RELIABILITY

2009 ANNUAL REPORT

AAON is a global leader in providing equipment with environmentally responsible designs. AAON utilizes extensive product knowledge and state of the art manufacturing to continuously provide a wide variety of energy efficient and earth friendly features to the dynamic marketplace. The success of our commitments can be seen in the consistent growth of our sales and the increasing profitability of the company.
RELIABILITY

COMPANY PROFILE

OUTDOOR AIR HANDLING UNITS

RL SERIES

RN SERIES

RQ SERIES

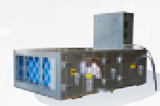
CONDENSING UNITS

CL SERIES

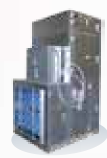
CC SERIES

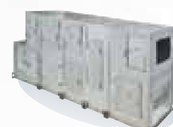
CB SERIES

INDOOR AIR HANDLING UNITS


H3 SERIES

SA SERIES

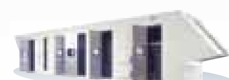

V3 SERIES


M2 SERIES

M3 SERIES

F1 SERIES

ROOFTOP UNITS


RL SERIES

RN SERIES

RQ SERIES

BOILER

BL SERIES

CHILLERS

LL SERIES AIR—CONDENSED

LL SERIES EVAPORATIVE—CONDENSED

LC SERIES AIR—CONDENSED

AAON is engaged in the engineering, manufacturing, marketing and sales of air conditioning and heating equipment consisting of rooftop units, chillers, air-handling units, make-up air units, heat recovery units, condensing units, commercial self-contained units and coils. Since the founding of AAON in 1988, AAON has maintained a commitment to design, develop, manufacture and deliver heating and cooling products to perform beyond all expectations and demonstrate the value of AAON to our customers. AAON provides specific and unique solutions for individual customer requirements.

FINANCIAL HIGHLIGHTS

	2009	2008	2007	2006	2005
Income Data ($000)					
Net Sales	$245,282	$279,725	$262,517	$231,460	$185,195
Gross Profit	$67,545	$67,176	$57,369	$43,890	$35,291
Operating Income	$43,754	$43,388	$35,666	$25,831	$17,814
Interest Expense	$9	$71	$10	$81	$16
Interest Income	$71	$27	$8	$24	$67
Depreciation	$9,061	$9,412	$9,665	$9,146	$8,503
Pre-Tax Income	$43,892	$44,068	$35,343	$26,198	$18,332
Net Income	$27,721	$28,589	$23,156	$17,133	$11,462
Earnings Per Share					
(Basic)[1]	$1.61	$1.63	$1.24	$0.93	$0.62
(Diluted)[1]	$1.60	$1.60	$1.22	$0.90	$0.60
Balance Sheet ($000)					
Working Capital	$65,354	$40,600	$38,788	$36,356	$33,372
Current Assets	$96,240	$80,118	$76,295	$70,759	$62,950
Net Fixed Assets	$59,896	$60,550	$60,770	$59,222	$50,581
Accumulated Depreciation	$80,567	$72,269	$63,579	$54,182	$45,062
Cash & Cash Investment	$25,639	$269	$879	$288	$1,837
Total Assets	$156,211	$140,743	$137,140	$130,056	$113,606
Current Liabilities	$30,886	$39,518	$37,507	$34,403	$29,578
Long-Term Debt	$0	$121	$239	$0	$59
Stockholders' Equity	$117,999	$96,522	$95,420	$91,592	$79,495
Stockholders' Equity per Diluted Share[1]	$6.85	$5.61	$5.29	$4.95	$4.33
Funds Flow Data ($000)					
Operations	$45,205	$33,447	$31,247	$19,428	$11,966
Investments	$(9,639)	$(9,593)	$(10,751)	$(16,781)	$(8,189)
Financing	$(10,101)	$(24,460)	$(20,036)	$(3,333)	$(4,200)
Net Increase (Decrease) in Cash	$25,370	$(610)	$591	$(549)	$(157)
Ratio Analysis					
Return on Average Equity	25.8%	29.8%	24.8%	20.0%	15.2%
Return on Average Assets	17.7%	20.3%	16.9%	13.2%	10.1%
Pre-Tax Income on Sales	17.9%	15.8%	13.5%	11.3%	9.9%
Net Income on Sales	11.3%	10.2%	8.8%	7.4%	6.2%
Total Liabilities to Equity	0.3	0.5	0.4	0.4	0.4
Quick Ratio[2]	1.9	1.0	1.1	1.1	1.2
Current Ratio	3.1	2.0	2.0	2.1	2.1
Year-End Price Earnings Ratio[1]	12	13	16	19	20

[1] Reflects 3-for-2 stock split in August 2007
[2] Cash, cash investments + receivables/current liabilities.

PRESIDENT'S LETTER

DEAR SHAREHOLDER,

Our operating and net income margins reached record levels last year, while our financial position remained debt-free and highly liquid, despite a decline in our top line performance. We continued to benefit from stable raw material and component pricing while our product pricing remained firm. The Company witnessed an impressive improvement in productivity as manufacturing and marketing efforts continued to excel. All of these factors had a beneficial impact on gross margins, which widened once again.

We continued to focus on improving our manufacturing efforts and on providing our customers with products that delivered reliability, quality, durability, serviceability and high efficiency. These efforts, combined with the diversification of our product line and our customer mix, served to cushion the severely negative effects of the economy last year.

In 2009, total sales declined 12.3% to $245.3 million from $279.7 million. Gross profits in 2008 were $67.2 million (24.0% of sales) and, despite lower sales in 2009, they improved slightly to $67.5 million (27.5% of sales). SG&A expenses remained relatively high, at $23.8 million in both 2009 and 2008, but increased as a percentage of sales from 8.5% in 2008 to 9.7% in 2009 due to the reduction in sales, which reflected increased warranty reserves and various promotional expenses connected with new product introductions.

Our operating income increased slightly to $43.8 million from $43.4 million and margins widened to 17.8% of sales from 15.5% of sales. Net income dipped 3.1% to $27.7 million (11.3% of sales) from $28.6 million (10.2% of sales). Earnings per share were $1.60 in both 2009 and 2008. The per share calculations are based upon 17.3 million diluted shares outstanding in 2009 and 17.9 million diluted shares in 2008.

CANADIAN PLANT CLOSING

In September 2009, we closed our Canadian facility. We had purchased these operations in May 2004 at a cost of $1.8 million. Later that year, we bought additional property at a cost of $1.1 million, in order to relocate, enlarge and expand our production capabilities. The Canadian production has since been moved to our domestic facilities in Tulsa, Oklahoma, and Longview, Texas. Since the inception of its business, we have realized tax benefits from the losses incurred in Canada and, in the first nine months of 2009, this operation contributed sales of $3.5 million and lost $0.8 million or $0.05 per diluted share. The building and land are now up for sale and we expect the transaction to be completed during this year.

STRONG FINANCIAL CONDITION

Our financial condition at December 31, 2009, remained strong. Total current assets were $96.2 million with a current ratio of 3:1. Capital expenditures reached $9.8 million, which was approximately the amount spent in 2008. We repurchased 165,117 shares of common stock at a cost of $3.1 million and made dividend payments of $5.9 million. Yet we maintained a strong liquid position, and with no long-term debt.

"Our operating and net income margins reached record levels last year, while our financial position remained debt-free and highly liquid, despite a decline in our top line performance."

“Our financial condition at December 31, 2009, remained strong. Total current assets were $96.2 million with a current ratio of 3:1. Capital expenditures reached $9.8 million, which was approximately the amount spent in 2008.”

Over the past decade we instituted three common stock repurchase programs. In 1999 and 2002, two of these programs totalled 3.0 million shares at a cost of $36 million. In November 2007 the Board of Directors authorized the third stock buyback of up to 10% (approximately 1.8 million shares) of the outstanding common stock. Through 2008 we had repurchased almost 1.7 million shares at a total cost of $33.7 million. During the past year we acquired an additional 25,546 shares and we purchased 10,000 shares of stock from certain directors of the Company and 129,571 shares from AAON's 401(k) savings and investment plan. We funded these stock buybacks out of our cash flow from operations. We believe our sizeable cash flow can best be utilized by repurchasing our common stock at prices that, we believe, do not reflect AAON's true value.

Return on average equity is a measure of how successfully a company uses reinvested earnings to generate additional earnings. It is used as a general indication of the company's financial efficiency. In 2009 our return on average equity was 25.8% as compared with 29.8% a year earlier. Total shareholders' equity advanced 22% to $118.0 million or $6.85 per share from $96.5 million or $5.61 per share in 2008.

THE COPPER HEDGE

Traditionally, we have entered into cancellable purchase contracts for all of our commodity needs. Since the fourth quarter of 2008, due to a significant decline in the price of commodities, we also entered into non-cancellable contracts, mainly for copper. As economic conditions continued to worsen, one of our main suppliers of copper encountered some financial difficulties. Fearful that our contracts could not be fulfilled, we entered into a derivative instrument that re-assigned the rights of the non-cancellable contract to a large financial institution. The increase in the price of copper through the last half of 2009 beneficially impacted our financial results, adding approximately $1.4 million to net income or $0.08 per share.

We continue to have a derivative position, which settles on a monthly basis, as we enter this year. We are locked in at a price of $2.38 per pound through December 2010 for a portion of our expected usage. Since the derivative instrument can be settled at any time, we closely monitor the price of the commodity.

RECOGNITIONS

It is said that success has many suitors, but failure goes to the dance alone. Fortunately, our dance card was quite full this past year. In June, the Company's Digital Precise Air Control (D-PAC) rooftop unit was recognized as the 2009 Product of the Year by the National Society of Professional Engineers (NSPE). In announcing the award, Richard Buchanan, Chairman of the New Product Award committee said, “this prestigious award serves to not only recognize the engineering that goes into these new products, but also the forward-thinking ability and initiative of the companies who are bringing these products to light.”

In August, Standard and Poor's Index Services announced that AAON, Inc. would be added to the S&P Small Cap 600 GICS Building Products Sub-Industry index. Standard and Poor's is the world's foremost provider of independent credit ratings, indices, risk evaluation, investment research and data.

Finally, in October, and for the third consecutive year, AAON was selected to the Forbes 200 Best Small Companies list, ranking 58th. Inclusion on the Forbes list requires companies to meet a series of financial benchmarks, including return on equity, sales growth and profit growth over the past year and also over five years. The Company was also previously honored in this list for three consecutive years from 2000 to 2002.

CAPITAL EXPENDITURES

We continue to pursue our commitment to expand our plant and machinery capacity in order to meet the demands of our future growth. In 2009 our capital expenditures were $9.8 million. We spent $3.0 million on the purchase of machinery and equipment, with the remainder directed to plant and building additions and renovations. A significant portion of these expenditures was devoted to completing programs initiated in 2008.

For 2010, depending on the business outlook, we have budgeted capital expenditures of $7-8 million. Once our incoming order rate begins to firm, signaling an improving business outlook, we will expand our physical capacity including a new warehouse and parts department at an estimated cost of $3-4 million. The remainder of our expenditures will be devoted to machinery purchases including metal fabricating equipment. At the end of 2009, our machinery capabilities could accommodate annual volume of up to $350-400 million depending on our product mix.

NEW PRODUCTS

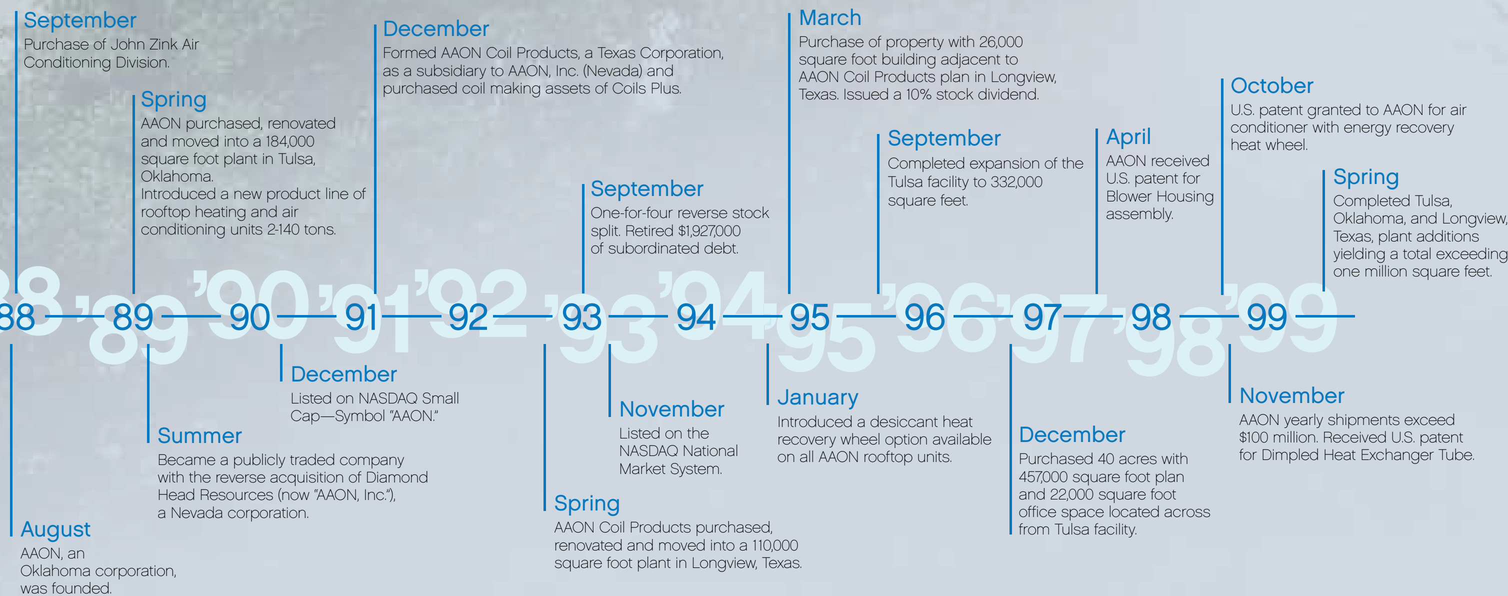
At the outset of AAON's business 22 years ago, the first products manufactured were rooftop unitary units with 2-10 ton capacity, serving the commercial and industrial markets. This market segment has traditionally been highly competitive due to the significant number of companies operating in this size range. Over the next two decades, we opted to concentrate our manufacturing efforts on higher tonnage units (10-230 tons). While these markets are far smaller, there is less competition, which allows us greater pricing flexibility.

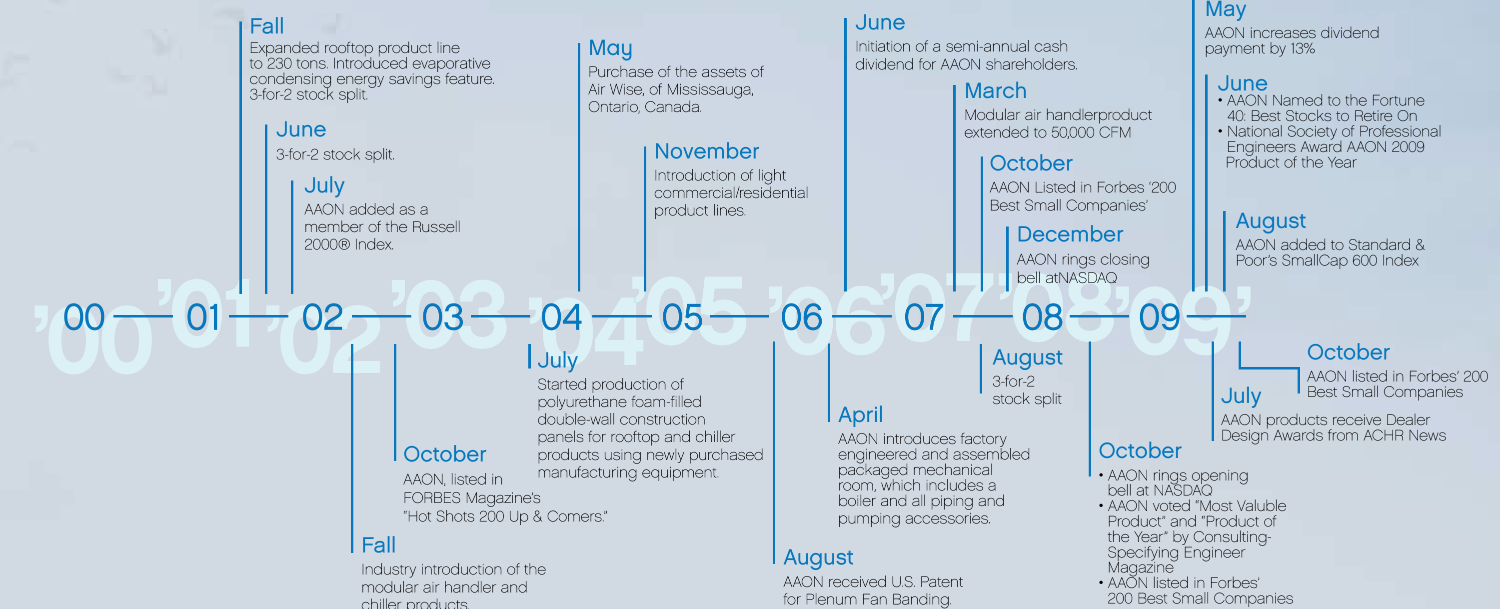
We have grown significantly since then, in size and also in experience. We have built a solid manufacturing and financial base, while offering a large diversity of HVAC products. We manufacture a complete line of semi-custom and custom products which include rooftop units, air handling units, condensing units, chillers, heat recovery units, commercial self-contained units and coils. In addition, we have begun to witness increased demand for our geothermal water-cooled equipment. We continue to enjoy growing acceptance of our technologically innovative, highly reliable, product lines.

Fortified by our manufacturing experience and financial strength, AAON has once again focused its attention on the 2-10 ton markets, bringing the same features which enabled us to gain a strong foothold in larger tonnage products to the smaller sized equipment.

In January of 2010, we introduced our redesigned 6-10 ton unitary products and are just now rolling out our newly updated 2-5 ton units. These products will have inner and outer sheet

THE ONGOING SUCCESS OF OUR COMPANY CAN BE DIRECTLY ATTRIBUTED TO OUR EMPLOYEES.





metal walls filled with foam, making composite construction for the cabinets. Similar to our competitors, we formerly used a single sheet metal panel with a fiberglass inner liner for our cabinet construction, which was inferior to our new, stronger and better insulated composite panels. In addition, these products will be manufactured with our direct drive blower assemblies that operate without drive belts, which eliminates the need to adjust or replace fan belts. These assemblies also operate with our airfoil backward curved fan that is much more efficient than the traditional belt driven forward curved fan system. We will continue to offer the customer the ability to add certain options to the units. Many other companies are able to "mass customize" their products, yet they choose not to, opting to keep their production methods more standardized, thereby enabling them to operate in the higher volume, lower priced market segments.

In order to establish AAON in this crowded arena, we expect to competitively price our base unit. During the first full year of production, we will, understandably, incur introductory marketing and training costs. We expect these factors to have a negative impact on our gross margins, but the additional sales should modestly benefit our net income. The 2-10 ton segment is quite large, contributing as much as 55-60% of the total unitary rooftop market, which we estimate to be approximately $2.0-2.2 billion annually. Undoubtedly, our decision to expand into this market will involve some significant near-term costs. On a longer term basis though, this market segment offers us excellent growth potential.

GEOTHERMAL

Geothermal units, also known as geo-exchange, ground-source or water-source heating and cooling units, substantially reduce electricity consumption in buildings by harnessing the nearly constant natural temperature of the earth or a body of water and exchanging that energy to heat or cool the building. The payback for geothermal systems historically ranged from two to 10 years, depending on the energy usage of the building. The American Recovery and Reinvestment Act of 2009 provides a tax credit for geothermal installations and helps to reduce the payback period. This tax credit, along with our unique cabinet design and high operating efficiency, has led to an increase in our geothermal sales of approximately 300% from 2008 to 2009.

