

Green Plains Inc.  
Form DEF 14A  
March 28, 2017

**SCHEDULE 14A INFORMATION**

**Proxy Statement Pursuant to Section 14(a) of the  
Securities Exchange Act of 1934**

Filed by the Registrant

Filed by a party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

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

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Under Rule 14a-12

**GREEN PLAINS INC.**

**(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):

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- 1) Amount previously paid:
  
  
- 2) Form, Schedule or Registration Statement No.:
  
  
- 3) Filing party:
  
  
- 4) Date Filed:

March 28, 2017

Dear Shareholder,

You are cordially invited to attend the 2017 Annual Meeting of Shareholders of Green Plains Inc. to be held at 10:00 a.m., Central time, on Tuesday, May 9, 2017, at the Aksarben Cinema located at 2110 S 67<sup>th</sup> Street, Omaha, Nebraska.

The Notice of Annual Meeting of Shareholders, Proxy Statement containing information about matters to be acted upon, Proxy Card and 2016 Annual Report are enclosed.

Please use this opportunity to take part in the affairs of your company. Whether or not you plan to attend the Annual Meeting of Shareholders, please complete, date, sign and return the accompanying Proxy Card in the enclosed postage-paid envelope, or vote via the Internet or telephone. Please refer to the Proxy Card for instructions on voting via the Internet or telephone or, if your shares are registered in the name of a broker or bank, please refer to the information forwarded by the broker or bank to determine if Internet or telephone voting is available to you. If you attend the Annual Meeting of Shareholders, you may revoke the proxy and vote in person.

On behalf of the Board of Directors, we appreciate your continued interest in your company.

Sincerely,

Wayne B. Hoovestol

*Chairman of the Board of Directors*

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GREEN PLAINS INC.

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

to be held on May 9, 2017

The 2017 Annual Meeting of Green Plains Inc. will be held at 10:00 a.m., Central time, on Tuesday, May 9, 2017, at the Aksarben Cinema located at 2110 S 67<sup>th</sup> Street, Omaha, Nebraska, for the following purposes:

1. To elect three directors to serve three-year terms that expire at the 2020 annual meeting;
2. To approve an amendment to the Company's 2009 Equity Incentive Plan (the Plan) to (i) add minimum vesting requirements for all grants at no less than one year for all but 5% of Awards under the Plan, and (ii) increase the aggregate number of shares that may be issued under the Plan as stock-based awards from 3,000,000 to 4,110,000;
3. To cast an advisory vote to approve the Company's executive compensation;
4. To cast an advisory vote on the frequency of holding an advisory vote on executive compensation; and
5. To transact such other business as may properly come before the Annual Meeting or any adjournment or postponement thereof.

The Board of Directors recommends a vote For all nominees in Proposal 1, a vote For Proposals 2 and 3 and that you select three years on Proposal 4.

The foregoing items are more fully described in the accompanying Proxy Statement. We have fixed the close of business on March 15, 2017, as the Record Date for the determination of shareholders entitled to notice of and to vote at the Annual Meeting and any adjournment thereof. Each share of our Common Stock is entitled to one vote on all matters presented at the Annual Meeting. Dissenters' rights are not applicable to these matters.

**Important Notice Regarding the Availability of Proxy Materials for Shareholder Meeting to be held on May 9, 2017.** Pursuant to rules promulgated by the Securities and Exchange Commission, we have elected to provide access to our proxy materials by notifying you of the availability of our proxy materials on the Internet. Instead of mailing paper copies of our proxy materials, we sent shareholders the Important Notice Regarding the Availability of Proxy Materials for the Shareholder Meeting to be held on May 9, 2017, with instructions for accessing the proxy materials and voting via the Internet (the Notice). The Notice, which was mailed on or around March 28, 2017, also provides information on how shareholders may obtain paper copies of our proxy materials if they so choose. **The Notice, the Proxy Statement and our 2016 Annual Report may be accessed at [www.documentview.com/GPRE](http://www.documentview.com/GPRE).**

**WHETHER OR NOT YOU EXPECT TO ATTEND THE ANNUAL MEETING, WE URGE YOU TO VOTE YOUR SHARES VIA THE TOLL-FREE TELEPHONE NUMBER OR OVER THE INTERNET, AS PROVIDED IN THE ENCLOSED MATERIALS. IF YOU REQUESTED A PROXY CARD BY MAIL, YOU MAY SIGN, DATE AND MAIL THE PROXY CARD IN THE ENVELOPE PROVIDED.**

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By Order of the Board of Directors,

Michelle S. Mapes

*Corporate Secretary*

Omaha, Nebraska

March 28, 2017

**GREEN PLAINS INC.**

**PROXY STATEMENT**

**ANNUAL MEETING OF SHAREHOLDERS**

**to be held on May 9, 2017**

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**Commonly Used Defined Terms**

*Company and Regulatory Defined Terms:*

Green Plains; the Company	Green Plains Inc.
Exchange Act	Securities Exchange Act of 1934, as amended
Nasdaq	The Nasdaq Global Market
SEC	Securities and Exchange Commission
Securities Act	Securities Act of 1933, as amended

