

ASTEC INDUSTRIES INC
Form DEF 14A
March 15, 2019

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

SCHEDULE 14A
(Rule 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT
SCHEDULE 14A INFORMATION

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

Filed by the Registrant
Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

ASTEC INDUSTRIES, INC.
(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

- No fee required.
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2. Aggregate number of securities to which transaction applies:
Per unit price or other underlying value of transaction computed pursuant to Exchange
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4. Proposed maximum aggregate value of transaction:
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ASTEC INDUSTRIES, INC.

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS
TO BE HELD APRIL 25, 2019

TO THE SHAREHOLDERS:

The Annual Meeting of Shareholders of Astec Industries, Inc., a Tennessee corporation, will be held at the Company's offices at 4101 Jerome Avenue, Chattanooga, Tennessee, on April 25, 2019, at 10:00 a.m., Chattanooga time, for the following purposes:

1. To elect four directors in Class III to serve until the Annual Meeting of Shareholders in 2022, or in the case of each director, until a successor is duly elected and qualified.
2. To vote on a non-binding resolution to approve the compensation of the Company's executive officers.
3. To ratify the appointment of KPMG LLP as the Company's independent registered public accounting firm for the calendar year 2019.

Only shareholders of record at the close of business on February 19, 2019 are entitled to notice of, and to vote at, the Annual Meeting. The transfer books will not be closed. A complete list of shareholders entitled to vote at the Annual Meeting will be available for inspection by shareholders at the Company's offices from March 11, 2019 through the Annual Meeting.

By Order of the Board of Directors

Stephen C. Anderson
Secretary

Dated: March 15, 2019

WHETHER OR NOT YOU EXPECT TO BE PRESENT AT THE MEETING IN PERSON, YOU MAY VOTE YOUR SHARES VIA A TOLL-FREE TELEPHONE NUMBER OR VIA THE INTERNET OR YOU MAY SIGN, DATE, AND RETURN THE PROXY APPOINTMENT CARD. IF YOU DO ATTEND THE MEETING, YOU MAY, IF YOU WISH, WITHDRAW YOUR PROXY APPOINTMENT AND VOTE IN PERSON.



ASTEC INDUSTRIES, INC.
1725 Shepherd Road
Chattanooga, Tennessee 37421
(423) 899-5898

PROXY STATEMENT
ANNUAL MEETING OF SHAREHOLDERS
April 25, 2019

The proxy appointment is solicited by and on behalf of the Board of Directors of Astec Industries, Inc. for use at its Annual Meeting of Shareholders to be held on April 25, 2019, at 10:00 a.m. Chattanooga time and at any adjournments thereof. The Annual Meeting will be held at the Company's offices at 4101 Jerome Avenue, Chattanooga, Tennessee.

On or about March 12, 2019, the Company began mailing to its shareholders a notice containing instructions for voting and how to access this Proxy Statement and the Company's 2018 Annual Report online, and the Company began mailing a full set of the proxy materials, including this Proxy Statement, a proxy card or voting instruction form and the Company's 2018 Annual Report, to shareholders who had previously requested delivery of a paper copy of the proxy materials. For information on how to vote your shares or request a paper copy of the proxy materials, see the instructions included on the proxy card or voter instruction form and under "Proxies and Voting" on page 2 of this Proxy Statement. If you request a paper copy of the proxy materials it will be mailed to you within three business days.

Only holders of record of the Company's Common Stock as of the close of business on February 19, 2019 will be entitled to notice of, and to vote at, the Annual Meeting. As of such record date, there were 22,518,019 shares of Common Stock outstanding and entitled to be voted at the Annual Meeting. A shareholder is entitled to one vote for each share of Common Stock held.

QUORUM AND VOTING REQUIREMENTS

A majority of the outstanding shares of Common Stock entitled to vote on any proposal at the Annual Meeting, either present or represented by proxy, constitutes a quorum for the Annual Meeting. A quorum is necessary to conduct business at the Annual Meeting. The presence, in person or by proxy, of holders of Common Stock representing a majority of the number of votes entitled to be cast on a specific proposal is required to consider that proposal at the Annual Meeting. Even if a quorum is established for the Annual Meeting, it is possible that a quorum may not be established for a specific proposal presented at the Annual Meeting. You will be considered part of the quorum if you attend the Annual Meeting in person, vote via a toll-free telephone number, vote via the internet or vote by proxy. Abstentions and votes withheld from director nominees count as "shares present" at the Annual Meeting for purposes of determining a quorum for the Annual Meeting, but broker non-votes do not count as "shares present" at the Annual Meeting for purposes of determining a quorum for any proposal, including the election of directors.

The affirmative vote of the holders of a majority of the shares of Common Stock represented and entitled to vote in the election of directors at the Annual Meeting at which a quorum is present is required for the election of each of the director nominees. Withholding authority to vote with respect to any one or more director nominees will constitute a vote against such nominee(s).

The approval of the non-binding resolution to approve the compensation of our executive officers and the ratification of the independent registered public accounting firm requires that the votes cast in favor of the matter exceed the votes cast opposing the matter. Abstaining to vote with respect to either of these matters will not constitute a vote for or against either matter.

Broker non-votes do not count as votes cast, and therefore will not affect the voting result as to any matter, including the election of directors. A broker non-vote occurs when a broker or other nominee who holds shares for another does not vote on a particular item because the nominee does not have discretionary authority to vote on that item and has not received instructions from the owner of the shares.

PROXIES AND VOTING

Shareholders have a choice of voting by internet, by telephone or by using a traditional proxy card.

To vote by internet, go to www.proxyvote.com and follow the instructions. You will need the 12 digit number included on your proxy card or voter instruction form.

To vote by telephone, dial (800) 690-6903 and follow the instructions. You will need the 12 digit number included on your proxy card or voter instruction form.

If you received a notice and wish to vote by traditional proxy card, you can request to receive a full set of the proxy materials, including this Proxy Statement, a proxy card or voting instruction form and the Company's 2018 Annual Report, at no charge through one of the following methods:

- 1) by internet: www.proxyvote.com;
- 2) by phone: (800) 579-1639; or
- 3) by email: sendmaterial@proxyvote.com (your email should contain the 12 digit number in the subject line).

If you choose not to vote by telephone or the internet and request a full set of the proxy materials, please mark your choices on the enclosed proxy card and then date, sign and return the proxy card at your earliest opportunity. If you are a registered shareholder and attend the meeting, you may deliver your completed proxy card in person.

The telephone and internet voting procedures are designed to authenticate votes cast by use of a personal identification number. These procedures enable shareholders to appoint a proxy to vote their shares and to confirm that their instructions have been properly recorded. If your shares are held in the name of a bank or broker, the availability of telephone and internet voting will depend on the voting processes of the applicable bank or broker; therefore, it is recommended that you follow the voting instructions on the form you receive.

If you properly sign and return your proxy card or complete your proxy via the telephone or internet (and such proxy is not later revoked), your shares will be voted at the Annual Meeting in accordance with the directions given. In voting by proxy with regard to the election of directors, you may vote in favor of all nominees, withhold your votes as to all nominees or withhold your votes as to specific nominees. In voting by proxy with regard to the non-binding resolution to approve the compensation of our executive officers and the ratification of the selection of the independent auditor, you may vote for or against the proposal, or you may abstain from voting. You should specify your choices when voting by proxy. If you return a signed proxy card without indicating your vote with regard to the matters to be voted upon, the shares represented by proxy will be voted "FOR" the election of each of the nominees for director, "FOR" the non-binding resolution to approve the compensation of our executive officers and "FOR" the ratification of the independent registered public accounting firm.

A shareholder of record who submits a proxy pursuant to this solicitation may revoke it at any time prior to its exercise at the Annual Meeting by (i) submitting written notice to the Secretary of the Company at the Company's address shown above, (ii) properly submitting to the Company (by mail, telephone or internet) a proxy bearing a later

date, or (iii) attending the Annual Meeting and voting in person.

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PROXY SUMMARY

This proxy statement gives you information on the four Company Nominees recommended by our Board of Directors who are standing for election, compensation of our executive officers and our independent auditors. Because the following summary does not contain all of the information you should consider, you should carefully read this proxy statement in its entirety before voting.

The Company Nominees, all four of whom are independent, bring a diverse range of skills, expertise and insights, which empowers the Board to provide sound guidance relevant to the Company's scope, strategy, operations, and growth and profitability objectives. This includes directors with extensive knowledge and experience relevant to the Company's operations, including background in manufacturing, construction, infrastructure and finance, as well as significant collective public company CEO experience. We believe this experience, together with their industry knowledge, integrity and commitment to the interests of all our shareholders makes them best positioned to assist in creating value for our shareholders. Notably, all of the members of our Board of Directors are independent.

Astec is committed to having the right mix of experience and perspectives on the Company's Board and, as part of its deliberate refreshment process, has appointed three new independent directors – Tracey H. Cook, President, AMECO Business Line (“AMECO”) of Fluor Corporation, Brad Southern, Chief Executive Officer of Louisiana-Pacific Corporation (LP) and Mary L. Howell, formerly Executive Vice President of Textron Inc. – during the past six months. In addition, in January 2019, Astec appointed William D. Gehl as Chairman of the Board.

We ask that you support our current directors and ratify the selection of our auditors in order for the Company to best position itself to move forward and achieve its long-term goals for the benefit of all stakeholders.

PROPOSAL 1: ELECTION OF DIRECTORS

The Board of Directors of the Company is divided into three classes, with the term of office of each class ending in successive years. The terms of directors of Class III expire with this Annual Meeting. The directors of Class I and Class II will continue in office until the 2020 and 2021 Annual Meetings of shareholders, respectively. At the present time, there are three directors serving in each of Classes I and Class II and four directors serving in Class III. The shareholders are being asked to vote for the election of four directors to serve in Class III.

The persons appointed as proxies will vote the shares represented by the proxy appointment in favor of the election to the Board of Directors of each of the four Class III nominees whose names appear below, unless the authority to vote for any or all of the nominees is withheld or such appointment has previously been revoked. It is anticipated that management shareholders of the Company will submit a proxy granting authority to vote their shares for the election of all the nominees. Each Class III director will be elected to hold office until the 2022 Annual Meeting of shareholders and thereafter until a successor has been duly elected and qualified. In the event that any nominee is unable to serve (which is not anticipated), the persons appointed as proxies will cast votes for the remaining nominees and for such other persons as they may select.

THE BOARD OF DIRECTORS RECOMMENDS THAT SHAREHOLDERS VOTE “FOR” THE ELECTION OF EACH OF THE NOMINEES.

PROPOSAL 2: ADVISORY VOTE ON EXECUTIVE COMPENSATION

This proposal provides our shareholders with the opportunity to cast an advisory vote on the compensation of the Company's named executive officers (commonly known as a “say-on-pay” proposal), as required by Section 14A of the

Securities Exchange Act of 1934.

As discussed in the Compensation Discussion and Analysis beginning on page 12, we have designed our executive compensation program to attract and retain key executives who are critical to our future success and the creation of shareholder value. We believe that both short-term and long-term incentive compensation opportunities provided to executive officers are directly aligned with our performance, and that our compensation program is structured to ensure that a significant portion of executives' compensation opportunities is directly related to achievement of financial and operational goals and other factors that impact shareholder value.

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The Board invites you to review carefully the Compensation Discussion and Analysis and the tabular and other disclosures on compensation under Executive Compensation beginning on page 20, and to cast a vote to approve the Company's executive compensation programs through the following resolution:

“Resolved, that the shareholders approve the compensation of the Company's named executive officers, including the Company's compensation philosophy, practices and principles, as discussed and disclosed in the Compensation Discussion and Analysis, the executive compensation tables, and any narrative compensation disclosure contained in this Proxy Statement.”

While the vote does not bind the Board to any particular action, the Board values the input of our shareholders and will take into account the outcome of this vote in considering future compensation decisions. The Board has adopted a policy providing for annual say-on-pay advisory votes. Unless the Board modifies this policy, the next say-on-pay advisory vote will be held at our 2020 Annual Meeting.

THE BOARD OF DIRECTORS RECOMMENDS THAT SHAREHOLDERS VOTE “FOR” THE APPROVAL OF THE COMPENSATION OF THE COMPANY’S NAMED EXECUTIVE OFFICERS.

PROPOSAL 3: RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Audit Committee of the Board of Directors has appointed KPMG LLP as the Company's independent registered public accounting firm for the year ending December 31, 2019. KPMG LLP served as the Company's independent registered public accounting firm for the year ending December 31, 2018, and the services it provided to the Company and its subsidiaries in the year ending December 31, 2018 are described under “Audit Matters” below.