SALES REPRESENTATIVE PERFORMANCE

Once again, our sales representatives performed exceedingly well, particularly in the face of a difficult economic climate. At the end of 2009, our network consisted of 106 offices in all 50 states and Canada, and contributed approximately 95% to our total sales. Our market share continues to expand, aided by the diversification of our customer mix. We witnessed good demand in such end markets as education, health care and government and municipal buildings, which partially offset the negative tone in the commercial, industrial and retail sectors. The success of our product line diversification through the introduction of new innovative products is directly attributable to the efforts of our sales representatives. We believe they will continue to be a significant factor in our future growth.

> **"We continue to pursue our commitment to expand our plant and machinery capacity in order to meet the demands of our future growth. In 2009 our capital expenditures were $9.8 million."**

"Fortified by our manufacturing experience and financial strength, AAON has once again focused its attention on the 2-10 ton markets, bringing the same features which enabled us to gain a strong foothold in larger tonnage products to the smaller sized equipment."

OUR EMPLOYEES

Like many companies with reduced demand in 2009, we were faced with the need to balance our employment costs with production requirements while retaining the talented and capable personnel who enable this organization to grow and thrive. Our solutions focused on reductions through attrition and reduced work schedules. We proactively communicated with our personnel regarding the economic environment facing the Company and sought their input in addressing our reduced production requirements. This resulted in some postponed maintenance work being completed by manufacturing personnel along with numerous unpaid days off being used through a more generous attendance policy. We believe that this flexible and inclusive means of addressing our reduced manufacturing demands has allowed us to retain our most skilled personnel and will enable us to respond to opportunities arising in the future.

Since our founding, we have distributed 10% of pre-tax profits equally to all personnel at an operating subsidiary who worked from the beginning of a quarter through the end of the quarter. Throughout this challenging employment period, our long standing "Profit Sharing" arrangement has rewarded employees with an equal portion of the profits of the subsidiary for which they work and provided an immediate reward for maintaining the subsidiary's profitability. For a long-term focus, our employees now own more than 3% of the Company's outstanding stock through the 401(k) plan which allows employees to benefit, along with other shareholders, from share appreciation. All company shares in the 401(k) plan are purchased on the open market, using either cash contributions from the Company, dividends received from company stock or cash from prior divestitures of company stock in the plan. Shares in the plan are later sold to the Company and retired if participants diversify their holdings or leave the plan. This program improves retirement preparedness and encourages employee longevity through a six-year vesting structure. We believe that the combination of these two incentive structures aligns the interests of our employees with those of our shareholders in a manner designed to improve capital appreciation and profitability.

Our emphasis on individual responsibility and long-term planning also appears in our health plan design. We are in our second year of offering only a high-deductible health plan along with matching contributions to health savings accounts and wellness incentives in conjunction with our nearly five-year-old on-site clinics which are focused on preventative care. Our first year using this as our sole health plan offering performed so well that we doubled the Company matching contribution, increased the wellness incentive by 160%, lowered the maximum out of pocket amount by 45%-70% for nearly all covered employees and introduced a preventative medication program. Nearly all covered employees have seen the total cost of health care drop since changing from a traditional PPO plan, while wellness indicators have improved. By focusing on prevention and wellness, we have seen improvements in blood pressure, cholesterol, blood sugar levels and smoking rates, while simultaneously reducing name-brand prescription usage. Giving employees more direct control over their health-care dollars has made our employees more health-conscious and cost-conscious. This plan design is expected to benefit employees through improved health while keeping health care costs competitive for the Company and its shareholders.

We continue to carefully monitor our personnel situation in light of economic developments. Our employees are a long-term investment in skills, talent and knowledge and we intend to remain cautious about any dramatic changes that could hinder our ability to respond quickly to market opportunities. We believe that our approach to personnel will allow us to capitalize upon changing market conditions and maximize shareholder value.

OUTLOOK

The economic malaise which began in late 2008 continues to grip our industry. While the near term outlook remains clouded, we are bolstered by the significant strides the Company has made in our manufacturing capabilities and financial stability. We have broadened our product line through the introduction of a number of new, technologically innovative products directly addressing our major industry concern: energy efficiency. This has enabled the Company to diversify both its manufacturing and customer mix. The response from our customers has been excellent. We will continue to expend the capital necessary to enlarge our machinery and manufacturing capacity as business conditions warrant.

The challenges that confronted us during the past year could not have been met without the cooperation and confidence of our customers, sales representatives and shareholders, as well as the loyalty of our committed employees, all of whose names appear at the end of this report. These continuing efforts augur well for AAON's future growth.

Sincerely,

Norman H. Asbjornson
President & CEO
April 14, 2010

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

FORM 10-K

[✓] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2009
or
[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ___________________________ to ___________________________

Commission file number: 0-18953

AAON, INC.
(Exact name of registrant as specified in its charter)

Nevada	87-0448736
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)
2425 South Yukon, Tulsa, Oklahoma	74107
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (918) 583-2266

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

Common Stock, par value $.004
(Title of Class)
Rights to Purchase Series A Preferred Stock
(Title of Class)

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

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

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). ❑ Yes ❑ No ☑ Not Applicable

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company (as defined in Rule 12b-2 of the Securities Exchange Act of 1934).

Large accelerated filer ❑ Accelerated filer ☑ Non-accelerated filer ❑ Smaller reporting company ❑

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

The aggregate market value of the common equity held by non-affiliates computed by reference to the closing price of registrant's common stock on the last business day of registrant's most recently completed second quarter (June 30, 2009) was $341.8 million.

As of February 25, 2010, registrant had outstanding a total of 17,185,037 shares of its $.004 par value Common Stock.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of registrant's definitive Proxy Statement to be filed in connection with the Annual Meeting of Stockholders to be held May 25, 2010, are incorporated into Part III.

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PART 1

ITEM 1. BUSINESS.

GENERAL DEVELOPMENT AND DESCRIPTION OF BUSINESS

AAON, Inc., a Nevada corporation, was incorporated on August 18, 1987. Our subsidiaries include AAON, Inc., an Oklahoma corporation, AAON Coil Products, Inc., a Texas corporation, AAON Canada, Inc., an Ontario corporation and AAON Properties, Inc., an Ontario corporation. AAON Properties is the lessor of property in Burlington, Ontario, Canada, to AAON Canada. Unless the context otherwise requires, references in this Annual Report to "AAON," the "Company", "we," "us," "our" or "ours" refer to AAON, Inc., and our subsidiaries.

We closed our manufacturing operations and reclassified our Canadian facility as held for sale in September 2009. The products previously manufactured at the Canadian facility will be produced by the Tulsa, Oklahoma, and Longview, Texas, facilities in the future.

We are engaged in the manufacture and sale of air-conditioning and heating equipment. Our products consist of rooftop units, chillers, air-handling units, make-up air units, heat recovery units, condensing units, commercial self contained units and coils.

PRODUCTS AND MARKETS

Our products serve the commercial and industrial new construction and replacement markets. To date our sales have been primarily to the domestic market. Foreign sales accounted for less than 5% of our sales in 2009.

Our rooftop and condenser markets consist of units installed on commercial or industrial structures of generally less than 10 stories in height. Our air-handling units, commercial self contained units, chillers, and coils are applicable to all sizes of commercial and industrial buildings.

The size of these markets is determined primarily by the number of commercial and industrial building completions. The replacement market consists of products installed to replace existing units/components that are worn or damaged. Historically, approximately half of the industry's market has consisted of replacement units.

The commercial and industrial new construction market is subject to cyclical fluctuations in that it is generally tied to housing starts, but has a lag factor of 6-18 months. Housing starts, in turn, are affected by such factors as interest rates, the state of the economy, population growth and the relative age of the population. When new construction is down, we emphasize the replacement market.

Based on our 2009 level of sales of $245 million, we estimate that we have a 13% share of the rooftop market and a 1% share of the coil market. Approximately 45% of our sales now come from new construction and 55% from renovation/replacements. The percentage of sales for new construction vs. replacement to particular customers is related to the customer's stage of development.

We purchase certain components, fabricate sheet metal and tubing and then assemble and test the finished products. Our primary finished products consist of a single unit system containing heating, cooling and/or heat recovery components in a self-contained cabinet, referred to in the industry as "unitary" products. Our other finished products are chillers, coils, air-handling units, condensing units, make-up air units, heat recovery units and commercial self-contained units.

We offer four groups of rooftop units. Our RQ Series consisting of six cooling sizes ranging from one to six tons; our RN Series offered in 18 cooling sizes ranging from six to 70 tons; our RL Series, which is offered in 15 cooling sizes ranging from 40 to 230 tons; and our HA Series, which is a horizontal discharge package for either rooftop or ground installation offered in eight sizes ranging from seven and one-half to 50 tons. We also produce the MN Series rooftop products, in sizes as required.

We manufacture a Model LC Chiller, air cooled, and a Model LL chiller, which is available in both air-cooled condensing and evaporative cooled configurations.

Our air-handling units consist of the F1 and H/V Series and the modular (M2 and M3) Series.

Our heat recovery option applicable to our RQ, RN and RL units, as well as our M2 and M3 Series air handlers, respond to the U.S. Clean Air Act mandate to increase fresh air in commercial structures. Our products are designed to compete on the higher quality end of standardized products.

Performance characteristics of our products range in cooling capacity from 20,000 - 4,320,000 BTU's and in heating capacity from 69,000 - 6,000,000 BTU's. All of our products meet the Department of Energy's efficiency standards, which define the maximum amount of energy to be used in producing a given amount of cooling.

A typical commercial building installation requires a ton of air-conditioning for every 300-400 square feet or, for a 100,000 square foot building, 250 tons of air-conditioning, which can involve multiple units.

We have developed and are beginning to market a residential condensing unit (CB Series) and air handlers (F1 Series).

MAJOR CUSTOMERS

No customer accounted for 10% of our sales during 2009, 2008 or 2007.

SOURCES AND AVAILABILITY OF RAW MATERIALS

The most important materials we purchase are steel, copper and aluminum, which are obtained from domestic suppliers. We also purchase from other domestic manufacturers certain components, including compressors, electric motors and electrical controls used in our products. We attempt to obtain the lowest possible cost in our purchases of raw materials and components, consistent with meeting specified quality standards. We are not dependent upon any one source for raw materials or the major components of our manufactured products. By having multiple suppliers, we believe that we will have adequate sources of supplies to meet our manufacturing requirements for the foreseeable future.

We attempt to limit the impact of increases in raw materials and purchased component prices on our profit margins by negotiating with each of our major suppliers on a term basis from six months to one year and by hedging copper prices in the form of derivatives.

DISTRIBUTION

We employ a sales staff of 20 individuals and utilize approximately 91 independent manufacturer representatives' organizations having 106 offices to market our products in the United States and Canada. We also have one international sales organization, which utilizes 12 distributors in other countries. Sales are made directly to the contractor or end user, with shipments being made from our Tulsa, Oklahoma, Longview, Texas, and, prior to the termination of our operations there in September 2009, Burlington, Ontario, Canada, plants to the job site. Billings are to the contractor or end user, with a commission paid directly to the manufacturer representative.

Our products and sales strategy focus on niche markets. The targeted markets for our equipment are customers seeking products of better quality than offered, and/or options not offered, by standardized manufacturers.

To support and service our customers and the ultimate consumer, we provide parts availability through our sales offices and have factory service organizations at each of our plants. Also, a number of the manufacturer representatives we utilize have their own service organizations, which, in connection with us, provide the necessary warranty work and/or normal service to customers.

Our product warranty policy is: the earlier of one year from the date of first use or 18 months from date of shipment for parts only; an additional four years for compressors (if applicable); 15 years on gas-fired heat exchangers (if applicable); and 25 years on stainless steel heat exchangers (if applicable).

RESEARCH AND DEVELOPMENT

All of our R&D activities are self-sponsored, rather than customer-sponsored. R&D has involved the RQ, RN, RL and MN (rooftop units), F1, H/V, M2 and M3 (air handlers), LC and LL (chillers), CB and CC (condensing units), SA (commercial self-contained units) and BL (boilers), as well as component evaluation and refinement, development of control systems and new product development. We incurred research and development expenses of approximately $3,074,000, $2,577,000 and $2,483,000 in 2009, 2008 and 2007, respectively.

BACKLOG

Our current backlog as of March 1, 2010, was approximately $39,844,000 compared to approximately $45,182,000 at March 1, 2009. The current backlog consists of orders considered by management to be firm and substantially all of which will be filled by August 1, 2010; however, the orders are subject to cancellation by the customers.

WORKING CAPITAL PRACTICES

Working capital practices in the industry center on inventories and accounts receivable. Our management regularly reviews our working capital with a view to maintaining the lowest level consistent with requirements of anticipated levels of operation. Our greatest needs arise during the months of July - November, the peak season for inventory (primarily purchased material) and accounts receivable. Our working capital requirements are generally met by cash flow from operations and a bank revolving credit facility, which currently permits borrowings up to $15,150,000. We believe that we will have sufficient funds available to meet our working capital needs for the foreseeable future. We expect to renew our revolving credit agreement in July 2010. We do not expect that the current situation in the credit market will impact our renewal.

SEASONALITY

Sales of our products are moderately seasonal with the peak period being July - November of each year.

COMPETITION

In the standardized market, we compete primarily with Lennox International, Inc., Ingersoll Rand Limited, Johnson Controls Inc. and United Technologies Corporation. All of these competitors are substantially larger and have greater resources than we do. In the custom market, we compete with many larger and smaller manufacturers. Our products compete on the basis of total value, quality, function, serviceability, efficiency, availability of product, product line recognition and acceptability of sales outlet. However, in new construction where the contractor is the purchasing decision maker, we are often at a competitive disadvantage because of the emphasis placed on initial cost. In the replacement market and other owner-controlled purchases, we have a better chance of getting the business since quality and long-term cost are generally taken into account.

EMPLOYEES

As of March 1, 2010, we had 1,165 permanent employees and 13 temporary employees. Our employees are not currently represented by unions. Management considers relations with our employees to be good.

PATENTS, TRADEMARKS, LICENSES AND CONCESSIONS

We do not consider any patents, trademarks, licenses or concessions to be material to our business operations, other than patents issued regarding our heat recovery wheel option, blower, gas-fired heat exchanger and evaporative condenser desuperheater.

ENVIRONMENTAL MATTERS

Laws concerning the environment that affect or could affect our domestic operations include, among others, the Clean Water Act, the Clean Air Act, the Resource Conservation and Recovery Act, the Occupational Safety and Health Act, the National Environmental Policy Act, the Toxic Substances Control Act, regulations promulgated under these Acts, and any other federal, state or local laws or regulations governing environmental matters. We believe that we presently comply with these laws and that future compliance will not materially adversely affect our earnings or competitive position.

AVAILABLE INFORMATION

Our Internet website address is http://www.aaon.com. Our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act of 1934 will be available through our Internet website as soon as reasonably practical after we electronically file such material with, or furnish it to, the SEC.

ITEM 1A. RISK FACTORS.

The following risks and uncertainties may affect our performance and results of operations.

OUR BUSINESS HAS BEEN HURT BY THE CURRENT ECONOMIC DOWNTURN.

Our business is affected by a number of economic factors, including the level of economic activity in the markets in which we operate. The state of the United States economy has negatively impacted the commercial and industrial new construction markets. The current decline in economic activity in the United States could materially affect our financial condition and results of operations. Sales in the commercial and industrial new construction markets correlate closely to the number of new homes and buildings that are built, which in turn is influenced by cyclical factors such as interest rates, inflation, consumer spending habits, employment rates and other macroeconomic factors over which we have no control. In the Heating, Ventilation, and Air Conditioning ("HVAC") business, a decline in economic activity as a result of these cyclical or other factors typically results in a decline in new construction and replacement purchases, which has resulted in a decrease in our sales volume and profitability.

WE MAY BE ADVERSELY AFFECTED BY PROBLEMS IN THE AVAILABILITY, OR INCREASES IN THE PRICES, OF RAW MATERIALS AND COMPONENTS.

Problems in the availability, or increases in the prices, of raw materials or components could depress our sales or increase the costs of our products. We are dependent upon components purchased from third parties, as well as raw materials such as steel, copper and aluminum. We enter into cancelable and noncancelable contracts on terms from six months to one year for raw materials and components at fixed prices. However, if a key supplier is unable or unwilling to meet our supply requirements, we could experience supply interruptions or cost increases, either of which could have an adverse effect on our gross profit.

WE RISK HAVING LOSSES RESULTING FROM THE USE OF NONCANCELABLE FIXED PRICE CONTRACTS AND DERIVATIVES.

Historically, we attempted to limit the impact of price fluctuations on commodities by entering into noncancelable fixed price contracts with our major suppliers for periods of 6 - 18 months. We expect to receive delivery of raw materials from our fixed price contracts for use in our manufacturing operations. These fixed price contracts are not accounted for as derivative instruments since they meet the normal purchases and sales exemption. In the third quarter of 2009, we began hedging copper prices in the form of derivatives. If future copper prices decline below our contract prices, a corresponding loss would result.

Derivative transactions also involve the risk that our counterparty, which currently is one financial institution, may be unable to satisfy their obligations to us. If our counterparty were to default on its obligations to us under a forward purchase contract or seek bankruptcy protection, it could have a material adverse effect on our profit margins. In addition, in the current economic environment and tight financial markets, the risk of counterparty default is heightened, which could result in a larger percentage of our future production being subject to commodity price changes.

WE MAY NOT BE ABLE TO SUCCESSFULLY DEVELOP AND MARKET NEW PRODUCTS.

Our future success will depend upon our continued investment in research and new product development and our ability to continue to realize new technological advances in the HVAC industry. Our inability to continue to successfully develop and market new products or our inability to achieve technological advances on a pace consistent with that of our competitors could lead to a material adverse effect on our business and results of operations.

WE MAY INCUR MATERIAL COSTS AS A RESULT OF WARRANTY AND PRODUCT LIABILITY CLAIMS THAT WOULD NEGATIVELY AFFECT OUR PROFITABILITY.

The development, manufacture, sale and use of our products involve a risk of warranty and product liability claims. Our product liability insurance policies have limits that, if exceeded, may result in material costs that would have an adverse effect on our future profitability. In addition, warranty claims are not covered by our product liability insurance and there may be types of product liability claims that are also not covered by our product liability insurance.

WE MAY NOT BE ABLE TO COMPETE FAVORABLY IN THE HIGHLY COMPETITIVE HVAC BUSINESS.

Competition in our various markets could cause us to reduce our prices or lose market share, or could negatively affect our cash flow, which could have an adverse effect on our future financial results. Substantially all of the markets in which we participate are highly competitive. The most significant competitive factors we face are product reliability, product performance, service and price, with the relative importance of these factors varying among our product line. Other factors that affect competition in the HVAC market include the development and application of new technologies and an increasing emphasis on the development of more efficient HVAC products. Moreover, new product introductions are an important factor in the market categories in which our products compete. Several of our competitors have greater financial and other resources than we have, allowing them to invest in more extensive research and development. We may not be able to compete successfully against current and future competition and current and future competitive pressures faced by us may materially adversely affect our business and results of operations.

THE LOSS OF NORMAN H. ASBJORNSON COULD IMPAIR THE GROWTH OF OUR BUSINESS.

Norman H. Asbjornson, our founder, has served as our President and Chief Executive Officer from inception to date. He has provided the leadership and vision for our growth. Although important responsibilities and functions have been delegated to other highly experienced and capable management personnel, our products are technologically advanced and well positioned for sales into the future and we carry key man insurance on Mr. Asbjornson, his death, disability or retirement could impair the growth of our business. We do not have an employment agreement with Mr. Asbjornson.

OUR STOCKHOLDER RIGHTS PLAN AND SOME PROVISIONS IN OUR BYLAWS AND NEVADA LAW COULD DELAY OR PREVENT A CHANGE IN CONTROL.

Our stockholder rights plan and some provisions in our bylaws and Nevada law could delay or prevent a change in control, which could adversely affect the price of our common stock.

OUR BUSINESS IS SUBJECT TO THE RISKS OF INTERRUPTIONS BY PROBLEMS SUCH AS COMPUTER VIRUSES.

