



AAON, INC.

**Notice of
Annual Meeting
May 24, 2016
and
Proxy Statement**

AAON, INC.

**NOTICE OF 2016 ANNUAL MEETING OF STOCKHOLDERS
May 24, 2016**

Notice is hereby given that the 2016 Annual Meeting of Stockholders (the "Annual Meeting") of AAON, Inc., a Nevada corporation (the "Company"), will be held on Tuesday, May 24, 2016 at 10:00 A.M. (Local Time), at 2440 South Yukon, Tulsa, Oklahoma, for the following purposes, as more fully described in the accompanying proxy statement ("Proxy Statement"):

1. To elect: (a) one Class III Director, for a term ending in 2018; and (b) two Class I Directors for terms ending in 2019;
2. To approve the Company's 2016 Long-Term Incentive Plan;
3. To ratify the selection of Grant Thornton LLP as our independent registered public accounting firm for 2016; and
4. To transact such other business as may properly come before the meeting or any adjournment thereof.

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE
STOCKHOLDER MEETING TO BE HELD ON MAY 24, 2016.**

We have elected to take advantage of the Securities and Exchange Commission's rules that allow us to furnish our proxy materials to our stockholders over the Internet. We believe electronic delivery will expedite the receipt of materials and, by printing and mailing a smaller volume, will reduce the environmental impact of our annual meeting materials and help lower our costs. A Notice of Internet Availability of Proxy Materials (the "Notice of Internet Availability") is being mailed concurrently to our stockholders. The Notice contains instructions on how to access the Notice of Annual Meeting, Proxy Statement and Annual Report to Stockholders online. You will not receive a printed copy of these materials, unless you specifically request one. The Notice of Internet Availability contains instructions on how to receive a paper copy of the proxy materials.

It is important that your shares be represented and voted at the meeting. You may vote your shares in person at the meeting, by internet, by telephone or by completing, signing, dating and returning a proxy card which will be mailed to you if you request delivery of a full set of proxy materials.

**Our Proxy Statement and Annual Report on Form 10-K, are available at
www.proxyvote.com**

By Order of the Board of Directors



Luke A. Bomer
Secretary

April 7, 2016

AAON, INC.
2425 South Yukon
Tulsa, Oklahoma 74107

PROXY STATEMENT

This statement is furnished in connection with the solicitation by the Board of Directors of AAON, Inc., for proxies to be used at our Annual Meeting of Stockholders (the "Annual Meeting") to be held on May 24, 2016, at the time and place set forth in the Notice of Annual Meeting accompanying this Proxy Statement. Unless the context otherwise requires, references herein to "AAON", "we", "us", "our" or "ours" refers to AAON, Inc., a Nevada corporation.

Pursuant to provisions of our Bylaws and action of our Board of Directors, the close of business on March 29, 2016, has been established as the time and record date for determining the stockholders entitled to notice of and to vote at this Annual Meeting. The stock transfer books will not be closed.

The Directors nominated for election will be elected if, assuming a quorum exists, a majority of the stockholders voting, vote in favor of each Director.

Stockholders of record on the record date are entitled to cast their votes at the Annual Meeting in person or by internet, telephone or properly executed proxy. The presence, by any of these means, of thirty-three and one-third percent (33-1/3%) of the Common Stock outstanding on the record date is necessary to constitute a quorum at the Annual Meeting. Abstentions and broker non-votes are counted as shares present in determining whether the quorum requirement is satisfied. If a quorum is not present at the time the Annual Meeting is convened, we may adjourn or postpone the meeting.

Determination of whether a proposal specified in the Notice of 2016 Annual Meeting of Stockholders has been approved will be determined, assuming a quorum is present either in person or by proxy, as follows:

- Proposal No. 1. A nominee for director will be elected if a majority of the stockholders voting on the nominee's election vote in favor such nominee's election. Accordingly, abstentions and broker non-votes will have no effect on the outcome of the vote on the director nominees.
- Proposal No. 2. The proposal to approve the AAON, Inc. 2016 Long-Term Incentive Plan (the "2016 Incentive Plan") will require a majority of the stockholders voting on such proposal vote in favor of approving the 2016 Incentive Plan. Accordingly, abstentions and broker non-votes will have no effect on the outcome of the vote on the approval.
- Proposal No. 3. The proposal to ratify Grant Thornton LLP as our independent registered public accounting firm for the year ending December 31, 2016 will require the affirmative vote of a majority of the shares of Common Stock present at the Annual Meeting in person or by proxy and entitled to vote on the proposal. An abstention will have the effect of a vote against this proposal. Brokers have discretionary authority and may vote on the proposal without having instructions from the beneficial owners or persons entitled to vote thereon.

You may vote in several different ways:

In person at the Annual Meeting

You may vote in person at the Annual Meeting. You may also be represented by another person at the meeting by executing a proxy properly designating that person. If you are the beneficial owner of shares held in "street name," you must obtain a legal proxy from your broker, bank or other holder of record and present it to the inspectors of election with your ballot to be able to vote at the meeting.

By telephone

You may vote by calling the toll-free telephone number indicated on the voting instructions you will receive. Easy-to-follow voice prompts allow you to vote your shares and confirm that your voting instructions have been properly recorded.

By Internet

You may vote by going to the Internet web site indicated on the voting instructions you will receive. Confirmation that your voting instructions have been properly recorded will be provided.

By mail

You may vote by completing, signing, dating and returning a proxy card which will be mailed to you if you request delivery of a full set of proxy materials. A postage-paid envelope will be provided along with the proxy card.

Telephone and Internet voting for stockholders of record will be available until 11:59 p.m. Central time on May 23, 2016. A mailed proxy card must be received by May 23, 2016, in order to be voted at the Annual Meeting. The availability of telephone and Internet voting for beneficial owners of other shares held in "street name" will depend on your broker, bank or other holder of record and we recommend that you follow the voting instructions on the Notice of Internet Availability that you receive from them.

If you are mailed a set of proxy materials and a proxy card or voting instruction card and you choose to vote by telephone or by Internet, you do not have to return your proxy card or voting instruction card. However, even if you plan to attend the Annual Meeting, we recommend that you vote your shares in advance so that your vote will be counted if you later decide not to attend the meeting.

Proxies received in advance of the meeting may be revoked at any time prior to the voting thereof, either by giving notice to the Secretary of AAON or by personal attendance at the meeting.

We have adopted a procedure approved by the SEC called "householding" pursuant to which stockholders of record who have the same address and last name and who request a written copy of our Annual Report and Proxy Statement will receive only one copy of such materials unless one or more of these stockholders notify us that they wish to receive individual copies. Stockholders who participate in householding will continue to receive separate proxy cards.

We will pay the costs of the solicitation of proxies. We may reimburse brokerage firms and other persons for expenses incurred in forwarding the proxy materials to their customers who are beneficial owners and obtaining their voting instructions. Stockholders electing to vote over the Internet should understand that there may be costs associated with electronic access (such as charges from their Internet access provider) and that these costs must be borne by the stockholder.

Stockholders currently receiving multiple copies of our Annual Report and Proxy Statement at their household can request householding by contacting our transfer agent at 1-801-277-1400 or writing to Progressive Transfer Company, 1981 East Murray-Holladay Road, Suite 200, Salt Lake City, Utah 84117. Stockholders now participating in householding who wish to receive a separate document in the future may do so in the same manner. Those owning shares through a bank, broker or other nominee may request householding by contacting the nominee.

This Proxy Statement, the Notice of Annual Meeting and accompanying proxy card, as well as our 2015 Annual Report (which includes our Annual Report on Form 10-K for the year ended December 31,

2015), can also be found at our website (www.aon.com). Copies of exhibits omitted from the enclosed Annual Report on Form 10-K are available without charge upon written request to Kathy I. Sheffield, 2440 S. Yukon, Tulsa, Oklahoma 74107, or may also be obtained at the Securities and Exchange Commission's website at www.sec.gov.

VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

As of March 29, 2016 (the record date), we had issued a total of 53,069,326 shares of \$.004 par value Common Stock, our only class of stock outstanding. Each share is entitled to one vote on all matters submitted to a vote by stockholders.

The following table sets forth as of March 29, 2016, the aggregate number of our shares of Common Stock owned by each person known by us to be the beneficial owner of more than 5% of our Common Stock:

<u>Name and address of beneficial owner</u>	<u>Number of shares owned</u>	<u>Percent of Class</u>
Norman H. Asbjornson 2425 South Yukon Tulsa, OK 74107	11,240,696 ⁽¹⁾	21.18%
Blackrock, Inc. 55 East 52nd Street New York, New York 10055	3,777,874 ⁽²⁾	7.12%
Neuberger Berman Group LLC & Neuberger Berman Investment Advisers LLC 605 Third Avenue New York, NY 10158	3,146,592 ⁽³⁾	5.93%
The Vanguard Group 100 Vanguard Blvd. Malvern, PA 19355	3,103,685 ⁽⁴⁾	5.85%

(1) Includes 5,657 shares under AAON's 401(k) plan, 7,664 shares issuable upon exercise of stock options exercisable currently or within 60 days of the annual meeting, 14,905 shares of restricted stock that will vest within 60 days of the annual meeting, 429,655 shares owned by his foundation and 551,434 shares held as trustee of trusts for the benefit of his grandchildren. Mr. Asbjornson has sole voting and investment powers with respect to all shares beneficially owned by him.

(2) This share ownership information was provided in a Schedule 13G/A filed January 25, 2016, which discloses that BlackRock, Inc. possesses the sole voting power of 3,684,936 shares and sole dispositive power of all of the reported shares.

(3) This share ownership information was provided in a Schedule 13G filed on February 9, 2016, which discloses that Neuberger Berman Group LLC and Neuberger Berman Investment Advisers LLC possess shared voting power and shared dispositive power of 3,146,592 shares, respectively.

(4) This share ownership information was provided in a Schedule 13G/A filed on February 10, 2016, which discloses that The Vanguard Group possesses sole voting power of 90,822 shares, shared voting power of 4,500 shares, sole dispositive power of 3,011,113 shares and shared dispositive power of 92,572 shares.

The following table sets forth as of March 29, 2016, the aggregate number of shares of our Common Stock (adjusted to reflect stock splits) owned of record or beneficially by each current director, nominee for director, each person named in the Summary Compensation Table (herein, "Named Executive Officers") and all directors, nominees for director and Named Executive Officers as a group:

<u>Name and address of beneficial owner</u>	<u>Number of shares owned</u> ⁽¹⁾	<u>Percent of Class</u>
Norman H. Asbjornson	11,240,696 ⁽²⁾	21.18%
Jack E. Short	50,712 ⁽³⁾	*
Paul K. Lackey, Jr.	59,737 ⁽³⁾	*
A. H. McElroy II	59,737 ⁽³⁾	*
Jerry R. Levine	263,087 ⁽⁴⁾	*
Gary D. Fields	1,687 ⁽⁹⁾	*
Angela E. Kouplén	—	*
Scott M. Asbjornson	1,400,427 ⁽⁵⁾	2.64%
Kathy I. Sheffield	106,803 ⁽⁶⁾	*
Sam J. Neale	10,031 ⁽⁷⁾	*
Robert G. Fergus	28,651 ⁽⁸⁾	*
Directors, nominees and Named Executive Officers as a group (11 persons)	13,221,568 ⁽¹⁰⁾	24.91%

(1) All shares are held beneficially and of record and the owner has sole voting and investment power with respect thereto, except as otherwise noted.

(2) Includes 5,657 shares under AAON's 401(k) plan, 7,664 shares issuable upon exercise of stock options exercisable currently or within 60 days of the annual meeting, 14,905 shares of restricted stock that will vest within 60 days of the annual meeting, 429,655 shares owned by his foundation and 551,434 shares held as trustee of trusts for the benefit of his grandchildren.

(3) Includes 5,062 shares of restricted stock that will vest within 60 days of the annual meeting.

(4) Includes 5,062 shares held by Mr. Levine's IRA account, 2,527 shares held jointly by Mr. Levine and his wife, 6,750 shares issuable upon exercise of stock options that are exercisable currently or within 60 days of the annual meeting and 5,062 shares of restricted stock which will vest within 60 days of the annual meeting.

(5) Includes 6,755 shares under AAON's 401(k) plan, 5,461 shares issuable upon exercise of stock options exercisable currently or within 60 days of the annual meeting, 1,857 shares of restricted stock that will vest within 60 days of the annual meeting and 540,000 shares held as custodian for the benefit of his children.

(6) Includes 28,639 shares under AAON's 401(k) plan, 67,836 shares issuable upon exercise of stock options exercisable currently or within 60 days of the annual meeting and 1,860 shares of restricted stock that will vest within 60 days of the annual meeting.

(7) Includes 1,583 shares under AAON's 401(k) plan, 5,300 shares issuable upon exercise of stock options exercisable currently or within 60 days of the annual meeting and 1,431 shares of restricted stock that will vest within 60 days of the annual meeting.

(8) Includes 8,084 shares under AAON's 401(k) plan, 11,570 shares issuable upon exercise of stock options exercisable currently or within 60 days of the annual meeting and 1,560 shares of restricted stock that will vest within 60 days of the annual meeting.

(9) Includes 1,687 shares of restricted stock that will vest within 60 days of the annual meeting.

(10) Includes 104,581 shares issuable upon the exercise of stock options that are exercisable currently or within 60 days of the annual meeting and 43,548 shares of restricted stock that will vest within 60 days of the annual meeting by all directors and Named Executive Officers.

* Less than 1%.

DIRECTORS AND EXECUTIVE OFFICERS

General

Our Board of Directors is comprised of seven positions, currently consisting of six members and one vacancy. Our Bylaws (the "Bylaws") divide the Board of Directors into three classes having staggered terms of three years each, with Classes I, II and III having terms expiring at the Annual Meeting of Stockholders in 2016, 2017 and 2018, respectively. The Bylaws provide that a stockholder may nominate a director for election at an annual meeting if written notice is given to us not less than 60 and not more than 90 days in advance of the anniversary date of the immediately preceding annual meeting.

On the recommendation of our Governance Committee, the Board of Directors has nominated Paul K. Lackey, Jr. and A.H. McElroy II, current members of the Class I Directors, whose terms expire at the 2016 Annual Meeting, for re-election to the Board. Also on the recommendation of our Governance Committee, on February 24, 2016, the Board of Directors increased the size of the board by one member (thereby resulting in a total of seven board positions), and nominated Angela E. Kouplen for election to the Board as a Class III Director, to fill the reinstated vacant seventh board position (which was previously held by John B. Johnson, Jr. prior to his death in May of 2015). The persons named in the proxy will vote for the election of each of Mr. Lackey, Mr. McElroy and Ms. Kouplen. Each of the above named nominees have consented to being named in this Proxy Statement and to serve if elected.

