ASTEC INDUSTRIES, INC.

PUSHING FORWARD

2014 ANNUAL REPORT

ASTEC INDUSTRIES, INC. BUILDS EQUIPMENT THAT CAN BE FOUND OPERATING GLOBALLY IN THE ENERGY, INFRASTRUCTURE AND MINING INDUSTRIES.

FINANCIAL OVERVIEW

(in thousands, except as noted*)	2014	2013	2012	2011	2010
OPERATING RESULTS					
Net sales	**$975,595**	$932,998	$936,273	$908,641	$737,084
Net income attributable to controlling interest[1]	**34,458**	39,042	40,828	40,563	33,237
FINANCIAL POSITION					
Total assets	**$805,465**	$749,291	$728,783	$719,481	$651,549
Working capital	**392,062**	388,880	358,536	333,719	318,936
Equity	**599,352**	580,511	550,734	531,298	494,276
PER COMMON SHARE*					
Net income attributable to controlling interest[1]					
Basic	**$ 1.51**	$ 1.72	$ 1.80	$ 1.80	$ 1.48
Diluted	**1.49**	1.69	1.77	1.76	1.46
Book value per common share at year end	**25.76**	24.99	23.82	23.09	21.63
OTHER DATA					
Weighted average number of common shares outstanding					
Basic	**22,819**	22,749	22,680	22,589	22,517
Diluted	**23,105**	23,081	23,051	22,984	22,830
Associates*	**3,952**	3,708	3,860	3,885	3,284

[1]During the fourth quarter of 2012, the Company had a pre-tax gain on the sale of subsidiary of $5,357,000.

CONTENTS

AND MAKING PROGRESS»

Astec Industries, Inc. was founded in 1972 with the vision to apply creative thinking and state-of-the-art technology to traditionally low-tech industries, bolstered by a corporate culture renowned for putting customer service first. Based in Chattanooga, Tennessee, the Astec Industries, Inc. family of companies has become America's leading manufacturer of equipment used in the energy, infrastructure, and mining industries.

FELLOW SHAREHOLDERS:

LAST YEAR I WROTE TO YOU IN THIS REPORT AS THE NEWLY APPOINTED PRESIDENT AND CEO OF OUR COMPANY. WITH JUST OVER A YEAR IN THE ROLE, I TOOK SOME TIME TO REFLECT ON 2014 AND WHAT LIES AHEAD OF US IN THE COMING YEAR AND BEYOND. IN SUMMARY, I'M EXCITED ABOUT THE STEPS WE ARE TAKING AND EQUALLY EXCITED ABOUT OUR FUTURE.

In last year's letter I wrote the following, "So, where do we go from here? Our goal is to grow the company strategically through existing divisions (market share gains and new product development) along with acquisitions in the industries that we currently serve—infrastructure, energy, and mining."

I'm happy to report that we were able to grow the company as a result of market share gains, new products being sold, and one acquisition. Given the markets we serve and the global economy, our sales growth was respectable. We still have opportunities for further growth in sales and in our bottom line. The addition of Telestack in Omagh, Northern Ireland to our family of companies has gone well and they are growing.

Our companies will focus on sales and gross margin improvement in 2015. We are benchmarking between subsidiaries in more formal ways, continuing our R&D efforts across the board, and we are refining our international coverage and approach. We are also putting a good deal of effort into getting our industry focused on pushing our federally elected officials for a long-term highway bill with increased funding.

With specific regard to our international approach, we proudly opened our new Astec do Brasil facility in November. While the tough economy in Brazil is well documented, we are confident that our decision to build a manufacturing facility there will pay off over the long run. Originally our plan was to only build aggregate and mining equipment in the facility. In an effort to help the facility become an earlier success we will also build equipment from our infrastructure and energy groups in Brazil as opportunities allow.

We are continuing to diligently search for acquisitions. As a reminder from last year's letter, we will acquire only if there is a strategic fit with our business and a cultural fit with our core values in the potential acquisition.

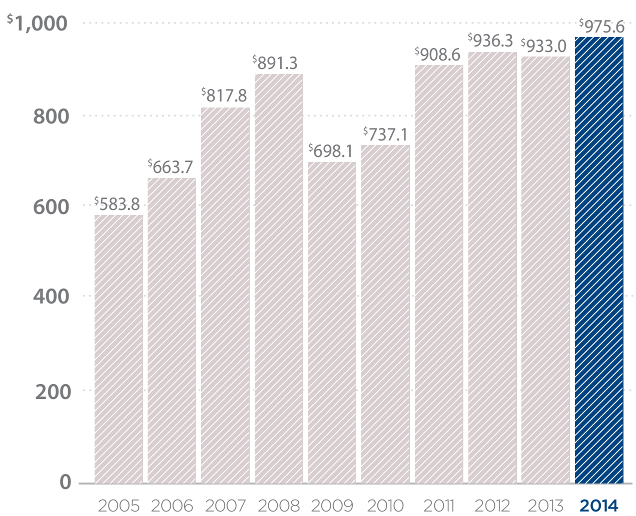
Finally, it is with a heavy heart that I inform you that Gail Mize, one of our original five founders, passed away on January 6, 2015. Gail was instrumental in our growth in the early years of Astec Industries and a personal mentor of mine. He was also a mentor of many Astec employees and a great friend and consultant to many of our customers. We miss Gail and our thoughts and prayers remain with his family.

Thank you for taking the time to read this letter and thank you for your support as we push forward to grow and continually improve our company.

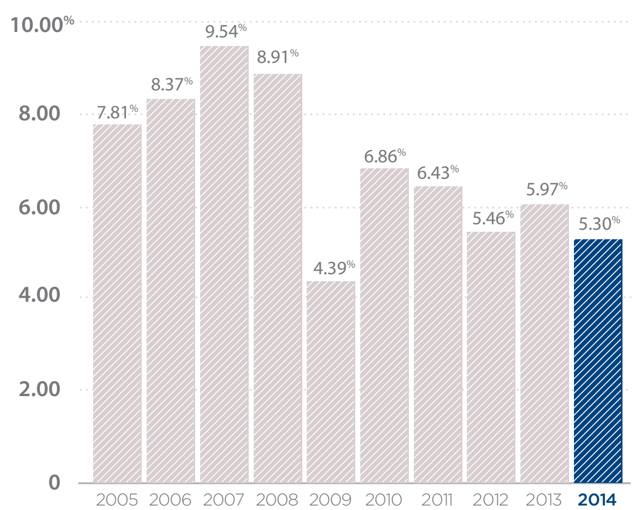
Sincerely,

Benjamin G. Brock
President and Chief Executive Officer
Astec Industries, Inc.

NET SALES
(IN MILLIONS)



OPERATING PROFIT (IN %)



YOU CAN MAKE A DIFFERENCE

America's infrastructure is in desperate need of rebuilding. Without your involvement, the funds to create tens of thousands of jobs and pump millions of dollars into our economy over the course of the next decade will fall by the wayside.

TAKE ACTION

- Visit *www.dontletamericadeadend.com*
- Click the TAKE ACTION tab
- Send a message to your representative

DON'T LET AMERICA DEAD END

★★★

HELP SUPPORT

LONG-TERM, INCREASED

HIGHWAY FUNDING

OVER THE LAST FEW YEARS, INSTEAD OF APPROVING HIGHWAY FUNDING, CONGRESS HAS GRANTED A SERIES OF EXTENSIONS OF THE FORMER BILL. WITH NO LONG-TERM SOLUTION, AND ONLY SHORT-TERM “FIXES” FOR YEARS, AMERICA’S INFRASTRUCTURE CONTINUES TO SLIP INTO A WORSE STATE. FUNDING FOR AMERICA’S HIGHWAYS RISKS RUNNING OUT IF CONGRESS DOES NOT TAKE ACTION BY **MAY 31, 2015.**

To encourage a long-term solution, Astec Industries launched a national effort to rally Americans and transportation-industry-related groups to encourage Congress to take action.

The sole mission of the **Don’t Let America Dead End** campaign is to get people to consistently contact their federally elected representatives (President, Senators, and Congressperson) in Washington, DC and ask them to support and pass a long-term highway bill with increased funding.

The Astec-led **Don’t Let America Dead End** movement includes a national trade ad campaign, direct out-reach to federally elected officials, email marketing, sales-force effort, educational materials, a new website as the campaign’s “take action” center (www.DontLetAmericaDeadEnd.com) and much more.

VISIT THE SITE BELOW AND WRITE A LETTER TO YOUR REPRESENTATIVE TODAY.

★☆★

WWW.DONTLETAMERICADEADEND.COM
Follow the movement on Twitter @dontdeadend

INVESTING IN NEW PRODUCTS, TECHNOLOGIES AND MARKETS

1. ASTEC'S V-PACK™ STACK TEMPERATURE CONTROL SYSTEM *extends the range of mixes that can be produced without requiring that the flights be adjusted. The system's "v-flights," unique drum flights with a deep v-shape, and its use of variable frequency drives (VFDs), which provide control of the drum rotational speed, are keys to the control system managing an asphalt plant's exhaust gas temperature and increasing overall efficiency.*

The Stack Temperature Control System automatically controls exhaust gas temperature across a range of mix types and operating conditions by making drum speed changes. The system keeps baghouse temperature relatively stable as mix temperature changes and even as mix types change from hot mix to warm mix, from virgin to high RAP, and from dense graded to open graded mixes. These kinds of production changes would cause baghouse temperature changes of over 100° F (38° C) without the V-Pack Stack Temperature Control System.

2. THE CARLSON CP 75 ASPHALT PAVER *with 74hp @ 2600rpm and a 95 amp alternator, the CP75's powerplant provides vastly better fuel economy than previous engines while delivering exceptional torque and power. With the customer in mind, the one piece hood design allows easy access to the engine compartment for maintenance. The 10kw belt-driven generator provides fast screed heating and power for additional accessories needed for specific jobs. Closed center hydraulics are installed for responsive and fuel efficient power at the operator's command.*

3. CEI's CALIBRATED CONCRETE PLANT *is designed and built by utilizing Calibrated-Concrete™ processes, serpentine twin shaft mixers, and Pro-Flo™ liquid proportioning. These plants set a new standard, giving contractors enhanced tools to produce consistent, formidably durable concrete for pavements and structures.*

Additionally, CEI has introduced conventional batch concrete plants with innovative features that are unique to the concrete industry. Beginning with the TSB™, a portable RCC Batch mixer, CEI is incorporating an in-house designed and built twin shaft batch mixer in new batch plants. Nine models of concrete plants, one for virtually every concrete industry application, are offered reflecting CEI's commitment to innovation and dependable field support.

4. THE DILLMAN VOYAGER 120 PORTABLE ASPHALT PLANT *offers a compact, highly portable design, unique for a plant in this class, with the ability to run up to 30% RAP. In addition, it is backed by the best service support in the industry.*

The Voyager 120 is built around a counter flow drum featuring v-flights. The v-flights provide greater uniformity of the aggregate veil during the drying process, which results in better heat transfer, a reduction of fuel use and increased productivity.

To enhance portability, a hydraulically driven swing out drag and batcher can be set and ready to go in about 10 minutes. Other features include a reverse pulse baghouse, a controls cab with fully automated PLC controls, gravity take-up with direct drive, air ride suspension and up to five old feed bins and two RAP bins.

5. GEFCO 20K WATER AND NATURAL GAS DRILLING RIG *features 20,000 lbs of pullback and utilizes a rack and pinion feed system. It can drill with mud or air for versatility in a variety of drilling conditions. It will work well in tight residential settings for water wells, while boasting enough speed and capability for more intensive geothermal projects which might require 800 to 1,000 feet of drilling per day.*

6. THE KPI-JCI GT&FT SCREENING AND CRUSHING PLANTS *The GT206 screening plant and the GT440 jaw crushing plant are all part of the Global Track™ family. The Global Track Series is engineered for contractors and producers new to the landscape, recycle, trucking and demolition industries. Global Track equipment features the same quarry-duty, proven components as the Fast*

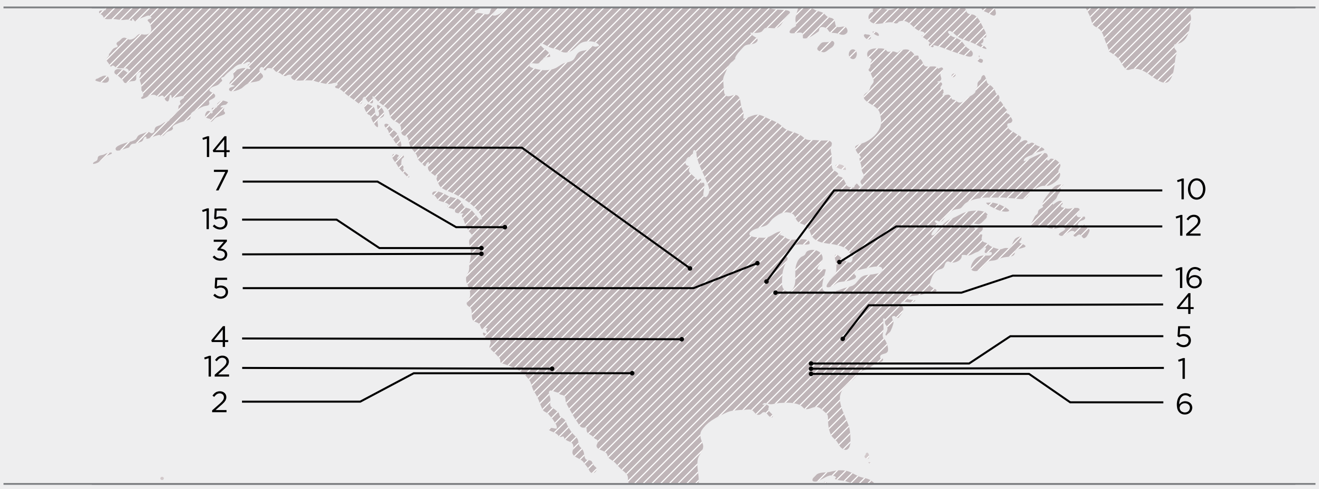
Trax line, such as the Vanguard Jaw Crusher, PEP screen LS Cone Crusher and the Kodiak® Plus Cone Crusher. Basic by design, the Global Track product line emphasizes simple controls that benefit a wide range of users, from novices to experienced producers.

The new FT400DF features a Kodiak® Plus K400+ Cone Crusher, a track-mounted cone crushing plant designed to deliver efficient material sizing, making it a perfect choice for both mobile and stationary producers who need quick, effortless on-site movement. The Kodiak® Plus K400+ Cone Crusher includes a tramp iron relief (TIR) system that utilizes pressure relief valve technology that minimizes crusher overload impact shock loads transmitted to the crusher components.

7. PETERSON 6710D *is Peterson's largest Horizontal Grinder, and is designed for operations that need the most durable, highest output machine in Peterson's horizontal grinder lineup. Powered by a 1,125hp (838 Kw) Tier II, Caterpillar C32 engine (or an optional Tier IVi Caterpillar C32 engine), the 6710D is designed for the toughest jobs. With a feed opening of 50 x 66 inches (127 x 168 cm), the 6710D can even process large stumps that used to be reserved for tub grinders. The grinder is particularly suited for land clearing operations or other applications where mobility is desired.*

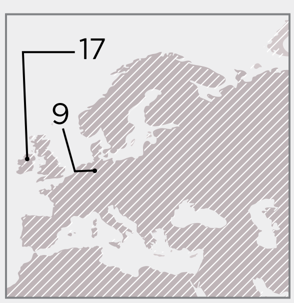
INDUSTRY LEADING FOOTPRINT

NORTH AMERICA



SOUTH AMERICA

EUROPE



AFRICA

AUSTRALIA

HEATEC, INC.

REPORTING GROUP: ENERGY

INDUSTRIES SERVED

ENERGY

INFRASTRUCTURE

PRODUCTS AND SERVICES

- Thermal Fluid Heaters
- Process Heaters
- Pump Skids and Expansion Tanks
- Heat Exchangers
- Water Heaters
- Fuel Preheaters
- Controls
- Tanks
- Polymer Blending Systems
- Engineering Services for Asphalt Terminals and Emulsion Plants

1

2

Heatec makes, sells and services a broad line of heaters, liquid storage tanks and related products. Key users are hot-mix asphalt (HMA) plants, asphalt terminals and emulsion terminals. Other key users include oil and gas producers, chemical producers, food producers, roofing manufacturers, power plants, etc.

Heatec is heavily involved in building new asphalt storage terminals and emulsion plants. The company does major mechanical design and electrical engineering work for these facilities and builds much of the equipment. The company also assists in on-site installation. Heatec polymer blending systems are used at numerous terminals for making Polymer Modified Asphalt Cement.

A large portion of Heatec's core production is unrelated to asphalt. These industrial heaters are sold into a wide variety of industries including chemical manufacturing and gas and oil production.

Heatec provides large convection heaters for wood pellet plants developed by Astec, Inc.

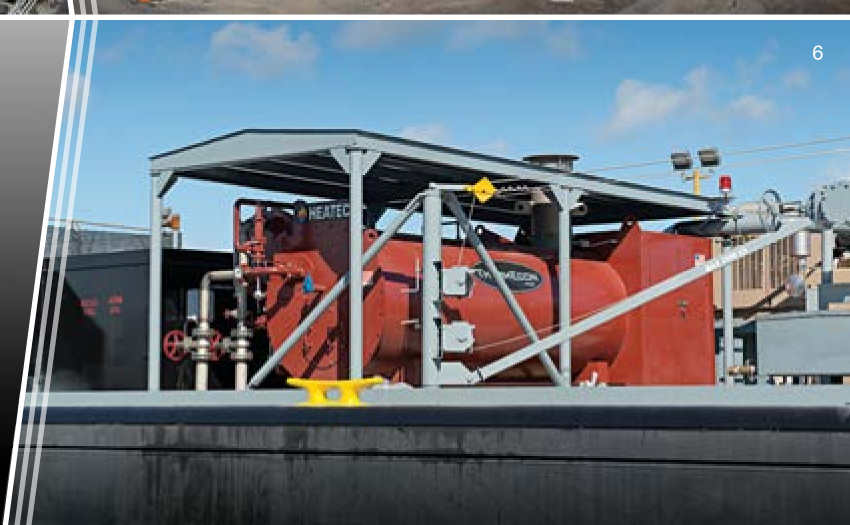
Left › Right: 1. A manufacturing facility with three TAV-35D storage tanks for wax used in building materials, 35,000 gallons each. **2.** Heatec HT-30DP Helitank™ portable unit used at portable HMA plants to heat and store asphalt used in the production of hot mix asphalt. **3.** An asphalt terminal designed by Heatec engineers and equipped mostly with heating and storage products built by Heatec. **4.** Heatec products used at HMA plants to heat and store asphalt and other liquids used in the production of hot mix asphalt. **5.** Heatec Firestream® water heater PFH-31.5. Used to heat water for hydraulic fracturing (fracking) to extract natural gas trapped within shale formations. **6.** Heatec Thermecon® thermal fluid heater HCM-3010-30-S-O. Used to heat asphalt being transported in the holds of barges.

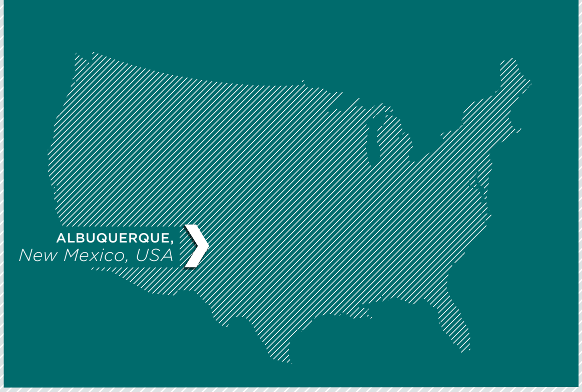
3

4

5

6





CEI ENTERPRISES, INC.

REPORTING GROUP: ENERGY

INDUSTRIES SERVED

ENERGY

INFRASTRUCTURE

PRODUCTS

- Asphalt Rubber Blending Systems
- Hot Oil Heaters
- Asphalt Storage Tanks
- Heavy Fuel Preheaters
- Emission Control Equipment
- Liquid Additive Systems
- Concrete Plants

1

2

4

5

CEI Enterprises of Albuquerque, New Mexico is a leading manufacturer of production equipment used in the infrastructure and energy industries. CEI produces mixing equipment for both concrete and modified asphalt materials. Primary products include continuous-process and batch-process concrete production facilities, asphalt-rubber blending systems, hot oil heaters, storage tanks for liquid asphalt and fuel, and preheaters for heavy fuel oil.

CEI concrete mixing facilities are the most technologically advanced plants available on the market today. They produce superior mixes used in major projects such as mainline highway construction, airport runways, hydroelectric dams, ports, and skyscrapers. Additionally, CEI manufactures direct-contact water heaters for rapid heating of mix water used in cold-weather concrete production.

CEI is an industry leader in asphalt-rubber blending systems. These systems mix ground rubber from recycled tires with liquid asphalt in a high-specification process that results in better, longer-lasting roads. CEI also manufactures asphalt emulsion plants and polymer blending systems.

Since 1969, CEI has remained well-known for its asphalt heating and storage systems. These include both large-scale heating systems for bulk storage terminals, and smaller systems for hot mix asphalt plants.

Left › Right: 1. Asphalt-Rubber mixing system meters and blends ground tire rubber with liquid asphalt in the first of a multi-stage process. **2.** Asphalt emulsion plant utilizes multiple storage and mixing tanks, hot oil heater, and piping system to blend asphalt emulsions. **3.** TSC™ twin-shaft continuous mixing concrete plant. Allows producers to mix ALL types of concrete with a single plant. **4.** Heating and storage system for liquid asphalt used at a hot mix asphalt plant. This system includes two vertical asphalt storage tanks and a Jacketed Firebox hot oil heater. **5.** Jacketed Firebox hot oil heater used primarily in hot mix asphalt plants. **6.** Hot oil heating system used to heat several million gallons of liquid asphalt at a bulk storage terminal.

3

6

PETERSON PACIFIC CORP.

REPORTING GROUP: ENERGY

INDUSTRIES SERVED

ENERGY

INFRASTRUCTURE

PRODUCTS

- Whole Tree Chippers
- Whole Tree Debarkers
- Horizontal Grinders
- Blower Trucks and Trailers
- Screening Equipment
- Asphalt Shingle Shredders

1

2

4

5

Peterson Pacific Corp. is a Eugene, Oregon based manufacturer of grinders, chippers, debarkers, screens and blower trucks that serve a wide variety of markets. The company has 110,000 square feet of modern manufacturing space with a capable and innovative engineering group. Peterson machines are sold and supported through a worldwide network of distributors and direct sales and service representatives.

Peterson Horizontal Grinders reduce wood, low value logs and other organic materials. The reduced material is used in the compost, mulch and biomass energy markets. Peterson grinders can also reduce certain construction and demolition materials such as asphalt shingles that can be then recycled and used in hot mix asphalt paving. Peterson drum and disc chippers and debarkers are used to produce wood chips for pulp and paper production as well as biomass energy markets. Peterson blower trucks and trailers are used to broadcast compost and mulch for landscaping and erosion control. Peterson deck screens are used for classifying materials to maximize the value of each product. Many Peterson machines are available in either electric or diesel power depending on the application. For increased mobility at a job site, both tracked and wheeled versions of many of their products are available.

Since 1981, Peterson has specialized in producing machines that turn low-grade organic materials into high value products.

Left › Right: 1. Peterson 4700B Horizontal Grinder: The Peterson 4700B horizontal grinder is a favorite for food recycling and composting operations with its ease of transportation and high-throughput. **2.** Peterson 4300B Microchipper: The Peterson 4300B Drum Chipper is a favorite with microchipping operations that need exceptional production and the highest chip quality. **3.** Peterson 5710D Horizontal Grinder: The all-new Peterson 5710C horizontal grinder packs 1,050hp and is available in both Tier IV and Tier II engine configurations. **4.** Peterson 6710D Horizontal Grinder: The all-new Peterson 6710D was introduced in 2014, and with 1,125hp, it is the ultimate portable horizontal grinder. **5.** Peterson 5710C Horizontal Grinder Vert: A Peterson 5710C horizontal grinder reduces green waste near St. Louis. **6.** Peterson 5000H whole tree chipper: In-field chipping operations love the versatility of the Peterson 5000H whole tree chipper and it is used in operations around the world.

3

6

GEFCO, INC.

REPORTING GROUP: ENERGY

INDUSTRY SERVED

ENERGY

PRODUCTS

- Fluid Pump Trailers
- Drills for Oil and Gas
- Water Well Drills
- Drills for Mining Core Samples

1

2

5

GEFCO manufactures portable drilling rigs and related equipment for the water well, environmental groundwater monitoring, construction, mining, and oil & gas exploration and production industries. GEFCO is recognized worldwide for its dependable equipment, innovative designs, and exceptional customer service.

The company also manufactures and sells King Oil Tools, which are used in the industrial/water well industry and the oil & gas business. King Oil Tools offers more than 44 sizes and models of swivels and links used in the drilling process.

GEFCO and King Oil Tools are sold direct from the factory domestically and through an established network of dealers, agents, and direct sales staff internationally. GEFCO products have been sold to more than 100 countries around the world.

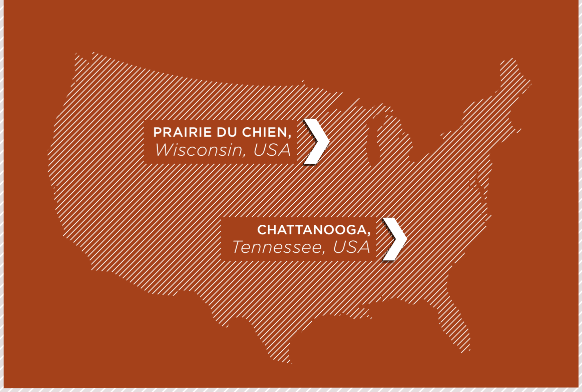
Established in 1931, the company is based in Enid, Oklahoma, where it has more than 360,000 square feet of manufacturing and office space.

