
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, DC 20549

FORM 10-Q

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

For the quarterly period ended October 31, 2013

Commission File No. 001-33866

TITAN MACHINERY INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or Other Jurisdiction of
Incorporation or Organization)

No. 45-0357838
(IRS Employer
Identification No.)

644 East Beaton Drive
West Fargo, ND 58078-2648
(Address of Principal Executive Offices)

Registrant's telephone number (701) 356-0130

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 Web site, 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 ☐
(Do not check if smaller reporting company)

Smaller reporting company ☐

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

The number of shares outstanding of the registrant's common stock as of November 30, 2013 was: Common Stock, \$0.00001 par value, 21,263,137 shares.

**TITAN MACHINERY INC.
QUARTERLY REPORT ON FORM 10-Q**

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PART I. — FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

**TITAN MACHINERY INC.
CONSOLIDATED BALANCE SHEETS (UNAUDITED)
(in thousands, except per share data)**

	October 31, 2013	January 31, 2013
ASSETS		
CURRENT ASSETS		
Cash	\$ 113,368	\$ 124,360
Receivables, net	110,981	121,786
Inventories	1,175,665	929,216
Prepaid expenses and other	25,893	8,178
Income taxes receivable	2,859	503
Deferred income taxes	8,611	8,357
Total current assets	1,437,377	1,192,400
INTANGIBLES AND OTHER ASSETS		
Noncurrent inventories	5,871	3,507
Goodwill	30,997	30,903
Intangible assets, net of accumulated amortization	13,873	14,089
Other	6,960	8,534
Total intangibles and other assets	57,701	57,033
PROPERTY AND EQUIPMENT, net of accumulated depreciation	235,852	194,641

TOTAL ASSETS	\$	1,730,930	\$	1,444,074
LIABILITIES AND STOCKHOLDERS' EQUITY				
CURRENT LIABILITIES				
Accounts payable	\$	34,289	\$	28,282
Floorplan notes payable		937,218		689,410
Current maturities of long-term debt		9,926		10,568
Customer deposits		27,991		46,775
Accrued expenses		44,036		29,590
Income taxes payable		153		310
Total current liabilities		1,053,613		804,935
LONG-TERM LIABILITIES				
Senior convertible notes		128,059		125,666
Long-term debt, less current maturities		85,658		56,592
Deferred income taxes		46,909		47,411
Other long-term liabilities		6,445		9,551
Total long-term liabilities		267,071		239,220
STOCKHOLDERS' EQUITY				
Common stock, par value \$.00001 per share, 45,000 shares authorized; 21,263 shares issued and outstanding at October 31, 2013; 21,092 shares issued and outstanding at January 31, 2013		—		—
Additional paid-in-capital		238,331		236,521
Retained earnings		169,968		160,724
Accumulated other comprehensive loss		(915)		(735)
Total Titan Machinery Inc. stockholders' equity		407,384		396,510
Noncontrolling interest		2,862		3,409
Total stockholders' equity		410,246		399,919
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$	1,730,930	\$	1,444,074

See Notes to Consolidated Financial Statements

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TITAN MACHINERY INC.
CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)
(in thousands, except per share data)

	Three Months Ended October 31,		Nine Months Ended October 31,	
	2013	2012	2013	2012
REVENUE				
Equipment	\$ 441,752	\$ 456,168	\$ 1,134,885	\$ 1,084,866
Parts	80,903	72,101	214,373	188,840
Service	40,646	33,365	112,516	93,583
Rental and other	24,660	20,478	56,041	46,617
TOTAL REVENUE	587,961	582,112	1,517,815	1,413,906
COST OF REVENUE				
Equipment	406,867	414,028	1,039,773	985,397
Parts	55,419	49,266	148,152	130,276
Service	14,453	11,611	40,199	32,448
Rental and other	17,616	13,148	38,595	30,953
TOTAL COST OF REVENUE	494,355	488,053	1,266,719	1,179,074
GROSS PROFIT	93,606	94,059	251,096	234,832
OPERATING EXPENSES	75,005	63,950	214,083	175,313
INCOME FROM OPERATIONS	18,601	30,109	37,013	59,519
OTHER INCOME (EXPENSE)				
Interest income and other income (expense)	(260)	258	674	865
Floorplan interest expense	(4,779)	(3,704)	(11,944)	(9,022)
Other interest expense	(3,493)	(2,886)	(10,115)	(6,453)

31, 2012	20,911	\$	—	\$ 218,156	\$ 118,251	\$	(70)	\$	—	\$	—	\$ (70)	\$ 336,337	\$	1,002	\$	337,339
Senior convertible notes offering	—		—	15,501	—		—		—		—		15,501		—		15,501
Common stock issued on grant of restricted stock, exercise of stock options and warrants, and tax benefits of equity awards	136		—	1,055	—		—		—		—		1,055		—		1,055
Issuance of subsidiary shares to noncontrolling interest holders	—		—	—	—		—		—		—		—		2,464		2,464
Stock-based compensation expense	—		—	1,180	—		—		—		—		1,180		—		1,180
Comprehensive income (loss):																	
Net income	—		—	—	26,867		—		—		—		26,867		256		27,123
Other comprehensive loss	—		—	—	—		(432)		(129)		—		(561)		(561)		(101)
Total comprehensive income	—		—	—	—		—		—		—		26,306		155		26,461
BALANCE, OCTOBER 31, 2012	21,047	\$	—	\$ 235,892	\$ 145,118	\$	(502)	\$	(129)	\$	—	\$ (631)	\$ 380,379	\$	3,621	\$	384,000
BALANCE, JANUARY 31, 2013	21,092	\$	—	\$ 236,521	\$ 160,724	\$	(227)	\$	(508)	\$	—	\$ (735)	\$ 396,510	\$	3,409	\$	399,919
Common stock issued on grant of restricted stock, exercise of stock options and warrants, and tax benefits of equity awards	149		—	261	—		—		—		—		261		—		261
Stock-based compensation expense	—		—	1,598	—		—		—		—		1,598		—		1,598
Other	22		—	(49)	—		—		—		—		(49)		(639)		(688)
Comprehensive income (loss):																	
Net income (loss)	—		—	—	9,244		—		—		—		9,244		(122)		9,122
Other comprehensive income (loss)	—		—	—	—		577		23		(780)		(180)		214		34
Total comprehensive income	—		—	—	—		—		—		—		9,064		92		9,156
BALANCE, OCTOBER 31, 2013	21,263	\$	—	\$ 238,331	\$ 169,968	\$	350	\$	(485)	\$	(780)	\$ (915)	\$ 407,384	\$	2,862	\$	410,246

See Notes to Consolidated Financial Statements

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**TITAN MACHINERY INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
(in thousands)**

	Nine Months Ended October 31,	
	2013	2012
OPERATING ACTIVITIES		
Net income including noncontrolling interest	\$ 9,122	\$ 27,123
Adjustments to reconcile net income including noncontrolling interest to net cash used for operating activities		
Depreciation and amortization	23,148	17,518

Deferred income taxes	(231)	8
Stock-based compensation expense	1,598	1,180
Noncash interest expense	3,394	2,339
Other, net	(996)	(543)
Changes in assets and liabilities, net of purchase of equipment dealerships assets and assumption of liabilities		
Receivables, prepaid expenses and other assets	1,545	(13,813)
Inventories	(287,380)	(297,868)
Floorplan notes payable	151,131	103,000
Accounts payable, customer deposits, accrued expenses and other long-term liabilities	(6,171)	(19,775)
Income taxes	(2,515)	8,158
NET CASH USED FOR OPERATING ACTIVITIES	(107,355)	(172,673)
INVESTING ACTIVITIES		
Rental fleet purchases	(783)	(15,014)
Property and equipment purchases (excluding rental fleet)	(15,792)	(20,724)
Net proceeds from sale of property and equipment	10,597	4,022
Purchase of equipment dealerships, net of cash purchased	(4,848)	(16,175)
Other, net	(142)	9
NET CASH USED FOR INVESTING ACTIVITIES	(10,968)	(47,882)
FINANCING ACTIVITIES		
Proceeds from senior convertible notes offering, net of direct issuance costs of \$4,753 for the nine months ended October 31, 2012	—	145,247
Net change in non-manufacturer floorplan notes payable	95,330	118,655
Proceeds from long-term debt borrowings	61,684	94,736
Principal payments on long-term debt	(49,450)	(103,591)
Proceeds from sale of subsidiary shares to noncontrolling interest holders	—	2,464
Other, net	(194)	(194)
NET CASH PROVIDED BY FINANCING ACTIVITIES	107,370	257,317
EFFECT OF EXCHANGE RATE CHANGES ON CASH EQUIVALENTS	(39)	(936)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(10,992)	35,826
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	124,360	79,842
CASH AND CASH EQUIVALENTS AT END OF PERIOD	\$ 113,368	\$ 115,668

See Notes to Consolidated Financial Statements

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TITAN MACHINERY INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED) — Page 2
(in thousands)

	Nine Months Ended October 31,	
	2013	2012
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash paid during the period		
Income taxes, net of refunds	\$ 9,124	\$ 9,217
Interest	\$ 16,981	\$ 9,865
SUPPLEMENTAL DISCLOSURES OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Net property and equipment financed with long-term debt, accounts payable and accrued liabilities	\$ 18,636	\$ 26,153
Net transfer of assets to property and equipment from inventories	\$ 43,815	\$ 15,374

See Notes to Consolidated Financial Statements

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TITAN MACHINERY INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

NOTE 1 - BUSINESS ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The unaudited consolidated financial statements included herein have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC") for interim reporting. Accordingly, they do not include all the information and footnotes required by accounting principles generally accepted in the United States of America ("GAAP") for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. The quarterly operating results for Titan Machinery Inc. (the "Company") are subject to fluctuation due to varying weather patterns, which may impact the timing and amount of equipment purchases, rentals, and after-sales parts and service purchases by the Company's Agriculture, Construction and International customers. Therefore, operating results for the nine-month period ended October 31, 2013 are not necessarily indicative of the results that may be expected for the fiscal year ending January 31, 2014. The information contained in the balance sheet as of January 31, 2013 was derived from the audited financial statements for the Company for the year then ended. These consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto included in the Company's Form 10-K for the fiscal year ended January 31, 2013 as filed with the SEC.

Nature of Business

The Company is engaged in the retail sale, service and rental of agricultural and construction machinery through stores in the United States and Europe. The Company's North American stores are located in Arizona, Colorado, Iowa, Minnesota, Montana, Nebraska, New Mexico, North Dakota, South Dakota, Wisconsin and Wyoming, and its European stores are located in Bulgaria, Romania, Serbia and Ukraine.

Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates, particularly related to realization of inventory, initial valuation and impairment analyses of intangible assets, collectability of receivables, and income taxes.

Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its wholly-owned and majority-owned subsidiaries. All material accounts, transactions and profits between the consolidated companies have been eliminated in consolidation.

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying consolidated statements of cash flows to maintain consistency and comparability between periods presented. These reclassifications had no impact on previously reported cash flows from operating, investing or financing activities.

Fair Value of Financial Instruments

The carrying amount of cash, receivables, payables, short-term debt and other current liabilities approximates fair value because of the short maturity and/or frequent repricing of those instruments, which are Level 2 fair value inputs.

The Company had outstanding foreign currency forward contracts recorded at fair value in the consolidated balance sheet in the amounts of \$0.3 million included in prepaid expenses and other as of October 31, 2013, and \$0.1 million included

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in accrued expenses as of January 31, 2013. In addition, as of October 31, 2013, the Company had an interest rate swap instrument recorded at fair value on the consolidated balance sheet as accrued expenses in the amount of \$1.3 million. In all instances, fair value was estimated based on Level 2 inputs which include observable, market-based pricing components.

The carrying value of long-term debt approximates fair value as of October 31, 2013 and January 31, 2013. Fair value was estimated based upon current borrowing rates with similar maturities, which are Level 2 fair value inputs. The fair value of senior convertible notes was approximately \$132.3 million and \$152.8 million as of October 31, 2013 and January 31, 2013, respectively. The face value of senior convertible notes was \$150.0 million as of October 31, 2013 and January 31, 2013. The carrying value of senior convertible notes was approximately \$128.1 million and \$125.7 million as of October 31, 2013 and January 31, 2013, respectively. The difference between the face value and the carrying value of these notes is the result of the allocation between the debt and equity components. Fair value of the senior convertible notes was estimated based on Level 2 fair value inputs.

Earnings Per Share ("EPS")

The Company uses the two-class method to calculate basic and diluted EPS. Unvested restricted stock awards are considered participating securities because they entitle holders to non-forfeitable rights to dividends during the vesting term. Under the two-class method, basic EPS were computed by dividing net income attributable to Titan Machinery Inc. after allocation of income to participating securities by the weighted-average number of shares of common stock outstanding during the year.

Diluted EPS were computed by dividing net income attributable to Titan Machinery Inc. after allocation of income to participating securities by the weighted-average shares of common stock outstanding after adjusting for potential dilution related to the conversion of all dilutive securities into common stock. All potentially dilutive securities were included in the computation of diluted EPS. There were approximately 99,000 and 99,000 stock options outstanding that were excluded from the computation of diluted EPS for the three and nine months ended October 31, 2013, respectively, because they were anti-dilutive. There were approximately 99,000 and 10,000 stock options outstanding that were excluded from the computation of diluted EPS for the three and nine months ended October 31, 2012, respectively, because they were anti-dilutive. None of the approximately 3,474,000 shares underlying the Company's senior convertible notes were included in the computation of diluted EPS because the Company's average stock price was less than the conversion price of \$43.17.

The following table sets forth the calculation of basic and diluted EPS:

	Three Months Ended October 31,		Nine Months Ended October 31,					
	2013	2012	2013	2012				
	(in thousands, except per share data)		(in thousands, except per share data)					
Numerator								
Net income attributable to Titan Machinery Inc.	\$	5,825	\$	14,061	\$	9,244	\$	26,867
Less: Net income allocated to participating securities		(97)		(150)		(132)		(270)
Net income attributable to Titan Machinery Inc. common stockholders	\$	5,728	\$	13,911	\$	9,112	\$	26,597
Denominator								
Basic weighted-average common shares outstanding		20,901		20,814		20,879		20,773
Plus: Incremental shares from assumed conversions of stock options and warrants		130		174		150		209
Diluted weighted-average common shares outstanding		21,031		20,988		21,029		20,982
Earnings per share - basic	\$	0.27	\$	0.67	\$	0.44	\$	1.28
Earnings per share - diluted	\$	0.27	\$	0.66	\$	0.43	\$	1.27

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NOTE 2 - INVENTORIES

	October 31, 2013	January 31, 2013
	(in thousands)	
New equipment	\$ 758,003	\$ 542,180
Used equipment	283,553	275,626
Parts and attachments	121,492	103,456
Work in process	12,617	7,954
	<u>\$ 1,175,665</u>	<u>\$ 929,216</u>

In addition to the above amounts, the Company has estimated that a portion of its parts inventory will not be sold in the next year. Accordingly, these balances have been classified as noncurrent assets.

