

DISH Network CORP
Form 10-Q
April 20, 2016
Table of Contents

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2016.

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE TRANSITION PERIOD FROM _____ TO _____ .

Commission File Number: 0-26176

Edgar Filing: DISH Network CORP - Form 10-Q

DISH Network Corporation

(Exact name of registrant as specified in its charter)

Nevada
(State or other jurisdiction of incorporation or organization)

88-0336997
(I.R.S. Employer Identification No.)

9601 South Meridian Boulevard
Englewood, Colorado
(Address of principal executive offices)

80112
(Zip code)

(303) 723-1000

(Registrant's telephone number, including area code)

Not Applicable

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

(Do not check if a smaller reporting company)

Edgar Filing: DISH Network CORP - Form 10-Q

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of April 12, 2016, the registrant's outstanding common stock consisted of 226,278,046 shares of Class A common stock and 238,435,208 shares of Class B common stock.

Table of Contents

TABLE OF CONTENTS

PART I — FINANCIAL INFORMATION

	<u>Disclosure Regarding Forward-Looking Statements</u>	i
<u>Item 1.</u>	<u>Financial Statements</u>	
	<u>Condensed Consolidated Balance Sheets —</u> <u>March 31, 2016 and December 31, 2015 (Unaudited)</u>	1
	<u>Condensed Consolidated Statements of Operations and Comprehensive Income (Loss)</u> <u>For the Three Months Ended March 31, 2016 and 2015 (Unaudited)</u>	2
	<u>Condensed Consolidated Statements of Cash Flows</u> <u>For the Three Months Ended March 31, 2016 and 2015 (Unaudited)</u>	3
	<u>Notes to Condensed Consolidated Financial Statements (Unaudited)</u>	4
<u>Item 2.</u>	<u>Management’s Discussion and Analysis of Financial Condition and Results of Operations</u>	52
<u>Item 3.</u>	<u>Quantitative and Qualitative Disclosures About Market Risk</u>	70
<u>Item 4.</u>	<u>Controls and Procedures</u>	70
<u>PART II — OTHER INFORMATION</u>		
<u>Item 1.</u>	<u>Legal Proceedings</u>	70
<u>Item 1A.</u>	<u>Risk Factors</u>	70
<u>Item 2.</u>	<u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	71
<u>Item 3.</u>	<u>Defaults Upon Senior Securities</u>	None
<u>Item 4.</u>	<u>Mine Safety Disclosures</u>	None
<u>Item 5.</u>	<u>Other Information</u>	None
<u>Item 6.</u>	<u>Exhibits</u>	71
	<u>Signatures</u>	72

Table of Contents

PART I — FINANCIAL INFORMATION

DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995, including, in particular, statements about our plans, objectives and strategies, growth opportunities in our industries and businesses, our expectations regarding future results, financial condition, liquidity and capital requirements, our estimates regarding the impact of regulatory developments and legal proceedings, and other trends and projections. Forward-looking statements are not historical facts and may be identified by words such as “future,” “anticipate,” “intend,” “plan,” “goal,” “seek,” “believe,” “estimate,” “expect,” “predict,” “will,” “would,” “could,” similar terms. These forward-looking statements are based on information available to us as of the date of this Quarterly Report on Form 10-Q and represent management’s current views and assumptions. Forward-looking statements are not guarantees of future performance, events or results and involve known and unknown risks, uncertainties and other factors, which may be beyond our control. Accordingly, actual performance, events or results could differ materially from those expressed or implied in the forward-looking statements due to a number of factors, including, but not limited to, the following:

Competition and Economic Risks

- We face intense and increasing competition from satellite television providers, cable companies and telecommunications companies, especially as the pay-TV industry has matured and bundled offers have become more prevalent, which may require us to further increase subscriber acquisition and retention spending or accept lower subscriber activations and higher subscriber churn.
- Changing consumer behavior and competition from digital media companies that provide or facilitate the delivery of video content via the Internet may reduce our gross new subscriber activations and may cause our subscribers to purchase fewer services from us or to cancel our services altogether, resulting in less revenue to us.
- Economic weakness and uncertainty may adversely affect our ability to grow or maintain our business.
- Our competitors may be able to leverage their relationships with programmers to reduce their programming costs and offer exclusive content that will place them at a competitive advantage to us.
- Our over-the-top (“OTT”) Sling TV Internet-based services face certain risks, including, among others, significant competition.

- We face increasing competition from other distributors of unique programming services such as foreign language and sports programming that may limit our ability to maintain subscribers that desire these unique programming services.

Operational and Service Delivery Risks

- If we do not continue improving our operational performance and customer satisfaction, our gross new subscriber activations may decrease and our subscriber churn may increase.
- If our gross new subscriber activations decrease, or if our subscriber churn, subscriber acquisition costs or retention costs increase, our financial performance will be adversely affected.
- Programming expenses are increasing and could adversely affect our future financial condition and results of operations.

Table of Contents

- We depend on others to provide the programming that we offer to our subscribers and, if we fail to obtain or lose access to this programming, our gross new subscriber activations may decline and our subscriber churn may increase.
- We may not be able to obtain necessary retransmission consent agreements at acceptable rates, or at all, from local network stations.
- We may be required to make substantial additional investments to maintain competitive programming offerings.
- Any failure or inadequacy of our information technology infrastructure and communications systems, including without limitation those caused by cyber-attacks or other malicious activities, could disrupt or harm our business.
- We currently depend on EchoStar Corporation and its subsidiaries, or EchoStar, to design, develop and manufacture substantially all of our new DISH branded pay-TV set-top boxes and certain related components, to provide the vast majority of our transponder capacity, to provide digital broadcast operations and other services to us, and to provide streaming delivery technology and infrastructure for our Sling TV services. Our business would be adversely affected if EchoStar ceases to provide these products and services to us and we are unable to obtain suitable replacement products and services from third parties.
- Technology in the pay-TV industry changes rapidly, and our success may depend in part on our timely introduction and implementation of, and effective investment in, new competitive products and services and more advanced equipment, and our failure to do so could cause our products and services to become obsolete and could negatively impact our business.
- We rely on a single vendor or a limited number of vendors to provide certain key products or services to us such as information technology support, billing systems, and security access devices, and the inability of these key vendors to meet our needs could have a material adverse effect on our business.
- Our primary supplier of new set-top boxes, EchoStar, relies on a few suppliers and in some cases a single supplier, for many components of our new set-top boxes, and any reduction or interruption in supplies or significant increase in the price of supplies could have a negative impact on our business.
- Our programming signals are subject to theft, and we are vulnerable to other forms of fraud that could require us to make significant expenditures to remedy.
- We depend on independent third parties to solicit orders for our services that represent a significant percentage of our total gross new subscriber activations.
-

Edgar Filing: DISH Network CORP - Form 10-Q

We have limited satellite capacity and failures or reduced capacity could adversely affect our DISH branded pay-TV business.

- Our owned and leased satellites are subject to construction, launch, operational and environmental risks that could limit our ability to utilize these satellites.
- We generally do not carry commercial launch or in-orbit insurance on any of the satellites that we use, other than certain satellites leased from third parties, and could face significant impairment charges if any of our owned satellites fail.
- We may have potential conflicts of interest with EchoStar due to our common ownership and management.
- We rely on key personnel and the loss of their services may negatively affect our business.