Left › Right: 1. The powerful and innovative GEFCO 500K top head drive drill rig is designed for the specific needs of the oil & gas industry's oil and gas formations. **2.** The GEFCO 22RC drill rig is designed for water well/industrial drilling projects. **3.** The GEFCO 200K is a modern top head drive drill rig used in both vertical and directional drilling for the oil & gas industry. **4.** The GEFCO 30K is the company's flagship unit for the water well/industrial drilling customer. **5.** The GEFCO DP 2000 is designed for use with coil tubing trailers for oil & gas well servicing and stimulation. **6.** The GEFCO FP 2500 Hydraulic Fracturing Pump is designed for use in oil & gas hydraulic fracturing.


3


4


6



ASTEC, INC. AND DILLMAN EQUIPMENT

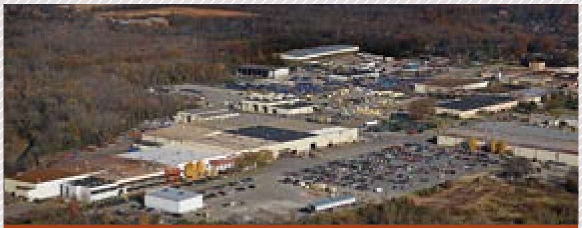
A DIVISION OF ASTEC, INC.

REPORTING GROUP: INFRASTRUCTURE

INDUSTRIES SERVED

INFRASTRUCTURE

ENERGY



PRODUCTS

- Portable Asphalt Plants
- Relocatable Asphalt Plants
- Stationary Asphalt Plants
- Soil Remediation Equipment
- Wood Pellet Processing Plants
- Control Systems

1

2

4

5

Astec, Inc. continues to be a world leader in Hot and Warm Mix Asphalt (HMA/WMA) equipment technology. Astec offers a complete line of portable, relocatable and stationary asphalt plant equipment produced under the Astec and the Dillman brands. In addition, Astec also manufactures soil remediation equipment and wood pellet processing plants.

In 2014, Astec debuted the Double Barrel XHR, which features enhancements to the signature Double Barrel drum that allow use of up to 65% RAP. It fulfills a need for those producers who already run high percentages of RAP and in whose market the trend toward running more recycle is expected to continue.

ASTEC also introduced the Voyager 120 plant. Produced at the Dillman facility in Prairie du Chien, Wisconsin, the Voyager 120 rounds out the highly portable side of the plant lineup. Unique for a plant in this class is the ability to run up to 30% RAP. Response from the industry has been extremely positive. To date, Voyager 120 plants have been sold onto three continents and requests for quotes on the plant are steadily coming in from the field.

Astec maintains a strong market share based in large part on a solid reputation for quality and service. Astec is optimistic about future prospects and plans to continue to position itself to take full advantage of opportunities both domestically and abroad. Astec continues to grow and maintain customer loyalty through innovative equipment designs, industry leading customer service and state-of-the-art technical education.

Left › Right: 1. Astec's state-of-the-art wood pellet processing plant. **2.** Relocatable asphalt plant located in Maine, USA. **3.** Portable Dillman asphalt plant located in Georgia, USA. **4.** Astec designs and builds specialized control systems for asphalt plants and other applications. **5.** New Double Barrel XHR high RAP asphalt drum allows usage of 65% reclaimed asphalt product. **6.** Voyager 120 highly portable 120 mtph asphalt plant capable of running 30% RAP.

3

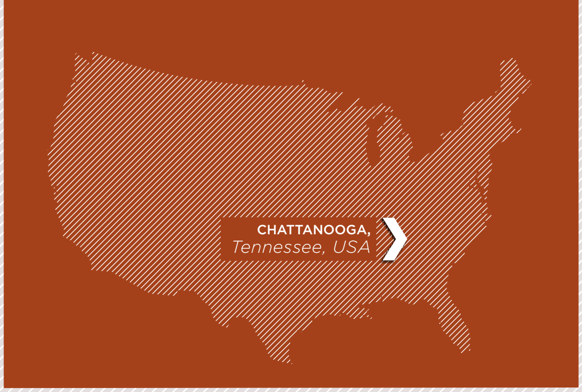
6

ROADTEC, INC.

REPORTING GROUP: INFRASTRUCTURE

INDUSTRY SERVED

INFRASTRUCTURE



PRODUCTS

- Milling Machines
- Cold In Place Asphalt Recyclers
- Commercial Class Asphalt Pavers
- Highway Class Asphalt Pavers
- Material Transfer Vehicles
- Self-Propelled Brooms

1

2

4

Founded in 1981, Roadtec, Inc. began as a manufacturer of asphalt pavers. Today, Roadtec offers an extensive product line, including cold planers, soil stabilizers, brooms and material transfer vehicles.

In 2014, Roadtec continued to refine and expand its product line to provide more value to customers both domestically and internationally. The RX-300e milling machine and the SP-100e asphalt paver were both introduced at ConExpo 2014. The RX-300e milling machine is designed to cut at variable widths using a common cutter housing. The versatility of the machine makes it suitable for work in the United States and in the International market.

The SP-100e "Stealth" paver is designed for use in conjunction with the SB-2500e material transfer vehicle. The design aspect of the SP-100e that sets it apart from other pavers is the delivery of material from the hopper to the screed. The SP-100e uses a gravity fed hopper to transfer material to the screed box. The benefit of this design lies with the drastic reduction in wear parts. No conveyor chains, slats, or floor plates are used with the SP-100e. The lower operating costs make this machine an excellent choice for contractors using the SB-2500e Shuttle Buggy.

Roadtec will carry its expanded product line into 2015 with optimism and continued focus on customer support and satisfaction.

Left › Right: 1. The SB-2500e/ex Shuttle Buggy® material transfer vehicle (MTV) can store and transfer hot mixed asphalt material from a truck to a paver for continuous paving. **2.** The Roadtec RP-170e Paver with Eagle 8 Screed: the RP 170 is an 8 foot highway class hot mix asphalt paver with an 8 foot rear extendable screen. **3.** The SP-100 Stealth™ paver is a simply designed, low-maintenance gravity-fed paver specifically for operating with the Roadtec Shuttle Buggy® material transfer vehicle. **4.** The Roadtec SX-8e/ex soil stabilizer-reclaimer features a clean-running 755 hp (563 kW) engine.

CARLSON PAVING PRODUCTS, INC.

REPORTING GROUP: INFRASTRUCTURE

INDUSTRY SERVED

INFRASTRUCTURE

PRODUCTS

- Asphalt Paving Screeds
- Commercial Class Asphalt Pavers
- Asphalt Screed Attachments


1


2


4


5

For over 25 years, Carlson Paving Products has been on the leading edge of screed technology, emerging as a leader in asphalt paving products in the highway and commercial classes. Carlson continues to command a dominating share of the screed market through an impressive offering of seven highway class screeds able to attach to tractors built by the six major paver manufacturers. Engineered, designed, built and supported by the industry's most qualified personnel, contractors have come to know Carlson screeds as the most dependable for laying the perfect mat every time.

While being on the forefront of highway class screed technology, Carlson has also emerged as the pre-eminent leader in attachment innovations. From the highly touted Safety Edge to the revolutionary LED Blade Light, Carlson offers attachments that improve productivity, safety and durability of our nation's roads.

Building upon the success of its first generation commercial class paver, Carlson introduced two models to replace the CP-90: the CP-75 and CP-100. With a wide array of features and options available, these pavers provide higher quality and longer life cycle options to contractors operating in the long overlooked commercial segment of the industry.

Carlson Paving Products heads into 2015 with new products and new opportunities, poised to continue its long tradition of bringing innovative changes to the asphalt paving industry.

Left › Right: 1. EZ-R2 Screed: Carlson's EZ-R2-10 rear mount screed utilizes high strength chrome rods that prevent vertical movement of the extensions and innovative cone adjusters to easily level both the extension and main screed plates. **2.** EZ V Screed: The EZ V front mount screed is the newest member of the EZ screed family, offering unmatched extension stability and options for contractors and operators. **3.** LED Blade Light: Carlson's LED Blade Light is as bright as a 2,000 watt halogen balloon light while using 90% less energy and producing minimal heat. **4.** CP-100 Paver: The industry leading CP-100 couples exceptional power and torque with the best screed in its class, Carlson's EZ Screed. It is the little brother of the highway class screed technology contractors have trusted for over 25 years. **5.** Paver Lineup: The CP-100 and CP-75 represent over 25 years of innovations in highway class screed technology, engineered into commercial class paver platforms. **6.** CP-100 Paver: The CP-100 continues to be a leader in the commercial class paver market, with a multitude of options available to suit any job requirements.

3

6

ASTEC AUSTRALIA PTY LTD

REPORTING GROUP: INFRASTRUCTURE

INDUSTRY SERVED

INFRASTRUCTURE

AGGREGATE AND MINING

REPRESENTING

- Astec, Inc.
- Carlson Paving Products
- Heatec
- CEI Enterprises
- KPI—JCI, Astec Mobile Screens
- Osborn Engineered Products
- Roadtec
- Telsmith
- Breaker Technology


1


2

4

Astec Australia Pty Ltd is the Australian distributor for plants and equipment manufactured by the Astec Industries family of companies.

With service centers in Brisbane, Perth and Melbourne, Astec Australia is best known for the exceptional service and support they provide to their customers and being committed to exceeding their expectations and their needs.

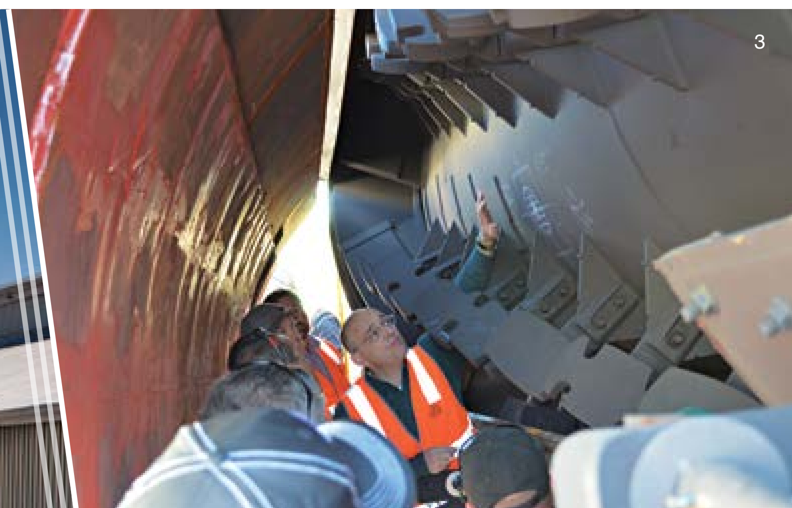
Operating successfully in the asphalt industry for over twenty years, Astec Australia has expanded its product range to compete successfully in the aggregate and mining industries as well.

Achievements in 2014 have been across multiple industries. In the asphalt industry, Astec Australia has successfully introduced new paving and profiling machines including the Roadtec RX600 and RX300 Profilers, the Roadtec RP190ex Paver and the Carlson CP100 Paver. In the Aggregate and Mining Industries, the company has successfully installed a full "turn-key" crushing and screening iron ore plant to the mining industry in Whyalla, South Australia.

Providing training for those who operate and service Astec equipment is an important element of Astec Australia's customer support model. The Roadtec Paving Professional Workshops and the Astec Asphalt Plant Operators Schools continue to be popular events, with the 2014 School Series attracting full attendance from key customers based across Australia and New Zealand. The training focuses on increasing operator knowledge, reducing equipment running costs and increasing equipment productivity.

With unequalled customer service and support, Astec Australia will continue to develop opportunities for Astec Industries' quality products in Australia and New Zealand.

Left › Right: 1. Astec/CEI ultra-portable 150 mtph asphalt plant. **2.** Roadtec RX300ex and RX600ex milling machines. **3.** Astec Australia offers state-of-the-art training classes for plant operators. **4.** Breaker Technology TM15XH-BXR85 mobile rock breaker. **5.** Astec portable asphalt production plant.



3

5

ASTEC MOBILE MACHINERY GmbH

REPORTING GROUP: INFRASTRUCTURE

INDUSTRY SERVED

INFRASTRUCTURE

PRODUCTS

- Material Transfer Vehicles
- Asphalt Pavers—Asphalt Screeds
- Milling Machines
- Cold In Place Recyclers
- Front Mounted Brooms
- Road Wideners

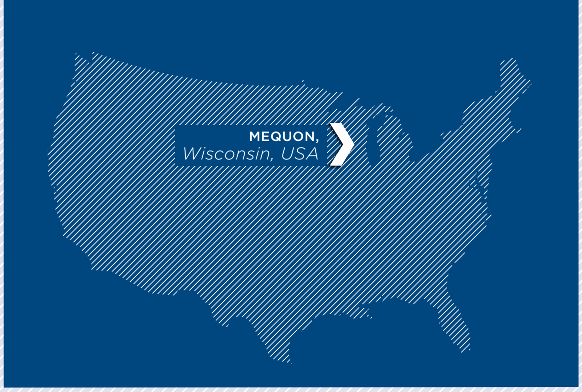
1

2

Astec Mobile Machinery (AMM) is primarily a sales, service, and parts provider in Europe for our mobile construction equipment. AMM is also a small-scale manufacturer of a road widener, a specialized asphalt/RCC paving screed, and a material re-mix hopper for hot mix asphalt and stabilized soil.

Located in Hameln, Germany, AMM has sold equipment to several European countries and to a few countries in the Middle East. To date, the primary products sold by AMM have been from Roadtec, Inc. In the future, AMM will work to represent additional Astec Industries subsidiaries as opportunities arise.

Left › Right: 1. Tamper bar screeds achieve 95% density before rolling. **2.** Shuttle Buggy 2500E transfers, remixes, and reblends asphalt before entering the paver. **3.** Tandem paving with two Shuttle Buggies. **4.** Tamper bar screed in a RCC paving application. **5.** RX-600e asphalt milling machine.



TELSMITH, INC.

REPORTING GROUP: AGGREGATE AND MINING

INDUSTRIES SERVED

AGGREGATE AND MINING

INFRASTRUCTURE

ENERGY

PRODUCTS

- Crushing Equipment
- Vibrating Equipment
- Screening Equipment
- Track Plants
- Portable Plants
- Modular Plants

1

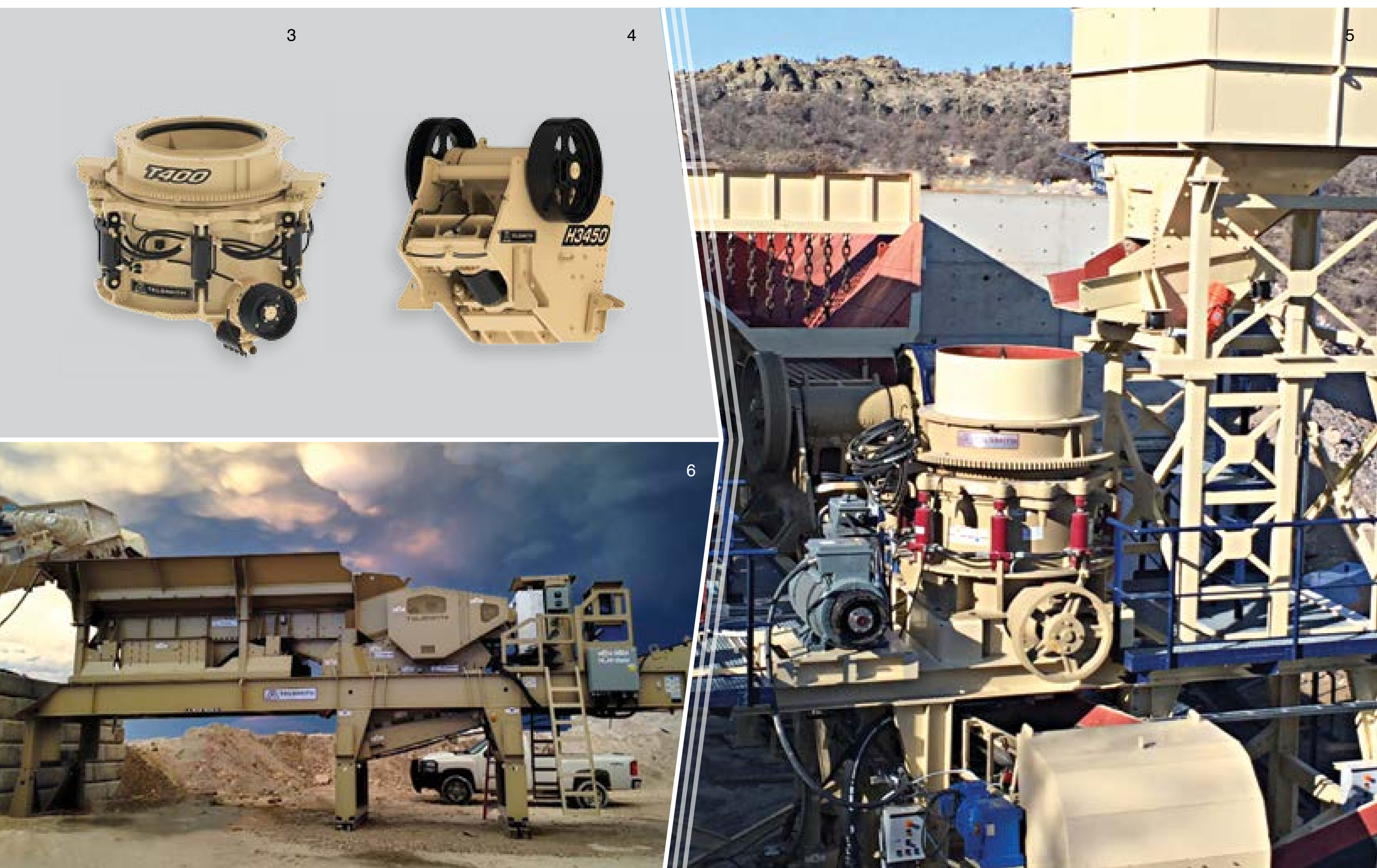
2

From a campus in the Midwestern portion of the United States, every member of Team Telsmith is focused on utilizing advances in technology and adhering to stringent quality standards in providing integrated processing solutions to customers throughout the world.

Telsmith provides a full range of integrated processing equipment to the aggregate, mining, industrial and recycling industries with cone crushers, jaw crushers, vibrating equipment, portable plants and track plants, as well as full scale modular processing facilities.

Telsmith consistently demonstrates a commitment to customer needs throughout the product lifecycle, from experienced applications engineers designing a solution that enables customers to meet business goals, craftsmen utilizing the latest advances in manufacturing technology, on-site factory start-up teams, on through to parts and service to keep equipment running for decades, Telsmith continues to meet the growing demand for mineral processing equipment around the world with safe, efficient and profitable solutions.

Left › Right: **1.** Telsmith 44SBS Closed Circuit Portable Plant. **2.** Telsmith Jaw Crusher Modular Installation. **3.** Telsmith T400 Cone Crusher. **4.** Telsmith H3450 Hydra-Jaw Crusher. **5.** Telsmith H2238 Hydra-Jaw as a Primary Crusher. **6.** Telsmith 38 SBS Cone Crusher as a Secondary Crusher.



OSBORN ENGINEERED PRODUCTS SA (PTY) LTD

REPORTING GROUP: AGGREGATE AND MINING

INDUSTRIES SERVED

AGGREGATE AND MINING

INFRASTRUCTURE

PRODUCTS

- Jaw and Cone Crushers
- Modular Crushing Plants
- Coal Crushers
- Vibrating Screens
- Aggregate Feeders and Conveyors
- Rotary Scrubbers

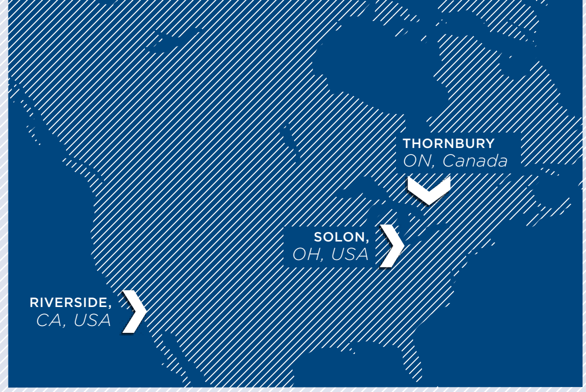
Osborn Engineered Products in Johannesburg, South Africa is a 96-year-old company, supporting the aggregate and mining industry worldwide.

Osborn designs and manufactures a full line of robust and reliable machines that consistently meet specifications under the harshest operating conditions. With a vast installed machine base across all ore bodies, Osborn demonstrates to prospective customers machines working the ores they intend to process. The major mining houses provide the testimonial to Osborn service and support.

With the majority of emerging mining countries not yet having the engineering and support entities (EPCMs) found in the more developed countries, there is a growing need for machines to be "packaged" in a more user ready format. To cater to this need Osborn developed the "mine in a box" concept of modular units which ship in 20' and 40' containers. Each unit can be assembled on a basic concrete slab and takes no more than 5 days to erect and commission.

Osborn continues to add to its machine offering. The new H300 gyratory crusher will be field tested in December, while the first metric 4250 HSI has been in operation for the past 6 months.

Left › Right: 1. Primary modular 4250 impactor plant. **2.** 44 modular cone used for secondary crushing. **3.** Osborn SuperKing triple deck screen. **4.** GBEX grizzly and heavy-duty scalper used in the gold industry. **5.** H300 gyratory cone crusher used in secondary crushing application. **6.** 3042 modular jaw crusher used in primary applications with control room.



BREAKER TECHNOLOGY

REPORTING GROUP: AGGREGATE AND MINING

INDUSTRIES SERVED

AGGREGATE AND MINING

INFRASTRUCTURE

PRODUCTS

- Mine, Quarry and Construction Equipment
- Rockbreaker Systems
- Hydraulic Breakers
- Mobile Rockbreakers
- Dedicated Scalers
- Underground Utility Vehicles
- Demolition and Construction Attachments

1

2

4

5

Breaker Technology (BTI) has been innovating custom engineering solutions since 1958 as a manufacturer and distributor of a wide range of mining, quarry, construction, demolition and recycling equipment.

A specialty for the company is the comprehensive range of rockbreaker systems; stationary, portable and mobile. Models are offered in 10 different series, with over 280 boom/breaker combinations for breaking oversize at primary crushers, grizzlies, drawpoints and stopes, custom designed for use in aggregate and mining applications.

Breaker Technology remains active at home in North America or anywhere where tough, reliable machines are needed. Its highly qualified dealer network supplies and services mining and aggregate equipment in every corner of the globe from South America, to Africa, to Kazakstan, to Australia and more. BTI's depth of engineering experience combined with a dedicated and professional support network and a commitment to superior customer service makes BTI your smart choice for mining, aggregate and construction equipment.

Left › Right: 1. ALB 4.5 Series ANFO Loading System. A complete module designed for short or long hole explosive loading with a single charging vessel for use in underground mining applications worldwide. **2.** Mine Runner, All Purpose Vehicle. Engineered from the ground up to be a leader in personnel safety and operational flexibility. **3.** NT16 Rockbreaker System. Designed for use with jaw crushers, impact crushers and in static grizzly applications. **4.** BXR160 Hydraulic Breaker. Used with BTI Rockbreaker system or on an excavator. **5.** MRHT20 Rockbreaker System. Designed for use with static grizzlies and primary gyratory crushers. **6.** TM15XH Mobile Rockbreaker with a BXR85 Hydraulic Breaker. Extreme heavy duty vehicle specifically designed for breaking oversize in underground applications.

3

6

ASTEC DO BRASIL FABRIÇÃO DE EQUIPAMENTOS LTDA.

REPORTING GROUP: AGGREGATE AND MINING

INDUSTRIES SERVED

AGGREGATE AND MINING

INFRASTRUCTURE

PRODUCTS

- Mobile Screening Plants
- Portable Screening Plants
- Stationary Screen Structures
- High Frequency Screens
- Crushing and Vibrating Equipment
- Asphalt Production Equipment

1

2

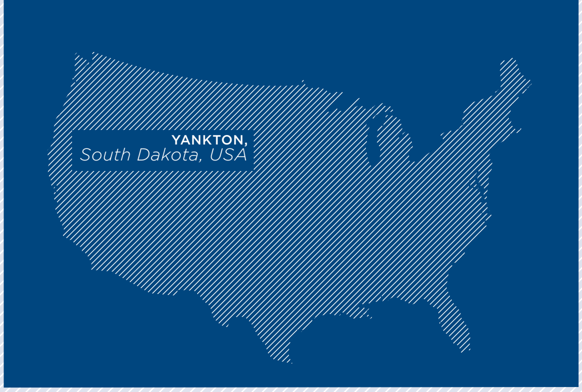
4

5

Astec do Brasil began operating in 2012 and has now opened its new factory in Vespasiano, Minas Gerais, Brazil, a center of activity of aggregate and mining companies in Brazil. Astec do Brasil is Astec's primary channel for distribution into Brazil and Astec's only manufacturing facility in South America.

Astec do Brasil was formed as a joint venture between Astec Industries, Inc. (75%) and MDE (25%) in early 2012. Since then the company has been marketing and supporting Astec Industries equipment in Brazil and in 2014 started manufacturing equipment. In early 2015, Astec do Brasil's new industrial plant will be the center of production of complete lines of crushers, vibrating screens, portable crushing plants and one line of highly portable asphalt plants.

Left › Right: **1.** Astec do Brasil new factory. **2.** GT205S screening plant. **3.** Complete aggregate crushing plant. **4.** FT300DF crushing plant. **5.** 44SBS cone crusher. **6.** Portable screen and cone crusher.



KOLBERG-PIONEER, INC.

REPORTING GROUP: AGGREGATE AND MINING

INDUSTRIES SERVED

- AGGREGATE AND MINING
- INFRASTRUCTURE
- ENERGY

PRODUCTS

- Material Handling Equipment
- Crushing Equipment
- Screening Equipment
- Track Mount Equipment
- Washing and Classifying Equipment

1

2

Kolberg-Pioneer, Inc. is a worldwide leader in manufacturing equipment for the aggregate, construction, paving and recycling industries. As an innovative, high-integrity manufacturer, KPI develops quality, state-of-the-art products and has the ability to engineer custom products because of its highly-qualified engineering staff.

Marketed under the KPI-JCI and Astec Mobile Screens brand, Kolberg-Pioneer, Inc. designs, manufactures and markets full lines of washing, conveying, crushing, screening, classifying and portable and mobile plant equipment. For more than 75 years, Kolberg-Pioneer's products and its dedicated KPI-JCI and Astec Mobile Screens dealer network have been recognized within the aggregate and recycling industries as suppliers of dependable equipment and experienced application-oriented support.