We are asking our shareholders to ratify the selection of KPMG LLP as our independent registered public accounting firm for the year ending December 31, 2019. Although ratification is not required by our Bylaws or otherwise, the Board of Directors is submitting the selection of KPMG LLP to our shareholders for ratification as a matter of good corporate practice.

THE BOARD RECOMMENDS THAT SHAREHOLDERS VOTE “FOR” THE RATIFICATION OF THE APPOINTMENT OF KPMG LLP AS THE COMPANY’S INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR CALENDAR YEAR 2019.

In the event shareholders do not ratify the appointment, the appointment will be reconsidered by the Audit Committee and the Board of Directors. Even if the selection is ratified, the Audit Committee, in its discretion, may select a different independent registered public accounting firm at any time during the year if it determines that such a change would be in the best interests of the Company and its shareholders.

CERTAIN INFORMATION CONCERNING NOMINEES AND CONTINUING DIRECTORS

Our directors have the necessary skills needed to oversee the execution of our strategy to design, manufacture and sell the most innovative, productive, reliable and safe equipment for our customers in the Infrastructure, Aggregate, Mining and Energy industries, as well as improve the Company's financial performance and appropriately allocate capital to areas that will drive the business forward and enhance shareholder value. Together, they have significant combined experience serving leading manufacturing and construction equipment companies, including:

- Louisiana Pacific, a global leader in high-performance building solutions;

- Fluor, one of the world's largest engineering, procurement, fabrication, construction and maintenance companies;
- H.T. Hackney, a diversified wholesale food distributor in the Southeast and Midwest United States;
- The Manitowoc Company, a leading global manufacturer of cranes and lifting solutions;
- Gehl Company, a producer of Gehl, Manitou and Mustang branded equipment for construction, agriculture, industry and beyond; and
- Granite Construction, one of the nation's largest diversified infrastructure providers and construction materials producers.

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Importantly, our Board of Directors has the right mix of experience and expertise necessary to efficiently and effectively oversee the business and proper direction of capital to capture both short and long-term opportunities, all while delivering value to shareholders, employees and customers.

Our Board of Directors is well positioned to deliver on our commitment to improving financial performance and making progress to advance operational excellence across the Company.

The following section sets forth the names of the nominees for director and of the Company's continuing directors as of the date of the Annual Meeting, their ages, the year in which they were first elected directors, their positions with the Company, their principal occupations and employers for at least the last five years, and any other directorships held by them in companies that are subject to the reporting requirements of the Securities Exchange Act of 1934 or any company registered as an investment company under the Investment Company Act of 1940. For information concerning membership on Committees of the Board of Directors, see "Corporate Governance—Board Committees" below.

Nominees with Terms of Office Expiring in 2022 (Class III):

William B. Sansom, 77, has served as the Chairman and Chief Executive Officer of The H.T. Hackney Co., a diversified wholesale food distributor in the Southeast and Midwest United States, since 1983. Formerly, Mr. Sansom served as the Tennessee Commissioner of Transportation from 1979 to 1981 and as the Tennessee Commissioner of Finance and Administration from 1981 to 1983. Mr. Sansom has also previously served as a director of the board of the Tennessee Valley Authority, including two terms as its Chairman; as a director on the board of First Horizon National Corporation, as a director and audit committee member of Martin Marietta Materials, Inc., and as a director of Mid-American Apartment Communities. Mr. Sansom served for 15 years (vice chair for eight years) on the University of Tennessee Board and also served on the Wake Forest Board. Mr. Sansom has been a Director of the Company since 1995.

Mr. Sansom brings over 30 years of experience as a CEO and Chairman of a diversified distribution/manufacturing company. Having also served in numerous governmental positions for the State of Tennessee, Mr. Sansom offers information and insight into areas of government relations and regulatory issues. Mr. Sansom has also previously served on the Board of Directors of the National Crushed Stone Association and has former business experience in the aggregate industry as president of American Limestone Company, which operated quarries and sand gravel plants. Additionally, Mr. Sansom previously served on the Oak Ridge National Lab Board. Currently Mr. Sansom is a major owner, with his family, in a vermiculite mining company.

William Bradley Southern, 59, was appointed as a director of the Company on October 25, 2018 as part of Astec's Board refreshment efforts. Mr. Southern's initial term was set to expire with the annual meeting to be held on April 25, 2019. Mr. Southern is the Chief Executive Officer and member of the Board of Directors of Louisiana-Pacific ("LP"), a global leader of high performance building solutions based in Nashville, Tennessee. Mr. Southern joined LP in 1999 and led LP's siding business from 2005 to 2015 before taking the lead for OSB operations, a position he held until he was named Chief Operating Officer in 2016. Mr. Southern began his career with MacMillan Bloedel as a forester, where he held a variety of jobs in forestry, strategic planning, finance, accounting and plant management. He has a B.S. and a master's degree in Forest Resources, both from the University of Georgia.

Mr. Southern brings to the Company more than 20 years of experience in the building materials manufacturing industry, including two years as CEO of a high performance building solutions company. Astec benefits from his strong focus on operational execution and his fresh insights and perspective as the Company continues to execute its strategic plan to accelerate growth, improve profitability and drive shareholder value.

Tracey H. Cook, 51, was appointed as a director of the Company on November 14, 2018 as part of Astec's Board refreshment efforts. Ms. Cook is a Vice President of Fluor and President of AMECO. Fluor is Fortune 500 engineering and construction company and AMECO offerings include construction equipment, tools and scaffolding solutions. Ms. Cook joined Fluor Corporation in 1989 and, beginning in 2001, served as AMECO's CFO, VP of Regional Operations for North America/Caribbean and Chief Operations Office for the business globally before becoming its President in 2014. Prior to 2001, she worked in finance on multiple projects with various industry groups in addition to new business and e-commerce initiatives for Fluor. She then transferred to AMECO where she was instrumental in divesting the North American commercial equipment dealerships in 2001. She has a B.S. in Accounting from the University of South Carolina and has completed several executive management and leadership programs including Wharton and Thunderbird.

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Ms. Cook brings nearly 30 years of experience in optimizing operations, finance, international business and the construction equipment industry. As a leader at a Fortune 500 engineering and construction company, Ms. Cook is uniquely qualified to provide relevant expertise that is very valuable to the Company as it executes its strategy. Ms. Cook serves as one of the financial experts of the Company's Audit Committee.

Mary L. Howell, age 66, was appointed as a director of the Company on February 26, 2019 as part of Astec's Board refreshment efforts. Ms. Howell has served as Chief Executive Officer of Howell Strategy Group, an international consulting firm, since the firm's founding in January of 2010. Previously, Ms. Howell served as Executive Vice President of Textron Inc. from 1995 to 2009. She was an officer of that company for 24 years, serving on the Textron Management Committee, which was composed of Textron's top five executives responsible for the management of the company, for over 15 years. Ms. Howell currently serves as Lead Director of the Board of Directors of Esterline Corporation, an aerospace and defense company. In addition, she serves on the Board of Vectrus, an industry-leading facilities management, logistics and network communications services company, and is a member of the Audit and Compensation Committees and Chairs the Strategy Committee. In 2008, Ms. Howell received the Charles Ruch Semper Fidelis Award and in 2010 became an Honorary Marine for her long-standing commitment to the U.S. Marine Corps and her leadership in various programs that have supported the Marine Corps mission. She graduated from the University of Massachusetts at Amherst with a Bachelor of Science Degree.

Ms. Howell has extensive experience in global operations, marketing, sales, business development and merger and acquisition transactions that strengthen the Board's oversight of the Company's strategic plans and enterprise risk. Ms. Howell also has significant board experience that has given her insight to sophisticated risk management practices that contributes to the Board's oversight of the Company's complex global operations.

Continuing Directors with Terms of Office Expiring in 2021 (Class II):

Daniel K. Frierson, 77, has been the Chief Executive Officer of The Dixie Group, Inc., a public company in the floor-covering manufacturing business, since 1979 and has served as its Chairman of the Board since 1987. Mr. Frierson also previously served as a director on the board of Louisiana-Pacific Corporation until May 2017. Mr. Frierson has been a Director of the Company since 1994.

Mr. Frierson, based on his more than 35 years of experience as a CEO of a public company and his service as a Director of the Company for more than 20 years, provides the Board with unique strategic planning and risk assessment experience. Mr. Frierson's knowledge and experience in manufacturing is also valuable to the Company.

Glen E. Tellock, 58, has been the President and CEO of Lakeside Foods, a privately-held international food processor, since May 2016. Previously, he served as the President and CEO of The Manitowoc Company, a manufacturer of construction and food service equipment, from May 2007 until October 2015. He also served as Chairman of the Board of The Manitowoc Company from February 2009 until October 2015. Prior to that, he served as Senior Vice President of The Manitowoc Company beginning in 1999 and President and General Manager of Manitowoc Crane Group beginning in 2002. Prior to joining Manitowoc in 1991, Mr. Tellock served as Financial Planning Manager with the Denver Post Corporation and as Audit Manager with Ernst and Whinney. Mr. Tellock also currently serves as a director on the board of Badger Meter, Inc. Mr. Tellock has been a Director of the Company since 2006.

Mr. Tellock, who serves as one of the financial experts of the Company's Audit Committee and has previously served as an audit manager of a major accounting firm, provides the Board with extensive knowledge and experience with respect to financial reporting and risk assessment. Accordingly, Mr. Tellock's depth of public company leadership experience, expertise in managing complex manufacturing operations and knowledge in leading a multi-billion-dollar global company are especially valuable to the Board and management team. In addition, his knowledge of manufacturing and marketing of construction equipment both domestically and internationally provides the Board

unique perspective.

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James B. Baker, 73, has been a Managing Partner River Associates Investments, LLC and predecessor entities, a private equity investment fund which partners with management teams in buyouts, divestitures and recapitalizations of lower middle market companies since 2001. From 1993 to 2001, he was a Partner in River Associates, LLC. Mr. Baker was President and Chief Operating Officer (1991-1992) and Senior Vice President (1987-1991) of CONSTAR International, Inc., a plastics container manufacturer. Mr. Baker also formerly served as a director of Wellman, Inc. and US Xpress. Mr. Baker has been a Director of the Company since 2010.

Mr. Baker's strong background in all aspects of executing acquisitions, both in the U.S. and internationally, are valuable to the Company. He also has over 30 years of experience in strategic planning and operating decisions for middle market companies in a variety of industries. Mr. Baker, who serves as one of the financial experts of the Company's Audit Committee, has a financial background and has had a wide range of experience in financial reporting for publicly-owned companies. He has served as an independent director on the audit committees of two public companies, had primary responsibility for the financial reporting of a public company and also worked with several public companies during his career with Arthur Andersen & Co.

Continuing Directors with Terms of Office Expiring in 2020 (Class I):

William D. Gehl, 72, who currently serves as the Chairman of the Board of Astec Industries, effective in January 2019, also previously served as a member of the Board and Chief Executive Officer of Gehl Company, a company engaged in the manufacturing of compact construction equipment, from 1987 and 1992, respectively, until his retirement in 2009. Mr. Gehl also served as Chairman of the Board of Gehl Company from 1996 until his retirement. Since June 2011, Mr. Gehl has been an owner and Chairman of IBD of Southeastern Wisconsin, an exclusive distributor of Interstate Batteries in southeastern Wisconsin. Mr. Gehl also serves as Chairman of the Board and a Director of FreightCar America, a public company engaged in the manufacturing of aluminum coal cars and other railroad freight cars. Mr. Gehl also previously served as a director of The Oilgear Company, a manufacturer of hydraulic pumps, and Westbury Bancorp, a publically-owned bank located in West Bend, Wisconsin. Mr. Gehl is a member of the state bars of Wisconsin and Florida. Mr. Gehl has been a Director of the Company since 1999.

Mr. Gehl, having served as the CEO of a publicly owned construction equipment manufacturing company for 16 years, brings a broad range of experiences in both strategic planning and management. Mr. Gehl's manufacturing, marketing and financing knowledge is very valuable to the Company.

William G. Dorey, 74, served as Director, President and Chief Executive Officer of Granite Construction Incorporated from 2004 until his retirement from employment in 2010. Mr. Dorey continued to serve as a Director of Granite Construction until June 2017. Granite Construction is a publicly traded heavy civil contractor engaged in the construction and improvement of roads, mass transit facilities, airport infrastructure, bridges, dams and other infrastructure-related projects and the production of sand, gravel and asphalt concrete and other construction materials. Mr. Dorey started his career with Granite Construction in 1967 and held numerous positions over his 42 years with the company. Mr. Dorey has also served in various industry leadership roles, including founding Chairman of the Construction Industry Ethics and Compliance Initiative (CIECI) Steering Committee, trustee of the Mineta Transportation Institute, member on the Construction Industry Round Table (CIRT), director of the California Chamber of Commerce, and director of the California Business Roundtable. Mr. Dorey has been a Director of the Company since 2011.

