

**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, 2014

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 ☐

Smaller reporting company ☐

(Do not check if 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, 2014 was: Common Stock, \$0.00001 par value, 21,411,320 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
(in thousands, except per share data)**

	October 31, 2014	January 31, 2014
	(Unaudited)	
Assets		
Current Assets		
Cash	\$ 110,222	\$ 74,242
Receivables, net	104,388	97,894
Inventories	1,062,123	1,075,978
Prepaid expenses and other	15,271	24,740
Income taxes receivable	2,327	851
Deferred income taxes	13,410	13,678
Total current assets	1,307,741	1,287,383
Intangibles and Other Assets		
Noncurrent parts inventories	4,958	5,098
Goodwill	24,742	24,751
Intangible assets, net of accumulated amortization	11,211	11,750
Other	7,173	7,666
Total intangibles and other assets	48,084	49,265
Property and Equipment, net of accumulated depreciation	216,947	228,000
Total Assets	\$ 1,572,772	\$ 1,564,648
Liabilities and Stockholders' Equity		
Current Liabilities		
Accounts payable	\$ 26,680	\$ 23,714
Floorplan payable	761,182	750,533
Current maturities of long-term debt	37,467	2,192
Customer deposits	20,893	61,286
Accrued expenses	38,507	36,968
Income taxes payable	48	344
Total current liabilities	884,777	875,037
Long-Term Liabilities		
Senior convertible notes	131,456	128,893
Long-term debt, less current maturities	100,712	95,532
Deferred income taxes	47,925	47,329
Other long-term liabilities	2,869	6,515
Total long-term liabilities	282,962	278,269
Commitments and Contingencies		
Stockholders' Equity		
Common stock, par value \$.00001 per share, 45,000 shares authorized; 21,411 shares issued and outstanding at October 31, 2014; 21,261 shares issued and outstanding at January 31, 2014	—	—
Additional paid-in-capital	240,057	238,857
Retained earnings	164,882	169,575
Accumulated other comprehensive income (loss)	(1,895)	339
Total Titan Machinery Inc. stockholders' equity	403,044	408,771
Noncontrolling interest	1,989	2,571
Total stockholders' equity	405,033	411,342
Total Liabilities and Stockholders' Equity	\$ 1,572,772	\$ 1,564,648

See Notes to Consolidated Financial Statements

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

	Three Months Ended October 31,		Nine Months Ended October 31,	
	2014	2013	2014	2013
Revenue				
Equipment	\$ 343,482	\$ 441,752	\$ 1,008,614	\$ 1,134,885
Parts	80,692	80,903	219,597	214,373
Service	42,410	40,646	117,941	112,516
Rental and other	26,557	24,660	63,442	56,041
Total Revenue	493,141	587,961	1,409,594	1,517,815
Cost of Revenue				
Equipment	317,702	406,867	926,863	1,039,773
Parts	56,402	55,419	154,146	148,152
Service	15,037	14,453	42,969	40,199
Rental and other	19,309	17,616	45,333	38,595
Total Cost of Revenue	408,450	494,355	1,169,311	1,266,719
Gross Profit	84,691	93,606	240,283	251,096
Operating Expenses	69,459	75,005	208,406	214,083
Realignment Costs	—	—	2,952	—
Income from Operations	15,232	18,601	28,925	37,013
Other Income (Expense)				
Interest income and other income (expense)	(489)	(260)	(4,095)	674
Floorplan interest expense	(5,444)	(4,779)	(15,345)	(11,944)
Other interest expense	(3,586)	(3,493)	(10,586)	(10,115)
Income (Loss) Before Income Taxes	5,713	10,069	(1,101)	15,628
Provision for Income Taxes	(3,400)	(4,311)	(4,254)	(6,506)
Net Income (Loss) Including Noncontrolling Interest	\$ 2,313	\$ 5,758	\$ (5,355)	\$ 9,122
Less: Net Income (Loss) Attributable to Noncontrolling Interest	(157)	(67)	(662)	(122)
Net Income (Loss) Attributable to Titan Machinery Inc.	\$ 2,470	\$ 5,825	\$ (4,693)	\$ 9,244
Earnings (Loss) per Share - Note 1				
Earnings (Loss) per Share - Basic	\$ 0.12	\$ 0.27	\$ (0.22)	\$ 0.44
Earnings (Loss) per Share - Diluted	\$ 0.11	\$ 0.27	\$ (0.22)	\$ 0.43
Weighted Average Common Shares - Basic	20,994	20,901	20,977	20,879
Weighted Average Common Shares - Diluted	21,102	21,031	20,977	21,029

See Notes to Consolidated Financial Statements

TITAN MACHINERY INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)
(in thousands)

	Three Months Ended October 31,		Nine Months Ended October 31,	
	2014	2013	2014	2013
Net Income (Loss) Including Noncontrolling Interest	\$ 2,313	\$ 5,758	\$ (5,355)	\$ 9,122
Other Comprehensive Income (Loss)				
Foreign currency translation adjustments	(3,351)	1,618	(3,505)	791
Unrealized gain (loss) on net investment hedge derivative instruments, net of tax expense (benefit) of \$945 and (\$177) for the three months ended October 31, 2014 and 2013, respectively, and \$975 and \$15 for the nine months ended October 31, 2014 and 2013, respectively	1,418	(266)	1,464	23
Unrealized loss on interest rate swap cash flow hedge derivative instrument, net of tax benefit of (\$442) and (\$519) for the three months ended October 31, 2014 and 2013, respectively, and (474) and (\$519) for the nine months ended October 31, 2014 and 2013, respectively	(664)	(780)	(710)	(780)
Unrealized gain on foreign currency contract cash flow hedge derivative instruments, net of tax expense of \$29 for the nine months ended October 31, 2014	—	—	44	—
Reclassification of loss on interest rate swap cash flow hedge derivative instruments included in net income (loss), net of tax benefit of \$60 for the three months ended October 31, 2014 and \$60 for the nine months ended October 31, 2014	90	—	90	—
Reclassification of loss on foreign currency contract cash flow hedge derivative instruments included in net income (loss), net of tax benefit of \$15 for the three months ended October 31, 2014 and \$29 for the nine months ended October 31, 2014	23	—	43	—
Total Other Comprehensive Income (Loss)	(2,484)	572	(2,574)	34
Comprehensive Income (Loss)	(171)	6,330	(7,929)	9,156
Comprehensive Income (Loss) Attributable to Noncontrolling Interest	(484)	345	(1,002)	92
Comprehensive Income (Loss) Attributable To Titan Machinery Inc.	\$ 313	\$ 5,985	\$ (6,927)	\$ 9,064

See Notes to Consolidated Financial Statements

TITAN MACHINERY INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (UNAUDITED)
(in thousands)

	Common Stock				Accumulated Other Comprehensive Income (Loss)						Total Titan Machinery Inc. Stockholders' Equity	Noncontrolling Interest	Total Stockholders' Equity
	Shares Outstanding	Amount	Additional Paid-In Capital	Retained Earnings	Foreign Currency Translation Adjustments	Unrealized Gains (Losses) on Net Investment Hedges	Unrealized Gains (Losses) on Interest Rate Swap Cash Flow Hedges	Unrealized Gains (Losses) on Foreign Currency Contract Cash Flow Hedges	Total				
Balance, January 31, 2013	21,092	\$ —	\$236,521	\$160,724	\$ (226)	\$ (509)	\$ —	\$ —	\$ (735)	\$ 396,510	\$ 3,409	\$ 399,919	
Common stock issued on grant of restricted stock (net of forfeitures), exercise of stock options and warrants, and tax benefits of equity awards	149	—	261	—	—	—	—	—	—	261	—	261	
Other	22	—	(49)	—	—	—	—	—	—	(49)	(639)	(688)	
Stock-based compensation expense	—	—	1,598	—	—	—	—	—	—	1,598	—	1,598	
Comprehensive income (loss):													
Net income (loss)	—	—	—	9,244	—	—	—	—	—	9,244	(122)	9,122	
Other comprehensive income (loss)	—	—	—	—	577	23	(780)	—	(180)	(180)	214	34	
Total comprehensive income	—	—	—	—	—	—	—	—	—	9,064	92	9,156	
Balance, October 31, 2013	21,263	\$ —	\$238,331	\$169,968	\$ 351	\$ (486)	\$ (780)	\$ —	\$ (915)	\$ 407,384	\$ 2,862	\$ 410,246	
Balance, January 31, 2014	21,261	\$ —	\$238,857	\$169,575	\$ 1,541	\$ (339)	\$ (737)	\$ (126)	\$ 339	\$ 408,771	\$ 2,571	\$ 411,342	
Common stock issued on grant of restricted stock (net of forfeitures), exercise of stock options and warrants, and tax benefits of equity awards	150	—	(50)	—	—	—	—	—	—	(50)	—	(50)	
Stock-based compensation expense	—	—	1,752	—	—	—	—	—	—	1,752	—	1,752	
Other	—	—	(502)	—	—	—	—	—	—	(502)	420	(82)	
Comprehensive income (loss):													
Net loss	—	—	—	(4,693)	—	—	—	—	—	(4,693)	(662)	(5,355)	
Other comprehensive income (loss)	—	—	—	—	(3,165)	1,464	(620)	87	(2,234)	(2,234)	(340)	(2,574)	
Total comprehensive loss	—	—	—	—	—	—	—	—	—	(6,927)	(1,002)	(7,929)	
Balance, October 31, 2014	21,411	\$ —	\$240,057	\$164,882	\$ (1,624)	\$ 1,125	\$ (1,357)	\$ (39)	\$ (1,895)	\$ 403,044	\$ 1,989	\$ 405,033	

See Notes to Consolidated Financial Statements

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

	Nine Months Ended October 31,	
	2014	2013
Operating Activities		
Net income (loss) including noncontrolling interest	\$ (5,355)	\$ 9,122
Adjustments to reconcile net income including noncontrolling interest to net cash used for operating activities		
Depreciation and amortization	23,915	23,148
Deferred income taxes	241	(231)
Stock-based compensation expense	1,752	1,598
Noncash interest expense	3,501	3,394
Unrealized foreign currency (gain) loss on loans to international subsidiaries	2,676	(666)
Other, net	159	(330)
Changes in assets and liabilities, net of purchase of equipment dealerships assets and assumption of liabilities		
Receivables, prepaid expenses and other assets	(4,981)	1,545
Inventories	(2,448)	(287,380)
Manufacturer floorplan payable	(68,489)	151,131
Accounts payable, customer deposits, accrued expenses and other long-term liabilities	(31,734)	(6,171)
Income taxes	(1,792)	(2,515)
Net Cash Used for Operating Activities	(82,555)	(107,355)
Investing Activities		
Rental fleet purchases	(502)	(783)
Property and equipment purchases (excluding rental fleet)	(12,139)	(15,792)
Net proceeds from sale of property and equipment	13,133	10,597
Purchase of equipment dealerships, net of cash purchased	(584)	(4,848)
Proceeds from net investment hedge derivative instruments	3,359	902
Settlement of net investment hedge derivative instruments	(915)	(981)
Other, net	104	(63)
Net Cash Provided by (Used for) Investing Activities	2,456	(10,968)
Financing Activities		
Net change in non-manufacturer floorplan payable	83,232	95,330
Proceeds from long-term debt borrowings	49,874	61,684
Principal payments on long-term debt	(16,153)	(49,450)
Other, net	(383)	(194)
Net Cash Provided by Financing Activities	116,570	107,370
Effect of Exchange Rate Changes on Cash	(491)	(39)
Net Change in Cash	35,980	(10,992)
Cash at Beginning of Period	74,242	124,360
Cash at End of Period	\$ 110,222	\$ 113,368
Supplemental Disclosures of Cash Flow Information		
Cash paid during the period		
Income taxes, net of refunds	\$ 5,799	\$ 9,124
Interest	\$ 20,998	\$ 16,981
Supplemental Disclosures of Noncash Investing and Financing Activities		
Net property and equipment financed with long-term debt, accounts payable and accrued liabilities	\$ 4,462	\$ 18,636
Net transfer of assets to property and equipment from inventories	\$ 9,815	\$ 43,815

See Notes to Consolidated Financial Statements

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, 2014 are not necessarily indicative of the results that may be expected for the fiscal year ending January 31, 2015. The information contained in the balance sheet as of January 31, 2014 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, 2014 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 its 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.

Earnings (Loss) 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 (loss) attributable to Titan Machinery Inc. after allocation of income (loss) 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 (loss) attributable to Titan Machinery Inc. after allocation of income (loss) 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 104,000 and 99,000 stock options outstanding that were excluded from the computation of diluted EPS for the three months ended October 31, 2014 and 2013, respectively, because they were anti-dilutive. There were approximately 219,000 and 99,000 stock options outstanding that were excluded from the computation of diluted EPS for the nine months ended October 31, 2014 and 2013, 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,	
	2014	2013	2014	2013
	(in thousands, except per share data)		(in thousands, except per share data)	
Numerator				
Net Income (Loss) Attributable to Titan Machinery Inc.	\$ 2,470	\$ 5,825	\$ (4,693)	\$ 9,244
Net (Income) Loss Allocated to Participating Securities	(49)	(97)	80	(132)
Net Income (Loss) Attributable to Titan Machinery Inc. Common Stockholders	\$ 2,421	\$ 5,728	\$ (4,613)	\$ 9,112
Denominator				
Basic Weighted-Average Common Shares Outstanding	20,994	20,901	20,977	20,879
Plus: Incremental Shares From Assumed Exercise of Stock Options	108	130	—	150
Diluted Weighted-Average Common Shares Outstanding	21,102	21,031	20,977	21,029
Earnings (Loss) per Share - Basic	\$ 0.12	\$ 0.27	\$ (0.22)	\$ 0.44
Earnings (Loss) per Share - Diluted	\$ 0.11	\$ 0.27	\$ (0.22)	\$ 0.43

Recent Accounting Guidance

In April 2014, the Financial Accounting Standards Board ("FASB") amended authoritative guidance on reporting discontinued operations and disclosures of disposals of components of an entity, codified in Accounting Standard Codification ("ASC") 205-20, *Discontinued Operations* and 360, *Property, Plant, and Equipment*. The amended guidance changed the criteria for reporting discontinued operations, to only include disposals that represent a strategic shift and have a major effect on the entity's operations and financial results. The amended guidance also requires entities to provide additional disclosure of disposals reported as discontinued operations, and for disposals that do not qualify for discontinued operations presentation. The Company will adopt this guidance on February 1, 2015. Its adoption is not expected to have a material effect on the Company's consolidated financial statements.

In May 2014, the FASB issued authoritative guidance on accounting for revenue recognition, codified in ASC 606, *Revenue from Contracts with Customers*. This guidance supersedes the revenue recognition requirements in ASC 605, *Revenue Recognition*. This guidance is based on the principle that revenue is recognized to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The guidance also requires additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. The Company will adopt this guidance on February 1, 2017, using one of two retrospective application methods. The Company has not determined the potential effects on the consolidated financial statements.

In August 2014, the FASB issued authoritative guidance on management's responsibility to evaluate whether there is substantial doubt about an entity's ability to continue as a going concern and provide related footnote disclosures, codified in ASC 205-40, *Going Concern*. The guidance provides a definition of the term substantial doubt, requires an evaluation every reporting period including interim periods, provides principles for considering the mitigating effect of management's plans, requires certain disclosures when substantial doubt is alleviated as a result of consideration of management's plans, requires an express statement and other disclosures when substantial doubt is not alleviated, and requires an assessment for a period of one year after the date that the financial statements are issued (or available to be issued). The Company will adopt this guidance for the year-ended January 31, 2017, and it will apply to each interim and annual period thereafter. Its adoption is not expected to have a material effect on the Company's consolidated financial statements.

