

DOUGLAS DYNAMICS, INC  
Form DEF 14A  
March 31, 2016  
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of

the Securities Exchange Act of 1934 (Amendment No.        )

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material under §240.14a-12

Douglas Dynamics, Inc.

(Name of Registrant as Specified In Its Charter)

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

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Douglas Dynamics, Inc.

7777 N. 73rd Street

Milwaukee, WI 53223

NOTICE OF 2016 ANNUAL MEETING OF STOCKHOLDERS

To the Stockholders of Douglas Dynamics, Inc.:

On behalf of our Board of Directors, you are cordially invited to attend our 2016 annual meeting of stockholders, which will be held on Tuesday, May 3, 2016, at 2:00 p.m. (Central Time) at The Pfister Hotel, 424 East Wisconsin Avenue, Milwaukee, WI 53202, for the following purposes:

1. Election of two persons to our Board of Directors to hold office until the 2019 meeting of stockholders;
2. Advisory vote to approve the compensation of our named executive officers as disclosed in the accompanying proxy statement;
3. Ratification of the appointment of Ernst & Young LLP to serve as our independent registered public accounting firm for 2016; and
4. Transaction of such other business as may properly come before the meeting or any adjournment or postponement thereof.

Our Board of Directors has fixed the close of business on March 8, 2016 as the record date for the determination of the stockholders entitled to notice of, and to vote at, our annual meeting. A proxy statement and proxy card are enclosed. Whether or not you expect to attend our annual meeting, it is important that you promptly complete, sign, date and mail the proxy card in the enclosed envelope so that you may vote your shares. If you hold your shares in a brokerage account, you should be aware that, if you do not instruct your broker how to vote within 10 days prior to the annual meeting, your broker will not be permitted to vote your shares for the election of directors or on the advisory vote on the compensation of our named executive officers.

Important Notice Regarding the Availability of Proxy Materials for the Stockholder Meeting To Be Held on May 3, 2016. The Douglas Dynamics, Inc. proxy statement for the 2016 Annual Meeting of Stockholders and the 2015 Annual Report to Stockholders are available at <http://ir.douglasdynamics.com/index.cfm>.

By order of the Board of Directors,

Robert McCormick  
Executive Vice President, Chief Financial Officer and Secretary

Milwaukee, Wisconsin

March 31, 2016

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PROXY STATEMENT

FOR 2016 ANNUAL MEETING OF STOCKHOLDERS

TO BE HELD ON TUESDAY, MAY 3, 2016

ATTENDANCE AND VOTING MATTERS

Douglas Dynamics, Inc. (“we”, “our”, “us” or “Company”), a Delaware corporation, is mailing this proxy statement and the accompanying form of proxy to stockholders in connection with a solicitation of proxies by our Board of Directors (“Board”) for use at our 2016 annual meeting of stockholders to be held on Tuesday, May 3, 2016 at 2:00 p.m. (Central Time) at The Pfister Hotel, 424 East Wisconsin Avenue, Milwaukee, WI 53202, and all adjournments or postponements thereof (“Annual Meeting”), for the purposes set forth in the attached Notice of 2016 Annual Meeting of Stockholders. Our common stock is listed on the New York Stock Exchange LLC (“NYSE”) under the symbol PLOW.

Voting at Our Annual Meeting

Execution of a proxy given in response to this solicitation will not affect a stockholder’s right to attend our Annual Meeting and to vote in person. Presence at our Annual Meeting of a stockholder who has signed a proxy does not in itself revoke that proxy. Any stockholder giving a proxy may revoke it at any time before or at the Annual Meeting by giving notice thereof to us in writing, by attending our Annual Meeting and voting in person or by delivering a proxy bearing a later date.

1 Voting by Proxy

You may arrange to vote your shares by proxy or by mail following the instructions in the form of proxy card. If you choose to vote by mail, please complete your proxy card and return it to us before our Annual Meeting. We will vote your shares as you direct on your properly executed proxy card. The shares represented by executed but unmarked proxies will be voted (i) FOR the election to our Board of the nominees for director named below, (ii) FOR approval of the compensation of our named executive officers as disclosed in this proxy statement, (iii) FOR ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for 2016, and (iv) on such other business or matters as may properly come before our Annual Meeting in accordance with the best judgment of the persons named as proxies in the enclosed form of proxy. Other than the items noted above, our Board has no knowledge of any other matters to be presented for action by our stockholders at the Annual Meeting.