In 2014, Kolberg-Pioneer, Inc. unveiled innovations and improvements that provided its customers with the total solution for successful operations. New product innovations included the GT440 Horizontal Shaft Impact Crusher, the latest addition to the Global Track family of products. Global Track products feature quarry-duty, time-proven components and were developed to be the perfect rental tools and ideal for operations in remote locations. In addition to the new GT440, Kolberg-Pioneer, Inc. also rolled out significant new improvements to its diverse range of products, including a new tramp iron relief system for its Vanguard Jaw Crushers, a high-stroke vibrating grizzly feeder, and a grizzly pre-screen option.

Kolberg-Pioneer, Inc. continues to emphasize product line diversification and new market development.

Left › Right: 1. The new 36" x 170' SuperStacker™ is the latest model of KPI-JCI and Astec Mobile Screens telescoping stackers. **2.** The new-generation Vanguard jaw crusher reduces maintenance and increases performance. **3.** The Global Track GT440 features an Andreas Series 4240 horizontal shaft impact crusher. **4.** The patent-pending grizzly pre-screen features a double-deck grizzly with multiple configurations and up to three product separations. **5.** The FT4250 track-mounted impactor features an Andreas Series 4250 horizontal shaft impact crusher.

JOHNSON CRUSHERS INTERNATIONAL, INC.

REPORTING GROUP: AGGREGATE AND MINING

INDUSTRIES SERVED

AGGREGATE AND MINING

INFRASTRUCTURE

ENERGY

PRODUCTS

- Material Handling Equipment
- Crushing Equipment
- Screening Equipment
- Track Mount Equipment
- Washing and Classifying Equipment

1

2

5

Johnson Crushers International, Inc. (JCI) designs, manufactures and markets full lines of cone crushers, horizontal and incline vibrating screens, track-mounted, portable and stationary crushing and screening plants under the KPI-JCI and Astec Mobile Screens brand.

In 2014, Johnson Crushers International launched three new track-mounted units, the GT200, the GT206 and the FT400DF. The GT200 is a track-mounted unit that incorporates a newly-redesigned 1200LS shim adjust cone crusher. Utilizing the LS Cone Crusher allows for hydraulic controls and less overall weight, creating a track-mounted crusher that is highly portable and simple to operate. The new GT206 features a heavy-duty 20' x 6' inclined screen that offers more screen area and production potential than other competitive models. In addition to the larger screen, the GT206's fines side conveyor features a class-leading discharge height for increased stockpile capacity. The FT400DF is the latest addition to the Fast Trax Kodiak Plus cone crushing family, which includes the FT200DF and the FT300DF. The heart of the FT400DF is the 400-horsepower Kodiak Plus K400+ Cone Crusher. Combined with a CAT C-15 Engine, this unit fills the demand for a track-mounted cone crusher that yields higher production capabilities than what is currently offered in the marketplace.

Left › Right: 1. The new FT400DF features a Kodiak® Plus K400+ Cone Crusher, a track-mounted cone crushing plant designed to deliver efficient material sizing. **2.** The K400+PM is a portable cone plant featuring a 400-horsepower Kodiak® Plus cone crusher, the heaviest and most efficient cone crusher in its class. **3.** The Combo® Screen combines the best characteristics of both incline and horizontal screens. **4.** The Kodiak® Plus K500+ is a new 500-horsepower, remote-adjust cone crusher. It is the latest addition to the Kodiak® Plus cone crusher family. **5.** Horizontal screens from KPI-JCI and Astec Mobile Screens deliver high productivity in a low-profile package. **6.** The new GT206 features a heavy-duty 20' x 6' inclined screen that offers more screen area and production potential than other competitive models. **7.** The new track-mounted GT200 features a 1200LS cone crusher.

ASTEC MOBILE SCREENS, INC.

REPORTING GROUP: AGGREGATE AND MINING

INDUSTRIES SERVED

AGGREGATE AND MINING

INFRASTRUCTURE

ENERGY

PRODUCTS

- Mobile Screening Plants
- Portable Screening Plants
- Stationary Screen Structures
- High Frequency Screens

1

2

4

Astec Mobile Screens, Inc. is the world's premier supplier of innovative screening solutions. Marketed under the KPI-JCI and Astec Mobile Screens brand, the full line of products includes mobile screening plants, portable and stationary screen structures and high frequency screens for the quarry, recycle, sand and gravel and other material processing industries.

In 2014, Astec Mobile Screens continued to emphasize the Global Track (GT) product line, to include the GT165DF, GT145 and GT205 screening plants. GT products feature quarry-duty, time-proven components and were developed to be the perfect rental tools and ideal for operations requiring self-contained track screening plants. These new products are the latest additions to the company's full line of conventional track screening.

Astec Mobile Screens is focused on developing and adapting its screening plants to enable producers to make more salable products. As the leading manufacturer in the portable and stationary recycled asphalt pavement (RAP) market, Astec Mobile Screens remains dedicated to growing alongside the ever-increasing RAP market. By fractionating RAP millings with a portable or stationary Vari-Vibe® High Frequency screen, producers can increase RAP utilization and operation savings.

Astec Mobile Screens is committed to exploring new markets through product innovation such as its newly-released high frequency screen for industrial markets. This screen is designed to operate in the wood pelleting and industrial sand market. Recently, its high frequency screen was used in conjunction with Astec, Inc.'s wood pellet plant to process wood pellets into renewable fuel for electric power plants.

Left › Right: 1. The ProSizer 3100 incorporates a double-deck PEP Vari-Vibe high frequency screen with a horizontal shaft impactor. **2.** The PTSC 2618VM is a portable screening plant designed for in-line material processing and site-to-site movement. **3.** Track-mounted screening plant. **4.** Pictured is a complete system from KPI-JCI and Astec Mobile Screens that specializes in processing recycled asphalt pavement (RAP). **5.** The GT165DF was designed to provide contractors and producers with a versatile screening plant that would handle high volumes of material in both scalping and sizing applications.

3

5

TELESTACK LTD

REPORTING GROUP: AGGREGATE AND MINING

INDUSTRIES SERVED

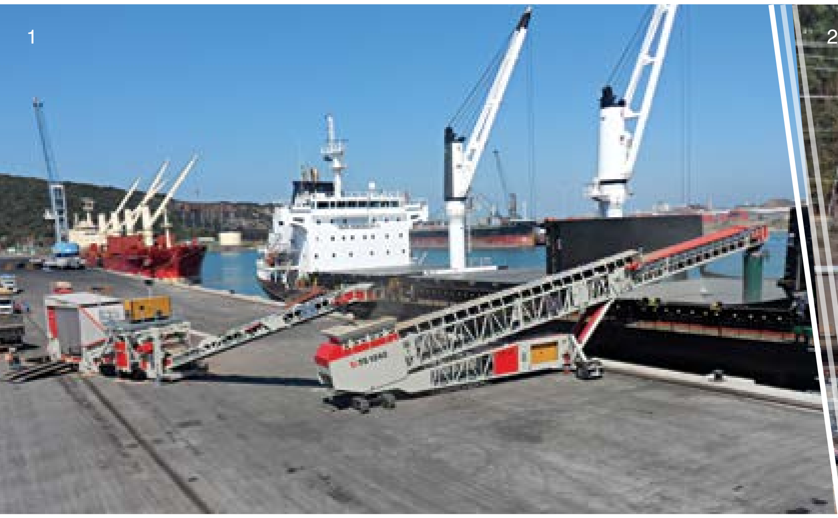
AGGREGATE AND MINING

INFRASTRUCTURE

PRODUCTS

- Ship Loaders and Unloaders
- Radial Telescopic Stackers
- Track Mounted Conveyors
- Mobile Truck Unloaders
- Bulk Reception Feeders
- Mobile Hopper Feeder
- Reclaim Hoppers

1



5

2

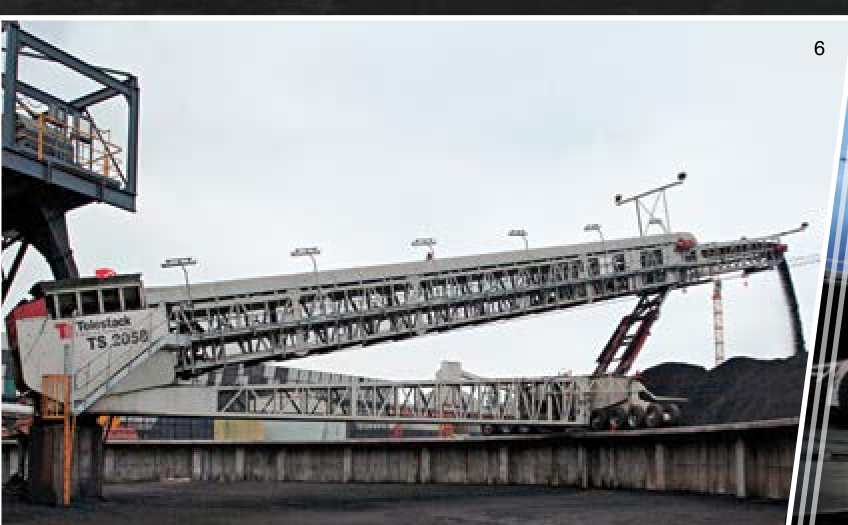
Telestack offers a range of mobile bulk material handling solutions that are used in ports and inland river terminals, mines, quarries, power stations, steel mills and cement plants. Its solutions are used for vessel loading/unloading Intake systems, stacking, reclaiming, and rail wagon loading/unloading of dry bulk materials. The end users are some of the biggest companies in their chosen industries and they rely on Telestack's proven record of performance to develop customized solutions for their bulk handling facilities using best practice principles and innovation.

With equipment operating in harsh environments from the extreme heat of Africa to the freezing cold of Siberia to the high altitudes of Chile, Telestack can handle all free flowing bulk materials including ores, coal, aggregates, grains, fertilizer, biomass and many more. Its externally audited ISO 9001:2008 Quality Management System ensures Telestack has the processes in place to deliver what the customer ordered on time, within budget and to the expected quality standards.

Robust designs and innovative assembly designs allow Telestack equipment to be easily packed into shipping containers and quickly assembled on site anywhere in the world ensuring Telestack is competitive globally.

Telestack’s aftermarkets infrastructure, coupled with a network of locally based partners around the world enable its customers to get industry leading support and back up.

Left › Right: 1. Telestack TU 1016 R truck unloader and TS 1242 radial telescopic shiploader—shiploading at Port of Imbituba, Brazil at 750 meters cubed per hour. **2.** Telestack HF 521 reclaim coal from stockpile feeding Telestack TC 421 R radial track conveyor feeding into a railcar in USA. **3.** Telestack TC 421R track conveyor stockpiling coal and petroleum coke in South Africa. **4.** Telestack TS 542 radial telescopic conveyor shiploading fertilizer in Latvia. **5.** Telestack TC 421 track conveyors handling aggregate in Austria Linking with a Mobile Crusher. **6.** Telestack TS 2058 radial telescopic conveyor stockpiling coal in a power station in Chile at 2,000tph. **7.** Telestack TS 1242 radial telescopic conveyor with dust containment and cascade chute in a petroleum coke shiploading application in Brisbane, Australia.



BOARD OF DIRECTORS

J. Don Brock, PhD
Chairman of Astec Industries, Inc.
Chairman of the Board
Chairman—Executive Committee

James B. Baker
Managing Partner of River Associates Investments, LLC
Member—Audit Committee
Member—Compensation Committee

Benjamin G. Brock
President and Chief Executive Officer of Astec Industries, Inc.

William G. Dorey
Former Chief Executive Officer and President of Granite Construction, Inc.
Member—Nominating and Corporate Governance Committee
Member—Compensation Committee

Daniel K. Frierson
Chairman of the Board and Chief Executive Officer of the Dixie Group, Inc.
Member—Executive Committee
Chairman—Nominating and Corporate Governance Committee

William D. Gehl
Chairman of the Board of IBD Southeastern Wisconsin
Chairman of the Board of FreightCar America
Chairman—Compensation Committee
Member—Audit Committee

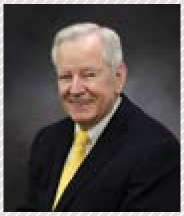
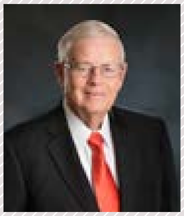
Charles F. Potts
Chairman of the Board of Heritage Construction and Materials
Member—Audit Committee
Member—Compensation Committee

William B. Sansom
Chairman of the Board and Chief Executive Officer of The H.T. Hackney Company
Member—Audit Committee
Member—Nominating and Corporate Governance Committee, Lead Independent Director

W. Norman Smith
Vice Chairman of Astec Industries, Inc.
Vice Chairman of the Board
Member—Executive Committee

Glen E. Tellock
Chairman of the Board, President and Chief Executive Officer of The Manitowoc Company, Inc.
Chairman—Audit Committee
Member—Nominating and Corporate Governance Committee

ASTEC INDUSTRIES' CORPORATE EXECUTIVE OFFICERS





PICTURED, FROM LEFT TO RIGHT, TOP TO BOTTOM:

Benjamin G. Brock
President and Chief Executive Officer

J. Don Brock
Chairman

W. Norman Smith
Vice Chairman

Richard J. Dorris
Executive Vice President and Chief Operating Officer

Richard A. Patek
Group President Aggregate and Mining Group

Jeffrey J. Elliott
Group Vice President Aggregate and Mining Group

David C. Silvious
Vice President, Chief Financial Officer and Treasurer

Stephen C. Anderson
Vice President of Administration, Corporate Secretary and Director of Investor Relations

Robin A. Leffew
Corporate Controller

FINANCIAL INFORMATION

SELECTED CONSOLIDATED FINANCIAL DATA

(in thousands, except as noted*)

	2014	2013	2012	2011	2010
Consolidated Statement of Income Data					
Net sales	$ 975,595	$ 932,998	$ 936,273	$ 908,641	$ 737,084
Gross profit[1]	215,316	207,119	207,951	211,533	175,929
Gross profit %	22.1%	22.2%	22.2%	23.3%	23.9%
Selling, general and administrative expenses[2]	141,490	133,337	136,323	132,371	109,354
Research and development	22,129	18,101	20,520	20,764	15,987
Income from operations	51,697	55,681	51,108	58,398	50,588
Interest expense	720	423	339	190	339
Other income (expense), net	1,207	1,937	1,783	1,082	632
Net income from continuing operations	34,206	39,214	34,210	40,440	34,648
Income (loss) from discontinued operations, net of tax	--	--	3,401	225	(1,269)
Gain on sale of subsidiary, net of tax	--	--	3,378	--	--
Net income	34,206	39,214	40,989	40,665	33,379
Net income attributable to controlling interest	34,458	39,042	40,828	40,563	33,237
Earnings (loss) per common share*					
Net income attributable to controlling interest from continuing operations					
Basic	1.51	1.72	1.50	1.79	1.53
Diluted	1.49	1.69	1.48	1.76	1.51
Income (loss) from discontinued operations					
Basic	--	--	0.30	0.01	(0.06)
Diluted	--	--	0.29	0.01	(0.06)
Net income attributable to controlling interest					
Basic	1.51	1.72	1.80	1.80	1.48
Diluted	1.49	1.69	1.77	1.76	1.46
Consolidated Balance Sheet Data					
Working capital	$ 392,062	$ 388,880	$ 358,536	$ 333,719	$ 318,936
Total assets	805,465	749,291	728,783	719,481	651,549
Total short-term debt	3,841	34	--	--	--
Long-term debt, less current maturities	7,061	510	--	--	--
Total equity	599,352	580,511	550,734	531,298	494,276
Cash dividends declared per common share*	0.40	0.30	1.00	--	--
Book value per diluted common share at year-end*	25.76	24.99	23.82	23.09	21.63

[1] 2011 Gross profit includes charges of $2,162 related to sale of utility product line assets in the Energy Group.

[2] 2011 Selling, general and administrative expenses include an impairment charge of $2,304 related to aviation equipment classified as held for sale during 2011.

SUPPLEMENTARY FINANCIAL DATA
(in thousands, except as noted*)

Quarterly Financial Highlights (Unaudited)		**First Quarter**	**Second Quarter**	**Third Quarter**	**Fourth Quarter**
2014	Net sales	$ 238,673	$ 277,256	$ 220,157	$ 239,509
	Gross profit	56,757	62,178	43,261	53,120
	Net income	9,547	14,489	1,766	8,404
	Net income attributable to controlling interest	9,545	14,497	1,916	8,500
	Earnings per common share*				
	Net income attributable to controlling interest:				
	Basic	0.42	0.64	0.08	0.37
	Diluted	0.41	0.63	0.08	0.37
2013	Net sales	$ 247,833	$ 248,127	$ 213,177	$ 223,861
	Gross profit	58,567	55,442	45,787	47,323
	Net income	13,251	11,152	6,527	8,284
	Net income attributable to controlling interest	13,171	11,092	6,514	8,265
	Earnings per common share*				
	Net income attributable to controlling interest:				
	Basic	0.58	0.49	0.29	0.36
	Diluted	0.57	0.48	0.28	0.36
Common Stock Price*					
	2014 High	$ 46.00	$ 44.27	$ 44.97	$ $41.09
	2014 Low	35.07	38.00	36.45	34.28
	2013 High	$ 36.99	$ 35.85	$ 37.50	$ $39.01
	2013 Low	33.50	30.87	33.15	33.23

The Company's common stock is traded in the Nasdaq National Market under the symbol ASTE. Prices shown are the high and low sales prices as announced by the Nasdaq National Market. The Company paid a dividend of $1.00 per share on its common stock in the fourth quarter of 2012. On February 28, 2013, the Company's Board of Directors approved a dividend policy pursuant to which the Company began paying a quarterly $0.10 per share dividend on its common stock beginning in the second quarter of 2013. The Company paid quarterly dividends of $0.10 per common share to shareholders in the second, third and fourth quarters of 2013 and each quarter in 2014. As determined by the proxy search on the record date for the Company's 2015 annual shareholders' meeting, the number of holders of record is approximately 300.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

(Dollar and share amounts in thousands, except per share amounts, unless otherwise specified)

Explanatory Note

As previously disclosed in its Annual Report on Form 10-K for the year ended December 31, 2013 and its Quarterly Report on Form 10-Q for the quarter ended March 31, 2014, due to the recent change in the Company's chief operating decision maker, the sale of a Company subsidiary and other product lines, and the transfer of responsibility for certain product lines between Company subsidiaries, the Company performed an evaluation of its reportable segments composition. This process was completed during the first quarter of 2014 and the composition of the Company's reportable segments was changed beginning with the Company's Form 10-Q for the quarter ended March 31, 2014. Financial information by segment is included in Note 17 to the accompanying financial statements and elsewhere in Management's Discussion and Analysis of Financial Condition and Results of Operations. Historical segment information included in this Report has been reclassified to reflect the new segment structure.

The following discussion contains forward-looking statements that involve inherent risks and uncertainties. Actual results may differ materially from those contained in these forward-looking statements. For additional information regarding forward-looking statements, see "Forward-looking Statements" on page 59.

Overview

Astec Industries, Inc. (the "Company") is a leading manufacturer and seller of equipment for the road building, aggregate processing, geothermal, water, oil and gas, and wood processing industries. The Company's businesses:

- design, engineer, manufacture and market equipment that is used in each phase of road building, including quarrying and crushing the aggregate, mobile bulk and material handling solutions, producing asphalt or concrete, recycling old asphalt or concrete and applying the asphalt;

- design, engineer, manufacture and market additional equipment and components, including equipment for geothermal drilling, oil and natural gas drilling, industrial heat transfer, wood chipping and grinding, and wood pellet processing; and

- manufacture and sell replacement parts for equipment in each of its product lines.

Astec Industries, Inc. consists of 20 companies: 16 manufacturing companies, 2 companies that operate as dealers for the manufacturing companies, a captive insurance company and the parent company. The companies fall within three reportable operating segments: the Infrastructure Group, the Aggregate and Mining Group and the Energy Group. The Infrastructure Group is made up of five business units, three of which design, engineer, manufacture and market a complete line of asphalt plants, asphalt pavers, wood pellet plants and related components and ancillary equipment. The two remaining companies in the Infrastructure Group primarily sell, service and install equipment produced by the manufacturing subsidiaries of the Company with the majority of sales to the infrastructure industry. The Aggregate and Mining Group consists of eight business units that design, manufacture and market heavy equipment and parts in the aggregate, metallic mining, quarrying, recycling, ports and bulk handling industries. The Energy Group consists of five business units that design, manufacture and market heaters, drilling rigs, concrete plants, wood chippers and grinders, pump trailers, storage equipment and related parts to the oil and gas, construction, and water well industries. The Company also has one other category, Corporate, that contains the business units that do not meet the requirements for separate disclosure as a separate operating segment or inclusion in one of the other reporting segments. The business units in the Corporate category are Astec Insurance Company ("Astec Insurance" or "the captive") and Astec Industries, Inc., the parent company. These two companies provide support and corporate oversight for all the companies that fall within the reportable operating segments.

The Company's financial performance is affected by a number of factors, including the cyclical nature and varying conditions of the markets it serves. Demand in these markets fluctuates in response to overall economic conditions and is particularly sensitive to the amount of public sector spending on infrastructure development, privately funded infrastructure development, changes in the price of crude oil, which affects the cost of fuel and liquid asphalt, and changes in the price of steel.

The Company believes that federal highway funding influences the purchasing decisions of the Company's customers, who are typically more comfortable making capital equipment purchases with long-term federal legislation in place. Federal funding provides for approximately 25% of all highway, street, roadway and parking construction in the United States.

In July 2012, the "Moving Ahead for Progress in the 21st Century Act" ("Map-21") was approved by the U.S. federal government, which authorized $105 billion of federal spending on highway and public transportation programs through fiscal year 2014. In August 2014, the U.S. government approved short-term funding of $10.8 billion through May 2015. The Company believes a longer multi-year highway program would have the greatest positive impact on the road construction industry and allow its customers to plan and execute longer-term projects. The level of future federal highway construction is uncertain and any future funding may be at lower levels than in the past.

In recent years, several other countries have implemented infrastructure spending programs to stimulate their economies. The Company believes these spending programs have had a positive impact on its financial performance; however, the magnitude of that impact cannot be determined.

The public sector spending described above is needed to fund road, bridge and mass transit improvements. The Company believes that increased funding is unquestionably needed to restore the nation's highways to a quality level required for safety, fuel efficiency and mitigation of congestion. In the Company's opinion, amounts needed for such improvements are significantly greater than amounts approved to date, and funding mechanisms such as the federal usage fee per gallon of gasoline, which has not been increased in over 20 years, would likely need to be increased along with other measures to generate the funds needed.

In addition to public sector funding, the economies in the markets the Company serves, the price of oil and its impact on customers' purchasing decisions and the price of steel may each affect the Company's financial performance. Economic downturns generally result in decreased purchasing by the Company's customers, which, in turn, causes reductions in sales and increased pricing pressure on the Company's products. Rising interest rates also typically negatively impact customers' attitudes toward purchasing equipment. The Federal Reserve has maintained historically low interest rates in response to the economic downturn which began in 2009; however, interest rates may increase in 2015.

Significant portions of the Company's revenues from the Infrastructure Group relate to the sale of equipment involved in the production, handling, recycling or installation of asphalt mix. Liquid asphalt is a by-product of oil production. An increase or decrease in the price of oil impacts the cost of asphalt, which is likely to alter demand for asphalt and therefore affect demand for certain Company products. While increasing oil prices may have a negative financial impact on many of the Company's customers, the Company's equipment can use a significant amount of recycled asphalt pavement, thereby mitigating the effect of increased oil prices on the final cost of asphalt for the customer. The Company continues to develop products and initiatives to reduce the amount of oil and related products required to produce asphalt mix. Oil price volatility makes it difficult to predict the costs of oil-based products used in road construction such as liquid asphalt and gasoline. Oil prices in 2014 were stable throughout the first half of the year and fell for the last half of the year. Minor fluctuations in oil prices should not have a significant impact on customers' buying decisions. Other factors such as political uncertainty in oil producing countries, interruptions in oil production due to disasters, whether natural or man-made, or other economic factors could significantly impact oil prices which could negatively impact demand for the Company's products. However, the Company believes the lack of confidence surrounding the approval of a long-term federal highway bill has a greater potential to impact the buying decisions of the Company's customers than does the fluctuation of oil prices in 2015.

Contrary to the impact of oil prices and federal funding concerns on many of the Company's Infrastructure Group products as discussed above, the products manufactured by the Energy Group, which are used in drilling for oil and natural gas, in heaters for refineries and oil sands, and in double fluid pump trailers for fracking and oil and gas extraction, would benefit from higher oil and natural gas prices, to the extent that such higher prices lead to increased development in the oil and natural gas production industries. The Company believes further development of domestic oil and natural gas production capabilities is needed and would positively impact the domestic economy and the Company's business.

Steel is a major component in the Company's equipment. Moderate decreases in steel price occurred during the fourth quarter of 2014. Steel prices have stabilized in the first quarter of 2015 with moderate demand and relatively short mill lead times for most products. The Company expects steel prices to remain near current levels in the short-term unless there is significant demand increases due to growth in the broader economy. It is uncertain, however, if these trends will continue throughout the remainder of 2015. The Company continues to utilize forward-looking contracts coupled with advanced steel purchases to minimize the impact of fluctuations in steel prices. The Company will continue to review the trends in steel prices in future months and establish future contract pricing accordingly.

In addition to the factors stated above, many of the Company's markets are highly competitive, and its products compete worldwide with a number of other manufacturers and dealers that produce and sell similar products. During 2010 through mid-2012, a weak dollar, combined with improving economic conditions in certain foreign economies, had a positive impact on the Company's international sales. In 2013 and 2014, the dollar strengthened against many foreign currencies which had a negative effect on pricing in certain foreign markets the Company serves. The Company expects the dollar to remain strong against most foreign currencies in the near term. Increasing domestic interest rates or weakening economic conditions abroad could cause the dollar to continue to strengthen, which could negatively impact the Company's international sales.