Despite our implementation of network security measures, our services are vulnerable to computer viruses, break-ins and similar disruptions from unauthorized tampering with our computer systems. Any such event could have a material adverse affect on our business.

EXPOSURE TO ENVIRONMENTAL LIABILITIES COULD ADVERSELY AFFECT OUR RESULTS OF OPERATIONS.

Our future profitability could be adversely affected by current or future environmental laws. We are subject to extensive and changing federal, state and local laws and regulations designed to protect the environment in the United States and in other parts of the world. These laws and regulations could impose liability for remediation costs and result in civil or criminal penalties in case of non-compliance. Compliance with environmental laws increases our costs of doing business. Because these laws are subject to frequent change, we are unable to predict the future costs resulting from environmental compliance.

WE ARE SUBJECT TO ADVERSE CHANGES IN TAX LAWS.

Tax benefits could be adversely affected by changes in tax provisions, unfavorable findings in tax examinations or differing interpretations by tax authorities. We are unable to estimate the impact that current and future tax proposals and tax laws could have on our results of operations. We are not currently under audit by any taxing jurisdiction.

ITEM 1B. UNRESOLVED STAFF COMMENTS.

None.

ITEM 2. PROPERTIES.

The plant and office facilities in Tulsa, Oklahoma, consist of a 337,000 sq. ft. building (322,000 sq. ft. of manufacturing/warehouse space and 15,000 sq. ft. of office space) located on a 12-acre tract of land at 2425 South Yukon Avenue (the "original facility"), and a 693,000 sq. ft. manufacturing/warehouse building and a 22,000 sq. ft. office building (the "expansion facility") located on a 40-acre tract of land across the street from the original facility (2440 South Yukon Avenue). Both plants are of sheet metal construction.

The original facility's manufacturing area is in a heavy industrial type building, with total coverage by bridge cranes, containing manufacturing equipment designed for sheet metal fabrication and metal stamping. The manufacturing equipment contained in the original facility consists primarily of automated sheet metal fabrication equipment, supplemented by presses, press breaks and numerical control punching equipment. Assembly lines consist of four cart-type conveyor lines with variable line speed adjustment, three of which are motor driven. Subassembly areas and production line manning are based upon line speed. The manufacturing facility is 1,140 feet in length and varies in width from 390 feet to 220 feet.

In the expansion facility we use 22,000 sq. ft. for office space, 20,000 sq. ft. for warehouse space and 80,000 sq. ft. for two production lines; an additional 106,000 sq. ft. is utilized for sheet metal fabrication. The remaining 487,000 sq. ft. is presently being prepared as additional plant space for long-term growth.

Our operations in Longview, Texas, are conducted in a plant/office building at 203-207 Gum Springs Road, containing 258,000 sq. ft. on 14 acres. The manufacturing area (approximately 251,000 sq. ft.) is located in three 120-foot wide sheet metal buildings connected by an adjoining structure. The facility is built for light industrial manufacturing. An additional, contiguous 15 acres were purchased in 2004 and 2005 for future expansion.

Our previous operations (closed in September 2009) in Burlington, Ontario, Canada, were located at 279 Sumach Drive, consisting of an 82,000 sq. ft. office/manufacturing facility on a 5.6 acre tract of land, currently listed for sale.

ITEM 3. LEGAL PROCEEDINGS.

We are not a party to any pending legal proceeding which management believes is likely to result in a material liability and no such action is contemplated by or, to the best of our knowledge, has been threatened against us.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

No matter was submitted to a vote of security holders, through solicitation of proxies or otherwise, during the period from October 1, 2009 through December 31, 2009.

PART 2

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

Our Common Stock is traded on the NASDAQ Global Select Market under the symbol "AAON". The range of closing prices for our Common Stock during the last two years, as reported by National Association of Securities Dealers, Inc., was as follows:

QUARTER ENDED	HIGH	LOW
March 31, 2008	$ 20.52	$ 15.88
June 30, 2008	$ 22.92	$ 17.60
September 30, 2008	$ 22.85	$ 16.91
December 31, 2008	$ 21.20	$ 12.92
March 31, 2009	$ 20.93	$ 14.81
June 30, 2009	$ 21.86	$ 16.22
September 30, 2009	$ 21.97	$ 18.81
December 31, 2009	$ 20.52	$ 18.01

On February 25, 2010, there were 1,001 holders of record, and approximately 3,500 beneficial owners, of our Common Stock.

On February 14, 2006, the Board of Directors voted to initiate a semi-annual cash dividend. We initially paid semi-annual dividends of $0.20 per share. The Board of Directors approved dividend payments of $0.16 per share related to the stock split effective August 21, 2007. The Board of Directors approved future dividend payments of $0.18 per share on May 19, 2009. Board approval is required to determine the date of declaration and amount for each semi-annual dividend payment.

In 2009, dividends were declared to shareholders of record at the close of business on June 11, 2009 and December 14, 2009 and were paid on July 2, 2009 and January 4, 2010. We paid cash dividends of $5.9 million during the year ended December 31, 2009, and accrued a liability for payment of $3.1 million of dividends in January 2010.

Following repurchases of approximately 12% of our outstanding Common Stock between September 1999 and September 2001, we announced and began another stock repurchase program on October 17, 2002, targeting repurchases of up to approximately 2.0 million shares of our outstanding stock. On February 14, 2006, the Board of Directors approved the suspension of our repurchase program. Through February 14, 2006, we had repurchased a total of 1,886,796 shares under this program for an aggregate price of $22,034,568, or an average of $11.68 per share. We purchased the shares at current market prices.

On November 6, 2007, our Board of Directors authorized a new stock buyback program, targeting repurchases of up to approximately 10% (1.8 million shares) of our outstanding stock from time to time in open market transactions. Through December 31, 2009, we repurchased a total of 1,717,804 shares under this program for an aggregate price of $34,192,008, or an average of $19.90 per share. We purchased the shares at current market prices.

On July 1, 2005, we entered into a stock repurchase arrangement by which employee-participants in our 401(k) savings and investment plan are entitled to have shares of AAON stock in their accounts sold to us to provide diversification of their investments. The maximum number of shares to be repurchased is unknown under the program as the amount is contingent on the number of shares sold by employees. Through December 31, 2009, we repurchased 760,477 shares for an aggregate price of $12,589,311, or an average price of $16.55 per share. We purchased the shares at current market prices.

On November 7, 2006, the Board of Directors authorized us to repurchase shares from certain directors and officers following their exercise of stock options. The maximum number of shares to be repurchased under the program is unknown as the amount is contingent on the number of shares sold. Through December 31, 2009, we repurchased 350,375 shares for an aggregate price of $7,167,623, or an average price of $20.46 per share. We purchased the shares at current market prices.

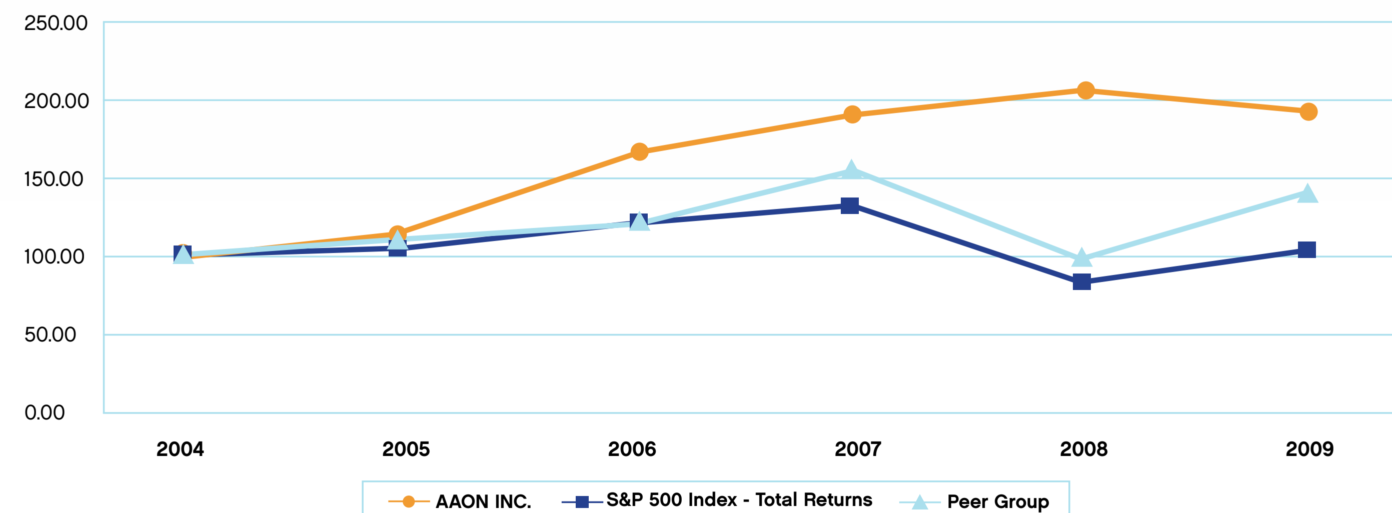
Repurchases during the fourth quarter of 2009 were as follows:

ISSUER PURCHASES OF EQUITY SECURITIES

Period	(a) Total Number of Shares (or Units) Purchased	(b) Average Price Paid Per Share (or Unit)	(c) Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs	(d) Maximum Number (or Approximate Dollar Value) of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs
October 2009	20,570	$18.86	20,570	-
November 2009	5,163	$19.70	5,163	-
December 2009	4,607	$19.46	4,607	-
Total	30,340	$19.09	30,340	-

STOCK PERFORMANCE GRAPH (1)

The following graph compares our cumulative total shareholder return, the NASDAQ Composite and the peer group named below. The graph assumes a $100 investment at the closing price on January 1, 2004, and reinvestment of dividends on the date of payment without commissions. This table is not intended to forecast future performance of our Common Stock.



The peer group consists of Lennox International, Inc., Ingersoll Rand Limited, Johnson Controls Inc., and United Technologies Corporation. All companies in the peer group are in the business of manufacturing air conditioning and heat exchange equipment.

(1) Securities and Exchange Commission ("SEC") filings sometimes "incorporate information by reference." This means we are referring you to information that has previously been filed with the SEC, and that this information should be considered as part of the filing you are reading. Unless we specifically state otherwise, this Stock Performance Graph shall not be deemed to be incorporated by reference and shall not constitute soliciting material or otherwise be considered filed under the Securities Act of 1933, as amended, or the Securities Exchange act of 1934, as amended.

ITEM 6. SELECTED FINANCIAL DATA.

The following selected financial data should be read in conjunction with the financial statements and related notes thereto for the periods indicated which are included elsewhere in this report.

	YEARS ENDED DECEMBER 31,				
Results of Operations:	2009	2008	2007	2006	2005
	(in thousands, except per share data)				
Net sales	$ 245,282	$ 279,725	$ 262,517	$ 231,460	$ 185,195
Net income	$ 27,721	$ 28,589	$ 23,156	$ 17,133	$ 11,462
Earnings per share:					
Basic	$ 1.61	$ 1.63	$ 1.24	$ 0.93	$ 0.62
Diluted	$ 1.60	$ 1.60	$ 1.22	$ 0.90	$ 0.60
Cash dividends declared per common share	$ 0.36	$ 0.32	$ 0.32	$ 0.32	$ -
Weighted average shares outstanding:					
Basic	17,187	17,560	18,628	18,456	18,510
Diluted	17,309	17,855	18,927	18,968	19,125

	DECEMBER 31,				
Financial Position at End of Fiscal Year:	2009	2008	2007	2006	2005
	(in thousands)				
Working capital	$ 65,354	$ 40,600	$ 38,788	$ 36,356	$ 33,372
Total assets	$ 156,211	$ 140,743	$ 137,140	$ 130,056	$ 113,606
Long-term and current debt	$ 76	$ 3,113	$ 330	$ 59	$ 167
Total stockholders' equity	$ 117,999	$ 96,522	$ 95,420	$ 91,592	$ 79,495

Basic earnings per common share were computed by dividing net income by the weighted average number of shares of common stock outstanding during the reporting period. Diluted earnings per common share were determined on the assumed exercise of dilutive options, as determined by applying the treasury stock method. Effective August 21, 2007, we completed a three-for-two stock split. The shares outstanding and earnings per share disclosures have been restated to reflect the stock split.

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

OVERVIEW

We engineer, manufacture and market air-conditioning and heating equipment consisting of rooftop units, chillers, air-handling units, make-up air units, heat recovery units, condensing units, commercial self-contained units and coils. These products are marketed and sold to retail, manufacturing, educational, medical and other commercial industries. We market units to all 50 states in the United States and certain provinces in Canada. Foreign sales were less than 5% of our 2009 sales.

We sell our products to property owners and contractors through a network of manufacturers' representatives and our internal sales force. Demand for our products is influenced by national and regional economic and demographic factors. The commercial and industrial new construction market is subject to cyclical fluctuations in that it is generally tied to housing starts, but has a lag factor of 6-18 months. Housing starts, in turn, are affected by such factors as interest rates, the state of the economy, population growth and the relative age of the population. When new construction is down, we emphasize the replacement market.

The principal components of cost of goods sold are labor, raw materials, component costs, factory overhead, freight out and engineering expense. The principal high volume raw materials used in our manufacturing processes are steel, copper and aluminum, which are obtained from domestic suppliers. The raw materials market was volatile during 2009 and 2008 due to the economic environment. Prices decreased by approximately 31% for steel, 20% for aluminum and 24% for copper from December 31, 2006 to December 31, 2009. We have entered into contracts that are below the average index price as of December 31, 2009. The lower commodity prices have contributed to our lower cost of goods sold and higher gross margins.

We entered into a derivative instrument in the third quarter of 2009 with a large financial institution to mitigate our exposure to volatility in copper prices. The derivative is in the form of a commodity futures contract. The derivative contract settles monthly beginning in January 2010 and ending in December 2010. The contract is for a total of 2,250,000 pounds of copper at $2.383 per pound. The contract is for quantities equal to or less than those expected to be used in our manufacturing operations in 2010.

We are subject to claims and legal actions that arise in the ordinary course of business. Management believes that the ultimate liability from these claims and actions, if any, will not have a material effect on our results of operations or financial position.

In addition to our derivative instrument, we attempt to limit the impact of price fluctuations on these materials by entering into cancelable and noncancelable fixed price contracts with our major suppliers for periods of 6 - 18 months. We expect to receive delivery of raw materials from our fixed price contracts for use in our manufacturing operations. These contracts are not accounted for as derivative instruments since they meet the normal purchases and sales exemption.

Selling, general, and administrative ("SG&A") costs include our internal sales force, warranty costs, profit sharing and administrative expenses. Warranty expense is estimated based on historical trends and other factors. Our product warranty policy is: the earlier of one year from the date of first use or 18 months from date of shipment for parts only; an additional four years on compressors (if applicable); 15 years on gas-fired heat exchangers (if applicable); and 25 years on stainless steel heat exchangers (if applicable). Warranty charges on heat exchangers do not occur frequently.

Our plant and office facilities in Tulsa, Oklahoma, consist of a 337,000 sq. ft. building (322,000 sq. ft. of manufacturing/warehouse space and 15,000 sq. ft. of office space) located at 2425 S. Yukon Avenue (the "original facility"), and a 693,000 sq. ft. manufacturing/warehouse building and a 22,000 sq. ft. office building (the "expansion facility") located across the street from the original facility at 2440 S. Yukon Avenue.

In the expansion facility we use 22,000 sq. ft. for office space, 20,000 sq. ft. for warehouse space and 80,000 sq. ft. for two production lines; an additional 106,000 sq. ft. is utilized for sheet metal fabrication. The remaining 487,000 sq. ft. is presently being prepared as additional plant space for long-term growth.

Our operations in Longview, Texas, are conducted in a plant/office building at 203-207 Gum Springs Road containing 258,000 sq. ft. (251,000 sq. ft. of manufacturing/warehouse space and 7,000 sq. ft. of office space). An additional contiguous 15 acres were purchased in 2004 and 2005 for future expansion.

Our previous operations in Burlington, Ontario, Canada, were located at 279 Sumach Drive, consisting of an 82,000 sq. ft. office/manufacturing facility. The facility was classified as available for sale upon closure of our manufacturing operations in September 2009. We plan to sell the property within one year.

Set forth below is income statement information and as a percentage of sales for years 2009, 2008 and 2007:

	YEARS ENDING DECEMBER 31,					
	2009		2008		2007	
	(in thousands)					
Net sales	$ 245,282	100.0%	$ 279,725	100.0%	$ 262,517	100.0%
Cost of sales	177,737	72.5%	212,549	76.0%	205,148	78.1%
Gross profit	67,545	27.5%	67,176	24.0%	57,369	21.9%
Selling, general and administrative expenses	23,791	9.7%	23,788	8.5%	21,703	8.3%
Income from operations	43,754	17.8%	43,388	15.5%	35,666	13.6%
Interest expense	(9)	0.0%	(71)	0.0%	(10)	0.0%
Interest income	71	0.0%	27	0.0%	8	0.0%
Other income (expense), net	76	0.1%	724	0.3%	(321)	(0.1%)
Income before income taxes	43,892	17.9%	44,068	15.8%	35,343	13.5%
Income tax provision	16,171	6.6%	15,479	5.6%	12,187	4.7%
Net income	$ 27,721	11.3%	$ 28,589	10.2%	$ 23,156	8.8%

RESULTS OF OPERATIONS

Key events impacting our cash balance, financial condition and results of operations in 2009 include the following:

- We remained the leader in the industry for environmentally-friendly, energy efficient and quality innovations, utilizing R410A refrigerant and phasing out pollutant causing R22 refrigerant. The phase out of R22 began in early 2004. We also utilize a high performance composite foam panel to eliminate over half of the heat transfer from typical fiberglass insulated panels. We continue to utilize sloped condenser coils and access compartments to filters, motor, and fans. All of these innovations increase the demand for our products thus increasing market share.
- We have attempted to moderate certain commodity costs by utilizing purchase agreements and pricing strategies which affect our gross margins.
- In February 2006, our Board of Directors initiated a program of semi-annual cash dividend payments. Cash payments of $5.9 million were made ($2.8 million paid in January 2009 and $3.1 million paid in July 2009), and accrued a liability for payment of $3.1 million of dividends in January 2010.
- Stock repurchases from our employees' 401(k) savings and investments plan were authorized in 2005. Stock repurchases from directors and officers were authorized in 2006. Repurchases of our stock from the open market were authorized and initiated in November 2007. Total repurchases resulted in cash payments of $3.1 million. This cash outlay is partially offset by cash received from options exercised by employees as a part of an incentive bonus program of $1.2 million.
- We have a strong liquidity position with cash on hand of $25.6 million. In view of the current economic environment, our goal remains to keep a healthy financial condition.
- Purchases of equipment and renovations to manufacturing facilities remained a priority. Our capital expenditures were $9.8 million. Equipment purchases create significant efficiencies, lower production costs and allow continued growth in production. We currently estimate dedicating $7-8 million to capital expenditures in 2010 for continued growth.
- We expanded a portion of our manufacturing facility in 2009 for future growth.
- We closed our manufacturing operations and reclassified our Canadian facility as held for sale in September 2009. The products previously manufactured at the Canadian facility will be produced by the Tulsa, Oklahoma, and Longview, Texas, facilities in the future.

NET SALES

Net sales were $245.3 million, $279.7 million and $262.5 million in 2009, 2008 and 2007, respectively. Sales decreased $34.4 million or 12.3% in 2009 from 2008 which was attributable to the decreased volume related to the current economic environment and lower sales from our Canadian operations. The current economic environment has negatively impacted commercial construction markets with some projects delayed, postponed indefinitely or cancelled. The replacement market has also been affected by customers delaying equipment replacement as a cost saving strategy. The increase in sales in 2008 from 2007 was due to an increase in volume of products sold related to our new and redesigned products being favorably received by our customers, the diversified customer mix of products, active marketing by sales representatives and pricing strategies implemented in order to keep up with the then increasing raw material costs. New commercial construction steadily improved throughout 2007, contributing to growth of the market.

