MARINEMAX INC
Form DEF 14A
January 11, 2010

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

SCHEDULE 14A
(Rule 14a-101)

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant þ

Filed by a Party other than the Registrant o

Check the appropriate box:

o Preliminary Proxy Statement
o Confidential, for use of the Commission only (as permitted by Rule 14a-6(e)(2))
þ Definitive Proxy Statement
o Definitive Additional Materials
o Soliciting Material Pursuant to §240.14a-12

MarineMax, 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):

þ No fee required.

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1) Title of each class of securities to which transaction applies:

2) Aggregate number of securities to which transaction applies:

3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

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1) Amount Previously Paid:

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MARINEMAX, INC.
NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
February 17, 2010

An Annual Meeting of Stockholders of MarineMax, Inc., a Delaware corporation, will be held at 8:00 a.m., local time, on Wednesday, February 17, 2010, at 2375 East Camelback Road, 7th Floor, Phoenix, Arizona for the following purposes:

1. To elect three directors, each to serve for a three-year term expiring in 2013.

2. To approve an amendment to our certificate of incorporation to increase the total number of authorized shares from 25,000,000 to 45,000,000, consisting of 40,000,000 of common stock and 5,000,000 of preferred stock.

3. To ratify the appointment of Ernst & Young LLP, an independent registered public accounting firm, as the independent auditor of our company for the fiscal year ending September 30, 2010.

4. To transact such other business as may properly come before the meeting or any adjournment thereof.

The foregoing items of business are more fully described in the proxy statement accompanying this notice.

Only stockholders of record at the close of business on December 28, 2009 are entitled to notice of and to vote at the meeting.

All stockholders are cordially invited to attend the meeting and vote in person. To assure your representation at the meeting, however, we urge you to vote by proxy as promptly as possible over the Internet or by phone as instructed in the notice of Internet Availability of Proxy Materials or, if you receive paper copies of the proxy materials by mail, you can also vote by mail by following the instructions on the proxy card. You may vote in person at the meeting even if you have previously returned a proxy.

Sincerely,

Michael H. McLamb
Secretary

Clearwater, Florida
January 11, 2010

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MARINEMAX, INC.
18167 U.S. Highway 19 North, Suite 300
Clearwater, Florida 33764

PROXY STATEMENT

VOTING AND OTHER MATTERS

General

The accompanying proxy is solicited on behalf of MarineMax, Inc., a Delaware corporation, by our Board of Directors for use at our Annual Meeting of Stockholders to be held at 8:00 a.m. on Wednesday, February 17, 2010, or at any adjournment thereof, for the purposes set forth in this proxy statement and in the accompanying notice. The meeting will be held at 2375 East Camelback Road, 7th Floor, Phoenix, Arizona.

In accordance with rules adopted by the Securities and Exchange Commission, or the SEC, that allow companies to furnish their proxy materials over the Internet, we are mailing a Notice of Internet Availability of Proxy Materials instead of a paper copy of our proxy statement and our 2009 Annual Report to most of our stockholders. The Notice of Internet Availability of Proxy Materials contains instructions on how to access those documents and vote over the Internet. The Notice of Internet Availability of Proxy Materials also contains instructions on how to request a paper copy of our proxy materials, including our proxy statement, our 2009 Annual Report, and a form of proxy card. We believe this process will allow us to provide our stockholders the information they need in a more timely manner, while reducing the environmental impact and lowering our costs of printing and delivering the proxy materials.

These proxy solicitation materials were first distributed on or about January 11, 2010 to all stockholders entitled to vote at the meeting.

Voting Securities and Voting Rights

Stockholders of record at the close of business on December 28, 2009 are entitled to notice of and to vote at the meeting. On the record date, there were issued and outstanding 21,933,922 shares of our common stock. Each holder of common stock voting at the meeting, either in person or by proxy, may cast one vote per share of common stock held on all matters to be voted on at the meeting.

The presence, in person or by proxy, of the holders of a majority of the total number of shares entitled to vote constitutes a quorum for the transaction of business at the meeting. Assuming that a quorum is present, a nominee for election to our Board of Directors will be elected if the votes cast for such nominee s election, in person or by proxy, exceed the votes cast against such nominee s election. The affirmative vote of a majority of the outstanding shares of our common stock is required to approve the amendment to our certificate of incorporation to increase the total number of authorized shares of our capital stock.

