: (i) one person (or more than one person acting as a group) acquires ownership of stock of the Company that, together with the stock held by such person or group, constitutes more than 50% of the total voting power of the stock of the Company; (ii) a majority of the members of the Board are replaced during any twelve-month period by directors whose appointment or election is not endorsed by a majority of the Board before the date of appointment or election; or (iii) the sale of all or substantially all of the Company's assets. In order to receive the severance and continued benefits described above, 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 have 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.

Equity Compensation Plan Information

The following table provides information regarding our equity compensation plans as of January 31, 2016:

Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)(1)	Weighted average price of outstanding options, warrants and rights (b)(2)	Number of securities remaining available for future issuance under equity compensation plans (excluding
--	---	---

			securities reflected in column (a)) (c)(3)
Equity compensation plans approved by security holders	351,565	\$ 12.19	1,227,345
Equity compensation plans not approved by security holders	—	—	—
Total	351,565	\$ 12.19	1,227,345

Amount includes the number of shares of Common Stock underlying the outstanding stock options and RSUs. The

(1) number of shares underlying outstanding Performance Based RSUs is based on the target level of performance under those awards.

(2) Amount reflects weighted average exercise price of outstanding stock options only.

(3) Amount represents shares available for future issuance under equity compensation plans, including as restricted stock awards.

ADVISORY VOTE ON EXECUTIVE COMPENSATION (PROPOSAL 2)

During our 2011 Annual Meeting of Stockholders, our stockholders cast an advisory vote on how frequently to conduct a stockholder advisory vote on the compensation of our named executive officers (commonly referred to as a "say-on-pay" vote). Consistent with the 2011 stockholder advisory vote, the Board has determined that the Company will conduct the say-on-pay vote at each annual meeting. The Company will next conduct a stockholder advisory vote on how often to conduct a say-on-pay vote no later than its 2017 Annual Meeting.

Our compensation philosophy is described in the Compensation Discussion and Analysis contained in this Proxy Statement. Stockholders are urged to read the Compensation Discussion and Analysis and to review the "Summary Compensation Table" and other related tables and narrative disclosure which describe the compensation of our Chief Executive Officer, our former President, and our Chief Financial Officer in fiscal 2016 set forth under "Executive Compensation" above. The Compensation Committee and the Board believe the policies and procedures articulated in the Compensation Discussion and Analysis are effective in implementing our compensation philosophy and in achieving our goals and that the compensation of our named executive officers in fiscal 2016 reflects and supports these compensation policies and procedures.

Stockholders are being asked to vote on the following resolution:

"RESOLVED, that the stockholders of Titan Machinery Inc. approve, on an advisory basis, the compensation of the Company's named executive officers, as disclosed pursuant to Item 402 of Regulation S-K, including the Compensation Discussion and Analysis section, the compensation tables, and related narrative disclosures as contained in this Proxy Statement."

This advisory vote on executive compensation, commonly referred to as a "say-on-pay" advisory vote, is required under Section 14A of the Securities Exchange Act of 1934, as amended, and is not binding on our Board. However, the Board and Compensation Committee will take into account the result of the vote when determining future executive compensation arrangements.

The Board recommends that you vote "FOR" the adoption of the resolution set forth in this Proposal 2.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Review and Approval of Transactions with Related Persons

We have a written Related Party Transactions Policy that requires our independent directors to review and approve or ratify any "related person transaction" of the type required to be disclosed by Item 404 of Regulation S-K. "Related persons" include directors, officers, stockholders beneficially owning more than 5% of our common stock, and their respective immediate family members. The policy covers all transactions, arrangements or relationships (or any series of similar transactions, arrangements or relationships) in which the Company or any of its subsidiaries was, is or will be a participant, in which the amount involved exceeds \$120,000, and in which any related person had, has or will have a direct or indirect material interest. All of our directors, officers and employees are required to report to our General Counsel any related party transactions (as required to be disclosed under Item 404 of Regulation S-K).

All related person transactions are reviewed and may be approved or ratified by the independent directors (not including any director that is a related person with respect to the transaction at issue). The independent directors take into account, among other factors they deem appropriate, whether the transaction is on terms generally available to an unaffiliated third-party under the same or similar circumstances and the extent of the related person's interest in the transaction. The independent directors may impose such conditions as they deem necessary and appropriate on the Company or the related person in connection with the transaction. In the case of a transaction presented to the independent directors for ratification, the independent directors may ratify the transaction or determine whether rescission of the transaction is appropriate.