GROSS PROFIT

Gross margins were $67.5 million, $67.2 million and $57.4 million in 2009, 2008 and 2007, respectively. Gross margins increased $0.3 million in 2009 from 2008. As a percentage of sales, gross margins were 27.5%, 24.0% and 21.9% in 2009, 2008 and 2007, respectively. The 15% increase in gross margins percentage in 2009 from 2008 was primarily a result of lower material costs, improved production and labor efficiencies, a reduction in manufacturing related expenses and a $2.2 million ($1.4 million net of tax) unrealized gain from a derivative asset included in cost of sales, despite lower net sales and expenses associated with the Canadian facility closure. Our gross margins as a percentage of sales excluding the unrealized gain were 26.6%, 24.0% and 21.9% in 2009, 2008 and 2007, respectively. The increase in gross profit in 2008 from 2007, resulted from pricing strategies implemented and production and labor efficiencies, as sales volume increased.

The principal components of cost of goods sold are labor, raw materials, component costs, factory overhead, freight out and engineering expense. The principal high volume raw materials used in our manufacturing processes are steel, copper and aluminum, which are obtained from domestic suppliers. We also purchase from other domestic manufacturers certain components, including compressors, electric motors and electrical controls used in our products. The suppliers of these components are significantly affected by the raw material costs of steel, copper and aluminum used in their products. The raw materials market was volatile during 2009 and 2008 due to the economic environment. Prices decreased by approximately 31% for steel, 20% for aluminum and 24% for copper from December 31, 2006 to December 31, 2009. We have entered into contracts that are below the average index price as of December 31, 2009. The lower commodity prices have contributed to our lower cost of goods sold and higher gross margins.

We entered into a derivative instrument in the third quarter of 2009 with a large financial institution to mitigate our exposure to volatility in copper prices. The derivative is in the form of a commodity futures contract. The derivative contract settles monthly beginning in January 2010 and ending in December 2010. The contract is for a total of 2,250,000 pounds of copper at $2.383 per pound. The contract is for quantities equal to or less than those expected to be used in our manufacturing operations in 2010.

We are subject to claims and legal actions that arise in the ordinary course of business. Management believes that the ultimate liability from these claims and actions, if any, will not have a material effect on our results of operations or financial position.

In addition to our derivative instrument, we attempt to limit the impact of price fluctuations on these materials by entering into cancelable and noncancelable fixed price contracts with our major suppliers for periods of 6 - 18 months. We expect to receive delivery of raw materials from our fixed price contracts for use in our manufacturing operations. These contracts are not accounted for as derivative instruments since they meet the normal purchases and sales exemption.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Selling, general and administrative expenses ("SG&A") were $23.8 million, $23.8 million and $21.7 million in 2009, 2008 and 2007, respectively. In 2009, our SG&A expenses remained consistent with 2008, despite lower sales volumes in 2009 compared to 2008. Warranty expenses in 2009 increased due to specific warranty items and sales related expenses increased due to our expanded marketing to remain competitive in the current environment. As a percentage of sales, SG&A expenses were 9.7%, 8.5% and 8.3% in 2009, 2008 and 2007, respectively. The increase in SG&A expenses in 2008 from 2007 was due primarily to an increase in selling related expenses, warranty expense caused by increased sales, increase in profit sharing resulting from an increase in net income, and an overall increase in general and administrative expenses.

INTEREST EXPENSE

Interest expense was approximately $9,000, $71,000 and $10,000 in 2009, 2008 and 2007, respectively. The decrease in interest expense of approximately $62,000 in 2009 from 2008 was due to fewer borrowings on the revolving credit facility. We borrowed $10.0 million from the revolving credit facility during 2009 compared to $46.9 million during 2008. Interest on borrowings is payable monthly at the greater of 4.0% or LIBOR plus 2.5% (4.0% at December 31, 2009). The increase in interest expense in 2008 from 2007 was due to higher average borrowings under the revolving credit facility as a result of a decrease in net cash provided by operations related to the stock repurchases. In 2007, we borrowed $12.1 million from the revolving credit facility. Average borrowings under the revolving credit facility are typically paid in full within the month of borrowing or the following month.

INTEREST INCOME

Interest income was approximately $71,000, $27,000 and $8,000 in 2009, 2008 and 2007, respectively. The increase in interest income of approximately $44,000 in 2009 from 2008 was mainly due to interest income from a tax refund. The increase in interest income in 2008 from 2007 was due to interest paid for repurchased stock that was held in transit by the transfer agent in early 2008.

OTHER INCOME (EXPENSE)

Other income was approximately $76,000 and $724,000 in 2009 and 2008, respectively. The decrease in other income of approximately $648,000 in 2009 from 2008 was due to the termination of the lease on our expansion facility. The increase in other income in 2008 from 2007 was primarily related to foreign currency translations that resulted from operations in Canada. Other expense was approximately $321,000 in 2007.

Prior to the lease expiration in May 2009, other income was primarily attributable to rental income from our expansion facility. We began renovations on the expansion facility to give us increased manufacturing capacity upon expiration of the lease. Our 2010 capital expenditures budget reflects the projected outlay to remodel the facility.

IMPACT OF CURRENT ECONOMIC CONDITIONS

Our business is affected by a number of economic factors, including the level of economic activity in the markets in which we operate. The current state of the economy has negatively impacted the commercial and industrial new construction markets. The current decline in economic activity has resulted in a decrease in our sales volume and profitability. Sales in the commercial and industrial new construction markets correlate closely to the number of new homes and buildings that are built, which in turn is influenced by cyclical factors such as interest rates, inflation, consumer spending habits, employment rates and other macroeconomic factors over which we have no control.

ANALYSIS OF LIQUIDITY AND CAPITAL RESOURCES

Our working capital and capital expenditure requirements are generally met through net cash provided by operations and the occasional use of the revolving bank line of credit based on our current liquidity at the time.

GENERAL

Our revolving credit facility provides for maximum borrowings of $15.2 million which is provided by the Bank of Oklahoma, National Association. Under the line of credit, there is one standby letter of credit totaling $0.9 million. Borrowings available under the revolving credit facility at December 31, 2009, were $14.3 million. The letter of credit is a requirement of our workers compensation insurance and was extended in 2009 and will expire December 31, 2010. Interest on borrowings is payable monthly at the greater of 4.0% or LIBOR plus 2.5% (4.0% at December 31, 2009). No fees are associated with the unused portion of the committed amount. At December 31, 2009, we had no borrowings outstanding under the revolving credit facility. At December 31, 2008, we had $2.9 million outstanding under the revolving credit facility. At December 31, 2007, we had no borrowings outstanding under the revolving credit facility.

At December 31, 2009, 2008 and 2007, we were in compliance with our financial ratio covenants. The covenants are related to our tangible net worth, total liabilities to tangible net worth ratio and working capital. At December 31, 2009 our tangible net worth was $118.0 million which meets the requirement of being at or above $75.0 million. Our total liabilities to tangible net worth ratio was 1 to 3 which meets the requirement of not being above 2 to 1. Our working capital was $65.4 million which meets the requirement of being at or above $30.0 million. On July 30, 2009, we renewed the line of credit with a maturity date of July 30, 2010 with terms substantially the same as the previous agreement. We expect to renew our revolving credit agreement in July 2010. We do not anticipate that the current situation in the credit market will impact our renewal.

Management believes projected cash flows from operations and our bank revolving credit facility (or comparable financing) will provide us the necessary liquidity and capital resources for fiscal year 2010 and the foreseeable future. The belief that we will have the necessary liquidity and capital resources is based upon management's knowledge of the HVAC industry and our place in that industry, our ability to limit our growth if necessary, our ability to adjust dividend cash payments, and our relationship with our existing bank lender. For information concerning our revolving credit facility at December 31, 2009, see Note 3, *Revolving Credit Facility.*

Cash Provided by Operating Activities. Net cash provided from operating activities has fluctuated from year to year. Net cash provided by operating activities was $45.2 million, $33.4 million and $31.2 million in 2009, 2008 and 2007, respectively. The year-to-year variances are primarily from changes in net income, accounts receivable, inventories, accounts payable and accrued liabilities as described below.

Net income for 2009 was $27.7 million, a decrease of $0.9 million from $28.6 million in 2008. The decrease in net income in 2009 from 2008 was primarily due to lower volume of sales which was a result of the current economic environment and lower sales from our Canadian operations offset by lower material costs, improved production and labor efficiencies, a reduction in manufacturing related expenses and a $2.2 million ($1.4 million net of tax) unrealized gain from a derivative asset. The increase in net income in 2008 from 2007 was primarily due to increased volume of sales, adjusted pricing strategies, fluctuations in raw materials costs, innovative and efficient products and improved production efficiencies.

Depreciation expense was $9.1 million, $9.4 million and $9.7 million in 2009, 2008 and 2007, respectively. The decrease in depreciation is due to the realization of full depreciation of certain capital assets. Share-based compensation was $0.8 million, $0.8 million and $0.6 million in 2009, 2008 and 2007, respectively. Both depreciation expense and share-based compensation expense decreased net income, but had no effect on operating cash.

Accounts receivable decreased by $5.5 million at December 31, 2009 due to a decrease in sales during 2009 compared to December 31, 2008. Accounts receivable increased by $0.9 million at December 31, 2008 compared to December 31, 2007. The increase in accounts receivable in 2008 from 2007 was attributable to an increase in sales. Accounts receivable increased by $1.8 million at December 31, 2007 compared to December 31, 2006 due to increased sales.

Inventories decreased by $7.2 million at December 31, 2009 compared to December 31, 2008 due to a decrease in inventory requirements related to lower sales volumes, a decrease related to the valuation of inventories due to lower raw material and component part prices and sales of inventory as part of the Canadian facility closure. Inventories increased by $4.8 million at December 31, 2008 compared to December 31, 2007. The increase in inventories in 2008 from 2007 was attributable to procurement of inventory to accommodate an increase of sales. Inventories increased by $2.1 million at December 31, 2007 compared to December 31, 2006 primarily related to the valuation of inventories due to higher raw material and component part costs.

Accounts payable decreased by $6.3 million at December 31, 2009 compared to December 31, 2008 due to fewer purchases related to lower sales volumes. Accounts payable increased by $0.4 million at December 31, 2008 compared to December 31, 2007. The increase in accounts payable in 2008 from 2007 was attributable to timing of payments to vendors. Accounts payable decreased by $1.4 million at December 31, 2007 compared to December 31, 2006 due to the timing of payment to vendors.

Accrued liabilities increased by $0.8 million at December 31, 2009 compared to December 31, 2008 due to higher warranty and medical self-insurance reserves related to specific items. Accrued liabilities increased by $0.9 million at December 31, 2008 compared to December 31, 2007. The increase in accrued liabilities in 2008 from 2007 is attributable to higher workers compensation expenses and higher warranty expenses related to increased sales. Accrued liabilities increased by $6.3 million at December 31, 2007 compared to December 31, 2006 due to an increase in commissions payable related to the increase in sales and timing of commissions payable.

Cash Flows Used in Investing Activities. Cash flows used in investing activities were $9.6 million, $9.6 million and $10.8 million in 2009, 2008 and 2007, respectively. Cash flows used in investing activities in 2009 did not significantly fluctuate from 2008 and were related to manufacturing and equipment purchases and costs to expand our manufacturing facilities. The decrease in cash flows used in investing activities in 2008 from 2007 was primarily related to lower capital expenditures. Management utilizes cash flows provided from operating activities to fund capital expenditures that are expected to increase growth and create efficiencies. We expect to expend approximately $7-8 million in 2010 for renovation of the previously leased facility and equipment. We expect the cash requirements to be provided by cash flows from operations. We did not invest in any certificates of deposits in 2009, 2008 or 2007. In January 2010, we invested $15.0 million with a large financial institution. The investments were allocated to cash and money market funds, mutual funds, certificates of deposit, corporate notes and bonds and foreign corporate notes and bonds with a maturity of one year or less.

Cash Flows Used in Financing Activities. Cash Flows Used in Financing Activities. Cash flows used in financing activities were $10.1 million, $24.5 million and $20.0 million in 2009, 2008 and 2007, respectively. The decrease in cash flows used in financing activities of $14.4 million in 2009 from 2008 is primarily related to a lower volume of stock repurchases. The increase in cash flows used in financing activities in 2008 from 2007 was primarily related to cash dividends declared and paid and the continued repurchase of our stock.

We occasionally utilize our revolving line of credit to meet certain short-term cash demands based on our liquidity at the time. We had no borrowings outstanding under the revolving credit facility at December 31, 2009. We had $2.9 million outstanding under the line of credit at December 31, 2008. We had no borrowings outstanding under the revolving credit facility at December 31, 2007. We accessed $10.0 million, $46.9 million and $12.1 million of borrowings under the line of credit during 2009, 2008 and 2007, respectively.

We received cash from stock options exercised of $1.2 million, $1.7 million and $2.4 million and classified the excess tax benefit of stock options exercised and restricted stock awards vested of $0.7 million, $1.6 million and $3.0 million in financing activities in 2009, 2008 and 2007, respectively.

We repurchased shares of stock under the Board of Directors authorized stock buyback programs. We also repurchased shares of stock from our employees' 401(k) savings and investment plan, directors and officers and the open market in the amount of $3.1 million for 165,117 shares, $24.8 million for 1,211,538 shares and $20.8 million for 1,082,736 shares of stock in 2009, 2008 and 2007, respectively.

On February 14, 2006, the Board of Directors voted to initiate a semi-annual cash dividend. We initially paid semi-annual dividends of $0.20 per share. On July 12, 2007, our Board of Directors approved a three-for-two stock split of our outstanding stock for shareholders of record as of August 3, 2007. The stock split was treated as a 50% stock dividend which was distributed on August 21, 2007. As a result of the stock split, our Board of Directors adjusted the dividend paid per share to $0.16. The applicable share and per share data for 2007 included herein has been restated to reflect the stock split. The Board of Directors approved future dividend payments of $0.18 per share on May 19, 2009. Board approval is required to determine the date of declaration and amount for each semi-annual dividend payment.

Cash dividend payments of $5.9 million were made in 2009, and we accrued a liability for payment of $3.1 million of dividends in January 2010. Cash dividend payments of $5.8 million were made in 2008, and $2.8 million in dividends were declared and accrued as a liability in December 2008 for payment in January 2009. Cash dividend payments of $5.0 million were made in 2007, and $2.9 million in dividends were declared and accrued as a liability in December 2007 for payment in January 2008.

COMMITMENTS AND CONTRACTUAL AGREEMENTS

The following table summarizes our long-term debt and other contractual agreements as of December 31, 2009:

PAYMENTS DUE BY PERIOD

(in thousands)

CONTRACTUAL OBLIGATIONS	TOTAL	LESS THAN 1 YEAR	1–3 YEARS	4–5 YEARS	AFTER 5 YEARS
Long-term capital leases	$ 76	$ 76	$ -	$ -	$ -
Purchase obligations[1]	2,332	2,332	-	-	-
Total contractual obligations	$ 2,408	$ 2,408	$ -	$ -	$ -

[1] Purchase obligations consist primarily of copper and aluminum commitments. We are a party to several short-term, cancelable and noncancelable, fixed price contracts with major suppliers from our fixed price contracts for the purchase of raw material and component parts. We expect to receive delivery of raw materials for use in our manufacturing operations. These contracts are not accounted for as derivative instruments because they meet the normal purchases and sales exemption.

We are subject to claims and legal actions that arise in the ordinary course of business. Management believes that the ultimate liability from these claims and actions, if any, will not have a material effect on our results of operations or financial position.

The fixed rate interest on long-term capital leases includes the amount of interest due on our fixed rate long-term debt. These amounts do not include interest on our variable rate obligation related to the revolving credit facility.

CRITICAL ACCOUNTING POLICIES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Because these estimates and assumptions require significant judgment, future actual results could differ from those estimates and could have a significant impact on our results of operations, financial position and cash flows. We reevaluate our estimates and assumptions on a monthly basis.

The following accounting policies may involve a higher degree of estimation or assumption:

Revenue Recognition – We recognize revenues from sales of products when the products are shipped and the title and risk of ownership pass to the customer. Selling prices are fixed based on purchase orders or contractual agreements. Sales allowances and customer incentives are treated as reductions to sales and are provided for based on historical experiences and current estimates. For sales initiated by independent manufacturer representatives, we recognize revenues net of the representatives' commission. Our policy is to record the collection and payment of sales taxes through a liability account.

Allowance for Doubtful Accounts - Our allowance for doubtful accounts is estimated to cover the risk of loss related to accounts receivable. We establish an allowance for doubtful accounts based upon factors surrounding the credit risk of specific customers, historical trends in collections and write-offs, current customer status, the age of the receivable, economic conditions and other information. Aged receivables are reviewed on a monthly basis to determine if the reserve is adequate and adjusted accordingly at that time. The evaluation of these factors involves complex, subjective judgments. Thus, changes in these factors or changes in economic circumstances may significantly impact our Consolidated Financial Statements.

Inventory Reserves – We establish a reserve for inventories based on the change in inventory requirements due to product line changes, the feasibility of using obsolete parts for upgraded part substitutions, the required parts needed for part supply sales, replacement parts and for estimated shrinkage.

Warranty – A provision is made for estimated warranty costs at the time the product is shipped and revenue is recognized. The warranty period is: the earlier of one year from the date of first use or 18 months from date of shipment for parts only; an additional four years on compressors (if applicable); 15 years on gas-fired heat exchangers (if applicable); and 25 years on stainless steel heat exchangers (if applicable). Warranty expense is estimated based on the warranty period, historical warranty trends and associated costs, and any known identifiable warranty issue. Warranty charges associated with heat exchangers do not occur frequently.

Due to the absence of warranty history on new products, an additional provision may be made for such products. Our estimated future warranty cost is subject to adjustment from time to time depending on changes in actual warranty trends and cost experience. Should actual claim rates differ from our estimates, revisions to the estimated product warranty liability would be required.

Medical Insurance – A provision is made for medical costs associated with our Medical Employee Benefit Plan, which is primarily a self-funded plan. A provision is made for estimated medical costs based on historical claims paid and potential significant future claims. The plan is supplemented by employee contributions and an excess policy for claims over $125,000 each.

Stock Compensation – We account for equity-based compensation in accordance with FASC Topic 718, *Compensation – Stock Compensation*. Applying this standard to value equity-based compensation requires us to use significant judgment and to make estimates, particularly for the assumptions used in the Black-Scholes valuation model, such as stock price volatility and expected option lives, as well as for the expected option forfeiture rates. We measure the cost of employee services received in exchange for an award of equity instruments using the Black-Scholes valuation model to calculate the grant-date fair value of the award. The compensation cost is recognized over the period of time during which an employee is required to provide service in exchange for the award, which will be the vesting period.

Derivatives – We use derivatives to mitigate our exposure to volatility in copper prices. Fluctuations in copper commodity prices impact the value of the derivatives that we hold. We are subject to gains which we record as derivative assets if the forward copper commodity prices increase and losses which we record as derivative liabilities if they decrease. We record the fair value of the derivative position in the Consolidated Balance Sheets. We use COMEX index pricing to support our fair value calculation, which is a Level 2 input per the valuation hierarchy as the pricing is for instruments similar but not identical to the contract we will settle. We did not designate the derivative as a cash flow hedge. We record changes in the derivative's fair value currently in earnings based on mark-to-market accounting. The change in earnings is recorded to cost of sales in the Consolidated Statements of Income. We do not use derivatives for speculative purposes.

Historically, actual results have been within management's expectations.

NEW ACCOUNTING PRONOUNCEMENTS

In March 2008, the FASB issued FASC Topic 815, *Derivatives and Hedging*, formerly SFAS No. 161, ("FASC 815"), which requires enhanced disclosures about (i) how and why an entity uses derivative instruments, (ii) how derivative instruments and related hedged items are accounted for under prior guidance and (iii) how derivative instruments and related hedged items affect an entity's financial position, financial performance and cash flows. FASC 815 is effective for financial statements issued for fiscal years and interim periods beginning after November 15, 2008. Adoption of FASC 815 did not have a material impact on our Consolidated Financial Statements.