If any nominee becomes unavailable for any reason, the shares represented by the proxies will be voted for such other person, if any, as may be designated by the Board of Directors. However, the Board has no reason to believe that any nominee will be unavailable.

Nominees:

Class I - Terms Expire in 2016

<u>Name</u>	<u>Age</u>	<u>Current Position</u>	<u>Director Since</u>
Paul K. Lackey, Jr.	72	Director	2007
A.H. McElroy II	53	Director	2007

Class III - Terms Expire in 2018

<u>Name</u>	<u>Age</u>	<u>Current Position</u>	<u>Director Since</u>
Angela E. Kouplen	42	Director	—

Directors Continuing in Office:

Class II - Terms Expire in 2017

<u>Name</u>	<u>Age</u>	<u>Current Position</u>	<u>Director Since</u>
Jack E. Short	75	Director	2004
Jerry R. Levine	77	Director	2008

Class III - Terms Expire in 2018

<u>Name</u>	<u>Age</u>	<u>Current Position</u>	<u>Director Since</u>
Norman H. Asbjornson	80	Director, President and Chief Executive Officer	1989
Gary D. Fields	56	Director	2015

After the Annual Meeting, assuming the stockholders elect the three nominees of the Board of Directors as set forth above, the Board of Directors of the Company will be:

<u>Name</u>	<u>Age</u>	<u>Current Position</u>
Norman H. Asbjornson	80	Director, President and Chief Executive Officer
Gary D. Fields	56	Director
Angela E. Kouplen	42	Director
Paul K. Lackey, Jr.	72	Director
Jerry R. Levine	77	Director
A.H. McElroy II	53	Director
Jack E. Short	75	Director

Biographical Information

Set forth below is a description of the background of each of our continuing directors, nominees for director (* **indicates nominees for director**) and executive officers. The term of office of each officer ends on the date of the Annual Meeting, subject to extension upon re-election.

Directors

Norman H. Asbjornson has served as President, Chief Executive Officer and a director of AAON since 1989 and currently serves in the class of directors whose terms will expire at the 2018 Annual Meeting of stockholders. Mr. Asbjornson also serves as the President of AAON, Inc., an Oklahoma corporation ("AAON-Oklahoma") and as the Chairman of the Board of AAON Coil Products, Inc. ("ACP"), both our wholly-owned subsidiaries.

Mr. Asbjornson is one of the founders of the Company, and his intimate knowledge of the HVAC industry, both from a technical and a business perspective, brings to the Board a unique insight into the Company's operations in particular, as well as the environment in which the Company operates.

Jack E. Short has served as a director of AAON since 2004, and currently serves in the class of directors whose terms will expire at the 2017 annual meeting of stockholders. He is Chairman of our Audit Committee and a member of our Governance Committee. Mr. Short was employed by PricewaterhouseCoopers (formerly Coopers & Lybrand) for 29 years and retired as the managing partner of the Oklahoma practice (Tulsa and Oklahoma City) of the firm in June 2001. Mr. Short currently serves on the board of directors of T.D. Williamson, Inc., a worldwide manufacturing and oilfield services company and previously served on the board of directors of a public company which is engaged in the non-toxic waste collection business.

Mr. Short's extensive background in public accounting provides the Board with an individual well-versed in accounting and financial matters, and his experience serving on the boards of other (publicly and privately held) companies offers additional insight to the Board in both financial and risk assessment matters.

***Paul K. (“Ken”) Lackey, Jr.**, was elected as a director of AAON in 2007, and currently serves in the class of directors whose terms will expire at the 2016 annual meeting of stockholders. He is Chairman of our Governance Committee and a member of our Audit Committee. Between April 2002 and October 2005 Mr. Lackey served as CEO and President of The NORDAM Group, a privately held company in Tulsa, Oklahoma involved in the aerospace industry. Between October 2005 and December 2008 Mr. Lackey served as the Chairman and CEO of The NORDAM Group. Between January 2009 and December 2011 Mr. Lackey served as the Executive Chairman of the Board of The NORDAM Group. Since January 2012 Mr. Lackey has served as the Chairman of the Board of The NORDAM Group. Mr. Lackey serves on the board of directors of Matrix Service Company, a public company involved in the construction and energy services industry, and also serves on the board of directors of St. John Health System, a healthcare system in northeastern Oklahoma and southern Kansas.

Mr. Lackey’s experience in serving as the CEO of a manufacturing company provides not only additional knowledge and insight in production and manufacturing processes in general, but also brings to the Board an individual who can provide guidance on management and operational systems in a manufacturing environment such as ours. Mr. Lackey’s service on the board of another public company also provides him with the ability to compare and assess the differences in board operations and functions, which allows him to provide guidance on strengthening the practices of our Board.

***A.H. (“Chip”) McElroy II** was elected as a director of AAON in 2007, and currently serves in the class of directors whose terms will expire at the 2016 annual meeting of stockholders. He is Chairman of our Compensation Committee and serves as a member of our Audit Committee. Since 1997 Mr. McElroy has served as President and CEO of McElroy Manufacturing, Inc., a privately held manufacturing concern based in Tulsa, Oklahoma. Since 2002, Mr. McElroy has also served as Chairman of Southern Specialties Co., a privately held specialty sheet metal manufacturer.

Mr. McElroy’s extensive experience in managing a privately held manufacturing company brings to the Board substantial knowledge of operational and budgetary efficiencies, as well as technology-related applications which may benefit general manufacturing processes.

Jerry R. Levine was elected as a director of AAON in 2008, and currently serves in the class of directors whose terms will expire at the 2017 annual meeting. For more than 40 years, Mr. Levine has been a securities analyst. From 1980 to 1991 Mr. Levine served as a member of the “Emerging Growth Group” of Merrill Lynch Capital Markets, specializing in small and mid-sized companies. In 1999 Mr. Levine formed JRL Advisors, which provides investor relations services. Mr. Levine, through JRL Advisors, has provided investor and shareholder relations services and advice to the Company since JRL Advisors’ formation.

Mr. Levine’s extensive experience in the securities and financial fields provides to the Board insight on capital markets in general, as well as industry sensitive markets that may affect us specifically. Mr. Levine’s background also allows him to provide the Board guidance on the potential market impact that any significant Board or Company decision may have on our market value.

Gary D. Fields was elected as a director of AAON in 2015, and currently serves in the class of directors whose terms will expire at the 2018 annual meeting. Mr. Fields serves as a member of our Compensation Committee and our Governance Committee. Mr. Fields has been involved in the HVAC industry for more than 35 years. From 1983 to 2012, Mr. Fields was an HVAC equipment sales representative at (and, from 2002 to 2012, a member of the ownership group of) Texas AirSystems, the largest independent HVAC equipment and solutions provider in the state of Texas, with locations in Dallas, Fort Worth, Houston, Austin and San Antonio. Mr. Fields has been significantly involved with the Fort Worth, Texas Chapter of ASHRAE (the American Society of Heating, Refrigerating and Air-Conditioning Engineers), having served as Chairman of various ASHRAE committees and ultimately serving as President. Mr. Fields is currently an owner and President of GKR Partners LTD, an HVAC business development consulting firm, which has provided business development advice and consultation to the Company and its sales representatives since 2013.

Mr. Field's extensive experience in the HVAC industry provides the Board with valuable insight and knowledge on HVAC markets, including market trends. Mr. Field's lengthy experience at a large independent HVAC equipment provider also allows him to provide the Board guidance on the Company's sales and marketing activities.

***Angela E. Kouplen** has been nominated for election to the Board at the 2016 Annual Meeting. Ms. Kouplen has over 19 years of experience at multiple energy companies, with an emphasis on information technology ("IT"), contract management, sourcing/vendor relations, human resource management, strategy and governance. From 1997 through 2007, Ms. Kouplen worked at CITGO Petroleum, a petroleum refining, marketing and transportation company, in various IT related positions, including Manager - E-Business Strategy and Alliance, as well as Manager - Third Party Applications and Applications Development. From 2007 through 2010, Ms. Kouplen served Williams Companies, a Tulsa based publicly traded energy company, in the position of Manager - Sourcing Management Office. From 2010 through 2011, Ms. Kouplen served Williams Companies as Manager - IT Strategy and Governance.

In 2012, Ms. Kouplen transitioned from Williams Companies to WPX Energy, a Tulsa based stand-alone publicly traded energy company previously part of the Williams Companies. Following the move to WPX Energy, from 2012 through 2014, Ms. Kouplen served as Director - Talent Acquisition and Leadership and from 2015 to present, she has served as Vice President - Information Technology.

Ms. Kouplen's extensive experience in IT related positions provides the Board with valuable insight and enhanced knowledge on IT matters, which are increasingly vital to the Company's operations and success. Additionally, Ms. Kouplen brings to the board experience in sourcing/vendor relations and human resources; two areas which the Board views as vital to the future growth and profitability of the Company. Ms. Kouplen's diverse and lengthy experience in senior management and executive level positions at large publicly traded companies allows her to provide the Board guidance on the Company's IT practices, human resources programs and sourcing/vendor relations activities, while also giving her the ability to compare such practices against those of other publicly traded companies, all of which will strengthen the effectiveness and broaden the skill set of our Board.

Executive Officers

In addition to Norman H. Asbjornson (who is both a director and executive officer of the Company, and whose biographical information may be found in the section above entitled "Directors"), the following are also executive officers of the Company:

<u>Name</u>	<u>Age</u>	<u>Current Position</u>
Scott M. Asbjornson	47	Vice President, Finance and Chief Financial Officer
Kathy I. Sheffield	63	Senior Vice President, Administration and Treasurer
Sam J. Neale	39	Vice President
Robert G. Fergus	75	Vice President, Manufacturing

Scott M. Asbjornson, age 47, Vice President, Finance and CFO, joined the Company in 1990 and is the son of the Company's President and CEO, Norman H. Asbjornson. Mr. Scott Asbjornson has held various positions with the Company and AAON Coil Products, Inc., including Vice President (2007-2010) and President (2010-2012) of AAON Coil Products, Inc. He also serves as Vice President, Finance and CFO of AAON-Oklahoma.

Kathy I. Sheffield, age 63, Senior Vice President, Administration and Treasurer, became Treasurer of AAON in 1999, Vice President in 2002 and Senior Vice President, Administration and Treasurer in 2012. Ms. Sheffield was our Accounting Supervisor from 1989 to 1992, when she became Accounting Manager. She also serves as Senior Vice President, Administration and Treasurer of AAON-Oklahoma and as Treasurer of ACP.

Sam J. Neale, age 39, Vice President, has served as President of AAON Coil Products Inc., a subsidiary of the Company, since 2012. He previously served as the Marketing Manager for the Company from 2005 until 2012. He is a professionally licensed mechanical engineer with a Masters of Business Administration degree and a Masters degree in Management.

Robert G. Fergus, age 75, Vice President, Manufacturing, has served as Vice President of AAON since 1989. Mr. Fergus also serves as Vice President, Manufacturing, of AAON-Oklahoma.

BOARD, COMMITTEE MATTERS AND CORPORATE GOVERNANCE

Leadership Structure of the Board

The business of AAON is managed under the direction of our Board of Directors (“Board”). In accordance with our Bylaws, we do not have a “Chairman of the Board”; rather, the President, who is also the Chief Executive Officer, presides as “Chairman” at all meetings of the Board and stockholders.

The Board has determined that our current Board structure, having the Chief Executive Officer also serve as the presiding officer at all Board and stockholder meetings, is currently the most appropriate leadership structure for the Company and its stockholders. This fosters clear accountability, effective decision-making, alignment with corporate strategy, direct oversight of management, full engagement of the remaining directors and continuity of leadership. As the officer ultimately responsible for the day-to-day operation of the Company and for execution of its strategy, the Board believes that the President is the director best qualified to act in the capacity as “Chairman” of the Board and to lead Board discussions regarding the performance of the Company. We do not require the person filling the function of “Chairman of the Board” to be an independent director.

The Board’s Role in Risk Oversight

The Board has ultimate responsibility for oversight of our risk management processes. The Board discharges this oversight responsibility through regular reports received from and discussions with senior management on areas of material risk exposure to the Company. These reports and Board discussions include, among other things, operational, financial, legal, regulatory and strategic risks. Additionally, our risk management processes are intended to identify, manage and control risks so that they are appropriate considering our size, operations and business objectives. The full Board (or the appropriate committee in the case of risks in areas for which responsibility has been delegated to a particular committee) engages with the appropriate members of senior management to enable its members to understand and provide input to and oversight of our risk identification, risk management and risk mitigation strategies. In addition, each of our Board committees considers the risks within its areas of responsibility. For example, the Audit Committee reviews risks related to financial reporting; discusses material violations, if any, of Company ethics and compliance policies brought to its attention; considers the Company’s annual audit risk assessment which identifies internal control risks and drives the internal and external audit plan for the ensuing year; and considers the impact of risk on our financial position and the adequacy of our risk-related internal controls. The Compensation Committee reviews compensation and human resource risks. This enables the Board to coordinate risk oversight, particularly with respect to interrelated or cumulative risks that may involve multiple areas for which more than one committee has responsibility. The Board or applicable committee also has authority to engage external advisors as necessary.

The Board met five times during 2015, and each director participated in 75% or more of the total number of meetings of the Board.

Actions taken by the Board outside of Board meetings were consented to in writing by a memorandum of action in lieu of a meeting, to which all incumbent directors subscribed. Directors meet their responsibilities not only by attending Board and committee meetings but also through communication with members of management on matters affecting us.

A description of the fees paid to the directors and members of the Audit Committee, Compensation Committee and Governance Committee can be found under “Executive Compensation - Director Compensation”, herein.

Stockholders may communicate with the Board, including the non-management directors, by sending a letter to the Board of Directors of AAON, Inc., c/o Corporate Secretary, 2425 South Yukon, Tulsa, Oklahoma 74107. The Corporate Secretary has the authority to disregard any inappropriate communications. If deemed an appropriate communication, the Corporate Secretary will submit the correspondence to the Board or to any specific director to whom the correspondence is directed.

We encourage all of our directors to attend AAON’s annual meeting of stockholders and all current Board members attended the 2015 annual meeting.

Committee Structure

Currently, the Board has a standing Audit Committee, Compensation Committee and Governance Committee to assist the Board in carrying out its functions. The Board has determined that each of the Chairmen, as well as all committee members are independent under applicable NASDAQ and SEC rules for committee memberships. The members of the committees are shown in the table below, followed by a brief description of each committee.

