

American Electric Technologies Inc  
Form DEF 14A  
March 28, 2013

## SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the

Securities Exchange Act of 1934

(Amendment No. )

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

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

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material under Rule 14a-12

### AMERICAN ELECTRIC TECHNOLOGIES, INC.

Name of the Registrant as Specified In Its Charter

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

1. Title of each class of securities to which transaction applies:



4. Date Filed:

Dear Fellow Stockholders:

You are cordially invited to attend the 2013 Annual Meeting of Stockholders of American Electric Technologies, Inc. which will be held at the principal office of the Company, 6410 Long Drive, Houston, Texas at 10:00 a.m., local time, on Monday, May 13, 2013. During the meeting, we will conduct the business described in the Notice of Annual Meeting of Stockholders and Proxy Statement. I hope you will be able to attend.

We are again following Securities and Exchange Commission rules which enable us to provide proxy materials for the 2013 Annual Meeting on the Internet instead of automatically mailing printed copies. This allows us to provide our stockholders with the information they need, while lowering the cost of the delivery of the materials and reducing the environmental impact from the printing, mailing and disposing of paper copies. Stockholders of record will receive a notice with instructions on how to access those documents over the internet and request a paper copy of our proxy materials, including this proxy statement, our 2012 Annual Report and a form of proxy card for voting. Stockholders whose shares are held in a brokerage account will receive this information and voting instructions from their broker.

Whether or not you plan to attend the Annual Meeting, it is important that you vote by promptly completing, dating, signing and returning your proxy card by mail or fax or following the voting instructions provided by your broker. If you attend the Annual Meeting and decide to vote in person, you may revoke your proxy.

On behalf of the directors, officers and employees of American Electric Technologies, Inc., I thank you for your continued support.

Sincerely,

ARTHUR G. DAUBER  
**Executive Chairman**

March 25, 2013

**AMERICAN ELECTRIC TECHNOLOGIES, INC.**

**6410 Long Drive**

**Houston, Texas 77087**

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**

**To Be Held on May 13, 2013**

The 2013 Annual Meeting of the Stockholders (the Annual Meeting ) of American Electric Technologies, Inc., a Florida corporation (the Company ), will be held at the principal office of the Company, 6410 Long Drive, Houston, Texas on Monday, May 13, 2013 at 10:00 a.m., local time, for the following purposes:

1. To elect five (5) members to the Company s Board of Directors;
2. To ratify the selection of the independent registered public accounting firm for 2013;
3. To vote on a non-binding advisory resolution to approve executive compensation;
4. To vote on the desired frequency of the non-binding advisory vote to approve executive compensation;
5. To transact such other business as may properly come before the meeting or any adjournment thereof.

Our Board of Directors has fixed the close of business on March 14, 2013 as the record date for the determination of shareholders entitled to notice of and to vote at the meeting or any adjournment thereof.

Your attention is directed to the following pages for information on voting and obtaining a paper copy of the proxy materials for the Annual Meeting.

You are cordially invited to attend the Annual Meeting. The Board of Directors encourages you to access the proxy materials and vote in person or by proxy by following the instructions on the following pages.

By Order of the Board of Directors

Andrew L. Puhala  
Secretary

Houston, Texas

March 28, 2013

**AMERICAN ELECTRIC TECHNOLOGIES, INC.**

**6410 Long Drive**

**Houston, Texas 77087**

**PROXY STATEMENT**

**ANNUAL MEETING OF STOCKHOLDERS**

**To Be Held May 13, 2013**

**About this Proxy Statement**

This Proxy Statement is being made available on or about March 28, 2013 to the holders of common stock (the "common stock") of American Electric Technologies, Inc. (the "Company") in connection with the solicitation by the Board of Directors of the Company of proxies for use at the Annual Meeting of Stockholders (the "Annual Meeting") to be held on May 13, 2013, or at any adjournment thereof. The purposes of the Annual Meeting and the matters to be acted upon are set forth in the accompanying Notice of Annual Meeting of Stockholders. As of the date of this Proxy Statement, the Board of Directors is not aware of any other matters that will come before the Annual Meeting. However, if any other matters properly come before the Annual Meeting, the persons named as proxies will vote on them in accordance with their best judgment.

**Voting Instructions for Stockholders of Record**

If you hold a stock certificate for shares in your name you are considered a stockholder of record (or registered stockholder) of those shares. You may vote by mail or fax or by attending the Annual Meeting.

**Voting by Mail**

Download or Request a paper copy of the proxy card as instructed below.

Return your signed and dated proxy card for receipt by May 13, 2013, the date of the Annual Meeting.

**Voting by Fax**

Download or Request a paper copy of the proxy card as instructed below.

Fax your signed and dated proxy card to the number on the proxy card for receipt by 10:00 a.m. May 13, 2013, the date of the Annual Meeting.

**Voting in Person**

You may vote in person at the Annual Meeting, even if you already voted by mail or fax and your vote at the meeting will supersede any prior vote.

**Voting Instructions for Beneficial Owners**

If your shares are held in a stock brokerage account you are considered the beneficial owner of shares held in street name. You may vote by internet, telephone, mail or in person.

**Voting on the Internet**

## Edgar Filing: American Electric Technologies Inc - Form DEF 14A

Go to: [www.proxyvote.com](http://www.proxyvote.com), enter the 12-digit control number from the Notice sent to you by your broker or nominee and follow the on-screen instructions.

### **Voting by Telephone**

Request a paper copy of a proxy card as instructed below and call the toll-free number on the Voting Instruction Form you will receive from your broker or nominee.

### **Voting by Mail**

Request a paper copy of a proxy card as instructed below and follow the instructions included on the Voting Instruction Form sent to you by your broker or nominee.

### **Voting in Person**

Since you are not a stockholder of record, you may not vote your shares in person at the meeting unless you have a proxy from the bank, broker, trustee or nominee that holds your shares giving you the right as beneficial owner to vote your shares at the meeting. To request a proxy, follow the instructions at [www.proxyvote.com](http://www.proxyvote.com). You must also bring to the annual meeting a letter from the nominee confirming your beneficial ownership of the shares.

### **To Request a Paper Copy of Proxy Materials or Proxy Card for 2013 Annual Meeting of Stockholders:**

#### **Stockholders of Record**

If you are a stockholder of record and you prefer to receive a paper copy of our proxy materials and/or proxy card, you must request one. There is no charge to you for requesting a copy. Please make your request for a copy in one of the following ways on or prior to May 1, 2013 to facilitate timely delivery:

**Internet:** [www.aeti.com/proxy](http://www.aeti.com/proxy).

**Telephone:** Call toll-free at 1-800-240-4669.

**E-mail:** Send an e-mail to [investorrelations@aeti.com](mailto:investorrelations@aeti.com) with proxy materials order in the subject field and include your name, address and account number from the label on the Notice of Internet Availability you received from the Company.

#### **Beneficial Owners**

If you are a stockholder who holds your stock in street name through your broker or other nominee and you prefer to receive a paper copy of our proxy materials and/or proxy card, you must request one. There is no charge to you for requesting a copy. Please make your request for a copy in one of the following ways on or prior to May 1, 2013 to facilitate timely delivery:

**Internet:** [www.proxyvote.com](http://www.proxyvote.com).

**Telephone:** Call toll-free at 1-800-579-1639.

**E-mail:** Send a blank e-mail to [sendmaterial@proxyvote.com](mailto:sendmaterial@proxyvote.com) with the 12-digit control number that appears on the Notice sent to you from your broker or nominee in the subject line.

#### **Revocability and Voting of Proxy**

Any stockholder who gives a proxy may revoke it at any time before it is voted by delivering to the Secretary of the Company a written notice of revocation or a duly executed proxy bearing a later date, or by voting in person at the Annual Meeting. All proxies properly executed and returned will be voted in accordance with the instructions specified thereon. **If no instructions are given, proxies will be voted FOR the election of the nominees of the Board of Directors, FOR Proposal No. 2, FOR Proposal No. 3, and Three Years on Proposal No. 4.**



**Record Date, Voting Rights and Quorum**

Only stockholders of record at the close of business on March 14, 2013 (the Record Date ) are entitled to notice of and to vote at the Annual Meeting or at any adjournment thereof. At that date there were 7,990,576

shares of Common Stock and 1,000,000 shares of Series A Convertible Preferred Stock (the Series A Preferred Stock ) outstanding. At the Annual Meeting, each share of Common Stock will be entitled to one vote and each share of Series A Preferred Stock will be entitled to one vote (which represents the number of shares of Common Stock into which each share of Series A Preferred Stock is currently convertible) and the holders of Common Stock and the Series A Preferred Stock vote together as a single class on all matters to be presented at the Annual Meeting, other than the Election of Preferred Director, as described below. Accordingly, holders of Common Stock and Series A Preferred Stock may cast an aggregate of 8,990,576 votes at the Annual Meeting. The holders of a majority of these 8,990,576 voting rights represented by shares of Common Stock and Series A Preferred Stock present in person or by proxy and entitled to vote, will constitute a quorum at the Annual Meeting.