In June 2009, the FASB issued Accounting Standards Update ("ASU") 2009-01, *Topic 105 - Generally Accepted Accounting Principles* ("GAAP") ("ASU 2009-01"), which superseded all accounting standards in U.S. GAAP, aside from those issued by the SEC. The codification does not change or alter existing GAAP. ASU 2009-01 is effective for reporting periods ending after September 15, 2009. We adopted ASU 2009-01 for reporting in the third quarter of 2009. Adoption of ASU 2009-01 did not have a material impact on our Consolidated Financial Statements.

In August 2009, the FASB issued ASU 2009-05, *Fair Value Measurement and Disclosures: Measuring Liabilities at Fair Value* ("ASU 2009-05"), which provides clarification on measuring liabilities at fair value when a quoted price in an active market is not available. ASU 2009-05 is effective for the first reporting period beginning after issuance. We adopted ASU 2009-05 in the fourth quarter of 2009. Adoption of ASU 2009-05 did not have a material impact on our Consolidated Financial Statements.

In February 2010, the FASB issued ASU 2010-09, *Subsequent Events* ("ASU 2010-09"), which discontinues the requirement that entities disclose the date through which they have evaluated subsequent events. ASU 2010-09 is effective upon issuance. We adopted ASU 2010-09 for reporting in the fourth quarter of 2009. Adoption of ASU 2010-09 did not have a material impact on our Consolidated Financial Statements.

FORWARD-LOOKING STATEMENTS

This Annual Report includes "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Words such as "expects", "anticipates", "intends", "plans", "believes", "seeks", "estimates", "will", and variations of such words and similar expressions are intended to identify such forward-looking statements. These statements are not guarantees of future performance and involve certain risks, uncertainties and assumptions, which are difficult to predict. Therefore, actual outcomes and results may differ materially from what is expressed or forecasted in such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date on which they are made. We undertake no obligations to update publicly any forward-looking statements, whether as a result of new information, future events or otherwise. Important factors that could cause results to differ materially from those in the forward-looking statements include (1) the timing and extent of changes in raw material and component prices, (2) the effects of fluctuations in the commercial/industrial new construction market, (3) the timing and extent of changes in interest rates, as well as other competitive factors during the year, and (4) general economic, market or business conditions.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

Interest Rate Risk.

We are subject to interest rate risk on our revolving credit facility, which bears variable interest based upon the greater of a rate of 4.0% or LIBOR plus 2.5%. We had no borrowings outstanding under the revolving credit facility as of December 31, 2009.

Foreign Currency Exchange Rate Risk.

Foreign sales accounted for less than approximately 5% of our sales in 2009 and we accept payment for such sales in U.S. and Canadian dollars; therefore, we believe we are not exposed to significant foreign currency exchange rate risk on these sales. We believe our foreign currency exchange rate risk has diminished due to the closure of our manufacturing operations in Canada in September 2009.

Foreign currency transactions and financial statements are translated in accordance with FASC Topic 830, *Foreign Currency Matters.* We use the U.S. dollar as our functional currency, except for the Canadian subsidiaries, which use the Canadian dollar. Adjustments arising from translation of the Canadian subsidiaries' financial statements are reflected in accumulated other comprehensive income. Transaction gains or losses that arise from exchange rate fluctuations applicable to transactions denominated in Canadian currency are included in the results of operations as incurred. The exchange rate of the Canadian dollar to the United States dollar was $0.9505, $0.8196 and $1.0193 at December 31, 2009, 2008 and 2007, respectively.

Commodity Price Risk.

We entered into a derivative instrument in the third quarter of 2009 with a large financial institution to mitigate our exposure to volatility in copper prices. We monitor our derivative and the credit worthiness of the financial institution. We do not anticipate losses due to counterparty non-performance. We do not use derivatives for speculative purposes.

Fluctuations in copper commodity prices impact the value of the derivative we hold. We are subject to gains which we record as derivative assets if the forward copper commodity prices increase and losses which we record as derivative liabilities if they decrease. At December 31, 2009, the forward copper commodity prices were higher than our contract price resulting in a gain on derivative assets. The fair value of the derivative settlements from January through December 2010 is $2.2 million and recognized as current derivative assets in the Consolidated Balance Sheets.

We use COMEX index pricing to support our fair value calculation, which is a Level 2 input per the valuation hierarchy as the pricing is for instruments similar but not identical to the contract we will settle. We did not designate the derivative as a cash flow hedge. We record changes in the derivative's fair value currently in earnings based on mark-to-market accounting. As of December 31, 2009, we recorded a $2.2 million ($1.4 million net of tax) adjustment to cost of sales from the unrealized gain on derivative assets at fair value in the Consolidated Statements of Income.

Information about our exposure to market risks related to forward copper commodity prices and a sensitivity analysis related to our derivative is presented below:

	DECEMBER 31, 2009 *(in thousands)*
Notional Amount	2,250 pounds
Carrying amount and fair value of assets	$ 2,200
Fair value with a 5% decrease in forward copper commodity prices	$ 1,822
Fair value with a 10% decrease in forward copper commodity prices	$ 1,444

The principal components of cost of goods sold are labor, raw materials, component costs, factory overhead, freight out and engineering expense. The principal high volume raw materials used in our manufacturing processes are steel, copper and aluminum, which are obtained from domestic suppliers. The raw materials market was volatile during 2009 and 2008 due to the economic environment. Prices decreased by approximately 31% for steel, 20% for aluminum and 24% for copper from December 31, 2006 to December 31, 2009. We have entered into contracts that are below the average index price as of December 31, 2009. The lower commodity prices have contributed to our lower cost of goods sold and higher gross margins.

We are subject to claims and legal actions that arise in the ordinary course of business. Management believes that the ultimate liability from these claims and actions, if any, will not have a material effect on our results of operations or financial position.

In addition to the derivative instrument described above, we attempt to limit the impact of price fluctuations on these materials by entering into cancelable and noncancelable fixed price contracts with our major suppliers for periods of 6 - 18 months. We expect to receive delivery of raw materials from our fixed price contracts for use in our manufacturing operations. These contracts are not accounted for as derivative instruments since they meet the normal purchases and sales exemption.

We do not utilize derivative financial instruments to hedge our interest rate or foreign currency exchange rate risk. We do use derivatives to economically hedge our commodity price risk.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

The financial statements and supplementary data are included commencing at page 27.

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

None.

ITEM 9A. CONTROLS AND PROCEDURES.

(A) EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES

At the end of the period covered by this Annual Report on Form 10-K, our management, under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the design and operation of our disclosure controls and procedures. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer believe that:

- Our disclosure controls and procedures are designed to ensure that information required to be disclosed by us in the reports we file under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms; and

- Our disclosure controls and procedures operate such that important information flows to appropriate collection and disclosure points in a timely manner and are effective to ensure that such information is accumulated and communicated to our management, and made known to our Chief Executive Officer and Chief Financial Officer, particularly during the period when this Annual Report was prepared, as appropriate to allow timely decisions regarding the required disclosure.

AAON's Chief Executive Officer and Chief Financial Officer have evaluated our disclosure controls and procedures and concluded that these controls and procedures were effective as of December 31, 2008.

(B) MANAGEMENT'S ANNUAL REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

The management of AAON, Inc. and our subsidiaries is responsible for establishing and maintaining adequate internal control over financial reporting. Our internal control system was designed to provide reasonable assurance to our management and Board of Directors regarding the preparation and fair presentation of published financial statements.

All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

In making our assessment of internal control over financial reporting, management used the criteria issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in *Internal Control—Integrated Framework*. Based on our assessment, we believe that, as of December 31, 2009, our internal control over financial reporting is effective at the reasonable assurance level based on those criteria.

Our independent registered public accounting firm has issued an attestation report on our internal control over financial reporting.

Date: March 15, 2010

/s/ Norman H. Asbjornson
Norman H. Asbjornson
Chief Executive Officer

/s/ Kathy I. Sheffield
Kathy I. Sheffield
Chief Financial Officer

(C) REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Report of Independent Registered Public Accounting Firm

Board of Directors and Stockholders
AAON, Inc.

We have audited AAON, Inc. (a Nevada Corporation) and subsidiaries (collectively referred to as the "Company"), internal control over financial reporting as of December 31, 2009, based on criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Annual Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

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

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

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2009, based on criteria established in *Internal Control—Integrated Framework* issued by COSO.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of AAON, Inc. and subsidiaries, as of December 31, 2009 and 2008, and the related consolidated statements of income, stockholders' equity and comprehensive income, and cash flows for each of the three years in the period ended December 31, 2009 and our report dated March 15, 2010, expressed an unqualified opinion on those consolidated financial statements.

/s/ GRANT THORNTON LLP
Tulsa, Oklahoma
March 15, 2010

(D) CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

There have been no changes in internal control over financial reporting that occurred during the fourth quarter of 2009 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION.

None.

PART 3

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE.

The information required by Items 401, 405, 406 and 407(c)(3), (d)(4) and (d)(5) of Regulation S-K is incorporated by reference to the information contained in our definitive Proxy Statement to be filed with the Securities and Exchange Commission in connection with our 2010 Annual Meeting of Stockholders.

CODE OF ETHICS

We 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 other employees and directors. We will provide any person without charge, upon request, a copy of such code of ethics. Requests may be directed to AAON, Inc., 2425 South Yukon Avenue, Tulsa, Oklahoma 74107, attention Kathy I. Sheffield, or by calling (918) 382-6204.

ITEM 11. EXECUTIVE COMPENSATION.

The information required by Items 402 and 407(e)(4) and (e)(5) of Regulation S-K is incorporated by reference to the information contained in our definitive Proxy Statement to be filed with the Securities and Exchange Commission in connection with our 2010 Annual Meeting of Stockholders.

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

The information required by Item 403 and Item 201(d) of Regulation S-K is incorporated by reference to the information contained in our definitive Proxy Statement to be filed with the Securities and Exchange Commission in connection with our 2010 Annual Meeting of Stockholders.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS.

TRANSACTIONS WITH RELATED PERSONS

Our Code of Conduct guides the Board of Directors 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 Officers, are prohibited except under any guidelines approved by the Board of Directors. Only the Board of Directors may waive a provision of the Code of Conduct for a director or a Named Officer, and only then in compliance with all applicable laws, rules and regulations. We did not enter into any new related party transactions and have no preexisting related party transactions in 2009, 2008 or 2007.

DIRECTOR INDEPENDENCE

The Board of Directors ("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. In 2009, the Board affirmatively determined, considering the standards described more fully below, that Messrs. Short, Lackey, McElroy, Stephenson, and Levine are independent. As a result of his position as our President, Mr. Asbjornson does not qualify as independent under the standards set forth below. The Board has determined that Mr. Johnson should not be deemed independent, because he is a member of the law firm that serves as our General Counsel. In addition, each member of the Audit Committee and the Compensation Committee is independent.

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 the Company and of our management. For a director to be deemed "independent," the Board shall affirmatively determine that the director has no material relationship with us or our affiliates or any member of the senior management 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 Rule 4200, 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, an employee of the Company, or whose immediate family member is, or has been within the last three years a Named 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 one of our non-executive employees 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 Officers at the time serves or 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 our 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 of our consolidated subsidiaries and any other company or entity that controls, is controlled by or is under common control with us;

- "executive officer" means an "officer" within the meaning of Rule 16a-1(f) under the Securities Exchange Act of 1934, 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.

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, us and our affiliates or members of senior management and their affiliates, whether or not such business relationships are subject to any other approval requirements.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES.

Incorporated by reference to our definitive Proxy Statement to be filed with the Securities and Exchange Commission in connection with our 2010 Annual Meeting of Stockholders.

PART 4

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES.

(a) Financial statements.
See Index to Consolidated Financial Statements on page 25.

(b) Exhibits:

(3)	(A)	Articles of Incorporation (i)
	(A-1)	Article Amendments (ii)
	(B)	Bylaws (i)
	(B-1)	Amendments of Bylaws (iii)
(4)	(A)	Third Restated Revolving Credit and Term Loan Agreement and related documents (iv)
	(A-1)	Fifth Amendment to Third Restated Revolving Credit and Term Loan Agreement (v)
	(B)	Rights Agreement dated February 19, 1999, as amended (vi)
(10.1)		AAON, Inc. 1992 Stock Option Plan, as amended (vii)
(10.2)		AAON, Inc. 2007 Long-Term Incentive Plan, as amended (viii)
(21)		List of Subsidiaries (ix)
(23)		Consent of Grant Thornton LLP
(31.1)		Certification of CEO
(31.2)		Certification of CFO
(32.1)		Section 1350 Certification – CEO
(32.2)		Section 1350 Certification – CFO

(i) Incorporated herein by reference to the exhibits to our Form S-18 Registration Statement No. 33-18336-LA.

(ii) Incorporated herein by reference to the exhibits to our Annual Report on Form 10-K for the fiscal year ended December 31, 1990, and to our Forms 8-K dated March 21, 1994, March 10, 1997, and March 17, 2000.

(iii) Incorporated herein by reference to our Forms 8-K dated March 10, 1997, May 27, 1998 and February 25, 1999, or exhibits thereto.

(iv) Incorporated by reference to exhibit to our Form 8-K dated July 30, 2004.

(v) Incorporated herein by reference to exhibit to our Form 8-K dated August 13, 2009.

(vi) Incorporated by reference to exhibits to our Forms 8-K dated February 25, 1999, and August 20, 2002, and Form 8-A Registration Statement No. 000-18953, as amended.

(vii) Incorporated herein by reference to exhibits to our Annual Report on Form 10-K for the fiscal year ended December 31, 1991, and to our Form S-8 Registration Statement No. 33-78520, as amended.

(viii) Incorporated herein by reference to Appendix B to our definitive Proxy Statement for the 2007 Annual Meeting of Stockholders filed April 23, 2007.

(ix) Incorporated herein by reference to exhibits to our Annual Report on Form 10-K for the fiscal year ended December 31, 2004.

SIGNATURES

Pursuant to the requirement of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this report to be signed on its behalf by the undersigned, hereunto duly authorized.

AAON, INC.

Dated: March 15, 2010 By: /s/ Norman H. Asbjornson
Norman H. Asbjornson, President

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

Dated: March 15, 2010
/s/ Norman H. Asbjornson
Norman H. Asbjornson
President and Director
(principal executive officer)

Dated: March 15, 2010
/s/ Kathy I. Sheffield
Kathy I. Sheffield
Vice President and Treasurer
(principal financial officer
and principal accounting officer)

Dated: March 15, 2010
/s/ John B. Johnson, Jr.
John B. Johnson, Jr.
Director

Dated: March 15, 2010
/s/ Charles C. Stephenson, Jr.
Charles C. Stephenson, Jr.
Director

Dated: March 15, 2010
/s/ Jack E. Short
Jack E. Short
Director

Dated: March 15, 2010
/s/ Paul K. Lackey, Jr.
Paul K. Lackey, Jr.
Director

Dated: March 15, 2010
/s/ A.H. McElroy II
A.H. McElroy II
Director

Dated: March 15, 2010
/s/ Jerry R. Levine
Jerry R. Levine
Director

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Report of Grant Thornton LLP Independent Registered Public Accounting Firm

Board of Directors and Stockholders
AAON, Inc.

We have audited the accompanying consolidated balance sheets of AAON, Inc. (a Nevada Corporation) and subsidiaries (collectively referred to as the "Company") as of December 31, 2009 and 2008, and the related consolidated statements of income, stockholders' equity and comprehensive income, and cash flows for each of the three years in the period ended December 31, 2009. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of AAON, Inc. and subsidiaries as of December 31, 2009 and 2008, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2009 in conformity with accounting principles generally accepted in the United States of America.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), AAON, Inc. and subsidiaries internal control over financial reporting as of December 31, 2009, based on criteria established in *Internal Control - Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and our report dated, March 15, 2010, expressed an unqualified opinion on the effectiveness of internal control over financial reporting.

/s/ GRANT THORNTON LLP
Tulsa, Oklahoma
March 15, 2010

AAON, INC., AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	DECEMBER 31, 2009	DECEMBER 31, 2008
	(in thousands, except share and per share data)	
Assets		
Current Assets:		
Cash and cash equivalents	$ 25,639	$ 269
Accounts receivable, net	33,381	38,804
Inventories, net	28,788	36,382
Prepaid expenses and other	1,087	428
Derivative assets	2,200	-
Assets held for sale, net	1,522	-
Deferred tax assets	3,623	4,235
Total Current Assets	96,240	80,118
Property, plant and equipment:		
Land	1,328	2,153
Buildings	41,697	36,371
Machinery and equipment	90,213	87,219
Furniture and fixtures	7,225	7,076
Total property, plant and equipment	140,463	132,819
Less: Accumulated depreciation	80,567	72,269
Property, plant and equipment, net	59,896	60,550
Note receivable, long-term	75	75
Total assets	$ 156,211	$ 140,743
Liabilities and Stockholders' Equity		
Current liabilities:		
Revolving credit facility	$ -	$ 2,901
Current maturities of long-term debt	76	91
Accounts payable	8,524	14,715
Dividends payable	3,100	2,773
Accrued liabilities	19,186	19,038
Total current liabilities	30,886	39,518
Long-term debt, less current maturities	-	121
Deferred tax liabilities	7,326	4,582
Commitments and Contingencies (See Note 10)		
Stockholders' equity:		
Preferred stock, $.001 par value, 7,500,000 shares authorized, no shares issued	-	-
Common stock, $.004 par value, 75,000,000 shares authorized, 17,214,979 and 17,208,733 issued and outstanding at December 31, 2009 and 2008, respectively	71	71
Additional paid in capital	644	538
Accumulated other comprehensive income, net of tax	1,077	778
Retained earnings	116,207	95,135
Total stockholders' equity	117,999	96,522
Total liabilities and stockholders' equity	$ 156,211	$ 140,743

The accompanying notes are an integral part of these statements.

AAON, INC., AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME

	YEARS ENDING DECEMBER 31,		
	2009	2008	2007
	(in thousands, except per share data)		
Net sales	$ 245,282	$ 279,725	$ 262,517
Cost of sales	177,737	212,549	205,148
Gross profit	67,545	67,176	57,369
Selling, general and administrative expenses	23,791	23,788	21,703
Income from operations	43,754	43,388	35,666
Interest expense	(9)	(71)	(10)
Interest income	71	27	8
Other income (expense), net	76	724	(321)
Income before income taxes	43,892	44,068	35,343
Income tax provision	16,171	15,479	12,187
Net income	$ 27,721	$ 28,589	$ 23,156
Earnings per share:			
Basic	$ 1.61	$ 1.63	$ 1.24*
Diluted	$ 1.60	$ 1.60	$ 1.22*
Cash dividends declared per common share	$ 0.36	$ 0.32	$ 0.32*
Weighted average shares outstanding:			
Basic	17,187	17,560	18,628*
Diluted	17,309	17,855	18,927*

* Reflects three-for-two stock split effective August 21, 2007.

The accompanying notes are an integral part of these statements.

AAON, INC., AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY AND COMPREHENSIVE INCOME

	COMMON STOCK SHARES	COMMON STOCK AMOUNT	PAID-IN CAPITAL	ACCUMULATED OTHER COMPREHENSIVE INCOME	RETAINED EARNINGS	TOTAL
			(in thousands)			
Balance at December 31, 2006	18,508*	$ 74*	$ 185	$ 667	$ 90,666	$ 91,592
Adjustment for FASC Topic 740, *Income Taxes*					(396)	(396)
Comprehensive income:						
Net income	–	–	–	–	23,156	23,156
Foreign currency translation adjustment	–	–	–	1,275	–	1,275
Total comprehensive income						24,431
Stock options exercised, including tax benefits	613*	4*	5,420	–	–	5,424
Share-based compensation	–	–	582	–	–	582
Stock repurchased and retired	(1,067)*	(5)*	(6,187)	–	(14,581)	(20,773)
Dividends	–	–	–	–	(5,440)	(5,440)
Balance at December 31, 2007	18,054*	73*	–	1,942	93,405	95,420
Comprehensive income:						
Net income	–	–	–	–	28,589	28,589
Foreign currency translation adjustment	–	–	–	(1,164)	–	(1,164)
Total comprehensive income						27,425
Stock options exercised, and restricted stock awards vested including tax benefits	366	2	3,307	–	–	3,309
Share-based compensation	–	–	750	–	–	750
Stock repurchased and retired	(1,211)	(4)	(3,519)	–	(21,238)	(24,761)
Dividends	–	–	–	–	(5,621)	(5,621)
Balance at December 31, 2008	17,209	71	538	778	95,135	96,522
Comprehensive income:						
Net income	–	–	–	–	27,721	27,721
Foreign currency translation adjustment	–	–	–	299	–	299
Total comprehensive income						28,020
Stock options exercised and restricted stock awards vested, including tax benefits	170	1	1,938	–	–	1,939
Share-based compensation	–	–	848	–	–	848
Stock repurchased and retired	(164)	(1)	(2,680)	–	(448)	(3,129)
Dividends	–	–	–	–	(6,201)	(6,201)
Balance at December 31, 2009	17,215	$ 71	$ 644	$ 1,077	$ 116,207	$ 117,999

* Reflects three-for-two stock split effective August 21, 2007

The accompanying notes are an integral part of these statements.