<u>Director</u>	<u>Audit Committee</u>	<u>Compensation Committee</u>	<u>Governance Committee</u>
Gary D. Fields	--	Member	Member
Paul K. Lackey, Jr.	Member	--	Chairman
A.H. McElroy II	Member	Chairman	--
Jack E. Short	Chairman	--	Member

The Audit Committee assists the Board in fulfilling its responsibility for oversight of the quality and integrity of our accounting, auditing and financial reporting practices. Among other things, the Audit Committee is responsible for: selecting and retaining our independent public accountants; preapproving the engagement of the independent accountants for all audit-related services and permissible, non-audit related services; reviewing in advance the scope and focus of the annual audit; and reviewing and discussing with management and the auditors our financial reports, the audited financial statements, the auditor's report, the management letter and the quality and adequacy of our internal controls. The Board has determined that the Chairman and the other Audit Committee members are independent under applicable NASDAQ and SEC rules for Audit Committee memberships. The Audit Committee is governed by a written charter, a copy of which is available on our website, at www.aaon.com. The “Audit Committee Report” for year 2015 is set forth below. The Audit Committee met a total number of four times during 2015 and the Chairman and each committee member participated in 75% or more of the total number of Audit Committee meetings.

The Board has determined that Mr. Short qualifies as an “audit committee financial expert” as defined by applicable SEC rules and that each member of the Audit Committee meets the additional criteria for independence of audit committee members set forth in Rule 10A-3(b)(1) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”).

The responsibilities of the Compensation Committee, as set forth in its charter, include the direct responsibility and authority to review and approve our goals and objectives relevant to the compensation of our Chief Executive Officer and other executive officers, to evaluate the performance of such officers in accordance with the policies and principles established by the Compensation Committee and to determine and approve, either as a Committee, or (as directed by the Board) with the other “independent” Board members (as defined by the NASDAQ listing standards), the compensation level of the Chief Executive Officer and the other executive officers. The Compensation Committee is composed of the two non-employee directors, named in the table above, each of whom is “independent” as defined by applicable NASDAQ and SEC rules for committee memberships. The Compensation Committee is governed by a written charter, a copy of which is available on our website, at www.aaon.com. The Compensation Committee met a total of five times during 2015 and the Chairman and each committee member participated in 75% or more of the total number of Compensation Committee meetings.

The responsibilities of the Governance Committee include proposing to the Board a slate of nominees for election by the stockholders at the Annual Meeting, and maintaining a list of prospective director candidates in the event of the resignation, death, removal or retirement of directors or a change in the Board composition requirements. The Committee is also charged with reviewing with the Board the desired experience, mix of skills and other qualities to assure appropriate Board composition. The Board has determined that the Chairman and all Governance Committee members are independent under applicable NASDAQ and SEC rules for committee memberships. The Governance Committee met a total of five times during 2015 and the Chairman and each committee member participated in 75% or more of the total number of Governance Committee meetings.

Our Bylaws also provide that a stockholder may nominate a director for election at an annual meeting if written notice is given to us not less than 60 and not more than 90 days in advance of the anniversary date of the immediately preceding annual meeting.

If and when new vacancies occur in the future, the Board will consider director nominees recommended by stockholders, in accordance with our Bylaws. The Board does not have a formal policy regarding the consideration of, procedures to be followed by, minimum qualifications of or process for identifying or evaluating nominees recommended by stockholders.

Among the criteria developed by the Governance Committee for qualification for director nominees as well as director retention, a candidate must have demonstrated accomplishment in his or her chosen field, character and personal integrity, and the ability to devote sufficient time to carry out the duties of a director. The Governance Committee considers whether the candidate is independent under the standards described below under “Director Independence.” In addition, the Governance Committee considers all information relevant in their business judgment to the decision of whether to nominate a particular candidate, taking into account the then-current composition of the Board and assessment of the Board’s collective requirements. These factors may include: a candidate’s age, professional and educational background, reputation, industry knowledge and business experience and relevance to the Company and the Board (including the candidate’s understanding of markets, technologies, financial matters and international operations); whether the candidate will complement or contribute to the mix of talents, skills and other characteristics that are needed to maintain the Board’s effectiveness; and the candidate’s ability to fulfill responsibilities as a director and as a member of one or more of our standing Board committees. Although the Board does not have a formal diversity policy for Board membership, the Governance Committee considers whether a director nominee contributes or will contribute to the Board in a way that can enhance the perspective and experience of the Board as a whole through diversity in gender, ethnicity, geography and professional experience.

Nomination of a candidate is not based solely on the factors noted above. When current Board members are considered for nomination for re-election, the Governance Committee also takes into consideration their prior Board contributions, performance and meeting attendance records. The Governance Committee does not assign specific weights to particular criteria, and no particular criterion is a prerequisite for Board membership. We believe that the backgrounds and qualifications of our directors, considered as a group, should provide an appropriate mix of experience, knowledge and abilities to allow the Board to fulfill its responsibilities. The effectiveness of the Board's skills, expertise and background is also considered as part of each Board annual self-assessment.

Code of Ethics

We have adopted a code of ethics that applies to our principal executive officer, principal financial officer and principal accounting officer or persons performing similar functions, as well as our other employees and directors. Our code of ethics can be found on our website at www.aaon.com. We will also provide any person without charge, upon request, a copy of such code of ethics. Requests may be directed to AAON, 2425 South Yukon Avenue, Tulsa, Oklahoma 74107, attention Kathy I. Sheffield, or by calling (918) 382-6204.

Transactions with Related Persons

In 2015, we did not enter into any new related party transactions and we do not have any preexisting related party transactions.

Our Code of Conduct guides the Board in its actions and deliberations with respect to related party transactions. Under the Code, conflicts of interest, including any involving the directors or any Named Executive Officers, are prohibited except under any guidelines approved by the Board. Only the Board may waive a provision of the Code of Conduct for a director or a Named Executive Officer, and only then in compliance with all applicable laws, rules and regulations.

Director Independence

The Board has adopted director independence standards that meet and/or exceed listing standards set by NASDAQ. NASDAQ has set forth six applicable tests and requires that a director who fails any of the tests be deemed not independent. The Board has affirmatively determined that Messrs Short, Lackey, McElroy, Levine and Fields are independent, and that, if elected, Ms. Kouplen will also qualify as independent under the Company's guidelines and independence standards of NASDAQ and the SEC. Mr. Asbjornson does not qualify as independent under the standards set forth below.

Our director independence standards are as follows:

It is the policy of the Board that a majority of the members of the Board consist of directors independent of AAON and our management. For a director to be deemed "independent," the Board shall affirmatively determine that the director has no material relationship with AAON or its affiliates or any member of the senior management of AAON or his or her affiliates. In making this determination, the Board applies, at a minimum and in addition to any other standards for independence established under applicable statutes and regulations as outlined by the NASDAQ listing standards, the following standards, which it may amend or supplement from time to time:

- A director who is, or has been within the last three years, one of our employees, or whose immediate family member is, or has been within the last three years a Named Executive Officer, cannot be deemed independent. Employment as an interim Chairman or Chief Executive Officer will not disqualify a director from being considered independent following that employment.

- A director who has received, or who has an immediate family member who has received, during any twelve-month period within the last three years, more than \$120,000 in direct compensation from us, other than director and committee fees and benefits under a tax-qualified retirement plan, or non-discretionary compensation for prior service (provided such compensation is not contingent in any way on continued service), cannot be deemed independent. Compensation received by a director for former service as an interim Chairman or Chief Executive Officer and compensation received by an immediate family member for service as a non-executive employee will not be considered in determining independence under this test.
- A director who (A) is, or whose immediate family member is, a current partner of a firm that is our external auditor; (B) is a current employee of such a firm; or (C) was, or whose immediate family member was, within the last three years (but is no longer) a partner or employee of such a firm and personally worked on our audit within that time cannot be deemed independent.
- A director who is, or whose immediate family member is, or has been within the last three years, employed as an executive officer of another company where any of our present Named Executive Officers at the time serves or has served on that company's compensation committee cannot be deemed independent.
- A director who is a current employee or general partner, or whose immediate family member is a current executive officer or general partner, of an entity that has made payments to, or received payments from us for property or services in an amount which, in any of the last three fiscal years, exceeds the greater of \$200,000 or 5% of such other entity's consolidated gross revenues, other than payments arising solely from investments in AAON's securities or payments under non-discretionary charitable contribution matching programs, cannot be deemed independent.

For purposes of the independence standards set forth above, the terms:

- "affiliate" means any consolidated subsidiary of AAON and any other company or entity that controls, is controlled by or is under common control with AAON;
- "executive officer" means an "officer" within the meaning of Rule 16a-1(f) under the Exchange Act, as amended; and
- "immediate family" means spouse, parents, children, siblings, mothers- and fathers-in-law, sons- and daughters-in-law, brothers- and sisters-in-law and anyone (other than employees) sharing a person's home, but excluding any person who is no longer an immediate family member as a result of legal separation or divorce, death or incapacitation.

In addition to the director independence standards set forth above, the Board also requires the Chairs and all other committee members to satisfy the heightened independence standards set forth under applicable NASDAQ and SEC rules for committee memberships. In connection with its assessment of the independence of the directors as set forth above, the Board also determined that our Audit Committee Chair and all other Audit Committee members meet the additional independence standards of NASDAQ and the SEC applicable to members of the Audit Committee.

The Board undertakes an annual review of the independence of all non-employee directors. In advance of the meeting at which this review occurs, each non-employee director is asked to provide the Board with full information regarding the director's business and other relationships with us and our affiliates and with senior management and their affiliates to enable the Board to evaluate the director's independence.

Directors have an affirmative obligation to inform the Board of any material changes in their circumstances or relationships that may impact their designation by the Board as "independent". This obligation includes all business relationships between, on the one hand, directors or members of their immediate family, and, on the other hand, AAON and our affiliates or members of senior management and their affiliates, whether or not such business relationships are subject to any other approval requirements by us.

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

The following discusses the material elements of compensation awarded to, earned by or paid to our Named Executive Officers, comprised of our principal executive and principal financial officers, and our other three most highly compensated executive officers.

For the 2015 fiscal year, our Named Executive Officers were:

Norman H. Asbjornson	President and Chief Executive Officer
Scott M. Asbjornson	Vice President, Finance and Chief Financial Officer
Kathy I. Sheffield	Senior Vice President, Administration and Treasurer
Sam J. Neale	Vice President
Robert G. Fergus	Vice President, Manufacturing

Mr. Norman Asbjornson and Mr. Scott Asbjornson are Named Executive Officers by reason of their positions as the principal executive officer ("PEO") and principal financial officer ("PFO"), respectively, of the Company during 2015. Ms. Sheffield, Mr. Neale and Mr. Fergus are Named Executive Officers as they are our three most highly compensated executive officers (other than our PEO and PFO) who were serving at the end of 2015.

Our executive compensation programs are determined and approved by our Compensation Committee, after consideration of recommendations by the principal executive officer, as to the other Named Executive Officers. None of the Named Executive Officers are members of the Compensation Committee. The Compensation Committee has the direct responsibility and authority to review and approve our goals and objectives relative to the compensation of the Named Executive Officers, and to determine and approve (either as a committee or with the other members of our Board who qualify as "independent" directors under applicable guidelines adopted by NASDAQ) the compensation levels of the Named Executive Officers.

Our historical executive compensation programs have intended to achieve two objectives. The primary objective is to enhance our profitability, and thus stockholder value. The second objective is to attract, motivate, reward and retain employees, including executive personnel, who contribute to our long-term success. As described in more detail below, the material elements of our historical executive compensation program for Named Executive Officers include a base salary, annual incentive bonuses, perquisites, our contributions to AAON's 401(k) plan, discretionary stock options and restricted stock awards.

We believe that each element of the executive compensation program helps to achieve one or both of the compensation objectives outlined above. The table below lists each material element of our executive compensation program and the compensation objective or objectives that it is designed to achieve.

<u>Compensation Element</u>	<u>Compensation Objectives Attempted to be Achieved</u>
Base salary	Attract and retain qualified executives Motivate and reward executives' performance Stay competitive in the marketplace
Bonus compensation	Motivate and compensate executives' performance Stay competitive in the marketplace
Perquisites and personal benefits	Attract and retain qualified executives
Equity-based compensation – stock options and restricted stock awards	Enhance profitability of AAON and stockholder value by aligning long-term incentives with stockholders' long-term interests Attract and retain qualified executives
Retirement benefits – 401(k) and health savings account	Enhance profitability of AAON and stockholder value by aligning long-term incentives with stockholders' long-term interests

As illustrated by the table above, base salary, perquisites and retirement benefits are all primarily intended to attract and retain qualified executives. These are the elements of our historic executive compensation program where the value of the benefit in any given year is not wholly dependent on performance. Base salaries are intended to attract and retain qualified executives as well as being linked to performance by rewarding and/or motivating executives. Base salaries are reviewed annually and take into account: experience and retention considerations; past performance; improvement in historical performance; anticipated future potential performance; and other issues specific to the individual executive. Base salaries also take into account comparable salaries of similarly situated officers of industry peers, as well as the individual responsibilities of our Named Executive Officers. In an effort to attract and retain qualified executives, we emphasize the need to provide executives with predictable benefit amounts that reward the executive's continued service. Some of the elements are generally paid out on a short-term or current basis, e.g., base salary and perquisites, while retirement benefits are generally paid out on a long-term basis.

There are specific elements of the historic executive compensation program that are designed to reward performance and enhance profitability and stockholder value, and, therefore, the value of these benefits is based on performance. Our annual incentive bonus plan is primarily intended to motivate and reward Named Executive Officers' performance to achieve specific strategies and operating objectives, as well as improved financial performance. Other elements that satisfy the primary objective of executive compensation to enhance profitability and stockholder value are through a mix of short-term or current basis and long-term basis. Our 2007 Long-Term Incentive Plan ("2007 LTIP") and 401(k) savings and investment plan align performance to profitability and stockholder value over a longer term. This mix of short-term and long-term elements allows us to achieve dual goals of attracting and retaining executives, while motivating and rewarding executives to enhance profitability and stockholder value.

The Compensation Committee's philosophy is that we should continue to use long-term compensation to align stockholder and executives' interests and should allocate a portion of long-term compensation to the entire executive compensation package.

The Company has an "at risk" annual incentive bonus program directly tied to overall Company performance. However, even under this structure, we believe that there is little or no likelihood that this compensation program will incentivize any executive officer to take actions for his or her personal enhancement to the detriment or risk of the Company.

We have, from time to time, at the request and for the benefit of the Compensation Committee, retained independent third-party executive compensation consulting companies (which provide no other services to us) to provide general compensation expertise. We have previously utilized these consulting firms for a comprehensive analysis of compensation for all executive, engineering, sales, marketing, general and administrative positions. These consultants generally gather peer group information and provide the information to the Compensation Committee, which is then used for proper benchmarking of our compensation programs for executives and other employees.