Votes cast by proxy or in person at the meeting will be tabulated by the election inspectors appointed for the meeting who will determine whether a quorum is present. The election inspectors will treat abstentions as shares that are present and entitled to vote for purposes of determining the presence of a quorum, but as unvoted for purposes of determining the approval of any matter submitted to the stockholders for a vote. If a broker indicates on the proxy that it does not have discretionary authority as to certain shares to vote on a particular matter, those shares will not be considered as present and entitled to vote with respect to that matter.

Voting of Proxies

When a proxy is properly executed and returned, the shares it represents will be voted at the meeting as directed. If no specification is indicated, the shares will be voted (1) for the election of the nominees for directors set forth in this proxy statement, (2) for approval of the amendment to our certificate of incorporation to increase our authorized capital stock, (3) for the ratification of the appointment of Ernst & Young LLP, an independent registered public accounting firm, as the independent auditor of our company for the fiscal year ending September 30, 2010,

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and (4) as the persons specified in the proxy deem advisable on any such other matters as may come before the meeting.

Revocability of Proxies

Any person giving a proxy may revoke the proxy at any time before its use by delivering to us written notice of revocation or a duly executed proxy bearing a later date or by attending the meeting and voting in person.

Solicitation

We will pay for this solicitation. In addition, we may reimburse brokerage firms and other persons representing beneficial owners of shares for expenses incurred in forwarding solicitation materials to such beneficial owners. Proxies also may be solicited by certain of our directors and officers, personally or by telephone or e-mail, without additional compensation.

Annual Report and Other Matters

Our 2009 Annual Report on Form 10-K, which was made available to stockholders with or preceding this proxy statement, contains financial and other information about our company, but is not incorporated into this proxy statement and is not to be considered a part of these proxy soliciting materials or subject to Regulations 14A or 14C or to the liabilities of Section 18 of the Securities Exchange Act of 1934, as amended. The information contained in the Compensation Committee Report on Executive Compensation and Report of the Audit Committee shall not be deemed filed with the Securities and Exchange Commission or subject to Regulations 14A or 14C or to the liabilities of Section 18 of the Securities Exchange Act of 1934.

We will provide, without charge, a printed copy of our annual report on Form 10-K for the fiscal year ended September 30, 2009 as filed with the SEC to each stockholder of record as of the record date that requests a copy in writing. Any exhibits listed in the Form 10-K report also will be furnished upon request at the actual expense incurred by us in furnishing such exhibits. Any such requests should be directed to our company s secretary at our executive offices set forth in this proxy statement.

PROPOSAL ONE

ELECTION OF DIRECTORS

Nominees

Our certificate of incorporation and bylaws provide that the number of directors shall be fixed from time to time by resolution of our Board of Directors. Presently, the number of directors is fixed at eight and that number of directors is divided into three classes, with one class standing for election each year for a three-year term. The Board of Directors has nominated Hillard M. Eure III, Joseph A. Watters, and Dean S. Woodman for election as Class III directors for three-year terms expiring in 2013 or until their respective successors have been elected and qualified.

Unless otherwise instructed, the proxy holders will vote the proxies received by them for each of the nominees named above. Messrs. Eure, Watters, and Woodman currently are directors of our company. In the event that any nominee is unable or declines to serve as a director at the time of the meeting, the proxies will be voted for any nominee designated by the current Board of Directors to fill the vacancy. It is not expected that the nominees will be unable or will decline to serve as directors.

The Board of Directors recommends a vote **for** the nominees named herein.

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The following table sets forth certain information regarding our directors.

Name	Age	Position
William H. McGill Jr.	66	Chairman of the Board, President, Chief Executive Officer, and Director
Michael H. McLamb	44	Executive Vice President, Chief Financial Officer, Secretary, and Director
Hillard M. Eure III	73	Director(2) (3)
John B. Furman	65	Director(1) (2)
Robert S. Kant	65	Director
Russell J. Knittel	59	Director(1) (2)
Joseph A. Watters	68	Director(1) (3)
Dean S. Woodman	81	Director(1) (2) (3)

(1) Member of the Compensation Committee.