In the United States and internationally, the Company's equipment is marketed directly to customers as well as through dealers. During 2014, approximately 75% to 80% of equipment sold by the Company was sold directly to the end user. The Company expects this ratio to remain relatively consistent through 2015.

The Company is operated on a decentralized basis with a complete management team for each operating subsidiary. Finance, insurance, legal, shareholder relations, corporate accounting and other corporate matters are primarily handled at the corporate level (i.e., Astec Industries, Inc., the parent company). The engineering, design, sales, manufacturing and basic accounting functions are all handled at each individual subsidiary. Standard accounting procedures are prescribed and followed in all reporting.

The non-union employees of each subsidiary have the opportunity to earn profit-sharing incentives in the aggregate of up to 10% of each subsidiary's after-tax profit if the subsidiary meets established goals. These goals are based on the subsidiary's return on capital employed, cash flow on capital employed and safety. The profit-sharing incentives for subsidiary presidents and corporate officers are normally paid from a separate formula-driven pool based on the same key performance indicators used in the employee incentive plan.

Results of Operations: 2014 vs. 2013

Net Sales
Net sales increased $42,597 or 4.6% to $975,595 in 2014 from $932,998 in 2013. Sales are generated primarily from new equipment purchases made by customers for use in construction for privately funded infrastructure and public sector spending on infrastructure as well as equipment for the aggregate, mining, quarrying and recycling markets and for the oil and gas and geothermal industries. 2014 sales include $23,781 sales of Telestack Limited, located in Northern Ireland, which was acquired in April 2014.

Domestic sales for 2014 were $654,231 or 67.1% of consolidated net sales compared to $599,054 or 64.2% of consolidated net sales for 2013, an increase of $55,180 or 9.2%. The overall increase in domestic sales for 2014 compared to 2013 reflects the strengthening economic conditions for the Company's products in the domestic market.

International sales for 2014 were $321,364 or 32.9% of consolidated net sales compared to $333,944 or 35.8% of consolidated net sales for 2013, a decrease of $12,580 or 3.8%. International sales decreased due to the economic uncertainties and political unrest in several countries in which the Company markets its products as well as a strengthening U.S. dollar against many foreign currencies. The Company continues its efforts to grow its international business by increasing its presence in the markets it serves.

Parts sales as a percentage of consolidated net sales decreased 40 basis points to 26.1% in 2014 from 26.5% in 2013. In dollars, parts sales increased 3.2% to $254,747 in 2014 from $246,905 in 2013.

Gross Profit
Consolidated gross profit as a percentage of sales remained relatively flat at 22.1% in 2014 vs. 22.2% in 2013. In dollars, gross profit increased 4.0% to $215,316 in 2014 from $207,119 in 2013.

Selling, General and Administrative Expense
Selling, general and administrative expenses for 2014 were $141,490 or 14.5% of net sales compared to $133,337 or 14.3% of net sales for 2013, an increase of $8,153 or 6.1%. The increase in selling, general and

(Dollar and share amounts in thousands, except per share amounts unless otherwise specified)

administrative expense was due to an increase in expense related to the ConExpo Show of $3,451 and an increase in payroll and related expense of $3,974 from 2013.

Research and Development
Research and development expenses increased $4,029 or 22.3% to $22,129 in 2014 from $18,100 in 2013. During 2014, the Company increased research and development spending for new products as well as improvements to existing product lines and adaptation of those products to other markets.

Interest Expense
Interest expense in 2014 increased $297 or 70.2%, to $720 from $423 in 2013. The increase in interest expense in 2014 compared to 2013 was primarily related to utilization of credit facilities in Brazil to finance operations of a new manufacturing facility and purchase of related equipment.

Interest Income
Interest income increased $375 or 35.7% to $1,422 in 2014 from $1,047 in 2013. The increase was primarily due to interest received related to the Company's financing of a customer's purchase of the first wood pellet processing plant produced by the Company.

Other Income (Expense), Net
Other income (expense), net was $1,207 in 2014 compared to $1,937 in 2013, a decrease of $730 or 37.7% due to a decrease in investment income as a result of the Company using its short-term investments to fund the acquisition of Telestack Limited in April 2014.

Income Tax
Income tax expense on continuing operations for 2014 was $19,400, compared to $19,028 for 2013. The effective tax rates for 2014 and 2013 were 36.2% and 32.7%, respectively. The effective tax rate increase for 2014 over the effective rate in 2013 was due to an increase in state income tax as well as an increase in valuation allowances, other permanent differences and a decrease in research and development tax credits.

Net Income Attributable To Controlling Interest
The Company had net income attributable to controlling interest of $34,458 in 2014 compared to $39,042 in 2013 a decrease of $4,584, or 11.7%. Earnings per diluted share decreased $0.20 to $1.49 in 2014 from $1.69 in 2013. Weighted average diluted shares outstanding for the years ended December 31, 2014 and 2013 were 23,105 and 23,081, respectively. The increase in shares outstanding is primarily due to the granting of restricted stock units.

Backlog
The backlog of orders at December 31, 2014 was $332,051 compared to $298,193 at December 31, 2013, an increase of $33,858, or 11.4%. The backlog for 2013 has been adjusted to reflect the addition of Telestack Limited to the Company in 2014. The increase in the backlog of orders was due to an increase in domestic backlog of $21,731 or 10.8% and an increase in international backlog of $12,127 or 12.4%. The Infrastructure Group backlog increased $10,070 or 7.3% from 2013. Included in the Infrastructure Group backlog is $59,275 for a three-line pellet plant order for one customer. The backlog at December 31, 2013 included $20,800 for the first line of the order. Without this order, the Infrastructure backlog would have decreased $28,404 or 24.4% from 2013. The decrease in backlog is attributed to customers' uncertainty around long-term federal highway funding. The Energy Group backlog increased $46,972 or 97.7% from 2013 due in part to the receipt of a large order in late 2014 for an international customer. The Aggregate and Mining Group backlog decreased $23,184 or 20.5% from 2013 due in part to a custom order received in late 2013 for a large crushing, screening and wash plant for a domestic customer. The Company is unable to determine whether the increase in backlogs was experienced by the industry as a whole.

Net Sales by Segment

	2014	2013	$ Change	% Change
Infrastructure Group	$ 386,356	$ 398,399	$ (12,043)	(3.0%)
Aggregate and Mining Group	384,883	350,514	34,369	9.8%
Energy Group	204,356	184,085	20,271	11.0%

Infrastructure Group: Sales in this group decreased to $386,356 in 2014 compared to $398,399 in 2013, a decrease of $12,043 or 3.0%. Domestic sales for the Infrastructure Group decreased 1.5% in 2014 compared to 2013 primarily due to customers' uncertainty around long-term federal highway funding. International sales for the Infrastructure Group decreased 6.9% in 2014 compared to 2013. The decrease in international sales was due primarily to the strengthening of the U.S dollar in 2014 and political unrest in certain countries. The decrease in international sales for the Infrastructure Group occurred mainly in Australia and the Post-Soviet States. Parts sales for the Infrastructure Group increased 10.0% in 2014 compared to 2013. The Company believes the increase in parts sales from 2013 to 2014 was due in part to customers' decisions to repair existing equipment instead of purchasing new equipment in response to the lack of a long-term federal highway bill. The Company also believes a portion of the increase in parts sales was attributed to sales of replacement parts for our competitors' equipment.

(Dollar and share amounts in thousands, except per share amounts unless otherwise specified)

Aggregate and Mining Group: Sales in this group were $384,883 in 2014 compared to $350,514 in 2013, an increase of $34,369 or 9.8%. Domestic sales for the Aggregate and Mining Group increased 20.0% in 2014 compared to 2013 primarily due to improving economic conditions and improved demand related to infrastructure, particularly in the oil and gas producing regions of the country. International sales for the Aggregate and Mining Group decreased 0.9% in 2014 compared to 2013. The decrease in international sales for the Aggregate and Mining Group would have been 14.8% without the acquisition of Telestack Limited in April 2014. The decrease in international sales occurred primarily in Canada, Africa and Mexico. Parts sales for the Aggregate and Mining Group decreased 2.3% in 2014 compared to 2013.

Energy Group: Sales in this group were $204,356 in 2014 compared to $184,085 in 2013, an increase of $20,271 or 11.0%. Domestic sales for the Energy Group increased 18.0% in 2014 compared to 2013 primarily due to the rebound of the construction, recycling and biomass energy markets as well as the improved market for energy related processing equipment. International sales for the Energy Group decreased 6.6% in 2014 compared to 2013. The decrease in international sales was due primarily to the strengthening of the U.S dollar in 2014 and political unrest in certain countries. The decrease in international sales occurred in the Post-Soviet States and Africa. Parts sales for the Energy Group increased 1.7% in 2014 due to the increase in sales to the wood grinding market.

Segment Profit (Loss)

	2014	2013	$ Change	% Change
Infrastructure Group	$ 29,477	$ 32,814	$ (3,337)	(10.2%)
Aggregate and Mining Group	32,900	33,031	(131)	(0.4%)
Energy Group	10,316	4,005	6,311	157.6%
Corporate	(35,270)	(30,367)	(4,903)	(16.1%)

Infrastructure Group: Profit for this group was $29,477 for 2014 compared to $32,814 for 2013, a decrease of $3,337 or 10.2%. This group's profits were negatively impacted by a decrease of $2,170 in gross profit as a result of a decrease in sales of $12,043, and an increase in ConExpo-related expenses of $1,633.

Aggregate and Mining Group: Profit for this group was $32,900 in 2014 compared to $33,031 in 2013, a decrease of $131 or 0.4%. This group's profits were favorably impacted by an increase of $4,129 in gross profit for 2014 as a result of the $34,369 increase in sales from 2013 offset by increased expenses including amortization expense due to acquisition accounting of $1,785 and ConExpo expense of $1,218.

Energy Group: Profit for this group was $10,316 in 2014 compared to profit of $4,005 in 2013, an increase of $6,311 or 157.6%. This group's profits were favorably impacted by an increase of $9,044 or 26.7% in gross profit during 2014 driven by an increase in sales of $20,271 from 2013 and an increase in gross margins from 18.4% in 2013 to 21.0% in 2014 offset by increases in ConExpo expense of $622 and other selling expenses of $1,792.

Corporate: Net corporate expenses were $35,270 in 2014 as compared to $30,307 in 2013, an increase of $4,903, due to increased U.S. federal income taxes and increased payroll costs associated with the January 1, 2014 restructuring of the Company's upper management. Additionally, other income included in this category also declined significantly due to reduced investment income.

Results of Operations: 2013 vs. 2012

Net Sales

Net sales decreased $3,275 or 0.3%, from $936,273 in 2012 to $932,998 in 2013. Sales are generated primarily from new equipment purchases made by customers for use in construction for privately funded infrastructure and public sector spending on infrastructure as well as equipment for the aggregate, mining, quarrying and recycling markets and the oil and gas and geothermal industries.

Domestic sales for 2013 were $599,054 or 64.2% of consolidated net sales compared to $572,522 or 61.1% of consolidated net sales for 2012, an increase of $26,532 or 4.6%. The overall increase in domestic sales for 2013 compared to 2012 reflects the strengthening economic conditions for the Company's products in the domestic market.

International sales for 2013 were $333,944 or 35.8% of consolidated net sales compared to $363,751 or 38.9% of consolidated net sales for 2012, a decrease of $29,807 or 8.2%. International sales decreased due to the economic uncertainties in several countries in which the Company markets its products as well as a strengthening U.S. dollar against many foreign currencies. The Company continues its efforts to grow its international business by increasing its presence in the markets it serves.

Parts sales as a percentage of consolidated net sales increased 20 basis points to 26.5% in 2013 from 26.3% in 2012. In dollars, parts sales increased 0.4% to $246,905 in 2013 from $245,851 in 2012.

Gross Profit
Consolidated gross profit as a percentage of sales remained constant at 22.2% in 2013 and 2012.

Selling, General and Administrative Expense
Selling, general and administrative expenses for 2013 were $133,337 or 14.3% of net sales, compared to $136,323 or 14.6% of net sales for 2012, a decrease of $2,986 or 2.2%. In 2013, the Company recorded $799 of expense related to the 2014 ConExpo Show compared to $143 in 2012. The decrease in selling, general and administrative expense from the prior year was primarily due to a decrease in legal and professional expenses of $1,525.

Research and Development
Research and development expenses decreased $2,419 or 11.8% to $18,101 in 2013 from $20,520 in 2012. During 2013 and 2012, the Company invested heavily in research and development across all segments for numerous new equipment offerings which was showcased at the 2014 ConExpo Show.

Interest Expense
Interest expense in 2013 increased $84, or 24.8%, to $423 from $339 in 2012. The increase in interest expense in 2013 compared to 2012 was primarily due to an increase in bank fees related to the Company's line of credit agreement with Wells Fargo.

Interest Income
Interest income decreased $98 or 8.6% to $1,047 in 2013 from $1,145 in 2012.

Other Income (Expense), Net
Other income (expense), net was $1,937 in 2013 compared to $1,783 in 2012, an increase of $154 or 8.6% due to an increase in investment income on a portion of the Company's excess cash invested in mutual funds beginning in 2013.

Income Tax
Income tax expense on continuing operations for 2013 was $19,028, compared to $19,487 for 2012. The effective tax rates for 2013 and 2012 were 32.7% and 36.3%, respectively. The primary reason for the decrease in the effective tax rate from 2012 to 2013 is tax legislation passed in early 2013 that allowed the Company to obtain a tax credit in 2013 based upon amounts expensed for research and development in 2012 in addition to research and development costs incurred in 2013.

Net Income Attributable To Controlling Interest
The Company had net income attributable to controlling interest of $39,042 in 2013 compared to $40,828 in 2012 (which includes $6,779 of income from discontinued operations) for a decrease of $1,786, or 4.4%. Earnings per diluted share decreased $0.08 from $1.77 in 2012 to $1.69 in 2013. Weighted average diluted shares outstanding for the years ended December 31, 2013 and 2012 were 23,081 and 23,051, respectively. The increase in shares outstanding is primarily due to the granting of restricted stock units.

Backlog
The backlog of orders at December 31, 2013 was $290,242 compared to $263,791 at December 31, 2012, an increase of $26,451, or 10.0%. The increase in the backlog of orders was due to an increase in domestic backlog of $43,880 or 28.0% offset by a decrease in international backlog of $17,429 or 16.3%. The Aggregate and Mining Group backlog increased $16,899 or 19.2% from 2012 to 2013 due in part to an order received in late 2013 for a large crushing, screening and wash plant for a domestic customer. The Infrastructure Group backlog

(Dollar and share amounts in thousands, except per share amounts unless otherwise specified)

increased $12,910 or 10.4% from 2012. The Energy Group backlog decreased $3,358 or 6.5% from 2012 due to the decreased demand for units in the oil and gas industry in the latter part of 2013. The Company is unable to determine whether the changes in backlogs were experienced by the industry as a whole.

Net Sales by Segment

	2013	2012	$ Change	% Change
Infrastructure Group	$ 398,399	$ 390,753	$ 7,646	2.0%
Aggregate and Mining Group	350,514	355,428	(4,914)	(1.4%)
Energy Group	184,085	190,092	(6,007)	(3.2%)

Infrastructure Group: Sales in this group increased to $398,399 in 2013 compared to $390,753 in 2012, an increase of $7,646 or 2.0%. Domestic sales for the Infrastructure Group increased 12.2% in 2013 compared to 2012 due to the strengthening of the U.S. domestic economy. International sales for the Infrastructure Group decreased 17.6% in 2013 compared to 2012 due primarily to the strengthening of the U.S. dollar against many foreign currencies. The decrease in international sales occurred primarily in Canada, Australia, Mexico and India. Parts sales for the Infrastructure Group increased 1.2% in 2013 compared to 2012.

Aggregate and Mining Group: Sales in this group were $350,514 in 2013 compared to $355,428 in 2012, a decrease of $4,914 or 1.4%. Domestic sales for the Aggregate and Mining Group increased 1.9% in 2013 compared to 2012 primarily due to improving economic conditions and improved demand related to infrastructure, particularly in the oil and gas producing regions of the country. International sales for the Aggregate and Mining Group decreased 4.6% in 2013 compared to 2012. The decrease in international sales occurred primarily in Europe, Post-Soviet States, South America, China and Brazil. Parts sales for the Aggregate and Mining Group increased 5.5% in 2013 compared to 2012.

Energy Group: Sales in this group were $184,085 in 2013 compared to $190,092 in 2012, a decrease of $6,007 or 3.2%. Domestic sales for the Energy Group decreased 5.8% in 2013 compared to 2012 due to the sale of the small utility trencher and drill line of products in 2012. International sales for the Energy Group increased 4.2% in 2013 compared to 2012. The increase in international sales occurred in the Post-Soviet States, Canada and Africa, and was primarily related to water well drilling rigs sales. Parts sales for the Energy Group decreased 10.9% in 2013 due to the sale of the small utility trencher and drill line of products in 2012.

Segment Profit (Loss)

	2013	2012	$ Change	% Change
Infrastructure Group	$ 32,814	$ 26,916	$ 5,898	21.9%
Aggregate and Mining Group	33,031	34,687	(1,656)	(4.8%)
Energy Group	4,005	6,149	(2,144)	(34.9%)
Corporate	(30,367)	(33,023)	2,656	8.0%

Infrastructure Group: Profit for this group was $32,814 for 2013 compared to $26,916 for 2012, an increase of $5,898 or 21.9%. This group's profits were positively impacted by an increase of $6,055 in gross profit compared to 2012 as a result of the $7,646 increase in sales and an increase in gross margin from 20.3% in 2012 to 21.4% in 2013.

Aggregate and Mining Group: Profit for this group was $33,031 in 2013 compared to $34,687 in 2012, a decrease of $1,656 or 4.8%. This group's profits were negatively impacted by a decrease of $2,705 in gross profit during 2013 as a result of a $4,914 decrease in sales offset by a $1,305 reduction in research and development expenses.

Energy Group: Profit for this group was $4,005 in 2013 compared to profit of $6,149 in 2012, a decrease of $2,144 or 34.9%. This group's profits were negatively impacted by a decrease of $3,290 in gross profit during 2013 as a result of the $6,007 decrease in sales offset by reductions in amortization expense of $796 and bad debt expense of $492.

Corporate: Corporate expenses were $30,367 in 2013 compared to $33,023 in 2012, an improvement of $2,656 or 8.0%. Corporate expenses are significantly impacted by U.S. federal income tax expense, which is recorded at the parent company.

(Dollar and share amounts in thousands, except per share amounts unless otherwise specified)

Liquidity and Capital Resources

The Company's primary sources of liquidity and capital resources are its cash on hand, investments, borrowing capacity under a $100,000 revolving credit facility with Wells Fargo Bank, N.A. ("Wells Fargo") and cash flows from operations. The Company had $13,023 (of which $11,632 was held by our foreign subsidiaries) of cash and $1,916 of short-term investments available for operating purposes at December 31, 2014. The Company had no borrowings outstanding under its credit facility with Wells Fargo at December 31, 2014. The Company had outstanding letters of credit of $12,645 and borrowing availability of $87,355 under the credit facility as of December 31, 2014. During 2014, the highest amount of outstanding borrowings at any time under the facility was $16,061.

The Company's South African subsidiary, Osborn Engineered Products SA (Pty) Ltd ("Osborn"), has a credit facility of $8,227 (ZAR 95,000) to finance short-term working capital needs, as well as to cover performance letters of credit, advance payment and retention guarantees. As of December 31, 2014, Osborn had borrowings of $2,814 under the facility and $487 in performance, advance payment and retention guarantees outstanding under the facility. The facility is guaranteed by Astec Industries, Inc. The facility's 0.75% unused facility fee is waived if more than 50% of the facility is utilized. As of December 31, 2014, Osborn had available credit under the facility of $4,926.

The Company's Brazilian subsidiary, Astec do Brasil Fabricacao de Equipamentos Ltda. ("Astec Brazil"), has outstanding working capital loans totaling $5,658 at December 31, 2014 from a Brazilian bank with interest rates of approximately 12.5%. The loans have maturity dates ranging from May 2016 to September 2017 and are secured by letters of credit totaling $8,674 issued by Astec Industries, Inc. Additionally, Astec Brazil has various 5-year equipment financing loans outstanding with another Brazilian bank in the aggregate of $2,430 as of December 31, 2014 that have interest rates ranging from 3.5% to 6.0%. These equipment loans have maturity dates ranging from January 2019 to September 2019. Astec Brazil's loans are included in the accompanying balance sheets as short-term debt of $1,027 and long-term debt of $7,061.

Cash Flows from Operating Activities

	2014	2013	Increase / Decrease
Net income	$ 34,206	$ 39,214	$ (5,008)
Adjustments:			
Depreciation and amortization	24,376	22,265	2,111
Provision for warranty	12,796	12,199	597
Sale/(purchase) of trading securities, net	118	(1,350)	1,468
Stock based compensation	1,200	1,461	(261)
Deferred income tax benefits	(2,544)	(2,220)	(324)
Other, net	193	1,075	(882)
Changes in working capital:			
Increase in receivables	(6,924)	(8,849)	1,925
Increase in inventories	(41,933)	(36,561)	(5,372)
Increase in prepaid expenses	(7,189)	(5,433)	(1,756)
Increase in accounts payable	10,755	1,028	9,727
Increase (decrease) in customer deposits	5,483	(5,436)	10,919
Decrease in accrued product warranties	(15,563)	(10,163)	(5,400)
Increase in other accrued liabilities	3,289	1,085	2,204
Other, net	600	(2,454)	3,054
Net cash provided by operating activities	$ 18,863	$ 5,861	$ 13,002

Net cash provided by operating activities increased $13,002 in 2014 compared to 2013. The primary reasons for the increase in operating cash flows relate to increases in customer deposits and accounts payable.

(Dollar and share amounts in thousands, except per share amounts unless otherwise specified)

Cash Flows from Investing Activities

	2014	2013	Increase / Decrease
Expenditures for property and equipment	$ (24,851)	$ (27,673)	$ 2,822
Business acquisition, net of cash acquired	(34,965)	--	(34,965)
Sale (purchase) of short-term investments	16,249	(15,000)	31,249
Other	743	424	319
Net cash used by investing activities	$ (42,824)	$ (42,249)	$ (575)

Investing activities used cash of $42,824 in 2014 compared to $42,249 in 2013. The change is primarily due to a business acquisition of $34,965 in 2014 and the change in short-term investments from 2013 of $31,249.

Cash Flows from Financing Activities

	2014	2013	Increase / Decrease
Payment of dividends	$ (9,167)	$ (6,856)	$ (2,311)
Debt borrowings	10,462	--	10,462
Other, net	1,145	270	875
Net cash provided (used) by financing activities	$ 2,440	$ (6,586)	$ 9,026

Financing activities provided cash of $2,440 in 2014 and used cash of $6,586 in 2013 for an increase of $9,026. The change is due primarily to debt incurred by the Company's Brazilian and South African subsidiaries offset by the payment of $0.10 per share dividends paid quarterly beginning in the second quarter of 2013.

Capital expenditures for 2015 are forecasted to total $30,236. The Company expects to finance these expenditures using currently available cash balances, internally generated funds and available credit under the Company's credit facility as well as local financing for the equipment in the new Brazilian manufacturing facility. Capital expenditures are generally for machinery, equipment and facilities used by the Company in the production of its various products.

Financial Condition

The Company's current assets increased to $553,191 at December 31, 2014 from $522,411 at December 31, 2013, an increase of $30,780. The increase from 2013 is due to increases of $45,522 in inventory and $13,688 in accounts receivable offset by a reduction in cash and investments of $37,801. The decrease in cash and investments is due to the acquisition of Telestack Limited on April 1, 2014. The increase in accounts receivable is due primarily to the increase in sales of the Energy Group from 2013. The increase in inventory occurred primarily in the Infrastructure Group and is due in part to the increase of equipment built for stock for quick delivery and an addition to inventory produced for the Company's first pellet plant order. As the Company is financing this sale of the pellet plant, the equipment will remain in the Company's inventory and revenue recognition on the plant sale will not occur until customer payments are received under the related loan arrangements.

The Company's current liabilities increased to $161,129 at December 31, 2014 from $133,531 at December 31, 2013, an increase of $27,598. The increase is primarily attributable to increases in accounts payable of $15,142, customer deposits of $7,588 and short-term debt of $3,807. The increase in accounts payable is attributable to all segments and is due to purchases of inventory to fill the increase in backlog of $33,858 at December 2014. The increase in customer deposits is for amounts received on orders in the Company's backlog. The increase in short-term debt is in the Aggregate and Mining Group and is due to amounts borrowed in Brazil and South Africa to finance operations in those countries.

Market Risk and Risk Management Policies

The Company is exposed to changes in interest rates, primarily from its revolving credit agreements. A hypothetical 100 basis point adverse move (increase) in interest rates would not have materially affected interest expense for the years ended December 31, 2014 and 2013, due to minimal borrowings during the periods. The Company does not hedge variable interest.

(Dollar and share amounts in thousands, except per share amounts unless otherwise specified)

The Company is subject to foreign exchange risk at its foreign operations. Foreign operations represent 19.3% and 14.9% of total assets at December 31, 2014 and 2013, respectively, and 12.4% and 14.3% of total revenue for the years ended December 31, 2014 and 2013, respectively. Each period the balance sheets and related results of operations of the Company's foreign subsidiaries are translated from their functional foreign currency into U.S. dollars for reporting purposes. As the dollar strengthens against those foreign currencies, the foreign denominated net assets and operating results become less valuable in the Company's reporting currency. When the dollar weakens against those currencies, the foreign denominated net assets and operating results become more valuable in the Company's reporting currency. At each reporting date, the fluctuation in the value of the net assets and operating results due to foreign exchange rate changes is recorded as an adjustment to other comprehensive income in equity. The Company views its investments in foreign subsidiaries as long-term and does not hedge the net investments in foreign subsidiaries.

From time to time the Company's foreign subsidiaries enter into transactions not denominated in their functional currency. In these situations, the Company evaluates the need to hedge those transactions against foreign currency rate fluctuations. When the Company determines a need to hedge a transaction, the subsidiary enters into a foreign currency exchange contract. The Company does not apply hedge accounting to these contracts and, therefore, recognizes the fair value of these contracts in the consolidated balance sheets and the change in the fair value of the contracts in current earnings.