NOTE 3 - PROPERTY AND EQUIPMENT

	October 31, 2013	January 31, 2013
	(in thousands)	
Rental fleet equipment	\$ 149,396	\$ 105,681
Machinery and equipment	24,182	21,086
Vehicles	43,645	38,742
Furniture and fixtures	35,048	27,766
Land, buildings, and leasehold improvements	60,390	56,845
	<u>312,661</u>	<u>250,120</u>
Less accumulated depreciation	<u>(76,809)</u>	<u>(55,479)</u>
	<u>\$ 235,852</u>	<u>\$ 194,641</u>

NOTE 4 - LINES OF CREDIT / FLOORPLAN NOTES PAYABLE

Working Capital Line of Credit

As of October 31, 2013, the Company had a \$75.0 million working capital line of credit under an amended and restated credit agreement with a group of banks led by Wells Fargo Bank, National Association ("Wells Fargo"). The Company had \$42.4 million and \$7.1 million outstanding on its working capital line of credit as of October 31, 2013 and January 31, 2013, respectively. Amounts outstanding are recorded as long-term debt, within long-term liabilities on the consolidated balance sheets, as the Company does not have an obligation to repay amounts borrowed within one year.

As of October 31, 2013, the Company had discretionary floorplan lines of credit for equipment inventory purchases totaling approximately \$1.05 billion with various lending institutions, including \$375.0 million under the aforementioned credit agreement with Wells Fargo, a \$450.0 million credit agreement with CNH Capital America LLC ("CNH Capital") and a \$225.0 million credit agreement with Agrico Acceptance LLC. Floorplan notes payable relating to these credit agreements totaled approximately \$802.6 million of the total floorplan notes payable balance of \$937.2 million outstanding as of October 31, 2013 and \$629.8 million of the total floorplan notes payable balance of \$689.4 million outstanding as of January 31, 2013. As of October 31, 2013, the Company had approximately \$160.1 million in available borrowings remaining under these lines of credit (net of adjustments based on borrowing base calculations and standby letters of credit under the aforementioned Wells Fargo credit agreement, and rental fleet financing and other acquisition-related financing arrangements under the CNH Capital credit agreement). These floorplan notes carried various interest rates primarily ranging from 2.79% to 7.25% as of October 31, 2013, subject to interest-free periods offered by CNH Capital. As of October 31, 2013, the Company was in compliance with all floorplan financial covenants.

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NOTE 5 - SENIOR CONVERTIBLE NOTES

The Company's 3.75% Senior Convertible Notes issued on April 24, 2012 ("Convertible Notes") consisted of the following:

	October 31, 2013	January 31, 2013
	(in thousands except conversion rate and conversion price)	
Principal value	\$ 150,000	\$ 150,000
Unamortized debt discount	(21,941)	(24,334)
Carrying value of senior convertible notes	\$ 128,059	\$ 125,666
Carrying value of equity component, net of deferred taxes	\$ 15,546	\$ 15,546
Conversion rate (shares of common stock per \$1,000 principal amount of notes)	23.1626	23.1626
Conversion price (per share of common stock)	\$ 43.17	\$ 43.17

As of October 31, 2013, the unamortized debt discount will be amortized over a remaining period of approximately six years. As of October 31, 2013 and January 31, 2013, the if-converted value of the Senior Convertible Notes does not exceed the principal balance.

For the nine months ended October 31, 2013, the Company recognized coupon interest expense of \$4.2 million, and non-cash interest expense of \$2.4 million related to the amortization of the debt discount and \$0.4 million related to the amortization of the liability-allocated transaction costs. For the nine months ended October 31, 2012, the Company recognized coupon interest expense of \$2.9 million, and non-cash interest expense of \$1.6 million related to the amortization of the debt discount and \$0.2 million related to the amortization of the liability-allocated transaction costs. The effective interest rate of the liability component was equal to 7.00% for the period ended October 31, 2013.

NOTE 6 - DERIVATIVE INSTRUMENTS

The Company holds derivative instruments for the purpose of minimizing exposure to fluctuations in foreign currency exchange rates to which the Company is exposed in the normal course of its operations.

Cash Flow Hedges

On October 9, 2013, the Company entered into a forward-starting interest rate swap instrument which has a notional amount of \$100.0 million dollars, an effective date of September 30, 2014 and a maturity date of September 30, 2018. The objective of the instrument is to, beginning on September 30, 2014, protect the Company from changes in benchmark interest rates to which the Company is exposed through certain of its variable interest rate credit facilities. The instrument provides for a fixed interest rate of 1.901% up to the maturity date.

The instrument has been designated as a cash flow hedging instrument and accordingly changes in the effective portion of the fair value of the instrument are recorded in other comprehensive income and only reclassified into earnings in the period in which the related hedged item affects earnings or the anticipated underlying hedged transactions are no longer probable of occurring. Any hedge ineffectiveness is recognized in earnings immediately.

Net Investment Hedges

To protect the value of the Company's investments in its foreign operations against adverse changes in foreign currency exchange rates, the Company may, from time to time, hedge a portion of its net investment in one or more of its foreign subsidiaries. Gains and losses on derivative instruments that are designated and effective as a net investment hedge are

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included in other comprehensive income and only reclassified into earnings in the period during which the hedged net investment is sold or liquidated. Any hedge ineffectiveness is recognized in earnings immediately.

The notional amount of outstanding foreign currency forward contracts designated as net investment hedges was approximately \$23.4 million as of

October 31, 2013. There were no foreign currency forward contracts designated as net investment hedges outstanding as of January 31, 2013.

Derivative Instruments Not Designated as Hedging Instruments

The Company uses foreign currency forward contracts to hedge the effects of fluctuations in exchange rates on outstanding intercompany loans. The Company does not formally designate and document such derivative instruments as hedging instruments; however, the instruments are an effective economic hedge of the underlying foreign currency exposure. Both the gain or loss on the derivative instrument and the offsetting gain or loss on the underlying intercompany loan are recognized in earnings immediately, thereby eliminating or reducing the impact of foreign currency exchange rate fluctuations on net income.

The notional amount of outstanding foreign currency forward contracts not designated as hedging instruments was approximately \$48.8 million and \$4.0 million as of October 31, 2013 and January 31, 2013, respectively.

The following table sets forth the fair value of the Company's outstanding derivative instruments.

	Fair Value as of:		Balance Sheet Location
	October 31, 2013	January 31, 2013	
	(in thousands)		
Asset Derivatives:			
Derivatives designated as hedging instruments:			
Net investment hedges:			
Foreign exchange contract	\$ 117	\$ —	Prepaid expenses and other
Derivatives not designated as hedging instruments:			
Foreign exchange contracts	155	—	Prepaid expenses and other
Total Asset Derivatives	\$ 272	\$ —	
Liability Derivatives:			
Derivatives designated as hedging instruments:			
Cash flow hedges:			
Interest rate swap	\$ 1,299	\$ —	Accrued expenses
Net investment hedges:			
Foreign exchange contract	—	86	Accrued expenses
Total Liability Derivatives	\$ 1,299	\$ 86	

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The following table sets forth the gains and losses recognized on the Company's derivative instruments for the three months ended October 31, 2013 and 2012:

	Three Months Ended October 31, 2013			Three Months Ended October 31, 2012			
	Amount of Gain (Loss) Recognized in			Amount of Gain (Loss) Recognized in			
	Other			Other			Income Statement
	Comprehensive	Income		Comprehensive	Income		Classification
	(in thousands)			(in thousands)			
Derivatives Designated as Hedging Instruments:							
Cash flow hedges:							
Interest rate swap	\$ (1,299)	\$ —		\$ —	\$ —		N/A
Net investment hedges:							
Foreign exchange contracts	(443)	—		(211)	—		N/A
Derivatives Not Designated as Hedging Instruments:							
Foreign exchange contracts	—	(851)		—	(397)		Interest and other income
Total Derivatives	\$ (1,742)	\$ (851)		\$ (211)	\$ (397)		

The following table sets forth the gains and losses recognized on the Company's derivative instruments for the nine months ended October 31, 2013 and 2012.

	Nine Months Ended October 31, 2013		Nine Months Ended October 31, 2012	
	Amount of Gain (Loss) Recognized in		Amount of Gain (Loss) Recognized in	
	Other		Other	

	Comprehensive Income		Comprehensive Income		Income Statement Classification	
	(in thousands)		(in thousands)			
Derivatives Designated as Hedging Instruments:						
Cash flow hedges:						
Interest rate swap	\$ (1,299)	\$ —	\$ —	\$ —	N/A	
Net investment hedges:						
Foreign exchange contracts	38	—	(211)	—	N/A	
Derivatives Not Designated as Hedging Instruments:						
Foreign exchange contracts	—	(781)	—	(380)	Interest and other income	
Total Derivatives	\$ (1,261)	\$ (781)	\$ (211)	\$ (380)		

NOTE 7 - BUSINESS COMBINATIONS

The Company continued to implement its strategy of consolidating dealerships in desired market areas. Below is a summary of the acquisitions completed for the nine months ended October 31, 2013. In certain of the business combination transactions the Company recognized goodwill. Factors contributing to the recognition of goodwill include an evaluation of future and historical financial performance, the value of the workforce acquired and proximity to other existing and future planned Company locations. Pro forma results are not presented as the acquisitions are not considered material, individually or in aggregate, to the Company. The results of operations have been included in the Company's consolidated statements of operations since the date of each respective business combination.

On February 16, 2013, the Company acquired certain assets of Tucson Tractor Company. The acquired entity consisted of one construction equipment store in Tucson, Arizona which is contiguous to the Company's existing locations in Phoenix and Flagstaff, Arizona and expands the Company's construction presence in Arizona. The acquisition-date fair value of the total consideration transferred for the store was \$4.1 million.

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On March 1, 2013, the Company acquired certain assets of Adobe CE, LLC. The acquired entity consisted of one construction equipment store in Albuquerque, New Mexico and expands the Company's presence into New Mexico. The acquisition-date fair value of the total consideration transferred for the store was \$1.2 million.

As of January 31, 2013, the final valuation of the intangible assets acquired in the Toner's, Inc. acquisition consummated on November 1, 2012 was not complete. As a result, the recorded intangible asset values were based on provisional estimates of fair value. The valuation of such assets was completed during the period ended April 30, 2013 and resulted in a \$0.1 million decrease in the value of the distribution rights, a \$0.2 million decrease in the value of customer relationships and a \$0.3 million increase in the value of goodwill arising from the acquisition. The comparative information as of January 31, 2013 was retrospectively adjusted to reflect the final values assigned to each of the intangible assets.

The allocations of the purchase prices in the above business combinations are presented in the following table. The estimated fair values of the intangible assets acquired are provisional estimates which are subject to change upon completion of the final valuation.

	October 31, 2013 (in thousands)
ASSETS	
Cash	\$ 2
Receivables	270
Inventories	2,658
Property and equipment	2,119
Intangible assets	182
Goodwill	71
Total assets	\$ 5,302
LIABILITIES	
Customer deposits	\$ 4
Total liabilities	\$ 4
Cash consideration	4,850
Non-cash consideration: liabilities incurred	448
Total consideration	\$ 5,298
Goodwill related to the Agriculture operating segment	\$ —
Goodwill related to the Construction operating segment	\$ 71
Goodwill related to the International operating segment	\$ —

NOTE 8 - SEGMENT INFORMATION AND OPERATING RESULTS

The Company owns and operates a network of full service agricultural and construction equipment stores in the United States and Europe. During the three months ended April 30, 2013, the Company determined that its International operations were a separate reportable segment. Thus, the financial information for the three and nine months ended October 31, 2012 and as of January 31, 2013 has been reclassified for comparability with current year presentation. As of October 31, 2013, the Company has three reportable segments: Agriculture, Construction and International. The Company's segments are organized based on types of products sold and geographic areas, as described in the following paragraphs. The operating results for each segment are reported separately to the Company's senior management to make decisions regarding the allocation of resources, to assess the Company's operating performance and to make strategic decisions.

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The Company's Agriculture segment sells, services, and rents machinery, and related parts and attachments, for uses ranging from large-scale farming to home and garden use to customers in North America. This segment also includes ancillary sales and services related to agricultural activities and products such as equipment transportation, Global Positioning System ("GPS") signal subscriptions, hardware merchandise and finance and insurance products.

The Company's Construction segment sells, services, and rents machinery, and related parts and attachments, for uses ranging from heavy construction to light industrial machinery use to customers in North America. This segment also includes ancillary sales and services related to construction activities such as equipment transportation, GPS signal subscriptions and finance and insurance products.

The Company's International segment sells, services, and rents machinery, and related parts and attachments, for uses ranging from large-scale farming and construction to home and garden use to customers in Eastern Europe. It also includes export sales of equipment and parts to customers outside of the United States.

Revenue, income (loss) before income taxes and total assets at the segment level are reported before eliminations. The Company retains various unallocated income/(expense) items and assets at the general corporate level, which the Company refers to as "Shared Resources" in the table below. Shared Resources assets primarily consist of cash and property and equipment. Intersegment revenue is immaterial.

Certain financial information for each of the Company's business segments is set forth below.

