

AZZ INC

Form DEF 14A

May 28, 2015

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

SCHEDULE 14A

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

Exchange Act of 1934 (Amendment No.       )

Filed by the Registrant   x

Filed by a Party other than the Registrant   ..

Check the appropriate box:

.. Preliminary Proxy Statement

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

x Definitive Proxy Statement

.. Definitive Additional Materials

.. Soliciting Material Pursuant to §240.14a-12

AZZ INCORPORATED

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

x           No fee required.

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  - 4) Date Filed:
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AZZ incorporated  
One Museum Place, Suite 500  
3100 West 7<sup>th</sup> Street  
Fort Worth, Texas 76107

May 28, 2015

Dear Shareholder:

The Board of Directors and Management of AZZ incorporated cordially invite you to attend our 2015 Annual Meeting of Shareholders to be held at 10:00 a.m., local time, on Tuesday, July 14, 2015, at One Museum Place, 4<sup>th</sup> Floor, 3100 West 7th Street, Fort Worth, Texas 76107. Details regarding the business to be conducted at the Annual Meeting are more fully described in the accompanying materials. The formal Notice of the 2015 Annual Meeting of Shareholders and Proxy Statement are attached. Please read them carefully.

All shareholders are invited to attend the meeting. Whether or not you attend the meeting, it is important that your shares be represented and voted at the meeting. If you receive a paper copy of the proxy materials, you may complete and mail the enclosed proxy card or you may use the telephone or Internet voting procedures described on the proxy card. If you decide to attend the 2015 Annual Meeting of Shareholders, you will be able to vote in person if you are a shareholder of record or if you are a beneficial holder and have obtained a legal proxy you may revoke your proxy and vote in person at the meeting, even if you have previously submitted your proxy.

Sincerely,

/s/ Thomas E. Ferguson  
Thomas E. Ferguson  
President and Chief Executive Officer

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NOTICE OF THE 2015 ANNUAL MEETING OF SHAREHOLDERS

To Be Held July 14, 2015

Our 2015 Annual Meeting of Shareholders (the “Annual Meeting”) will be held on Tuesday, July 14, 2015, at 10:00 a.m., local time, at AZZ incorporated, One Museum Place, 4<sup>th</sup> Floor, 3100 West 7th Street, Fort Worth, Texas 76107 for the following purposes:

- (1) to elect eight directors to hold office, each for a one year term;
- (2) to adopt an Amended and Restated Certificate of Formation for the purpose of consolidating the previous amendments to the Company’s Articles of Incorporation and shortening the Company’s name;
- (3) to re-approve the material terms of the Company’s Senior Management Bonus Plan for the purpose of allowing the Company to grant qualified “performance-based compensation” thereunder;
- (4) to hold an advisory vote on the Company’s executive compensation (“Say-on-Pay”);
- (5) to hold an advisory vote to determine the frequency of future advisory votes on executive compensation (“Frequency of Say-on-Pay”);
- (6) to ratify the appointment of BDO USA, LLP as our independent registered public accounting firm for our fiscal year ending February 29, 2016; and
- (7) to transact any other business as may properly come before the Annual Meeting or any adjournment.

Only shareholders of record at the close of business on May 18, 2015, are entitled to notice of and to vote at the Annual Meeting. A copy of our Annual Report to Shareholders for the year ended February 28, 2015, is included with this Notice and Proxy Statement, but it does not form a part of our soliciting material.

To ensure that your vote will be counted, please vote your shares using the Internet or telephone or, if you receive a paper copy of the proxy materials, by signing, dating and promptly mailing the enclosed proxy card or using the telephone or Internet voting procedures described on the proxy card. You may revoke your proxy in the manner described in the accompanying Proxy Statement at any time before it has been voted at the Annual Meeting.

By Order of the Board of Directors,

/s/ Tara D. Mackey  
Tara D. Mackey  
Chief Legal Officer and Corporate Secretary

PLEASE PROMPTLY SUBMIT YOUR PROXY BY INTERNET, MAIL OR TELEPHONE  
WHETHER OR NOT YOU INTEND TO BE PRESENT AT THE ANNUAL MEETING.



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AZZ incorporated  
One Museum Place, Suite 500  
3100 West 7<sup>th</sup> Street  
Fort Worth, Texas 76107

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PROXY STATEMENT  
FOR  
2015 ANNUAL MEETING OF SHAREHOLDERS

To Be Held July 14, 2015

The board of directors of AZZ incorporated (the “Company” or “AZZ”) is soliciting proxies for the 2015 Annual Meeting of Shareholders (the “Annual Meeting”). You are receiving this proxy statement because you own shares of AZZ common stock that entitle you to vote at the Annual Meeting. This proxy statement contains information on the Annual Meeting matters to assist you in voting your shares.

GENERAL INFORMATION REGARDING THE ANNUAL MEETING AND VOTING

Why am I receiving these materials?

AZZ has made these materials available to you on the Internet or, upon your request, has delivered printed versions of these materials to you by mail in connection with the Company’s solicitation of proxies for use at the Annual Meeting to be held on Tuesday, July 14, 2015 at 10:00 a.m. Central Standard Time at One Museum Place, 4<sup>th</sup> Floor, 3100 West 7<sup>th</sup> Street, Fort Worth, Texas 76107, and at any postponement(s) or adjournment(s) thereof. These materials were first sent or made available to shareholders on or about May 28, 2015. You are invited to attend the Annual Meeting and are requested to vote on the proposals described in this proxy statement (the “Proxy Statement”).

What is included in these materials?

These materials include:

- This Proxy Statement for the Annual Meeting; and
- The Company’s Annual Report on Form 10-K for the fiscal year ended February 28, 2015, as filed with the Securities and Exchange Commission (the “SEC”) on April 22, 2015 (the “Annual Report”).

If you requested printed versions by mail, these materials also include the proxy card and voting instructions for the Annual Meeting.

What items will be voted on at the Annual Meeting?

You will be voting on the following:

• The election of eight nominees to the Company’s board of directors named in this Proxy Statement, each for a term of one year (Proposal 1);

• The adoption of an Amended and Restated Certificate of Formation for the purpose of consolidating the previous amendments to the Company’s Articles of Incorporation and shortening the Company’s name (Proposal 2);

- The re-approval of the material terms of the Company's Senior Management Bonus Plan for the purpose of allowing the Company to grant qualified "performance-based compensation" thereunder (Proposal 3);
- A non-binding advisory resolution to approve AZZ's executive compensation (Proposal 4);
- A non-binding advisory vote to determine the frequency of future advisory votes on AZZ's executive compensation (Proposal 5); and
- Ratification of the appointment of BDO USA, LLP to serve as AZZ's independent registered public accounting firm for the fiscal year ending February 29, 2016 (Proposal 6).

We also will consider any other business that may properly come before the meeting.

What are the board of directors' voting recommendations?