Due to the limited exposure to foreign exchange rate risk, a 10% fluctuation in the foreign exchange rates at December 31, 2014 or 2013 would not have a material impact on the Company's consolidated financial statements.

Contractual Obligations

Contractual obligations and the period in which payments are due as of December 31, 2014 are as follows:

	Payments Due by Period				
Contractual Obligations	**Total**	**Less Than 1 Year**	**1 to 3 Years**	**3 to 5 Years**	**More Than 5 Years**
Operating lease obligations	$ 3,298	$ 1,463	$ 1,810	$ 25	$ --
Inventory purchase obligations	2,045	1,765	280	--	--
Total	$ 5,343	$ 3,228	$ 2,090	$ 25	$ --

The above table excludes the Company's liability for unrecognized tax benefits, which totaled $2,585 at December 31, 2014, since the timing of cash settlements to the respective taxing authorities cannot be reliably predicted.

In 2014, the Company made contributions of approximately $338 to its pension plan, compared to $811 in 2013. The Company has no planned contributions to the pension plan in 2015. The Company's funding policy is to make the minimum annual contributions required by applicable regulations.

Contingencies

Management has reviewed all claims and lawsuits and has made adequate provision for any losses that can be reasonably estimated. Based upon currently available information and with the advice of counsel, management believes that the ultimate outcome of its current claims and legal proceedings, individually and in the aggregate, will not have a material adverse effect on the Company's financial position, cash flows or results of operations. However, claims and legal proceedings are subject to inherent uncertainties and rulings unfavorable to the Company could occur. If an unfavorable ruling were to occur, there exists the possibility of a material adverse effect on the Company's financial position, cash flows or results of operations.

Certain customers have financed purchases of the Company's products through arrangements in which the Company is contingently liable for customer debt aggregating $2,419 and $693 at December 31, 2014 and 2013, respectively. These obligations have average remaining terms of 1.9 years. The Company has recorded a liability of $101 related to these guarantees at December 31, 2013.

The Company is contingently liable under letters of credit of approximately $13,155, primarily for performance guarantees to customers, banks or insurance carriers.

Off-balance Sheet Arrangements

As of December 31, 2014 the Company does not have off-balance sheet arrangements as defined by Item 303(a)(4) of Regulation S-K.

Environmental Matters

During 2004, the Company received notice from the Environmental Protection Agency that it may be responsible for a portion of the costs incurred in connection with an environmental cleanup in Illinois. The discharge of hazardous materials and associated cleanup relate to activities occurring prior to the Company's acquisition of Barber-Greene in 1986. The Company believes that over 300 other parties have received similar notice. At this time, the Company cannot predict whether the EPA will seek to hold the Company liable for a portion of the cleanup costs or the amount of any such liability. The Company has not recorded a liability with respect to this matter because no estimate of the amount of any such liability can be made at this time.

Critical Accounting Policies

The Company's consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States. Application of these principles requires the Company to make estimates and judgments that affect the amounts as reported in the consolidated financial statements. Accounting policies that are critical to aid in understanding and evaluating the results of operations and financial position of the Company include the following:

Inventory Valuation: Inventories are valued at the lower of a first-in first-out cost or market. The most significant component of the Company's inventories is steel. Open market prices, which are subject to volatility, determine the cost of steel for the Company. During periods when open market prices decline, the Company may need to reduce the carrying value of the inventory. In addition, certain items in inventory become obsolete over time, and the Company reduces the carrying value of these items to their net realizable value. These reductions are determined by the Company based on estimates, assumptions and judgments made from the information available at that time. See Note 1, Summary of Significant Accounting Policies, for a detailed description of the process used by the Company to value inventories at the lower of first-in first-out cost or market. The Company does not believe it is reasonably likely that the inventory values will materially change in the near future.

Self-Insurance Reserves: The Company insures the retention portion of workers' compensation claims and general liability claims by way of a captive insurance company, Astec Insurance Company. The objectives of Astec Insurance are to improve control over and reduce retained loss costs; to improve focus on risk reduction with development of a program structure which rewards proactive loss control; and to ensure active management participation in the defense and settlement process for claims.

For general liability claims, the captive is liable for the first $1,000 per occurrence and $2,000 per year in the aggregate. The Company carries general liability, excess liability and umbrella policies for claims in excess of amounts covered by the captive.

For workers' compensation claims, the captive is liable for the first $350 per occurrence and $1,000 per year in the aggregate. The Company utilizes a large national insurance company as third-party administrator for workers' compensation claims and carries insurance coverage for claims liabilities in excess of amounts covered by the captive.

The financial statements of the captive are consolidated into the financial statements of the Company. The short-term and long-term reserves for claims and probable claims related to general liability and workers' compensation under the captive are included in accrued loss reserves and other long-term liabilities, respectively, in the consolidated balance sheets depending on the expected timing of future payments. The undiscounted reserves are actuarially determined based on the Company's evaluation of the type and severity of individual claims and historical information, primarily its own claims experience, along with assumptions about future events. Changes in assumptions, as well as changes in actual experience, could cause these estimates to change in the future. However, the Company does not believe it is reasonably likely that the reserve level will materially change in the near future.

At all but one of the Company's domestic manufacturing subsidiaries, the Company is self-insured for health and prescription claims under its Group Health Insurance Plan. The Company carries reinsurance coverage to limit its exposure for individual health claims above certain limits. Third parties administer health claims and prescription medication claims. The Company maintains a reserve for the self-insured health plan which is included in accrued loss reserves on the Company's consolidated balance sheets. This reserve includes both unpaid claims and an estimate of claims incurred but not reported, based on historical claims and payment experience. Historically the reserves have been sufficient to provide for claims payments. Changes in actual claims experience, or payment patterns, could cause the reserve to change, but the Company does not believe it is reasonably likely that the reserve level will materially change in the near future.

The remaining U.S. subsidiary is covered under a fully insured group health plan. Employees of the Company's foreign subsidiaries are insured under health plans in accordance with their local governmental requirements. No reserves are necessary for these fully insured health plans.

Product Warranty Reserve: The Company accrues for the estimated cost of product warranties at the time revenue is recognized. Warranty obligations by product line or model are evaluated based on historical warranty claims experience. For machines, the Company's standard product warranty terms generally include post-sales support and repairs of products at no additional charge for periods ranging from three months to two years or up to a specified number of hours of operation. For parts from component suppliers, the Company relies on the original manufacturer's warranty that accompanies those parts. Generally, fabricated parts are not covered by specific warranty terms. Although failure of fabricated parts due to material or workmanship is rare, if it occurs, the Company's policy is to replace fabricated parts at no additional charge.

The Company engages in extensive product quality programs and processes, including actively monitoring and evaluating the quality of component suppliers. Estimated warranty obligations are based upon warranty terms, product failure rates, repair costs and current period machine shipments. If actual product failure rates, repair costs, service delivery costs or post-sales support costs differ from estimates, revisions to the estimated warranty liability would be required. The Company does not believe it is reasonably likely that the warranty reserve will materially change in the near future.

Revenue Recognition: Revenue is generally recognized on sales at the point in time when persuasive evidence of an arrangement exists, the price is fixed or determinable, the product has been delivered or services have been rendered and there is reasonable assurance of collection of the sales proceeds. The Company generally obtains purchase authorizations from its customers for a specified amount of product at a specified price with specified delivery terms. A significant portion of the Company's equipment sales represents equipment produced in the Company's plants under short-term contracts for a specific customer project or equipment designed to meet a customer's specific requirements. Most of the equipment sold by the Company is based on standard configurations, some of which are modified to meet customer needs or specifications. The Company provides customers with technical design and performance specifications and performs pre-shipment testing to ensure the equipment performs according to design specifications, regardless of whether the Company provides installation services in addition to selling the equipment.

Certain contracts include terms and conditions through which the Company recognizes revenues upon completion of equipment production, which is subsequently stored at the Company's plant at the customer's request. Revenue is recorded on such contracts upon the customer's assumption of title and risk of ownership and when collectability is reasonably assured. In addition, there must be a fixed schedule of delivery of the goods consistent with the customer's business practices, the Company must not have retained any specific performance obligations such that the earnings process is not complete and the goods must have been segregated from the Company's inventory prior to revenue recognition.

The Company has certain sales accounted for as multiple-element arrangements, whereby revenue attributable to the sale of a product is recognized when it is shipped, and the revenue attributable to services provided with respect to the product (such as installation services) is recognized when the service is performed. Consideration is allocated to deliverables using the relative selling price method using vendor specific objective evidence, if it exists. Otherwise third-party evidence of selling price or the Company's best estimate of the selling price for the deliverables is used. The Company evaluates sales with multiple deliverable elements (such as an agreement to deliver equipment and related installation services) to determine whether revenue related to individual elements should be recognized separately, or as a combined unit. In addition to the previously mentioned general revenue recognition criteria, the Company only recognizes revenue on individual delivered elements when there is objective and reliable evidence that the delivered element has a determinable value to the customer on a standalone basis and there is no right of return.

Goodwill and Other Intangible Assets: Intangible assets are classified into two categories: (1) intangible assets with definite lives subject to amortization, and (2) goodwill. Intangible assets with definite lives are tested for impairment if conditions exist that indicate the carrying value may not be recoverable. Risk factors that may be considered include an economic downturn in the general economy, a geographic market or the commercial and residential construction industries, a change in the assessment of future operations as well as the cyclical nature of our industry and the customization of the equipment we sell, each of which may cause adverse fluctuations in operating results. Other risk factors considered would be an increase in the price or a decrease in the availability of oil that could reduce the demand for our products in addition to the significant fluctuations in the purchase price of raw materials that could have a negative impact on the cost of production and gross margins as well as others more fully described in the Risk Factors section of our Form 10-K. An impairment charge is recorded when the carrying value of the definite lived intangible asset is not recoverable by the cash flows generated from the use of the asset. Some of the inputs used in the impairment testing are highly subjective and are affected by changes in business factors and other conditions. Changes in any of the inputs could have an effect on future tests and result in impairment charges.

Goodwill is not amortized but is tested for impairment annually or more frequently if events or circumstances indicate that such intangible assets or goodwill might be impaired. See Note 1, Summary of Significant Accounting Policies, for a detailed description of testing performed by the Company to determine if the recorded value of intangible assets or goodwill has been impaired.

The useful lives of identifiable intangible assets are determined after considering the specific facts and circumstances related to each intangible asset. Factors considered when determining useful lives include the contractual term of any agreement, the history of the asset, the Company's long-term strategy for the use of the asset, any laws or other local regulations which could impact the useful life of the asset, and other economic factors, including competition and specific market conditions. Intangible assets that are deemed to have definite lives are amortized, generally on a straight-line basis, over their useful lives, ranging from 3 to 15 years.

Stock-based Compensation: Beginning in 2006 and again in 2011, the Company implemented five-year plans to award key members of management restricted stock units ("RSUs") each year based upon annual financial performance of the Company and its subsidiaries. Each five-year plan allows up to 700 of newly issued shares of Company stock to be granted to employees. The number of RSUs granted each year is determined based upon the performance of individual subsidiaries and consolidated annual financial performance with additional RSUs available for cumulative five-year results. Generally, each award vests at the end of five years from the date of grant, or at the time a recipient retires after reaching age 65, if earlier. These plans are more fully described in Note 16, Shareholders' Equity, to the consolidated financial statements.

Recent Accounting Pronouncements

In April 2014, the Financial Accounting Standards Board issued Accounting Standards Update No. 2014-08, "Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity," which raises the previous threshold for disposals to qualify as discontinued operations and requires new disclosures for individually material disposal transactions that do not meet the definition of a discontinued operation. The standard also allows companies to have significant continuing involvement and continuing cash flows with the discontinued operation. The standard requires the reclassification of assets and liabilities of a discontinued operation in the balance sheet for all periods presented. The standard is effective for public entities for annual periods beginning on or after December 15, 2014 and is to be implemented prospectively. The Company does not expect the adoption of this statement to have a significant impact on the Company's financial position or results of operations.

In May 2014, the Financial Accounting Standards Board issued Accounting Standards Update No. 2014-09, "Revenue from Contracts with Customers," which supersedes existing revenue guidance under U.S. GAAP. The standard's core principle is that a company will recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. The implementation of this new standard will require companies to use more judgment and to make more estimates than under current guidance. The standard is effective for public companies for annual periods beginning after December 15, 2016. The Company plans to adopt the new standard effective January 1, 2017. The Company has not yet determined what impact, if any, the adoption of this new standard will have on the Company's financial position or results of operations.

Forward-Looking Statements

This annual report contains forward-looking statements made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Statements contained anywhere in this Annual Report that are not limited to historical information are considered forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, including, without limitation, statements regarding:

- execution of the Company's growth and operation strategy;
- plans for technological innovation;
- compliance with covenants in our credit facility;
- liquidity and capital expenditures;
- sufficiency of working capital, cash flows and available capacity under the Company's credit facilities;
- compliance with government regulations;
- compliance with manufacturing and delivery timetables;
- forecasting of results;
- general economic trends and political uncertainty;
- government funding and growth of highway construction and commercial projects;
- taxes or usage fees;
- interest rates;
- integration of acquisitions;
- industry trends;
- pricing, demand and availability of steel, oil and liquid asphalt;
- development of domestic oil and natural gas production;
- condition of the economy;
- strength of the dollar relative to foreign currencies;
- the success of new product lines;
- presence in the international marketplace;
- suitability of our current facilities;
- future payment of dividends;
- competition in our business segments;
- product liability and other claims;
- protection of proprietary technology;
- demand for products;
- future fillings of backlogs;
- employees;
- the seasonality of our business;
- tax assets and reserves for uncertain tax positions;
- critical accounting policies and the impact of accounting changes;
- anticipated future operations in our Brazilian operations;
- our backlog;
- ability to satisfy contingencies;
- contributions to retirement plans and plan expenses;
- reserve levels for self-insured insurance plans and product warranties;
- construction of new manufacturing facilities;
- supply of raw materials; and
- inventory

These forward-looking statements are based largely on management's expectations, which are subject to a number of known and unknown risks, uncertainties and other factors discussed in this report and in other documents filed by the Company with the Securities and Exchange Commission, which may cause actual results, financial or otherwise, to be materially different from those anticipated, expressed or implied by the forward-looking statements. All forward-looking statements included in this document are based on information available to the Company on the date hereof, and the Company assumes no obligation to update any such forward-looking statements to reflect future events or circumstances. You can identify these statements by forward-looking words such as "expect", "believe", "anticipate", "goal", "plan", "intend", "estimate", "may", "will", "should" and similar expressions.

In addition to the risks and uncertainties identified elsewhere herein and in other documents filed by us with the Securities and Exchange Commission, the risk factors described in this document under the caption "Risk Factors" should be carefully considered when evaluating our business and future prospects: changes or delays in highway funding; rising interest rates; changes in oil prices; changes in steel prices; changes in the general economy; unexpected capital expenditures and decreases in liquidity; the timing of large contracts; production capacity; general business conditions in the industry; non-compliance with covenants in the Company's credit facilities; demand for the Company's products; and those other factors listed from time to time in the Company's reports filed with the Securities and Exchange Commission. Certain of the risks, uncertainties and other factors discussed above are more fully described in the section entitled "Risk Factors" in the Company's Annual Report on Form 10-K for the year ended December 31, 2014.

ASTEC INDUSTRIES, INC.
MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

The management of Astec Industries, Inc. (the "Company") is responsible for establishing and maintaining adequate internal control over financial reporting for the Company. The 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 U.S. generally accepted accounting principles. The Company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of assets of the Company; (ii) 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 (iii) 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 and procedures may deteriorate.

Management, under the supervision and with the participation of the Company's principal executive officer and principal financial officer, has evaluated the effectiveness of the Company's internal control over financial reporting as of December 31, 2014. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), Internal Control - Integrated Framework: May 2013. The scope of management's assessment of the effectiveness of the Company's internal control over financial reporting as of December 31, 2014 excluded the business unit that the Company acquired on April 1, 2014 (Telestack Limited). The total consolidated assets with respect to the excluded business were $44,851,000 as of December 31, 2014, and the total consolidated revenues with respect to the excluded business were $23,781,000 for the year ended December 31, 2014. Management will complete its assessment of the internal controls over financial reporting of these newly acquired operations during the 2015 fiscal year. Based on its assessment, management concluded that, as of December 31, 2014, the Company's internal control over financial reporting was effective.

Ernst & Young LLP, the Company's independent registered public accounting firm, has issued an attestation report on the Company's internal control over financial reporting as of December 31, 2014.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders
Astec Industries, Inc.

We have audited Astec Industries, Inc. internal control over financial reporting as of December 31, 2014, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework), (the COSO criteria). Astec Industries, Inc. management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the company's internal control over financial reporting based on our audit.

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

A company's internal control over financial reporting is a process designed 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.

As indicated in the accompanying Management's Report on Internal Control Over Financial Reporting, management's assessment of and conclusion on the effectiveness of internal control over financial reporting did not include the internal controls of Telestack Limited, which is included in the 2014 consolidated financial statements of Astec Industries, Inc. and constituted $44.9 million of total assets as of December 31, 2014 and $23.8 million of revenues, for the year then ended. Our audit of internal control over financial reporting of Astec Industries, Inc. also did not include an evaluation of the internal control over financial reporting of Telestack Limited.

In our opinion, Astec Industries, Inc. maintained, in all material respects, effective internal control over financial reporting as of December 31, 2014, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the accompanying consolidated balance sheets of Astec Industries, Inc. as of December 31, 2014 and 2013, and the related consolidated statements of income, comprehensive income, equity and cash flows for each of the three years in the period ended December 31, 2014 of Astec Industries, Inc. and our report dated March 2, 2015 expressed an unqualified opinion thereon.

Ernst + Young LLP

Chattanooga, Tennessee
March 2, 2015

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders
Astec Industries, Inc.

We have audited the accompanying consolidated balance sheets of Astec Industries, Inc. as of December 31, 2014 and 2013, and the related consolidated statements of income, comprehensive income, equity and cash flows for each of the three years in the period ended December 31, 2014. 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 financial statements referred to above present fairly, in all material respects, the consolidated financial position of Astec Industries, Inc. at December 31, 2014 and 2013, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2014, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Astec Industries, Inc.'s internal control over financial reporting as of December 31, 2014, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 Framework) and our report dated March 2, 2015 expressed an unqualified opinion thereon.

Ernst & Young LLP

Chattanooga, Tennessee
March 2, 2015

CONSOLIDATED BALANCE SHEETS
(in thousands, except per share data)

	December 31	
Assets	**2014**	**2013**
Current assets:		
Cash and cash equivalents	$ 13,023	$ 35,564
Investments	1,916	17,176
Trade receivables	105,743	92,055
Notes and other receivables	1,558	2,734
Inventories	387,835	342,313
Prepaid expenses	21,133	13,636
Deferred income tax assets	14,817	14,924
Other current assets	7,166	4,009
Total current assets	553,191	522,411
Property and equipment, net	187,610	184,520
Investments	11,393	12,085
Goodwill	31,995	15,057
Intangible assets	17,272	6,543
Notes receivable	802	6,284
Other long-term assets	3,202	2,391
Total assets	$ 805,465	$ 749,291
Liabilities and Equity		
Current liabilities:		
Short-term debt	$ 3,841	$ 34
Accounts payable	60,987	45,845
Customer deposits	45,086	37,498
Accrued product warranty	10,032	12,716
Accrued payroll and related liabilities	17,265	16,988
Accrued loss reserves	3,050	3,328
Other accrued liabilities	20,868	17,122
Total current liabilities	161,129	133,531
Long-term debt	7,061	510
Deferred income tax liabilities	16,836	17,455
Other long-term liabilities	21,087	17,284
Total liabilities	206,113	168,780
Equity:		
Preferred stock - authorized 4,000 shares of $1.00 par value; none issued	--	--
Common stock - authorized 40,000 shares of $.20 par value; issued and outstanding - 22,930 in 2014 and 22,859 in 2013	4,586	4,572
Additional paid-in capital	135,887	134,730
Accumulated other comprehensive loss	(12,915)	(4,894)
Company shares held by SERP, at cost	(2,929)	(2,786)
Retained earnings	470,537	445,254
Shareholders' equity	595,166	576,876
Non-controlling interest	4,186	3,635
Total equity	599,352	580,511
Total liabilities and equity	$ 805,465	$ 749,291

See Notes to Consolidated Financial Statements

CONSOLIDATED STATEMENTS OF INCOME
(in thousands, except per share data)

	Year Ended December 31		
	2014	**2013**	**2012**
Net sales	$ 975,595	$ 932,998	$ 936,273
Cost of sales	760,279	725,879	728,322
Gross profit	215,316	207,119	207,951
Selling, general and administrative expenses	141,490	133,337	136,323
Research and development expenses	22,129	18,101	20,520
Income from operations	51,697	55,681	51,108
Other income:			
Interest expense	720	423	339
Interest income	1,422	1,047	1,145
Other income (expense), net	1,207	1,937	1,783
Income from continuing operations before income taxes	53,606	58,242	53,697
Income taxes on continuing operations	19,400	19,028	19,487
Net income from continuing operations	34,206	39,214	34,210
Discontinued operations:			
Income from discontinued operations, net of tax	--	--	3,401
Gain on sale of subsidiary, net of tax	--	--	3,378
Income from discontinued operations	--	--	6,779
Net income	34,206	39,214	40,989
Net income (loss) attributable to non-controlling interest	(252)	172	161
Net income attributable to controlling interest	$ 34,458	$ 39,042	$ 40,828
Earnings per Common Share			
Net income attributable to controlling interest from continuing operations:			
Basic	$ 1.51	$ 1.72	$ 1.50
Diluted	1.49	1.69	1.48
Income from discontinued operations:			
Basic	--	--	0.30
Diluted	--	--	0.29
Net income attributable to controlling interest:			
Basic	1.51	1.72	1.80
Diluted	1.49	1.69	1.77
Weighted average number of common shares outstanding:			
Basic	22,819	22,749	22,680
Diluted	23,105	23,081	23,051

See Notes to Consolidated Financial Statements

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (in thousands)

	Year Ended December 31		
	2014	**2013**	**2012**
Net income	$ 34,206	$ 39,214	$ 40,989
Other comprehensive income (loss):			
Change in unrecognized pension and post-retirement benefit costs	(1,820)	2,742	(157)
Tax (expense) benefit on change in unrecognized pension and post-retirement benefit costs	699	(974)	(10)
Foreign currency translation adjustments	(7,670)	(8,821)	(626)
Tax benefit on foreign currency translation adjustments	770	1,657	454
Other comprehensive loss	(8,021)	(5,396)	(339)
Comprehensive loss attributable to non-controlling interest	(565)	(236)	(15)
Comprehensive income attributable to controlling interest	$ 26,750	$ 34,054	$ 40,665

See Notes to Consolidated Financial Statements

CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	Year Ended December 31		
	2014	2013	2012
Cash Flows from Operating Activities			
Net income	$ 34,206	$ 39,214	$ 40,989
Adjustments to reconcile net income to net cash provided by operating activities:			
Gain on sale of subsidiary	--	--	(5,358)
Depreciation	21,343	20,966	20,945
Amortization	3,033	1,299	2,103
Provision for doubtful accounts	1,011	629	759
Provision for warranty	12,796	12,199	11,152
Deferred compensation provision	74	601	115
Deferred income tax provision (benefit)	(2,544)	(2,220)	6,223
Gain on disposition of fixed assets	(306)	(163)	(256)
Tax expense (benefit) from stock incentive exercises	(586)	8	(107)
Stock-based compensation	1,200	1,461	1,285
Sale (purchase) of trading securities, net	118	(1,350)	(146)
(Increase) decrease in:			
Trade and other receivables	(6,924)	(8,849)	7,555
Inventories	(41,933)	(36,561)	(41,145)
Prepaid expenses	(7,189)	(5,433)	(1,655)
Other assets	(4,763)	(3,215)	(1,566)
Increase (decrease) in:			
Accounts payable	10,755	1,028	(6,425)
Customer deposits	5,483	(5,436)	4,918
Accrued product warranty	(15,563)	(10,163)	(11,021)
Income taxes payable	2,064	(823)	1,611
Accrued retirement benefit costs	(201)	(324)	(218)
Accrued loss reserves	305	199	(1,435)
Other accrued liabilities	3,289	1,085	298
Other	3,195	1,709	12
Net cash provided by operating activities	18,863	5,861	28,633
Cash Flows from Investing Activities			
Business acquisition, net of cash acquired	(34,965)	--	--
Proceeds from sale of subsidiary	--	--	42,940
Proceeds from sale of property and equipment	743	424	375
Expenditures for property and equipment	(24,851)	(27,673)	(26,018)
Sale (purchase) of short-term investments	16,249	(15,000)	--
Net cash provided (used) by investing activities	(42,824)	(42,249)	17,297

See Notes to Consolidated Financial Statements

CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
(in thousands)

	Year Ended December 31		
	2014	**2013**	**2012**
Cash Flows from Financing Activities			
Payment of dividends	$ (9,167)	$ (6,856)	$ (22,790)
Debt borrowings	10,462	--	--
Repayment of debt	(103)	--	--
Proceeds from issuance of common stock	282	112	514
Tax (expense) benefit from stock option exercise	586	(8)	107
Cash from sale of shares of subsidiaries	1,428	735	904
Sale (purchase) of company shares by Supplemental Executive Retirement Plan, net	(95)	213	(373)
Withholding tax paid upon vesting of restricted stock units	(953)	(782)	(834)
Net cash provided (used) by financing activities	2,440	(6,586)	(22,472)
Effect of exchange rates on cash	(1,020)	(2,391)	(34)
Increase (decrease) in cash and cash equivalents	(22,541)	(45,365)	23,424
Cash and cash equivalents, beginning of year	35,564	80,929	57,505
Cash and cash equivalents, end of year	$ 13,023	$ 35,564	$ 80,929
Supplemental Cash Flow Information			
Cash paid during the year for:			
Interest	$ 476	$ 229	$ 366
Income taxes, net of refunds	$ 23,027	$ 20,331	$ 13,722

See Notes to Consolidated Financial Statements

CONSOLIDATED STATEMENTS OF EQUITY

For the Years Ended December 31, 2014, 2013 and 2012 (in thousands)

	Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Company Shares Held by SERP	Retained Earnings	Non-Controlling Interest	Total Equity
	Shares	Amount						
Balance December 31, 2011	**22,711**	**$ 4,542**	**$ 132,744**	**$ 841**	**$ (2,487)**	**$ 395,052**	**$ 606**	**$ 531,298**
Net income						40,828	161	40,989
Dividends ($1.00 per share)			16			(22,806)		(22,790)
Other comprehensive loss				(339)			15	(324)
Change in ownership percentage of subsidiary							862	862
Stock-based compensation	6	1	1,284					1,285
Exercise of stock options and RSU vesting, including tax benefit	82	17	604					621
Withholding tax on vested RSUs			(834)					(834)
Purchase of Company stock held by SERP, net			(5)		(368)			(373)
Balance December 31, 2012	**22,799**	**4,560**	**133,809**	**502**	**(2,855)**	**413,074**	**1,644**	**550,734**
Net income						39,042	172	39,214
Quarterly dividends ($.10 per share for 3 quarters)			6			(6,862)		(6,856)
Other comprehensive loss				(5,396)			236	(5,160)
Change in ownership percentage of subsidiary							(802)	(802)
Capital contributed by minority shareholder							2,385	2,385
Stock-based compensation	6	1	1,460					1,461
Exercise of stock options and RSU vesting, including tax benefit	54	11	93					104
Withholding tax on vested RSUs			(782)					(782)
Sale of Company stock held by SERP, net			144		69			213
Balance December 31, 2013	**22,859**	**4,572**	**134,730**	(4,894)	**(2,786)**	**445,254**	**3,635**	**580,511**
Net income						34,458	(252)	34,206
Quarterly dividends ($.10 per share for 4 quarters)			8			(9,175)		(9,167)
Other comprehensive loss				(8,021)			565	(7,456)
Change in ownership percentage of subsidiary							(1,345)	(1,345)
Capital contributed by minority shareholder							1,583	1,583
Stock-based compensation	5	1	1,199					1,200
Exercise of stock options and RSU vesting, including tax benefit	66	13	855					868
Withholding tax on vested RSUs			(953)					(953)
Sale of Company stock held by SERP, net			48		(143)			(95)
Balance December 31, 2014	**22,930**	**$ 4,586**	**$ 135,887**	**$ (12,915)**	**$ (2,929)**	**$ 470,537**	**$ 4,186**	**$ 599,352**

See Notes to Consolidated Financial Statements

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Dollar and share amounts in thousands, except per share amounts unless otherwise specified)

1. Summary of Significant Accounting Policies

Basis of Presentation - The consolidated financial statements include the accounts of Astec Industries, Inc. and its domestic and foreign subsidiaries. The Company's significant wholly-owned and consolidated subsidiaries at December 31, 2014 are as follows:

Astec Australia Pty Ltd	Astec do Brasil Fabricacao de Equipamentos Ltda. (78% owned)
Astec, Inc.	Astec Insurance Company
Astec Mobile Machinery GmbH	Astec Mobile Screens, Inc.
Astec Underground, Inc.	Breaker Technology, Inc.
Breaker Technology Ltd.	Carlson Paving Products, Inc.
CEI Enterprises, Inc.	GEFCO, Inc.
Heatec, Inc.	Johnson Crushers International, Inc.
Kolberg-Pioneer, Inc.	Osborn Engineered Products SA (Pty) Ltd (93% owned)
Peterson Pacific Corp.	Roadtec, Inc.
Telestack Limited	Telsmith, Inc.