	Three Months Ended October 31,		Nine Months Ended October 31,	
	2013	2012	2013	2012
	(in thousands)		(in thousands)	
Revenue				
Agriculture	\$ 459,005	\$ 478,722	\$ 1,186,893	\$ 1,146,393
Construction	109,850	94,852	290,637	271,728
International	40,255	28,217	107,855	53,756
Segment revenue	609,110	601,791	1,585,385	1,471,877
Eliminations	(21,149)	(19,679)	(67,570)	(57,971)
Total	\$ 587,961	\$ 582,112	\$ 1,517,815	\$ 1,413,906
Income (Loss) Before Income Taxes				
Agriculture	\$ 16,677	\$ 24,855	\$ 34,451	\$ 49,567
Construction	(3,407)	520	(11,642)	768
International	(1,022)	1,396	(1,441)	1,403
Segment income (loss) before income taxes	12,248	26,771	21,368	51,738
Shared Resources	(2,424)	(2,340)	(4,775)	(4,843)
Eliminations	245	(654)	(965)	(1,986)
Income before income taxes	\$ 10,069	\$ 23,777	\$ 15,628	\$ 44,909
			October 31, 2013	January 31, 2013
			(in thousands)	
Total Assets				
Agriculture			\$ 981,026	\$ 781,382
Construction			355,360	346,554
International			199,935	119,132
Segment assets			1,536,321	1,247,068
Shared Resources			198,235	199,849
Eliminations			(3,626)	(2,843)
Total			\$ 1,730,930	\$ 1,444,074

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In November 2013, the Company modified its credit facility with Wells Fargo to increase its working capital line of credit from \$75.0 million to \$112.5 million, decrease its floorplan line of credit from \$375.0 million to \$350.0 million, extend the expiration date of the agreement from March 30, 2016 to August 31, 2018, and adjust certain financial covenants. Other terms of the agreement did not materially change.

The Company plans to close two Construction stores prior to January 31, 2014. The store in Big Sky, Montana and one of the stores in Billings, Montana will be merged with the Company's nearby Construction stores. The Company expects the primary cost of closing these locations to be estimated lease termination costs, and will record a liability for the net present value of any remaining lease obligations, net of estimated sublease income, at the date we cease using the property, in accordance with Accounting Standards Codification 420, *Exit or Disposal Cost Obligations*. We expect the accrual of these costs to be approximately \$0.5 million.

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ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our interim unaudited consolidated financial statements and related notes included in Item 1 of Part I of this Quarterly Report, and the audited consolidated financial statements and notes thereto and Management's Discussion and Analysis of Financial Condition and Results of Operations contained in our Annual Report on Form 10-K for the year ended January 31, 2013.

Critical Accounting Policies and Estimates

There have been no material changes in our Critical Accounting Policies and Estimates, as disclosed in our Annual Report on Form 10-K for the year ended January 31, 2013, except as noted below.

Goodwill and Indefinite-Lived Intangible Assets

We currently have \$6.4 million of goodwill and \$2.8 million of indefinite-lived distribution rights recorded on our balance sheet related to reporting units within our Construction and International segments. Both of these segments generated pretax losses in the fourth quarter of fiscal 2013 and for the nine months ended October 31, 2013, due to the various factors described in the following Results of Operations section in this Form 10-Q. If pretax income (loss) of the respective reporting units does not improve in accordance with our projections, the reductions in anticipated cash flows from these reporting units may indicate that the fair value is less than the book value, resulting in an impairment of some or all of the related goodwill and indefinite-lived distribution rights, along with a corresponding non-cash charge against earnings.

Overview

We own and operate a network of full service agricultural and construction equipment stores in the United States and Europe. Based upon information provided to us by CNH Industrial N.V. or its U.S. subsidiary CNH America, LLC, we are the largest retail dealer of Case IH Agriculture equipment in the world, the largest retail dealer of Case Construction equipment in North America and a major retail dealer of New Holland Agriculture and New Holland Construction equipment in the U.S. We operate our business through three reportable segments, Agriculture, Construction and International. Within each segment, we have four principal sources of revenue: new and used equipment sales, parts sales, service, and equipment rental and other activities.

Our net income attributable to Titan Machinery Inc. common stockholders was \$5.7 million, or \$0.27 per diluted share, for the three months ended October 31, 2013, compared to \$13.9 million, or \$0.66 per diluted share, for the three months ended October 31, 2012. Significant factors impacting the quarterly comparisons were:

- Revenue remained relatively consistent for the third quarter of fiscal 2014, as compared to the third quarter last year, reflecting increase in revenue due to acquisitions, primarily offset by a decrease in same-store sales in our Agriculture segment;
- Total gross profit decreased primarily due to a decrease in gross profit margin on equipment in our Agriculture and Construction segments and rental and other in our Construction segment. Total gross profit margin decreased to 15.9% for the third quarter of fiscal 2014, as compared to 16.2% for the third quarter of fiscal 2013, primarily caused by decreases in the gross profit margin on equipment and rental and other, and offset by the positive effects of a change in gross profit mix to our higher-margin parts and service business;
- Operating expenses as a percentage of total revenue increased to 12.7% for the third quarter of fiscal 2014 compared to 11.0% for the third quarter of fiscal 2013, primarily due to a decrease in same-store sales and additional expenses associated with acquired stores and expanding our distribution network; and
- Floorplan interest expense increased primarily due to the increase in floorplan notes payable, as compared to the third quarter last year.

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Results of Operations

Comparative financial data for each of our four sources of revenue are expressed below. The results for these periods include the operating results of the acquisitions made during these periods. The period-to-period comparisons included below are not necessarily indicative of future results. Segment information is provided later in this discussion and analysis of our results of operations.

Same-store sales for any period represent sales by stores that were part of the Company for the entire comparable periods in the current and preceding fiscal years. We do not distinguish relocated or newly-expanded stores in this same-store analysis. Closed stores are excluded from the same-store analysis. Stores that do not meet the criteria for same-store classification are described as acquisition stores throughout the Results of Operations section in this Quarterly Report on Form 10-Q.

	Three Months Ended October 31,		Nine Months Ended October 31,	
	2013	2012	2013	2012
	(dollars in thousands)		(dollars in thousands)	
Equipment				
Revenue	\$ 441,752	\$ 456,168	\$ 1,134,885	\$ 1,084,866
Cost of revenue	406,867	414,028	1,039,773	985,397
Gross profit	\$ 34,885	\$ 42,140	\$ 95,112	\$ 99,469
Gross profit margin	7.9%	9.2%	8.4%	9.2%
Parts				
Revenue	\$ 80,903	\$ 72,101	\$ 214,373	\$ 188,840
Cost of revenue	55,419	49,266	148,152	130,276
Gross profit	\$ 25,484	\$ 22,835	\$ 66,221	\$ 58,564
Gross profit margin	31.5%	31.7%	30.9%	31.0%
Service				
Revenue	\$ 40,646	\$ 33,365	\$ 112,516	\$ 93,583
Cost of revenue	14,453	11,611	40,199	32,448
Gross profit	\$ 26,193	\$ 21,754	\$ 72,317	\$ 61,135
Gross profit margin	64.4%	65.2%	64.3%	65.3%
Rental and other				
Revenue	\$ 24,660	\$ 20,478	\$ 56,041	\$ 46,617
Cost of revenue	17,616	13,148	38,595	30,953
Gross profit	\$ 7,044	\$ 7,330	\$ 17,446	\$ 15,664
Gross profit margin	28.6%	35.8%	31.1%	33.6%

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The following table sets forth our statements of operations data expressed as a percentage of total revenue for the periods indicated:

	Three Months Ended October 31,		Nine Months Ended October 31,	
	2013	2012	2013	2012
Revenue				
Equipment	75.1%	78.4%	74.8%	76.7%
Parts	13.8%	12.4%	14.1%	13.4%
Service	6.9%	5.7%	7.4%	6.6%
Rental and other	4.2%	3.5%	3.7%	3.3%
Total revenue	100.0%	100.0%	100.0%	100.0%
Total cost of revenue	84.1%	83.8%	83.5%	83.4%
Gross profit	15.9%	16.2%	16.5%	16.6%
Operating expenses	12.7%	11.0%	14.1%	12.4%
Income from operations	3.2%	5.2%	2.4%	4.2%
Other income (expense)	(1.5)%	(1.1)%	(1.4)%	(1.0)%
Income before income taxes	1.7%	4.1%	1.0%	3.2%
Provision for income taxes	(0.7)%	(1.6)%	(0.4)%	(1.3)%
Net income including noncontrolling interest	1.0%	2.5%	0.6%	1.9%
Less: net income (loss) attributable to noncontrolling interest	0.0%	0.1%	0.0%	0.0%
Net income attributable to Titan Machinery Inc.	1.0%	2.4%	0.6%	1.9%

Three Months Ended October 31, 2013 Compared to Three Months Ended October 31, 2012

Consolidated Results

	Three Months Ended October 31,		Increase/ (Decrease)	Percent Change
	2013	2012		
	(dollars in thousands)			
Equipment	\$ 441,752	\$ 456,168	\$ (14,416)	(3.2)%
Parts	80,903	72,101	8,802	12.2%
Service	40,646	33,365	7,281	21.8%
Rental and other	24,660	20,478	4,182	20.4%
Total Revenue	<u>\$ 587,961</u>	<u>\$ 582,112</u>	<u>\$ 5,849</u>	1.0%

The increase in revenue for the third quarter of fiscal 2014, as compared to the same period last year, was due to acquisitions contributing \$32.2 million, offset by a decrease in same-store sales of \$26.4 million. This decrease in same-store sales reflected a 4.5% decrease over the prior year period and was primarily driven by lower equipment revenue. The decrease in equipment revenue was mainly caused by challenging industry conditions such as decreases in agricultural commodity prices, increased agriculture equipment prices, and continued difficult conditions in the construction industry. Our Agriculture and International segments had lower same-store sales compared to the third quarter of fiscal 2013, primarily driven by challenging industry conditions in each of these segments, while our Construction segment had growth in same-store sales over the third quarter of fiscal 2013.

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Gross Profit

	Three Months Ended October 31,		Increase/ (Decrease)	Percent Change
	2013	2012		
	(dollars in thousands)			
Gross Profit				
Equipment	\$ 34,885	\$ 42,140	\$ (7,255)	(17.2)%
Parts	25,484	22,835	2,649	11.6%
Service	26,193	21,754	4,439	20.4%
Rental and other	7,044	7,330	(286)	(3.9)%
Total Gross Profit	<u>\$ 93,606</u>	<u>\$ 94,059</u>	<u>\$ (453)</u>	(0.5)%
Gross Profit Margin				
Equipment	7.9%	9.2%	(1.3)%	(14.1)%
Parts	31.5%	31.7%	(0.2)%	(0.6)%
Service	64.4%	65.2%	(0.8)%	(1.2)%
Rental and other	28.6%	35.8%	(7.2)%	(20.1)%
Total Gross Profit Margin	15.9%	16.2%	(0.3)%	(1.9)%
Gross Profit Mix				
Equipment	37.3%	44.8%	(7.5)%	(16.7)%
Parts	27.2%	24.3%	2.9%	11.9%
Service	28.0%	23.1%	4.9%	21.2%
Rental and other	7.5%	7.8%	(0.3)%	(3.8)%
Total Gross Profit Mix	<u>100.0%</u>	<u>100.0%</u>	0.0%	0.0%

The \$0.5 million decrease in gross profit for the third quarter of fiscal 2014, as compared to the same period last year, was primarily due to decreases in the gross profit on equipment and rental and other. The decrease in equipment gross profit was due to both a decrease in equipment sales and in gross profit margin, which were primarily caused by the previously discussed industry challenges. The decrease in rental and other gross profit was mainly caused by a lower gross profit margin, which was impacted by a decrease in the dollar utilization of our rental fleet to 37.7% in the third quarter of fiscal 2014 from 41.4% in the same period last year. Total gross profit margin decreased to 15.9% for the third quarter of fiscal 2014, as compared to 16.2% for the third quarter of fiscal 2013, primarily caused by the decreases in the gross profit margin on equipment and rental and other, and offset by the positive effects of a change in gross profit mix to our higher-margin parts and service business.

Operating Expenses

	Three Months Ended October 31,		Increase	Percent Change
	2013	2012		
	(dollars in thousands)			
Operating expenses	\$ 75,005	\$ 63,950	\$ 11,055	17.3%
Operating expenses as a percentage of revenue	12.7%	11.0%	1.7%	15.5%

The \$11.1 million increase in operating expenses, as compared to the same period last year, was primarily due to the additional costs associated with acquisitions and expanding our distribution network, such as compensation, rent and depreciation. As a percentage of total revenue, operating expenses increased to 12.7% for the third quarter of fiscal 2014 compared to 11.0% for the third quarter of fiscal 2013. The increase in operating expenses as a percentage of revenues was primarily caused by the decrease in Agriculture same-store sales, which negatively affected our ability to leverage our fixed operating costs, the Construction stores acquired in fiscal year 2013 and the first quarter of fiscal 2014, and other ongoing costs of building an expanded

Construction and International distribution network in these two segments. Most of the recently acquired Construction stores are currently operating at a higher operating expense ratio than our average Construction store, as they are underperforming in regards to revenue levels in the markets in which they are located.

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Other Income (Expense)

	Three Months Ended October 31,		Increase/ (Decrease)	Percent Change
	2013	2012		
	(dollars in thousands)			
Interest income and other income (expense)	\$ (260)	\$ 258	\$ (518)	(200.8)%
Floorplan interest expense	(4,779)	(3,704)	1,075	29.0%
Other interest expense	(3,493)	(2,886)	607	21.0%

The increases in floorplan interest expense of \$1.1 million and in other interest expense of \$0.6 million for the third quarter of fiscal 2014, as compared to the same period in the prior year, were primarily due to the increase in floorplan notes payable and long-term debt associated with our rental fleet.

Provision For Income Taxes

	Three Months Ended October 31,		Decrease	Percent Change
	2013	2012		
	(dollars in thousands)			
Provision for income taxes	\$ (4,311)	\$ (9,418)	\$ (5,107)	(54.2)%

Our effective tax rate increased to 42.8% for the third quarter of fiscal 2014 compared to 39.6% for the same period last year, primarily due to losses in our international subsidiaries.

Segment Results

Certain financial information for our Agriculture, Construction and International business segments is set forth below. Revenue and income (loss) before income taxes at the segment level are reported before eliminations. "Shared Resources" in the table below refers to the various unallocated income/(expense) items that we have retained at the general corporate level. Intersegment revenue is immaterial.

