

AAON INC  
Form DEF 14A  
April 02, 2012  
SCHEDULE 14A

Information Required in Proxy Statement

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934

Filed by the Registrant  [ X ]  
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))
- [ X ] Definitive Proxy Statement
- [ ] Definitive Additional Materials
- [ ] Soliciting Material Pursuant to §240.14a-12

AAON, INC.

(Name of Registrant as Specified in its Charter)

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

Payment of Filing Fee (Check the appropriate box):

- [ X ] No fee required.
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- 4) Proposed maximum aggregate value of transaction:
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- 2) Form, Schedule or Registration Statement No.:
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  - 4) Date Filed:
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AAON, INC.

Notice of  
Annual Meeting  
May 15, 2012,  
and  
Proxy Statement

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AAON, INC.

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS  
TO BE HELD ON MAY 15, 2012

Notice is hereby given that the Annual Meeting of Stockholders of AAON, Inc., will be held at 2440 South Yukon, Tulsa, Oklahoma, on Tuesday, May 15, 2012, at 10:00 A.M. (Local Time), for the following purposes:

1. To elect three Class III Directors, for terms ending in 2015; and
2. To transact such other business as may properly come before the meeting or any adjournment thereof.

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE  
STOCKHOLDER MEETING TO BE HELD ON MAY 15, 2012.

We have elected to take advantage of the Securities and Exchange Commission's rules that allow us to furnish our proxy materials to our shareholders over the Internet. We believe electronic delivery will expedite the receipt of materials and, by printing and mailing a smaller volume, will reduce the environmental impact of our annual meeting materials and help lower our costs. A Notice of Internet Availability of Proxy Materials (the "Notice of Internet Availability") is being mailed concurrently to our shareholders. The Notice contains instructions on how to access the Notice of Annual Meeting, Proxy Statement and Annual Report to Shareholders online. You will not receive a printed copy of these materials, unless you specifically request one. The Notice of Internet Availability contains instructions on how to receive a paper copy of the proxy materials

It is important that your shares be represented and voted at the meeting. You may vote your shares by voting in person at the meeting, by internet, by telephone or by completing, signing, dating and returning a proxy card which will be mailed to you if you request delivery of a full set of proxy materials.

Our Proxy Statement, including our Annual Report on Form 10-K, is available at  
[www.proxyvote.com](http://www.proxyvote.com)

By Order of the Board of Directors

John B. Johnson, Jr.  
Secretary

April 2, 2012

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AAON, INC.  
2425 South Yukon  
Tulsa, Oklahoma 74107

PROXY STATEMENT

This statement is furnished in connection with the solicitation by the Board of Directors of AAON, Inc., for proxies to be used at our Annual Meeting of Stockholders to be held on May 15, 2012, at the time and place set forth in the Notice of Annual Meeting accompanying this Proxy Statement. Unless the context otherwise requires, references herein to "AAON", "we", "us", "our" or "ours" refers to AAON, Inc.

Pursuant to provisions of our Bylaws and action of our Board of Directors, the close of business on March 19, 2012, has been established as the time and record date for determining the stockholders entitled to notice of and to vote at this annual meeting. The stock transfer books will not be closed.

The Directors nominated for election will be approved if, assuming a quorum is present in person and/or by proxy, a majority of the shareholders voting, vote in favor of each Director.

Stockholders of record on the record date are entitled to cast their votes at the Annual Meeting in person or by properly executed proxy. The presence, in person or by proxies, of thirty-three and one-third percent (33-1/3%) of the Common Stock outstanding on the record date is necessary to constitute a quorum at the Annual Meeting. If a quorum is not present at the time the Annual Meeting is convened, we may adjourn or postpone the meeting.

You may vote in several different ways:

**In person at the Annual Meeting**

You may vote in person at the Annual Meeting. You may also be represented by another person at the meeting by executing a proxy properly designating that person. If you are the beneficial owner of shares held in "street name," you must obtain a legal proxy from your broker, bank or other holder of record and present it to the inspectors of election with your ballot to be able to vote at the meeting.