The board of directors recommends that you vote your shares:

• "FOR" the election of the eight nominees to serve on the Board for a one year term (Proposal 1);

• "FOR" the adoption of Amended and Restated Certificate of Formation for the purpose of consolidating all of the previous amendments to AZZ's original Articles of Incorporation and shortening the Company's name (Proposal 2);

• "FOR" the re-approval of the material terms of the Senior Management Bonus Plan for purposes of allowing the Company to grant qualified "performance-based compensation" thereunder (Proposal 3);

• "FOR" the approval of AZZ's executive compensation (Proposal 4);

• "FOR" the option to provide shareholders with the opportunity to vote on AZZ's executive compensation "Every Year" (Proposal 5); and

• "FOR" the ratification of the appointment of BDO USA, LLP to serve as the Company's independent registered public accounting firm for the year ending February 29, 2016 (Proposal 6).

Why did I receive a one-page notice in the mail regarding the Internet availability of proxy materials instead of a full set of proxy materials?

Pursuant to rules adopted by the SEC, AZZ uses the Internet as the primary means of furnishing proxy materials to shareholders. Accordingly, the Company has sent a Notice of Internet Availability of Proxy Materials (the "Notice") to the Company's shareholders. All shareholders will have the ability to access the proxy materials on the website referred to in the Notice or request a printed set of the proxy materials. Instructions on how to access the proxy materials on the Internet or to request a printed copy are detailed in the Notice. In addition, shareholders are always able to request printed proxy materials by mail or electronically by emailing [www.azz.com/investor-relations](http://www.azz.com/investor-relations). The Company encourages shareholders to take advantage of the availability of the proxy materials on the Internet to help reduce the environmental impact of its annual meetings and the cost to the Company associated with the physical printing and mailing of proxy materials.

I share an address with another shareholder, and we received only one paper copy of the proxy materials. How may I obtain an additional copy of the proxy materials?

The Company has adopted an SEC approved procedure called "householding." Under this procedure, the Company delivers a single copy of the Notice and, if applicable, this Proxy Statement and the Annual Report to multiple shareholders who share the same address unless the Company has received contrary instructions from one



or more of the shareholders. This procedure reduces the environmental impact of its annual meetings and the Company's printing and mailing costs. Shareholders who participate in householding will continue to be able to access and receive separate proxy cards. Upon written or oral request, the Company will promptly deliver a separate copy of the Notice and, if applicable, this Proxy Statement and the Annual Report to any shareholder at a shared address to which the Company delivered a single copy of any of these documents.

To receive free of charge a separate copy of the Notice and, if applicable, this Proxy Statement or the Annual Report, shareholders may write or call the Company at the following:

AZZ incorporated  
One Museum Place  
3100 West 7<sup>th</sup> Street, Suite 500  
Fort Worth, TX 76107  
(817) 810-0095

Shareholders who hold shares in "street name" (as described below) may contact their brokerage firm, bank, broker-dealer or other similar organization to request information about householding.

How can I get electronic access to the proxy materials?

The Notice will provide you with instructions regarding how to use the Internet to:

- View the Company's proxy materials for the Annual Meeting; and
- Instruct the Company to send future proxy materials to you by email.

The Company's proxy materials are also available at [www.azz.com/investor-relations](http://www.azz.com/investor-relations). This website address is included for reference only. The information contained on the Company's website is not incorporated by reference into this Proxy Statement.

Choosing to receive future proxy materials by email will reduce the impact of the Company's annual meetings on the environment and save the Company the cost of printing and mailing documents to you. If you choose to receive future proxy materials by email, you will receive an email message next year with instructions containing a link to those materials and a link to the proxy voting website. Your election to receive proxy materials by email will remain in effect until you terminate it.

Who may vote at the Annual Meeting?

Each share of the Company's common stock has one vote on each matter. Only shareholders of record as of the close of business on May 18, 2015 (the "Record Date") are entitled to receive notice of, to attend, and to vote at the Annual Meeting. In addition to shareholders of record of the Company's common stock, beneficial owners of shares held in street name as of the Record Date can vote using the methods described below. As of the Record Date, approximately 25,765,025 shares of the Company's common stock were issued and outstanding.

What is the difference between a shareholder of record and a beneficial owner of shares held in street name?

Shareholder of Record. If your shares are registered directly in your name with the Company's transfer agent, Computershare Investor Services, LLC ("Computershare"), you are considered the shareholder of record with respect to those shares, and the Notice was delivered directly to you by the Company.

Beneficial Owner of Shares Held in Street Name. If your shares are held in an account at a brokerage firm, bank, broker-dealer, or other similar organization, then you are the "beneficial owner" of shares held in "street name," and a Notice was forwarded to you by that organization. As a beneficial owner, you have the right to instruct your broker, bank, trustee, or nominee how to vote your shares.

If I am a shareholder of record of the Company's shares, how do I vote?

If you are a shareholder of record, there are four ways to vote:

- In person. You may vote in person at the Annual Meeting by requesting a ballot when you arrive. You must bring valid picture identification such as a driver's license or passport and may be requested to provide proof of stock ownership as of the Record Date.
- Via the Internet. You may vote by proxy via the Internet by following the instructions provided in the Notice.
- By Telephone. If you request printed copies of the proxy materials by mail, you may vote by proxy by calling the toll free number found on the proxy card.
- By Mail. If you request printed copies of the proxy materials by mail, you will receive a proxy card and you may vote by proxy by filling out the proxy card and returning it in the envelope provided.

If I am a beneficial owner of shares held in street name, how do I vote?

If you are a beneficial owner of shares held in street name, there are four ways to vote:

- In person. If you are a beneficial owner of shares held in street name and wish to vote in person at the Annual Meeting, you must obtain a "legal proxy" from the organization that holds your shares. A legal proxy is a written document that will authorize you to vote your shares held in street name at the Annual Meeting. Please contact the organization that holds your shares for instructions regarding obtaining a legal proxy. You must bring a copy of the legal proxy to the Annual Meeting and ask for a ballot when you arrive. You must also bring valid picture identification such as a driver's license or passport. In order for your vote to be counted, you must provide both the copy of the legal proxy and your completed ballot to the inspector of election.
- Via the Internet. You may vote by proxy via the Internet by visiting [www.proxyvote.com](http://www.proxyvote.com) and entering the control number found in your Notice. The availability of Internet voting may depend on the voting process of the organization that holds your shares.
- By Telephone. If you request printed copies of the proxy materials by mail, you may vote by proxy by calling the toll free number found on the voting instruction form. The availability of telephone voting may depend on the voting process of the organization that holds your shares.
- By Mail. If you request printed copies of the proxy materials by mail, you will receive a voting instruction form and you may vote by proxy by filling out the voting instruction form and returning it in the envelope provided.

What is the quorum requirement for the Annual Meeting?

A majority of the shares entitled to vote at the Annual Meeting must be present at the Annual Meeting in person or by proxy for the transaction of business. This is called a quorum. Your shares will be counted for purposes of determining if there is a quorum if you:

- Are entitled to vote and you are present in person at the Annual Meeting; or
- Have properly voted by proxy on the Internet, by telephone or by submitting a proxy card or voting instruction form by mail.