Proxies marked withheld as to any director nominee or abstain or against as to a particular proposal and broker non-votes will be counted for purposes of determining the presence or absence of a quorum.

Broker non-votes are shares held by brokers or nominees which are present in person or represented by proxy, but which are not voted on a particular matter because instructions have not been received from the beneficial owner. The effect of proxies marked withheld as to any director nominee or abstain or against as to a particular proposal and broker non-votes on each Proposal is discussed under each respective Proposal.

**PROPOSAL NO. 1**

**ELECTION OF DIRECTORS**

The Company currently has six directors. Five directors will be elected by the stockholders as of the Record Date at the Annual Meeting to hold office until the 2014 annual meeting and until their successors are elected and have qualified. Unless otherwise instructed, the proxy holders named in the enclosed proxy will vote the proxies received by them for the five nominees of the Board of Directors named below. One director will be elected by the holder of the Series A Preferred Stock and proxies for the election of this director are not being solicited.

Each nominee of the Board of Directors has indicated that he is willing and able to serve as director if elected. If any nominee of the Board of Directors becomes unavailable for any reason before the election, proxies will be voted for the election of such substitute nominee or nominees, if any, as shall be designated by the Corporate Governance and Nominating Committee of the Board of Directors. The Corporate Governance and Nominating Committee has no reason to believe that any of the nominees will be unavailable to serve.

**Vote Required**

The five nominees who receive the highest number of affirmative votes of the shares present in person or represented by proxy and entitled to vote, a quorum being present, shall be elected as directors. Only votes cast FOR a nominee will be counted, except that the accompanying proxy will be voted FOR all nominees in the absence of instructions to the contrary. Broker non-votes and proxies marked withheld as to one or more nominees will have no effect on the election since only votes FOR a nominee are counted in order to determine the five nominees with the highest number of votes.

**THE BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE FOR THE ELECTION OF EACH OF THE NOMINEES NAMED BELOW.**

**Nominees of the Board of Directors**

The following five nominees have been recommended for election by the Corporate Governance and Nominating Committee and are the nominees of the Board of Directors. Certain information about the nominees, including their experience, qualifications, attributes or skills that led the Corporate Governance and Nominating Committee and the Board to conclude that the nominees should continue to serve as directors of the Company is set forth below. All of the nominees are currently members of the Board of Directors and were elected by the stockholders at the 2012 Annual Meeting.

Arthur G. Dauber, age 69, has been Chairman of the Board and a director of the Company since the Company's merger with M&I Electric Industries, Inc. ( M&I ) in May 2007. He served as President and CEO of the Company from May 2007 until September 2009 at which time he was appointed as Executive Chairman focusing on international joint ventures, technical developments, manufacturing and transformative business development projects. Mr. Dauber was President and CEO of M&I from October 1984 until January 2008. From 1966 through 1984, Mr. Dauber was employed by the General Electric Company where he held positions in general management, strategic planning and manufacturing. He also completed General Electric's Manufacturing Management Program. Mr. Dauber holds a Bachelor of Science degree from the University of Michigan and an MBA from the University of Pennsylvania's Wharton School. Mr. Dauber is the father of Charles M. Dauber, President and CEO of the Company. The Board believes that Mr. Dauber's long term service as CEO of M&I and architect of the Company's foreign joint venture strategy provides essential insight into the Company's operations and joint ventures as well as institutional memory that benefits the entire Board as well as management.

Charles M. Dauber, age 44, became President and CEO of the Company in September 2009 and a director in November 2009. He served as Senior Vice President of Marketing of the Company from May 2007 to September 2009. Mr. Dauber was hired by M&I on February 1, 2007 and was President of M&I from January 2008 to September 2009. From September 2006 until January, 2007 he was a self-employed consultant providing start-up strategy and marketing advisory services. From March, 2005 until September, 2006, Mr. Dauber was President and CEO of Nevis Networks, a venture-backed network security start-up company in Silicon Valley. From February, 2001 until March, 2005 he held various positions including Vice President of Marketing and Business Development for Blue Coat Systems (NASDAQ: BCSI), a leading network security equipment provider. Mr. Dauber was founder and CEO of a broadband service provider and has held management positions at Copper Mountain Networks and Teradyne, Inc. He holds a BBA degree from the University of Texas with emphasis in Electrical Engineering and Marketing. Mr. Dauber is the son of Arthur G. Dauber, Executive Chairman of the Company. The Board believes that Mr. Dauber provides essential insight and expertise concerning the business, operations and strategies of the Company that is needed for the Board's oversight and decision-making responsibilities.

Neal M. Dikeman, age 37, has been a founding partner of Jane Capital Partners, a cleantech corporate advisory and merchant banking firm, since 2001. He has been a director of the Company since August 2011. At Jane Capital he has served as alternative energy advisor to a number of multinational energy companies, and cofounded or was instrumental in launching multiple venture-backed alternative energy and technology startups including: Zenergy Power plc (AIM:ZEN), Carbonflow, Inc., Fideris, Inc., Smart Wire Grid, Inc., as well as the solar business of Meridian Energy Ltd; serving in various capacities both as director and full time or acting executive. From 2000 to 2001 Mr. Dikeman oversaw mergers and acquisitions at Globalgate, Inc., an ecommerce investment firm, and the parent company of Yellowpages.com. From 1999 to 2000 he was an Associate at private equity fund manager Doyle & Boissiere LLC, which invested in mid-market manufacturing companies. Mr. Dikeman began his career in energy investment banking with Bankers Trust in the oil & gas and energy service sectors. He holds a B.A. from Texas A&M University. He has served on the board of a number of cleantech startups, founded industry portal Cleantech.org and is chief blogger of CleanTechBlog.com, the premier site for commentary on cleantech and alternative energy. The Board believes that Mr. Dikeman's extensive experience in alternative energy and investment banking will assist the Board and management in formulating strategy for the Company's renewable energy products and services as well as for corporate finance matters.

Peter Menikoff, age 72, is currently a private investor and most recently he was the Interim Chief Financial Officer of Vlastic Foods International Inc. from February 2000 to May 2001. He has been a director of the Company since May 2007. Mr. Menikoff served as President and Chief Executive Officer of CONEMSCO, Inc., an oil and gas drilling/production supplies, services and equipment company, from April 1997 until June 1998. Mr. Menikoff served as Executive Vice President and Chief Administrative Officer of Tenneco Energy Corporation from April 1997 until June 1998. Prior to that, Mr. Menikoff served as a Senior Vice President of Tenneco, Inc., from June 1994 until April 1997. Mr. Menikoff served as Executive Vice President of Case Corporation, an agricultural and construction equipment company and a subsidiary of Tenneco, Inc., from November 1991 to June 1994. Mr. Menikoff served as Treasurer of Tenneco, Inc. from May 1989 to November 1991. Mr. Menikoff serves as a director for ACE Limited, a position he has held since 1986. ACE Limited is the holding company of the ACE Group of Companies, a global insurer and reinsurer, and is listed on the New York Stock Exchange and is subject to the reporting requirements of the Securities Exchange Act of 1934. Mr. Menikoff holds a Bachelor of Science in Engineering from Rensselaer Polytechnic Institute, a Master of Business Administration from Columbia University and a Doctor of Jurisprudence from the Bates College of Law of the University of Houston. Mr. Menikoff is a member of the State Bar of Texas. The Board believes that Mr. Menikoff's extensive experience as a senior executive and director of major public companies assists the Board and management in strategic planning, managing for growth and the Board's governance process.

J. Hoke Peacock II, age 72, has been a partner with the law firm of Orgain, Bell & Tucker, L.L.P. since 1971. He has been a director of the Company since May 2007 and has been a director of M&I since 1978.

Mr. Peacock is board certified in civil trial law by the Texas Board of Legal Specialization. His practice specializes in business litigation, including contract, real estate, intellectual property and oil and gas disputes. Mr. Peacock received his Bachelors degree from the University of Texas at Austin and a Doctor of Jurisprudence with Honors from the University of Texas School of Law. The Board believes that Mr. Peacock's legal experience aids the Board and management in assessing and managing the legal risks facing the Company's current operations as well as in considering the legal risks of potential future activities.