**By telephone**

You may vote by calling the toll-free telephone number indicated on the voting instructions you will receive. Easy-to-follow voice prompts allow you to vote your shares and confirm that your voting instructions have been properly recorded.

**By internet**

You may vote by going to the internet web site indicated on the voting instructions you will receive. Confirmation that your voting instructions have been properly recorded will be provided.

**By mail**

You may vote by completing, signing, dating and returning a proxy card which will be mailed to you if you request delivery of a full set of proxy materials. A postage-paid envelope will be provided along with the proxy card.

Telephone and internet voting for shareholders of record will be available until 11:59 p.m. Central time on May 14, 2012. A mailed proxy card must be received by May 14, 2012, in order to be voted at the Annual Meeting. The availability of telephone and internet voting for beneficial owners of other shares held in “street name” will depend on your broker, bank or other holder of record and we recommend that you follow the voting instructions on the Notice of Internet Availability that you receive from them.

If you are mailed a set of proxy materials and a proxy card or voting instruction card and you choose to vote by telephone or by internet, you do not have to return your proxy card or voting instruction card. However, even if you plan to attend the Annual Meeting, we recommend that you vote your shares in advance so that your vote will be counted if you later decide not to attend the meeting.

Abstentions and broker non-votes are counted as shares present in determining whether the quorum requirement is satisfied. Abstentions are also counted in the total number of votes cast with respect to a proposal and thus have the same effect as a vote against the matter. Broker non-votes are not counted as votes cast in the tabulation of votes on any matter brought before the Annual Meeting.

Proxies received in advance of the meeting may be revoked at any time prior to the voting thereof, either by giving notice to the Secretary of AAON or by personal attendance at the meeting.

We have adopted a procedure approved by the SEC called “householding” pursuant to which shareholders of record who have the same address and last name and who request a written copy of our annual report and proxy statement will receive only one copy of such materials unless one or more of these shareholders notify us that they wish to receive individual copies. Shareholders who participate in householding will continue to receive separate proxy cards.

Shareholders currently receiving multiple copies of our annual report and proxy statement at their household can request householding by contacting our transfer agent at 1-801-277-1400 or writing to Progressive Transfer Company, 1981 East Murray-Holladay Road, Suite 200, Salt Lake City, Utah 84117. Shareholders now participating in householding who wish to receive a separate document in the future may do so in the same manner. Those owning shares through a bank, broker or other nominee may request householding by contacting the nominee.

This Proxy Statement, the Notice of Annual Meeting and accompanying proxy card, as well as our 2011 Annual Report (which includes our Annual Report on Form 10-K for the year ended December 31, 2011), can also be found at our website ([www.aaon.com](http://www.aaon.com)). Copies of exhibits omitted from the enclosed Annual Report on Form 10-K are available without charge upon written request to Kathy I. Sheffield, 2440 S. Yukon, Tulsa, Oklahoma 74107, or may also be obtained at the Securities and Exchange Commission’s website at [www.sec.gov](http://www.sec.gov).

## VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

As of March 19, 2012 (the record date), we had issued a total of 24,565,148 shares of \$.004 par value Common Stock, our only class of stock outstanding. Each share is entitled to one vote on all matters submitted to a vote by stockholders.

The following table sets forth as of March 19, 2012, the aggregate number of our shares of Common Stock owned by each person known by us to be the beneficial owner of more than 5% of our Common Stock:

Name and address of beneficial owner	Number of shares owned	Percent of class
Norman H. Asbjornson 2425 South Yukon Tulsa, Oklahoma 74107	5,126,350 (1)	20.87
FMR LLC 82 Devonshire Street Boston, Massachusetts 02109	2,050,462 (2)	8.35
Royce & Associates, LLC 745 Fifth Avenue New York, New York 10151	2,622,014 (3)	10.67
BlackRock, Inc. 40 East 52nd Street New York, New York 10022	1,457,301 (4)	5.93