(2) Member of the Audit Committee.

(3) Member of Nominating/Corporate Governance Committee.

William H. McGill Jr. has served as the Chief Executive Officer of our company since January 1998 and as the Chairman of the Board and as a director of our company since March 1998. Mr. McGill served as President of our company from January 1998 until September 2000 and re-assumed that position in July 2002. Mr. McGill was the principal owner and president of Gulfwind USA, Inc. from 1973 until its merger with our company in March 1998.

Michael H. McLamb has served as Executive Vice President of our company since October 2002, as Chief Financial Officer since January 1998, as Secretary since April 1998, and as a director since November 2003. Mr. McLamb served as Vice President and Treasurer of our company from January 1998 until October 2002. Mr. McLamb, a certified public accountant, was employed by Arthur Andersen LLP from December 1987 to December 1997, serving most recently as a senior manager.

Hilliard M. Eure III has served as a director of our company since December 2004. Mr. Eure was a member of the Board of Directors, Executive Committee, Audit Committee, and Chairman of the Board of Directors of WEDU, a public broadcasting station in west central Florida, from January 1991 through December 2001. Mr. Eure was the Managing Partner of the Tampa Bay office of KPMG LLP (formerly Peat, Marwick, Mitchell & Co.) from July 1977 until June 1993, an Audit Partner and Southeast Regional Recruiting Coordinator in the Atlanta office of KPMG from July 1976 until June 1977, and an Audit Partner in the Greensboro, North Carolina office of KPMG from July 1968 until June 1976.

John B. Furman has served as a director of our company since February 2003. Mr. Furman is a consultant to public and private companies, specializing in product commercialization, business transactions, and financial restructurings. From February 2009 until November 2009, Mr. Furman provided consulting services to and functioned as the Chief Executive Officer of Infinity Resources LLC, a privately owned environmental solutions company that serves as a single-source provider of recycling and environmental-related programs, services, and information. Mr. Furman served as President and Chief Executive Officer of GameTech International, Inc., a publicly traded company involved in interactive electronic bingo systems, from October 2004 until July 2005. Mr. Furman served as President and Chief

Executive Officer and a director of Rural/Metro Corporation, a publicly held provider of emergency and fire protection services, from August 1998 until January 2000. Mr. Furman was a senior member of the law firm of O Connor, Cavanagh, Anderson, Killingsworth & Beshears, a professional association, from January 1983 until August 1998; he was Associate General Counsel of Waste Management, Inc., a New York Stock Exchange-listed provider of waste management services, from May 1977 until December 1983; and he was Vice President, Secretary, and General Counsel of the Warner Company, a New York Stock Exchange-listed company involved in industrial mineral extractions and processing, real estate development, and solid and chemical waste management, from November 1973 until April 1977. Mr. Furman is a director of Smith & Wesson Holding Corporation, one of the world s largest manufacturer of firearms, whose stock is listed on the Nasdaq Global Select Market.

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Robert S. Kant has served as a director of our company since August 1998. Mr. Kant has been a principal shareholder of the law firm of Greenberg Traurig since September 1999. Prior to joining Greenberg Traurig, Mr. Kant was a senior member of the law firm of O Connor, Cavanagh, Anderson, Killingsworth & Beshears, a professional association, for more than 18 years.

Russell J. Knittel has served as a director of our company since June 2009. Mr. Knittel has been Executive Vice President of Synaptics Incorporated since July 2007. Mr. Knittel served as Chief Financial Officer and Secretary of Synaptics from April 2000 until September 2009 and as Chief Administrative Officer and Treasurer of Synaptics from November 2001 until September 2009. Mr. Knittel served as Senior Vice President of Synaptics from November 2001 until being named Executive Vice President in July 2007. Mr. Knittel served as Vice President and Chief Financial Officer of Probe Technology Corporation from May 1999 to March 2000. Synaptics, based in Santa Clara, California, is a leading worldwide developer and supplier of custom designed interface solutions for people to interact more easily and intuitively with a wide range of mobile, computing, communications, entertainment, and other electronic devices. Synaptics stock is listed on the Nasdaq Global Select Market.

