UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM 10-K

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

FOR THE FISCAL YEAR ENDED JANUARY 31, 2016

Commission File No. 001-33866

TITAN MACHINERY INC.

(Exact name of registrant as specified in its charter)

Delaware	**No. 45-0357838**
(State or Other Jurisdiction of Incorporation or Organization)	(IRS Employer Identification No.)

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

(701) 356-0130
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class: **Common Stock, $0.00001 Par Value**

Name of each exchange on which registered: **The NASDAQ Stock Market LLC**

Securities registered pursuant to Section 12(g) of the Act: **None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

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

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☒

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 definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☐	Accelerated filer ☒	Non-accelerated filer ☐ (Do not check if a smaller reporting company)	Smaller reporting company ☐

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

The aggregate market value of our common stock held by non-affiliates as of July 31, 2015 was approximately $254.9 million (based on the last sale price of $14.05 per share on such date as reported on the NASDAQ Global Select Market).

The number of shares outstanding of the registrant's common stock as of April 1, 2016 was 21,588,696 shares.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the proxy statement for the registrant's 2016 Annual Meeting of Stockholders are incorporated by reference into Items 10, 11, 12, 13 and 14 of Part III of this report.

Table of Contents

We make available, free of charge, copies of our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act on our web site, *http://www.titanmachinery.com*, as soon as reasonably practicable after filing such material electronically or otherwise furnishing it to the SEC. We are not including the information on our web site as a part of, or incorporating it by reference into, this Form 10-K.

ITEM 1. BUSINESS

Our Company

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, collectively referred to in this Form 10-K as CNH Industrial, 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 have three primary business segments, Agriculture, Construction and International, within which we engage in four principal business activities:

- new and used equipment sales;
- parts sales;
- repair and maintenance services; and
- equipment rental and other activities.

The agricultural equipment we sell and repair includes machinery and attachments for uses ranging from large-scale farming to home and garden purposes. The construction equipment we sell and service includes heavy construction and light industrial machinery for commercial and residential construction, road and highway construction, and mining operations.

The new equipment and parts we sell are supplied primarily by CNH Industrial. CNH Industrial is a leading manufacturer and supplier of agricultural and construction equipment, primarily through the Case IH Agriculture, New Holland Agriculture, Case Construction and New Holland Construction brands. The used equipment for resale is acquired through trade-ins from our customers and selective purchases. We sell parts and provide in-store and on-site repair and maintenance services. We also rent equipment and provide ancillary services such as equipment transportation, Global Positioning System ("GPS") signal subscriptions, and finance and insurance products.

We offer our customers a one-stop solution by providing equipment and parts sales, repair and maintenance services, and rental functions in each store. Our full service approach provides us with multiple points of customer contact and cross-selling opportunities. We believe our mix of equipment sales and recurring parts and service sales enables us to operate effectively throughout economic cycles. We also believe our significant scale, superior customer service, diverse and stable customer base, management reporting system and experienced management team provide us with a competitive advantage in many of our local markets.

Throughout our 36-year operating history we have built an extensive, geographically contiguous network of 91 stores in the U.S., including one outlet store, and 17 stores in Europe. Our Agriculture stores in the U.S. are located in Iowa, Minnesota, Nebraska, North Dakota and South Dakota and include several highly productive farming regions, such as the Red River Valley in eastern North Dakota and northwestern Minnesota, certain portions of the corn belt in Iowa, eastern South Dakota and southern Minnesota, and along the Interstate-80 corridor in Nebraska, which sits on top of the Ogallala Aquifer. Our Construction stores are located in Arizona, Colorado, Iowa, Minnesota, Montana, Nebraska, New Mexico, North Dakota, South Dakota, Wisconsin and Wyoming. Our International stores are located in the European countries of Bulgaria, Romania, Serbia and Ukraine.

We have a history of growth through acquisitions. Since January 1, 2003, we have completed 52 acquisitions consisting of 110 stores operating in 11 states and three European countries, including 37 acquisitions consisting of 79 stores completed since our initial public offering on December 11, 2007. We believe a favorable climate for dealership consolidation will continue to exist, which provides for acquisition opportunities, and expect that acquisitions will continue to be an important component of our long-term growth.

Industry Overview

Agricultural Equipment Industry

Agricultural equipment is purchased primarily for the production of crops used for food, fiber, feed grain and feedstock for renewable energy. Certain equipment is also purchased for home and garden applications, and maintenance of commercial, residential and government properties. Deere & Company ("Deere"), CNH Industrial and Agco Corporation ("AGCO") are the largest global manufacturers of agricultural equipment and supply a full line of equipment and parts that address the primary machinery requirements of farmers. In addition to the major manufacturers, several short-line manufacturers produce specialized equipment that addresses regional and niche requirements of farmers. Agricultural equipment manufacturers typically grant dealers in the U.S. authorized store locations, not exclusive territories, to distribute their products.

We believe there are many factors that influence demand for agricultural equipment, parts and repair and maintenance services, including farm net income, commodity markets, interest rates, government policies, tax policies, weather and general economic conditions. Any of these conditions can change materially in a short time period, creating volatility in demand for our products and services at any point in time. Federal legislation, such as the Farm Bill, attempts to stabilize the agriculture industry through various policies including (i) commodity programs consisting of direct, counter-cyclical and price support payments to farmers; (ii) conservation programs; (iii) crop insurance programs; and (iv) disaster relief programs. We believe that these various federal policies reduce financial volatility and help ensure that farmers operate their farms and equipment during economic down cycles.

Construction Equipment Industry

Construction equipment is purchased primarily for use in commercial, residential and infrastructure construction, as well as for demolition, maintenance, mining, energy production and forestry operations. Caterpillar, Inc., Deere, Komatsu Ltd., the Volvo Group, Terex Corporation, Doosan, and CNH Industrial are some of the largest global manufacturers of construction and industrial equipment. The market for construction equipment is segmented across multiple categories including earth moving, lifting, light industrial, asphalt and paving, and concrete and aggregate equipment. As in the agricultural equipment market, distribution of construction equipment in the U.S. is executed primarily by manufacturer authorized dealers; however, manufacturers' dealership agreements in the construction industry typically assign exclusive distribution territories.

Construction machinery is generally divided into "heavy" and "light" subgroups. Heavy machinery includes large wheel loaders, large tracked excavators, cranes, crawler dozers, motor graders and articulated haul trucks. Light machinery includes backhoe landscape tractors, forklifts, compact excavators and skid steers. Heavy machinery is generally purchased by construction companies, municipalities, local governments, rental fleet owners, quarrying and mining companies, waste management companies and forestry-related organizations. Typically, light machinery is purchased by contractors, rental fleet owners, landscapers, logistics companies, farmers and recreational users. Although demand for construction equipment is affected by weather and seasonal factors, it is usually less susceptible to seasonal changes than the agricultural equipment industry.

CNH Industrial and industry reports show that demand for construction equipment in our markets is driven by several factors, including (i) public spending on roads, highways, sewer and water projects, and other public works projects; (ii) public and private expenditures for the energy and mining industries, which are driven in part by demand for fossil fuels, metals and other commodities; and (iii) general economic and market conditions of the construction sector for residential and commercial buildings.

Titan Operating Model

Through our operating model, we strive to empower leadership and share best practices at the store level while realizing efficiencies and utilizing certain controls at the corporate level. We believe exceptional customer service is most effectively attained through accountable store employees who are supported by centralized administrative, finance and marketing functions. Managing our business as a network of independent stores with support and oversight by a centralized, shared resources group facilitates coordination within the enterprise while promoting the development of local business and customer relationships at the store level.

Store Operations

Each of our stores is run by a store manager who is reviewed and compensated based on the store's achievement of key financial objectives. Also, each store is typically staffed by a parts manager, a service manager and field marketers, and certain of our Construction stores are staffed with rental operations managers, all of whom report directly to the store manager. Under our operating model, decision-making for customer-related issues is decentralized, with each store manager having substantial responsibility for matters such as staffing levels, customer satisfaction, the type of equipment to stock and equipment pricing, subject to parameters and objectives set forth by our shared resources group. We believe customers in our industry view store managers and sales and service personnel as important partners in operating their businesses. Therefore, we believe developing and supporting strong store managers enables us to grow same-store sales through fostering new customer relationships and further developing existing customer relationships.

Shared Resources

Our shared resources group provides a range of services to support our stores, including service administration, information technology support, administration, marketing campaigns, human resources management, finance and insurance, central purchasing, accounting, legal, data administration and cash management. We believe these functions can be run more efficiently when combined and can provide more sophisticated resources to our store managers than an independent dealership could support alone. We maintain accountability through our management reporting systems, which provide data on certain key operational and financial metrics on a daily basis, as well as a comprehensive review of financial performance on a monthly basis. We believe the services provided by our shared resources group enables our stores to achieve a higher level of customer service by freeing them from certain general and administrative functions. Furthermore, as we acquire new stores, we believe the shared services required to support these stores will grow at a lower rate than our overall growth in store count.

Management Development and Succession Planning

Our executives and segment leaders work closely with our regional, store and shared resource managers to ensure they benefit from our executives' industry knowledge and execute operational excellence in line with our management philosophy. We also conduct formal meetings on a regular basis with our store managers and regional managers to assess operational and financial objectives, develop near-term strategies and share best practices across the organization. We believe the relationships among our executives and various levels of managers will sustain our financial success through continued implementation of our effective operating model, as well as provide a strong pool of capable successors to our current team of executives and other levels of management.

Business Strengths

We believe the following attributes are important factors in our ability to compete effectively and achieve our long-term financial objectives:

Leading North American Equipment Provider with Significant Scale

According to CNH Industrial, 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 believe our size and large, contiguous geographic market provide us with several competitive advantages including:

- our ability to manage inventory through our centralized inventory management system, thus allowing inventory exchanges among the stores, which permits us to more effectively manage inventory levels at each store while providing significant breadth of parts and equipment to our customers;
- our ability to use expanded sales channels, including used equipment listings hosted on our website, which enables us to offer our customers alternative purchasing options; and
- our ability to sell inventory to customers in a large geographic area covering Arizona, Colorado, Iowa, Minnesota, Montana, Nebraska, New Mexico, North Dakota, South Dakota, Wisconsin and Wyoming, which enables us to capitalize on crop diversification and disparate weather in growing regions, as well as local trends in residential, infrastructure and commercial construction.

Superior Customer Service at the Local Level

Our actions to centralize numerous administrative functions has enabled our store employees to better focus on customer service as well as eliminating redundant operating expenses. We also centralize our marketing resources to offer our stores and field marketers professional marketing support that includes targeted direct mailings, advertising with targeted local media outlets, participation in and sponsorship of trade shows and industry events, our Titan Trader monthly magazine, and our hosting of open houses, service clinics, equipment demonstrations, product showcases and customer appreciation outings.

We spend significant time and resources training our employees to effectively service our customers in each of our local markets, which we believe will increase our revenue. Our training program involves active participation in all manufacturer-sponsored training programs and the use of industry experts as consultants for customized training programs and a training team to assist in the integration of newly-acquired operations. We also partner with several technical colleges to sponsor students who we plan to eventually employ. In particular, the following capabilities enable us to better service our customers:

- our ability to staff a large number of highly-trained service technicians across our network of stores, which makes it possible to schedule repair services on short notice without affecting our technician utilization rates;

- our ability to staff and leverage product and application specialists across our network of stores, which makes it possible to offer valuable pre-sale and aftermarket services, including equipment training, best practices education and precision farming technology support; and
- our ability to innovate and lead our industry through initiatives such as GPS guidance systems to support precision farming in our geographic markets, which provide our customers with the latest advances in technology and operating practices.

Attract and Retain Superior Employees

We strive to maintain a culture that empowers our employees to make decisions and act within the parameters of our operating process and system. We believe this culture and our size gives us a competitive advantage in attracting and retaining the best employees in our industry. We developed an operating system and process that provides our employees with defined objectives and frequent feedback of results within an environment that allows them to work independently yet consistently throughout our company. Through this operating system and process we have established defined financial metrics, which are reviewed with our various levels of managers on a regular basis to assess performance. Each store manager is empowered to operate the individual store as appropriate within the guidelines set by the operating system and process. This balanced management philosophy enables our employees to understand clearly how they succeed in our organization and how to interact with customers who expect a level of autonomy from our employees. Our compensation system focuses on rewarding our employees for high performance, thus enabling us to attract and retain high performing employees.

Diverse and Stable Customer Base to Avoid Market Volatility

We believe our large and diverse customer base limits our exposure to risks associated with customer concentration and fluctuations in local market conditions. We have long and stable relationships with many of our customers. During fiscal 2016, none of our customers accounted for more than 1.0% of our total revenue. Revenue from external customers located outside of the United States is primarily included in our International segment, which totaled 11.8%, 8.6% and 6.2% of total revenue during fiscal 2016, 2015 and 2014, respectively.

Information Technology Systems

Our management reporting systems provide the data and reports that facilitate our ability to make informed financial and inventory level decisions. We use these systems to actively manage our business and enable each store to access the available inventory of our other stores before ordering additional parts or equipment from our suppliers. As a result, we manage our investment in inventory while promptly satisfying our customers' parts and equipment needs. Our customer relationship management system provides sales, available wholegoods, and customer information and other organizational tools to our field marketers, store managers and regional managers.

Experienced Management Team

Our executive team is led by David Meyer, our Board Chair and Chief Executive Officer, who has over 40 years of industry experience. Our segment managers, regional managers, store managers and field marketers also have extensive knowledge and experience in our industry. In addition, we compensate, develop and review our regional managers and store managers based on an approach that aligns their incentives with the goals and objectives of our company, including achievement of revenue, profitability, market share and balance sheet objectives. We believe the strength of our management team will help our success in the marketplace.

Growth Strategy

We pursue the following growth strategies:

Increase Market Share and Same-Store Sales

We focus on increasing our share of the equipment sold in our markets because our market share impacts current period revenue and compounds our revenue over the life of the equipment sold through recurring parts and service business. We seek to generate same-store growth and increase market share through:

- employing significant marketing and advertising programs, including targeted direct mailings, advertising with targeted local media outlets, participation in and sponsorship of trade shows and industry events, our Titan Trader monthly magazine, and by hosting open houses, service clinics, equipment demonstrations, product showcases and customer appreciation outings;
- supporting and providing customers with training for evolving technologies, such as precision farming, that are difficult for single-store operators to support;

- maintaining state-of-the-art service facilities, mobile service trucks and trained service technicians to maximize our customers' equipment uptime through preventative maintenance programs and seasonal 24/7 service support; and
- utilizing our inventory system to maximize parts and equipment availability for our customers.

Pursue Strategic Acquisitions

The agricultural and construction equipment industries are fragmented and consist of many relatively small, independent businesses servicing discrete local markets. We believe a favorable climate for dealership consolidation exists due to several factors, including the competitiveness of our industry, growing dealer capitalization requirements and the lack of succession alternatives for current owners. We intend to continue to evaluate and pursue acquisitions with the objectives of entering new markets, consolidating distribution within our established network and strengthening our competitive position.

We have a track record of completing and integrating acquisitions and have used acquisitions to enter new markets. We look to add stores through acquisitions that offer attractive growth opportunities, high demand for the equipment we sell and services we offer, management strength, and operating synergies with our existing geographic footprint.

We regularly assess the acquisition landscape, evaluating potential acquisition candidates in terms of their availability and desirability to our long-term growth strategy. Typically, we acquire only the working capital and fixed assets that we believe are necessary to run an efficient store and assume only the liabilities related to financing the inventory and working capital acquired, although we sometimes acquire all the equity of a company. Acquisitions are typically financed with available cash balances, floorplan payables and long-term debt.

The consent of CNH Industrial is required to acquire any CNH Industrial dealership. The consent of the group of banks led by Wells Fargo Bank, National Association (collectively referred to as "Wells Fargo") is required for the acquisition of dealerships meeting certain thresholds or other criteria defined in our Second Amended and Restated Credit Facility, as amended (the "Credit Agreement").

We have completed the acquisition of 52 dealers, totaling 110 stores, since January 1, 2003. Of these acquisitions, 35 dealers consisting of 60 stores are included in the Agriculture segment, 13 dealers consisting of 40 stores are included in the Construction segment, and 3 dealers consisting of 10 stores are included in the International segment. See Item 2 for more information about our current store locations.

Upon consummation of each North American acquisition, we integrate acquired stores into our operating model to enhance each acquired store's performance within its target market.

Suppliers

CNH Industrial—Case IH Agriculture, Case Construction, New Holland Agriculture and New Holland Construction

We have a longstanding relationship with CNH Industrial and, according to CNH Industrial, 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. Thus, our relationship with CNH Industrial is more than a typical supply relationship; it is strategic for both our company and CNH Industrial. In that regard, it is in our mutual interests to maintain the longstanding strong relationship we share.

We have been an authorized dealer of CNH Industrial equipment since our inception in 1980. In fiscal 2016, CNH Industrial supplied approximately 71% of the new equipment sold in our Agriculture segment, 67% of the new equipment sold in our Construction segment, and 78% of the new equipment sold in our International segment.

CNH Industrial is a global leader in the agricultural and construction equipment industries based on industry market share data. In 2015, CNH Industrial generated $13.6 billion in revenue from their equipment operations. In addition, CNH Industrial provides financing and insurance products and services to its end-user customers and authorized dealers through its CNH Industrial Capital America, LLC ("CNH Industrial Capital") business unit. CNH Industrial is a publicly-traded company.

CNH Industrial is the world's second largest manufacturer of agricultural equipment. The Case IH Agriculture and New Holland Agriculture brands are owned and operated by CNH Industrial. Case IH Agriculture, recognized by the red color of its equipment, possesses over 170 years of farm equipment heritage. New Holland Agriculture, recognized by the blue color of its tractors and the yellow color of its harvesting and hay equipment, has over 120 years of farm equipment industry experience. CNH Industrial's agricultural equipment dealers are assigned authorized store locations but do not have exclusive territories.

The Case Construction and New Holland Construction brands are owned and operated by CNH Industrial. CNH Industrial's construction equipment dealers are assigned a specific geographic area of responsibility within which the dealers have the right to sell new Case Construction and New Holland Construction equipment.

Dealership Agreements

We have entered into separate dealership agreements with applicable CNH Industrial entities to sell the Case IH Agriculture, New Holland Agriculture, Case Construction and New Holland Construction brands (collectively the “CNH Industrial Dealer Agreements”).

The CNH Industrial Dealer Agreements assign to us a geographically defined area of principal responsibility, providing us with distribution and product support rights within the identified territory for specific equipment products of the manufacturer. Although the dealer appointment is non-exclusive, in each territory there is typically only one dealership responsible for retail sales to end-users, as well as after-sales product support of the equipment. If we sell certain Case construction equipment outside of our designated sales and service areas and do not perform the warranty work on that equipment, CNH Industrial has the right to require that we pay sales and service fees for purposes of compensating the dealer assigned to such territory. We are authorized to display and use CNH Industrial trademarks and trade names at our stores, with certain restrictions.

Under our CNH Industrial Dealer Agreements, we have both the right and obligation to sell the manufacturer’s equipment and related parts and products and provide customers with services. The CNH Industrial Dealer Agreements impose various requirements on us regarding the location and appearance of facilities, satisfactory levels of new equipment and parts inventories, the training of personnel, adequate business enterprise and information technology system, adequate working capital, minimum fixed charge coverage ratio, maximum adjusted debt to tangible net worth ratio, development of annual sales and marketing goals, and furnishing of monthly and annual financial information. We must obtain the approval or consent of CNH Industrial in the event of proposed fundamental changes to our ownership, governance or business structure (defined as "change in control" events) including among other things (i) a merger, consolidation or reorganization; (ii) a sale of all or substantially all of our assets; (iii) any transaction or series of transactions resulting in a person or affiliated group acquiring 20% or more of the combined voting power of our securities; (v) a substantial disposition of common shares by certain named executives; (vii) certain significant changes in the composition of the Board of Directors; (vi) replacement of certain named executive officers; and (vii) engaging in material business activities outside of the equipment sales and service industry. The CNH Industrial Dealer Agreements do not establish mandatory minimum or maximum retail pricing for our equipment sales or service/parts.

The CNH Industrial Dealer Agreements do not have a fixed term and remain in effect until either party exercises its termination rights under the agreement. The CNH Industrial entities have the right to terminate their dealer agreements with us immediately in certain circumstances, including in the event of our insolvency, bankruptcy or our material breach of provisions of the agreement, if a direct competitor of CNH Industrial (or an affiliated group of such competitor) acquires 20% or more of the combined voting power of our securities, the failure to secure the consent of CNH Industrial for change in control events, and in some cases, for any reason following 90 days written notice. In the event of termination of any of the CNH Industrial Dealer Agreements, CNH Industrial is obligated to repurchase the inventory of the CNH Industrial brand applicable to the agreement being terminated. The CNH Industrial Dealer Agreements generally do not include specific non-compete provisions that apply during or after the term of such agreements, although our form agreement with Case Construction does include limitations on our ability to sell competing products during the term of such agreement.

The dealership agreements and industry practices generally provide that payment on equipment and parts purchased from CNH Industrial entities is due within 30 days and is typically subject to floorplan payable financing. With respect to sales of equipment, payments from customers, which are typically financed by a third party, are due upon sale. Payments from customers for parts and services are due within 30 days. CNH Industrial makes available to us any floorplans, parts return programs, sales or incentive programs or similar plans or programs it offers to its other dealers, and provides us with promotional items and marketing materials.

CNH recently proposed modified dealer agreements for the consideration of its North America dealers. We have not finalized negotiations of these agreements. Certain terms and conditions of the current CNH Industrial Dealer Agreements may be modified following these negotiations. The new dealer agreements with CNH Industrial, if entered into, may not be as favorable as our current dealer agreements.

Other Suppliers

In addition to products supplied by CNH Industrial, we sell a variety of new equipment, parts and attachments supplied by other manufacturers. These products tend to address specialized niche markets and to complement the CNH Industrial products we sell by filling gaps in the CNH Industrial line of products. We believe our offering of products for specialized niche markets supports our goal of being a one-stop solution for equipment needs at each of our stores. Approximately 28% of our total new equipment sales in fiscal 2016 resulted from sales of products manufactured by companies other than CNH Industrial, with our single largest manufacturer other than CNH Industrial representing approximately 2% of our total new equipment sales. The terms of our arrangements with these other suppliers vary, but most of the dealership agreements contain termination provisions allowing the supplier to terminate the agreement after a specified notice period, which is typically 30 days. Payment and financing practices with these other suppliers are similar to those practices described above with respect to CNH Industrial entities.

Operating Segments, Products and Services

We operate our business in three reportable segments, Agriculture, Construction and International. Within each of our segments, we have four principal sources of revenue: new and used equipment sales, parts sales, repair and maintenance service, and equipment rental and other business activities. See Note 22 to our consolidated financial statements included elsewhere in this annual report for additional information regarding our segments.

Equipment Sales

We sell new agricultural and construction equipment manufactured under the CNH Industrial family of brands as well as equipment from a variety of other manufacturers. The used equipment we sell is primarily from inventory acquired through trade-ins from our customers and selective purchases. The agricultural equipment we sell and service includes application equipment and sprayers, combines and attachments, hay and forage equipment, planting and seeding equipment, precision farming technology, tillage equipment, and tractors. The construction equipment we sell and service includes compact track loaders, compaction equipment, cranes, crawler dozers, excavators, forklifts, loader/backhoes, loader/tool carriers, motor graders, skid steer loaders, telehandlers and wheel loaders. We sell new and used equipment through our in-house retail sales force, which is organized by geography and operating segment. We also sell used equipment through our outlet store, which specializes in the sale of aged used equipment. In certain circumstances we also sell aged equipment through the use of alternative channels such as onsite and online auctions. We believe this organizational structure improves the effectiveness of our sales force, better serves our customers and helps us negotiate advantageous trade-in purchase terms. Equipment sales generate cross-selling opportunities for us by populating our markets with equipment we repair and maintain and for which we sell parts. Equipment revenue represented 67.7%, 73.6% and 77.4% of total revenue for the years ended January 31, 2016, 2015 and 2014, respectively.

Parts Sales

We sell a broad range of maintenance and replacement parts on equipment that we sell, as well as other types of equipment. We maintain an extensive in-house parts inventory to provide timely parts and repair and maintenance support to our customers. We generally are able to acquire out-of-stock parts directly from manufacturers within two business days. Our parts sales provide us with a relatively stable revenue stream that is less sensitive to economic cycles than our equipment sales. Parts revenue represented 17.9%, 14.2% and 12.4% of total revenue for the years ended January 31, 2016, 2015 and 2014, respectively.

Repair and Maintenance Services

We provide repair and maintenance services, including warranty repairs, for our customers' equipment. Each of our stores includes service bays staffed by trained service technicians. Our technicians are also available to make off-site repairs at the customers' locations. In addition, we provide proactive and comprehensive customer service by maintaining service histories for each piece of equipment owned by our customers, maintaining 24/7 service hours in times of peak service usage, providing on-site repair services, scheduling off-season maintenance activities with customers, notifying customers of periodic service requirements and providing training programs to customers to educate them as to standard maintenance requirements. At the time equipment is purchased, we also offer customers the option of purchasing extended warranty protection provided by our suppliers. Our after-market services have historically provided us with a high-margin, relatively stable source of revenue through changing economic cycles. Service revenue represented 9.3%, 7.8%, 6.7% of total revenue for the years ended January 31, 2016, 2015 and 2014, respectively.

Equipment Rental and Other Business Activities

We rent equipment to our customers, primarily in the Construction segment, on a short-term basis for periods ranging from a few days to a few months. We actively manage the size, quality, age and composition of our rental fleet and use our information technology systems to closely monitor and analyze customer demand and rate trends. We maintain the quality of our fleet through our on-site parts and services support and dispose of rental equipment through our retail sales force. Our rental activities create cross-selling opportunities for us in equipment sales. In addition, we provide ancillary equipment support activities such as equipment transportation, GPS signal subscriptions in connection with precision farming and reselling CNH

Industrial Capital finance and insurance products. Rental and other revenue represented 5.1%, 4.4% and 3.5% of total revenue for the years ended January 31, 2016, 2015 and 2014, respectively.

Geographic Information

Revenue generated from customers located in the U.S. totaled $1.2 billion, $1.7 billion and $2.1 billion for the years ended January 31, 2016, 2015 and 2014, respectively. Revenue generated from customers located outside of the United States is primarily included in our International segment, which totaled $162.1 million, $164.4 million and $138.1 million for the years ended January 31, 2016, 2015 and 2014, respectively. As of January 31, 2016, 2015 and 2014, $185.1 million, $209.4 million and $258.6 million of our long-lived assets were held in the U.S., respectively. As of January 31, 2016, 2015 and 2014, $4.4 million, $6.1 million and $7.3 million of our long-lived assets were held in our European subsidiaries, respectively.

Customers

Our Agriculture customers vary from small, single machine owners to large farming operations, primarily in the states of Iowa, Minnesota, Nebraska, North Dakota and South Dakota. In fiscal 2016, no single customer accounted for more than 1.0% of our Agriculture revenue.

Our Construction customers include a wide range of construction contractors, public utilities, mining and energy companies, municipalities and maintenance contractors, primarily in the states of Arizona, Colorado, Iowa, Minnesota, Montana, Nebraska, New Mexico, North Dakota, South Dakota, Wisconsin and Wyoming. They vary from small, single machine owners to large firms. In fiscal 2016, no single customer accounted for more than 1.0% of our Construction revenue.

Our International customers vary from small, single machine owners to large farming operations, primarily in the European countries of Bulgaria, Romania, Serbia and Ukraine. In fiscal 2016, there was no single customer the loss of which would have a material impact on our International revenue.

Our stores enable us to closely service local and regional customers. We believe our operating model enables us to satisfy customer requirements and increase revenue through cross-selling opportunities presented by the various products and services that we offer. A significant portion of our U.S. customers finance their equipment purchases through CNH Industrial Capital.

Floorplan Payable Financing

We attempt to maintain at each store, or have readily available at other stores in our network, sufficient inventory to satisfy customer needs. Inventory levels fluctuate throughout the year and tend to increase before the primary sales seasons for agricultural equipment. The cost of financing our inventory is an important factor affecting our financial results.

CNH Industrial Capital

CNH Industrial Capital offers floorplan payable financing to CNH Industrial dealers to finance the purchase of inventory from CNH Industrial and for used equipment inventory purchased on trade-ins from our customers. CNH Industrial Capital provides this financing in part to enable dealers to carry representative inventories of equipment and encourage the purchase of goods by dealers in advance of seasonal retail demand. CNH Industrial Capital charges variable market rates of interest based on the prime rate on balances outstanding after any interest-free periods and receives a security interest in inventory and other assets. The interest-free periods, which CNH Industrial offers periodically in the form of additional incentives or special offers, typically average four months for new and used agriculture equipment and new construction equipment. CNH Industrial Capital also provides financing for used equipment accepted in trade, repossessed equipment and approved equipment from other suppliers, and receives a security interest in such equipment. As of January 31, 2016, we had a $450.0 million floorplan payable credit facility with CNH Industrial Capital.

Other Financing Sources for Equipment

As of January 31, 2016, we had a Credit Agreement with Wells Fargo, which includes a $275.0 million wholesale floorplan payable line of credit, a $172.0 million credit facility with DLL Finance LLC ("DLL Finance", formerly Agricredit Acceptance LLC), and the U.S. dollar equivalent of $115.4 million in credit facilities related to its foreign subsidiaries to finance equipment inventory purchases. Our amendment to the DLL Finance credit facility in April 2016 reduced our available borrowings under this facility to $110.0 million.

In addition, financing also may be available through floorplan payable financing programs offered by other manufacturers and other suppliers from which we purchase equipment inventory, which may be financed by such suppliers themselves or through third party lenders.

Sales and Marketing

As part of the Titan Operating Model, we have centralized sales support and marketing management. All of our stores benefit from our centralized media buys, strategic planning, sales support and training. At the same time, however, we provide our store managers and their sales teams with flexibility to localize sales and marketing.

We currently market our products and services through:

- our employee field marketers, who operate out of our network of local stores and call on customers in the markets surrounding each store;
- parts managers and service managers, who provide our customers with comprehensive after-market support;
- our website;
- local and national advertising efforts, including broadcast, cable, print and web-based media; and
- alternative channels for selling our aged equipment inventories.

Field Marketers

Our field marketers perform a variety of functions, such as servicing customers at our stores, calling on existing customers and soliciting new business at farming, construction and industrial sites. These field marketers target customers in specific areas, and we develop customized marketing programs for our sales force by analyzing each customer group for profitability, buying behavior and product selection. All members of our sales force are encouraged to participate in internal and external manufacturer-sponsored training sessions to develop product and application knowledge, sales techniques and financial acumen. Our sales force is supported by our corporate marketing department.

Parts Managers and Service Managers

Our parts managers and service managers are involved in our uptime service efforts, taking advantage of our seasonal marketing campaigns in parts and service sales. As a group, they have won multiple awards from our suppliers for their efforts benefiting both our customers and our key strategic partners.

Website

Our used equipment inventories are marketed on our website, *www.titanmachinery.com,* through an equipment search feature which allows users to search by equipment type, manufacturer, price and/or by store. A picture of each piece of equipment is shown, along with the equipment specifications, price and store location. Parts manufactured by the CNH Industrial brands are marketed and can be purchased directly through our website. Other sales and financing programs are also marketed through our website. Finally, our website also provides dealer locator search functions and provides the contact information for the various departments at each of our stores.

Print, Broadcast and Web-Based Advertising Campaigns

Each year we initiate several targeted direct mail, print and broadcast advertising and marketing campaigns. CNH Industrial and other suppliers periodically provide us with advertising funds, which we primarily use to promote new equipment, parts and financing programs. We will continue to explore and launch additional sales channels as appropriate, including, for example, new internet-based efforts.

Channels for Selling Aged Equipment Inventory

We have one outlet store which capitalizes on sales opportunities for aged used equipment transferred out of our retail stores. In certain circumstances we also sell aged equipment inventories through the use of alternative channels such as onsite and online auctions.

Competition

The agricultural and construction equipment sales and distribution industries are highly competitive and fragmented, with large numbers of companies operating on a regional or local scale. Our competitors range from multi-location, regional operators to single-location, local dealers and include dealers and distributors of competing equipment brands, including Deere, Caterpillar and the AGCO brands, as well as other dealers and distributors of the CNH Industrial family of brands. Competition among equipment dealers, whether they offer agricultural or construction products or both, is primarily based on the price, value, reputation, quality and design of the products offered by the dealer, the customer service and repair and maintenance service provided by the dealer, the availability of equipment and parts, and the accessibility of stores. While we believe we compete favorably on each of the identified competitive factors, our sales and margins may be impacted depending on (i) the extent of aggressive pricing competition through manufacturer discount programs or other competitive pricing tactics, (ii) our ability to obtain higher service gross margins based on our service quality and reputation and (iii) our ability to attract new and maintain existing customers based on the availability and quality of the products we offer and our local relationships and reputation.

The number of agricultural and construction equipment dealers operating on a regional scale is limited and we are one of the principal regional-scale agricultural and construction equipment dealers in the U.S. The primary regional-scale equipment dealers with whom we compete in the U.S. include RDO Equipment Co., Butler Machinery, Ziegler Inc. and Brandt Holdings Co.

Information Technology Systems

Our enterprise resource planning ("ERP") system enables us to closely monitor our performance and actively manage our business on a consolidated and segment basis and includes features that were enhanced to support our operations, including detailed store-based financial reporting, inventory management and customer relationship management.

Through our ERP system we maintain a complete database of parts and equipment inventory and a centralized inventory control system for each segment. Our ERP system enables each store to access the available inventory of our other stores before ordering additional parts or equipment from our suppliers. We are also able to monitor inventory levels and mix at each store and make adjustments in accordance with our operating plan. Finally, our ERP system is externally connected to CNH Industrial, enabling us to locate CNH Industrial equipment and parts from various CNH Industrial depots.

Our customer relationship management ("CRM") system provides sales and customer information and other organizational tools to assist our sales force. We maintain an extensive customer database that allows us to monitor the status and maintenance history of our customers' equipment and enables us to more effectively provide parts and services to meet their needs. We also use our CRM system and customer database to monitor sales information and customer demand.

The data we store in our ERP and CRM systems is backed-up on a daily basis and stored at an off-site location. Thus, if these systems were to become inoperable, we would be able to continue operations through an off-site data center. Further, we own the software and hardware necessary to operate the ERP system and have employees trained to manage and maintain the software without reliance on external support.

Corporate Information

We were incorporated as a North Dakota corporation in 1980 and reincorporated in Delaware in December 2007 prior to our initial public offering. Our executive offices are located at 644 East Beaton Drive, West Fargo, ND 58078-2648. Our telephone number is (701) 356-0130. We maintain a web site at *www.titanmachinery.com*. All of our SEC filings are available on the Investor Relations page of our web site, or at www.sec.gov.

Intellectual Property

We have registered trademarks for certain names and designs used in our business and have trademark applications pending for certain others. We generally operate each of our stores under the Titan Machinery name. Case IH, Case and New Holland are registered trademarks of CNH Industrial, which we use in connection with advertisements and sales as authorized under our dealership agreements. We license trademarks and trade names of new equipment from other suppliers of equipment to us.

Product Warranties

Product warranties for new equipment and parts are provided by our suppliers. The term and scope of these warranties vary greatly by supplier and by product. At the time equipment is purchased, we also offer customers the option of purchasing extended warranty protection provided by our suppliers. Suppliers pay us for repairs we perform to equipment under warranty. We generally sell used equipment "as is" and without manufacturer's warranty, although manufacturers sometimes provide limited warranties if the supplier's original warranty is transferable and has not expired. We also offer extended warranty programs, through various third party warranty providers, on certain used equipment.

Seasonality & Weather

The agricultural and construction equipment businesses are highly seasonal, which causes our quarterly results and our available cash flow to fluctuate during the year. Our customers generally purchase and rent equipment in preparation for, or in conjunction with, their busy seasons, which for farmers are the spring planting and fall harvesting seasons, and for Construction customers is dependent on weather seasons in their respective regions, but is typically the second and third quarters of our fiscal year for much of our Construction footprint. Our parts and service revenues are typically highest during our customers' busy seasons as well, due to the increased use of their equipment during this time, which generates the need for more parts and service work. However, weather conditions impact the timing of our customers' busy times, which may cause our quarterly financial results to differ between fiscal years. In addition, the fourth quarter typically is a significant period for equipment sales in the U.S. because of our customers’ year-end tax planning considerations, the timing of dealer incentives and the increase in availability of funds from completed harvests and construction projects.

Seasonal weather trends, particularly severe wet or dry conditions, can have a significant impact on regional agricultural and construction market performance by affecting crop production and the ability to undertake construction projects. Weather conditions that adversely affect the agricultural or construction markets would have a negative effect on the demand for our products and services.

In addition, numerous external factors such as credit markets, commodity prices, and other circumstances may disrupt normal purchasing practices and buyer sentiment, further contributing to the seasonal fluctuations.

Employees

As of March 31, 2016, we employed 2,352 full-time and 195 part-time employees. Our employees are not covered by a collective bargaining agreement. We believe our relations with our employees are good.

Governmental Regulation

We are subject to numerous federal, state, and local rules and regulations, including regulations promulgated by the Environmental Protection Agency and similar state agencies, with respect to storing, shipping, disposing, discharging and manufacturing hazardous materials and hazardous and non-hazardous waste. These activities are associated with the repair and maintenance of equipment at our stores. Currently, none of our stores or operations exceeds small quantity generation status. Compliance with these rules and regulations has not had any material effect on our operations, nor do we expect it to in the future. Further, we have not made, and do not anticipate making, any material capital expenditures related to compliance with environmental regulations. However, there can be no assurance that these expectations are accurate, particularly if regulations change, unforeseen incidents occur or unknown past contamination or non-compliance is discovered, among other similar events.

ITEM 1A. RISK FACTORS

We are substantially dependent upon CNH Industrial, our primary supplier of equipment and parts inventory.

The majority of our business involves the distribution and after-market parts and servicing of equipment manufactured by CNH Industrial. In fiscal 2016, CNH Industrial supplied approximately 71% of the new equipment sold in our Agriculture segment, 67% of the new equipment sold in our Construction segment, and 78% of the new equipment sold in our International segment, and supplied a significant portion of our parts inventory. Our financial performance and future success is highly dependent on the overall reputation and success of CNH Industrial in the agricultural and construction equipment manufacturing industries, including its ability to maintain its competitive position in product innovation, product quality, and product pricing. In the event that CNH Industrial decided to sell, or reduce its commitment to, its equipment manufacturing segments or if CNH Industrial would change its distribution system to our detriment, this would have a material adverse effect on our financial condition and results of operations.

In addition, CNH Industrial provides to us the following:

- Floorplan payable financing for the purchase of a substantial portion of our equipment inventory.
- A significant percentage of the financing used by our customers to purchase CNH equipment from us.
- Incentive programs and discount programs from time to time that enable us to price our products more competitively.
- Promotional and marketing activities on national, regional and local levels.

CNH Industrial may limit or decrease the availability of financing, warranty reimbursements, discounts and rebates, or other marketing incentives. Our financial performance will depend on CNH Industrial’s continued commitment to these programs which enable us to effectively compete in the market.

CNH Industrial may change or terminate our dealer agreements.

We have entered into dealer agreements with CNH Industrial under which we sell CNH Industrial’s branded agricultural and construction equipment, along with after-market parts and repair services. Subject to applicable state statutes that may govern the dealer-manufacturer legal relationship, CNH Industrial may terminate our dealer agreements immediately in certain circumstances and, in some cases, for any reason 90 days following written notice. If CNH Industrial were to terminate all or any of its dealer agreements with us, our business would be severely harmed.

Furthermore, CNH Industrial may unilaterally change its operating practices under the terms of its agreements with us to, among other things, change our sales and service areas, limit our product offerings, and change pricing or delivery terms. If CNH Industrial were to change the terms of our dealer agreements or its operating practices in a manner that adversely affects us, our business would be harmed.

CNH has recently proposed a new format of its dealer agreement, to be applicable to all North American dealers. We have not commenced our negotiations with CNH in response to the proposed new agreement. We anticipate this process to commence within the next few weeks and be concluded in our second quarter of fiscal 2017.

Our dealer agreements with CNH Industrial impose obligations and restrictions on us.

Under our dealer agreements with CNH Industrial, we are obligated to actively promote the sale of CNH Industrial equipment within our designated geographic areas of responsibility, fulfill the warranty obligations of CNH Industrial, maintain adequate facilities and workforce to service the needs of our customers, maintain sufficient parts inventory to service the needs of our customers, maintain inventory in proportion to the sales potential in each sales and service geographic area of responsibility, maintain adequate working capital, and maintain stores only in authorized locations.