- (1) Includes 1,800 shares of restricted stock that will vest within 60 days of the annual meeting, 2,700 shares under AAON's 401(k) plan and 223,725 shares owned by his foundation. Mr. Asbjornson has sole voting and investment powers with respect to all shares beneficially owned by him.
- (2) This share ownership information was provided in a Schedule 13G filed February 13, 2012, which discloses that FMR LLC possesses the sole power to dispose or direct the disposition of the reported shares.
- (3) This share ownership information was provided in a Schedule 13G filed January 5, 2012, which discloses that Royce & Associates, LLC possesses the sole voting power and sole dispositive power of the reported shares.
- (4) This share ownership information was provided in a Schedule 13G filed January 20, 2012, which discloses that BlackRock, Inc. possesses the sole voting power and sole dispositive power of the reported shares.

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The following table sets forth as of March 19, 2012, the aggregate number of shares of our Common Stock owned of record or beneficially by each current director, nominee for director, each person named in the Summary Compensation Table (herein, “Named Executive Officers”) and all directors, nominees for director and Named Executive Officers as a group:

Name of Beneficial Owner	Number of Shares Owned (1)	Percent of Class
Norman H. Asbjornson	5,126,350 <sup>(2)</sup>	20.87
John B. Johnson, Jr.	35,025 <sup>(3)</sup>	*
Jack E. Short	13,875 <sup>(4)</sup>	*
Paul K. Lackey, Jr.	17,775 <sup>(5)</sup>	*
A. H. McElroy II	17,775 <sup>(5)</sup>	*
Jerry R. Levine	112,451 <sup>(6)</sup>	*
Joseph E. Cappy	16,800 <sup>(7)</sup>	*
Robert G. Fergus	21,103 <sup>(8)</sup>	*
Kathy I. Sheffield	86,438 <sup>(9)</sup>	*
David E. Knebel	84,746 <sup>(10)</sup>	*
Scott M. Asbjornson	652,696 <sup>(11)</sup>	2.66
Directors, nominees and Named Executive Officers as a group (11 persons)	6,185,034 <sup>(12)</sup>	25.18

- (1) All shares are held beneficially and of record and the owner has sole voting and investment power with respect thereto, except as otherwise noted.
- (2) Includes 1,800 shares of restricted stock that will vest within 60 days of the annual meeting, 2,700 shares under AAON’s 401(k) plan and 223,725 shares owned by his foundation.
- (3) Includes 13,500 shares issuable upon exercise of stock options that are exercisable currently or within 60 days of the annual meeting and 1,800 shares of restricted stock that will vest within 60 days of the annual meeting.
- (4) Includes 3,000 shares held by Mr. Short’s IRA account, 4,500 shares issuable upon exercise of stock options that are exercisable currently or within 60 days of the annual meeting and 1,800 shares of restricted stock that will vest within 60 days of the annual meeting.
- (5) 1,800 shares of restricted stock which will vest within 60 days of the annual meeting.
- (6) Includes 2,250 shares held by Mr. Levine’s IRA account, 1,125 shares held jointly by Mr. Levine and his wife, 7,500 shares issuable upon exercise of stock options that are exercisable currently or within 60 days of the annual meeting and 1,800 shares of restricted stock which will vest within 60 days of the annual meeting.
- (7) Includes 5,025 shares of restricted stock that will vest within 60 days of the annual meeting.
- (8) Includes 1,547 shares under AAON’s 401(k) plan, and 450 shares of restricted stock that will vest within 60 days of the annual meeting.



- (9) Includes 70,350 shares issuable upon exercise of stock options exercisable currently or within 60 days of the annual meeting, 13,838 shares under AAON's 401(k) plan and 450 shares of restricted stock that will vest within 60 days of the annual meeting.
  - (10) Includes 66,850 shares issuable upon exercise of stock options exercisable currently or within 60 days of the annual meeting, 5,645 shares under AAON's 401(k) plan and 450 shares of restricted stock that will vest within 60 days of the annual meeting.
  - (11) Includes 41,100 shares issuable upon exercise of stock options exercisable currently or within 60 days of the annual meeting, 309 shares under AAON's 401(k) plan and 450 shares of restricted stock that will vest within 60 days of the annual meeting.
  - (12) Includes 203,800 shares issuable upon the exercise of stock options that are exercisable currently or within 60 days of the annual meeting and 17,625 shares of restricted stock that will vest within 60 days of the annual meeting by all directors and Named Executive Officers.
- \* Less than 1%.