NOTE 2—INVENTORIES

	October 31, 2014	January 31, 2014
	(in thousands)	
New equipment	\$ 623,604	\$ 575,518
Used equipment	309,283	363,755
Parts and attachments	113,787	126,666
Work in process	15,449	10,039
	\$ 1,062,123	\$ 1,075,978

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, 2014	January 31, 2014
	(in thousands)	
Rental fleet equipment	\$ 151,199	\$ 145,007
Machinery and equipment	24,867	23,382
Vehicles	43,879	44,200
Furniture and fixtures	39,033	35,860
Land, buildings, and leasehold improvements	58,235	60,470
	317,213	308,919
Less accumulated depreciation	(100,266)	(80,919)
	\$ 216,947	\$ 228,000

NOTE 4—LINES OF CREDIT / FLOORPLAN PAYABLE
Floorplan Lines of Credit

Floorplan payable balances reflect the amount owed for new equipment inventory purchased from a manufacturer and for used equipment inventory, which is primarily purchased through trade-in on equipment sales. Certain of the manufacturers from which the Company purchases new equipment inventory offer financing on these purchases, either offered directly from the manufacturer or through the manufacturers' captive finance subsidiaries. CNH Industrial America LLC's captive finance subsidiary, CNH Industrial Capital America LLC ("CNH Industrial Capital"), also provides financing of used equipment inventory. The Company also has floorplan payable balances with non-manufacturer lenders for new and used equipment inventory. Changes in manufacturer floorplan payable are reported as operating cash flows and changes in non-manufacturer floorplan payable are reported as financing cash flows in the Company's consolidated statements of cash flows.

As of October 31, 2014, the Company had discretionary floorplan lines of credit for equipment inventory purchases totaling approximately \$1.16 billion, which includes a \$350.0 million Floorplan Payable Line with a group of banks led by Wells Fargo Bank, National Association ("Wells Fargo"), a \$450.0 million credit facility with CNH Industrial Capital, a \$225.0 million credit facility with Agricredit Acceptance LLC and the U.S. dollar equivalent of \$135.0 million in credit facilities related to our foreign subsidiaries. Floorplan payables relating to these credit facilities totaled approximately \$696.9 million of the total floorplan payable balance of \$761.2 million outstanding as of October 31, 2014 and \$692.8 million of the total floorplan payable balance of \$750.5 million outstanding as of January 31, 2014. As of October 31, 2014, the Company had approximately \$411.7 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 Wells Fargo credit agreement, and rental fleet financing and other acquisition-related financing arrangements under the CNH Industrial Capital credit agreement). The U.S. floorplan payables carried various interest rates primarily ranging from 2.78% to 4.98%, and the foreign floorplan payables carried various interest rates primarily ranging from 1.59% to 10.50%, as of October 31, 2014.

Effective October 31, 2014, the Company amended its credit facility with Wells Fargo. The amendment, among other things, replaced the consolidated net income financial covenant with a minimum consolidated income before income taxes

covenant, calculated as the income before income taxes for the last four quarters, adjusted for certain impairment charges, realignment charges, and foreign currency remeasurement losses resulting from a devaluation of the Ukrainian hryvnia. The minimum income before income tax covenant is \$10.0 million for the four quarter period ended October 31, 2014, \$5.0 million for the period ended January 31, 2015, \$6.0 million for each of the two periods ended April 30, 2015 and July 31, 2015, \$10.0 million for each of the two periods ended October 31, 2015 and January 31, 2016, and \$15.0 million for each period thereafter. The amendment also modified certain borrowing base advance rates and changed the interest rate margin from 1.5% to 2.625% to 1.5% to 2.875% per annum.

Effective October 31, 2014, the Company also amended its credit facility with CNH Industrial Capital. The amendment, amongst other things, replaced the minimum debt service ratio financial covenant with a minimum fixed charge coverage ratio financial covenant of not less than 1.25:1.00, and added or modified related definitions.

Working Capital Line of Credit

As of October 31, 2014, the Company had a \$112.5 million working capital line of credit under the credit facility with Wells Fargo. The Company had \$75.6 million and \$47.8 million outstanding on its working capital line of credit as of October 31, 2014 and January 31, 2014, 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.

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, 2014	January 31, 2014
	(in thousands except conversion rate and conversion price)	
Principal value	\$ 150,000	\$ 150,000
Unamortized debt discount	(18,544)	(21,107)
Carrying value of senior convertible notes	\$ 131,456	\$ 128,893
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	
Conversion price (per share of common stock)	\$ 43.17	

The Company recognized interest expense associated with its Senior Convertible Notes as follows:

	Three Months Ended October 31,		Nine Months Ended October 31,	
	2014	2013	2014	2013
	(in thousands)		(in thousands)	
Cash Interest Expense				
Coupon interest expense	\$ 1,406	\$ 1,406	\$ 4,219	\$ 4,219
Noncash Interest Expense				
Amortization of debt discount	864	806	2,563	2,392
Amortization of transaction costs	135	131	402	391
	<u>\$ 2,405</u>	<u>\$ 2,343</u>	<u>\$ 7,184</u>	<u>\$ 7,002</u>

As of October 31, 2014, the unamortized debt discount will be amortized over a remaining period of approximately 4.5 years. As of October 31, 2014 and January 31, 2014, the if-converted value of the Senior Convertible Notes does not exceed the principal balance. The effective interest rate of the liability component was equal to 7.0% for each of the statements of operations periods presented.

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.

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 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.

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, became effective September 30, 2014 and matures 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 Company may, from time to time, hedge foreign currency exchange rate risk arising from inventory purchases denominated in Canadian dollars through the use of foreign currency forward contracts. The maximum length of time over which the Company hedges its exposure to the variability in future cash flows associated with the Canadian dollar purchasing is less than 12 months.

The interest rate swap instrument and foreign currency contracts have been designated as cash flow hedging instruments and accordingly changes in the effective portion of the fair value of the instruments are recorded in other comprehensive income and only reclassified into earnings in the period(s) 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.

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

	Notional Amount as of:	
	October 31, 2014	January 31, 2014
	(in thousands)	
Net investment hedge:		
Foreign currency contracts	\$ 23,473	\$ 43,742
Cash flow hedges:		
Interest rate swap	100,000	100,000
Foreign currency contracts	—	4,754
Derivatives not designated as hedging instruments:		
Foreign currency contracts	32,812	44,775

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

	Fair Value as of:		Balance Sheet Location
	October 31, 2014	January 31, 2014	
	(in thousands)		
Asset Derivatives:			
Derivatives designated as hedging instruments:			
Net investment hedges:			
Foreign currency contracts	\$ 152	\$ 157	Prepaid expenses and other
Derivatives not designated as hedging instruments:			
Foreign currency contracts	194	279	Prepaid expenses and other
Total Asset Derivatives	<u>\$ 346</u>	<u>\$ 436</u>	
Liability Derivatives:			
Derivatives designated as hedging instruments:			
Cash flow hedges:			
Interest rate swap	\$ 2,262	\$ 1,227	Accrued expenses
Foreign currency contracts	—	211	Accrued expenses
Total Liability Derivatives	<u>\$ 2,262</u>	<u>\$ 1,438</u>	

The following table sets forth the gains and losses recognized in other comprehensive income (loss) ("OCI") and income (loss) related to the Company's derivative instruments for the three and nine months ended October 31, 2014 and 2013, respectively. All amounts included in income (loss) in the table below from derivatives designated as hedging instruments relate to reclassifications from accumulated other comprehensive income.

	Three Months Ended October 31,				Nine Months Ended October 31,				Statements of Operations Classification	
	2014		2013		2014		2013			
	OCI	Income (Loss)	OCI	Income (Loss)	OCI	Income (Loss)	OCI	Income (Loss)		
	(in thousands)				(in thousands)					
Derivatives Designated as Hedging Instruments:										
Net investment hedges:										
Foreign currency contracts	\$ 2,363	\$ —	\$ (443)	\$ —	\$ 2,439	\$ —	\$ 38	\$ —	N/A	
Cash flow hedges:										
Interest rate swap	(1,106)	(150)	(1,299)	—	(1,184)	(150)	(1,299)	—	Interest income and other income (expense)	
Foreign currency contracts	—	(37)	—	—	73	(72)	—	—	Cost of revenue - equipment	
Derivatives Not Designated as Hedging Instruments:										
Foreign currency contracts	—	2,436	—	(851)	—	2,582	—	(781)	Interest income and other income (expense)	
Total Derivatives	\$ 1,257	\$ 2,249	\$ (1,742)	\$ (851)	\$ 1,328	\$ 2,360	\$ (1,261)	\$ (781)		

No components of the Company's net investment or cash flow hedging instruments were excluded from the assessment of hedge ineffectiveness.

As of October 31, 2014, the Company had \$2.4 million and \$0.1 million in pre-tax net unrealized losses associated with its interest rate swap and foreign currency contract cash flow hedging instruments recorded in accumulated other comprehensive income, respectively. The Company expects that \$1.7 million and \$0.1 million of pre-tax unrealized losses associated with its interest rate swap and foreign currency contracts, respectively, will be reclassified into net income over the next 12 months.

NOTE 7—FAIR VALUE OF FINANCIAL INSTRUMENTS

The assets and liabilities which are measured at fair value on a recurring basis as of October 31, 2014 and January 31, 2014 are as follows:

	October 31, 2014				January 31, 2014			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	(in thousands)				(in thousands)			
Financial Assets								
Foreign currency contracts	\$ —	\$ 346	\$ —	\$ 346	\$ —	\$ 436	\$ —	\$ 436
Total Financial Assets	\$ —	\$ 346	\$ —	\$ 346	\$ —	\$ 436	\$ —	\$ 436
Financial Liabilities								
Interest rate swap	\$ —	\$ 2,262	\$ —	\$ 2,262	\$ —	\$ 1,227	\$ —	\$ 1,227
Foreign currency contracts	—	—	—	—	—	211	—	211
Total Financial Liabilities	\$ —	\$ 2,262	\$ —	\$ 2,262	\$ —	\$ 1,438	\$ —	\$ 1,438

The valuation for the Company's foreign currency contracts and interest rate swap derivative instruments were valued using discounted cash flow analyses, an income approach, utilizing readily observable market data as inputs.

The Company also has financial instruments that are not recorded at fair value in its consolidated financial statements. 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. Based upon current borrowing rates with similar maturities, which are Level 2 fair value inputs, the carrying value of long-term debt approximates the fair value as of October 31, 2014 and January 31, 2014, respectively. The following table provides details on the Senior Convertible Notes as of October 31, 2014 and January 31, 2014. 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.

	October 31, 2014			January 31, 2014		
	Estimated Fair Value	Carrying Value	Face Value	Estimated Fair Value	Carrying Value	Face Value
	(in thousands)			(in thousands)		
Senior convertible notes	\$ 115,254	\$ 131,456	\$ 150,000	\$ 128,522	\$ 128,893	\$ 150,000

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. 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 Chief Executive Officer and President to make decisions regarding the allocation of resources, to assess the Company's operating performance and to make strategic decisions.

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 for 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 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. Revenue between segments is immaterial. Revenue amounts included in Eliminations primarily relate to transactions within a segment.

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,	
	2014	2013	2014	2013
	(in thousands)		(in thousands)	
Revenue				
Agriculture	\$ 346,116	\$ 459,005	\$ 1,013,118	\$ 1,186,893
Construction	110,095	109,850	325,482	290,637
International	53,348	40,255	127,249	107,855
Segment revenue	509,559	609,110	1,465,849	1,585,385
Eliminations	(16,418)	(21,149)	(56,255)	(67,570)
Total	\$ 493,141	\$ 587,961	\$ 1,409,594	\$ 1,517,815
Income (Loss) Before Income Taxes				
Agriculture	\$ 5,150	\$ 16,677	\$ 13,747	\$ 34,451
Construction	77	(3,407)	(5,647)	(11,642)
International	(1,447)	(1,022)	(11,866)	(1,441)
Segment income (loss) before income taxes	3,780	12,248	(3,766)	21,368
Shared Resources	971	(2,424)	800	(4,775)
Eliminations	962	245	1,865	(965)
Income (Loss) Before Income Taxes	\$ 5,713	\$ 10,069	\$ (1,101)	\$ 15,628

	October 31, 2014	January 31, 2014
	(in thousands)	
Total Assets		
Agriculture	\$ 861,235	\$ 943,212
Construction	424,300	308,525
International	181,643	195,534
Segment assets	1,467,178	1,447,271
Shared Resources	106,885	120,335
Eliminations	(1,291)	(2,958)
Total	\$ 1,572,772	\$ 1,564,648

NOTE 9—STORE CLOSINGS AND REALIGNMENT COSTS

To better align its Construction business in certain markets, in April 2014, the Company reduced its Construction-related headcount by approximately 12% primarily through the closing of seven underperforming Construction stores, staff reductions at other dealerships and reductions in support staff at its Shared Resource Center. The closed stores were located in Bozeman, Big Sky and Helena, Montana; Cheyenne, Wyoming; Clear Lake, Iowa; Flagstaff, Arizona; and Rosemount, Minnesota. The Company also closed one Agriculture store in Oskaloosa, Iowa and merged it with the nearby Agriculture store in Pella, Iowa. The Company's remaining stores in each of the respective areas assumed the majority of the distribution rights for the CNH Industrial brand previously held by the stores which have closed. The majority of the assets of the closed stores have been redeployed to other store locations. Certain inventory items which are not sold by any of our remaining stores were sold at auction. The inventory markdown attributable to such items are included in the exit cost summary below. The majority of the exit costs were recognized during the three months ended April 30, 2014; however the remaining costs, which primarily relate to asset relocation and other closing costs, were incurred during the three months ended July 31, 2014.

The following summarizes the exit costs associated with the store closings and realignment that occurred in April 2014. The amounts incurred during the six months ended July 31, 2014 reflect the total amounts expected to be incurred related to the closing of these stores.

	Amount Incurred During the Three Months Ended October 31, 2014	Amount Incurred During the Nine Months Ended October 31, 2014	Income Statement Classification
	(in thousands)		
Construction Segment			
Lease termination costs	\$ —	\$ 1,511	Realignment Costs
Employee severance costs	—	451	Realignment Costs
Impairment of fixed assets, net of gains on asset disposition	—	(60)	Realignment Costs
Asset relocation and other closing costs	—	362	Realignment Costs
	<u>\$ —</u>	<u>\$ 2,264</u>	
Agriculture Segment			
Lease termination costs	\$ —	\$ 148	Realignment Costs
Employee severance costs	—	71	Realignment Costs
Impairment of fixed assets, net of gains on asset disposition	—	85	Realignment Costs
Asset relocation and other closing costs	—	84	Realignment Costs
Inventory cost adjustments	—	471	Equipment Cost of Sales
	<u>\$ —</u>	<u>\$ 859</u>	
Shared Resource Center			
Employee severance costs	\$ —	\$ 300	Realignment Costs
	<u>\$ —</u>	<u>\$ 300</u>	
Total			
Lease termination costs	\$ —	\$ 1,659	Realignment Costs
Employee severance costs	—	822	Realignment Costs
Impairment of fixed assets, net of gains on asset disposition	—	25	Realignment Costs
Asset relocation and other closing costs	—	446	Realignment Costs
Inventory cost adjustments	—	471	Equipment Cost of Sales
	<u>\$ —</u>	<u>\$ 3,423</u>	

The Company accrued for lease termination and employee severance costs in April 2014, but exit costs related to impairment, asset relocation and other closing costs and inventory cost adjustments were not accrued but recognized as incurred. A reconciliation of the beginning and ending exit cost liability balance, which is included in accrued expenses in the consolidated balance sheets, follows:

	Amount
	(in thousands)
Balance, January 31, 2014	\$ 548
Exit costs incurred and charged to expense	
Lease termination costs	1,659
Employee severance costs	822
Exit costs paid	
Lease termination costs	(514)
Employee severance costs	(722)
Adjustments	
Lease termination costs	(106)
Balance, October 31, 2014	\$ 1,687

NOTE 10—INCOME TAXES

The Company incurs a provision for income taxes in jurisdictions in which it has taxable income. Generally the Company receives a benefit for income taxes in jurisdictions in which it has taxable losses unless it has recorded a valuation allowance for that jurisdiction. The fluctuations in our effective income tax rate are primarily due to losses in our international subsidiaries in which we record a valuation allowance against our net operating losses. These losses are available to reduce future taxable income, if earned within the allowable net operating loss carryforward period, in these jurisdictions. The foreign jurisdictions in which the Company operates have net operating loss carryforward periods ranging from five to seven years, with certain jurisdictions having indefinite carryforward periods.