Mr. Dorey has extensive experience within the infrastructure construction industry and his knowledge and understanding of the industry and our customer needs provides valuable insight to the Company.

Charles F. Potts, 74, is the Chairman of the Board of Heritage Construction and Materials, a provider of construction materials and services that operates in the Midwest United States and China. He previously served as Chief Executive

Officer of Heritage Construction and Materials from 2003 thru 2012. Prior to joining Heritage Construction and Materials, Mr. Potts was employed as an executive officer of Ashland, Inc., where he served as President of APAC Inc. and Senior Vice President of Ashland Inc. Mr. Potts also served as the Director of Construction of the Florida Department of Transportation for 18 years. Mr. Potts has previously served as the Chairman of the Board of the National Center for Asphalt Technology, the International Center for Aggregates Research and the American Road and Transportation Builders Association. Mr. Potts has been a Director of the Company since 2014.

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Mr. Potts brings extensive experience in, and knowledge of, the construction and aggregates industry to the Company. In addition to his executive leadership experience in the industry, he has conducted extensive research involving highway construction materials and pavement design and published the original guide specification for asphalt recycled pavements.

CORPORATE GOVERNANCE

Independent Directors

The Company's Common Stock is traded in the Nasdaq National Market under the symbol "ASTE." Nasdaq requires that a majority of the directors be "independent directors," as defined in the Rule 5605(a)(2) of the Nasdaq Marketplace Rules, which we refer to as the Nasdaq Rules. Generally, a director does not qualify as an independent director if the director (or in some cases, members of the director's immediate family) has, or in the past three years has had, certain material relationships or affiliations with the Company, its external or internal auditors, or other companies that do business with the Company. The Board has affirmatively determined by resolution that current directors (including nominees for re-election) Baker, Cook, Dorey, Frierson, Gehl, Howell, Potts, Sansom, Southern and Tellock, which represent all of the directors of the Company, are independent directors as defined in the Nasdaq Rules based on an analysis of all facts specific to each director. The Board has affirmatively determined by resolution that the Company must have two or more regularly scheduled executive session meetings each year attended solely by these independent directors.

The Board of Directors have selected Mr. Sansom as the Lead Independent Director. Among other duties, as Lead Independent Director, Mr. Sansom presides over, coordinates and develops the agenda for executive sessions of the independent directors, and consults with the Chairman of the Board and CEO over Board and committee meeting agendas, Board meeting schedules and the flow of information to the Board.

Board Leadership Structure and Risk Oversight

Historically, the Company's Chief Executive Officer of the Company, who often has also served as a member of the Board of Directors, has had primary responsibility for setting the Board agendas and presiding over Board meetings. In mid-January, 2019, Benjamin G. Brock, the Company's Chief Executive Officer, resigned from his employment with the Company and also from his position as a Director. Thereafter, the Board appointed William D. Gehl as Chairman of the Board and Richard J. Dorris as interim CEO and President. As Chairman of the Board, Mr. Gehl will preside over Board meetings in the near term.

Since the date of Mr. Brock's resignation, all of the directors of the Company (including the current nominees) have been independent. The Company's Board of Directors will periodically review its leadership structure to ensure that it remains the optimal structure for the Company and its shareholders.

As part of its general oversight duties, the Board oversees the Company's risk management. Management informs the Board of the operational and financial risks the Company is facing, and the Board reviews the steps that management is taking to address and mitigate such risks. We believe the Board's current leadership structure facilitates the Board's oversight of the Company's risk management.

Board Meetings and Attendance

The Company's expectation is that all directors attend all meetings of the Board of Directors and committees on which they serve and the Annual Meeting of shareholders. The Board has affirmatively determined by resolution that it encourages all members of the Board to attend each Annual Meeting of shareholders, particularly those directors who are nominees for election at any such meeting. During 2018, the Board of Directors held 12 meetings in person or telephonically, and the Board's committees held the meetings described below. During 2018, each incumbent director attended at least 75% of the aggregate of: (1) the total number of meetings of the Board of Directors held during the period for which he has been a director and (2) the total number of meetings held by all committees of the Board on which he served during the periods that he/she served, except for Ms. Cook who was unable to attend one of the two Board meetings held since her appointment to the Board in November 2018. All of the Company's directors who were serving in such capacity in April 2018 were in attendance at the Company's 2018 Annual Meeting of shareholders.

Board Committees

During 2018, the Company's Board of Directors had an Executive Committee, an Audit Committee, a Compensation Committee and a Nominating and Corporate Governance Committee. Certain information regarding the Board's committees is set forth below.

Executive Committee

The Executive Committee is authorized to act on behalf of the Board of Directors on matters that may arise between regular meetings of the Board upon which the Board of Directors would be authorized to act. During 2018, the members of the Executive Committee were Messrs. Brock, Smith (until his resignation in October 2018) and Frierson with Mr. Brock serving as Chairman. The Executive Committee did not meet during 2018. Currently, the only remaining member of the Executive Committee is Mr. Frierson. No actions are expected by the committee in its current composition.

Audit Committee

The Audit Committee, established in accordance with Section 3(a)(58)(A) of the Exchange Act, annually reviews and recommends to the Board the firm to be engaged as the independent registered public accounting firm for the next year, reviews with the independent registered public accounting firm the plan and results of the auditing engagement, reviews the scope and results of the Company's procedures for internal auditing and inquires as to the adequacy of the Company's internal accounting controls. Directors Baker (Chairman), Dorey, Frierson, Gehl, Potts, Sansom and Tellock were members of the Audit Committee during all of 2018 and Mr. Southern, Ms. Cook and Ms. Howell were added to the committee upon their appointment to the Board. During 2018, the Audit Committee held eight meetings. The current members of the Audit Committee are Baker (Chairman), Cook, Dorey, Frierson, Gehl, Howell, Potts, Sansom, Southern and Tellock. Mr. Baker, Ms. Cook and Mr. Tellock have been designated by the Board as Audit Committee financial experts. All members of the Audit Committee are independent (as independence is defined in the Nasdaq Rules). The Board of Directors has adopted a written charter for the Audit Committee. A copy of the Company's current Audit Committee charter can be found on the Company's website at www.astecindustries.com.

Compensation Committee

The Compensation Committee is authorized to evaluate, determine and approve the compensation of our executive officers, including our named executive officers, to consider and recommend to the full Board the executive compensation policies of the Company and to administer the Company's stock incentive plans. Messrs. Dorey (Chairman), Baker, Gehl and Potts were members of the Compensation Committee during all of 2018. During 2018,

the Compensation Committee held three meetings. The current members of the Compensation Committee are Messrs. Dorey (Chairman), Baker, Gehl and Potts. All members of the Compensation Committee are independent (as independence is defined in the Nasdaq Rules). The Board of Directors has adopted a written charter for the Compensation Committee. A copy of the Company's current Compensation Committee charter can be found on the Company's website at www.astecindustries.com. Pursuant to its charter, the Compensation Committee may form and delegate any of its responsibilities to one or more subcommittees comprised of one or more members of the Committee.

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The Compensation Committee's primary processes for establishing and overseeing executive compensation can be found in the Compensation Discussion and Analysis section beginning on page 12 of this Proxy Statement. The Company's Chief Executive Officer typically attends Compensation Committee meetings but is not present for the executive sessions or for any discussion of the CEO's own compensation. The Company's Chief Executive Officer has historically given the Compensation Committee a performance assessment and compensation recommendation for each of the other named executive officers. Those recommendations are then considered by the Compensation Committee. Directors' compensation is established by the Board of Directors.

Compensation Committee Interlocks and Insider Participation

During 2018, none of the members of the Compensation Committee had any relationship with the Company requiring disclosure under Item 404 of Regulation S-K. In addition, during 2018, none of our executive officers served on the compensation committee (or equivalent) of the board of directors of another entity whose executive officer(s) served on our Board of Directors or our Compensation Committee, and none of our executive officers served on the board of directors of another entity whose executive officer(s) served on our Compensation Committee. None of the members of the Compensation Committee was an officer or employee of the Company during 2018 or at any time in the past.

Nominating and Corporate Governance Committee

The Nominating and Corporate Governance Committee interviews, evaluates, nominates and recommends individuals for membership on the Company's Board and committees thereof and is responsible for establishing and periodically reviewing and revising the Company's corporate governance policies and principles. Messrs. Frierson (Chairman), Dorey, Sansom and Tellock were members of the Nominating and Corporate Governance Committee during all of 2018. The Nominating and Corporate Governance Committee held two meetings in 2018 and has approved the Director nominations submitted in this Proxy Statement. The current members of the Nominating and Corporate Governance Committee are Directors Frierson (Chairman), Dorey, Sansom and Tellock. All members of the Nominating and Corporate Governance Committee are independent (as independence is defined in the Nasdaq Rules).

The Nominating and Corporate Governance Committee acts under a written charter adopted by the Board of Directors. A copy of the current Nominating and Corporate Governance Committee's charter is available on the Company's website at www.astecindustries.com.

Director Nomination Process

The Nominating and Corporate Governance Committee will consider written recommendations from shareholders for Company nominees to the Board. A shareholder who wishes to recommend a person to the Committee for nomination by the Company must submit a written notice by mail to the Nominating and Corporate Governance Committee c/o the Corporate Secretary, Astec Industries, Inc. at 1725 Shepherd Road, Chattanooga, Tennessee 37421. Such a written recommendation must be received no later than 120 days in advance of the Annual Meeting of shareholders and should include (i) the candidate's name, business address and other contact information, (ii) a complete description of the candidate's qualifications, experience and background, as would be required to be disclosed in the proxy statement pursuant to Regulation 14A of the Securities Exchange Act of 1934, as amended, (iii) a signed statement by the candidate in which he or she consents to being named in the proxy statement as a nominee and to serve as a director if elected, (iv) a signed statement authorizing the Company to perform a background search on the candidate and (v) the name and address of the shareholder(s) of record making such a recommendation.

The Nominating and Corporate Governance Committee recommends nominees for election to the Board based on a number of qualifications, including but not limited to, independence, character and integrity, diversity, financial literacy, level of education and business experience, sufficient time to devote to the Board, and a commitment to

represent the long-term interests of the Company's shareholders. There are no differences in the manner in which the Nominating and Corporate Governance Committee evaluates a candidate that is recommended for nomination for membership on the Company's Board by a shareholder. The Nominating and Corporate Governance Committee has not received any recommended nominations from any of the Company's shareholders in connection with the Annual Meeting.

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The Nominating and Corporate Governance Committee identifies potential Company nominees for director through a variety of business contacts, including current executive officers, directors, community leaders and shareholders. The Committee may also, to the extent it deems appropriate, retain a professional search firm and other advisors to identify potential nominees for director. The name of Mr. Southern was submitted to the Committee for consideration by a current director of the Company, the name and background information of Ms. Cook was provided to the Committee by a professional search firm retained by the Committee and the name of Ms. Howell was provided to the Committee by a business contact. Mr. Southern and Ms. Cook were added to the Board in late 2018 and Ms. Howell was added to the Board in early 2019.

The Nominating and Corporate Governance Committee evaluates candidates to the Board by reviewing their biographical information and qualifications. If the Nominating and Corporate Governance Committee determines that a candidate is qualified to serve on the Board, such candidate is interviewed by at least one member of the Nominating and Corporate Governance Committee and the Chief Executive Officer. Members of the Board also have an opportunity to interview qualified candidates. As described above, the Committee will also consider candidates recommended by shareholders. The Nominating and Corporate Governance Committee then determines, based on the background information and the information obtained in the interviews, whether to recommend to the Board that the Company nominate a candidate for approval by the shareholders to fill a directorship. With respect to an incumbent director whom the Nominating and Corporate Governance Committee is considering as a potential nominee for re-election, the Committee reviews and considers the incumbent director's service to the Company during their term, including the number of meetings attended, level of participation, and overall contribution to the Company in addition to such person's biographical information and qualifications. The Nominating and Corporate Governance Committee gives strong consideration to a wide range of diversity factors as a matter of practice when evaluating candidates to the Board and incumbent directors, but the Committee does not have a formal policy regarding Board diversity.

In evaluating candidates to the Board, the Nominating and Corporate Governance Committee also takes into account the skill sets that are needed to balance and complement the skill sets of other candidates and members of the Board, and the skills and expertise of candidates that facilitate the Company's compliance with the rules of the Securities and Exchange Commission and the Financial Industry Regulatory Authority (FINRA).

The Board is nominating four individuals for election as Directors, each of whom is currently a Director. The Nominating and Corporate Governance Committee recommended each of the four nominees to the Board.