	Three Months Ended October 31,		Increase/ (Decrease)	Percent Change
	2013	2012		
	(dollars in thousands)			
Revenue				
Agriculture	\$ 459,005	\$ 478,722	\$ (19,717)	(4.1)%
Construction	109,850	94,852	14,998	15.8%
International	40,255	28,217	12,038	42.7%
Segment revenue	609,110	601,791	7,319	1.2%
Eliminations	(21,149)	(19,679)	(1,470)	(7.5)%
Total	<u>\$ 587,961</u>	<u>\$ 582,112</u>	<u>\$ 5,849</u>	1.0%
Income (Loss) Before Income Taxes				
Agriculture	\$ 16,677	\$ 24,855	\$ (8,178)	(32.9)%
Construction	(3,407)	520	(3,927)	(755.2)%
International	(1,022)	1,396	(2,418)	(173.2)%
Segment income (loss) before income taxes	12,248	26,771	(14,523)	(54.2)%
Shared Resources	(2,424)	(2,340)	(84)	(3.6)%
Eliminations	245	(654)	899	137.5%
Total	<u>\$ 10,069</u>	<u>\$ 23,777</u>	<u>\$ (13,708)</u>	(57.7)%

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Agriculture

Agriculture segment revenue for the third quarter of fiscal 2014 decreased 4.1% compared to the same period last year. The revenue decrease was due to an Agriculture same-store sales decrease of 6.5% over the third quarter of fiscal 2013, which was partially offset by revenue from acquisitions. The decrease in same-store sales primarily resulted from challenging agriculture conditions such as decreases in agricultural commodity prices combined with increased equipment retail prices, which negatively impacted customer sentiment in the third quarter of fiscal 2014 as compared to the same period in the prior year. The increased prices primarily related to higher costs on late-model equipment with Tier 4A engine emission technology, in advance of the introduction of equipment with Tier 4B technology.

Agriculture segment income before income taxes for the third quarter of fiscal 2014 decreased 32.9% compared to the same period last year, primarily due to a decrease in gross profit on equipment and an increase in operating expenses. The decrease in equipment gross profit was due to both a decrease in equipment sales and in gross profit margin, primarily caused by the previously discussed industry conditions and pressure on used equipment values. The increase in operating expenses as a percentage of revenue was caused by the decrease in Agriculture segment same-store sales, which negatively affected our

ability to leverage our fixed operating costs.

Construction

Construction segment revenue for the third quarter of fiscal 2014 increased 15.8% compared to the same period last year. The revenue increase was due to acquisitions and a Construction same-store sales increase of 6.4% over the third quarter of fiscal 2013.

Our Construction segment loss before income taxes was \$3.4 million for the third quarter of fiscal 2014 compared to segment income before income taxes of \$0.5 million for the third quarter of fiscal 2013. This decrease was primarily due to a decrease in gross profit margin on equipment and rental and other, an increase in operating expenses and an increase in other interest expense, as compared to the same period in the prior year. The decrease in equipment gross profit margin was negatively impacted by the continued difficult Construction industry conditions. The decrease in gross profit margin on rental and other is mainly due to a decrease in the dollar utilization of our rental fleet to 37.7% in the third quarter of fiscal 2014 from 41.4% in the same period last year. The increase in operating expenses is primarily due to our recently acquired Construction stores and other ongoing costs of building an expanded distribution network. Most of the Construction stores acquired in fiscal 2013 and the first quarter of fiscal 2014 are currently operating at a higher operating expense ratio than our average Construction store, as they are underperforming in regards to revenue levels in the markets in which they are located. The increase in other interest expense resulted from higher long-term debt associated with our rental fleet, as compared to the same period in the prior year.

International

International segment revenue for the third quarter of fiscal 2014 increased \$12.0 million compared to the same period last year, primarily due to acquisitions and new store openings, and offset by a same-store sales decrease of 6.9%. The decrease in same-store sales mainly resulted from decreases in agricultural commodity prices, which negatively impacted customer sentiment and profitability in the third quarter of fiscal 2014 as compared to the same period in the prior year.

Our International segment loss before income taxes was \$1.0 million for the third quarter of fiscal 2014 compared to segment income before income taxes of \$1.4 million for the same period last year. This decrease was primarily due to a decrease in gross profit margins on equipment, which was negatively impacted by the decrease in commodity prices noted above, and increases in operating expenses and floorplan interest expense, which mainly reflect costs of building our recently expanded footprint in Eastern Europe, including establishment of an operations center to support our European stores.

Shared Resources/Eliminations

We incur centralized expenses/income at our general corporate level, which we refer to as “Shared Resources,” and then allocate these net expenses to our segments. Since these allocations are set early in the year, unallocated balances may occur.

Eliminations remove any inter-company revenue or income (loss) before income taxes residing in our segment results.

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Nine Months Ended October 31, 2013 Compared to Nine Months Ended October 31, 2012

Consolidated Results

Revenue

	Nine Months Ended October 31,		Increase	Percent Change
	2013	2012		
	(dollars in thousands)			
Equipment	\$ 1,134,885	\$ 1,084,866	\$ 50,019	4.6%
Parts	214,373	188,840	25,533	13.5%
Service	112,516	93,583	18,933	20.2%
Rental and other	56,041	46,617	9,424	20.2%
Total Revenue	\$ 1,517,815	\$ 1,413,906	\$ 103,909	7.3%

The increase in revenue for the first nine months of 2014, as compared to the same period last year, was due to acquisitions contributing \$126.9 million and offset by a decrease in same-store sales of \$23.0 million. This decrease in same-store sales reflected a 1.7% decrease over the prior year period and was primarily driven by equipment revenue. The decrease in equipment revenue was mainly caused by challenging industry conditions such as decreases in agricultural commodity prices, increased agriculture equipment prices, and continued difficult conditions in the construction industry. Our Agriculture and Construction segments had lower same-store sales in the first nine months of fiscal 2014 compared to the same period last year, primarily driven by challenging industry conditions in each of these segments, while our International segment had growth in same-store sales over the comparable period of the prior year.

Gross Profit

	Nine Months Ended October 31,		Increase/ (Decrease)	Percent Change
	2013	2012		
	(dollars in thousands)			
Gross Profit				
Equipment	\$ 95,112	\$ 99,469	\$ (4,357)	(4.4)%
Parts	66,221	58,564	7,657	13.1%
Service	72,317	61,135	11,182	18.3%
Rental and other	17,446	15,664	1,782	11.4%

Total Gross Profit	\$ 251,096	\$ 234,832	\$ 16,264	6.9%
Gross Profit Margin				
Equipment	8.4%	9.2%	(0.8)%	(8.7)%
Parts	30.9%	31.0%	(0.1)%	(0.3)%
Service	64.3%	65.3%	(1.0)%	(1.5)%
Rental and other	31.1%	33.6%	(2.5)%	(7.4)%
Total Gross Profit Margin	16.5%	16.6%	(0.1)%	(0.6)%
Gross Profit Mix				
Equipment	37.9%	42.4%	(4.5)%	(10.6)%
Parts	26.4%	24.9%	1.5%	6.0%
Service	28.8%	26.0%	2.8%	10.8%
Rental and other	6.9%	6.7%	0.2%	3.0%
Total Gross Profit Mix	100.0%	100.0%	0.0%	0.0%

The \$16.3 million increase in gross profit for the first nine months of fiscal 2014, as compared to the same period last year, was primarily due to increased revenue. Acquisitions contributed \$18.4 million to the increase in gross profit for the first nine months of fiscal 2014, which was offset by a decrease in same-store gross profit of \$2.1 million. Total gross profit margin remained relatively consistent at 16.5% and 16.6% for the first nine months of fiscal 2014 and fiscal 2013, respectively, primarily caused by decreases in the gross profit margin on equipment, and offset by the positive effects of a change in gross profit mix to our higher-margin parts and service business. The decrease in equipment gross profit margin was negatively impacted by the industry conditions in each of our segments.

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Operating Expenses

	Nine Months Ended October 31,			Percent
	2013	2012	Increase	Change
	(dollars in thousands)			
Operating expenses	\$ 214,083	\$ 175,313	\$ 38,770	22.1%
Operating expenses as a percentage of revenue	14.1%	12.4%	1.7%	13.7%

The \$38.8 million increase in operating expenses in the first nine months of fiscal 2014, as compared to the same period last year, was primarily due to the additional costs associated with acquisitions and expanding our distribution network, such as compensation, rent, travel and depreciation. As a percentage of total revenue, operating expenses increased to 14.1% for the first nine months of fiscal 2014 compared to 12.4% for the first nine months of fiscal 2013. The increase in operating expenses as a percentage of revenue was caused by the decrease in same-store sales, which negatively affected our ability to leverage fixed operating costs, the Construction stores acquired in fiscal year 2013 and the first quarter of fiscal 2014, and other ongoing costs of building an expanded Construction and International distribution network in these two segments. Most of the recently acquired Construction stores are currently operating at a higher operating expense ratio than our average Construction store, as they are underperforming in regards to revenue levels in the markets in which they are located.

Other Income (Expense)

	Nine Months Ended October 31,		Increase/	Percent
	2013	2012	(Decrease)	Change
	(dollars in thousands)			
Interest income and other income (expense)	\$ 674	\$ 865	\$ (191)	(22.1)%
Floorplan interest expense	(11,944)	(9,022)	2,922	32.4%
Other interest expense	(10,115)	(6,453)	3,662	56.7%

The increase in floorplan interest expense of \$2.9 million and other interest expense of \$3.7 million for the first nine months of fiscal 2014, as compared to the same period in the prior year, was primarily due to the increase in floorplan notes payable and long-term debt, including rental fleet and our Senior Convertible Notes issued in April 2012.

Provision For Income Taxes

	Nine Months Ended October 31,			Percent
	2013	2012	Decrease	Change
	(dollars in thousands)			
Provision for income taxes	\$ (6,506)	\$ (17,786)	\$ (11,280)	(63.4)%

Our effective tax rate increased to 41.6% for the first nine months of fiscal 2014 compared to 39.6% for the same period last year, primarily due to losses in our international subsidiaries.

Segment Results

Certain financial information for our Agriculture, Construction and International business segments is set forth below. Revenue and income (loss) before income taxes at the segment level are reported before eliminations. "Shared Resources" in the table below refers to the various unallocated income/(expense) items that we have retained at the general corporate level. Intersegment revenue is immaterial.

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	Nine Months Ended October 31,		Increase/ (Decrease)	Percent Change
	2013	2012		
	(dollars in thousands)			
Revenue				
Agriculture	\$ 1,186,893	\$ 1,146,393	\$ 40,500	3.5%
Construction	290,637	271,728	18,909	7.0%
International	107,855	53,756	54,099	100.6%
Segment revenue	1,585,385	1,471,877	113,508	7.7%
Eliminations	(67,570)	(57,971)	(9,599)	(16.6)%
Total	<u>\$ 1,517,815</u>	<u>\$ 1,413,906</u>	<u>\$ 103,909</u>	7.3%
Income (Loss) Before Income Taxes				
Agriculture	\$ 34,451	\$ 49,567	\$ (15,116)	(30.5)%
Construction	(11,642)	768	(12,410)	(1615.9)%
International	(1,441)	1,403	(2,844)	(202.7)%
Segment income (loss) before income taxes	21,368	51,738	(30,370)	(58.7)%
Shared Resources	(4,775)	(4,843)	68	1.4%
Eliminations	(965)	(1,986)	1,021	51.4%
Total	<u>\$ 15,628</u>	<u>\$ 44,909</u>	<u>\$ (29,281)</u>	(65.2)%

Agriculture

Agriculture segment revenue for the first nine months of fiscal 2014 increased 3.5% compared to the same period last year. The revenue increase was due to acquisitions and offset by a decrease in Agriculture same-store sales of 1.5% over the first nine months of 2013, which primarily resulted from challenging agriculture conditions such as the abnormally delayed spring weather, decreases in agricultural commodity prices, lower projected crop yields in the areas in which the Company operates, relative to crop yields in other parts of the United States, and increased equipment retail prices, which negatively impacted customer sentiment in the first nine months of fiscal 2014 as compared to the same period in the prior year. The increased prices primarily related to higher costs on late-model equipment with Tier 4A engine emission technology, in advance of the introduction of equipment with Tier 4B technology.

Agriculture segment income before income taxes for the first nine months of fiscal 2014 decreased 30.5% compared to the same period last year, primarily due to a decrease in gross profit margin on equipment, an increase in operating expenses and an increase in floorplan interest expense. The gross profit margin on equipment was negatively impacted by the previously discussed industry conditions and pressure on used equipment values. The increase in operating expense as a percentage of revenue was caused by the decrease in Agriculture segment same-store sales, which negatively affected our ability to leverage our fixed operating costs. The increase in floorplan interest expense is primarily due to higher floorplan notes payable balances than in the same period last year.

Construction

Construction segment revenue for the first nine months of fiscal 2014 increased 7.0% compared to the same period last year. The revenue increase was due to acquisitions, offset by a Construction same-store sales decrease of 4.3% over the first nine months of fiscal 2013. The decrease in same-store sales was negatively impacted by continued difficult Construction industry conditions.

Our Construction segment loss before income taxes was \$11.6 million for the first nine months of fiscal 2014 compared to segment income before income taxes of \$0.8 million for the same period last year. This decrease was primarily due to lower gross profit on equipment, lower gross profit margin on rental and other, an increase in operating expenses and an increase in floorplan interest expense and other interest expense, as compared to the same period in the prior year. Equipment gross profit margin has experienced compression due to the previously discussed challenging industry conditions. The decrease in gross profit margin on rental and other is primarily due to a decrease in the dollar utilization of our rental fleet to 31.1% in the first nine months of fiscal 2014, from 32.8% in the same period last year. The increase in operating expense as a percentage of revenue was caused by the decrease in segment same-store sales, which negatively affected our ability to leverage our fixed operating costs, our recently acquired Construction stores and other ongoing costs of building an expanded distribution network. The Construction stores acquired in fiscal 2013 and the first quarter of fiscal 2014 are currently operating at a higher operating expense ratio than our average Construction store, as they are underperforming in regards to

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revenue levels in the markets in which they are located. The increase in floorplan interest expense and other interest expense resulted from higher floorplan notes payable and long-term debt associated with our rental fleet, as compared to the same period in the prior year.

International

International segment revenue for the first nine months of fiscal 2014 increased \$54.1 million compared to the same period last year, primarily due to acquisitions and new store openings, and a same-store sale increase of 14.8%.

Our International segment loss before income taxes was \$1.4 million for the first nine months of fiscal 2014 compared to segment income before income taxes of \$1.4 million for the same period last year. This decrease was primarily due to a decrease in gross profit margins on equipment and increases in operating expenses, floorplan interest expense and other interest expense. Equipment gross profit margin was negatively impacted by decreases in agricultural

commodity prices, which negatively impacted customer sentiment and profitability in the first nine months of fiscal 2014 as compared to the same period in the prior year. The increases in operating expenses, floorplan interest expense and other interest expense, primarily reflect costs of building our recently expanded footprint in Eastern Europe, including establishment of an operations center to support our European stores.