Consent of CNH Industrial is required for fundamental changes in our ownership, governance or business structure, including the acquisition by another party of 20% or more of our outstanding stock. This requirement may have the effect of discouraging a sale or other change in control of the company, including transactions that our stockholders might deem to be in their best interests.

The acquisition of additional CNH Industrial geographic areas of responsibility and store locations in our Agriculture, Construction and International segments requires the consent of CNH Industrial under our dealer agreements. We can give no assurance that CNH Industrial will consent to any of the acquisitions of dealerships that we may desire to make in the future.

Our agricultural equipment sales are affected by numerous market factors outside of our control.

Cyclicality is a common feature in farmers’ capital expenditures. Increased capital investments typically occur during boom cycles spurred by high farm profits and increased farm wealth driven by increased farmland values. Farmers’ capital expenditures are also affected by borrowing costs, with expenditures accelerated by low interest rates.

Net farm income is subject to numerous external factors such as commodity prices, input costs, production yields, animal diseases and crop pests, currency valuation effects on exports of crop commodities, federal crop insurance and subsidy programs, and limits on agricultural exports/imports. Net farm income also impacts farmland values, which causes overall farm wealth to increase or decrease, impacting farmers’ sentiment to make investments in equipment. The nature of the agricultural equipment industry is such that a downturn in demand can occur suddenly, resulting in negative impact on dealers including declining revenues, reduced profit margins, excess equipment inventories, and increased interest expenses. These downturns may be prolonged and during these periods our revenues and profitability could be harmed.

Our construction equipment sales are affected by numerous market factors outside of our control.

Our construction equipment customers primarily operate in the mining, natural resource development, construction, transportation, manufacturing, industrial processing and utilities industries, which industries generally are capital intensive and cyclical in nature. Many of our construction equipment customers are directly and indirectly affected by fluctuations in commodity prices in the agriculture, forestry, metals and minerals, petroleum and natural gas industries. The recent significant drop in the price of oil, as well as the price declines of other natural resource commodities, may cause reduced activity in these sectors, which will result in decreased demand for our products and services by our customers operating in these industries.

Construction contractors' demand for our construction equipment and services is affected by economic conditions at both a global and a local level. Economic conditions that negatively affect the construction industry, such as the tightening of credit standards which affect the ability of consumers to obtain financing, could reduce our customers' demand for our construction equipment. The construction industry in many of our geographical areas has experienced periodic, and sometimes prolonged, economic down cycles, which negatively impacts sales of construction equipment in those markets. During these downturns our revenues and profitability could be harmed.

Our customers' ability to obtain affordable financing is an important factor in their purchasing decisions, and directly affects our business.

The ability to obtain affordable financing is an important part of a customer's decision to purchase agricultural or construction equipment. Tight credit markets, a low level of liquidity in many financial markets, and extreme volatility in fixed income, credit, currency and equity markets have the potential to adversely affect available credit for our customers. As net farm income has decreased in recent years, the borrowing capacity of our farmer customers may have also decreased. Moreover, in a tighter credit environment, agricultural lenders may discourage their farmer customers from making non-essential capital expenditures.

Interest rate increases may make equipment purchases less affordable for customers and, as a result, our revenue and profitability may decrease as we manage excess inventory and reduce prices for equipment. Conversely, any decrease in interest rates may positively affect a customer's decision to purchase agricultural or construction equipment. We are unable to anticipate the timing and impact of interest rate adjustments.

Changes in tax incentives may reduce demand for agricultural and construction equipment and cause our revenue to decline.

Our customers in the agriculture and construction segments have benefited in recent years from Internal Revenue Code Section 168(k) accelerated depreciation, known as “bonus depreciation”, and enhanced Internal Revenue Code Section 179 expensing rules. Our customers may reduce their purchases from us if there are tax law changes reducing these benefits.

Changes in governmental policies may reduce demand for agricultural and construction equipment and cause our revenue to decline.

Changes in governmental agricultural policy could adversely affect sales of agricultural equipment. Government programs and subsidies that reduce economic volatility and enhance farm income positively influence farmers' demand for agricultural equipment. To the extent that future funding or farm programs available to individual farmers are reduced, these changes could reduce demand for agricultural equipment and we could experience a decline in revenue. Changes in government spending on infrastructure projects could adversely affect the demand for construction equipment and we could experience a decline in revenue.

Our sales and profit margins may also be negatively affected by the final Tier IVB Final clean diesel emissions standards, which are now in effect. Tier IV refers to a generation of federal air emissions standards established by the U.S. Environmental Protection Agency (“EPA”) that apply to new diesel engines used in off-road equipment. To satisfy these standards, manufacturers must introduce new cleaner diesel engines which will increase the manufacturing costs of the equipment. To the extent that our suppliers pass on these additional costs to its dealers, as expected, we will pay more for our equipment inventory. We may not be able to pass on these price increases to our customers and maintain our desired margins.

Our financial performance is affected by general industry-wide supply levels of inventory, over which we have no control.

Over-production by one or more manufacturers, or a sudden reduction in demand, can dramatically disrupt the market and cause downward pressure on our equipment profit margins. Short-term lease programs in the agriculture industry and rental companies in the construction industry have expanded significantly in North America in recent years. When this equipment comes off lease or rental fleet is sold, there may be a significant increase in the availability of late-model used equipment, which can worsen the over-supply condition and put added pressure on our equipment sales and margins, and have an adverse effect on residual values for our rental equipment and used equipment.

We believe that our industry is currently experiencing an oversupply of inventory, which has negatively affected our financial results, particularly our equipment gross profit margin. The oversupply of equipment in our industry may continue to cause downward pressure on our equipment margins, decrease our inventory turnover, increase our inventory financing costs, and cause us to write-down the carrying value of particular categories of aged equipment to reflect then-current market values. We cannot predict how long the current industry oversupply of equipment will persist, or how it may impact our operating results.

Our financial performance is dependent on our ability to effectively manage new and used equipment and parts inventories.

Our agricultural and construction equipment dealership network requires substantial inventories of equipment and parts to be maintained at each store to facilitate sales to customers on a timely basis. Our equipment inventory has traditionally represented 50% or more of our total assets. We need to maintain a proper balance of new and used equipment to assure satisfactory inventory turnover and to minimize floorplan financing costs.

Our purchases of new equipment and parts are based in large part on projected demand. Our equipment orders from CNH Industrial typically must be slotted months in advance of actual delivery. If actual sales are materially less than our forecasts, we would experience an over-supply of new equipment inventory. An over-supply of new equipment inventory will generally cause downward pressure on our product sale prices and margins, decrease our inventory turns, and increase our floorplan financing expenses.

Our used equipment is generally acquired as “trade-ins” from customers in connection with equipment sales. In accordance with generally accepted accounting principles, each item of our used equipment inventory is valued at the lower of cost or market. In a down market, our used equipment may not have the value that we attributed to it at the time of the trade and periodic adjustments to those values would be required in accordance with the lower of cost or market accounting principles. The amount of these write-downs of inventory are included in our cost of goods sold, and reduce our operating income. Our estimates of market value for our used equipment may prove to be inaccurate, given the potential for sudden change in market conditions and other factors beyond our control. Changes from our normal retail marketing channel to more aggressive marketing channels for specific pieces or categories of equipment inventory, particularly as equipment inventory ages, will generally cause a modification to our estimate of market value, which may result in a write-down of this inventory's carrying value. Reductions to our inventory's carrying value may result in a lower profit margin than previously expected. Further, pricing for and sales of used equipment can be significantly affected by the limited market for certain equipment.

Our international operations expose us to additional risks.

We are currently operating dealership locations in Bulgaria, Romania, Serbia and Ukraine, and also engage in export business to other countries. In fiscal 2016, total International segment revenues were 11.8% of our consolidated total revenue. As of January 31, 2016, total International segment assets were 10.5% of our consolidated total assets.

Our operations in international markets subject us to risks related to the differing legal, political, social and regulatory environments and economic conditions present in the countries in which we operate. Risks inherent in our international operations include:

- difficulties in implementing our business model in foreign markets;
- costs and diversion of domestic management attention related to oversight of international operations;
- unexpected adverse changes in export duties, quotas and tariffs and difficulties in obtaining import licenses;
- unexpected adverse changes in foreign laws or regulatory requirements;
- compliance with a variety of tax regulations, foreign laws and regulations which may be burdensome;
- compliance with the Foreign Corrupt Practices Act and other U.S. laws that apply to the international operations of U.S. companies which may be difficult and costly to implement and monitor and which, if violated, may result in substantial financial and reputation harm;
- fluctuations in foreign currency exchange rates to which we are exposed may adversely affect the results of our operations, the value of our foreign assets and liabilities and our cash flows;
- political or economic changes or instability.

These factors, in addition to others that we have not anticipated, may negatively impact our financial condition and results of operations.

The current political and economic instability in Ukraine could create short-term and long-term disruption in our Ukrainian operations. The current instability is causing liquidity problems for certain of our customers which may result in credit losses on our outstanding receivable balances or cause our customers to delay or reduce their purchases of our products and services. Such reduced purchasing by our customers is causing our inventory levels to be higher than expected, contributing to increased carrying costs and reducing our return on assets. In addition, the current instability may affect our ability to secure new, or to continue existing, working capital loans at desired levels or cause such indebtedness to become more expensive. A reduction in borrowing capacity, absent associated reductions in inventory, could require us to make additional capital contributions to our Ukraine operations. Continued political and economic instability could also cause the Ukrainian government to impose additional currency exchange controls or to otherwise restrict our ability to recover and repatriate our investment in our Ukrainian subsidiary. The stabilization of Ukraine’s economy and political structure will depend in large part on the assistance of the international community, which assistance cannot be assured. Absent this stabilization, our ability to profitably transact business in Ukraine could be adversely affected. Our operations in Ukraine are subject to the risks of further devaluation of the local currency, increased interest rates, and increased inflation.

Floorplan financing for our equipment inventory may not be available on favorable terms, which would adversely affect our growth and results of operations.

We generally purchase our equipment with the assistance of floorplan payable financing programs through CNH Industrial Capital and other credit facilities. In the event that our available financing sources are insufficient to satisfy our future requirements, we would be required to obtain financing from other sources. We may not be able to obtain this additional or alternative financing on commercially reasonable terms or at all. To the extent that this financing cannot be obtained or obtained on commercially reasonable terms or at all, our growth and results of operations would be adversely affected.

Our level of indebtedness could limit our financial and operational flexibility.

As of January 31, 2016, our indebtedness included floorplan payable financing, long-term debt, and senior convertible notes. In addition, we have obligations under our lease agreements for our store locations and corporate headquarters.

Our level of indebtedness could have important consequences. For example, it could:

- increase our vulnerability to general adverse economic and industry conditions;
- limit our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate; and
- limit our ability to obtain additional financing for working capital, capital expenditures, acquisitions or general corporate purposes.

We expect to use cash flow from operations and borrowings under our credit facilities to fund our operations, debt service and capital expenditures. However, our ability to make these payments depends on our future performance, which will be affected by financial, business, economic and other factors, many of which we cannot control.

The credit agreements governing our indebtedness restrict our ability to engage in certain corporate and financial transactions, and require us to satisfy financial covenants.

The credit agreements governing our indebtedness contain covenants that, among other things, restrict our ability to:

- incur more debt;
- make investments;
- create liens;
- merge or consolidate;
- transfer and sell assets;
- pay dividends or repurchase stock;
- issue equity instruments.

Our credit facilities with CNH Industrial Capital and DLL Finance require us to satisfy a net leverage ratio and fixed charge coverage ratio on an ongoing basis, measured at the end of each fiscal quarter. Under our Wells Fargo Credit Agreement, in the event that excess availability plus eligible cash collateral is less than 15% of the total facility of $350.0 million, we are required to maintain a fixed charge coverage ratio of at least 1.1. Our ability to borrow under these credit agreements depends upon compliance with these financial covenants.

Our failure to satisfy any covenant, absent a waiver or amendment, would cause us to be in default under our credit facilities and would enable our lenders to accelerate payment of the outstanding indebtedness. Moreover, an event of default accompanied by a demand for accelerated payment under any of our credit facilities would also constitute a default under our Senior Convertible Notes. Each of our credit agreements include cross-default provisions which state that certain types of defaults under any other indebtedness agreement will also constitute a default under that credit agreement. If an event of default occurred, and the lender demanded accelerated payment, we may not be able to satisfy such a pay-off request, whether through internal funds or a new financing.

Our variable rate indebtedness exposes us to interest rate risk.

A substantial portion of our borrowings, including the credit facilities with CNH Industrial Capital, Wells Fargo and DLL Finance, are at variable rates of interest and expose us to interest rate risk. As such, our results of operations are sensitive to movements in interest rates. There are many economic factors outside our control that have in the past and may, in the future, impact rates of interest including publicly announced indices that underlie the interest obligations related to a certain portion of our debt. Factors that impact interest rates include governmental monetary policies, inflation, recession, changes in unemployment, the money supply, international disorder and instability in domestic and foreign financial markets. Such increases in interest rates could have a material adverse effect on our financial conditions and results of operations.

The agricultural and construction equipment industries are highly seasonal, which can cause significant fluctuations in our results of operations and cash flow.

The agricultural and construction equipment businesses are highly seasonal, which causes our quarterly results to fluctuate during the year. Farmers generally purchase agricultural equipment and service work in preparation for, or in conjunction with, the spring planting and fall harvesting seasons. Construction equipment customers' purchases of equipment and service work, as well as rental of equipment, are also seasonal in our stores located in colder climates where construction work slows significantly in the winter months. In addition, the fourth quarter typically is a significant period for equipment sales in the U.S. because of our customers' year-end tax planning considerations, the timing of dealer incentives and the increase in availability of farmers' funds from completed harvests and construction customers' funds from completed projects. Also, numerous external factors such as credit markets, commodity prices, weather conditions, and other circumstances may disrupt normal purchasing practices and customers' sentiment, further contributing to the seasonal fluctuations.

Weather conditions may negatively impact the agricultural and construction equipment markets and affect our financial results.

Weather conditions, particularly severe floods and droughts, can have a significant adverse effect on regional agricultural and construction markets. Accordingly, our financial condition and results of operations may be adversely affected by adverse weather conditions.

Our rental operations subject us to risks including increased maintenance costs if our rental fleet ages, increased costs of new replacement equipment we use in our fleet, and losses upon disposition of rental fleet units.

Our rental fleet margins are materially impacted by utilization of fleet assets, which is seasonal and can fluctuate materially due to weather and economic factors. If our rental equipment ages, the costs of maintaining that equipment, if not replaced within a certain period of time, will likely increase. The cost of new equipment for use in our rental fleet could also increase due to increased material costs for our suppliers or other factors beyond our control. Furthermore, changes in customer demand could cause certain of our existing equipment to become obsolete and require us to purchase new equipment at increased costs.

We include in operating income the difference between the sales price and the depreciated value of an item of rental equipment sold. The market value of any given piece of rental equipment could be less than its depreciated value at the time it is sold. The market value of used rental equipment depends on several factors, including:

- market prices for like new equipment;
- wear and tear on the equipment;
- time of year that the equipment is sold;
- the supply of used equipment on the market; and
- general economic conditions.

Any significant decline in the selling prices for used rental equipment, or increased costs resulting from our rental operations, could have a material adverse effect on our results of operation and cash flow.

Our industry is highly competitive.

The agricultural and construction equipment distribution and rental industries are highly competitive and fragmented, with large numbers of companies operating on a regional or local basis. Historically, our competitors have competed aggressively on the basis of pricing or inventory availability, resulting in decreased margins on our sales to the extent we choose to match our competitors' pricing. To the extent we choose not to match or remain within a reasonable competitive distance from our competitors' pricing, we may lose sales volume. In addition, to the extent CNH Industrial's competitors (such as Deere, Caterpillar, and AGCO) provide their dealers with more innovative or higher quality products, better customer financing, or have more effective marketing programs, our ability to compete and our results of operations could be adversely affected.

If our acquisition plans are unsuccessful, we may not achieve our planned long-term revenue growth.

Our ability to grow through the acquisition of additional CNH Industrial geographic areas of responsibility and store locations or other businesses will be dependent upon the availability of suitable acquisition candidates at acceptable values, our ability to compete effectively for available acquisition candidates and the availability of capital to complete the acquisitions. We may not successfully identify suitable targets, or if we do, we may not be able to close the transactions, or if we close the transactions, they may not be profitable. In addition, CNH Industrial's consent is required for the acquisition of any CNH Industrial dealership, and the consent of our lenders may be required for certain acquisitions. CNH Industrial typically evaluates management, dealer concentration, and performance and capitalization of a prospective acquirer in determining whether to consent to the sale of a CNH Industrial dealership. There can be no assurance that CNH Industrial or our lenders will consent to any or all acquisitions of dealerships that we may propose to acquire.

Our acquisitions may not be successful.

There are risks associated with acquisitions of new dealerships. These risks include incurring significantly higher than anticipated capital expenditures and operating expenses; failing to assimilate the operations and personnel of the acquired dealerships; disrupting our ongoing business; diluting the effectiveness of our management; failing to maintain uniform standards, controls and policies; and impairing relationships with employees and customers as a result of changes in management. To the extent we do not successfully avoid or overcome the risks or problems related to acquisitions, our results of operations and financial condition could be adversely affected. Future acquisitions also will have a significant impact on our financial position and capital needs, and could cause substantial fluctuations in our quarterly and yearly results of operations. Acquisitions could include significant goodwill and intangible assets, which may result in future impairment charges that would reduce our stated earnings.

We are exposed to customer credit risks.

We extend credit to our customers for parts and service work, and also for some equipment sales in our international operations. If we are unable to manage credit risk issues adequately, or if a large number of customers should have financial difficulties at the same time, our credit losses could increase above historical levels and our operating results would be adversely affected. Delinquencies and credit losses generally would be expected to increase if there was a worsening of economic conditions.

Our business success depends on attracting and retaining qualified personnel.

Our success depends in part on the efforts and abilities of our management team and key employees, including the managers of our domestic stores and our country managers in our International operations. The failure to attract and retain members of our management team and key employees will harm us.

Our outstanding Senior Convertible Notes may cause dilution to our existing stockholders and may negatively affect our financial position and liquidity.

On April 24, 2012, we issued $150 million aggregate principal amount of 3.75% Senior Convertible Notes due May 2019 (the "Senior Convertible Notes") pursuant to an indenture between the Company and Wells Fargo Bank, National Association (the "Indenture"). The Senior Convertible Notes are convertible into common stock at the option of the holders under certain conditions. Upon conversion, we will pay cash up to the aggregate principal amount of converted notes and pay or deliver, as the case may be, cash, shares of our common stock or a combination thereof, at our election, for any conversion obligation in excess thereof. Additionally, in the event of a fundamental change, as defined in the Indenture, the holders of the Senior Convertible Notes may require us to purchase all or a portion of their notes for cash at a purchase price equal to 100% of the principal amount of notes to be purchased, plus accrued and unpaid interest.

The Indenture provides for customary events of default, including, but not limited to, cross acceleration to certain other indebtedness of us and our subsidiaries. In the case of an event of default, all outstanding Senior Convertible Notes may become due and payable immediately without further action or notice.

If we issue shares of our common stock to satisfy conversion obligations under the Senior Convertible Notes, our existing stockholders will experience dilution of their holdings of our stock. Repayment of the principal amount of the Senior Convertible Notes in cash and, if applicable, satisfaction of our conversion obligations in cash may have a significant negative effect on our available capital resources and liquidity which may require us to borrow additional amounts pursuant to terms that are not favorable to us.

In addition, even if holders do not elect to convert their Senior Convertible Notes, we could be required under applicable accounting rules to reclassify all or a portion of the outstanding principal balance of the Senior Convertible Notes as a current rather than long-term liability, which would result in a material reduction of our net working capital.

Selling and renting agricultural and construction equipment, selling parts, and providing repair services subject us to liability risks that could adversely affect our financial condition and reputation.

Products sold, rented or serviced by us may expose us to potential liabilities for personal injury or property damage claims relating to the use of such products. Our product liability insurance may not be adequate to cover product liability claims. Such insurance may not continue to be available on economically reasonable terms. An uninsured or partially insured claim for which indemnification is not provided could have a material adverse effect on our financial condition. Furthermore, if any significant claims are made against us or against CNH Industrial or any of our other suppliers, our business may be adversely affected by any resulting negative publicity.

Our internal control over financial reporting may not be effective and our independent registered public accounting firm may not be able to certify as to its effectiveness, which could have a significant and adverse effect on our business and reputation.

We are required to comply with the requirements of Section 404 of the Sarbanes-Oxley Act of 2002 and rules and regulations of the SEC thereunder. If we fail to maintain the adequacy of our internal control over financial reporting, as such standards are modified, supplemented or amended from time to time we may not be able to ensure that we can conclude on an ongoing basis that we have effective internal control over financial reporting in accordance with Section 404. We cannot be certain as to the timing of completion of our evaluation, testing and any remedial actions or their impact on our operations. If we are not able to comply with the requirements of Section 404, our independent registered public accounting firm may not be able to certify as to the effectiveness of our internal control over financial reporting, we may be unable to report our financial results accurately or in a timely manner and we may be subject to sanctions or investigation by regulatory authorities, such as the SEC. As a result, there could be a negative reaction in the financial markets due to a loss of confidence in the reliability of our financial statements.

Any disruption to or failure of our information systems may negatively affect our ability to monitor and control our operations.

Our business processes, including marketing of equipment and support services, inventory and logistics, and finance largely depend upon the integrity of our information systems. Any disruptions to our information systems or the failure of such systems to operate as expected may adversely affect our operating results by limiting our ability to effectively monitor and control our operations.

Security breaches and other disruptions could compromise our information and expose us to liability, which would cause our business and reputation to suffer.

In the ordinary course of our business, we collect and store sensitive data, including intellectual property, our proprietary business information and that of our customers, suppliers and business partners, and personally identifiable information of our customers and employees, in our data centers and on our networks. The secure processing, maintenance and transmission of this information is critical to our operations and business strategy. Despite our security measures, our information technology and infrastructure may be vulnerable to attacks by hackers or breached due to employee error, malfeasance or other disruptions. Any such breach could compromise our networks and the information stored there could be accessed, publicly disclosed, lost or stolen. Any such access, disclosure or other loss of information could result in legal claims or proceedings, liability under laws that protect the privacy of personal information, and regulatory penalties, disrupt our operations and the services we provide to customers, and damage our reputation, and cause a loss of confidence in our products and services, which could adversely affect our business/operating margins, revenues and competitive position.

Failure to comply with applicable laws and regulations could harm our business and financial results.

Our policies and procedures are designed to comply with all applicable laws, accounting and reporting requirements, tax rules and other regulations and requirements, including those imposed by the SEC, NASDAQ, and foreign countries, as well as applicable trade, labor, healthcare, privacy, anti-bribery and corruption and merchandise laws. The complexity of the regulatory environment in which we operate and the related cost of compliance are both increasing due to additional or changing legal and regulatory requirements, our ongoing expansion into new markets and new channels, and the fact that foreign laws occasionally conflict with domestic laws. In addition to potential damage to our reputation and brand, failure to comply with the various laws and regulations as well as changes in laws and regulations or the manner in which they are interpreted or applied, may result in litigation, civil and criminal liability, damages, fines and penalties, increased cost of regulatory compliance and restatements of our financial statements.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

Equipment Stores

As of April 2016, we operate 108 agricultural and construction equipment stores in the United States and Europe, including one outlet store, in the following locations. Certain stores are included in the store count for the Agriculture segment but also sell some construction equipment.

	Agriculture Segment	Construction Segment	International Segment	Total
US States				
North Dakota	14	6	—	20
Minnesota	14	3	—	17
Iowa	12	3	—	15
Nebraska	13	2	—	15
South Dakota	11	2	—	13
Colorado	—	3	—	3
Montana	—	3	—	3
Arizona	—	2	—	2
New Mexico	—	1	—	1
Wisconsin	—	1	—	1
Wyoming	—	1	—	1
European Countries				
Bulgaria	—	—	7	7
Romania	—	—	7	7
Ukraine	—	—	2	2
Serbia	—	—	1	1
Total	64	27	17	108

Our Agriculture stores are generally located in rural areas on property zoned for commercial use and typically range from 10,000 to 60,000 square feet with three to twenty acres of land. Our Construction stores are generally located within city limits in designated industrial parks or areas of similar use and typically range from 10,000 to 25,000 square feet with three to ten acres of land. Our International stores generally range from 2,000 to 20,000 square feet with one to fifteen acres of land. We fully utilize the leased space for each of our stores and believe the respective square footage and related acreage is adequate to meet our current and anticipated needs.

Store Lease Arrangements

As of January 31, 2016, we leased 124 buildings under operating lease agreements which expire at various dates through January 2031. We have not historically owned significant amounts of real estate, although we evaluate opportunities to invest in our real estate on a case by case basis. Therefore, we anticipate that when we need real estate, including as part of acquiring dealerships, we will lease such real estate from third parties, which may include affiliates of our investors, directors or management. We intend for the terms of all of our leases to be commercially reasonable.

Our store lease agreements contain lease periods primarily ranging from automatically renewable month-to-month terms to 15 years in length. Certain of the lease agreements contain terms such as an option to purchase the property at fair value, renew or extend the lease for an additional period at the conclusion of the original lease term or automatically renew the lease term at the conclusion of the original lease period on a month-to-month or year-to-year basis. A majority of the leases provide for fixed monthly rental payments and require us to pay the real estate taxes on the properties for the lease periods. All of the leases require that we maintain public liability and personal property insurance on each of the leased premises, and a majority of the leases require us to indemnify the lessor in connection with any claims arising from the leased premises during our occupation of the property. Most of the leases prohibit us from assigning the lease agreements or subletting the leased premises without the prior written consent of the lessor. In most of our leases, we have been granted a right of first refusal or other options to purchase the property.

As part of our due diligence review prior to a dealership acquisition, we evaluate the adequacy, suitability and condition of the related real estate. Our evaluation typically includes a Phase I environmental study, and if deemed necessary, a

Phase II environmental study, of the real property to determine whether there are any environmental concerns. If any environmental concerns exist, we generally require that such concerns be addressed prior to acquisition of the dealership.

Headquarters

We currently lease and occupy approximately 48,000 square feet in West Fargo, North Dakota for our headquarters, which lease expires on January 31, 2028. We continually review our location needs, including the adequacy of our headquarters space, to ensure our space is sufficient to support our operations. We believe there is ample opportunity for expansion in the West Fargo area if necessary.

ITEM 3. 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. Management believes the resolution of other legal matters will not have a material effect on our financial condition, results of operation or cash flow, although the ultimate outcome of any such actions is not assured. Furthermore, our insurance may not be adequate to cover all liabilities that may arise out of claims brought against us.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

EXECUTIVE OFFICERS OF THE REGISTRANT

The names, ages and positions of our executive officers are as follows:

Name	Age	Position
David Meyer	62	Board Chair and Chief Executive Officer
Mark Kalvoda	44	Chief Financial Officer

David Meyer is our Board Chair and Chief Executive Officer. Mr. Meyer worked for JI Case Company in 1975. From 1976 to 1980, Mr. Meyer was a partner in a Case/New Holland Dealership with locations in Lisbon, North Dakota and Wahpeton, North Dakota. In 1980, Mr. Meyer, along with a partner, founded Titan Machinery Inc. Mr. Meyer has served on both the Case CE and CaseIH Agriculture Dealer Advisory Boards. Mr. Meyer is the past chairman and current board member of the North Dakota Implement Dealers Association, and currently serves as a Trustee on the University of Minnesota Foundation.

Mark Kalvoda became our Chief Financial Officer in April 2011 and previously served as our Chief Accounting Officer since September 2007. Prior to joining us, he held various positions between 2004 and 2007 at American Crystal Sugar Co., including Corporate Controller, Assistant Secretary and Assistant Treasurer. Prior to working for American Crystal Sugar Co., he served in various financial positions within Hormel Foods Corporation.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Market Information

The following table sets forth, for the periods indicated, the high and low sale prices of our common stock as reported by the Nasdaq Global Select Market.

	High	Low
Fiscal 2016		
First Quarter	$ 15.50	$ 11.19
Second Quarter	16.99	13.10
Third Quarter	14.68	10.01
Fourth Quarter	13.29	7.92
Fiscal 2015		
First Quarter	$ 20.40	$ 14.57
Second Quarter	18.25	14.51
Third Quarter	14.98	11.85
Fourth Quarter	15.45	10.69

As of March 31, 2015, there were approximately 959 record holders of our common stock, which excludes holders whose stock is held either in nominee name or street name brokerage accounts.

DIVIDENDS

We have not historically paid any dividends on our common stock and do not expect to pay cash dividends on our common stock in the foreseeable future. Payment of future cash dividends, if any, will be at the discretion of our board of directors after taking into account various factors, including our financial condition, operating results, current and anticipated cash needs, outstanding indebtedness and plans for expansion and restrictions imposed by lenders, if any. Currently, our Credit Agreement with Wells Fargo restricts our ability to pay cash dividends, without the lenders' consent.

UNREGISTERED SALES OF EQUITY SECURITIES

We did not have any unregistered sales of equity securities during the fiscal quarter ended January 31, 2016.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

For information on securities authorized for issuance under our equity compensation plans, refer to Item 12, "Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters."

REPURCHASES

We did not engage in any repurchases of our common stock during the fiscal quarter ended January 31, 2016.

STOCK PERFORMANCE GRAPH

The following graph compares the cumulative total return for the last trading day of our last five fiscal years on a $100 investment (assuming dividend reinvestment) on January 31, 2011, the last trading day before our fifth preceding fiscal year, in each of our common stock, the Russell 2000 Stock Index and the S&P Retailing Group Index.

	January 31,					
	2011	2012	2013	2014	2015	2016
Titan Machinery Inc.	$ 100.00	$ 102.10	$ 119.31	$ 67.27	$ 58.32	$ 35.04
Russell 2000 Index	100.00	101.48	115.47	144.75	149.17	132.53
S&P 500 Retail Index	100.00	111.34	140.18	174.22	206.88	239.07

ITEM 6. SELECTED FINANCIAL DATA

The data given below, excluding the store count data, as of and for each of the five years in the period ended January 31, 2016, has been derived from our audited consolidated financial statements. Certain reclassifications of amounts previously reported have been made the Balance Sheet Data shown below as a result of retrospectively adopting the new accounting standards related to debt issuance costs and deferred taxes. See Note 1 in the notes to our consolidated financial statements in this Form 10-K for additional information regarding these changes. In order to understand the effect of accounting policies and material uncertainties that could affect our presentation of financial information, this data should be read in conjunction with our Consolidated Financial Statements and Notes thereto included under Item 8 to this Form 10-K and in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operation included under Item 7 of this Form 10-K.

The change in store count, resulting from acquisitions, new store openings, or store closings, has an impact on the comparability of our statement of operations and balance sheet information. The table below summarizes the net change in our store count and ending store count for each fiscal year presented.

Table of Contents

	Year Ended January 31,				
	2016	2015	2014	2013	2012
Store Count Data					
Net change in store count during fiscal year	(4)	(7)	2	24	15
Store count at end of fiscal year	108	112	119	117	93

	Year Ended January 31,				
	2016	2015	2014	2013	2012
	(in thousands, except per share data)				
Statement of Operations Data:					
Revenue					
Equipment	$ 925,471	$ 1,398,195	$ 1,722,738	$ 1,763,877	$ 1,303,900
Parts	245,387	270,262	275,750	242,368	201,404
Service	127,457	147,356	149,082	127,779	103,474
Rental and other	69,520	84,433	78,876	64,396	50,214
Total Revenue	1,367,835	1,900,246	2,226,446	2,198,420	1,658,992
Cost of Revenue					
Equipment	889,567	1,286,148	1,576,246	1,600,233	1,171,618
Parts	173,083	189,540	192,199	169,164	140,096
Service	46,814	53,924	54,608	45,748	37,236
Rental and other	52,457	62,250	55,319	43,914	34,581
Total Cost of Revenue	1,161,921	1,591,862	1,878,372	1,859,059	1,383,531
Gross Profit	205,914	308,384	348,074	339,361	275,461
Operating Expenses	220,524	273,271	291,202	247,557	193,860
Impairment and Realignment Costs	8,500	34,390	9,997	—	—
Income (Loss) from Operations	(23,110)	723	46,875	91,804	81,601
Other Income (Expense)					
Interest income and other income (expense)	(478)	(4,272)	2,109	1,654	1,643
Interest expense	(32,623)	(34,791)	(30,555)	(22,762)	(9,670)
Income (Loss) Before Income Taxes	(56,211)	(38,340)	18,429	70,696	73,574
Provision for (Benefit from) Income Taxes	(17,982)	(4,923)	10,325	28,137	29,429
Net Income (Loss) Including Noncontrolling Interest	(38,229)	(33,417)	8,104	42,559	44,145
Less: Net Income (Loss) Attributable to Noncontrolling Interest	(337)	(1,260)	(747)	86	(15)
Net Income (Loss) Attributable to Titan Machinery Inc.	(37,892)	(32,157)	8,851	42,473	44,160
Net (Income) Loss Allocated to Participating Securities	717	559	(129)	(443)	(409)
Net Income (Loss) Attributable to Titan Machinery Inc. Common Stockholders	$ (37,175)	$ (31,598)	$ 8,722	$ 42,030	$ 43,751
Earnings (Loss) per Share					
Basic	$ (1.76)	$ (1.51)	$ 0.42	$ 2.02	$ 2.21
Diluted	$ (1.76)	$ (1.51)	$ 0.41	$ 2.00	$ 2.18
Weighted average shares outstanding					
Basic	21,111	20,989	20,894	20,787	19,809
Diluted	21,111	20,989	21,040	20,987	20,110

	January 31,				
	2016	2015	2014	2013	2012
	(in thousands)				
Balance Sheet Data:					
Cash	$ 89,465	$ 127,528	$ 74,242	$ 124,360	$ 79,842
Receivables, net	56,552	76,382	97,894	121,786	82,518
Inventories	689,464	879,440	1,075,978	929,216	748,047
Prepaid expenses and other	9,753	10,634	24,740	8,178	2,108
Income taxes receivable	13,011	166	851	503	3,140
Assets held for sale	—	15,312	—	—	—
Total current assets	858,245	1,109,462	1,273,705	1,184,043	915,655
Goodwill and intangibles, net	5,134	5,458	36,501	44,992	35,197
Property and Equipment, net of accumulated depreciation	183,179	208,680	228,000	194,641	126,282
Other assets	1,317	2,014	6,967	5,992	3,881
Total Assets	$ 1,047,875	$ 1,325,614	$ 1,545,173	$ 1,429,668	$ 1,081,015
Accounts payable	$ 16,863	$ 17,659	$ 23,714	$ 28,282	$ 28,424
Floorplan payable (1)	444,780	625,162	748,326	687,425	551,103
Current maturities of long-term debt	1,557	7,749	2,192	10,568	4,755
Customer deposits	31,159	35,090	61,286	46,775	49,540
Accrued expenses	28,914	35,496	36,968	29,590	26,735
Liabilities held for sale	—	2,835	—	—	—
Income taxes payable	152	3,529	344	310	—
Total current liabilities	523,425	727,520	872,830	802,950	660,557
Senior convertible notes	134,145	129,889	125,895	122,143	—
Long-term debt, less current maturities	38,409	66,563	94,940	56,051	57,043
Deferred income taxes	11,135	19,971	33,651	39,054	23,222
Other long-term liabilities	2,412	3,312	6,515	9,551	2,854
Total stockholders' equity	338,349	378,359	411,342	399,919	337,339
Total Liabilities and Stockholders' Equity	$ 1,047,875	$ 1,325,614	$ 1,545,173	$ 1,429,668	$ 1,081,015
(1) Portion of floorplan payable balance which is interest-bearing as of January 31	75%	75%	56%	61%	52%

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion and analysis of our financial condition and results of operations together with our financial statements and the related notes appearing under Item 8 of this annual report. Some of the information contained in this discussion and analysis or set forth elsewhere in this annual report, including information with respect to our plans and strategy for our business and expected financial results, includes forward-looking statements that involve risks and uncertainties. You should review the "Information Regarding Forward-Looking Statement" in this Item 7 and "Risk Factors" presented under Item 1A for a discussion of important factors that could cause actual results to differ materially from the results described in or implied by the forward-looking statements contained in the following discussion and analysis in this annual report.

BUSINESS DESCRIPTION

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, collectively referred to in this annual report as CNH Industrial, 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.

The agricultural equipment we sell and service includes machinery and attachments for uses ranging from large-scale farming to home and garden use. The construction equipment we sell and service includes heavy construction and light industrial machinery for commercial and residential construction, road and highway construction and mining applications. We offer our customers a one-stop solution for their equipment needs through:

- new and used equipment sales;
- parts sales;
- repair and maintenance services; and
- equipment rental and other activities.

The new equipment and parts we sell are supplied primarily by CNH Industrial. According to public reports filed by CNH Industrial, CNH Industrial is a leading manufacturer and supplier of agricultural and construction equipment based on the number of units sold, primarily through the Case IH Agriculture, New Holland Agriculture, Case Construction and New Holland Construction brands. Sales of new CNH Industrial products accounted for approximately 72% of our new equipment revenue in fiscal 2016, with our single largest manufacturer other than CNH Industrial representing approximately 2% of our total new equipment sales. We acquire used equipment for resale through trade-ins from our customers and selective purchases. We sell parts and provide in-store and on-site repair and maintenance services. We rent equipment and provide other ancillary services such as equipment transportation, GPS signal subscriptions and finance and insurance products.

Throughout our 36-year operating history we have built an extensive, geographically contiguous network of 91 stores, including one outlet store, located in the United States and 17 stores in Europe. We have a history of growth through acquisitions, including 52 acquisitions consisting of 110 stores operating in 11 states and three European countries since January 1, 2003. We believe a favorable climate for dealership consolidation will continue to exist, which provides for acquisition opportunities, and expect that acquisitions will continue to be an important component of our long-term growth.

Inventory Impairment Charges

We continued executing on our equipment inventory reduction plan throughout fiscal 2016, and based on prolonged headwinds in the agriculture and construction industries, we expanded our plan during the fourth quarter of fiscal 2016 to include the marketing of certain aged equipment inventory through alternative channels rather than our normal retail channels. We anticipate realizing lower revenue amounts from these alternative channels which will be less than the carrying values of the respective equipment. As a result, we recorded an inventory impairment charge of $27.5 million to equipment cost of revenue in the fourth quarter of fiscal 2016 related to the expanded equipment inventory reduction plan, of which $11.4 million related to our Agriculture segment, $15.9 million related to our Construction segment and $0.2 million related to our International segment. In addition to this inventory impairment charge, our equipment gross profit margins were compressed due to intensified efforts to sell aged equipment inventory in a challenging market during the fourth quarter of fiscal 2016.

Realignment Plans

To better align our cost structure and re-balance staffing levels with the evolving needs of the business, in March 2015, we approved a realignment plan to reduce our headcount by approximately 14%, which includes headcount reductions at stores in each of our operating segments and our Shared Resource Center, as well as from the closing of three Agriculture stores and one Construction store. Our remaining stores in each of the respective areas will take over the distribution rights for the CNH Industrial brand previously held by the stores which have closed.

To better align our Construction business in certain markets, in April 2014, we reduced our 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 our Shared Resource Center. We also closed one Agriculture store in April, 2014. Our 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 incurred costs of $2.0 million, $3.9 million and $0.3 million during the years ended January 31, 2016, 2015 and 2014, respectively, related to these activities. See also the Non-GAAP Financial Measures section below for the 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 U.S. dollar. As a result of the decoupling and ongoing unstable economic and political conditions in the country, the UAH has experienced significant devaluation through mid 2015, and thereafter has continued to experience more modest volatility through January 31, 2016. The functional currency of our Ukrainian subsidiary is the U.S. dollar and, as a result, any currency remeasurement adjustments for non-dollar denominated monetary assets and liabilities held by this subsidiary are reflected in earnings. For the years ended January 31, 2016 and 2015, we recognized $2.5 million and $5.8 million in foreign currency remeasurement losses resulting from the devaluation of the UAH. 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.