In November 2013, the Compensation Committee engaged Towers Watson & Co. (“Towers Watson”) to perform an independent assessment of the compensation levels for our seven top executives, and to conduct a competitive assessment of the compensation arrangements for our non-employee directors. For executive compensation, the evaluation included an analysis of 2013 base salaries, target bonuses and long-term incentive equity awards for executive officers. For board compensation, the evaluation consisted of an analysis of average annual board compensation consisting of a combination of: (i) annual board retainer and/or meeting fees; (ii) annual equity awards; and (iii) committee chairperson retainer and/or meeting fees. The preliminary report of Towers Watson was received by the Committee in the first quarter of 2014 and was reviewed and assessed by the Committee in determining its recommendations to the Board concerning future compensation of our executive officers and non-employee directors.

In order to assist the Compensation Committee in assessing the competitiveness of our executive and outside director compensation programs, Towers Watson provided market data from proprietary surveys of all organizations (excluding financial services) and durable goods manufacturing. To better reflect a peer group for the Company, market data was regressed to the Company's 2012 revenues of \$303 million.

Our Compensation Committee plans to monitor the peer group to ensure that it remains aligned with our business activities. Towers Watson found:

- the 2013 base salaries for executive officers were significantly below the median of our peer group; and
- the long-term incentive awards for 2013 approximated the 25% percentile of our peer group.

Towers Watson did not express an opinion on actual bonus compensation, indicating that deviations from target bonus compensation are often made based on company and individual performance. In December 2015, the Compensation Committee engaged a new consultant to serve as the Company's independent compensation advisor and to perform an independent assessment of the compensation levels for our executive officers and non-employee directors. The Company began receiving information from this consultant in the first quarter of 2016 and such information will be reviewed and assessed by the Compensation Committee in determining its recommendations to the Board concerning future compensation of our executive officers and non-employee directors.

We currently maintain an “at risk” incentive program. Under this program, bonuses for the Named Executive Officers are based on the Company achieving an annual budgeted goal of operating profit before “profit sharing” and income taxes, after bonus accrual.

At the recommendation of the Compensation Committee, the Board authorized Mr. Asbjornson, as the CEO, to provide further detailed recommendations on the incentive bonus plan and individual objectives within such plan with respect to each other Named Executive Officer, and the CEO will, with the Compensation Committee's approval, have the authority to increase or decrease the individual annual incentive awards (up to 15%) for each other Named Executive Officers based upon his evaluation of such officer's annual objectives.

We provide our stockholders the opportunity to cast an advisory vote (currently once every three years) to approve the compensation of our Named Executive Officers as disclosed pursuant to the SEC's compensation disclosure rules. The results of this advisory vote (commonly known as a "say-on-pay proposal") are taken into account by the Compensation Committee in its determination to continue the key components, design and implementation of our executive compensation program.

At our 2014 Annual Meeting of Stockholders, the ballot included our say-on-pay proposal. The vote was not binding on the Company, the Board of Directors or the Compensation Committee. Of the votes cast, including abstentions, an overwhelming 89.92% were "FOR" the compensation of the Named Executive Officers. The Compensation Committee was cognizant of this result in its determinations to continue the key components, design and implementation of our executive compensation program.

The ballot for our 2014 Annual Meeting of Stockholders also included an advisory vote as to the frequency of future advisory say-on-pay votes. Of the votes cast, including abstentions, 46.90% were "For" say-on-pay votes every three years. At a meeting of the Board of Directors immediately following our 2014 Annual Meeting of Stockholders, the Board determined, in light of such advisory vote, to continue including an advisory stockholder say-on-pay proposal every three years. As a result, our next say-on-pay proposal will be included on the ballot for our 2017 Annual Meeting of Stockholders.

2015 Executive Compensation Program Elements

The following discussion, as well as the historical information contained in the tables below, are based upon our historical and current compensation plans as in effect in 2015 and the prior reported years.

Base Salaries

Similar to most companies within the industry, our policy is to pay Named Executive Officers' base salaries in cash. A significant portion of the executive compensation package is through base salaries. Below is a summary of 2015 base salaries for our Named Executive Officers:

<u>Named Executive Officer</u>	<u>Base Salary</u>
Norman H. Asbjornson	\$480,960
Scott M. Asbjornson	\$246,220
Kathy I. Sheffield	\$246,240
Sam Neale	\$205,000
Robert G. Fergus	\$197,220

In approving these executives' salary levels, the Committee took into account certain factors including, recommendations of the principal executive officer (except for himself), each executives' individual experience and responsibilities and the Company's performance.

Annual Cash Incentive Bonuses

The Compensation Committee maintained the authority to reduce or increase the size of the payout for each individual Named Executive Officer in its discretion. Cash bonuses have not historically been a significant portion of the executive compensation package. The annual discretionary bonus is reported in the "Bonus" column of the "Summary Compensation Table" for each Named Executive Officer.

As previously discussed, in 2011 the Board of Directors instituted a new "at risk" annual incentive bonus which replaced the annual discretionary bonus and is intended to facilitate alignment of management with corporate objectives and stockholder interests in order to achieve outstanding performance and to meet specific AAON financial goals by:

- providing the employees designated by the Committee, incentive compensation tied to stockholder goals for the Company;
- providing competitive compensation (base salary and incentive bonus, based, in part, on salary) to attract, motivate, reward and retain employees who achieve outstanding performance;
- fostering accountability and teamwork throughout the Company; and
- contributing to the long term success of the Company.

We believe that the annual incentive should be a substantial component of total compensation and be based upon achievement of AAON's annual budgeted net income before "profit sharing" and income taxes, but after bonus accrual.

For the fiscal year ended December 31, 2015 the opportunity budget (targeted net income before profit sharing and income taxes but after bonus accrual) was set at \$73.5 million; whereas, actual results were \$72.4 million (98% of the opportunity budget). Incentive compensation opportunities are expressed as a percentage of the executive officer's base salary multiplied by a bonus factor. The bonus factor is calculated using a formula determined by the Compensation Committee that results in a multiple of the amount by which the Company exceeded the opportunity budget. The rounded bonus factor for 2015 was .94. The eligible bonus amount for Norman H. Asbjornson and the other Named Executive Officers in 2015 are shown in the chart below:

<u>Name</u>	<u>Eligible % of Base salary</u>
Norman H. Asbjornson	75%
Scott M. Asbjornson	35%
Kathy I. Sheffield	35%
Sam Neale	35%
Robert G. Fergus	35%

For example, Norman H. Asbjornson's base salary for 2015 was \$480,960. Since the Company was at 98% of the opportunity budget, the bonus factor was .94 as noted above. Norman H. Asbjornson's bonus was 75% of his base salary times the .94 bonus factor to arrive at a preliminary bonus of \$340,433 (subject to adjustment as discussed immediately below).

In the event the Company's performance exceeds the level necessary for our Named Executive Officers to earn a bonus under the annual cash incentive bonus plan, the Board has the discretion (with the advice of the Compensation Committee) in the case of Norman H. Asbjornson, and Mr. Asbjornson has the discretion in the case of the other Named Executive Officers, to increase or decrease the bonus amount earned by each Named Executive Officer up to 15% based on how such individual has performed in relation to his or her annual objectives. Continuing the example from above, for 2015, Norman H. Asbjornson received an increase of approximately 15% of his preliminary bonus amount, (which equals \$51,065), in addition to the annual incentive of \$340,433 for a total bonus amount of \$391,498.

For the year ended December 31, 2015 cash bonuses were accrued as of December 31, 2015 and paid February 26, 2016 to all of our Named Executive Officers as follows:

<u>Name</u>	<u>Bonus Amount</u>
Norman H. Asbjornson	\$391,498
Scott M. Asbjornson	\$93,530
Kathy I. Sheffield	\$93,538
Sam Neale	\$77,872
Robert G. Fergus	\$74,917

Perquisites

We provide some Named Executive Officers with certain perquisites and personal benefits, including automobile related expenses. We utilize certain tax advantages associated with perquisites and personal benefits as a way to provide additional annual compensation that supplements base salaries and bonus opportunities granted to Named Executive Officers. Perquisites are reported in the “All Other Compensation” column of the “Summary Compensation Table” for each Named Executive Officer if applicable and if reporting threshold requirements were met.

Equity-Based Compensation

Our policy is that the Named Executive Officers’ long-term compensation should be directly linked to enhancing profitability and value provided to our stockholders. Accordingly, the Compensation Committee grants equity awards under our 2007 LTIP designed to link an increase in stockholder value to compensation. Such grants are largely based upon the recommendation of the principal executive officer (except as to himself) based on the Named Executive Officer’s performance in the prior year and his or her expected future contribution to our performance.

Historically, the Company has not based executive officer equity compensation decisions on pre-established performance targets or other quantitative criteria, as many of the applicable operational and financial performance measures which affect Company profitability (and stockholder value) are contingent upon a combination of general economic factors, e.g., raw material prices, which are beyond the control of any individual. However, positive overall Company performance (from both a financial as well as stock price stand point) is a primary element associated with the grant of equity-based compensation to the executive officers as a group. When determining the total value of compensation provided to our executive officers, our Compensation Committee, with the advice of our CEO, evaluates various aspects of Company performance in light of general economic conditions, as well as comparison of the Company performance against similar competitors in the industry. Performance elements considered may include cost containment initiatives, product and marketing development, risk management, or successful completion of major capital projects including production line enhancements. These elements have not been specifically weighted in determining the amount of the equity incentive awards because the relative importance of each element may change from time to time and the responsibilities of each executive officer, as they contribute to the achievement of any particular objective, may vary.

Factors considered when determining any specific equity-based award include:

- the responsibilities of the executive officer;
- the scope, level of expertise and experience required for the executive officer’s position and the period during which the officer has performed these responsibilities;
- the strategic impact of the officer’s position; and
- the potential future contribution of the officer.

For financial statement purposes, stock option and restricted stock award grants are valued using the Black-Scholes Model in accordance with Financial Accounting Standards Board Codification Topic 718, *Compensation - Stock Compensation* (“FASB ASC Topic 718”) and are calculated as a part of the executive compensation package for the year based on the amount of requisite service period served. The grant date fair value of the options as determined under generally accepted accounting principles is shown in the “Summary Compensation Table” below. Non-qualified stock options and restricted stock awards for Named Executive Officers and other key employees generally vest ratably over five years. The Compensation Committee believes that these awards encourage Named Executive Officers to continue to use their best professional skills and to retain Named Executive Officers for longer terms.

Awards are granted to new key employees on their hire date. Other grant date determinations are made by the Compensation Committee, which are based upon the date the Committee met and proper communication was made to the Named Executive Officer or key employee as defined in the definition of grant date by FASB ASC Topic 718. Stock option exercise prices are equal to the value of AAON stock on the close of business on the determined grant date. We have no program or practice to coordinate timing of grants with release of material, nonpublic information.

The aggregate amount of stock compensation expense as determined under ASC Topic 718, *Compensation - Stock Compensation*, for 2015, 2014 and 2013 with respect to outstanding options and restricted stock awards granted to the Named Executive Officers is shown in the “Summary Compensation Table” below. The grant date fair value of the options and restricted stock awards granted to the Named Executive Officers in 2015, 2014 and 2013 as determined under FASB ASC Topic 718 for purposes of our financial statements is shown in the “Grants of Plan-Based Awards Table” below. The “Grants of Plan-Based Awards Table” below provides additional detail regarding the options and restricted stock awards granted to Named Executive Officers in 2015, 2014 and 2013, including the vesting and other terms that apply to the options and restricted stock awards.

Equity Ownership Guidelines

The Board has approved stock ownership guidelines for directors, executive officers and other key employees in order to further align the interest of our directors and executive officers with those of our stockholders. Under the guidelines, directors have five years from their hire date to own \$150,000 worth of Company stock. The Chief Executive Officer has five years from the date of hire or promotion to own 5 times his base salary. Other executive officers and other key employees are required to build equity ownership in an amount equal to three times their respective base salary, beginning with any equity-based award issued after June 23, 2015. Ownership value will be determined by adding the following:

- Shares actually owned by the individual will be valued at market value if the individual provides documentation of such ownership (excluding any shares held in the Company's 401(k) plan).
- Unvested restricted stock awards at the grant date fair value under generally accepted accounting principles.
- Potentially exercisable stock options at the grant date fair value under generally accepted accounting principles.

As of March 15, 2016, all current directors, the CEO, CFO and Senior Vice President, Administration had met the equity ownership guidelines.

Policy Against Hedging Stock

Pursuant to the terms of our Insider Trading Policy that is applicable to our named executive officers (among others), such persons are prohibited from engaging in hedging transactions that are designed to hedge or offset a decrease in market value of such person's common stock in the Company. We prohibit

such conduct since doing so would result in the officer no longer being exposed to the full risks of ownership which may weaken the alignment with the objectives of the Company's stockholders.

Additionally, our named executive officers may not hold their Company securities in a margin account.

Retirement Benefits - Defined Contribution Plan, 401(k) and Health Savings Account

We sponsor a defined contribution plan ("the Plan"). Eligible employees may make contributions in accordance with the Plan and IRS guidelines. In addition to the traditional 401(k), eligible employees are given the option of making an after-tax contribution to a Roth 401(k) or a combination of both. The Plan provides for automatic enrollment and for an automatic increase to the deferral percentage at January 1st of each year and each year thereafter. Eligible employees are automatically enrolled in the Plan at a 6% deferral rate and currently contributing employees deferral rates will be increased to 6% unless their current rate is above 6% or the employee elects to decline the automatic enrollment or increase.

Under the Plan, through September 30, 2013, the Company contributed a specified percentage of each eligible employee's compensation. In addition, the Company contributed 1.5% of eligible payroll to the Plan each year. Effective October 1, 2013, the Plan was amended such that the Company contributed 3% of eligible payroll to the Plan for each employee and matched 100% up to 6% of employee contributions of eligible compensation. We contributed in the form of cash and direct the investment to shares of AAON stock. Employees are 100% vested in salary deferral contributions and vest 20% per year at the end of years two through six of employment in employer matching contributions. The additional 3% Company contribution, a Safe-Harbor contribution, vests over two years.

Effective January 1, 2016, the Plan has been amended such that the Company will match 175% up to 6% of employee contributions of eligible compensation. The Company will no longer contribute 3% of eligible payroll to the Plan for each employee. The Company will cease paying administrative expenses for the Plan at which time administrative expenses will be paid for by Plan participants. Additionally, Plan participant forfeitures will be used to reduce the cost of the Company contributions.