Shared Resources/Eliminations

We incur centralized expenses/income at our general corporate level, which we refer to as “Shared Resources,” and then allocate these net expenses to our segments. Since these allocations are set early in the year, unallocated balances may occur.

Eliminations remove any inter-company revenue or income (loss) before income taxes residing in our segment results.

Liquidity and Capital Resources

Cash Flow Used For Operating Activities

For the nine months ended October 31, 2013, cash used for operating activities was \$107.4 million. Our cash used for operating activities was primarily the result of an increase in inventories of \$287.4 million. This amount was principally offset by an increase in floorplan notes payable of \$151.1 million, our reported net income including noncontrolling interest before non-cash charges of \$36.0 million. The increase in inventories primarily reflects lower than expected equipment sales in the nine months ended October 31, 2013, new equipment stocking to support our seasonally higher sales in the last quarter of the fiscal year and the building of inventory to support our expanded International operations. We expect equipment inventory, excluding acquisitions, to decrease during the last quarter of fiscal 2014. We evaluate our cash flow from operating activities net of all floorplan activity. Taking this adjustment into account, our non-GAAP cash flow used for operating activities was \$12.0 million and \$32.9 million for the nine months ended October 31, 2013 and 2012, respectively. For reconciliation of this non-GAAP financial measure, please see the Non-GAAP Cash Flow Reconciliation below.

For the nine months ended October 31, 2012, cash used for operating activities was \$172.7 million. Our cash used for operating activities was primarily the result of an increase in inventories of \$297.9 million and a net decrease in accounts payable, customer deposits, accrued expenses and other long-term liabilities of \$19.8 million. This amount was principally offset by an increase in floorplan notes payable of \$103.0 million and our reported net income including noncontrolling interest before non-cash charges of \$47.6 million. The increase in inventories primarily reflected new equipment stocking to support forecasted equipment sales.

Cash Flow Used For Investing Activities

For the nine months ended October 31, 2013, cash used for investing activities was \$11.0 million. Our cash flow used for investing activities primarily consisted of property and equipment purchases (excluding rental fleet) of \$15.8 million and purchases of equipment dealerships (net of cash purchased) of \$4.8 million. This amount was principally offset by net proceeds from sale of property and equipment of \$10.6 million.

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For the nine months ended October 31, 2012, cash used for investing activities was \$47.9 million. Our cash used for investing activities primarily consisted of purchases of equipment dealerships (net of cash purchased) of \$16.2 million, purchases of rental fleet of \$15.0 million and purchases of property and equipment (excluding rental fleet) of \$20.7 million.

Cash Flow Provided By Financing Activities

For the nine months ended October 31, 2013, cash provided by financing activities was \$107.4 million. Our cash flow provided by financing activities was primarily the result of an increase in non-manufacturer floorplan notes payable of \$95.3 million and proceeds from long-term debt exceeding principal payments on long-term debt by \$12.2 million.

For the nine months ended October 31, 2012, cash provided by financing activities was \$257.3 million. Our cash provided by financing activities was primarily the result of proceeds from our Senior Convertible Notes offering of \$145.2 million and an increase in non-manufacturer floorplan notes payable of \$118.7 million, offset by principal payments exceeding proceeds from long-term debt by \$8.9 million. We used the proceeds from our Senior Convertible Notes to reduce certain interest-bearing floorplan notes payable and long-term debt balances.

Non-GAAP Cash Flow Reconciliation

We consider our cash flow from operating activities to include all equipment inventory financing activity regardless of whether we obtain the financing from a manufacturer or other source. We consider equipment inventory financing with both manufacturers and other sources to be part of the normal operations of our business and use the adjusted cash flow analysis in the evaluation of our equipment inventory and inventory flooring needs. Non-GAAP cash flow provided by (used for) operating activities is a non-GAAP financial measure which is adjusted for the following:

- Non-manufacturer floorplan notes payable: The adjustment is equal to the net change in non-manufacturer floorplan notes payable, as shown on the consolidated statements of cash flows. GAAP categorizes non-manufacturer floorplan notes payable as financing activities in the consolidated statements of cash flows.
- Impact of senior convertible notes: We issued \$150.0 million of Senior Convertible Notes (the “Convertible Notes”) in April 2012. We used a significant amount of the proceeds from the Convertible Notes to reduce our floorplan notes payable balances, resulting in a higher level of equity in our equipment inventory than we have historically maintained. To analyze the impact of this fluctuation of equity in our equipment inventory, we use this adjustment to maintain a constant level of equipment financing. The adjustment is equal to the difference between our actual equity in inventory at the balance sheet date and our historical average level of equity in inventory of 15%. If the level of equity in inventory is less than 15% then we assume that no proceeds of the Convertible Notes were used to pay down floorplan notes payable balances. GAAP categorizes proceeds from our Convertible Notes offering as financing activities in the consolidated statements of cash flows.

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We believe that the presentation of non-GAAP cash flow provided by (used for) operating activities is relevant and useful to our investors because it provides information on activities we consider normal operations of our business, regardless of financing source. The following table reconciles net cash provided by (used for) operating activities, a GAAP measure, to non-GAAP cash flow provided by (used for) operating activities and net cash provided by (used for) financing activities, a GAAP measure, to non-GAAP cash flow provided by (used for) financing activities (in thousands):

	As Reported	Adjustment (1)	Adjustment (2)	Non-GAAP Measures
(in thousands)				
Nine months ended October 31, 2013:				
Net cash provided by (used for) operating activities	\$ (107,355)	\$ 95,330	\$ —	\$ (12,025)
Net cash provided by (used for) financing activities	107,370	(95,330)	—	12,040
Nine months ended October 31, 2012:				
Net cash provided by (used for) operating activities	\$ (172,673)	\$ 118,655	\$ 21,077	\$ (32,941)
Net cash provided by financing activities	257,317	(118,655)	(21,077)	117,585

(1) - Net change in non-manufacturer floorplan notes payable

(2) - Impact of Convertible Notes

Non-GAAP cash flow provided by (used for) operating activities should be evaluated in addition to, and not considered a substitute for, or superior to, other GAAP measures such as net cash provided by (used for) operating activities.

Sources of Liquidity

Our primary sources of liquidity are cash reserves, cash flow from operations, proceeds from our public stock offerings, proceeds from the issuance of debt and our Convertible Notes, and borrowings under our credit facilities. We expect that ongoing requirements for debt service and capital expenditures will be funded from these sources.

Adequacy of Capital Resources

Our primary uses of cash have been to fund our strategic acquisitions, finance the purchase of inventory, meet debt service requirements and fund operating activities, working capital, payments due under building space operating leases and manufacturer floorplan notes payable. Based on our current operational performance, we believe our cash flow from operations, available cash and available borrowings under our existing credit facilities will adequately provide our liquidity needs for, at a minimum, the next 12 months.

Certain Information Concerning Off-Balance Sheet Arrangements

We do not have any relationships with unconsolidated entities or financial partnerships, such as entities often referred to as structured finance, special purpose entities or variable interest entities, which would have been established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes. We are, therefore, not exposed to any financing, liquidity, market or credit risk that could arise if we had engaged in these relationships. In the normal course of our business activities, we lease rental equipment and buildings under operating leases.

PRIVATE SECURITIES LITIGATION REFORM ACT

The Private Securities Litigation Reform Act of 1995 provides a “safe harbor” for forward-looking statements. Such “forward-looking” information is included in this Quarterly Report on Form 10-Q, including in “Management’s Discussion And Analysis Of Financial Condition And Results Of Operations,” as well as in our Annual Report on Form 10-K for the year ended January 31, 2013, and in other materials filed or to be filed by the Company with the Securities and Exchange Commission (as well as information included in oral statements or other written statements made or to be made by the Company).

Forward-looking statements include all statements based on future expectations and specifically include, among other things, all statements relating to our expectations regarding exchange rate and interest rate impact, equipment inventory levels, and our primary liquidity sources and adequacy of our capital resources. Any statements that are not based upon historical

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facts, including the outcome of events that have not yet occurred and our expectations for future performance, are forward-looking statements. The words “potential,” “believe,” “estimate,” “expect,” “intend,” “may,” “could,” “will,” “plan,” “anticipate,” and similar words and expressions are intended to identify forward-looking statements. Such statements are based upon the current beliefs and expectations of our management. Such forward-looking information involves important risks and uncertainties that could significantly affect anticipated results in the future and, accordingly, such results may differ from those expressed in any forward-looking statements made by or on behalf of the Company. These risks and uncertainties include, but are not limited to, adverse market conditions in the agricultural and construction equipment industries, the continuation of unfavorable conditions in the credit markets and those matters identified and discussed in our Annual Report on Form 10-K under the section titled “Risk Factors.”

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to various market risks, including changes in interest rates and foreign currency exchange rates. Market risk is the potential loss arising from adverse changes in market rates and prices, such as interest rates and foreign currency exchange rates.

Interest Rate Risk: Exposure to changes in interest rates results from borrowing activities used to fund operations. For fixed rate debt, interest rate changes affect the fair value of financial instruments but do not impact earnings or cash flows. Conversely, for floating rate debt, interest rate changes generally do not affect the fair market value but do impact future earnings and cash flows, assuming other factors are held constant. We have both fixed and floating rate financing. Some of our floating rate credit facilities contain minimum rates of interest to be charged. Based upon balances and interest rates as of October 31, 2013, holding other variables constant, a one percentage point increase in interest rates for the next 12-month period would decrease pre-tax earnings and cash flow by approximately \$5.5 million. Conversely, a one percentage point decrease in interest rates for the next 12-month period would result in an increase to pre-tax earnings and cash flow of approximately \$5.5 million. At October 31, 2013, we had variable rate floorplan notes payable of \$937.2 million, of which approximately \$511.5 million was interest-bearing, variable notes payable and long-term debt of \$42.4 million, and fixed rate notes payable and long-term debt of \$53.2 million.

Foreign Currency Exchange Rate Risk: Foreign currency exposures arise as the result of our foreign operations. The Company is exposed to foreign currency exchange rate risk, as our net investment in our foreign operations is exposed to changes in foreign currency exchange rates. In addition, the Company is exposed to the translation of foreign currency earnings to the U.S. dollar, whereby the results of our operations and cash flows may be adversely impacted by fluctuating foreign currency exchange rates. The Company is also exposed to foreign currency transaction risk as the result of certain intercompany financing transactions. The Company attempts to manage its foreign currency exchange rate risk through the use of derivative financial instruments, primarily foreign exchange forward contracts. Based upon balances and exchange rates as of October 31, 2013, holding other variables constant, we believe that a hypothetical 10% increase or decrease in foreign exchange rates would not have a material impact on our results of operations or cash flows.

ITEM 4. CONTROLS AND PROCEDURES

- (a) *Evaluation of disclosure controls and procedures.* After evaluating the effectiveness of the Company's disclosure controls and procedures pursuant to Rule 13a-15(b) of the Securities Exchange Act of 1934 (the "Exchange Act") as of the end of the period covered by this Quarterly Report, the Company's Chief Executive Officer and Chief Financial Officer, with the participation of the Company's management, have concluded that the Company's disclosure controls and procedures (as defined in Exchange Act Rule 13a-15(e)) are effective.
- (b) *Changes in internal controls.* There has not been any change in the Company's internal control over financial reporting (as defined in Exchange Act Rule 13a-15(f)) during its most recently completed fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

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PART II. - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

We are currently not a party to any material pending legal proceedings.

ITEM 1A. RISK FACTORS

In addition to the other information set forth in this report, including the important information in "Private Securities Litigation Reform Act," you should carefully consider the "Risk Factors" discussed in our Form 10-K for the year ended January 31, 2013 as filed with the Securities and Exchange Commission. Those factors, if they were to occur, could cause our actual results to differ materially from those expressed in our forward-looking statements in this report, and materially adversely affect our financial condition or future results. Although we are not aware of any other factors, aside from those discussed in our Form 10-K, that we currently anticipate will cause our forward-looking statements to differ materially from our future actual results, or materially affect the Company's financial condition or future results, additional risks and uncertainties not currently known to us or that we currently deem to be immaterial might materially adversely affect our actual business, financial condition and/or operating results.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

On September 6, 2013, the Company issued 22,321 shares of its common stock in exchange for the purchase of 20% ownership interest in Titan Machinery Romania SRL and Titan Machinery Austria GmbH. We believe that this transaction was exempt from the registration requirements of the Securities Act by virtue of Section 4(2) thereof and Regulation S promulgated thereunder, based on the limited number of offerees in such offering and certain representations and warranties made by such offeree in the transaction.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

None.

ITEM 5. OTHER INFORMATION

Effective October 31, 2013, the Company entered into an amended and restated wholesale financing plan with Agricredit Acceptance LLC, which increased the size of the floorplan credit facility by \$75.0 million, from \$150.0 million to \$225.0 million. Other terms of the agreement did not materially change.

Effective November 14, 2013, the Company entered into a Second Amendment to its amended and restated credit agreement, dated March 30, 2012, by and among the Company, Wells Fargo Bank, National Association, and the other lenders party thereto. The amendment increased the aggregate working capital commitments by \$37.5 million to \$112.5 million, extended the maturity dates of the working capital line of credit and floorplan line of credit from March 30, 2016 to August 31, 2018, and changed certain financial covenants.

ITEM 6. EXHIBITS

Exhibits - See "Exhibit Index" on page following signatures.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this Report to be signed on its behalf by the undersigned thereunto duly authorized.

Dated: December 5, 2013

TITAN MACHINERY INC.

By /s/ Mark P. Kalvoda
Mark P. Kalvoda
Chief Financial Officer
(Principal Financial Officer)

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EXHIBIT INDEX TITAN MACHINERY INC. FORM 10-Q

Exhibit No.	Description
*10.1	Amended and Restated Wholesale Financing Plan, dated as of October 31, 2013, by and among the registrant and Agricredit Acceptance LLC
*10.2	Second Amendment, dated as of November 14, 2013, to Amended and Restated Credit Agreement by and among the registrant, Wells Fargo Bank, National Association, and the Financial Institutions Party Thereto.
*31.1	Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
*31.2	Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
*32.1	Certification of Chief Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
*32.2	Certification of Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
**101	Financial statements from the Quarterly Report on Form 10-Q of the Company for the quarter ended October 31, 2013, formatted in XBRL: (i) the Consolidated Balance Sheets, (ii) the Consolidated Statements of Operations, (iii) the Consolidated Statements of Stockholders' Equity, (iv) the Consolidated Statements of Cash Flows, and (v) the Notes to the Consolidated Financial Statements.