On November 30, 2012, the Company sold its former American Augers, Inc. subsidiary to The Charles Machine Works, Inc. American Augers' 2012 results of operations have been reclassified as discontinued operations.

All intercompany accounts and transactions have been eliminated in consolidation.

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 amounts reported and disclosed in the financial statements and accompanying notes. Actual results could differ from those estimates.

Foreign Currency Translation - Subsidiaries located in Australia, Brazil, Canada, Germany, Northern Ireland, and South Africa operate primarily using local functional currencies. Accordingly, assets and liabilities of these subsidiaries are translated using exchange rates in effect at the end of the period, and revenues and costs are translated using average exchange rates for the period. The resulting adjustments are presented as a separate component of accumulated other comprehensive income. Foreign currency transaction gains and losses, net are included in cost of sales and amounted to losses of $1,971 and $522 in 2014 and 2013, and a gain of $867 in 2012, respectively.

Fair Value of Financial Instruments - For cash and cash equivalents, trade receivables, other receivables, revolving debt and accounts payable, the carrying amount approximates the fair value because of the short- term nature of those instruments. Trading equity investments are valued at their estimated fair value based on their quoted market prices and debt securities are valued based upon a mix of observable market prices and model driven prices derived from a matrix of observable market prices for assets with similar characteristics obtained from a nationally recognized third party pricing service.

Financial assets and liabilities are categorized as of the end of each reporting period based upon the level of judgment associated with the inputs used to measure their fair value. The inputs used to measure the fair value are identified in the following hierarchy:

Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2 - Unadjusted quoted prices in active markets for similar assets or liabilities; or unadjusted quoted prices for identical or similar assets or liabilities in markets that are not active; or inputs other than quoted prices that are observable for the asset or liability.

Level 3 - Inputs reflect management's best estimate of what market participants would use in pricing the asset or liability at the measurement date. Consideration is given to the risk inherent in the valuation technique and the risk inherent in the inputs to the model.

All financial assets and liabilities held by the Company at December 31, 2014 and 2013 are classified as Level 1 or Level 2 as summarized in Note 3, Fair Value Measurements.

Cash and Cash Equivalents - All highly liquid investments with an original maturity of three months or less when purchased are considered to be cash and cash equivalents.

(Dollar and share amounts in thousands, except per share amounts unless otherwise specified)

Investments - Investments consist primarily of investment-grade marketable securities. Trading securities are carried at fair value, with unrealized holding gains and losses included in net income. Realized gains and losses are accounted for on the specific identification method. Purchases and sales are recorded on a trade date basis. Management determines the appropriate classification of its investments at the time of acquisition and reevaluates such determination at each balance sheet date.

Concentration of Credit Risk - The Company sells products to a wide variety of customers. Accounts receivable are carried at their outstanding principal amounts, less an allowance for doubtful accounts. The Company extends credit to its customers based on an evaluation of the customers' financial condition generally without requiring collateral although the Company normally requires advance payments or letters of credit on large equipment orders. Credit risk is driven by conditions within the economy and the industry and is principally dependent on each customer's financial condition. To minimize credit risk, the Company monitors credit levels and financial conditions of customers on a continuing basis. After considering historical trends for uncollectible accounts, current economic conditions and specific customer recent payment history and financial stability, the Company records an allowance for doubtful accounts at a level which management believes is sufficient to cover probable credit losses. Amounts are deemed past due when they exceed the payment terms agreed to by the customer in the sales contract. Past due amounts are charged off when reasonable collection efforts have been exhausted and the amounts are deemed uncollectible by management. As of December 31, 2014, concentrations of credit risk with respect to receivables are limited due to the wide variety of customers.

Allowance for Doubtful Accounts - The following table represents a rollforward of the allowance for doubtful accounts for the years ended December 31, 2014, 2013 and 2012:

	Year Ended December 31		
	2014	**2013**	**2012**
Reserve balance, beginning of year	$ 1,708	$ 2,143	$ 2,398
Provision	1,011	629	759
Write offs	(465)	(1,042)	(764)
Other	(6)	(22)	(250)
Reserve balance, end of year	$ 2,248	$ 1,708	$ 2,143

Inventories - The Company's inventory is comprised of raw materials, work-in-process, finished goods and used equipment as described below.

Raw material inventory is comprised of purchased steel and other purchased items for use in the manufacturing process or held for sale in the Company's after-market parts business. The category also includes the manufacturing cost of completed equipment sub-assemblies produced for either integration into equipment manufactured at a later date or for sale in the Company's after-market parts business.

Work-in-process inventory consists of the value of materials, labor and overhead incurred to date in the manufacturing of incomplete equipment or incomplete equipment sub-assemblies being produced.

Finished goods inventory consists of completed equipment manufactured for sale to customers.

Used inventory consists of equipment accepted in trade or purchased on the open market. The category also includes equipment rented to prospective customers on a short-term or month-to-month basis. Used equipment is valued at the lower of acquired or trade-in cost or market determined on each separate unit. Each unit of rental equipment is valued at its original manufacturing cost and is reduced by an appropriate reserve each month during the period of time the equipment is rented.

Inventories are valued at the lower of cost (first-in, first-out) or market, which requires the Company to make specific estimates, assumptions and judgments in determining the amount, if any, of reductions in the valuation of inventories to their net realizable values. The net realizable values of the Company's products are impacted by a number of factors, including changes in the price of steel, competitive sales pricing, quantities of inventories on hand, the age of the individual inventory items, market acceptance of the Company's products, the Company's normal gross margins, actions by our competitors, the condition of our used and rental inventory and general economic factors. Once an inventory item's value has been deemed to be less than cost, a net realizable value allowance is calculated and a new "cost basis" for that item is effectively established. This new cost is retained for that item until such time as the item is disposed of or the Company determines that an additional write-down is necessary. Additional write-downs may be required in the future based upon changes in assumptions due to general economic downturns in the markets in which the Company operates, changes in competitor pricing, new product design or other technological advances introduced by the Company or its competitors and other factors unique to individual inventory items.

The most significant component of the Company's inventory is steel. A significant decline in the market price of steel could result in a decline in the market value of the equipment or parts we sell. During periods of significant declining steel prices, the Company reviews the valuation of its inventories to determine if reductions are needed in the recorded value of inventory on hand to its net realizable value.

The Company reviews the individual items included in its finished goods, used equipment and rental equipment inventory on a model-by-model or unit-by-unit basis to determine if any item's net realizable value is below its carrying value each quarter. This analysis is expanded to include items in work-in-process and raw material inventory if factors indicate those items may also be impacted. In performing this review, judgments are made and, in addition to the factors discussed above, additional consideration is given to the age of the specific items of used or rental inventory, prior sales offers or lack thereof, the physical condition of the specific items and general market conditions for the specific items. Additionally, an analysis of raw material inventory is performed each quarter to calculate reserves needed for obsolete inventory based upon quantities of items on hand, the age of those items and their recent and expected future usage or sale.

When the Company determines that the value of inventory has become impaired through damage, deterioration, obsolescence, changes in price levels, excessive levels of inventory or other causes, the Company reduces the carrying value to estimated market value based on estimates, assumptions and judgments made from the information available at that time.

Abnormal amounts of idle facility expense, freight, handling cost and wasted materials are recognized as current period charges.

Property and Equipment - Property and equipment is stated at cost. Depreciation is calculated for financial reporting purposes using the straight-line method based on the estimated useful lives of the assets as follows: airplanes (20 years), buildings (40 years) and equipment (3 to 10 years). Both accelerated and straight-line methods are used for tax compliance purposes. Routine repair and maintenance costs and planned major maintenance are expensed when incurred.

Goodwill and Other Intangible Assets - The Company classifies intangible assets as either intangible assets with definite lives subject to amortization or goodwill.

The Company tests intangible assets with definite lives for impairment if conditions exist that indicate the carrying value may not be recoverable. Such conditions may include an economic downturn in a geographic market or a change in the assessment of future operations. An impairment charge would be recorded if the carrying value of the definite lived intangible asset is not recoverable by the future undiscounted cash flows generated from the use of the asset.

The Company determines the useful lives of identifiable intangible assets after considering the specific facts and circumstances related to each intangible asset. Factors considered when determining useful lives include the contractual terms of agreements, the history of the asset, the Company's long-term strategy for the use of the asset, any laws or other local regulations which could impact the useful life of the asset, and other economic factors, including competition and specific market conditions. Intangible assets that are deemed to have definite lives are amortized over their useful lives, ranging from 3 to 15 years.

Goodwill is not amortized. The Company tests goodwill for impairment annually or more frequently if events or circumstances indicate that goodwill might be impaired. The tests utilize a two-step method at the reporting unit level. The Company's reporting units are typically defined as either subsidiaries or a combination of subsidiaries.

In 2011, the Company early adopted, as permitted, new accounting guidance related to annual goodwill impairment testing. The guidance gives the Company the option to perform a qualitative assessment to determine whether it is more-likely-than-not that the fair value of a reporting unit is less than its carrying amount. If the Company concludes that this is the case for a reporting unit, it would proceed to calculating the fair value for that reporting unit as described below. Otherwise, the Company would not be required to perform any further goodwill impairment testing for that reporting unit. However, as it had been four years since the Company retained an outside consultant to assist in its impairment evaluation, the Company performed a detailed step one impairment test in 2013 with the assistance of an outside financial consultant. Due to the acquisition of Telestack

Limited in April 2014, the Company also performed a detailed step one impairment test in 2014 with the assistance of an outside financial consultant. No impairment was indicated in these tests.

The first step of the goodwill impairment test compares book value of a reporting unit, including goodwill, with the unit's fair value. In this first step, the Company estimates the fair values of each of its reporting units that have goodwill using the income approach.

The income approach uses a reporting unit's projection of estimated future operating results and cash flows which are then discounted using a weighted average cost of capital determined based on current market conditions for the individual reporting unit. The projection uses management's best estimates of cash flows over the projection period based on estimates of annual and terminal growth rates in sales and costs, changes in operating margins, selling, general and administrative expenses, working capital requirements and capital expenditures.

The fair value of the operating subsidiaries/reporting units that do not have goodwill are estimated using either the income or market approaches, depending on which approach is to be the most appropriate for each reporting unit. The fair value of the reporting units that serve operating units in supporting roles, such as the captive insurance company and the corporate reporting unit are estimated using the cost approach. The sum of the fair values of all reporting units is compared to its calculation of the fair value of the consolidated Company using the market approach, which is inferred from the market capitalization of the Company at the date of the valuation, to confirm that the Company's estimation of the fair value of its reporting units is reasonable.

If the book value of a reporting unit exceeds its fair value, an indication of possible goodwill impairment, the second step of the impairment test must be performed to determine the amount, if any, of goodwill impairment. In this second step, the total implied fair value of the reporting unit's goodwill is estimated by allocating the fair value of the reporting unit to all its assets, including any unrecognized intangible assets and liabilities other than goodwill. The difference between the total fair value of the reporting unit and the fair value of its assets and liabilities other than goodwill is the implied fair value of its goodwill. The amount of any impairment loss is equal to the excess, if any, of the book value of the goodwill over the implied fair value of its goodwill.

Determining the "step one" fair values of the Company's reporting units involves the use of significant estimates and assumptions. Due to the inherent uncertainty involved in making these estimates and assumptions, actual results could differ materially from those estimates.

Impairment of Long-lived Assets - In the event that facts and circumstances indicate the carrying amounts of long-lived assets may be impaired, an evaluation of recoverability is performed. If an evaluation is required, the estimated future undiscounted cash flows associated with the asset are compared to the carrying amount for each asset (or group of assets) to determine if a write-down is required. If this review indicates that the assets will not be recoverable, the carrying values of the impaired assets are reduced to their estimated fair value. Fair value is estimated using discounted cash flows, prices for similar assets or other valuation techniques.

Self-Insurance Reserves - The Company retains the risk for a portion of its workers' compensation claims and general liability claims by way of a captive insurance company, Astec Insurance Company, ("Astec Insurance" or "the captive"). Astec Insurance is incorporated under the laws of the state of Vermont. The objectives of Astec Insurance are to improve control over and reduce the cost of claims; to improve focus on risk reduction with development of a program structure which rewards proactive loss control; and to ensure management participation in the defense and settlement process for claims.

For general liability claims, the captive is liable for the first $1,000 per occurrence and $2,000 per year in the aggregate. The Company carries general liability, excess liability and umbrella policies for claims in excess of amounts covered by the captive.

For workers' compensation claims, the captive is liable for the first $350 per occurrence and $1,000 per year in the aggregate. The Company utilizes a large national insurance company as third party administrator for workers' compensation claims and carries insurance coverage for claims liabilities in excess of amounts covered by the captive.

The financial statements of the captive are consolidated into the financial statements of the Company. The short-term and long-term reserves for claims and potential claims related to general liability and workers' compensation under the captive are included in accrued loss reserves or other long-term liabilities, respectively, in the consolidated balance sheets depending on the expected timing of future payments. The undiscounted reserves are actuarially determined to cover the ultimate cost of each claim based on the Company's evaluation of the type and severity of individual claims and historical information, primarily its own claims experience, along with assumptions about future events. Changes in assumptions, as well as changes in actual experience, could cause these estimates to change in the future. However, the Company does not believe it is reasonably likely that the reserve level will materially change in the foreseeable future.

The Company is self-insured for health and prescription claims under its Group Health Insurance Plan at all but one of the Company's domestic manufacturing subsidiaries. The Company carries reinsurance coverage to limit its exposure for individual health claims above certain limits. Third parties administer health claims and prescription medication claims. The Company maintains a reserve for the self-insured health plan which is included in accrued loss reserves on the Company's consolidated balance sheets. This reserve includes both unpaid claims and an estimate of claims incurred but not reported, based on historical claims and payment experience. Historically the reserves have been sufficient to provide for claims payments. Changes in actual claims experience or payment patterns could cause the reserve to change, but the Company does not believe it is reasonably likely that the reserve level will materially change in the near future.

The remaining U.S. subsidiary is covered under a fully insured group health plan. Employees of the Company's foreign subsidiaries are insured under separate health plans. No reserves are necessary for these fully insured health plans.

Revenue Recognition - Revenue is generally recognized on sales at the point in time when persuasive evidence of an arrangement exists, the price is fixed or determinable, the product has been delivered or services have been rendered and there is a reasonable assurance of collection of the sales proceeds. The Company generally obtains purchase authorizations from its customers for a specified amount of products at a specified price with specified delivery terms. A significant portion of the Company's equipment sales represents equipment produced in the Company's plants under short-term contracts for a specific customer project or equipment designed to meet a customer's specific requirements. Most of the equipment sold by the Company is based on standard configurations, some of which are modified to meet customer needs or specifications. The Company provides customers with technical design and performance specifications and performs pre-shipment testing to ensure the equipment performs according to design specifications, regardless of whether the Company provides installation services in addition to selling the equipment.

Certain contracts include terms and conditions pursuant to which the Company recognizes revenues upon completion of equipment production, which is subsequently stored at the Company's plant at the customer's request. Revenue is recorded on such contracts upon the customer's assumption of title and risk of ownership and when collectability is reasonably assured. In addition, there must be a fixed schedule of delivery of the goods consistent with the customer's business practices, the Company must not have retained any specific performance obligations such that the earnings process is not complete and the goods must have been segregated from the Company's inventory prior to revenue recognition.

The Company accounts for certain sales as multiple-element arrangements, whereby the revenue attributable to the sale of a product is recognized when the product is shipped and the revenue attributable to services provided with respect to the product (such as installation services) is recognized when the service is performed. Consideration is allocated to deliverables using the relative selling price method using vendor specific objective evidence, if it exists. Otherwise third-party evidence of selling price or the Company's best estimate of the selling price for the deliverables is used. The Company evaluates sales with multiple deliverable elements (such as an agreement to deliver equipment and related installation services) to determine whether revenue related to individual elements should be recognized separately, or as a combined unit. In addition to the previously mentioned general revenue recognition criteria, the Company only recognizes revenue on individual delivered elements when there is objective and reliable evidence that the delivered element has a determinable value to the customer on a standalone basis and there is no right of return.

The Company presents in the statements of income any taxes assessed by a governmental authority that are directly imposed on revenue-producing transactions between the Company and its customers, such as sales, use, value-added and some excise taxes, on a net (excluded from revenue) basis.

Advertising Expense - The cost of advertising is expensed as incurred. The Company incurred $3,657, $3,770, and $4,223 in advertising costs during 2014, 2013 and 2012, respectively, which is included in selling, general and administrative expenses.

Income Taxes - Income taxes are based on pre-tax financial accounting income. Deferred tax assets and liabilities are recognized for the expected tax consequences of temporary differences between the tax bases of assets and liabilities and their reported amounts. The Company periodically assesses the need to establish valuation allowances against its deferred tax assets to the extent the Company no longer believes it is more likely than not that the tax assets will be fully utilized.

The Company evaluates a tax position to determine whether it is more likely than not that the tax position will be sustained upon examination, based upon the technical merits of the position. A tax position that meets the more-likely-than-not recognition threshold is subject to a measurement assessment to determine the amount of benefit to recognize and the appropriate reserve to establish, if any. If a tax position does not meet the more-likely-than-not recognition threshold, no benefit is recognized. The Company is periodically audited by U.S. federal and state as well as foreign tax authorities. While it is often difficult to predict final outcome or timing of resolution of any particular tax matter, the Company believes its reserve for uncertain tax positions is adequate to reduce the uncertain positions to the greatest amount of benefit that is more likely than not realizable.

Product Warranty Reserve - The Company accrues for the estimated cost of product warranties at the time revenue is recognized. Warranty obligations by product line or model are evaluated based on historical warranty claims experience. For machines, the Company's standard product warranty terms generally include post-sales support and repairs of products at no additional charge for periods ranging from three months to two years or up to a specified number of hours of operation. For parts from component suppliers, the Company relies on the original manufacturer's warranty that accompanies those parts. Generally, Company fabricated parts are not covered by specific warranty terms. Although failure of fabricated parts due to material or workmanship is rare, if it occurs, the Company's policy is to replace fabricated parts at no additional charge.

The Company engages in extensive product quality programs and processes, including actively monitoring and evaluating the quality of our component suppliers. Estimated warranty obligations are based upon warranty terms, product failure rates, repair costs and current period machine shipments. If actual product failure rates, repair costs, service delivery costs or post-sales support costs differ from our estimates, revisions to the estimated warranty liability would be required.

Pension and Retirement Plans - The determination of obligations and expenses under the Company's pension plan is dependent on the Company's selection of certain assumptions used by independent actuaries in calculating such amounts. Those assumptions are described in Note 12, Pension and Retirement Plans and include among others, the discount rate, expected return on plan assets and the expected mortality rates. In accordance with accounting principles generally accepted in the United States, actual results that differ from assumptions are accumulated and amortized over future periods and, therefore, generally affect the recognized expense in such periods. Significant differences in actual experience or significant changes in the assumptions used may materially affect the pension obligations and future expenses.

The Company recognizes the overfunded or underfunded status of its pension plan as an asset or liability. Actuarial gains and losses, amortization of prior service cost (credit) and amortization of transition obligations are recognized through other comprehensive income in the year in which the changes occur. The Company measures the funded status of its pension plan as of the date of the Company's fiscal year-end.

Stock-based Compensation - The Company currently has a stock-based compensation plan in effect for its employees and directors whereby participants may earn restricted stock units. The plan and its similar predecessor plan, were put in place initially in 2006 and will continue through at least 2015. These plans are more fully described in Note 16, Shareholders' Equity. The Company recognizes the cost of employee services received in exchange for equity awards in the financial statements based on the grant date calculated fair value of the awards. The Company recognizes stock-based compensation expense over the period during which an employee is required to provide service in exchange for the award (the vesting period).

Restricted stock units ("RSU's") awarded under the Company's 2011 Incentive Plan are granted shortly after the end of each year based upon the performance of the Company and its individual subsidiaries in 2011 through 2015. Additional RSUs may be granted based upon cumulative five-year performance. The Company estimates the number of shares that will be granted for the most recent fiscal year end and the five-year cumulative performance based on actual and expected future operating results. Compensation expense for RSU's expected to be granted for the most recent fiscal year and the cumulative five-year based awards is calculated using the fair value of the Company stock at each period end and is adjusted to the fair value as of each future period-end until granted.

Earnings Per Share - Basic earnings per share is based on the weighted average number of common shares outstanding and diluted earnings per share includes potential dilutive effects of options, restricted stock units and shares held in the Company's supplemental executive retirement plan.

(Dollar and share amounts in thousands, except per share amounts unless otherwise specified)

The following table sets forth the compensation of net income attributable to controlling interest from continuing operations and the number of basic and diluted earnings per share:

	Year Ended December 31		
	2014	**2013**	**2012**
Numerator:			
Net income from continuing operations	$ 34,206	$ 39,214	$ 34,210
Net income (loss) attributable to non-controlling interests	(252)	172	161
Net income attributable to controlling interest from continuing operations	$ 34,458	$ 39,042	$ 34,049
Denominator:			
Denominator for basic earnings per share	22,819	22,749	22,680
Effect of dilutive securities:			
Employee stock options and restricted stock units	176	218	262
Supplemental executive retirement plan	110	114	109
Denominator for diluted earnings per share	23,105	23,081	23,051

Antidilutive options were not included in the diluted EPS computation for the years presented. The number of antidilutive options in the three years ended December 31, 2014 was not material.

Derivatives and Hedging Activities - The Company recognizes all derivatives in the consolidated balance sheets at their fair value. Derivatives that are not hedges are adjusted to fair value through income. If the derivative is a hedge, depending on the nature of the hedge, changes in the fair value of derivatives are either offset against the change in fair value of assets, liabilities, or firm commitments through income or recognized in other comprehensive income until the hedged item is recognized in income. The ineffective portion of a derivative's change in fair value is immediately recognized in income. From time to time the Company's foreign subsidiaries enter into foreign currency exchange contracts to mitigate exposure to fluctuation in currency exchange rates. See Note 13, Derivative Financial Instruments, regarding foreign exchange contracts outstanding at December 31, 2014 and 2013.

Shipping and Handling Fees and Cost - The Company records revenues earned for shipping and handling as revenue, while the cost of shipping and handling is classified as cost of goods sold.

Litigation Contingencies - In the normal course of business in the industry, the Company is named as a defendant in a number of legal proceedings associated with product liability and other matters. See Note 15, Contingent Matters for additional discussion of the Company's legal contingencies.

Business Combinations - The Company accounts for business combinations using the acquisition method. Accordingly, intangible assets are recorded apart from goodwill if they arise from contractual or legal rights or if they are separable from goodwill. Related third party acquisition costs are expensed as incurred and contingent consideration is booked at its fair value as part of the purchase price.

Subsequent Events Review - Management has evaluated events occurring between December 31, 2014 and the date these financial statements were filed with the Securities and Exchange Commission for proper recording or disclosure therein.