Joseph A. Watters has served as a director of our company since October 2005. Mr. Watters currently is involved in a newly formed company. Mr. Watters served as the Chairman of Oceania Cruises, a cruise line, from January 2003 to December 2007. Mr. Watters served as President and Chief Operating Officer of Crystal Cruises from 1994 to 2001. While at Crystal Cruises, Mr. Watters was a member of the International Council of Cruise Lines executive committee from 1999 to 2001 and Board of Directors from 1994 to 2001. He was also a member of the Cruise Line International Association s executive committee from 1995 to 1996 and management committee from 1994 to 2001. Prior to Crystal Cruises, Mr. Watters served as President and Owner of The Watters Group, President of Royal Viking Line from 1985 to 1989, and President of Princess Cruises from 1981 to 1985. Mr. Watters began his cruise line career with Princess Cruises in 1977.

Dean S. Woodman has served as a director of our company since September 1999. Since July 1999, Mr. Woodman has served as a consultant to public and private companies specializing in financial assignments, private equity and debt placements, and mergers and acquisitions. Mr. Woodman was a Managing Director of ING Barings LLC (and its predecessor Furman Selz), an international investment banking firm, from July 1989 to June 1999 and a Managing Director in the investment banking group of Hambrecht & Quist from October 1984 to March 1988. Mr. Woodman was a founding partner of Robertson Colman Stephens & Woodman in 1978 and of Woodman, Kirkpatrick & Gilbreath in 1982. Previously, Mr. Woodman worked in the investment banking division of Merrill Lynch for 23 years, where he spent 16 years as director of West Coast corporate financing until 1978. Mr. Woodman serves as a director of Medallion Bank, a wholly owned subsidiary of Medallion Financial Corp., a publicly traded commercial finance company; a director of SciClone Pharmaceuticals, Inc., a publicly traded biotechnology company; and Chairman of Woodman Laboratories, Inc., a privately owned consumer products company.

Classification of our Board of Directors

Our Board of Directors is divided into three classes, with one class standing for election each year for a three-year term. At each annual meeting of stockholders, directors of a particular class will be elected for three-year terms to succeed the directors of that class whose terms are expiring. Messrs. McLamb and Knittel are Class I directors whose terms will expire in 2011. Messrs. McGill, Furman, and Kant are Class II directors whose terms will expire in 2012. Messrs. Eure, Watters, and Woodman are Class III directors whose terms will expire at the meeting but have been nominated by our Board of Directors for re-election for three-year terms expiring in 2013. There are no family relationships among any of our directors or executive officers.

Information Relating to Corporate Governance and the Board of Directors

Our Board of Directors has determined, after considering all the relevant facts and circumstances, that Messrs. Eure, Furman, Knittel, Watters, and Woodman are independent directors, as independence is defined by the listing standards of the New York Stock Exchange, because they have no material relationship with us (either directly or as a partner, stockholder, or officer of an organization that has a relationship with us). Messrs. McGill and McLamb are employee directors, and Mr. Kant is a non-employee director.

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Our Board of Directors has an Audit Committee, a Compensation Committee, and a Nominating/Corporate Governance Committee, each consisting entirely of independent directors.

Our Board of Directors has adopted charters for the Audit, Compensation, and Nominating/Corporate Governance Committees describing the authority and responsibilities delegated to each committee by our Board of Directors. Our Board of Directors has also adopted Corporate Governance Guidelines, a Code of Business Conduct and Ethics, and a Code of Ethics for the CEO and Senior Financial Officers. We post on our website, at *www.MarineMax.com*, the charters of our Audit, Compensation, and Nominating/Corporate Governance Committees; our Corporate Governance Guidelines, Code of Business Conduct and Ethics, and Code of Ethics for the CEO and Senior Financial Officers, and any amendments or waivers thereto; and any other corporate governance materials contemplated by SEC or New York Stock Exchange regulations. These documents are also available in print to any stockholder requesting a copy in writing from our corporate secretary at our executive offices set forth in this proxy statement.