Director Transition Plan

On July 27, 2017, the Board of Directors approved a Director Transition Plan which stipulates, unless waived by a majority vote of the Board of Directors then in office, any new Director that reaches his or her 75th birthday will retire from the Board following the election of new Directors at the next Annual Meeting of shareholders. Under the approved plan, all Directors serving on the Board as of July 27, 2017 are eligible to serve for at least one additional complete term upon the expiration of their current term.

Shareholder Communications

The Board of Directors has unanimously adopted a process to facilitate written communications by shareholders to the Board. Shareholders wishing to write to the Board of Directors of the Company or a specified director or committee of the Board should send correspondence to the Secretary of the Company, Astec Industries, Inc. at 1725 Shepherd Road, Chattanooga, Tennessee 37421. All written communications received in such manner from shareholders of the Company shall be forwarded to the members of the Board of Directors to whom the communication is directed or, if the communication is not directed to any particular member(s) or committee of the Board of Directors, the communication shall be forwarded to all members of the Board of Directors.

COMPENSATION DISCUSSION AND ANALYSIS

Overview

In the paragraphs that follow, we will give an overview and analysis of our compensation programs and policies, the material compensation decisions we have made under those programs and policies, and the material factors that we considered in making those decisions. This section includes, among other things, an explanation of the overall objectives of our compensation program, what it is designed to reward, and each element of the compensation that we pay. Later in this proxy statement under the heading “Executive Compensation” you will find a series of tables containing specific information about the compensation earned or paid in 2018 to the following individuals, who we refer to as our named executive officers:

- Benjamin G. Brock, our former President and Chief Executive Officer (“CEO”), who resigned from the Company effective January 21, 2019;
- David C. Silvius, our Vice President, Chief Financial Officer and Treasurer (“CFO”);
- W. Norman Smith, our former Company Vice Chairman, who resigned as an executive officer effective October 25, 2018;
- Richard J. Dorris, our interim Chief Executive Officer, President and Chief Operating Officer;
- Richard A. Patek, our former Group President of our Aggregate and Mining-International Group, who resigned from the Company effective September 28, 2018;
- Jeffrey M. Schwarz, our Group President of our Aggregate and Mining Group;
- Jaco G. van der Merwe, our Group President of our Infrastructure Group (formerly Group President of our Energy Group).

As two of our former named executive officers (Mr. Smith and Mr. Patek) were no longer executive officers at December 31, 2018, we expanded our list to a total of seven for discussion in the proxy. Mr. Smith continues to be an employee of the Company but is no longer in an executive officer position. The discussion below is intended to help you understand the detailed information provided in those tables and put that information into context within our overall compensation program.

Objectives of Our Compensation Program

Our objectives with respect to the Company’s executive compensation program are to:

- attract and retain qualified personnel who are critical to the Company’s long-term success and the creation of shareholder value;
- create a strong link between executive officer compensation and the Company’s annual and long-term financial performance; and
- encourage the achievement of Company performance by utilizing a performance-based incentive structure.

In order to be effective, we believe our executive compensation program should meet the needs of the Company, our employees and our shareholders. We seek to provide direct compensation that is competitive within the marketplace, and believe that a portion of total compensation should be performance-based and in the form of equity awards.

How We Determine and Assess Executive Compensation

Our Compensation Committee of the Board of Directors, composed entirely of independent directors, reviews, determines and approves the base salaries and other compensation of our executive officers, including our named

executive officers, with the exception of our CEO. The Compensation Committee performs the same review process regarding the compensation of our CEO but recommends any changes to the CEO's compensation to the full Board for final approval. Our Compensation Committee is also responsible for making recommendations to the Board with respect to the Company's executive compensation policies and the adoption of stock and benefit plans. As a starting point, base salary increases for named executive officers, when given, historically have reflected a cost of living adjustment, with any further increases based on a subjective assessment of a number of factors. As more fully described below, the factors on which this subjective assessment is based fall into three general categories: company performance factors, individual performance factors and competitive salary practices, including information provided by outside compensation consultants periodically retained. Base salary changes for the CEO are approved by the Company's full Board. All base salary changes for other Company executives are approved by the Board's Compensation Committee.

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It is important to emphasize that the subjective assessment of these factors is qualitative, rather than quantitative, and there are no specific weightings or objective criteria associated with any of the factors. In determining base salaries for the named executive officers each year, the Compensation Committee considers evaluations and recommendations provided by the Company's CEO regarding whether adjustments to base compensation of the other named executive officers are warranted (each of whom report directly or indirectly to the CEO), its own observations, and information provided by compensation consultants periodically retained. In recommending changes to the CEO's base salary to the full Board for approval, the Compensation Committee considers its own observations and assessments with respect to their individual performance, the overall results of their leadership of the Company and information provided by outside compensation consultants periodically retained.

Our Compensation Committee's policy is to set senior executive pay at sufficiently competitive levels to attract, retain, and motivate highly talented individuals to contribute to our goals, objectives, and overall financial success. We believe that the Company's executive compensation program provides an overall level of compensation opportunity that is competitive within the construction equipment manufacturing industry, as well as with a broader group of companies of comparable size and complexity. Actual compensation levels may be greater or less than average competitive levels in similar companies based upon annual and long-term Company performance, as well as individual performance.

While market competitiveness is important, it is not the only factor we consider when establishing compensation opportunities of our named executive officers. Actual pay decisions are made following a review and discussion of the financial and operational performance of our businesses, individual performance, and competitive salary practices which address retention concerns and internal pay equity.

During 2015, the Compensation Committee retained Arthur J. Gallagher & Co.'s Human Resources & Compensation Consulting Practice to assist with preliminary recommendations for compensation levels for the Company's management positions and to assist in the design of the annual and long-term incentive programs for Company officers and subsidiary presidents in order to ensure that our compensation remains at sufficiently competitive levels within our industry. The study's results were used in determining 2016 and 2017 base pay rate increases and as a basis for drafting and approving annual incentive plans and long-term incentive plans for our executive officers and subsidiary presidents, our Executive Change in Control Severance Plan and our Stock Ownership Guidelines for Executives policy. The previous compensation programs were largely continued in 2018 on the same basis as in prior years.

Company Performance Factors.

The Company's annual cash incentive and long-term incentive plans covering the named executive officers are Board approved, formula driven plans based upon various Company and/or group's performance factors for the year just ended. While Company performance factors may be considered in the determination of base pay changes, they have historically weighed more heavily in the determination of annual cash and long-term incentive compensation than in the determination of base salary adjustments for named executive officers. As further explained below, annual cash incentives are based on achievement of performance goals relating to return on capital employed, earnings before interest, taxes, depreciation and amortization (EBITDA) and an employee safety metric. Long-term incentive compensation is earned based on achievement of performance goals relating to pre-tax margin and total shareholder return. The level of achievement of performance goals is reviewed and approved by the Compensation Committee prior to awards being issued to the executive participants each year.

Individual Performance Factors.

The subjective factors considered by the Compensation Committee in relation to a named executive officer's individual performance for the previous year include management, leadership, staff development, contribution to the Company's growth, scope of responsibilities and experience and an assessment of the named executive officer's future performance potential. An assessment of each named executive officer's individual performance is considered in connection with setting base salary amounts.

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Competitive Compensation Practices.

As discussed above, the Compensation Committee’s policy is to set named executive officer compensation at sufficiently competitive levels within the construction equipment manufacturing industry, as well as within a broader group of companies of comparable size and complexity, in order to attract, retain and motivate named executive officers. The Company periodically engages the services of compensation consultants and instructs them to conduct a market analysis and to assist the company in evaluating its overall executive compensation program including base pay, annual cash incentives and long-term incentive plans.

With Arthur J. Gallagher & Co.’s assistance in 2015, the Compensation Committee reviewed and analyzed competitive market data as background information in connection with setting 2016 compensation levels and to obtain a general understanding of current compensation practices. Data sources included industry-specific and size-adjusted published survey data. In addition, the Compensation Committee compared compensation opportunities for named executive officers with pay opportunities available to executive officers in comparable positions at similar companies (our “Peer Group”). Our Peer Group consists of the following 16 comparably-sized companies from the industrial manufacturing industry, each with significant international revenue:

| | |
|-------------------------------|--------------------------------|
| Accuride Corp | Commercial Vehicle Group, Inc. |
| Actuant Corporation | Enpro Industries, Inc. |
| Alamo Group Inc. | Federal Signal Corporation |
| Altra Industrial Motion Corp. | Greenbrier Companies |
| Blount Intl. Inc. | Lindsay Corporation |
| Circor Intl. Inc. | Nordson Corporation |
| Clarcor Inc. | Toro Company |
| Columbus McKinnon | Wabash National Corp |

Compensation programs in place in 2017 were largely continued on the same basis in 2018, with minor adjustments in base pay rates based upon the peer group comparisons discussed above for our CEO and CFO, as well as cost of living adjustments and individual performance. In 2018, the Committee again engaged Arthur J. Gallagher & Co.’s Human Resources & Compensation Consulting Practice to prepare an updated evaluation of the Company’s compensation programs and practices for its officers and subsidiary presidents; however, proposed actions based on the results of the study were tabled for reconsideration during 2019.

Consideration of Last Year’s Advisory Shareholder Vote on Executive Compensation

At the Annual Meeting of Shareholders on April 26, 2018, approximately 97% of the shares voted were cast to approve the compensation of the Company’s named executive officers, as discussed and disclosed in the 2018 Proxy Statement. The Board and the Compensation Committee appreciate and value the views of our shareholders. The results of this advisory vote on executive compensation shows that the compensation paid to our executive officers and the Company's overall pay practices were supported by a vast majority of the shares voted. No specific changes were made in the compensation paid to our executive officers due to the results of this advisory vote.

Going forward, future advisory votes on executive compensation will serve as an additional tool to guide the Board and the Compensation Committee in evaluating the alignment of the Company’s executive compensation program with the interests of the Company and its shareholders.

At the Annual Meeting of Shareholders on April 27, 2017, our shareholders expressed a preference that advisory votes on executive compensation occur every year. Consistent with this preference, the Board determined to continue its policy of having an advisory vote on executive compensation every year. A vote to recommend the frequency of

advisory shareholder votes on the compensation of executive officers is required every six years, and accordingly, a vote to recommend the frequency of such votes in the future will occur at the 2023 Annual Meeting.

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Elements of Our Compensation Program

The Company's executive officer compensation program is comprised of base salary, annual cash incentive compensation and long-term incentive compensation in the form of equity grants. We also provide our executive officers certain perquisites and executive benefits, including contributions to the Company's Supplemental Executive Retirement Plan ("SERP"), as well as other benefits that are generally available to all employees of the Company, including medical and 401(k) plans.

Base Salary

Base salary is the fixed component of our named executive officers' total direct compensation, as opposed to at-risk compensation based on performance. The Compensation Committee reviews base salaries on an annual basis and base salary increases for named executive officers, when given, historically have reflected a cost of living adjustment, with further increases approved by the Compensation Committee based on a subjective assessment of a number of factors as discussed above. After considering the results of the peer group study discussed above regarding pay levels for our CEO and CFO, as well as cost of living adjustments and individual performance, the Compensation Committee granted base pay adjustments to each of the named executive officers' base pay as of January 1, 2018, as follows: Mr. Brock, 3.72%; Mr. Silvius, 3.5%; Mr. van der Merwe, 6.09%, Messrs. Dorris, Smith and Schwarz, 3.0%; and Mr. Patek, 2.0%. Mr. Schwarz received additional base pay increases totaling 43.9% later in 2018 upon his promotion from subsidiary President to Group President of Aggregate and Mining and subsequent assumption of additional duties. Mr. van der Merwe received an additional base pay increase of 10.7% later in 2018 upon his assumption of additional duties.

Annual Cash Incentive Compensation

Annual cash incentive compensation rewards an executive officer's individual performance as well as the overall performance of the Company for a given year. Rewards granted in 2018 under the incentive plan first implemented in 2017 for Company certain officers (including Messrs. Brock, Silvius, Smith and Dorris) are based 100% on total company performance, while rewards for Group Presidents (including Mr. Schwarz) are based 50% on total company performance and 50% on their group's performance. As agreed to at the time of his hiring, Mr. van der Merwe's 2018 award was prorated for eight months based 100% on total company performance and four months based 50% on total company performance and 50% on his group's performance. Rewards for subsidiary Presidents (including Mr. Schwarz for a portion of 2018), are based 20% on total company performance and 80% on their subsidiary's performance. Each plan used two financial metrics—return on capital employed (weighted 45% in 2018) and EBITDA margin (weighted 40% in 2018), and other non-financial metrics related to employee safety (weighted 15% in 2018) in determining the annual incentive cash awards. These metrics are the key indicators of proper capital management and are critical to the Company's success. These elements are measured against pre-determined goals and achievement against those goals which drives a formula that calculates the amount of annual incentive award paid.