Recent Accounting Pronouncements –

In April 2014, the Financial Accounting Standards Board issued Accounting Standards Update No. 2014-08, "Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity," which raises the previous threshold for disposals to qualify as discontinued operations and requires new disclosures for individually material disposal transactions that do not meet the definition of a discontinued operation. The standard also allows companies to have significant continuing involvement and continuing cash flows with the discontinued operation. The standard requires the reclassification of assets and liabilities of a discontinued operation in the balance sheet for all periods presented. The standard is effective for public entities for annual periods beginning on or after December 15, 2014 and is to be implemented prospectively. The Company does not expect the adoption of this statement to have a significant impact on the Company's financial position or results of operations.

(Dollar and share amounts in thousands, except per share amounts unless otherwise specified)

In May 2014, the Financial Accounting Standards Board issued Accounting Standards Update No. 2014-09, "Revenue from Contracts with Customers," which supersedes existing revenue guidance under U.S. GAAP. The standard's core principle is that a company will recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. The implementation of this new standard will require companies to use more judgment and to make more estimates than under current guidance. The standard is effective for public companies for annual periods beginning after December 15, 2016. The Company plans to adopt the new standard effective January 1, 2017. The Company has not yet determined what impact, if any, the adoption of this new standard will have on the Company's financial position or results of operations.

2. Inventories

Inventories consist of the following:

	December 31 2014	December 31 2013
Raw materials and parts	$ 149,171	$ 139,372
Work-in-process	105,163	74,663
Finished goods	102,235	99,812
Used equipment	31,266	28,466
Total	$ 387,835	$ 342,313

3. Fair Value Measurements

The Company has various financial instruments that must be measured at fair value on a recurring basis, including marketable debt and equity securities held by Astec Insurance Company ("Astec Insurance"), the Company's captive insurance company, and marketable equity securities held in an unqualified Supplemental Executive Retirement Plan ("SERP"). The financial assets held in the SERP also constitute a liability of the Company for financial reporting purposes. The Company's subsidiaries also occasionally enter into foreign currency exchange contracts to mitigate exposure to fluctuations in currency exchange rates.

For cash and cash equivalents, trade receivables, other receivables, revolving debt and accounts payable, the carrying amount approximates the fair value because of the short-term nature of these instruments. Investments are carried at their fair value based on quoted market prices for identical or similar assets or, where no quoted prices exist, other observable inputs for the asset. The fair values of foreign currency exchange contracts are based on quotations from various banks for similar instruments using models with market based inputs.

(Dollar and share amounts in thousands, except per share amounts unless otherwise specified)

As indicated in the tables below, the Company has determined that its financial assets and liabilities at December 31, 2014 and 2013 are level 1 and level 2 in the fair value hierarchy:

	December 31, 2014			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial Assets:				
Trading equity securities:				
SERP money market fund	$ 532	$ --	$ --	$ 532
SERP mutual funds	3,195	--	--	3,195
Preferred stocks	973	--	--	973
Trading debt securities:				
Corporate bonds	2,825	1,184	--	4,009
Municipal bonds	--	2,060	--	2,060
Floating rate notes	100	322	--	422
U.S. Treasury bill	622	--	--	622
Other government bonds	--	1,496	--	1,496
Derivative financial instruments	--	547	--	547
Total financial assets	$ 8,247	$ 5,609	$ --	$ 13,856
Financial Liabilities:				
SERP liabilities	$ --	$ 8,128	$ --	$ 8,128
Total financial liabilities	$ --	$ 8,128	$ --	$ 8,128

	December 31, 2013			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial Assets:				
Trading equity securities:				
SERP money market fund	$ 783	$ --	$ --	$ 783
SERP mutual funds	2,813	--	--	2,813
Preferred stocks	1,170	--	--	1,170
Short-term investments in mutual funds	16,073	--	--	16,073
Trading debt securities:				
Corporate bonds	3,696	1,155	--	4,851
Municipal bonds	--	1,908	--	1,908
Floating rate notes	103	446	--	549
U.S. Treasury bill	250	--	--	250
Other government bonds	--	864	--	864
Derivative financial instruments	--	452	--	452
Total financial assets	$ 24,888	$ 4,825	$ --	$ 29,713
Financial Liabilities:				
SERP liabilities	$ --	$ 7,828	$ --	$ 7,828
Total financial liabilities	$ --	$ 7,828	$ --	$ 7,828

The Company reevaluates the volume of trading activity for each of its investments at the end of each reporting period and adjusts the level within the fair value hierarchy as needed. Due to increased trading activity, $164 of investments included in Level 2 at December 31, 2013 were transferred to Level 1 at December 31, 2014.

(Dollar and share amounts in thousands, except per share amounts unless otherwise specified)

4. Investments

The Company's trading securities consist of the following:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value (Net Carrying Amount)
December 31, 2014				
Trading equity securities	$ 4,335	$ 374	$ 9	$ 4,700
Trading debt securities	8,573	107	71	8,609
Total	$ 12,908	$ 481	$ 80	$ 13,309
December 31, 2013				
Trading equity securities	$ 19,411	$ 1,459	$ 31	$ 20,839
Trading debt securities	8,385	174	137	8,422
Total	$ 27,796	$ 1,633	$ 168	$ 29,261

Trading equity investments noted above are valued at their estimated fair value based on their quoted market prices and trading debt securities are valued based upon a mix of observable market prices and model driven prices derived from a matrix of observable market prices for assets with similar characteristics obtained from a nationally recognized third party pricing service. Additionally, a significant portion of the trading equity securities are in equity money market and mutual funds and also comprise a portion of the Company's liability under its SERP. See Note 12, Pension and Retirement Plans, for additional information on these investments and the SERP.

Trading debt securities are comprised mainly of marketable debt securities held by Astec Insurance. Astec Insurance has an investment strategy that focuses on providing regular and predictable interest income from a diversified portfolio of high-quality fixed income securities.

Net unrealized gains or losses incurred on investments still held as of the end of each reporting period amounted to a loss of $17 in 2014 and gains of $175 and $173 in 2013 and 2012, respectively.

5. Goodwill

Goodwill represents the excess of the purchase price over the fair value of identifiable net assets acquired in business combinations. Current U.S. accounting guidance provides that goodwill and indefinite-lived intangible assets be tested for impairment at least annually. The Company performs the required valuation procedures each year as of December 31 after the following year's forecasts are submitted and reviewed. The valuations performed in 2014, 2013 and 2012 indicated no impairment of goodwill.
The changes in the carrying amount of goodwill by reporting segment during the years ended December 31, 2014 and 2013 are as follows:

	Infrastructure Group	Aggregate and Mining Group	Energy Group	Corporate	Total
Balance, December 31, 2012	$ 8,673	$ 6,338	$ --	$ --	$ 15,011
Foreign currency translation	46	--	--	--	46
Balance, December 31, 2013	8,719	6,338	--	--	15,057
Acquisition	--	18,256	--	--	18,256
Foreign currency translation	(135)	(1,183)	--	--	(1,318)
Balance, December 31, 2014	$ 8,584	$ 23,411	$ --	$ --	$ 31,995

6. Long-lived and Intangible Assets

Long-lived assets, including finite-lived intangible assets, are reviewed for impairment when events or changes in circumstances indicate that the carrying value of the assets may not be recoverable. Impairment losses for long-lived assets "held and used" and finite-lived intangible assets are recorded if the sum of the estimated future undiscounted cash flows used to test for recoverability is less than the carrying value.

(Dollar and share amounts in thousands, except per share amounts unless otherwise specified)

Amortization expense on intangible assets was $2,735, $1,066 and $1,855 for 2014, 2013 and 2012, respectively. Intangible assets consisted of the following at December 31, 2014 and 2013:

	2014			2013		
	Gross Carrying Value	Accumulated Amortization	Net Carrying Value	Gross Carrying Value	Accumulated Amortization	Net Carrying Value
Dealer network and customer relationships	$ 13,600	$ (4,245)	$ 9,355	$ 6,678	$ (3,019)	$ 3,659
Trade names	4,984	(645)	4,339	2,575	(353)	2,222
Other	5,471	(1,893)	3,578	1,535	(873)	662
Total	$ 24,055	$ (6,783)	$ 17,272	$ 10,788	$ (4,245)	$ 6,543

Intangible asset amortization expense is expected to be $3,152, $2,863, $2,466, $2,241, and $1,589 in the years ending December 31, 2015, 2016, 2017, 2018 and 2019, respectively, and $4,961 thereafter.

7. Property and Equipment

Property and equipment consist of the following:

	December 31	
	2014	2013
Land	$ 14,024	$ 13,952
Building and land improvements	146,266	136,000
Manufacturing and office equipment	235,623	227,641
Aviation equipment	13,698	14,913
Less accumulated depreciation	(222,001)	(207,986)
Total	$ 187,610	$ 184,520

Depreciation expense was $21,343, $20,966 and $20,945 for the years ended December 31, 2014, 2013 and 2012, respectively.

In late January 2015, the Company decided to end production at its Astec Underground, Inc.'s Loudon, Tennessee manufacturing facility by June 2015. Production of the product lines, which are included in the Energy Group, currently manufactured in Loudon will be transferred to the Company's GEFCO subsidiary's manufacturing facility in Enid, Oklahoma. As a result of this action, the Company intends to sell the land and building located in Loudon which have a net book value of $9,209 at December 31, 2014. The Company evaluated the facility for impairment and determined that no impairment existed at December 31, 2014.

8. Leases

The Company leases certain land, buildings and equipment for use in its operations under various operating leases. Total rental expense charged to operations under operating leases was approximately $2,544, $2,436 and $2,753 for the years ended December 31, 2014, 2013 and 2012, respectively.

Minimum rental commitments for all noncancelable operating leases at December 31, 2014 are as follows:

2015	$ 1,463
2016	1,274
2017	434
2018	102
2019	25
Thereafter	--
	$ 3,298

(Dollar and share amounts in thousands, except per share amounts unless otherwise specified)

9. Debt

On April 12, 2012, the Company and certain of its subsidiaries entered into an amended and restated credit agreement with Wells Fargo whereby Wells Fargo extended to the Company an unsecured line of credit of up to $100,000, including a sub-limit for letters of credit of up to $25,000. The amended and restated credit agreement replaced the expiring $100,000 credit facility between the Company and Wells Fargo. There were no outstanding revolving or term loan borrowings under the credit facility at December 31, 2014 or 2013. Letters of credit totaling $12,645 were outstanding under the credit facility as of December 31, 2014, resulting in additional borrowing ability of $87,355 on the credit facility as of December 31, 2014. The amended and restated agreement has a five-year term expiring in April 2017. Borrowings under the agreement are subject to an interest rate equal to the daily one-month LIBOR rate plus a 0.75% margin. The unused facility fee is 0.175%. Interest only payments are due monthly. The credit agreement contains certain financial covenants, including provisions concerning required levels of annual net income, minimum tangible net worth and maximum allowed capital expenditures. The Company was in compliance with these covenants as of December 31, 2014.

The Company's South African subsidiary, Osborn Engineered Products SA (Pty) Ltd ("Osborn"), has a credit facility of $8,227 (ZAR 95,000) to finance short-term working capital needs, as well as to cover performance letters of credit, advance payment and retention guarantees. As of December 31, 2014, Osborn had borrowings of $2,814 and $487 in performance, advance payment and retention guarantees outstanding under the facility. The facility is guaranteed by Astec Industries, Inc. The facility's 0.75% unused facility is waived if 50% or more of the facility is utilized. As of December 31, 2014, Osborn had available credit under the facility of $4,926. The interest rate is 0.25% less than the South Africa prime rate, resulting in a rate of 9.00% as of December 31, 2014. Osborn's loans are included in the accompanying balance sheets as short-term debt of $2,814.

The Company's Brazilian subsidiary, Astec do Brasil Fabricacao de Equipamentos Ltda. ("Astec Brazil"), has outstanding working capital loans totaling $5,658 from a Brazilian bank with interest rates of approximately 12.5%. The loans have maturity dates ranging from May 2016 to September 2017 and are secured by letters of credit totaling $8,674 issued by Astec Industries, Inc. Additionally, Astec Brazil has various 5-year equipment financing loans outstanding with another Brazilian bank in the aggregate of $2,430 as of December 31, 2014 that have interest rates ranging from 3.5% to 6.0%. These equipment loans have maturity dates ranging from January 2019 to September 2019. Astec Brazil's loans are included in the accompanying balance sheets as short-term debt of $1,027 and long-term debt of $7,061.

Long-term debt maturities are expected to be $1,027, $4,783, $1,018, $988 and $199 in the years ending December 31, 2015, 2016, 2017, 2018 and 2019, respectively, and $73 thereafter.

10. Product Warranty Reserves

The Company warrants its products against manufacturing defects and performance to specified standards. The warranty period and performance standards vary by product, but generally range from three months to two years or up to a specified number of hours of operation. The Company estimates the costs that may be incurred under its warranties and records a liability at the time product sales are recorded. The warranty liability is primarily based on historical claim rates, nature of claims and the associated costs.

Changes in the Company's product warranty liability during 2014, 2013 and 2012 are as follows:

	2014	2013	2012
Reserve balance, beginning of year	$ 12,716	$ 11,052	$ 12,663
Warranty liabilities accrued	12,796	12,199	11,152
Warranty liabilities settled	(15,563)	(10,171)	(11,022)
Other	83	(364)	(1,741)
Reserve balance, end of year	$ 10,032	$ 12,716	$ 11,052

(Dollar and share amounts in thousands, except per share amounts unless otherwise specified)

11. Accrued Loss Reserves

The Company accrues reserves for losses related to known workers' compensation and general liability claims that have been incurred but not yet paid or are estimated to have been incurred but not yet reported to the Company. The undiscounted reserves are actuarially determined based on the Company's evaluation of the type and severity of individual claims and historical information, primarily its own claim experience, along with assumptions about future events. Changes in assumptions, as well as changes in actual experience, could cause these estimates to change in the future. Total accrued loss reserves at December 31, 2014 were $7,562 compared to $7,344 at December 31, 2013, of which $4,512 and $4,016 was included in other long-term liabilities at December 31, 2014 and 2013, respectively.

12. Pension and Retirement Plans

Prior to December 31, 2003, all employees of the Company's Kolberg-Pioneer, Inc. subsidiary were covered by a defined benefit pension plan. After December 31, 2003, all benefit accruals under the plan ceased and no new employees could become participants in the plan. Benefits paid under this plan are based on years of service multiplied by a monthly amount. The Company's funding policy for the plan is to make the minimum annual contributions required by applicable regulations.

The Company's investment strategy for the plan is to earn a rate of return, based on the fair value of plan assets, sufficient to match or exceed the long- term growth of pension liabilities. The investment policy states that the Plan Committee in its sole discretion shall determine the allocation of plan assets among the following four asset classes: cash equivalents, fixed-income securities, domestic equities and international equities. The Plan Committee attempts to ensure adequate diversification of the invested assets through investment in an exchange traded mutual fund that invests in a diversified portfolio of stocks, bonds and money market securities.

The following provides information regarding benefit obligations, plan assets and the funded status of the plan:

	Pension Benefits	
	2014	**2013**
Change in benefit obligation		
Benefit obligation, beginning of year	$ 13,815	$ 14,958
Interest cost	620	561
Actuarial (gain)/loss	2,118	(1,178)
Benefits paid	(567)	(526)
Benefit obligation, end of year	15,986	13,815
Accumulated benefit obligation	$ 15,986	$ 13,815
Change in plan assets		
Fair value of plan assets, beginning of year	$ 12,693	$ 10,784
Actual gain on plan assets	819	1,624
Employer contribution	338	811
Benefits paid	(567)	(526)
Fair value of plan assets, end of year	13,283	12,693
Funded status, end of year	$ (2,703)	$ (1,122)
Amounts recognized in the consolidated balance sheets		
Noncurrent liabilities	$ (2,703)	$ (1,122)
Net amount recognized	$ (2,703)	$ (1,122)
Amounts recognized in accumulated other comprehensive income consist of		
Net loss	$ 5,896	$ 4,076
Net amount recognized	$ 5,896	$ 4,076
Weighted average assumptions used to determine benefit obligations as of December 31		
Discount rate	3.81%	4.60%
Expected return on plan assets	7.00%	7.00%
Rate of compensation increase	N/A	N/A

(Dollar and share amounts in thousands, except per share amounts unless otherwise specified)

The measurement date used for the plan was December 31.

In determining the expected return on plan assets, the historical experience of the plan assets, the current and expected allocation of the plan assets and the expected long-term rates of return were considered.

All assets in the plan are invested in an exchange traded mutual fund (level 1 in the fair value hierarchy). The allocation of assets within the mutual fund as of the measurement date (December 31) and the target asset allocation ranges by asset category are as follows:

Asset Category	Actual Allocation		2014 & 2013 Target Allocation Ranges
	2014	2013	
Equity securities	65.6%	65.4%	53 - 73%
Debt securities	30.1%	27.8%	21 - 41%
Money market funds	4.3%	6.8%	0 - 15%
Total	100.0%	100.0%	

Net periodic benefit cost for 2014, 2013 and 2012 included the following components:

	Pension Benefits		
	2014	2013	2012
Components of net periodic benefit cost			
Interest cost	$ 620	$ 561	$ 599
Expected return on plan assets	(816)	(693)	(648)
Amortization of actuarial loss	295	536	502
Net periodic benefit cost	$ 99	$ 404	$ 453
Other changes in plan assets and benefit obligations recognized in other comprehensive income			
Net actuarial (gain)/loss for the year	$ 2,115	$ (2,109)	$ 656
Amortization of net loss	(295)	(536)	(502)
Total recognized in other comprehensive income	1,820	(2,645)	154
Total recognized in net periodic benefit cost and other comprehensive income	$ 1,919	$ (2,241)	$ 607
Weighted average assumptions used to determine net periodic benefit cost for years ended December 31			
Discount rate	4.60%	3.82%	4.46%
Expected return on plan assets	7.00%	7.00%	7.00%

No contributions are expected to be funded by the Company in 2015.

Amounts in accumulated other comprehensive income expected to be recognized in net periodic benefit cost in 2015 for the amortization of a net loss is $500 using the 10% corridor approach as allowed by ASC 715.

The following estimated future benefit payments are expected to be paid in the years indicated:

	Pension Benefits
2015	$ 710
2016	760
2017	800
2018	830
2019	860
2020 - 2024	4,500

(Dollar and share amounts in thousands, except per share amounts unless otherwise specified)

The Company sponsors a 401(k) defined contribution plan to provide eligible employees with additional income upon retirement. The Company's contributions to the plan are based on employee contributions. The Company's contributions totaled $5,134, $4,941, and $5,099 in 2014, 2013 and 2012, respectively.

The Company maintains a Supplemental Executive Retirement Plan ("SERP") for certain of its executive officers. The plan is a non-qualified deferred compensation plan administered by the Board of Directors of the Company, pursuant to which the Company makes quarterly cash contributions of a certain percentage of executive officers' compensation. Investments are self-directed by participants and can include Company stock. Upon retirement, participants receive their apportioned share of the plan assets in the form of cash.

Assets of the SERP consist of the following:

	December 31, 2014		December 31, 2013	
	Cost	Market	Cost	Market
Company stock	$ 2,929	$ 4,401	$ 2,786	$ 4,232
Equity securities	3,368	3,727	3,241	3,596
Total	$ 6,297	$ 8,128	$ 6,027	$ 7,828

The Company periodically adjusts the deferred compensation liability such that the balance of the liability equals the total fair market value of all assets held by the trust established under the SERP. Such liabilities are included in other long-term liabilities on the consolidated balance sheets. The equity securities are included in investments in the consolidated balance sheets and classified as trading equity securities. See Note 4, Investments, for additional information. The cost of the Company stock held by the plan is included as a reduction in shareholders' equity in the consolidated balance sheets.

The change in the fair market value of Company stock held in the SERP results in a charge or credit to selling, general and administrative expenses in the consolidated statements of income because the acquisition cost of the Company stock in the SERP is recorded as a reduction of shareholders' equity and is not adjusted to fair market value; however, the related liability is adjusted to the fair market value of the stock as of each period end. The Company recognized expense of $74, $601 and $115 in 2014, 2013 and 2012, respectively, related to the change in the fair value of the Company stock held in the SERP.

13. Derivative Financial Instruments

The Company is exposed to certain risks relating to its ongoing business operations. The primary risk managed by using derivative instruments is foreign currency risk. From time to time the Company's foreign subsidiaries enter into foreign currency exchange contracts to mitigate exposure to fluctuations in currency exchange rates. The fair value of the derivative financial instrument is recorded on the Company's consolidated balance sheets and is adjusted to fair value at each measurement date. The changes in fair value are recognized in the consolidated statements of income in the current period. The Company does not engage in speculative transactions nor does it hold or issue derivative financial instruments for trading purposes. The average U.S. dollar equivalent notional amount of outstanding foreign currency exchange contracts was $10,328 during 2014. At December 31, 2014, the Company reported $434 of derivative assets in other current assets and $113 of derivative assets in other long-term assets. The Company reported $452 of derivative assets in other current assets at December 31, 2013. The Company recognized, as a component of cost of sales, a net gain on the change in fair value of derivative instruments of $438 and $1,061 for the years ended December 31, 2014 and 2013, respectively. The Company recognized, as a component of cost of sales, a net loss on the change in fair value of derivative instruments of $594 for the year ended December 31, 2012. There were no derivatives that were designated as hedges at December 31, 2014 or 2013.

(Dollar and share amounts in thousands, except per share amounts unless otherwise specified)

14. Income Taxes

For financial reporting purposes, income from continuing operations before income taxes includes the following components:

	Year Ended December 31		
	2014	2013	2012
Continuing operations			
United States	$ 57,651	$ 53,315	$ 47,400
Foreign	(4,045)	4,927	6,297
Income from continuing operations before income taxes	$ 53,606	$ 58,242	$ 53,697

The provision for income taxes consists of the following:

	Year Ended December 31		
	2014	2013	2012
Continuing operations			
Current provision:			
Federal	$ 18,713	$ 16,239	$ 9,637
State	2,992	2,785	2,096
Foreign	243	2,664	1,996
Total current provision	21,948	21,688	13,729
Deferred provision (benefit):			
Federal	(1,627)	(885)	6,135
State	(222)	(923)	(768)
Foreign	(699)	(852)	391
Total deferred provision (benefit)	(2,548)	(2,660)	5,758
Total provision (benefit):			
Federal	17,086	15,354	15,772
State	2,770	1,862	1,328
Foreign	(456)	1,812	2,387
Income tax provision on continuing operations	19,400	19,028	19,487
Income tax provision on discontinued operations	--	--	3,796
Total tax provision	$ 19,400	$ 19,028	$ 23,283

The Company's income tax provision is computed based on the domestic and foreign federal statutory rates and the average state statutory rates, net of related federal benefit.

(Dollar and share amounts in thousands, except per share amounts unless otherwise specified)

The provision for income taxes differs from the amount computed by applying the statutory federal income tax rate to income before income taxes. A reconciliation of the provision for income taxes at the statutory federal income tax rate to the amount provided is as follows:

	Year Ended December 31		
	2014	2013	2012
Continuing operations			
Tax at the statutory federal income tax rate	$ 18,762	$ 20,385	$ 18,794
Qualified production activity deduction	(1,360)	(1,395)	(958)
State income tax, net of federal income tax	1,727	1,105	758
Other permanent differences	840	464	360
Research and development tax credits	(1,323)	(2,054)	(419)
Change in valuation allowance	1,675	810	1,034
Other items	(921)	(287)	(82)
Income tax provision on continued operations	19,400	19,028	19,487
Income tax provision on discontinued operations	--	--	3,796
Total tax provision	$ 19,400	$ 19,028	$ 23,283

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes.

Significant components of the Company's deferred tax assets and liabilities are as follows:

	December 31	
	2014	2013
Deferred tax assets:		
Inventory reserves	$ 6,539	$ 6,340
Warranty reserves	2,988	3,558
Bad debt reserves	598	636
State tax loss carryforwards	2,377	2,100
Accrued vacation	2,060	1,805
SERP	1,231	1,245
Deferred compensation	1,255	1,226
Restricted stock units	2,256	2,601
Foreign exchange gains/losses	3,111	2,345
Pension and post-employment benefits	2,197	1,498
Foreign deferred tax assets	3,311	3,642
Foreign net operating losses	3,168	1,561
Other	3,267	2,708
Valuation allowances	(6,029)	(4,354)
Total deferred tax assets	28,329	26,911
Deferred tax liabilities:		
Property and equipment	19,394	19,711
Amortization	1,087	1,200
Goodwill	2,014	2,012
Pension	1,313	1,132
Foreign tax rate differential	2,236	3,681
Foreign deferred tax liabilities	3,820	1,227
Total deferred tax liabilities	29,864	28,963
Total net deferred liabilities	$ (1,535)	$ (2,052)

(Dollar and share amounts in thousands, except per share amounts unless otherwise specified)

As of December 31, 2014, the Company has state net operating loss carryforwards of $56,116, foreign net operating loss carryforwards of approximately $10,482, and state tax credit carryforwards of $1,161 for tax purposes, which will be available to offset future taxable income. If not used, these carryforwards will expire between 2015 and 2028. A significant portion of the valuation allowance for deferred tax assets relates to the future utilization of state and foreign net operating loss and state tax credit carryforwards. Future utilization of these net operating loss and state tax credit carryforwards is evaluated by the Company on a periodic basis and the valuation allowance is adjusted accordingly. In 2014, the valuation allowance on these carryforwards was increased by $1,720 due to uncertainty about whether certain entities will realize their state and foreign net operating loss carryforwards. The Company has also determined that the recovery of certain other deferred tax assets is uncertain. The valuation allowance for these deferred tax assets was decreased by $45.

Undistributed earnings of the Company's Canadian subsidiary, Breaker Technology Ltd., and Northern Ireland subsidiary, Telestack Limited, are considered to be indefinitely reinvested; accordingly, no provision for U.S. federal and state income taxes has been provided thereon. Upon repatriation of those earnings, in the form of dividends or otherwise, the Company would be subject to additional U.S. income taxes, net of an adjustment for foreign tax credits and possible withholding taxes payable. The cumulative amount of Breaker Technology, Ltd.'s unrecovered basis difference is $8,900 as of December 31, 2014. The cumulative amount of Telestack Limited's unrecovered basis difference is $1,000 as of December 31, 2014. The determination of the unrecognized deferred tax liability on the basis difference is not practical at this time.