We regularly schedule executive sessions in which non-employee directors, meet without the presence or participation of management, with at least one of such sessions including only independent directors. The presiding director of such executive session rotates among the Chairs of the Audit Committee, Compensation Committee, and the Nominating/Corporate Governance Committee.

Interested parties may communicate with our Board of Directors or specific members of our Board of Directors, including our independent directors and the members of our various board committees, by submitting a letter addressed to the Board of Directors of MarineMax, Inc. c/o any specified individual director or directors at the address listed herein. Any such letters are forwarded to the indicated directors.

The Audit Committee

The purpose of the Audit Committee is to assist the oversight of our Board of Directors of the integrity of the financial statements of our company, our company s compliance with legal and regulatory matters, the independent auditor s qualifications and independence, and the performance of our company s independent auditor and internal audit function. The primary responsibilities of the Audit Committee are set forth in its charter and include various matters with respect to the oversight of our company s accounting and financial reporting process and audits of the financial statements of our company. The Audit Committee also selects the independent auditor to conduct the annual audit of the financial statements of our company; reviews the proposed scope of such audit; reviews accounting and financial controls of our company with the independent auditor and our financial accounting staff; and reviews and approves transactions between us and our directors, officers, and their affiliates.

The Audit Committee currently consists of Messrs. Eure, Furman, Knittel, and Woodman, each an independent director of our company under the New York Stock Exchange rules as well as under rules adopted by the SEC pursuant to the Sarbanes-Oxley Act of 2002. Mr. Eure serves as the Chairman of the Audit Committee. The Board of Directors has determined that Messrs. Eure, Furman, Knittel, and Woodman (whose backgrounds are detailed above) each qualify as an audit committee financial expert in accordance with applicable rules and regulations of the SEC.

The Compensation Committee

The purpose and responsibilities of the Compensation Committee include reviewing and approving corporate goals and objectives relevant to the compensation of our Chief Executive Officer, evaluating the performance of our Chief Executive Officer in light of those goals and objectives, and, either as a committee or together with the other independent directors (as directed by the Board of Directors), determining and approving the compensation level of our Chief Executive Officer based on this evaluation. The Compensation Committee also recommends to the Board of Directors, or as directed by the Board of Directors determines and approves, the compensation of our other executive officers, and considers the grant of stock-based awards to our executive officers under our 2007 Incentive Compensation Plan. The Compensation Committee currently consists of Messrs. Furman, Knittel, Watters, and Woodman, with Mr. Furman serving as Chairman.

The Nominating/Corporate Governance Committee

The purpose and responsibilities of the Nominating/Corporate Governance Committee include the identification of individuals qualified to become board members, the selection or recommendation to the Board of Directors of nominees to stand for election as directors at each election of directors, the development and recommendation to the Board of Directors of a set of corporate governance principles applicable to our company, the oversight of the selection and composition of committees of the Board of Directors, and the oversight of the evaluations of the Board of Directors and management. The Nominating/Corporate Governance Committee currently consists of Messrs. Eure, Watters, and Woodman, with Mr. Watters serving as Chairman. The Nominating/Corporate Governance committee will consider persons recommended by stockholders for inclusion as nominees for election to our Board of Directors if the names, biographical data, and qualifications of such persons are submitted in writing in a timely manner consistent with our bylaws and addressed and delivered to our company s secretary at the address listed herein. The Nominating/Corporate Governance Committee identifies and evaluates nominees for our Board of Directors, including nominees recommended by stockholders, based on numerous factors it considers appropriate, some of which may include strength of character, mature judgment, career specialization, relevant technical skills, diversity, and the extent to which the nominee would fill a present need on our Board of Directors. As discussed above, the members of the Nominating/Corporate Governance Committee are independent, as that term is defined by the listing standards of the New York Stock Exchange.

Board and Committee Meetings

Our Board of Directors held a total of 15 meetings during the fiscal year ended September 30, 2009. No director attended fewer than 75% of the aggregate of (i) the total number of meetings of the Board of Directors; and (ii) the total number of meetings held by all committees of the Board of Directors on which such director was a member. We encourage each of our directors to attend each annual meeting of stockholders. To that end, and to the extent reasonably practicable, we regularly schedule a meeting of the Board of Directors on the same day as our annual meeting of stockholders. All members of our Board of Directors attended the 2009 annual meeting of stockholders.