If a quorum is not present, we may propose to adjourn the Annual Meeting to solicit additional proxies.

How are proxies voted?

All shares represented by valid proxies received prior to the taking of the vote at the Annual Meeting will be voted and, where a shareholder specifies by means of the proxy a choice with respect to any matter to be acted upon, the shares will be voted in accordance with the shareholder's instructions.

What happens if I do not give specific voting instructions?

Shareholders of Record. If you are a shareholder of record and you:

- Indicate when voting on the Internet or by telephone that you wish to vote as recommended by AZZ's board of directors; or
- Sign and return a proxy card without giving specific voting instructions,

then the persons named as proxy holders, Thomas E. Ferguson and Paul W. Fehlman, will vote your shares in the manner recommended by AZZ's board of directors on all matters presented in this Proxy Statement and as the proxy holders may determine in their discretion with respect to any other matters properly presented for a vote at the Annual Meeting.

Beneficial Owners of Shares Held in Street Name. If you are a beneficial owner of shares held in street name and do not provide the organization that holds your shares with specific voting instructions then, under applicable rules, the organization that holds your shares may generally vote on "routine" matters but cannot vote on "non-routine" matters. If the organization that holds your shares does not receive instructions from you on how to vote your shares on a non-routine matter, that organization will inform the inspector of election that it does not have the authority to vote on this matter with respect to your shares. This is generally referred to as a "broker non-vote."

Which ballot measures are considered "routine" or "non-routine"?

The election of directors (Proposal 1); the adoption of an Amended and Restated Certificate of Formation (Proposal 2); the re-approval of the material terms of the Senior Management Bonus Plan (Proposal 3); the non-binding advisory resolution approving the Company's executive compensation (Proposal 4); and the non-binding advisory vote to determine the frequency of future advisory votes on executive compensation (Proposal 5) are all considered non-routine matters under applicable rules. A broker or other nominee cannot vote shares without instructions on non-routine matters, and therefore broker non-votes may exist in connection with Proposals 1, 2, 3, 4 and 5.

The proposal for the ratification of the appointment of BDO USA, LLP as the Company's independent registered public accounting firm for the year ending February 29, 2016 (Proposal 6) is considered a routine matter under applicable rules. A broker or other nominee may generally vote on routine matters, and therefore no broker non-votes are expected to exist in connection with Proposal 6.

What is the voting requirement to approve each of the proposals?

With respect to the election of eight directors to serve a one year term (Proposal 1), each director will be elected by the vote of the majority of the votes cast when a quorum is present. A "majority of the votes cast" excludes abstentions and any broker non-votes. Your broker or nominee will not be permitted to vote on the election of directors without specific instructions as to how to vote from the beneficial owner. As a result, if you hold your shares through a broker or nominee, they will not be voted in the election of directors unless you affirmatively vote your shares in accordance with the voting instructions provided by that institution.

Assuming that the number of shares present or represented by proxy is sufficient to constitute a quorum, approval of Proposals 2, 3, 4, 5 and 6, requires the affirmative vote of a majority of the shares present or represented by proxy and voting at the Annual Meeting.

How are broker non-votes and abstentions treated?

Broker non-votes and abstentions are counted for purposes of determining whether a quorum is present. Only “FOR” and “AGAINST” votes are counted for purposes of determining the votes received in connection with each proposal. With respect to the election of directors (Proposal 1), under the majority voting policy adopted by the Company in 2014, broker non-votes and abstentions, which have the same effect as “AGAINST” votes, could cause a nominee to fail to obtain the required affirmative vote of (i) a majority of the shares present or represented by proxy and voting at the Annual Meeting and (ii) a majority of the shares required to constitute the quorum.

With respect to each of Proposals 2, 3, 4, 5 and 6, broker non-votes and abstentions could prevent the proposal from receiving the required affirmative vote of (i) a majority of the shares present or represented by proxy and voting at the Annual Meeting and (ii) a majority of the shares required to constitute the quorum.

In order to minimize the number of broker non-votes, the Company strongly encourages you to vote or to provide voting instructions with respect to each proposal to the organization that holds your shares by carefully following the instructions provided in the Notice or voting instruction form.

Can I change my vote after I have voted?

You may revoke your proxy and change your vote at any time before the taking of the vote at the Annual Meeting. Prior to the applicable cutoff time, you may change your vote using the Internet or telephone methods described above, in which case only your latest Internet or telephone proxy submitted prior to the Annual Meeting will be counted. You may also revoke your proxy and change your vote by signing and returning a new proxy card or voting instruction form dated as of a later date, or by attending the Annual Meeting and voting in person. However, your attendance at the Annual Meeting will not automatically revoke your proxy unless you properly vote at the Annual Meeting or specifically request that your prior proxy be revoked by delivering a written notice of revocation to the Company’s Secretary at One Museum Place, 3100 West 7<sup>th</sup> Street, Suite 500, Fort Worth, Texas 76107 prior to the Annual Meeting.

Who will serve as the inspector of election?

A representative from Computershare will serve as the inspector of election.

Is my vote confidential?

Proxy instructions, ballots and voting tabulations that identify individual shareholders are handled in a manner that protects your voting privacy. Your vote will not be disclosed either within the Company or to third parties, except:

- As necessary to meet applicable legal requirements;
- To allow for the tabulation and certification of votes; and
- To facilitate a successful proxy solicitation.

Occasionally, shareholders provide written comments on their proxy cards, which may be forwarded to AZZ’s management and the board of directors.

Where can I find the voting results of the Annual Meeting?

Preliminary voting results will be announced at the Annual Meeting. Final voting results will be tallied by the inspector of election after the taking of the vote at the Annual Meeting. The Company will disclose the final voting results in a Current Report on Form 8-K, which the Company is required to file with the SEC within four business days following the Annual Meeting.

How can I attend the Annual Meeting?

Admission to the Annual Meeting is limited to AZZ shareholders or their proxy holders. In order to be admitted to the meeting, each shareholder must present proof of stock ownership and a valid government-issued photo identification, such as a driver's license or passport. Proof of stock ownership may consist of the proxy card or if shares are held in the name of a broker, bank or other nominee, an account statement or letter from the nominee indicating that you beneficially owned shares of AZZ common stock at the close of business on May 18, 2015, the Record Date for the Annual Meeting.

What is the deadline to propose actions for consideration or to nominate individuals to serve as directors at the 2016 annual meeting of shareholders?

Requirements for Shareholder Proposals to Be Considered for Inclusion in the Company's Proxy Materials. Proposals that a shareholder intends to present at the 2016 annual meeting of shareholders and wishes to be considered for inclusion in the Company's Proxy Statement and form of proxy relating to the 2016 annual meeting of shareholders must be received no later than January 28, 2016. All proposals must comply with Rule 14a-8 under the Exchange Act, which lists the requirements for the inclusion of shareholder proposals in company-sponsored proxy materials. Shareholder proposals must be delivered to the Company's Secretary by mail at One Museum Place, 3100 West 7<sup>th</sup> Street, Suite 500, Fort Worth, Texas 76107.