2 Who Can Vote and the Number of Votes You Have

Only holders of record of our common stock at the close of business on March 8, 2016 (“Record Date”) are entitled to notice of, and to vote at, our Annual Meeting. On the Record Date, 22,501,640 shares of our common stock were outstanding and entitled to vote. Each such share is entitled to one vote on each matter submitted for stockholder approval at our Annual Meeting.

Participants in the Douglas Dynamics, L.L.C. 401(k) Plan (the “401(k) Plan”) who have allocated amounts to the common stock fund in that Plan are entitled to instruct the trustee of the 401(k) Plan how to vote shares allocated to their accounts. To the extent participants do not provide timely directions to the trustee on how to vote the shares allocated to their accounts, the trustee will vote the shares with respect to which proper direction has not been received in the same proportion as those shares for which proper direction has been received.

3 Required Vote

Proposal 1: Directors are elected by a plurality of the votes cast at our Annual Meeting. To be elected by a “plurality” of the votes cast means that the individuals who receive the largest number of votes are elected as

directors. Therefore, any shares not voted, whether by an indication on the proxy card that you wish to “withhold authority,” by a broker non-vote (which may occur because brokers or other nominees who hold shares for you do not have the discretionary authority to vote your uninstructed shares in the election of directors) or otherwise, have no effect in the

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election of directors except to the extent that the failure to vote for an individual results in another individual receiving a larger number of votes.

Proposal 2: The affirmative vote of the holders of a majority of shares of our common stock represented and entitled to vote at our Annual Meeting is required to approve the advisory vote on compensation of our named executive officers. Consequently, broker non-votes will have no effect on approval of the resolution, but abstentions will act as a vote against approval of the resolution. Because your vote is advisory, it will not be binding on the Board or the Company. However, the Compensation Committee will review the voting results and take them into consideration when making future decisions regarding executive compensation.

Proposal 3: The affirmative vote of the holders of a majority of shares of our common stock represented and entitled to vote at our Annual Meeting is required for ratification of the appointment of Ernst & Young LLP to serve as our independent registered public accounting firm for 2016. Consequently, broker non-votes will have no effect on approval of these matters, but abstentions will act as a vote against their approval.

A quorum of stockholders is necessary to take action at our Annual Meeting. A majority of the outstanding shares of our common stock entitled to vote, represented in person or by proxy, will constitute a quorum of stockholders at our Annual Meeting. Votes cast by proxy or in person at our Annual Meeting will be tabulated by the inspector of election appointed for our Annual Meeting. Our assistant corporate secretary will serve as the inspector of election for our Annual Meeting. For purposes of determining whether a quorum is present, abstentions and broker non-votes (which may occur because brokers or other nominees who hold shares for you do not have the discretionary authority to vote your uninstructed shares in the election of directors or with respect to the advisory vote on the compensation of our named executive officers) will count toward the quorum requirement. For purposes of the election of directors, abstentions will have the same effect as votes withheld. For purposes of the advisory vote on the compensation of our named executive officers and the proposal to ratify our independent registered accounting firm, abstentions will have the same effect as votes against.



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ELECTION OF DIRECTORS

(Proposal 1)

Our Board currently consists of six members. Our Board is divided into three classes for purposes of election. The director or directors in one class are generally elected at each annual meeting of stockholders to serve for a three-year term and until their successors are duly elected and qualified. The directors elected at our Annual Meeting will hold office for a three-year term expiring at our 2019 annual meeting of stockholders and until his or her successor is duly elected and qualified. Other than the two directors who are nominated for election at our Annual Meeting, our other directors are not up for election this year and will continue in office for the remainder of their terms.

As of the date of this proxy statement, each of the nominees for election has indicated that he or she is able and willing to serve as a director. However, if some unexpected occurrence should require our Board to substitute some other person or persons for one or more of the nominees, it is intended that the shares represented by proxies received and voted for such other candidate or candidates, or not voted, will be voted for another nominee or nominees selected by our Board.

4 Nominees for Election at the Annual Meeting

The following sets forth certain information, as of the Record Date, about the nominees for election at our Annual Meeting. Each of the nominees is currently a director of our Company.