During the fiscal year ended September 30, 2009, the Audit Committee held 12 meetings; the Compensation Committee held five meetings; the Nominating/Corporate Governance Committee held four meetings; and the Pricing Committee held one meeting.

COMPENSATION DISCUSSION AND ANALYSIS

Overview and Philosophy

Our Board of Directors has appointed a Compensation Committee, consisting of independent members of the Board of Directors, to review and approve corporate goals and objectives relevant to the compensation of our Chief Executive Officer, evaluate the performance of our Chief Executive Officer in light of those goals and objectives, and determine or recommend to the Board of Directors the compensation of our Chief Executive Officer based on this evaluation. The Compensation Committee also recommends to the Board of Directors, or as directed by the Board of Directors determines and approves, the compensation of our other executive officers. The Compensation Committee makes every effort to ensure that the compensation plan is consistent with our values and is aligned with our business strategy and goals as they exist from time to time.

Our compensation program for executive officers consists primarily of base salaries, incentive bonuses, discretionary bonuses, and long-term incentives in the form of stock-based awards, which may include stock options, shares of restricted common stock, restricted stock units, or RSUs, or a combination thereof. Executives also participate in various other benefit plans, including medical and retirement plans that generally are available to all of our employees.

We consider each element of compensation collectively with other elements of compensation when establishing the various forms, elements, and levels of compensation.

Our philosophy is to pay base salaries to executives at levels that enable us to attract, motivate, and retain highly qualified executives, with base salaries generally set at levels below those of our peer companies taking into account the possibility of the receipt by our executives of performance-based incentive bonuses. Incentive bonuses are designed to reward individuals for performance-based on certain aspects of our company s financial results as well as the achievement of personal and corporate objectives that contribute to our long-term success in building stockholder value. Grants of stock-based awards are intended to result in limited rewards if the price of our common stock does not appreciate, but may provide substantial rewards to executives as our stockholders in general benefit from stock price appreciation. Grants of stock-based awards also are intended to align compensation with the price performance of our common stock. Total compensation levels reflect corporate positions, responsibilities, and achievement of goals. As a result of our performance-based philosophy to compensation, compensation levels may vary significantly from year to year and among our various executive officers. In general, we expect the compensation level of our Chief Executive Officer will be higher than that of our other executive officers assuming relatively equal achievement of performance targets.

Role of the Compensation Committee and Chief Executive Officer

At the request of our Compensation Committee, our Chief Executive Officer generally attends a portion of our Compensation Committee meetings, including meetings at which our compensation consultants are present. This enables our Compensation Committee to review with our Chief Executive Officer the corporate and individual goals that he regards as important to achieve our overall goals. Our Compensation Committee also requests our Chief Executive Officer to assess the performance of, and our goals for, our executives. Although the participation of the Chief Executive Officer could influence performance targets, including his own, the Compensation Committee rather than our Chief Executive Officer makes all final determinations or board recommendations regarding setting individual and corporate goals and targets and performance against such goals and targets.

The Compensation Committee reviews and approves or recommends to the full board the compensation of our Chief Executive Officer and our other executive officers. Annually, our Compensation Committee evaluates the performance of our Chief Executive Officer and approves or recommends to our Board of Directors the compensation of our Chief Executive Officer in light of the goals and objectives of our compensation program for that year. Our Compensation Committee together with our Chief Executive Officer annually assesses the performance of our other executive officers. Based on recommendations from our Chief Executive Officer and the determinations of our Compensation Committee, our Compensation Committee approves or makes recommendations to our Board of Directors regarding the compensation of our other executive officers.

Compensation Surveys and Compensation Consultants

In determining compensation levels, we periodically review compensation levels in our geographical area, compensation levels of companies that we deem to be similar to our company regardless of their location, competitive factors to enable us to attract executives from other companies, and compensation levels that we deem appropriate to retain and motivate our executives. We use this peer group information as a point of reference, but do not benchmark or target our compensation levels against our peer group.