#### **Election of Preferred Director**

On May 2, 2012 the Company completed the previously announced private placement of Series A Preferred Stock and Common Stock Purchase Warrants to JCH Crenshaw Holdings, LLC. pursuant to a Securities Purchase Agreement dated April 13, 2012. Pursuant to such agreement, the Company agreed to increase the Board by one director and the holders of the Series A Preferred Stock, voting as a separate class, are entitled to elect one director (the Preferred Director). As required by the agreement, the Board appointed Casey Crenshaw as the Preferred Director as of May 2, 2012. The holder of the Series A Preferred Stock has advised the Company that Casey Crenshaw will be elected by written consent as the Preferred Director for a term commencing on the date of the Annual Meeting and continuing until the next annual meeting of stockholders and until his successor has been duly elected and qualified. **Proxies for the Preferred Director are not being solicited.**

Casey Crenshaw, age 38, is currently serving as President and as a member of the Board of Directors of The Modern Group, Ltd, a privately owned diversified manufacturing, parts and distribution, rental/leasing and finance business. Mr. Crenshaw has held various positions with The Modern Group since 1997, including over 10 years as CFO. Mr. Crenshaw holds a BA in Finance from Texas A&M University. The Board believes that Mr. Crenshaw brings to the Board leadership perspective on the operation, management and financing of a successful diversified manufacturing and service company.

#### **Director Independence**

The Board of Directors discussed and reviewed whether each nominee is independent within the Company's corporate governance guidelines which are consistent with the director independence standards established by the NASDAQ Stock Market. In determining independence, the Board reviews and seeks to determine whether directors have any material relationship with the Company, direct or indirect, which would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. The Board reviews business, professional, charitable and familial relationships of the independent directors in determining independence. The Board determined that Peter Menikoff, J. Hoke Peacock II and Neal M. Dikeman are independent. In determining the independence of Mr. Peacock, the Board considered that M&I utilized Mr. Peacock's law firm for matters which generated \$70,000 in fees and expenses to such firm in 2012. Such arrangement does not reflect on Mr. Peacock's independence under NASDAQ Stock Market listing standards.

#### **Information about the Nominating Process**

The Company's Board of Directors has a Corporate Governance and Nominating Committee that undertakes the activities of identifying, evaluating and recommending nominees to serve as directors.

#### **Nomination of Director Candidates by Stockholders**

The policy of the Corporate Governance and Nominating Committee is to consider nominations of candidates for membership on the Board of Directors that are submitted by stockholders. Any such recommendations should include the nominee's name and qualifications for Board membership and a consent signed by such candidate to serve as a director if elected and should be directed to Andrew L. Puhala, Corporate Secretary, American Electric Technologies, Inc., 6410 Long Drive, Houston, TX 77087.

Stockholders who comply with the requirements of our Bylaws with respect to advance written notice of stockholder director nominations at the Annual Meeting, including certain information that must be provided concerning the stockholder and each nominee, may nominate candidates for election as directors at the Annual Meeting by attending the meeting and offering the candidates into nomination at the time of the election of directors. Our Bylaws were filed with the Securities and Exchange Commission on Form 8-K on February 10, 2009, and can be viewed by visiting the SEC website at <http://sec.gov>. You may also obtain a copy of the Bylaws by writing to Andrew L. Puhala, Corporate Secretary, American Electric Technologies, Inc., 6410 Long Drive, Houston, TX 77087. Such information must be provided within the period set forth below under [Stockholder Proposals For Next Annual Meeting](#).

For a stockholder's nominees to be included in the Company's Proxy Statement for next year's annual meeting the stockholder must give timely notice to the Company by the date set forth below under [Stockholder Proposals For Next Annual Meeting](#).

### **Director Qualifications**

The Corporate Governance and Nominating Committee has not established any minimum qualifications for nomination as a director of the Company but has identified the following qualities and skills necessary for our directors to possess:

Integrity

Ability to objectively analyze complex business problems and develop creative solutions

Pertinent expertise, experience and achievement in education, career and community

Familiarity with issues affecting the Company's business

Availability to fulfill time commitment

Ability to work well with other directors

Commitment to enhancing stockholder value

### **Identifying and Evaluating Nominees for Directors**

Candidates for director may come from a number of sources including, among others, recommendations from current directors, recommendations from management, third-party search organizations, and stockholders. Director candidates are evaluated to determine whether they have the qualities and skills set forth above. Such evaluation may be by personal interview, background investigation and other appropriate means. The Corporate Governance and Nominating Committee does not have a formal policy with regard to the consideration of diversity in identifying director nominees. However, in identifying nominees for director, the Committee does seek to have directors with a diversity of business experience and skills which allow for the expression of diverse viewpoints.

### **Director Attendance at the Annual Meeting**

It is the Company's policy to require all of its Directors to attend the Annual Meeting of Stockholders in person or telephonically. All of the Company's directors attended the 2012 Annual Meeting.

### **Stockholder Communications with the Board**

Stockholders may communicate with the Board in writing by addressing mail to [Board of Directors](#) c/o Andrew L. Puhala, Corporate Secretary, American Electric Technologies, Inc., 6410 Long Drive, Houston, TX 77087. Any such communication will be distributed to each of the Company's directors. A communication addressed to any individual director at the same address will be distributed only to that director.



## **Board Leadership Structure**

As of the closing of the merger with M&I in May 2007, Arthur G. Dauber served as Chairman of the Board, President and CEO of the Company. In September 2009 the Board approved the Company's CEO transition plan by appointing Charles M. Dauber as President and CEO of the Company and Arthur G. Dauber as Executive Chairman focusing on international joint ventures, technical developments, manufacturing and transformative business development projects. Charles M. Dauber was appointed to the Board in November 2009 and initially elected by the stockholders at the 2010 Annual Meeting. The Board's three standing committees, described below, are composed entirely of independent directors. In November 2009 the Board elected Peter Menikoff as Vice Chairman. The Board also meets in executive session regularly. Peter Menikoff, as Vice Chairman of the Board, chairs the Board in the absence of the Executive Chairman. The Board believes its current leadership structure provides effective and independent Board oversight of management.

## **Board Committees**

The Board of Directors of the Company has a standing Audit Committee, Corporate Governance and Nominating Committee and Compensation Committee.

### **Audit Committee**

The Board adopted its current Audit Committee Charter on August 9, 2007. The principal functions of the Audit Committee are to review and monitor the Company's financial reporting and the internal and external audits. The committee's functions include, among other things: (i) to select and replace the Company's independent registered public accounting firm; (ii) to review and approve in advance the scope and the fees of our annual audit and the scope and fees of non-audit services of the independent registered public accounting firm; (iii) to receive and consider a report from the independent registered public accounting firm concerning their conduct of the audit, including any comments or recommendations they might want to make in that connection; and (iv) to review compliance with and the adequacy of our major accounting and financial reporting policies and controls. The Audit Committee consists of Messrs. Menikoff (Chairman), Crenshaw and Dikeman. The Audit Committee met four times during the fiscal year ended December 31, 2012. The Board has determined that Messrs. Menikoff, Crenshaw and Dikeman are independent as defined in the listing standards of the NASDAQ Stock Market and that Mr. Menikoff qualifies as an audit committee financial expert as defined in the regulations of the Securities and Exchange Commission. A copy of the Audit Committee charter is available at <http://www.aeti.com>.

### **Corporate Governance and Nominating Committee**

The primary functions of the Corporate Governance and Nominating Committee are to identify, evaluate and recommend nominees to serve as directors, review corporate governance principles and practices and respond to regulatory initiatives and requirements. The Corporate Governance and Nominating Committee met four times during the fiscal year ended December 31, 2012. The members of the Corporate Governance and Nominating Committee are currently J. Hoke Peacock, II (Chairman), Peter Menikoff and Neal M. Dikeman. The Board of Directors determined that Messrs. Peacock, Menikoff and Dikeman are considered independent as defined in the listing standards of the NASDAQ Stock Market. A copy of the Corporate Governance and Nominating Committee charter is available at <http://www.aeti.com>.