For 2018, each named executive officer had a target incentive opportunity established as a percentage of his base salary depending upon his position with the Company (100% for Mr. Brock; 75% for Mr. Dorris; 60% for Mr. Silvius and Mr. van der Merwe; 50% for Mr. Smith; and 60% Schwarz for the portion of the year after his promotion to Group President, but 40% for his performance as a subsidiary President). Each named executive officer can earn up to 200% of their target incentive amount based on actual performance as compared to performance goals. Mr. Patek, whose separation agreement provided other benefits discussed later in this proxy, was not eligible for 2018 performance awards.

The Company's 2018 performance resulted in no annual cash incentive awards being granted to Messrs. Brock, Silvius, Smith and Dorris, whose awards under the plan are measured 100% based upon consolidated actual performance calculated against the targeted performance of: Return on capital employed of 11%; EBITDA margin of 9%; and Safety target of 1.89 OSHA recordable incidents per 200,000 man-hours worked. Mr. van der Merwe did not receive an award for the eight months based 100% on total company performance, but did receive an award equal to 26.6% of target for the four months during which his award was based 50% on consolidated performance and 50% on the performance of our Energy Group. The Company's Group President of the Aggregate and Mining Group (Mr. Schwarz) 2018 performance resulted in annual cash incentive award equal to 68.1% of target for the portion of the time he served in that position during 2018 based 50% on the group's actual performance and 50% on consolidated performance and 80% of target for the portion of time he served as President-JCI, based 20% on consolidated results and 80% on subsidiary performance. The portion of awards for Group and Subsidiary Presidents based upon group performance are calculated based upon actual results against the targeted performance of: Return on capital employed of 17%; EBITDA margin of 14%; and Safety target of 1.89 OSHA recordable incidents per 200,000 man-hours worked. Mr. Schwarz, our President-JCI through July 2018 and Group President-Aggregate and Mining International beginning in August 2018, earned an award of \$98,523 (41.9% of base salary) for 2018 performance.

Long-Term Incentive Compensation

The Company provides long-term incentives to its executive officers through its 2011 Incentive Plan, which permits the grant of various equity based awards, including stock options, stock appreciation rights, restricted stock and performance awards that are payable in stock. Currently, the Company's stock incentive programs provide only for grants of restricted stock units. Grants of equity based compensation are designed to create a strong and direct link between executive officer pay and shareholder return and to enable executive officers to develop and maintain a long-term position in the Company's common stock. Long-term incentive awards granted in 2016 - 2019 were determined under the provisions of the Company's 2016 Restricted Stock Unit Program as described below.

2016 Restricted Stock Unit Program

The 2016 Restricted Stock Unit Programs for executive officers and subsidiary Presidents, including our named executive officers, (the "2016 RSU Program"), as approved by the Board's Compensation Committee, provides key officers and subsidiary Presidents of the Company with an annual opportunity to earn RSUs based on achievement of pre-established performance goals. The performance goals under the 2016 RSU Programs are based on pre-tax profit margin and total shareholder return relative to a peer group ("TSR"), as further described below. The pre-tax margin goal for Messrs. Brock, Smith, Dorris and Silvius was based on the entire corporation, whereas the pre-tax margin goal for Mr. van der Merwe was based partially on the results of the entire corporation and partially on the results of his group. Mr. Schwarz's goals were based partially on the results of the entire corporation and partially on the results of his group and subsidiary for the time worked in each position. Mr. Patek, whose separation agreement provided other benefits discussed later in this proxy, was not eligible for 2018 performance awards.

The first performance period under the 2016 RSU Program was a one-year period consisting of calendar year 2016, for awards that may be granted during the first quarter of 2017. The second performance period was the two-year period consisting of calendar years 2016 and 2017, for awards that were granted during the first quarter of 2018. The third performance period (for awards granted in the first quarter of 2019) was the three-year performance period consisting of calendar years 2016, 2017 and 2018. The performance periods in future years is expected to be the three calendar years immediately preceding the date of grant.

Under the 2016 RSU Program, each named executive officer has an annual target award opportunity expressed as a percentage of base salary in effect for the prior year (100% for Mr. Brock; 50% for Mr. Smith; 75% for Mr. Dorris; 60% for Mr. Silvius; 60% for Mr. van der Merwe, 60% for the portion of the year Mr. Schwarz served as a Group

President and 20% for the portion of 2018 he served as a subsidiary President. Mr. Patek was not eligible for 2018 performance awards under the plan). The actual number of RSUs earned is based on the level of achievement of two performance metrics as follows:

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Performance Matrix for Corporate Executive Officers
(Including Messrs. Brock, Smith, Dorris and Silvious)

| Performance Metric | Weighting (% of Target Award) | Performance Goals and Payout Percentages | | |
|-----------------------------------|--|---|--------------------------------|--------------------------------|
| | | Threshold (0%) | Target (100%) | Maximum (200%) |
| Pre-Tax Profit Margin - Corporate | 70% | 3% | 7% | 11% |
| Total Shareholder Return | 30 | 25 th percentile | 50 th percentile | 75 th percentile |

Performance Matrix for Group Presidents
(Including Messrs. van der Merwe and Schwarz)

| Performance Metric | Weighting (% of Target Award) | Performance Goals and Payout Percentages | | |
|-----------------------------------|--|---|--------------------------------|--------------------------------|
| | | Threshold (0%) | Target (100%) | Maximum (200%) |
| Pre-Tax Profit Margin - Corporate | 20% | 3% | 7% | 11% |
| Pre-Tax Profit Margin - Group | 50% | 5% | 10% | 15% |
| Total Shareholder Return | 30% | 25 th percentile | 50 th percentile | 75 th percentile |

Performance Matrix for Subsidiary Presidents
(Including Mr. Schwarz)

| Performance Metric | Weighting (% of Target Award) | Performance Goals and Payout Percentages | | |
|------------------------------------|--|---|--------------------------------|--------------------------------|
| | | Threshold (0%) | Target (100%) | Maximum (200%) |
| Pre-Tax Profit Margin - Subsidiary | 70% | 5% | 10% | 15% |
| Total Shareholder Return | 30% | 25 th percentile | 50 th percentile | 75 th percentile |

The Company's 2018 performance resulted in no stock incentive awards for those executives measured 100% based upon consolidated actual performance (Messrs. Brock, Silvious, Smith and Dorris) or Mr. van der Merwe based upon a combination of consolidated and Energy Group performance. Mr. Schwarz award based on the portion of the year in which he was Group President-Aggregate and Mining resulted in an award of 46.9% of target, while his award for the portion of the year in which he was President-JCI resulted in an award of 124.2% of target. Mr. van der Merwe did not receive an award for the first eight months of 2018 which was based 100% on consolidated results, but did receive an award of 18.8% of target for the last four months of the year that was based 50% on consolidated results and 50% on the results of the Energy Group. Based on the Company's and group's level of achievement of the performance goals during calendar year 2018 and the \$30.19 closing price of the Company's common stock on December 31, 2018,

Mr. Schwarz earned 2,022 RSUs and Mr. van der Merwe earned 387 RSUs for 2018 performance. The actual number of RSUs granted for 2018 performance will be adjusted for changes in the Company's stock price from December 31, 2018 to the date of grant in late February 2019. Earned RSUs will vest and convert into shares of the Company's common stock three years from the grant date, subject to the individual's continued employment (other than in certain cases, such as retirement after reaching age 65). Since awards based on 2018 performance under the 2016 Restricted Stock Unit program are not were granted until February 2019, they will be reflected in the Stock Awards for Calendar Year 2019 in the Summary Compensation Table in next year's proxy statement.

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Perquisites and other Executive Benefits

Executive officers are eligible for certain perquisites and additional benefits that are not available to all employees (but are available to many management level employees), such as our Supplemental Executive Retirement Plan (“SERP”). The SERP provides additional benefits to individuals whose retirement benefits are affected by the limit on the maximum amount of compensation which may be taken into account under the Company’s 401(k) plan and provides additional benefits on annual profit sharing distributions not recognized under the 401(k) plan. Additional details regarding perquisites and other benefits provided to our named executive officers are disclosed in the Summary Compensation Table and described in the accompanying narrative.

We believe the perquisites and additional benefits provided to our named executive officers are reasonable in light of industry practices and competitive with the perquisites provided to executive officers within our peer group. We review the perquisites provided to our executive officers on an annual basis to ensure that we are providing benefits that align with our overall compensation goal of providing competitive compensation to our executive officers that maximizes the interests of our shareholders.

Executive Change in Control Severance Plan

In 2016, the Compensation Committee adopted an Executive Change in Control Severance Plan, which provides change of control severance benefits for a select group of key executives, including our named executive officers, in the event that the executive’s employment is terminated without “cause” or by the executive for “good reason” within two years following a change of control of the Company.

The change of control severance benefits are intended to keep participating key leaders “neutral” to the possibility of corporate transactions in the best interests of shareholders by removing the fear of job loss and other distractions that may result from potential, rumored or actual changes of control of the Company. All benefits under our change of control plan are “double-trigger” benefits, meaning that no compensation will be paid to participants solely upon the occurrence of a change of control so as to not create an unintended incentive. We believe that this structure is appropriate for employees whose jobs are in fact terminated in such a transaction, without providing a windfall to those who continue employment following the transaction.

The specific terms of the Executive Change of Control Severance Plan, and the potential payments and benefits to our named executive officers are described more fully in the “Potential Payments upon Termination or Change of Control” section below.

Other Factors Affecting Compensation

Tax Considerations

Section 162(m) of the Internal Revenue Code generally denies a corporate tax deduction for annual compensation exceeding \$1 million paid to a company’s named executive officers. Prior to enactment of the Tax Cuts and Jobs Act of 2017, this limitation generally did not apply to compensation paid to the chief financial officer or to compensation paid based on achievement of pre-established performance goals if certain requirements were met.

In prior years, in connection with making decisions on executive compensation, the Committee took into consideration the provisions of Section 162(m), with the intent to maximize the effectiveness of our compensation programs by taking into consideration the requirements of performance-based compensation under Section 162(m), while also maintaining flexibility and reserving the right to award non-deductible compensation as it deemed appropriate.

With the repeal of the exemption from Section 162(m)'s deduction limit for performance-based compensation, effective for taxable years beginning on or after January 1, 2018, compensation paid to our covered executive officers in excess of \$1 million will not be deductible, except for certain arrangements in place as of November 2, 2017 that qualify for transition relief under the new 162(m) rules.

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Accounting Considerations

The Company considers the accounting implications of all aspects of its executive compensation program. As a result of the provisions of FASB ASC Topic 718, we do not expect accounting treatment of differing forms of equity awards to vary significantly and, therefore, accounting treatment is not expected to have a material effect on our selection of forms of equity compensation. In addition, accounting treatment is just one of many factors impacting plan design and pay determinations. Our executive compensation program is designed to achieve the most favorable accounting and tax treatment possible as long as doing so does not conflict with intended plan design or program objectives.

Additional Executive Compensation Policies

Stock Ownership Guidelines

The Company's Stock Ownership Guidelines for Executives requires Company executives to accumulate and hold shares of common stock of the Company having a value of at least the following:

| | |
|--|-------------------------|
| CEO | 5x annual base salary |
| COO | 3x annual base salary |
| CFO, Group President, Vice Chairman and VP-Admin | 2x annual base salary |
| Corporate Controller | 1.5x annual base salary |

Until the Executive has satisfied the above stock ownership guidelines, such Executive is required to retain fifty percent (50%) of the "net shares" of common stock received from the Corporation as compensation that are issued after July 28, 2016. Furthermore, once an executive has satisfied the stock ownership guidelines, any future sales of stock by such executive shall be permitted only to the extent that such executive shall continue to meet the guidelines immediately following such sale.