As of January 31, 2016, our Ukrainian subsidiary had $1.8 million of net monetary assets denominated in UAH, subjecting us to ongoing currency remeasurement risks on this amount. We have attempted to minimize our net monetary asset position through reducing overall asset levels in Ukraine and through borrowing in UAH which serves as a natural hedging instrument offsetting our UAH denominated assets. Currency and payment controls imposed by the National Bank of Ukraine have limited our ability to manage our net monetary asset position. Such restrictions, coupled with the continued devaluation of the UAH, may create exposure for our net monetary assets.

Segment Reporting

During the three months ended April 30, 2015, we made changes to our internal financial reporting, primarily related to the elimination of transactions within a segment. Previously, segment results were reported at gross amounts with eliminations reported separately to reconcile to consolidated financial results. During the three months ended April 30, 2015, we began reporting these eliminations within the segments to which they relate. The financial information for the years ended January 31, 2015 and 2014 have been reclassified for comparability with the current year presentation.

Certain External Factors Affecting our Business

We are subject to a number of factors that affect our business including those factors discussed in the sections in this annual report entitled "Risk Factors" and "Information Regarding Forward- Looking Statements." Certain of these external factors include, but are not limited to, the following:

Macroeconomic and Industry Factors

Our Agriculture and International businesses are primarily driven by the demand for agricultural equipment for use in the production of food, fiber, feed grain and renewable energy; home and garden applications; and the maintenance of commercial, residential and government properties. The agriculture industry has been experiencing challenging conditions due to decreases in agricultural commodity prices and net farm income. Macroeconomic and industry factors that affect commodity prices and net farm income include changing worldwide demand for agriculture commodities, crop yields and supply disruptions caused by weather patterns and crop diseases, crop stock levels, production costs, and changing U.S. dollar foreign currency exchange rates. Based on U.S. Department of Agriculture ("USDA") publications, net farm income decreased 26.6% in calendar year 2014, and based on its February 2016 report, the USDA is projecting decreases of 37.7% in calendar year 2015 and 3.0% for calendar year 2016. The commodity prices of corn and soybeans, which are the predominant crops in our

Agriculture store footprint, decreased significantly during fiscal 2015 and have remained relatively stable at the lower prices during fiscal 2016. These challenging conditions have reduced demand for equipment purchases, service work and parts, resulting in decreased same-store sales, equipment revenue and equipment gross profit margin, and have caused an oversupply of equipment inventory in our geographic footprint.

Our Construction business is primarily impacted by the demand for construction equipment for use in private and government commercial, residential and infrastructure construction; demolition; maintenance; mining; energy and forestry operations. Sales of construction equipment historically have fluctuated with general economic cycles. During general economic downturns, construction equipment retailers tend to experience similar periods of decline and recession. The U.S. Bureau of the Census publishes periodic reports of new residential construction by region in the U.S., which we use to analyze general economic trends in the regions in which we operate and anticipate our customers’ purchasing and rental trends. Decreases in new residential construction generally cause decreases in our equipment revenue. In addition, some of our Construction stores, particularly those in the northwest and western parts of our footprint, are impacted by the oil industry. The significant decrease in oil prices, which began in the third quarter of fiscal 2015 and continued through fiscal 2016, has caused a decrease in oil production and infrastructure activity in these areas. In addition, the aforementioned agriculture industry conditions have also led to a reduction of purchases of Construction equipment by customers in the agriculture industry, negatively affecting certain of our Construction stores. These factors have reduced demand for equipment purchases, equipment rentals, and service work and parts and have caused an oversupply of equipment inventory and rental fleet in these areas.

During economic downturns, and especially in the agriculture industry, equipment revenue generally decreases but parts and service revenue tend to be more stable or even increase as the amount of land in production is unchanged and because farmers may use existing equipment rather than purchasing new equipment. Our gross profit margins on equipment are lower than gross profits on parts and service. As a result, this change in mix may cause our gross profit margin to increase on a percentage basis even though our overall gross profit dollars may decrease. Our operating expenses are largely fixed expenses, other than commissions paid to our field marketers which generally fluctuate with gross profit. When equipment revenue decreases, it may have a negative impact on our ability to leverage these fixed costs, and, as a result, may reduce our operating income.

The current oversupply of equipment inventory in the agricultural and construction industries may continue to have a negative impact on our operating results, particularly equipment gross profit margin.

Seasonality & Weather

The agricultural and construction equipment businesses are highly seasonal, which causes our quarterly results and our available cash flow to fluctuate during the year. Our customers generally purchase and rent equipment in preparation for, or in conjunction with, their busy seasons, which for farmers are the spring planting and fall harvesting seasons, and for Construction customers is dependent on weather seasons in their respective regions, which is typically the second and third quarters of our fiscal year for much of our Construction footprint. Our parts and service revenues are typically highest during our customers' busy seasons as well, due to the increased use of their equipment during this time, which generates the need for more parts and service work. However, weather conditions impact the timing of our customers' busy times, which may cause our quarterly financial results to differ between fiscal years. In addition, the fourth quarter typically is a significant period for equipment sales in the U.S. because of our customers’ year-end tax planning considerations, the timing of dealer incentives and the increase in availability of funds from completed harvests and construction projects.

Seasonal weather trends, particularly severe wet or dry conditions, can have a significant impact on regional agricultural and construction market performance by affecting crop production and the ability to undertake construction projects. Weather conditions that adversely affect the agricultural or construction markets have negative effect on the demand for our products and services.

In addition, numerous external factors such as credit markets, commodity prices, and other circumstances may disrupt normal purchasing practices and buyer sentiment, further contributing to the seasonal fluctuations.

Dependence on our Primary Supplier

The majority of our business involves the distribution and servicing of equipment manufactured by CNH Industrial. In fiscal 2016, CNH Industrial supplied approximately 71% of the new equipment sold in our Agriculture segment, 67% of the new equipment sold in our Construction segment, and 78% of the new equipment sold in our International segment, and represented a significant portion of our parts revenue. Thus, we believe the following factors have a significant impact on our operating results:

- CNH Industrial’s product offerings, reputation and market share

- CNH Industrial's product prices and incentive and discount programs
- CNH Industrial's supply of inventory
- CNH Industrial's offering of floorplan payable financing for the purchase of a substantial portion of our inventory
- CNH Industrial's offering of financing used by our customers to purchase CNH Industrial equipment from us.

Credit Market Changes

Changes in credit markets can affect our customers' ability and willingness to make capital expenditures, including purchasing our equipment. Tight credit markets, a low level of liquidity in many financial markets, and extreme volatility in fixed income, credit, currency and equity markets have the potential to adversely affect our business. Such disruptions in the overall economy and financial markets and the related reduction in consumer confidence in the economy, slow activity in the capital markets, negatively affect access to credit on commercially acceptable terms, and may adversely impact the access of us or our customers to credit and the terms of any such credit. However, if retail interest rates remain low, our business may be positively affected by customers who find financing purchases of our equipment more attractive due to lower borrowing costs.

Our business is also particularly dependent on our access to credit markets to manage inventory and finance acquisitions. We cannot predict what future changes will occur in credit markets or how these changes will impact our business.

Inflation

Inflation has not had a material impact upon operating results and we do not expect it to have such an impact in the future. To date, in those instances in which we have experienced cost increases, we have been able to increase selling prices to offset such increases.

Use of Estimates and Critical Accounting Policies

During the preparation of our financial statements, we are required to make estimates, assumptions and judgments that affect reported amounts. These estimates, assumptions and judgments include those related to realization of inventory, initial valuation and impairment analyses of intangible and long-lived assets, collectability of receivables and income taxes. We update these estimates, assumptions and judgments as appropriate, which in most cases is at least quarterly. We use our technical accounting knowledge, cumulative business experience, judgment and other factors in the selection and application of our accounting policies. While we believe the estimates, assumptions and judgments we use in preparing our financial statements are appropriate, they are subject to factors and uncertainties regarding their outcome and therefore, actual results may materially differ from these estimates. We believe the following describe the significant estimates, assumptions and judgments related to our primary critical accounting policies. See Note 1 in the notes to our consolidated financial statements in this Form 10-K for a comprehensive list of our significant accounting policies, recent accounting guidance and additional information regarding such policies.

Revenue Recognition

Equipment revenue generally is recognized upon receipt of a signed contract and delivery of product to customers. In addition to outright sales of new and used equipment, certain rental agreements may include rent-to-purchase options. Under these agreements, customers are given a period of time to exercise an option to purchase the related equipment, with a portion of the rental payments being applied to reduce the purchase price. Payments received during the rental period are recorded as rental revenue. Any such equipment is included in inventory until the purchase option is exercised. Equipment revenue is recognized upon the exercise of the purchase option. Parts revenue is recognized upon delivery of product to customers. Service revenue is recognized at the time the related services are provided. Rental revenue is recognized over the period of the related rental agreement.

Inventories

New and used equipment are stated at the lower of cost (specific identification) or market value with adjustments for decreases in market value on inventory rented but available for sale, estimated as a percentage of the rental income received on such inventory. The majority of our used equipment inventory is acquired through trade-ins from our customers. The acquisition value assigned to each piece of used equipment inventory is determined based on the estimated selling price for that piece of equipment in the applicable market, and estimated reconditioning costs. Various industry resources are used to assist in the valuation, and we consider all factors, such as model year, hours, overall condition and estimated reconditioning costs, other equipment specifications, and the market in which we expect to sell the equipment, when determining the final equipment valuation. Subsequent to the initial valuation, all new and used equipment inventories, including that which has been rented, are subject to periodic lower of cost or market evaluation that considers various factors including aging of equipment and market conditions. Generally, used equipment prices are more volatile and dependent on changes in market conditions than prices for new equipment due to incentive programs that may be offered by manufacturers to assist in the sale of new equipment. We review our equipment inventory values on a monthly basis and adjust them whenever the carrying amount exceeds the estimated market value. Parts inventories are valued at the lower of average cost or market value. We estimate market values of our parts inventories based on various factors including aging and sales history of each type of parts inventory. Work in process is valued at the retail rates of labor incurred and retail parts inventories used on service work in process at year end.

We expanded our equipment inventory reduction plan during the fourth quarter of fiscal 2016 to include the marketing of certain aged equipment inventory through alternative channels rather than our normal retail channels. Our anticipation of realizing lower revenue amounts from these alternative channels resulted in an inventory impairment charge of $27.5 million in the fourth quarter of fiscal 2016. Our lower of cost or market evaluation for these assets considered anticipated selling prices expected to be realized through these alternative channels. We utilized, where available, various third-party pricing data as an indication of anticipated selling prices, incorporating, where appropriate, adjustments to the third-party data for factors such as model year, aging and hours or usage of the equipment. In such instances where no third-party data was available we estimated selling prices primarily based on historical differences between retail selling prices and selling prices realized through these various alternative channels and internal pricing indications for similar assets being marketed through similar channels. In addition to anticipated selling prices, our evaluation also considered disposition costs of such assets. We believe that our estimates and assumptions used in deriving market value for these equipment inventories are reasonable and based on the best information available. However, actual prices realized upon the final sale of these equipment inventories could be different than anticipated which could materially impact our results of operations.

Indefinite-Lived Intangible Assets

Intangible assets with an indefinite life consist of distribution rights with manufacturers. We classify distribution rights as an indefinite-lived intangible asset because our distribution agreements continue indefinitely by their terms, or are routinely awarded or renewed without substantial cost to us or material modifications to the underlying agreements. As such, we believe that our distribution rights intangible assets will contribute to our cash flows for an indefinite period; therefore, the carrying amount of distribution rights is not amortized, but is tested for impairment annually, or more frequently upon the occurrence of certain events or when circumstances indicate that impairment may be present. We perform our annual impairment test as of December 31st of each year. The impairment test is performed by comparing the carrying value of the distribution right asset to its estimated fair value.

Under the impairment test, we estimate the fair value of our distribution rights intangible assets based on a multi-period excess earnings model, an income approach. This model allocates future estimated earnings of the store (complex) amongst working capital, fixed assets and other intangible assets of store (complex) and any remaining earnings (the “excess earnings”) are allocated to the distribution rights intangible assets. The earnings allocated to the distribution rights are then discounted to arrive at the present value of the future estimated excess earnings, which represents the estimated fair value of the distribution rights intangible asset. The discount rate applied reflects our estimate of the weighted-average cost of capital of comparable companies plus an additional risk premium to reflect the additional risk inherent in the distribution right asset.

We performed our annual impairment testing as of December 31, 2015. The results of this testing indicated that no impairment charges were needed. We have $4.9 million of distribution rights assets recorded on our consolidated balance sheet as of January 31, 2016. The impairment tests performed on these assets as of December 31, 2015 indicated that the estimated fair value of each asset substantially exceeded the carrying value.

We believe that our estimates and assumptions used in deriving the fair value of each of the distribution rights assets are reasonable and based on the best information available. However, adverse changes in macroeconomic or industry conditions or adverse changes in our expectations about the future operating performance of the store (complex) supporting the distribution rights assets could result in an impairment charge in a future period which could materially impact our results of operations and financial position.

Our annual impairment testing as of December 31, 2014 indicated that the estimated fair value of certain distribution rights assets approximated zero, thus requiring a full impairment charge. In total, we recognized an impairment charge of $5.5 million, of which $4.8 million arose from stores (complexes) within our Agriculture segment and $0.7 million arose from stores (complexes) within our International segment.

Impairment of Long-Lived Assets

Our long-lived assets consist of our intangible assets and property and equipment. We review these assets for potential impairment whenever events or circumstances indicate that the carrying value may not be recoverable. Recoverability is measured by comparing the estimated future undiscounted cash flows of such assets to their carrying values. If the estimated undiscounted cash flows exceed the carrying value, the carrying value is considered recoverable and no impairment recognition is required. However, if the sum of the undiscounted cash flows is less than the carrying value of the asset, the second step of the impairment analysis must be performed to measure the amount of the impairment, if any. The second step of the impairment analysis compares the estimated fair value of the long-lived asset to its carrying value and any amount by which the carrying value exceeds the fair value is recognized as an impairment charge.

When reviewing long-lived assets for impairment, we group long-lived assets with other assets and liabilities at the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities. Long-lived assets deployed and used by individual store locations are reviewed for impairment at the individual store level. Other long-lived assets shared across stores within a segment or shared across segments are reviewed for impairment on a segment or consolidated level as appropriate.

As of the end of our 2016 fiscal year we determined that the current period operating loss combined with historical losses and anticipated future operating losses within certain of our stores was an indication that certain long-lived assets of these stores may not be recoverable. Accordingly, we performed step one of the impairment analysis for these assets which have a combined carrying value of $17.2 million to determine if the asset values are recoverable. In certain cases the analysis indicated that the carrying value is not recoverable. The aggregate carrying value of such assets totaled $14.4 million. Based on this conclusion, we performed step two of the impairment analysis and estimated the fair value of these assets using primarily the estimated selling prices of similar assets. Step two of the analysis indicated that an impairment charge in the amount of $6.5 million was necessary, of which $3.7 million related to the Agriculture segment and $2.8 million related to the Construction segment. In all other cases, in which the aggregate carrying value of such assets totaled $2.8 million, our analyses indicated that the carrying values are recoverable based on our estimates of future undiscounted cash flows under step one of the impairment analysis.

In addition, we recognized impairment charges of $0.4 million for certain long-lived assets associated with store locations closed during the year ended January 31, 2016, which was primarily comprised of impairment charges of $0.3 million related to the Agriculture segment and $0.1 million related to the Shared Resource Center.

Our analyses incorporated certain key assumptions, including estimated revenue, gross margin and operating expense levels and an assumption about the remaining useful lives of the long-lived assets being evaluated. Our key assumptions were developed for each store tested for impairment and were based on our assumptions about overall industry growth or decline within which each stores operates as well as consideration of historical operating performance and our expectation of changes from such levels.

Our estimates inherently include a degree of uncertainty, but we believe that these estimates and assumptions used in deriving the estimated future cash flows of these store locations are reasonable and based on the best information available. However, adverse changes in macroeconomic or industry conditions, the competitive environment, or adverse changes in our expectations about the future operating performance of the store could result in an impairment charge in a future period which could materially impact our results of operations and financial position.

We performed similar impairment analyses at the end of fiscal 2015 and 2014, which indicated that impairment charges of $0.4 million in fiscal 2015, all of which impacted our Agriculture segment, and $1.5 million in fiscal 2014, all of which impacted our Construction segment, were necessary.

Income Taxes

In determining taxable income for financial statement purposes, we must make certain judgments and estimates, including an assessment of the realizability of our deferred tax assets. In evaluating our ability to realize the benefit of our deferred tax assets we consider all available positive and negative evidence, including our historical operating results and our expectation of future taxable income, the availability to implement prudent tax-planning strategies, and the carryback, if any, and carryforward periods over which the assets may be realized. These assumptions require significant judgment and estimation.

In reviewing our deferred tax assets as of the end of fiscal 2016, we concluded that a partial valuation allowance for U.S. federal and state deferred tax assets was warranted. In total, we recognized a valuation allowance of $2.4 million as of January 31, 2016 for our U.S. deferred tax assets. This conclusion was principally based on the presence of historical losses and our expected future sources of taxable income, including taxable income in prior carryback years and the anticipated future reversal of our existing deferred tax assets and liabilities.

In reviewing our foreign deferred tax assets as of the end of fiscal 2016 and 2015, we concluded that a full valuation allowance for all foreign deferred tax assets was warranted. As of January 31, 2016 and 2015, we recognized a valuation allowance of $6.5 million and $7.5 million, respectively. This conclusion was principally based on the presence of historical losses and the anticipated time period over which we may generate taxable income in excess of these historical losses.

The initial recognition of, and any changes in, a deferred tax asset valuation allowance are recorded as an additional provision for income taxes and impacts our effective tax rate.

Our assessment of the need for and magnitude of the recognized valuation allowances may be impacted by changes in tax laws, our assumptions regarding the ability to generate future taxable income and the availability of tax-planning strategies. Changes in any of these factors could lead to a change in the recognized valuation allowance which may impact our future results of operations and financial position.

Key Financial Metrics

In addition to tracking our sales and expenses to evaluate our operational performance, we also monitor the following key financial metrics. The results of each of these metrics are discussed further throughout the Management's Discussion and Analysis of Financial Condition and Results of Operations section of this Form 10-K.

Inventory Turnover

Inventory turnover measures the rate at which inventory is sold during the year. We calculate it by dividing cost of sales on equipment and parts for the last twelve months divided by the average of the month-end balances of our equipment and parts inventories for the same twelve-month period. We believe that inventory turnover is an important management metric in evaluating the efficiency at which we are managing and selling our inventories.

Same-Store Results

Same-store results for any period represent results of operations by stores that were part of our company for the entire comparable period in the preceding fiscal year. 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 Annual Report on Form 10-K. We believe that tracking this metric is important to evaluating the success of the Titan Operating Model on a comparable basis.

Absorption

Absorption is an industry term that refers to the percentage of an equipment dealer's fixed operating expense covered by the combined gross margin from parts, service and rental fleet activity. We calculate absorption in a given period by dividing our gross profit from sales of parts, service and rental fleet activity (described to as "Gross Profit on Recurring Revenue" when used in reference to absorption discussions) for the period by the difference between (i) our operating expenses (including interest on floorplan payable and rental fleet debt balances) and (ii) our variable expense of sales commissions on equipment sales and incentive compensation in the same period (described to as "Fixed Operating Expenses" when used in reference to absorption discussions). We believe that absorption is an important management metric because during economic down cycles our customers tend to postpone new and used equipment purchases while continuing to run, maintain and repair their existing equipment. Thus, operating at a high absorption rate enables us to operate profitably throughout economic down cycles. We measure and track absorption on a company-wide basis as well as on a per store basis.

Dollar Utilization

Dollar utilization is a measurement of asset performance and profitability used in the rental industry. We calculate the dollar utilization of our rental fleet equipment by dividing the rental revenue earned on our rental fleet by the average gross carrying value of our rental fleet (comprised of original equipment costs plus additional capitalized costs) for that period. While our rental fleet has variable expenses related to repairs and maintenance, its primary expense for depreciation is fixed. Low utilization of our rental fleet has a negative impact on gross profit margin and gross profit dollars due to the fixed depreciation component. However, high utilization of our rental fleet has a positive impact on gross profit margin and gross profit dollars.

Adjusted EBITDA

EBITDA is defined as earnings before finance costs, income taxes, depreciation and amortization and is a metric frequently used to assess and evaluate financial performance. EBITDA is commonly regarded as an indirect measure of operating cash flow, without the impact of changes in working capital, a significant indicator of success for many businesses, and is a common valuation metric. Management uses Adjusted EBITDA and believes it provides a useful metric for comparability between periods by eliminating the impact of finance costs, income taxes, depreciation, amortization and certain activities that occur outside of the ordinary course of our business. We calculate Adjusted EBITDA as our net income (loss) including noncontrolling interest, adjusted for net interest (excluding floorplan interest expense), income taxes, depreciation, amortization, and items included in our non-GAAP reconciliation of earnings, for each of the respective periods. Adjusted

EBITDA should be evaluated in addition to, and not considered a substitute for, or superior to, the GAAP measure of operating cash flow. In addition, other companies may calculate Adjusted EBITDA in a different manner, which may hinder comparability with other companies. Adjusted EBITDA (loss) for the years ended January 31, 2016, 2015 and 2014, respectively, was as follows:

	2016	2015	2014
		(in thousands)	
Net Income (Loss) Including Noncontrolling Interest	$ (38,229)	$ (33,417)	$ 8,104
Adjustments			
Interest Expense, Net of Interest Income	12,091	13,531	12,758
Provision for (Benefit from) Income Taxes	(17,982)	(4,923)	10,325
Depreciation and amortization	28,538	31,768	30,794
Non-GAAP Adjustments			
Impairment (1)	6,903	31,225	9,997
Debt Issuance Cost Write-Off	1,558	—	—
Realignment / Store Closing Costs	1,597	3,636	—
Ukraine Remeasurement	2,485	5,753	—
Total Adjustments	35,190	80,990	63,874
Adjusted EBITDA (Loss)	$ (3,039)	$ 47,573	$ 71,978

Key Financial Statement Components

Revenue

- *Equipment*: We derive equipment revenue from the sale of new and used agricultural and construction equipment.
- *Parts:* We derive parts revenue from the sale of parts for equipment that we sell, as well as for other equipment makes. Our parts sales provide us with a relatively stable revenue stream that is less sensitive to the economic cycles that affect our equipment sales.
- *Service:* We derive services revenue from repair and maintenance services to our customers' equipment. Our repair and maintenance services provide a high-margin, relatively stable source of revenue through changing economic cycles.
- *Rental and other:* We derive other revenue from equipment rentals and ancillary equipment support activities such as equipment transportation, GPS signal subscriptions and reselling finance and insurance products.

Cost of Revenue

- *Equipment:* Cost of equipment revenue is the lower of the acquired cost or the market value of the specific piece of equipment sold.
- *Parts:* Cost of parts revenue is the lower of the acquired cost or the market value of the parts sold, based on average costing.
- *Service:* Cost of service revenue represents costs attributable to services provided for the maintenance and repair of customer-owned equipment and equipment then on-rent by customers.
- *Rental and other:* Costs of other revenue represent costs associated with equipment rental, such as depreciation, maintenance and repairs, as well as costs associated providing transportation, hauling, parts freight, GPS subscriptions and damage waivers, including, among other items, drivers' wages, fuel costs, shipping costs and our costs related to damage waiver policies.

Operating Expenses

Our operating expenses include sales and marketing expenses, sales commissions (which generally are based upon equipment gross profit margins), payroll and related benefit costs, insurance expenses, professional fees, property rental and related costs, property and other taxes, administrative overhead, and depreciation associated with property and equipment (other than rental equipment).

Floorplan Interest

The cost of financing inventory is an important factor affecting our results of operations. Floorplan payable financing from CNH Industrial Capital, Wells Fargo, DLL Finance and various credit facilities related to our foreign subsidiaries represent the primary sources of financing for equipment inventories. CNH Industrial regularly offers interest-free periods as well as additional incentives and special offers. As of January 31, 2016, 25.5% of our floorplan payable was non-interest bearing.

Other Interest Expense

Interest expense represents the interest on our outstanding debt instruments, including our Senior Convertible Notes issued in April 2012, other than floorplan payable financing facilities. Non-cash interest expense from amortization of the debt discount associated with our Senior Convertible Notes is also included in this balance.

Results of Operations

Comparative financial data for each of our four sources of revenue for fiscal 2016, 2015, and 2014 are expressed below. The results of 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. Information regarding segment revenue and income (loss) before income taxes is presented for each period following our discussion of the consolidated results of operations. Additional information regarding our segments is included in Note 22 of our consolidated financial statements.

	Year Ended January 31,		
	2016	2015	2014
	(dollars in thousands)		
Equipment			
Revenue	$ 925,471	$ 1,398,195	$ 1,722,738
Cost of revenue	889,567	1,286,148	1,576,246
Gross profit	$ 35,904	$ 112,047	$ 146,492
Gross profit margin	3.9%	8.0%	8.5%
Parts			
Revenue	$ 245,387	$ 270,262	$ 275,750
Cost of revenue	173,083	189,540	192,199
Gross profit	$ 72,304	$ 80,722	$ 83,551
Gross profit margin	29.5%	29.9%	30.3%
Service			
Revenue	$ 127,457	$ 147,356	$ 149,082
Cost of revenue	46,814	53,924	54,608
Gross profit	$ 80,643	$ 93,432	$ 94,474
Gross profit margin	63.3%	63.4%	63.4%
Rental and other			
Revenue	$ 69,520	$ 84,433	$ 78,876
Cost of revenue	52,457	62,250	55,319
Gross profit	$ 17,063	$ 22,183	$ 23,557
Gross profit margin	24.5%	26.3%	29.9%

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

	Year Ended January 31,		
	2016	2015	2014
Revenue			
Equipment	67.7 %	73.6 %	77.4 %
Parts	17.9 %	14.2 %	12.4 %
Service	9.3 %	7.8 %	6.7 %
Rental and other	5.1 %	4.4 %	3.5 %
Total Revenue	100.0 %	100.0 %	100.0 %
Total Cost of Revenue	84.9 %	83.8 %	84.4 %
Gross Profit Margin	15.1 %	16.2 %	15.6 %
Operating Expenses	16.2 %	14.4 %	13.1 %
Impairment and Realignment Costs	0.6 %	1.8 %	0.4 %
Income (Loss) from Operations	(1.7)%	— %	2.1 %
Other Income (Expense)	(2.4)%	(2.0)%	(1.3)%
Income (Loss) Before Income Taxes	(4.1)%	(2.0)%	0.8 %
Provision for (Benefit from) Income Taxes	(1.3)%	(0.2)%	0.4 %
Net Income (Loss) Including Noncontrolling Interest	(2.8)%	(1.8)%	0.4 %
Less: Net Income (Loss) Attributable to Noncontrolling Interest	— %	(0.1)%	— %
Net Income (Loss) Attributable to Titan Machinery Inc.	(2.8)%	(1.7)%	0.4 %

Fiscal Year Ended January 31, 2016 Compared to Fiscal Year Ended January 31, 2015

Consolidated Results

Revenue

	Year Ended January 31,			Percent
	2016	2015	Decrease	Change
	(dollars in thousands)			
Equipment	$ 925,471	$ 1,398,195	$ (472,724)	(33.8)%
Parts	245,387	270,262	(24,875)	(9.2)%
Service	127,457	147,356	(19,899)	(13.5)%
Rental and other	69,520	84,433	(14,913)	(17.7)%
Total Revenue	$ 1,367,835	$ 1,900,246	$ (532,411)	(28.0)%

The decrease in total revenue for fiscal 2016, as compared to fiscal 2015, was primarily due to a decrease in same-store sales of 26.5% and the impact of our store closings during fiscal years 2016 and 2015. The same-store sales decrease was mainly driven by a decrease in Agriculture same-store sales of 34.6%, which primarily resulted from a decrease in equipment revenue, as well as a decrease in Construction same-store sales of 9.3%. These decreases in same-store sales were primarily the result of the challenging industry conditions facing our Agriculture and Construction segments discussed in the Industry Factors section above. Service revenue was also negatively impacted by these industry conditions in the current year as warranty and pre-delivery work has decreased as a result of lower equipment sales. Favorable harvest conditions, which generally result in fewer repairs, were present in fiscal 2016 and contributed to lower service revenue in our Agriculture stores than the prior year. The Construction industry conditions, as well as a decrease in the size of our rental fleet, led to lower rental and other revenue, particularly in our Construction stores in oil production areas.

Gross Profit

	Year Ended January 31, 2016	Year Ended January 31, 2015	Increase/ (Decrease)	Percent Change
	(dollars in thousands)			
Gross Profit				
Equipment	$ 35,904	$ 112,047	$ (76,143)	(68.0)%
Parts	72,304	80,722	(8,418)	(10.4)%
Service	80,643	93,432	(12,789)	(13.7)%
Rental and other	17,063	22,183	(5,120)	(23.1)%
Total Gross Profit	$ 205,914	$ 308,384	$ (102,470)	(33.2)%
Gross Profit Margin				
Equipment	3.9%	8.0%	(4.1)%	(51.3)%
Parts	29.5%	29.9%	(0.4)%	(1.3)%
Service	63.3%	63.4%	(0.1)%	(0.2)%
Rental and other	24.5%	26.3%	(1.8)%	(6.8)%
Total Gross Profit Margin	15.1%	16.2%	(1.1)%	(6.8)%
Gross Profit Mix				
Equipment	17.4%	36.3%	(18.9)%	(52.1)%
Parts	35.1%	26.2%	8.9 %	34.0 %
Service	39.2%	30.3%	8.9 %	29.4 %
Rental and other	8.3%	7.2%	1.1 %	15.3 %
Total Gross Profit Mix	100.0%	100.0%	— %	— %

The decrease in total gross profit for fiscal 2016, as compared to fiscal 2015, was primarily due to lower equipment revenue and equipment gross profit margin. The decrease in total gross profit margin from 16.2% in fiscal 2015 to 15.1% in fiscal 2016 was primarily due to the decrease in gross profit margin on equipment. The compression in equipment gross profit margin was primarily caused by the $27.5 million impairment charges recognized on aged equipment inventories discussed in the Inventory Impairment Charges section above. Equipment gross profit margin was also negatively impacted by the challenging industry conditions discussed in the Industry Factors section above.

Our company-wide absorption rate improved to 75.0% for fiscal 2016 from 70.7% for fiscal 2015. The increase is primarily the result of a reduction of our fixed operating costs from savings associated with our realignment plan implemented in the first quarter of fiscal 2016, but partially offset by a decrease in parts and service gross profit.

Operating Expenses

	Year Ended January 31, 2016	Year Ended January 31, 2015	Increase/ (Decrease)	Percent Change
	(dollars in thousands)			
Operating Expenses	$ 220,524	$ 273,271	$ (52,747)	(19.3)%
Operating Expenses as a Percentage of Revenue	16.2%	14.4%	1.8%	12.5 %

The $52.7 million decrease in operating expenses, was primarily the result of our realignment plan implemented in the first quarter of fiscal 2016 in which we reduced our headcount by 14% and generated additional cost savings associated with the closing of four stores. In addition, our operating expenses were positively impacted by the cost savings realized as a result of our realignment plan implemented in the first quarter of fiscal 2015. Commission expense in fiscal 2016 decreased relative to the prior year due to the decrease in equipment gross profit. The increase in operating expenses as a percentage of total revenue was primarily due to the decrease in total revenue in fiscal 2016, as compared to last year, which negatively affected our ability to leverage our fixed operating costs.

Impairment and Realignment Costs

	Year Ended January 31,		Increase/	Percent
	2016	2015	(Decrease)	Change
	(dollars in thousands)			
Impairment of Goodwill	$ —	$ 24,739	$ (24,739)	(100.0)%
Impairment of Intangibles and Long-Lived Assets	6,903	6,486	417	6.4 %
Realignment Costs	1,597	3,165	(1,568)	(49.5)%

During fiscal 2016, we recognized a total of $6.9 million in impairment expense related to long-lived assets, compared to impairment costs totaling $31.2 million in fiscal 2015 related to certain goodwill, other intangible assets and long-lived assets. The realignment costs recognized in fiscal 2016 and fiscal 2015 arise as a result of our store realignment plans and associated exit costs, including accruals for lease terminations and remaining lease obligations, employee severance costs, the impairment of certain fixed assets, and the costs associated with relocating certain assets of our closed stores. See Note 20 to our consolidated financial statements for further details on our store realignment plans and associated exit costs, and the Non-GAAP Financial Measures section below for impact of these amounts on non-GAAP Diluted EPS.

Other Income (Expense)

	Year Ended January 31,		Decrease	Percent Change
	2016	2015		
	(dollars in thousands)			
Interest income and other income (expense)	$ (478)	$ (4,272)	$ (3,794)	(88.8)%
Floorplan interest expense	(18,334)	(20,477)	(2,143)	(10.5)%
Other interest expense	(14,289)	(14,314)	(25)	(0.2)%

The improvement in interest income and other income (expense) is primarily due to a decrease in foreign currency remeasurement losses in Ukraine, resulting from changes in the valuation of the Ukrainian hryvnia, which totaled $2.5 million and $5.8 million for fiscal 2016 and 2015, respectively. See the Non-GAAP Financial Measures section below for impact of the Ukraine foreign currency remeasurement losses on non-GAAP Diluted EPS. The decrease in floorplan interest expense for fiscal 2016, as compared to last year, was primarily due to a decrease in our average interest-bearing inventory in fiscal 2016. Other interest expense included write-offs of capitalized debt issuance costs totaling $1.6 million related to amending our Wells Fargo credit facility, but was offset by decreased interest expense resulting from lower long-term debt balances in fiscal 2016 as compared to the same period last year. See the Non-GAAP Financial Measures section below for impact of capitalized debt issuance costs write-off's on non-GAAP Diluted EPS.

Provision for (Benefit from) Income Taxes

	Year Ended January 31,		Increase	Percent Change
	2016	2015		
	(dollars in thousands)			
Provision for (Benefit from) Income Taxes	$ (17,982)	$ (4,923)	$ 13,059	265.3%

Our effective tax rate changed from (12.8)% in fiscal 2015 to (32.0)% in fiscal 2016, primarily due to a change in mix of our domestic and foreign losses before income tax in relation to our total loss before income taxes. In addition, as the majority of our foreign operations have full valuation allowances on deferred tax assets including net operating losses, they do not recognize any income tax expense or benefit. We also recorded valuation allowances of $2.4 million and $5.6 million in fiscal 2016 and 2015, respectively, on deferred tax assets, including net operating loss carryforwards, in the foreign jurisdictions which have historical losses. See Note 14 to our consolidated financial statements for further details on our effective tax rate, and the Non-GAAP Financial Measures section below for impact of income tax valuation allowance on non-GAAP Diluted EPS.

Segment Results

	Year Ended January 31, 2016	Year Ended January 31, 2015	Increase/ (Decrease)	Percent Change
	(dollars in thousands)			
Revenue				
Agriculture	$ 864,851	$ 1,346,457	$ (481,606)	(35.8)%
Construction	340,916	389,435	(48,519)	(12.5)%
International	162,068	164,354	(2,286)	(1.4)%
Total	$ 1,367,835	$ 1,900,246	$ (532,411)	(28.0)%
Income (Loss) Before Income Taxes				
Agriculture	$ (29,710)	$ (11,434)	$ (18,276)	(159.8)%
Construction	(26,388)	(11,941)	(14,447)	(121.0)%
International	(3,004)	(17,109)	14,105	82.4 %
Segment loss before income taxes	(59,102)	(40,484)	(18,618)	(46.0)%
Shared Resources	2,891	2,144	747	34.8 %
Total	$ (56,211)	$ (38,340)	$ (17,871)	(46.6)%

Agriculture

Agriculture segment revenue for fiscal 2016 decreased 35.8% compared to the same period last year. The revenue decrease was due to a decrease in Agriculture same-store sales of 34.6% as compared to fiscal 2015, which was primarily caused by a decrease in equipment revenue, largely resulting from the challenging industry conditions discussed in the Industry Factors section above.

Agriculture segment loss before income taxes for fiscal 2016 increased $18.3 million compared to the same period last year, primarily due to the aforementioned decrease in equipment revenue, a decrease in equipment gross profit margin, the aforementioned long-lived asset impairment charges of $4.0 million, but partially offset by a decrease in operating expenses. The compression in equipment gross profit margin was primarily caused by the $11.4 million equipment inventory impairment charge and the industry challenges, as discussed in Inventory Impairment Charges and Industry Factors sections above, respectively. The decrease in operating expenses is the result of the cost savings associated with our realignment plan implemented in the first quarter of fiscal 2016 and lower commission expense resulting from the decrease in equipment gross profit.

Construction

Construction segment revenue for fiscal 2016 decreased 12.5% compared to last year, primarily due to a decrease in Construction same-store sales of 9.3% over fiscal 2015 and due to the impact of our store closings. The decrease in Construction same-store sales was experienced across all lines of our business and was largely due to the challenging industry conditions discussed in the Industry Factors section above.

Our Construction segment loss before income taxes was $26.4 million for fiscal 2016 compared to segment loss before income taxes of $11.9 million for fiscal 2015. This decrease was primarily due to the aforementioned decrease in revenue and the decrease in equipment gross profit margin, but offset by a decrease in operating expenses. The compression in equipment gross profit margin was primarily caused by the $15.9 million equipment inventory impairment charge and the industry challenges, as discussed in Inventory Impairment Charges and Industry Factors sections above, respectively. The decrease in operating expenses reflects costs savings associated with our realignment plan implemented in the first quarter of fiscal 2016. The dollar utilization of our rental fleet decreased, from 27.7% in fiscal 2015 to 24.3% in fiscal 2016, primarily resulting from the challenging industry conditions.

International

International segment revenue for fiscal 2016 decreased 1.4% compared to the same period last year due to a same-store sales decrease of 1.4%. Our International revenue was negatively impacted by foreign currency exchange rate differences and the decline in commodity prices.

Our International segment loss before income taxes was $3.0 million for fiscal 2016 compared to segment loss before income taxes of $17.1 million for the same period last year. This decreased loss was primarily due to lower operating expenses, lower foreign currency remeasurement losses in Ukraine and lower floorplan interest expense, as compared to prior year. The reduction in operating expenses for fiscal 2016, as compared to the prior year, was the result of the cost saving initiatives implemented in late fiscal 2015 and the impact of changing foreign currency exchange rates. Foreign currency remeasurement losses in Ukraine, resulting from changes in the valuation of the Ukrainian hryvnia, decreased from $5.8 million in fiscal 2015 to $2.5 million in fiscal 2016. Floorplan interest expense decreased in fiscal 2016 compared to last year due to a reduction in interest-bearing floorplan payables resulting from a reduction in our inventory levels and lower interest rates. The impact of changing Euro to U.S. Dollar exchange rates did not have a material impact on our International segment income (loss) before income taxes as the negative impact on segment revenue was offset by the positive impact on segment expenses.

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 or over-allocated balances may occur.

Fiscal Year Ended January 31, 2015 Compared to Fiscal Year Ended January 31, 2014

Consolidated Results

Revenue

	Year Ended January 31,		Increase/	Percent
	2015	2014	(Decrease)	Change
	(dollars in thousands)			
Equipment	$ 1,398,195	$ 1,722,738	$ (324,543)	(18.8)%
Parts	270,262	275,750	(5,488)	(2.0)%
Service	147,356	149,082	(1,726)	(1.2)%
Rental and other	84,433	78,876	5,557	7.0 %
Total Revenue	$ 1,900,246	$ 2,226,446	$ (326,200)	(14.7)%

The decrease in total revenue for fiscal 2015, as compared to fiscal 2014, was primarily due to a decrease in same-store sales of 14.1%, mainly driven by a decrease in Agriculture same-store sales of 22.0% and partially offset by an increase in Construction same-store sales of 14.9%. Agriculture same-store sales decreased primarily due to a decrease in equipment revenue and were negatively impacted by challenging industry conditions discussed in the Industry Factors section above. 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

	Year Ended January 31,		Increase/	Percent
	2015	2014	(Decrease)	Change
	(dollars in thousands)			
Gross Profit				
Equipment	$ 112,047	$ 146,492	$ (34,445)	(23.5)%
Parts	80,722	83,551	(2,829)	(3.4)%
Service	93,432	94,474	(1,042)	(1.1)%
Rental and other	22,183	23,557	(1,374)	(5.8)%
Total Gross Profit	$ 308,384	$ 348,074	$ (39,690)	(11.4)%
Gross Profit Margin				
Equipment	8.0%	8.5%	(0.5)%	(5.9)%
Parts	29.9%	30.3%	(0.4)%	(1.3)%
Service	63.4%	63.4%	— %	— %
Rental and other	26.3%	29.9%	(3.6)%	(12.0)%
Total Gross Profit Margin	16.2%	15.6%	0.6 %	3.8 %
Gross Profit Mix				
Equipment	36.3%	42.1%	(5.8)%	(13.8)%
Parts	26.2%	24.0%	2.2 %	9.2 %
Service	30.3%	27.1%	3.2 %	11.8 %
Rental and other	7.2%	6.8%	0.4 %	5.9 %
Total Gross Profit Mix	100.0%	100.0%	— %	— %

The decrease in total gross profit for fiscal 2015, as compared to fiscal 2014, was primarily due to lower equipment revenue and equipment gross profit margin. The increase in total gross profit margin from 15.6% in fiscal 2014 to 16.2% in fiscal 2015 was due to the change in gross profit mix to our higher-margin parts, service and rental and other businesses, and partially offset by the decrease in gross profit margin on equipment. The compression in equipment gross profit margin was primarily caused by the previously discussed Agriculture industry challenges as well as an oversupply of equipment in the Agriculture industry. The decrease in rental and other gross profit margin was reflective of the decrease in dollar utilization of our rental fleet, from 30.3% in fiscal 2014 to 27.7% in fiscal 2015, which was primarily caused by the lower oil prices affecting rental demand in our oil producing markets as well as lost rental revenue due to the repositioning of rental equipment from the seven Construction stores closed in the first quarter of fiscal 2015 to other Construction stores. Our company-wide absorption rate remained relatively consistent at 70.7% and 71.2% for fiscal 2015 and 2014, respectively.