*Filed herewith

** Furnished herewith

+ Management compensatory plan or arrangement

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AMENDED AND RESTATED WHOLESALE FINANCING PLAN

Agricredit Acceptance LLC

8001 Birchwood Court | PO Box 2000 | Johnston, IA 50131-0020

PH: 800 873 2474 FAX: 515-334-5862

www.agricredit.com

Debtor Name: Titan Machinery, Inc.

(the "Debtor")

Date of this Wholesale Financing Plan: October 31, 2013

Address of Principal Place of Business and Chief Executive Office: 644 East Beaton Drive
West Fargo, ND 58078-2648Additional approved locations where the Collateral will See Exhibit A to the Amended and Restated Inventory Security Agreement be kept and stored:Organization Type: ☐ Sole Proprietorship ☐ Partnership ☐ Limited Liability Company ☒ CorporationTotal Amount of **\$225,000,000.00**, which is subject to change in Secured Party's sole discretion without the necessity of entering into a new Uncommitted Credit Facility agreement. The parties acknowledge this amount includes Secured Party's related parties, affiliates and any participants in the at Approval: facility. Please see below for additional terms and conditions.

THIS AMENDED AND RESTATED WHOLESALE FINANCING PLAN (this "Agreement") is made by and between the Debtor and AGRICREDIT ACCEPTANCE LLC having an office at 8001 Birchwood Court, P. O. Box 2000, Johnston, Iowa, 50131-0020 ("Secured Party"). This Agreement expressly amends, restates and supersedes that certain Wholesale Financing Plan with Rental dated July 10, 2010 entered into between Debtor and Secured Party, together with any and all amendments thereto. Debtor acquires equipment for sale, lease or rental at retail and desires that Secured Party finance the acquisition of such equipment on the terms and conditions of this Agreement. In consideration of the mutual promises, covenants and conditions of this Agreement, the parties hereto hereby agree as follows:

1. CONSTRUCTION; INTEGRATION. The parties have entered into an Amended and Restated Inventory Security Agreement (the "ISA"), the terms and conditions of which are incorporated by reference. Except as modified herein and in the *Wholesale Advance Rates and Curtailment Rates on Eligible Inventory* attached hereto as Exhibit A and incorporated by reference (the "Terms Schedule"), the terms and conditions of the ISA shall remain unchanged and in full force and effect. In the event of a conflict between the terms of this Agreement and the ISA, the terms of this Agreement shall prevail. Except as otherwise expressly provided, all capitalized terms used and not defined elsewhere in this Agreement shall have the meanings assigned to them in the ISA.

2. ELIGIBLE INVENTORY. "New Inventory" is defined as Inventory eligible for financing which shall include wholegoods agricultural equipment and other new wholegoods inventory items, with an individual original manufacturer's invoice price to the Debtor of \$5,000.00 and greater, agreed to from time to time by Secured Party in its sole discretion and on which Secured Party can obtain a first priority security interest. "Used Inventory" is defined as Inventory items eligible for financing which shall be trade-in machines accepted by Debtor in connection with the retail sale of New Inventory items financed by Secured Party, Inventory purchased through farm liquidations and auction sales, and such other used inventory items, with an individual Net Cost of \$5,000 and greater, agreed to by Secured Party in its sole discretion and on which Secured Party can obtain a first security interest. As used herein, "Net Cost" for Used Inventory shall be the lesser of: (a) Debtor's actual cost; (b) wholesale guide book value, with no adjustment for hours on eligible equipment over 10 years old; (c) if previously floor planned, the lesser of: (i) a percentage of Debtor's previous original invoice as shown in the Terms Schedule attached hereto, or (ii) the remaining balance transferred from the previous floor plan. The age of such Used Inventory is to be less than 15 years for tractors, combines, or grain heads and less than 10 years for all other agricultural equipment. Forestry, construction and industrial equipment will not be included without specific approval by Secured Party. In the event Debtor receives notice from Secured Party or a third party creditor regarding a conflicting security interest with respect to advances made under this Agreement, Debtor agrees, within two (2) days of such notice, to either make a principal payment by the amount advanced on the conflicting security interest or provide additional free and clear collateral in a form and amount acceptable to Secured Party. For the avoidance of doubt, the terms of this Agreement shall apply to Inventory approved as eligible even if such Inventory does not expressly fit the requirements described herein (e.g., inventory with an invoice price of under \$5,000.00) and Secured Party may modify its requirements for inventory eligible for financing at any time in its sole discretion upon notice to Debtor.

3. AMOUNT FINANCED. The total amount of the credit facility shall not exceed the amount indicated above for all New Inventory and Used Inventory; *provided, however*, that Secured Party may in its sole discretion extend credit in excess of such limit. In any case, Debtor hereby agrees that all extensions of credit shall constitute Obligations of Debtor and shall be paid as provided herein. All extensions of credit are within the sole discretion of Secured Party. The credit facility may be reviewed by Secured Party and increased, decreased, or terminated in its sole discretion upon ninety (90) days prior written notice to Debtor. Upon reduction of the wholesale credit facility to a new amount ("New Credit Amount") which is not caused by Debtor's default and which reduction is below the then-existing total of Debtor's Obligations, Debtor shall, in Secured Party's sole discretion, either make payments pursuant to a payment schedule under the terms and conditions offered by Secured Party, if any, to reduce the credit facility to the New Credit Amount or immediately pay to Secured party all principal, interest and other amounts in excess of the New Credit Amount.

4. PROCEDURE FOR REQUESTING FINANCING. Upon Secured Party's receipt of request for financing an item of Inventory from Debtor, (in writing, facsimile, orally or otherwise), and upon receipt of required documentation, if any, as requested by Secured Party, which documentation may include, but is not limited to, an invoice from the manufacturer or distributor for New Inventory items or a purchase order for Used Inventory items, Secured Party shall, in its sole discretion, determine whether to extend credit to Debtor. Debtor shall execute a Dealer Wholesale Funding Request or other documentation to evidence the Obligation of Debtor. The Dealer Wholesale Funding Request may be executed prior to, contemporaneously with, or subsequent to the extension of credit. Upon the retail sale, lease or other disposition of any Inventory items financed by Secured Party, Debtor shall promptly notify Secured Party in writing and pay all principal and interest outstanding relating to said Inventory items and complete and send to Secured Party a Dealer Wholesale Invoice or similar form as modified, supplemented or retitled by Secured Party relating to such Inventory items.

5. ADVANCE RATES ON ELIGIBLE INVENTORY. Items of New Inventory eligible for financing will be financed at an amount not to exceed the lesser of: (a) the remaining balance transferred from the manufacturer's free floor plan program, if any; or (b) a percentage of the original manufacturer's

invoice price to the Debtor of such New Inventory items as shown in the Terms Schedule. Items of Used Inventory eligible for financing will be financed at an amount not to exceed the percent of Debtor's Net Cost of such Used Inventory item as shown in the Terms Schedule. For Used Inventory comprised of tillage, planting, and other eligible items, designated by Secured Party from time to time in its sole discretion, and not listed in the dealer association official equipment guide or similar publication, the amount of advance shall not exceed the lesser of: (a) 60% of the trade in allowance; or (b) Debtor's actual cost.

6. PAYMENT TERMS. The Debtor promises to pay to the order of Secured Party all Obligations including all principal, interest and other charges related to financed New Inventory or Used Inventory items on the earlier of the date of sale, lease, other disposition, acceleration or as follows:

- (a) Principal - New Inventory and Used Inventory Items. All principal shall be due on New Inventory and Used Inventory items as follows:
 - 1. Ninety (90) days following receipt of written demand from Secured Party; or
 - 2. If not meanwhile demanded, in curtailments, due in various months following the original invoice date as shown in the Terms Schedule. Curtailment payments shall continue until the earlier of (i) payment in full of the amount advanced on a particular item of New or Used Inventory, or (ii) the month indicated in the Terms Schedule, at which time the unpaid principal shall be due and payable in full.
- (b) Interest. All interest shall be due on New Inventory and Used Inventory items as follows:
 - 1. Standard Rate. All accrued and unpaid interest is due and payable on the 25th of each month according to the following schedule: Unless otherwise announced by Secured Party, interest will accrue on the principal balance of all outstanding balances due hereunder from the date of the Dealer Wholesale Funding Request applicable to such Inventory and shall thereafter accrue on the unpaid balance at an annual rate (the "Standard Rate"), which for any particular month, shall be equal to the "LIBOR Rate" in effect for the first day of such month, plus:
 - a. If the average daily outstanding principal balance for the prior month is less than \$35,000,000, then 4.25%;
 - b. If the average daily outstanding principal balance for the prior month is equal to \$35,000,000 but less than \$55,000,000, then 4.00%; or
 - c. If the average daily outstanding principal balance for the prior month is equal to or more than \$55,000,000, then 3.75%.

The Standard Rate above does not include the additional 1.00% charged to fund the marketing pool as described in Section 9. The average daily outstanding principal balance is calculated by dividing the sum of the end of the day balances during the month by the number of days in the month, all as determined by Secured Party. For the avoidance of doubt, the calculation of average daily outstanding principal balance shall exclude all vendor program lines by which Secured Party finances Debtor's acquisition of inventory under the terms of program agreements between such vendors and Secured Party.

Secured Party reserves the right to adjust the interest rate upon notice to Debtor, including, without limitation, in the event the use of the LIBOR Rate is suspended as provided herein. As used herein, the LIBOR Rate for any particular month means the highest per annum rate of interest described as the "30 Day" or "One month", "London interbank offered rate" as published in the "Money Rates" section of the *Wall Street Journal - Central Edition* or its successor, in effect on the 25th day of the previous calendar month (if it is a Business Day, if not the next Business Day), which rate shall apply throughout the applicable calendar month. For example, if on July 25th (assuming it is a Business Day), the LIBOR Rate is 3%, 3% will be used as the LIBOR Rate for the entire month of August. Secured Party may, but shall not be obligated to, make a change from the "30 Day" LIBOR Rate to the "90 Day" LIBOR Rate and vice versa upon sixty (60) days prior written notice from Debtor requesting such change.

- 2. Alternative Standard Rate. If Secured Party determines (which determination shall be final and conclusive) that, by reason of circumstances affecting the eurodollar market generally, deposits in dollars (in the applicable amounts) are not being offered to banks in the eurodollar market for the selected term, or adequate means do not exist for ascertaining the LIBOR Rate, then Secured Party shall give notice thereof to the Debtor. Thereafter, until the Secured Party notifies the Debtor that the circumstances giving rise to such suspension no longer exist, (a) the use of the LIBOR Rate under this Agreement shall be suspended, and (b) the Standard Rate shall be converted at the expiration of the then current LIBOR Rate interest period to the higher of the PRIME Rate or the Federal Funds Effective Rate plus 50 basis points. In addition, if, after the date of this Agreement, Secured Party shall determine (which determination shall be final and conclusive) that any enactment, promulgation or adoption of or any change in any applicable law, rule or regulation, or any change in the interpretation or administration thereof by a governmental authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by the Secured Party with any guideline, request or directive (whether or not having the force of law) of any such authority, central bank or comparable agency or Secured Party's Affiliates shall make it unlawful, unacceptable or impossible for the Secured Party to make or maintain or fund loans based on the LIBOR Rate, the Secured Party shall notify Debtor. Upon receipt of such notice, until Secured Party notifies Debtor that the circumstances giving rise to such determination no longer apply, (a) the use of the LIBOR Rate under this Agreement shall be suspended, and (b) the Standard Rate shall be converted to the higher of the PRIME Rate or the Federal Funds Effective Rate plus 50 basis points either (i) on the last day of the then current LIBOR interest period(s) if the Secured Party may lawfully continue to maintain advances based on the LIBOR Rate to such day, or (ii) immediately if the Secured Party may not lawfully continue to maintain advances based on the LIBOR Rate.
- 3. Default Rate. When any interest or principal hereof is not paid when due, either at the indicated date herein, by acceleration, sale, lease, other disposition or otherwise, the full amounts due shall bear interest from the date when due until such amounts are paid in full at the Standard Rate plus three percentage points (3.0%). All interest hereunder shall be calculated on a year of 360 days and the actual number of days elapsed. Secured Party reserves the right to adjust the interest rate upon notice to Debtor. Notwithstanding anything to the contrary herein, the rate of interest hereunder shall at no time exceed the maximum rate, if any, permitted by applicable law. If any such rate does exceed the maximum lawful rate, any excess interest shall be returned to Debtor once that determination has been made.
- 4. Definitions. For purposes of this Section, the following terms shall have the following definitions: "PRIME Rate," for any particular month means the highest per annum interest rate most recently announced as the "prime rate" in the "Money Rates" section of the *Wall Street Journal - Central Edition*, or successor edition, from time to time, in effect on the 25th day of the previous calendar month (if it is a Business Day, if not the next Business Day), which rate shall apply throughout the applicable calendar month. For example, if on July 25th (assuming it is a Business Day), the PRIME Rate is 3%, 3% will be used as the PRIME Rate for the entire month of August. "Federal Funds Effective Rate" means, for any day, an interest rate per annum equal to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers on such day, as published for such day (or, if such day is not a Business Day, for the immediately preceding Business Day) by the Federal Reserve Bank of New York, or, if such rate is not so published for any day which is a Business Day, the average of the quotations at approximately 10:00 a.m. (Central Time) on such day on such transactions received by Secured Party from three (3) Federal funds brokers of recognized standing selected by Secured Party in its sole discretion. "Business Day" means any day other than (i) a Saturday or Sunday;

(ii) a day on which the offices of Secured party are closed; or a federal banking holiday as recognized by the United States Federal Reserve Bank.

7. REMEDIES UPON DEFAULT. Debtor shall be in default hereunder if it breaches any of its obligations contained herein or in the ISA. In the event of default, Secured Party shall have all remedies available to Secured Party as provided in the ISA.