Table of Contents

Acquisition and Capital Structure Risks

- We have made substantial investments to acquire certain wireless spectrum licenses and other related assets. In addition, we have made substantial non-controlling investments in the Northstar Entities and the SNR Entities related to AWS-3 wireless spectrum licenses.
- We face certain risks related to our non-controlling investments in the Northstar Entities and the SNR Entities, which may have a material adverse effect on our business, results of operations and financial condition.
- To the extent that we commercialize our wireless spectrum licenses, we will face certain risks entering and competing in the wireless services industry and operating a wireless services business.
- We may pursue acquisitions and other strategic transactions to complement or expand our business that may not be successful, and we may lose up to the entire value of our investment in these acquisitions and transactions.
- We may need additional capital, which may not be available on acceptable terms or at all, to continue investing in our business and to finance acquisitions and other strategic transactions.
- From time to time a portion of our investment portfolio may be invested in securities that have limited liquidity and may not be immediately accessible to support our financing needs, including investments in public companies that are highly speculative and have experienced and continue to experience volatility.
- We have substantial debt outstanding and may incur additional debt.
- It may be difficult for a third party to acquire us, even if doing so may be beneficial to our shareholders, because of our ownership structure.
- We are controlled by one principal stockholder who is also our Chairman and Chief Executive Officer.

Legal and Regulatory Risks

- A ruling in the Do Not Call litigation requiring us to pay substantial civil penalties and/or damages and/or enjoining us, whether acting directly or indirectly through authorized telemarketers or independent third-party retailers, from certain activities could have a material adverse effect on our results of operations, financial condition and cash flow.

- Our business depends on certain intellectual property rights and on not infringing the intellectual property rights of others.
- We are party to various lawsuits which, if adversely decided, could have a significant adverse impact on our business, particularly lawsuits regarding intellectual property.
- Our ability to distribute video content via the Internet, including our Sling TV services, involves regulatory risk.
- Changes in the Cable Act of 1992 (“Cable Act”), and/or the rules of the Federal Communications Commission (“FCC”) that implement the Cable Act, may limit our ability to access programming from cable-affiliated programmers at nondiscriminatory rates.
- The injunction against our retransmission of distant networks, which is currently waived, may be reinstated.
- We are subject to significant regulatory oversight, and changes in applicable regulatory requirements, including any adoption or modification of laws or regulations relating to the Internet, could adversely affect our business.

Table of Contents

- Our business depends on FCC licenses that can expire or be revoked or modified and applications for FCC licenses that may not be granted.
- We are subject to digital high-definition (“HD”) “carry-one, carry-all” requirements that cause capacity constraints.
- Our business, investor confidence in our financial results and stock price may be adversely affected if our internal controls are not effective.
- We may face other risks described from time to time in periodic and current reports we file with the Securities and Exchange Commission, or SEC.

Other factors that could cause or contribute to such differences include, but are not limited to, those discussed under the caption “Risk Factors” in Part I, Item 1A of our most recent Annual Report on Form 10-K (the “10-K”) filed with the SEC, those discussed in “Management’s Discussion and Analysis of Financial Condition and Results of Operations” herein and in the 10-K and those discussed in other documents we file with the SEC. All cautionary statements made or referred to herein should be read as being applicable to all forward-looking statements wherever they appear. Investors should consider the risks and uncertainties described or referred to herein and should not place undue reliance on any forward-looking statements. The forward-looking statements speak only as of the date made, and we expressly disclaim any obligation to update these forward-looking statements.

Unless otherwise required by the context, in this report, the words “DISH Network,” the “Company,” “we,” “our” and “us” refer to DISH Network Corporation and its subsidiaries, “EchoStar” refers to EchoStar Corporation and its subsidiaries, and “DISH DBS” refers to DISH DBS Corporation and its subsidiaries, a wholly-owned, indirect subsidiary of DISH Network.

Table of Contents

Item 1. FINANCIAL STATEMENTS

DISH NETWORK CORPORATION

CONDENSED CONSOLIDATED BALANCE SHEETS

(Dollars in thousands, except share amounts)

(Unaudited)

	As of March 31, 2016	December 31, 2015
Assets		
Current Assets:		
Cash and cash equivalents	\$ 708,972	\$ 1,053,158
Marketable investment securities	161,634	557,911
Trade accounts receivable, net of allowance for doubtful accounts of \$15,608 and \$22,167, respectively	806,091	864,028
Inventory	455,257	390,328
Derivative financial instruments (Note 2)	324,285	556,828
Other current assets	101,262	120,990
Total current assets	2,557,501	3,543,243
Noncurrent Assets:		
Restricted cash, cash equivalents and marketable investment securities	82,374	82,374
Property and equipment, net	2,845,840	2,924,180

Edgar Filing: DISH Network CORP - Form 10-Q

FCC authorizations	15,854,769		15,667,604
Other investment securities	324,371		327,250
Other noncurrent assets, net	344,519		342,059
Total noncurrent assets	19,451,873		19,343,467
Total assets	\$ 22,009,374	\$	22,886,710

Liabilities and Stockholders' Equity (Deficit)

Current

Liabilities:

Trade accounts payable	\$ 561,347	\$	470,226
Deferred revenue and other	869,367		869,659
Accrued programming	1,587,399		1,532,809
Accrued interest	184,072		224,513
Other accrued expenses	607,589		531,733
Current portion of long-term debt and capital lease obligations	35,199		1,534,000
Total current liabilities	3,844,973		5,162,940

Long-Term Obligations, Net of Current

Portion:

Long-term debt and capital lease obligations, net of current portion	12,215,940		12,221,925
Deferred tax liabilities	2,137,747		2,084,789
Long-term deferred revenue and other long-term liabilities	390,375		385,026
Total long-term obligations, net of current portion	14,744,062		14,691,740
Total liabilities	18,589,035		19,854,680

Commitments and
Contingencies
(Note 10)

Redeemable noncontrolling interests (Note 2)	298,760	284,243
Stockholders' Equity (Deficit): Class A common stock, \$.01 par value, 1,600,000,000 shares authorized, 226,276,806 and 281,866,884 shares issued, 226,276,806 and 225,748,624 shares outstanding, respectively	2,263	2,819
Class B common stock, \$.01 par value, 800,000,000 shares authorized, 238,435,208 shares issued and outstanding	2,384	2,384
Additional paid-in capital	2,807,303	2,779,978
Accumulated other comprehensive income (loss)	19,607	61,981
Accumulated earnings (deficit) (Note 2)	291,477	1,471,084
Treasury stock, at cost (Note 2)	—	(1,569,459)
Total DISH Network stockholders' equity (deficit)	3,123,034	2,748,787
Noncontrolling interests	(1,455)	(1,000)
Total stockholders' equity (deficit)	3,121,579	2,747,787
	\$ 22,009,374	\$ 22,886,710

Total liabilities
and stockholders'
equity (deficit)

	3,100	68,882					
Mr. Campbell	2-28-09	--	--	--	3,100	68,882	
Mr. Richmond		1	93,600	93,600			
Mr. Richmond	2-28-09				1,600	35,552	

- (1) Represents potential threshold, target and maximum payout opportunities for financial performance in 2009 under the annual profit sharing plan in place for Mr. Richmond.
- (2) Represents restricted stock units granted under our 2006 Incentive Plan based on 2008 performance. Awards based on 2009 performance were granted in February 2010 and will be reflected in the Grants of Plan Based Awards for Fiscal Year 2010 table in next year's proxy statement. The restricted stock units vest five years from the date they are granted or upon the retirement of the grantee after reaching age 65 if earlier.
- (3) Represents the aggregate grant date fair value of each restricted stock unit award. The grant date fair value of the awards is determined pursuant to FASB ASC Topic 718 and is equal to the Company's stock price on the date of grant times the number of RSU's granted.