Related Person Transactions in Fiscal 2016

Described below are transactions that occurred during fiscal 2016 to which we were a participant in which:

- the amounts involved exceeded or will exceed \$120,000; and
- a director, executive officer, beneficial owner of more than five percent of any class of our voting securities or any member of their immediate family had or will have a direct or indirect material interest.

1. Real Estate Lease Agreement with C.I. Farm Power Inc.

We lease one dealership site located in Fargo, North Dakota from C.I. Farm Power Inc., an entity owned and controlled by Mr. Peter Christianson (our former President and former member of our Board of Directors) and his immediate family. The monthly lease payment is \$12,000. We paid \$144,000 in lease payments to this entity during

fiscal 2016. The lease agreement expires on July 31, 2018, subject to the right of either party to terminate at any time upon 60 days' written notice. We are responsible for paying real estate taxes, insurance, maintenance and utilities. We believe the terms of this lease to be commercially reasonable, and the lease is not any less favorable to us than could be obtained in an arm's length transaction with an unrelated party.

2. Immediate Family Members who are Employees of the Company

During fiscal 2016, Ted Christianson served as our Treasurer and received total cash compensation of approximately \$237,790 and a restricted stock award of 1,433 shares of our common stock, with a grant-date fair value of \$22,169. Ted Christianson is the brother of Peter Christianson (our former President and former member of our Board of Directors) and of Tony Christianson (a member of our Board of Directors). Mr. Christianson participated in employee benefits plans and programs available to our other full time employees.

3. Construction Management Services Performed by C.I. Construction, LLC

C.I. Construction, LLC ("CI"), performs construction management services for certain of the Company's new store construction projects, shop additions, and remodel projects. CI is owned by Rob Thompson, who is the brother-in-law of Peter Christianson (our former President and former member of our Board of Directors) and of Tony Christianson (a member of our Board of Directors). CI performs construction management services including developing designs/specifications and drawings, preparing bid packages, advising on the selection of suppliers and contractors, and overseeing the construction process. CI is also an authorized reseller of certain steel buildings that the Company frequently incorporates into its construction projects.

CI receives a fee equal to 4.5% of the construction costs, excluding expenditures for certain fixtures and fixed assets that the Company originates. CI is also reimbursed for the labor costs of CI's site supervisors and on-site staff, and utilities, equipment rental, travel, and other direct costs incurred by CI in performing the services. CI also receives payment as a reseller of the steel buildings used in certain of our construction projects. We are not obligated to retain CI on an ongoing basis, and this decision will be made for each project based on the best interests of the Company.

During fiscal 2016, CI received an aggregate amount of \$474,717 in direct or indirect payments from the Company for the performance of construction-related services and the purchase of steel buildings, as well as reimbursement for other construction-related costs.

AUDIT COMMITTEE REPORT

In accordance with its written charter adopted by the Board, as amended, the Audit Committee assists the Board with fulfilling its oversight responsibility regarding the quality and integrity of the accounting, auditing and financial reporting practices of the Company. In discharging its oversight responsibilities regarding the audit process, the Audit Committee:

- (1) reviewed and discussed the audited financial statements with management and the independent auditors;
- (2) discussed with the independent auditors the matters required to be discussed by Public Company Accounting Oversight Board Auditing No. 1301, Communications with Audit Committee; and received the written disclosures and the letter from the independent accountant required by applicable requirements of the Public Company Accounting Oversight Board regarding the independent accountant's communications with
- (3) the Audit Committee concerning independence, and has discussed with the independent accountant the independent accountant's independence.

Based upon the reviews and discussions referred to above, the Audit Committee recommended to the Board of Directors that the audited financial statements be included in the Company's Annual Report on Form 10-K for the fiscal year ended January 31, 2016, as filed with the SEC.

Members of the Audit Committee:

John Bode (Chair)

Jody Horner

Richard Mack

FEES OF THE INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

General Information

Deloitte & Touche LLP ("Deloitte") has acted as the Company's Independent Registered Public Accounting Firm for the fiscal years ended January 31, 2016 and 2015.

Audit Fees

The following fees were billed by Deloitte & Touche LLP for fiscal years 2016 and 2015:

	2016	2015
Audit Fees	\$683,300	\$619,800
Audit-Related Fees	—	9,200
Tax Fees	—	—
All Other Fees	—	—
Total	\$683,300	\$629,000

Audit fees are for professional services rendered for the audit of the Company's annual financial statements and review of financial statements included in the Company's Quarterly Reports on Form 10-Q filings or services that are normally provided by the Independent Registered Public Accounting Firm in connection with regulatory filings with the SEC.