8. RENTAL AND RENTAL FOR PURCHASE. In its sole discretion, Secured Party may agree to allow Debtor to rent eligible inventory financed hereunder. In such event, notwithstanding anything to the contrary contained in the ISA, so long as Debtor complies with the provisions of this Section and utilizes written leases in a form approved by Secured Party, Debtor, as lessor, may engage in the business of renting any unit financed by Secured

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Party under this Agreement. Unless Secured Party gives its prior written consent, Debtor agrees not to rent a unit to a particular end user for a term of more than six (6) months, taking into account renewal clauses or other covenants to the same effect. Upon Secured Party's request, Debtor shall inform Secured Party of the details of any rental hereunder, including a description thereof, the name and address of the renter, as well as details concerning the rented units and the rentals and proceeds thereof. The minimum amount of Rents ("Minimum Rents") to be paid every month by Debtor to Secured Party derived from any lease of said unit during any single rental period shall be an amount which is equal to 2% of the original amount financed by the Debtor with respect to said unit. All Rents paid to the Secured Party pursuant to this section are intended to be applied to the principal amount of indebtedness owed by Debtor to Secured Party under this Agreement but may be applied, in the Secured Party's sole discretion, to interest or curtailments due or to come due. Notwithstanding anything to the contrary contained in this Agreement, all principal and interest due on units rented under this Section shall be due and payable to Secured Party in full in the 24th month following the original date of the manufacturer invoice to the dealer. In the event such payments as applied to any such curtailment are in an amount which is less than the amount required to prepay such curtailment in full, then the balance of said curtailment shall be due and payable as originally scheduled.

9. MARKETING POOL. Debtor and Secured Party agree to establish a marketing pool (the "Pool") in order to subsidize interest rates charged to Debtor's retail customers.

(a) Establishing the Pool. Secured Party shall establish an accounting marketing pool (the "Pool") to assist Secured Party and Debtor in increasing retail financing penetration and marketing retail programs offered by Secured Party to the customers of Debtor. The Pool will not be a separate deposit account and may be accounted for by Secured Party in its sole discretion. Secured Party shall provide a quarterly report (which may be electronic) to Debtor showing the amount of credit in the Pool. The Pool will not be interest bearing.

(b) Funding of the Pool. Secured Party shall, on a monthly basis, credit the Pool an amount equal to 1/12 of 1.00% of the average daily outstanding principal balance. For example, if the average daily outstanding principal balance for the applicable period is \$25,000,000, the Pool shall be credited \$20,833.33. In the event Debtor is in default under the terms of any agreement with Secured Party or Debtor's payment is not sufficient to cover the then applicable amounts due to Secured Party, at Secured Party's discretion, no amounts may be credited to the Pool.

(c) Withdrawals from the Pool. Debtor and Secured Party agree to use the credits from the Pool to (i) buy down Secured Party's retail rates for use with Debtor's retail customers who finance retail transactions with Secured Party, as agreed between the parties; and/or (ii) to create leasing and retail programs for Debtor's retail customers who finance retail transactions with Secured Party, as agreed between the parties.

(d) Termination of the Pool. Secured Party may, at its discretion, discontinue accounting for the Pool and use the credits remaining in the Pool as it determines in its discretion in the event this Agreement, the ISA and/or the Retail Finance Agreement between the parties are terminated by either party.

MISCELLANEOUS. Debtor agrees the terms and conditions contained in the ISA, as modified by this Agreement and the Terms Schedule, make up the entire agreement between Debtor and Secured Party. This Agreement may be assigned by Secured Party but Debtor may not assign this Agreement without the prior written consent of Secured Party. Secured Party may modify the Terms Schedule at any time upon notice to Debtor. No agreements or understandings shall be binding upon Secured Party unless set forth in writing and signed by Secured Party. Any waiver of a remedy, term or condition or change to the terms and conditions of this Agreement or any Schedule must be in writing and signed by Secured Party. If Secured Party delays or fails to enforce any of its rights under this Agreement, Secured Party will still be entitled to enforce those rights at a later time and such rights shall not be waived. Any waiver by Secured Party of any breach or default will not constitute a waiver by Secured Party of any additional or subsequent breach of default nor shall it be a waiver of any rights. All of Secured Party's rights shall survive the termination of this Agreement and shall be enforceable by Secured Party and its successors and assignees. Payments received may be applied at Secured Party's discretion to Obligations hereunder or to any other indebtedness owed by Debtor to Secured Party despite directions, if any, appearing on the remittance or communicated to Secured Party. In the event any provision of this Agreement shall be determined by a court of competent jurisdiction to be invalid or unenforceable, the parties hereto agree such provision shall be ineffective without invalidating the remaining provisions hereof or thereof. This Agreement shall be binding upon and inure to the benefit of the parties and their permitted successors and assigns. Debtor shall promptly execute and deliver to Secured Party such further documents and take such further action as Secured Party may request to more effectively carry out the intent and purpose of this Agreement. Words importing the singular include the plural and vice versa and words importing gender include all genders. If more than one Debtor has signed this Agreement, each Debtor agrees that liability is joint and several.

IN WITNESS WHEREOF, the parties hereto have caused their name to be signed by their proper officers or representatives and their seals (if applicable) to be affixed. This Agreement may be executed in counterparts, including facsimile counterparts, each of which will constitute an original, but which collectively will form one and the same instrument. This Agreement is executed and accepted in Johnston, Iowa on behalf of Agricredit Acceptance LLC by its duly authorized representative and is effective upon execution by both parties. The earliest date of execution provided below shall constitute the effective date of this Agreement.

DEBTOR SIGNATURE

Titan Machinery, Inc.

Debtor
/s/ Ted Christianson
Authorized Signature

Ted Christianson, Treasurer
Print Name & Title

10/31/13
Date

SECURED PARTY SIGNATURE

Agricredit Acceptance LLC,
At: 8001 Birchwood Court, Johnston, IA 50131

/s/ Todd P. Cate
Authorized Signature

Todd P. Cate, VP Operations
Print Name & Title

10/31/13
Date

EXHIBIT A

Wholesale Advance Rates and Curtailment Rates on Eligible Inventory
("Terms Schedule")

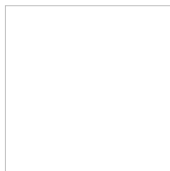
AAC Wholesale Advance Rates and Curtailment Rates on Eligible Inventory
("Terms Schedule")

New

Month	0 to 3	4 to 6	7 to 9	10 to 12	13 to 15	16 to 18	19 to 21	22 to 24	> 24
Advance rate	100%	100%	100%	100%	95%	90%	80%	70%	0%
End of period curtailments	0%	0%	0%	5%	5%	10%	10%	DUE	

Used

Month	0 to 3	4 to 6	7 to 9	10 to 12	13 to 15	16 to 18	19 to 21	22 to 24	> 24
Advance rate	100%	100%	100%	95%	90%	80%	70%	60%	0%
End of period curtailments	0%	0%	5%	5%	10%	10%	10%	DUE	



SECOND AMENDMENT TO AMENDED AND RESTATED CREDIT AGREEMENT

dated as of November 14, 2013

among

TITAN MACHINERY INC.
a Delaware corporation,
as Borrower,

THE FINANCIAL INSTITUTIONS PARTY HERETO,
as Lenders,

and

WELLS FARGO BANK, NATIONAL ASSOCIATION,
as Administrative Agent,
Swing Line Lender and L/C Issuer

BANK OF AMERICA, N.A.
as Syndication Agent

COBANK, ACB
as Documentation Agent

WELLS FARGO SECURITIES, LLC
Sole Lead Arranger and Sole Book Runner

REVISED SCHEDULES

2.01 Lenders; Commitments; Percentage Shares

SECOND AMENDMENT TO AMENDED AND RESTATED CREDIT AGREEMENT

This **SECOND AMENDMENT TO AMENDED AND RESTATED CREDIT AGREEMENT** ("**Second Amendment**"), dated as of November 14, 2013 ("**Second Amendment Effective Date**"), is among **TITAN MACHINERY INC.**, a Delaware corporation ("**Borrower**"), the several financial institutions party to this Second Amendment as Lenders, and **WELLS FARGO BANK, NATIONAL ASSOCIATION**, a national banking association, as Administrative Agent, Swing Line Lender and L/C Issuer. Capitalized terms not otherwise defined herein shall have the meaning assigned to them in the Credit Agreement (as hereinafter defined).

RECITALS

WHEREAS Borrower, Administrative Agent, Lenders, Swing Line Lender, and L/C Issuer are parties to that certain Amended and Restated Credit Agreement dated March 30, 2012, as amended by that certain First Amendment to Amended and Restated Credit Agreement dated as of December 4, 2012 (as further amended from time to time, the "**Credit Agreement**") and, as applicable, the other Loan Documents, pursuant to which Lenders have made available to Borrower certain extensions of credit referenced therein on the terms and conditions contained therein; and

WHEREAS Borrower has requested that Administrative Agent and Lenders (a) increase the Aggregate Working Capital Commitments by \$37,500,000.00, (b) modify certain financial covenants, and (c) further modify the Credit Agreement on the terms and conditions contained herein; and

WHEREAS the Administrative Agent and Lenders have agreed to modify the Credit Agreement on the terms and conditions contained herein;

NOW, THEREFORE, in consideration of the mutual agreements, provisions and covenants contained herein and for other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the parties agree as follows:

AGREEMENT

ARTICLE I — MODIFICATIONS & CONSENTS

SECTION 1.1 MODIFICATIONS TO CREDIT AGREEMENT

As of the Second Amendment Effective Date (except for Sections 1.1.1 and 1.1.5), the following sections of the Credit Agreement are hereby modified as follows:

1.1.1 Effective as of October 31, 2013, the definition of “Consolidated Fixed Charge Coverage Ratio” in Section 1.01 of the Credit Agreement is hereby deleted in its entirety and the following is substituted therefor:

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“**Consolidated Fixed Charge Coverage Ratio**” means, as of the last day of a fiscal quarter, for the period consisting of the four consecutive Fiscal Periods ending on such date, subject to **Section 1.02(h)**, the ratio of: (a) the sum for such period of (without duplication): (i) Consolidated EBITDAR; *minus* (ii) all payments in cash for taxes related to income made by Borrower and its Subsidiaries; *minus* (iii) Capital Expenditures actually made in cash by Borrower and its Subsidiaries (net of any insurance proceeds, condemnation awards or proceeds relating to any financing with respect to such expenditures); *minus* (iv) Restricted Payments paid in cash by Borrower; *to* (b) the sum for such period of (without duplication): (i) the cash portion of Consolidated Interest Expense; *plus* (ii) Consolidated Rent Expense; *plus* (iii) without duplication, all required (scheduled and mandatory) repayments of Debt (including with respect to Debt that is a capital lease).

1.1.2 The definition of “Floorplan Maturity Date” in Section 1.01 of the Credit Agreement is hereby deleted in its entirety and the following is substituted therefor:

“**Floorplan Maturity Date**” means the earliest of: (a) August 31, 2018, or if applicable, any extension thereof pursuant to **Section 2.16**; (b) the date of the termination of the Aggregate Floorplan Commitments pursuant to **Section 2.06**; and (c) the date of the termination of the Aggregate Floorplan Commitments and of the obligation of L/C Issuer to make L/C Credit Extensions pursuant to **Section 8.02**.

1.1.3 The definition of “Working Capital Maturity Date” in Section 1.01 of the Credit Agreement is hereby deleted in its entirety and the following is substituted therefor:

“**Working Capital Maturity Date**” means the earliest of: (a) August 31, 2018 or if applicable, any extension thereof pursuant to **Section 2.16**; (b) the date of the termination of the Aggregate Working Capital Commitments pursuant to **Section 2.06**; and (c) the date of the termination of the Aggregate Working Capital Commitments and of the obligation of L/C Issuer to make L/C Credit Extensions pursuant to **Section 8.02**.

1.1.4 Section 2.14(a) of the Credit Agreement is hereby deleted in its entirety and the following is substituted therefor:

(a) **Increase in Aggregate Commitments Generally.** So long as no Default has occurred and is continuing or would result therefrom and the Aggregate Commitments have not been voluntarily reduced, upon notice to Administrative Agent, at any time after December 1, 2013 but prior to the Working Capital Maturity Date, Borrower may request one or more Additional Working Capital Commitments or one or more Additional Floorplan Commitments; *provided that*: (i) after giving effect to any such addition, the maximum aggregate amount of Additional Working Capital Commitments and Additional Floorplan Commitments that have been added pursuant to this Section 2.14 from and after December 1, 2013 shall not exceed \$87,500,000; (ii) any such addition shall be in an aggregate amount of \$10,000,000.00 or any whole multiple of \$1,000,000.00 in excess thereof (*provided that* such amount may be less than \$10,000,000.00 if such amount represents all remaining availability under the aggregate limit in respect of Additional Working Capital Commitments and Additional Floorplan Commitments set forth in clause (i) of this proviso); (iii) Borrower may request a maximum total of three (3)

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increases under this section and (iv) no Lender shall be required to participate in the Additional Working Capital Commitments or Additional Floorplan Commitments.

1.1.5 Effective as of October 31, 2013, Sections 6.12(a) and (b) of the Credit Agreement are hereby deleted in their entirety and the following are substituted therefor:

(a) **Consolidated Net Leverage Ratio.** Borrower shall maintain, (a) as at the end of the Fiscal Period ending October 31, 2013, a Consolidated Net Leverage Ratio not greater than 3.75 : 1.00, (b) as at the end of each Fiscal Period beginning with the Fiscal Period ending January 31, 2014 through the Fiscal Period ending October 31, 2014, a Consolidated Net Leverage Ratio not greater than 3.50 : 1.00, (c) as at the end of the Fiscal Period ending January 31, 2015, a Consolidated Net Leverage Ratio not greater than 3.25 : 1.00, and (d) as at the end of each Fiscal Period from and after the Fiscal Period ending April 30, 2015, a Consolidated Net Leverage Ratio not greater than 3.00 : 1.00.

(b) **Consolidated Fixed Charge Coverage Ratio.** Borrower shall maintain, (a) as at the end of each Fiscal Period beginning with the Fiscal Period ending October 31, 2013 through the Fiscal Period ending January 31, 2014, a Consolidated Fixed Charge Coverage Ratio not less than 1.15 : 1.00, (b) as at the end of each Fiscal Period beginning with the Fiscal Period ending April 30, 2014 through the Fiscal Period ending October 31, 2014, a Consolidated Fixed Charge Coverage Ratio not less than 1.20 : 1.00, and (c) as at the end of each Fiscal Period from and after the Fiscal Period ending January 31, 2015, a Consolidated Fixed Charge Coverage Ratio not less than 1.25 : 1.00.