Outstanding Equity Awards at 2009 Fiscal Year-End

This table discloses outstanding stock option and stock awards for the named executive officers as of December 31, 2009.

Name	Option Awards				Stock Awards		
	Number of Securities Underlying Unexercised Options (#) Exercisable (1)	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)		Market Value of Shares or Units of Stock That Have Not Vested (\$)
Dr. Brock	46,435	--	25.500	3/5/2010	9,000	2	242,460
	25,322	--	19.430	3/6/2015	9,000	3	242,460
					9,000	4	242,460
Mr. Hall					1,000	2	26,940
					1,000	3	26,940
					1,000	4	26,940
Mr. Smith	46,079	--	25.500	3/5/2010	3,100	2	83,514
	21,097	--	14.500	1/1/2012	3,100	3	83,514
	14,854	--	19.430	3/6/2015	3,100	4	83,514
Mr. Campbell	12,000	--	25.500	3/5/2010	3,100	2	83,514
					3,100	3	83,514
					3,100	4	83,514
Mr. Richmond					2,000	2	53,880
					2,000	3	53,880
					1,600	4	43,104

(1) All stock options were awarded under the 1998 Long-Term Incentive Plan. All options are fully vested.

(2) Reflects restricted stock units granted under our 2006 Incentive Plan. The restricted stock units vest as to 100% of the units on March 8, 2012, which is the fifth anniversary of the grant date, or upon the retirement of the executive after reaching age 65, if earlier.

(3) Reflects restricted stock units granted under our 2006 Incentive Plan. The restricted stock units vest as to 100% of the units on February 28, 2013, which is the fifth anniversary of the grant date, or upon the retirement of the executive after reaching age 65, if earlier.

(4) Reflects restricted stock units granted under our 2006 Incentive Plan. The restricted stock units vest as to 100% of the units on February 28, 2014, which is the fifth anniversary of the grant date, or upon the retirement of the executive after reaching age 65, if earlier.

- (5) Reflects the value calculated by multiplying the number of restricted stock units by \$26.94, which was the closing price of our common stock on December 31, 2009, the last trading day in our 2009 fiscal year.

Nonqualified Deferred Compensation for Fiscal Year 2009

Name	Executive Contributions in Last FY (\$)	Registrant Contributions in Last FY (\$ (1))	Aggregate Earnings (Losses) in Last FY (\$ (2))	Aggregate Withdrawals/ Distributions (\$)	Aggregate Balance at Last FYE (\$ (3))
Dr. Brock	--	82,000	(102,561)	--	1,162,731
Mr. Hall	--	30,300	2,332	--	504,960
Mr. Smith	--	37,000	(44,287)	--	586,346
Mr. Campbell	--	37,000	(1,307)	--	842,810
Mr. Richmond	--	23,863	(3,109)	--	174,982

- (1) Reflects the annual company contributions made to the Supplemental Executive Retirement Plan (SERP) accounts of the named executive officers in an amount equal to 10% of the executive's total compensation, as defined in the plan. These amounts are reflected in the Summary Compensation Table in the "All Other Compensation" column.
- (2) Reflects the aggregate earnings credited to the executive's account during 2009, which include interest and other earnings based on the investment elections of the executive. All investment elections provide market returns and there were no preferential or above-market earnings that would be required to be included in the Summary Compensation Table in the "Change in Pension Value and Nonqualified Deferred Compensation Earnings" column.
- (3) To the extent that a participant was a named executive officer in prior years, executive and Company contributions included in the "Aggregate Balance at Last FYE" column have been reported as compensation in the Summary Compensation Table for the applicable year.

The Astec Industries, Inc. Supplemental Executive Retirement Plan (SERP) provides a fully vested retirement benefit to our named executive officers upon their termination of employment with the Company.

During a participant's employment, the Company contributes 10%, unless specified otherwise by the Board, of such participant's compensation (which includes base salary and annual profit sharing distribution but excludes certain amounts, such as an amount realized from the exercise of a stock option) to each named executive officer's SERP account. This amount is credited with earnings or losses based on the rate of return on the Participant's investment elections, which include money market funds, mutual funds, and Company common stock, and are generally the same investment choices available under our 401(k) plan.

Upon separation from service, the Company will pay the participant a single lump sum in cash equal to the amount in his or her SERP account or a participant may elect to receive payment in annual installments, not to exceed 10 years. If a participant dies before receiving the lump sum payment, or, in the case of an annual installment election, before receiving all installments, the SERP account balance will be distributed to his or her survivor in a single lump sum as soon as practicable following the participant's death.

Accelerated withdrawal is not permitted except in certain limited circumstances specified in the plan. The Company may terminate the SERP at any time but must pay participants the account value as determined under the SERP.

Potential Payments Upon Termination or Change-in-Control

As a matter of business philosophy, the Company generally does not enter into employment agreements or severance agreements with the Company's senior executive officers, including the named executive officers. In the event of a termination without cause or resignation without good reason, or a change in control of the Company, the Company would consider at that time based on the circumstances whether to enter into any arrangements providing for payments to our named executive officers.

Our 2006 Incentive Plan provides that awards will vest and become fully-exercisable, either immediately or at the end of any applicable performance year, in the event of a termination due to the death, disability or retirement (after reaching age 65) of the individual. In addition, in the event of a change in control where the surviving entity does not assume or otherwise equitably convert the awards, outstanding awards vest and become fully exercisable as of the end of the month immediately preceding the change in control. In addition, our Compensation Committee has the discretion to fully vest awards under the 2006 Incentive Plan upon termination of employment or a change in control, even if such events do not automatically trigger vesting under the plan.

All outstanding options or stock awards under our 1998 Long-Term Incentive Plan are fully vested and currently exercisable. Thus, they would not be impacted in the event of death, disability or termination of employment or a change in control of the Company.

The following table sets forth the number and value (based upon the fair market value of Astec stock on December 31, 2009) of restricted stock units held by the named executive officers as of December 31, 2009 that would have vested and converted to shares of common stock upon a termination of employment or a change in control as of such date under the specified circumstances.

Name	Restricted stock units vesting upon death, disability, retirement or change in control	
	(#)	(\$)
Dr. Brock	27,000	727,380
Mr. Hall	3,000	80,820
Mr. Smith	9,300	250,542
Mr. Campbell	9,300	250,542
Mr. Richmond	5,600	150,864

The amounts shown in the table above do not include payments and benefits to the extent they are provided on a non-discriminatory basis to salaried employees generally upon termination of employment including accrued salary, vacation pay, regular pension benefits, welfare benefits and 401(k) and nonqualified deferred compensation

distributions. Amounts that would be distributed pursuant to our SERP for retirement eligible executives are indicated in the Nonqualified Deferred Compensation Plan table above.