### **Compensation Committee**

The Board of Directors established the Compensation Committee as a standing committee on May 22, 2007. The primary functions of the Compensation Committee are to review and approve the compensation of the Chief Executive Officer and the other executive officers of the Company, to recommend the compensation of the directors, to review and approve the terms of any employment agreements with executive officers and to produce



an annual report for inclusion in the Company's proxy statement. The Compensation Committee also administers and interprets the Company's equity compensation and employee benefit plans and grants all awards under the employees stock incentive plan. Messrs. Crenshaw (Chairman), Peacock, Dikeman and Menikoff are the members of the Compensation Committee. The Board of Directors determined that Messrs. Peacock, Menikoff, Dikeman and Crenshaw are considered independent as defined in the listing standards of the NASDAQ Stock Market. A copy of the Compensation Committee charter is available at <http://www.aeti.com>.

#### **Board's Role in Risk Management**

The Board and management are in the process of establishing a formal risk management policy providing for the assessment and management of risk factors relating to the Company. The Board of Directors, initially through the Audit Committee, provides oversight of the implementation and operation of the Company's risk management processes.

#### **Code of Ethics**

The Company has adopted a code of business conduct and ethics for its directors, officers and employees. A copy of the code of business conduct and ethics is available at <http://www.aeti.com>.

#### **Attendance at Meetings**

During the fiscal year ended December 31, 2012, the Board of Directors held four meetings. No member of the Board of Directors attended fewer than 75% of the meetings of the Board held in 2012.

#### **Director Compensation**

Directors, other than the Preferred Director, who are not employees of the Company or any of its subsidiaries and who do not have a compensatory agreement providing for service as a director of the Company or any of its subsidiaries receive the following compensation:

Current outside directors' fee structure:

Annual retainer for each Director, paid quarterly in advance	\$ 23,000
Additional annual retainer for Committee Chairs of the Compensation Committee and Nominating and Governance Committee	\$ 2,500
Additional annual retainer for Chair of the Audit Committee	\$ 3,500

The Company pays each director's reasonable travel, lodging, meals and other expenses connected with their Board service.

The Non-Employee Directors' Deferred Compensation Plan provides that eligible directors may elect to defer 50% to 100% of their retainer fees. Each deferral election must be made prior to the year such retainer payment is due and will last for the entire year. Deferral elections may be terminated for the next year. Deferred amounts may be used to acquire our common stock at fair market value on the date each retainer payment would be otherwise paid to an eligible director, to acquire stock units equivalent to the fair market value of our common stock on the date each retainer payment would be otherwise paid or may be paid in cash following termination of service as a director with interest accruing at the prime rate on such deferred fees.

Directors who are employees and non-employee directors who are not eligible for the foregoing non-employee director compensation receive no separate compensation for director service.

**2012 Non-Employee Director Compensation**

The following table provides information regarding compensation earned by, awarded or paid to non-employee directors who served during the year ended December 31, 2012.

<b>Name</b>	<b>Fees Earned or Paid in Cash (\$)</b>	<b>All other Compensation</b>	<b>Total (\$)</b>
Thomas P. Callahan	\$ 11,500		\$ 11,500
Neal M. Dikeman	23,000		23,000
Howard W. Kelley	11,500		11,500
Peter Menikoff (1)	26,500		26,500
J. Hoke Peacock II	25,500		25,500
Casey Crenshaw			
<b>Total</b>	<b>\$ 98,000</b>		<b>\$ 98,000</b>

- (1) Mr. Menikoff elected to defer payment of \$ 26,500 of the fees earned and such deferred amounts were credited towards stock units equivalent in value to Company common stock at market price at the time that director fees are payable. Stock units are exchanged for equivalent number of shares of common stock six months after separation from service as a director. Mr. Menikoff was credited with 5,952 stock units for service in 2012.

**Certain Relationships and Related Transactions**

All related party transactions are required to be reviewed and approved by an independent body of the Board of Directors composed solely of independent directors as defined in NASDAQ Rule 4350(d)(2)(A).

Reference is hereby made to Note 12 to the consolidated financial statements included in the Company's annual report for the year ended December 31, 2012 for further information.

**PROPOSAL NO. 2**

**TO RATIFY THE SELECTION OF THE COMPANY'S INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR 2013**

The Board of Directors is asking the stockholders to ratify the Audit Committee's selection of Ham, Langston & Brezina, LLP as the Company's independent registered public accounting firm for 2013. In the event the stockholders fail to ratify the selection, the Audit Committee will reconsider its selection.

Representatives of Ham, Langston & Brezina, LLP are expected to be present at the Annual Meeting in person or by conference telephone and will have the opportunity to make a statement if they desire to do so. It is also expected that they will be available to respond to appropriate questions. Ham, Langston & Brezina, LLP has been our independent registered public accounting firm since the fiscal year ended December 31, 2007.

Fees billed for services provided by our independent registered public accounting firm for 2012 and 2011 were as follows:

	<b>2012</b>	<b>2011</b>
Audit Fees(1)	\$ 203,000	\$ 200,000
Audit-Related Fees(2)		
Tax Fees(3)		
All Other Fees(4)	10,000	10,000
<b>Total</b>	<b>\$ 213,000</b>	<b>\$ 210,000</b>

- (1) Audit fees represent fees for professional services provided by the independent registered public accounting firm in connection with the audit of our financial statements and review of our quarterly financial statements for the stated years.
- (2) Audit-related fees
- (3) Tax fees principally included tax advice, tax planning and tax return preparation.
- (4) Other fees represent fees for the audit of the Company's 401(k) Benefit Plan.

### AUDIT COMMITTEE REPORT

The Audit Committee has reviewed and discussed with the Company's management and Ham, Langston & Brezina, LLP the audited consolidated financial statements of the Company contained in the Company's Annual Report on Form 10-K for the Company's 2012 fiscal year. The Audit Committee has also discussed with Ham, Langston & Brezina, LLP the matters required to be discussed pursuant to PCAOB Auditing Standard No. 16, which includes, among other items, matters related to the conduct of the audit of the Company's consolidated financial statements.

The Audit Committee has received and reviewed the written disclosures and the letter from Ham, Langston & Brezina, LLP required by the applicable requirements of the Public Company Accounting Oversight Board regarding the independent accountant's communications with the audit committee concerning independence and has discussed with Ham, Langston & Brezina, LLP its independence from the Company.

The Audit Committee has considered whether the provision of services other than audit services is compatible with maintaining auditor independence.

Based on the review and discussions referred to above, the Audit Committee recommended to the Board of Directors that the audited consolidated financial statements be included in the Company's Annual Report on Form 10-K for its 2012 fiscal year for filing with the SEC.

Respectfully submitted,

Peter Menikoff (Chairman)  
Casey Crenshaw  
Neal M. Dikeman

#### **Audit Committee's Pre-Approval Policies**

The Audit Committee's policy is to pre-approve all audit services and all permitted non-audit services (including the fees and terms thereof) to be provided by the Company's independent registered public accounting firm; provided, however, pre-approval requirements for non-audit services are not required if all such services (1) do not aggregate to more than five percent of total revenues paid by the Company to its independent registered public accounting firm in the fiscal year when services are provided; (2) were not recognized as non-audit services at the time of the engagement; and (3) are promptly brought to the attention of the Audit Committee and approved prior to the completion of the audit by the Audit Committee.

The Audit Committee pre-approved all of the fees described above.

The Audit Committee has considered whether the provision of the above services other than audit services is compatible with maintaining auditor independence.

#### **Vote Required**

The affirmative vote of a majority of the shares of common stock present at the Annual Meeting and voting on the proposal is required to ratify the selection of the Company's independent registered public accounting firm for 2013. Abstentions and broker non-votes have no effect on the vote on the proposal.

**THE BOARD OF DIRECTORS RECOMMENDS THAT STOCKHOLDERS VOTE FOR THE RATIFICATION OF THE SELECTION OF THE COMPANY'S INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR 2013.**

**PROPOSAL NO. 3**

**ADVISORY VOTE TO APPROVE EXECUTIVE COMPENSATION**

The Board of Directors is providing the Company's stockholders the opportunity to cast an advisory vote to approve the compensation of the Company's named executive officers as disclosed in this Proxy Statement pursuant to the compensation disclosure rules of the Securities and Exchange Commission, which disclosure includes the compensation discussion and analysis, the compensation tables and the related disclosures concerning executive compensation.

The primary objectives of our executive compensation program are to:

enable the Company to recruit, retain and motivate skilled and knowledgeable executives;

ensure that executive compensation is aligned with our corporate strategies and business objectives;

promote the achievement of key strategic and financial performance measures by linking incentive compensation to the achievement of measurable corporate and individual performance goals; and

align executives' incentives with the creation of stockholder value.