The amounts contributed by us to each Named Executive Officer under the 401(k) plan are based on actual contributions and the base salary of the employee, and are reported in the "All Other Compensation" column of the "Summary Compensation Table" for each Named Executive Officer, if applicable, and if the threshold reporting requirements were met. Our employees participate in a high-deductible health savings plan wherein they open a Health Savings Account. We previously provided a match of approximately 25% for employee contributions to their Health Savings Account. Effective October 1, 2014, we changed our matching and matched 100% of employee contributions to their Health Savings Account. Effective January 1, 2016, we changed our matching and now match 175% of employee contributions to their Health Savings Account.

Compensation Committee Report

The Compensation Committee has reviewed and discussed with management the disclosures contained in the Compensation Discussion and Analysis section of this Proxy Statement required by Item 402(b) of Regulation S-K. Based upon this review and discussions, the Compensation Committee recommended to the Board of Directors that the Compensation Discussion and Analysis section be included in this Proxy Statement.

Compensation Committee of the Board of Directors

A.H. McElroy II, Chairman
Gary D. Fields

The information contained in this Compensation Committee Report shall not be deemed to be “soliciting material” or to be “filed” with the SEC, nor shall such information be incorporated by reference into any future filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, except to the extent that the Company specifically incorporates such information by reference in any such filing.

Compensation Committee’s Interlocks and Insider Participation

No member of the Compensation Committee is or has been a former or current Named Executive Officer of AAON or had any relationships requiring disclosure by us under the SEC’s rules requiring disclosure of certain relationships and related-party transactions. None of our Named Executive Officers identified herein served as a director or a member of a compensation committee (or other committee serving an equivalent function) of any other entity.

Compensation of Named Executive Officers

The “Summary Compensation Table” set forth below should be read in connection with the tables and narrative descriptions that follow. The “Grants of Plan-Based Awards Table”, and the description of the material terms of the nonqualified options and restricted stock awards granted in 2015, 2014 and 2013 that follows it, provide information regarding the long-term equity incentives awarded to Named Executive Officers in 2015, 2014 and 2013 that are also reported in the “Summary Compensation Table”. The “Outstanding Equity Awards at Fiscal Year End Table” and “Option Exercises and Stock Vesting Table” provide further information on the Named Executive Officers’ potential realizable value and actual value realized with respect to their equity awards.

We did not have any pension plans, non-qualified deferred compensation plans or severance, retirement, termination, written or unwritten constructive termination or change in control arrangements for any of our Named Executive Officers for the year ended December 31, 2015.

Summary Compensation Table

Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Restricted Stock Awards ⁽¹⁾ (\$)	Option Awards ⁽¹⁾ (\$)	All Other Compensation (\$)	Total (\$)
Norman H. Asbjornson President and CEO	2015	480,960	391,498 ⁽⁷⁾	988,748	413,193	99,779 ⁽²⁾	2,374,178
	2014	449,670	650,000	1,062,200	—	85,560 ⁽²⁾	2,247,430
	2013	355,800	541,609	69,154	—	69,765 ⁽²⁾	1,036,328
Scott M. Asbjornson Vice President, Finance and CFO	2015	246,220	93,530 ⁽⁷⁾	101,241	48,201	37,112 ⁽³⁾	526,304
	2014	232,895	170,186	181,707	—	24,650 ⁽³⁾	609,438
	2013	179,140	127,256	—	—	15,753 ⁽³⁾	322,149
Kathy I. Sheffield Senior Vice President, Administration/Treasurer	2015	246,240	93,538 ⁽⁷⁾	101,241	48,201	35,962 ⁽⁴⁾	525,182
	2014	229,782	156,960	182,001	—	24,799 ⁽⁴⁾	593,542
	2013	180,408	128,157	—	—	13,342 ⁽⁴⁾	321,907
Sam J. Neale, Vice President	2015	205,000	77,872 ⁽⁷⁾	84,280	40,126	31,873 ⁽⁵⁾	439,151
	2014	179,967	131,509	140,023	—	17,924 ⁽⁵⁾	469,423
	2013	160,000	113,660	—	—	13,103 ⁽⁵⁾	286,763
Robert G. Fergus Vice President, Manufacturing	2015	197,220	74,917 ⁽⁷⁾	81,120	38,621	35,962 ⁽⁶⁾	427,840
	2014	192,565	122,361	152,646	—	23,615 ⁽⁶⁾	491,187
	2013	178,602	126,874	—	—	13,407 ⁽⁶⁾	318,883

⁽¹⁾ See discussion of assumptions made in valuing these awards in the notes to our financial statements. The values reflect grant date fair value of awards. Compensation costs are recognized for option and restricted stock awards over their requisite service period.

⁽²⁾ Consists of (i) contributions to our 401(k) plan by AAON in the amount of \$33,488, \$22,312, and \$18,008 in 2015, 2014 and 2013, respectively; (ii) director fees in the amount of \$40,000, \$38,000 and \$27,500 in 2015, 2014 and 2013, respectively; (iii) payment of personal car lease in the amount of \$24,168, \$23,600 and \$22,385 in 2015, 2014 and 2013, respectively; (iv) matching contributions to a Health Savings Account in the amount of \$2,123, \$1,648 and \$1,872 in 2015, 2014 and 2013, respectively.

⁽³⁾ Consists of (i) contributions to our 401(k) plan by AAON in the amount of \$33,787, \$22,307 and \$13,396 in 2015, 2014 and 2013, respectively; (ii) matching contributions to a Health Savings Account in the amount of \$3,325, \$2,343 and \$2,357 in 2015, 2014 and 2013, respectively.

⁽⁴⁾ Consists of (i) contributions to our 401(k) plan by AAON in the amount of \$33,787, \$23,385 and \$11,574 in 2015, 2014 and 2013, respectively; (ii) matching contributions to a Health Savings Account in the amount of \$2,175, \$1,414 and \$1,768 in 2015, 2014 and 2013, respectively.

⁽⁵⁾ Consists of (i) contributions to our 401(k) plan by AAON in the amount of \$28,654, \$17,168 and \$12,229 in 2015, 2014 and 2013, respectively; (ii) matching contributions to a Health Savings Account in the amount of \$3,219, \$756 and \$874 in 2015, 2014 and 2013, respectively.

⁽⁶⁾ Consists of (i) contributions to our 401(k) plan by AAON in the amount of \$33,787, \$21,967 and \$11,535 in 2015, 2014 and 2013, respectively; (ii) matching contributions to a Health Savings Account in the amount of \$2,175, \$1,648 and \$1,872 in 2015, 2014 and 2013, respectively.

⁽⁷⁾ These bonuses were accrued at December 31, 2015 and paid on February 26, 2016.

We award stock incentives to key employees and the Named Executive Officers either on the initial date of employment or due to performance incentives throughout the year. The 2015, 2014 and 2013 grants to Named Executive Officers are reported in the table below. All share numbers and prices have been adjusted to reflect stock splits.

Grants of Plan-Based Awards					
Name	Grant Date	All Other Stock Awards: Number of Shares of Stock or Units	All Other Option Awards: Number of Securities Underlying Options(#)	Exercise or Base Price of Option Awards (\$/sh)	Grant Date Fair Value of Stock/Option Awards
Norman H. Asbjornson	5/19/15	5,062			118,501 ⁽²⁾
	2/26/15	38,320			870,247 ⁽⁴⁾
	2/26/15		38,320	23.57	413,193 ⁽⁵⁾
	5/20/14	49,215			963,137 ⁽³⁾
	5/20/14	5,062			99,063 ⁽³⁾
	5/21/13	5,062			69,154 ⁽¹⁾
Scott M. Asbjornson	1/2/15	4,805			101,241 ⁽⁶⁾
	1/2/15		4,805	21.93	48,201 ⁽⁷⁾
	5/20/14	9,285			181,707 ⁽³⁾
Kathy I. Sheffield	1/2/15	4,805			101,241 ⁽⁶⁾
	1/2/15		4,805	21.93	48,201 ⁽⁷⁾
	5/20/14	9,300			182,001 ⁽³⁾
Sam J. Neale	1/2/15	4,000			84,280 ⁽⁶⁾
	1/2/15		4,000	21.93	40,126 ⁽⁷⁾
	5/20/14	7,155			140,023 ⁽³⁾
Robert G. Fergus	1/2/15	3,850			81,120 ⁽⁶⁾
	1/2/15		3,850	21.93	38,621 ⁽⁷⁾
	5/20/14	7,800			152,646 ⁽³⁾

⁽¹⁾ The fair value of these shares is \$13.66 per share based on the market value of the Company's stock reduced by the present value of dividends. See discussion of assumptions made in valuing these awards in the notes to our financial statements.

⁽²⁾ The fair value of these shares is \$23.41 per share based on the market value of the Company's stock reduced by the present value of dividends. See discussion of assumptions made in valuing these awards in the notes to our financial statements.

⁽³⁾ The fair value of these shares is \$19.57 per share based on the market value of the Company's stock reduced by the present value of dividends. See discussion of assumptions made in valuing these awards in the notes to our financial statements.

⁽⁴⁾ The fair value of these shares is \$22.71 per share based on the market value of the Company's stock reduced by the present value of dividends. See discussion of assumptions made in valuing these awards in the notes to our financial statements.

⁽⁵⁾ The fair value of these shares is \$10.78 per share based on the Black-Scholes pricing model. See discussion of assumptions made in valuing these awards in the notes to our financial statements.

⁽⁶⁾ The fair value of these shares is \$21.07 per share based on the market value of the Company's stock reduced by the present value of dividends. See discussion of assumptions made in valuing these awards in the notes to our financial statements.

⁽⁷⁾ The fair value of these shares is \$10.03 per share based on the Black-Scholes pricing model. See discussion of assumptions made in valuing these awards in the notes to our financial statements.

Narrative Disclosure to Summary Compensation Table and Grants of Plan-Based Awards Table

A discussion of 2015 salaries, bonuses and long-term incentive awards is included in “Executive Compensation”.

Named Executive Officers are not separately entitled to receive dividend equivalent rights with respect to each stock option, however, dividends are paid for restricted stock awards (retroactively upon vesting). Each nonqualified stock option award described in the “Grants of Plan-Based Awards Table” above expires on the tenth anniversary of its associated grant date and vests in equal installments over the course of three years for Board members and five years for executives. Restricted stock awards vest in equal installments over the course of three years for Board members and five years for executives. Norman H. Asbjornson’s awards vest over a three-year or five-year period depending on which of his capacities (officer or director) the award relates to.

The following table presents information regarding outstanding equity awards as of December 31, 2015.

Outstanding Equity Awards at Fiscal Year End

Name	Option Awards				Stock Awards		
	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price (\$)	Grant Date	Expiration Date	Equity Incentive Plan Awards: Number of Unearned Shares That Have Not Vested	Equity Incentive Plan Awards: Market Value of Shares of Stock That Have Not Vested (\$)
Norman H. Asbjornson				5/21/13	N/A	1,687 ⁽¹⁾	39,172
				5/20/14	N/A	3,375 ⁽²⁾	78,368
				5/20/14	N/A	39,372 ⁽³⁾	914,218
				2/26/15	N/A	38,320 ⁽⁴⁾	889,790
		38,320	23.57	2/26/15	2/26/25		
				5/19/15	N/A	5,062 ⁽⁵⁾	117,540
Scott M. Asbjornson		9,000	8.65	5/15/12	5/15/22		
				8/13/12	N/A	1,800 ⁽⁶⁾	41,796
				5/20/14	N/A	7,428 ⁽³⁾	172,478
				1/2/15	N/A	4,805 ⁽⁷⁾	111,572
		4,805	21.93	1/2/15	1/2/25		
Kathy I. Sheffield	10,125		5.03	3/10/08	3/10/18		
	16,875		4.54	3/9/09	3/9/19		
	33,750		6.89	5/25/10	5/25/20		
	13,500	9,000	8.65	5/15/12	5/15/22		
				8/13/12	N/A	1,800 ⁽⁶⁾	41,796
				5/20/14	N/A	7,440 ⁽³⁾	172,757
				1/2/15	N/A	4,805 ⁽⁷⁾	111,572
		4,805	21.93	1/2/15	1/2/25		
Sam J. Neale	6,750		6.89	5/25/10	5/25/20		
		9,000	8.65	5/15/12	5/15/22		
				8/13/12	N/A	1,800 ⁽⁶⁾	41,796
				5/20/14	N/A	5,724 ⁽³⁾	172,757
				1/2/15	N/A	4,000 ⁽⁷⁾	92,880
	4,000	21.93	1/2/15	1/2/25			
Robert G. Fergus	8,100	5,400	8.65	5/15/12	5/15/22		
				8/13/12	N/A	1,800 ⁽⁶⁾	41,796
				5/20/14	N/A	6,240 ⁽³⁾	144,893
				1/2/15	N/A	3,850 ⁽⁷⁾	89,397
		3,850	21.93	1/2/15	1/2/25		

⁽¹⁾ The restricted stock awards vest ratably over 3 years and will be vested in May 2016.

⁽²⁾ The restricted stock awards vest ratably over 3 years and will be vested in May 2017.

⁽³⁾ The restricted stock awards vest ratably over 5 years and will be vested in May 2019.

⁽⁴⁾ The restricted stock awards vest ratably over 5 years and will be fully vested in February 2020.

⁽⁵⁾ The restricted stock awards vest ratably over 3 years and will be fully vested in May 2018.

⁽⁶⁾ The restricted stock awards vest ratably over 5 years and will be fully vested in August 2017.

⁽⁷⁾ The restricted stock awards vest ratably over 5 years and will be fully vested in January 2020.

The following table presents information regarding the exercise of stock options by Named Executive Officers during 2015.

Name	Option Exercises	
	Number of Shares Exercised (#)	Valued Realized on Exercise (\$)
Norman H. Asbjornson	—	—
Scott M. Asbjornson	42,525	735,399
Kathy I. Sheffield	—	—
Sam A. Neale	97,885	1,722,724
Robert G. Fergus	—	—

The following table sets forth information concerning our equity compensation plans as of December 31, 2015.

Equity Compensation Plan Information

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plan (excluding securities reflected in column (a))
	(a)	(b)	(c)
Equity compensation plans approved by security holders ⁽¹⁾	448,371	7.54	439,702
Equity compensation plans not approved by security holders ⁽²⁾	--	--	--
Total	—	—	—

⁽¹⁾ Consists of shares covered by the AAON 1992 Stock Option Plan, as amended, and the 2007 LTIP, as amended.

⁽²⁾ We do not maintain any equity compensation plans that have not been approved by the stockholders.

Director Compensation

Subsequent to May 20, 2014, our directors are paid as follows, with all amounts paid on a quarterly basis:

Name	Annual Retainer (\$)	Chair Fee (\$)	Audit (\$)	Compensation (\$)	Governance (\$)	Total (\$)
Gary D. Fields	40,000	—	—	7,000	7,000	54,000
Jack E. Short	40,000	18,000	Chair	—	7,000	65,000
Paul K. Lackey, Jr.	40,000	12,000	10,000	—	Chair	62,000
A.H. McElroy II	40,000	12,000	10,000	Chair	—	62,000
Jerry R. Levine	40,000	—	—	—	—	40,000

Under the current director compensation plan, the annual retainer is inclusive of meetings.