DIRECTOR COMPENSATION

Name(1)	Fees Earned or Paid in Cash \$(2)	Stock Awards \$(3)	Option Awards \$(4)	Total (\$)
Phillip E. Casey	20,000	28,000	--	48,000
Daniel K. Frierson	9,500	28,000	--	37,500
William D. Gehl	19,500	28,000	--	47,500
Ronald F. Green	12,500	28,000	--	40,500
Thomas W. Hill	10,500	21,000	--	31,500
William B. Sansom	19,500	28,000	--	47,500
Robert G. Stafford	3,000	14,000	--	17,000
Glen E. Tellock	25,500	28,000	--	53,500

(1) Dr. Brock and Mr. Smith, two of our named executive officers, served as directors of the Company during 2009 but are excluded from this section since they received no compensation as directors of the Company. The compensation shown for Mr. Hill is for his duties prior to his resignation as a Director effect August 28, 2009. Additionally, the compensation shown for Mr. Stafford is for his duties as a Director prior to his term expiring in April 2009.

(2) Reflects attendance fees for the various Board and Committee meetings attended and annual retainers for committee membership.

(3) Reflects the grant date fair value of common stock awards granted as payment of the director's annual retainer, with respect to Messrs. Casey, Frierson, Green, Hill, Sansom, Stafford and Tellock, and deferred stock awards granted as payment of the director's annual retainer, with respect to Mr. Gehl. The fair value of awards of common stock and deferred stock was determined by reference to the market price of the underlying shares on the grant date and in accordance with FASB ASC Topic 718. The dollar values shown above equal the full grant date fair value of the awards.

The following table shows the aggregate number of deferred stock awards held by each director who is not a named executive officer as of December 31, 2009:

Director	Deferred Stock Awards
Mr. Casey	--
Mr. Frierson	3,918
Mr. Gehl	10,061
Mr. Green	--
Mr. Sansom	--
Mr. Tellock	--

(4) None of the directors were issued option awards during 2009. The following table shows the aggregate number of options held by each director who is not a named executive officer as of December 31, 2009:

Director	Options
Mr. Casey	--
Mr. Frierson	1,287
Mr. Gehl	--
Mr. Green	2,063
Mr. Sansom	13,484
Mr. Tellock	--

Material Terms of Director Compensation Plan

Our director compensation plan provides for both cash and equity compensation for our non-employee directors. The principal features of the director compensation plan as in effect for 2009 are described below. We review director compensation on an annual basis.

Annual Retainers. All non-employee directors receive an annual board retainer fee of \$28,000 which they can individually elect to receive in the form of cash, stock, deferred stock or stock options each year. In addition, the director compensation plan provides for the following supplemental annual retainers:

	2009(1)
Audit Committee member	\$ 4,000
Compensation Committee member	2,000
Nominating and Corporate Governance Committee member	2,000

(1) These fees for 2009 were paid to the appropriate directors in February 2010.

Meeting Fees. Our director compensation plan provides for meeting fees for non-employee directors as follows:

- \$1,500 for each board meeting;
- \$1,000 for each committee meeting attended; and
- \$500 additional fee to the audit committee chairman for each audit committee meeting attended.

Equity Awards. In accordance with the Company's Non-Employee Directors Stock Incentive Plan, the Company's non-employee directors may elect to receive their annual retainer in the form of cash, shares of common stock, deferred stock or stock options. If the director elects to receive common stock, whether on a current or deferred basis, the number of shares to be received is determined by dividing the dollar value of the annual retainer by the fair market value of the common stock on the date the retainer is payable.

Non-employee directors may elect to defer the receipt of common stock received as payment of the annual retainer until the earlier of (i) his or her termination of service as a director, or (ii) another designated date at least three years

after the date of such deferral election. If any dividends or other rights or distributions of any kind are distributed to stockholders prior to the non-employee director's receipt of his or her deferred shares, an amount equal to the cash value of such distribution will be credited to a deferred dividend account for the non-employee director. The deferred dividend account will provide the non-employee director with the right to receive additional shares of common stock having a fair market value as of the date of the dividend distribution equal to the cash value of the distributions.

Non-employee directors may also elect to receive stock options in payment of the annual retainer. If the director elects to receive stock options, the number of options to be received is determined by dividing the dollar value of the annual retainer by the Black-Scholes value of an option on the date the retainer is payable. The options will be fully exercisable on the date of grant.

COMPENSATION COMMITTEE REPORT

The Compensation Committee of the Company has reviewed and discussed the Compensation Discussion and Analysis required by Item 402(b) of Regulation S-K with management and, based on such review and discussions, the Compensation Committee recommended to the Board that the Compensation Discussion and Analysis be included in the Company's Annual Report on Form 10-K for the year ended December 31, 2009 and in this proxy statement.

COMPENSATION COMMITTEE

William D. Gehl (Chairman)
Ronald F. Green
Phillip E. Casey

This Report of the Compensation Committee shall not be deemed to be incorporated by reference by any general statement incorporating by reference this proxy statement into any filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, and shall not otherwise be deemed filed under such acts.

REPORT OF THE AUDIT COMMITTEE

Decisions and recommendations regarding the financial reporting procedures of the Company are made by the Audit Committee of the Board of Directors, which was comprised of Messrs. Casey, Gehl, Tellock, and Sansom during the entire 2009 year and Mr. Hill until his resignation as a Director effective August 28, 2009. The following report is not subject to incorporation by reference in any filings made by the Company with the Securities and Exchange Commission under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended.

We, as a committee of the Board of Directors, oversee the Company's financial reporting process on behalf of the Board of Directors. We operate under a written charter adopted by the Board of Directors on March 13, 2000, and amended and restated on each of October 24, 2002 and March 11, 2004. This report reviews the actions we have taken with regard to the Company's financial reporting process during 2009 and the Company's audited consolidated financial statements as of December 31, 2009 included in the Company's Annual Report on Form 10-K.

In March 2004, the Board designated us to also serve as the Company's Qualified Legal Compliance Committee ("QLCC") in accordance with SEC rules and regulations. In our capacity as the QLCC, we are responsible for handling reports of a material violation of the securities laws or a breach of a fiduciary duty by the Company, its officers, directors, employees, or agents. In our capacity as the QLCC, we have the authority and responsibility to inform the Company's Chief Executive Officer of any violations. We can determine whether an investigation is necessary and can take appropriate action to address these reports. If an investigation is deemed necessary or appropriate, we have the authority to notify the Board, initiate an investigation and retain outside experts.

We are composed solely of independent directors, as that term is defined in Rule 5605(a)(2) by the Nasdaq Rules, and as independence for audit committee members is defined in the Nasdaq Rules. None of the committee members is or has been an officer or employee of the Company or any of its subsidiaries or has engaged in any business transaction or has any business or family relationship with the Company or any of its subsidiaries or affiliates. Our Chairman, Mr. Tellock, has been designated by the Board as our financial expert. Mr. Tellock is independent of management, as such term is used in item 7(d)(3)(iv) of Schedule 14A under the Securities Exchange Act of 1934, as amended.