The Board of Directors believes that the achievement of these objectives is important to the Company's long term success and requests stockholder approval of the compensation of our named executive officers as disclosed in this Proxy Statement by adopting the following resolution at the Annual Meeting:

**RESOLVED, that the compensation of the Company's named executive officers, as disclosed in the definitive proxy statement for this meeting, are hereby approved.**

While the Board of Directors intends to carefully consider the stockholder vote on the proposal, the final vote will not be binding on the Board and is advisory in nature.

The Board of Directors recommends that you vote **FOR** approval of the compensation of our named executive officers as disclosed in this Proxy Statement. Proxies will be voted **FOR** approval of the proposal unless otherwise specified.

**Vote Required**

The affirmative vote of a majority of the shares of common stock and Series A Preferred Stock present at the Annual Meeting and voting on the proposal as a single class is required to approve the compensation of the named executive officers as disclosed in this Proxy Statement. Abstentions and broker non-votes have no effect on the vote on the proposal.

**PROPOSAL NO. 4**

**FREQUENCY OF ADVISORY VOTE TO APPROVE EXECUTIVE COMPENSATION**

This proposal provides the Company's stockholders the opportunity to inform the Board as to how often they wish the Company to include a proposal, similar to Proposal No. 3 in this Proxy Statement, to approve the Company's executive compensation program. The Board of Directors believes that an advisory vote on the approval of executive compensation should take place **every three years**. The Board believes that such frequency is sufficient to keep it advised of the stockholders' opinion of the Company's executive compensation program. The Board will consider the results of the voting on this proposal in determining the frequency of the advisory vote on executive compensation but the vote is not binding on the Board and is advisory in nature.



The proxy allows the stockholders to vote on the frequency of the advisory vote on executive compensation:

One year;

Two years; or

Three years.

The Board of Directors recommends that you vote to hold an advisory vote on the approval of executive compensation **every three years**. Proxies will be voted for a **Three year** frequency on the proposal unless otherwise specified.

### SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth certain information regarding the beneficial ownership of our common stock and Series A Preferred Stock as of February 4, 2013 by (i) each stockholder who is known by the Company to own beneficially more than five percent of any class of the Company's voting securities, (ii) each current director and nominee for director of the Company, (iii) each of the Company's executive officers named in the Summary Compensation Table set forth in this proxy statement, and (iv) all executive officers and directors of the Company as a group. The information as to each person or entity is based upon the Company's records, information filed with the SEC and information provided to the Company.

Name	Common Stock		Series A Preferred Stock	
	Number of Shares(1)	Percent of Class (1)	Number of Shares	Percent of Class
Arthur G. Dauber	1,841,000	23.2		
Casey Crenshaw	1,360,000(a)	14.7	1,000,000	100
Charles M. Dauber	429,876(b)(c)	5.4		
James J. Steffek	834,042	10.5		
J. Hoke Peacock II	442,036(d)	5.6		
Neal T. Hare	361,616	4.6		
Peter Menikoff	10,000(c)	*		
Timothy C. Adams	9,381(c)	*		
Frances P. Hawes	921	*		
Neal M. Dikeman				
Andrew Puhala				
Don Boyd				
All directors and officers as a group of (120) persons(2)	5,287,951	57.00		

\* Indicates less than 1%

(a) Includes 35,000 shares of common stock currently held, 1,000,000 shares of common stock which may be currently acquired upon conversion of 1,000,000 shares of Series A Preferred Stock and 325,000 shares of common stock which may be currently acquired by exercise of 325,000 common stock purchase warrants. Such common stock, Series A Preferred Stock and common stock purchase warrants are owned of record by JCH Crenshaw Holdings, LLC. Casey Crenshaw is the sole managing member of JCH Crenshaw Holdings, LLC and disclaims any beneficial ownership of the shares owned by JCH Crenshaw Holdings LLC in excess of his pecuniary interest in such shares.

(b) Includes 39,000 shares held on behalf of a minor.

(c) Includes options to purchase common stock which are exercisable as of February 3, 2013 or within 60 days thereafter, as set forth below:

Charles M. Dauber	3,113 options
Timothy C. Adams	1,091 options

Does not include unvested restricted stock units held by Charles M. Dauber (112,774), Timothy C. Adams (15,218), and Peter Menikoff (48,396).

(d) Includes 99,211 shares held in a pension plan with a bank trustee. Mr. Peacock has sole voting and investment power over these shares.

(1) A person is deemed to be the beneficial owner of securities that can be acquired by such person within 60 days from February 3, 2013, upon the exercise of options, warrants or convertible securities. Each beneficial owner's percentage of ownership is determined by assuming that options, warrants and convertible securities that are held by such person (but not those held by any other person) and are exercisable within 60 days from that date have been so exercised. Unless otherwise noted, we believe that all persons named in this table own the shares directly and have sole voting and investment power with respect to shares indicated.

(2) Includes 1,329,204 shares that current officers and directors have the right to acquire.

Address of Arthur G. Dauber, Charles M. Dauber and James J. Steffek is 6410 Long Drive, Houston, TX 77087. Address of J. Hoke Peacock II is 470 Orleans Street, Beaumont, TX 77701. Address of Casey Crenshaw is 470 Orleans Street, 7<sup>th</sup> Floor, Beaumont, TX 77701.



**EXECUTIVE OFFICERS**

Our executive officers are:

<b>Name</b>	<b>Position</b>
Arthur G. Dauber	Executive Chairman
Charles M. Dauber	President and CEO
Neal T. Hare	Senior Vice President, Chief Technology Officer
James J. Steffek	Senior Vice President and President, M&I
Andrew L. Puhala	Senior Vice President, CFO and Secretary
Timothy C. Adams	President, American Access

Information about Arthur G. Dauber and Charles M. Dauber is contained in Nominees of the Board of Directors above.

Neal T. Hare, age 67, is the Senior Vice President Technical Products of M&I and has been with M&I since January 1992. He became Senior Vice President of Operations of the Company in May 2007 and was named Chief Technology Officer in January 2008. Mr. Hare's service in the energy industry spans 38 years with 10 years as Vice President of Operations Ross Hill Controls (DC Oilfield Drives) and Vice President of Operations Powell Electrical Manufacturing (Switchgear and Controls). Mr. Hare has a Bachelor of Science degree in Electrical Engineering from Cal State-Long Beach.

James J. Steffek, age 64, has been employed at M&I since September 1973. He became President of M&I in September 2009. From May 2007 to September 2009 he was Senior Vice President of Sales and Business Development of the Company. From 1980 to September 2009 he was M&I's Senior Vice President responsible for sales, marketing and operations including remote operations in Singapore and Mississippi. He was also responsible for international business development including Asia, South America and the Middle East. From 1973 through 1979 he worked in project management, engineering and sales positions at M&I. Prior to joining M&I, he worked for Continental Controls Corp. as a project engineer. Mr. Steffek holds a Bachelor of Science degree from the University of Houston.

Andrew L. Puhala, age 43, has been our Senior Vice President and Chief Financial Officer of AETI since January 2013. Mr. Puhala was Vice President and CFO of Artificial Lift Company from October 2011 to September 2012. From 1996 to October 2011 he served in various finance posts with Baker Hughes Incorporated, most recently as Vice President Finance, Corporate Development. Mr. Puhala is a Texas Certified Public Accountant and received a Bachelor's degree in business administration and a Master's degree in professional accounting from The University of Texas at Austin.

Timothy C. Adams, age 62, served as President and Chief Operating Officer of the Company from September 2006 until the merger with M&I in May 2007 when he became Senior Vice President American Access division until January 2008 when he was appointed President of our American Access subsidiary. He joined American Access as Vice President Sales and Marketing effective January 1, 2005. He was responsible for directing sales and marketing for both the patented zone cabling/wireless division and the contract manufacturing division of American Access. He brings over thirty years of experience in sales, marketing, engineering and manufacturing to American Access. From 1991 to 2004 he was with Metcam, Inc., where he was director of sales. Prior to Metcam, he spent over three years at Belcan Corporation and over three years at Cannon Industries, Inc. Prior to that, he was involved in product development and in manufacturing. He earned an M.B.A. from Xavier University and received his Bachelor of Science degree in industrial engineering from Purdue University.

## EXECUTIVE COMPENSATION

### Compensation Discussion and Analysis

The primary objectives of our executive compensation program are to:

enable the Company to recruit, retain and motivate skilled and knowledgeable executives;

ensure that executive compensation is aligned with our corporate strategies and business objectives;

promote the achievement of key strategic and financial performance measures by linking incentive compensation to the achievement of measurable corporate and individual performance goals; and

align executives' incentives with the creation of stockholder value.