Requirements for Other Shareholder Proposals to Be Brought Before the 2016 Annual Meeting of Shareholders and Director Nominations. Notice of any proposal that a shareholder intends to present at the 2016 annual meeting of shareholders, but does not intend to have included in the Company's Proxy Statement and form of proxy relating to the 2016 annual meeting of shareholders ("2016 Annual Meeting of Shareholders"), as well as any director nominations, must be delivered to the Company's Secretary by mail at One Museum Place, 3100 West 7<sup>th</sup> Street, Suite 500, Fort Worth, Texas 76107, not earlier than the close of business on March 16, 2016 and not later than the close of business on April 15, 2016. The notice must be submitted by a shareholder of record and must set forth the information required by the Company's bylaws with respect to each director nomination or other proposal that the shareholder intends to present at the 2016 annual meeting of shareholders. If you are a beneficial owner of shares held in street name, you can contact the organization that holds your shares for information regarding how to register your shares directly in your name as a shareholder of record.

## PROPOSAL 1

### ELECTION OF DIRECTORS

Our bylaws, as amended to date, provide that the board of directors will consist of twelve members, each serving a one year term. Messrs. Perry and Rosen have advised the board of directors of their intentions to retire as directors of the Company and not stand for re-election at the Annual Meeting. Accordingly, we currently have eight directors who will be standing for re-election at the Annual Meeting. Our Nominating and Corporate Governance Committee has determined that our board of directors' composition of eight directors, rather than twelve, is sufficient from a governance perspective. Proxies cannot be voted for a greater number of nominees than the number of nominees named herein.

In 2014, AZZ's board of directors amended and restated the bylaws to change the voting standard in the election of directors in uncontested elections from a plurality to a simple majority of votes cast. If a nominee in an uncontested election does not receive a majority of the votes cast, he or she is required to promptly tender a resignation to the board of directors that is subject to acceptance or rejection by the board of directors within 90 days from the date of the certification of the election results. In the event an election of directors is contested, the voting standard will be a plurality of votes cast.





The board of directors has nominated the directors, other than Messrs. Perry and Rosen, who currently serve as members of the board of directors, each of whose term expires at this year's Annual Meeting, for election to a one year term expiring at the 2016 Annual Meeting of Shareholders. Because these elections are uncontested, a nominee for director must receive a majority of the votes properly cast at the meeting in person or by proxy in order to be elected. Therefore, a nominee who receives more than 50% of votes "FOR" election (measured with respect to the total votes cast with respect to such nominee) will be elected, provided that a quorum is present at the meeting. The proxies solicited by the board of directors cannot be voted for a greater number of persons for election to the board of directors than the number of nominees described above.

Each of the director nominees has consented to serve if elected. If for any unforeseen reason a nominee would be unable to serve if elected, the beneficial owners of AZZ's shares as of the Record Date of the Annual Meeting may exercise their discretion to vote for a substitute nominee selected by the board of directors. However, the board of directors has no reason to anticipate that any of the nominees will not be able to serve, if elected.

Nominees:

Daniel E. Berce, 61, has served as a director of AZZ since 2000. Mr. Berce has been president and chief executive officer of General Motors Financial Company, Inc. (formerly AmeriCredit Corp.) since its acquisition by General Motors Company in October 2010. Mr. Berce served as AmeriCredit Corp.'s chief executive officer from 2005 to 2010, president from 2003 to 2010 and as chief financial officer from 1990 until 2003. He served as a director of Americredit Corp. from 1990 to 2010. Before joining Americredit Corp., Mr. Berce was a partner with Coopers & Lybrand, an accounting firm. Mr. Berce currently serves as a director of Cash America International, Inc., a publicly held provider of specialty financial services, and Arlington Asset Investment Corp, a publicly-traded investment firm investing primarily in mortgage-related assets. We believe Mr. Berce's qualifications to serve on the board of directors include his executive level leadership experience and knowledge of corporate governance, specifically his experience as a chief executive officer of a publicly traded company, experience in finance and accounting and experience in serving as a director of multiple publicly traded companies.

Martin C. Bowen, 72, has served as a director of AZZ since 1993. Mr. Bowen served as vice president and chief financial officer of Thru Line, L.P. a privately held investment holding company, from 1995 to 2012. He currently serves as a member of the board of directors of Liberty Bankshares, Inc. We believe Mr. Bowen's qualifications to serve on the Company's board of directors include his considerable business and leadership experience, specifically his experience and knowledge in the banking industry where he served as a director and executive officer of a national bank, his knowledge and experience in finance and accounting, and his experience as a director of multiple publicly traded companies, including AZZ for over 20 years.

Dr. H. Kirk Downey, 72, has served as a director of AZZ since 1992. Dr. Downey currently is an independent business consultant and investor. Dr. Downey served as professor of management, dean and associate provost for academic affairs at Texas Christian University from 1983 to 2000. Dr. Downey is also chairman and a member of the board of trustees of LKCM Funds and LKCM Aquinas Funds, a publicly held family of mutual funds. We believe Dr. Downey's qualifications to serve on the Company's board of directors include his considerable business and leadership experience and his extensive academic background, specifically his experience serving as professor of management, dean and provost for academic affairs at a major university and experience in serving as a director of multiple publicly traded companies, including AZZ for over 20 years.

Daniel R. Feehan, 64, has served as a director of AZZ since 2000. Mr. Feehan has served as president and chief executive officer of Cash America International, Inc. since 2000 and prior to that served as president and chief operating officer since 1990. Mr. Feehan serves as a director of Cash America International, Inc., a publicly held provider of specialty financial services, and as the non-executive chairman of RadioShack Corporation, a publicly held company in the retail consumer electronic goods and services business. Mr. Feehan also currently serves as a

director of Calloway's Nursery, Inc., a garden center chain serving the Dallas-Fort Worth and Houston markets, and serves as a director of Williamson Dickie Manufacturing Company, a manufacturer and provider of work wear worldwide. We believe Mr. Feehan's qualifications to serve on the Company's board of directors include his executive

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level leadership experience and ability to provide direction and oversight to the Company's financial reporting and business controls, specifically his experience as a chief executive officer of a publicly traded company, experience in finance and accounting and experience as a director of multiple publicly traded companies.