Director Nominees for Terms Expiring in 2019

Margaret S. Dano, 56, has been serving as a director since 2012. She also has served since 2014 as chairman of the board of directors of Superior Industries International, Inc. (NYSE: SUP), a designer and manufacturer of aluminum road wheels for sale to original equipment manufacturers headquartered in Van Nuys, California, as lead director since 2010 and as a member of the board of directors since 2007. She joined the board of directors and the governance committee of Neenah Paper Inc. (NYSE: NP) in April 2015. Ms. Dano was Vice President, Worldwide Operations of Garrett Engine Boosting Systems, a division of Honeywell International, Inc., from June 2002 until her retirement from that position in 2005. From April 2002 to June 2002, she was Vice President, Global Operations, Automation and Controls Solutions of Honeywell. Before joining Honeywell, Ms. Dano served in executive or management roles with Avery Dennison Corporation, Black & Decker Corporation and General Electric Corporation. Ms. Dano has been a member of the board of directors of Industrial Container Services, a provider of reusable container solutions in the United States, since 2011, and currently serves as lead director and as a member of the compensation committee. She has served on the board of directors and the audit, compensation and governance committees of Fleetwood Enterprises, Inc., and on the board of directors and as lead director and chair of the compensation committee of Anthony International Equipment Services Corp. Ms. Dano's qualifications to serve on our Board of Directors include her leadership experience at publicly traded manufacturing companies and her background in the manufacturing industry as a member of senior management teams with responsibility for global operations.

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Donald W. Sturdivant, 55, has been serving as a director since 2010. He has also been the Chief Executive Officer of Fleetpride, Inc. since June 2015. Fleetpride, Inc. is an independent distributor of parts for heavy duty trucks and trailers. He previously served from February 2009 until March 2015 as Chief Executive Officer of Marietta Corporation, a manufacturer of hotel amenities for hotel chains in North America and provider of contract manufacturing to consumer packaged goods companies in both the personal care and household care markets. Prior to becoming Chief Executive Officer of Marietta Corporation, Mr. Sturdivant was Executive Vice President of Graphic Packaging International, Inc., a provider of paperboard packaging products to multinational food, beverage and other consumer products companies, from March 2008 until December 2008. He served as Senior Vice President, Consumer Packaging Division, of Graphics Packaging International, a predecessor to Graphic Packaging International, Inc., from 2003 to 2006, and as President, Performance Packaging Division, of Graphic Packaging Corporation, a predecessor to Graphic Packaging International, from 1999 to 2003. Mr. Sturdivant also was Chief Operating Officer of Altivity Packaging Corporation, another predecessor to Graphic Packaging International, Inc. from August 2006 to March 2008. Mr. Sturdivant's qualifications to serve on our Board of Directors include his leadership experience at several publicly held corporations and his background in the manufacturing industry as a member of senior management at a number of manufacturing companies.

OUR BOARD UNANIMOUSLY RECOMMENDS A VOTE "FOR" EACH OF THE FOREGOING NOMINEES FOR ELECTION AS A DIRECTOR.

Directors Remaining in Office Until 2017

James L. Janik, 59, has been serving as our President and Chief Executive Officer and Director since 2004 and became our Chairman of the Board in 2014. Mr. Janik also served as President and Chief Executive Officer of Douglas Dynamics Incorporated, the entity that previously operated our business, from 2000 to 2004. Mr. Janik was Director of Sales of our Western Products division from 1992 to 1994, General Manager of our Western Products division from 1994 to 2000 and Vice President of Marketing and Sales from 1998 to 2000. Prior to joining us, Mr. Janik was the Vice President of Marketing and Sales of Sunlite Plastics Inc., a custom extruder of thermoplastic materials, for two years. During the 11 prior years, Mr. Janik held a number of key marketing, sales and production management positions for John Deere Company. Mr. Janik's qualifications to serve on our Board of Directors include his 21 years of experience at our Company, including his 15 years of experience as our and Douglas Dynamics Incorporated's President and Chief Executive Officer, as well as his depth of experience at businesses affected by weather-related seasonality. This experience, comprehensive knowledge of the snow and ice control equipment industry, and inside perspective of the day-to-day operations of the Company provides essential insight and guidance to our Board of Directors.