Operating Expenses

	Year Ended January 31,		Increase/	Percent
	2015	2014	(Decrease)	Change
	(dollars in thousands)			
Operating Expenses	$ 273,271	$ 291,202	$ (17,931)	(6.2)%
Operating Expenses as a Percentage of Revenue	14.4%	13.1%	1.3%	9.9 %

The decrease in operating expenses was primarily due to decreased commission expense resulting from the decrease in equipment gross profit, and cost savings associated with our realignment activities in the first quarter of fiscal 2015, which included the closing of eight stores and other headcount reductions. 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 equipment revenue in fiscal 2015, as compared to fiscal 2014, which negatively affected our ability to leverage our fixed operating costs.

Impairment & Realignment Costs

	Year Ended January 31,			Percent
	2015	2014	Increase	Change
	(dollars in thousands)			
Impairment of Goodwill	$ 24,739	$ 6,261	$ 18,478	295.1%
Impairment of Intangibles and Long-Lived Assets	6,486	3,454	3,032	87.8%
Realignment Costs	3,165	282	2,883	1,022.3%

During our annual impairment tests in the fourth quarter of fiscal 2015, we determined that certain goodwill, other intangible assets and long-lived assets were impaired, primarily in our Agriculture segment, resulting in a total of $31.2 million impairment expense recognized in fiscal 2015, as compared to impairment costs totaling $9.7 million recognized in fiscal 2014 related to certain goodwill, other intangible assets and long-lived assets in our Construction and International segments. We also recognized realignment costs in fiscal 2015 related to the closing of seven underperforming Construction stores, staff reductions at other dealerships and reductions in support staff at our Shared Resource Center that took place in April 2014. There were no such realignment plans implemented in fiscal 2014. See the Non-GAAP Financial Measures section below for impact of these costs on non-GAAP Diluted EPS.

Other Income (Expense)

	Year Ended January 31,		Increase/	Percent
	2015	2014	(Decrease)	Change
	(dollars in thousands)			
Interest income and other income (expense)	$ (4,272)	$ 2,109	$ (6,381)	(302.6)%
Floorplan interest expense	(20,477)	(16,764)	3,713	22.1 %
Other interest expense	(14,314)	(13,791)	523	3.8 %

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 fiscal 2015. See the Non-GAAP Financial Measures section below for the impact of these costs on non-GAAP Diluted EPS. The increase in floorplan interest expense of $3.7 million was primarily due to the increase in average levels of interest-bearing floorplan payable balances.

Provision for (Benefit from) Income Taxes

	Year Ended January 31,			Percent
	2015	2014	Decrease	Change
	(dollars in thousands)			
Provision for (Benefit from) Income Taxes	$ (4,923)	$ 10,325	$ (15,248)	(147.7)%

Our effective tax rate changed from 56.0% in fiscal 2014 to (12.8)% in fiscal 2015, primarily due to losses in both U.S. and foreign jurisdictions. We also recorded valuation allowances of $5.6 million and $1.9 million in fiscal 2015 and 2014, respectively, on deferred tax assets, including net operating loss carryforwards, in the foreign jurisdictions which have historical losses. See Note 14 to our consolidated financial statements for further details on our effective tax rate.

Segment Results

	Year Ended January 31, 2015	2014	Increase/ (Decrease)	Percent Change
	(dollars in thousands)			
Revenue				
Agriculture	$ 1,346,457	$ 1,722,908	$ (376,451)	(21.8)%
Construction	389,435	365,421	24,014	6.6 %
International	164,354	138,117	26,237	19.0 %
Total	$ 1,900,246	$ 2,226,446	$ (326,200)	(14.7)%
Income (Loss) Before Income Taxes				
Agriculture	$ (11,434)	$ 62,242	$ (73,676)	(118.4)%
Construction	(11,941)	(30,866)	18,925	61.3 %
International	(17,109)	(6,297)	(10,812)	(171.7)%
Segment income (loss) before income taxes	(40,484)	25,079	(65,563)	(261.4)%
Shared Resources	2,144	(6,650)	8,794	132.2 %
Total	$ (38,340)	$ 18,429	$ (56,769)	(308.0)%

Agriculture

Agriculture segment revenue for fiscal 2015 decreased 21.8% compared to fiscal 2014. The revenue decrease was due to a decrease in Agriculture same-store sales of 22.0% as compared to fiscal 2014. Agriculture same-store sales decreased primarily due to a decrease in equipment revenue and were negatively impacted by challenging industry conditions discussed in the Industry Factors section above.

Agriculture segment income before income taxes for fiscal 2015 decreased 118.4% compared to fiscal 2014, primarily due to the aforementioned decrease in equipment revenue, a decrease in equipment gross profit margin, the aforementioned impairment charges of $30.0 million, 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 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 fiscal 2015 increased 6.6% compared to fiscal 2014, primarily due to an increase in Construction same-store sales of 14.9% over 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 $11.9 million for fiscal 2015 compared to segment loss before income taxes of $30.9 million for fiscal 2014. This improvement was primarily due to the increase in revenue, decreases in operating expenses and impairment costs, and partially offset by realignment costs. Realignment costs totaling $2.6 million were recognized during 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 30.3% in fiscal 2014 to 27.7% in fiscal 2015, primarily due to lower oil prices affecting rental demand in our oil producing markets as well as lost rental revenue due to the repositioning of rental equipment from the seven Construction stores closed in the first quarter of fiscal 2015 to other Construction stores.

International

International segment revenue for fiscal 2015 increased $26.2 million compared to fiscal 2014, primarily due to acquisitions and new store openings, and an increase in same-store sales.

Our International segment loss before income taxes was $17.1 million for fiscal 2015 compared to segment loss before income taxes of $6.3 million for fiscal 2014. 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 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, and higher interest rates in Ukraine associated with the political and economic instability that was present in fiscal 2015. 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 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 or over-allocated balances may occur.

Non-GAAP Financial Measures

To supplement our earnings (loss) per share - diluted ("Diluted EPS") presented on a GAAP basis, we use Adjusted Diluted EPS, which excludes the impact of impairment costs, the write-off of debt issuance costs, costs associated with our realignment/store closing activities, foreign currency remeasurement losses in Ukraine resulting from a devaluation of the Ukrainian hryvnia, and income tax valuation allowances. We believe that the presentation of Adjusted Diluted EPS is relevant and useful to our management and investors because it provides a measurement of earnings on activities we consider to occur in the ordinary course of our business. Adjusted Diluted EPS should be evaluated in addition to, and not considered a substitute for, or superior to, the GAAP measure of Diluted EPS. In addition, other companies may calculate Adjusted Diluted EPS in a different manner, which may hinder comparability with other companies.

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

	Year Ended January 31,		
	2016	2015	2014
	(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	$ (37,175)	$ (31,598)	$ 8,722
Non-GAAP Adjustments			
Impairment (1)	4,064	21,614	6,091
Debt Issuance Cost Write-Off (2)	917	—	—
Realignment / Store Closing Costs (3)	940	2,152	—
Ukraine Remeasurement (4)	2,438	5,653	—
Income Tax Valuation Adjustments (5)	2,339	306	1,701
Total Non-GAAP Adjustments	10,698	29,725	7,792
Adjusted Net Income (Loss) Attributable to Titan Machinery Inc. Common Stockholders	$ (26,477)	$ (1,873)	$ 16,514
Earnings (Loss) per Share - Diluted			
Earnings (Loss) per Share - Diluted	$ (1.76)	$ (1.51)	$ 0.41
Non-GAAP Adjustments			
Impairment (1)	0.19	1.03	0.29
Debt Issuance Cost Write-Off (2)	0.04	—	—
Realignment / Store Closing Costs (3)	0.05	0.10	—
Ukraine Remeasurement (4)	0.12	0.27	—
Income Tax Valuation Adjustments (5)	0.11	0.02	0.08
Total Non-GAAP Adjustments	0.51	1.42	0.37
Adjusted Earnings (Loss) per Share - Diluted	$ (1.25)	$ (0.09)	$ 0.78

(1) See Notes 1 and 5 of the notes to our consolidated financial statements for details of this matter.

(2) See Note 6 of the notes to our consolidated financial statements for details of this matter.
(3) See Note 20 of the notes to our consolidated financial statements for details of this matter.
(4) 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.
(5) Amount reflects the initial valuation allowance recognized for all deferred tax assets for which no previous valuation allowance existed.

See discussion of Adjusted EBITDA in the Key Financial Metrics section within Management's Discussion and Analysis of this annual report.

Liquidity and Capital Resources

Sources of Liquidity

Our primary sources of liquidity are cash reserves, cash generated 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 and lease obligations and other 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 Note 6 to our consolidated financial statements included in this annual report. We have worked in the past, and will continue to work in the future, with our lenders to implement satisfactory modifications to these financial covenants when appropriate for the business conditions confronted by us.

The non-U.S. subsidiaries, for which we have elected to permanently reinvest earnings outside of the U.S., held $10.3 million of cash as of January 31, 2016. Our current plans do not demonstrate a need to, nor do we have plans to, repatriate the retained earnings from these subsidiaries, as the earnings are permanently reinvested. However, if we determine, in the future, that it is necessary to repatriate these funds or we sell or liquidate any of these subsidiaries, we may be required to pay taxes associated with the repatriation or the sale or liquidation of these subsidiaries. We may also be required to accrue and pay withholding taxes, depending on the foreign jurisdiction from which the funds are repatriated.

Equipment Inventory and Floorplan Payable Credit Facilities

Floorplan payable balances reflect the amount owed for new equipment inventory purchased from a manufacturer and used equipment inventory, which is primarily purchased through trade-in on equipment sales, net of unamortized debt issuance costs incurred for floorplan credit facilities. Certain of the manufacturers from which we purchase new equipment inventory offer financing on these purchases, either offered directly from the manufacturer or through the manufacturers' captive finance affiliate. CNH Industrial's captive finance subsidiary, CNH Industrial Capital, also provides financing of used equipment inventory. We also have 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 our consolidated statements of cash flows.

As of January 31, 2016, we had discretionary floorplan payable lines of credit for equipment purchases totaling $1.0 billion, which includes a $275.0 million Floorplan Payable Line with Wells Fargo, a $450.0 million credit facility with CNH Industrial Capital, a $172.0 million credit facility with DLL Finance and the U.S. dollar equivalent of $115.4 million in credit facilities related to our foreign subsidiaries. Floorplan payable relating to these credit facilities totaled $420.7 million of the total floorplan payable balance of $444.8 million outstanding as of January 31, 2016. Available borrowings under these lines of credit are reduced by amounts outstanding, borrowing base calculations and standby letters of credit under the Wells Fargo credit agreement, and certain acquisition-related financing arrangements under the CNH Industrial Capital credit facility.

We received a letter from DLL Finance which changed the calculation of the fixed charge coverage ratio covenant to allow for long-lived asset impairment charges to be eligible adjustments on a permanent basis, and allow for the $27.5 million equipment inventory impairment charges (discussed in Note 3 of the notes to our consolidated financial statements) to be an eligible adjustment for the periods ended January 31, 2016, April 30, 2016, July 31, 2016 and October 31, 2016. After allowing for the addition of these adjustments, we have met the fixed charge coverage ratio covenant as of January 31, 2016. In addition, we also amended our credit facility with DLL Finance in April 2016, which changed the fixed charge coverage ratio to 1.10 : 1.00 for each of the quarters ended April 30, 2016, July 31, 2016 and October 31, 2016 and to 1.25 : 1.00 for the period ended January 31, 2017 and each fiscal quarter ended thereafter.

We also are subject to a fixed charge coverage ratio covenant under the CNH Industrial Capital credit facility, which was amended in March 2016 to change the calculation of the fixed charge coverage ratio covenant to allow for long-lived asset impairment charges to be eligible adjustments on a permanent basis, and allow for the $27.5 million equipment inventory impairment charge and the $2.5 million Ukraine foreign currency remeasurement to be eligible adjustments for the periods ended January 31, 2016, April 30, 2016, July 31, 2016 and October 31, 2016. After allowing for the addition of these adjustments, we have met the covenant under the CNH Industrial Capital credit facility as of January 31, 2016.

We are in compliance with all other financial covenants which we were subject to under our credit agreements as of January 31, 2016. Based on the amended fixed charge coverage ratio covenant for DLL Finance and the impairment add back adjustments allowable under the DLL Finance and CNH Industrial Capital facilities, we do not anticipate being in violation of any financial covenants in the foreseeable future. Additional details of each of these credit facilities is disclosed in Note 6 to our consolidated financial statements included in this annual report.

The amendment to the credit facility with DLL Finance also decreased its available borrowings under the agreement to $110.0 million and changed the interest rate to a range of one-month LIBOR plus an applicable margin of 4.94% to 5.44%, among other things. As a result of these amendments, and without adjusting the U.S. dollar amount of the our credit facilities related to our foreign subsidiaries based on current foreign currency exchange rates, our total discretionary floorplan payable lines of credit for equipment purchases was reduced from $1.0 billion to $950.4 million in April 2016.

Our equipment inventory turnover was 1.2 for fiscal 2016 compared to 1.4 for fiscal 2015. While our equipment inventories, including amounts classified as held for sale, decreased 23.0% from fiscal 2015 to 2016, the decrease in turnover was primarily due to lower equipment sales in fiscal 2016 than in fiscal 2015. We expect our equipment inventory balances to decrease in fiscal 2017. Our equity in equipment inventory, which reflects the portion of our equipment inventory balance that is not financed by floorplan payables, increased to 24.8% as of January 31, 2016 from 19.0% as of January 31, 2015 due to cash generated from operations in the current year and used to pay down floorplan payable balances.

Long-Term Debt Facilities

We have a $75.0 million working capital line of credit under the Wells Fargo credit agreement (the "Working Capital Line"). The Working Capital Line is used to finance our working capital requirements and fund certain capital expenditures. As of January 31, 2016 we had no amounts outstanding on the Working Capital Line. We also finance a portion our rental fleet and other property and equipment purchases with long-term debt agreements with various lenders.

Adequacy of Capital Resources

Our primary uses of cash have been to fund our strategic acquisitions and fund our operating activities, including the purchase of inventory, meeting our debt service requirements, providing working capital, making payments due under building operating leases and manufacturer floorplan payables. The primary factor affecting our ability to generate cash and to meet existing, known or reasonably likely cash requirements is our operating performance as impacted by (i) industry factors, (ii) competition, (iii) general economic conditions, (iv) the timing and extent of acquisitions, and (v) business and other factors including those identified in Item 1A "Risk Factors" and discussed in this annual report.

Our ability to service our debt will depend upon our ability to generate the necessary cash. This will depend on our future acquisition activity, operating performance, general economic conditions, and financial, competitive, business and other factors, some of which are beyond our immediate control. Based on our current operational performance, we believe our cash flow from operations, available cash and available borrowings under the existing credit facilities will adequately provide our liquidity needs for, at a minimum, the next 12 months.

In fiscal 2016, we used $0.3 million in cash for rental fleet purchases, $8.1 million in cash for property and equipment purchases, and financed $12.2 million in property and equipment purchases with long-term debt, accounts payable and accrued liabilities. The property and equipment purchases primarily related to store construction projects. In fiscal 2015, we used $0.8 million in cash for rental fleet purchases, $16.2 million in cash for property and equipment purchases, and financed $3.8 million in property and equipment purchases with long-term debt, accounts payable and accrued liabilities. The fixed asset additions primarily related to store construction projects and development of our ERP system. Historically, and as we've been working to expand our rental business, we have sourced a significant portion of our rental fleet additions from our equipment inventory. These net transfers from inventory totaled $8.1 million in fiscal 2015, however in fiscal 2016, we had a $3.9 million net transfer of rental fleet to inventory due to reductions in rental fleet at stores impacted by reduced energy-related activity resulting from the low oil prices. These transfers are disclosed as supplemental disclosures of noncash investing and financing activities on our consolidated statements of cash flows. We expect our cash expenditures for property and equipment, exclusive of acquisitions and rental fleet, for fiscal 2017 to be approximately $5.0 million to $10.0 million. The actual amount of our fiscal 2017 property and equipment expenditures will depend upon factors such as general economic conditions, growth prospects for our industry and our acquisition activity. We currently expect to finance property and equipment purchases with borrowings under the existing credit facilities, financing with long-term debt, with available cash or with cash flow from operations. We may need to incur additional debt if we pursue any future acquisitions.

There can be no assurances, however, that our business will generate sufficient cash flow from operations or that future borrowings will be available under the credit facilities with Wells Fargo, CNH Industrial Capital and DLL Finance in amounts sufficient to allow us to service our indebtedness and to meet our other commitments. If we are unable to generate sufficient cash flow from operations or to obtain sufficient future borrowings, we may be required to seek one or more alternatives such as refinancing or restructuring our indebtedness, selling material assets or operations or seeking to raise additional debt or equity capital. There can be no assurances that we will be able to succeed with one of these alternatives on commercially reasonable terms, if at all. In addition, if we pursue strategic acquisitions, we may require additional equity or debt financing to consummate the transactions, and we cannot assure you that we will succeed in obtaining this financing on favorable terms or at all. If we incur additional indebtedness to finance any of these transactions, this may place increased demands on our cash flow from operations to service the resulting increased debt. Our existing debt agreements contain restrictive covenants that may restrict our ability to adopt any of these alternatives. Any non-compliance by us under the terms of our debt agreements could result in an event of default which, if not cured, could result in the acceleration of our debt. After allowing for the addition of the long-lived asset impairment and inventory impairment adjustments, we have met all financial covenants under these credit agreements as of January 31, 2016. Based on the amended fixed charge coverage ratio covenant for DLL Finance and the impairment add back adjustments allowable under the DLL Finance and CNH Industrial Capital facilities, we do not anticipate being in violation of any financial covenants in the foreseeable future. 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 Provided By (Used For) Operating Activities

Net cash provided by operating activities in fiscal 2016 was $231.9 million and was primarily attributable to a decrease in our inventories and an increase in the manufacturer floorplan payable financing of such inventories. Net cash provided by operating activities was $41.1 million in fiscal 2015. The increase in net cash provided by operating activities of $190.8 million from fiscal 2015 to fiscal 2016 was primarily attributable to a changing mix of manufacturer versus non-manufacturer floorplan financing in which we increased our outstanding borrowings under our manufacturer financing facilities and used the proceeds from such borrowings to decrease our outstanding borrowings under our non-manufacturer facilities, and reduction in our inventories. We evaluate our cash flow from operating activities net of all floorplan payable activity and maintaining a constant level of equity in our inventory. Taking these adjustments into account, our non-GAAP cash provided by operating activities was $44.3 million for fiscal 2016 compared to $71.7 million for fiscal 2015. This decrease from fiscal 2015 to 2016 in non-GAAP cash provided by operating activities was primarily due to decrease in net loss and aforementioned decrease in inventories (net of the related changes in floorplan payable balances). For reconciliation of this non-GAAP financial measure, please see the Non-GAAP Cash Flow Reconciliation below.

Net cash provided by operating activities was $41.1 million in fiscal 2015 and was primarily attributable to a decrease in our inventories, our results of operations, and partially offset by a decrease in the manufacturer floorplan payable financing of such inventories. Net cash used for operating activities was $82.2 million in fiscal 2014. The increase in net cash provided by operating activities of $123.3 million from fiscal 2014 to fiscal 2015 was primarily due to changes in inventory, net of the related changes in manufacturer floorplan payable balances, in each of the respective years. Our non-GAAP cash provided by operating activities was $71.7 million for fiscal 2015 and non-GAAP cash used for operating activities was $9.6 million for fiscal 2014. This increase from fiscal 2014 to 2015 in non-GAAP cash provided by operating activities was primarily due to the aforementioned decrease in inventories, net of the related changes in floorplan payable balances. For reconciliation of this non-GAAP financial measure, please see the Non-GAAP Cash Flow Reconciliation below.

Cash Flow Used For Investing Activities

Net cash used for investing activities is primarily comprised of cash used for property and equipment purchases and in business combinations for purchases of dealerships, proceeds or payments upon settlement of net investment hedge derivative instruments, and primarily offset by proceeds from the sale of property and equipment. We also have non-cash property and equipment additions through the transfer of inventories to rental fleet and property and equipment purchases financed with long-term debt and other liabilities, which are disclosed as supplemental disclosures of noncash investing and financing activities on our consolidated statements of cash flows.

Net cash used for investing activities was $0.1 million in fiscal 2016, compared net cash provided by investing activities of $4.4 million in fiscal 2015. In fiscal 2016, we had cash used for property and equipment purchases, including rental fleet, totaling $8.4 million, which primarily related to store construction projects. These uses of cash were offset by $7.8 million received upon the sale of property and equipment and proceeds exceeding payments from net investment hedge derivatives of $0.3 million. The decrease in net cash provided by investing activities from fiscal 2015 to fiscal 2016 was primarily due to the impact of the net investment hedge derivatives activity.

Net cash provided by investing activities was $4.4 million in fiscal 2015, compared to net cash used for investing activities of $7.1 million in fiscal 2014. In fiscal 2015, we had cash used for property and equipment purchases, including rental fleet, totaling $17.0 million, which primarily related to the building of our rental fleet, store construction projects and development costs of our ERP system. These uses of cash were offset by $16.8 million received upon the sale of property and equipment and proceeds exceeding payments from net investment hedge derivatives of $4.9 million. The increase in net cash provided by investing activities from fiscal 2014 to fiscal 2015 was primarily due to less business combination activity and impact of the net investment hedge derivatives activity.

Cash Flow Provided By Financing Activities

Net cash used for financing activities was $269.0 million in fiscal 2016, compared to net cash provided by financing activities of $9.0 million in fiscal 2015. In fiscal 2016, net cash used for financing activities primarily resulted from the aforementioned change in financing mix in which we increased our outstanding borrowings under our manufacturer financing facilities and decreased our amount outstanding under our non-manufacturer facilities, as well as an overall reduction in our long-term debt of $44.0 million.

Net cash provided by financing activities was $9.0 million in fiscal 2015 and $39.8 million in fiscal 2014. In fiscal 2015, we had a net increase in our non-manufacturer floorplan payable of $41.1 million, which was partially offset by an overall reduction in our long-term debt of $27.7 million. The increase in our non-manufacturer floorplan payable was due to a change in financing of our equipment inventory, in which we increase the utilization of our non-manufacturer floorplan payable lines of credit and decreased the utilization of our balances on our manufacturer floorplan lines of credit during fiscal 2015, as compared to January 31, 2014. The decrease in net cash provided by financing activities from fiscal 2014 to fiscal 2015 was primarily due to the pay down of our long-term debt balances in fiscal 2015, using the cash provided by operating activities that we generated during the year, compared to increasing our long-term debt balances during fiscal 2014.

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 an adjusted cash flow measure in the evaluation of our equipment inventory and inventory flooring needs, which we refer to as "Adjusted Cash Flow". 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.

Adjusted Cash Flow is also impacted by the change in our equity in equipment inventory, which reflects the portion of our equipment inventory balance that is not financed by floorplan payables. Equity in equipment inventory was 24.8%, 19.0% and 20.3% as of January 31, 2016, 2015 and 2014, respectively. We analyze our cash flow provided by (used for) operating activities by assuming a constant level of equipment inventory financing throughout each respective fiscal year. The adjustment eliminates the impact of this fluctuation of equity in our equipment inventory, and is equal to the difference between our actual level of equity in equipment inventory at each period end presented on the consolidated statements of cash flows, compared to the actual level of equity in equipment inventory at the beginning of the fiscal year.

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

	Net Cash Provided by (Used for) Operating Activities			Net Cash Provided by (Used for) Financing Activities		
	Year Ended January 31,			Year Ended January 31,		
	2016	2015	2014	2016	2015	2014
	(in thousands)			(in thousands)		
Cash Flow, As Reported	$ 231,884	$ 41,058	$ (82,243)	$ (268,956)	$ 9,004	$ 39,803
Adjustment for Non-Manufacturer Floorplan Net Payments	(221,912)	41,114	31,395	221,912	(41,114)	(31,395)
Adjustment for Constant Equity in Equipment Inventory	34,330	(10,475)	41,201	—	—	—
Adjusted Cash Flow	$ 44,302	$ 71,697	$ (9,647)	$ (47,044)	$ (32,110)	$ 8,408

Certain Information Concerning Off-Balance Sheet Arrangements

As of January 31, 2016, 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.

Contractual and Commercial Commitment Summary

Our contractual obligations and commercial commitments as of January 31, 2016 are summarized below:

		Payments Due By Period			
Contractual Obligations	Total	Less Than 1 Year	1 to 3 Years	3 to 5 Years	More Than 5 Years
			(in thousands)		
Long-term debt obligations (1)	$ 59,202	$ 4,074	$ 18,516	$ 6,438	$ 30,174
Senior convertible note obligations (2)	168,281	5,625	11,250	151,406	—
Operating lease (3)	187,406	21,256	38,568	30,335	97,247
Purchase obligations (4)	2,383	1,418	966	—	—
Interest rate swap obligations (5)	5,069	1,901	3,168	—	—
Other long-term liabilities (6)	1,525	209	383	193	740
Total	$ 423,866	$ 34,483	$ 72,851	$ 188,372	$ 128,161

(1) Includes obligations under notes payable issued in favor of our lenders and estimates of interest payable.

(2) Includes coupon payments of interest on the contractual payment dates and payment of the principal balance on maturity in May 2019.

(3) Includes minimum lease payment obligations under operating leases. Amounts do not include insurance or real estate taxes, which we include in our operating expenses and which we estimate will be approximately $2.9 million for the less than 1 year period, $5.5 million for the 1-3 year period, $4.5 million for the 3-5 year period, and $15.7 million for the more than 5 years period for a total of approximately $28.6 million. See Note 12 to our consolidated financial statements for a description of our operating lease obligations.

(4) Primarily represents contracts related to information technology systems.

(5) Includes scheduled fixed interest payments related to our interest rate swap derivative instrument.

(6) Includes long-term portion of trade payables.

Information Regarding Forward-Looking Statements

The Private Securities Litigation Reform Act of 1995 provides a "safe harbor" for forward-looking statements. We include "forward-looking" information in this Form 10-K, including this Item 7, as well as in other materials filed or to be filed by us with the Securities and Exchange Commission (as well as information included in oral statements or other written statements made or to be made by us).

This Form 10-K contains forward-looking statements that involve risks and uncertainties. In some cases, you can identify forward-looking statements by the following words: "anticipate," "believe," "continue," "could," "estimate," "expect," "intend," "may," "ongoing," "plan," "potential," "predict," "project," "should," "will," "would," or the negative of these terms or other comparable terminology, although not all forward-looking statements contain these words. These statements involve known and unknown risks, uncertainties and other factors that may cause our or our industry's actual results, levels of activity, performance or achievements to be materially different from the information expressed or implied by these forward-looking statements. Forward-looking statements are only predictions and are not guarantees of performance. These statements are based on our management's beliefs and assumptions, which in turn are based on currently available information. Our forward-looking statements in this Form 10-K generally relate to the following:

- our beliefs and intentions with respect to our growth strategy, including growth through acquisitions, the profitability of expansion, the types of acquisition targets we intend to pursue, the availability of suitable acquisition targets, our ability to identify such targets, the industry climate for dealer consolidation, and our ability to implement our growth strategy;
- our beliefs with respect to factors that will affect demand and seasonality of purchasing in the agricultural and construction industries;
- our beliefs with respect to our primary supplier (CNH Industrial) of equipment and parts inventory;
- our beliefs with respect to the equipment market, our competitors and our competitive advantages;
- our beliefs with respect to the impact of government subsidies on the agriculture economy;
- our beliefs with respect to the impact of natural resource exploration and related commodity prices in our operating region on our operating results;
- our beliefs with respect to the impact of government regulations;
- our beliefs with respect to ERP implementation and continued operations in the event of information system inoperability;
- our beliefs with respect to our business strengths, including the Titan Operating Model, the diversity of our customer base, and the growth rate of our shared resources expenditures and our marketing efforts;
- our plans and beliefs with respect to real property used in our business;
- our plans and beliefs regarding future sales, sales mix, and marketing activities;
- our beliefs and assumptions regarding the payment of dividends and repatriation of retained earnings from foreign operations;
- our beliefs and assumptions regarding valuation reserves, equipment inventory balances, fixed operating expenses, and absorption rate;
- our beliefs and expectations regarding our realignment activities including the amount and recognition of related costs;
- our beliefs and expectations regarding the effects of the political climate and unstable economy in Ukraine;
- our beliefs and assumptions with respect to our rental equipment operations;
- our beliefs with respect to our employee relations and the impact of employee training and management strength on our revenues;
- our assumptions, beliefs and expectations with respect to past and future market conditions, including interest rates, lending standards and public infrastructure spending, new environmental standards, and the impact these conditions will have on our operating results;
- our beliefs with respect to the impact of our Credit Agreements, including future interest expense, limits on corporate transactions, financial covenant compliance, and ability to negotiate amendments or waivers;
- our beliefs with respect to the impact of increase or decrease in applicable foreign exchange rates;

- our beliefs with respect to the adequacy of our capital resources and the funding of debt service obligations and capital expenditures;
- our plans and assumptions for future capital expenditures;
- our cash needs, sources of liquidity, and the adequacy of our working capital; and
- our expectations regarding the impact of inflation.

Forward-looking statements are only predictions and are not guarantees of performance. These statements are based on our management's beliefs and assumptions, which in turn are based on currently available information. Important assumptions relating to the forward-looking statements include, among others, assumptions regarding demand for our products, the expansion of product offerings geographically, the timing and cost of planned capital expenditures, competitive conditions and general economic conditions. These assumptions could prove inaccurate. Forward-looking statements also involve known and unknown risks and uncertainties, which could cause actual results that differ materially from those contained in any forward-looking statement. Many of these factors are beyond our ability to control or predict. Such factors include, but are not limited to, the following:

- incorrect assumptions regarding our cash needs;
- general economic conditions and construction activity in the markets where we operate;
- our relationships with equipment suppliers;
- our substantial leverage;
- the risks associated with the expansion of our business;
- our possible inability to integrate any businesses we acquire;
- competitive pressures;
- compliance with laws and regulations; and
- other factors discussed under "Risk Factors" or elsewhere in this Form 10-K.

You should read the risk factors and the other cautionary statements made in this Form 10-K as being applicable to all related forward-looking statements wherever they appear in this Form 10-K. We cannot assure you that the forward-looking statements in this Form 10-K will prove to be accurate. Furthermore, if our forward-looking statements prove to be inaccurate, the inaccuracy may be material. In light of the significant uncertainties in these forward-looking statements, you should not regard these statements as a representation or warranty by us or any other person that we will achieve our objectives and plans in any specified timeframe, if at all. Other than as required by law, we undertake no obligation to update these forward-looking statements, even though our situation may change in the future.

ITEM 7A. 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 our interest-bearing balances and interest rates as of January 31, 2016, 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 $2.4 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 $2.4 million. At January 31, 2016, we had total floorplan payables of $444.8 million, of which $231.2 million was interest-bearing at variable interest rates, $113.6 million was non-interest bearing and $100.0 million was effectively fixed rate due to our interest rate swap instrument. At January 31, 2016, we also had variable rate notes payable and long-term debt of $11.8 million, and fixed rate notes payable and long-term debt of $28.2 million.

Foreign Currency Exchange Rate Risk

Our foreign currency exposures arise as the result of our foreign operations. We are exposed to transactional foreign currency exchange rate risk through our foreign entities' holding assets and liabilities denominated in currencies other than their functional currency. In addition, we are exposed to foreign currency transaction risk as the result of certain intercompany financing transactions. We attempt to manage our transactional foreign currency exchange rate risk through the use of derivative financial instruments, primarily foreign exchange forward contracts, or through natural hedging instruments. Based upon balances and exchange rates as of January 31, 2016, holding other variables constant, we believe that a hypothetical 10% increase or decrease in all applicable foreign exchange rates would not have a material impact on our results of operations or cash flows. As of January 31, 2016, our Ukrainian subsidiary had $1.8 million of net monetary assets denominated in Ukrainian hryvnia (UAH). We have attempted to minimize our net monetary asset position through reducing overall asset levels in Ukraine and through borrowing in UAH which serves as a natural hedging instrument offsetting our net UAH denominated assets. Currency and payment controls imposed by the National Bank of Ukraine have limited our ability to manage our net monetary asset position. The UAH devalued significantly during the years ended January 31, 2015 and the first half of fiscal 2016, and has continued to experience more modest volatility in the last half of fiscal 2016. Continued and significant devaluation of the UAH could have a material impact on our results of operations and cash flows.

In addition to transactional foreign currency exchange rate risk, we are also exposed to translational foreign currency exchange rate risk as we translate the results of operations and assets and liabilities of our foreign operations from their functional currency to the U.S. dollar. As a result, our results of operations, cash flows and net investment in our foreign operations may be adversely impacted by fluctuating foreign currency exchange rates. We believe that a hypothetical 10% increase or decrease in all applicable foreign exchange rates, holding all other variables constant, would not have a material impact on our results of operations or cash flows.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The Consolidated Balance Sheets of the Company as of January 31, 2016 and 2015, and the related Consolidated Statements of Operations, Other Comprehensive Income, Stockholders' Equity, and Cash Flows for the years ended January 31, 2016, 2015 and 2014, and the notes thereto, have been audited by Deloitte & Touche LLP, an independent registered public accounting firm.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of
Titan Machinery Inc.
West Fargo, North Dakota

We have audited the accompanying consolidated balance sheets of Titan Machinery Inc. (the "Company") as of January 31, 2016 and 2015, and the related consolidated statements of operations, comprehensive income, stockholders' equity, and cash flows for each of the three years in the period ended January 31, 2016. Our audits also included the financial statement schedule listed in the index at Item 15. These consolidated financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on the consolidated financial statements and financial statement schedule based on our audit.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of the Company as of January 31, 2016 and 2015, and the results of its operations and its cash flows for each of the three years ended January 31, 2016 in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, such financial statement schedule, when considered in relation to the basic consolidated financial statements presented as a whole, present fairly, in all material respects, the information set forth herein.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of January 31, 2016, based on the criteria established in *Internal Control-Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated April 13, 2016, expressed an unqualified opinion on the Company's internal control over financial reporting.

/s/ Deloitte & Touche LLP

Minneapolis, Minnesota
April 13, 2016

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of
Titan Machinery Inc.
West Fargo, North Dakota

We have audited the internal control over financial reporting of Titan Machinery Inc. (the "Company") as of January 31, 2016, based on criteria established in *Internal Control-Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained, in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed by, or under the supervision of, the company's principal executive and principal financial officers, or persons performing similar functions, and effected by the company's board of directors, management, and other personnel 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of January 31, 2016, based on the criteria established in *Internal Control-Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements and financial statement schedule as of and for the fiscal year ended January 31, 2016, of the Company and our report dated April 13, 2016, expressed an unqualified opinion on those consolidated financial statements and financial statement schedule.

/s/ Deloitte & Touche LLP

Minneapolis, Minnesota
April 13, 2016

Table of Contents

TITAN MACHINERY INC.