EXECUTIVE COMPENSATION

Summary Compensation Table

This table provides information regarding compensation paid to or earned by our 2018 named executive officers for each of the years ended December 31, 2018, 2017 and 2016 in which they were also named executive officers.

| Name and Principal Position | Year | Salary (\$) | Stock Awards (\$) (1) | Non-Equity Incentive Plan Compensation (\$) (2) | All Other Compensation (\$) (3) | Total (\$) |
|---|------|----------------|-----------------------------|--|---------------------------------------|------------|
| Benjamin G. Brock, Chief Executive Officer | 2018 | 500,000 | 270,940 | -- | 91,017 | 861,957 |
| | 2017 | 482,051 | 637,097 | 238,361 | 114,404 | 1,471,913 |
| | 2016 | 465,750 | -- | 531,891 | 69,893 | 1,067,534 |
| David C. Silvius, VP, Chief Financial Officer and Treasurer | 2018 | 267,806 | 87,290 | -- | 45,287 | 400,383 |
| | 2017 | 258,750 | 205,199 | 76,767 | 62,894 | 603,610 |
| | 2016 | 250,000 | -- | 171,302 | 42,648 | 463,950 |
| W. Norman Smith, Company Vice Chairman and Vice Chairman of the Board | 2018 | 365,435 | 99,718 | -- | 59,271 | 524,424 |
| | 2017 | 354,790 | 234,476 | 87,717 | 68,827 | 745,810 |
| | 2016 | 342,792 | -- | 195,736 | 53,499 | 592,027 |
| Richard J. Dorris, Executive Vice President and Chief Operating Officer | 2018 | 342,593 | 140,241 | -- | 72,041 | 554,875 |
| | 2017 | 332,615 | 329,691 | 123,352 | 81,805 | 867,463 |
| | 2016 | 321,368 | 17,678 | 275,254 | 56,277 | 670,577 |
| Richard A. Patek, Group President Aggregate and Mining-International | 2018 | 239,110 | 106,550 | -- | 177,981 | 523,641 |
| | 2017 | 304,897 | 210,754 | 100,906 | 69,544 | 686,101 |
| | 2016 | 294,434 | -- | 168,969 | 62,583 | 525,986 |
| Jeffrey Schwarz Group President Aggregate and Mining | 2018 | 234,876 | 38,992 | 98,523 | 160,271 | 532,662 |
| Jaco G. van der Merwe Group President Infrastructure (formerly Group President Energy) | 2018 | 289,885 | 88,998 | 16,493 | 51,984 | 447,360 |

Amounts reflect the grant date fair value of RSUs granted in the reported year, determined in accordance with Financial Accounting Standards Board ASC Topic 718 Stock Compensation ("FASB ASC Topic 718"). The grant (1) date fair value of the RSUs is equal to the Company's per share stock value on each grant date times the number of RSUs granted. For more information regarding annual RSU grants pursuant to our long-term incentive program, see the Compensation Discussion and Analysis section of this proxy statement.

(2) Reflects annual incentive award earned based on achievement of pre-established performance goals, as more fully described in the Compensation Discussion and Analysis section of this proxy statement.

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(3) Amounts included in this column for 2018 include the following:

| | Brock | Silvious | Smith | Dorris | Patek | Schwarz | van der Merwe |
|--------------------------------------|----------|----------|----------|----------|-----------|-----------|---------------|
| Employer contribution to 401(k) plan | \$8,250 | \$8,250 | \$8,250 | \$8,250 | \$8,250 | \$8,250 | \$8,250 |
| Employer contribution to SERP | 72,520 | 33,952 | 44,731 | 45,896 | 40,873 | 29,812 | 35,382 |
| Personal use of automobile costs | 2,608 | 3,085 | 6,290 | 8,300 | -- | 9,111 | 8,352 |
| Compensation for unused vacation | 7,639 | -- | -- | 9,595 | 35,287 | 3,742 | -- |
| Reimbursed relocation costs | -- | -- | -- | -- | -- | 109,356 | -- |
| Severance payments | -- | -- | -- | -- | 77,749 | -- | -- |
| Other | -- | -- | -- | -- | 15,822 | -- | -- |
| TOTAL | \$91,017 | \$45,287 | \$59,271 | \$72,041 | \$177,981 | \$160,271 | \$51,984 |

Grants of Plan-Based Awards for Calendar Year 2018

The following table sets forth individual grants of awards made to each named executive officer during 2018.

| Name | Grant Date | Estimated Future Payouts Under Non-Equity Incentive Plan Awards (1) | Threshold | Maximum | All Other Stock Awards: Number of Shares of Stock or Units (#)(2) | Grant Date Fair Value of Stock and Option Awards (\$)(3) |
|-------------------|------------|---|-----------|-----------|---|--|
| | | (\$) | (\$) | (\$) | | |
| Mr. Brock | 2/28/18 | -- | 500,000 | 1,000,000 | 4,600 | 270,940 |
| Mr. Silvious | 2/28/18 | -- | 160,684 | 321,367 | 1,482 | 87,290 |
| Mr. Smith | 2/28/18 | -- | 182,718 | 365,435 | 1,693 | 99,718 |
| Mr. Dorris | 2/28/18 | -- | 256,945 | 513,890 | 2,381 | 140,241 |
| Mr. Patek | 2/28/18 | -- | -- | -- | 1,809 | 106,550 |
| Mr. Schwarz | 2/28/18 | -- | 113,908 | 227,816 | 662 | 38,992 |
| Mr. van der Merwe | 2/28/18 | -- | 173,931 | 347,862 | 1,511 | 88,998 |

- (1) Represents potential threshold, target and maximum payout opportunities for financial performance in 2018 under the annual cash incentive plan in place.

- (2) Represents restricted stock units granted under our 2016 Restricted Stock Unit Program based on 2017 performance. The restricted stock units granted in 2018 vest three years from the date they are granted or earlier upon the death, disability or retirement of the grantee after reaching age 65, or upon a change in control in which the successor company does not assume or otherwise equitably convert the awards. Awards based on 2018 performance under the 2016 Restricted Stock Unit Program were granted in February 2019, and will be reflected in the Grants of Plan Based Awards for Calendar Year 2019 table in next year's proxy statement.

- (3) Represents the aggregate grant date fair value of each restricted stock unit award. The grant date fair value of the awards is determined pursuant to FASB ASC Topic 718 and is equal to the Company's stock price on the date of grant times the number of RSUs granted.

Ratio of Chief Executive Officer to Median Employee Compensation in 2018

The CEO pay ratio figures below are a reasonable estimate calculated in a manner consistent with Item 402(u) of Regulation S-K under the Exchange Act.

We identified the individual designated as our "median employee" in connection with our 2018 proxy. We determined that the duties, responsibilities, full time status, and pay structure for the identified median employee did not substantially change during 2018, nor has the overall headcount of our Company significantly changed, and as such, we are using the same employee as our median employee for 2018. We determined the median employee's 2018 total annual compensation, calculated in a manner consistent with the rules applying to the Summary Compensation Table for our named executive officers, to be \$56,464. The total annual compensation of our CEO was \$861,957.

Accordingly, the ratio of CEO pay to median employee pay was 15:1 for 2018.

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Outstanding Equity Awards at December 31, 2018

This table discloses outstanding stock awards for the named executive officers as of December 31, 2018.

Stock Awards

| Name | Number of Shares or Units of Stock That Have Not Vested (#) | Market Value of Shares or Units of Stock That Have Not Vested (\$)(6) |
|-------------------|---|--|
| Mr. Brock | 9,749 ⁴ | 294,322 |
| | 4,600 ⁵ | 138,874 |
| Mr. Silvious | 3,140 ⁴ | 94,797 |
| | 1,482 ⁵ | 44,742 |
| Mr. Smith | 3,588 ⁴ | 108,322 |
| | 1,693 ⁵ | 51,112 |
| Mr. Dorris | 419 ³ | 12,650 |
| | 5,045 ⁴ | 152,309 |
| | 2,381 ⁵ | 71,882 |
| Mr. Patek | -- | -- |
| Mr. Schwarz | 500 ¹ | 15,095 |
| | 913 ² | 27,563 |
| | 42 ³ | 1,268 |
| | 733 ⁴ | 22,129 |
| | 662 ⁵ | 19,986 |
| Mr. van der Merwe | 1,068 ⁴ | 32,243 |
| | 1,511 ⁵ | 45,617 |

(1) Reflects restricted stock units granted under our 2011 Incentive Plan. The restricted stock units vest as to 100% of the units on February 28, 2019, which is the fifth anniversary of the grant date, or earlier upon the death, disability or retirement of the executive after reaching age 65, or upon a change in control in which the successor company does not assume or otherwise equitably convert the awards.

(2) Reflects restricted stock units granted under our 2011 Incentive Plan. The restricted stock units vest as to 100% of the units on February 28, 2020, which is the fifth anniversary of the grant date, or earlier upon the death, disability or retirement of the executive after reaching age 65, or upon a change in control in which the successor company does not assume or otherwise equitably convert the awards.

(3) Reflects restricted stock units granted under our 2011 Incentive Plan. The restricted stock units vest as to 100% of the units on February 28, 2021, which is the fifth anniversary of the grant date, or earlier upon the death, disability or retirement of the executive after reaching age 65, or upon a change in control in which the successor company does not assume or otherwise equitably convert the awards.

(4) Reflects restricted stock units granted under our 2011 Incentive Plan. The restricted stock units vest as to 100% of the units on February 28, 2020, which is the third anniversary of the grant date, or earlier upon the death, disability or retirement of the executive after reaching age 65, or upon a change in control in which the successor company does not assume or otherwise equitably convert the awards.

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- (5) Reflects restricted stock units granted under our 2011 Incentive Plan. The restricted stock units vest as to 100% of the units on February 28, 2021, which is the third anniversary of the grant date, or earlier upon the death, disability or retirement of the executive after reaching age 65, or upon a change in control in which the successor company does not assume or otherwise equitably convert the awards.
- (6) Reflects the value calculated by multiplying the number of restricted stock units by \$30.19, which was the closing price of our common stock on December 31, 2018.

Nonqualified Deferred Compensation for the Year Ended December 31, 2018

| Name | Executive Contributions in Last FY (\$) | Registrant Contributions in Last FY (\$ (1)) | Aggregate Earnings (Losses) in Last FY (\$ (2)) | Aggregate Withdrawals/ Distributions (\$) | Aggregate Balance at Last FYE (\$ (3)) |
|-------------------|---|--|---|---|--|
| Mr. Brock | -- | 72,520 | (64,218) | -- | 670,473 |
| Mr. Silvious | -- | 33,952 | (30,899) | -- | 384,439 |
| Mr. Smith | -- | 44,731 | (758,403) | -- | 1,134,271 |
| Mr. Dorris | -- | 45,896 | (27,640) | -- | 474,690 |
| Mr. Patek | -- | 40,873 | (178,913) | -- | 520,482 |
| Mr. Schwarz | -- | 29,812 | (20,769) | -- | 108,543 |
| Mr. van der Merwe | -- | 35,382 | (14,264) | -- | 55,521 |

(1) Reflects the annual Company contributions made to the Supplemental Executive Retirement Plan (SERP) accounts of the named executive officers in an amount equal to 10% of the executive's total compensation, as defined in the plan. These amounts are reflected in the Summary Compensation Table in the "All Other Compensation" column.

(2) Reflects the aggregate earnings (losses) credited to the executive's account during 2018, which include interest and other earnings based on the investment elections of the executive. All investment elections provide market returns and there were no preferential or above-market earnings that would be required to be included in the Summary Compensation Table in the "Change in Pension Value and Nonqualified Deferred Compensation Earnings" column.

(3) To the extent that a participant was a named executive officer in prior years, executive and Company contributions included in the "Aggregate Balance at Last FYE" column have been reported as compensation in the Summary Compensation Table for the applicable year.

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

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

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

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

Potential Payments upon Termination or Change-in-Control

As a matter of business philosophy, the Company generally does not enter into separate employment or severance agreements with individual senior executive officers, including the Company's named executive officers. However, the Company's Astec Industries, Inc. Executive Change in Control Severance Plan (the "Severance Plan") provides for severance payments and benefits to the Company's executive officers and subsidiary presidents, including the named executive officers, in the event their employment is involuntarily terminated in connection with a change in control of the Company. Major provisions of the plan are as follows:

Under the Severance Plan, participants are grouped into three tiers of benefits, as selected and designated by the Compensation Committee. The following named executive officers to participate in the Severance Plan: Messrs. Brock and Smith, as Tier I Participants; and Messrs. Silvius, Dorris, van der Merwe and Schwarz, as Tier II Participants.

Under the Severance Plan, if a participating executive's employment is terminated by the Company without cause or by the participant for good reason (as such terms are defined in the Severance Plan), and the termination occurs within a 24 month period following a change in control of the Company (or if the termination occurs prior to a change in control and it can reasonably be shown that the termination was in connection with the change in control), the participant will be entitled to certain severance payments and benefits (the "Change in Control Severance Benefits"). The Change in Control Severance Benefits include lump sum cash payments of the following amounts: (1) a pro rata target annual bonus, (2) a severance payment equal to 3.0 times, in the case of a Tier I Participant, or 2.0 times, in the case of a Tier II Participant, or 1.5 times, in the case of a Tier III Participant, the participant's base salary and target annual bonus, and (3) a payment equal to the full cost to provide group health benefits to the participant for 36 months, in the case of a Tier I Participant, or 24 months, in the case of a Tier II Participant, or 18 months, in the case of a Tier III Participant (based on group health benefits sponsored by the Company and maintained by the participant as of the termination date). In addition, all of the participant's outstanding stock options, restricted stock units and other stock awards with time-based vesting restrictions will become fully vested and exercisable, and all of the participant's outstanding performance-based stock awards will be deemed to have been fully earned as of the termination date based on an assumed achievement of all relevant performance goals at "target" level, and will payout within 60 days following the termination date. The participant will also be eligible for 12 months following the termination date for up to \$25,000 of outplacement services payable by the Company.