The Company's management has the primary responsibility for the Company's financial statements and reporting process, including the systems of internal controls. The Company's outside auditors are responsible for performing an independent audit of the Company's consolidated financial statements in accordance with generally accepted auditing standards and issuing a report thereon. Our responsibility is to monitor and oversee these processes and to recommend annually to the Board of Directors the accountants to serve as the Company's outside auditors for the coming year.

We have implemented procedures to ensure that during the course of each fiscal year we devote the attention that we deem necessary or appropriate to fulfill our oversight responsibilities under our charter. To carry out our responsibilities, we met eight times during 2009.

In fulfilling our oversight responsibilities, we reviewed with management the audited financial statements to be included in the Company's Annual Report on Form 10-K for 2009 including a discussion of the quality (rather than just the acceptability) of the accounting principles, the reasonableness of significant judgments and the clarity of disclosures in the financial statements.

We reviewed with the Company's outside auditors during 2009, Ernst & Young LLP, as to their judgments about the quality (rather than just the acceptability) of the Company's accounting principles and such other matters as are required to be discussed with us under Statement on Auditing Standards No. 61, Communication with Audit Committees, with respect to the time such auditor was performing services for the Company. In addition, we discussed with Ernst & Young LLP their independence from management and the Company, including the matters in the written disclosures required of Ernst & Young LLP by the Public Company Accounting Oversight Board independence and ethics rule, Rule 3526 Communication with Audit Committee Concerning Independence, that we received with respect to the time such auditor was performing services for the Company. We also considered whether the provision of services during 2009 by Ernst & Young LLP that were unrelated to their audit of the financial statements referred to above and to their reviews of the Company's interim financial statements during 2009 was compatible with maintaining Ernst & Young LLP's independence with respect to the time such auditor was performing services for the Company.

Additionally, we discussed with the Company's internal and independent auditors the overall scope and plan for their respective audits. We met with the outside auditors, with and without management present, to discuss the results of their examinations, their evaluations of the Company's internal controls and the overall quality of the Company's financial reporting.

In reliance on the reviews and discussions referred to above, we recommended to the Board of Directors that the audited financial statements be included in the Company's Annual Report on Form 10-K for 2009 for filing with the Securities and Exchange Commission.

AUDIT COMMITTEE

Glen E. Tellock, Chairman
Phillip E. Casey
William D. Gehl
William B. Sansom

March 5, 2010

TRANSACTIONS WITH RELATED PERSONS

The Company recognizes that transactions between the Company and any of its related persons (as such term is defined in Item 404(a) of Regulation S-K) can present potential or actual conflicts of interest or create the appearance that Company decisions are based on considerations other than the best interests of the Company and its shareholders. Therefore, as a general matter, it is the Company's preference to avoid such transactions. Nevertheless, the Company recognizes that there are situations where such transactions may be in, or may not be inconsistent with, the best interests of the Company. Therefore, the Company has adopted a written policy with respect to related person transactions which requires either the Company's Audit Committee or the Company's Compensation Committee to review and, if appropriate, to approve or ratify any such transactions. Pursuant to the Company's written policy, any transaction in which the Company is or will be a participant and the amount involved exceeds \$120,000, and in which any of the Company's related persons had, has or will have a direct or indirect material interest, must be reviewed, and if appropriate, approved or ratified by either the Audit Committee or the Compensation Committee.

Benjamin G. Brock served as the Vice President of Sales for Astec, Inc., a wholly-owned subsidiary of the Company, since January 2003 and, since November 1, 2006, has served as the President of Astec, Inc. with annual compensation at market rates of approximately \$262,000 in salary and annual profit sharing. Mr. Brock is Dr. J. Don Brock's son. Thomas R. Campbell has served as Group Vice President of Mobile Asphalt Paving and Underground since 2001 with compensation at market rates in excess of \$120,000 per year, as disclosed on the Summary Compensation Table. Mr. Campbell and Dr. J. Don Brock are first cousins. The Audit Committee has reviewed and approved or ratified these transactions.

STOCK OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth certain information known to us with respect to beneficial ownership of Company's Common Stock as of February 16, 2010, by the following individuals or groups:

- each of our current directors, nominees for director, and Named Executive Officers individually;
 - all our directors and executive officers as a group; and
- each person (or group of affiliated persons) known by us to own beneficially more than 5% of our outstanding common stock.

The percentage of beneficial ownership of common stock is based on 22,554,133 shares deemed outstanding as of February 16, 2010. In preparing the following table, we relied upon statements filed with the SEC by beneficial owners of more than 5% of the outstanding shares of our common stock pursuant to Section 13(d) or 13(g) of the Exchange Act, unless we knew or had reason to believe that the information contained in such statements was not complete or accurate, in which case we relied upon information that we considered to be accurate and complete. We have determined beneficial ownership in accordance with the rules of the SEC. Except as otherwise indicated, we believe, based on information furnished to us, that the beneficial owners of the common stock listed below have sole voting power and investment power with respect to the shares beneficially owned by them, subject to applicable community property laws.

Name and Address ¹	Shares Beneficially Owned ²	Percent of Class
Directors, Nominees and Named Executive Officers		
J. Don Brock ³	2,632,644	11.7%
F. McKamy Hall ⁴	4,400	--
W. Norman Smith ⁵	265,486	1.2%
Thomas R. Campbell ⁶	12,000	--
Jeffrey L. Richmond ⁷	--	--
William B. Sansom ⁸	17,057	--
Daniel K. Frierson ⁹	4,948	--
Glen E. Tellock	3,347	--
William D. Gehl	283	--
Ronald F. Green ¹⁰	10,668	--
Phillip E. Casey	4,149	--
James B. Baker	--	--
All directors and executive officers as a group ¹¹	3,050,528	13.5%
5% Stockholders		
Neuberger Berman LLC ¹²	2,268,060	10.1%
Lynne W. Brock ¹³	1,615,307	7.2%
Artisan Partners LP ¹⁴	1,971,900	8.7%
Blackrock, Inc. ¹⁵	1,527,684	6.8%
Royce & Associates, LLC ¹⁶	1,264,333	5.6%

1 Except as otherwise noted, the address of each beneficial owner listed in the table is c/o Astec Industries, Inc. at 1725 Shepherd Road, Chattanooga, Tennessee 37421.

2 The amounts of the Company's Common Stock beneficially owned are reported on the basis of regulations of the Securities and Exchange Commission governing the determination of beneficial ownership of securities. The beneficial owner has both voting and dispositive power over the shares of Common Stock, unless otherwise indicated. As indicated, certain of the shares included are beneficially owned by the holders by virtue of their ownership of rights to acquire such shares pursuant to options to purchase Common Stock, deferred stock rights and restricted stock units. Unless indicated in the table, the number of shares included in the table as beneficially owned by a director or nominee does not exceed one percent of the Common Stock of the Company outstanding on February 16, 2010.