Thomas E. Ferguson, 58, has served as a non-independent director and as the president and chief executive officer of AZZ since November 2013. Prior to joining AZZ, he was a consultant and interim chief executive officer of FlexSteel Pipeline Technologies, Inc., a provider of pipeline technology products and services in 2013. Mr. Ferguson has also served in various executive capacities with Flowserve Corporation, a publicly traded global provider of fluid motion and control products, including senior vice president from 2006, as president of Flow Solutions Group from 2010 to 2012, as president of Flowserve Pump Division from 2003 to 2009, as president of Flow Solutions Division from 2000 to 2002, as vice president and general manager of Flow Solutions Division North America from 1999 to 2000 and as vice president of marketing and technology for Flow Solutions Division from 1997 to 1999. Mr. Ferguson retired from Flowserve Corporation in 2012. We believe Mr. Ferguson's qualifications to serve on the Company's board of directors include his considerable global business and leadership experience serving as an executive officer of a public company, his extensive strategic management experience both domestically and internationally in the industries in which AZZ operates, and his track record for helping businesses achieve growth, both organically and through acquisitions in the global marketplace.

Peter A. Hegedus, 73, has served as a director of AZZ since 2006. Mr. Hegedus was the country manager for ABB Hungary and president of ABB Kft., a specialty electrical equipment manufacturer, from 1995 to 2006, where he was responsible for all activities of the global ABB organization in Hungary. We believe Mr. Hegedus's qualifications to serve on the Company's board of directors include his considerable global business and leadership experience, specifically his experience and knowledge in the global electrical power equipment industry, where he served as country manager and president of a segment of a publicly traded global electrical equipment manufacturer.

Kevern R. Joyce, 68, has served as a director of AZZ since 1997 and as the chairman of the board of directors since 2013. Mr. Joyce was senior advisor to ZTEK Corporation, an energy technology company, from 2003 to 2006 and currently serves as a director. Mr. Joyce was president, chief executive officer and chairman of Texas New Mexico Power Company, an electric service company, from 1994 to 2001, and served as a senior advisor until 2003. Mr. Joyce is a consultant to and investor in various companies. We believe Mr. Joyce's qualifications to sit on the board of directors include his considerable business and leadership experience, his knowledge and experience in finance and accounting, and specifically his experience and knowledge in the electrical power generation industry, where he served as the chief executive officer of a publicly traded electrical utility company.

Stephen E. Pirnat, 63, has served as a director of AZZ since July 2014. Mr. Pirnat currently serves as the chief executive officer of ClearSign Combustion Corporation. From 2011 to 2014, he served as the managing director of European, Middle Eastern and African operations of Quest Integrity Group, a division of Team Industrial Services, a provider of asset integrity management and asset reliability solutions in the refinery, chemical, petrochemical, pipeline and power industries. From 2009 to 2011, Mr. Pirnat served as the president of Quest Integrated Inc., a technology incubator and boutique private equity firm, and president of the Quest Metrology Group LLC. From 2000 to 2009, he served as the president and chief executive officer of John Zink Company, LLC, a wholly owned subsidiary of Koch Industries and a worldwide leader in the supply of combustion and environmental solutions. From 1998 to 1999, he served as president and chief executive officer of Pangborn Corporation, a leading supplier of surface preparation equipment and associated services to the automotive and aircraft industries. From 1988 to 1998, Mr. Pirnat served in various sales, marketing, operational, engineering and executive positions at Ingersoll-Rand and Ingersoll-Dresser Corporation. Mr. Pirnat currently serves as a member of the board of directors for ClearSign Combustion Corporation and Profire Energy, Inc. We believe Mr. Pirnat's qualifications to sit on the board of directors include his career providing infrastructure solutions to large industrial companies both in the U.S. and internationally and his extensive experience and understanding of the industries in which our Company operates.

The board of directors Unanimously Recommends a Vote "FOR" the Election of Each of the Nominees Listed Above.

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PROPOSAL 2

APPROVAL OF THE ADOPTION OF AN AMENDED AND RESTATED  
CERTIFICATE OF FORMATION

On April 2, 2015, our board of directors adopted the Amended and Restated Certificate of Formation of AZZ Inc. (the “Restated Certificate”), subject to approval by our shareholders at the Annual Meeting.

In order to simplify the Company’s Articles of Incorporation and the various amendments previously adopted thereto, the board of directors believes it is in the Company’s best interest to consolidate the original Articles of Incorporation and the subsequent amendments into the Restated Certificate. The board of directors also believes it is in the Company’s best interest to amend the Company’s Articles of Incorporation, as reflected in the Restated Certificate, to shorten the word “incorporated” as used in the Company’s name to “Inc.” The adoption and filing of the Restated Certificate will have no material impact on our shareholders, other than to simplify and consolidate all the current amendments to our original Articles of Incorporation into one document and simplify the Company name.

If approved by AZZ’s shareholders, the Restated Certificate, a copy of which is attached to this Proxy Statement as Appendix A, will be filed with the Texas Secretary of State with an expected effective date as of July 15, 2015.

The board of directors Unanimously Recommends a vote “FOR” the approval of the adoption of the Restated Certificate.

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### PROPOSAL 3

#### RE-APPROVAL OF THE MATERIAL TERMS OF THE SENIOR MANAGEMENT BONUS PLAN FOR PURPOSES OF COMPLYING WITH SECTION 162(M) OF THE INTERNAL REVENUE CODE

The Company's Senior Management Bonus Plan was established to provide incentive compensation to key executives based on achievement of goals relating to the performance of the Company and its business units. It was also designed in part so that awards may qualify for exemption from the deduction limitations of Section 162(m) of the Internal Revenue Code ("Section 162(m)") by providing for "performance-based compensation" to "covered employees" within the meaning of Section 162(m). In order to qualify for this exemption, the regulations under Section 162(m) require, among other things, that the material terms of the Senior Management Bonus Plan be periodically disclosed to and approved by the Company's shareholders. For purposes of Section 162(m), the material terms of the Senior Management Bonus Plan are as follows:

(i) **Eligible Employees.** The compensation committee of the board of directors specifies which of the Company's executive officers are eligible to receive compensation under the Senior Management Bonus Plan. Such executive officers are the only employees of the Company to receive compensation under the Senior Management Bonus Plan. In fiscal year 2015, all of the Company's executive officers received compensation under the Senior Management Bonus Plan.

(ii) **Business Criteria.** Under the terms of the Senior Management Bonus Plan, the compensation committee shall determine performance goals for compensation thereunder consisting of various financial or other objective goals, which may be Company-wide, on an individual basis or otherwise. Financial goals may be expressed, for example, in terms of sales, operating earnings, net income, earnings per share, cash flow, return on equity or other return ratios, or stock price. Other objective goals may include the attainment of various productivity and long-term growth objectives, including for example, reductions in the Company's overhead ratio and expense to sales ratios. Any criteria may be measured in absolute terms, as a change from a prior comparable period or periods, or as compared to another company or companies in the Company's industry peer group. Such performance goals shall include a threshold level of performance below which no payment shall be made, levels of performance at which specified percentages of a target amount shall be paid and a maximum level of performance above which no additional amount shall be paid. The performance goals established by the compensation committee may be, but need not be, different for each period and/or participant under the Senior Management Bonus Plan.

(iii) **Maximum Compensation.** The maximum amount of compensation that may be paid to any individual under the Senior Management Bonus Plan is \$5,000,000 for any fiscal year of the Company.