As a condition to receiving payments and benefits under the Severance Plan, a participant must enter into a separation agreement with the Company, which will contain a general release of claims and certain restrictive covenants, including non-competition, customer non-solicitation and employee non-recruitment, that will apply for a period of 12 months, in the case of a Tier I Participant, or eight months, in the case of a Tier II Participant or a Tier III Participant, following the participant's termination of employment.

The Severance Plan does not provide for any tax gross-ups. In the event a participant would be subject to a 20% excise tax under Section 4999 of the Internal Revenue Code (imposed on individuals who receive compensation in

connection with a change of control that exceeds certain specified limits), the payments and benefits to the participant would be reduced to the maximum amount that does not trigger the excise tax unless the participant would retain greater value (on an after-tax basis) by receiving all payments and benefits and paying all excise and income taxes.

In addition, our 2011 Incentive Plan provides that, regardless of a change in control, in the event of a termination of employment due to the death, disability or retirement (after reaching age 65), all outstanding stock options, restricted stock units and other stock awards with time-based vesting restrictions will become fully vested and exercisable, and all outstanding performance-based stock awards will be deemed to have been earned on a pro rata basis at “target” level of performance.

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The following table sets forth the estimated payments and benefits to each of the named executive officers if their employment with the Company had been terminated under various circumstances as of December 31, 2018.

| | Involuntary Termination or Voluntary Resignation without a Change in Control) (\$) | Involuntary Termination in connection with Change in Control (\$) | | Termination Due to Retirement, Death or Disability (\$) | |
|------------------------------|--|---|-----|--|-----|
| Mr. Brock ⁽⁴⁾ | | | | | |
| Severance Payment | -- | 3,000,000 | (1) | -- | |
| Payment for Health Benefits | -- | 84,312 | (2) | -- | |
| Value of Equity Acceleration | -- | 433,196 | (3) | 433,196 | (3) |
| Outplacement Services | -- | 25,000 | | -- | |
| Total | -- | 3,542,508 | | 433,196 | |
| Mr. Silvious | | | | | |
| Cash Severance | -- | 856,979 | (1) | -- | |
| Health Benefits | -- | 42,600 | (2) | -- | |
| Value of Equity Acceleration | -- | 139,539 | (3) | 139,539 | (3) |
| Outplacement Services | -- | 25,000 | | -- | |
| Total | -- | 1,064,118 | | 139,539 | |
| Mr. Smith | | | | | |
| Cash Severance | -- | 1,644,458 | (1) | -- | |
| Health Benefits | -- | 28,908 | (2) | -- | |
| Value of Equity Acceleration | 159,434 | 159,434 | (3) | 159,434 | (3) |
| Outplacement Services | -- | 25,000 | | -- | |
| Total | 159,434 | 1,857,800 | | 159,434 | |
| Mr. Dorris | | | | | |
| Cash Severance | -- | 1,199,076 | (1) | -- | |
| Health Benefits | -- | -- | | -- | |
| Value of Equity Acceleration | -- | 236,841 | (3) | 236,841 | (3) |
| Outplacement Services | -- | 25,000 | | -- | |
| Total | -- | 1,460,917 | | 236,841 | |
| Mr. Schwarz | | | | | |
| Cash Severance | -- | 896,000 | (1) | -- | |
| Health Benefits | -- | 42,384 | (2) | -- | |
| Value of Equity Acceleration | -- | 86,041 | (3) | 86,041 | (3) |
| Outplacement Services | -- | 25,000 | | -- | |
| Total | -- | 1,049,425 | | 86,041 | |
| Mr. Patek ⁽⁵⁾ | | | | | |
| Cash Severance | -- | -- | | 310,995 | |
| Total | -- | -- | | 310,995 | |
| Mr. van der Merwe | | | | | |

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| | | | | | |
|------------------------------|----|-----------|-----|--------|-----|
| Cash Severance | -- | 992,000 | (1) | -- | |
| Health Benefits | -- | 42,600 | (2) | -- | |
| Value of Equity Acceleration | -- | 77,860 | (3) | 77,860 | (3) |
| Outplacement Services | -- | 25,000 | | -- | |
| Total | -- | 1,137,460 | | 77,860 | |

Reflects severance payment equal to 3.0 times, in the case of Messrs. Brock and Smith, or 2.0 times, in the case of Messrs. Silvious, Dorris, van der Merwe and Schwarz, the executive's base salary and target annual bonus. No pro rata bonus for 2018 is reflected in this table, as the actual annual incentive earned by each named executive officer for 2018 is reflected in the "Non-Equity Incentive Plan Compensation" column of the Summary Compensation Table.

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- (2) Reflects cash payment equal to the cost of health coverage for 36 months in the case of Messrs. Brock and Smith, or 24 months, in the case of Messrs. Silvius, van der Merwe and Schwarz.

Reflects the value (based upon the fair market value of Company common stock on December 31, 2018) of (3) unvested RSUs that vest upon the designated event. Unvested RSUs held by Mr. Smith would vest upon his voluntary termination as he is over the plan's normal retirement age.

Amounts shown for Mr. Brock reflect potential payments due Mr. Brock under the various circumstances calculated as of December 31, 2018. Mr. Brock resigned from his employment by the Company in January 2019, and the Company and Mr. Brock entered into a separation agreement that provided that, in consideration of Mr. (4) Brock's execution and non-revocation of a release of claims by Mr. Brock in favor of the Company, Mr. Brock would receive a lump sum payment in the amount of \$250,000, reimbursement for COBRA health benefits for up to 18 months, and the vesting of 14,349 restricted stock units previously granted to Mr. Brock under the Company's 2011 Incentive Plan.

Mr. Patek resigned from the Company effective September 28, 2018, and the Company and Mr. Patek entered into a separation agreement pursuant to which Mr. Patek will receive payments totaling \$310,995 (of which \$77,749 (5) was paid prior to December 31, 2018, with the remainder scheduled to be paid in 2019) and reimbursement for COBRA health benefits for up to 18 months.

The amounts shown in the table above do not include payments and benefits to the extent they are provided on a non-discriminatory basis to salaried employees generally upon termination of employment including accrued salary, vacation pay, regular pension benefits, welfare benefits and 401(k) and nonqualified deferred compensation distributions. Amounts that would be distributed pursuant to our SERP for retirement eligible executives are indicated in the Nonqualified Deferred Compensation Plan table above.

DIRECTOR COMPENSATION

| Name | Fees | | Total |
|--------------------------|----------------------|----------------|---------|
| | Earned | Stock | |
| (1) | Paid in Cash (\$)(2) | Awards (\$)(3) | (\$) |
| James B. Baker | 70,000 | 65,000 | 135,000 |
| Tracey H. Cook | -- | -- | -- |
| William G. Dorey | 22,500 | 115,000 | 137,500 |
| Daniel K. Frierson | 67,500 | 65,000 | 132,500 |
| William D. Gehl | 62,500 | 65,000 | 127,500 |
| Charles F. Potts | 12,500 | 115,000 | 127,500 |
| William B. Sansom | 27,500 | 115,000 | 142,500 |
| William Bradley Southern | 816 | -- | 816 |
| Glen E. Tellock | 62,500 | 65,000 | 127,500 |

Mr. Brock and Mr. Smith, two of our named executive officers, served as directors of the Company during 2018 (1) (with Mr. Brock serving throughout 2018 and Mr. Smith serving through October 25, 2018), but are not included in this section because they received no compensation for serving as directors of the Company.

(2) Reflects annual retainers and supplemental retainers earned under the Company's director payment plan and paid in cash, as described below.

Reflects the grant date fair value of (i) restricted stock units awards granted as payment of each director's annual stock award, (ii) common stock awards granted as payment of the director's annual retainer, with respect to Messrs. Dorey and Sansom, and (iii) deferred stock awards granted as payment of the director's annual retainer, with respect to Mr. Potts, in each case pursuant to the Company's director compensation program, as described below. The fair value of awards of common stock and deferred stock was determined by reference to the market price of the underlying shares on the grant date and in accordance with FASB ASC Topic 718.

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The following table shows the aggregate number of restricted stock units and deferred stock awards held by each director who is not a named executive officer as of December 31, 2018:

| Director | Restricted Stock Units | Deferred Stock Awards |
|--------------|------------------------|-----------------------|
| Mr. Baker | 1,170 | -- |
| Ms. Cook | -- | -- |
| Mr. Dorey | 1,170 | -- |
| Mr. Frierson | 1,170 | 7,046 |
| Mr. Gehl | 1,170 | 17,542 |
| Mr. Potts | 1,170 | 2,958 |
| Mr. Sansom | 1,170 | -- |
| Mr. Southern | -- | -- |
| Mr. Tellock | 1,170 | -- |

Material Terms of Director Compensation Plan

Our director compensation program provides for both cash and equity compensation for our non-employee directors.

Annual Retainers. All non-employee directors receive an annual board retainer fee of \$50,000, which they individually elect to receive in the form of cash, stock or deferred stock.

Supplemental Annual Retainers. Any non-employee director who serves as the Board's non-Executive Chairman or Lead Director or serves on any Board committee receive a supplemental annual retainer as follows:

| Service Description | Amount |
|--|----------|
| Non-Executive Chairman | \$50,000 |
| Lead Director | \$15,000 |
| Audit Committee Chair | \$15,000 |
| Compensation Committee Chair | \$10,000 |
| Nominating and Governance Committee Chair | \$10,000 |
| Audit Committee member | \$7,500 |
| Compensation Committee member | \$5,000 |
| Nominating and Governance Committee member | \$5,000 |

Annual Stock Award. Each non-employee director receives a grant of restricted stock units equal in value to \$65,000 on the grant date on the day following each year's annual shareholder meeting. The restricted stock units vest and convert to shares of Company common stock on the day prior to the next Annual Meeting of shareholders, assuming the participants continued service as a director.

Non-employee directors could elect to defer the receipt of common stock received as payment of the annual retainer or due to the vesting restricted stock units issued as their annual stock award until the earlier of (i) his or her termination of service as a director, or (ii) another designated date at least three years after the date of such deferral election. If any dividends or other rights or distributions of any kind were distributed to shareholders prior to the non-employee director's receipt of his or her deferred shares, an amount equal to the cash value of such distribution was credited to a deferred dividend account for the non-employee director. The deferred dividend account provided the non-employee director with the right to receive additional shares of common stock having a fair market value as of the date of the dividend distribution equal to the cash value of the distributions.

The Compensation Committee requested that an updated evaluation of the compensation of outside directors be performed by an outside firm in 2019.

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COMPENSATION COMMITTEE REPORT

The Compensation Committee of the Company has reviewed and discussed the Compensation Discussion and Analysis required by Item 402(b) of Regulation S-K with management and, based on such review and discussions, the Compensation Committee recommended to the Board that the Compensation Discussion and Analysis be included in the Company's Annual Report on Form 10-K for the year ended December 31, 2018 and in this proxy statement.

COMPENSATION COMMITTEE

William G. Dorey (Chairman)
James B. Baker
William D. Gehl
Charles F. Potts

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

REPORT OF THE AUDIT COMMITTEE

Decisions and recommendations regarding the financial reporting procedures of the Company are made by the Audit Committee of the Board of Directors, which was comprised of Directors Baker, Dorey, Frierson, Gehl, Potts, Sansom and Tellock during the entire 2018 year and Directors Cook, Howell and Southern upon their appointment to the Board in late 2018 and early 2019. The following report is not subject to incorporation by reference in any filings made by the Company with the Securities and Exchange Commission under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended.

We, as a committee of the Board of Directors, oversee the Company's financial reporting process on behalf of the Board of Directors. We operate under a written charter adopted by the Board of Directors. This report reviews the actions we have taken with regard to the Company's financial reporting process during 2018 and the Company's audited consolidated financial statements as of and for the year ended December 31, 2018 included in the Company's Annual Report on Form 10-K for the year ended December 31, 2018.

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

We are composed solely of independent directors, as that term is defined in Rule 5605(a)(2) of the Nasdaq Rules, and as independence for audit committee members is defined in the Nasdaq Rules. None of the committee members is or has been an officer or employee of the Company or any of its subsidiaries or has engaged in any business transaction or has any business or family relationship with the Company or any of its subsidiaries or affiliates. Mr. Baker, Ms. Cook and Mr. Tellock have been designated by the Board as our financial experts.