*Other Defined Terms:*

Annual Meeting	The 2017 annual meeting of shareholders of Green Plains Inc. and any adjournment or postponement thereof
ASC 718	Accounting Standards Codification Topic 718, <i>Compensation – Stock Compensation</i>
Board	Board of directors of Green Plains Inc.
Common Stock	Green Plains Inc. common stock, \$0.001 par value per share
EBITDA	Earnings before interest, taxes, depreciation and amortization which is a non-GAAP measure. See our Annual Report on Form 10-K for the year ended December 31, 2016 for a reconciliation to GAAP net income
Equity Plan	Green Plains Inc. 2009 Equity Incentive Plan, as amended
GPP	Green Plains Partners LP
GPP LTIP	Green Plains Partners LP 2015 Long-Term Incentive Plan
Internal Revenue Code	Internal Revenue Code of 1986, as amended
NEO	Named executive officer
Notice	Important notice regarding the availability of proxy materials for the Annual Meeting
Record Date	The record date for the determination of shareholders entitled to notice of and to vote at the Annual Meeting
Umbrella STIP	Green Plains Inc. Umbrella Short-Term Incentive Plan
U.S.	United States

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**INFORMATION ABOUT THIS PROXY STATEMENT AND THE ANNUAL MEETING**

**Introduction**

This Proxy Statement is being furnished to holders of our Common Stock in connection with the solicitation by and on behalf of the Board of proxies to be used at the Annual Meeting to be held at 10:00 a.m., Central time, on Tuesday, May 9, 2017, at the Aksarben Cinema located at 2110 S 67<sup>th</sup> Street, Omaha, Nebraska, and any adjournment or postponement thereof. The purpose of the Annual Meeting is to elect three directors, to amend the Plan as set forth herein, to solicit advisory votes on the Company's executive compensation program and how frequently such votes should occur, and to transact such other business as may properly come before the meeting. This Proxy Statement, the Notice of Annual Meeting of Shareholders, the accompanying Proxy Card and our 2016 Annual Report are first being made available to shareholders entitled to vote at the Annual Meeting on or around March 28, 2017.

**Electronic Access to Proxy Materials**

Pursuant to rules adopted by the SEC, we are making this Proxy Statement and our 2016 Annual Report available to shareholders electronically via the Internet. On or around March 28, 2017, we mailed the Notice, which provides information regarding the availability of proxy materials for the Annual Meeting, to our shareholders of record.

Shareholders will be able to access this Proxy Statement and our 2016 Annual Report on the website referred to in the Notice or request to receive printed copies of the proxy materials. Instructions on how to access the proxy materials on the Internet or to request a printed copy may be found in the Notice. The website on which you will be able to view our proxy materials also allows you to choose to receive future proxy materials electronically by email, which would save us the cost of printing and mailing documents to you. If you choose to receive future proxy statements by email, you will receive an email next year with instructions containing a link to the proxy voting site. Your election to receive proxy materials by email remains in effect until you terminate it.

**Record Date, Outstanding Shares and Quorum**

We have fixed the close of business on March 15, 2017, as the Record Date, which is used to determine those shareholders entitled to notice of and to vote at the Annual Meeting and any adjournment or postponement thereof. There were 38,671,309 shares of Common Stock outstanding at the close of business on the Record Date. Holders of record of our Common Stock on the Record Date are entitled to cast one vote per share, exercisable in person or by properly executed proxy, with respect to each matter to be considered at the Annual Meeting.

The presence, in person or by properly executed proxy, at the Annual Meeting of the holders of a majority of the outstanding shares of Common Stock entitled to vote shall constitute a quorum. Proxies that are marked to withhold authority with respect to the election of directors and proxies for which no instructions are given will be counted for purposes of determining the presence of a quorum.

**Proxy Voting and Revocability of Proxies**

Common Stock, represented by the proxies received pursuant to this solicitation and not timely revoked, will be voted at the Annual Meeting in accordance with the instructions indicated in properly submitted proxies. If no instructions are indicated, such shares will be voted as recommended by the Board. If any other matters are properly presented to the Annual Meeting for action, the person(s) named in the enclosed form(s) of proxy and acting thereunder will have discretion to vote on such matters in accordance with their best judgment. Broker non-votes and abstentions are not treated as votes cast for any of the matters to be voted on at the meeting.

A holder of Common Stock who has submitted a proxy may revoke it prior to its exercise by providing written notice of revocation or a later-dated proxy to the secretary of the Company at any time before the closing of the polls at the meeting, or by voting in person at the meeting. Any written notice revoking a proxy should be sent to: Green Plains Inc., Attention: Michelle S. Mapes, Corporate Secretary, 1811 Aksarben Drive, Omaha, Nebraska 68106. Attendance in person at the Annual Meeting does not itself revoke a proxy; however, any shareholder who attends the Annual Meeting may revoke a previously submitted proxy by voting in person.