The Company files income tax returns in the U.S. federal jurisdiction, and in various state and foreign jurisdictions. The Company is no longer subject to U.S. federal income tax examinations by authorities for years prior to 2010. With few exceptions, the Company is no longer subject to state and local or non-U.S. income tax examinations by authorities for years prior to 2007.

The Company has a liability for unrecognized tax benefits of $2,585 and $1,933 (excluding accrued interest and penalties) as of December 31, 2014 and 2013, respectively. The Company recognizes interest and penalties accrued related to unrecognized tax benefits in tax expense. The Company recognized tax benefits of $107 and $101 in 2014 and 2013, respectively, for penalties and interest related to amounts that were settled for less than previously accrued. The net total amount of unrecognized tax benefits that, if recognized, would affect the Company's effective tax rate is $2,722 and $1,954 at December 31, 2014 and 2013, respectively. The Company does not expect a significant increase or decrease to the total amount of unrecognized tax benefits within the next twelve months.

A reconciliation of the beginning and ending unrecognized tax benefits excluding interest and penalties is as follows:

	December 31		
	2014	2013	2012
Balance, beginning of year	$ 1,933	$ 2,095	$ 1,682
Additions for tax positions related to the current year	127	102	396
Additions for tax positions related to prior years	525	128	90
Reductions due to lapse of statutes of limitations	--	(149)	(73)
Decreases related to settlements with tax authorities	--	(243)	--
Balance, end of year	$ 2,585	$ 1,933	$ 2,095

The December 31, 2014 balance of unrecognized tax benefits includes no tax positions for which the ultimate deductibility is highly certain but the timing of such deductibility is uncertain. Accordingly, there is no impact to the deferred tax accounting for certain tax benefits.

15. Contingent Matters

Certain customers have financed purchases of Company products through arrangements in which the Company is contingently liable for customer debt of $2,419 and $693 at December 31, 2014 and 2013, respectively. The maximum potential amount of future payments for which the Company would be liable was equal to $2,419 as of December 31, 2014. These arrangements also provide that the Company will receive the lender's full security interest in the equipment financed if the Company is required to fulfill its contingent liability under these arrangements. The Company has recorded a liability of $101 related to these guarantees as of December 31, 2014.

In addition, the Company is contingently liable under letters of credit issued by Wells Fargo totaling $12,645 as of December 31, 2014, including $8,674 of letters of credit guaranteeing certain Astec Brazil bank debt. The outstanding letters of credit expire at various dates through November 2017. As of December 31, 2014, Osborn is contingently liable for a total of $487 in performance letters of credit, advance payments and retention guarantees. As of December 31, 2014, Astec Australia is contingently liable for a total of $23 in performance bank guarantees. The maximum potential amount of future payments under these letters of credit and guarantees for which the Company could be liable is $13,155 as of December 31, 2014.

The Company is currently a party to various claims and legal proceedings that have arisen in the ordinary course of business. If management believes that a loss arising from such claims and legal proceedings is probable and can reasonably be estimated, the Company records the amount of the loss (excluding estimated legal fees) or the minimum estimated liability when the loss is estimated using a range and no point within the range is more probable than another. As management becomes aware of additional information concerning such contingencies, any potential liability related to these matters is assessed and the estimates are revised, if necessary. If management believes that a loss arising from such claims and legal proceedings is either (i) probable but cannot be reasonably estimated or (ii) reasonably possible but not probable, the Company does not record the amount of the loss, but does make specific disclosure of such matter. Based upon currently available information and with the advice of counsel, management believes that the ultimate outcome of its current claims and legal proceedings, individually and in the aggregate, will not have a material adverse effect on the Company's financial position, cash flows or results of operations. However, claims and legal proceedings are subject to inherent uncertainties and rulings unfavorable to the Company could occur. If an unfavorable ruling were to occur, there exists the possibility of a material adverse effect on the Company's financial position, cash flows or results of operations.

During 2004, the Company received notice from the Environmental Protection Agency ("EPA") that it may be responsible for a portion of the costs incurred in connection with an environmental cleanup in Illinois. The discharge of hazardous materials and associated cleanup relate to activities occurring prior to the Company's acquisition of Barber-Greene in 1986. The Company believes that over 300 other parties have received similar notices. At this time, the Company cannot predict whether the EPA will seek to hold the Company liable for a portion of the cleanup costs or the amount of any such liability. The Company has not recorded a liability with respect to this matter because no estimate of the amount of any such liability can be made at this time.

16. Shareholders’ Equity

Beginning in 2006 and again in 2011, the Company implemented five-year plans to award key members of management restricted stock units (“RSUs”) each year based upon annual financial performance of the Company and its subsidiaries. Each five-year plan allows up to 700 of newly issued shares of Company stock to be granted to employees. The number of RSUs granted each year is determined based upon the performance of individual subsidiaries and consolidated annual financial performance, with additional RSUs available for cumulative five-year results. Generally, each award vests at the end of five years from the date of grant, or at the time a recipient retires after reaching age 65, if earlier. The fair value of the RSUs that vested during 2014, 2013 and 2012 was $3,045, $2,405, and $2,719, respectively. The grant date tax benefit was reduced by $470, $77 and $67 upon the vesting of RSUs in 2014, 2013 and 2012, respectively.

Compensation expense of $961, $1,231, and $1,054 was recorded in the years ended December 31, 2014, 2013 and 2012, respectively, to reflect the fair value of RSUs granted (or anticipated to be granted for 2014 performance) less estimated forfeitures, amortized over the portion of the vesting period occurring during the period. Related income tax benefits of $348, $417, and $387 were recorded in 2014, 2013 and 2012, respectively. Based upon the grant date fair value of RSUs, it is anticipated that $2,217 of additional compensation costs will be recognized in future periods through 2022 for RSUs earned through December 31, 2014. The weighted average period over which this additional compensation cost will be expensed is 3.8 years. RSUs do not participate in Company paid dividends.

(Dollar and share amounts in thousands, except per share amounts unless otherwise specified)

Changes in restricted stock units during the year ended December 31, 2014 are as follows:

	2014	Weighted Average Grant Date Fair Value
Unvested restricted stock units, beginning of year	262	$ 30.54
Restricted stock units granted	14	40.52
Restricted stock units forfeited	(4)	32.65
Restricted stock units vested	(75)	24.38
Unvested restricted stock units, end of year	197	33.54

The grant date fair value of the restricted stock units granted during 2014, 2013 and 2012 was $561, $763 and $1,303, respectively.

The Company has adopted an Amended and Restated Shareholder Protection Rights Agreement and declared a distribution of one right (the "Right") for each outstanding share of Company common stock, par value $0.20 per share (the "Common Stock"). Each Right entitles the registered holder (other than the "Acquiring Person" as defined below) to purchase from the Company one one-hundredth of a share (a "Unit") of Series A Participating Preferred Stock, par value $1.00 per share (the "Preferred Stock"), at a purchase price of $72.00 per Unit, subject to adjustment. The Rights currently attach to the certificates representing shares of outstanding Company Common Stock, and no separate Rights certificates will be distributed. The Rights will separate from the Common Stock upon the earlier of ten business days (unless otherwise delayed by the Board) following the: 1) public announcement that a person or group of affiliated or associated persons (the "Acquiring Person") has acquired, obtained the right to acquire, or otherwise obtained beneficial ownership of fifteen percent (15%) or more of the then outstanding shares of Common Stock, or 2) commencement of a tender offer or exchange offer that would result in an Acquiring Person beneficially owning fifteen percent (15%) or more of the then outstanding shares of Common Stock. The Board of Directors may terminate the Rights without any payment to the holders thereof at any time prior to the close of business ten business days following announcement by the Company that a person has become an Acquiring Person. Once the Rights are separated from the Common Stock, then the Rights entitle the holder (other than the Acquiring Person) to purchase shares of Common Stock (rather than Preferred Stock) having a current market value equal to twice the Unit purchase price. The Rights, which do not have voting power and are not entitled to dividends, expire on December 22, 2015. In the event of a merger, consolidation, statutory share exchange or other transaction in which shares of Common Stock are exchanged, each Unit of Preferred Stock will be entitled to receive the per share amount paid in respect of each share of Common Stock.

17. Operations by Industry Segment and Geographic Area

Due to the recent change in the Company's chief operating decision maker, sale of a Company subsidiary and other Company product lines, and the transfer of responsibility for certain product lines between Company subsidiaries, the composition of the Company's reportable segments was changed as of January 1, 2014. Historical segment information presented has been reclassified to reflect the new segment structure. The Company now has three reportable segments, each of which is comprised of multiple business units that offer similar products and services and meet the requirements for aggregation. A brief description of each segment is as follows:

Infrastructure Group - This segment consists of five business units, three of which design, engineer, manufacture and market a complete line of portable, stationary and relocatable hot-mix asphalt plants, wood pellet plants, asphalt pavers, material transfer vehicles, milling machines and paver screeds. The other two business units in this segment primarily operate as Company-owned dealers in the foreign countries in which they are domiciled. These two business units sell, service and install products produced by the manufacturing subsidiaries of the Company, and a majority of their sales are to customers in the infrastructure industry. The principal purchasers of the products produced by this group are asphalt producers, highway and heavy equipment contractors, wood pellet processors and foreign and domestic governmental agencies.

Aggregate and Mining Group - This segment consists of eight business units that design, engineer, manufacture and market a complete line of jaw crushers, cone crushers, horizontal shaft impactors, vertical shaft impactors, material handling, roll rock crushers and stationary rockbreaker systems, vibrating feeders and high frequency vibrating screens, conveyors, inclined, vertical and horizontal screens and sand classifying and washing equipment. The principal purchasers of products produced by this group are distributors, open mine operators, quarry operators, port and inland terminal operators, highway and heavy equipment contractors and foreign and domestic governmental agencies. This group includes the operations of Telestack Limited, which was acquired in April 2014.

Energy Group - This segment consists of five business units that design, engineer, manufacture and market a complete line of drilling rigs for the oil and gas, geothermal and water well industries, high pressure diesel pump trailers for fracking and cleaning oil and gas wells, a variety of industrial heaters to fit a broad range of applications including heating equipment for refineries, oil sands and energy related processing, heat transfer processing equipment, thermal fluid storage tanks, waste heat recovery equipment, whole-tree pulpwood and biomass chippers and horizontal grinders. The principal purchasers of products produced by this group are oil, gas and water well drilling industry contractors, processors of oil, gas and biomass for energy production and contractors in the construction and demolition recycling markets.

Corporate - This category consists of business units that do not meet the requirements for separate disclosure as an operating segment or inclusion in one of the other reporting segments and includes the Company's parent company, Astec Industries, Inc., and Astec Insurance Company, a Company-owned captive insurance company. The Company evaluates performance and allocates resources to its operating segments based on profit or loss from operations before U.S. federal income taxes and corporate overhead and thus these costs are included in the Corporate category.

The accounting policies of the reportable segments are the same as those described in the summary of significant accounting policies. Intersegment sales and transfers are valued at prices comparable to those for unrelated parties.

(Dollar and share amounts in thousands, except per share amounts unless otherwise specified)

Segment information for 2014

	Infrastructure Group	Aggregate and Mining Group	Energy Group	Corporate	Total
Revenues from external customers	$ 386,356	$ 384,883	$ 204,356	$ --	$ 975,595
Intersegment revenues	26,661	33,009	17,548	--	77,218
Interest expense	31	463	11	215	720
Depreciation and amortization	7,045	10,120	6,358	853	24,376
Income taxes	1,365	1,235	348	16,452	19,400
Profit (loss)	29,477	32,900	10,316	(35,270)	37,423
Assets	539,794	494,428	244,003	305,282	1,583,507
Capital expenditures	5,375	16,169	2,875	413	24,832

Segment information for 2013

	Infrastructure Group	Aggregate and Mining Group	Energy Group	Corporate	Total
Revenues from external customers	$ 398,399	$ 350,514	$ 184,085	$ --	$ 932,998
Intersegment revenues	21,682	45,435	12,857	--	79,974
Interest expense	13	12	4	394	423
Depreciation and amortization	7,417	7,906	6,114	828	22,265
Income taxes	1,567	2,642	46	14,773	19,028
Profit (loss)	32,814	33,031	4,005	(30,367)	39,483
Assets	502,831	427,565	223,389	315,560	1,469,345
Capital expenditures	6,214	15,649	5,510	300	27,673

Segment Information for 2012

	Infrastructure Group	Aggregate and Mining Group	Energy Group	Corporate	Total
Revenues from external customers	$ 390,753	$ 355,428	$ 190,092	$ --	$ 936,273
Intersegment revenues	29,651	25,776	19,376	--	74,803
Interest expense	143	32	--	164	339
Depreciation and amortization	7,454	7,381	5,320	780	20,935
Income taxes on continuing operations	718	1,582	175	17,012	19,487
Profit (loss)	26,916	34,687	6,149	(33,023)	34,729
Assets	478,621	399,832	220,356	321,753	1,420,562
Capital expenditures	6,874	9,376	9,604	164	26,018

(Dollar and share amounts in thousands, except per share amounts unless otherwise specified)

The totals of segment information for all reportable segments reconciles to consolidated totals as follows:

	2014	2013	2012
Net income attributable to controlling interest			
Total profit for reportable segments	$ 72,693	$ 69,850	$ 67,752
Corporate expenses, net	(35,270)	(30,367)	(33,023)
Net (income) loss attributable to non-controlling interest	252	(172)	(161)
Elimination of intersegment profit	(3,217)	(269)	(519)
Income from discontinued operations, net of tax	--	--	3,401
Gain on sale of subsidiary, net of tax	--	--	3,378
Total consolidated net income attributable to controlling interest	$ 34,458	$ 39,042	$ 40,828
Assets			
Total assets for reportable segments	$ 1,278,225	$ 1,153,785	$ 1,098,809
Corporate assets	305,282	315,560	321,753
Elimination of intercompany profit in inventory	(7,896)	(4,679)	(4,410)
Elimination of intercompany receivables	(515,625)	(482,768)	(469,254)
Elimination of investment in subsidiaries	(227,051)	(195,199)	(186,556)
Other eliminations	(27,470)	(37,408)	(31,559)
Total consolidated assets	$ 805,465	$ 749,291	$ 728,783
Interest expense			
Total interest expense for reportable segments	$ 505	$ 29	$ 175
Corporate interest expense	215	394	164
Total consolidated interest expense	$ 720	$ 423	$ 339
Depreciation and amortization			
Total depreciation and amortization for reportable segments	$ 23,523	$ 21,437	$ 20,155
Corporate depreciation and amortization	853	828	780
Depreciation from discontinued operations	--	--	2,113
Total consolidated depreciation and amortization	$ 24,376	$ 22,265	$ 23,048
Capital expenditures			
Total capital expenditures for reportable segments	$ 24,419	$ 27,373	$ 25,854
Corporate capital expenditures	413	300	164
Total consolidated capital expenditures	$ 24,832	$ 27,673	$ 26,018

(Dollar and share amounts in thousands, except per share amounts unless otherwise specified)

Sales into major geographic regions were as follows:

	Year Ended December 31		
	2014	**2013**	**2012**
United States	$ 654,230	$ 599,054	$ 572,522
Canada	61,898	70,991	79,554
South America (excluding Brazil)	49,797	33,526	38,049
Africa	47,940	62,911	60,811
Australia and Oceania	34,772	47,505	62,683
Russia	25,589	17,440	14,641
Other Asian Countries	17,018	5,836	8,315
Middle East	13,327	6,699	6,705
Brazil	12,869	11,620	15,675
Other European Countries	12,365	15,428	20,249
Mexico	9,993	15,917	23,084
Central America (excluding Mexico)	9,275	5,620	6,843
Post-Soviet States (excluding Russia)	8,245	25,849	11,533
China	7,451	3,857	6,687
West Indies	4,478	5,294	2,765
Japan and Korea	4,377	1,749	1,509
India	1,743	3,672	4,648
Other	228	30	--
Total foreign	321,365	333,944	363,751
Total consolidated sales	$ 975,595	$ 932,998	$ 936,273

Long-lived assets by major geographic region are as follows:

	December 31	
	2014	**2013**
United States	$ 150,425	$ 156,927
Brazil	14,798	9,024
South Africa	7,295	7,203
Australia	5,111	5,680
Northern Ireland	5,065	--
Canada	3,592	4,145
Germany	1,324	1,541
Total foreign	37,185	27,593
Total	$ 187,610	$ 184,520

18. Accumulated Other Comprehensive Loss

The balance of related after-tax components comprising accumulated other comprehensive loss is summarized below:

	December 31	
	2014	**2013**
Foreign currency translation adjustment	$ (9,384)	$ (2,484)
Unrecognized pension and post-retirement benefit cost, net of tax of $2,197 and $1,498, respectively	(3,531)	(2,410)
Accumulated other comprehensive loss	$ (12,915)	$ (4,894)

(Dollar and share amounts in thousands, except per share amounts unless otherwise specified)

See Note 12, Pension and Retirement Plans, for discussion of the amounts recognized in accumulated other comprehensive income related to the Company's Kolberg-Pioneer, Inc. defined pension plan.

19. Other Income (Expense) - Net

Other income (expense), net from continuing operations consists of the following:

	Year Ended December 31		
	2014	**2013**	**2012**
Investment income	$ 64	$ 853	$ 116
Licensing fees	831	764	1,211
Other	312	320	456
Total	$ 1,207	$ 1,937	$ 1,783

20. Business Combinations

The Company has funded its initial $13,505 investment in Astec do Brasil Fabricação de Equipamentos Ltda. ("Astec Brazil") located in Vespasiano, Minas Gerais, Brazil, a consolidated subsidiary of the Company. Once the final capital contribution is received from the minority owner, Astec Brazil is expected to be 75% owned by the Company, with the remaining 25% owned by MDE, a recognized leader in providing material handling solutions to the Brazilian market.

At December 31, 2014, Astec Brazil was in the final phase of construction of a manufacturing facility. Assembly operations began in the newly constructed 132,400 square foot facility in the fourth quarter of 2014 and complete production operations are expected to begin in the first quarter of 2015. Manufacturing operations, sales, distribution and product support will be located within the new facility, which is expected to employ approximately 120 employees at full capacity. The new facility will initially manufacture stationary jaw and cone crushers, vibrating feeders, screens and track-mounted crushing units, representing the brands of AMS, KPI-JCI, and Telsmith in the construction and mining industries. The Company also plans to manufacture other product lines at the facility such as BTI products for underground mining. During most of 2014, Astec Brazil operated as a distributor in the South American market for equipment produced by the other Astec Aggregate and Mining Group companies as well as Astec asphalt plants.

On April 1, 2014, the Company purchased 100% of the stock of Telestack Limited ("Telestack") for a total purchase price of $36,183. The purchase price was paid in cash with $2,500 deposited into escrow for a period of time not to exceed one year and is subject to certain post-closing adjustments. The preliminary purchase price allocation recorded includes the recognition of $18,256 of goodwill and $14,445 of other intangible assets consisting of trade names (15 year useful life), patents (5 to 10 year useful lives), non-compete agreements (3 year useful life) and customer relationships (11 year useful life). The Company expects to finalize the purchase price accounting by the end of the first quarter of 2015 upon the finalization of any post-closing adjustments. Telestack's operating results are included in the Aggregate and Mining Group beginning in the second quarter of 2014. The revenue and results of operations of Telestack were not significant in relation to the Company's financial statements for the nine-month period ended December 31, 2014 and would not have been significant on a pro forma basis to any earlier periods.

Telestack, located in Omagh, Northern Ireland, began operations in 1999 and specializes in the complete in-house design, manufacture, installation and commissioning of a complete line of material handling systems used extensively in the port, aggregate and mining industries. Telestack markets its products throughout the world by a combination of direct sales and distribution through dealers. The Company anticipates the synergies between Telestack and the Company's existing aggregate and wood pellet product lines will benefit both companies.

21. Discontinued Operations

In October 2012, the Company entered into an agreement to sell its American Augers, Inc. ("Augers") subsidiary, as well as certain assets related to the Trencor large trencher product line of Astec Underground, Inc., to The Charles Machine Works, Inc. of Perry, Oklahoma. Augers and the Trencor large trencher product line were part of the Company's Energy Group. The sale of Augers included substantially all the assets and liabilities of Augers and was completed on November 30, 2012 for $42,940, net of cash included in the sale and subject to closing adjustments. The Company retained the Augers vertical oil and gas drill rig product line and relocated it to the GEFCO, Inc. subsidiary located in Enid, Oklahoma. The sale of the Trencor product line was immaterial to the transaction and is included in the Company's consolidated financial statements in continuing operations. This divestiture, as well as the sale of the small utility trencher and drill line of products to Toro earlier in 2012, is part of the Company's strategy to exit the cyclical underground sector.

(Dollar and share amounts in thousands, except per share amounts unless otherwise specified)

The Company calculated the post-closing adjustments to the sale price and recorded the resulting $288 purchase price adjustment in other accrued liabilities in the December 31, 2012 consolidated balance sheet. The post-closing adjustments to the sales price were increased to a total of $499 when finalized and paid in early 2013.

The results of operations and the gain on the sale of Augers are presented as discontinued operations for 2012. Summarized financial information for Augers is below:

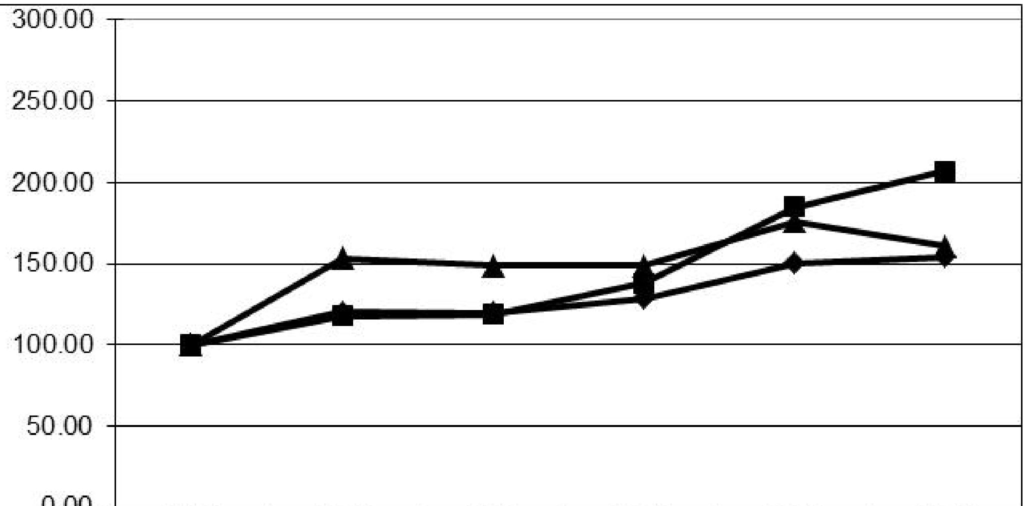
	2012
Revenues	$ 53,619
Discontinued operations	
Operating income before tax	$ 5,218
Income tax provision	1,817
Income from operations	3,401
Gain on sale of subsidiary	
Gain on sale of subsidiary before tax	5,357
Income tax provision	1,979
Gain on sale of subsidiary	3,378
Income from discontinued operations	$ 6,779

The carrying amounts of the major classes of assets and liabilities disposed on November 30, 2012 were as follows:

	2012
Assets	
Cash	$ 636
Receivables	5,334
Inventories	26,568
Prepaid and other assets	430
Property and equipment, net	13,500
Other assets	465
Total assets	46,933
Liabilities	
Accounts payable	2,518
Other liabilities	6,484
Total liabilities	9,002
Net assets disposed	$ 37,931

This page intentionally left blank

Comparison of 5 Year Cumulative Total Return Assumes Initial Investment of $100 Performance Graph for Astec Industries, Inc.



	2009	2010	2011	2012	2013	2014
Astec Industries Inc	100.00	120.30	119.56	128.53	150.14	154.32
NYSE/AMEX/NASDAQ Market (US Companies)	100.00	117.85	118.92	138.21	184.53	206.75
NYSE/AMEX/NASDAQ Stocks (SIC 3530-3537 US Comp) Construction, Mining, and Materials Handling Machinery and Equipment	100.00	153.39	148.57	149.05	175.99	160.48

Notes:

A. Data complete through last fiscal year.

B. Corporate Performance Graph with peer group excludes company performance.

C. Peer group indices use beginning of period market capitalization weighting.

D. NYSE/AMEX/NASDAQ Market (US Companies) data prepared by Zacks Investment Research, Inc. Used with permission. All rights reserved Copyright 1980-2015.

E. NYSE/AMEX/NASDAQ Stocks (SIC 3530-3537 US Comp) data calculated (or derived) based from CRSP NYSE/AMEX/NASDAQ Market (US Companies), Center for Research in Security Prices (CRSP®), Graduate School of Business, The University of Chicago. Copyright 2015. Used with permission. All rights reserved.

F. The graph assumes $100 invested at the closing price of the Company's common stock on December 31, 2009 and assumes that all dividends were invested on the date paid.

OTHER INFORMATION

Transfer Agent
Computershare
250 Royall Street, Canton, MA 02021
800.617.6437
www.computershare.com/investor

Stock Exchange
NASDAQ, National Market—ASTE

Auditors
Ernst & Young LLP, Chattanooga, TN

General Counsel and Litigation
Chambliss, Bahner & Stophel, P.C.,
Chattanooga, TN

Securities Counsel
Alston & Bird LLP, Atlanta, GA

Investor Relations
Stephen C. Anderson,
Director, 423.553.5934

Corporate Office
Astec Industries, Inc.
1725 Shepherd Road,
Chattanooga, TN 37421
Ph 423.899.5898 Fax 423.899.4456
www.astecindustries.com

The form 10-K, as filed with the Securities and Exchange Commission, may be obtained at no cost by any shareholder upon written request to Astec Industries, Inc., Attention Investor Relations.

The Company's Code of Conduct is posted at www.astecindustries.com.

The Annual Meeting will be held on April 23, 2015 at 10:00 A.M., EST in the Training Center of Astec, Inc. located at 4101 Jerome Avenue, Chattanooga, TN 37407.

Annual Report Design by Curran & Connors, Inc. / curran-connors.com

Corporate Headquarters:
1725 Shepherd Road
Chattanooga, Tennessee 37421 USA
Tel: 423.899.5898 • Fax: 423.899.4456
www.astecindustries.com