AAON, INC., AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	YEARS ENDED DECEMBER 31, 2009	2008	2007
		(in thousands)	
OPERATING ACTIVITIES			
Net income	$ 27,721	$ 28,589	$ 23,156
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	9,061	9,412	9,665
Provision for losses on accounts receivable, net of adjustments	10	547	203
Provision for excess and obsolete inventories	410	-	-
Share-based compensation	848	750	582
Excess tax benefits from stock options exercised and restricted stock awards vested	(703)	(1,613)	(2,998)
Gain on disposition of assets	(59)	(27)	(108)
Unrealized gain on derivative assets	(2,200)	-	-
Deferred income taxes	3,531	160	(124)
Changes in assets and liabilities:			
Accounts receivable	5,495	(905)	(1,760)
Inventories	7,243	(4,779)	(2,095)
Prepaid expenses and other	(660)	13	(172)
Accounts payable	(6,334)	449	(1,370)
Accrued liabilities	842	851	6,268
Net cash provided by operating activities	45,205	33,447	31,247
INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment	135	17	123
Capital expenditures	(9,774)	(9,610)	(10,874)
Net cash used in investing activities	(9,639)	(9,593)	(10,751)
FINANCING ACTIVITIES			
Borrowings under revolving credit facility	9,972	46,865	12,142
Payments under revolving credit facility	(12,873)	(43,964)	(12,142)
Borrowings (payments) of long-term debt	(136)	(118)	271
Stock options exercised	1,236	1,696	2,426
Excess tax benefits from stock options exercised and restricted stock awards vested	703	1,613	2,998
Repurchase of stock	(3,129)	(24,761)	(20,773)
Cash dividends paid to stockholders	(5,874)	(5,791)	(4,958)
Net cash used in financing activities	(10,101)	(24,460)	(20,036)
Effects of exchange rate on cash	(95)	(4)	131
Net increase (decrease) in cash and cash equivalents	25,370	(610)	591
Cash and cash equivalents, beginning of year	269	879	288
Cash and cash equivalents, end of year	$ 25,639	$ 269	$ 879

The accompanying notes are an integral part of these statements.

AAON, INC., AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2009

1. BUSINESS, SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER FINANCIAL DATA

AAON, Inc. is a Nevada corporation which was incorporated on August 18, 1987. Our subsidiaries include AAON, Inc., an Oklahoma corporation, AAON Coil Products, Inc., a Texas corporation, AAON Canada, Inc., an Ontario corporation and AAON Properties, Inc., an Ontario corporation. AAON Properties is the lessor of property in Burlington, Ontario, Canada, to AAON Canada. The Consolidated Financial Statements include our accounts and the accounts of our subsidiaries. Unless the context otherwise requires, references in this Annual Report to "AAON," the "Company", "we," "us," "our" or "ours" refer to AAON, Inc., and our subsidiaries.

We closed our manufacturing operations and reclassified our Canadian facility as held for sale in September 2009. The products previously manufactured at the Canadian facility will be produced by the Tulsa, Oklahoma, and Longview, Texas, facilities in the future.

We are engaged in the manufacture and sale of air conditioning and heating equipment consisting of rooftop units, chillers, air-handling units, make-up air units, heat recovery units, condensing units and coils. All significant intercompany accounts and transactions have been eliminated.

REVENUE RECOGNITION

We recognize revenues from sales of products when the products are shipped and the title and risk of ownership pass to the customer. Selling prices are fixed based on purchase orders or contractual agreements. Sales allowances and customer incentives are treated as reductions to sales and are provided for based on historical experiences and current estimates. For sales initiated by independent manufacturer representatives, we recognize revenues net of the representatives' commission. Our policy is to record the collection and payment of sales taxes through a liability account.

COMMON STOCK SPLIT

On July 12, 2007, our Board of Directors approved a three-for-two stock split of the outstanding stock for shareholders of record as of August 3, 2007. The stock split was treated as a 50% stock dividend which was distributed on August 21, 2007. The applicable share and per share data for 2007 included herein has been restated to reflect the stock split.

CURRENCY

Foreign currency transactions and financial statements are translated in accordance with Financial Accounting Standards Board ("FASB") Codification ("FASC") Topic 830, *Foreign Currency Matters*. We use the U.S. dollar as our functional currency, except for the Canadian subsidiaries, which use the Canadian dollar. Adjustments arising from translation of the Canadian subsidiaries' financial statements are reflected in accumulated other comprehensive income. Transaction gains or losses that arise from exchange rate fluctuations applicable to transactions denominated in Canadian currency are included in the results of operations as incurred.

USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Because these estimates and assumptions require significant judgment, future actual results could differ from those estimates and could have a significant impact on our results of operations, financial position and cash flows. We reevaluate our estimates and assumptions on a monthly basis. The most significant estimates include the allowance for doubtful accounts, inventory reserves, warranty accrual, medical insurance accrual, share-based compensation and the fair value of the derivative. Actual results could differ materially from those estimates.

1. BUSINESS, SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER FINANCIAL DATA (CONTINUED)

CONCENTRATIONS

Our customers are concentrated primarily in the domestic commercial and industrial new construction and replacement markets. To date, our sales have been primarily to the domestic market, with foreign sales accounting for less than 5% of revenues in 2009. No customer accounted for 10% of our sales during 2009, 2008 or 2007 or more than 5% of our accounts receivable balance at December 31, 2009, 2008 or 2007.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of bank deposits and highly liquid, interest-bearing money market funds with initial maturities of three months or less.

ACCOUNTS RECEIVABLE

We grant credit to our customers and perform ongoing credit evaluations. We generally do not require collateral or charge interest. We establish an allowance for doubtful accounts based upon factors surrounding the credit risk of specific customers, historical trends, economic and market conditions and the age of the receivable. Accounts are considered past due when the balance has been outstanding for greater than ninety days. Past due accounts are generally written off against the allowance for doubtful accounts only after all collection attempts have been exhausted.

Accounts receivable and the related allowance for doubtful accounts are as follows:

	DECEMBER 31,	
	2009	2008
	(in thousands)	
Accounts receivable	$ 34,157	$ 39,599
Less: Allowance for doubtful accounts	(776)	(795)
Total, net	$ 33,381	$ 38,804

	YEARS ENDED DECEMBER 31,		
	2009	2008	2005
	(in thousands)		
Allowance for doubtful accounts:			
Balance, beginning of period	$ 795	$ 407	$ 266
Provision for losses on accounts receivable	629	674	625
Adjustments to provision	(630)	(127)	(422)
Accounts receivable written off, net of recoveries	(18)	(159)	(62)
Balance, end of period	$ 776	$ 795	$ 407

1. BUSINESS, SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER FINANCIAL DATA (CONTINUED)

INVENTORIES

Inventories are valued at the lower of cost or market. Cost is determined by the first-in, first-out ("FIFO") method. We establish an allowance for excess and obsolete inventories based on product line changes, the feasibility of substituting parts and the need for supply and replacement parts.

Inventory balances at December 31, 2009 and 2008, and the related changes in the allowance for excess and obsolete inventories for the three years ended December 31, 2009, 2008 and 2007, are as follows:

	DECEMBER 31, 2009	DECEMBER 31, 2008
	(in thousands)	
Raw materials	$ 26,581	$ 32,212
Work in process	1,835	2,545
Finished goods	1,132	1,975
	29,548	36,732
Less: Allowance for excess and obsolete inventories	(760)	(350)
Total, net	$ 28,788	$ 36,382

	YEARS ENDED DECEMBER 31, 2009	2008	2007
		(in thousands)	
Allowance for excess and obsolete inventories:			
Balance, beginning of period	$ 350	$ 350	$ 350
Provision for excess and obsolete inventories	1,849	800	-
Adjustments to reserve	(1,439)	(800)	-
Balance, end of period	$ 760	$ 350	$ 350

We increased our allowance for excess and obsolete inventories due to materials from our Canadian facility that will not be utilized at either our Tulsa, Oklahoma or Longview, Texas locations and materials that were phased out due to new products that were introduced in January 2010.

DERIVATIVE

We entered into a derivative instrument in the third quarter of 2009 with a large financial institution to mitigate our exposure to volatility in copper prices. We monitor our derivative and the credit worthiness of the financial institution. We do not anticipate losses due to counterparty non-performance. We do not use derivatives for speculative purposes.

The derivative is in the form of a commodity futures contract. The derivative contract settles monthly beginning in January 2010 and ending in December 2010. Settlements equal the difference between the monthly average market price or closing market price of copper on a given day and the contract price with the financial institution. The contract is for a total of 2,250,000 pounds of copper at $2.383 per pound. The contract is for quantities equal to or less than those expected to be used in our manufacturing operations in 2010.

1. BUSINESS, SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER FINANCIAL DATA (CONTINUED)

We are subject to gains which we record as derivative assets if the forward copper commodity prices increase and losses which we record as derivative liabilities if they decrease. At December 31, 2009, the forward copper commodity prices were higher than our contract price resulting in a gain or derivative asset. We recognized the following current derivative assets at fair value in the Consolidated Balance Sheets:

TYPE OF CONTRACT	BALANCE SHEET LOCATION	FAIR VALUE
		(in thousands)
Derivatives not designated as hedging instruments:		
Commodity futures contract	Derivative assets	$ 2,200
Total Derivatives not designated as hedging instruments		$ 2,200

We did not designate the derivative as a cash flow hedge. We record changes in the derivative's fair value currently in earnings based on mark-to-market accounting. We recorded the following $2.2 million ($1.4 million after tax) unrealized gain on derivative assets at fair value in the Consolidated Statements of Income:

TYPE OF CONTRACT	INCOME STATEMENT LOCATION	FAIR VALUE
		(in thousands)
Derivatives not designated as hedging instruments:		
Commodity futures contract	Cost of Sales	$ 2,200
Total Derivatives not designated as hedging instruments		$ 2,200

We use COMEX index pricing to support our fair value calculation, which is a Level 2 input per the valuation hierarchy as the pricing is for instruments similar but not identical to the contract we will settle.

ASSETS HELD FOR SALE

We reclassified certain fixed assets with a net book value of $1.5 million to assets held for sale upon closure of our Canadian manufacturing operations in September 2009. The assets consist of a building and land valued at the lower of cost or market. The carrying value of the building net of accumulated depreciation is $0.6 million. No additional depreciation expense was taken on the building as of October 1, 2009. The carrying value of the land is $0.9 million. We have contracted with a realtor and plan to sell the property within one year. The products previously manufactured at the Canadian facility will be produced by the Tulsa, Oklahoma and Longview, Texas facilities in the future.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost. Maintenance and repairs, including replacement of minor items, are charged to expense as incurred; major additions to physical properties are capitalized. Property, plant and equipment are depreciated using the straight-line method over the following estimated useful lives:

DESCRIPTION	YEARS
Buildings	10-40
Machinery and Equipment	3-15
Furniture and Fixtures	2-5

1. BUSINESS, SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER FINANCIAL DATA (CONTINUED)

IMPAIRMENT OF LONG-LIVED ASSETS

We evaluate long-lived assets for impairment when events or changes in circumstances indicate, in management's judgment, that the carrying value of such assets may not be recoverable. When an indicator of impairment has occurred, management's estimate of undiscounted cash flows attributable to the assets is compared to the carrying value of the assets to determine whether impairment has occurred. If an impairment of the carrying value has occurred, the amount of the impairment recognized in the financial statements is determined by estimating the fair value of the assets and recording a loss for the amount that the carrying value exceeds the estimated fair value. Management determined no impairment was required during 2009, 2008 and 2007.

COMMITMENTS AND CONTRACTUAL AGREEMENTS

We are a party to several short-term, cancelable and noncancelable, fixed price contracts with major suppliers for the purchase of raw material and component parts. We expect to receive delivery of raw materials from our fixed price contracts for use in our manufacturing operations. These contracts are not accounted for as derivative instruments because they meet the normal purchases and sales exemption.

In the normal course of business we expect to purchase copper and aluminum in the form of legally binding commitments as follows:

TYPE	PERIOD	POUNDS	PRICE	TOTAL
	(in thousands, except pricing data)			
Aluminum	January 2010 – December 2010	2,441	0.8000	$ 1,953
Copper	January 2010 – March 2010	102	2.4090	245
Copper	January 2010	23	2.0225	47
Copper	January 2010	24	1.8315	45
Copper	January 2010	19	2.2458	42
Total				$ 2,332

ACCRUED LIABILITIES

At December 31, accrued liabilities were comprised of the following:

	2009	2008
	(in thousands)	
Warranty	$ 7,200	$ 6,589
Commissions	7,975	8,816
Payroll	1,633	1,883
Workers' compensation	591	610
Medical self-insurance	1,410	886
Employee benefits and other	377	254
Total	$ 19,186	$ 19,038

WARRANTIES

A provision is made for estimated warranty costs at the time the related products are sold based upon the warranty period, historical trends, new products and any known identifiable warranty issues. Despite lower sales volume in 2009 compared to 2008 warranty expenses increased due to specific warranty items. Warranty expense was $4.8 million, $4.0 million and $4.0 million for the years ended December 31, 2009, 2008 and 2007, respectively.

1. BUSINESS, SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER FINANCIAL DATA (CONTINUED)

Changes in the warranty accrual during the years ended December 31, 2009, 2008 and 2007 are as follows:

	2009	2008	2007
		(in thousands)	
Balance, beginning of the year	$ 6,589	$ 6,308	$ 5,572
Payments made	(4,211)	(3,608)	(3,321)
Warranties issued	4,822	3,889	3,757
Changes in estimate related to preexisting warranties	-	-	300
Balance, end of period	$ 7,200	$ 6,589	$ 6,308

EARNINGS PER SHARE

Basic net income per share is calculated by dividing net income by the weighted average number of shares of common stock outstanding during the period. Diluted net income per share assumes the conversion of all potentially dilutive securities and is calculated by dividing net income by the sum of the weighted average number of shares of common stock outstanding plus all potentially dilutive securities. Dilutive common shares consist primarily of stock options and restricted stock awards.

The following table sets forth the computation of basic and diluted earnings per share:

	YEARS ENDED,		
	2009	2008	2007*
	(in thousands except share and per share data)		
Numerator:			
Net income	$ 27,721	$ 28,589	$ 23,156
Denominator:			
Denominator for basic earnings per share – Weighted average shares	17,186,930	17,560,295	18,628,029
Effect of dilutive stock options	122,038	294,568	299,015
Denominator for diluted earnings per share – Weighted average shares	17,308,968	17,854,863	18,927,044
Earnings per share			
Basic	$ 1.61	$ 1.63	$ 1.24
Diluted	$ 1.60	$ 1.60	$ 1.22
Anti-dilutive shares	226,950	308,250	282,100
Weighted average exercise price	$ 15.64	$ 16.63	$ 17.81

* Reflects three-for-two stock split effective August 21, 2007.

1. BUSINESS, SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER FINANCIAL DATA (CONTINUED)

ADVERTISING

Advertising costs are expensed as incurred. Advertising expense was approximately $761,000, $635,000 and $784,000 for the years ended December 31, 2009, 2008 and 2007, respectively.

RESEARCH AND DEVELOPMENT

Research and development costs are expensed as incurred. Research and development expense was $3.1 million, $2.6 million and $2.5 million for the years ended December 31, 2009, 2008 and 2007, respectively.

SHIPPING AND HANDLING

We incur shipping and handling costs in the distribution of products sold that are recorded in cost of sales. Shipping charges that are billed to the customer are recorded in revenues.

PROFIT SHARING BONUS PLAN

We maintain a discretionary profit sharing bonus plan under which 10% of pre-tax profit at each subsidiary is paid to eligible employees on a quarterly basis in order to reward employee productivity. Eligible employees are regular full-time employees who are actively employed and working on the first day of the calendar quarter and remain continuously, actively employed and working on the last day of the quarter and who work at least 80% of the quarter. Profit sharing expense was $4.8 million, $5.1 million and $4.2 million for the years ended December 31, 2009, 2008 and 2007, respectively.

DEFINED CONTRIBUTION PLAN - 401(K)

We sponsor a defined contribution benefit plan (“the Plan”). Eligible employees may make contributions in accordance with the Plan and IRS guidelines. In addition, effective May 30, 2005, the Plan was amended to provide for automatic enrollment and provided for an automatic increase to the deferral percentage at January 1st of each year and each year thereafter, unless the employee elects to decline the automatic increase and enrollment. Beginning with pay periods after May 30, 2005, the one year enrollment waiting period was waived. Administrative expenses we paid for the plan were approximately $81,000, $93,000 and $98,000 for the years ended 2009, 2008 and 2007, respectively.

After January 1, 2007, our matching increased to 50% of the employee’s salary deferral up to the first 9% of compensation. From January 1, 2006 to December 31, 2006, we matched 50% of the employee’s salary deferral up to the first 7% of compensation. We contribute 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. We made matching contributions of $1.2 million, $1.4 million and $1.3 million in 2009, 2008 and 2007, respectively.

1. BUSINESS, SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER FINANCIAL DATA (CONTINUED)

FAIR VALUE MEASUREMENTS

We follow the provisions of FASC Topic 820, *Fair Value Measurements and Disclosures* related to financial assets and liabilities that are being measured and reported on a fair value basis. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the principal market at the measurement date (exit price). We are required to classify fair value measurements in one of the following categories:

Level 1 inputs which are defined as quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level 2 inputs which are defined as inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly or indirectly.

Level 3 inputs are defined as unobservable inputs for the assets or liabilities.

Financial assets and liabilities are classified based on the lowest level of input that is significant to the fair value measurement. Our assessment of the significance of a particular input to the fair value measurement requires judgment, and may affect the valuation of the fair value of assets and liabilities and their placement within the fair value hierarchy levels.

DERIVATIVE FAIR VALUE MEASUREMENTS

Our derivative assets consist of a forward purchase contract that is measured at fair value using the quoted prices in the COMEX commodity markets which is the lowest level of input significant to measurement. The fair value and carrying amount of our derivative assets at December 31, 2009 is $2.2 million. The measurement is based on pricing for instruments similar but not identical to the contract we will settle. These prices are based upon regularly traded commodities on COMEX. Therefore we consider the market for our commodity futures contract to be active, yet the fair values are estimates and are not necessarily indicative of the amounts for which we could settle such instruments currently.

We record changes in the derivative’s fair value currently in earnings based on mark-to-market accounting. At December 31, 2009, we recorded a $2.2 million ($1.4 million after tax) adjustment to cost of sales from the unrealized gain on derivative assets at fair value in the Consolidated Statements of Income.

The following table presents the fair value of our assets and liabilities measured at fair value on a recurring basis as of December 31, 2009 in the Consolidated Balance Sheets:

	QUOTED PRICES IN ACTIVE MARKETS FOR IDENTICAL ASSETS LEVEL 1	SIGNIFICANT OTHER OBSERVABLE INPUTS LEVEL 2	SIGNIFICANT UNOBSERVABLE INPUTS LEVEL 3	TOTAL
		(in thousands)		
Assets				
Derivative Assests	$ -	$ 2,200	$ -	$ 2,200

1. BUSINESS, SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER FINANCIAL DATA (CONTINUED)

SUBSEQUENT EVENTS

We have determined that no subsequent events which require recognition or disclosure in our Consolidated Financial Statements exist.