Computershare Trust Company, N.A. is the transfer agent and registrar for our Common Stock. If your shares are registered directly in your name with our transfer agent, with respect to those shares, you are considered the shareholder of record, or a registered shareholder, and these materials were sent to you directly by us. If you are a shareholder of record, you may vote in person at the Annual Meeting.

If your shares are held in a stock brokerage account or by a bank or other nominee, you are considered the beneficial owner of shares held in street name, and that organization should have forwarded these materials to you. As the beneficial owner, you have the right to direct your broker, bank or nominee holding your shares how to vote and are also invited to attend the Annual Meeting. Please refer to the information forwarded by your broker or bank for instructions on how to direct their vote. However, since you are not a shareholder of record, you may not vote these shares in person at the Annual Meeting unless you bring with you a legal proxy from the shareholder of record.

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

going to the Internet website indicated on the Proxy Card or voting instruction card and following the instructions provided (you will need the control number that is included in the Notice);

calling the toll-free telephone number indicated on the Proxy Card or voting instruction card (you will need the control number that is included in the Notice);

signing, dating and returning the Proxy Card if you request to receive your proxy materials by mail; or

written ballot in person at the Annual Meeting.

Your shares will be voted as you indicate. If you do not indicate your voting preferences, the appointed proxies will vote your shares For all nominees in Proposal 1, For Proposal 2 and 3, and will select three years on Proposal 4.

#### **Broker Non-Votes**

Broker non-votes occur when nominees, such as brokers and banks holding shares on behalf of the beneficial owners, are prohibited from exercising discretionary voting authority for beneficial owners who have not provided voting instructions at least ten days before the Annual Meeting date. If no instructions are given within that time frame, the nominees may vote those shares on matters deemed routine by the New York Stock Exchange. On non-routine matters, nominees cannot vote without instructions from the beneficial owner, resulting in so-called broker non-votes. Broker non-votes are not counted for the purposes of determining the number of shares present in person or represented by proxy on any voting matter. All proposals are considered non-routine.

#### **Expenses and Methods of Solicitation**

We will bear the expense of soliciting proxies. In addition to the use of the mail and Internet, proxies may be solicited personally, or by telephone or other means of communications, by directors, officers and employees of the Company and its subsidiaries who will not receive additional compensation therefor. We will reimburse

banks, brokerage firms and nominees for reasonable expenses incurred related to forwarding proxy solicitation materials to beneficial owners of shares held by such banks, brokerage firms and nominees.

### **Vote Required**

The affirmative vote of a plurality of the votes cast at the Annual Meeting by the holders of the Common Stock, assuming a quorum is present, is required to elect each director. The three persons receiving the greatest number of votes at the Annual Meeting shall be elected as directors. Since only affirmative votes count for this purpose, broker non-votes or votes withheld will not affect the outcome of the voting on Proposal 1. The affirmative vote of a majority of the votes cast at the annual meeting by the holders of the Common Stock, assuming a quorum is present is required to approve Proposals 2 and 3. Since only votes cast count for this purpose, broker non-votes and abstentions will not affect the outcome of the voting on Proposals 2 or 3. With respect to Proposal 4, the alternative receiving the greatest number of votes will be the frequency that shareholders approve.

## **INFORMATION ABOUT THE BOARD OF DIRECTORS AND CORPORATE GOVERNANCE**

### **Board of Directors**

The Board consists of ten members and are divided into three groups. One group of directors is elected at each annual meeting of shareholders for a three-year term. Each year a different group of directors is elected on a rotating basis. Jim Anderson, Wayne Hoovestol and Ejnar Knudsen are up for re-election at the Annual Meeting (to serve until the 2020 annual meeting or until their respective successors shall be elected and qualified). The terms of Todd Becker, Thomas Manuel, Brian Peterson and Alain Treuer expire at the 2018 annual meeting. The terms of James Crowley, Gene Edwards and Gordon Glade expire at the 2019 annual meeting.

### **Director Independence**

A director is independent if, in the opinion of the Board, he or she has no relationship which would interfere with the exercise of independent judgment in carrying out the responsibilities of a director and otherwise satisfies the independence requirements of applicable SEC and Nasdaq rules. The Board has reviewed the independence of its current directors and nominees and found that, except for Mr. Becker due to his current position with the Company, each of them is independent.

### **Board Meetings, Directors Attendance and Shareholder Communications**

The Board held six meetings during 2016. Meetings were conducted via teleconference or in person. No incumbent director attended fewer than seventy-five percent (75%) of the aggregate Board and committee meetings held on which the incumbent director served during this period. Our policy is to encourage, but not require, Board members to attend our annual shareholder meetings. With the exception of one, all Board members attended the 2016 annual meeting.

Shareholders who would like to send written communications to the Board may do so by submitting such communications to: Green Plains Inc., Attention: Michelle S. Mapes, Corporate Secretary, 1811 Aksarben Drive, Omaha, Nebraska 68106. The Board suggests, but does not require, that such submissions include the name and contact information of the shareholder making the submission and a description of the matter that is the subject of the communication. Ms. Mapes will then furnish such information to the Board or appropriate committee of the Board for review.