CONSOLIDATED BALANCE SHEETS

JANUARY 31, 2016 AND 2015

(in thousands, except per share data)

	January 31, 2016	January 31, 2015
Assets		
Current Assets		
Cash	$ 89,465	$ 127,528
Receivables (net of allowance of $3,591 and $4,218 as of January 31, 2016 and January 31, 2015, respectively)	56,552	76,382
Inventories	689,464	879,440
Prepaid expenses and other	9,753	10,634
Income taxes receivable	13,011	166
Assets held for sale	—	15,312
Total current assets	858,245	1,109,462
Intangibles and Other Assets		
Intangible assets, net of accumulated amortization	5,134	5,458
Other	1,317	2,014
Total intangibles and other assets	6,451	7,472
Property and Equipment, net of accumulated depreciation	183,179	208,680
Total Assets	$ 1,047,875	$ 1,325,614
Liabilities and Stockholders' Equity		
Current Liabilities		
Accounts payable	$ 16,863	$ 17,659
Floorplan payable	444,780	625,162
Current maturities of long-term debt	1,557	7,749
Customer deposits	31,159	35,090
Accrued expenses	28,914	35,496
Income taxes payable	152	3,529
Liabilities held for sale	—	2,835
Total current liabilities	523,425	727,520
Long-Term Liabilities		
Senior convertible notes	134,145	129,889
Long-term debt, less current maturities	38,409	66,563
Deferred income taxes	11,135	19,971
Other long-term liabilities	2,412	3,312
Total long-term liabilities	186,101	219,735
Commitments and Contingencies (Notes 11 and 12)		
Stockholders' Equity		
Common stock, par value $.00001 per share, 45,000 shares authorized; 21,604 shares issued and outstanding at January 31, 2016; 21,406 shares issued and outstanding at January 31, 2015	—	—
Additional paid-in-capital	242,491	240,180
Retained earnings	99,526	137,418
Accumulated other comprehensive loss	(4,461)	(1,099)
Total Titan Machinery Inc. stockholders' equity	337,556	376,499
Noncontrolling interest	793	1,860
Total stockholders' equity	338,349	378,359
Total Liabilities and Stockholders' Equity	$ 1,047,875	$ 1,325,614

See Notes to Consolidated Financial Statements

TITAN MACHINERY INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

YEARS ENDED JANUARY 31, 2016, 2015 AND 2014

(in thousands, except per share data)

	2016	2015	2014
Revenue			
Equipment	$ 925,471	$ 1,398,195	$ 1,722,738
Parts	245,387	270,262	275,750
Service	127,457	147,356	149,082
Rental and other	69,520	84,433	78,876
Total Revenue	1,367,835	1,900,246	2,226,446
Cost of Revenue			
Equipment	889,567	1,286,148	1,576,246
Parts	173,083	189,540	192,199
Service	46,814	53,924	54,608
Rental and other	52,457	62,250	55,319
Total Cost of Revenue	1,161,921	1,591,862	1,878,372
Gross Profit	205,914	308,384	348,074
Operating Expenses	220,524	273,271	291,202
Impairment of Goodwill	—	24,739	6,261
Impairment of Intangibles and Long-Lived Assets	6,903	6,486	3,454
Realignment Costs	1,597	3,165	282
Income (Loss) from Operations	(23,110)	723	46,875
Other Income (Expense)			
Interest income and other income (expense)	(478)	(4,272)	2,109
Floorplan interest expense	(18,334)	(20,477)	(16,764)
Other interest expense	(14,289)	(14,314)	(13,791)
Income (Loss) Before Income Taxes	(56,211)	(38,340)	18,429
Provision for (Benefit from) Income Taxes	(17,982)	(4,923)	10,325
Net Income (Loss) Including Noncontrolling Interest	(38,229)	(33,417)	8,104
Less: Net Income (Loss) Attributable to Noncontrolling Interest	(337)	(1,260)	(747)
Net Income (Loss) Attributable to Titan Machinery Inc.	(37,892)	(32,157)	8,851
Net (Income) Loss Allocated to Participating Securities - Note 1	717	559	(129)
Net Income (Loss) Attributable to Titan Machinery Inc. Common Stockholders	$ (37,175)	$ (31,598)	$ 8,722
Earnings (Loss) per Share - Note 1			
Earnings (Loss) per Share - Basic	$ (1.76)	$ (1.51)	$ 0.42
Earnings (Loss) per Share - Diluted	$ (1.76)	$ (1.51)	$ 0.41
Weighted Average Common Shares - Basic	21,111	20,989	20,894
Weighted Average Common Shares - Diluted	21,111	20,989	21,040

See Notes to Consolidated Financial Statements

TITAN MACHINERY INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

YEARS ENDED JANUARY 31, 2016, 2015 AND 2014

(in thousands)

	2016	2015	2014
Net Income (Loss) Including Noncontrolling Interest	$ (38,229)	$ (33,417)	$ 8,104
Other Comprehensive Income (Loss)			
Foreign currency translation adjustments	(4,598)	(3,043)	2,314
Unrealized gain on net investment hedge derivative instruments, net of tax expense of $132, $1,900 and $114 for the years ended January 31, 2016, 2015 and 2014, respectively	201	2,849	170
Unrealized loss on interest rate swap cash flow hedge derivative instrument, net of tax benefit of $524, $1,038 and $490 for the years ended January 31, 2016, 2015 and 2014, respectively	(785)	(1,557)	(737)
Unrealized gain (loss) on foreign currency contract cash flow hedge derivative instruments, net of tax expense (benefit) of $29 and ($85) for the year ended January 31, 2015 and 2014, respectively	—	44	(126)
Reclassification of loss on interest rate swap cash flow hedge derivative instruments included in net income (loss), net of tax benefit of $702 and $235 for the years ended January 31, 2016 and 2015, respectively	1,053	354	—
Reclassification of loss on foreign currency contract cash flow hedge derivative instruments included in net income (loss), net of tax benefit of $24 and $31 for the years ended January 31, 2016 and 2015, respectively	37	45	—
Total Other Comprehensive Income (Loss)	(4,092)	(1,308)	1,621
Comprehensive Income (Loss)	(42,321)	(34,725)	9,725
Comprehensive Income (Loss) Attributable to Noncontrolling Interest	(1,067)	(1,130)	(200)
Comprehensive Income (Loss) Attributable To Titan Machinery Inc.	$ (41,254)	$ (33,595)	$ 9,925

See Notes to Consolidated Financial Statements

TITAN MACHINERY INC.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

YEARS ENDED JANUARY 31, 2016, 2015 AND 2014

(in thousands)

	Common Stock				Accumulated Other Comprehensive Income (Loss)							
	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	Total Titan Machinery Inc. Stockholders' Equity	Noncontrolling Interest	Total Stockholders' Equity
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 tax benefits of equity awards	147	—	254	—	—	—	—	—	—	254	—	254
Stock-based compensation expense	—	—	2,131	—	—	—	—	—	—	2,131	—	2,131
Other	22	—	(49)	—	—	—	—	—	—	(49)	(638)	(687)
Comprehensive loss:												
Net income (loss)	—	—	—	8,851	—	—	—	—	—	8,851	(747)	8,104
Other comprehensive income (loss)	—	—	—	—	1,767	170	(737)	(126)	1,074	1,074	547	1,621
Total comprehensive loss	—	—	—	—	—	—	—	—	—	9,925	(200)	9,725
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 tax benefits of equity awards	145	—	(310)	—	—	—	—	—	—	(310)	—	(310)
Stock-based compensation expense	—	—	2,135	—	—	—	—	—	—	2,135	—	2,135
Other	—	—	(502)	—	—	—	—	—	—	(502)	419	(83)
Comprehensive loss:												
Net loss	—	—	—	(32,157)	—	—	—	—	—	(32,157)	(1,260)	(33,417)
Other comprehensive income (loss)	—	—	—	—	(3,173)	2,849	(1,203)	89	(1,438)	(1,438)	130	(1,308)
Total comprehensive loss	—	—	—	—	—	—	—	—	—	(33,595)	(1,130)	(34,725)
BALANCE, JANUARY 31, 2015	21,406	—	240,180	137,418	(1,632)	2,510	(1,940)	(37)	(1,099)	376,499	1,860	378,359
Common stock issued on grant of restricted stock (net of forfeitures), exercise of stock options, and tax benefits of equity awards	198	—	208	—	—	—	—	—	—	208	—	208
Stock-based compensation expense	—	—	2,103	—	—	—	—	—	—	2,103	—	2,103
Comprehensive loss:												
Net loss	—	—	—	(37,892)	—	—	—	—	—	(37,892)	(337)	(38,229)
Other comprehensive income (loss)	—	—	—	—	(3,868)	201	268	37	(3,362)	(3,362)	(730)	(4,092)
Total comprehensive loss	—	—	—	—	—	—	—	—	—	(41,254)	(1,067)	(42,321)
BALANCE, JANUARY 31, 2016	21,604	$ —	$ 242,491	$ 99,526	$ (5,500)	$ 2,711	$ (1,672)	$ —	$ (4,461)	$ 337,556	$ 793	$ 338,349

See Notes to Consolidated Financial Statements

TITAN MACHINERY INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED JANUARY 31, 2016, 2015 AND 2014

(in thousands)

	2016	2015	2014
Operating Activities			
Net income (loss) including noncontrolling interest	$ (38,229)	$ (33,417)	$ 8,104
Adjustments to reconcile net income (loss) including noncontrolling interest to net cash provided by (used for) operating activities			
Depreciation and amortization	28,538	31,768	30,794
Impairment of goodwill, intangible assets and long-lived assets	6,903	31,225	9,715
Deferred income taxes	(9,171)	(14,837)	(4,939)
Stock-based compensation expense	2,103	2,135	2,131
Noncash interest expense	6,717	4,723	4,537
Unrealized foreign currency (gain) loss on loans to international subsidiaries	(179)	5,788	(534)
Other, net	(517)	90	(515)
Changes in assets and liabilities			
Receivables, prepaid expenses and other assets	24,326	25,395	13,067
Inventories	196,983	171,595	(182,374)
Manufacturer floorplan payable	45,005	(157,352)	27,630
Accounts payable, customer deposits, accrued expenses and other long-term liabilities	(14,318)	(29,603)	10,455
Income taxes	(16,277)	3,548	(314)
Net Cash Provided by (Used for) Operating Activities	231,884	41,058	(82,243)
Investing Activities			
Rental fleet purchases	(341)	(806)	(783)
Property and equipment purchases (excluding rental fleet)	(8,070)	(16,206)	(18,227)
Proceeds from sale of property and equipment	7,777	16,803	16,712
Purchase of equipment dealerships, net of cash purchased	—	(584)	(4,848)
Proceeds upon settlement of net investment hedge derivative instruments	337	5,840	1,108
Payments upon settlement of net investment hedge derivative instruments	(23)	(915)	(981)
Other, net	194	271	(58)
Net Cash Provided by (Used for) Investing Activities	(126)	4,403	(7,077)
Financing Activities			
Net change in non-manufacturer floorplan payable	(221,912)	41,114	31,395
Proceeds from long-term debt borrowings	72,907	113,000	143,918
Principal payments on long-term debt	(116,876)	(140,728)	(133,960)
Payment on other long-term liabilities	—	(3,748)	—
Payment of debt issuance costs	(3,397)	(581)	(1,057)
Other, net	322	(53)	(493)
Net Cash Provided by (Used for) Financing Activities	(268,956)	9,004	39,803
Effect of Exchange Rate Changes on Cash	(865)	(1,179)	(601)
Net Change in Cash	(38,063)	53,286	(50,118)
Cash at Beginning of Period	127,528	74,242	124,360
Cash at End of Period	$ 89,465	$ 127,528	$ 74,242
Supplemental Disclosures of Cash Flow Information			
Cash paid during the period			
Income taxes, net of refunds	$ 7,324	$ 6,369	$ 15,729
Interest	$ 25,840	$ 30,044	$ 26,134
Supplemental Disclosures of Noncash Investing and Financing Activities			
Net property and equipment financed with long-term debt, accounts payable and accrued liabilities	$ 12,156	$ 3,829	$ 22,242
Long-term debt extinguished upon sale of property and equipment	$ 3,315	$ —	$ —
Net transfer of assets to (from) property and equipment from (to) inventories	$ (3,912)	$ 8,128	$ 41,582

See Notes to Consolidated Financial Statements

TITAN MACHINERY INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1—BUSINESS ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

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

Seasonality

The agricultural and construction equipment businesses are highly seasonal, which causes the Company's quarterly results and cash flow to fluctuate during the year. The Company's customers generally purchase and rent equipment in preparation for, or in conjunction with, their busy seasons, which for farmers are the spring planting and fall harvesting seasons, and for Construction customers is dependent on weather seasons in their respective regions, which is typically the second and third quarters of the Company's fiscal year for much of its Construction footprint. The Company's parts and service revenues are typically highest during its customers' busy seasons as well, due to the increased use of their equipment during this time, which generates the need for more parts and service work. However, weather conditions impact the timing of our customers' busy times, which may cause the Company's quarterly financial results to differ between fiscal years. In addition, the fourth quarter typically is a significant period for equipment sales in the U.S. because of its customers' year-end tax planning considerations, the timing of dealer incentives and the increase in availability of funds from completed harvests and construction projects.

Principles of Consolidation

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

The Company's foreign subsidiaries have fiscal years ending on December 31 of each year, consistent with statutory reporting requirements in each of the respective countries. The accounts of the Company's foreign subsidiaries are consolidated as of December 31 of each year. No events occurred related to these subsidiaries in January 2016 that would have materially affected the consolidated financial position, results of operations or cash flows.

Reclassifications

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

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 of intangible assets, collectability of receivables, and income taxes.

Concentrations of Credit Risk

The Company's sales are to agricultural and construction equipment customers principally in the states and European countries in which its stores are located. The Company extends credit to its customers in the ordinary course of business and monitors its customers' financial condition to minimize its risks associated with trade receivables; however, the Company does not generally require collateral on trade receivables.

The Company's cash balances are maintained in bank deposit accounts, which are in excess of federally insured limits.

Concentrations in Operations

The Company currently purchases new equipment, rental equipment and the related parts from a limited number of manufacturers. Although no change in suppliers is anticipated, the occurrence of such a change could cause a possible loss of sales and adversely affect operating results. The Company is the holder of authorized dealerships granted by CNH Industrial America, LLC and CNHI International SA (collectively referred to "CNH Industrial") whereby it has the right to act as an authorized dealer for the entities' equipment. The dealership authorizations and floorplan payable facilities can be canceled by the respective entity if the Company does not observe certain established guidelines and covenants.

In addition, the Company believes that the following factors related to concentrations in suppliers, and in particular CNH Industrial, have a significant impact on its operating results:

- CNH Industrial's product offerings, reputation and market share
- CNH Industrial's product prices and incentive and discount programs
- Supply of inventory from CNH Industrial
- CNH Industrial provides floorplan payable financing for the purchase of a substantial portion of its inventory
- CNH Industrial provides a significant percentage of the financing used by its customers to purchase CNH Industrial equipment from the Company.

Receivables and Credit Policy

Trade accounts receivable due from customers are uncollateralized customer obligations due under normal trade terms requiring payment within 30 days from the invoice date. Balances unpaid after 30 days are considered past due and begin to accrue interest. Payments of trade receivables are allocated to the specific invoices identified on the customer's remittance advice or, if unspecified, are applied to the earliest unpaid invoices. Trade accounts receivable due from manufacturers relate to discount programs, incentive programs and repair services performed on equipment with a remaining factory warranty. Trade accounts receivable due from finance companies primarily consist of contracts in transit with finance companies and balances due from credit card companies. These receivables do not generally have established payment terms but are collected in relatively short time periods.

The carrying amount of trade receivables is reduced by a valuation allowance that reflects management's best estimate of the amounts that will not be collected. Management reviews aged receivable balances and estimates the portion, if any, of the balance that will not be collected. Account balances are charged off after all appropriate means of collection have been exhausted and the potential for recovery is considered remote.

Inventories

New and used equipment are stated at the lower of cost (specific identification) or market value with adjustments for decreases in market value on inventory rented but available for sale, estimated as a percentage of the rental income received on such inventory. All new and used equipment inventories, including that which has been rented, are subject to periodic lower of cost or market evaluation that considers various factors including aging of equipment and market conditions. Equipment inventory values are adjusted whenever the carrying amount exceeds the estimated market value. Parts inventories are valued at the lower of average cost or market value. The Company estimates its lower of cost or market adjustments on its parts inventories based on various factors including aging and sales of each type of parts inventory. Work in process is valued at the retail rates of labor incurred and parts inventories used on service work in process at year end.

Property and Equipment

Property and equipment is carried at cost less accumulated depreciation and amortization. Depreciation and amortization are computed on a straight-line basis over the estimated useful life of each asset, as summarized below:

Buildings and leasehold improvements	Lesser of 10 - 40 years or lease term
Machinery and equipment	3 - 10 years
Furniture and fixtures	3 - 10 years
Vehicles	5 - 10 years
Rental fleet	3 - 10 years

Depreciation for income tax reporting purposes is computed using accelerated methods.

Goodwill

Goodwill represents the excess of the purchase price over the fair value of the net assets, including identifiable intangible assets, of the businesses acquired. Goodwill is not amortized, but is tested for impairment annually, or more frequently upon the occurrence of certain events or when circumstances indicate that impairment may be present. The Company performs its annual impairment test as of the end of its fiscal year.

Goodwill is tested for impairment at the reporting unit level. A reporting unit is defined as an operating segment or one level below an operating segment (referred to as a component). A component of an operating segment is a reporting unit if the component constitutes a business for which discrete financial information is available and segment management regularly reviews the operating results of that component. The goodwill impairment analysis is performed under a two-step impairment model. Step one of the analysis compares the estimated fair value of a reporting unit to its carrying value. If the fair value of a reporting unit exceeds its carrying amount, goodwill of the reporting unit is considered not impaired and the second step of the impairment test is unnecessary. However, if the carrying amount of a reporting unit exceeds its fair value, the second step of the impairment test is performed to measure the amount of impairment, if any. The second step measures the amount of impairment loss, if any, by comparing the implied fair value of goodwill, which is estimated by comparing the estimated fair value of the reporting unit as a whole to the fair value of the underlying assets and liabilities of the reporting unit. An impairment charge is recognized for any excess of the carrying value of goodwill over the implied fair value. All of the Company's previously recorded goodwill was fully impaired as of January 31, 2015. See Note 5 for details and results of the Company's impairment testing.

Intangible Assets

Intangible assets with a finite life consist of customer relationships and covenants not to compete, and are carried at cost less accumulated amortization. The Company amortizes the cost of identified intangible assets on a straight-line basis over the expected period of benefit, which is three years for customer relationships and the contractual term for covenants not to compete, which range from three to ten years.

Intangible assets with an indefinite life consist of distribution rights with manufacturers. Distribution rights are classified as an indefinite-lived intangible asset because the Company's distribution agreements continue indefinitely by their terms, or are routinely awarded or renewed without substantial cost or material modifications to the underlying agreements. As such, the Company believes that its distribution rights intangible assets will contribute to its cash flows for an indefinite period; therefore, the carrying amount of distribution rights is not amortized, but is tested for impairment annually, or more frequently upon the occurrence of certain events or when circumstances indicate that impairment may be present. The Company performs its annual impairment test as of December 31st of each year. The impairment test is performed by comparing the carrying value to its estimated fair value. See Note 5 for details and results of the Company's impairment testing in the years ended January 31, 2016 and 2015.

Impairment of Long-Lived Assets

The Company's long-lived assets consist of its intangible assets and property and equipment. These assets are reviewed for potential impairment when events or circumstances indicate that the carrying value may not be recoverable. Recoverability is measured by comparing the estimated future undiscounted cash flows of such assets to their carrying values. If the estimated undiscounted cash flows exceed the carrying value, the carrying value is considered recoverable and no impairment recognition is required. However, if the sum of the undiscounted cash flows is less than the carrying value of the asset, the second step of the impairment analysis must be performed to measure the amount of the impairment, if any. The second step of the impairment analysis compares the estimated fair value of the long-lived asset to its carrying value and any amount by which the carrying value exceeds the fair value is recognized as an impairment charge. All impairment charges recognized are included in the Impairment of Intangibles and Long-Lived Assets amount in the consolidated statements of operations.

When reviewing long-lived assets for impairment, we group long-lived assets with other assets and liabilities at the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities. Long-lived assets deployed and used by individual store locations are reviewed for impairment at the individual store level. Other long-lived assets shared across stores within a segment or shared across segments are reviewed for impairment on a segment or consolidated level as appropriate.

As of January 31, 2016, the Company determined that the current period operating loss combined with historical losses and anticipated future operating losses within certain of its stores was an indication that certain long-lived assets of these stores may not be recoverable. The Company performed the impairment analyses for these assets which have a combined carrying value of $17.2 million. In certain cases, the analysis indicated that the carrying value is not recoverable. The aggregate carrying value of such assets totaled $14.4 million. Based on this conclusion, we performed step two of the impairment analysis and estimated the fair value of these assets using the estimated selling prices of similar assets. Step two of the analysis indicated than an impairment charge in the amount $6.5 million was necessary, of which $3.7 million related to the Agriculture segment and $2.8 million related to the Construction segment. In all other cases, in which the aggregate carrying value of such assets totaled $2.8 million, the Company's analyses indicated that the carrying values are recoverable based on its estimates of future undiscounted cash flows under step one of the impairment analysis.

In addition, the Company recognized impairment charges of $0.4 million for certain long-lived assets associated with store locations closed during the year ended January 31, 2016, which was primarily comprised of impairment charges of $0.3 million related to the Agriculture segment and $0.1 million related to the Shared Resource Center.

The Company recognized impairment charges totaling $1.0 million on long-lived assets during the year ended January 31, 2015, of which $0.6 million related to the Agriculture segment, $0.3 million related to the Construction segment and $0.1 million related to the International segment. The Company recognized impairment charges of $1.5 million related to the Construction segment long-lived assets during the year ended January 31, 2014.

Derivative Instruments

In the normal course of business, the Company is subject to risk from adverse fluctuations in foreign currency exchange rates and benchmark interest rates. The Company manages its market risk exposures through a program that includes the use of derivative instruments, primarily foreign exchange forward contracts and interest rate derivatives. The Company's objective in managing its exposure to market risk is to minimize the impact on earnings, cash flows and the consolidated balance sheet. The Company does not use derivative instruments for trading or speculative purposes.

All outstanding derivative instruments are recognized in the consolidated balance sheet at fair value. The effect on earnings from recognizing the fair value of the derivative instrument depends on its intended use, the hedge designation, and the effectiveness in offsetting the exposure of the underlying hedged item. Changes in fair values of instruments designated to reduce or eliminate fluctuations in the fair values of recognized assets and liabilities and unrecognized firm commitments are reported currently in earnings along with the change in the fair value of the hedged items. Changes in the effective portion of the fair values of derivative instruments used to reduce or eliminate fluctuations in cash flows of forecasted transactions are reported in other comprehensive income, a component of stockholders' equity. Amounts accumulated in other comprehensive income are reclassified to earnings when the related hedged items affect earnings or the anticipated transactions are no longer probable. Changes in the fair value of derivative instruments designated to reduce or eliminate fluctuations in the net investment of a foreign subsidiary are reported in other comprehensive income. Changes in the fair value of derivative instruments that are not designated as hedging instruments or do not qualify for hedge accounting treatment are reported currently in earnings. The cash flows related to derivative instruments that are accounted for as cash flow hedges are classified in the same category on the consolidated statements of cash flow as the cash flows from the items being hedged.

For derivative instruments accounted for as hedging instruments, the Company formally designates and documents, at inception, the instrument as a hedge of a specific underlying exposure, the risk management objective and the manner by which the effectiveness of the hedging instrument will be evaluated. At each reporting period after inception, the Company evaluates the hedging instrument's effectiveness in reducing or eliminating the underlying hedged exposure. Any hedge ineffectiveness is recognized in earnings immediately.

Fair Value Measurements

Fair value is defined as the price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants. Three levels of inputs may be used to measure fair value:

Level 1—Values derived from unadjusted quoted prices in active markets for identical assets and liabilities.

Level 2—Values derived from observable inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly, including quoted prices for similar assets or liabilities in active markets, or quoted prices for identical or similar assets in markets that are not active.

Level 3—Values derived from unobservable inputs for which there is little or no market data available, thereby requiring the reporting entity to develop its own assumptions.

In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

Customer Deposits

Customer deposits consist of advance payments from customers, in the form of cash or equipment to be traded-in.

Income Taxes

The Company uses the asset and liability method to account for income taxes. Under this method, deferred tax assets and liabilities are recognized for the expected future tax consequences of differences between the carrying amounts of assets and liabilities and their respective tax bases. Deferred tax assets are reduced by a valuation allowance when it is more likely than not that a portion or all of the deferred tax assets will not be realized. Changes in valuation allowances are included in its provision for income taxes in the period of the change. Deferred tax assets and liabilities are netted by taxing jurisdiction and presented as either a net asset or liability position, as applicable, on the consolidated balance sheets.

The Company recognizes the financial statement benefit of income tax positions only if those positions are more likely than not of being sustained. Recognized income tax positions are measured as the largest amount that has a greater than 50% likelihood of being realized. Changes in the recognition or measurement of such positions are reflected in its provision for income taxes in the period of the change. The Company's policy is to recognize interest and penalties related to income tax matters within its provision for income taxes.

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 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 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. All anti-dilutive securities were excluded from the computation of diluted EPS.

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

	2016	2015	2014
	(in thousands, except per share data)		
Basic Weighted-Average Common Shares Outstanding	21,111	20,989	20,894
Plus: Incremental Shares From Assumed Exercise of Stock Options	—	—	146
Diluted Weighted-Average Common Shares Outstanding	21,111	20,989	21,040
Anti-Dilutive Shares Excluded From Diluted Weighted-Average Common Shares Outstanding			
Stock Options	174	221	99
Shares Underlying Senior Convertible Notes (conversion price of $43.17)	3,474	3,474	3,474
Earnings (Loss) per Share - Basic	$ (1.76)	$ (1.51)	$ 0.42
Earnings (Loss) per Share - Diluted	$ (1.76)	$ (1.51)	$ 0.41

Revenue Recognition

Equipment revenue is generally recognized upon receipt of a signed sales contract and delivery of product to customers. In addition to outright sales of new and used equipment, certain rental agreements may include rent-to-purchase options. Under these agreements, customers are given a period of time to exercise an option to purchase the related equipment, with a portion of the rental payments being applied to reduce the purchase price. Payments received during the rental period are recorded as rental revenue. Any such equipment is included in inventory until the purchase option is exercised, and the carrying value of the equipment is reduced in accordance with the Company's aforementioned policy. Equipment revenue is recognized upon the exercise of the purchase option. Parts revenue is recognized upon delivery of product to customers. Service revenue is recognized at the time the related services are provided. Rental revenue is recognized over the period of the related rental agreement.

Sales, Excise and Value Added Taxes

The Company has customers in states and municipalities in which those governmental units impose a sales tax on certain sales. The U.S. federal government imposes excise taxes on certain sales. Certain governments of the foreign countries in which the Company operates impose value added taxes on certain sales. The Company collects those sales and excise taxes from its customers and remits the entire amount to the various governmental units. The Company's accounting policy is to exclude the tax collected and remitted from revenue and cost of revenue.

Shipping and Handling Costs

Shipping and handling costs are recorded as cost of revenue and amounts billed to customers for shipping and handling costs are recorded in revenue.

Lessor Accounting

The Company leases equipment from its rental fleet and equipment inventory to customers on operating leases over periods primarily less than one year. These leases require a minimum rental payment and contingent rental payment based on machine hours. Rental revenue totaled $61.4 million, $73.7 million and $68.6 million for the years ended January 31, 2016, 2015 and 2014, respectively. As of January 31, 2016, the Company had $137.8 million of rental fleet included in property and equipment, net of accumulated depreciation of $47.3 million. As of January 31, 2015, the Company had $148.2 million of rental fleet included in property and equipment, net of accumulated depreciation of $40.2 million.

Construction of Leased Assets and Sale-Leaseback Accounting

The Company from time to time performs construction projects on its store locations, which are recorded as property and equipment in the consolidated balance sheet during the construction period. Upon completion, these assets are either placed in service, at which point the depreciation of the asset commences, or are part of a sale-leaseback transaction with a third-party buyer/lessor. In certain other situations the Company enters into build-to-suit construction projects with third-party lessors. Under the applicable lease accounting rules, certain forms of lessee involvement in the construction of the leased asset deem the Company to be the owner of the leased asset during the construction period and requires capitalization of the lessor's total project costs on the consolidated balance sheet with the recognition of a corresponding financing obligation. Upon completion of a project for which the constructed assets are sold to a buyer/lessor or a build-to suit construction project, the Company performs a sale-leaseback analysis to determine if the asset and related financing obligation can be derecognized from the consolidated balance sheet. Certain provisions in a number of our lease agreements, primarily provisions regarding repurchase options, are deemed to be continuing involvement in the sold asset which precludes sale recognition. In such cases, the asset remains on the consolidated balance sheet under property and equipment and the proceeds received in the sale-leaseback transaction are recognized as a financing obligation under long-term debt in the consolidated balance sheet. Both the asset and the financing obligation are amortized over the lease term. In instances in which the Company has no continuing involvement in the sold asset, the criteria for sale recognition are met and the asset and any related financing obligation are derecognized from the consolidated balance sheet, and the lease is analyzed for proper accounting treatment as either an operating or capital lease.

See Note 8 for balances of outstanding financing obligations.

Manufacturer Incentives and Discounts

The Company receives various manufacturer incentives and discounts, which are based on a variety of factors. Discounts and incentives related to the purchase of inventory are recognized as a reduction of inventory prices and recognized as a reduction of cost of revenue when the related inventory is sold. Other incentives, reflecting reimbursement of qualifying expenses, are recognized as a reduction of the related expense when earned.

Advertising Costs

Costs incurred for producing and distributing advertising are expensed as incurred. Advertising expense amounted to $3.3 million, $5.5 million and $5.9 million for the years ended January 31, 2016, 2015 and 2014, respectively.

Comprehensive Income and Foreign Currency Matters

For the Company, comprehensive income represents net income adjusted for foreign currency items, including foreign currency translation adjustments and unrealized gains or losses on net investment hedge, interest rate and cash flow derivative instruments. For its foreign subsidiaries in which their local currency is their functional currency, assets and liabilities are translated into U.S. dollars at the balance sheet date exchange rate. Income and expenses are translated at average exchange rates for the year. Foreign currency translation adjustments are recorded directly as other comprehensive income, a component of stockholders' equity. For its foreign subsidiaries in which the local currency is not the functional currency, prior to translation into U.S. dollars, amounts must first be remeasured from the local currency into the functional currency. Nonmonetary assets and liabilities are remeasured at historical exchange rates and monetary assets and liabilities are remeasured at the balance sheet date exchange rate. Income and expenses are remeasured at average exchange rates for the year. Foreign currency remeasurement adjustments are included in the statement of operations.

The Company recognized a net foreign currency transaction loss of $3.8 million and $12.3 million for the years ended January 31, 2016 and 2015, respectively. The net foreign currency transaction loss for the year ended January 31, 2016 primarily includes $1.1 million losses related to intercompany loans to its foreign subsidiaries and $2.5 million related to foreign currency remeasurement losses resulting from the devaluation of the Ukrainian hryvnia. The net foreign currency transaction loss for the year ended January 31, 2015 primarily includes $6.1 million losses related to intercompany loans to its foreign subsidiaries and $5.8 million related to foreign currency remeasurement losses resulting from the devaluation of the Ukrainian hryvnia. The impact of foreign currency transactions was immaterial for the year ended January 31, 2014. The Company hedges its intercompany loan balances; the gains and losses on such instruments are disclosed in Note 9, which substantially offset the related foreign currency gains or losses.

Stock-Based Compensation

The Company accounts for stock-based compensation at the fair value of the related equity instrument over the applicable service or performance period. Additional information regarding stock-based compensation is summarized in Note 16.

Business Combinations

The Company accounts for business combinations by allocating the purchase price amongst the assets acquired, including identifiable intangible assets, and liabilities assumed based on the fair values of the acquired assets and assumed liabilities. The acquisition accounting is finalized during the measurement period, which may not exceed one year from the date of acquisition. During the measurement period the Company's accounting for the business combination transaction may be based on estimates due to various unknown factors present at the date of acquisition.

Exit and Disposal Costs

Costs related to exit or disposal activities, including store closures, for the Company primarily include lease termination costs, employee termination costs and other costs associated with moving assets and vacating the stores. The Company records a liability at the net present value of the remaining lease obligations, net of estimated sublease income, as of the date the Company ceases using the property. Any subsequent adjustments to that liability as a result of changes in estimates are recorded in the period incurred. The Company records a liability for employee termination costs at the date the termination benefits were communicated to the employees. Other related costs are expensed as incurred. Information regarding such transactions is disclosed in Note 20.

Held for Sale

The Company accounts for a disposal group as held for sale once a plan to sell the asset has been approved and initiated, the disposal group is being actively marketed and is expected to sell within one year, and is available for immediate sale. The disposal group includes assets expected to be included in the sale and liabilities directly associated with those assets that are expected to be transferred in the sale transaction. Any assets and liabilities associated with the disposal group that are not expected to transfer in a sale transaction are excluded from the disposal group and are therefore presented in the respective line items in the consolidated balance sheets. Information regarding these transactions is disclosed in Note 21.

Segment Reporting

The Company operates its business in three reportable segments, the Agriculture, Construction and International segments. Information regarding these segments is disclosed in Note 22.

Recent Accounting Guidance

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, 2018, and will employ one of the two retrospective application methods. The Company has not determined the potential effects adoption of this standard will have 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.

In April 2015, the FASB amended authoritative guidance on debt issuance costs, codified in ASC 835-30, *Imputation of Interest*. The amended guidance changes the balance sheet presentation of debt issuance costs to be a direct deduction from the related debt liability rather than an asset. The Company elected to early adopt this guidance on January 31, 2016 on a retrospective basis. Accordingly, on its January 31, 2015 consolidated balance sheet, it reclassified $5.1 million of unamortized debt issuance costs from other noncurrent assets to the related liability balances, which included reductions of $2.1 million in the floorplan payable balance, $2.5 million to the senior convertible notes balance and $0.5 million in the long-term debt balances. Its adoption had no impact on the Company's consolidated statements of operations.

In July 2015, the FASB amended authoritative guidance on accounting for measurement of inventory, codified in ASC 330, *Inventory*. The amended guidance requires inventory to be measured at the lower of cost and net realizable value. Net realizable value is the estimated selling prices in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation. This guidance is effective for the Company on February 1, 2017, with early adoption permitted. The Company has not determined the potential effects adoption of this standard will have on the consolidated financial statements.

In September 2015, the FASB amended authoritative guidance on adjustments to provisional estimates used in accounting for business combinations, codified in ASC 805, *Business Combinations*. The amended guidance requires an acquirer to recognize, in the reporting period in which the adjustment amounts are determined, adjustments to provisional amounts and the effect on earnings of changes in depreciation, amortization, or other income effects, if any, as a result of the change to the provisional amounts, calculated as if the accounting had been completed at the acquisition date. The amended guidance also requires presentation of the amount recorded in current-period earnings by line item that would have been recorded in previous reporting periods if the adjustment to the provisional amounts had been recognized as of the acquisition date, either separately on the face of the income statement or disclosed in the notes. This guidance is effective for the Company on February 1, 2016, with early adoption permitted. The Company elected to early adopt this guidance on January 31, 2016. Its adoption did not have any impact on the Company's consolidated statements of operations.

In November 2015, the FASB amended authoritative guidance on the balance sheet classification of deferred taxes, codified in ASC 740, *Income Taxes*. The amended guidance requires that all deferred tax liabilities and assets be classified as noncurrent in a classified balance sheet. The Company elected to early adopt this guidance on January 31, 2016 on a retrospective basis. Accordingly, it reclassified current deferred tax assets of $19.0 million to noncurrent deferred income tax liabilities on its January 31, 2015 consolidated balance sheet. Its adoption had no impact on the Company's consolidated statements of operations.

In February 2016, the FASB amended authoritative guidance on leases, codified in ASC 842, *Leases.* The amended guidance requires lessees to recognize most leases on their balance sheets related to the rights and obligations created by those leases. The new standard also requires new disclosures to help financial statement users better understand the amount, timing, and uncertainty of cash flows arising from leases. This guidance is effective for reporting periods beginning after December 15, 2018, with early adoption permitted. The provisions of this guidance are to be applied using a modified retrospective approach, with elective reliefs, which requires application of the guidance for all periods presented. The Company has not determined the potential effects adoption of this standard will have on the consolidated financial statements.

In March 2016, the FASB amended authoritative guidance on stock-based compensation, codified in ASC 718, *Compensation - Stock Compensation.* The amended guidance changes the accounting for certain aspects of share-based payments, including the income tax consequences, forfeitures, classification of awards as either equity or liabilities, and classification on the statements of cash flows. This guidance is effective for the Company on February 1, 2017, with early adoption permitted. The manner of application varies by the various provisions of the guidance, with certain provisions applied on a retrospective or modified retrospective approach, while others are applied prospectively. The Company has not determined the potential effects adoption of this standard will have on the consolidated financial statements.

NOTE 2—RECEIVABLES

	January 31, 2016	January 31, 2015
	(in thousands)	
Trade accounts receivable		
Due from customers	$ 29,204	$ 46,526
Due from finance companies	19,250	15,489
Due from manufacturers	11,642	18,480
Total trade accounts receivable	60,096	80,495
Other receivables	47	105
	60,143	80,600
Less allowance for doubtful accounts	(3,591)	(4,218)
	$ 56,552	$ 76,382

NOTE 3—INVENTORIES

	January 31, 2016	January 31, 2015
	(in thousands)	
New equipment	$ 323,393	$ 442,984
Used equipment	267,893	318,308
Parts and attachments	87,807	107,893
Work in process	10,371	10,255
	$ 689,464	$ 879,440

During the fourth quarter of the year ended January 31, 2016, the Company determined it would market certain aged equipment through alternative channels rather than through its normal retail channels, in an effort to reduce its equipment inventory levels. The Company anticipates realizing lower revenue amounts from these alternative channels than the carrying values of the respective equipment. As a result, in addition to its usual lower of cost or market valuation adjustments, the Company recorded an inventory impairment charge of $27.5 million to equipment cost of revenue, of which $11.4 million related to the Agriculture segment, $15.9 million related to the Construction segment and $0.2 million related to the International segment.

NOTE 4—PROPERTY AND EQUIPMENT

	January 31, 2016	January 31, 2015
	(in thousands)	
Rental fleet equipment	$ 137,754	$ 148,198
Machinery and equipment	23,051	24,071
Vehicles	36,537	43,435
Furniture and fixtures	38,149	39,421
Land, buildings, and leasehold improvements	63,460	57,630
	298,951	312,755
Less accumulated depreciation	(115,772)	(104,075)
	$ 183,179	$ 208,680

Depreciation expense amounted to $28.2 million, $31.2 million and $30.0 million for the years ended January 31, 2016, 2015 and 2014, respectively. The Company had assets related to sale-leaseback financing obligations and capital leases associated with real estate of store locations, which are included in the land, buildings and leasehold improvements balance above. Such assets had gross carrying values totaling $25.4 million and $14.2 million, and accumulated amortization balances totaling $2.2 million and $1.5 million, as of January 31, 2016 and 2015, respectively.

NOTE 5—INTANGIBLE ASSETS AND GOODWILL

The following is a summary of intangible assets with finite lives as of January 31, 2016 and 2015:

	January 31, 2016			January 31, 2015		
	Cost	Accumulated Amortization	Net	Cost	Accumulated Amortization	Net
		(in thousands)			(in thousands)	
Covenants not to compete	$ 972	$ (720)	$ 252	$ 2,078	$ (1,521)	$ 557
Customer relationships	—	—	—	1,188	(1,169)	19
	$ 972	$ (720)	$ 252	$ 3,266	$ (2,690)	$ 576

Amortization expense was $0.3 million, $0.6 million and $0.8 million for the years ended January 31, 2016, 2015 and 2014, respectively. Future amortization expense, as of January 31, 2016, is expected to be as follows:

Years ending January 31,	Amount
	(in thousands)
2017	$ 132
2018	74
2019	27
2020	15
2021	4
	$ 252

Changes in the carrying amount of indefinite lived intangible assets, which consisted entirely of distribution rights, during the years ended January 31, 2016 and 2015 are summarized as follows:

	Agriculture	Construction	International	Total
		(in thousands)		
Balance at January 31, 2014	$ 9,584	$ 72	$ 809	$ 10,465
Arising in completed business combinations	—	—	—	—
Impairment	(4,774)	—	(724)	(5,498)
Foreign currency translation adjustment	—	—	(85)	(85)
Balance at January 31, 2015	4,810	72	—	4,882
Arising in completed business combinations	—	—	—	—
Impairment	—	—	—	—
Foreign currency translation adjustment	—	—	—	—
Balance at January 31, 2016	$ 4,810	$ 72	$ —	$ 4,882

The Company performs the annual impairment testing of its indefinite lived distribution rights intangible assets as of December 31st of each year. Under the impairment test, the fair value of distribution rights intangible assets is estimated based on a multi-period excess earnings model, an income approach. This model allocates future estimated earnings of the store/complex amongst working capital, fixed assets and other intangible assets of the store/complex and any remaining earnings (the “excess earnings”) are allocated to the distribution rights intangible assets. The earnings allocated to the distribution rights are then discounted to arrive at the present value of the future estimated excess earnings, which represents the estimated fair value of the distribution rights intangible asset. The discount rate applied reflects the Company's estimate of the weighted-average cost of capital of comparable companies plus an additional risk premium to reflect the additional risk inherent in the distribution right asset.

The results of the Company's impairment testing for the year ended January 31, 2016 indicated that no impairment charges were necessary.

The results of the Company's impairment testing for each of the years ended January 31, 2015 and 2014 indicated that the estimated fair value of certain distribution rights assets approximated zero, thus requiring a full impairment charge equal to the carrying values of such assets. In total, impairment charges of and $5.5 million and $2.0 million were recognized and included in the Impairment of Intangibles and Long-Lived Assets amount in the consolidated statements of operations during the years ended January 31, 2015 and 2014, respectively. The impairment charges arose as the result of lowered expectations of the future financial performance of these stores/complexes. The Company's assumptions about future financial performance were impacted by the current year operating performance of these stores/complexes and by the anticipated impact that challenging industry conditions may have on the future financial performance of these stores/complexes.

Changes in the carrying amount of goodwill during the year ended January 31, 2015 are summarized as follows. There has been no goodwill activity during the year ended January 31, 2016.

	Agriculture	Construction	International	Total
		(in thousands)		
Balance at January 31, 2014	$ 24,642	$ —	$ 109	$ 24,751
Arising in completed business combinations	—	—	—	—
Impairment	(24,642)	—	(97)	(24,739)
Foreign currency translation adjustment	—	—	(12)	(12)
Balance at January 31, 2015	$ —	$ —	$ —	$ —

The Company performed its annual impairment testing of goodwill at the end of each fiscal year in which it carried a goodwill balance. Under the impairment test, the fair value of its reporting units is estimated using both a market approach which applies multiples of earnings before interest, taxes, depreciation and amortization of comparable guideline public companies to that of the Company's reporting units, and an income approach in which a discounted cash flow analysis is utilized which includes a five-year forecast of future operating performance for each of the reporting units and a terminal value which estimates sustained long-term growth. The discount rate applied to the estimated future cash flows reflects an estimate of the weighted-average cost of capital of comparable companies.

Step one of the goodwill impairment analysis for each of the Company's Agriculture reporting unit and Serbian reporting unit indicated that the estimated fair value of each reporting unit was less than the carrying value, thus requiring the performance of step two of the impairment analysis. In each instance, the second step of the impairment analysis indicated that the implied fair value of the goodwill associated with the reporting unit approximated zero, thus requiring a full impairment charge of the goodwill carrying value of each reporting unit. As such, a total goodwill impairment charge of $24.7 million was recognized as of January 31, 2015 and included in the Impairment of Goodwill amount in the consolidated statements of operations. The impairment charges recognized during the year ended January 31, 2015 within the Agriculture and Serbian reporting units arose as the result of lowered expectations of future financial performance of these reporting units and a lower market capitalization for the Company as a whole. The assumptions about future financial performance were impacted by the current year operating performance and by the anticipated impact that challenging industry conditions existing as of the assessment date and anticipated to be present over the near-term may have on the future financial performance of these reporting units.

During the year ended January 31, 2014, the Company recognized $6.3 million of impairment charges associated with goodwill in its Construction and Romanian reporting units.