To achieve these objectives, we expect to maintain our executive compensation at levels which are competitive with those of other companies with which we compete for executive talent. In addition, all our named executive officers will have an annual bonus compensation program providing a cash bonus for achieving corporate and individual goals. We provide our senior executive officers with compensation in the form of equity awards that vest over time in amounts related to achieving specific corporate financial goals, which we believe will help to retain our executives and align their interests with those of our stockholders by allowing the executives to participate in the longer term success of our Company as reflected in stock price appreciation.

### Elements of Our Executive Compensation Program

The following elements comprise compensation currently paid to our executive officers:

*Base salary.* We fix the chief executive officer's base compensation and review his recommendations regarding the base compensation of the executive officers to provide assurance that we are able to hire and retain individuals in a competitive environment and rewards satisfactory individual performance and a satisfactory level of contribution to our overall business goals. At least annually, the Compensation Committee evaluates the base salaries for our executives, together with other components of compensation, and considers adjustments based on an assessment of each executive's performance, competitive compensation trends and their review and consideration of compensation surveys and other information provided by our human resources department or from independent sources. We expect our CEO, as manager of our other senior executives, to keep the Compensation Committee advised as to how our senior executives are performing.

*Executive Performance Bonus Program.* The performance bonus element of the cash compensation of our executive officers is based upon achievement of Company and individual performance goals recommended by our CEO and approved by our Compensation Committee. The 2012 performance bonus compensation program for our senior executives provides for cash bonus targets ranging from approximately 15% to 50% of base salary. Our CEO is primarily responsible for recommending to the Board of Directors the Company financial objectives and individual performance goals of our senior executives. Targeted Company financial performance must be achieved at the 70% to 75% level for that component of the bonus to be earned and must be achieved at the 100% level for the full bonus related to Company financial performance to be earned. Some of each officer's individual performance goals and objectives may require a subjective evaluation and judgment with respect to achievement of these goals. Company performance targets make up approximately 75% of total bonus with individual goals encompassing the remainder. The Company financial performance element of each executive's bonus is designated in a business area where the executive contributes and may include such performance metrics as earnings of the entire Company or one or more business segments. The Compensation Committee will also recognize exceptional performance in excess of targeted goals by granting bonus awards in excess of targeted amounts.

Our CEO reviews each senior executive's performance against Company and individual performance goals set for that executive during the previous year. Based on this assessment, the CEO will then recommend to the

Compensation Committee what percentage of each executive's target bonus the executive should receive. The Compensation Committee, without the CEO's participation, evaluates the CEO's performance to determine the CEO's bonus by reviewing the CEO's success in achieving the Company and personal performance goals established by the committee in the prior year.

*Equity Incentives.* Our equity incentive program is the primary vehicle for offering long-term incentives to our employees, including our executive officers. Executives are eligible to receive grants of stock options, restricted stock awards, restricted stock unit awards, stock appreciation rights and other stock-based equity awards at the discretion of the Compensation Committee. Our 2007 Employee Stock Incentive Plan authorizes the issuance of up to 1,100,000 shares of our common stock. In 2011 and 2012 certain executives were awarded performance-based restricted stock units. Some of these awards were subject to achievement of performance targets in the year of grant and continued employment to become fully vested, and some of such awards required only continued employment to become fully vested. The Compensation Committee will also recognize exceptional performance in excess of targeted goals by granting equity awards in excess of targeted amounts.

We believe equity awards provide our executive officers with an incentive to focus on our long-term performance, create an ownership culture among our management team and our employees, and align the interests of our executive officers with those of our stockholders. In addition, the vesting feature of our equity awards is designed to further our objective of executive retention by providing an incentive to our executive officers to remain employed with us during the vesting period. We believe the long-term performance of our business is improved through the grant of stock-based awards so that the interests of our executive officers are aligned with the creation of value for our stockholders. In determining the size of equity grants to our executive officers, our compensation committee will consider our overall performance, the applicable executive officer's performance, the achievement of certain strategic initiatives, the amount of equity previously awarded to the executive officer, and the vesting of such awards, as well as their own business judgment and experiences. The Compensation Committee may also make the receipt of equity incentives subject to the achievement of specific objective Company financial goals and/or continued employment.

Grants of equity awards, including those to our named executive officers, are required to be approved by our Compensation Committee. We may grant equity awards to executive officers upon their initial hire and in connection with a promotion. In addition, grants of equity awards may be made from time to time in the discretion of our Compensation Committee and our Board of Directors consistent with our incentive compensation program objectives.

*Other Compensation.* Each of our executive officers is eligible to participate in our employee benefits programs on the same terms as non-executive employees, including our 401(k), medical, dental and vision care plans. In addition, employees, including executive officers, participate in our life and accidental death and dismemberment insurance policies, long-term and short-term disability plans, employee assistance program, and standard Company holidays.

*Tax Considerations.* Section 162(m) of the Internal Revenue Code generally disallows a tax deduction for compensation in excess of \$1.0 million paid to our chief executive officer and our four other most highly paid executive officers. Qualifying performance-based compensation is not subject to the deduction limitation if specified requirements are met. We generally intend to structure the performance-based portion of our executive compensation, when feasible, to comply with exemptions in Section 162(m) so that the compensation remains tax deductible to us. Our compensation committee and our board of directors may, in their judgment, authorize compensation payments that do not comply with the exemptions in Section 162(m) when it believes such payments are appropriate to attract and retain executive talent. To date we have made no compensation payments which did not comply with exemptions in Section 162(m).

*Risk Considerations.* The Compensation Committee considers whether the Company's compensation policies and practices for both executives and other employees encourage unnecessary or excessive risk taking.

Base salaries are not believed to encourage excessive risk taking. The Company's Executive Performance Bonus Programs does focus on achievement of annual Company and/or individual performance goals, but both the Company and individual goals are considered appropriate for achievement without unnecessary and excess risk taking.

*CEO Compensation.* In connection with the CEO transition plan the Company entered into an employment agreement with Charles M. Dauber for his services as President and CEO of the Company. The Compensation Committee utilized an independent compensation consultant to assist it in setting Mr. Dauber's salary. Such consultant has provided no other services to the Company or the Compensation Committee. The Compensation Committee believes the compensation package for Mr. Dauber is reasonable based upon Mr. Dauber's experience, duties and responsibilities and the contributions made and expected to be made by him to the Company.

## COMPENSATION COMMITTEE REPORT

The Compensation Committee has reviewed and discussed with management the foregoing Compensation Discussion and Analysis. Based upon this review and discussion, the Compensation Committee recommended to the Board of Directors that such Compensation Discussion and Analysis be included in the Proxy Statement for the Company's 2013 Annual Meeting of Stockholders.

Respectfully submitted,

Casey Crenshaw  
Peter Menikoff  
J. Hoke Peacock II

### Summary Compensation Table

The following table presents certain compensation information for our principal executive officer, each person who served as a principal financial officer at any time during 2012, and our four other most highly compensated executive officers for services rendered in 2012 (the named executive officers. )

Name and Principal Position	Year	Base Salary (\$)	Stock Award(s) (\$)(1)	Option Award(s) (\$)(1)	Non-Equity Incentive Plan Compensation (\$)(2)	All Other Compensation (\$)(3)	Total (\$)
Arthur G. Dauber	2012	120,000			30,878	15,800	166,678
Executive Chairman	2011	120,000			19,173	15,800	154,973
Charles M. Dauber	2012	250,000	215,904		98,400	16,221	580,525
President and CEO	2011	240,000	113,420		50,000	11,600	415,020
Neal T. Hare	2012	185,728			75,920	13,912	275,560
Senior Vice President,	2011	176,820			75,105	10,000	261,925
Chief Technology Officer							
James J. Steffek	2012	185,728			60,824	13,575	260,127
President of M&I	2011	176,820			52,637	10,000	239,457
Frances Powell Hawes	2012	121,519	48,048			4,900	174,467
Senior Vice President and	2011	47,004	19,400		21,925	2,800	91,129
Chief Financial Officer from							
September 2011 to September 2012							
Don Boyd	2012	24,110				1,000	25,110
Principal Financial Officer from							
November 2012 to January 2013							
Timothy C. Adams	2012	154,519	28,829		2,050	2,361	187,759
President of American Access	2011	150,000	19,080		15,501		184,581

- (1) Amounts shown in the Stock Awards column reflects the aggregate grant date fair value of these awards for the fiscal year in which the awards are granted computed in accordance with FASB ASC Topic 718. The values are based on the probable outcome of the performance-based conditions of the awards. If the awards were valued on the maximum outcome of performance-based conditions the awards would be valued as follows:

Name	Year	Stock Awards(\$)
Charles M. Dauber	2012	332,160
	2011	132,500
Frances Powell Hawes	2012	73,920
	2011	11,013
Timothy C. Adams	2012	44,352
	2011	31,800

- (2) Consists of performance-based cash bonus payments earned with respect to the years indicated.
- (3) Other compensation includes Company contribution to 401(k) plan and auto allowance. Also includes tax preparation for Arthur G. Dauber and Charles M. Dauber and health and life insurance benefits for Arthur G. Dauber. Autos are provided to Messrs. Hare and Steffek with a deemed value of \$10,000.