NEW ACCOUNTING PRONOUNCEMENTS

In March 2008, the FASB issued FASC Topic 815, *Derivatives and Hedging,* formerly SFAS No. 161, ("FASC 815"), which requires enhanced disclosures about (i) how and why an entity uses derivative instruments, (ii) how derivative instruments and related hedged items are accounted for under prior guidance and (iii) how derivative instruments and related hedged items affect an entity's financial position, financial performance and cash flows. FASC 815 is effective for financial statements issued for fiscal years and interim periods beginning after November 15, 2008. Adoption of FASC 815 did not have a material impact on our Consolidated Financial Statements.

In June 2009, the FASB issued Accounting Standards Update ("ASU") 2009-01, *Topic 105 - Generally Accepted Accounting Principles* ("GAAP") ("ASU 2009-01"), which superseded all accounting standards in U.S. GAAP, aside from those issued by the SEC. The codification does not change or alter existing GAAP. ASU 2009-01 is effective for reporting periods ending after September 15, 2009. We adopted ASU 2009-01 for reporting in the third quarter of 2009. Adoption of ASU 2009-01 did not have a material impact on our Consolidated Financial Statements.

In August 2009, the FASB issued ASU 2009-05, *Fair Value Measurement and Disclosures: Measuring Liabilities at Fair Value* ("ASU 2009-05"), which provides clarification on measuring liabilities at fair value when a quoted price in an active market is not available. ASU 2009-05 is effective for the first reporting period beginning after issuance. We adopted ASU 2009-05 in the fourth quarter 2009. Adoption of ASU 2009-05 did not have a material impact on our Consolidated Financial Statements.

In February 2010, the FASB issued ASU 2010-09, *Subsequent Events* ("ASU 2010-09"), which discontinues the requirement that entities disclose the date through which they have evaluated subsequent events. ASU 2010-09 is effective upon issuance. We adopted ASU 2010-09 for reporting in the fourth quarter of 2009. Adoption of ASU 2010-09 did not have a material impact on our Consolidated Financial Statements.

SEGMENTS

We have reviewed our business operations and determined that we have two operating segments as defined in FASC Topic 280, *Segment Reporting.* We have a domestic and foreign operating segment. The domestic operating segment includes the operations of AAON, Inc. and AAON Coil Products, Inc. The foreign operating segment includes the operations of AAON Canada through September 2009 at which time manufacturing operations closed and AAON Properties ("Canadian facility"). We have determined that the foreign operating segment does not constitute a separate reporting segment based on quantitative threshold tests. We sell similar products with similar economic characteristics to similar classes of customers. The technologies and operations are highly integrated. Revenues and costs are reviewed monthly by management on a product line basis as a single business segment.

2. SUPPLEMENTAL CASH FLOW INFORMATION

Interest payments of approximately $9,000, $71,000 and $10,000 were made during the years ended December 31, 2009, 2008 and 2007, respectively. Payments for income taxes of $10.0 million, $12.7 million and $10.2 million were made during the years ended December 31, 2009, 2008 and 2007, respectively. Dividends payable of $3.1 million and $2.8 million were accrued as of December 31, 2009 and 2008 and were paid on January 4, 2010 and January 2, 2009, respectively.

3. REVOLVING CREDIT FACILITY

Our revolving credit facility provides for maximum borrowings of $15.2 million which is provided by the Bank of Oklahoma, National Association. Under the line of credit, there is one standby letter of credit totaling $0.9 million. Borrowings available under the revolving credit facility at December 31, 2009, were $14.3 million. The letter of credit was a requirement of our workers compensation insurance and was extended in 2009 and will expire December 31, 2010. Interest on borrowings is payable monthly at the greater of 4.0% or LIBOR plus 2.5% (4.0% at December 31, 2009). No fees are associated with the unused portion of the committed amount. We had no borrowings outstanding under the revolving credit facility at December 31, 2009. We had $2.9 million outstanding under the revolving credit facility at December 31, 2008. We had no borrowings outstanding under the revolving credit facility at December 31, 2007.

At December 31, 2009, 2008 and 2007, we were in compliance with our financial ratio covenants. The covenants are related to our tangible net worth, total liabilities to tangible net worth ratio and working capital. At December 31, 2009 our tangible net worth was $118.0 million which meets the requirement of being at or above $75.0 million. Our total liabilities to tangible net worth ratio was 1 to 3 which meets the requirement of not being above 2 to 1. Our working capital was $65.4 million which meets the requirement of being at or above $30.0 million. On July 30, 2009, we renewed the line of credit with a maturity date of July 30, 2010 with terms substantially the same as the previous agreement. We expect to renew our revolving credit agreement in July 2010. We do not anticipate that the current situation in the credit market will impact our renewal.

4. DEBT

Short-term debt at December 31, 2009 and 2008 consisted of notes payable totaling approximately $76,000 and $91,000 due in 2010 and 2009, respectively. In 2009 and 2008, respectively, the notes payable are due in monthly installments of $7,588, with an interest rate of 4.148%, related to a computer capital lease.

5. INCOME TAXES

We follow the provisions of FASC Topic 740, *Income Taxes*, including the liability method of accounting for income taxes, which provides that deferred tax liabilities and assets are based on the difference between the financial statement and income tax bases of assets and liabilities using currently enacted tax rates.

The income tax provision consists of the following:

	YEARS ENDING DECEMBER 31,		
	2009	2008	2007
	(in thousands)		
Current	$ 19,529	$ 16,163	$ 12,631
Deferred	(3,358)	(684)	(444)
	$ 16,171	$ 15,479	$ 12,187

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

	YEARS ENDING DECEMBER 31,		
	2009	2008	2007
	(in thousands)		
Federal statutory rate	35%	35%	35%
State income taxes, net of federal benefit	4%	3%	3%
Other	(2%)	(3%)	(3%)
	37%	35%	35%

The "Other" tax rate primarily relates to certain domestic credits.

The tax effect of temporary differences giving rise to our deferred income taxes at December 31 is as follows:

	2009	2008	2007
		(in thousands)	
Net current deferred assets and (liabilities) relating to:			
Valuation reserves	$ 572	$ 446	$ 295
Warranty accrual	2,544	2,567	2,456
Other accruals	1,297	1,262	1,430
Other, net	(790)	(40)	131
	$ 3,623	$ 4,235	$ 4,312
Net long-term deferred (assets) and liabilities relating to:			
Depreciation and amortization	$ 7,820	$ 7,247	$ 6,376
NOL	-	(2,265)	(2,019)
Share-based compensation	(494)	(400)	(383)
	$ 7,326	$ 4,582	$ 3,974

The total net operating loss ("NOL") deferred tax asset related to AAON Canada was utilized in 2009. We file income tax returns in the U.S. federal jurisdiction and various state and foreign jurisdictions.

The total amount of unrecognized tax benefits is as follows:

	TAX BENEFIT
	(in thousands)
Balance at January 1, 2009	$ 50
Change as a result of tax positions taken during an earlier period	-
Change as a result of tax positions taken during the current period	-
Change as a result of settlements with tax authorities	-
Change as a result of a lapse of the applicable statute of limitations	(50)
Balance at December 31, 2009	$ 0

There are no unrecognized tax benefits that if recognized would impact the effective tax rate at December 31, 2009.

We recognize accrued interest and penalties related to unrecognized tax benefits in income tax expense. At December 31, 2009 and 2008, we had accrued approximately $0 and $6,000 for the potential payment of interest and penalties, respectively.

As of December 31, 2009, we are subject to U.S. Federal income tax examinations for the tax years 2006 through 2009, and to non-U.S. income tax examinations for the tax years of 2006 through 2009. In addition, we are subject to state and local income tax examinations for the tax years 2005 through 2009.

6. SHARE-BASED COMPENSATION

We have historically maintained a stock option plan for key employees, directors and consultants ("the 1992 Plan"). The 1992 Plan provided for 4.4 million shares of common stock to be issued under the plan. Under the terms of the plan, the exercise price of shares granted may not be less than 85% of the fair market value at the date of the grant. Options granted to directors prior to May 25, 2004, vest one year from the date of grant and are exercisable for nine years thereafter. Options granted to directors on or after May 25, 2004, vest one-third each year, commencing one year after the date of grant. All other options granted vest at a rate of 20% per year, commencing one year after date of grant, and are exercisable during years 2-10.

On May 22, 2007, our stockholders adopted a Long-Term Incentive Plan ("LTIP") which provides an additional 750,000 shares that can be granted in the form of stock options, stock appreciation rights, restricted stock awards, performance units and performance awards. Since inception of the Plan, non-qualified stock options and restricted stock awards have been granted with the same vesting schedule as the previous plan. Under the LTIP, the exercise price of shares granted may not be less than 100% of the fair market value at the date of the grant.

We apply the provisions of FASC Topic 718, *Compensation – Stock Compensation*. The compensation cost is based on the grant date fair value of stock options issued calculated using a Black-Scholes-Merton Option Pricing Model, or the grant date fair value of a restricted share less the present value of dividends.

We recognized approximately $484,000, $400,000 and $526,000 at December 31, 2009, 2008 and 2007, respectively, in pre-tax compensation expense related to stock options in the Consolidated Statements of Income. The total pre-tax compensation cost related to unvested stock options not yet recognized as of December 31, 2009 is $0.9 million and is expected to be recognized over a weighted-average period of 2.1 years.

The following weighted average assumptions were used to determine the fair value of the stock options granted on the original grant date for expense recognition purposes for options granted during December 31, 2009, 2008 and 2007:

	2009	2008	2007
Directors and Officers:			
Expected dividend yield	1.87%	1.72%	N/A
Expected volatility	47.47%	45.16%	N/A
Risk-free interest rate	2.53%	3.08%	N/A
Expected life	7.0 yrs	7.0 yrs	N/A
Forfeiture rate	0%	0%	N/A
Employees:			
Expected dividend yield	1.87%	1.72%	1.67%
Expected volatility	46.94%	44.47%	41.92%
Risk-free interest rate	2.62%	3.05%	4.61%
Expected life	8.0 yrs	8.0 yrs	6.3 yrs
Forfeiture rate	31%	31%	28%

The expected term of the options is based on evaluations of historical and expected future employee exercise behavior. The risk-free interest rate is based on the U.S. Treasury rates at the date of grant with maturity dates approximately equal to the expected life at the grant date. Volatility is based on historical volatility of our stock over time periods equal to the expected life at the grant date.

The following is a summary of stock options outstanding as of December 31, 2009:

	OPTIONS OUTSTANDING				OPTIONS EXERCISABLE	
RANGE OF EXERCISE PRICES	NUMBER OUTSTANDING AT DECEMBER 31, 2009	WEIGHTED AVERAGE REMAINING CONTRACTUAL LIFE	WEIGHTED AVERAGE EXERCISE PRICE	AGGREGATE INTRINSIC VALUE	NUMBER EXERCISABLE AT DECEMBER 31, 2009	WEIGHTED AVERAGE EXERCISE PRICE
5.73 – 11.29	120,613	3.41	$ 9.12	$ 10.37	104,113	$ 8.84
11.40 – 12.00	33,900	5.71	11.60	7.89	28,200	11.62
13.60 – 15.55	131,500	8.22	15.13	4.36	33,900	14.72
15.99 – 21.42	174,500	7.18	17.58	1.91	78,100	17.48
Total	460,513	6.38	$ 14.22	$ 6.75	244,313	$ 12.74

A summary of option activity under the plan as is as follows:

OPTIONS	SHARES	WEIGHTED AVERAGE EXERCISE PRICE	WEIGHTED AVERAGE REMAINING CONTRACTUAL TERM	AGGREGATE INTRINSIC VALUE ($000)
Outstanding at December 31, 2006	1,461,496	$ 7.33		
Granted	139,188	15.98		
Exercised	(573,374)	4.24		
Forfeited or Expired	(98,377)	14.80		
Outstanding at December 31, 2007	928,933	9.47		
Granted	50,000	16.64		
Exercised	(348,075)	4.87		
Forfeited or Expired	(51,282)	15.76		
Outstanding at December 31, 2008	579,576	12.29		
Granted	93,000	15.92		
Exercised	(164,013)	7.53		
Forfeited or Expired	(48,050)	17.00		
Outstanding at December 31, 2009	460,513	14.22	6.38	$ 2,426
Exercisable at December 31, 2009	244,313	$ 12.74	5.04	$ 1,649

The weighted average grant date fair value of options granted during 2009 and 2008 was $6.87 and $6.95, respectively. The total intrinsic value of options exercised during December 31, 2009, 2008 and 2007 was $3.3 million, $6.4 million and $8.7 million, respectively. The cash received from options exercised during December 31, 2009, 2008 and 2007 was $1.2 million, $1.7 million and $2.4 million, respectively. The impact of these cash receipts is included in financing activities in the accompany Consolidated Statements of Cash Flows.

A summary of the status of the unvested stock options is as follows:

	SHARES	WEIGHTED AVERAGE GRANT DATE FAIR VALUE
Unvested at January 1, 2009	242,600	$ 6.68
Granted	93,000	6.87
Vested	(80,850)	6.53
Forfeited	(38,550)	6.97
Unvested at December 31, 2009	216,200	$ 6.77

The total grant date fair value of options vested during December 31, 2009 and 2008 was $0.5 million and $0.6 million, respectively.

During 2007, the Compensation Committee of the Board of Directors authorized and issued restricted stock awards to directors and key employees. The restricted stock award program offers the opportunity to earn shares of AAON Common Stock over time, rather than options that give the right to purchase stock at a set price. Restricted stock awards granted to directors vest one-third each year. All other restricted stock awards vest at a rate of 20% per year. Restricted stock awards are grants that entitle the holder to shares of common stock subject to certain terms. The fair value of restricted stock awards is based on the fair market value of AAON common stock on the respective grant dates, reduced for the present value of dividends.

These awards are recorded at their fair value on the date of grant and compensation cost is recorded using straight-line vesting over the service period. The weighted average grant date fair value of restricted stock awards granted during 2009 and 2008 was $19.72 and $19.34 per share, respectively. We recognized approximately $364,000, $350,000 and $56,000 at December 31, 2009, 2008 and 2007, respectively in pre-tax compensation expense related to restricted stock awards in the Consolidated Statements of Income. In addition, as of December 31, 2009, unrecognized compensation cost related to unvested restricted stock awards was approximately $466,000 which is expected to be recognized over a weighted average period of 1.5 years.

A summary of the unvested restricted stock awards is as follows:

	SHARES
Unvested at January 1, 2009	42,450
Granted	7,350
Vested	(16,550)
Forfeited	-
Unvested at December 31, 2009	33,250

FASC Topic 718, *Compensation – Stock Compensation* requires that cash flows from the exercise of stock options resulting from tax benefits in excess of recognized cumulative compensation costs be classified as financing cash flows. During December 31, 2009, 2008 and 2007, the excess tax benefits of stock options exercised and restricted stock awards vested was $0.7 million, $1.6 million and $3.0 million respectively.

7. STOCKHOLDER RIGHTS PLAN

During 1999, the Board of Directors adopted a Stockholder Rights Plan (the “Plan”), which was amended in 2002. Under the Plan, stockholders of record on March 1, 1999, received a dividend of one right per share of our Common Stock. Stock issued after March 1, 1999, contains a notation incorporating the rights. Each right entitles the holder to purchase one one-thousandth (1/1,000) of a share of Series A Preferred Stock at an exercise price of $90. The rights are traded with our Common Stock. The rights become exercisable after a person has acquired, or a tender offer is made for, 15% or more of our Common Stock. If either of these events occurs, upon exercise the holder (other than a holder owning more than 15% of the outstanding stock) will receive the number of shares of our Common Stock having a market value equal to two times the exercise price.

The rights may be redeemed by us for $0.001 per right until a person or group has acquired 15% of our Common Stock. The rights expire on August 20, 2012.

8. STOCK REPURCHASE

Following repurchases of approximately 12% of our outstanding common stock between September 1999 and September 2001, we announced and began another stock repurchase program on October 17, 2002, targeting repurchases of up to an additional 2.0 million shares of our outstanding stock. On February 14, 2006, the Board of Directors approved the suspension of our repurchase program. Through February 14, 2006, we had repurchased a total of 1,886,796 shares under this program for an aggregate price of $22,034,568, or an average of $11.68 per share. We purchased the shares at current market prices.

On November 6, 2007, we began a new stock buyback program, targeting repurchases of up to approximately 10% (1.8 million shares) of our outstanding stock from time to time in open market transactions. Through December 31, 2009, we had repurchased a total of 1,717,804 shares under this program for an aggregate price of $34,192,008, or an average price of $19.90 per share. We purchased the shares at current market prices.

On July 1, 2005, we entered into a stock repurchase arrangement by which employee participants in our 401(k) savings and investment plan are entitled to have shares of AAON stock in their accounts sold to us to provide diversification of their investments. The maximum number of shares to be repurchased is unknown under the program as the amount is contingent on the number of shares sold by employees. Through December 31, 2009, we repurchased 760,477 shares for an aggregate price of $12,589,311, or an average price of $16.55 per share. We purchased the shares at current market prices.

On November 7, 2006, the Board of Directors authorized us to repurchase shares from certain directors and officers following their exercise of stock options. The maximum number of shares to be repurchased under the program is unknown as the amount is contingent on the number of shares sold. Through December 31, 2009, we repurchased 350,375 shares for an aggregate price of $7,167,623, or an average price of $20.46 per share. We purchased the shares at current market prices.

9. DIVIDENDS

On February 14, 2006, the Board of Directors voted to initiate a semi-annual cash dividend. We initially paid semi-annual dividends of $0.20 per share. The Board of Directors approved dividend payments of $0.16 per share related to the stock split effective August 21, 2007. The Board of Directors approved future dividend payments of $0.18 per share on May 19, 2009. Board approval is required to determine the date of declaration and amount for each semi-annual dividend payment.

Cash dividend payments of $5.9 million were made in 2009, and we accrued a liability for payment of $3.1 million of dividends in January 2010. Cash dividend payments of $5.8 million were made in 2008, and $2.8 million in dividends were declared and accrued as a liability in December 2008 for payment in January 2009. Cash dividend payments of $5.0 million were made in 2007, and $2.9 million in dividends were declared and accrued as a liability in December 2007 for payment in January 2008.

10. COMMITMENTS AND CONTINGENCIES

We are subject to claims and legal actions that arise in the ordinary course of business. Management believes that the ultimate liability from these claims and actions, if any, will not have a material effect on our results of operations or financial position.

11. CANADIAN FACILITY

On May 18, 2009 we announced the closure of our Canadian facility and filed an 8-K to that effect. At the same time, we notified the 47 Canadian employees of the expected closure date. The actual closure date was at the end of September 2009. We accrued and charged to expense $0.3 million through December 31, 2009, in closure costs related to employee termination benefits in accordance with Canadian labor laws and regulations. We incurred employee termination costs as well as costs to dispose of inventory. We accrued and charged to expense $0.4 million as an adjustment to our inventory reserve in second quarter 2009 to account for inventory items we did not transfer to our other locations. The following closure costs were included in income from continuing operations in the income statement and paid as of December 31, 2009:

	BALANCE AT 6/30/09	ADDITIONAL ACCRUAL	CHARGED TO EXPENSE
		(in thousands)	
Employee termination benefits	$ 280	$ 26	$ 306
Inventory reserve adjustments	389	-	389
Total	$ 669	$ 26	$ 695

12. QUARTERLY RESULTS (UNAUDITED)

The following is a summary of the quarterly results of operations for the years ending December 31, 2009 and 2008:

	QUARTER ENDED			
	MARCH 31	JUNE 30	SEPTEMBER 30	DECEMBER 31
	(in thousands, except per share data)			
2009				
Net sales	$ 63,965	$ 68,597	$ 58,492	$ 54,228
Gross profit	16,934	18,104	17,728*	14,779*
Net income	6,728	7,097	7,741*	6,155*
Earnings per share:				
Basic	0.39	0.41	0.45*	0.36*
Diluted	0.39	0.41	0.45*	0.36*

	QUARTER ENDED			
	MARCH 31	JUNE 30	SEPTEMBER 30	DECEMBER 31
	(in thousands, except per share data)			
2008				
Net sales	$ 65,456	$ 74,781	$ 79,279	$ 60,209
Gross profit	15,652	17,990	20,018	13,516
Net income	6,434	7,760	8,355	6,040
Earnings per share:				
Basic	0.36	0.43	0.49	0.35
Diluted	0.35	0.43	0.47	0.35

*Includes the impact of the unrealized gain from the derivative.