Accumulated impairment losses totaled $31.0 million, $31.0 million and $6.3 million as of January 31, 2016, 2015 and 2014, respectively.

NOTE 6—FLOORPLAN PAYABLE/LINES OF CREDIT

Floorplan payable balances reflect the amount owed for new equipment inventory purchased from a manufacturer and used equipment inventory, which is primarily purchased through trade-in on equipment sales, net of unamortized debt issuance costs incurred for floorplan credit facilities. 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's captive finance subsidiaries, 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. The Company has three significant floorplan lines of credit, credit facilities related to its foreign subsidiaries, and other floorplan payable balances with non-manufacturer lenders and manufacturers other than CNH Industrial.

As of January 31, 2016, the Company had discretionary floorplan payable lines of credit for equipment purchases totaling $1.0 billion, which includes a $275.0 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 $172.0 million credit facility with DLL Finance LLC ("DLL Finance", formerly Agricredit Acceptance LLC) and the U.S. dollar equivalent of $115.4 million in credit facilities related to its foreign subsidiaries. Floorplan payable relating to these credit facilities totaled $420.7 million of the total floorplan payable balance of $444.8 million outstanding as of January 31, 2016 and $594.1 million of the total floorplan payable balance of $625.2 million outstanding as of January 31, 2015; the remaining outstanding balances relate to equipment inventory financing from manufacturers and non-manufacturer lenders other than the aforementioned lines of credit. As of January 31, 2016, the interest-bearing U.S. floorplan payables carried various interest rates primarily ranging from 2.67% to 5.28%, and the foreign floorplan payables carried various interest rates primarily ranging from 1.9% to 12.0%. The following provides additional information regarding each of the Company's three significant floorplan lines of credit.

Wells Fargo Credit Agreement—Operating and Floorplan Payable Lines of Credit

As of January 31, 2016, the Company had a second amended and restated credit agreement with Wells Fargo ("Credit Agreement"), which was entered into on October 28, 2015, and amended on December 29, 2015, which provides for a $275.0 million wholesale floorplan line of credit (the "Floorplan Payable Line") and a $75.0 million working capital line of credit (the "Working Capital Line"). The amount available under the Floorplan Payable Line is reduced by amounts outstanding, borrowing base calculations and standby letters of credit used for a variety of purposes such as to guarantee floorplan payable lines of credit equipment inventory purchases by the Company's foreign subsidiaries. The credit agreement has a variable interest rate on outstanding balances and has a 0.25% to 0.375% non-usage fee on the average monthly unused amount and requires monthly payments of accrued interest. The Company elects at the time of any advance to choose a Base Rate Loan or a LIBOR Rate Loan. The LIBOR Rate is for the duration of one month, two month, or three month LIBOR rate at the time of the loan, as chosen by the Company. The Base Rate is the greatest of (a) the Federal Funds Rate plus 0.5%, (b) the one month LIBOR Rate plus 1%, and (c) the prime rate of interest announced, from time to time, within Wells Fargo. The applicable margin rate is determined based on excess availability under the Credit Agreement and ranges from 0.75% to 1.5% for Base Rate Loans and 1.75% to 2.50% for LIBOR Rate Loans.

The Credit Agreement is secured by substantially all our assets and requires the Company to maintain a fixed charge coverage ratio of at least 1.10 if adjusted excess availability plus eligible cash collateral is less than 15% of the total amount of the credit facility. Based on our adjusted excess availability and cash collateral, we were not subject to the fixed charge coverage ratio as of January 31, 2016. The Credit Agreement does not obligate the Company to maintain other financial covenants. The Credit Agreement also includes various non-financial covenants, including, under certain conditions, restricting the Company's ability to make certain cash payments, including for cash dividends and stock repurchases, restricting the Company's ability to issue equity instruments, restricting the Company's ability to complete acquisitions or divestitures, and limiting the Company's ability to incur new indebtedness. The Credit Agreement matures on the earlier of October 28, 2020 or the date that is six months prior to maturity of the Company's existing senior convertible notes unless on such date certain financial covenant tests are met as described in the Credit Agreement.

The Company amended its previous credit agreement with Wells Fargo in April 2015, and amended and restated the credit facility in October 2015. The amendments and restatement changed certain financial covenants, reduced available amounts on the Floorplan Payable Line and the Working Capital Line, and changed the interest rate, among other things. The Company wrote-off a total of $1.6 million of capitalized debt issuance costs as a result of the reductions in available borrowing amounts under these amendments.

The Floorplan Payable Line is used to finance equipment inventory purchases. Amounts outstanding are recorded as floorplan payable, within current liabilities on the consolidated balance sheets, as the Company intends to repay amounts borrowed within one year.

The Working Capital Line is used to finance rental fleet equipment and for general working capital requirements of the Company. Amounts outstanding are recorded as long-term debt, within long-term liabilities on the consolidated balance sheets, as the Company does not have the intention or obligation to repay amounts borrowed within one year. The balances outstanding on the Working Capital Line as of January 31, 2016 and 2015 are disclosed in Note 8.

CNH Industrial Capital Floorplan Payable Line of Credit

As of January 31, 2016, the Company had a $450.0 million credit facility with CNH Industrial Capital. The available borrowings under the CNH Industrial Capital credit facility are reduced by outstanding floorplan payable and other acquisition-related financing arrangements with CNH Industrial Capital. The CNH Industrial Capital credit facility has interest rates equal to the prime rate plus 4% on new borrowings, subject to any interest-free and reduced interest rate periods offered by CNH Industrial Capital, and automatically renews on August 31 of each year unless earlier terminated by either party. Repayment terms vary by individual notes, but generally payments are made from sales proceeds or rental revenue from the related inventories. The balances outstanding with CNH Industrial Capital are secured by the inventory purchased with the floorplan proceeds. The CNH Industrial Capital credit facility contains certain financial covenants that impose a maximum level of adjusted debt to tangible net worth of 3.0 : 1.0 and minimum fixed charge coverage ratio financial covenant of not less than 1.25 : 1.00. It also contains various restrictive covenants that require prior consent of CNH Industrial Capital if the Company desires to engage in any acquisition of, consolidation or merger with any other business entity in which the Company is not the surviving company; create subsidiaries; move any collateral outside of the U.S.; or sell, rent, lease or otherwise dispose or transfer any of the collateral, other than in the ordinary course of business. CNH Industrial Capital's consent is also required for the acquisition of any CNH Industrial dealership. In addition, the CNH Industrial Capital credit facility restricts the Company's ability to incur any liens upon any substantial part of its assets.

In March 2016, the Company amended its credit facility with CNH Industrial Capital which changed the calculation of the fixed charge coverage ratio covenant to allow for long-lived asset impairment charges to be eligible adjustments on a permanent basis, and allow for the $27.5 million equipment inventory impairment charges discussed in Note 3 and the $2.5 million Ukraine foreign currency remeasurement discussed in Note 1 to be eligible adjustments for the periods ended January 31, 2016, April 30, 2016, July 31, 2016 and October 31, 2016. After allowing for the addition of these adjustments, the Company has met the covenant under this credit facility as of January 31, 2016.

DLL Finance Floorplan Payable Line of Credit

As of January 31, 2016, the Company had a $172.0 million credit facility with DLL Finance. The DLL Finance credit facility may be used to purchase or refinance new and used equipment inventory and has a variable interest rate on outstanding balances of one-month LIBOR plus an applicable margin of 4.86% to 5.36% per annum, depending upon the Company's average daily outstanding balance. The DLL Finance credit facility allows for increase, decrease or termination of the credit facility by DLL Finance on 90 days notice. Under covenants of the DLL Finance credit facility, the Company had agreed, among other things, to maintain certain financial covenants that impose a minimum fixed charge coverage ratio of 1.25 : 1.00 and a maximum net leverage ratio of 2.50 : 1.00, to submit certain financial information, and to obtain prior consent from DLL Finance if the Company desired to engage in any acquisition meeting certain financial thresholds. The balances outstanding with DLL Finance are secured by the inventory purchased with the floorplan proceeds. Repayment terms vary by individual notes, but generally payments are made from sales proceeds or rental revenue from the related inventories.

The Company amended its credit facility with DLL Finance during the year ended January 31, 2016, which, among other things, decreased its available borrowings under the credit facility and changed the interest rate on outstanding balances, among other things.

The Company received a letter from DLL Finance which changed the calculation of the fixed charge coverage ratio covenant to allow for long-lived asset impairment charges to be eligible adjustments on a permanent basis, and allow for the $27.5 million equipment inventory impairment charges discussed in Note 3 to be an eligible adjustment for the periods ended January 31, 2016, April 30, 2016, July 31, 2016 and October 31, 2016. After allowing for the addition of these adjustments, the Company has met the fixed charge coverage ratio covenant as of January 31, 2016. In addition, the Company amended its credit facility with DLL Finance in April 2016 to change the fixed charge coverage ratio to 1.10 : 1.00 for each of the quarters ended April 30, 2016, July 31, 2016 and October 31, 2016 and to 1.25 : 1.00 for the period ended January 31, 2017 and each fiscal quarter ended thereafter. The amendment also decreased its available borrowings under the credit facility to $110.0 million and changed the interest rate to a range of one-month LIBOR plus an applicable margin of 4.94% to 5.44%, among other things. The Company was in compliance with the net leverage ratio covenant under this credit facility as of January 31, 2016.

NOTE 7—SENIOR CONVERTIBLE NOTES

On April 24, 2012, the Company issued through a private offering $150 million of 3.75% Senior Convertible Notes (the "Senior Convertible Notes"). The Senior Convertible Notes bear interest at a rate of 3.75% per year, payable semi-annually in arrears on May 1 and November 1 of each year, commencing on November 1, 2012. The Convertible Notes mature on May 1, 2019, unless earlier purchased by the Company, redeemed or converted.

The Senior Convertible Notes are unsecured and unsubordinated obligations; rank equal in right of payment to the Company's existing and future unsecured indebtedness that is not subordinated; are effectively subordinated in right of payment to the Company's existing and future secured indebtedness; and are structurally subordinated to all existing and future indebtedness and liabilities of the Company's subsidiaries.

The Senior Convertible Notes are initially convertible into the Company's common stock at a conversion rate of 23.1626 shares of common stock per $1,000 principal amount of convertible notes, representing an initial effective conversion price of $43.17 per share of common stock. The conversion rate may be subject to adjustment upon the occurrence of certain specified events as provided in the indenture governing the Senior Convertible Notes, dated April 24, 2012 between the Company and Wells Fargo Bank, National Association, as trustee (the "Indenture"), but will not be adjusted for accrued but unpaid interest. Upon conversion of a Senior Convertible Note, the Company will settle the conversion obligation in cash up to the aggregate principal amount of the Senior Convertible Note being converted, and any conversion obligation in excess thereof will be settled in cash, shares of the Company's common stock, or a combination thereof, at the Company's election, subject to certain limitations as defined in the Indenture.

Holders of the Senior Convertible Notes may convert their notes at the applicable conversion rate under the following circumstances:

i. During any fiscal quarter commencing after July 31, 2012, if for at least 20 trading days (whether or not consecutive) during the 30 consecutive trading day period ending on the last trading day of the immediately preceding fiscal quarter, the last reported sale price of the Company's common stock on such trading day is greater than or equal to 120% of the applicable conversion price on such trading day.
ii. During the five consecutive business day period immediately following any five consecutive trading day period in which, for each trading day of that period, the trading price per $1,000 principal amount of the Senior Convertible Notes is less than 98% of the product of the last reported sale price of the Company's common stock on such trading day and the applicable conversion rate on such trading day.
iii. If the Company calls any or all of the Senior Convertible Notes for redemption at any time prior to the close of business on the business day immediately preceding the redemption date.
iv. Upon the occurrence of corporate transactions specified in the Indenture.
v. At any time on and after February 1, 2019 until the close of business on the business day immediately preceding the maturity date.

Holders of the Senior Convertible Notes who convert their Senior Convertible Notes in connection with a make-whole fundamental change, as defined in the Indenture, may be entitled to a make-whole premium in the form of an increase to the conversion rate. In addition, upon the occurrence of a fundamental change, as defined in the Indenture, holders of the Senior Convertible Notes may require the Company to purchase all or a portion of their Senior Convertible Notes for cash at a price equal to 100% of the principal amount of the Senior Convertible Notes to be purchased plus any accrued but unpaid interest.

The number of shares the Company may deliver upon conversion of the Senior Convertible Notes will be subject to certain limitations, and the Company is subject to certain other obligations and restrictions related to such share caps, as described in the Indenture. On or after May 6, 2015, the Company may redeem for cash all or a portion of the Senior Convertible Notes if the last reported sale price of the Company's common stock has been at least 120% of the conversion price then in effect for at least 20 trading days (whether or not consecutive) during any 30 consecutive trading day period ending on, and including, the trading day immediately preceding the date on which the Company provides notice of redemption.

The Indenture provides for customary events of default, including, but not limited to, cross acceleration to certain other indebtedness of the Company and its subsidiaries. In the case of an event of default arising from specified events of bankruptcy or insolvency, all outstanding Senior Convertible Notes will become due and payable immediately without further action or notice. If any other event of default under the Indenture occurs or is continuing, the trustee or holders of at least 25% in aggregate principal amount of the then outstanding Senior Convertible Notes may declare all of the Senior Convertible Notes to be due and payable immediately.

In accounting for the Senior Convertible Notes, the Company segregated the liability component of the instrument from the equity component. The liability component was measured by estimating the fair value of a non-convertible debt instrument that is similar in its terms to the Senior Convertible Notes. Fair value was estimated through discounting future interest and principal payments, an income approach, due under the Senior Convertible Notes at a discount rate of 7.00%, an interest rate equal to the estimated borrowing rate for similar non-convertible debt. The excess of the aggregate face value of the Senior Convertible Notes over the estimated fair value of the liability component is recognized as a debt discount which will be amortized over the expected life of the Senior Convertible Notes using the effective interest rate method. Amortization of the debt discount is recognized as non-cash interest expense.

The equity component of the Senior Convertible Notes is measured as the residual difference between the aggregate face value of the Senior Convertible Notes and the estimated aggregate fair value of the liability component. The equity component will not be remeasured in subsequent periods provided that the component continues to meet the conditions necessary for equity classification.

The transaction costs incurred in connection with the issuance of the Senior Convertible Notes were allocated to the liability and equity components based on their relative values. Transaction costs allocated to the liability component are being amortized using the effective interest rate method and recognized as non-cash interest expense over the expected term of the Senior Convertible Notes. Transaction costs allocated to the equity component reduced the value of the equity component recognized in stockholders' equity.

As of January 31, 2016 and 2015, the Senior Convertible Notes consisted of the following:

	January 31, 2016	January 31, 2015
	(in thousands, except conversion rate and conversion price)	
Principal value	$ 150,000	$ 150,000
Unamortized debt discount	(13,946)	(17,650)
Unamortized debt issuance costs	(1,909)	(2,461)
Carrying value of senior convertible notes	$ 134,145	$ 129,889
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:

	2016	2015	2014
		(in thousands)	
Cash Interest Expense			
Coupon interest expense	$ 5,625	$ 5,625	$ 5,625
Noncash Interest Expense			
Amortization of debt discount	3,703	3,457	3,227
Amortization of transaction costs	552	538	524
	$ 9,880	$ 9,620	$ 9,376

As of January 31, 2016, the unamortized debt discount will be amortized over a remaining period of approximately 3.25 years. The if-converted value as of January 31, 2016 does not exceed the principal balance of the Senior Convertible Notes. The effective interest rate of the liability component was equal to 7% for each of the statements of operations periods presented.

In April 2016, the Company repurchased $30.1 million face value ($27.1 million carrying value) of its senior convertible notes with $25.0 million in cash, and will recognize a pre-tax gain of approximately $2.0 million in the first quarter of fiscal 2017.

NOTE 8—LONG-TERM DEBT

The following is a summary of long-term debt as of January 31, 2016 and 2015:

	January 31, 2016	January 31, 2015
	(in thousands)	
Sale-leaseback financing obligations and capital leases, interest rates primarily ranging from 3.4% to 12.6%,with various maturity dates through December 2030	$ 25,559	$ 13,313
Variable rate notes payable to GE Commercial Distribution Finance Corporation, interest rate of LIBOR + 3.24%, monthly installment payments including interest, various maturity dates through December 2018, secured by rental fleet equipment	11,767	14,489
Fixed rate notes payable to various finance companies, interest rates primarily ranging from 2.94% to 4.50%, due in monthly installments including interest and various maturity dates through February 2021, secured by fixed assets	2,640	5,577
Fixed rate notes payable to Wells Fargo Bank, N.A., interest rates of 3.96%, monthly interest payments with the principal payment due February 2016, secured by rental fleet equipment	—	21,333
Working Capital Line payable to Wells Fargo (see details in Note 6), net of unamortized debt issuance costs of $560 as of January 31, 2015	—	18,159
Other	—	1,441
	39,966	74,312
Less current maturities	(1,557)	(7,749)
	$ 38,409	$ 66,563

Long-term debt maturities are as follows:

Years Ending January 31,	Sale-Leaseback Financing Obligations & Capital Leases: Minimum Lease Payments	Interest	Present Value of Minimum Lease Payments	Other Long-Term Debt	Total Present Value of Minimum Lease Payments and Other Long-Term Debt
			(in thousands)		
2017	$ 3,120	$ 1,985	$ 1,135	$ 422	$ 1,557
2018	3,132	1,904	1,228	11,969	13,197
2019	3,077	1,816	1,261	157	1,418
2020	3,041	1,729	1,312	120	1,432
2021	3,041	1,716	1,325	76	1,401
Thereafter	28,504	9,206	19,298	1,663	20,961
	$ 43,915	$ 18,356	$ 25,559	$ 14,407	$ 39,966

NOTE 9—DERIVATIVE INSTRUMENTS

The Company holds derivative instruments for the purpose of minimizing exposure to fluctuations in foreign currency exchange rates and benchmark interest 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, an effective date of September 30, 2014 and a maturity date of September 30, 2018. The objective of the instrument is to, beginning on September 30, 2014, protect the Company from changes in benchmark interest rates to which the Company is exposed through certain of its variable interest rate credit facilities. The instrument provides for a fixed interest rate of 1.901% through the instrument's 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 is hedging 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 derivative instruments outstanding as of January 31, 2016 and 2015:

	Notional Amount as of:	
	January 31, 2016	January 31, 2015
	(in thousands)	
Net investment hedge:		
Foreign currency contracts	$ —	$ 14,223
Cash flow hedges:		
Interest rate swap	100,000	100,000
Foreign currency contracts	—	—
Derivatives not designated as hedging instruments:		
Foreign currency contracts	13,148	30,030

The following table sets forth the fair value of the Company's derivative instruments outstanding as of January 31, 2016 and 2015.

	Fair Value as of:		
	January 31, 2016	January 31, 2015	Balance Sheet Location
	(in thousands)		
Asset Derivatives:			
Derivatives not designated as hedging instruments:			
Foreign currency contracts	$ 125	$ —	Prepaid expenses and other
Total Asset Derivatives	$ 125	$ —	
Liability Derivatives:			
Derivatives designated as hedging instruments:			
Net investment hedges:			
Foreign currency contracts	$ —	$ 19	Accrued expenses
Cash flow hedges:			
Interest rate swap	2,836	3,233	Accrued expenses
Derivatives not designated as hedging instruments:			
Foreign currency contracts	—	17	Accrued expenses
Total Liability Derivatives	$ 2,836	$ 3,269	

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 years ended January 31, 2016, 2015 and 2014. All amounts included in income (loss) in the table below from derivatives designated as hedging instruments relate to reclassifications from accumulated other comprehensive income.

	2016		2015		2014	
	OCI	Income	OCI	Income	OCI	Income
	(in thousands)		(in thousands)		(in thousands)	
Derivatives Designated as Hedging Instruments:						
Net investment hedges:						
Foreign currency contracts	$ 333	$ —	$ 4,749	$ —	$ 284	$ —
Cash flow hedges:						
Interest rate swap (a)	(1,309)	(1,755)	(2,595)	(589)	(1,227)	—
Foreign currency contracts (b)	—	(62)	73	(76)	(211)	—
Derivatives Not Designated as Hedging Instruments:						
Foreign currency contracts (c)	—	996	—	5,683	—	(720)
Total Derivatives	$ (976)	$ (821)	$ 2,227	$ 5,018	$ (1,154)	$ (720)

(a) Amounts are included in Floorplan interest expense / Interest income and other income (expense) in the consolidated statements of operations
(b) Amounts are included in Cost of revenue - equipment in the consolidated statements of operations
(c) Amounts are included in Interest income and other income (expense) in the consolidated statements of operations

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

As of January 31, 2016, the Company had $2.8 million in pre-tax net unrealized losses associated with its interest rate swap instrument recorded in accumulated other comprehensive income, and expects that $1.4 million of this amount will be reclassified into net income over the next 12 months. As of January 31, 2016, the Company had no pre-tax net unrealized losses associated with its foreign currency contract cash flow hedging instruments.

NOTE 10—ACCRUED EXPENSES

	January 31, 2016	January 31, 2015
	(in thousands)	
Compensation	$ 13,985	$ 17,289
Sales, payroll, real estate and value added taxes	3,806	4,826
Interest	2,466	2,377
Insurance	1,395	1,607
Deferred revenue	1,247	3,022
Derivative liabilities	2,836	3,269
Other	3,179	3,106
	$ 28,914	$ 35,496

NOTE 11—COMMITMENTS AND CONTINGENCIES

Guarantees

As of January 31, 2016 and 2015, the Company had $3.0 million and $4.6 million of guarantees on customer financing with CNH Industrial Capital, respectively. In the event that the customer defaulted on the payments owed to CNH Industrial Capital, the Company as the guarantor would be required to make those payments and any accelerated indebtedness to CNH Industrial Capital. Upon such payment, the Company would be entitled to enforce normal creditor rights against the customer including collection action for monetary damages or re-possession of the collateral if CNH Industrial Capital has a perfected security interest. No liabilities associated with these guarantees are included in the consolidated balance sheets as of January 31, 2016 or 2015 as the Company deems the probability of being required to make such payments to be remote.

Litigation

The Company is engaged in proceedings incidental to the normal course of business. Due to their nature, such legal proceedings involve inherent uncertainties, including but not limited to, court rulings, negotiations between affected parties and governmental intervention. Based upon the information available to the Company and discussions with legal counsel, it is the Company's opinion that the outcome of the various legal actions and claims that are incidental to its business will not have a material impact on the financial position, results of operations or cash flows. Such matters, however, are subject to many uncertainties, and the outcome of any matter is not predictable with assurance.

Other Matters

The Company is the lessee under many real estate leases in which it agrees to indemnify the lessor from certain liabilities arising as a result of the use of the leased premises, including environmental liabilities, or a breach of the lease by the lessee. Additionally, from time to time, the Company enters into agreements with third parties in connection with the sale of assets in which it agrees to indemnify the purchaser from certain liabilities or costs arising in connection with the assets. Also, in the ordinary course of business in connection with purchases or sales of goods and services, the Company enters into agreements that may contain indemnification provisions. In the event that an indemnification claim is asserted, the Company's liability would be limited by the terms of the applicable agreement. See additional information on operating lease commitments in Note 12.

NOTE 12—OPERATING LEASE COMMITMENTS

The Company leases 124 buildings under operating lease agreements with both related and unrelated parties, as well as office equipment and vehicles under various operating lease agreements. Rent and lease expense under all operating leases totaled $22.9 million, $23.0 million and $22.1 million during the years ended January 31, 2016, 2015 and 2014, respectively. The leases expire at various dates through January 2031. Certain leases have fluctuating minimum lease payments. The Company recognizes lease expense on a straight-line basis over the expected term of the lease.

Approximate future minimum lease payment commitments are as follows:

Years ending January 31,	Amount (in thousands)
2017	$ 21,256
2018	19,887
2019	18,681
2020	15,492
2021	14,843
Thereafter	97,247
	$ 187,406

The Company's store lease agreements contain lease periods primarily ranging from automatically renewable month-to-month terms to 15 years in length. Certain of the lease agreements contain terms such as an option to purchase the property at fair value, renew or extend the lease for an additional period at the conclusion of the original lease term or automatically renew the lease term at the conclusion of the original lease period on a month-to-month or year-to-year basis. A majority of the leases provide for fixed monthly rental payments and require the Company to pay the real estate taxes on the properties for the lease periods. All of the leases require that the Company maintains public liability and personal property insurance on each of the leased premises, and a majority of the leases require the Company to indemnify the lessor in connection with any claims arising from the leased premises during its occupation of the property. Most of the leases prohibit assigning the lease agreements or subletting the leased premises without the prior written consent of the lessor. In most of the leases, the Company has been granted a right of first refusal or other options to purchase the property.

NOTE 13—RELATED PARTY TRANSACTIONS

The Company utilizes C.I. Construction, LLC ("C.I. Construction"), an entity owned by the brother-in-law of Peter Christianson (the Company's former President and a former director) and Tony Christianson (a current director), to perform construction management services for its building and leasehold improvement projects. Payments to C.I. Construction, which include cost reimbursements of certain building supplies and other construction costs, totaled $0.5 million, $1.9 million and $3.9 million for the years ended January 31, 2016, 2015 and 2014, respectively.

NOTE 14—INCOME TAXES

The components of income (loss) before income taxes for the years ended January 31, 2016, 2015 and 2014 consist of the following:

	2016	2015	2014
	(in thousands)		
U.S.	$ (53,211)	$ (20,825)	$ 25,713
Foreign	(3,000)	(17,515)	(7,284)
Total	$ (56,211)	$ (38,340)	$ 18,429

The provision for (benefit from) income taxes charged to income for the years ended January 31, 2016, 2015 and 2014 consists of the following:

	2016	2015	2014
	(in thousands)		
Current			
Federal	$ (9,193)	$ 8,615	$ 13,086
State	147	1,245	2,029
Foreign	235	54	149
Total current taxes	(8,811)	9,914	15,264
Deferred			
Federal	(7,766)	(13,372)	(4,832)
State	(1,427)	(1,504)	(533)
Foreign	22	39	426
Total deferred taxes	(9,171)	(14,837)	(4,939)
	$ (17,982)	$ (4,923)	$ 10,325

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

	2016	2015	2014
U.S. statutory rate	(35.0)%	(35.0)%	35.0%
Foreign statutory rates	0.6 %	14.6 %	2.9%
State taxes on income net of federal tax benefit	(4.1)%	(4.4)%	4.5%
Valuation allowances	5.7 %	14.6 %	10.3%
Impairment of nondeductible goodwill from stock acquisitions	— %	6.9 %	—%
Foreign currency devaluation	(1.0)%	(11.6)%	—%
All other, net	1.8 %	2.1 %	3.3%
	(32.0)%	(12.8)%	56.0%

Net deferred tax assets and liabilities consist of the following components as of January 31, 2016 and 2015:

	2016	2015
	(in thousands)	
Deferred tax assets:		
Inventory allowances	$ 18,494	$ 11,568
Goodwill and other intangibles	6,998	7,995
Net operating losses	6,176	5,888
Accrued liabilities and other	3,670	4,980
Receivables	1,115	994
Hedging and derivatives	1,085	1,286
Stock-based compensation	863	1,125
Other	778	631
Total deferred tax assets	39,179	34,467
Valuation allowances	(8,853)	(7,545)
Deferred tax assets, net of valuation allowances	$ 30,326	$ 26,922
Deferred tax liabilities:		
Property and equipment	$ (36,141)	$ (40,177)
Senior convertible notes	(5,320)	(6,716)
Total deferred tax liabilities	$ (41,461)	$ (46,893)
Net deferred tax liability	$ (11,135)	$ (19,971)

As of January 31, 2016, the Company had accumulated undistributed earnings in non-U.S. subsidiaries of $1.5 million. The Company has concluded that such earnings are to be reinvested outside of the United States indefinitely. Accordingly, the Company has not recorded a deferred tax liability associated with these undistributed earnings. The Company estimates that the additional U.S. income taxes to be paid upon the repatriation of these undistributed earnings would be approximately $0.6 million.

As of January 31, 2016, the Company has recorded $50.6 million of net operating loss carryforwards within certain of its state and foreign jurisdictions which expire at various dates between the Company's fiscal years 2019 and 2036, with certain jurisdictions having indefinite carryforward periods.

In reviewing our deferred tax assets as of January 31, 2016, we concluded that a partial valuation allowance for U.S. federal and state deferred tax assets was warranted. In total, we recognized a valuation allowance of $2.4 million as of January 31, 2016 on our U.S. deferred tax assets. As of January 31, 2016 and 2015, the Company concluded that a full valuation allowance was warranted for our foreign deferred tax assets, including net operating losses. The valuation allowance for these assets amounted to $6.5 million and $7.5 million as of January 31, 2016 and 2015, respectively. The recognition of the valuation allowance for our U.S. deferred tax assets was based on the presence of historical losses and our expected future sources of taxable income, including taxable income in prior carryback years and the anticipated future reversal of our existing deferred tax assets and liabilities. The valuation allowance for our foreign deferred tax assets was based on the presence of historical losses and the anticipated time period over which we may generate taxable income in excess of these historical losses.

The Company files income tax returns in the U.S. federal jurisdiction and various states and foreign countries. It is no longer subject to income tax examinations by U.S. federal tax authorities for fiscal years ended on or prior to January 31, 2012 and state tax authorities for fiscal years ended on or prior to January 31, 2011. Due to the short period of time in which the Company has had operations in foreign jurisdictions, all tax years are open for income tax examinations for these entities. The Company's Ukrainian and Austrian subsidiaries are under audit for calendar years 2012 through 2014. The Ukraine audit commenced during calendar year 2014 while the Austrian audit commenced during calendar year 2016.

NOTE 15—CAPITAL STRUCTURE

The Company's certificate of incorporation provides it with the authority to issue 50,000,000 shares of $0.00001 par value stock, consisting of 45,000,000 shares of common stock and 5,000,000 shares classified as undesignated.

NOTE 16—STOCK-BASED COMPENSATION

Stock-Based Compensation Plans

The Company has two stock-based compensation plans, the 2014 Equity Incentive Plan and the 2005 Equity Incentive Plan (collectively the "Plans"), to provide incentive compensation to participants for services that have been or will be performed for continuing as employees or members of the Board of Directors of the Company. Under these plans, which are approved by the stockholders of the Company, the Company may grant incentive stock options, non-qualified stock options and restricted stock for up to a maximum shares of common stock set forth in the Plan under all forms of awards. The Company accounts for all stock-based awards at the fair value of the related equity instrument over the applicable service or performance period. Shares issued for stock-based awards consist of authorized but unissued shares. Compensation cost charged to operations under the Plan was $2.1 million, $2.1 million and $2.1 million for the years ended January 31, 2016, 2015 and 2014, respectively. The related income tax benefit (net) was $0.8 million, $0.8 million and $0.7 million for the years ended January 31, 2016, 2015 and 2014, respectively.

The Company's 2014 Equity Incentive Plan was implemented during the year ended January 31, 2015 and has a total of 1,650,000 shares available for grant under this plan. The Company has approximately 1,227,000 shares authorized and available for future equity awards under this plan as of January 31, 2016.

Stock Options

The Company granted stock options as part of its long-term incentive compensation to employees and members of the Board of Directors of the Company. The fair value of each stock option granted was estimated using the Black-Scholes option pricing model. Stock options vest over a period of four to six years for employees and immediately for members of the Board of Directors, and have contractual terms of five to ten years. The Company recognizes the fair value of stock options as compensation expense ratably over the vesting period of the award.

The following table summarizes stock option activity for the year ended January 31, 2016:

	Number of Stock Options	Weighted Average Exercise Price	Aggregate Intrinsic Value	Weighted Average Remaining Contractual Life (Years)
	(in thousands)		(in thousands)	
Outstanding at January 31, 2015	375	$ 11.74	$ 1,731	2.8
Granted	—	—		
Exercised	(55)	4.77		
Forfeited	(31)	19.96		
Outstanding at January 31, 2016	289	$ 12.19	$ 76	2.0
Exercisable at January 31, 2016	289	$ 12.19	$ 76	2.0

The aggregate intrinsic value of stock options exercised was $0.3 million and $0.1 million for the years ended January 31, 2016 and 2014, respectively, and immaterial for the year ended January 31, 2015. As of January 31, 2016 there was no unrecognized compensation cost related to stock options as all awards have fully vested.

The following is a summary of information related to stock options outstanding and exercisable at January 31, 2016:

	Stock Options Outstanding and Exercisable			
Range of Exercise Prices	Number	Weighted Average Remaining Contractual Life (Years)		Weighted Average Exercise Price
	(in thousands)			
$ 4.00-8.50	179	1.7	$	8.07
10.20-14.69	36	2.8		11.40
21.21-26.84	74	2.5		22.56
	289	2.0	$	12.19

Restricted Stock Awards ("RSA's")

The Company grants RSA's as part of its long-term incentive compensation to employees and members of the Board of Directors of the Company. The fair value of these awards is determined based on the closing market price of the Company's stock on the date of grant. The restricted stock primarily vests over a period of three to six years for employees and over one year for members of the Board of Directors. The Company recognizes compensation expense ratably over the vesting period of the award. The restricted common stock underlying these awards are deemed issued and outstanding upon grant, and carry the same voting and dividend rights of unrestricted outstanding common stock.

The following table summarizes the activity for RSA's for the year ended January 31, 2016:

	Shares		Weighted Average Grant Date Fair Value	Weighted Average Remaining Contractual Life (Years)
	(in thousands)			
Nonvested at January 31, 2015	382	$	20.38	3.3
Granted	191		15.41	
Forfeited	(48)		19.40	
Vested	(123)		20.12	
Nonvested at January 31, 2016	402	$	18.21	3.4

The weighted-average grant date fair value of RSA's granted was $15.41, $17.90 and $20.92 during the years ended January 31, 2016, 2015 and 2014, respectively. The total fair value of RSA's vested was $1.7 million, $1.5 million and $1.5 million during the years ended January 31, 2016, 2015 and 2014, respectively. As of January 31, 2016, there was $5.0 million of unrecognized compensation cost related to non-vested RSA's that is expected to be recognized over a weighted-average period of 3.4 years.

Restricted Stock Units ("RSU's")

The Company grants RSU's as part of its long-term incentive compensation to certain employees of the Company. The fair value of these awards is determined based on the closing market price of the Company's stock on the date of grant. The restricted stock primarily vests over a period of three to six years. The Company recognizes compensation expense ratably over the vesting period of the award. Most of the RSU's contain performance conditions, and the related compensation cost on these awards is only accrued if it is probable that the performance conditions will be achieved. The restricted common stock underlying these awards are not deemed issued or outstanding upon grant, and do not carry any voting or dividend rights.

The following table summarizes restricted stock unit ("RSU") activity for the year ended January 31, 2016:

	Shares	Weighted Average Grant Date Fair Value	Weighted Average Remaining Contractual Life (Years)
	(in thousands)		
Nonvested at January 31, 2015	30	$ 18.12	2.2
Granted	32	15.47	
Forfeited	(1)	18.12	
Vested	—	—	
Nonvested at January 31, 2016	61	$ 16.71	1.7

The weighted-average grant date fair value of RSU's granted was $15.47 and 18.12 during the years ended January 31, 2016 and 2015, respectively. As of January 31, 2016, the Company did not believe the achievement of the performance conditions related to these awards to be probable and therefore expects the unrecognized compensation cost of RSU's to be immaterial.

NOTE 17—EMPLOYEE BENEFIT PLANS

The Company has a 401(k) profit-sharing plan ("401(k) Plan") for full-time employees at least 19 years of age. The Company matches 50% of the first 6% of participating employees' contributions. In addition, the Company may make a discretionary contribution to the 401(k) Plan as determined by the Board of Directors, with a maximum amount equal to the amount allowed under the IRS regulations. For the period March 1, 2015 through December 31, 2015, the Company amended the 401(k) Plan to remove the matching contribution requirement. Effective January 1, 2016, the matching contributions were reinstated. The Company recognized expense for contributions made to the 401(k) Plan totaling $0.2 million, $3.5 million and $4.0 million for the years ended January 31, 2016, 2015 and 2014, respectively. All amounts contributed during these years reflected matching contributions, as no discretionary contributions were made to the Plan.

NOTE 18—BUSINESS COMBINATIONS

Below is a summary of the acquisitions completed for the years ended January 31, 2015 and 2014. There were no acquisitions completed in the year ended January 31, 2016. In certain of the business combination transactions the Company recognized goodwill. Factors contributing to the recognition of goodwill include an evaluation of future and historical financial performance, the value of the workforce acquired and proximity to other existing and future planned Company locations. Pro forma results are not presented as the acquisitions are not considered material, individually or in aggregate, to the Company. The results of operations have been included in the Company's consolidated results of operations since the date of each respective business combination.

Fiscal 2015

Midland Equipment, Inc.

On August 29, 2014, the Company acquired certain assets of Midland Equipment, Inc. The acquired business consisted of one agriculture equipment store in Wayne, Nebraska, which expands the Company's agricultural presence in Nebraska. The acquisition-date fair value of the total consideration transferred for the store was $0.8 million.

Fiscal 2014

Tucson Tractor Company

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

Adobe CE, LLC

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

The allocations of the purchase prices in the above business combinations are presented in the following table:

	2015	2014
	(in thousands)	
Cash	$ —	$ 2
Receivables	147	270
Inventories	525	2,658
Property and equipment	156	2,119
Intangible assets	—	182
Goodwill	—	71
	$ 828	$ 5,302
Customer deposits	$ —	$ 4
	$ —	$ 4
Cash consideration	$ 584	$ 4,850
Non-cash consideration: liabilities incurred	244	448
Total consideration	$ 828	$ 5,298
Goodwill related to the Construction operating segment	$ —	$ 71
Goodwill expected to be deductible for tax purposes	$ —	$ 71

NOTE 19—FAIR VALUE OF FINANCIAL INSTRUMENTS

The assets and liabilities which are measured at fair value on a recurring basis as of January 31, 2016 and 2015 are as follows:

	January 31, 2016				January 31, 2015			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	(in thousands)				(in thousands)			
Financial Assets								
Foreign currency contracts	$ —	$ 125	$ —	$ 125	$ —	$ —	$ —	$ —
Total Financial Assets	$ —	$ 125	$ —	$ 125	$ —	$ —	$ —	$ —
Financial Liabilities								
Interest rate swap	$ —	$ 2,836	$ —	$ 2,836	$ —	$ 3,233	$ —	$ 3,233
Foreign currency contracts	—	—	—	—	—	36	—	36
Total Financial Liabilities	$ —	$ 2,836	$ —	$ 2,836	$ —	$ 3,269	$ —	$ 3,269

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 valued certain long-lived assets at fair value on a non-recurring basis during the years ended January 31, 2016 and 2015 as part of its impairment testing. The estimated fair value of such assets was $5.6 million and $0.8

million as of January 31, 2016 and 2015, respectively. The assets recorded at fair value as of January 31, 2016 consisted of real estate assets and fair value was determined by a professional appraisal of such assets. The real estate appraisals utilize market and income approaches incorporating both observable and unobservable inputs, and are deemed to be Level 3 fair value inputs. In certain instances the Company estimated the fair value of long-lived assets to approximate zero as no future cash flows were assumed to be generated from the use of such assets and the expected sales values were deemed to be nominal. All such fair value measurements were based on unobservable inputs and thus are Level 3 fair value 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 January 31, 2016 and 2015. The following table provides details on the Senior Convertible Notes as of January 31, 2016 and 2015. 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, and unamortized debt issuance costs (see Note 7). Fair value of the Senior Convertible Notes was estimated based on Level 2 fair value inputs.

	January 31, 2016			January 31, 2015		
	Estimated Fair Value	Carrying Value	Face Value	Estimated Fair Value	Carrying Value	Face Value
		(in thousands)			(in thousands)	
Senior convertible notes	$ 105,000	$ 134,145	$ 150,000	$ 111,000	$ 129,889	$ 150,000

NOTE 20—STORE CLOSINGS AND REALIGNMENT COSTS

To better align the Company's cost structure and re-balance staffing levels with the evolving needs of the business, in March 2015, the Company approved a realignment plan to reduce its headcount by approximately 14%, which included headcount reductions at stores in each of its operating segments and its Shared Resource Center, as well as from the closing of three Agriculture stores and one Construction store. The Company's remaining stores in each of the respective areas assumed the distribution rights for the CNH Industrial brand previously held by the stores which have closed. The Company also closed one outlet store in its Agriculture segment in the fourth quarter of fiscal 2016. The Company recognized $0.1 million in severance costs primarily in its International segment in its fourth quarter of the fiscal year ended January 31, 2015, and the $2.0 million incurred during the year ended January 31, 2016 reflects the total amount expected to be incurred related to the closing of these stores, exclusive of any changes in lease termination accrual assumptions.