From time to time, we retain the services of independent compensation consultants to review a wide variety of factors relevant to executive compensation, trends in executive compensation, and the identification of relevant peer companies. The Compensation Committee makes all determinations regarding the engagement, fees, and services of our compensation consultants; our compensation consultants report directly to our Compensation Committee; and our compensation consultants do not perform any other services for our company.

Base Salary

We set base salaries at a level sufficient to attract, retain, and motivate our executives taking into account the fact that our executives have the opportunity to receive significant incentive compensation if they are able to achieve performance goals set from time to time. Base salaries for executive officers are established based on an executive s position, responsibilities, skills, and experience. In determining base compensation, we also take into account individual performance and contributions, future potential, competitive salary levels for comparable positions at other companies, salary levels relative to other positions within our company, and corporate needs. The Compensation Committee s evaluation of the foregoing factors is subjective, and Compensation Committee does not assign a particular weight to any factor. Our base salaries tend to be lower than those of other companies that do not place as much emphasis as we do on paying for performance.

Incentive Compensation

Incentive compensation represents an important component of overall executive compensation. Our incentive compensation reflects our pay-for-performance philosophy. We establish objective performance criteria when setting performance goals for the incentive compensation program for a particular year. The performance objectives may include a wide range of factors, including pretax income for our consolidated company or on a regional basis, customer satisfaction index, achievement of budgeted results, market share, inventory management, earnings before interest, taxes, depreciation, and amortization, operating margin, working capital, cash, cash management, and debt-to-equity ratio. The performance objectives vary on a year-to-year and executive-by-executive basis depending on the goals then deemed important for our company as a whole and for the particular executive officer. We attempt to set our performance goals at a level that can be realistically achieved, but at a level at least necessary to achieve the desired corporate goal. Our executive officers satisfied 80% of their performance goals in fiscal 2007, 10% of their performance goals in fiscal 2008, and 55% of their performance goals in fiscal 2009.

Grants of Stock-Based Awards

We strongly believe in utilizing our common stock to tie executive rewards directly to our long-term success and increases in stockholder value. Grants of stock-based awards to our executive officers enable those executives to develop and maintain a significant ownership position in our common stock. Among other factors, the amount of stock-based awards granted takes into account stock-based awards previously granted to an individual. Stock based compensation typically vests over a period of years to encourage executive retention and emphasize long-term performance and may also include specific performance metrics to be earned. Our Board of Directors grants stock-based awards at regularly scheduled meetings of the board. See Executive Compensation Summary Compensation Table.

Other Benefits

Executive officers are eligible to participate in benefit programs designed for all of our full-time employees. These programs include medical insurance, a qualified retirement program allowed under Section 401(k) of the Internal Revenue Code, and life insurance coverage.

Deductibility of Executive Compensation

We take into account the tax effect of our compensation. Section 162(m) of the Internal Revenue Code currently limits the deductibility for federal income tax purposes of compensation in excess of $1.0 million paid to each of any publicly held corporation s chief executive officer and four other most highly compensated executive officers. We may deduct certain types of compensation paid to any of these individuals only to the extent that such compensation during any fiscal year does not exceed $1.0 million. Qualifying performance-based compensation is not subject to the deduction limits if certain requirements are met. We currently intend to structure the performance- based portion of the compensation of our executive officers in a manner that complies with Section 162(m).

Accounting Considerations

We account for stock-based awards in accordance with the provisions of Statement of Financial Accounting Standards No. 123R (SFAS 123R). In determining stock-based awards, we consider the potential expense of those grants under SFAS 123R and the impact on our earnings per share.

Policies for the Pricing and Timing of Stock-Based Grants

We set the price of all stock-based awards at the closing price of our stock on the New York Stock Exchange on the date of grant. We grant the stock-based compensation at regularly scheduled meetings each year. In the case of new hires, we generally grant stock-based compensation on start dates, which are determined by the date the employee reports for service.