	Three Months Ended October 31,		Nine Months Ended October 31,	
	2014	2013	2014	2013
	(dollars in thousands)		(dollars in thousands)	
Income (Loss) Before Income Taxes	\$ 5,713	\$ 10,069	\$ (1,101)	\$ 15,628
Provision for Income Taxes	(3,400)	(4,311)	(4,254)	(6,506)
Effective Income Tax Rate	59.5%	42.8%	386.4%	41.6%

A reconciliation of the statutory federal income tax rate to the Company's effective income tax rate is as follows:

	Three Months Ended October 31,		Nine Months Ended October 31,	
	2014	2013	2014	2013
U.S. statutory rate	35.0%	35.0%	(35.0)%	35.0%
Foreign statutory rates	3.7%	0.6%	(3.7)%	0.6%
State taxes on income net of federal tax benefit	4.9%	4.9%	(4.9)%	4.9%
Tax effect of not recording a benefit on losses in jurisdictions with a valuation allowance	7.4%	0.1%	399.0 %	0.1%
All other, net	8.5%	2.2%	31.0 %	1.0%
	59.5%	42.8%	386.4 %	41.6%

NOTE 11—BUSINESS COMBINATIONS

The Company continued to implement its strategy of consolidating dealerships in desired market areas. Below is a summary of the acquisition completed during the nine months ended October 31, 2014. 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 the business combination.

On August 29, 2014, the Company acquired certain assets of Midland Equipment, Inc. The acquired entity consisted of one agriculture equipment store in Wayne, Nebraska, which expands the Company's agricultural presence in Nebraska. The allocation of the purchase price is presented in the following table.

		(in thousands)
Receivables	\$	147
Inventories		525
Property and equipment		156
Total assets	\$	828
Cash consideration	\$	584
Non-cash consideration: liabilities incurred		244
Total consideration	\$	828

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, 2014.

Realignment Costs

To better align its Construction business in certain markets, in April 2014, the Company reduced its Construction-related headcount by approximately 12% primarily through the closing of seven underperforming Construction stores, staff reductions at other dealerships and reductions in support staff at its Shared Resource Center. The closed stores were located in Bozeman, Big Sky and Helena, Montana; Cheyenne, Wyoming; Clear Lake, Iowa; Flagstaff, Arizona; and Rosemount, Minnesota. The Company also closed one Agriculture store in Oskaloosa, Iowa and merged it with the nearby Agriculture store in Pella, Iowa. The Company's remaining stores in each of the respective areas assumed the majority of the distribution rights for the CNH Industrial brand previously held by the stores which have closed. We recognized \$3.4 million in exit costs during the nine months ended October 31, 2014. See also the Non-GAAP Financial Measures section below for impact of these costs on non-GAAP Diluted EPS.

Foreign Currency Remeasurement Losses

In February of 2014, the National Bank of Ukraine terminated the currency peg of the Ukrainian hryvnia ("UAH") to the USD; subsequent to the decoupling and as a result of the economic and political conditions present in the country, the UAH experienced significant devaluation from the date the currency peg was terminated through the end of the Company's third fiscal quarter. We recognized \$0.5 million and \$4.9 million in foreign currency remeasurement losses resulting from a devaluation of the UAH during the three and nine months ended October 31, 2014, respectively. These losses are included in interest income and other income (expense) in our consolidated statements of operations. See also the Non-GAAP Financial Measures section below for impact of these costs on non-GAAP Diluted EPS.

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, 2014.

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 Industrial 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 \$2.4 million, or \$0.11 per diluted share, for the three months ended October 31, 2014, compared to \$5.7 million, or \$0.27 per diluted share, for the three months ended October 31, 2013. Our non-GAAP Diluted EPS was \$0.14 and \$0.27 for the three months ended October 31, 2014 and 2013, respectively. See the Non-GAAP Financial Measures section below for a reconciliation between the GAAP and non-GAAP measures. Significant factors impacting the quarterly comparisons were:

- Revenue decreased 16.1% for the third quarter of fiscal 2015, as compared to the third quarter last year, primarily due to a decrease in Agriculture same-store sales, and partially offset by an increase in Construction same-store sales;

- Total gross profit margin increased to 17.2% for the third quarter of fiscal 2015, as compared to 15.9% for the third quarter of fiscal 2014, primarily caused by a change in gross profit mix to our higher-margin parts, service and rental and other businesses;
- Floorplan interest expense increased in the third quarter of fiscal 2015, as compared to the same period last year, due to the increase in floorplan payable and the related equipment inventory balances in our International segment, and higher interest rates in Ukraine associated with the political and economic instability that is present in the current fiscal year; and
- Interest income and other income (expense) decreased primarily due to foreign currency remeasurement losses in Ukraine, resulting from continued devaluation of the Ukrainian hryvnia in the third quarter of fiscal 2015.

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,					
	2014	2013	2014	2013				
	(dollars in thousands)		(dollars in thousands)					
Equipment								
Revenue	\$	343,482	\$	441,752	\$	1,008,614	\$	1,134,885
Cost of revenue		317,702		406,867		926,863		1,039,773
Gross profit	\$	25,780	\$	34,885	\$	81,751	\$	95,112
Gross profit margin		7.5%		7.9%		8.1%		8.4%
Parts								
Revenue	\$	80,692	\$	80,903	\$	219,597	\$	214,373
Cost of revenue		56,402		55,419		154,146		148,152
Gross profit	\$	24,290	\$	25,484	\$	65,451	\$	66,221
Gross profit margin		30.1%		31.5%		29.8%		30.9%
Service								
Revenue	\$	42,410	\$	40,646	\$	117,941	\$	112,516
Cost of revenue		15,037		14,453		42,969		40,199
Gross profit	\$	27,373	\$	26,193	\$	74,972	\$	72,317
Gross profit margin		64.5%		64.4%		63.6%		64.3%
Rental and other								
Revenue	\$	26,557	\$	24,660	\$	63,442	\$	56,041
Cost of revenue		19,309		17,616		45,333		38,595
Gross profit	\$	7,248	\$	7,044	\$	18,109	\$	17,446
Gross profit margin		27.3%		28.6%		28.5%		31.1%

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,	
	2014	2013	2014	2013
Revenue				
Equipment	69.6 %	75.1 %	71.5 %	74.8 %
Parts	16.4 %	13.8 %	15.6 %	14.1 %
Service	8.6 %	6.9 %	8.4 %	7.4 %
Rental and other	5.4 %	4.2 %	4.5 %	3.7 %
Total Revenue	100.0 %	100.0 %	100.0 %	100.0 %
Total Cost of Revenue	82.8 %	84.1 %	83.0 %	83.5 %
Gross Profit	17.2 %	15.9 %	17.0 %	16.5 %
Operating Expenses	14.1 %	12.7 %	14.7 %	14.1 %
Realignment Costs	— %	— %	0.2 %	— %
Income from Operations	3.1 %	3.2 %	2.1 %	2.4 %
Other Income (Expense)	(1.9)%	(1.5)%	(2.2)%	(1.4)%
Income (Loss) Before Income Taxes	1.2 %	1.7 %	(0.1)%	1.0 %
Provision for Income Taxes	(0.7)%	(0.7)%	(0.3)%	(0.4)%
Net Income (Loss) Including Noncontrolling Interest	0.5 %	1.0 %	(0.4)%	0.6 %
Less: Net Income (Loss) Attributable to Noncontrolling Interest	— %	— %	(0.1)%	— %
Net Income (Loss) Attributable to Titan Machinery Inc.	0.5 %	1.0 %	(0.3)%	0.6 %

Three Months Ended October 31, 2014 Compared to Three Months Ended October 31, 2013

Consolidated Results

Revenue

	Three Months Ended October 31,		Increase/	Percent
	2014	2013	(Decrease)	Change
	(dollars in thousands)			
Equipment	\$ 343,482	\$ 441,752	\$ (98,270)	(22.2)%
Parts	80,692	80,903	(211)	(0.3)%
Service	42,410	40,646	1,764	4.3 %
Rental and other	26,557	24,660	1,897	7.7 %
Total Revenue	\$ 493,141	\$ 587,961	\$ (94,820)	(16.1)%

The decrease in revenue for the third quarter of fiscal 2015 was primarily due to a decrease in same-store sales of 14.1% over the comparable prior year period, mainly driven by a decrease in Agriculture same-store sales of 23.8% and partially offset by an increase in Construction segment same-store sales of 10.7%. Agriculture same-store sales decreased primarily due to a decrease in equipment revenue and were negatively impacted by challenging industry conditions such as decreases in agricultural commodity prices and projected net farm income, which have a negative effect on customer sentiment. Changes in actual or anticipated net farm income, or in any of the significant components of net farm income, generally have a direct correlation with agricultural equipment purchases by farmers. In February and August 2014, the U.S. Department of Agriculture published its projections of a decrease in net farm income from calendar year 2013 to 2014. The commodity price of corn and soybeans, which are the predominant crops in our Agriculture store footprint, decreased significantly from the price during the third quarter of fiscal 2014, mainly as a result of a projected increase in U.S. corn and soybean supply compared to the prior year. The increase in Construction segment revenue, which included increases in all lines of the Construction segment's business, resulted from improved industry conditions and the positive impact of operational initiatives.

Gross Profit

	Three Months Ended October 31,		Increase/	Percent
	2014	2013	(Decrease)	Change
	(dollars in thousands)			
Gross Profit				
Equipment	\$ 25,780	\$ 34,885	\$ (9,105)	(26.1)%
Parts	24,290	25,484	(1,194)	(4.7)%
Service	27,373	26,193	1,180	4.5 %
Rental and other	7,248	7,044	204	2.9 %
Total Gross Profit	<u>\$ 84,691</u>	<u>\$ 93,606</u>	<u>\$ (8,915)</u>	(9.5)%
Gross Profit Margin				
Equipment	7.5%	7.9%	(0.4)%	(5.1)%
Parts	30.1%	31.5%	(1.4)%	(4.4)%
Service	64.5%	64.4%	0.1 %	0.2 %
Rental and other	27.3%	28.6%	(1.3)%	(4.5)%
Total Gross Profit Margin	17.2%	15.9%	1.3 %	8.2 %
Gross Profit Mix				
Equipment	30.4%	37.3%	(6.9)%	(18.5)%
Parts	28.7%	27.2%	1.5 %	5.5 %
Service	32.3%	28.0%	4.3 %	15.4 %
Rental and other	8.6%	7.5%	1.1 %	14.7 %
Total Gross Profit Mix	<u>100.0%</u>	<u>100.0%</u>	<u>— %</u>	<u>— %</u>

The \$8.9 million decrease in gross profit for the third quarter of fiscal 2015, as compared to the same period last year, was primarily due to a decrease in revenue. The increase in total gross profit margin from 15.9% for the third quarter of fiscal 2014 to 17.2% for the third quarter of fiscal 2015 was mainly due to a change in gross profit mix to our higher-margin parts, service and rental and other businesses, and partially offset by decreases in gross profit margin on certain of our components of revenue. The change in gross profit mix primarily resulted from decreased equipment revenue causing a change in sales mix.

Operating Expenses

	Three Months Ended October 31,		Increase/	Percent
	2014	2013	(Decrease)	Change
	(dollars in thousands)			
Operating Expenses	\$ 69,459	\$ 75,005	\$ (5,546)	(7.4)%
Operating Expenses as a Percentage of Revenue	14.1%	12.7%	1.4%	11.0 %

The \$5.5 million decrease in operating expenses, as compared to the same period last year, was primarily due to decreased commissions expense resulting from the decrease in equipment gross profit, and cost savings associated with the closing of eight stores in the first quarter of fiscal 2015. These decreases in operating expenses were partially offset by additional costs associated with expanding our International distribution network. The increase in operating expenses as a percentage of total revenue was primarily due to the decrease in total revenue in the third quarter of fiscal 2015, as compared to the third quarter of fiscal 2014, which negatively affected our ability to leverage our fixed operating costs.

Other Income (Expense)

	Three Months Ended October 31,		Increase/	Percent
	2014	2013	(Decrease)	Change
	(dollars in thousands)			
Interest income and other income (expense)	\$ (489)	\$ (260)	\$ (229)	(88.1)%
Floorplan interest expense	(5,444)	(4,779)	665	13.9 %
Other interest expense	(3,586)	(3,493)	93	2.7 %

The decrease in interest income and other income (expense) was primarily due to foreign currency remeasurement losses in Ukraine, resulting from a devaluation of the Ukrainian hryvnia in the third quarter of fiscal 2015. See the Non-GAAP Financial Measures section below for impact of these costs on non-GAAP Diluted EPS. The increase in floorplan interest expense of \$0.7 million for the third quarter of fiscal 2015 was primarily due to the increase in floorplan payable and the related equipment inventory balances in our International segment, and higher interest rates in Ukraine associated with the political and economic instability that is present in the current fiscal year.

Provision for Income Taxes

	Three Months Ended October 31,			Percent
	2014	2013	Decrease	Change
	(dollars in thousands)			
Provision for Income Taxes	\$ 3,400	\$ 4,311	\$ (911)	(21.1)%

Our effective tax rate increased to 59.5% for the third quarter of fiscal 2015 compared to 42.8% for the same period last year, primarily due to losses in our international subsidiaries, where we record a valuation allowance against our net operating losses, and the impact of permanent differences and discrete items. The impact of these international subsidiaries' losses on our effective tax rate for the third quarter of fiscal 2015 amounted to 7.4%, and the impact of the permanent differences and discrete items amounted to 8.5%. These items have a larger impact on our effective tax rate in the current year due to our lower income before income taxes than the prior year. See Note 10 of the notes to our consolidated financial statements for additional information regarding our effective tax rate.

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. Revenue between segments is immaterial. Revenue amounts included in Eliminations primarily relate to transactions within a segment.