## Board Committees

The Board has standing Audit, Compensation, and Nominating and Governance Committees.

### *Audit Committee*

The Audit Committee, which was established in accordance with section 3(a)(58)(A) of the Exchange Act, currently has five directors, all of whom meet the independence standards of the SEC and Nasdaq. Audit Committee members are Jim Anderson, James Crowley, Gene Edwards, Gordon Glade and Ejnar Knudsen, with Mr. Crowley serving as chairman. Mr. Crowley has been determined to be an audit committee financial expert as defined in Rule 407(d)(5) of Regulation S-K. During 2016, the Audit Committee held seven meetings via teleconference or in person. The Audit Committee Charter, which is reviewed, revised and updated on an annual basis, is posted on our website at [www.gpreinc.com](http://www.gpreinc.com).

The function of the Audit Committee, as detailed in its charter, is to provide assistance to the Board in fulfilling its responsibility to the shareholders, potential shareholders, and investment community relating to corporate accounting, reporting practices, and the quality and integrity of our financial reports. In so doing, it is the responsibility of the Audit Committee to maintain free and open means of communication between the directors, the independent auditors and our management.

### *Compensation Committee*

The Compensation Committee currently has four directors, all of whom meet the independence standards of the SEC and Nasdaq. Compensation Committee members are Jim Anderson, Gene Edwards, Tom Manuel and Alain Treuer, with Mr. Treuer serving as chairman. During 2016, the Compensation Committee held six meetings via teleconference or in person. The Compensation Committee Charter is posted on our website at [www.gpreinc.com](http://www.gpreinc.com).

The Compensation Committee establishes our general compensation policy and, except as prohibited by law, may take any and all actions that the Board could take relating to compensation of directors, executive officers, employees and other parties. The Compensation Committee's role is to (i) evaluate the performance of our executive officers, (ii) set compensation for directors and executive officers, (iii) make recommendations to the Board on adoption of compensation plans and (iv) administer our compensation plans. When evaluating potential compensation adjustments, the Compensation Committee solicits and considers input provided by the chief executive officer relating to the individual performance and contribution to our overall performance by executive officers and other key employees.

Pursuant to its charter, the Compensation Committee is empowered to hire outside advisors as it deems appropriate to assist it in the performance of its duties. The Compensation Committee has sole authority to retain or terminate any compensation consultants or advisors and to approve their fees. For additional information on the Compensation Committee's role, its use of outside advisors and their roles, as well as the Committee's processes and procedures for the consideration and determination of executive compensation, see *Executive Compensation Compensation Discussion and Analysis*.

### *Nominating and Governance Committee*

The Nominating and Governance Committee currently has four directors, all of whom meet the independence standards of Nasdaq. Nominating and Governance Committee members are Gordon Glade, Tom Manuel, Brian Peterson and Alain Treuer, with Mr. Peterson serving as chairman. During 2016, the Nominating and Governance Committee held three meetings via teleconference or in person. The Nominating and Governance Committee Charter is posted on our website at [www.gpreinc.com](http://www.gpreinc.com).

The function of the Nominating and Governance Committee, as detailed in its charter, is to recommend to the Board the slate of director nominees for election to the Board, to identify and recommend candidates to fill vacancies occurring between annual shareholder meetings, and to review and address governance items. The Nominating and Governance Committee has established certain broad qualifications in order to consider a proposed candidate for election to the Board. The Nominating and Governance Committee will also consider such other factors as it deems appropriate to assist in developing a Board and committees that are diverse in nature and comprised of experienced and seasoned advisors. These factors include judgment, skill, diversity (such as race, gender or experience), integrity, experience with businesses and other organizations of comparable size, the interplay of the candidate's experience with the experience of other Board members, and the extent to which the candidate would be a desirable addition to the Board and any committees of the Board.

### **Board Diversity**

In considering whether to recommend any candidate for inclusion in the Board's slate of recommended director nominees, including candidates recommended by shareholders, the Nominating and Governance Committee considers criteria that include the candidate's integrity, business acumen, experience, commitment, diligence, conflicts of interest and ability to act in the interests of all shareholders. Moreover, the Nominating and Governance Committee considers the value of diversity of experience on the Board, taking into account the current Board membership, in the director identification and nomination process. The Nominating and Governance Committee seeks nominees with a broad diversity of experience, professions, skills, geographic representation and backgrounds. The Nominating and Governance Committee does not assign specific weights to particular criteria and no particular criterion is necessarily applicable to all prospective nominees. We believe that the backgrounds and qualifications of the directors, considered as a group, should provide a significant composite mix of experience, knowledge and abilities that will allow the Board to fulfill its responsibilities.

### **Director Qualifications**

Presented below are biographies of each director nominee and continuing director containing information regarding the person's service as a director, business experience, director positions held currently or at any time during the last five years, information regarding involvement in certain legal or administrative proceedings, if applicable, and the experiences, qualifications, attributes or skills that caused the Nominating and Governance Committee and the Board to determine that the person should serve as a director for us.