PROPOSAL:  
ELECTION OF DIRECTORS

General

Our Board of Directors is comprised of seven members. Our Bylaws (the "Bylaws") divide the Board of Directors into three classes having staggered terms of three years each, with Classes I, II and III having terms expiring at the Annual Meeting of Stockholders in 2013, 2014 and 2012, respectively. The Bylaws provide that a stockholder may nominate a director for election at an annual meeting if written notice is given to us not less than 60 and not more than 90 days in advance of the anniversary date of the immediately preceding annual meeting.

The names of Norman H. Asbjornson, John B. Johnson, Jr., and Joseph E. Cappy, the current members of the Class III Directors, whose terms expire at the annual meeting, have been placed in nomination for re-election to the Board, and the persons named in the proxy will vote for their election. Each of Mr. Asbjornson, Mr. Johnson and Mr. Cappy has consented to being named in this Proxy Statement and to serve if elected.

If any nominee becomes unavailable for any reason, the shares represented by the proxies will be voted for such other person, if any, as may be designated by the Board of Directors. However, management has no reason to believe that any nominee will be unavailable.

The Board of Directors recommends a vote FOR the election of these nominees as Directors.

Nominees:

Class III – Terms Expire in 2015

Name	Age	Current Position
Norman H. Asbjornson.	76	President and Director
John B. Johnson, Jr.	78	Secretary and Director
Joseph E. Cappy	77	Director

Directors Continuing in Office:

Class II -- For Term to Expire in 2014

Name	Age	Current Position
Jack E. Short	71	Director
Jerry R. Levine.	73	Director

Class I – Terms Expire in 2013

Name	Age	Current Position
Paul K. Lackey, Jr.	68	Director
A. H. McElroy II	49	Director



## Biographical Information

Set forth below is a description of the background of each of our current directors (including directors nominated for re-election) and executive officers. The term of office of each officer ends on the date of the Annual Meeting, subject to extension upon re-election.

Norman H. Asbjornson has served as President and a director of AAON since 1989 and currently serves in the class of directors whose terms will expire at the 2012 annual meeting of stockholders. Mr. Asbjornson also serves as the President of AAON, Inc., an Oklahoma corporation ("AAON-Oklahoma") and AAON Coil Products, Inc. ("ACP"), both our wholly owned subsidiaries.

Mr. Asbjornson is the original founder of the Company, and his intimate knowledge of the HVAC industry, both from a technical and a business perspective, brings to the Board a unique insight into the Company's operations in particular, as well as the environment in which the Company operates.

John B. Johnson, Jr., has served as Secretary and a director of AAON since 1989, and currently serves in the class of directors whose terms will expire at the 2012 annual meeting of stockholders. Mr. Johnson also serves as the Secretary of AAON-Oklahoma and ACP. Mr. Johnson has been engaged in the private practice of law in Tulsa, Oklahoma, since 1961, and is a member of the firm of Johnson & Jones, which serves as our General Counsel.

Mr. Johnson has served as our legal counsel since our inception. Mr. Johnson's corporate and securities legal expertise, together with his historical knowledge of our operations, enable him to provide valuable legal and business advice to the Board in its various deliberations.

Jack E. Short has served as a director of AAON since 2004, and currently serves in the class of directors whose terms will expire at the 2014 annual meeting of stockholders. He is Chairman of our Audit Committee. Mr. Short was employed by PricewaterhouseCoopers (formerly Coopers & Lybrand) for 29 years and retired as the managing partner of the Oklahoma practice (Tulsa and Oklahoma City) of the firm in June 2001. Mr. Short previously served on the Board of Directors of a public company which is engaged in the non-toxic waste collection business.

Mr. Short's extensive background in public accounting provides the Board with an individual well-versed in accounting and financial matters, and his experience on another public company board offers additional insight to the Board in both financial and risk assessment matters.