#### Employment agreements with executive officers

With the approval of the Compensation Committee, the Company has entered into employment agreements with three of its executive officers. These employment agreements are intended to provide each executive with job security for the term of the agreement by specifying the reasons pursuant to which their employment may be terminated by the Company and provide them with certain compensation and benefits upon termination of employment or a change in control of the Company. These employment agreements also protect the Company's interests following termination of employment by prohibiting the executives from engaging directly or indirectly in competition with the Company, from soliciting any employees, or from disclosing confidential Company information.

Charles M. Dauber has an employment agreement with the Company which provides for his employment to December 31, 2013 at an annual salary of \$250,000 for the year ending December 31, 2012 and \$275,000 for the year ending December 31, 2013, a \$1,000 per month automobile allowance, a \$25,000 retention bonus for the year ending December 31, 2012 and participation in the other benefit programs available to the Company's executives. Mr. Dauber is also entitled to an expected annual bonus of \$150,000 for 2012 and 2013 which is dependent upon the Company meeting its annual budget and operating plan objectives and which may be greater if performance is above operating plan objectives at the discretion of the Board of Directors. The agreement provides for a restricted stock unit grant for 2012 of 64,000 with performance-based vesting and 16,000 restricted stock units with continued employment requirements. All vested restricted stock units for 2012 will convert to common stock over a four-year period from grant date in accordance with the Company's Employee Stock Incentive Plan. The agreement provides for a restricted stock unit grant for 2013 of 80,000 with performance-based vesting. The vested restricted stock grant for 2013 will convert to common stock fully after one year. In the event Mr. Dauber's employment terminates other than for cause or resignation, his base salary and medical plan participation will continue monthly for up to twelve months or commencement of other employment, whichever occurs earlier. In the event Mr. Dauber's employment terminates after a change of control of the Company he will be entitled to payment of two year's salary and expected bonus, vesting of any unvested equity options and payment of COBRA health insurance premiums for eighteen (18) months after his employment ends.

Arthur G. Dauber has an employment agreement with the Company which provides for his employment to December 31, 2013 at an annual salary of \$180,000 in 2010 and \$120,000 in 2011 and 2012 and \$130,000 in 2013. In 2011, 2012 and 2013 Mr. Dauber will be a part time employee and serve as Chairman of the Board of

Directors if elected, and manage the Company's international joint ventures. Mr. Dauber will receive a bonus of 1% of the amount reported by the Company on its consolidated statement of operations on the line styled "Equity In Income of Joint Ventures" with respect to the Company's joint ventures known as MIEFE, BOMAY and AAG for each year. Mr. Dauber will receive an automobile allowance of \$600 per month beginning in 2010, health and life insurance benefits not to exceed a cost to the Company of \$500 per month in 2010, \$550 per month in 2011 and \$600 per month in 2012 and 2013, plus in each year the cost of his annual physical examinations. Mr. Dauber's spouse may accompany him, at Company expense, on two business trips outside the United States in 2011 and 2012. In the event Mr. Dauber's employment terminates other than for cause or resignation, his base salary and medical plan participation will continue monthly for up to twelve months or commencement of other employment, whichever occurs earlier. In the event Mr. Dauber's employment terminates after a change of control of the Company he will be entitled to payment of salary and payment of health insurance premiums for up to twelve months or commencement of other employment, whichever occurs earlier.

Andrew L. Puhala entered into an employment letter agreement upon commencement of his employment in January 2013 which specifies his compensation but does not establish any fixed term of employment. It provides for an annual salary at the rate of \$200,000 with a performance based target bonus of \$60,000. Mr. Puhala is entitled to receive an annual award of 14,000 restricted stock units of which 11,200 will have performance-based vesting and 2,800 restricted stock units will have only continued employment vesting requirements. The vested restricted stock units convert into common stock on a one-to-one basis in four equal annual installments from the original grant date, subject to a continuing employment requirement. In the event Mr. Puhala's employment is terminated for other than cause or disability, or in the event there is a change of control/acquisition resulting in his termination, a substantial reduction of his responsibilities, or necessitating commuting outside of the Greater Houston area, i.e., excessive travel distance, he will receive a severance package equal to up to six (6) months of his then current base salary and reimbursement of COBRA medical insurance costs, if elected, for his family for up to six (6) months. The severance will be paid out on a monthly basis and will cease upon commencement of other employment.

Our other named executive officers are at will employees and are eligible to receive employee benefits generally available to all employees of the subsidiary by which they are employed and other benefits approved by the Compensation Committee.

In February 2013, the Compensation Committee of the Board of Directors established 2013 salary and target bonus applicable to our executive officers as follows:

Named Executive	2013 Base Salary(\$)	2013 Target Bonus(\$)
Arthur G. Dauber	130,000	31,000(a)
Charles M. Dauber	275,000	150,000
Neal T. Hare	200,000	100,000
James J. Steffek	200,000	100,000
Andrew L. Puhala	200,000	60,000
Timothy C. Adams	155,000	41,000

(a) Estimated based on 2012 performance.

Actual bonus amounts payable to each executive will be based on the achievement of 2013 Company and individual performance goals established for each executive. Targeted performance must be achieved at the 70% to 75% level for that component of the bonus to be earned and must be achieved at the 100% level for the full bonus to be earned. Some of each executive's individual goals may require a subjective evaluation and judgment with respect to achievement of these goals. Company performance targets make up approximately 75% of total bonus with individual goals encompassing the remainder.

In connection with the 2013 salary and target bonus established our executive officers, the following were awarded restricted stock units under the 2007 Employee Stock Incentive Plan. Each restricted stock unit is issued one share of common stock upon conversion to common stock:

<b>Named Executive</b>	<b>Restricted Stock Units</b>
Charles M. Dauber	80,000
Andrew L. Puhala	14,000
Timothy C. Adams	12,000

Vesting of a portion of such awards is subject to achievement of the 2013 Company and individual performance goals established for each executive, 80,000 for Mr. Dauber, 11,200 for Mr. Puhala, and 9,600 for Mr. Adams with the remaining restricted stock units subject to only continuing employment. The vested restricted stock units convert into common stock on a one-to-one basis and are subject to a continuing employment obligation through the date of conversion. The RSUs granted to Mr. Dauber convert to common stock on January 1, 2014. The RSUs granted to Messrs. Puhala and Adams convert to common stock in four equal annual installments from the original grant date.



**Grants of Plan-Based Awards in 2012**

The following table provides information on the stock and cash plan-based awards granted to our named executive officers for 2012.

Name	Grant Date	Estimated Possible Payouts Under Non-Equity Incentive Plan Awards		Estimated Possible Payouts Under Equity Incentive Plan Awards		All Other Stock Awards: Number of Shares of Stock or Units (#)	Grant Date Fair Value of Stock and Option Awards (\$) <sup>(1)</sup>
		Threshold (\$)	Maximum* Target (\$)	Threshold Target (\$)	Maximum Target (\$)		
Arthur G. Dauber							
EPB(a)	1/1/2012	\$	\$ 20,000	\$	20,000*		
Charles M. Dauber							
EPB(1)	1/1/2012		\$ 150,000	\$	150,000*		
PSU(1)	1/1/2012				64,000	64,000	\$ 332,160
PSU(2)	1/1/2012				16,000	16,000	\$ 83,040
Neal T. Hare							
EPB(1)	2/27/2012	\$	\$ 82,500	\$	82,500*		
James J. Steffek							
EPB(1)	2/27/2012	\$	\$ 82,500	\$	82,500*		
Frances Powell Hawes							
EPB(1)	2/27/2012	\$	\$ 82,500	\$	82,500*		
PSU(1)	2/27/2012				16,000	16,000	\$ 73,920
PSU(2)	2/27/2012				4,000	4,000	\$ 18,480
Timothy C. Adams							
EPB(1)	2/27/2012	\$	\$ 41,000	\$	41,000*		
PSU(1)	2/27/2012				9,600	9,600	\$ 44,352
PSU(2)	2/27/2012				2,400	2,400	\$ 11,088

EPB: Employee Performance Bonus

PSU: Performance Based Stock Unit

EPB(a) Potential cash bonus based on equity income from foreign joint ventures for 2012 estimated based on 2011.