The Nominating and Governance Committee considers candidates recommended by security holders, directors, executive officers and other sources, including, but not limited to, third-party search firms. Our shareholders may submit recommendations for Board candidates. All recommendations shall be submitted in writing to: Green Plains Inc., Attention: Michelle S. Mapes, Corporate Secretary, 1811 Aksarben Drive, Omaha, Nebraska 68106. Such submissions should include the name, contact information, a brief description of the candidate's business experience and such other information the person submitting the recommendation believes is relevant to the evaluation of the candidate. The Nominating and Governance Committee will review all such recommendations. For candidates to be considered for election at the next annual shareholder meeting, the recommendation must be made in accordance with and within the time frame set forth in our bylaws and described below under *Shareholder Proposals*.

The Nominating and Governance Committee will evaluate whether an incumbent director should be nominated for re-election to the Board or any committee of the Board upon expiration of such director's term using the same factors as described above for other Board candidates. The Nominating and Governance Committee will also take into account the incumbent director's performance as a Board member. Failure of any incumbent director to attend at least seventy-five percent (75%) of the Board meetings held in any year of service as a Board member will be viewed negatively by the Nominating and Governance Committee in evaluating the performance of such director.

The Nominating and Governance Committee recommended that all of the incumbent directors whose terms of office expire at the Annual Meeting be included on the ballot for re-election as directors for a three-year term expiring at the 2020 annual meeting. This recommendation was based on a review and evaluation of meeting attendance, knowledge of the industries in which we operate and overall contributions to the Board.

#### **Code of Ethics**

The Board has adopted a code of ethics that applies to its chief executive officer and all senior financial officers, including the chief financial officer, principal accounting officer, other senior financial officers and persons performing similar functions. The full text of the code of ethics is published on our website in the Investors Corporate Governance section. We intend to disclose future amendments to, or waivers from, certain provisions of the code of ethics on our website within five business days following the adoption of such amendment or waiver.

#### **Role in Risk Oversight**

The Board's role in the risk oversight process includes receiving regular reports from members of senior management on areas of material risk to us, including operational, financial, legal and regulatory, and strategic and reputational risks. The full Board (or the appropriate committee in the case of risks that are under the purview of a particular committee) receives these reports from the appropriate risk owner within the organization enabling it to understand our risk identification, risk management and risk mitigation strategies. Additionally, the Board has approved and periodically reviews our risk management policy, which specifically sets parameters of risk with respect to commodity and hedging positions. When a committee receives a report, the chairman of the relevant committee reports the discussion to the full Board during the committee reports portion of the next Board meeting. This allows the Board and its committees to coordinate the risk oversight role, particularly with respect to risk interrelationships. The risk oversight structure has no effect on the Board's leadership structure.

#### **Insider Trading Policy**

The Board has adopted an insider trading policy to satisfy our obligation to prevent insider trading and help insiders avoid the severe consequences associated with violations of insider trading laws. We have worked diligently over the years to establish a reputation for integrity and ethical conduct; accordingly, this policy is also intended to prevent even the appearance of improper conduct on the part of anyone employed by or associated with us.

No director, officer or employee of ours who is aware of material nonpublic information relating to us may, directly or through family members or other persons or entities, (a) buy or sell our securities (other than pursuant to a pre-approved trading plan that complies with SEC Rule 10b5-1), or engage in any other action to take personal advantage of that information, or (b) pass that information on to non-employees, including family and friends. In addition, no director, officer or other employee of ours who, in the course of working for us, learns of material nonpublic information about a company with which we do business, including a customer or supplier, may trade in that company's securities until the information becomes public or is no longer material.

Certain forms of hedging or monetization transactions allow an employee to lock in much of the value of his or her stock holdings, often in exchange for all or part of the potential for upside appreciation in the stock. These transactions allow the director, officer or employee to continue to own the covered securities, but without the full risks and rewards of ownership. When that occurs, the director, officer or employee may no longer have the same objectives as our other shareholders. Any person wishing to enter into such an arrangement must first pre-clear the proposed transaction with our chief executive officer or his designee.

Securities held in a margin account may be sold by the broker without the customer's consent if the customer fails to meet a margin call. Similarly, securities pledged or hypothecated as collateral for a loan may be



sold in foreclosure if the borrower defaults on the loan. Because a margin sale or foreclosure sale may occur at a time when the pledgor is aware of material nonpublic information or otherwise is not permitted to trade in our securities, directors, officers and other employees who are aware of material nonpublic information relating to us are prohibited from holding our securities in a margin account or pledging our securities as collateral for a loan. An exception to this prohibition may be granted when a person wishes to pledge our securities as collateral for a loan, not including margin debt, and clearly demonstrates the financial capacity to repay the loan without resort to the pledged securities. Any person who wishes to pledge our securities as collateral for a loan must submit a request for approval to our chief executive officer or his designee at least two weeks prior to the proposed execution of documents evidencing the proposed pledge.