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 Company also closed one Agriculture store. 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 were redeployed to other store locations. Certain inventory items which are not sold by any of its remaining stores were sold at auction. The inventory markdown attributable to such items are included in the exit cost summary below. The $3.8 million incurred during the year ended January 31, 2015 reflect the total amounts expected to be incurred related to the closing of these stores, exclusive of any changes in lease termination accrual assumptions.

In the year ended January 31, 2014, the Company closed one of its Construction stores in Billings, Montana and merged it with the Company's other store in Billings, Montana. The primary cost of closing this location related to accrual of lease payments, which totaled $0.3 million, all of which was recognized by the Construction segment.

The following summarizes the exit costs associated with the aforementioned store closings and realignment activities:

	2016	2015	2014	Income Statement Classification
		(in thousands)		
Agriculture Segment				
Lease termination costs	$ 283	$ 148	$ —	Realignment Costs
Employee severance costs	362	118	—	Realignment Costs
Impairment of fixed assets, net of gains on asset disposition	249	85	—	Impairment of Intangibles and Long-Lived Assets
Asset relocation and other closing costs	88	84	—	Realignment Costs
Inventory cost adjustments	—	471	—	Cost of Revenue - Equipment
	$ 982	$ 906	$ —	
Construction Segment				
Lease termination costs	$ 372	$ 1,795	$ 282	Realignment Costs
Employee severance costs	225	497	—	Realignment Costs
Impairment of fixed assets, net of gains on asset disposition	10	(60)	—	Impairment of Intangibles and Long-Lived Assets
Asset relocation and other closing costs	38	379	—	Realignment Costs
	$ 645	$ 2,611	$ 282	
International				
Employee severance costs	$ —	$ 56	$ —	Realignment Costs
	$ —	$ 56	$ —	
Shared Resource Center				
Lease termination costs	$ 37	$ —	$ —	
Employee severance costs	187	300	—	Realignment Costs
Impairment of fixed assets, net of gains on asset disposition	110	—	—	Impairment of Intangibles and Long-Lived Assets
	$ 334	$ 300	$ —	
Total				
Lease termination costs	$ 692	$ 1,943	$ 282	Realignment Costs
Employee severance costs	774	971	—	Realignment Costs
Impairment of fixed assets, net of gains on asset disposition	369	25	—	Impairment of Intangibles and Long-Lived Assets
Asset relocation and other closing costs	126	463	—	Realignment Costs
Inventory cost adjustments	—	471	—	Cost of Revenue - Equipment
	$ 1,961	$ 3,873	$ 282	

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	1,943
Employee severance costs	971
Exit costs paid	
Lease termination costs	(679)
Employee severance costs	(971)
Adjustments	
Lease termination costs	(106)
Balance, January 31, 2015	1,706
Exit costs incurred and charged to expense	
Lease termination costs	692
Employee severance costs	774
Exit costs paid	
Lease termination costs	(1,738)
Employee severance costs	(774)
Balance, January 31, 2016	$ 660

NOTE 21—HELD FOR SALE

As of January 31, 2015, certain Agriculture assets and liabilities met the criteria to be classified as held for sale. During the year ended January 31, 2015, the Company impaired its covenants not to compete associated with these disposal groups which had an unamortized value of $0.1 million, which is recorded in Impairment of Intangibles and Long-Lived Assets in the consolidated statements of operations. The Company determined that these disposal groups no longer met the held for sale criteria as of January 31, 2016, and they were therefore classified as held and used.

As of January 31, 2015, the Company also had $3.1 million of property and equipment held for sale unrelated to the aforementioned disposal groups, which is included in the land, buildings, and leasehold improvements line item of the table below. This property and equipment was sold during the year ended January 31, 2016.

The assets and liabilities which are held for sale related to the aforementioned disposal groups are presented in the following table:

	January 31, 2015
	(in thousands)
Assets Held for Sale	
Receivables	$ 147
Inventories	
New equipment	6,269
Used equipment	3,973
Parts and attachments	920
Work in process	65
Total inventories	11,227
Property and equipment	
Machinery and equipment	114
Vehicles	155
Furniture and fixtures	57
Land, buildings, and leasehold improvements	3,612
Total property and equipment	3,938
	$ 15,312
Liabilities Held for Sale	
Accounts payable	$ 151
Floorplan payable	1,771
Customer deposits	913
	$ 2,835

NOTE 22—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. As of January 31, 2016, the Company has three reportable segments: Agriculture, Construction and International. The Company's segments are determined based on management structure, which is 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 to make decisions regarding the allocation of resources, to assess the Company's operating performance and to make strategic decisions.

During the year ended January 31, 2016, the Company made changes to its internal financial reporting, primarily related to the elimination of transactions within a segment. Previously, the segment results were reported at gross amounts with eliminations reported separately to reconcile to consolidated financial results. During the year ended January 31, 2016, the Company began reporting these eliminations within the segments to which they relate. The financial information as of January 31, 2015 and 2014 has been reclassified for comparability with the current year presentation.

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 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 generated from sales to customers outside of the United States was $162.1 million, $164.4 million and $138.1 million for the years ended January 31, 2016, 2015 and 2014, respectively. As of January 31, 2016 and 2015, $4.4 million and $6.1 million of the Company's long-lived assets were held in its European subsidiaries, respectively.

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 Resource assets primarily consist of cash and property and equipment. Revenue between segments is immaterial. See Note 5 for information regarding goodwill by segment.

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

	Year Ended January 31,		
	2016	2015	2014
	(in thousands)		
Revenue			
Agriculture	$ 864,851	$ 1,346,457	$ 1,722,908
Construction	340,916	389,435	365,421
International	162,068	164,354	138,117
Total	$ 1,367,835	$ 1,900,246	$ 2,226,446
Income (Loss) Before Income Taxes			
Agriculture	$ (29,710)	$ (11,434)	$ 62,242
Construction	(26,388)	(11,941)	(30,866)
International	(3,004)	(17,109)	(6,297)
Segment income (loss) before income taxes	(59,102)	(40,484)	25,079
Shared Resources	2,891	2,144	(6,650)
Total	$ (56,211)	$ (38,340)	$ 18,429
Total Impairment			
Agriculture	$ 3,975	$ 30,008	$ —
Construction	2,752	266	7,961
International	—	951	1,754
Segment impairment	6,727	31,225	9,715
Shared Resources	176	—	—
Total	$ 6,903	$ 31,225	$ 9,715
Realignment Costs			
Agriculture	$ 738	$ 350	$ —
Construction	635	2,459	282
International	—	56	—
Segment impairment	1,373	2,865	282
Shared Resources	224	300	—
Total	$ 1,597	$ 3,165	$ 282

TITAN MACHINERY INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

	Year Ended January 31,		
	2016	2015	2014
	(in thousands)		
Interest Income			
Agriculture	$ 159	$ 214	$ 270
Construction	396	459	638
International	68	83	102
Segment interest income	623	756	1,010
Shared Resources	17	27	22
Total	$ 640	$ 783	$ 1,032
Interest Expense			
Agriculture	$ 15,596	$ 16,983	$ 16,052
Construction	12,575	12,110	10,751
International	4,159	8,002	4,562
Segment interest expense	32,330	37,095	31,365
Shared Resources	293	(2,304)	(810)
Total	$ 32,623	$ 34,791	$ 30,555
Depreciation and Amortization			
Agriculture	$ 7,760	$ 8,666	$ 8,196
Construction	15,965	17,647	18,064
International	1,255	1,710	1,110
Segment depreciation and amortization	24,980	28,023	27,370
Shared Resources	3,558	3,745	3,424
Total	$ 28,538	$ 31,768	$ 30,794
Capital Expenditures			
Agriculture	$ 2,861	$ 3,324	$ 4,634
Construction	1,492	4,779	2,752
International	657	1,726	4,015
Segment capital expenditures	5,010	9,829	11,401
Shared Resources	3,401	7,183	7,609
Total	$ 8,411	$ 17,012	$ 19,010

	January 31, 2016	January 31, 2015
Total Assets	(in thousands)	
Agriculture	$ 557,579	$ 734,894
Construction	294,891	393,573
International	109,706	152,557
Segment assets	962,176	1,281,024
Shared Resources	85,699	44,590
Total	$ 1,047,875	$ 1,325,614

NOTE 23—SELECTED QUARTERLY FINANCIAL DATA (Unaudited)

The following reflects selected quarterly financial information for fiscal years 2016 and 2015.

	Revenue	Gross Profit	Net Income (Loss) Including Noncontrolling Interest	Net Income (Loss) Attributable to Titan Machinery Inc.	Earnings (Loss) per Share-Basic	Earnings (Loss) per Share-Diluted
	(in thousands, except per share data)					
2016						
First quarter	$ 353,196	$ 60,435	$ (6,890)	$ (6,304)	$ (0.29)	$ (0.29)
Second quarter	334,190	62,069	170	6	—	—
Third quarter	344,975	67,141	3,483	3,456	0.16	0.16
Fourth quarter	335,474	16,269	(34,992)	(35,050)	(1.62)	(1.62)
2015						
First quarter	$ 465,463	$ 75,939	$ (6,893)	$ (6,549)	$ (0.31)	$ (0.31)
Second quarter	450,990	79,653	(775)	(614)	(0.03)	(0.03)
Third quarter	493,141	84,691	2,313	2,470	0.12	0.11
Fourth quarter	490,652	68,101	(28,062)	(27,464)	(1.28)	(1.28)

The Company recognized an inventory impairment charge of $27.5 million to equipment cost of revenue in the fourth quarter of fiscal 2016 as a result of the decision to market certain aged equipment through alternative channels rather than through its normal retail channels, and its estimate of revenue amounts to be realized from these alternative channels being lower than the carrying value of the respective equipment. Further details are disclosed in Note 3. The Company recognized impairment charges totaling $6.7 million and $31.2 million in the fourth quarters of fiscal 2016 and 2015, respectively, resulting from impairment testing of goodwill, intangible assets and other long-lived assets. Details of the Company's impairment testing is disclosed in Note 1 and Note 5. The Company also recognized $2.4 million and $5.6 million in valuation allowances on certain deferred tax assets, including net operating losses, in the fourth quarters of fiscal 2016 and 2015, respectively. Details of these valuation allowances are disclosed in Note 1 and Note 14.

NOTE 24—SUBSEQUENT EVENTS

The Company amended its credit facilities with CNH Industrial Capital and DLL Finance in March 2016 and April 2016, respectively, which changed certain financial covenants, reduced the available lines of credit and changed certain interest rates, among other things. See Note 6 for details of each amendment. As a result of these amendments, and without adjusting the U.S. dollar amount of the Company's credit facilities related to its foreign subsidiaries based on current foreign currency exchange rates, the Company's total discretionary floorplan payable lines of credit for equipment purchases was reduced from $1.0 billion to $950.4 million as of April 2016.

The Company repurchased a portion of its Senior Convertible Notes in April 2016. See Note 7 for details.

Schedule II—Valuation and Qualifying Accounts and Reserves

Titan Machinery Inc.

Classification	Beginning Balance	Additions Charged to Expenses	Deductions for Write-offs, Net of Recoveries	Foreign currency translation adjustment	Ending Balance
			(in thousands)		
Valuation reserve deduction from receivables:					
Year ended January 31, 2016	$ 4,218	$ 3,896	$ (4,591)	$ 68	$ 3,591
Year ended January 31, 2015	3,663	5,938	(5,452)	69	4,218
Year ended January 31, 2014	2,337	4,804	(3,478)	—	3,663

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

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 ("Exchange Act") as of the end of the period covered by this annual report, our 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.

Management's Report on Internal Control Over Financial Reporting. Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rules 13a-15(f) and 15d-15(f). Under the supervision and with the participation of management, including our Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in Internal Control—Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). Based on this evaluation, management has concluded that our internal control over financial reporting was effective as of January 31, 2016.

Deloitte & Touche LLP, the independent registered public accounting firm that audited the consolidated financial statements included in this Form 10-K, has also audited our internal control over financial reporting as of January 31, 2016, as stated in their attestation report included in Item 8 of this Form 10-K.

Changes in Internal Control over Financial Reporting. 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.

ITEM 9B. OTHER INFORMATION

On April 7, 2016, John Bode informed the Board of Directors (the “Board”) of the Company that he will retire at the end of his current term and therefore will not stand for reelection to the Board at the Company’s 2016 Annual Meeting of Stockholders, scheduled to be held June 2, 2016. Mr. Bode's decision not to stand for reelection is the result of his retirement and is not related to any disagreement with the Company’s operations, policies or practices.

We received a letter from DLL Finance which changed the calculation of the fixed charge coverage ratio covenant to allow for long-lived asset impairment charges to be eligible adjustments on a permanent basis, and allow for the $27.5 million equipment inventory impairment charges (discussed in Note 3 of the notes to our consolidated financial statements) to be an eligible adjustment for the periods ended January 31, 2016, April 30, 2016, July 31, 2016 and October 31, 2016. After allowing for the addition of these adjustments, we have met the fixed charge coverage ratio covenant as of January 31, 2016.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Other than the information included in Part I of this Form 10-K under the heading "Executive Officers of the Registrant," the information required by Item 10 is incorporated by reference to the sections labeled "Election of Directors," "Corporate Governance" and "Section 16(a) Beneficial Ownership Reporting Compliance," all of which will appear in our definitive proxy statement for our 2016 Annual Meeting of Stockholders.

ITEM 11. EXECUTIVE COMPENSATION

The information required by Item 11 is incorporated herein by reference to the information under "Compensation Discussion and Analysis," "Compensation Committee Report," "Executive Compensation," and "Non-Employee Director Compensation," in our definitive proxy statement for our 2016 Annual Meeting of Stockholders.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information required by Item 12 is incorporated herein by reference to the sections entitled "Security Ownership of Principal Stockholders and Management" and "Executive Compensation - Equity Compensation Plan Information," both of which will appear in our definitive proxy statement for our 2016 Annual Meeting of Stockholders.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required by Item 13 is incorporated herein by reference to the sections entitled "Corporate Governance—Independence" and "Certain Relationships and Related Transactions," both of which will appear in our definitive proxy statement for our 2016 Annual Meeting of Stockholders.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

The information required by Item 14 is incorporated herein by reference to the section entitled "Fees of the Independent Registered Public Accounting Firm," which will appear in our definitive proxy statement for our 2016 Annual Meeting of Stockholders.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

(a) Documents filed as part of this report.

(1) Financial Statements. The following financial statements are included in Part II, Item 8 of this Annual Report on Form 10-K:

Report of Deloitte & Touche LLP on Consolidated Financial Statements and Financial Statement Schedule as of January 31, 2016, 2015 and 2014 and for each the three years in the period ended January 31, 2016

Report of Deloitte & Touche LLP on Internal Control Over Financial Reporting as of January 31, 2016

Consolidated Balance Sheets as of January 31, 2016 and 2015

Consolidated Statements of Operations for each of the three years in the period ended January 31, 2016

Consolidated Statements of Comprehensive Income for each of the three years in the period ended January 31, 2016

Consolidated Statements of Stockholders' Equity for each of the three years in the period ended January 31, 2016

Consolidated Statements of Cash Flows for each of the three years in the period ended January 31, 2016

Notes to Consolidated Financial Statements

(2) Financial Statement Schedules. The following consolidated financial statement schedule is included in Item 8:

Schedule II—Valuation and Qualifying Accounts and Reserves

All other financial statement schedules have been omitted, because they are not applicable, are not required, or the information is included in the Financial Statements or Notes thereto

(3) Exhibits. See the Exhibit Index to our Form 10-K immediately following the signature page to this Annual Report on Form 10-K

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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: April 13, 2016

TITAN MACHINERY INC.

By	/s/ DAVID J. MEYER David J. Meyer, *Board Chair and Chief Executive Officer*	By	/s/ MARK KALVODA Mark Kalvoda, *Chief Financial Officer*

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated:

Signature	Title	Date
/s/ DAVID J. MEYER David J. Meyer	Board Chair, Chief Executive Officer (principal executive officer)	April 13, 2016
/s/ MARK KALVODA Mark Kalvoda	Chief Financial Officer (principal financial officer and principal accounting officer)	April 13, 2016
* John Bode	Director	April 13, 2016
* Tony Christianson	Director	April 13, 2016
* Theodore Crosbie	Director	April 13, 2016
* Stanley Dardis	Director	April 13, 2016
* Jody Horner	Director	April 13, 2016
* James Irwin	Director	April 13, 2016
* Richard Mack	Director	April 13, 2016

*By /s/ MARK KALVODA
Mark Kalvoda, Attorney-in-Fact

EXHIBIT INDEX
TITAN MACHINERY INC.
FORM 10-K

No.	Description
3.1	Certificate of Incorporation of the registrant, as amended (incorporated herein by reference to Exhibit 3.1 of the registrant's Quarterly Report on Form 10-Q filed with the Commission on September 10, 2012).
3.2	Bylaws of the registrant, as amended (incorporated herein by reference to Exhibit 3.2 of the registrant's Annual Report on Form 10-K filed with the Commission on April 16, 2009).
4.1	Specimen Certificate representing shares of common stock of Titan Machinery Inc. (incorporated by reference to Exhibit 4.1 of the registrant's Amendment No. 6 to Registration Statement on Form S-1, Reg. No. 333-145526, filed with the Commission on December 5, 2007).
4.2	Indenture, dated as of April 24, 2012, by and between the registrant and Wells Fargo Bank, National Association, as Trustee (incorporated by reference to Exhibit 4.1 of the registrant's Current Report on Form 8-K filed with the Commission on April 24, 2012).
10.1	Amended and Restated Employment Agreement, dated March 6, 2013, between David Meyer and the registrant (incorporated herein by reference to Exhibit 10.2 of the registrant's Annual Report on Form 10-K filed with the Commission on April 10, 2013).**
10.1.1	Amendment dated March 1, 2014 to the Amended and Restated Employment Agreement, dated March 6, 2013, between David Meyer and the registrant (incorporated herein by reference to Exhibit 10.54 of the registrant's Annual Report on Form 10-K filed with the Commission on April 11, 2014).**
10.2	Services Agreement dated May 11, 2015 between Peter Christianson and the registrant (incorporated herein by reference to Exhibit 10.1 of the registrant’s Quarterly Report on Form 10-Q filed with the Commission on June 9, 2015.
10.3	Amended and Restated Employment Agreement, dated September 4, 2015, between Mark Kalvoda and the registrant (incorporated herein by reference to Exhibit 10.3 of the registrant's Quarterly Report on Form 10-Q filed with the Commission on September 9, 2015).**
10.4	Agricultural Equipment Sales & Service Agreement, dated December 31, 2002, between Case, LLC and the registrant (incorporated herein by reference to Exhibit 10.5 of the registrant's Amendment No. 2 to Registration Statement on Form S-1, Reg. No. 333-145526, filed with the Commission on October 10, 2007).
10.4.1	Amendment dated November 14, 2007 to Agricultural Equipment Sales & Service Agreements dated December 31, 2002 (IPO), between CNH America LLC and the registrant (incorporated herein by reference to Exhibit 10.28 of the registrant's Amendment No. 5 to Registration Statement on Form S-1, Reg. No. 333-145526, filed with the Commission on November 27, 2007).
10.5	Construction Equipment Sales & Service Agreement, dated effective April 8, 2003, between Case, LLC and the registrant (incorporated herein by reference to Exhibit 10.6 of the registrant's Amendment No. 2 to Registration Statement on Form S-1, Reg. No. 333-145526, filed with the Commission on October 10, 2007).
10.6	Construction Equipment Sales & Service Agreement, dated effective June 15, 2006, between CNH America, LLC and the registrant (incorporated herein by reference to Exhibit 10.8 of the registrant's Amendment No. 2 to Registration Statement on Form S-1, Reg. No. 333-145526, filed with the Commission on October 10, 2007).
10.7	Amendment to All Case Construction Equipment Sales & Service Agreements, dated November 14, 2007 (IPO), between CNH America LLC and the registrant (incorporated herein by reference to Exhibit 10.29 of the registrant's Amendment No. 5 to Registration Statement on Form S-1, Reg. No. 333-145526, filed with the Commission on November 27, 2007).
10.8	Dealer Agreement (Construction), dated April 14, 2003, between New Holland North America, Inc. and the registrant, as amended December 27, 2005 and December 9, 2006 (incorporated herein by reference to the Exhibit 10.7 of the registrant's Amendment No. 2 to Registration Statement on Form S-1, Reg. No. 333-145526, filed with the Commission on October 10, 2007).
10.9	Amendment to CNH America LLC Dealer Agreement for New Holland Construction Products, dated November 14, 2007 (IPO), between CNH America LLC and the registrant (incorporated herein by reference to Exhibit 10.31 of the registrant's Amendment No. 5 to Registration Statement on Form S-1, Reg. No. 333-145526, filed with the Commission on November 27, 2007).
10.10	Dealer Agreement (AG), effective February 20, 2007, between CNH America LLC and the registrant (incorporated herein by reference to Exhibit 10.9 of the registrant's Amendment No. 2 to Registration Statement on Form S-1, Reg. No. 333-145526, filed with the Commission on October 10, 2007).

No.	Description
10.11	Dealer Agreement (AG), dated effective June 22, 2006, between CNH America LLC and the registrant (incorporated herein by reference to Exhibit 10.10 of the registrant's Amendment No. 2 to Registration Statement on Form S-1, Reg. No. 333-145526, filed with the Commission on October 10, 2007).
10.12	Dealer Agreements (AG), dated effective April 1, 2006, between CNH America and the registrant (incorporated herein by reference to Exhibit 10.11 of the registrant's Amendment No. 2 to Registration Statement on Form S-1, Reg. No. 333-145526, filed with the Commission on October 10, 2007).
10.13	Dealer Agreement (AG), dated effective January 1, 2000 between New Holland North America, Inc. and the registrant (incorporated herein by reference to Exhibit 10.13 of the registrant's Amendment No. 2 to Registration Statement on Form S-1, Reg. No. 333-145526, filed with the Commission on October 10, 2007).
10.14	Amendment to CNH America LLC Dealer Agreement for New Holland Agricultural Equipment, dated November 14, 2007 (IPO), between CNH America LLC and the registrant (incorporated herein by reference to Exhibit 10.32 of the registrant's Amendment No. 5 to Registration Statement on Form S-1, Reg. No. 333-145526, filed with the Commission on November 27, 2007).
10.15	Dealer Security Agreement dated April 14, 2003 between New Holland North America, Inc. and the registrant (incorporated herein by reference to Exhibit 10.14 of the registrant's Amendment No. 2 to Registration Statement on Form S-1, Reg. No. 333-145526, filed with the Commission on October 10, 2007).
10.16	Dealer Security Agreements between CNH America LLC and the registrant (incorporated herein by reference to Exhibit 10.15 of the registrant's Amendment No. 2 to Registration Statement on Form S-1, Reg. No. 333-145526, filed with the Commission on October 10, 2007).
10.17	Amended and Restated Wholesale Floorplan Credit Facility and Security Agreement, dated November 13, 2007, between CNH Capital America LLC and the registrant (incorporated herein by reference to Exhibit 10.25 of the registrant's Amendment No. 5 to Registration Statement on Form S-1, Reg. No. 333-145526, filed with the Commission on November 27, 2007).
10.17.1	Letter Agreement with CNH Capital America, LLC dated September 30, 2011, amending the November 13, 2007 Amended and Restated Wholesale Floorplan Credit Facility and Security Agreement (incorporated herein by reference to Exhibit 10.3 of the registrant's Quarterly Report on Form 10-Q filed with the Commission on December 9, 2011).
10.17.2	Letter Agreement with CNH Capital America, LLC dated November 20, 2012, amending the November 13, 2007 Amended and Restated Wholesale Floorplan Credit Facility and Security Agreement (incorporated herein by reference to Exhibit 10.1 of the registrant's Quarterly Report on Form 10-Q filed with the Commission on December 6, 2012).
10.17.3	Letter Agreement with CNH Capital America, LLC dated February 15, 2013, amending the November 13, 2007 Amended and Restated Wholesale Floorplan Credit Facility and Security Agreement (incorporated herein by reference to Exhibit 10.49 of the registrant's Annual Report on Form 10-K filed with the Commission on April 10, 2013).
10.17.4	Amendment dated December 8, 2014 to the Amended and Restated Wholesale Floor Plan Credit Facility and Security Agreement dated November 13, 2007 by and between the registrant and CNH Industrial Capital America LLC (incorporated herein by reference to Exhibit 10.2 of the registrant's Quarterly Report on Form 10-Q filed with the Commission on December 10, 2014).
10.17.5*	Second Amendment dated March 31, 2016 to the Amended and Restated Wholesale Floor Plan Credit Facility and Security Agreement dated November 13, 2007 by and between the registrant and CNH Industrial Capital America LLC.
10.18	Second Amended and Restated Credit Agreement dated as of October 28, 2015 by and among the registrant, Wells Fargo Bank, National Association, and the Financial Institutions Party Thereto (incorporated by reference to Exhibit 10.1 of the registrant's Current Report on Form 8-K filed with the Commission on November 2, 2015).
10.18.1*	Amendment No. 1 to Second Amended and Restated Credit Agreement dated December 29, 2015 by and among the registrant, Wells Fargo Bank, National Association, and the Financial Institutions Party Thereto.
10.18.2*	Amendment No. 2 to Second Amended and Restated Credit Agreement dated March 25, 2016 by and among the registrant, Wells Fargo Bank, National Association, and the Financial Institutions Party Thereto.
10.19	Amended and Restated Wholesale Financing Plan, dated as of October 31, 2013, by and among the registrant and Agricredit Acceptance LLC n/k/a DLL Finance LLC (incorporated herein by reference to Exhibit 10.1 to the registrant's Quarterly Report on Form 10-Q filed with the Commission on December 5, 2013).

No.	Description
10.19.1	Amendment No. 1 to the Amended and Restated Wholesale Financing Plan, dated as of April 1, 2015, by and among the registrant and Agricredit Acceptance LLC n/k/a DLL Finance LLC (incorporated herein by reference to Exhibit 10.21.1 of the registrant's Annual Report on Form 10-K filed with the Commission on April 15, 2015).
10.19.2	Amendment No. 2 to the Amended and Restated Wholesale Financing Plan, dated as of September 1, 2015, by and among the registrant and Agricredit Acceptance LLC n/k/a DLL Finance LLC (incorporated herein by reference to Exhibit 10.1 of the registrant's Quarterly Report on Form 10-Q filed with the Commission on September 9, 2015).
10.19.3*	Amendment No. 3 to the Amended and Restated Wholesale Financing Plan, dated as of April 1, 2016, by and among the registrant and DLL Finance LLC.
10.20	Amended and Restated Inventory Security Agreement dated October 31, 2013 by and between the registrant and and Agricredit Acceptance LLC n/k/a DLL Finance LLC (incorporated herein by reference to Exhibit 10.22 of the registrant's Annual Report on Form 10-K filed with the Commission on April 15, 2015)
10.20.1	Amendment No. 1 to the Amended and Restated Inventory Security Agreement, dated as of April 1, 2015, by and among the registrant and Agricredit Acceptance LLC n/k/a DLL Finance LLC (incorporated herein by reference to Exhibit 10.22 of the registrant's Annual Report on Form 10-K filed with the Commission on April 15, 2015).
10.20.2*	Amendment No. 2 to the Amended and Restated Inventory Security Agreement, dated as of June 1, 2015, by and among the registrant and Agricredit Acceptance LLC n/k/a DLL Finance LLC.
10.20.3*	Amendment No. 3 to the Amended and Restated Inventory Security Agreement, dated as of April 1, 2016, by and between the registrant and DLL Finance LLC.
10.21	Amended and Restated 2005 Equity Incentive Plan (incorporated herein by reference to Exhibit 10.1 of the registrant's Current Report on Form 8-K filed with the Commission on June 6, 2011).**
10.22	Form of Incentive Stock Option Agreement under the 2005 Equity Incentive Plan (incorporated herein by reference to Exhibit 10.22 of the registrant's Amendment No. 2 to Registration Statement on Form S-1, Reg. No. 333-145526, filed with the Commission on October 10, 2007).**
10.23	Form of Non-Qualified Stock Option Agreement under the 2005 Equity Incentive Plan (incorporated herein by reference to Exhibit 10.23 of the registrant's Amendment No. 2 to Registration Statement on Form S-1, Reg. No. 333-145526, filed with the Commission on October 10, 2007).**
10.24	Form of Restricted Stock Agreement under the 2005 Equity Incentive Plan (incorporated herein by reference to Exhibit 10.24 of the registrant's Amendment No. 2 to Registration Statement on Form S-1, Reg. No. 333-145526, filed with the Commission on October 10, 2007).**
10.25	Titan Machinery Inc. 2014 Equity Incentive Plan (incorporated herein by reference to Exhibit 10.1 of the registrant's Current Report on Form 8-K filed with the Commission on June 3, 2014).**
10.26	Form of Titan Machinery Inc. Performance Award Agreement under the 2014 Equity Incentive Plan (incorporated herein by reference to Exhibit 10.1 of the registrant's Quarterly Report on Form 10-Q filed with the Commission on June 5, 2014).**
10.27	Form of Titan Machinery Inc. Restricted Stock Agreement (for non-employee directors) under the 2014 Equity Incentive Plan (incorporated herein by reference to Exhibit 10.2 of the registrant's Quarterly Report on Form 10-Q filed with the Commission on June 5, 2014).**
10.28	Form of Titan Machinery Inc. Restricted Stock Agreement under the 2014 Equity Incentive Plan (incorporated herein by reference to Exhibit 10.3 of the registrant's Quarterly Report on Form 10-Q filed with the Commission on June 5, 2014).**
10.29	Form of Titan Machinery Inc. Restricted Stock Unit Agreement under the 2014 Equity Incentive Plan (incorporated herein by reference to Exhibit 10.2 of the registrant's Quarterly Report on Form 10-Q filed with the Commission on September 9, 2014).**
10.30	Form of Director and Officer Indemnification Agreement (incorporated by reference to Exhibit 10.34 of the registrant's Annual Report on Form 10-K filed with the Commission on April 11, 2012).
10.31	Titan Machinery Inc. Non-Employee Director Compensation Plan (incorporated herein by reference to Exhibit 10.37 of the registrant's Quarterly Report on Form 10-Q filed with the Commission on September 9, 2015).**
10.32	Description of Titan Machinery Inc.'s Executive Cash Bonus Plan (incorporated herein by reference to Exhibit 10.34 of the registrant's Annual Report on Form 10-K filed with the Commission on April 15, 2015.**

No.	Description
21.1*	Subsidiaries of Titan Machinery Inc.
23.1*	Consent of Deloitte & Touche LLP
24.1*	Power of Attorney
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	The following materials from Titan Machinery Inc.'s Annual Report on Form 10-K for the year ended January 31, 2016, formatted in XBRL (Extensible Business Reporting Language): (i) the Consolidated Statements of Operations for the fiscal years ended January 31, 2016, 2015 and 2014, (ii) the Consolidated Statements of Operations for the fiscal years ended January 31, 2016, 2015 and 2014, (iii) the Consolidated Statements of Comprehensive Income for the fiscal years ended January 31, 2016, 2015 and 2014, (iv) the Consolidated Statements of Stockholders' Equity for the fiscal years ended January 31, 2016, 2015 and 2014, (v) the Consolidated Statements of Cash Flows for the fiscal years ended January 31, 2016, 2015 and 2014, and (vi) the Notes to the Consolidated Financial Statements.

* Filed herewith

** Indicates management contract or compensatory plan or arrangement.

EXHIBIT 10.17.5

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

THIS Second Amendment to the Amended and Restated Wholesale Floor Plan Credit Facility and Security Agreement (the ***"Second Amendment"***) is made and entered into as of the 31st day of March, 2016 by and between CNH Industrial Capital America LLC, a Delaware limite 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 Agreemer 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 executed that certain Amendment to the Amended and Restated Wholesale Floor Plan Credit Facility an Security Agreement dated December 8, 2014;

WHEREAS, Lender and Borrower now desire to amend the WFSA;

WHEREAS, Lender is willing to continue to provide the wholesale floor plan financing upon the terms and conditions set forth in the WFSA anc 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 January 31, 2016.

ARTICLE I – DEFINITIONS

Section 1.01 Modifications

1. The existing definition of ***"Consolidated EBITDAR"*** is hereby deleted in its entirety from the WFSA.

2. 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, specifically inclusive of a one-time Ukraine currency remeasurement in the amount of $2,485,000, for the fiscal year ended January 31, 2016, and for each of the three quarterly Consolidated EBITDAR calculations (April 30, 2016, Ju 31, 2016, and October 31, 2016) 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, intangible asset, and fixed asset impairment charges; and specifically inclusive of a one-time inventory impairment in the amount of $27,481,000, for the fiscal year ended January 31, 2016, and for each of the three quarterly Consolidated EBITDAR calculations (April 30, 2016, July 31, 2016, and October 31, 2016); *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.

ARTICLE V — AFFIRMATIVE COVENANTS

1. 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 t respective, duly authorized officer or representatives, as of the day and year first written.

CNH INDUSTRIAL CAPITAL AMERICA LLC	**TITAN MACHINERY INC.**
By: /s/ Thomas A. Mariani	By: /s/ Ted O. Christianson
Name: Thomas A. Mariani	Name: Ted O. Christianson
Title: Chief Credit Officer	Title: Treasurer
Date: 3/31/16	Date: 3/31/16

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 Novembe 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: ______________________________

ANNEX 1

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
Ukraine Remeasurement
H. Extraordinary Losses
I. Non-Cash Goodwill, Intangible Asset and Fixed Asset Impairment Charges
Inventory Impairment
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	1.25
in compliance	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	3.00
in compliance	y/n

EXHIBIT 10.18.1

AMENDMENT NO. 1 TO
SECOND AMENDED AND RESTATED CREDIT AGREEMENT

This **AMENDMENT NO. 1 TO SECOND AMENDED AND RESTATED CREDIT AGREEMENT** (this "Amendment") is entered into as of December 29, 2015, by and among **TITAN MACHINERY, INC.**, a Delaware corporation ("Borrower"), the Lenders party hereto and **WELLS FARGO BANK, NATIONAL ASSOCIATION**, a national banking association, as administrative agent for each member of the Lender Group and the Bank Product Providers (in such capacity, together with its successors and assigns in such capacity, the "Agent").

WHEREAS, Borrower, the Lenders and Agent are parties to that certain Second Amended and Restated Credit Agreement dated as of October 28, 2015 (as amended, restated, modified or supplemented from time to time, the "Credit Agreement");

WHEREAS, Borrower has requested that Agent and the Lenders amend the Credit Agreement as set forth herein and Agent and the Lenders have agreed to the foregoing, on the terms and conditions set forth herein;

NOW THEREFORE, in consideration of the premises and mutual agreements herein contained, the parties hereto agree as follows:

1. Defined Terms. Unless otherwise defined herein, capitalized terms used herein and not otherwise defined shall have the meanings ascribed to such terms in the Credit Agreement.

2. Amendments to Credit Agreement. In reliance upon the representations and warranties of each Loan Party set forth in Section 6 below and subject to the satisfaction of the conditions to effectiveness set forth in Section 5 below, the Credit Agreement is amended as follows:

(a) Section 2.3(b)(i) of the Credit Agreement is hereby amended to amend and restate the last sentence thereof in its entirety as follows:

> The Revolver Swing Loans shall be secured by Agent's Liens, constitute Revolving Loans and Obligations, and bear interest at the rate applicable from time to time to Revolving Loans that are Floating LIBOR Rate Loans (or, if the applicability of Section 2.12(b)(iv) has been terminated, Base Rate Loans).

(b) Section 2.3(b)(ii) of the Credit Agreement is hereby amended to amend and restate the last sentence thereof in its entirety as follows:

> The Floorplan Swing Loans shall be secured by Agent's Liens, constitute Floorplan Loans and Obligations, and bear interest at the rate applicable from time to time to

Floorplan Loans that are Floating LIBOR Rate Loans (or, if the applicability of Section 2.12(b)(iv) has been terminated, Base Rate Loans).

(c) Section 2.6(d) of the Credit Agreement is hereby amended to amend and restate the first sentence thereof in its entirety as follows:

Except to the extent provided to the contrary in Section 2.10, Section 2.11(k), Section 2.12(a) or Section 2.12(b)(iv), (i) all interest, all Letter of Credit Fees and all other fees payable hereunder or under any of the other Loan Documents shall be due and payable, in arrears, on the first day of each month and (ii) all costs and expenses payable hereunder or under any of the other Loan Documents, and all Lender Group Expenses shall be due and payable on the earlier of (x) the first day of the month following the date on which the applicable costs, expenses, or Lender Group Expenses were first incurred or (y) the date on which demand therefor is made by Agent (it being acknowledged and agreed that any charging of such costs, expenses or Lender Group Expenses to the Loan Account pursuant to the provisions of the following sentence shall be deemed to constitute a demand for payment thereof for the purposes of this subclause (y)).

(d) Section 2.6(d) of the Credit Agreement is hereby further amended to amend and restate clause (B) of the second sentence thereof in its entirety as follows:

(B) at the times indicated in Section 2.12(a) or Section 2.12(b)(iv), as applicable, all interest accrued during the applicable period on the LIBOR Rate Loans,

(e) Section 2.12(b) of the Credit Agreement is hereby amended to insert a new subclause (iv) at the end thereof as follows:

(iv) Notwithstanding anything contained herein to the contrary, commencing with January 1, 2016, (1) so long as Borrower has not received a notice from Agent (which notice Agent may elect to give or not give in its discretion unless Agent is directed to give such notice by the Required Lenders, in which case, it shall give the notice to Borrower), after the occurrence and during the continuance of an Event of Default, to terminate the applicability of this Section 2.12(b)(iv), Borrower shall be deemed to have elected that all Loans (including Swing Loans, but excluding (A) Extraordinary Advances and (B) Loans that Borrower has affirmatively elected to be Base Rate Loans or LIBOR Ra[te] Loans in accordance with the provisions of this Agreement) outstanding during each month shall automatically constitute Loans bearing interest at the LIBOR Rate with an Interest Period of 1 month commencing on the first day of such mont[h] (all such Loans accruing interest as set forth in this Section 2.12(b)(iv), "Floating LIBOR Rate Loans") and (2) interest in respect of Floating LIBOR Rate Loans shall be due and payable, in arrears, on the first day of each month. For the sake of clarity, Floating LIBOR Rate Loans shall constitute LIBOR Rate Loans for all purposes of this agreement (includin[g] without limitation, Section 2.6), provided that (x) Borrower shall not be required to request Floating LIBOR Rate Loans [3] Business Days prior to the Funding Date thereof, (y) Borrower shall not be required to exercise the LIBOR Option with respect to Floating LIBOR Rate Loans, and (z) the requiremen in respect of LIBOR Rate Loans set forth in Section 2.12(b)(iii) shall not apply to Floating LIBOR Rate Loans.

(f) Schedule 3.6 (Conditions Subsequent) is hereby amended to amend and restate the first paragraph thereof in its entirety as follows:

1. Borrower shall use commercially reasonable efforts to deliver to Agent, on or prior to January 15, 2016, a UCC acknowledgement letter or evidence of the filing of a UCC-3 termination statement, in each case, in form and substance reasonably satisfactory to Agent, from each party listed in the table below with respect to the corresponding UCC financing statements filed by such party, as listed in the table below:

Secured Party	Financing Statement Filing Number	Financing Statement Filing Date
Krone NA, Inc.	20081120532	03/31/08
Pettibone/Traverse Lift, L.L.C.	20083745229	10/31/08
MacDon Industries Ltd.	20091239398	04/20/09
Woods Equipment Company	20084038657	12/05/08
Brandt Agricultural Products Ltd.	20091283305	04/22/09
Terex USA, LLC	20103039736	08/31/10
Red Iron Acceptance, LLC	20101591647	05/06/10

In the event that no such UCC acknowledgment letter or UCC-3 termination statement is delivered, Borrowe acknowledges that Agent may, in its Permitted Discretion, establish a Reserve with respect to the Permitted Shortline Debt related to the UCC financing statements listed in such table.

3. Continuing Effect. Except as expressly set forth in Section 2 of this Amendment, nothing in this Amendment shall constitute a modification or alteration of the terms, conditions or covenants of the Credit Agreement or any other Loan Document, or a waiver of any other terms or provisions thereof, and the Credit Agreement and the other Loan Documents shal remain unchanged and shall continue in full force and effect, in each case as amended hereby.