3 Dr. Brock is the president and chief executive officer of the company. The shares beneficially owned by Dr. Brock include 48,475 shares held in a residuary trust over which shares Dr. Brock has control as trustee. Also includes 71,757 stock options to purchase shares of Common Stock that are currently exercisable or will become exercisable within 60 days after February 16, 2010, and 36,000 restricted stock units that convert to shares of Common Stock on a future designated date, subject to earlier settlement upon retirement.

4 Mr. Hall is the principal financial officer of the Company. The shares beneficially owned by Mr. Hall include 4,000 restricted stock units that convert to shares of Common Stock on a future designated date, subject to earlier settlement upon retirement.

5 Mr. Smith is the group vice president of the Company's Asphalt segment. The shares beneficially owned by Mr. Smith include 82,030 stock options to purchase shares of Common Stock that are currently exercisable or will become exercisable within 60 days after February 16, 2010, and 12,400 restricted stock units that convert to shares of Common Stock on a future designated date, subject to earlier settlement upon retirement. Beneficially owned shares also include 171,056 shares held in a revocable living trust over which Mr. Smith is trustee.

6 Mr. Campbell is the Group Vice President of the Mobile Asphalt Paving and Underground segments of the Company. The shares beneficially owned by Mr. Campbell include 12,000 stock options to purchase shares of Common Stock that are either currently exercisable or will become exercisable within 60 days after February 16, 2010.

7 Mr. Richmond is the President of Roadtec, Inc.

8 Includes 13,484 stock options to purchase shares of Common Stock that are currently exercisable or will become exercisable within 60 days after February 16, 2010.

9 Includes 1,287 stock options to purchase shares of Common Stock that are currently exercisable or will become exercisable within 60 days after February 16, 2010. Also includes 661 deferred stock rights, each of which represents the right to receive one share of Common Stock within 30 days of termination of service as a director.

10 Includes 2,063 stock options to purchase shares of Common Stock that are currently exercisable or will become exercisable within 60 days after February 16, 2010.

11 Includes 254,070 shares that the directors and executive officers have the right to acquire pursuant to currently exercisable options or options exercisable within 60 days after February 16, 2010 under the Company's stock option plans. Such shares are issuable upon exercise of such options and are assumed to be outstanding for purposes of determining the percent of shares owned by the group. Also includes 3,081 shares of Common Stock held in the Company's 401(k) Plan, 661 deferred rights to shares of Common Stock and 54,900 restricted stock units which convert to shares of Common Stock on a future designated date, subject to earlier settlement upon retirement.

12 The number of shares reported and the information included in this footnote were derived from an amended Schedule 13G filed with the SEC on February 17, 2010 jointly by Neuberger Berman Group LLC, Neuberger Berman, LLC, Neuberger Berman Management LLC and Neuberger Berman Equity Funds. According to the Schedule 13G, (i) Neuberger Berman Group LLC beneficially owns 2,268,060 shares, with shared dispositive power over all such shares, and shared voting power over 1,910,782 shares; (ii) Neuberger Berman, LLC beneficially owns 2,268,060 shares, with shared dispositive power over all such shares and shared voting power over 1,910,782 shares, (iii) Neuberger Berman Management LLC beneficially owns 1,909,522 shares, with shared voting and dispositive power over all such shares, and (iv) Neuberger Berman Equity Funds beneficially owns 1,899,622 shares, with shared voting and dispositive power over all such shares. The address for Neuberger Berman LLC is 605 Third Avenue, New York, New York 10158-3698.

13 The information shown is derived from account statements of Lynne W. Brock, which were provided as of February 16, 2010 by her investment broker at Stifel, Nicolaus & Company, Inc. The address for Ms. Brock is 6454 Solitude Drive, Chattanooga, Tennessee 37416.

14 The number of shares reported and the information included in this footnote were derived from a Schedule 13G filed with the SEC on February 11, 2010 jointly by Artisan Partners Holdings LP, Artisan Investment Corporation, Artisan Partners Limited Partnership, Artisan Investments GP LLC, ZFIC, Inc., Andrew A. Ziegler, Carlene M. Ziegler and Artisan Funds, Inc. According to the Schedule 13G, (i) Artisan Partners Holdings LP, Artisan Investment Corporation, ZFIC, Inc., Andrew A. Ziegler and Carlene M. Ziegler each beneficially owns 1,971,900 shares, with shared dispositive power over all such shares and shared voting power over 1,812,300 shares; (ii) Artisan Partners Limited Partnership and Artisan Investments GP LLC each beneficially owns 1,939,800 shares, with shared dispositive power over all such shares and shared voting power over 1,780,200 shares; and (iii) Artisan Funds, Inc. owns 1,130,900 shares, with shared dispositive and voting power over all such shares. The address for Artisan Partners LP and each of the other filings persons is 875 East Wisconsin Avenue, Suite 800, Milwaukee, WI 53202.

15 The number of shares reported and the information included in this footnote were derived from a Schedule 13G filed with the SEC on January 29, 2010 by BlackRock, Inc. According to the Schedule 13G, BlackRock, Inc. owns 1,527,684 shares with sole dispositive and voting powers over such shares. The address for BlackRock, Inc. is 40 East 52nd Street, New York, NY 10022.

16 The number of shares reported and the information included in this footnote were derived from a Schedule 13G filed with the SEC on January 22, 2010 by Royce & Associates, LLC. According to the Schedule 13G, Royce & Associates owns 1,264,333 shares with sole dispositive and voting powers over such shares. The address for Royce & Associates, LLC is 745 Fifth Avenue, New York, NY 10151.

SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires the Company's directors, executive officers and persons who own beneficially more than 10% of the Company's Common Stock to file reports of ownership and changes in ownership of such stock with the Securities and Exchange Commission, and to furnish the Company with copies of all Section 16(a) forms they file. In addition, Item 405 of Regulation S-K requires the Company to identify in this Proxy Statement any person that may have failed to file a Section 16(a) form in a timely manner. Based solely upon information provided to the Company by each such person, the Company believes that its directors, executive officers and greater than 10% shareholders complied during fiscal 2009 with all applicable Section 16(a) filing requirements, except that each of our non-employee directors (Messrs. Casey, Frierson, Gehl, Green, Hill, Sansom and Tellock) who received Common Stock or deferred stock awards on April 27, 2009 in payment of their second quarter retainer reported this acquisition on a Form 4 that was filed late on July 27, 2009.

AUDIT MATTERS

Ernst & Young LLP served as the Company's independent registered public accounting firm from June 15, 2006 until December 31, 2009. Ernst & Young LLP is serving as the independent registered public accounting firm for the Company for the current calendar year.

Representatives of Ernst & Young LLP are expected to be present at the Annual Meeting and will have an opportunity to make a statement if they so desire and will be available to respond to appropriate questions.

Fees Paid to the Independent Registered Public Accounting Firm

The following tables present fees for professional audit services rendered by Ernst & Young LLP for the audit of the Company's annual financial statements for the years ended December 31, 2009 and 2008, and fees billed for other services rendered by Ernst & Young LLP during those periods.