In 2007, following the adoption of our 2007 LTIP, we adopted a policy of annually granting each of our directors shares of restricted stock. We made our annual grants of restricted stock awards in May 2015, at which time Messrs. N. Asbjornson, Short, Lackey, McElroy, Levine and Fields received restricted stock awards for 5,062 shares of stock, which vest ratably over three years.

The following summarizes our director compensation for 2015:

Director Compensation Table

Name	Fees Earned or Paid in Cash (\$)	Restricted Stock Awards ⁽¹⁾ (\$)	Stock Options (\$)	All Other Comp. (\$)	Total (\$)
John B. Johnson, Jr. ⁽²⁾	15,275 ⁽²⁾	- ⁽²⁾	—	—	15,275
Jack E. Short	65,000	118,501 ⁽³⁾	—	—	183,501
Paul K. Lackey, Jr.	62,000	118,501 ⁽⁴⁾	—	—	180,501
A.H. McElroy II	60,500	118,501 ⁽⁵⁾	—	—	179,001
Jerry R. Levine	40,000	118,501 ⁽⁶⁾	— ⁽⁶⁾	—	158,501
Joseph E. Cappy ⁽⁸⁾	21,924 ⁽⁸⁾	59,251 ⁽⁸⁾	—	15,000 ⁽⁷⁾	96,175
Gary D. Fields ⁽⁹⁾	33,379 ⁽⁹⁾	118,501 ⁽⁹⁾	—	—	151,880

⁽¹⁾ The values reflect grant date fair value of awards at \$23.41 per share granted on May 19, 2015. Compensation costs are recognized over the requisite service period. See also, the discussion of assumptions made in valuing these awards in the notes to the Company's financial statements.

⁽²⁾ Mr. Johnson passed away on May 18, 2015. As a result, Director's fees were pro-rated and 8,437 shares associated with prior restricted stock awards vested upon the date of his death.

⁽³⁾ As of December 31, 2015, 10,124 shares associated with restricted stock awards were outstanding.

⁽⁴⁾ As of December 31, 2015, 10,124 shares associated with restricted stock awards were outstanding. Non-qualified options have not been granted during his term as a Board member.

⁽⁵⁾ As of December 31, 2015, 10,124 shares associated with restricted stock awards were outstanding. Non-qualified options have not been granted during his term as a Board member.

⁽⁶⁾ As of December 31, 2015, 6,750 shares underlying non-qualified options received in connection with services rendered as a consultant to the Company on June 4, 2013, which vests ratably over 5 years as a result of Mr. Levine receiving such non-qualified options in connection with services rendered as a consultant to the Company, and not in his capacity as a director. The value reflects a grant date fair value of \$6.55 per share. As of December 31, 2015, 10,124 shares associated with restricted stock awards were outstanding.

⁽⁷⁾ Compensation for consulting services provided to the Company after his retirement from the Board of Directors on May 19, 2015.

⁽⁸⁾ Retired effective May 19, 2015 from the Board of Directors. Director's fees and restricted stock awards pro-rated based upon retirement date. As of December 31, 2015, 7,593 shares associated with restricted stock awards were outstanding. Non-qualified options have not been granted during his term as a Board member.

⁽⁹⁾ Elected to the Board of Directors on May 19, 2015. Director's fees pro-rated based upon election date. As of December 31, 2015, 5,062 shares associated with restricted stock awards were outstanding. Non-qualified options have not been granted during his term as a Board member.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Exchange Act, as amended, requires the Company's officers and directors, and persons who own more than ten percent of a registered class of the Company's equity securities, to file reports of securities ownership and changes in such ownership with the SEC, and SEC rules require such persons to furnish the Company with copies of all Section 16(a) forms they file. Based solely upon a review of copies of all Section 16(a) forms furnished to us during our most recent fiscal year, the Company believes that all Section 16(a) filing requirements were met during 2015.

INDEPENDENT PUBLIC ACCOUNTANTS

The Audit Committee has selected Grant Thornton LLP ("GT") as our independent registered public accounting firm for the fiscal year ending December 31, 2016. Representatives of GT are expected to be present at the Annual Meeting with the opportunity to make a statement if they so desire and to be available to respond to appropriate questions.

Fees and Independence

Our Audit Committee has adopted a policy that requires advance approval of all audit, audit-related, tax and other services performed by the independent auditor. The following services were authorized by the Audit Committee.

Audit Fees. GT billed us an aggregate of \$465,375 and \$502,500 for professional services rendered for the audits of our financial statements for the years ended December 31, 2015, and 2014, respectively, and reviews of the related quarterly financial statements.

All Other Fees. No other fees were billed by GT to us during 2015 or 2014.

The Audit Committee of the Board of Directors has determined that the provision of services by GT described above is compatible with maintaining GT's independence as our registered public accounting firm.

Audit Committee Report

To the Board of Directors of AAON, Inc.

The Audit Committee oversees AAON's financial reporting process on behalf of the Board of Directors. Management has the primary responsibility for the financial statements and the reporting process including the systems of internal controls. We have reviewed and discussed with management and with the independent auditors the Company's audited financial statements as of and for the year ended December 31, 2015.

We have discussed with the independent auditors the matters required to be discussed by Auditing Standard No. 16, *Communications with Audit Committees*, issued by the Public Company Accounting Oversight Board.

We have received and reviewed the written disclosures and the letter from the independent auditors required by Independence Standards Board Standard No. 1, *Independence Discussions with Audit Committees*, as amended, by the Independence Standards Board, and have discussed with the auditors the auditors' independence.

Based on the reviews and discussions referred to above, we recommend to the Board of Directors that the financial statements referred to above be included in the Company's Annual Report on Form 10-K for the year ended December 31, 2015.

Audit Committee of the Board of Directors

Jack E. Short, Chairman
Paul K. Lackey, Jr.
A.H. McElroy II

The information contained in this Audit Committee Report shall not be deemed to be "soliciting material" or to be "filed" with the SEC, nor shall such information be incorporated by reference into any future filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, except to the extent that the Company specifically incorporates such information by reference in any such filing.

OVERVIEW OF PROPOSALS

This Proxy Statement contains three proposals requiring stockholder action. Proposal No. 1 requests the election of three directors to the Board of Directors. Proposal No. 2 requests that the stockholders vote to approve the AAON, Inc. 2016 Long-Term Incentive Plan. Proposal No. 3 requests that stockholders vote to ratify the selection of Grant Thornton LLP as our independent registered public accounting firm for the year ending December 31, 2016.

PROPOSAL NO. 1 Election of Directors

The names of Paul K. Lackey, Jr. and A.H. McElroy II, current members of the Class I Directors, whose terms expire at the 2016 Annual Meeting, have been placed in nomination for re-election to the Board for terms ending in 2019, and Angela E. Kouplén has been nominated for election to the Board as a Class III Director for an initial two-year term ending in 2018, and the persons named in the proxy will vote for their election. Each of Mr. Lackey, Mr. McElroy and Mrs. Kouplén have consented to being named in this Proxy Statement and to serve if elected.

The biographical information for all director nominees is contained in the "Directors" section above.

If any nominee becomes unavailable for any reason, the shares represented by the proxies will be voted for such other person, if any, as may be designated by the Board of Directors. However, management has no reason to believe that any nominee will be unavailable.

Vote Required

A nominee for director will be elected if a majority of the stockholders voting on the nominee's election vote in favor such nominee's election.

Recommendation of the Board:

The Board unanimously recommends that stockholders vote "FOR" the election of directors Lackey, McElroy and Kouplén.

PROPOSAL NO. 2 Approval of the AAON, Inc. 2016 Long-Term Incentive Plan

The Board of Directors of the Company (the "Board of Directors") has adopted, subject to shareholder approval, the AAON, Inc. 2016 Long-Term Incentive Plan (hereinafter called the "2016 Incentive Plan"). The 2016 Incentive Plan is intended to enable the Company to remain competitive and innovative in its ability to attract, motivate, reward and retain the services of key employees, contractors, and non-employee directors. The 2016 Incentive Plan provides for the granting of stock options, stock appreciation rights, restricted stock, restricted stock units, performance awards, dividend equivalent rights, and other awards which may be granted singly, in combination, or in tandem, and which may be paid in cash or common shares. The 2016 Incentive Plan is expected to provide flexibility to the Company's compensation methods in order to adapt the compensation of key employees, contractors, and non-employee directors to a changing business environment, after giving due consideration to competitive conditions and the impact of federal tax laws. Upon the approval of the 2016 Incentive Plan by the shareholders of the Company, the Prior Plan (defined below under "Description of the 2016 Incentive Plan -Share Authorization") will terminate and no further awards will be issued pursuant to the Prior Plan on or after the date of such approval. It is the judgment of the Board of Directors that the 2016 Incentive Plan is in the best interest of the Company and its shareholders.

In addition to requesting shareholder approval of the 2016 Incentive Plan, the Board of Directors is also requesting that the Company's shareholders approve the material terms of the performance goals contained in the 2016 Incentive Plan in order to allow certain awards to be potentially eligible for exemption from the \$1.0 million deduction limit imposed by Section 162(m) of the Internal Revenue Code of 1986, as amended (the "Code"), as discussed under "Description of the 2016 Incentive Plan -Performance Awards" and "-Performance Goals" below. For purposes of Section 162(m) of the Code, the material terms of the performance goals for awards granted under the 2016 Incentive Plan include: (i) the employees eligible to receive compensation; (ii) the description of the business measures on which the performance goals may be based; and (iii) the maximum amount, or the formula used to calculate the maximum amount, of compensation that can be paid to an employee under the arrangement. Each of these aspects is discussed in this proposal, and shareholder approval of this proposal constitutes approval of each of these aspects for purposes of the Section 162(m) shareholder approval requirements.

Description of the 2016 Incentive Plan

The following is a brief description of the 2016 Incentive Plan. A copy of the 2016 Incentive Plan is attached as Annex A to this Proxy Statement, and the following description is qualified in its entirety by reference to the 2016 Incentive Plan.

Purpose. The purpose of the 2016 Incentive Plan is to provide an incentive for employees, directors and certain consultants and advisors of the Company or its subsidiaries to remain in the service of the Company or its subsidiaries, to extend to them the opportunity to acquire a proprietary interest in the Company so that they will apply their best efforts for the benefit of the Company, and to aid the Company in attracting able persons to enter the service of the Company and its subsidiaries.

Effective Date and Expiration. The 2016 Incentive Plan was adopted by the Board of Directors on February 24, 2016 (the "Board Approval Date"), subject to and conditioned upon shareholder approval of the 2016 Incentive Plan. The 2016 Incentive Plan will become effective on the date of shareholder approval of the 2016 Incentive Plan (the "Effective Date"), if the shareholders so approve the 2016 Incentive Plan. Unless sooner terminated by the Board of Directors, the 2016 Incentive Plan will terminate and expire on the tenth anniversary of the Effective Date. No award may be made under the 2016 Incentive Plan after its expiration date, but awards made prior thereto may extend beyond that date.

Share Authorization. Subject to certain adjustments, the number of the Company's common shares that may be issued pursuant to awards under the 2016 Incentive Plan is 3,400,000, plus the number of shares subject to outstanding awards (the "Prior Plan Awards") that were granted pursuant to the AAON, Inc. Long-Term Incentive Plan, which was originally adopted at the May 22, 2007 annual meeting of shareholders and amended through the 2014 annual meeting of shareholders (the "Prior Plan"). One hundred percent of the available shares may be delivered pursuant to incentive stock options. Subject to certain adjustments, with respect to any participant who is an officer of the Company subject to Section 16 of the Securities Exchange Act of 1934 or a "covered employee" as defined in Section 162(m)(3) of the Code, the maximum number of common shares with respect to which stock options or stock appreciation rights may be granted to such participant is 350,000 common shares. In addition, no participant may receive in any calendar year performance-based awards with an aggregate value of more than \$5,000,000. The 2016 Incentive Plan also provides that no more than 5% of the common shares that may be issued pursuant to an award under the 2016 Incentive Plan may be designated as "Exempt Shares." "Exempt Shares" are awards that are granted with more favorable vesting provisions than the vesting provisions otherwise required by the 2016 Incentive Plan.

Shares to be issued may be made available from authorized but unissued common shares, common shares held by the Company in its treasury, or common shares purchased by the Company on the open market or otherwise. During the term of the 2016 Incentive Plan, the Company will at all times reserve and keep enough common shares available to satisfy the requirements of the 2016 Incentive Plan. If an award under the 2016 Incentive Plan (or a Prior Plan Award) is cancelled, forfeited or expires, in whole or in part, the shares subject to such forfeited, expired or cancelled award may again be awarded under the 2016 Incentive Plan.

Awards that may be satisfied either by the issuance of common shares or by cash or other consideration shall be counted against the maximum number of common shares that may be issued under the 2016 Incentive Plan only during the period that the award is outstanding or to the extent the award is ultimately satisfied by the issuance of common shares. Common shares otherwise deliverable pursuant to an award that are withheld upon exercise or vesting of an award for purposes of paying the exercise price or tax withholdings shall be treated as delivered to the participant and shall be counted against the maximum number of available shares. Awards will not reduce the number of common shares that may be issued, however, if the settlement of the award will not require the issuance of common shares. Only shares forfeited back to the Company, shares cancelled on account of termination, or expiration or lapse of an award, shall again be available for grant of incentive stock options under the 2016 Incentive Plan, but shall not increase the maximum number of shares described above as the maximum number of common shares that may be delivered pursuant to incentive stock options.

Administration. The 2016 Incentive Plan will be administered by the Compensation Committee of the Board of Directors or such other committee of the Board of Directors as is designated by the Board of Directors (the "Committee"). Membership on the Committee shall be limited to independent directors who are "non-employee directors" in accordance with Rule 16b-3 under the Securities Exchange Act of 1934, and "outside directors" in accordance with Section 162(m) of the Code. The Committee may delegate certain duties to one or more officers of the Company as provided in the 2016 Incentive Plan. The Committee will determine the persons to whom awards are to be made, determine the type, size and terms of awards, interpret the 2016 Incentive Plan, establish and revise rules and regulations relating to the 2016 Incentive Plan and make any other determinations that it believes necessary for the administration of the 2016 Incentive Plan.