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We have issued our reports dated March 10, 2009, with respect to the consolidated financial statements and internal control over financial reporting included in the Annual Report of AAON, Inc. on Form 10-K for the year ended December 31, 2009. We hereby consent to the incorporation by reference of said reports in the Registration Statements of AAON, Inc. on Forms S-8 (File No. 333-52824, effective December 28, 2000 and File No. 333-151915, effective June 25, 2008).

/s/ GRANT THORNTON LLP
Tulsa, Oklahoma
March 15, 2010

Exhibit 31.1

CERTIFICATION

I, Norman H. Asbjornson, certify that:

1. I have reviewed this Annual Report on Form 10-K of AAON, Inc.

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including our consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d) disclosed in this report any change in the registrant's internal controls over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

    a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 15, 2010

/s/ Norman H. Asbjornson

Norman H. Asbjornson
Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, Kathy I. Sheffield, certify that:

1. I have reviewed this Annual Report on Form 10-K of AAON, Inc.

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including our consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d) disclosed in this report any change in the registrant's internal controls over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

    a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 15, 2010

/s/ Kathy I. Sheffield

Kathy I. Sheffield
Chief Financial Officer

Exhibit 32.1

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES–OXLEY ACT OF 2002

In connection with the Annual Report of AAON, Inc. (the "Company"), on Form 10-K for the year ended December 31, 2009, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Norman H. Asbjornson, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and our results of operations.

March 15, 2010

/s/ Norman H. Asbjornson

Norman H. Asbjornson
Chief Executive Officer

Exhibit 32.2

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES–OXLEY ACT OF 2002

In connection with the Annual Report of AAON, Inc. (the "Company"), on Form 10-K for the year ended December 31, 2009, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Norman H. Asbjornson, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and our results of operations.

March 15, 2010

/s/ Kathy I. Sheffield

Kathy I. Sheffield
Chief Financial Officer

OFFICERS

NORMAN H. ASBJORNSON has served as President and a director of the Company since 1988. Mr. Asbjornson has been in senior management positions in the heating and air conditioning industry for over 40 years.

KATHY I. SHEFFIELD became treasurer of the Company in 1999 and Vice President in June of 2002. Ms. Sheffield previously served as Accounting Manager of the Company from 1988 to 1999.

ROBERT G. FERGUS has served as Vice President of the Company since 1988. Mr. Fergus has been in senior management positions in the heating and air conditioning industry for over 40 years.

DAVID E. KNEBEL has served as Vice President of Sales for the Company since 2005. Mr. Knebel has been in the heating and air conditioning industry for over 40 years, holding positions in design, research, software development, engineering, teaching, sales and senior management.

JOHN B. JOHNSON, JR. has served as Secretary and a director of the Company since 1988. Mr. Johnson is a member of the firm of Johnson & Jones which serves as General Counsel of the Company.

BOARD OF DIRECTORS

Front row, left to right: John B. Johnson, Jr., Norman H. Asbjornson & Charles C. Stephenson, Jr. **Back row, left to right:** Paul K. Lackey, Jr., A.H. McElroy, II, Jack E. Short & Jerry R. Levine

NORMAN H. ASBJORNSON
President/CEO

JOHN B. JOHNSON, JR. Secretary

CHARLES C. STEPHENSON, JR. has served as a director of the Company since 1996. From 1987 to January 2006, Mr. Stephenson served as Chairman of the Board of Vintage Petroleum, Inc., based in Tulsa, Oklahoma.

JACK E. SHORT was elected to the Board in July 2004 and is the Chairman of the Audit Committee. Mr. Short was employed by PriceWaterhouseCoopers for 29 years and retired as the managing partner of the Oklahoma practice in 2001.

A.H. MCELROY, II was elected as a director of the Company in 2007. From 1997 to present, Mr. McElroy has served as President and CEO of McElroy Manufacturing, Inc., a manufacturer of fusion equipment and fintube machines.

PAUL K. LACKEY, JR. was elected as a director of the Company in 2007. From 2001 to present, Mr. Lackey has served as CEO and president of NORDAM, a privately held aerospace company.

JERRY R. LEVINE has served as a director of the Company since 2008. Since 1999 Mr. Levine has provided investor and shareholder relations services and advice to the Company.

CORPORATE DATA

Transfer Agent and Registrar–
Progressive Transfer Company,
1981 East Murray-Holladay Road, Suite 200,
Salt Lake City, Utah 84117

Auditors–
Grant Thornton LLP,
2431 East 61st Street, Suite 500, Tulsa, Oklahoma 74136

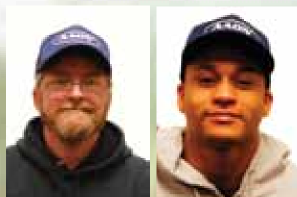
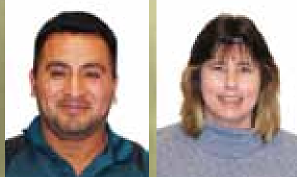
General Counsel–
Johnson & Jones,
2200 Bank of America
Center, 15 West Sixth Street,
Tulsa, Oklahoma 74119

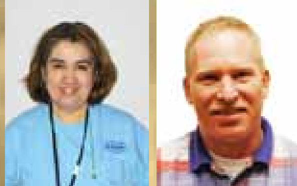
Investor Relations–
Jerry Levine,
105 Creek Side Road,
Mt. Kisco, New York 10549,
Ph: 914-244-0292,
Fax: 914-244-0295,
Jerry.levine@worldnet.att.net

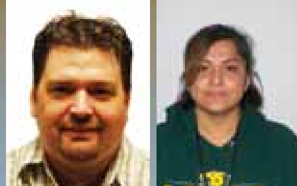
Executive Offices–
2425 South Yukon Avenue,
Tulsa, Oklahoma 74107

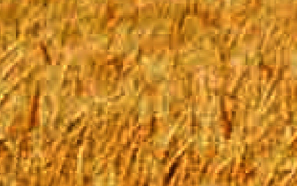
Common Stock–
NASDAQ-AAON

THANKS TO OUR EMPLOYEES







William Abbott
Luis Acosta
Maria D. Acosta
Maria L. Acosta
Martha Acosta
Rogelio Acosta Guerrero
Andres Acosta-Lujan
Enriqueta Adame
Derrick Adams
Gary Adams
Larry Adams
Rodney Adams
Ryan Adams
Brian Adkins
Maria Aguayo
Arturo Aguilar
Miguel Aguilera
Daniel Alagdon
Imelda Alba
Socorro Alba
Julio Albino
James Alexander
Shannon Alford
Brendan Allen
Donald Allen
Kevin Allen
Felipe Alvarado
Edin Alvarado Reyes
Michael Amburgey
Anthony Anderson
Jose Andrada
Margarito Angeles
Wesley Anselme
Alfredo Antonio
Lorenzo Aragon
Clyde Archer
Uriel Arellano Guerra
Maria Arredondo
Gerardo Arroyo
Eleazar Arroyo Alvarez
Norman Asbjornson
Scott Asbjornson
Gary Ashmore
Dwight Austin
Jesus Avelar Saldivar
Joseph Avila
Orlando Ayala
Nora Backus
Richard Backus
Dwight Baker
Eric Baker
John Baldwin
Luis Banuelos
Carolyn Barber
Candy Barbosa
Gregory Barker, Jr.
Daniel Barnard
David Barnett
Ana Barragan De Alteneh
Cesar Barraza
Nereyda Barrios De Perez
Benigno Barrios Orozco
Rosa Barro
Maria Barron
Michael Bass
Boyd Battles
Stuart Baugh
Jason Bazan
Kevin Begley
Guzman Benitez
Ofelia Benitez
Bonnie Benson
James Berden
Ida Bermudez
Sergio Beserra
Cheryl Birmingham
Marcus Black
Seth Black
Vickie Black
Brian Blackmon
Debbie Blackmon
Matthew Blakley
Maria Blanco
David Blevins
Justin Blevins
Aaron Bodovsky
Gene Boese
James Bond
Debra Booher
Ronnie Booth
Anthony Botello
Rosendo Botello
Rudolph Bourgeois, Iii
Demetrius Boyd
John Boyd
Brian Bradford
Myoshia Bradley
Christopher Brantley
Raynor Brenton
Arlando Brewer
Terry Brewster
Shahani Britt
Arlunda Brooks
Bernardo Brooks
David Brown
Jermaine Brown
Johnny Brown, Jr.
Maceo Brumley
Christopher Bryant
William Bryant
Kelli Burkes
Billy Burns
Monica Burns
Thomas Burns, Jr.
Shannon Burtch
Stephen Burton
Douglas Burtrum
Wayne Bush
Tina Bush Jones
Rosa Butler
Jeremy Byram
Dora Cadena
Santiago Cadenas
Cleveland Cage, Jr.
Margarito Calderon
Danielle Calhoun
Jorge Calixto
Elizabeth Calvillo
Cesar Calzada
Lazaro Cama
Maria Camacho
Jose Camas-Padilla
Adrian Campbell
David Campbell
Arthur Candler
Yong Cantrell
Refugio Carachure
Jorge Carcamo
Justin Cardoza
Todd Carner
Vincent Carson
Larry Carter, Jr.
James Cason
Gary Cassiday
Warren Castleberry
Soledad Castro
Jose Castro M
Elvis Cerda
Justo Chagoya
Guadalupe Chairez-Galan
Patrick Chapman
Sergio Charles
Clark Chase
Josh Chattillon
Adalberto Chavez
Gregory Chavez
Rita Chavez
Dale Cherry
Daniel Cherry
Scott Chestnut
Adan Chicas
William Christopher
Sian Cin
Nem Cing
George Clark
John Clark
Morris Clark
Richard Clark
Stephanie Cleveland
William Cleveland
Brenda Coats
Kenneth Cochran
Latoya Coleman
Ronald Collins
Dale Conkwright
Jude Connolly
Gerardo Contreras
Maria Cook
Mark Cook
Michael Coolidge
Scott Coon
Donna Coonfield
James Cooper
Lisa Cooper
Lorenza Cooper
Elaine Corkhill
Alberto Corona
Blanca Corona
Heron Corona
Roberto Corona
Rosa Cortez
Billy Cox
Jerry Cox
John Cox
Patrick Cox
Adrian Crabtree
Richard Craite
Steven Crase
Devin Creech
Juan Crespo-Maisonet
Mikel Crews
Darrell Crow
Drummond Crowe
Carolyn Crutchfield
Jose Cuadroz
Victory Cullom, Ii
Robert Cummings
Gene Curtis
Oliver Cyrus, Iii
Gwendolyn Daniels
John Daniels
William Daugherty
Jenifur Davidson
Byron Davis
Carolyn Davis
Cathy Davis
Darryl Davis
Jerry Davis
Marleitta Davis
Richard Davis
Samuel Davis
Tymesia Davis
Wilfredo De Jesus
Otilia De Jones
Matilde De La Torre
Alvaro De Leon Mendoza
Freddie Deboe
Bobby Degraffenreid
Ismael Delapaz
Eva Delatorre
Lucero Deleon Mendoza
Juana Delobo
Andres Delos Santos
Raquel Deluna
Robert Denby
Eufemio Depaz
Bruce Derr
Audencia Devilla
Roy Deville
Charles Deweese
Cheikh Diallo
Cin Ding
Homer Dodd
Rickey Dodson
Edreys Dominguez
Martin Dominguez
Pablo Dominguez
Thang Dop Mui
Jennifer Dossman
Jodi Doty
Harold Douglas
Michael Drew
Cathryn Dubbs
Carolyn Duesler
Linda Dunec
Cortney Dunn
Francisco Duran Torres
Ralph Durbin
Yolanda Durham
Randy Dwiggins
Wendell Easiley
Stephen Edmonds
Earl Elliott
Harvey Ellis
Tinisha English
Eva Enriquez
Kevin Erickson
Blanca Escobar
Teresa Escobedo
Norberto Esparza-Torres
Leonardo Espinoza Flores
Jesus Estrada-Gonzalez
Stephen Etter
Gilda Etumudor
Calvin Eubanks
Otis Evans
Reginald Everidge, Jr.
Shawn Fairley
Robert Fergus
Elizabeth Ferguson
Catalina Fernandez
Fabiola Fernandez
Samuel Fields
Jesse Figueroa
Sterlyn Finch
Jason Fisher
Anthony Fizer
Wayne Flaska
Tyronica Fletcher
Copotenia Fletcher, Jr.
Carolina Flores
Efigenia Flores
Juana Flores
Laura Flores
Ruby Floyd
Vicky Floyd
Mark Fly
Kenneth Fontenot
Sharon Fontenot
Sheila Forrest
Christopher Foster
Frederick Foster
Loretta Fowlkes
Kenneth Foyil
Jason Franco
Phillip Frank
Damion Franklin
Warren Franklin
Revonda Franks
Gary Frederiksen, Jr.
Olga French
Angel Frias
Wade Fuller
Rony Gadiwalla
Ranulfo Galicia
Gregorio Galindo
Maria Galindo
John Gall
Ma Galvan
Maria Galvan
Angel Garcia
Maximo Garcia
Nicklaus Garcia
Roberto Garcia
Maria Garcia Garcia
Norma Garibay
Patrick Garrett, Sr.
Carlos Garza
Pedro Garza
Ralph Gasaway
Steve Geary
James George
Wilbert Gilmore
Penny Glossinger
Jim Goekler
Gary Goff
Emmett Goins
Elpidio Gomez
Hector Gomez
Jose Gomez
Maria Gomez
Moises Gomez
Daniel Gomez-Sigala
Alicia Gonerway
Adrian Gonzalez
Imelda Gonzalez
John Gonzalez
Manuel Gonzalez
Marisela Gonzalez
Raul Gonzalez
Victor Gonzalez
Barry Goodson
Dale Graham
Buenas Granados
Colter Grant
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John Griffin
Ronald Grimes
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Ronald Guinn
Cassie Gunn
Evelyn Gutierrez Lainez
Erasmo Guzman
Georgina Guzman
Nancy Hackney
Jack Hall
Kelly Hall
Stephen Hall
Scott Hamilton
Jeffrey Hammer
Sam Hammoud
Robert Hanna
Donald Harden
Glen Harris
Stacey Harris
Robi Hartmann
Heather Haskins
Kenneth Havard
Kevin Hawkins
Billy Hawley, Jr.
Tim Hefflin
Stephen Hegvold
Daniel Henderson
Justin Henderson
Kyle Hendrick
Mike Hensley
Armando Hernandez
Corcina Hernandez
Francisco Hernandez
Lily Hernandez
Luis Hernandez
Maria Hernandez
Mariano Hernandez
Takeo Higa
Brenda Higgins
Larry Highfield
Dewayne Hightower
Bobby Hillburn
Juan Hinojosa
Tyson Hinther
Clyde Hitchye
Bon Hoang
Samuel Hobson
Bryan Holland
Donna Holloway
Lawrence Honel
Stephen Hoover
Terri Horn
Wilburn Horner, Jr.
Daniel Horrell
Stanley Horton
Jerry Houston
David Howard
Larry Howard
Zam Htang
Lydia Hudson
Philip Hudson
Anthony Huffman
Jimmy Hughes
Rosario Huizar
Ronald Hutchcraft
Gary Hutchins
Tan Huynh
Okechukwu Ibeh
Alexander Ignatenkov
Samuel Ingram
Daniel Iya
Belinda Jackson
Jeff Jackson
Danny Jacot
Alma Jacquez
Miguel Jacquez
Jose Jamaica
Mckinley James
Jason Jewell
Genelle Jimboy
Maria Jimenez
Raul Jimenez
Vincent Jimenez
Pedro Jimenez-Delfin
Frederick Jimmerson
Ed Johnson
Rex Johnson
Sylvia Johnson
Danny Jones
David Jones
Djuan Jones
Henry Jones
Raymon Jones
Remia Jones
Rose Jones
James Jones, Jr.
Sean Jordan
Jaime Juarez
Leandro Jumelles Nunez
Brian Justice
Patrick Kaiser
Hau Kam
Alex Kap
Dal Kap
Do Kap
Lian Kap
Ngin Kap
Brian Kastl
Richard Keaton
Aaron Kelly
Gregg Kennedy
Do Khai
En Khai
Gin Khai
John Khai
Lang Khai
Mang Khai
Nang K. Khai
Nang Z. Khai
Pau Khai
Peter Khai
Thang Khai
Go Kham
Ngun Kham
Pavel Kharabora
Kirk Khillings
Dai Khup
Ngin Khup
Thang Khup
Alan Kilgore
Andrew Kilgore
Suan Kim
Thang Kim
Joseph King
Lori King
Randy King
Russell King
Bryan Kirk
Aleksandr Kiryukhin
David Knebel
Robert Knuth
James Koss
Edward Kracke, Ii
Robert Krafjack
Larry Kreps
Mikhail Krupenya
Karl Kuenemann
Laura Kyle
Mike Lafond
Do Lal
Deborah Lane
Donald Laney
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Kim Langston
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Jeffrey Lawson
Ronald Lawson
Lai Le
Michel Lebel
Jose Lebron
Jacqueline Lee
Rhonda Lee
Matthew Leeper
Hugo Lerma
Ronald Lester
Cin Lian
David Lian
Hau Lian
Kam Lian
Sing Lian
Thang Lian
Tuan Lian
Darrin Liggins
Ping Lin
Jerry Lincoln
Thomas Lincoln
William Lindsay
Anthony Little
Rene Livesey
Joel Lockmiller
Jonathan Lockmiller
Dustin Long
Linda Longoria
Alonzo Lopez
Ana Lopez
Arturo Lopez
Margarito Lopez
Rafael Lopez
Raul Lopez
Thomas Lopez
Carlos Lopez Rodriguez
Johnny Lopez, Jr.
Paul Lowery

Oscar Lozano
Jarrad Ludlow
Quannah Ludlow
Mariana Luna
Michael Lybarger
Rodolfo Macias
Flores
Jorge Madrigal
Monica Magana
N Mai
Barbara Malone
Carlos Malone
Jeffrey Maly
Maria Mancilla
Cin Mang
Khup Mang
Lang Mang
Lian Mang
Nang Mang
Ngin Mang
Sei Kho Lun Mang
Eric Mann
Evelyn Manning
Adam Mansfield
Raul Manzo
Georgina Manzo
De Barrera
William Markwardt
Ma Marquez
De-Gilbreath
Ana Marroquin
Eco Marshall
Barbara Martinez
Francisco Martinez
Javier Martinez
Juan Martinez
Karen Martinez
Laura Martinez
Kenneph
Martinez Baez
Francisco
Martinez Leon
Hector
Martinez Molina
Ivan Martinez-Lebron
Florentino
Martin-Romo
Timothy Marvin
Thomas
Masengale, Jr.
Beverley Mason
James Mason
Erik Massey
Charles Mattocks, Iv
Ron Mauch
Antonio Mauricio
Leonard Maxwell
Duane Mayfield
Courtney Mcafee
Deborah Mcateer
Tina Mcbeath
Robert Mcbowman
Christopher
J. Mcclain
Christopher
K. Mcclain
Dirk Mcclellan
Roy Mcconnell
Corey Mccowan
Debra Mccowan
Wesley Mccowan, Jr.
Shawn Mccrary
Marc Mccuin
Kathy Mcculloch
Loyd Mcdaniel
Sharon Mcdaniel
James Mcelroy
Deborah Mcfarlin
Terry Mcgee, Ii
Domingo Mcknight
Gina Means
Patricia Medina
James Melda
Silvestre Mendez
Gonzales
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