	Three Months Ended October 31,		Increase/	Percent
	2014	2013	(Decrease)	Change
	(dollars in thousands)			
Revenue				
Agriculture	\$ 346,116	\$ 459,005	\$ (112,889)	(24.6)%
Construction	110,095	109,850	245	0.2 %
International	53,348	40,255	13,093	32.5 %
Segment revenue	509,559	609,110	(99,551)	(16.3)%
Eliminations	(16,418)	(21,149)	4,731	22.4 %
Total	\$ 493,141	\$ 587,961	\$ (94,820)	(16.1)%
Income (Loss) Before Income Taxes				
Agriculture	\$ 5,150	\$ 16,677	\$ (11,527)	(69.1)%
Construction	77	(3,407)	3,484	102.3 %
International	(1,447)	(1,022)	(425)	(41.6)%
Segment income (loss) before income taxes	3,780	12,248	(8,468)	(69.1)%
Shared Resources	971	(2,424)	3,395	140.1 %
Eliminations	962	245	717	292.7 %
Income (Loss) Before Income Taxes	\$ 5,713	\$ 10,069	\$ (4,356)	(43.3)%

Agriculture

Agriculture segment revenue for the third quarter of fiscal 2015 decreased 24.6% compared to the same period last year. The revenue decrease was due to an Agriculture same-store sales decrease of 23.8% over the third quarter of fiscal 2014, which was primarily due to a decrease in equipment revenue, and were negatively impacted by challenging industry conditions, such as decreases in agricultural commodity prices and projected net farm income, which negatively affected customer sentiment in the third quarter of fiscal 2015 as compared to the same period in the prior year. Parts and service same-store sales for the third quarter of fiscal 2015 remained consistent with the third quarter of fiscal 2014. Changes in actual or anticipated net farm income, or in any of the significant components of net farm income, generally have a direct correlation with agricultural equipment purchases by farmers. In February and August 2014, the U.S. Department of Agriculture published its projections of a decrease in net farm income from calendar year 2013 to 2014. The commodity price of corn and soybeans, which are the predominant crops in our Agriculture store footprint, decreased significantly from the price during the third quarter of fiscal 2014, mainly as a result of a projected increase in U.S. corn and soybean supply compared to the prior year.

Agriculture segment income before income taxes for the third quarter of fiscal 2015 decreased 69.1% compared to the same period last year, primarily due to the aforementioned decrease in equipment revenue.

Construction

Construction segment revenue for the third quarter of fiscal 2015 increased 0.2% compared to the same period last year. The revenue increase was due to a same-store sales increase of 10.7% over the third quarter of fiscal 2014, which was offset by the impact of our store closings. The increase in Construction segment revenue, which included increases in all lines of business, resulted from improved industry conditions and the positive impact of operational initiatives.

Our Construction segment income before income taxes was \$0.1 million for the third quarter of fiscal 2015 compared to segment loss before income taxes of \$3.4 million for the third quarter of fiscal 2014. This improvement was primarily due to improved gross profit margin on equipment, a decrease in operating expenses, and partially offset by an increase in floorplan interest expense. The increase in gross profit margin on equipment was primarily due to the aforementioned improved industry conditions. The decrease in operating expense mainly reflects cost savings associated with the closing of seven stores in the first quarter of fiscal 2015. The increase in floorplan interest expense reflects higher equipment inventory balances during the third quarter of fiscal 2015, as compared to the third quarter of fiscal 2014. The dollar utilization of our rental fleet decreased, from 36.9% in the third quarter of fiscal 2014 to 33.6% in the third quarter of fiscal 2015, primarily due to lower rental revenue earned on our rental fleet than the third quarter of last year.

International

International segment revenue for the third quarter of fiscal 2015 increased \$13.1 million compared to the same period last year, primarily due to new store openings, and a same-store sales increase of 33.9%.

Our International segment loss before income taxes was \$1.4 million for the third quarter of fiscal 2015 compared to \$1.0 million for the same period last year. This decrease was primarily due to increases in operating expenses and floorplan interest expense, and a decrease in interest income and other income (expense), as compared to the same period of the prior year. Operating expenses increased due to expanding our distribution network in Eastern Europe, including opening a new store in Ukraine and establishing a European operations center to support our European stores. We believe the political and economic instability in Ukraine has had a negative impact on our revenue, which reduces our ability to leverage these fixed operating costs. The increase in floorplan interest expense for the third quarter of fiscal 2015, as compared to the same period in the prior year, was primarily due to the increase in floorplan payable and the related equipment inventory balances in our International segment, and higher interest rates in Ukraine associated with the political and economic instability that is present in the current fiscal year. The decrease in interest income and other income (expense) was primarily due to foreign currency remeasurement losses in Ukraine, resulting from a further devaluation of the Ukrainian hryvnia in the third quarter of fiscal 2015.

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.

Nine Months Ended October 31, 2014 Compared to Nine Months Ended October 31, 2013

Consolidated Results

Revenue

	Nine Months Ended October 31,		Increase/	Percent
	2014	2013	(Decrease)	Change
	(dollars in thousands)			
Equipment	\$ 1,008,614	\$ 1,134,885	\$ (126,271)	(11.1)%
Parts	219,597	214,373	5,224	2.4 %
Service	117,941	112,516	5,425	4.8 %
Rental and other	63,442	56,041	7,401	13.2 %
Total Revenue	<u>\$ 1,409,594</u>	<u>\$ 1,517,815</u>	<u>\$ (108,221)</u>	<u>(7.1)%</u>

The decrease in revenue for the first nine months of fiscal 2015 was primarily due to a decrease in same-store sales of 6.6% over the comparable prior year period, mainly driven by a decrease in Agriculture same-store sales of 14.3% and partially offset by an increase in Construction segment same-store sales of 20.3%. Agriculture same-store sales decreased primarily due to a decrease in equipment revenue and were negatively impacted by challenging industry conditions such as decreases in agricultural commodity prices and projected net farm income, which have a negative effect on customer sentiment. Changes in actual or anticipated net farm income, or in any of the significant components of net farm income, generally have a direct correlation with agricultural equipment purchases by farmers. In February and August 2014, the U.S. Department of Agriculture published its projections of a decrease in net farm income from calendar year 2013 to 2014. The commodity prices of corn and soybeans, which are the predominant crops in our Agriculture store footprint, were significantly lower during the first nine months of fiscal 2015 than the prices during the first nine months of fiscal 2014, mainly as a result of a projected increase in U.S. corn and soybean supply compared to the prior year. The increase in Construction segment revenue, which included increases in all lines of the Construction segment's business, resulted from improved industry conditions and the positive impact of operational initiatives.

Gross Profit

	Nine Months Ended October 31,		Increase/	Percent
	2014	2013	(Decrease)	Change
	(dollars in thousands)			
Gross Profit				
Equipment	\$ 81,751	\$ 95,112	\$ (13,361)	(14.0)%
Parts	65,451	66,221	(770)	(1.2)%
Service	74,972	72,317	2,655	3.7 %
Rental and other	18,109	17,446	663	3.8 %
Total Gross Profit	<u>\$ 240,283</u>	<u>\$ 251,096</u>	<u>\$ (10,813)</u>	<u>(4.3)%</u>
Gross Profit Margin				
Equipment	8.1%	8.4%	(0.3)%	(3.6)%
Parts	29.8%	30.9%	(1.1)%	(3.6)%
Service	63.6%	64.3%	(0.7)%	(1.1)%
Rental and other	28.5%	31.1%	(2.6)%	(8.4)%
Total Gross Profit Margin	17.0%	16.5%	0.5 %	3.0 %
Gross Profit Mix				
Equipment	34.0%	37.9%	(3.9)%	(10.3)%
Parts	27.3%	26.4%	0.9 %	3.4 %
Service	31.2%	28.8%	2.4 %	8.3 %
Rental and other	7.5%	6.9%	0.6 %	8.7 %
Total Gross Profit Mix	<u>100.0%</u>	<u>100.0%</u>	<u>— %</u>	<u>— %</u>

The \$10.8 million decrease in gross profit for the first nine months of fiscal 2015, as compared to the same period last year, was primarily due to lower equipment revenue and equipment gross profit margin. Total gross profit margin of 17.0% for the first nine months of fiscal 2015 increased from the first nine months of fiscal 2014, mainly due to a change in gross profit mix to our higher-margin parts, service and rental and other businesses, and partially offset by the decreases in gross profit margin on each of our components of revenue. The change in gross profit mix primarily resulted from decreased equipment revenue causing a change in sales mix. The decrease in rental and other gross profit margin resulted from a decrease in the dollar utilization of our rental fleet, from 30.8% in the first nine months of fiscal 2014 to 28.7% in the first nine months of fiscal 2015, primarily due to a higher average size rental fleet for the first nine months of the current year.

Operating Expenses

	Nine Months Ended October 31,		Increase/	Percent
	2014	2013	(Decrease)	Change
	(dollars in thousands)			
Operating Expenses	\$ 208,406	\$ 214,083	\$ (5,677)	(2.7)%
Operating Expenses as a Percentage of Revenue	14.7%	14.1%	0.6%	4.3 %

The \$5.7 million decrease in operating expenses, as compared to the same period last year, was primarily due to decreased commissions expense resulting from the decrease in equipment gross profit, and cost savings associated with the closing of eight stores in the first quarter of fiscal 2015. These decreases in operating expenses were partially offset by higher occupancy costs associated with store building improvements and additional costs associated with expanding our International distribution network. The increase in operating expenses as a percentage of total revenue was primarily due to the decrease in total revenue in the first nine months of fiscal 2015, as compared to the first nine months of fiscal 2014, which negatively affected our ability to leverage our fixed operating costs.

Realignment Costs

	Nine Months Ended October 31,		Increase	Percent
	2014	2013		Change
	(dollars in thousands)			
Realignment Costs	\$ 2,952	\$ —	\$ 2,952	100.0%

The realignment costs recognized in the first nine months of fiscal 2015 relate to the the closing of seven underperforming Construction stores, staff reductions at other dealerships and reductions in support staff at the Company's Shared Resource Center that took place in April 2014. The closed stores were located in Bozeman, Big Sky and Helena, Montana; Cheyenne, Wyoming; Clear Lake, Iowa; Flagstaff, Arizona; and Rosemount, Minnesota. The Company also closed its Agriculture store in Oskaloosa, Iowa and merged it with the nearby Agriculture store in Pella, Iowa. See the Non-GAAP Financial Measures section below for impact of these costs on non-GAAP Diluted EPS.

Other Income (Expense)

	Nine Months Ended October 31,		Increase/	Percent
	2014	2013	(Decrease)	Change
	(dollars in thousands)			
Interest income and other income (expense)	\$ (4,095)	\$ 674	\$ (4,769)	(707.6)%
Floorplan interest expense	(15,345)	(11,944)	3,401	28.5 %
Other interest expense	(10,586)	(10,115)	471	4.7 %

The decrease in interest income and other income (expense) was primarily due to foreign currency remeasurement losses in Ukraine, resulting from a devaluation of the Ukrainian hryvnia in the first nine months of fiscal 2015. See the Non-GAAP Financial Measures section below for impact of these costs on non-GAAP Diluted EPS. The increase in floorplan interest expense of \$3.4 million for the first nine months of fiscal 2015 was primarily due to the increase in floorplan payable and the related equipment inventory balances in our International segment, and higher interest rates in Ukraine associated with the political and economic instability that is present in the current fiscal year.

Provision for Income Taxes

	Nine Months Ended October 31,			Percent
	2014	2013	Decrease	Change
	(dollars in thousands)			
Provision for Income Taxes	\$ 4,254	\$ 6,506	\$ (2,252)	(34.6)%

Our effective tax rate was 386.4% for the first nine months of fiscal 2015, compared to 41.6% for the same period last year. The impact on our effective tax rate for the first nine months of fiscal 2015 of not recording an income tax benefit on losses in jurisdictions with a valuation allowance was 399.0%, as shown in Note 10 of the notes to our consolidated financial statements.

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. Revenue between segments is immaterial. Revenue amounts included in Eliminations primarily relate to transactions within a segment.

	Nine Months Ended October 31,		Increase/	Percent
	2014	2013	(Decrease)	Change
	(dollars in thousands)			
Revenue				
Agriculture	\$ 1,013,118	\$ 1,186,893	\$ (173,775)	(14.6)%
Construction	325,482	290,637	34,845	12.0 %
International	127,249	107,855	19,394	18.0 %
Segment revenue	1,465,849	1,585,385	(119,536)	(7.5)%
Eliminations	(56,255)	(67,570)	11,315	16.7 %
Total	\$ 1,409,594	\$ 1,517,815	\$ (108,221)	(7.1)%
Income (Loss) Before Income Taxes				
Agriculture	\$ 13,747	\$ 34,451	\$ (20,704)	(60.1)%
Construction	(5,647)	(11,642)	5,995	51.5 %
International	(11,866)	(1,441)	(10,425)	(723.5)%
Segment income (loss) before income taxes	(3,766)	21,368	(25,134)	(117.6)%
Shared Resources	800	(4,775)	5,575	116.8 %
Eliminations	1,865	(965)	2,830	293.3 %
Income (Loss) Before Income Taxes	\$ (1,101)	\$ 15,628	\$ (16,729)	(107.0)%

Agriculture

Agriculture segment revenue for the first nine months of fiscal 2015 decreased 14.6% compared to the same period last year. The revenue decrease was due to an Agriculture same-store sales decrease of 14.3% compared to the same period last year, which was primarily due to a decrease in equipment revenue. Equipment revenue was negatively impacted by challenging industry conditions, such as decreases in agricultural commodity prices and projected net farm income, which negatively affected customer sentiment in the first nine months of fiscal 2015 as compared to the same period in the prior year. Changes in actual or anticipated net farm income, or in any of the significant components of net farm income, generally have a direct correlation with agricultural equipment purchases by farmers. In February and August 2014, the U.S. Department of Agriculture published its projections of a decrease in net farm income from calendar year 2013 to 2014. The commodity prices of corn and soybeans, which are the predominant crops in our Agriculture store footprint, were significantly lower during the first nine months of fiscal 2015 than the price during the first nine months of fiscal 2014, mainly as a result of a projected increase in U.S. corn and soybean supply compared to the prior year.

Agriculture segment income before income taxes for the first nine months of fiscal 2015 decreased 60.1% compared to the same period last year, primarily due to the aforementioned decrease in equipment revenue, a decrease in equipment gross profit margin and partially offset by a decrease in operating expenses. The compression in equipment gross profit margin was primarily caused by the previously discussed Agriculture industry challenges as well as an oversupply of used equipment in the Agriculture industry. The decrease in operating expenses was primarily due to lower commissions expense resulting from the decrease in equipment gross profit.

Construction

Construction segment revenue for the first nine months of fiscal 2015 increased 12.0% compared to the same period last year. The revenue increase was due to a same-store sales increase of 20.3% over the first nine months of fiscal 2014. The increase in Construction segment revenue, which included increases in all lines of business, resulted from improved industry conditions and the positive impact of operational initiatives.

Our Construction segment loss before income taxes was \$5.6 million for the first nine months of fiscal 2015 compared to segment loss before income taxes of \$11.6 million for the first nine months of fiscal 2014. This improvement was primarily due to the increase in revenue, decrease in operating expenses, and partially offset by realignment costs. Realignment costs totaling \$2.3 million were recognized during the first quarter of fiscal 2015 related to the headcount reductions and closing of seven Construction stores, which was discussed above. The decrease in operating expenses resulted from the cost savings associated with closing these stores. The dollar utilization of our rental fleet decreased, from 30.8% in the first nine months of fiscal 2014 to 28.7% in the first nine months of fiscal 2015, primarily due to a higher average size rental fleet for the first nine months of the current year.

International

International segment revenue for the first nine months of fiscal 2015 increased \$19.4 million compared to the same period last year, primarily due to new store openings, and a same-store sales increase of 22.3%.