The number and amount of awards that an employee may receive under the Senior Management Bonus Plan is at the discretion of the compensation committee and therefore cannot be determined in advance. The information required to be provided by Item 10(a)(2)(iii) of Schedule 14A is set forth collectively in the Compensation Disclosure and Analysis section of this Proxy Statement under the heading "Performance-Based Incentive Compensation," the Summary Compensation Table and the table regarding Grants of Plan Based Awards, in each case as set forth in this Proxy Statement.

The Company's Senior Management Bonus Plan was originally approved by shareholders at the 2007 Annual Meeting of Shareholders, effective as of March 1, 2008. On April 2, 2015, the board of directors approved amending the Senior Management Bonus Plan (i) to provide the compensation committee of the board of directors with exclusive authority to administer and amend the plan, and (ii) to add a claw-back provision for certain misconduct. At the Annual Meeting, shareholders are being requested to approve the existing material terms contained in the Senior Management Bonus Plan in order to allow the Company to grant awards under the Senior Management Bonus Plan that may qualify as "performance-based compensation" under Section 162(m).





The foregoing is a summary of certain material terms of the Senior Management Bonus Plan, which is subject to the specific provisions of the full text of the Senior Management Bonus Plan as set forth and attached to this Proxy Statement as Appendix B.

The board of directors Unanimously Recommends a vote “FOR” the re-approval of the material terms of the Senior Management Bonus Plan for purposes of allowing the Company to grant qualified “performance-based compensation” thereunder.

## PROPOSAL 4

### APPROVAL OF THE SAY-ON-PAY PROPOSAL

Pursuant to federal legislation (Section 14A of the Exchange Act), AZZ provides its shareholders with a non-binding advisory shareholder vote (commonly referred to as “Say-on-Pay”) on its executive compensation program as described below in the “Compensation Discussion and Analysis” section of this Proxy Statement. At the Company’s 2012 Annual Meeting, a majority of shareholders voted in favor of having a Say-on-Pay vote each year, consistent with the recommendation of our board of directors. As a result, the next advisory vote to approve Say-on-Pay will occur at the 2015 Annual Meeting. Because the Say-on-Pay vote is advisory and non-binding on AZZ or the board of directors, neither AZZ nor the board of directors will be required to take any action as a result of the voting outcome. However, the vote will provide valuable information regarding investor sentiment regarding AZZ’s executive compensation program. The board of directors will review these voting results and take them into consideration when making decisions regarding AZZ’s future executive compensation philosophy, policies and practices.

AZZ requests that you support the compensation program for its executive officers. AZZ believes the information concerning executive compensation set forth in this Proxy Statement demonstrates that its executive compensation program was designed in an appropriate manner, consistent with sound corporate governance principles, to support AZZ’s strategy and business objectives. AZZ’s executive compensation program is closely monitored by its board of directors to ensure that the compensation program is within the range of market practices for companies of similar size and similar markets. AZZ believes its compensation program appropriately balances utilizing responsible, measured pay practices and providing appropriate incentives to the current named executive officers, and aligning their interests with those of AZZ’s shareholders with respect to the creation of long-term value for AZZ’s shareholders. Consequently, the board of directors strongly endorses AZZ’s executive compensation program and recommends that the shareholders vote in favor of such program by approving the following non-binding advisory resolution:

“RESOLVED, that the shareholders approve, on an advisory basis, the compensation paid to the Company’s current named executive officers, as disclosed in this Proxy Statement, including the Compensation Discussion and Analysis, the executive compensation tables and the related narrative discussion.”

The board of directors Unanimously Recommends a vote “FOR” the approval, on a non-binding advisory basis, of AZZ’s executive compensation.

PROPOSAL 5

ADVISORY VOTE ON THE FREQUENCY OF AN ADVISORY VOTE  
ON EXECUTIVE COMPENSATION

In accordance with Section 14A of the Exchange Act, we are providing shareholders with an opportunity to indicate how frequently we should seek an advisory vote on AZZ's executive compensation. By voting on this Proposal 5, shareholders may indicate whether they would prefer an advisory vote on executive compensation once every one, two or three years.

The board of directors has determined that an advisory vote on executive compensation that occurs every year is the most appropriate alternative for AZZ, and therefore our board of directors recommends that you vote for the advisory vote on executive compensation every year.

In formulating its recommendation, the board of directors considered that an annual advisory vote on executive compensation would provide timely feedback from shareholders regarding our compensation objectives, policies and practices as disclosed in the proxy statement every year and therefore provide the board of directors and AZZ an opportunity to respond on a timely basis, as deemed necessary.

The option of one year, two years or three years that receives the highest number of votes cast by shareholders will be the frequency for the advisory vote on executive compensation that has been selected by shareholders. However, because this vote is advisory and non-binding on our board of directors or AZZ in any way, our board of directors may decide that it is in the best interests of our shareholders and AZZ to hold an advisory vote on executive compensation more or less frequently than the option approved by our shareholders.

The board of directors Unanimously Recommends a vote "FOR" the selection of every "ONE YEAR" as the frequency with which shareholders are provided an advisory vote on executive compensation.

## PROPOSAL 6

### RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The audit committee of the board of directors has selected BDO USA, LLP (“BDO”) to serve as our independent registered public accounting firm for the fiscal year ending February 29, 2016, subject to your ratification.

The board of directors is asking you to ratify the selection of BDO. Although our bylaws do not require this ratification, the board of directors believes that the selection of the independent registered public accounting firm is an important matter for shareholder consideration and that such a proposal provides shareholders with an important opportunity to provide direct feedback to the board of directors on an important issue of corporate governance. If our shareholders do not ratify the selection of BDO, we will consider that action as feedback to the audit committee and the board of directors to consider the selection of a different accounting firm. Even if you do ratify the selection of BDO, the audit committee may select a different independent registered public accounting firm, subject to ratification by the full board of directors, whenever it determines that such a change would be in the best interests of AZZ and its shareholders.

Representatives of BDO will be present at the Annual Meeting to respond to questions and will have the opportunity to make a statement.

The board of directors Unanimously Recommends a vote "FOR" the ratification of BDO to serve as the Company's independent registered public accounting firm for fiscal 2016.

### MATTERS RELATING TO CORPORATE GOVERNANCE, BOARD STRUCTURE, DIRECTOR COMPENSATION AND STOCK OWNERSHIP

#### Corporate Governance

The board of directors believes very strongly that strong corporate governance is a prerequisite to continued business success. The board of directors has adopted formal, written Corporate Governance Guidelines designed to strengthen our corporate governance. In 2014, the board of directors amended those guidelines to meet requirements of the U.S. Securities and Exchange Commission (“SEC”) and the New York Stock Exchange (“NYSE”). Among other things, the guidelines contain standards for determining whether a director is independent. The board of directors also adopted a Code of Ethics applicable to all of our directors, officers and employees, and charters for each board of directors committee. The nominating and corporate governance committee is responsible for overseeing and reviewing the Corporate Governance Guidelines and Code of Ethics at least annually and recommending any proposed changes to the full board of directors for its approval. The Corporate Governance Guidelines, Code of Ethics and charters for the audit, compensation, and nominating and corporate governance committees are available on our website at [www.azz.com](http://www.azz.com), under the subheading “Investor Relations — Corporate Governance”.