EPB(1) Potential performance based cash bonus payment based on individual and company performance which might have been earned for 2012 performance. The actual amount of performance based cash bonus earned in 2012 is shown in the Summary Compensation Table under the Non-Equity Incentive Plan Compensation column.

PSU(1) Potential performance based restricted stock units which might have been earned based on individual and company 2012 performance. The actual value of performance based restricted stock units which were earned in 2012 is included in the Summary Compensation Table under the Stock Awards column.

PSU(2) Restricted stock units granted with a continuing service obligation. The actual value of service based restricted stock units which were earned in 2012 is included in the Summary Compensation Table under the Stock Awards column.

(1) Calculated in accordance with ASC 718 before any forfeiture adjustments.

\* As provided in the award the Compensation Committee will also recognize exceptional performance in excess of targeted amounts.



**Option Exercises and Stock Vested in 2012**

The following table provides information regarding the vesting of stock awards of our named executive officers in 2012. No stock options were exercised by our named executive officers in 2012.

	Stock Awards	
	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting(1) (\$)
Charles M. Dauber	24,378	110,187
Frances Hawes Powell	921	4,642
Timothy C. Adams	4,708	21,171

(1) Based on market value at time of vesting.

**Outstanding Equity Awards at December 31, 2012**

The following table provides information on the outstanding equity awards held by our named executive officers as of December 31, 2012.

Name	Option Awards				Stock Awards		Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have not Vested (\$)
	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	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)	
Charles M. Dauber	3,113	3,113	\$ 4.09	2/28/13	1,038(a)	5,232(a)	
					2,586(a)	13,033(a)	
					20,104(b)	101,324(b)	
					32,100(c)	161,784(c)	
					57,984(d)	231,936(d)	
Timothy C. Adams	1,091	1,091	\$ 4.09	2/28/13	364(a)	1,835(a)	
					1,218(a)	6,139(a)	
					5,568(b)	28,063(b)	
					5,400(c)	27,216(c)	
					3,032(d)	15,281(d)	

(1) Represents restricted stock units which require only continued employment to convert to shares of common stock on a one-to-one basis. The scheduled conversion date of these restricted stock units are: (a) all on or about February 25, 2013. (b) one half on or about each of the following dates: February 25, 2013 and 2014. (c) one third on or about each of the following dates: February 25, 2013, 2014 and 2015 (d) one fourth on or about each of the following dates: February 25, 2013, 2014, 2015 and 2016.

(2) Based on the closing price of our common stock on December 31, 2012.

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

The following estimates the payments which would be required to be made to our executive officers with employment agreements which entitle them to receive cash severance or other payments in connection with a termination of their employment and/or a change in control:

		Base	Target Bonus(a)	Total
Arthur G. Dauber:	Discharge other than for cause or resignation	\$ 130,000	\$	\$ 130,000
	Termination after change of control	\$ 130,000	\$	\$ 130,000
Charles M. Dauber:	Discharge other than for cause or resignation	\$ 287,000	\$ 150,000	\$ 437,000
	Termination after change of control	\$ 568,000	\$ 300,000	\$ 868,000
Andrew L. Puhala	Discharge other than for cause or disability	\$ 106,000	\$	\$ 106,000
	Termination after change of control	\$ 106,000	\$	\$ 106,000

(a) Target bonus based on company performance targets and individual goals

The award agreements evidencing grants of stock options and restricted stock units issued after December 31, 2008 to certain of our executive officers provide that in the event of a change in control of the Company, the stock options and restricted stock units that are then available for vesting and unvested will vest in full. Based on the closing price of our common stock at December 31, 2012 the value of the restricted stock which would vest to our named executive officers on a change of control is as follows:

Charles M. Dauber	\$ 977,000
Timothy C. Adams	\$ 139,000
Andrew L. Puhala	\$ 71,000

**STOCKHOLDER PROPOSALS FOR NEXT ANNUAL MEETING**

The Company anticipates that it will hold its 2014 Annual Meeting of Stockholders on or about May 1, 2014. Any stockholder desiring to submit a proposal for action at the 2014 Annual Meeting of Stockholders and who wishes such proposal to appear in the Company's Proxy Statement with respect to such meeting should arrange for such proposal to be delivered to the Company's Corporate Secretary at the address set forth below no later than November 18, 2013 in order to be considered for inclusion in the Company's proxy statement relating to that meeting. Stockholders must provide advance written notice of director nominations or other proposals intended to be presented at the Company's 2014 Annual Meeting. Such notice must be received by the Company not earlier than February 1, 2014, or later than 5:00 p.m., local time, on March 3, 2014. Notice of director nominations and other proposals must be delivered to Andrew L. Puhala, Corporate Secretary, American Electric Technologies, Inc. 6410 Long Drive, Houston, TX 77087.

**FINANCIAL INFORMATION AND ANNUAL REPORT ON FORM 10-K**

The Company's financial statements for the year ended December 31, 2012 are included in the Company's 2012 Annual Report to Stockholders, which is available to the Company's stockholders on the Internet at <http://www.aeti.com/annualmeeting>. **Stockholders may obtain a copy of the Company's Annual Report on Form 10-K for the year ended December 31, 2012 without charge by requesting it in writing from Andrew L. Puhala, Corporate Secretary, American Electric Technologies, Inc., at 6410 Long Drive, Houston, TX 77087.**

**OTHER MATTERS**

The Board of Directors is not aware of any other matters to come before the meeting. If any other matter not mentioned in this Proxy Statement is brought before the meeting, the proxy holders named in the enclosed Proxy will have discretionary authority to vote all proxies with respect thereto in accordance with their judgment.

March 28, 2013

By Order of the Board of Directors

Andrew L. Puhala  
Secretary

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**AMERICAN ELECTRIC TECHNOLOGIES, INC.**

**Proxy for Annual Meeting of Stockholders**

**To Be Held on May 13, 2013**

**THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS OF THE COMPANY**

**PLEASE SIGN, DATE AND RETURN PROMPTLY BY MAIL OR FAX**

**MAIL - Date, sign and mail to:**

**Andrew L. Puhala, Secretary**

**American Electric Technologies, Inc.**

**6410 Long Drive**

**Houston, TX 77087; or**

**FAX- Date, sign and fax to:**

**713-644-7805**

The undersigned hereby appoints Charles M. Dauber and Andrew L. Puhala, and each of them, with full power of substitution, as proxies to represent and vote, as designated herein, all shares of Common Stock of AMERICAN ELECTRIC TECHNOLOGIES, INC. (the Company) which the undersigned would be entitled to vote if personally present at the Annual Meeting of Stockholders of the Company to be held on May 13, 2013 at 10:00 a.m., local time, and at any adjournment thereof.

**PROPOSAL NO. 1 - Election of Directors.**

**PROPOSAL NO. 2 - To ratify the selection of the independent registered public accounting firm for 2013.**

**For all nominees listed below: q**

**For q    Against q    Abstain q**

**Withhold authority to vote all nominees listed below: q**

**PROPOSAL NO. 3 - Advisory resolution to approve executive compensation.**

**INSTRUCTION: To withhold authority to vote for any individual nominee, strike a line through the nominee's name in the list below:**

**For q    Against q    Abstain q**

**PROPOSAL NO. 4 Frequency of advisory vote to approve executive compensation.**

**Arthur G. Dauber**

**Charles M. Dauber**

**One year**  **Two years**  **Three years**

**Neal M. Dikeman**

**Peter Menikoff**

**Abstain**

**J. Hoke Peacock II**

**In their discretion, the proxies are authorized to vote upon such other matters as may properly come before the meeting or any adjournment thereof.**

**THIS PROXY WILL BE VOTED IN THE MANNER DIRECTED HEREIN.**

**IF NO DIRECTION IS GIVEN, THIS PROXY WILL BE VOTED FOR ALL DIRECTOR NOMINEES, FOR PROPOSAL NO. 2, FOR PROPOSAL NO. 3 AND Three years ON PROPOSAL NO.4.**

**Please sign exactly as name appears below. When shares are held by joint tenants, both should sign. When signing as attorney, executor, administrator, trustee or guardian, please give full title as such. If a corporation, please sign in full corporate name by President or other authorized officer. If a partnership, please sign in partnership name by an authorized person.**

**Dated:** \_\_\_\_\_, 2013

(signature)

(signature, if held jointly)