James D. Staley, 66, has been serving as a director since 2010 and as our Lead Independent Director since our 2014 Annual Meeting. He retired in 2008 after more than 35 years of service with Roadway Express, Inc. ("Roadway"), a motor freight carrier company, and its successor company, YRC Worldwide, Inc. ("YRC"), a North American transportation service provider, which acquired Roadway in 2003. Mr. Staley joined Roadway in 1971 and during his years of service with that company and its successor company, YRC, served as Chief Executive Officer of the Regional Transportation Division of YRC from 2006 to 2007, President and Chief Executive Officer of the Roadway Division of YRC from 2004 to 2005, and in various management positions for Roadway from 1971 to 2003, including Vice President of the Northeastern Division from 1993 to 1994, Vice President of Operations from 1994 to 1998, and President and Chief Executive Officer of Roadway from 1998 to 2003. Mr. Staley currently serves on the Board of Directors of Roadrunner Transportation Systems, Inc. Mr. Staley's qualifications to serve on our Board of Directors include his leadership experience at a publicly held company and his background in the transportation industry as a member of senior management of a transportation service provider.

Directors Remaining in Office Until 2018

James L. Packard, 73, has been serving as a director since 2010. He is the retired Chairman, President and Chief Executive Officer of Regal-Beloit Corporation, a manufacturer of mechanical and electrical products. He served as President and Chief Executive Officer of Regal-Beloit Corporation from 1986 until 2002, and as Chairman from 1986 until

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2006. Mr. Packard currently serves on the Board of Directors of Clarcor Inc. and The Manitowoc Company, Inc., ABC Supply Co. Inc., First National Bank & Trust Company of Beloit and Center 1 Bancorp Inc. Mr. Packard also has previous board experience on the Board of Governors of the American Stock Exchange, the Boards of Directors of Gehl Company and Elco Corporation, and numerous manufacturing industry boards and associations. Mr. Packard's qualifications to serve on our Board of Directors include his more than 26 years of experience in senior management of a publicly-traded company, his experience as the chief executive officer of a manufacturing company and his many years of service on boards of directors and committees.

Kenneth W. Krueger, 59, has been serving as a director since 2011. He also has served as Chairman of The Manitowoc Company, Inc., a capital goods manufacturer, since March 2016. Previously, he served as interim Chairman, President and Chief Executive Officer of The Manitowoc Company, Inc. from October 2015 through March 2016 and as a director and Chairman of the Audit Committee for that company from 2004 until October 2015. From May 2006 until August 2009, Mr. Krueger was the Chief Operating Officer of Bucyrus International, Inc., a global mining equipment manufacturer headquartered in South Milwaukee, Wisconsin. Mr. Krueger also served as Bucyrus International, Inc.'s Executive Vice President from December 2005 until May 2006. Prior to joining Bucyrus International, Inc., Mr. Krueger was Senior Vice President and Chief Financial Officer of A. O. Smith Corporation, a global manufacturer of water heaters in Milwaukee, Wisconsin, from August 2000 until June 2005. Mr. Krueger's qualifications to serve on our Board of Directors include his leadership experience at a publicly traded company and his background in the manufacturing industry as a member of the senior management team at a global manufacturer of mining equipment.

## CORPORATE GOVERNANCE

### Board Leadership Structure

Our Board does not have a policy on whether the roles of Chief Executive Officer and Chairman should be separate. Our bylaws and Corporate Governance Guidelines provide us with the flexibility to combine or separate these roles, and our Board reserves the right to vest the responsibilities of the Chief Executive Officer and Chairman in different individuals or in the same individual depending on our Board's judgment as to the best interests of our Company. In the circumstance where the responsibilities of the Chief Executive Officer and Chairman are vested in the same individual, or where the Chairman is not considered independent, the Board of Directors will designate a Lead Independent Director from among the independent directors to preside over the executive sessions of the non-employee directors.

Currently, our Board believes it is in the best interests of our Company for the roles of Chairman and Chief Executive Officer to be combined and to appoint a Lead Independent Director from among our independent directors. Our Board believes that this leadership structure currently assists our Board in creating a unified vision for our company, streamlines accountability for our performance and facilitates our Board's efficient and effective functioning. Further, our Board believes that Mr. Janik, our President and Chief Executive Officer, is the person best qualified to serve as our Chairman in light of his extensive experience and qualifications within our industry and in-depth knowledge of our markets and customer base. Our Board also believes that having Mr. Janik serve as both our President and Chief Executive Officer and our Chairman will allow him to leverage the information gained from both roles to lead our Company most effectively.

Mr. Staley has served as our Lead Independent Director since 2014. Mr. Staley was selected for this position because of his service on our Board since 2010, his leadership experience at a publicly held company and his background in the transportation industry as a member of senior management of a transportation service provider.