The Company's management has the primary responsibility for the Company's consolidated financial statements and reporting process, including the systems of internal controls. The Company's outside auditors are responsible for performing an independent integrated audit of the Company's consolidated financial statements in accordance with standards of the Public Company Accounting Oversight Board and issuing reports thereon. Our responsibility is to monitor and oversee these processes and to recommend annually to the Board of Directors the independent auditors to serve as the Company's independent registered public accounting firm for the coming year.

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We have implemented procedures to ensure that during the course of each year, we devote the attention that we deem necessary or appropriate to fulfill our oversight responsibilities under our charter. To carry out our responsibilities, we met eight times during 2018.

In fulfilling our oversight responsibilities, we reviewed and discussed with management the audited consolidated financial statements to be included in the Company's Annual Report on Form 10-K for the year ended December 31, 2018, including a discussion of the quality (rather than just the acceptability) of the accounting principles, the reasonableness of significant judgments and the clarity of disclosures in the consolidated financial statements.

We reviewed with the Company's independent registered public accounting firm during 2018, KPMG LLP, as to their judgments about the quality (rather than just the acceptability) of the Company's accounting principles. We discussed with KPMG LLP the matters required to be discussed pursuant to Public Company Accounting Oversight Board AS No. 1301 (Communication with Audit Committees). In addition, we discussed with KPMG LLP their independence from management and the Company, and we received and discussed with KPMG LLP the written disclosures and the letter from KPMG LLP required by the Public Company Accounting Oversight Board regarding their communications with us regarding their independence. We also considered whether the provision of services during 2018 by KPMG LLP that were unrelated to their audit of the consolidated financial statements referred to above and to their reviews of the Company's interim consolidated financial statements during 2018 was compatible with maintaining KPMG LLP's independence with respect to the time it was performing services for the Company.

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

In reliance on the reviews and discussions referred to above, we recommended to the Board of Directors that the audited consolidated financial statements be included in the Company's Annual Report on Form 10-K for the year ended December 31, 2018 for filing with the Securities and Exchange Commission.

AUDIT COMMITTEE

James B. Baker, Chairman
Tracey H. Cook
William G. Dorey
Daniel K. Frierson
William D. Gehl
Mary L. Howell
Charles F. Potts
William B. Sansom
William Bradley Southern
Glen E. Tellock

March 15, 2019

TRANSACTIONS WITH RELATED PERSONS

The Company recognizes that transactions between the Company and any of its related persons (as such term is defined in Item 404(a) of Regulation S-K) can present potential or actual conflicts of interest or create the appearance

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

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STOCK OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth certain information known to us with respect to beneficial ownership of Company's Common Stock as of February 19, 2019, by the following individuals or groups:

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

The percentage of beneficial ownership of common stock is based on 22,518,019 shares deemed outstanding as of February 19, 2019. In preparing the following table, we relied upon statements filed with the SEC by beneficial owners of more than 5% of the outstanding shares of our common stock pursuant to Section 13(d) or 13(g) of the Exchange Act, unless we knew or had reason to believe that the information contained in such statements was not complete or accurate, in which case we relied upon information that we considered to be accurate and complete. We have determined beneficial ownership in accordance with the rules of the SEC. Except as otherwise indicated, we believe, based on information furnished to us, that the beneficial owners of the common stock listed below have sole voting power and investment power with respect to the shares beneficially owned by them, subject to applicable community property laws.

| Name and Address ¹ | Shares Beneficially Owned ² | Percent of Class |
|---|--|------------------------|
| Directors, Nominees and Named Executive Officers: | | |
| Benjamin G. Brock | 190,939 | -- % |
| David C. Silvius | 1,466 | -- |
| W. Norman Smith ³ | 104,337 | -- |
| Richard J. Dorris | 9,808 | -- |
| Richard A. Patek | -- | -- |
| Jeffrey Schwarz | 1,044 | -- |
| Jaco van der Merwe | -- | -- |
| William B. Sansom | 27,749 | -- |
| James B. Baker | 8,157 | -- |
| Tracey H. Cook | -- | -- |
| William G. Dorey | 14,515 | -- |
| Daniel K. Frierson ⁴ | 8,555 | -- |
| William D. Gehl ⁵ | 9,979 | -- |
| Mary L. Howell | -- | -- |
| Charles F. Potts | 3,877 | -- |
| William Bradley Southern | -- | -- |
| Glen E. Tellock | 11,787 | -- |
| All directors, nominees and executive officers as a group ⁶ | 398,398 | 1.8 % |
| 5% Shareholders | | |
| BlackRock, Inc. ⁷ | 3,303,257 | 14.7 % |
| Vanguard Group, Inc. ⁸ | 2,333,444 | 10.4 % |
| Gabelli Funds, Inc. ⁹ | 1,922,032 | 8.5 % |
| | 1,458,500 | 6.5 % |

Division of Investment, Department of
Treasury, State of New Jersey¹⁰
Dimensional Fund Advisors LP¹¹

1,813,905 8.1 %

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

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² The amounts of the Company's Common Stock beneficially owned are reported on the basis of regulations of the Securities and Exchange Commission governing the determination of beneficial ownership of securities. The beneficial owner has both voting and dispositive power over the shares of Common Stock, unless otherwise indicated. As indicated, certain of the shares included are beneficially owned by the holders by virtue of their ownership of rights to acquire such shares pursuant to deferred stock rights and restricted stock units. Unless indicated in the table, the number of shares included in the table as beneficially owned by a director, nominee or officer does not exceed one percent of the Common Stock of the Company outstanding on February 19, 2019.

³ Beneficially owned shares include 5,281 of restricted stock units that convert to shares of Common Stock on a future date, subject to earlier settlement upon retirement.

⁴ Includes 1,935 deferred stock rights, each of which represents the right to receive one share of Common Stock within 30 days of termination of service as a director.

⁵ Includes 7,481 deferred stock rights, each of which represents the right to receive one share of Common Stock within 30 days of termination of service as a director.

⁶ Includes 492 shares of Common Stock held in the Company's 401(k) Plan, 9,416 deferred rights to shares of Common Stock and 11,047 restricted stock units which convert to shares of Common Stock on a future designated date, subject to earlier settlement upon retirement.

⁷ The number of shares reported and the information included in this footnote were derived from a Schedule 13G/A filed with the SEC on January 24, 2019 by BlackRock, Inc. According to the Schedule 13G/A, BlackRock, Inc. beneficially owns 3,303,257 shares, with sole dispositive power over all such shares and sole voting power over 3,244,349 shares. The address for BlackRock, Inc. is 55 East 52nd Street, New York, NY 10055.

⁸ The number of shares reported and the information included in this footnote were derived from a Schedule 13G/A filed with the SEC on February 11, 2019 by The Vanguard Group. According to the Schedule 13G/A, The Vanguard Group, Inc. beneficially owns 2,333,444 shares, with sole voting power over 33,668 shares, shared voting power over 6,538 shares, sole dispositive power over 2,295,168 shares, and shared dispositive power over 38,276 shares. The address for The Vanguard Group is 100 Vanguard Blvd., Malvern, PA 19355.

⁹ The number of shares reported and the information included in this footnote were derived from separate Schedule 13F-HRs filed with the SEC on January 30, 2019 by Gabelli Funds LLC ("Gabelli") and GAMCO Investors, Inc. et al ("GAMCO"). According to the Schedule 13F-DRs filed, Gabelli beneficially owns 687,250 shares, with sole voting and dispositive power over all such shares and GAMCO beneficially owns 1,234,782 shares with sole dispositive power over all such shares and sole voting power over 1,116,382 shares. The address for each of Gabelli and GAMCO is One Corporate Center, Rye, New York 10580.

¹⁰ The number of shares reported and the information included in this footnote were derived from a Schedule 13G/A filed with the SEC on January 31, 2019 by the Division of Investment, Department of Treasury, State of New Jersey. According to the Schedule 13G/A, the Division of Investment, Department of Treasury, State of New Jersey beneficially owns 1,458,500 shares, with sole dispositive power and sole voting power over all such shares. The address for the Division of Investment, Department of Investment, State of New Jersey is 50 West State Street, 9th Floor, PO Box 290, Trenton, NJ 08625-0290.

¹¹ The number of shares reported and the information included in this footnote were derived from a Schedule 13G filed with the SEC on February 9, 2018 by Dimensional Fund Advisors LP ("Dimensional"). According to the Schedule 13G, Dimensional, a registered investment adviser, may be deemed to have beneficial ownership of 1,813,905 shares,

which are held by certain investment companies, trusts and accounts for which Dimensional serves as investment manager, adviser or sub-adviser. Dimensional has sole dispositive power over all such shares and sole voting power over 1,739,539 shares. Dimensional disclaims beneficial ownership of all such shares. The address for Dimensional is Building One, 6300 Bee Cave Road, Austin, Texas 78746.

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SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires the Company's directors, executive officers and persons who own beneficially more than 10% of the Company's Common Stock to file reports of ownership and changes in ownership of such stock with the Securities and Exchange Commission, and to furnish the Company with copies of all Section 16(a) forms they file. In addition, Item 405 of Regulation S-K requires the Company to identify in this Proxy Statement any person that may have failed to file a Section 16(a) form in a timely manner. Based solely upon information provided to the Company by each such person, the Company believes that its directors, executive officers and greater than 10% shareholders timely complied with all applicable Section 16(a) filing requirements during 2018, except for one filing related to the automatic reinvestment of dividends that was filed late on behalf of Richard A. Patek, W. Norman Smith and Jaco van der Merwe.

AUDIT MATTERS

KPMG LLP ("KPMG") has served as the Company's independent registered public accounting firm since January 1, 2015. Representatives of KPMG are expected to be present at the Annual Meeting and will have an opportunity to make a statement if they so desire and will be available to respond to appropriate questions.

Fees Paid to the Independent Registered Public Accounting Firm

The following table presents fees for professional audit services rendered by KPMG for the audit of the Company's annual consolidated financial statements for the years ended December 31, 2018 and 2017 and fees billed for other services rendered by the firm during 2018 and 2017.

| | 2018 | 2017 |
|-----------------------------------|-------------|-------------|
| Audit Fees ⁽¹⁾ | \$3,572,984 | \$3,105,505 |
| Audit-Related Fees ⁽²⁾ | 880 | 741 |
| Tax Fees ⁽³⁾ | -- | -- |
| All Other Fees | -- | -- |
| Total: | \$3,573,864 | \$3,106,246 |

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

(2) Audit related fees are for certification work performed related to royalty payments between Company subsidiaries.

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

Audit Fee Approval

The Company's Audit Committee preapproved all audit fees, audit related fees and tax fees that were paid to KPMG LLP in 2018 and 2017.

Audit Committee Pre-Approval Policy

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

Audit Committee Review

The Company's Audit Committee has reviewed the services rendered and the fees billed by KPMG LLP for the year ended December 31, 2018. The Audit Committee has determined that the services rendered and the fees billed in 2018 that were not related to the audit of the Company's consolidated financial statements are compatible with the independence of KPMG LLP as the Company's independent registered public accounting firm.

SOLICITATION OF PROXIES

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

CERTAIN MATTERS RELATING TO PROXY MATERIALS AND ANNUAL REPORTS

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

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

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OTHER MATTERS

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

SHAREHOLDER PROPOSALS

Proposals of shareholders of the Company, made pursuant to Rule 14a-8 of the Securities Exchange Act of 1934, as amended, intended to be presented for consideration at the 2020 Annual Meeting of Shareholders of the Company must be received by the Company at its principal executive offices on or before November 13, 2019 in order to be included in the Company's proxy statement and form of proxy relating to the 2020 Annual Meeting of Shareholders.

Any other matter proposed by shareholders to be discussed at the 2020 Annual Meeting of Shareholders may be so discussed if (i) the proposal is received by the Company on or before January 27, 2020 and (ii) the Company in its sole discretion and in accordance with applicable law, approves discussion of the matter at the 2020 Annual Meeting of Shareholders. Any shareholder proposal not received prior to January 27, 2020 will be considered untimely and, if such proposal is nonetheless presented at the 2020 Annual Meeting of Shareholders, then the proxy holders will be able to vote your shares on any such proposal to the extent authorized by Rule 14a-4(c) under the Securities Exchange Act of 1934, as amended.

ANNUAL REPORT

The Company's consolidated financial statements and other financial information for the year ended December 31, 2018 may be found in the Company's 2018 Annual Report, which has been made available to all shareholders. The 2018 Annual Report does not form any part of the material for the solicitation of proxies.

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