We have applied and interpreted the insider trading policy that hedging and pledging transactions are not permitted, without approval, and approval is not easily achieved or given out just because it was requested. To date, we have not approved hedging and have allowed just two current directors to pledge, only after they had demonstrated the necessary financial capacity.

### **Board Leadership Structure**

The Board does not have a policy on whether the same person should serve as both the chief executive officer and chairman of the Board or, if the roles are separate, whether the chairman should be selected from the non-employee directors or be an employee. The Board believes that it should have the flexibility to make these determinations at any given point in time that best provides the appropriate leadership for us at that time. Over the last several years, we have had each of the following leadership structures, reflecting its circumstances at the time: separate non-employee chairman and chief executive officer (prior to October 2008, January 2009 to February 2009 and November 2009 to present); separate chairman and chief executive officer, with the chairman being a member of our management team (March 2009 to November 2009); and combined chairman and chief executive officer (October 2008 to December 2008). The Board believes that its current leadership structure, with Mr. Hoovestol, a non-employee serving as Board chairman, and Mr. Becker serving as chief executive officer, is appropriate given the experience of each individual. Mr. Becker is currently deemed not to be independent. The independent, non-executive Board members meet regularly in executive session. The Board, with guidance from the Nominating and Governance Committee, will periodically continue to review its leadership structure.

## **PROPOSAL 1**

### **ELECTION OF DIRECTORS**

#### **Election of Directors**

The Board is divided into three classes, with the members of each class serving three-year terms of office. This results in one class standing for election at each annual meeting of shareholders. The Nominating and Governance Committee recommended and the Board nominated for re-election Jim Anderson, Wayne Hoovestol and Ejnar Knudsen, each to serve a term that expires at the 2020 annual meeting.

Your Proxy Card will be used to vote for the election of the nominees unless you withhold the authority to do so when you submit your proxy. If no instructions are given, your shares will be voted for the three nominees. As explained above, our directors are elected by the affirmative vote of the plurality of the shares present and entitled to vote. The three persons receiving the greatest number of votes at the Annual Meeting shall be elected as directors.

**THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR ALL NOMINEES**

**NAMED AS PART OF PROPOSAL 1.**

The following paragraphs set forth information about the nominees and our continuing directors. All director biography information is as of March 28, 2017.

#### **Nominees for Election at the 2017 Annual Meeting**

JIM ANDERSON, 59, a director since October 2008, also serves on the Audit and Compensation Committees. Mr. Anderson is currently the Managing Director and Operating Partner at CHAMP Private Equity. Previously he served The Gavilon Group, LLC as its President and Chief Executive Officer from October 2014 until February 2016 as well as its Chief Operating Officer, Fertilizer, since February, 2010. Prior to that, he served as Chief Executive Officer and member of the board of directors at United Malt Holdings, a producer of malt for use in the brewing and distilling industries, from September 2006 to February 2010. Prior to that, beginning in April 2003, Mr. Anderson served as Chief Operating Officer / Executive Vice President of CT Malt, a joint venture between ConAgra Foods, Inc. and Tiger Brands of South Africa. Mr. Anderson's experience in the agricultural processing and trading business includes serving as Senior Vice President and then President of ConAgra Grain Companies. His career also includes association with the firm Ferruzzi USA and as an Operations Manager for Pillsbury Company. He has also served as a Board Member of the North American Export Grain Association and the National Grain and Feed Association. Mr. Anderson holds a Bachelor of Arts degree with a Finance emphasis from the University of Wisconsin - Platteville. Mr. Anderson is qualified to serve as a director because of his commodity experience and agribusiness knowledge, which provides the Board with a relevant depth of understanding of our operations.

WAYNE HOOVESTOL, 58, a director since March 2006, has served as Chairman of the Board since October 2008. Mr. Hoovestol served as our Chief Operating Officer from January 2007 to February 2007, Chief Executive Officer from February 2007 to December 2008, and Chief Strategy Officer from March 2009 to November 2009. Mr. Hoovestol no longer is an employee of the Company. Mr. Hoovestol began operating Hoovestol Inc., a trucking company, in 1978. He is also President of Lone Mountain Truck Leasing, which he founded in 2005. Mr. Hoovestol became involved with the ethanol industry as an investor in 1995, and has served on the boards of two other ethanol companies. Mr. Hoovestol also served on the board of CapSource Financial, Inc., a truck trailer sales and leasing company, from May 2005 to March 2007. Mr. Hoovestol is qualified to serve as a director because of his former leadership as chief executive officer, as well as the business perspective he brings to the Board through his ownership of other entities and investments in other ethanol companies.