Our International segment loss before income taxes was \$11.9 million for the first nine months of fiscal 2015 compared to segment loss before income taxes of \$1.4 million for the same period last year. This increased loss was primarily due to increases in operating expenses and floorplan interest expense, and a decrease in interest income and other income (expense), as compared to the same period of the prior year. Operating expenses increased due to expanding our distribution network in Eastern Europe, including opening a new store in Ukraine and establishing a European operations center to support our European stores. We believe the political and economic instability in Ukraine has had a negative impact on our revenue, which reduces our ability to leverage these fixed operating costs. The increase in floorplan interest expense for the first nine months of fiscal 2015, as compared to the same period in the prior year, was primarily due to the increase in floorplan payable and the related equipment inventory balances in our International segment, and higher interest rates in Ukraine associated with the political and economic instability that is present in the current fiscal year. The decrease in interest income and other income (expense) was primarily due to foreign currency remeasurement losses in Ukraine, resulting from a devaluation of the Ukrainian hryvnia in the first nine months of fiscal 2015.

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.

Non-GAAP Financial Measures

To supplement our earnings (loss) per share - diluted ("Diluted EPS") presented on a GAAP basis, we use non-GAAP Diluted EPS, which excludes the impact of our store closing costs and foreign currency remeasurement losses in Ukraine, resulting from a devaluation of the Ukrainian hryvnia. We believe that the presentation of non-GAAP Diluted EPS is relevant and useful to our investors because it provides a measurement of earnings on activities we consider to occur in the ordinary course of our business. Non-GAAP Diluted EPS should be evaluated in addition to, and not considered a substitute for, or superior to, the GAAP measure of Diluted EPS.

The following table reconciles Diluted EPS, a GAAP measure, to non-GAAP Diluted EPS:

	Three Months Ended October 31,		Nine Months Ended October 31,	
	2014	2013	2014	2013
(dollars in thousands, except per share data)				
Net Income (Loss) Attributable to Titan Machinery Inc. Common Stockholders				
Net Income (Loss) Attributable to Titan Machinery Inc. Common Stockholders	\$ 2,421	\$ 5,728	\$ (4,613)	\$ 9,112
Non-GAAP Adjustments				
Store Closing Costs (1)	—	—	2,035	—
Ukraine Remeasurement (2)	508	—	4,840	—
Adjusted Net Income Attributable to Titan Machinery Inc. Common Stockholders	\$ 2,929	\$ 5,728	\$ 2,262	\$ 9,112
Diluted EPS				
Diluted EPS	\$ 0.11	\$ 0.27	\$ (0.22)	\$ 0.43
Non-GAAP Adjustments				
Impact of Store Closing Costs (1)	—	—	0.10	—
Impact of Ukraine Remeasurement (2)	0.03	—	0.23	—
Adjusted Diluted EPS	\$ 0.14	\$ 0.27	\$ 0.11	\$ 0.43

(1) See Note 9 of the notes to our consolidated financial statements for details of this matter.

(2) See the Foreign Currency Remeasurement Losses section of Management's Discussion and Analysis of Financial Condition and Results of Operations for details of this matter.

Liquidity and Capital Resources

Sources of Liquidity

Our primary sources of liquidity are cash reserves, cash from operations, and borrowings under our floorplan payable and other credit facilities. We expect these sources of liquidity to be sufficient to fund our working capital requirements, acquisitions, capital expenditures and other investments in our business, service our debt, pay our tax obligations and commitments and contingencies, and meet any seasonal operating requirements for the foreseeable future, provided, however, that our borrowing capacity under our credit agreements is dependent on compliance with various financial covenants as further described in the "Risk Factors" section of our Annual Report on Form 10-K. We have worked in the past, and will continue to work in the future, with our lenders to implement satisfactory modifications to certain financial covenants as appropriate for the business conditions confronted by us.

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, provide working capital, make payments due under building space operating leases and manufacturer floorplan payables. 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. Our main financing arrangements, in which we had discretionary floorplan lines of credit totaling approximately \$1.16 billion as of October 31, 2014, are described in Note 4 of the notes to our consolidated financial statements. As of October 31, 2014, we are in compliance with the financial covenants under these agreements. If anticipated operating results create the likelihood of a future covenant violation, we would work with our lenders on an appropriate modification or amendment to our financing arrangements.

Cash Flow

Cash Flow Used For Operating Activities

Net cash used for operating activities was \$82.6 million for the nine months ended October 31, 2014, compared to \$107.4 million for the nine months ended October 31, 2013. Net cash used for operating activities for the nine months ended

October 31, 2014 was primarily attributable to decreases in our manufacturer floorplan payable and accounts payable, customer deposits, accrued expenses and other long-term liabilities. The decrease in manufacturer floorplan payable was due to an increase in the use of non-manufacturer floorplan payables for financing of our equipment inventories. Net cash used for operating activities for the nine months ended October 31, 2013 was primarily attributable to an increase in our inventories, partially offset by an increase in manufacturer floorplan payable financing of such inventories. The decrease in net cash used for operating activities for the nine months ended October 31, 2014, compared to the same period in the prior year, was primarily due to a decrease in equipment inventory purchases, net of manufacturer floorplan payable financing of such inventories, as compared to the same period last year. We evaluate our cash flow from operating activities net of all floorplan activity. Taking this adjustment into account, our non-GAAP cash flow provided by operating activities was \$0.7 million and cash flow used for operating activities was \$12.0 million for the nine months ended October 31, 2014 and 2013, respectively. For reconciliation of this non-GAAP financial measure, please see the Non-GAAP Cash Flow Reconciliation below.

Cash Flow Provided By Or Used For Investing Activities

Net cash provided by investing activities was \$2.5 million for the nine months ended October 31, 2014, compared to net cash used for investing activities of \$11.0 million for the nine months ended October 31, 2013. For the nine months ended October 31, 2014, net cash provided by investing activities was primarily comprised of proceeds from the sale property and equipment, and partially offset by property and equipment purchases. For the nine months ended October 31, 2013, net cash used for investing activities was primarily comprised of property and equipment purchases and business combinations consisting of two stores.

Cash Flow Provided By Financing Activities

Net cash provided by financing activities was \$116.6 million for the nine months ended October 31, 2014 and \$107.4 million for the nine months ended October 31, 2013. For the nine months ended October 31, 2014, net cash provided by financing activities primarily consisted of an increase in non-manufacturer floorplan payables, which increased as a result of reductions in manufacturer floorplan payable balances, and proceeds from long-term debt. For the nine months ended October 31, 2013, net cash provided by financing activities primarily consisted of proceeds from long-term debt for rental fleet financing, and an increase in non-manufacturer floorplan payables, which increased as a result of higher equipment inventory 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 used for operating activities is a non-GAAP financial measure which is adjusted for non-manufacturer floorplan payable. The adjustment is equal to the net change in non-manufacturer floorplan payable, as shown on the consolidated statements of cash flows. GAAP categorizes non-manufacturer floorplan payable as financing activities in the consolidated statements of cash flows.

We believe that the presentation of non-GAAP cash flow 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.

	As Reported	Adjustment	Non-GAAP Measures
	(in thousands)		
Nine Months Ended October 31, 2014			
Net cash provided by (used for) operating activities	\$ (82,555)	\$ 83,232	\$ 677
Net cash provided by (used for) financing activities	116,570	(83,232)	33,338
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

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

Certain Information Concerning Off-Balance Sheet Arrangements

As of October 31, 2014, we did not have any relationships with unconsolidated entities or financial partnerships, such as entities often referred to as structured finance or special purpose 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 real estate, vehicles and equipment 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, 2014, 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, farm income levels and performance of the agricultural and construction industries, equipment inventory levels, and our primary liquidity sources and adequacy of our capital resources. Any statements that are not based upon historical 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, 2014, 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 \$4.7 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 \$4.7 million. At October 31, 2014, we had variable rate floorplan payable of \$761.2 million, of which approximately \$384.5 million was interest-bearing, variable notes payable and long-term debt of \$83.3 million, and fixed rate notes payable and long-term debt of \$54.9 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 from purchasing inventory in currencies other than the U.S. dollar and 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, 2014, 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.

PART II. - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

We are, from time to time, subject to claims and suits arising in the ordinary course of business. Such claims have, in the past, generally been covered by insurance. There can be no assurance that our insurance will be adequate to cover all liabilities that may arise out of claims brought against us, or that our insurance will cover all claims. We are not currently a party to any material litigation.

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, 2014 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

We did not have any unregistered sales of equity securities during the fiscal quarter ended October 31, 2014.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

Effective October 31, 2014, the Company entered into Amendment No. 5 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. This credit facility provides to the Company floorplan financing for equipment inventory purchases. The amendment modified the borrowing base advance rates, revised the interest rate pricing, replaced the consolidated net income covenant with a minimum consolidated income before income taxes covenant, as adjusted for certain impairment charges, realignment charges, and foreign currency remeasurement losses, and changed the covenant respecting investment in and guaranties of bank indebtedness of foreign subsidiaries. The foregoing summary of the amendment is qualified by reference to the full text of the amendment, a copy of which is attached to this quarterly report as Exhibit 10.1.

Effective October 31, 2014, the Company entered into an Amendment to the Amended and Restated Wholesale Floor Plan Credit Facility and Security Agreement dated November 13, 2007, by and between the Company and CNH Industrial Capital America LLC. This credit facility provides to the Company floor plan financing for inventory purchases. The amendment, amongst other things, replaced the minimum debt service ratio financial covenant with a minimum fixed charge coverage ratio financial covenant of not less than 1.25:1.00, and added or modified related definitions. The foregoing summary of the amendment is qualified by reference to the full text of the amendment, a copy of which is attached to this quarterly report as Exhibit 10.2.

ITEM 6. EXHIBITS

Exhibits - See “Exhibit Index” on page following signatures.

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 10, 2014

TITAN MACHINERY INC.

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

EXHIBIT INDEX
TITAN MACHINERY INC.
FORM 10-Q

Exhibit No.	Description
*10.1	Fifth Amendment, dated as of December 5, 2014, to Amended and Restated Credit Agreement by and among the registrant, Wells Fargo Bank, National Association, and the Financial Institutions Party Thereto.
*10.2	Amendment dated as of December 8, 2014, to Amended and Restated Wholesale Floor Plan Credit Facility and Security Agreement, by and between the registrant and CNH industrial Capital LLC.
*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, 2014, 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



FIFTH AMENDMENT TO AMENDED AND RESTATED CREDIT AGREEMENT

dated as of December 5, 2014

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

FIFTH AMENDMENT TO AMENDED AND RESTATED CREDIT AGREEMENT

This **FIFTH AMENDMENT TO AMENDED AND RESTATED CREDIT AGREEMENT** (***Fifth Amendment***), dated as of December 5, 2014 (***Fifth Amendment Effective Date***), is among **TITAN MACHINERY INC.**, a Delaware corporation (***Borrower***), the several financial institutions party to this Fifth 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, that certain Second Amendment to Amended and Restated Credit Agreement dated as of November 14, 2013, that certain Third Amendment to Amended and Restated Credit Agreement dated as of April 3, 2014, and that certain Fourth Amendment to Amended and Restated Credit Agreement dated as of July 31, 2014 (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) modify the pricing grid, (b) modify the Floorplan Borrowing Base 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 Fifth Amendment Effective Date, the Credit Agreement is modified as follows:

1.1.1 The definition of “Applicable Rate” in Section 1.01 of the Credit Agreement is hereby deleted in its entirety and the following is substituted therefor:

“**Applicable Rate**” means, at any time, the applicable percentage per annum (expressed in basis points) set forth on **Schedule 1.01-A**, each such percentage being based, subject to **Section 2.08(d)**, upon the Consolidated Leverage Ratio and Consolidated Pre-Tax Income as set forth in the most recent Compliance Certificate received by Administrative Agent pursuant to **Section 4.01(a)(xii)** or **Section 6.02(b)**, as applicable. If, at any time, the Consolidated Leverage Ratio and Consolidated Pre-Tax Income qualify for different Tiers on **Schedule 1.01-A**, the Tier with the higher margins shall apply.

1.1.2 The following definition of “Consolidated Pre-Tax Income” is hereby inserted in Section 1.01 of the Credit Agreement in alphabetical order:

“**Consolidated Pre-Tax Income**” means, as of any date of determination, for the period consisting of the four consecutive Fiscal Periods ending on such date of determination, for Borrower and its Subsidiaries on a consolidated basis, net income before taxes.

1.1.3 The definition of “Floorplan Borrowing Base” in Section 1.01 of the Credit Agreement is hereby deleted in its entirety and the following is substituted therefor:

“**Floorplan Borrowing Base**” means as of any date of calculation, an amount, as set forth on the most current Borrowing Base Certificate delivered to the Administrative Agent, equal to the sum of:

- (a) 90% of the net book value of Eligible New Equipment Inventory held by Borrower one year or less; *plus*
- (b) 80% of the net book value of Eligible New Equipment Inventory held by Borrower more than one year but less than or equal to two years; *plus*
- (c) 50% of the net book value of Eligible New Equipment Inventory held by Borrower more than two years but less than or equal to three years;
plus
- (d) 75% of the net book value of Eligible Used Equipment Inventory held by Borrower one year or less; *plus*
- (e) 65% of the net book value of Eligible Used Equipment Inventory held by Borrower more than one year but less than or equal to two years; *plus*
- (f) 25% of the net book value of Eligible Used Equipment Inventory held by Borrower more than two years but less than or equal to three years;
minus
- (g) the Floorplan Borrowing Base Reserve.

The Borrower, Administrative Agent and the Lenders acknowledge and agree that (i) the advance rates set forth in this definition are solely to establish the parameters for Availability, and (ii) this definition does not constitute nor shall it be deemed to constitute an express or implied representation or determination by Lenders that the recovery in a forced liquidation scenario would be equal to the advance rates established herein.

1.1.4 The following definition of “One-Time Re-Measurement Charge” is hereby inserted in Section 1.01 of the Credit Agreement in alphabetical order:

“*One-Time Re-measurement Charge*” means that certain re-measurement charge sustained by Borrower as a result of a \$4,924,000 Ukrainian re-measurement of VAT related assets, from Ukrainian Hryvnia to U.S. Dollars.

1.1.5 Section 2.08(d) of the Credit Agreement is hereby deleted in its entirety and the following is substituted therefor:

(d) **Increases and Decreases of Applicable Rates.** Any increase or decrease in any Applicable Rate resulting from a change in the Consolidated Leverage Ratio or Consolidated Pre-Tax Income shall become effective as of the date that is the earlier of: (i) the last date by which Borrower is otherwise required to deliver a Compliance Certificate in accordance with **Section 6.02(b)** with reference to **Section 6.01** for a given period (each such date, a “*calculation date*”); and (ii) the date that is two Business Days after the date on which Borrower actually delivers a Compliance Certificate in accordance with **Section 6.02(b)** with reference to **Section 6.01** for such period; *provided that*, if any Compliance Certificate required to be delivered in accordance with **Section 6.02(b)** with reference to **Section 6.01** for any given period is not delivered to Administrative Agent on or before the related calculation date, then Tier 5 (as indicated on **Schedule 1.01-A**) shall apply, effective on the related calculation date until two Business Days after such Compliance Certificate is actually received by Administrative Agent.

Notwithstanding the foregoing, in the event that a Compliance Certificate delivered pursuant to **Section 6.02(b)** is inaccurate (regardless of whether (i) this Agreement is in effect, or (ii) the Working Capital Commitments are in effect, (iii) the Floorplan Commitments are in effect or (iv) any Credit Extension is outstanding when such inaccuracy is discovered or such Compliance Certificate was delivered), and such inaccuracy, if corrected, would have led to the application of a higher Applicable Rate for any period (an “*Applicable Period*”) than the Applicable Rate applied for such Applicable Period, then (x) the Borrower shall immediately deliver to the Administrative Agent a corrected Compliance Certificate for such Applicable Period, (y) the Applicable Rate for such Applicable Period shall be determined as if the Consolidated Leverage Ratio and Consolidated Pre-Tax Income in the corrected Compliance Certificate were applicable for such Applicable Period, and (z) the Borrower shall immediately pay to the Administrative Agent the accrued additional interest and fees owing as a result of such increased Applicable Rate for such Applicable Period, which payment shall be promptly applied by the Administrative Agent in accordance with **Section 2.12**. Nothing in this paragraph shall limit the rights of the Administrative Agent and Lenders with respect to **Section 2.08(b)** and **Section 8.01**, provided that payment of any amounts due under the previous sentence shall cure any Default and Event of Default resulting from any such inaccurate Compliance Certificate (but not any underlying financial covenant or other default).