Audit-related fees are primarily for the assurance and related services performed by our auditors that are reasonably related to the performance of the audit or review of the Company's financial statements. For fiscal 2016 and fiscal 2015, this primarily consisted of accounting research assistance and services related to our Form S-8 filing and SEC Comment Letters.

Tax fees may include services such as tax compliance, tax advice and tax planning, amongst others. There were no such fees during fiscal 2016 or 2015.

All other fees relate to services provided by the independent registered public accounting firm that are not classified as audit fees, audit-related fees or tax fees. There were no such fees during fiscal 2016 or 2015.

Pursuant to its written charter, the Audit Committee is responsible for pre-approving all audit and permitted non-audit services to be performed for the Company by its Independent Registered Public Accounting Firm or any other auditing or accounting firm. During fiscal 2016, the Audit Committee approved all audit and non-audit services provided to the Company by Deloitte & Touche LLP. The Committee's current practice is to consider for pre-approval annually all audit and non-audit services proposed to be provided by the Independent Registered Public Accounting Firm. In making its decision to appoint Deloitte & Touche LLP as the Company's Independent Registered Public Accounting Firm, the Audit Committee has considered whether the provision of the non-audit services rendered by Deloitte & Touche LLP is compatible with maintaining that firm's independence and has determined that such services are compatible with maintaining Deloitte & Touche's independence.

RATIFICATION OF PUBLIC ACCOUNTING FIRM

(PROPOSAL 3)

The Audit Committee has selected Deloitte & Touche LLP, an independent registered public accounting firm, as the Company's independent registered public accounting firm for the fiscal year ending January 31, 2017.

Our bylaws do not require that our stockholders ratify the selection of Deloitte & Touche LLP as the independent registered public accounting firm. However, the Board is submitting the appointment of Deloitte & Touche LLP to our stockholders for ratification as a matter of good corporate governance. Even if the selection of Deloitte & Touche LLP is ratified, the Audit Committee may change the appointment at any time during the year if it determines that a change would be in the best interests of the Company and its stockholders.

Representatives of Deloitte & Touche LLP are expected to be present at the Annual Meeting. They will be given the opportunity to make a statement if they desire and are expected to be available to respond to appropriate questions. Further information about the services provided by Deloitte & Touche LLP, including information about the fees paid to the firm during fiscal 2016 can be found under the heading "Fees of the Independent Registered Public Accounting Firm" above.

The Board recommends that you vote "FOR" the ratification Deloitte & Touche LLP as our Independent Registered Public Accounting Firm for the fiscal year ending January 31, 2017.

OTHER BUSINESS

Management knows of no other matters to be presented at the Annual Meeting. If any other matter properly comes before the Annual Meeting, the appointees named in the proxies will vote the proxies in accordance with their best judgment.

STOCKHOLDER PROPOSALS

Any appropriate proposal submitted by a stockholder of the Company and intended to be presented at the 2017 Annual Meeting of Stockholders must be received by the Company no later than December 27, 2016 to be includable in the Company's Proxy Statement and related proxy for the 2017 Annual Meeting. Additionally, pursuant to the advance notice provisions of the Company's Bylaws, as authorized by applicable state law, in order for stockholders to present nominations or other business at the 2017 Annual Meeting, a stockholder's notice of such nomination or other business must be received no earlier than February 5, 2017 and no later than March 4, 2017 and must be in a form that complies with the requirements set forth in the Company's Bylaws.

FORM 10-K

A COPY OF THE COMPANY'S FORM 10-K ANNUAL REPORT FOR THE FISCAL YEAR ENDED JANUARY 31, 2016 (WITHOUT EXHIBITS), ACCOMPANIES THIS NOTICE OF ANNUAL MEETING OF STOCKHOLDERS AND PROXY STATEMENT. NO PART OF THE ANNUAL REPORT IS INCORPORATED HEREIN AND NO PART THEREOF IS TO BE CONSIDERED PROXY SOLICITING MATERIAL. THE COMPANY WILL FURNISH WITHOUT CHARGE TO EACH PERSON WHOSE PROXY IS BEING SOLICITED, UPON WRITTEN REQUEST OF ANY SUCH PERSON, ANY EXHIBIT DESCRIBED IN THE LIST ACCOMPANYING THE FORM 10-K, UPON THE PAYMENT, IN ADVANCE, OF REASONABLE FEES RELATED TO THE COMPANY'S FURNISHING SUCH EXHIBIT(S). REQUESTS FOR COPIES OF SUCH EXHIBIT(S) SHOULD BE DIRECTED TO MARK KALVODA, CHIEF FINANCIAL OFFICER, AT THE COMPANY'S PRINCIPAL ADDRESS.

Dated: April 26, 2016

West Fargo, North Dakota

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