Eligibility. Employees (including any employee who is also a director or an officer), contractors, and non-employee directors of the Company or its subsidiaries whose judgment, initiative and efforts contributed to or may be expected to contribute to the successful performance of the Company are eligible to participate in the 2016 Incentive Plan. As of March 15, 2016, the Company (including its wholly-owned subsidiary, AAON Coil Products, Inc.) had approximately 1,641 employees, 2 contractors, and 6 directors. The Committee shall, in its sole discretion, select the employees, contractors, and directors who will participate in the 2016 Incentive Plan in order to attract, reward and retain top performers and key management.

Financial Effect of Awards. The Company will receive no monetary consideration for the granting of awards under the 2016 Incentive Plan, unless otherwise provided when granting restricted stock or restricted stock units. The Company will receive no monetary consideration other than the option price for common shares issued to participants upon the exercise of their stock options and the Company will receive no monetary consideration upon the exercise of stock appreciation rights.

Stock Options. The Committee may grant either incentive stock options qualifying under Section 422 of the Code or non-qualified stock options, provided that only employees of the Company and its subsidiaries (excluding subsidiaries that are not corporations) are eligible to receive incentive stock options. Stock options may not be granted with an option price less than 100% of the fair market value of a common share on the date the stock option is granted. If an incentive stock option is granted to an employee who owns or is deemed to own more than 10% of the combined voting power of all classes of stock of the Company (or any parent or subsidiary), the option price shall be at least 110% of the fair market value of a

common share on the date of grant. The Committee will determine the terms of each stock option at the time of grant, including without limitation, the methods by or forms in which shares will be delivered to participants. The maximum term of each option, the times at which each option will be exercisable, and provisions requiring forfeiture of unexercised options at or following termination of employment or service generally are fixed by the Committee, except that the Committee may not grant stock options with a term exceeding 10 years.

Recipients of stock options may pay the option exercise price (i) in cash, check, bank draft or money order payable to the order of the Company, (ii) by delivering to the Company common shares already owned by the participant having a fair market value equal to the aggregate option exercise price, (iii) by delivering to the Company or its designated agent an executed irrevocable option exercise form together with irrevocable instructions from the participant to a broker or dealer, reasonably acceptable to the Company, to sell certain of the common shares purchased upon the exercise of the option or to pledge such shares to the broker as collateral for a loan from the broker and to deliver to the Company the amount of sale or loan proceeds necessary to pay the purchase price, and (iv) by any other form of valid consideration that is acceptable to the Committee in its sole discretion.

Stock Appreciation Rights. The Committee is authorized to grant stock appreciation rights (“SARs”) as a stand-alone award (or freestanding SARs), or in conjunction with stock options granted under the 2016 Incentive Plan (or tandem SARs). A SAR is the right to receive an amount equal to the excess of the fair market value of a common share on the date of exercise over the exercise price. The exercise price may be equal to or greater than the fair market value of a common share on the date of grant. The Committee, in its sole discretion, may place a ceiling on the amount payable on the exercise of a SAR, but any such limitation shall be specified at the time the SAR is granted. A SAR granted in tandem with a stock option will require the holder, upon exercise, to surrender the related stock option with respect to the number of shares as to which the SAR is exercised. The Committee will determine the terms of each SAR at the time of the grant, including without limitation, the methods by or forms in which the value will be delivered to participants (whether made in common shares, in cash or in a combination of both). The maximum term of each SAR, the times at which each SAR will be exercisable, and provisions requiring forfeiture of unexercised SARs at or following termination of employment or service generally are fixed by the Committee, except that no freestanding SAR may have a term exceeding 10 years and no tandem SAR may have a term exceeding the term of the option granted in conjunction with the tandem SAR.

Restricted Stock and Restricted Stock Units. The Committee is authorized to grant restricted stock and restricted stock units. Restricted stock consists of shares that are transferred or sold by the Company to a participant, but are subject to substantial risk of forfeiture and to restrictions on their sale or other transfer by the participant. Restricted stock units are the right to receive common shares at a future date in accordance with the terms of such grant upon the attainment of certain conditions specified by the Committee, which include substantial risk of forfeiture and restrictions on their sale or other transfer by the participant. The Committee determines the eligible participants to whom, and the time or times at which, grants of restricted stock or restricted stock units will be made, the number of shares or units to be granted, the price to be paid, if any, the time or times within which the shares covered by such grants will be subject to forfeiture, the time or times at which the restrictions will terminate, and all other terms and conditions of the grants. Restrictions or conditions could include, but are not limited to, the attainment of performance goals (as described below), continuous service with the Company, the passage of time or other restrictions or conditions. The value of the restricted stock units may be paid in common shares, cash, or a combination of both, as determined by the Committee.

Performance Awards. The Committee may grant performance awards payable in cash, common shares, or a combination thereof at the end of a specified performance period. Payment will be contingent upon achieving pre-established performance goals (as discussed below) by the end of the performance period. The Committee will determine the length of the performance period, the maximum payment value of an award, and the minimum performance goals required before payment will be made, so long as such

provisions are not inconsistent with the terms of the 2016 Incentive Plan, and to the extent an award is subject to Section 409A of the Code, are in compliance with the applicable requirements of Section 409A of the Code and any applicable regulations or guidance. To the extent the Company determines that Section 162(m) of the Code shall apply to a performance award granted under the 2016 Incentive Plan, it is the intent of the Company that performance awards constitute “performance-based compensation” within the meaning of Section 162(m) of the Code and the regulations thereunder. Further, if complying with Section 162(m) of the Code, no participant may receive performance awards in any calendar year which have an aggregate value of more than \$5,000,000, and if such awards involve the issuance of common shares, the aggregate value shall be based on the fair market value of such shares on the time of grant of such awards. In certain circumstances, the Committee may, in its discretion, determine that the amount payable with respect to certain performance awards will be reduced from the amount of any potential awards. However, the Committee may not, in any event, increase the amount of compensation payable to an individual upon the attainment of a performance goal intended to satisfy the requirements of Section 162(m) of the Code. With respect to a performance award that is not intended to satisfy the requirements of Section 162(m) of the Code, if the Committee determines in its sole discretion that the established performance measures or objectives are no longer suitable because of a change in the Company’s business, operations, corporate structure, or for other reasons that the Committee deems satisfactory, the Committee may modify the performance measures or objectives and/or the performance period.

Other Awards. The Committee may grant other forms of awards payable in cash or common shares if the Committee determines that such other form of award is consistent with the purpose and restrictions of the 2016 Incentive Plan. The terms and conditions of such other form of award shall be specified by the grant. Such other awards may be granted for no cash consideration, for such minimum consideration as may be required by applicable law, or for such other consideration as may be specified by the grant.

Dividend Equivalent Rights. The Committee may grant a dividend equivalent right either as a component of another award or as a separate award. The terms and conditions of the dividend equivalent right shall be specified by the grant. Dividend equivalents credited to the holder of a dividend equivalent right may be paid currently or may be deemed to be reinvested in additional common shares. Any such reinvestment shall be at the fair market value at the time thereof. Dividend equivalent rights may be settled in cash or common shares.

Performance Goals. Awards of restricted stock, restricted stock units, performance awards and other awards (whether relating to cash or common shares) under the 2016 Incentive Plan may be made subject to the attainment of performance goals relating to one or more business criteria which, where applicable, shall be within the meaning of Section 162(m) of the Code and consist of one or more or any combination of the following criteria: cash flow; cash flow return; cost; revenues and/or revenue targets; sales; ratio of debt to debt plus equity; net borrowing, credit quality or debt ratings; profit before tax; economic profit; earnings before interest and taxes; earnings before interest, taxes, depreciation and amortization; gross margin; operating margin or contribution margin; earnings per share (whether on a pre-tax, after-tax, operational or other basis); operating earnings; capital expenditures; expenses or expense levels; economic value added; ratio of operating earnings to capital spending or any other operating ratios; free cash flow; net profit; net sales; net asset value per share; the accomplishment of mergers, acquisitions, dispositions, public offerings or similar extraordinary business transactions; an economic value added formula; debt reduction; sales growth; price of the Company’s common shares; return on assets, net assets, investment, capital, equity or shareholders’ equity; market share; inventory levels, inventory turn or shrinkage; total return to shareholders; or any of the foregoing goals determined on an absolute or relative basis or as compared to the performance of a published or special index deemed applicable by the Committee, including, but not limited to, the Standard & Poor’s 500 Stock Index or a group of peer competitor companies, including the group selected by the Company for purposes of the stock performance graph contained in the proxy statement for the Company’s annual meeting of shareholders (“Performance Criteria”). Any Performance Criteria may be used to measure the performance of the Company as a whole or any business unit of the Company and may be measured relative to a peer group or index. Any Performance Criteria may include

or exclude (i) events that are of an unusual nature or indicate infrequency of occurrence, (iii) changes in tax or accounting regulations or laws, (iv) the effect of a merger or acquisition, as identified in the Company's quarterly and annual earnings releases, or (v) other similar occurrences. In all other respects, Performance Criteria shall be calculated in accordance with the Company's financial statements, under generally accepted accounting principles, or under a methodology established by the Committee prior to the issuance of an award which is consistently applied and identified in the audited financial statements, including footnotes, or the Compensation Discussion and Analysis section of the Company's Annual Report on Form 10-K. However, to the extent Section 162(m) of the Code is applicable, the Committee may not in any event increase the amount of compensation payable to an individual upon the attainment of a performance goal.

Vesting of Awards; Forfeiture; Assignment. Except as otherwise provided below, the Committee, in its sole discretion, may determine that an award will be immediately vested in whole or in part, or that all or any portion may not be vested until a date, or dates, subsequent to its date of grant, or until the occurrence of one or more specified events, subject in any case to the terms of the 2016 Incentive Plan. Except to the extent an Award is for Exempt Shares, the Committee must grant all awards in accordance with the following provisions: (i) all awards granted by the Committee must vest no earlier than one (1) year after the date of grant; (ii) all "full value awards" (i.e., awards with a net benefit to the participant, without regard to certain restrictions, equal to the aggregate fair market value of the total common shares subject to the award) granted by the Committee that constitute "tenure awards" (i.e., awards that vest over time based on the participants continued employment with or service to the Company) must vest no earlier than on a pro rata basis over the three (3) year period commencing on the date of grant; and (iii) the Committee may not accelerate the date on which all or any portion of an award may be vested or waive the period an award is restricted on a full value award except upon the participant's death, total and permanent disability, termination of service due to his or her retirement, or termination of service without "cause" or for "good reason" on or after a "change in control" (as such terms are defined in the 2016 Incentive Plan). Notwithstanding the foregoing, the Committee may, in its sole discretion, grant awards with more favorable vesting provisions at any time, provided that the common shares subject to such awards shall be designated as Exempt Shares. As discussed above, only 5% of the common shares that may be issued pursuant to an award under the 2016 Incentive Plan may be designated as Exempt Shares.

The Committee may impose on any award, at the time of grant or thereafter, such additional terms and conditions as the Committee determines, including terms requiring forfeiture of awards in the event of a participant's termination of service. The Committee will specify the circumstances under which performance awards may be forfeited in the event of a termination of service by a participant prior to the end of a performance period or settlement of awards. Except as otherwise determined by the Committee, restricted stock will be forfeited upon a participant's termination of service during the applicable restriction period.

Awards granted under the 2016 Incentive Plan generally are not assignable or transferable except by will or by the laws of descent and distribution, except that the Committee may, in its discretion and pursuant to the terms of an award agreement, permit certain transfers of nonqualified stock options or SARs to: (i) the spouse (or former spouse), children or grandchildren of the participant ("Immediate Family Members"); (ii) a trust or trusts for the exclusive benefit of such Immediate Family Members; (iii) a partnership in which the only partners are (1) such Immediate Family Members and/or (2) entities which are controlled by the participant and/or Immediate Family Members; (iv) an entity exempt from federal income tax pursuant to Section 501(c)(3) of the Code or any successor provision; or (v) a split interest trust or pooled income fund described in Section 2522(c)(2) of the Code or any successor provision, provided that (x) there shall be no consideration for any such transfer, (y) the applicable award agreement pursuant to which such award is granted must be approved by the Committee and must expressly provide for such transferability and (z) subsequent transfers of transferred awards shall be prohibited except those by will or the laws of descent and distribution.

Adjustments Upon Changes in Capitalization. In the event that any dividend or other distribution, recapitalization, stock split, reverse stock split, rights offering, reorganization, merger, consolidation, split-up, spin-off, split-off, combination, subdivision, repurchase, or exchange of the common shares or other securities of the Company, issuance of warrants or other rights to purchase common shares or other securities of the Company, or other similar corporate transaction or event affects the fair value of an award, then the Committee shall adjust any or all of the following so that the fair value of the award immediately after the transaction or event is equal to the fair value of the award immediately prior to the transaction or event (i) the number of shares and type of common stock (or the securities or property) which thereafter may be made the subject of awards, (ii) the number of shares and type of common shares (or other securities or property) subject to outstanding awards, (iii) the number of shares and type of common shares (or other securities or property) specified as the annual per-participant limitation under the 2016 Incentive Plan, (iv) the option price of each outstanding award, (v) the amount, if any, the Company pays for forfeited common shares in accordance with the terms of the 2016 Incentive Plan, and (vi) the number of or exercise price of common shares then subject to outstanding SARs previously granted and unexercised under the 2016 Incentive Plan to the end that the same proportion of the Company's issued and outstanding common shares in each instance shall remain subject to exercise at the same aggregate exercise price; provided however, that the number of common shares (or other securities or property) subject to any award shall always be a whole number. Notwithstanding the foregoing, no such adjustment shall be made or authorized to the extent that such adjustment would cause the 2016 Incentive Plan or any stock option to violate Section 422 of the Code or Section 409A of the Code. All such adjustments must be made in accordance with the rules of any securities exchange, stock market, or stock quotation system to which the Company is subject.

Amendment or Discontinuance of the 2016 Incentive Plan. The Board of Directors may, at any time and from time to time, without the consent of the participants, alter, amend, revise, suspend or discontinue the 2016 Incentive Plan in whole or in part; provided, however, that (i) no amendment that requires shareholder approval in order for the 2016 Incentive Plan and any awards under the 2016 Incentive Plan to continue to comply with Sections 162(m), 421, and 422 of the Code (including any successors to such Sections, or other applicable law) or any applicable requirements of any securities exchange or inter-dealer quotation system on which the Company's stock is listed or traded, shall be effective unless such amendment is approved by the requisite vote of the Company's shareholders entitled to vote on the amendment; and (ii) unless required by law, no action by the Board of Directors regarding amendment or discontinuance of the 2016 Incentive Plan may adversely affect any rights of any participants or obligations of the Company to any participants with respect to any outstanding award under the 2016 Incentive Plan without the consent of the affected participant.