1.1.6 Section 6.12(c) of the Credit Agreement is hereby deleted in its entirety and the following is substituted therefor:

(c) **Consolidated Pre-Tax Income.** Borrower shall maintain, as of each date described below, a Consolidated Pre-Tax Income of not less than the corresponding minimum amount for such date:

Date	Minimum Consolidated Pre-Tax Income
October 31, 2014	\$10,000,000
January 31, 2015	\$5,000,000
April 30, 2015	\$6,000,000
July 31, 2015	\$6,000,000
October 31, 2015	\$10,000,000
January 31, 2016	\$10,000,000
April 30, 2016 and the end of each Fiscal Period thereafter	\$15,000,000

For purposes of calculating Consolidated Pre-Tax Income to determine the Applicable Rate and compliance with this Section 6.12(c), (a) for all Fiscal Periods through the Fiscal Period ending October 31, 2014, the One-Time Impairment Charge shall be excluded from the calculation of Consolidated Pre-Tax Income; (b) for all Fiscal Periods through the Fiscal Period ending October 31, 2014 for that portion of the One-Time Restructuring Charge incurred in the Fiscal Period ending January 31, 2014, and through the Fiscal Period January 31, 2015 for that portion of the One-Time Restructuring Charge incurred in the Fiscal Period ending April 30, 2014, the One-Time Restructuring Charge shall be excluded from the calculation of Consolidated Pre-Tax Income; (c) for the Fiscal Periods ending October 31, 2014 and January 31, 2015, \$4,924,000 of the One-Time Re-measurement Charge shall be excluded from the calculation of Consolidated Pre-Tax Income; (d) for the Fiscal Period ending April 30, 2015, \$1,826,000 of the One-Time Re-measurement Charge shall be excluded from the calculation of Consolidated Pre-Tax Income; (e) for the Fiscal Period ending July 31, 2015, \$518,000 of the One-Time Re-measurement Charge shall be excluded from the calculation of Consolidated Pre-Tax Income.

1.1.7 Section 7.02(d) of the Credit Agreement is hereby deleted in its entirety and the following is substituted therefor:

(d) (i) Investments of Borrower in any Subsidiary Guarantor; (ii) Investments of any Subsidiary Guarantor in any other Subsidiary Guarantor; (iii) Investments of any Subsidiary in Borrower; (iv) Investments of Borrower or any wholly-owned Subsidiary thereof consisting of Equity Interests disclosed on **Schedule 5.16**; (v) Investments permitted under **Section 7.03(k)**; (vi) Investments of Borrower in Foreign Subsidiaries in an aggregate amount outstanding at any time not to exceed (A) \$135,000,000 from October 31, 2014 through January 30, 2015; (B) \$125,000,000 from January 31, 2015 through July 30, 2015; (C) \$120,000,000 from July 31, 2015 through October 30, 2015; and (D) \$110,000,000 from and after October 31, 2015; and (vii) Investments of any Foreign Subsidiary in any other Foreign Subsidiary;

1.1.8 Section 7.02(l) of the Credit Agreement is hereby deleted in its entirety and the following is substituted therefor:

(l) subject to any limitations set forth in **Sections 7.02(a) through (k)**, other Investments in an aggregate amount outstanding at any time not to exceed two percent (2%) of Consolidated Total Assets.

1.1.9 Section 7.03(c) of the Credit Agreement is hereby deleted in its entirety and the following is substituted therefor:

(c) Guarantees by Borrower or any Subsidiary thereof of Debt (other than Debt under the Loan Documents) otherwise permitted hereunder of Borrower or any Domestic Subsidiary thereof;

1.1.10 Section 7.03(m) of the Credit Agreement is hereby deleted in its entirety and the following is substituted therefor:

(m) (i) Debt of any Foreign Subsidiary and (ii) unsecured guarantees by Borrower of such Debt; *provided*, that the aggregate amount of such Debt guaranteed by Borrower does not exceed (A) \$115,000,000 through July 30, 2015 and (B) \$110,000,000 from and after July 31, 2015; *provided further*, that the foregoing limitation on guarantees does not apply to (x) Debt obtained by a Foreign Subsidiary from or through any manufacturer, supplier or other vendor or its Affiliates, or (y) other floorplan financing Debt obtained by a Foreign Subsidiary other than from a bank or other institutional lender;

1.1.11 Schedule 1.01-A to the Credit Agreement is deleted and replaced with the Schedule 1.01-A attached to this Fifth Amendment.

1.1.12 Exhibit B (Form of Compliance Certificate) to the Credit Agreement is deleted and replaced with the Compliance Certificate form attached to this Fifth Amendment as Exhibit A.

1.1.13 Exhibit H (Form of Borrowing Base Certificate) to the Credit Agreement is deleted and replaced with the Borrowing Base Certificate form attached to this Fifth Amendment as Exhibit B.

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 Fifth 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 FIFTH AMENDMENT; GENERAL PROVISIONS

SECTION 3.1 CONDITIONS PRECEDENT

3.1.1 This Fifth 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 Fifth Amendment.

3.1.2 Without limiting the foregoing, the effectiveness of this Fifth Amendment shall be conditioned on receipt by Administrative Agent of the consent of Required 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 Fifth 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 Fifth 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 Fifth Amendment are true and accurate and are hereby incorporated into this Fifth 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 Fifth 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 Fifth Amendment, the Credit Agreement and Loan Documents.

SECTION 3.5 GOVERNING LAW; JURISDICTION; ETC.

3.5.1 GOVERNING LAW. THIS FIFTH AMENDMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORD 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, 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 FIFTH AMENDMENT OR ANY OTHER LOAN DOCUMENT TO WHICH EACH IS A PARTY, OR FOR RECOGNITION OR ENFORCEMENT OF ANY JUDGMENT, AND EACH OF THE PARTIES IRREVOCABLY AND UNCONDITIONALLY AGREES THAT ALL

CLAIMS IN RESPECT OF ANY SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN SUCH STATE COURT 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 APPLICABLE LAW. NOTHING IN THIS FIFTH 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 FIFTH 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 THE VENUE OF ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS FIFTH 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 AND 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 FIFTH 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 Fifth 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 Fifth Amendment, or the application thereof to any person or circumstances, shall, to any extent, be invalid or unenforceable, the remainder of this Fifth 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 Fifth 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 MATTER. IN THE EVENT OF LITIGATION, A COPY OF THIS FIFTH AMENDMENT MAY BE FILED AS A WRITTEN CONSENT TO A TRIAL COURT.

SECTION 3.8 FINAL EXPRESSION

THIS WRITTEN AGREEMENT IS THE FINAL EXPRESSION OF THE FIFTH AMENDMENT TO THE CREDIT AGREEMENT AMONG THE PARTIES HERETO AS THE SAME EXISTS TODAY AND MAY NOT BE CONTRADICTED BY ANY 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 AGREEMENT BETWEEN THEMSELVES WITH RESPECT TO THE SUBJECT MATTER OF THIS FIFTH AMENDMENT TO THE CREDIT AGREEMENT GENERALLY.

[SIGNATURE PAGES FOLLOW]

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

BORROWER:

TITAN MACHINERY INC.,
a Delaware corporation

By: /s/ Ted O. Christianson, Treasurer

Name: Ted O. Christianson

Title: Treasurer

Signature Page to Fifth 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/ Wayne D. Horsman

Name: Wayne D. Horsman

Title: Vice-President

Signature Page to Fifth Amendment to Amended and Restated Credit Agreement

LENDER:

BANK OF AMERICA, N.A.

By: /s/ Don Stafford

Name: Don Stafford

Title: SVP

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LENDER:

BANK OF THE WEST

a California banking corporation

By: /s/ Ryan J. Mauser

Name: Ryan Mauser

Title: Vice President

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LENDER:

BREMER BANK, N.A.

By: /s/ Wesley Well

Name: Wesley Well

Title: President - Lisbon

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LENDER:

COMERICA BANK

By: /s/ Darren Grahsl

Name: Darren Grahsl

Title: Vice President

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SCHEDULE 1.01-A

APPLICABLE RATES

Tier	Consolidated Leverage Ratio	Consolidated Pre-Tax Income	Applicable LIBOR Margin (bps)	Applicable Base Rate Margin (bps)	Applicable L/C Margin (bps)
I	Less than 1.50 to 1.00	Greater than or equal to \$75,000,000	150.0	50.0	150.0
II	Greater than or equal to 1.50 to 1.00 but less than 2.00 to 1.00	Greater than or equal to \$50,000,000 but less than \$75,000,000	175.0	75.0	175.0
III	Greater than or equal to 2.00 to 1.00 but less than 2.50 to 1.00	Greater than or equal to \$30,000,000 but less than \$50,000,000	225.0	125.0	225.0
IV	Greater than or equal to 2.50 to 1.00 but less than 3.00 to 1.00	Greater than or equal to \$20,000,000 but less than \$30,000,000	250.0	150.0	250.0
V	Greater than or equal to 3.00 to 1.00	Less than \$20,000,000	287.5	187.5	287.5

Schedule 1.01-A to Fifth Amendment to Amended and Restated Credit Agreement

EXHIBIT A

FORM OF COMPLIANCE CERTIFICATE

(attached)

Exhibit A to Fifth Amendment to Amended and Restated Credit Agreement

EXHIBIT A

Compliance Certificate

To: Wells Fargo Bank, National Association, as the Administrative Agent
Date: _____, 20____
Subject: Titan Machinery Inc.

Financial Statements

In accordance with our Amended and Restated Credit Agreement dated as of March 30, 2012, as amended, modified, extended, renewed, supplemented or restated (the "**Credit Agreement**"), attached are the financial statements of Titan Machinery Inc. (the "**Borrower**") of and for the [fiscal year] [fiscal quarter] ended _____, 20____ (the "**Reporting Date**") and the year-to-date period then ended (the "**Current Financials**") required to be made publicly available on EDGAR or otherwise delivered pursuant to Section 6.01 of the Credit Agreement. All terms used in this certificate have the meanings given in the Credit Agreement.

The Borrower certifies that the Current Financials have been prepared in accordance with GAAP, subject to normal year-end adjustments and absence of footnotes, and fairly present in all material respects the consolidated financial condition of the Borrower as of the date thereof and in a manner consistent with prior periods.

Defaults. (Check one):

The Borrower further certifies that:

“ Except as previously reported in writing to the Administrative Agent, the Borrower does not have knowledge of the occurrence of any Default under the Credit Agreement.

“ The Borrower has knowledge of the occurrence of a Default under the Credit Agreement not previously reported in writing to the Administrative Agent and attached hereto is a statement of the facts with respect to thereto and the action which the Borrower is taking or purposes to take with respect thereto.

Representations and Warranties:

The Borrower further certifies that each of the representations and warranties made by the Borrower, any Subsidiary, and/or any member of the Borrower party to the Credit Agreement and/or party to any other Loan Document are true and correct in all material respects on and as of the date of this Compliance Certificate as if made on and as of the date of this Compliance Certificate (and for purposes of this Compliance Certificate, the representation and warranties made by the Borrower in Section 5.11 of the Credit Agreement shall be deemed to refer to the financial statements of the Borrower made publicly available on EDGAR or otherwise delivered to the Administrative Agent and the Lenders with this Compliance Certificate).

Signature Page to Fifth Amendment to Amended and Restated Credit Agreement

Applicable Rate. The Borrower further certifies as follows:

As of the Reporting Date, the Borrower's Consolidated Leverage Ratio was _____ to 1.00 and Consolidated Pre-Tax Income was \$ _____. As a result, the applicable Tier on Schedule 1.01-A to the Credit Agreement is Tier _____.

Financial Covenants. The Borrower further certifies as follows:

1. Maximum Consolidated Net Leverage Ratio Pursuant to Section 6.12(a) of the Credit Agreement, as of the Reporting Date, the Borrower's Consolidated Net Leverage Ratio was _____ to 1.00 which "satisfies" does not satisfy the requirement that such ratio be no more than the applicable ratio set forth below on the Reporting Date.

Reporting Date	Maximum Consolidated Net Leverage Ratio
April 30, 2014 through October 31, 2014	3.25:1.00
January 31, 2015 and thereafter	3.00:1.00

2. Minimum Consolidated Fixed Charge Coverage Ratio. Pursuant to Section 6.12(b) of the Credit Agreement, as of the Reporting Date, the Borrower's Consolidated Fixed Charge Coverage Ratio was _____ to 1.00 which "satisfies" does not satisfy the requirement that such ratio be no less than 1.25 to 1.00 on the Reporting Date.

3. Minimum Consolidated Pre-Tax Income Pursuant to Section 6.12(c) of the Credit Agreement, as of the Reporting Date, the Borrower's Consolidated Pre-Tax Income was \$ _____ which "satisfies" does not satisfy the requirement that Consolidated Pre-Tax Income be no less than the applicable amount set forth below on the Reporting Date.

Date	Minimum Consolidated Pre-Tax Income
October 31, 2014	\$10,000,000
January 31, 2015	\$5,000,000
April 30, 2015	\$6,000,000
July 31, 2015	\$6,000,000
October 31, 2015	\$10,000,000
January 31, 2016	\$10,000,000
April 30, 2016 and the end of each Fiscal Period thereafter	\$15,000,000

Attached hereto are all relevant facts in reasonable detail to evidence, and the computations of the financial covenants referred to above. These computations were made in accordance with GAAP or as otherwise provided in the Credit Agreement.

Additional Covenants and Limitations. The Borrower further certifies as follows:

Signature Page to Fifth Amendment to Amended and Restated Credit Agreement

1. Foreign Investments. As of the Reporting Date, the aggregate outstanding amount of Borrower's Investments in Foreign Subsidiaries was \$_____ which "satisfies" does not satisfy the requirement that such Investments not exceed (A) \$135,000,000 from October 31, 2014 through April 29, 2015; (B) \$125,000,000 from April 30, 2015 through July 30, 2015; (C) \$120,000,000 from July 31, 2015 through October 30, 2015 and (D) \$110,000,000 from and after October 31, 2015.

2. Foreign Guarantees. As of the Reporting Date, the aggregate outstanding amount of Debt of Foreign Subsidiaries guaranteed by Borrower (excluding (x) Debt obtained by a Foreign Subsidiary from or through any manufacturer, supplier or other vendor or its Affiliates, or (y) other floorplan financing Debt obtained by a Foreign Subsidiary other than from a bank or other institutional lender) was \$_____ which "satisfies" does not satisfy the requirement that such Investments not exceed (A) \$115,000,000 through July 30, 2015 and (B) \$110,000,000 from and after July 31, 2015.