1.1.6 Schedule 2.01 to the Credit Agreement is hereby deleted in its entirety and replaced with the corresponding Schedule attached to this

SECTION 1.2 INCREASED COMMITMENTS

1.2.1 On the Second Amendment Effective Date, the Aggregate Working Capital Commitments are increased to \$112,500,000.00.

1.2.2 On and after the Second Amendment Effective Date, the Commitments of each Lender shall be adjusted as set forth on Schedule 2.01 to this Second Amendment.

ARTICLE II — COVENANTS

SECTION 2.1 EXPENSES

Borrower shall pay all reasonable expenses and costs of Administrative Agent (including, without limitation, the reasonable attorney fees and expenses of counsel for Administrative Agent) in connection with the preparation, negotiation, execution and approval of this Second Amendment and any and all other documents, instruments and things contemplated hereby, whether or not such transactions are consummated, together with all other reasonable expenses and costs incurred by Administrative Agent chargeable to Borrower pursuant to the terms of the Credit Agreement which are unpaid at such time.

ARTICLE III — CONDITIONS TO SECOND AMENDMENT; GENERAL PROVISIONS

SECTION 3.1 CONDITIONS PRECEDENT

3.1.1 This Second Amendment and the transactions contemplated herein are expressly conditioned upon the satisfaction by Borrower of the following conditions, all in the sole but reasonable discretion of the Administrative Agent:

(a) Borrower shall have delivered to Administrative Agent such certificates of resolutions or other action, incumbency certificates or other certificates of Responsible Officers of Borrower as Administrative Agent may reasonably require evidencing the identity, authority and capacity of each Responsible Officer thereof authorized to act as a Responsible Officer in connection with the Loan Documents to which Borrower is a party, each in form and substance reasonably acceptable to Administrative Agent;

(b) No Material Adverse Effect shall have occurred since Closing;

(c) No Default or Event of Default shall have occurred and be continuing; and

(d) Borrower shall have paid all amounts owed to Administrative Agent and Lenders in connection with this Second Amendment.

3.1.2 Without limiting the foregoing, the effectiveness of this Second Amendment shall be conditioned on receipt by Administrative Agent of the consent of all Lenders.

SECTION 3.2 RATIFICATION; ESTOPPEL; REAFFIRMATION

3.2.1 Borrower hereby reaffirms and ratifies the Credit Agreement and other Loan Documents, as amended, modified and supplemented hereby.

3.2.2 Borrower hereby reaffirms to Administrative Agent and to each Lending Party that each of the representations, warranties, covenants and agreements set forth in the Credit Agreement and the other Loan Documents with the same force and effect as if each were separately stated herein and made as of the date hereof except to the extent any such representation or warranty is stated to relate solely to an earlier date, in which case such representation or warranty shall have been true and correct on and as of such earlier date.

3.2.3 Borrower further represents and warrants that, as of the date hereof, it has no counterclaims, defenses or offsets of any nature whatsoever to the Obligations or any of the Loan Documents and that as of the date hereof no unwaived Default or Event of Default by Borrower, Administrative Agent or any Lending Party has occurred or exists under any of the Loan Documents.

3.2.4 Borrower hereby ratifies, affirms, reaffirms, acknowledges, confirms and agrees that the Credit Agreement and other Loan Documents, as amended, modified and supplemented hereby by this Second Amendment, represent the valid, binding, enforceable and collectible obligations of Borrower

except to the extent enforceability may be limited by bankruptcy, insolvency, or similar laws affecting the enforcement of creditors' rights generally and by equitable principles.

3.2.5 Borrower hereby affirms, acknowledges and confirms that the provisions of this Second Amendment shall be a part of the Credit Agreement and Loan Documents for all purposes.

3.2.6 Borrower affirms and acknowledges that the recitals to this Second Amendment are true and accurate and are hereby incorporated into this Second Amendment.

SECTION 3.3 RELEASE

Borrower does hereby release, remise, acquit and forever discharge Administrative Agent and Lenders and Administrative Agent and Lenders' employees, agents, representatives, consultants, attorneys, fiduciaries, servants, officers, directors, partners, predecessors, successors and assigns, subsidiary corporations, parent corporation, and related corporate divisions (all of the foregoing hereinafter called the "**Released Parties**"), from any and all action and causes of action, judgments, executions, suits, debts, claims, demands, liabilities, obligations, damages and expenses of any and every character, known or unknown, direct and/or indirect, at law or in equity, of whatsoever kind or nature, whether heretofore or hereafter arising, for or because of any matter or things done, omitted or suffered to be done by any of the Released Parties prior to and including the date of execution hereof, and in any way directly or indirectly arising out of or in any way connected to this Second Amendment, the Credit Agreement and the other Loan Documents, except, in each case, to the extent of the gross negligence or willful misconduct of the Released Parties (all of the foregoing hereinafter called the "**Released Matters**"). Borrower acknowledges that the agreements in this paragraph are intended to be in full satisfaction of all or any alleged injuries or damages arising in connection with the Released Matters. Borrower represents and warrants to Administrative Agent and the Lenders that it has not purported to transfer, assign or otherwise convey any right, title or interest of Borrower in any Released Matter to any other Person and that the foregoing constitutes a full and complete release of all Released Matters.

SECTION 3.4 TIME OF THE ESSENCE

Time is of the essence of the Second Amendment, the Credit Agreement and Loan Documents.

SECTION 3.5 GOVERNING LAW; JURISDICTION; ETC.

3.5.1 GOVERNING LAW. THIS SECOND AMENDMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAW.

3.5.2 SUBMISSION TO JURISDICTION. EACH PARTY HERETO IRREVOCABLY AND UNCONDITIONALLY SUBMITS, FOR ITSELF AND ITS PROPERTY, TO THE NONEXCLUSIVE JURISDICTION OF THE COURTS OF THE SUPREME COURT OF THE STATE OF NEW YORK SITTING IN NEW YORK COUNTY IN THE BOROUGH OF MANHATTAN AND OF THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK, AND ANY APPELLATE COURT FROM ANY THEREOF, IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS SECOND AMENDMENT OR ANY OTHER LOAN

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DOCUMENT TO WHICH EACH IS A PARTY, OR FOR RECOGNITION OR ENFORCEMENT OF ANY JUDGMENT, AND EACH OF THE PARTIES HERETO IRREVOCABLY AND UNCONDITIONALLY AGREES THAT ALL CLAIMS IN RESPECT OF ANY SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN SUCH STATE COURTS OR, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, IN SUCH FEDERAL COURTS. EACH OF THE PARTIES HERETO AGREES THAT A FINAL JUDGMENT IN ANY SUCH ACTION OR PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW. NOTHING IN THIS SECOND AMENDMENT OR IN ANY OTHER LOAN DOCUMENT SHALL AFFECT ANY RIGHT THAT ANY PARTY MAY OTHERWISE HAVE TO BRING ANY ACTION OR PROCEEDING RELATING TO THIS SECOND AMENDMENT OR ANY OTHER LOAN DOCUMENT AGAINST ANY OTHER PARTY OR ANY OF ITS PROPERTIES IN THE COURTS OF ANY OTHER JURISDICTION.

3.5.3 WAIVER OF VENUE. EACH PARTY HERETO IRREVOCABLY AND UNCONDITIONALLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY OBJECTION THAT IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS SECOND AMENDMENT OR ANY OTHER LOAN DOCUMENT IN ANY COURT REFERRED TO IN SECTION 3.5.2. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, THE DEFENSE OF AN INCONVENIENT FORUM TO THE MAINTENANCE OF SUCH ACTION OR PROCEEDING IN ANY SUCH COURT.

3.5.4 SERVICE OF PROCESS. EACH PARTY HERETO IRREVOCABLY CONSENTS TO SERVICE OF PROCESS IN THE MANNER PROVIDED FOR NOTICES IN **SECTION 10.02** OF THE CREDIT AGREEMENT. NOTHING IN THIS SECOND AMENDMENT WILL AFFECT THE RIGHT OF ANY PARTY HERETO TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY APPLICABLE LAW.

SECTION 3.6 COUNTERPARTS; SEVERABILITY

3.6.1 This Second Amendment may be executed simultaneously in one or more counterparts, each of which shall be deemed an original, but all of which shall together constitute one and the same instrument.

3.6.2 If any term or provision of this Second Amendment, or the application thereof to any person or circumstances, shall, to any extent, be invalid or unenforceable, the remainder of this Second Amendment, or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each term and provision of this Second Amendment shall be valid and shall be enforced to the fullest extent permitted by law.

SECTION 3.7 WAIVER OF RIGHT TO JURY TRIAL

TO THE EXTENT PERMITTED BY APPLICABLE LAW, EACH OF THE PARTIES HERETO HEREBY WAIVES ITS RIGHT TO A JURY TRIAL OF ANY CLAIM. EACH OF THE PARTIES HERETO REPRESENTS THAT EACH HAS REVIEWED THIS WAIVER AND EACH KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS FOLLOWING CONSULTATION WITH LEGAL COUNSEL ON SUCH MATTERS. IN THE EVENT OF LITIGATION, A COPY OF THIS SECOND AMENDMENT MAY BE FILED AS A WRITTEN CONSENT TO A TRIAL BY THE COURT.

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SECTION 3.8 FINAL EXPRESSION

THIS WRITTEN AGREEMENT IS THE FINAL EXPRESSION OF THE SECOND AMENDMENT TO THE CREDIT AGREEMENT AMONG THE PARTIES HERETO AS THE SAME EXISTS TODAY AND MAY NOT BE CONTRADICTED BY EVIDENCE OF ANY PRIOR OR CONTEMPORANEOUS ORAL AGREEMENT BETWEEN THE PARTIES HERETO.

BY SIGNING BELOW, THE PARTIES HERETO HEREBY AFFIRM THAT THERE IS NO UNWRITTEN ORAL CREDIT AGREEMENT BETWEEN THEMSELVES WITH RESPECT TO THE SUBJECT MATTER OF THIS SECOND AMENDMENT OR OF THE CREDIT AGREEMENT GENERALLY.

[SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF, the parties hereto have caused this Second Amendment to be duly executed as of the date first written above.

BORROWER:

TITAN MACHINERY INC.,
a Delaware corporation

By: /s/ Ted O. Christianson
Name: Ted O. Christianson
Title: Treasurer

Signature Page to Second Amendment to Amended and Restated Credit Agreement

ADMINISTRATIVE AGENT, L/C ISSUER AND SWING LINE
LENDER:

WELLS FARGO BANK, NATIONAL ASSOCIATION,
a national banking association, as Administrative Agent, L/C Issuer and Swing
Line Lender

By: /s/ Mark T. Lundquist
Name: Mark T. Lundquist
Title: Vice President

WELLS FARGO BANK, NATIONAL ASSOCIATION,
a national banking association, as a Lender

By: /s/ Mark T. Lundquist
Name: Mark T. Lundquist
Title: Vice President

LENDER:

COBANK, ACB

By: /s/ Kathleen M. Roberts
Name: Kathleen M. Roberts
Title: Vice President

LENDER:

BANK OF AMERICA, N.A.

By: /s/ Don Stafford
Name: Don Stafford
Title: Senior Vice President

LENDER:

BANK OF THE WEST
a California banking corporation

By: /s/ Ryan Manson
Name: Ryan Manson
Title: Vice President

LENDER:

BREMER BANK, N.A.

By: /s/ Wesley Will
Name: Wesley Will
Title: President - Lisbon

LENDER:

COMERICA BANK

By: /s/ Dan Walker
Name: Dan Walker
Title: Vice President

LENDER:

BMO HARRIS BANK N.A.

By: /s/ Wesley M. Anderson
Name: Wesley M. Anderson
Title: Senior Vice President

SCHEDULE 2.01

LENDERS; COMMITMENTS; PERCENTAGE SHARES

FLOORPLAN LOANS

Lender	Commitment Amount		Percentage Share
Wells Fargo Bank, N.A.	\$	120,000,000.00	34.290000000%
Bank of America, N.A.	\$	86,250,000.00	24.640000000%
CoBank, ACB	\$	52,500,000.00	15.000000000%
Bank of the West	\$	30,000,000.00	8.570000000%
Comerica Bank	\$	26,250,000.00	7.500000000%
Bremer Bank, N.A.	\$	15,000,000.00	4.290000000%
BMO Harris Bank N.A.	\$	20,000,000.00	5.710000000%
TOTAL	\$	350,000,000.00	100.000000000%

WORKING CAPITAL LOANS

Lender	Commitment Amount	Percentage Share
Wells Fargo Bank, N.A.	\$ 40,000,000.00	35.555555556%
Bank of America, N.A.	\$ 28,750,000.00	25.555555556%
CoBank, ACB	\$ 17,500,000.00	15.555555556%
Bank of the West	\$ 10,000,000.00	8.888888889%
Comerica Bank	\$ 8,750,000.00	7.777777778%
Bremer Bank, N.A.	\$ 5,000,000.00	4.444444444%
BMO Harris Bank N.A.	\$ 2,500,000.00	2.222222222%
TOTAL	\$ 112,500,000.00	100.000000000%

**CERTIFICATION
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT**

I, David J. Meyer, certify that:

1. I have reviewed this report on Form 10-Q of Titan Machinery Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: December 5, 2013

/s/ David J. Meyer

David J. Meyer
Chairman and Chief Executive Officer

CERTIFICATION
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT

I, Mark P. Kalvoda, certify that:

1. I have reviewed this report on Form 10-Q of Titan Machinery Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: December 5, 2013

/s/ Mark P. Kalvoda
Mark P. Kalvoda
Chief Financial Officer

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Titan Machinery Inc. (the "Company") on Form 10-Q for the quarter ended October 31, 2013 as filed with the Securities and Exchange Commission (the "Report"), I, David J. Meyer, Chairman and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: December 5, 2013

/s/ David J. Meyer

David J. Meyer

Chairman and Chief Executive Officer

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Titan Machinery Inc. (the "Company") on Form 10-Q for the quarter ended October 31, 2013 as filed with the Securities and Exchange Commission (the "Report"), I, Mark P. Kalvoda, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: December 5, 2013

/s/ Mark P. Kalvoda

Mark P. Kalvoda
Chief Financial Officer