No Repricing of Stock Options or SARs. The Committee may not, without the approval of the Company's shareholders, "reprice" any stock option or SAR. For purposes of the 2016 Incentive Plan, "reprice" means any of the following or any other action that has the same effect: (i) amending a stock option or SAR to reduce its exercise price or base price, (ii) canceling a stock option or SAR at a time when its exercise price or base price exceeds the fair market value of a common share in exchange for cash or a stock option, SAR, award of restricted stock or other equity award with an exercise price or base price less than the exercise price or base price of the original stock option or SAR, or (iii) taking any other action that is treated as a repricing under generally accepted accounting principles, provided that nothing shall prevent the Committee from (x) making adjustments to awards upon changes in capitalization; (y) exchanging or cancelling awards upon a merger, consolidation, or recapitalization, or (z) substituting awards for awards granted by other entities, to the extent permitted by the 2016 Incentive Plan.

Recoupment for Restatements. The Committee may recoup all or any portion of any shares or cash paid to a participant in connection with an award, in the event of a restatement of the Company's financial statements as set forth in the Company's clawback policy, if any, approved by the Board of Directors from time to time.

Federal Income Tax Consequences. The following is a brief summary of certain federal income tax consequences relating to the transactions described under the 2016 Incentive Plan as set forth below. This summary does not purport to address all aspects of federal income taxation and does not describe state, local or foreign tax consequences. This discussion is based upon provisions of the Code and the treasury regulations issued thereunder, and judicial and administrative interpretations under the Code and treasury regulations, all as in effect as of the date hereof, and all of which are subject to change (possibly on a retroactive basis) or different interpretation.

Law Affecting Deferred Compensation. In 2004, Section 409A was added to the Code to regulate all types of deferred compensation. If the requirements of Section 409A of the Code are not satisfied, deferred compensation and earnings thereon will be subject to tax as it vests, plus an interest charge at the underpayment rate plus 1% and a 20% penalty tax. Certain performance awards, stock options, stock appreciation rights, restricted stock units and certain types of restricted stock are subject to Section 409A of the Code.

Incentive Stock Options. A participant will not recognize income at the time an incentive stock option is granted. When a participant exercises an incentive stock option, a participant also generally will not be required to recognize income (either as ordinary income or capital gain). However, to the extent that the fair market value (determined as of the date of grant) of the common shares with respect to which the participant's incentive stock options are exercisable for the first time during any year exceeds \$100,000, the incentive stock options for the common shares over \$100,000 will be treated as non-qualified stock options, and not incentive stock options, for federal tax purposes, and the participant will recognize income as if the incentive stock options were non-qualified stock options. In addition to the foregoing, if the fair market value of the common shares received upon exercise of an incentive stock option exceeds the exercise price, then the excess may be deemed a tax preference adjustment for purposes of the federal alternative minimum tax calculation. The federal alternative minimum tax may produce significant tax repercussions depending upon the participant's particular tax status.

The tax treatment of any common shares acquired by exercise of an incentive stock option will depend upon whether the participant disposes of his or her shares prior to two years after the date the incentive stock option was granted or one year after the common shares were transferred to the participant (referred to as the "Holding Period"). If a participant disposes of common shares acquired by exercise of an incentive stock option after the expiration of the Holding Period, any amount received in excess of the participant's tax basis for such shares will be treated as short-term or long-term capital gain, depending upon how long the participant has held the common shares. If the amount received is less than the participant's tax basis for such shares, the loss will be treated as short-term or long-term capital loss, depending upon how long the participant has held the shares.

If the participant disposes of common shares acquired by exercise of an incentive stock option prior to the expiration of the Holding Period, the disposition will be considered a "disqualifying disposition." If the amount received for the common shares is greater than the fair market value of the common shares on the exercise date, then the difference between the incentive stock option's exercise price and the fair market value of the common shares at the time of exercise will be treated as ordinary income for the tax year in which the "disqualifying disposition" occurs. The participant's basis in the common shares will be increased by an amount equal to the amount treated as ordinary income due to such "disqualifying disposition." In addition, the amount received in such "disqualifying disposition" over the participant's increased basis in the common shares will be treated as capital gain. However, if the price received for common shares acquired by exercise of an incentive stock option is less than the fair market value of the common shares on the exercise date and the disposition is a transaction in which the participant sustains a loss which otherwise would be recognizable under the Code, then the amount of ordinary income that the participant will recognize is the excess, if any, of the amount realized on the "disqualifying disposition" over the basis of the common shares.

Non-qualified Stock Options. A participant generally will not recognize income at the time a non-qualified stock option is granted. When a participant exercises a non-qualified stock option, the difference between the option price and any higher market value of the common shares on the date of exercise will be treated as compensation taxable as ordinary income to the participant. The participant's tax basis for common shares acquired under a non-qualified stock option will be equal to the option price paid for such common shares, plus any amounts included in the participant's income as compensation. When a participant disposes of common shares acquired by exercise of a non-qualified stock option, any amount received in excess of the participant's tax basis for such shares will be treated as short-term or long-term capital gain, depending upon how long the participant has held the common shares. If the amount received is less than the participant's tax basis for such shares, the loss will be treated as short-term or long-term capital loss, depending upon how long the participant has held the shares.

Special Rule if Option Price is Paid for in Common Shares. If a participant pays the option price of a non-qualified stock option with previously-owned shares of the Company's common shares and the transaction is not a disqualifying disposition of common shares previously acquired under an incentive stock option, the common shares received equal to the number of common shares surrendered are treated as having been received in a tax-free exchange. The participant's tax basis and holding period for these common shares received will be equal to the participant's tax basis and holding period for the common shares surrendered. The common shares received in excess of the number of common shares surrendered will be treated as compensation taxable as ordinary income to the participant to the extent of their fair market value. The participant's tax basis in these common shares will be equal to their fair market value on the date of exercise, and the participant's holding period for such shares will begin on the date of exercise.

If the use of previously acquired common shares to pay the exercise price of a non-qualified stock option constitutes a disqualifying disposition of common shares previously acquired under an incentive stock option, the participant will have ordinary income as a result of the disqualifying disposition in an amount equal to the excess of the fair market value of the common shares surrendered, determined at the time such common shares were originally acquired on exercise of the incentive stock option, over the aggregate option price paid for such common shares. As discussed above, a disqualifying disposition of common shares previously acquired under an incentive stock option occurs when the participant disposes of such shares before the end of the Holding Period. The other tax results from paying the exercise price with previously-owned shares are as described above, except that the participant's tax basis in the common shares that are treated as having been received in a tax-free exchange will be increased by the amount of ordinary income recognized by the participant as a result of the disqualifying disposition.

Restricted Stock. A participant who receives restricted stock generally will recognize as ordinary income the excess, if any, of the fair market value of the common shares granted as restricted stock at such time as the common shares are no longer subject to forfeiture or restrictions, over the amount paid, if any, by the participant for such common shares. However, a participant who receives restricted stock may make an election under Section 83(b) of the Code within 30 days of the date of transfer of the common shares to recognize ordinary income on the date of transfer of the common shares equal to the excess of the fair market value of such shares (determined without regard to the restrictions on such common shares) over the purchase price, if any, of such shares. If a participant does not make an election under Section 83(b) of the Code, then the participant will recognize as ordinary income any dividends received with respect to such common shares. At the time of sale of such shares, any gain or loss realized by the participant will be treated as either short-term or long-term capital gain (or loss) depending on the holding period. For purposes of determining any gain or loss realized, the participant's tax basis will be the amount previously taxable as ordinary income, plus the purchase price paid by the participant, if any, for such shares.

Stock Appreciation Rights. Generally, a participant who receives a stand-alone SAR will not recognize taxable income at the time the stand-alone SAR is granted, provided that the SAR is exempt from or complies with Section 409A of the Code. If a participant receives the appreciation inherent in the SARs in cash, the cash will be taxed as ordinary income to the recipient at the time it is received. If a participant receives the

appreciation inherent in the SARs in stock, the spread between the then current market value and the grant price, if any, will be taxed as ordinary income to the employee at the time it is received. In general, there will be no federal income tax deduction allowed to the Company upon the grant or termination of SARs. However, upon the exercise of a SAR, the Company will be entitled to a deduction equal to the amount of ordinary income the recipient is required to recognize as a result of the exercise.

Other Awards. In the case of an award of restricted stock units, performance awards, dividend equivalent rights or other stock or cash awards, the recipient will generally recognize ordinary income in an amount equal to any cash received and the fair market value of any shares received on the date of payment or delivery, provided that the award is exempt from or complies with Section 409A of the Code. In that taxable year, the Company will receive a federal income tax deduction in an amount equal to the ordinary income which the participant has recognized.

Federal Tax Withholding. Any ordinary income realized by a participant upon the exercise of an award under the 2016 Incentive Plan is subject to withholding of federal, state and local income tax and to withholding of the participant's share of tax under the Federal Insurance Contribution Act and the Federal Unemployment Tax Act. To satisfy federal income tax withholding requirements, the Company will have the right to require that, as a condition to delivery of any certificate for common shares, the participant remit to the Company an amount sufficient to satisfy the withholding requirements. Alternatively, the Company may withhold a portion of the common shares (valued at fair market value) that otherwise would be issued to the participant to satisfy all or part of the withholding tax obligations or may, if the Company consents, accept delivery of common shares with an aggregate fair market value that equals or exceeds the required tax withholding payment. Withholding does not represent an increase in the participant's total income tax obligation, since it is fully credited toward his or her tax liability for the year. Additionally, withholding does not affect the participant's tax basis in the common shares. Compensation income realized and tax withheld will be reflected on Forms W-2 supplied by the Company to employees by January 31 of the succeeding year. Deferred compensation that is subject to Section 409A of the Code will be subject to certain federal income tax withholding and reporting requirements.

Tax Consequences to the Company. To the extent that a participant recognizes ordinary income in the circumstances described above, the Company will be entitled to a corresponding deduction provided that, among other things, the income meets the test of reasonableness, is an ordinary and necessary business expense, is not an "excess parachute payment" within the meaning of Section 280G of the Code and is not disallowed by the \$1,000,000 limitation on certain executive compensation under Section 162 (m) of the Code.

Million Dollar Deduction Limit and Other Tax Matters. The Company may not deduct compensation of more than \$1,000,000 that is paid to an individual who, on the last day of the taxable year, is either the Company's principal executive officer or an individual who is among the three highest compensated officers for the taxable year (other than the principal executive officer or the principal financial officer). The limitation on deductions does not apply to certain types of compensation, including qualified performance-based compensation, and only applies to compensation paid by a publicly-traded corporation (and not compensation paid by non-corporate entities). To the extent that the Company determines that Section 162 (m) of the Code will apply to any awards granted pursuant to the 2016 Incentive Plan, the Company intends that such awards will be constructed so as to constitute qualified performance-based compensation and, as such, will be exempt from the \$1,000,000 limitation on deductible compensation.

If an individual's rights under the 2016 Incentive Plan are accelerated as a result of a change in control and the individual is a "disqualified individual" under Section 280G of the Code, then the value of any such accelerated rights received by such individual may be included in determining whether or not such individual has received an "excess parachute payment" under Section 280G of the Code, which could result in (i) the imposition of a 20% Federal excise tax (in addition to Federal income tax) payable by the individual on the value of such accelerated rights, and (ii) the loss by the Company of a compensation deduction.

Interest of Directors and Executive Officers. All members of the Board of Directors and all executive officers of the Company are eligible for awards under the 2016 Incentive Plan and thus, have a personal interest in the approval of the 2016 Incentive Plan.

Plan Benefits

The Company cannot currently determine the benefits or number of shares subject to awards that may be granted in the future to eligible participants under the 2016 Incentive Plan because the grant of awards and terms of such awards are to be determined in the sole discretion of the Committee.

On March 15, 2016, the fair market value of a common share of the Company was \$25.47.

Vote Required

The proposal to approve the 2016 Long-Term Incentive Plan requires the affirmative vote of the holders of a majority of the common shares present, in person or by proxy, and entitled to vote on the proposal.

Recommendation of the Board:

The Board unanimously recommends that stockholders vote "FOR" approval of the 2016 Long-Term Incentive Plan.

PROPOSAL NO. 3

Ratification of Appointment of Our Independent Registered Public Accounting Firm

The Audit Committee has selected the firm of Grant Thornton LLP as the independent registered public accounting firm of the Company for the year ending December 31, 2016. The Board is submitting the selection of Grant Thornton LLP for ratification at the Annual Meeting. The submission of this matter for approval by stockholders is not legally required, but the Board and the Audit Committee believe the submission provides Stockholders an opportunity to communicate with the Board and Audit Committee concerning an important component of corporate governance. If the stockholders do not ratify the selection of Grant Thornton LLP, the Audit Committee will reconsider the selection of that firm as the Company's auditors.

Vote Required

Approval of Proposal No. 3 requires the affirmative vote of the holders of a majority of the common shares present, in person or by proxy, and entitled to vote on the proposal.

Recommendation of the Board:

The Audit Committee and Board unanimously recommend a vote "FOR" the ratification of Grant Thornton LLP as the Company's independent registered public accounting firm for the year ending December 31, 2016.

STOCKHOLDER PROPOSALS FOR 2017 ANNUAL MEETING

Stockholder proposals intended to be presented at the 2017 Annual Meeting and to be included in our Proxy Statement must be received at the our executive offices, 2425 South Yukon, Tulsa, Oklahoma 74107, no later than December 8, 2016.

However, a stockholder who otherwise intends to present business at the 2017 Annual Meeting of stockholders, including nominations of persons to our Board of Directors, must also comply with the requirements set forth in our Bylaws. The Bylaws state, among other things, that to bring business before an annual meeting or to nominate a person for our Board of Directors, a stockholder must give written notice that complies with the Bylaws to the Secretary of AAON not less than 60 days nor more than 90 days in advance of the anniversary date of the immediately preceding annual meeting. Thus, a notice of a stockholder proposal or nomination for the 2017 Annual Meeting of stockholders, submitted other than pursuant to Rule 14a-8 of the Exchange Act, as amended, will be untimely if given before February 24, 2017, or after March 25, 2017. As to any such proposals, the proxies named in management's proxy for that meeting will be entitled to exercise their discretionary authority on that proposal unless we receive notice of the matter to be proposed between February 24, 2017 and March 25, 2017. Even if proper notice is received on a timely basis, the proxies named in management's proxy for that meeting may nevertheless exercise their discretionary authority with respect to such matter by advising stockholders of such proposal and how they intend to exercise their discretion to vote on such matter to the extent permitted under Rule 14a-4(c)(2) of the Exchange Act.

OTHER MATTERS

The Board knows of no business to be brought before the 2016 Annual Meeting other than as set forth above. If others matters properly become before the stockholders at the Annual Meeting, it is the intention of the persons named on the proxy to vote the shares represented thereby on such matters in accordance with their judgment.

By Order of the Board of Directors



Norman H. Asbjornson
President/CEO

April 7, 2016