You may also obtain a copy of these documents by mailing a request to:

AZZ incorporated  
Investor Relations  
One Museum Place, Suite 500  
3100 West 7th Street

Fort Worth, TX 76107

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## Director Independence

It is our policy that the board of directors will at all times consist of a majority of independent directors. AZZ recognizes the importance of having an independent board of directors that is accountable to both AZZ and its shareholders. In addition, all members of the audit committee, compensation committee and nominating and corporate governance committee must be independent. To be considered independent, a director must satisfy the independence requirements established by the NYSE and the SEC. The board of directors will consider and apply all facts and circumstances relating to each director in determining independence. The board of directors has determined that all of the current members of the board of directors have no material relationship with the Company and are independent within the meaning of the Company's Corporate Governance Guidelines and the NYSE listing standards, except for Thomas E. Ferguson and Dana L. Perry. Mr. Ferguson is employed as the Company's president and chief executive officer. Mr. Perry retired from the Company as senior vice president, chief financial officer and secretary on May 31, 2014. A director is not independent under the applicable NYSE listing standards if he (i) is, or has been within the preceding three years, an employee or an executive officer of the Company and (ii) received more than \$120,000 during any twelve month period within the last three years in direct compensation from the Company.

## Directors' Attendance at Board and Committee Meetings and at the Annual Meeting of Shareholders

Our board of directors met five times during fiscal year 2015. Each director attended at least 75% of the total number of board meetings and meetings of the board committee or committees on which he served during fiscal year 2015. Although we have no formal policy on the matter, all directors are encouraged to attend, and typically have attended, our annual meeting of shareholders. All except one of our directors attended the 2014 Annual Meeting of Shareholders.

## Board Committees

The board of directors has established three standing board committees, the nominating and corporate governance committee, the audit committee and the compensation committee. Each committee is governed by a charter that is reviewed annually and revised as deemed necessary. A copy of each charter is available on the Company's website at [www.azz.com](http://www.azz.com) under the heading "Investor Relations – Corporate Governance." Messrs. Ferguson and Perry do not serve on any board committees. Current board committee membership is set forth below.

| Director          | Nominating and Corporate<br>Governance Committee | Audit<br>Committee | Compensation<br>Committee |
|-------------------|--|--------------------|---------------------------|
| Daniel E. Berce   |  |                    |                           |
| Martin C. Bowen   |  |                    |                           |
| H. Kirk Downey    |  |                    |                           |
| Daniel R. Feehan  |  |                    |                           |
| Peter A. Hegedus  |  |                    |                           |
| Kevern R. Joyce   |  |                    |                           |
| Stephen E. Pirnat |  |                    |                           |
| Sam Rosen         |  |                    |                           |
| Member            |  |                    |                           |
| Chair             |  |                    |                           |

Nominating and Corporate Governance Committee. The nominating and corporate governance committee is responsible for considering and making recommendations to the board of directors regarding nominees for election

to the board of directors and the membership of the various board committees. The nominating and corporate governance committee is also responsible for recommendations to the board of directors regarding compensation of our directors and is responsible for establishing and overseeing the AZZ incorporated Corporate Governance Guidelines, the AZZ incorporated Code of Ethics described earlier in this Proxy Statement and the Director Nomination Process, which is set forth below. The nominating and corporate governance committee coordinates the annual self-evaluation by the directors of the board of directors' performance and the chief executive officer's performance and the annual performance evaluation by each committee of the board of directors. The nominating and corporate governance committee acts under a written charter, adopted by the board of directors, a copy of which is available on the Company's website. The nominating and corporate governance committee met on four occasions during the last fiscal year.

**Audit Committee.** The audit committee provides assistance to the board of directors in overseeing AZZ's accounting, auditing, financial reporting and systems of internal controls regarding finance and accounting. As part of its duties, the audit committee is directly responsible for the appointment, compensation, retention and oversight of our independent registered public accounting firm. The audit committee also reviews our quarterly and year-end financial statements. The audit committee acts under a written charter, adopted by the board of directors, a copy of which is available on the Company's website. The board of directors has determined that each member of the audit committee is an audit committee financial expert, except for Mr. Pirnat, as defined by the SEC, and has accounting or related financial management expertise within the meaning of the NYSE listing standards. The audit committee held five meetings during the last fiscal year.

**Compensation Committee.** The compensation committee establishes, oversees and adjusts AZZ's incentive-based compensation plans and sets compensation for our chief executive officer, and approves compensation for our other executive officers and other senior management. It also oversees the administration of other compensation and benefit plans and recommends to the board of directors changes in or the establishment of compensation and benefit plans for our employees. The compensation committee acts under a written charter, adopted by the board of directors, a copy of which is available on the Company's website. The compensation committee held five meetings during the last fiscal year.

The compensation committee has the authority to retain and terminate compensation advisors, including approval of the terms and fees of any such arrangement. The compensation committee has engaged the services of Meridian Compensation Partners, LLC ("Meridian"), a national executive compensation consulting firm, to review and provide recommendations concerning all of the components of the Company's executive compensation program. Meridian performs services solely on behalf of the compensation committee and does not perform any services for the Company. The compensation committee has assessed the independence of Meridian pursuant to standards promulgated by the SEC and the NYSE and concluded that no conflict of interest exists that would prevent Meridian from independently representing the compensation committee. For more information on the compensation advisor, see "Setting Executive Compensation" in the Compensation Discussion and Analysis section of this Proxy Statement.

#### Meetings of Independent Directors without Management Present

To empower our independent directors to serve as a more effective check on management, our independent directors meet at regularly scheduled executive sessions without members of AZZ's management present. The independent directors met without management present four times during the last fiscal year. Executive sessions ordinarily are held in conjunction with quarterly scheduled board meetings. Mr. Joyce, as our independent chairman of the board of directors, presides over these meetings.

#### Board Leadership Structure

The board of directors has flexibility under its governance guidelines to select an appropriate leadership structure. At present, the board of directors believes that it is preferable for one of its independent, non-employee members to serve as chairman. The board of directors further believes this structure is appropriate given that the chief executive officer has the day-to-day responsibility to run the Company and the chairman of the board has the responsibility to

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coordinate the board of directors. The non-employee directors appoint the non-management chairman of the board of directors. This separation of the board chairman and chief executive officer roles is believed to help ensure and strengthen, the overall independent role of the non-employee directors. The duties of the board chairman are to:

- Preside at board meetings;
- Preside at executive sessions or other meetings of the non-employee directors;
- Recommend the retention of consultants, legal, financial, or other professional advisors who are to report directly to the board of directors;
- Consult with management as to the agenda items for board and committee meetings; and
- Coordinate with committee chairs in the development and recommendations regarding board and committee meeting schedules.