3. Existing Debt. The following Debt is outstanding as of the Reporting Date:

<u>Amount</u>	<u>Debt</u>
\$	CNH Capital America, LLC - 0% Debt
\$	CNH Capital America, LLC - Interest Bearing
\$	Agricredit Acceptance, LLC
\$	Rental Equipment Debt (7.03(n))
\$	Floorplan Loans
\$	Working Capital Loans

TITAN MACHINERY INC.,
a Delaware corporation

By
Name:
Title:

Signature Page to Fifth Amendment to Amended and Restated Credit Agreement

EXHIBIT B

FORM OF BORROWING BASE CERTIFICATE

(attached)

Exhibit B to Fifth Amendment to Amended and Restated Credit Agreement

BORROWING BASE CERTIFICATE

Pursuant to the AMENDED AND RESTATED CREDIT AGREEMENT, dated as of March 30, 2012, among Titan Machinery Inc., a Delaware corporation ("**Borrower**"), the Subsidiary Guarantors party thereto, the several financial institutions thereto as Lenders, and WELLS FARGO BANK, NATIONAL ASSOCIATION, a national banking association, as Administrative Agent, Swing Line Lender and L/C Issuer (as amended from time to time, the "**Credit Agreement**"), the undersigned certifies that as of the close of business on the date set forth below, the Floorplan Availability and Working Capital Availability are computed as set forth below.

The undersigned represents and warrants that this Borrowing Base Certificate is a true and correct statement of, and that the information contained herein is true and correct in all material respects regarding, the status of Eligible Accounts, Eligible New Equipment Inventory, Eligible Used Equipment Inventory, Eligible Rental Equipment, and Eligible Parts and Attachments Inventory and that the amounts reflected herein are in compliance with the provisions of the Credit Agreement and the Exhibits thereto. The undersigned further represents and warrants that there is no continuing Event of Default and all representations and warranties contained in the Credit Agreement and other Loan Documents are true and correct in all material respects. The undersigned understands that Wells Fargo Bank, National Association, and the other Lenders will extend loans in reliance upon the information contained herein. In the event of a conflict between the following summary of eligibility criteria and the criteria set forth in the definition of Eligible Accounts, Eligible New Equipment Inventory, Eligible Used Equipment Inventory, Eligible Rental Equipment, and Eligible Parts and Attachments Inventory indicated in the Credit Agreement, the Credit Agreement shall govern. Capitalized terms used herein and not otherwise defined herein shall have the meanings specified in the Credit Agreement.

Calculation of Floorplan Borrowing Base as of _____:

New Equipment Inventory - NBV	\$ _____	[a]
Less: Ineligible New Equipment Inventory		
Encumbered/Other U.S. New Equipment Inventory	\$ _____	
New Equipment Inventory located outside the U.S.	\$ _____	
New Equipment on Hand > 3 years	\$ _____	
Total Ineligible New Equipment Inventory	\$ _____	[b]
Total Eligible New Equipment Inventory ([a]-[b])	\$ _____	[c]
Eligible New Equipment Inventory held one year or less	\$ _____	[d]
Available at 90% of net book value ([d]*0.90)	\$ _____	[e]
Eligible New Equipment Inventory held more than one year but less than or equal to two years	\$ _____	[f]
Available at 80% of net book value ([f]*0.80)	\$ _____	[g]
Eligible New Equipment Inventory held more than two years but less than or equal to three years	\$ _____	[h]
Available at 50% of net book value ([h]*0.50)	\$ _____	[i]
Used Equipment Inventory - NBV	\$ _____	[j]
Less: Ineligible Used Equipment Inventory		
Encumbered/Other U.S. Used Equipment Inventory	\$ _____	
Used Equipment on Hand > 3 years	\$ _____	

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Used Equipment Inventory located outside the U.S. \$ _____

Total Ineligible Used Equipment Inventory \$ _____ [k]

Total Eligible Used Equipment Inventory ([e]-[f]) \$ _____ [l]

Eligible Used Equipment Inventory held one year or less \$ _____ [m]

Available at 75% of net book value ([m]*0.75) \$ _____ [n]

Eligible Used Equipment Inventory held more than one year but less than or equal to two years \$ _____ [o]

Available at 65% of net book value ([o]*0.65) \$ _____ [p]

Eligible Used Equipment Inventory held more than two years but less than or equal to three years \$ _____ [q]

Available at 25% of net book value ([q]*0.25) \$ _____ [r]

Floor Plan Borrowing Base ([e] + [g] + [i] + [n] + [p] + [r]) \$ _____ [s]

Total Floorplan Loans \$ _____ [t]

Total Swing Line Loans \$ _____ [u]

L/C Credit Extension \$ _____ [v]

Total Floorplan Outstandings ([t]+[u]+[v]) \$ _____ [w]

Aggregate Floorplan Commitment \$ _____ [x]

Floorplan Availability (lesser of [s] minus [w] or; [x] minus [w]) \$ _____

Calculation of WORKING CAPITAL Borrowing Base as of _____:

Gross Accounts Receivable \$ _____ [a]

Less: Ineligible Accounts Receivable

A/R Greater than 90 days Past Due \$ _____

Cross Agings > 20% \$ _____

Warranty Receivables \$ _____

Supplier Receivables \$ _____

Discount Receivables \$ _____

Other A/R Due From Suppliers \$ _____

Employee Receivables \$ _____

Encumbered A/R or Contracts in Transit \$ _____

Foreign Receivables \$ _____

Related Party/Intercompany Receivables \$ _____

Earned not billed rental Receivables \$ _____

A/R Eliminations \$ _____

Other Ineligible Receivables \$ _____

Total Ineligible Accounts Receivable \$ _____ [b]

Total Eligible Accounts Receivable ([a]-[b]) \$ _____ [c]

Available at 80% Advance Rate ([c]*0.80) \$ _____ [d]

Rental Equipment Inventory - NBV \$ _____ [e]

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Less: Ineligible Rental Equipment Inventory \$ _____ [f]
Total Eligible Used Rental Equipment Inventory ([e]-[f]) \$ _____ [g]
Available at 85% of net book value ([g]*0.85) \$ _____ [h]

Gross Parts and Attachments Inventory \$ _____ [i]
Less: Ineligible Parts and Attachments Inventory
Trade/Notes Payables due to CNH \$ _____
CNH Finance Reserve \$25,000
CNH Parts Reserve 1 \$ _____
Parts on Hand > 3 years in excess of \$1MM \$ _____
Parts Subject to First Lien of Others (Non CNH) \$ _____
Foreign Parts \$ _____
Total Ineligible Parts and Attachments \$ _____ [j]
Total Eligible Parts and Attachments Inventory ([i]-[j]) \$ _____ [k]
Available at 75% Advance Rate ([k]*0.75) \$ _____ [l]

Work in Process Inventory \$ _____ [m]
Available at 50% Advance Rate ([m]*.50) \$ _____ [n]

Total Parts and Attachments Inventory ([l] + [n]) \$ _____ [o]

Working Capital Borrowing Base ([d] + [h] + [o]) \$ _____ [p]

Working Capital Loans \$ _____ [q]
L/C Credit Extension \$ _____ [r]
Total Working Capital Outstandings ([q]+[r]) \$ _____ [s]

Aggregate Working Capital Commitment \$ _____ [t]

Working Capital Availability (lesser of [p] minus [s] or; [t] minus [s]) \$ _____

IN WITNESS WHEREOF, this Borrowing Base Certificate has been duly executed as of the date first written above.

TITAN MACHINERY INC.
a Delaware corporation

By:
Name:
Title:

1 CNH Parts Reserve = 50% of the sum of CNH Parts & Attachments less Trade/Notes Payable due to CNH less CNH Finance Reserve of \$25,000,000.

Signature Page to Fifth Amendment to Amended and Restated Credit Agreement

**AMENDMENT TO THE AMENDED AND RESTATED
WHOLESALE FLOOR PLAN CREDIT FACILITY AND SECURITY AGREEMENT**

THIS Amendment to the Amended and Restated Wholesale Floor Plan Credit Facility and Security Agreement (the "**Amendment**") is made and entered into as of the 8th day of December, 2014 by and between CNH Industrial Capital America LLC, a Delaware limited liability company ("**Lender**") and Titan Machinery Inc., a Delaware corporation ("**Borrower**").

RECITALS

WHEREAS, Lender and Borrower executed that certain Amended and Restated Wholesale Floor Plan Credit Facility and Security Agreement dated November 13, 2007 as amended, supplemented, restated or modified from time to time (the "**WFSA**") for the provision of a wholesale floor plan credit facility to acquire new equipment, used equipment and parts, among other services;

WHEREAS, Lender and Borrower now desire to amend the WFSA so as to further align the financial covenants contained in the WFSA with certain other financial covenants required by Borrower's third-party lenders under that certain Amended and Restated Credit Agreement dated March 30, 2012 (the "**Credit Agreement**");

WHEREAS, Lender is willing to continue to provide the wholesale floor plan financing upon the terms and conditions set forth in the WFSA and as amended herein;

NOW THEREFORE, in consideration of the foregoing, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the parties, Lender and Borrower hereby agree as follows:

AGREEMENT

The parties hereto confirm the accuracy of the recitals above and acknowledge that the recitals form an integral part of this Amendment. This Amendment and the modifications made herein shall be effective as of October 31, 2014.

ARTICLE I – DEFINITIONS

Section 1.01 Modifications

1. A new definition of "**Acquisition**" is hereby inserted into Section 1.01 of the WFSA in alphabetical order.

"Acquisition" means any transaction or series of related transactions resulting, directly or indirectly, in: (a) the acquisition by any Person of: (i) all or substantially all of the assets of another Person; or (ii) any business unit or division of another Person; (b) the acquisition by any Person of in excess of 50.00% of the Equity Interests of any other Person, or otherwise causing any other Person to become a Subsidiary of such Person; or (c) a merger or consolidation, or any other combination, of any Person with another Person (other than a Person that is a wholly-owned Subsidiary) in which Borrower or a Subsidiary of Borrower is the surviving Person.

2. A new definition of "**Consolidated Fixed Charge Coverage Ratio**" is hereby inserted into Section 1.01 of the WFSA in alphabetical order.

“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, 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); *plus* (iv) cash restructuring charges.

For purposes of computing the ***“Consolidated Fixed Charge Coverage Ratio”*** as of any date, following an Acquisition, Borrower shall compute components of such ratios, financial results (without duplication of amounts) attributable to any business or assets the subject of any such Acquisition by Borrower or any Subsidiary thereof effected during such period in the same manner that Borrower accounts for such Acquisition for purposes of complying with applicable securities laws and regulations (including, if applicable, pursuant to SX Rule 3-05).

3. A new definition of ***“Consolidated EBITDAR”*** is hereby inserted into Section 1.01 of the WFSA in alphabetical order.

“Consolidated EBITDAR” means, for any period, for Borrower and its Subsidiaries on a consolidated basis, the sum of (without duplication): (a) Consolidated Net Income for such period; *plus* (b) Consolidated Interest Expense (net of interest income) for such period to the extent included in the determination of such Consolidated Net Income; *plus* (c) all amounts treated as expenses for such period for depreciation and amortization, but in each case only to the extent included in the determination of such Consolidated Net Income; *plus* (d) Consolidated Rent Expense; *plus* (e) income tax expense related to income made by the Borrower and its Subsidiaries; *plus* (f) Consolidated Rent-to-Own Expense; *plus* (g) non-cash restructuring charges to the extent included in the determination of Consolidated Net Income; *plus* (h) extraordinary losses to the extent included in the determination of Consolidated Net Income; *plus* (i) non-cash goodwill and intangible asset impairment charges to the extent included in the determination of Consolidated Net Income; *minus* (j) extraordinary gains to the extent included in the determination of Consolidated Net Income; *minus* (k) non-cash restructuring gains to the extent included in the determination of Consolidated Net Income.

4. A new definition of ***“Capital Expenditures”*** is hereby inserted into Section 1.01 of the WFSA in alphabetical order.

“Capital Expenditures” means all expenditures (whether paid in cash or other consideration or accrued as a liability and including that portion of capital leases that is capitalized on the balance sheet of such Person including in connection with a sale-leaseback transaction) by such Person for the acquisition or leasing of fixed or capital assets or additions to equipment (including replacements, capitalized repairs and improvements during such period) that are required to be capitalized under GAAP on a balance sheet of such Person, *but specifically excluding* any equipment purchased by a Loan Party for lease or rental to others. For purposes of this definition: (a) the purchase price of equipment that is purchased simultaneously with the trade-in of existing equipment owned by such Person thereof or with insurance proceeds shall be included in Capital Expenditures only to the extent of the gross amount of such purchase price *minus* the credit granted by the seller of such equipment for such equipment being traded in at such time, or the amount of such proceeds, as the case may be;

and (b) neither an acquisition, to the extent Lender has provided its prior written consent, of replacement property or to restore the property affected by loss, destruction or damage nor a ***Financial Covenant*** Acquisition shall constitute a ***“Capital Expenditure.”***

5. A new definition of ***“Consolidated Interest Expense”*** is hereby inserted into Section 1.01 of the WFSA in alphabetical order.

“Consolidated Interest Expense” means, for any period, for Borrower and its Subsidiaries on a ***consolidated*** basis, the sum of (without duplication): (a) all interest, premium payments, debt discount, fees, charges and related expenses in connection with borrowed money (including capitalized interest) or in connection with the deferred purchase price of assets during such period; *plus* (b) all payments made under interest rate Swap Contracts during such period to the extent not included in clause (a) of this definition; *minus* (c) all payments received under interest rate Swap Contracts during such period; *plus* (d) the portion of rent expense with respect to such period under capital leases that is treated as interest in accordance with GAAP.

6. A new definition of ***“Consolidated Net Income”*** is hereby inserted into Section 1.01 of the WFSA in alphabetical order.

“Consolidated Net Income” means for any period, the sum of net income (or loss) for such period of the Borrower and its Subsidiaries on a consolidated basis determined in accordance with GAAP, but excluding any income of any Person if such Person is not a Subsidiary, except that the Borrower's direct or indirect equity in the net income of any such person for such period shall be included in such Consolidated Net Income in accordance with GAAP.

7. A new definition of ***“Consolidated Rent Expense”*** is hereby inserted into Section 1.01 of the WFSA in alphabetical order.

“Consolidated Rent Expense” means for such period, total rental expenses attributable to operating leases of the Borrower and its Subsidiaries for real property on a consolidated basis.

8. A new definition of ***“Consolidated Rent-to-Own Expense”*** is hereby inserted into Section 1.01 of the WFSA in alphabetical order.

“Consolidated Rent-to-Own Expense” means for any period, the total, for Borrower and its Subsidiaries on a consolidated basis, non-cash expenses attributable to the cost of goods sold for retail inventory that is being rented on a rent-to-own basis.

9. A new definition of ***“Control”*** is hereby inserted into Section 1.01 of the WFSA in alphabetical order.

“Control” means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise. The terms ***“Controlling”*** and ***“Controlled”*** have meanings correlative thereto. Without limiting the generality of the foregoing, a Person shall be deemed to be Controlled by another Person if such other Person possesses, directly or indirectly, the power to vote 12.50% or more of the securities having ordinary voting power for the election of directors, managing general partners or the equivalent.

10. A new definition of ***“Equity Interests”*** is hereby inserted into Section 1.01 of the WFSA in alphabetical order.

“Equity Interests” means, with respect to any Person, all of the shares of capital stock of (or other ownership or profit interests in) such Person, all of the warrants, options or other rights for the purchase or acquisition from such Person of shares of capital stock of (or other ownership or profit interests in) such Person, all of the securities convertible into or exchangeable for shares of capital stock of (or other ownership or profit interests in) such Person or warrants, rights or options for the purchase or acquisition from such Person of such shares (or such other interests), and all of the other ownership or profit interests in such Person (including partnership, member or trust interests therein), whether voting or nonvoting, and whether or not such shares, warrants, options, rights or other interests are outstanding on any date of determination; *provided that Financial Covenant Convertible Debt and Financial Covenant Warrants shall not constitute Equity Interests of Borrower.*

11. A new definition of **“Fiscal Period”** is hereby inserted into Section 1.01 of the WFSa in alphabetical order.

“Fiscal Period” means, as of any date of determination with respect to Borrower or any Subsidiary thereof, each fiscal quarter occurring during each of Borrower’s fiscal years.