Paul K. Lackey, Jr., was elected as a director of AAON in 2007, and currently serves in the class of directors whose terms will expire at the 2013 annual meeting of stockholders. Between April 2002 and October 2005 Mr. Lackey served as CEO and President of The NORDAM Group, a privately held company in Tulsa, Oklahoma involved in the aerospace industry. Between October 2005 and December 2008 Mr. Lackey served as the Chairman and CEO of The NORDAM Group. Since January 2009 Mr. Lackey has served as the Executive Chairman of the Board of The NORDAM Group. Mr. Lackey also serves on the board of directors of Matrix Service Company, a public company involved in the construction and energy services industry.

Mr. Lackey's experience in serving as the CEO of a manufacturing company provides not only additional knowledge and insight in production and manufacturing processes in general, but also brings to the Board an individual who can provide guidance on management and operational systems in a manufacturing environment such as ours. Mr. Lackey's service on the board of another public company also provides him with the ability to compare and assess the differences in board operations and functions, which provide guidance on strengthening the practices of our Board.

A. H. McElroy II was elected as a director of AAON in 2007, and currently serves in the class of directors whose terms will expire at the 2013 annual meeting of stockholders. Since 1997 Mr. McElroy has served as President and CEO of McElroy Manufacturing, Inc., a privately held manufacturing concern based in Tulsa, Oklahoma.

Mr. McElroy's extensive experience in managing a privately held manufacturing company brings to the Board substantial knowledge of operational and budgetary efficiencies, as well as technology-related applications which may benefit general manufacturing processes.

Jerry R. Levine was elected as a director of AAON in 2008, and currently serves in the class of directors whose terms will expire at the 2014 annual meeting. For the last 40 years, Mr. Levine has been a securities analyst. From 1980 to 1991 Mr. Levine served as a member of the "Emerging Growth Group" of Merrill Lynch Capital Markets, specializing in small and mid-sized companies. In 1999 Mr. Levine formed JRL Advisors, which firm provides investor relations services. Mr. Levine, through JRL Advisors, has provided investor and shareholder relations services and advice to the Company since JRL Advisors' formation.

Mr. Levine's extensive experience in the securities and financial fields provides to the Board insight on capital markets in general, as well as industry sensitive markets that may affect us specifically. Mr. Levine's background also allows him to provide the Board guidance on the potential market impact that any significant Board or Company decision may have on our market value.

Joseph E. Cappy was appointed by the Board of Directors to complete the remaining term of Charles C. Stephenson, Jr., at the 2010 annual meeting of the Board immediately following the Annual Meeting of the Stockholders. Mr. Cappy serves in the class of directors whose terms expire at the 2012 annual meeting. From 1997 until 2003 Mr. Cappy served as the CEO and director of DollarThrifty Automotive Group, the stock of which was listed on the New York Stock Exchange. For the ten years prior to that, Mr. Cappy served as a Vice President of Chrysler Corporation. Since his retirement from DollarThrifty Automotive Group in 2003, Mr. Cappy has served as Chairman and CEO of Capco, Inc., a family-owned enterprise with various investments in the United States.

Mr. Cappy's experience of over twenty years in key management positions in public companies brings to the Board valuable knowledge of the complexities of managing public companies in particular, and the financial and capital related issues they face, as well as the impact of the decision-making processes on overall shareholder value.

Robert G. Fergus, age 71, has served as Vice President of AAON since 1989. Mr. Fergus also serves as Vice President of AAON-Oklahoma.

Kathy I. Sheffield, age 59, became Treasurer of AAON in 1999 and Vice President in 2002. She also serves as Vice President and Treasurer of AAON-Oklahoma and as Treasurer of ACP. Ms. Sheffield was our Accounting Supervisor from 1989 to 1992, when she became Accounting Manager.

David E. Knebel, age 66, joined AAON in May 2001 as Manager of Technology and Training, before becoming Director of Sales and Technology in December 2002 and Vice President, Sales and Technology in August 2005. He is responsible for management of AAON's sales force, parts and service departments, and software development