The board of directors believes its leadership structure not only provides for strong independent leadership, but also is in the best interests of the Company's shareholders given that it effectively positions the chief executive officer as the Company's leader and permits him to focus his entire energies on the daily management of the overall business operations. The board of directors understands that its approach to leadership structure may evolve over time. Consequently, the board of directors annually re-examines its corporate governance policies and leadership structure to ensure that they continue to meet the Company's needs and objectives.

#### Board's Role in Risk Oversight

The Company's board of directors has overall responsibility for the effective oversight of risk, whether financial, operational or strategic. This oversight function necessarily focuses on the most significant risks facing the Company and is deemed an important priority by the board of directors. The board of directors does not attempt to view in isolation the risks facing the Company, but tries to consider risk holistically and as a proper component of the Company's strategy. The board of directors does not believe it is possible, nor even desirable, to eliminate all business risk. Rather, reasonable and calculated risk-taking is deemed appropriate and necessary for the Company to remain competitive in its industries.

While the board of directors generally oversees risk management, the responsibility for daily management of these risks resides with the Company's management team. The Company has established numerous internal processes for identifying and managing risk including comprehensive internal and external audit processes. These processes have been designed to allow management to effectively identify and manage risks and to timely communicate the results of such activities to the board of directors. Management routinely communicates with the board of directors, its committees and individual directors, as appropriate, regarding various risks. All directors have direct and open access to the Company's executive officers and various other members of the management team. As a result, throughout the year, the board of directors and its committees communicate with each other and with management. Periodically, the Company's strategic and operational risk are presented and thoroughly discussed with the board of directors during the chief executive officer's operational report. The Company's financial risks are specifically addressed during the formal presentation of its financial results at each board meeting. The board of directors further considers risks when considering specific proposed actions. The Company has adopted a written policy for approval of transactions between the Company and its directors, director nominees, executive officers, greater than 5% beneficial owners and their respective immediate family members, where the amount involved in the transaction exceeds or is expected to exceed \$120,000 in a single calendar year. The policy provides that the audit committee reviews transactions subject to the policy and determines whether or not to approve or ratify such transactions. In doing so, the audit committee takes into account, among other factors it deems appropriate, whether the transaction is on terms that are no less favorable to the Company than terms generally available to an unaffiliated third-party under the same or similar circumstances and the extent of the related person's interest in the transaction, including the risks that could result therefrom.



In addition to the presentation of information to the full board of directors, the board of directors has delegated responsibility for the oversight of certain risks to the proper board committees. These committees regularly meet and report to the full board of directors at each board meeting. In particular:

The audit committee oversees the integrity of the financial statements of the Company, the independent auditor's qualifications and independence, the performance of the Company's internal audit function and independent auditors; and the Company's compliance with legal and regulatory requirements. Complaints and concerns relating to AZZ's accounting matters should be communicated to the audit committee. Any such communications may be made on an anonymous basis. Any concerns or complaints may be reported to the audit committee through a third-party vendor, NAVEX Global Inc., which has been retained by the audit committee for this purpose. The AZZ Alertline may be accessed toll-free at 1 (855) 268-6428 or via the website at <https://azz.alertline.com>. Outside parties, including customers, vendors, suppliers or shareholders may bring issues regarding accounting matters to the attention of the audit committee by writing to: Audit Committee c/o Tara D. Mackey, chief legal officer, AZZ incorporated, 3100 West 7<sup>th</sup> St., Suite 500, Fort Worth, TX 76107. All complaints and concerns will be reviewed under the direction of the audit committee and oversight provided by the chief legal officer and other appropriate persons as determined by the audit committee.

The compensation committee oversees the risks relating to the Company's compensation philosophy and programs and generally evaluates any potential effect the Company's compensation structure may have on management risk taking. The compensation committee also monitors risks relating to the overall management and organizational structure, as well as succession planning at the executive officer and key leadership levels.

The nominating and corporate governance committee provides oversight on the composition of the board of directors and its committees and provides leadership to the board in maintaining best corporate practices in the Company's corporate governance principles and practices. Many of our corporate policies are summarized in the Code of Ethics, including our policies regarding conflict of interest, insider trading, related party transactions, confidentiality and compliance with laws and regulations applicable to the conduct of our business. All officers, directors, employees and representatives are required to understand, acknowledge to be bound by the Code of Ethics and are subject to disciplinary action, including termination, for violations. The Code of Ethics is published on our website at [www.azz.com](http://www.azz.com) under the heading "Investor Relations/Corporate Governance/Code of Ethics." Any amendments to the Code of Ethics or the grant of a waiver from a provision of the Code of Ethics requiring disclosure under applicable SEC rules will be disclosed on our website. Under our Code of Ethics, directors, officers and employees are expected to report any violation or waiver of any provision of the Code of Ethics to the Chief Legal Officer. Anyone may report matters of concern to the AZZ legal department through our anonymous, confidential toll-free AZZ Alertline at 1 (855) 268-6428, online at <https://azz.alertline.com>, or by writing to the Chief Legal Officer, AZZ incorporated, 3100 West 7<sup>th</sup> St., Suite 500, Fort Worth, TX.

As indicated above, the board of directors' proper role is risk oversight as opposed to the day-to-day management of risks, which is the focus of the Company's management team. The board of directors believes this division of responsibility provides an effective means for addressing the full spectrum of risks facing the Company. Furthermore, the board of directors believes that its leadership structure, with an independent, non-management chairman of the board of directors and of each committee, supports its risk oversight function.

## DIRECTOR COMPENSATION

The Company uses a combination of cash and stock-based incentive compensation to attract and retain qualified candidates to serve on the board of directors. In setting director compensation, the Company considers the significant amount of time that directors contribute in fulfilling their duties to the Company and the skill level required for members of the board of directors.

Set forth below is a summary of the components of compensation payable to non-employee directors for board and committee service for fiscal year 2015. Messrs. Ferguson and Perry while serving as executive officers, did not receive any compensation solely for their service as a director. Upon his retirement from AZZ on May 31, 2014, Mr. Perry, who has served on the board of directors since 1992, became a non-employee director and began receiving compensation for his services as a director thereafter.

Cash Compensation. The table below shows cash compensation payable to the non-employee directors of the Company:

| Service  | Fee Amount |
|--|------------|
| Annual Retainer for Board Service <sup>(1)</sup>                       | \$40,000   |
| Annual Retainer for Board Chairman Service                             | \$60,000   |
| Annual Audit Committee Chairman Retainer                               | \$3,000    |
| Annual Compensation Committee Chairman Retainer                        | \$1,500    |
| Annual Nominating and Corporate Governance Committee Chairman Retainer | \$1,500    |
| Quarterly Board Meeting Fee  | \$2,500    |
| Audit Committee Meeting Fee  | \$1,500    |
| Compensation Committee Meeting Fee                                     | \$1,000    |
| Nominating and Corporate Governance Committee Meeting Fee              | \$1,000    |

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(1)