Our Lead Independent Director's responsibilities include:

- presiding at all meetings of the Board of Directors in the event of the absence of the Chairman of the Board;
- presiding at all executive sessions of the independent directors;
- serving as a liaison between the Chairman of the Board and the independent directors;

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- facilitating information flow and communication among the directors, including approving (i) agendas for meetings of the Board of Directors, (ii) scope of information being provided to the directors and (iii) meeting schedules, to ensure allotted time is sufficient for discussion; and

- being available for consultation and direct communication with major stockholders if requested by such stockholders.

Our Lead Independent Director also has the authority to call meetings of the independent directors.

## Risk Management and Oversight

Our full Board of Directors oversees our risk management process. Our Board oversees a company-wide approach to risk management, carried out by management. Our full Board determines the appropriate risk for our company generally, assesses the specific risks we face and reviews the steps taken by management to manage those risks.

While the full Board maintains the ultimate oversight responsibility for the risk management process, its committees oversee risk in certain specified areas. In particular, our Compensation Committee is responsible for overseeing the management of risks relating to the Company's executive compensation plans and arrangements and the incentives created by the compensation awards it administers. Our Audit Committee oversees management of enterprise risks as well as financial risks and is also responsible for overseeing potential conflicts of interests. Our Nominating and Corporate Governance Committee is responsible for overseeing the management of risks associated with the independence of the Board of Directors. Pursuant to the Board's instruction, management regularly reports on applicable risks to the relevant committee or the full Board, as appropriate, with additional review or reporting on risks conducted as needed or as requested by the Board and its committees.

## Board Meetings

Our Board held four meetings in 2015 and the non-management directors of our Board met in executive session four times in 2015. Each of the directors currently serving on our Board attended at least 75% of the aggregate of the number of meetings of the Board held in 2015 and the total number of meetings held by each committee of the Board on which such director served during the period in which the director served on the Board or the applicable committee in 2015. We strongly encourage our directors to attend the annual meeting of stockholders each year.

## Corporate Governance and Independent Directors

Our Board has in effect Corporate Governance Guidelines that, in conjunction with the Board committee charters, establish processes and procedures to help ensure effective and responsive governance by the Board. The Corporate Governance Guidelines are available, free of charge, on our website, [www.douglasdynamics.com](http://www.douglasdynamics.com). Our website address is provided as an inactive textual reference only. The information contained on our website is not incorporated into, and does not form a part of, this proxy statement or any other report or document on file with or furnished to the Securities and Exchange Commission ("SEC").

The Corporate Governance Guidelines provide that a majority of the members of the Board must be independent directors under the listing standards of the NYSE. An "independent" director is a director who meets the NYSE definition of independence, as determined by the Board. Pursuant to the Guidelines and the requirements of the NYSE, the Board has affirmatively determined by resolution that none of Messrs. Staley, Packard, Sturdivant or Krueger or Ms. Dano has any material relationship with the Company, and, therefore, each is independent in accordance with the NYSE listing standards. The Board will regularly review the continuing independence of the directors.

Communications with the Board

Interested persons may contact any individual director, the Board as a group, or a specified Board committee or group, including the independent directors as a group, by sending a written communication to the Company's Corporate Secretary at Douglas Dynamics, Inc., 7777 North 73rd Street, Milwaukee, Wisconsin 53223. Each communication should

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specify the applicable addressee or addressees as well as the general topic of communication. The Board has instructed the Corporate Secretary to review such correspondence and, in his discretion, not to forward items if he deems them to be of a commercial or frivolous nature or otherwise inappropriate. Concerns about questionable accounting or audit matters or possible violations of the Company's Code of Business Conduct and Ethics should be reported pursuant to the procedures outlined in the Code of Business Conduct and Ethics. A copy of the Code of Business Conduct and Ethics is available on our website ([www.douglasdynamics.com](http://www.douglasdynamics.com)).

Board Committees

Our Board has three standing committees: an Audit Committee, a Compensation Committee and a Nominating and Corporate Governance Committee. Each of these committees has the responsibilities set forth in formal written charters adopted by our Board. Copies of each of these charters are available on our website ([www.douglasdynamics.com](http://www.douglasdynamics.com)).

Audit Committee

The Audit Committee is comprised of Messrs. Staley, Packard, Sturdivant and Krueger and Ms. Dano, and is chaired by Mr. Krueger. Our Board has determined that Mr. Krueger is an "audit committee financial expert" as defined by the SEC. This committee is generally responsible for the appointment, compensation, retention and oversight of our independent registered public accou