EJNAR KNUDSEN, 48, joined the company as a director in May, 2016, filling a vacant position whose term expires at the Annual Meeting. He also serves on the Audit Committee. Mr. Knudsen is the founder and managing partner of AGR Partners, and oversees the firm's investment process. He serves on the board of two AGR portfolio companies, Ridley Corp (RIC.ASX), Australia's largest animal feed and rendering company, and Opal Foods, a shell egg producer in Missouri and Colorado. He is the co-founder and director of Mattered, a special situations farming company, and currently serves on the board of Western Milling, a California grain and feed milling company. He is also chair of the Dairy Club, a group of leading producers and industry participants; director on the California Ag Leadership Foundation board and chair of its finance committee; and member of the Farm Foundation. Previously, Mr. Knudsen was co-portfolio manager of Passport Capital's agriculture fund; served as executive vice president of Western Milling, and was vice president of Rabobank, managing a loan portfolio, venture capital investments and corporate advisory services in the food and agriculture sectors. Mr. Knudsen earned his Bachelor of Science in agricultural and life sciences from Cornell University and is a CFA charterholder. Mr. Knudsen is qualified to serve as a director because of his commodity experience and agribusiness knowledge, which provides the Board with a relevant depth of understanding of our operations.

#### **Continuing Directors with Terms Expiring in 2018**

TODD BECKER, 51, who has served as President and Chief Executive Officer since January 2009, was appointed as a director in March 2009. Mr. Becker has also served as President and Chief Executive Officer, as

well as a director, of the general partner of Green Plains Partners LP since March 2015. Mr. Becker served as our President and Chief Operating Officer from October 2008 to December 2008. He served as Chief Executive Officer of VBV LLC from May 2007 to October 2008. Mr. Becker was Executive Vice President of Sales and Trading at Global Ethanol from May 2006 to May 2007. Prior to that, he worked for ten years at ConAgra Foods, Inc. in various management positions including Vice President of International Marketing for ConAgra Trade Group and President of ConAgra Grain Canada. Mr. Becker has over 28 years of related experience in various commodity processing businesses, risk management and supply chain management, along with extensive international trading experience in agricultural markets. Mr. Becker served on the board of directors, including its audit and compensation committees, for Hillshire Brands Company from 2012 to 2014. Mr. Becker has a master's degree in Finance from the Kelley School of Business at Indiana University and a Bachelor of Science degree in Business Administration with a Finance emphasis from the University of Kansas. Mr. Becker is qualified to serve as a director because he provides an insider's perspective about our business and strategic direction to Board discussions. His extensive commodity experience and leadership make him an essential member of the Board.

THOMAS MANUEL, 70, a director since May 2015, also serves on the Compensation and the Nominating and Governance Committees. Mr. Manuel serves as Chief Executive Officer and Founder of Nu-Tek Salt, LLC, a food ingredients processing company, a position he has held since August 2011. Prior to that, he served as Chief Executive Officer of Aventine Renewable Energy, Inc., an ethanol producer from March 2010 to August 2011. From May 2002 to August 2011, Mr. Manuel served as Managing Director of International Strategy Advisors, LLC, providing transaction advisory services to private equity investors in the agribusiness and food industries. From 1977 until 2002, Mr. Manuel held various senior management positions with ConAgra Foods, Inc. including trading in domestic and international food ingredients, grain and energy, and grain and meat processing of various types. Mr. Manuel has a Bachelor of Science degree in Business Administration from the University of Minnesota. Mr. Manuel is qualified to serve as a director because of his experience in grain, meat and poultry processing, trading, and commodity and energy merchandising, providing a veteran perspective to Board discussions.

BRIAN PETERSON, 53, a director since May 2005, also serves as chairman of the Nominating and Governance Committee. Mr. Peterson currently serves as President and Chief Executive Officer of Whiskey Creek Enterprises. Mr. Peterson served as our Executive Vice President in charge of site development from 2005 to October 2008. Mr. Peterson was the sole founder and owner of Superior Ethanol LLC, which was acquired by us in 2006. For over twenty years, he has owned and operated grain farming entities which now includes acreages in Iowa, Arkansas and South Dakota. Additionally, he built, owns and operates a cattle feedlot in northwest Iowa. Mr. Peterson has a Bachelor of Science degree in Agricultural Business from Dordt College. Mr. Peterson is qualified to serve as a director because of his ethanol and grain industry experience, which serves as an important resource to the Board.

ALAIN TREUER, 44, a director since October 2008, who has served as Vice Chairman of the Board since August 2015, also serves on the Nominating and Governance Committee and as chairman of the Compensation Committee. Mr. Treuer is Chairman and Chief Executive Officer of Tellac Reuert Partners (TRP) SA, a global investment and financial consulting firm. He was appointed as its Chief Executive Officer in 2004 and became Chairman in 2005. Mr. Treuer has also controlled Wilon Holdings S.A. since 2006. Prior to joining TRP SA, he was Chairman of TIGC, a global telecommunications company that he founded in 1992 and sold in 2001. He was originally appointed as a director in 2008 pursuant to a shareholders' agreement, which is no longer in effect, entered into in connection with our merger with VBV LLC and its subsidiaries. Mr. Treuer has a master's degree in Business Administration from the Graduate School of Business at Columbia University in New York and a Bachelor of Economics degree from the University of St. Gallen in Switzerland. Mr. Treuer is qualified to serve as a director because his business experiences, combined with his education and global acumen, allow him to provide unique operational insights to the Board.