	2009	2008
Audit Fees ¹	\$ 1,644,000	\$ 1,575,000
Audit-Related Fees ²	89,400	99,700
Tax Fees ³	109,344	99,125
All Other Fees	1,995	2,325
Total:	\$ 1,844,739	\$ 1,776,150

1 Audit Fees consisted of professional services performed for the audit of the Company's annual financial statements and the required review of financial statements included in the Company's Form 10-Q filings, as well as fees for subsidiary audits.

2 Audit-Related Fees consisted of audits of financial statements of employee benefit plans and accounting assistance.

3 Tax Fees consisted of fees for tax compliance and tax consulting services.

4 Other fees include a subscription to Ernst & Young Online, a website useful in researching accounting guidance.

Audit Fee Approval

The percentage of fees paid to Ernst & Young LLP for audit fees, audit-related fees, tax fees and all other fees that were approved by the Company's Audit Committee was 100% in fiscal 2009 and fiscal 2008.

Audit Committee Pre-Approval Policy

Since October 24, 2002, the Company's Audit Committee has approved all fees for audit and non-audit services of the Company's independent registered public accounting firm prior to engagement. It is the policy of the Audit Committee, as set forth in the Audit Committee Charter, to pre-approve, to the extent required by applicable law, all audit and non-audit services provided to the Company by its independent registered public accounting firm. In accordance with applicable law, the Audit Committee may delegate to one or more designated members of the Audit Committee the authority to grant the required pre-approvals, provided that the decisions of any member(s) to whom such authority is delegated to pre-approve an activity shall be presented to the full Audit Committee at its next regularly scheduled meeting. The Audit Committee has delegated to each of its members the authority to grant the required pre-approvals for any engagement that does not exceed twenty-five thousand dollars (\$25,000).

Audit Committee Review

The Company's Audit Committee has reviewed the services rendered and the fees billed by Ernst & Young LLP for the fiscal year ended December 31, 2009. The Audit Committee has determined that the services rendered and the fees billed last year that were not related to the audit of the Company's financial statements are compatible with the independence of Ernst & Young LLP as the Company's independent registered public accounting firm.

SOLICITATION OF PROXIES

The costs of soliciting proxy appointments will be paid by the Company. The Company's directors, officers and employees may solicit proxies in person or by telephone, mail, facsimile, internet or otherwise, but they will not receive additional compensation for their services. The Company may request brokers holding stock in their names, or the names of nominees, to forward proxy soliciting material to the beneficial owners of such stock and will reimburse such brokers for their reasonable expenses.

CERTAIN MATTERS RELATING TO PROXY MATERIALS AND ANNUAL REPORTS

The delivery rules regarding proxy statements and annual reports may be satisfied by delivering a single copy of a proxy statement and annual report or notice of availability of these materials to an address shared by two or more shareholders. This method of delivery is referred to as "householding." Currently, the Company is not householding for registered shareholders, but brokers, dealers, banks or other entities which hold Common Stock in "street name" for beneficial owners of Common Stock and which distribute proxy statements and annual reports or notice of availability of these materials they receive to beneficial owners may be householding. Such brokers, dealers, banks or other entities may deliver only one proxy statement and annual report or notice of availability to certain multiple shareholders who share an address, unless the Company or such other distributor has received contrary instructions from one or more of those shareholders. The Company undertakes to deliver promptly upon request a separate copy of the proxy statement and/or annual report or notice of availability of these materials to a shareholder at a shared address to which a single copy of these documents was delivered. If you hold shares of Common Stock as a registered shareholder and prefer to receive separate copies of a proxy statement or annual report or notice of availability either now or in the future, please send a written request to the Corporate Secretary, Astec Industries, Inc. at 1725 Shepherd Road, Chattanooga, Tennessee 37421. Shareholders who hold Common Stock through a broker, dealer, bank or other entity, who share an address and are receiving multiple copies of annual reports or proxy statements or notices of availability and who prefer to receive a single copy of such material, either now or in the future, can request delivery of a single copy of a proxy statement, annual report and/or or notice of availability, as requested, by contacting such

broker, dealer, bank or other entity.

Our annual report and proxy will also be available on the web prior to our annual meeting. Once posted, you will be able to access, view and download this year's Annual Report and Proxy Statement on the web at www.proxyvote.com.

OTHER MATTERS

Management does not know of any other matters to be brought before the meeting other than those referred to above. If any matters which are not specifically set forth in the form of proxy appointment and this Proxy Statement properly come before the meeting, the persons appointed as proxies will vote thereon in accordance with their best judgment.

SHAREHOLDER PROPOSALS

Proposals of shareholders of the Company, made pursuant to Rule 14a-8 of the Securities Exchange Act of 1934, as amended, intended to be presented for consideration at the 2011 Annual Meeting of Shareholders of the Company must be received by the Company at its principal executive offices on or before November 9, 2010 in order to be included in the Company's Proxy Statement and Form of Proxy Appointment relating to the 2011 Annual Meeting of Shareholders.

Any other matter proposed by shareholders to be discussed at the 2011 Annual Meeting of Shareholders may be so discussed if (i) the proposal is received by the Company on or before January 23, 2011 and (ii) the Company in its sole discretion and in accordance with applicable law, approves discussion of the matter at the 2011 Annual Meeting of Shareholders. Any shareholder proposal not received prior to January 23, 2011 will be considered untimely and, if such proposal is nonetheless presented at the 2011 Annual Meeting of Shareholders, then the proxy holders will be able to vote your shares on any such proposal to the extent authorized by Rule 14a-4(c) under the Securities Exchange Act of 1934, as amended.

INFORMATION INCORPORATED BY REFERENCE

The Company's financial statements and other financial information for the fiscal year ended December 31, 2009, may be found in the Company's 2009 Annual Report, which has been made available to all shareholders. The 2009 Annual Report does not form any part of the material for the solicitation of proxies.

ANY SHAREHOLDER WHO HAS NOT RECEIVED A COPY OF OUR MOST RECENT ANNUAL REPORT ON FORM 10-K, INCLUDING THE FINANCIAL STATEMENTS AND THE FINANCIAL STATEMENT SCHEDULES AS FILED WITH THE SEC SHALL BE FURNISHED A COPY WITHOUT CHARGE UPON WRITTEN REQUEST. PLEASE DIRECT YOUR WRITTEN REQUEST TO THE CORPORATE SECRETARY, ASTEC INDUSTRIES, INC. AT 1725 SHEPHERD ROAD, CHATTANOOGA, TENNESSEE 37421.

CHARTER OF THE
AUDIT COMMITTEE OF THE
BOARD OF DIRECTORS OF
ASTEC INDUSTRIES, INC.
As Amended and Restated on
March 11, 2004
(Initially Adopted March 14, 2000)

I. INTRODUCTION AND PURPOSE

There shall be a committee of the Board of Directors of Astec Industries, Inc. (the "Corporation") known as the Audit Committee (the "Committee"). The Committee is appointed by the Board of Directors to assist the Board in overseeing the accounting and financial reporting process of the Corporation and the audits of the Corporation's financial statements. The Committee's primary objectives are to:

- Serve as an independent party to assist the Board of Directors in overseeing the Corporation's financial reporting process and systems of internal controls regarding finance and accounting.
 - Appoint and oversee the Corporation's independent auditors.
 - Receive and address complaints relating to accounting, internal accounting controls and auditing matters.
- Provide an open avenue of communication among the independent auditors, financial and senior management, and the Board of Directors.