4. Reaffirmation and Confirmation. Each Loan Party hereby ratifies, affirms, acknowledges and agrees that the Credit Agreement and the other Loan Documents, in each case as amended, supplemented or otherwise modified by this Amendment, to which it is a party represent the valid, enforceable and collectible obligations of such Loan Party, and further acknowledges that there are no existing claims, defenses, personal or otherwise, or rights of setoff whatsoever with respect to the Credit Agreement or any other Loan Document. Each Loan Party hereby agrees that this Amendment in no way acts as a release or relinquishment of the Liens and rights securing payments of the Obligations. The Liens and rights securing payment of the Obligations are hereby ratified and confirmed in all respects by each Loan Party.

5. Conditions to Effectiveness. This Amendment shall become effective upon the satisfaction of the following conditions precedent:

(a) Agent shall have received a copy of this Amendment executed and delivered by Agent, the Lenders and Borrower; and

(b) No Default or Event of Default shall have occurred and be continuing.

6. Representations and Warranties. In order to induce Agent and the Lenders to enter into this Amendment, Borrower hereby represents and warrants to Agent and the Lenders that:

(a) All representations and warranties contained in the Loan Documents to which any Loan Party is a party are true and correct in all material respects (except that such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof) on and as of the date of this Amendment (except to the extent that such representations and warranties expressly relate solely to an earlier date, in which case such representations and warranties shall be true and correct in all material respects (except that such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof) on and as of such earlier date);

(b) No Default or Event of Default has occurred and is continuing; and

(c) This Amendment and the Loan Documents, as modified hereby, constitute legal, valid and binding obligations of such Loan Party and are enforceable against each Loan Party in accordance with their respective terms, except as enforcement may be limited by equitable principles or by bankruptcy, insolvency, reorganization, moratorium or similar laws relating to or limiting creditors' rights generally.

7. Release. In consideration of the agreements of Agent and the Lenders contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, each Loan Party hereby releases and forever discharges Agent and the Lenders and their respective directors, officers, employees, agents, attorneys, affiliates, subsidiaries, successors and permitted assigns from any and all liabilities, obligations, actions, contracts, claims, causes of action, damages, demands, costs and expenses whatsoever (collectively "**Claims**"), of every kind and nature, however evidenced or created, whether known or unknown, arising prior to or on the date of this Amendment including, but not limited to, any Claims involving the extension of credit under or administration of this Amendment, the Credit Agreement or the Loan Documents, as each may be amended, or the obligations, liabilities and/or indebtedness incurred by Borrower or any other transactions evidenced by this Amendment, the Credit Agreement or the Loan Documents.

8. Miscellaneous.

(a) Expenses. Each Loan Party acknowledges and agrees that Section 15.7 of the Credit Agreement applies to this Amendment and the transactions, agreements and documents contemplated hereunder.

(b) Choice of Law and Venue; Jury Trial Waiver; Reference Provision. Without limiting the applicability of any other provision of the Credit Agreement or any other Loan Document, the terms and provisions set forth in Section 12 of the Credit Agreement are expressly incorporated herein by reference.

(c) Counterparts; Electronic Execution. This Amendment may be executed in any number of counterparts and by different parties on separate counterparts, each of which, when executed and delivered, shall be deemed to be an original, and all of which, when taken together, shall constitute but one and the same Amendment. Delivery of an executed counterpart of this Amendment by telefacsimile or other electronic method of transmission shall be equally as effective as delivery of an original executed counterpart of this Amendment. Any party delivering an executed counterpart of this Amendment by telefacsimile or other electronic method of transmission also shall deliver an original executed counterpart of this Amendment but the failure to deliver an original executed counterpart shall not affect the validity, enforceability, and binding effect of this Amendment.

(signature page follows)

IN WITNESS WHEREOF, the parties hereto have caused this agreement to be executed by their respectiv officers thereunto duly authorized and delivered as of the date first above written.

BORROWER:

TITAN MACHINERY, INC.

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

WELLS FARGO BANK, NATIONAL ASSOCIATION, as Agent and as a Lender

By: /s/ Laura Wheeland
Name: Laura Wheeland
Title: Vice President

BANK OF AMERICA, N.A.,
as a Lender

By: /s/ Carlos Gil
Name: Carlos Gil
Title: Senior Vice President

PNC BANK, NATIONAL ASSOCIATION,
as a Lender

By: /s/ Dennis Cloud
Name: Dennis Cloud
Title: Vice President

REGIONS BANK,
as a Lender

By: /s/ Stephen J. McGreevy
Name: Stephen J. McGreevy
Title: Managing Director

COMPASS BANK,
as a Lender

By: /s/ Jason Nichols
Name: Jason Nichols
Title: Senior Vice President

SIEMENS FINANCIAL SERVICES, INC.,
as a Lender

By:/s/ Mark B. Schafer
Name: Mark B. Schafer
Title: Vice President

By:/s/ John Finore
Name: John Finore
Title: Vice President

WOODFOREST NATIONAL BANK,
as a Lender

By: /s/ Charles D. Stephenson
Name: Charles D. Stephenson
Title: SVP

AGCOUNTRY FARM CREDIT SERVICES, FLCA,
as a Lender

By: /s/ Nicole Schwartz
Name: Nicole Schwartz
Title: Vice President

EXHIBIT 10.18.2

AMENDMENT NO. 2 TO
SECOND AMENDED AND RESTATED CREDIT AGREEMENT

This **AMENDMENT NO. 2 TO SECOND AMENDED AND RESTATED CREDIT AGREEMENT** (this "Amendment") is entered into as of March 25, 2016, by and among **TITAN MACHINERY, INC.**, a Delaware corporation ("Borrower"), the Lenders party hereto and **WELLS FARGO BANK, NATIONAL ASSOCIATION**, a national banking association, as administrative agent for each member of the Lender Group and the Bank Product Providers (in such capacity, together with its successors and assigns in such capacity, the "Agent").

WHEREAS, Borrower, the Lenders and Agent are parties to that certain Second Amended and Restated Credit Agreement dated as of October 28, 2015 (as amended, restated, modified or supplemented from time to time, the "Credit Agreement"); and

WHEREAS, Borrower has requested that Agent and the Lenders amend the Credit Agreement as set forth herein and Agent and the Lenders have agreed to the foregoing, on the terms and conditions set forth herein;

NOW THEREFORE, in consideration of the premises and mutual agreements herein contained, the parties hereto agree as follows:

1. Defined Terms. Unless otherwise defined herein, capitalized terms used herein and not otherwise defined shall have the meanings ascribed to such terms in the Credit Agreement.

2. Amendments to Credit Agreement. In reliance upon the representations and warranties of each Loan Party set forth in Section 6 below and subject to the satisfaction of the conditions to effectiveness set forth in Section 5 below, the Credit Agreement is amended as follows:

(a) Section 3.2 of the Credit Agreement is hereby amended to amend and restate the last paragraph thereof in its entirety as follows:

> Notwithstanding anything contained in this Agreement or any other Loan Document to the contrary, Borrower shall be permitted to borrow Revolving Loans and Floorplan Loans on the last day of each fiscal quarter in an amount in excess of its anticipated cash needs in the ordinary course of business (each such Borrowing, a "Quarter End Borrowing" for purposes of determining Adjusted Excess Availability), in each case so long as each of the following conditions are satisfied (it being understood that the failure to satisfy (A) any of the following conditions at any time shall immediately disqualify such Loans as a Quarter End Borrowing for purposes of determining Adjusted Excess Availability and (B) the condition set forth in clause (iv) below shall constitute an immediate Event of Default under this Agreement):

(i) all conditions precedent set forth in this Section 3.2 have been satisfied with respect to such Quarter End Borrowing;

(ii) the amount of such Quarter End Borrowing is within Borrower's borrowing capacity for Revolving Loans under Section 2.1 and/or Floorplan Loans under Section 2.2, as applicable, in each case as evidenced by the then applicable Borrowing Base Certificate(s);

(iii) the proceeds of such Quarter End Borrowing are placed into a Deposit Account maintained with Wells Fargo, which Deposit Account is the subject of the Control Agreement that provides Agent with springing control over such Deposit Account upon a Triggering Event (as such term is defined in the Guaranty and Security Agreement), it being agreed and understood that if Agent has exercised control, Borrower shall have no access to such Deposit Account maintaining proceeds of any Quarter End Borrowing while such funds are maintained in such Deposit Account;

(iv) an amount equal to such Quarter End Borrowing is repaid in full within two (2) Business Days after being advanced; and

(v) at all times that any Quarter End Borrowing is outstanding, Excess Availability is greater than $25,000,000.

3. Continuing Effect. Except as expressly set forth in Section 2 of this Amendment, nothing in this Amendment shall constitute a modification or alteration of the terms, conditions or covenants of the Credit Agreement or any other Loan Document, or a waiver of any other terms or provisions thereof, and the Credit Agreement and the other Loan Documents shall remain unchanged and shall continue in full force and effect, in each case as amended hereby.

4. Reaffirmation and Confirmation. Each Loan Party hereby ratifies, affirms, acknowledges and agrees that the Credit Agreement and the other Loan Documents, in each case as amended, supplemented or otherwise modified by this Amendment, to which it is a party represent the valid, enforceable and collectible obligations of such Loan Party, and further acknowledges that there are no existing claims, defenses, personal or otherwise, or rights of setoff whatsoever with respect to the Credit Agreement or any other Loan Document. Each Loan Party hereby agrees that this Amendment in no way acts as a release or relinquishment of the Liens and rights securing payments of the Obligations. The Liens and rights securing payment of the Obligations are hereby ratified and confirmed in all respects by each Loan Party.

5. Conditions to Effectiveness. This Amendment shall become effective upon the satisfaction of the following conditions precedent:

(a) Agent shall have received a copy of this Amendment executed and delivered by Agent, the Lenders and Borrower; and

(b) No Default or Event of Default shall have occurred and be continuing.

6. Representations and Warranties. In order to induce Agent and the Lenders to enter into this Amendment, Borrower hereby represents and warrants to Agent and the Lenders that:

(a) All representations and warranties contained in the Loan Documents to which any Loan Party is a party are true and correct in all material respects (except that such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof) on and as of the date of this Amendment (except to the extent that such representations and warranties expressly relate solely to an earlier date, in which case such representations and warranties shall be true and correct in all material respects (except that such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof) on and as of such earlier date);

(b) No Default or Event of Default has occurred and is continuing; and

(c) This Amendment and the Loan Documents, as modified hereby, constitute legal, valid and binding obligations of such Loan Party and are enforceable against each Loan Party in accordance with their respective terms, except as enforcement may be limited by equitable principles or by bankruptcy, insolvency, reorganization, moratorium or similar laws relating to or limiting creditors' rights generally.

7. Release. In consideration of the agreements of Agent and the Lenders contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, each Loan Party hereby releases and forever discharges Agent and the Lenders and their respective directors, officers, employees, agents, attorneys, affiliates, subsidiaries, successors and permitted assigns from any and all liabilities, obligations, actions, contracts, claims, causes of action, damages, demands, costs and expenses whatsoever (collectively "**Claims**"), of every kind and nature, however evidenced or created, whether known or unknown, arising prior to or on the date of this Amendment including, but not limited to, any Claims involving the extension of credit under or administration of this Amendment, the Credit Agreement or the Loan Documents, as each may be amended, or the obligations, liabilities and/or indebtedness incurred by Borrower or any other transactions evidenced by this Amendment, the Credit Agreement or the Loan Documents.

8. Miscellaneous.

(a) Expenses. Each Loan Party acknowledges and agrees that Section 15.7 of the Credit Agreement applies to this Amendment and the transactions, agreements and documents contemplated hereunder.

(b) Choice of Law and Venue; Jury Trial Waiver; Reference Provision. Without limiting the applicability of any other provision of the Credit Agreement or any other Loan Document, the terms and provisions set forth in Section 12 of the Credit Agreement are expressly incorporated herein by reference.

(c) Counterparts; Electronic Execution. This Amendment may be executed in any number of counterparts and by different parties on separate counterparts, each of which, when executed and delivered, shall be deemed to be an original, and all of which, when taken together, shall constitute but one and the same Amendment. Delivery of an executed counterpart of this Amendment by telefacsimile or other electronic method of transmission shall be equally as effective as delivery of an original executed counterpart of this Amendment. Any party delivering an executed counterpart of this Amendment by telefacsimile or other electronic method of transmission also shall deliver an original executed counterpart of this Amendment but the failure to deliver an original executed counterpart shall not affect the validity, enforceability, and binding effect of this Amendment.

(signature page follows)

IN WITNESS WHEREOF, the parties hereto have caused this agreement to be executed by their respecti officers thereunto duly authorized and delivered as of the date first above written.

BORROWER:

TITAN MACHINERY, INC.

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

WELLS FARGO BANK, NATIONAL ASSOCIATION, as Agent and as a Lender

By: /s/ Laura Wheeland
Name: Laura Wheeland
Title: Vice President

BANK OF AMERICA, N.A.,
as a Lender

By: /s/ Carlos Gil
Name: Carlos Gil
Title: Senior Vice President

PNC BANK, NATIONAL ASSOCIATION,
as a Lender

By: /s/ Dennis Cloud
Name: Dennis Cloud
Title: Vice President

REGIONS BANK,
as a Lender

By: /s/ Stephen J. McGreevy
Name: Stephen J. McGreevy
Title: Managing Director

COMPASS BANK,
as a Lender

By: /s/ Jason Nichols
Name: Jason Nichols
Title: Senior Vice President

SIEMENS FINANCIAL SERVICES, INC.,
as a Lender

By: /s/ Mark B. Schafer
Name: Mark B. Schafer
Title: Vice President

By: /s/ John Finore
Name: John Finore
Title: Vice President

WOODFOREST NATIONAL BANK,
as a Lender

By: /s/ Charles D. Stephenson
Name: Charles D. Stephenson
Title: SVP

AGCOUNTRY FARM CREDIT SERVICES, FLCA,
as a Lender

By: /s/ Nicole Schwartz
Name: Nicole Schwartz
Title: Vice President

EXHIBIT 10.19.3

AMENDMENT NO.3 TO THE AMENDED AND RESTATED WHOLESALE FINANCING PLAN

This Amendment No. 3 to the Amended and Restated Wholesale Financing Plan (the "Amendment") is entered into effective as of April 1, 2016 by and between Titan Machinery, Inc., ("**Debtor**") and DLL Finance LLC (f.k.a. Agricredit Acceptance LLC) ("**Secured Party**") (each a "Party" and collectively the "Parties").

Debtor and Agricredit Acceptance LLC, as predecessor in interest to Secured Party, entered into the Amended and Restated Wholesale Financing Plan date October 31, 2013, as amended by Amendment No. 1 to the Amended and Restated Wholesale Financing Plan dated April 1, 2015 and Amendment No. 2 to the Amended and Restated Wholesale Financing Plan dated September 1, 2015 (as amended, the "Agreement"), and Debtor and Secured Party now desire t further amend the Agreement as set forth below.

NOW THEREFORE, INTENDING TO BE LEGALLY BOUND, and in consideration of the mutual covenants and agreements contained herein, the P agree as follows:

1. Integration. Except as amended herein, the terms and conditions of the Agreement shall remain unchanged and in full force and effect. In the event of a conflict between the terms of this Amendment and the Agreement, the terms of this Amendment shall prevail. Capitalized terms used herein but not otherwise defined shall have the meanings ascribed to them in the Agreement.

2. Amendment. The Agreement shall be amended as follows:

   a. The Total Amount of Uncommitted Credit Facility at Approval, as indicated on the first page of the Agreement, shall be deleted and replacec with One Hundred Ten Million Dollars ($110,000,000.00). Debtor waives receipt of written notice from Secured Party regarding the foregoing.

   b. The first phrase prior to (a) in the first sentence of Section 6 titled "Payment Terms" is hereby deleted in its entirety and replaced with the following:

      "The Debtor promises to pay to the order of Secured Party all Obligations including all principal, interest and other charges related to financed New Inventory or Used Inventory items on the earlier of (x) ten (10) Business Days from the date of sale, lease, or othe disposition; (y) acceleration; or (z) as follows:"

   c. Subsection (b)(1), titled "Standard Rate" of Section 6 titled "Payment Terms" is hereby deleted in its entirety and replaced with the following:

      1. Standard Rate. All accrued and unpaid interest is due and payable on the 25th of each month according to the following schedule: Unless otherwise announced by Secured Party, interest will accrue on the principal balance of all outstanding balances due hereunder from the date of the Dealer Wholesale Funding Request applicable to such Inventory and shall thereafter accrue on the unpaid balance at an annual rate (the "Standard Rate"), which for any particular month, shall be equal to the "LIBOR Rate" i effect for the first day of such month, plus:

         a. If the average daily outstanding principal balance for the prior month is less than $35,000,000, then 4.44%;

         b. If the average daily outstanding principal balance for the prior month is equal to $35,000,000 but less than $55,000,000, then 4.19%; or

         c. If the average daily outstanding principal balance for the prior month is equal to or more than $55,000,000, then 3.94%.

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

Secured Party reserves the right to adjust the interest rate upon notice to Debtor, including, without limitation, in the event the use of the LIBOR Rate is suspended as provided herein. In addition, on the 25th (or next Business Day thereafter) of the last month of each calendar quarter, Secured Party shall calculate the difference between the "30 Day" LIBOR Rate and "90 Day" LIBO Rate. If the change in such difference from the prior measurement is equal to or exceeds 5 basis points (0.05%), then the Standarc Rate shall automatically be increased or decreased, as applicable, by such amount (the "Quarterly Adjustment").

For purposes of illustration only:

- If on March 25 the LIBOR Rate is 0.50% and the 90 day LIBOR Rate is 0.70%, that is a difference of 0.20%. If on t next date of measurement, June 25, the LIBOR Rate is 0.50% and the 90 day LIBOR Rate is 0.80%, that is difference of 0.30%. Therefore, the change in such difference between the dates of measurement is equal to a 0.10% increase and the Quarterly Adjustment shall be an increase of 0.10% and the resulting Standard Rate for the following calendar quarter shall be the LIBOR Rate plus, depending on then applicable average outstanding principal balance for the prior month as set forth in paragraphs (a) through (c) of this subsection above, 4.54%, 4.29%, or 4.04%.
- In contrast, if on March 25 the LIBOR Rate is 0.50% and the 90 day LIBOR Rate is 0.70%, that is a difference of 0.20% If on the next date of measurement, June 25, the LIBOR Rate is 0.60% and the 90 day LIBOR Rate is 0.70% that is a difference of 0.10%. Therefore, the change in such difference between the dates of measurement is equal to a 0.10% decrease and the Quarterly Adjustment shall be a decrease of 0.10% and the resulting Standard Rate for the following calendar quarter shall be the LIBOR Rate plus, depending on then applicable average outstanding principal balance for the prior month as set forth in paragraphs (a) through (c) of this subsection above, 4.34%, 4.09%, or 3.84%.
- Finally, if on March 25 the LIBOR Rate is 0.50% and the 90 day LIBOR Rate is 0.60%, and on June 25 the LIBOR R is 0.60% and the 90 day LIBOR Rate is 0.70%, then there was no change in the difference from the prio measurement and there shall be no Quarterly Adjustment.

As used herein, the LIBOR Rate for any particular month means the highest per annum rate of interest described as the "30 Day or "One month", "London interbank offered rate" as published in the "Money Rates" section of the *Wall Street Journal - Central Edition* or its successor, in effect on the 25th day of the previous calendar month (if it is a Business Day, if not the next Business Day), which rate shall apply throughout the applicable calendar month. For example, if on July 25th (assuming it is a Business Day) the LIBOR Rate is 3%, 3% will be used as the LIBOR Rate for the entire month of August. Secured Party may, but shall not l obligated to, make a change from the "30 Day" LIBOR Rate to the "90 Day" or "Three Month" LIBOR Rate and vice versa up sixty (60) days prior written notice from Debtor requesting such change. In the event of a change that results in the utilization of the "90 Day" LIBOR Rate to calculate the Standard Rate, the Quarterly Adjustment shall not apply.

d. Exhibit A defined in the Agreement as the "Terms Schedule" is hereby deleted in its entirety and replaced with Exhibit A attached hereto and incorporated by reference.

3. Miscellaneous. This Amendment may be executed in counterparts, including facsimile counterparts, each of which will constitute an original, but which collectively will form one and the same instrument. This Amendment constitutes the final agreement between the Parties and is the exclusive expression of the Parties' agreement on the matters contained herein. All earlier and contemporaneous negotiations and agreements between the Parties on the matters contained herein are expressly merged into and superseded by this Amendment. Any modification or additions to the terms of this Amendment must be in a written agreement identified as an amendment and executed by both Parties.

[*Signature Page to Follow*]

IN WITNESS WHEREOF, the Parties have executed this Amendment effective as of the date set forth above.

Titan Machinery, Inc.	**DLL Finance LLC** At: 8001 Birchwood Court, Johnston, IA 50131
Debtor /s/ Ted O. Christianson, Treasurer	/s/ Todd R. Cate, VP Operations
Authorized Signature Ted O. Christianson 4/6/2016	Authorized Signature Todd R. Cate 4/6/16
Print Name & Title Date	Print Name & Title Date

EXHIBIT A

Wholesale Advance Rates and Curtailment Rates on Eligible Inventory

("Terms Schedule")

Titan Wholesale Advance Rates

Equipment Age	Type	Advance Rate
0 – 12 Months	New	90%
13 – 24 Months	New (<25 hours)	80%
13 – 24 Months	Used (>25 hours)	80%
25 – 36 Months	Used	70%
37 – 48 Months	Used	60%
49 – 84 Months	Used	50%
84+ Months	Used	0%

Titan Curtailment Payment Schedule

Start Period	Payment Date	Payment %
Funding Date	9 Months	5%
Funding Date	12 Months	5%
Funding Date	15 Months	5%
Funding Date	18 Months	10%
Funding Date	21 Months	10%
Funding Date	24 Months	DIF

EXHIBIT 10.20.2

AMENDMENT NO. 2 TO THE AMENDED AND RESTATED INVENTORY SECURITY AGREEMENT

This Amendment No. 2 to the Amended and Restated Inventory Security Agreement (the “Amendment”) is entered into effective as of June 1, 2015 by an between Titan Machinery, Inc., (“**Debtor**”) and Agricredit Acceptance LLC (“**Secured Party**”) (each a “Party” and collectively the “Parties”).

The Parties entered into the Amended and Restated Inventory Security Agreement dated October 31, 2013, as amended by Amendment No. 1 to th Amended and Restated Inventory Security Agreement dated April 1, 2015 (as amended, the “Agreement”), and now desire to further amend the Agreement t revise financial covenants and definitions to the Agreement, all as set forth below.

NOW THEREFORE, INTENDING TO BE LEGALLY BOUND, and in consideration of the mutual covenants and agreements contained herein, the P agree as follows:

1. Integration. Except as amended herein, the terms and conditions of the Agreement shall remain unchanged and in full force and effect. In the event of a conflict between the terms of this Amendment and the Agreement, the terms of this Amendment shall prevail. Capitalized terms used herein but not otherwise defined shall have the meanings ascribed to them in the Agreement, as amended.

2. Amendment. The Agreement shall be amended as follows:

   2.1 Exhibit C, Financial Covenants, to the Agreement is hereby deleted in its entirety and replaced with the corresponding Exhibit C attached to thi Amendment.

   2.2 Exhibit D, Form of Compliance Certificate, to the Agreement is hereby deleted in its entirety and replaced with the corresponding Exhibit I attached to this Amendment.

3. Miscellaneous. This Amendment may be executed in counterparts, including facsimile counterparts, each of which will constitute an original, but which collectively will form one and the same instrument. This Amendment constitutes the final agreement between the Parties and is the exclusive expression of the Parties’ agreement on the matters contained herein. All earlier and contemporaneous negotiations and agreements between the Parties on the matters contained herein are expressly merged into and superseded by this Amendment. Any modification or additions to the terms of this Amendment must be in a written agreement identified as an amendment and executed by both Parties.

IN WITNESS WHEREOF, the parties have executed this Amendment effective as of the date first set forth above.

Titan Machinery, Inc.	**Agricredit Acceptance LLC** At: 8001 Birchwood Court, Johnston, IA 50131
Debtor /s/ Ted O. Christianson, Treasurer	/s/ Douglas Kinent, VP
Authorized Signature Ted O. Christianson 9/1/15	Authorized Signature Douglas Kinent 9/2/15
Print Name & Title Date	Print Name & Title Date

EXHIBIT C

Financial Covenants

1. **Consolidated Net Leverage Ratio**. As measured at the end of each fiscal quarter of Debtor, the Debt of Debtor shall not exceed the Consolidated Tangible Net Worth of Debtor by a ratio of greater than:

Applicable Calendar Quarter(s):	**Maximum Debt to Consolidated Tangible Net Worth:**
FYE January 31, 2015	3.00 to 1.00
FQE April 30, 2015	3.00 to 1.00
FQE July 31, 2015	2.75 to 1.00
FQE October 31, 2015	2.75 to 1.00
FYE January 31, 2016 and each Fiscal Quarter thereafter	2.50 to 1.00

If the Debt to Consolidated Tangible Net Worth exceeds the applicable ratio set forth above, this shall constitute an Event of Default.

2. **Minimum Consolidated Fixed Charge Coverage Ratio** As measured at the end of each fiscal quarter of Debtor on a trailing twelve (12) month basis, the Consolidated Fixed Coverage Charge Ratio shall exceed:

Applicable Calendar Quarter(s):	**Minimum Consolidated Fixed Charge Coverage Ratio:**
FQE October 31, 2014 and each Fiscal Quarter thereafter	1.25 to 1.00

If the Minimum Consolidated Fixed Charge Coverage Ratio is less than the applicable ratio set forth above, this shall constitute an Event of Default.

3. **Acquisitions**. Debtor shall not acquire any Capital Securities in a Person, or acquire all or substantially all of the assets of a Person (including withou limitation assets comprising all or substantially all of an unincorporated business unit or division of any Person) for consideration in excess of ten percent (10%) of the Debtor's Total Assets in any single Acquisition or series of related Acquisitions and twenty percent (20%) of the Debtor's Total Assets for all acquisitions in a fiscal year, except if approved in writing by Secured Party (any such approved acquisition or acquisitions, being a "Permitted Acquisition").

4. **Distributions**. Debtor shall not, without the prior written consent of Secured Party, make any distributions to the shareholders of Debtor;*provided, however*, (a) so long as no Event of Default exists prior to or immediately following such action or otherwise results from such action, Debtor may declare or pay cash dividends to its shareholders in an amount not to exceed 50% of Debtor's Consolidated Net Income for the then trailing four (4) quarters, anc (b) in lieu of issuing stock to participants in the Debtor's restricted stock plan, pay the associated tax liability with other stock issued.

EXHIBIT D

Form of Compliance Certificate

TO: Agricredit Acceptance LLC ("Secured Party"), its affiliates, related parties and participants

Pursuant to that certain Amended and Restated Inventory Security Agreement dated October 31, 2013, as amended, (the "ISA") by and between Tita Machinery Inc., a Delaware corporation (the "Debtor"), and Secured Party, the Debtor hereby:

A. Repeats and reaffirms to Secured Party each and all of the representations and warranties made by Debtor in the ISA; the Amended an Restated Wholesale Financing Plan, as amended; and the agreements related thereto, and certifies to the Secured Party that each and all of said warrantie and representations are true and correct as of the date hereof; and

B. Represents, warrants and certifies that the following computations of financial covenants and tests contained in the ISA and related document are true, correct, complete and accurate as follows:

1. <u>Consolidated Net Leverage Ratio</u>. As measured at the end of each fiscal quarter, the Debt of Debtor shall not exceed the Consolidated Tangible Net Worth of Debtor by a ratio of greater than:

Applicable Calendar Quarter(s):	**Maximum Debt to Consolidated Tangible Net Worth:**
FYE January 31, 2015	3.00 to 1.00
FQE April 30, 2015	3.00 to 1.00
FQE July 31, 2015	2.75 to 1.00
FQE October 31, 2015	2.75 to 1.00
FYE January 31, 2016 and each Fiscal Quarter thereafter	2.50 to 1.00

Consolidated Net Leverage Ratio Calculation:

(a) Consolidated Total Liabilities, *minus*		$ ____________
(b) Cash Equivalents that exceed $30,000,000		$ ____________
	Total	$ ____________
(c) Consolidated Tangible Net Worth		____________
Consolidated Net Leverage Ratio (a) *minus* (b), *divided by* (c)		= ____________

2. <u>Minimum Consolidated Fixed Charge Coverage Ratio</u>. As measured at the end of each fiscal quarter of Debtor on a trailing twelve (12) month basis, the Consolidated Fixed Coverage Charge Ratio shall exceed:

Applicable Calendar Quarter(s):	**Minimum Consolidated Fixed Charge Coverage Ratio:**
FYE January 31, 2015 and each Fiscal Quarter thereafter	1.25 to 1.00

Debtor's Minimum Consolidated Fixed Charge Ratio Calculation:

(a) Consolidated EBITDAR	$
(b) all payments in cash for taxes related to income	$
(c) Unfinanced Capital Expenditures	$
(d) Restricted Payments	$
(e) Consolidated Interest Expense	$
(f) Rent Expense	$
(g) Interest Expense	$
(h) debt payments	$
(i) cash restructuring charges	$
(j) Consolidated Fixed Charge Coverage Ratio *((a) minus (b) minus (c) minus (d)), divided by (e + f + g +h + i)*	=

C. Without diminishing or decreasing the importance of any other covenants, representations and warranties, the following covenants, representations and/or warranties are true, correct, complete and accurate:

1. Acquisitions. Debtor has not acquired any Capital Securities in a Person, or acquired all or substantially all of the assets of a Person (including without limitation assets comprising all or substantially all of an unincorporated business unit or division of any Person) for consideration in excess of ten percent (10%) of the Debtor's Total Assets in any single Acquisition or series of related Acquisitions and twenty percent (20%) of the Debtor's Total Assets for all acquisitions in a fiscal year, except if approved in writing by Secured Party.

2. Distributions. Debtor has not, unless the action was approved in writing by Secured Party, made any distributions to the shareholders of Debtor, except that Debtor may have, (a) so long as no Event of Default existed prior to or immediately following such action or otherwise resulted from such action, declared or paid cash dividends to its shareholders in an amount not to exceed 50% of Debtor's Consolidated Net Income for the then trailing four (4) quarters, and (b) in lieu of issuing stock to participants in the Debtor's restricted stock plan, paid the associated tax liability with other stock issued.

All capitalized terms not defined herein shall have the meaning ascribed to them in the ISA, as amended.

The undersigned confirms the accuracy of all statements made above as of the date set for the below.

Titan Machinery, Inc.	
Debtor	
Authorized Signature	
Print Name & Title	Date

EXHIBIT 10.20.3

AMENDMENT NO. 3

TO THE AMENDED AND RESTATED INVENTORY SECURITY AGREEMENT

This Amendment No. 3 to the Amended and Restated Inventory Security Agreement (the "Amendment") is entered into effective as of April 1, 2016 by an between Titan Machinery, Inc., ("**Debtor**") and DLL Finance LLC (f.k.a. Agricredit Acceptance LLC) ("**Secured Party**") (each a "Party" and collectively the "Parties").

Debtor and Agricredit Acceptance LLC, as predecessor in interest to Secured Party, entered into the Amended and Restated Inventory Security Agreemen dated October 31, 2013, as amended by Amendment No. 1 to the Amended and Restated Inventory Security Agreement dated April 1, 2015 and Amendmen No. 2 to the Amended and Restated Inventory Security Agreement dated June 1, 2015 (as amended, the "Agreement"), and Debtor and Secured Party now desire to further amend the Agreement as set forth below.

NOW THEREFORE, INTENDING TO BE LEGALLY BOUND, and in consideration of the mutual covenants and agreements contained herein, the P agree as follows:

1. Integration. Except as amended herein, the terms and conditions of the Agreement shall remain unchanged and in full force and effect. In the event of a conflict between the terms of this Amendment and the Agreement, the terms of this Amendment shall prevail. Capitalized terms used herein but not otherwise defined shall have the meanings ascribed to them in the Agreement, as amended.

2. Amendments. The Agreement shall be amended as follows:

    a. The following paragraph shall be added to the end of Section 3 of the Agreement, titled "Security Interest":

    Secured Party may periodically assess the Orderly Liquidation Value of the Collateral. Within a reasonable time following any such assessment, Secured Party shall provide Debtor with notice of the determined Orderly Liquidation Value of the Collateral. If the Orderly Liquidation Value of the Collateral is less than the current outstanding balance of the Obligations, Secured Party may demand in writing payment of the difference. Debtor shall pay the difference to Secured Party no later than ten (10) Business Days after receipt of Secured Party's written demand. No later than five (5) Business Days after receipt of Secured Party's demand for payment, Debtor may make a written request for a third-party valuation of the Collateral In such case, Debtor and Secured Party shall agree upon an independent third party to conduct the valuation. The third party's valuation must be completed and submitted by Debtor to Secured Party no later than thirty (30) days after the Parties agree upon the independent third party valuator. Such third-party valuation will be binding upon both Debtor and Secured Party. If the third party's valuation of the Collateral is less than the current outstanding balance of the Obligations, Debtor shall pay the difference to Secured Party no later than ten (10) Business Days after the conclusion o the third-party valuation. Debtor shall be responsible for the costs of the third-party valuation.

    b. The second sentence of Section 4 of the Agreement, titled "Payments," shall be deleted in its entirety and replaced with the following:

"Notwithstanding the foregoing, Debtor agrees to pay Secured Party the amount of any extension of credit on each item of Inventory financed directly or indirectly hereunder within ten (10) Business Days of the sale, loss, theft and/or destruction thereof, in a form and manner satisfactory to Secured Party. Exceptions to such ten (10) Business Day payment period may be approved by Secured Party in its sole discretion."

c. The fourth paragraph of Section 4 of the Agreement, titled "Payments" is hereby deleted in its entirety.

d. The last sentence of the first paragraph of Section 8 of the Agreement, titled "Inspection / Books and Records," is hereby deleted in its entirety.

e. Paragraph (f) of Section 6 of the Agreement, titled "Covenants," shall be deleted in its entirety and replaced with the following:

"immediately notify the Secured Party of any event causing a material loss of the Collateral whether or not covered by insurance and the amount of such loss;"

f. Paragraph (g) of Section 10 of the Agreement, titled "Default," shall be deleted in its entirety and replaced with the following:

"The failure of Debtor to pay the difference between the Orderly Liquidation Value of the Collateral and the outstanding balance of the Obligations within ten (10) Business Days after Secured Party's written demand or the third party valuation, as applicable;"

g. Paragraph (s) of Section 10 of the Agreement, titled "Default," shall be deleted in its entirety and replaced with the following:

"Secured Party determines, in its sole discretion, that the Debtor's or any guarantor's Consolidated Tangible Net Worth has decreased in value and imperils the prospect of full performance or satisfaction of the Obligations;"

h. The following definition of "Business Day" shall be added to Exhibit B, Definitions, to the Agreement:

"'Business Day' means any day other than (0) a Saturday or Sunday; (0) a day on which the offices of Secured Party are closed; or (0) a federal banking holiday as recognized by the United States Federal Reserve Bank."

i. The following definition of "Orderly Liquidation Value" shall be added to Exhibit B, Definitions, to the Agreement:

"'Orderly Liquidation Value' means Secured Party's opinion of the gross amount, expressed in terms of money, that typically could be realized from a liquidation sale given a reasonable period of time to find a purchaser, with the seller being compelled to sell on an 'as-is, where-is' basis, as of a specific date.

j. Section 2 of Exhibit C, Financial Covenants, to the Agreement titled "Minimum Consolidated Fixed Charge Coverage Ratio" is hereby deleted in its entirety and replaced with the following:

"2. **Minimum Consolidated Fixed Charge Coverage Ratio** As measured at the end of each fiscal quarter of Debtor on a trailing twelve (12) month basis, the Consolidated Fixed Coverage Charge Ratio shall exceed:

Applicable Calendar Quarters(s):	Minimum Consolidated Fixed Charge Coverage Ratio:
FQE April 30, 2016, FQE July 31, 2016, and FQE October 31, 2016	1.10 to 1.00
FYE January 31, 2017 and each Fiscal Quarter thereafter	1.25 to 1.00

If the Minimum Consolidated Fixed Charge Coverage Ratio is less than the applicable ratio set forth above, this shall constitute an Event of Default."

3. Miscellaneous. This Amendment may be executed in counterparts, including facsimile counterparts, each of which will constitute an original, but which collectively will form one and the same instrument. This Amendment constitutes the final agreement between the Parties and is the exclusive expression of the Parties' agreement on the matters contained herein. All earlier and contemporaneous negotiations and agreements between the Parties on the matters contained herein are expressly merged into and superseded by this Amendment. Any modification or additions to the terms of this Amendment must be in a written agreement identified as an amendment and executed by both Parties.

IN WITNESS WHEREOF, the parties have executed this Amendment effective as of the date first set forth above.

Titan Machinery, Inc.		DLL Finance LLC At: 8001 Birchwood Court, Johnston, IA 50131	
Debtor /s/ Ted O. Christianson, Treasurer		/s/ Todd R. Cate, VP Operations	
Authorized Signature Ted O. Christianson	4/6/2016	Authorized Signature Ted R. Cate 4/6/16	
Print Name & Title	Date	Print Name & Title	Date

EXHIBIT 21.1

SUBSIDIARIES OF

TITAN MACHINERY INC.

Name	Ownership	Jurisdiction of Incorporation/ Organization
NW Property Solutions LLC	100%	North Dakota
Titan European Holdings S.a.r.l.	100%	Luxembourg
Titan Machinery Ukraine LLC	100%	Ukraine
Titan Machinery D.o.o. Novi Sad	100%	Serbia
Titan Machinery Austria GmbH	100%	Austria
Titan Machinery Romania S.R.L.	100%	Romania
Titan Machinery Bulgaria AD	70%	Bulgaria

EXHIBIT 23.1

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in Registration Statement Nos. 333-149426, 333-177982 and 333-196463 on Form S-8 of our reports dated April 13, 2016, relating to the consolidated financial statements and financial statement schedule of Titan Machinery Inc. (the "Company"), and the effectiveness of the Company's internal control over financial reporting, appearing in this Annual Report on Form 10-K of the Company for the fiscal year ended January 31, 2016.

/s/ Deloitte & Touche LLP

Minneapolis, Minnesota
April 13, 2016

EXHIBIT 24.1

POWER OF ATTORNEY

Each person whose signature appears below constitutes DAVID J. MEYER and MARK P. KALVODA his true and lawful attorneys-in-fact a agents, each acting alone, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign the Annual Report on Form10-K of Titan Machinery Inc. for its fiscal year ended January 31, 2016, and any and all amendments to said Annual Report, and to deliver on my behalf said Annual Report and any and all amendments thereto, as each thereof is so signed, for filing with the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite or necessary to be done in and about the premises, as fully as to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any of them, or their or his substitutes, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, this Power of Attorney has been signed on the 10th day of March, 2016 by the following persons:

/s/ David J. Meyer
David J. Meyer, Board Chair and CEO

/s/ Mark Kalvoda
Mark P. Kalvoda, CFO

/s/ John Bode
John Bode, Director

/s/ Tony Christianson
Tony Christianson, Director

/s/ Theodore Crosbie
Theodore Crosbie, Director

/s/ Stanley Dardis
Stanley Dardis, Director

/s/ Jody Horner
Jody Horner, Director

/s/ James Irwin
James Irwin, Director

/s/ Richard Mack
Richard Mack, Director

EXHIBIT 31.1

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-K 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:

    (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: April 13, 2016

/s/ DAVID J. MEYER

David J. Meyer
Board Chair and Chief Executive Officer

EXHIBIT 31.2

CERTIFICATION
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT

I, Mark Kalvoda, certify that:

1. I have reviewed this report on Form 10-K 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:

   (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: April 13, 2016

/s/ MARK KALVODA

Mark Kalvoda
Chief Financial Officer

EXHIBIT 32.1

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 Annual Report of Titan Machinery Inc. (the "Company") on Form 10-K for the year ended January 31, 2016 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: April 13, 2016

/s/ DAVID J. MEYER

David J. Meyer
Board Chair and Chief Executive Officer

EXHIBIT 32.2

**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 Annual Report of Titan Machinery Inc. (the "Company") on Form 10-K for the year ended January 31, 2016 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: April 13, 2016

/s/ MARK KALVODA

Mark Kalvoda
Chief Financial Officer