### **Continuing Directors with Terms Expiring in 2019**

JAMES CROWLEY, 70, a director since October 2008, also serves as chairman of the Audit Committee. Mr. Crowley has been Chairman and Managing Partner of Old Strategic, LLC since July 2006. His previous experience includes service as Chairman and Managing Partner of Strategic Research Institute, President of Global Investment and Merchant Banking at Prudential Securities, and investment banking at Smith Barney Harris Upham & Co. He currently serves on the board and is chairman of the audit committee of Core Molding Technologies, is on the board of trustees for the National Marine Sanctuary Foundation, and has served on a number of educational and not-for-profit boards. Mr. Crowley has a master's degree in Business Administration from the Wharton Graduate School of Business at the University of Pennsylvania and a Bachelor of Science degree in Business Administration from Villanova University. He has also completed corporate governance programs at the Harvard Business School, Stanford Graduate Business School, Stanford Law School and Northwestern University. Mr. Crowley is qualified to serve as a director because he possesses the requisite education and business acumen to serve as an audit committee financial expert along with having served on other boards and as an audit committee chairman of another company.

GENE EDWARDS, 60, a director since June 2014, also serves on the Audit and Compensation Committees. Mr. Edwards served as Executive Vice President and Chief Development Officer of Valero Energy Corporation until his retirement in April 2014. He began his 32-year career at Valero as an analyst in Planning and Economics and spent his tenure with Valero in various managerial positions in Planning and Economics, Refinery Operations, Business Development, and Marketing. Mr. Edwards was a key driver in Valero's entry into the ethanol business and helped the segment become a successful part of its overall business. He served on the board of directors of CST Brands, Inc. from May 2013 to December 2013. Mr. Edwards holds a Bachelor of Science degree in Chemical Engineering from Tulane University and a master's degree in Business Administration from the University of Texas at San Antonio. Mr. Edwards is qualified to serve as a director because of his extensive energy, including ethanol, industry experience, providing the Board with valued industry experience.

GORDON GLADE, 46, a director since December 2007, also serves on the Audit and the Nominating and Governance Committees. Mr. Glade is currently a director of Amur Equipment Financing (formerly AXIS Capital Inc.), a commercial equipment leasing company, for which he had also served as its President and Chief Executive Officer from 1996 to 2016. In addition, he is a current investor in several other ethanol companies. Mr. Glade also serves as Vice President and a director of the Edgar Reynolds Foundation and as a director of the Brunswick State Bank. Mr. Glade has a Bachelor of Science degree in both Accounting and Finance from Texas Christian University. Mr. Glade is qualified to serve as a director because his business experience, including his experience as an investor in other ethanol companies, provides the Board with valuable perspective.

### **DIRECTOR COMPENSATION**

Upon the recommendation of the Compensation Committee, we compensate our non-employee directors through a retainer structure for knowledge of us and the industry in which we operate, serving in a stewardship role, preparing for and attending Board and committee meetings, and serving as a committee chairman. During 2016, each non-employee director was paid \$75,000 for serving on the Board, including serving on Board committees. In addition, the Chairman of the Board received \$20,000, the Audit Committee chairman received \$20,000, the Compensation Committee chairman received \$10,000 and the Nominating and Governance Committee chairman received \$4,000. Additionally, annual individual restricted stock grants were awarded equal to \$125,000 in value, as measured on the date of grant. Board members are also reimbursed for travel and other business-related expenses. The Board has adopted stock ownership guidelines for its directors at four times their estimated annual share award, or \$500,000.

The Compensation Committee retained Hay Group as an independent consultant during 2016 to evaluate our non-employee director compensation program and provide recommendations for appropriate changes, if any,

to achieve market-competitiveness and consistency with recognized corporate governance best practices. With an objective that total compensation for all non-employee directors would be awarded within a range of the 50<sup>th</sup> to 75<sup>th</sup> percentile of industry compensation defined by our peer group analysis and other methodologies consistent with industry practice, in 2016, the Board approved an increase in the annual individual restricted stock grants from \$100,000 to \$125,000.

On May 13, 2016, the Company's non-employee directors each received a grant of 8,480 shares of restricted stock with an award value of \$125,000 pursuant to the 2009 Equity Incentive Plan, as amended (the "Equity Plan"). The award vests and shares of Common Stock are issued after one year. On May 13, 2016, Mr. Knudsen, who joined the Board on May 5, 2016, received a pro-rated grant of 140 shares of restricted stock pursuant to the Plan with a vesting and issuance date of May 13, 2016. The directors have voting rights with respect to unvested shares of restricted stock.

As an employee, Mr. Becker does not receive director compensation. See *Summary Compensation Table* for information on his compensation.

The following table sets forth 2016 compensation for non-employee directors.

Name	Fees earned or paid in cash (\$)	Stock awards (\$ (1))	Option awards (\$)	All other comp. (\$)	Total (\$)
Wayne Hoovestol, Chairman	95,000	125,000	-	-	220,000
Jim Anderson	75,000	125,000	-	-	200,000
James Crowley	95,000	125,000	-	-	220,000
Gene Edwards					