The Committee has the authority to conduct any investigation appropriate to fulfilling its responsibilities, and it has direct access to the independent auditors as well as all books, records and personnel in the organization. The Committee has the ability to retain, at the Corporation's expense, outside legal, accounting, or other consultants or experts it deems necessary in the performance of its duties. Furthermore, the Corporation must provide for appropriate funding, as determined by the Committee, for payment of (i) compensation to any registered public accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Corporation, (ii) compensation to any advisors employed by the Committee and (iii) ordinary administrative expenses of the Committee that are necessary or appropriate to carry out its duties. The independent auditors shall report directly to the Committee and are ultimately accountable to the Committee and the Board of Directors.

The Committee's job is one of oversight and it recognizes that the Corporation's management is responsible for preparing the Corporation's financial statements and that the independent auditors are responsible for auditing those financial statements. Additionally, the Committee recognizes that financial management, as well as the independent auditors, have more time and more detailed information about the Corporation than do Committee members; consequently, in carrying out its oversight responsibilities, the Committee is not providing any expert or special assurance as to the Corporation's financial statements or any professional certification as to the independent auditors' work.

II. COMPOSITION

The Committee shall be comprised of three or more independent directors meeting the requirements of the Nasdaq National Market (“Nasdaq”) listing standards and the rules of the Securities and Exchange Commission (the “SEC”). In addition, no member of the Committee may, other than in his or her capacity as a member of the Committee, the Board of Directors or any other Board committee, accept directly or indirectly any consulting, advisory or other compensatory fee from the Corporation or any subsidiary, nor may any member of the Committee be an affiliated person of the Corporation or any subsidiary. Furthermore, each member of the Committee must not have participated in the preparation of the financial statements of the Corporation or any current subsidiary of the Corporation at any time during the three years prior to appointment on the Committee.

All members of the Committee shall have a basic understanding of finance and accounting and be able to read and understand fundamental financial statements, and at least one member must have past employment experience in finance or accounting, a professional certification in accounting, or any other comparable experience or background, as required by the Nasdaq listing standards. In addition, the Committee shall have at least one member who is an “audit committee financial expert” as defined by the rules of the SEC.

The Board of Directors on the recommendation of the Nominating Committee shall appoint the members of the Committee. Unless a Chairperson is designated by the full Board, the members of the Committee may designate a Chairperson by majority vote of the full Committee membership. The Board of Directors may, at any time, remove one or more directors as members of the Committee.

III. MEETINGS

The Committee shall meet at least three times per year, but may meet more frequently as circumstances dictate. The Committee shall periodically meet privately in executive session with management and the independent auditors to discuss any matters that the Committee or each of these groups believes should be discussed. In addition, the Committee, or at least its Chairperson, should communicate quarterly with the independent auditors and management to review the Corporation’s financial statements and significant findings based upon the independent auditors’ limited review procedures.

IV. AUTHORITY AND RESPONSIBILITIES

The Committee shall discharge its responsibilities, in addition to those responsibilities enumerated below, as it deems prudent. The Committee shall:

- Directly appoint, retain, compensate, evaluate and oversee the Corporation’s independent auditors. The Committee shall ensure the regular rotation of the lead audit partner of the independent auditors and establish clear hiring policies for current or former employees of the independent auditors.
- Receive from the independent auditors a formal written statement delineating all relationships between the auditor and the Corporation, consistent with Independence Standards Board Standard 1. The Committee shall engage in a dialogue with the independent auditors with respect to any disclosed relationships or services that may impact the objectivity and independence of the auditor. Furthermore, the Committee shall take, or recommend that the full Board of Directors take, appropriate action to oversee the independence of the independent auditors.
- Annually obtain and review a report from the independent auditors, which shall be delivered prior to and within 90 days of the filing of the audit report with the SEC, which sets forth (a) all critical accounting policies and practices

of the Corporation, (b) all alternative treatments of financial information within generally accepted accounting principles that have been discussed with management officials of the Corporation, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent auditors, and (c) other material written communications between the independent auditors and management, including differences of opinion, if any, between the independent auditors and management.

Edgar Filing: DISH Network CORP - Form 10-Q

- Oversee the resolution of any disagreements between management and the independent auditors regarding financial reporting, and consult privately with the independent auditors about those matters required to be discussed by Statement on Auditing Standards No. 61.
- Pre-approve, to the extent required by applicable law, all audit and non-audit engagements and the related fees and terms with the independent auditors. In accordance with applicable law, the Committee may delegate this pre-approval authority to one or more designated members of the Committee; provided, that any such decision made pursuant to the foregoing delegation of authority shall be presented to the Committee at its next regularly scheduled meeting. The Committee shall disclose its pre-approval policies and procedures for any audit and non-audit services. Furthermore, the Committee's approval of any non-audit service by the independent auditor shall be disclosed in the Corporation's periodic reports.
- Review, or the Chairperson of the Committee shall review, with management and the independent auditors the Corporation's unaudited quarterly financial statements prior to their filing or distribution. The Committee shall discuss with management and the independent auditors the audited financial statements and make a recommendation to management as to whether such audited financial statements should be included in the Corporation's Annual Report on Form 10-K for the last fiscal year to be filed with the SEC.
- Annually prepare a report to stockholders as required by the Corporation for inclusion in the Corporation's proxy statement for its annual meeting of stockholders.
- Consider in consultation with management, the independent auditors, and the internal auditors, the integrity of the Corporation's financial reporting processes and review and assess the adequacy of internal accounting procedures and controls.
- Discuss with management all significant deficiencies in the design or operation of internal controls which could adversely affect the Corporation's ability to record, process, summarize and report financial data and any fraud, whether or not material, that involves management or other employees who have a significant role in the Corporation's internal controls.
- Review and approve any related party transactions (as defined by the Nasdaq listing standards) involving the Corporation.
 - When appropriate, form and delegate authority to subcommittees or individual members of the Committee.
- Establish and maintain procedures for (i) the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters, and (ii) the confidential anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.
- At least annually, review and reassess the adequacy of this Charter and evaluate the performance of the Committee and report the results thereof to the Board of Directors.
- Perform any other activities consistent with this Charter, the Corporation's Bylaws and governing law, as the Committee or the Board deems necessary or appropriate.

Neither the scope of this Charter, the detail of activities contained herein nor the service of a Board member on the Committee shall operate to expand or enhance the degree of care or diminish any protections or limitation of liability otherwise applicable to the duties of a member of the Board of Directors under Tennessee law. Consistent with the Tennessee General Corporation Act, each member of the Committee shall, in the performance of such member's duties, be fully protected in relying in good faith upon the records of the Corporation and upon such information, opinions, reports or statements presented to the Corporation by any of the Corporation's officers or employees, or committees of the Board of Directors or by any other person as to matters the member reasonably believes are within such other person's professional or expert competence and who has been selected with reasonable care by or on behalf of the Corporation.

V. QUALIFIED LEGAL COMPLIANCE COMMITTEE

The Committee shall also serve as the Company's Qualified Legal Compliance Committee in accordance with the Qualified Legal Compliance Committee Charter.