12. A new definition of **“Financial Covenant Acquisitions”** is hereby inserted into Section 1.01 of the WFSa in alphabetical order.

“Financial Covenant Acquisition” means any Acquisition so long as: (a) such Acquisition is undertaken in accordance with all applicable Requirements of Law; (b) no Default exists immediately prior to, or would exist immediately after, giving effect to such Acquisition; (c) in connection with such Acquisition, Borrower has obtained, effective written consent of the board of directors or equivalent governing body of the Person or business so acquired (the **“Acquiree”**) if required under applicable corporate/company law or the Borrower’s organizational documents; (d) the Acquiree (or the business unit or division of the Acquiree to be acquired) shall be engaged principally in the same business as Borrower or the Subsidiary of Borrower proposing to effect such Acquisition or a related business; (e) the aggregate cash and non-cash consideration to be paid by Borrower and any Subsidiary thereof (whether in one or a series of transactions) for such Acquisition does not exceed (i) 10% of the value of the assets reflected on the consolidated balance sheet of the Borrower and its Subsidiaries as of such date prepared in accordance with GAAP (the **“Consolidated Total Assets”**) for any one Acquisition if such Acquisition is of a Subsidiary incorporated or organized under the laws of the U.S. or assets located within the U.S., (ii) 5% of Consolidated Total Assets for any one Acquisition if such Acquisition is of a foreign Subsidiary incorporated or organized under a jurisdiction other than the laws of the U.S. or the assets are located outside the U.S., (iii) 10% of Consolidated Total Assets for all Acquisitions of a foreign Subsidiary incorporated or organized under a jurisdiction other than the laws of the U.S. or the assets are located outside the U.S. in each fiscal year, or (iv) 20% of Consolidated Total Assets for all Acquisitions in each fiscal year; (f) upon the closing of such Acquisition, in the case where the aggregate cash and non-cash consideration to be paid by Borrower and any Subsidiary thereof (whether in one or a series of transactions) for such Acquisition exceeds 5% of the Borrower’s Consolidated Total Assets (a **“Financial Covenant Material Acquisition”**), Borrower shall deliver to Lender: (i) a certificate to the effect that each of clauses (a) through (e), inclusive, of this definition has been satisfied; (ii) a copy of the resolutions or consent required to be obtained by (c); (iii) a certificate detailing pro forma compliance with all financial covenants set forth in Section 5.01 for each of the Fiscal Periods which remain in such fiscal year following the consummation of such Acquisition; (iv) the consolidated earnings before interest, taxes, depreciation and amortization of the Borrower and all Persons who are guarantors, including the Acquiree (or the business unit or division of the Acquiree to be acquired), must be positive on a *pro forma* basis for

each of the Fiscal Periods which remain in such fiscal year following the consummation of such Acquisition; and (v) a three year financial forecast for the Acquiree; and (g) within 30 days after the closing of such Acquisition in the case of any other Acquisition that is not a Financial Covenant Material Acquisition, Borrower shall deliver to Lender: (i) a certificate to the effect that each of clauses (a) through (e), inclusive, of this definition has been satisfied; and (ii) a copy of the resolutions or consent required to be obtained by (c). For purposes this definition, any purchases of minority Equity Interests of a Subsidiary following the initial Acquisition of such Subsidiary will be deemed to be a series of transactions constituting a single Acquisition.

13. A new definition of ***“Financial Covenant Call Options”*** is hereby inserted into Section 1.01 of the WFSA in alphabetical order.

“Financial Covenant Call Options” means any convertible bond hedge transactions, call options or capped call options relating to Borrower’s Equity Interests (regardless of whether settled in cash or in Equity Interests) that are purchased by Borrower substantially contemporaneously with the issuance of any ***Financial Covenant*** Convertible Debt.

14. A new definition of ***“Financial Covenant Convertible Debt”*** is hereby inserted into Section 1.01 of the WFSA in alphabetical order.

“Financial Covenant Convertible Debt” means any Debt that is convertible into Equity Interests of Borrower and/or cash in lieu thereof.

15. A new definition of ***“Financial Covenant Warrants”*** is hereby inserted into Section 1.01 of the WFSA in alphabetical order.

“Financial Covenant Warrants” means any call options relating to Borrower’s Equity Interests (regardless of whether settled in cash or in Equity Interests) that are sold by Borrower substantially contemporaneously with the issuance of any Financial Covenant Convertible Debt.

16. A new definition of ***“Loan Party”*** is hereby inserted into Section 1.01 of the WFSA in alphabetical order.

“Loan Party” means, Borrower or any Person who is required to be a guarantor of the Obligations.

17. The existing definition ***“Obligations”*** is deleted in its entirety from the WFSA.

18. A new definition of ***“Obligations”*** is hereby inserted into Section 1.01 of the WFSA in alphabetical order.

19. ***“Obligations”*** means all Indebtedness (whether for advances, debts, liabilities, obligations, covenants and duties, including treasury management obligations), of Borrower to Lender or any Affiliate of Lender under or in respect of any Credit Agreements or otherwise, whether with respect to any letter of credit, whether direct or indirect (including those acquired by assumption), absolute or contingent, due or to become due, now existing or hereafter arising and including interest and fees that accrue after the commencement by or against any Loan Party or any Affiliate thereof of any proceeding under any bankruptcy law or applicable jurisdiction affecting the rights of creditors generally and naming such Person as the debtor in such proceeding, regardless of whether such interest and fees are allowed claims in such proceeding.

20. A new definition of “**Restricted Payment**” is hereby inserted into Section 1.01 of the WFSA in alphabetical order.

“**Restricted Payment**” means, as to any Person, (a) any dividend or other distribution by such Person (whether in cash, securities or other property) with respect to any Equity Interests of such Person, (b) any payment (whether in cash, securities or other property), including any sinking fund or similar deposit, on account of the purchase, redemption, retirement, acquisition, cancellation or termination of any such Equity Interest, (c) any payment of principal or interest or any purchase, redemption, retirement, acquisition or defeasance with respect to any Debt of such Person, which is subordinated to the payment of the Obligation pursuant to a Subordination Agreement acceptable to the Lender, in violation of any subordination provisions applicable thereto (it being acknowledged that payments that are not restricted by the subordination provisions applicable thereto are not Restricted Payments), (d) the acquisition for value by such Person of any Equity Interests issued by such Person or any other Person that Controls such Person and (e) with respect to clauses (a) through (d), any transaction that has a substantially similar effect; *provided* that payments in respect of the purchase of Financial Covenant Call Options shall not constitute Restricted Payments.

21. A new definition of “**Subordinated Creditor**” is hereby inserted into Section 1.01 of the WFSA in alphabetical order.

“**Subordinated Creditor**” means each Person now or in the future who agrees to subordinate indebtedness of the Borrower held by that Person to the payment of the Obligations.

22. A new definition of “**Subordination Agreement**” is hereby inserted into Section 1.01 of the WFSA in alphabetical order.

“**Subordination Agreement**” means a subordination agreement executed by a Subordinated Creditor in favor of and acceptable to the Lender and acknowledged by the Borrower.

23. A new definition of “**Subsidiary**” is hereby inserted into Section 1.01 of the WFSA in alphabetical order.

24. “**Subsidiary**” of a Person means a corporation, partnership, joint venture, limited liability company or other business entity of which a majority of the shares of securities or other interests having ordinary voting power for the election of directors or other governing body (other than securities or interests having such power only by reason of the happening of a contingency) are at the time beneficially owned, or the management of which is otherwise Controlled, directly, or indirectly through one or more intermediaries, or both, by such Person, provided that Subsidiaries of Borrower shall be limited to such entities whose financial statements are consolidated with the Borrower’s financial statements in accordance with GAAP or with respect to which more than 50.00% of the Equity Interests therein are owned directly or indirectly by Borrower. Unless otherwise specified, all references herein to a “**Subsidiary**” or to “**Subsidiaries**” shall refer to a Subsidiary or Subsidiaries of Borrower.

25. A new definition of “**Swap Contract**” is hereby inserted into Section 1.01 of the WFSA in alphabetical order.

“**Swap Contract**” means: (a) any and all rate swap transactions, basis swaps, credit derivative transactions, forward rate transactions, commodity swaps, commodity options, forward commodity contracts, equity or equity index swaps or options, bond or bond price or bond index swaps or options or forward bond or forward bond price or forward bond index transactions, interest rate options, forward foreign exchange transactions, cap transactions, floor transactions, collar transactions, currency swap

transactions, cross-currency rate swap transactions, currency options, spot contracts, or any other similar transactions or any combination of any of the foregoing (including any options to enter into any of the foregoing), whether or not any such transaction is governed by or subject to any master agreement; and (b) any and all transactions of any kind, and the related confirmations, that are subject to the terms and conditions of, or governed by, any form of master agreement published by the International Swaps and Derivatives Association, Inc., any International Foreign Exchange Master Agreement, or any other master agreement including any such obligations or liabilities under any such master agreement (in each case, together with any related schedules).

26. The definition “*Wholesale Facility Minimum Debt Service Coverage Ratio*” is deleted in its entirety from the WFSA.

ARTICLE V — AFFIRMATIVE COVENANTS

1. The WFSA is hereby revised and amended by deleting the existing subsection 5.01(a) in its entirety and the following new subsection 5.01(a), effective as of October 31, 2014, is substituted therefor:

(a) Borrower shall maintain, as at the end of each Fiscal Period, a Consolidated Fixed Charge Coverage Ratio not less than 1.25:1.00.
2. The following is hereby inserted in the WFSA as new subsection 5.01(d):

(d) Borrower shall provide Lender written notice of any amendment or modification affecting directly or indirectly the Consolidated Fixed Charge Coverage Ratio under the Credit Agreement within five Business Days of such amendment or modification.
3. The Compliance Certificate as required by subsection 5.02(e) is amended as further provided in Exhibit 1 attached hereto and incorporated herein by reference.

ARTICLE IX – MISCELLANEOUS

1. Borrower has the full power and authority under its organizational documents to execute and deliver this Amendment and to continue to perform the obligations under the WFSA as amended hereby.
2. The parties hereto acknowledge and agree that this Amendment constitutes a legal, valid and binding agreement of Lender and Borrower enforceable in accordance with its terms. This Amendment is the final expression of the Amendment to the Amended and Restated Wholesale Floor Plan Credit Facility and Security Agreement by and between Borrower and Lender and may not be contradicted by evidence of any prior or contemporaneous oral agreement between the parties hereto.
3. This 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.
4. Except as amended or affected hereby, all of the terms and conditions of the WFSA are hereby affirmed, confirmed and ratified.
5. This Amendment shall be construed and enforced as a contract in accordance with the laws of the State of Wisconsin without regard to internal principles relating to conflict of laws. This Agreement shall bind and inure to the benefit of Lender and Borrower and each of their respective successors, assigns and legal representatives.

IN WITNESS WHEREOF, CNH Industrial Capital America LLC and Titan Machinery Inc. have caused this Amendment to be executed by their respective, duly authorized officer or representatives, as of the day and year first written.

CNH INDUSTRIAL CAPITAL AMERICA LLC

TITAN MACHINERY INC.

By: /s/ Steven C. Bierman

By: /s/ Ted O. Christianson, Treasurer

Name: Steven C. Bierman

Name: Ted O. Christianson

Title: President

Title: Treasurer

Date: 12/8/2014

Date: 12/8/14

Exhibit 1
(Sample Compliance Certificate)

COMPLIANCE CERTIFICATE

This Compliance Certificate (this "Certificate") is delivered to you on behalf of Titan Machinery, Inc., a Delaware corporation ("Borrower"), pursuant to Section 5.02(e) of that certain Amended and Restated Wholesale Floor Plan Credit Facility and Security Agreement, dated as of November 13, 2007 (as amended, supplemented, restated or modified from time to time, the "Credit Agreement"), between CNH Industrial Capital America LLC, Delaware limited liability company (the "Lender") and Borrower.

1. I am the duly elected, qualified and acting Vice President, Finance and Treasurer of the Borrower.
2. I have reviewed and am familiar with the contents of this Certificate. The matters set forth herein are true to the best of my knowledge after reasonable inquiry.
3. On the date hereof, Borrower's representations and warranties set forth in the Credit Agreement are true and correct.
4. Borrower has performed and complied with all covenants, agreements, obligations and conditions contained in the Credit Agreement that are required to be performed or complied with by it on or before the date hereof.
5. I have reviewed the terms of the Credit Agreement and the other Transaction Documents and have made or caused to be made under my supervision, a review in reasonable detail of the transactions and financial condition of the Borrower. ANNEX 1 attached hereto and incorporated herein by this reference sets forth the financial data and computations evidencing Borrower's compliance with the financial covenants set forth in Sections 5.01(a) and (b) of the Credit Agreement, all of which data and computations are true, complete and correct in all material respects.
6. On the date hereof, no Default or Event of Default has occurred and is continuing.

IN WITNESS WHEREOF, I have executed this Certificate on behalf of Borrower this ____ day of _____, 20__.

TITAN MACHINERY, INC.

By: _____
Name: _____
Title: _____

The information describe herein is as of the last day of the fiscal quarter ending date mm/dd/yy

A. Minimum Consolidated Fixed Charge Coverage Ratio (trailing 12 mos.)

Calculation

- A. Consolidated Net Income
- B. Consolidated Interest Expense (net of interest income)
- C. Depreciation/Amortization
- D. Consolidated Rent Expense
- E. Income Tax Expense
- F. Rent-to-Own COGS Expense
- G. Non-Cash Restructuring Charges
- H. Extraordinary Losses
- I. Non-Cash Goodwill and Intangible Asset Impairment Charges
- J. less: Extraordinary Gains
- K. less: Non-Cash Restructuring Gains
- L. Consolidated EBITDAR (A+B+C+D+E+F+G+H+I-J-K)
- M. less Taxes Paid in Cash
- N. less Capital Expenditures Paid in Cash (minus rental fleet & net of sale proceeds)
- O. less Restricted Payments
- Adjusted EBITDAR

- P. All scheduled and mandatory repayments of Debt including capital leases
- Q. Consolidated Rent Expense
- R. Cash Portion of Consolidated Interest Expense
- S. Cash Restructuring Charges

Calculation: L+M+N+O divided by P+Q+R+S

Not less than
in compliance

1.25
y/n

B. Adjusted Debt to Tangible Net Worth Ratio

Calculation

Total Liabilities
- Non-interest bearing FP
- Subordinated Debt
Debt

Net Worth
+ Subordinated Debt
- Intangible Assets
- Rec/Loans Related Parties
+ 70% LIFO Reserves
Tangible Net Worth

Ratio

Not higher than
in compliance

3.00
y/n

**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 10, 2014

/s/ David J. Meyer

David J. Meyer

Board Chair and Chief Executive Officer

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

I, Mark 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 10, 2014

/s/ Mark Kalvoda

Mark 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, 2014 as filed with the Securities and Exchange Commission (the “Report”), I, David J. Meyer, Board Chair 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 10, 2014

/s/ David J. Meyer

David J. Meyer

Board Chair 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, 2014 as filed with the Securities and Exchange Commission (the “Report”), I, Mark 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 10, 2014

/s/ Mark Kalvoda

Mark Kalvoda

Chief Financial Officer