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Employment Agreements

Each of Messrs. McGill, McLamb, and Russell is a party to an employment agreement with us, which provides for designated base salaries plus incentive compensation based on the performance of our company and the employees as determined by our Board of Directors. Each of the employment agreements provides for benefits in the event of certain changes in control of our company. These arrangements have no effect on our compensation arrangements absent a change in control. Under the respective employment agreements, had a change in control occurred at the end of our last fiscal year, the compensation costs, including SFAS 123R compensation expense associated with the acceleration of all outstanding equity-based awards, would have been $941,748, $423,422, and $319,194, respectively, for Messrs. McGill, McLamb, and Russell, and insurance continuation costs would have been approximately $30,000 for Mr. McGill.

Fiscal 2009 Compensation

Compensation Consultants

We engaged Compensia, Inc. to assist us in connection with our fiscal 2009 incentive compensation program. Our prior executive compensation consulting firm previously assisted us in determining an appropriate group of peer companies, which we continued to use for fiscal 2009. As a result of the absence of comparable direct competitors, the peer group was drawn primarily from retail and general industry companies with an emphasis on specialty retailers of luxury products, vehicle dealers, and recreational real estate companies. These peer companies consist of Asbury Automotive Group, Autonation Inc., Sotheby s, Bluegreen Corp., Coach Inc., Finlay Enterprises Group, Automotive Inc., Carmax, Inc., Lithia Motors Inc., Vail Resorts, Polo Ralph Lauren Corp., Sonic Motors, Tiffany & Co., WCI Communities, and Zale Corp.

Base Salaries

Messrs. McGill, McLamb, and Russell received base compensation for fiscal 2009 in accordance with the base compensation levels in effect under their respective employment agreements. Kurt M. Frahn and Jack P. Ezzell received base compensation for 2009 in accordance with their respective fiscal 2009 compensation plans as recommended by the Compensation Committee and approved by the Board of Directors. In accordance with our pay-for-performance philosophy, our base compensation levels for fiscal 2009 were generally lower than those of our peer companies.

None of our named executive officers received an increase in base salary for fiscal 2009. Mr. McGill voluntarily reduced his base salary for the second half of fiscal 2009 from an annual rate of $500,000 to an annual rate of $400,000.

Incentive Compensation

For fiscal 2009, we established an individual compensation plan for each of Messrs. McGill, McLamb, Russell, Frahn, and Ezzell under our 2009 executive incentive compensation program. Mr. McGill s plan provided for a pretax bonus calculated at .51% of the consolidated monthly pretax profit of our company plus a cash flow bonus calculated at 1.77% of the quarterly cash flow of our company plus a bonus of up to 40% of Mr. McGill s base salary based upon achieving three goals: growth of pretax profit in our service department by a specified amount over fiscal 2008, a reduction of inventory over 365 days by a designated amount, and board approval of a company-wide succession plan, with the three goals having respective weighting of 40%, 40%, and 20%. Mr. McGill achieved two of the three goals but did not receive a pretax profit bonus or cash flow bonus.

Mr. McLamb s plan provided for Mr. McLamb to receive a pretax bonus calculated at .17% of the consolidated monthly pretax profit of our company plus a cash flow bonus calculated at .59% of the quarterly cash flow of our company plus a bonus of up to 40% of Mr. McLamb s base salary based upon achieving three equally weighted goals: the reduction of inventory over 365 days by designated amounts; growth of the pretax profits service, parts, accessories, finance, and insurance operations by specified amounts for fiscal 2009 compared with fiscal 2008; and growth of pretax profit by our service department by a specified amount over fiscal 2008. Mr. McLamb achieved one of the three goals but did not receive a pretax profit bonus or cash flow bonus.

Mr. Russell s plan provided for Mr. Russell to receive a pretax bonus calculated at .17% of the consolidated monthly pretax profit of our company plus a cash flow bonus calculated at .59% of the quarterly cash flow of our company plus a bonus of up to 40% of Mr. Russell s base salary based upon achieving two equally weighted goals: growth of pretax profit of our service department by a specified amount over fiscal 2008 and a reduction of inventory over 365 days by a designated amount. Mr. Russell achieved one of the two goals but did not receive a pretax profit bonus or cash flow bonus.

Messrs. McGill, McLamb, and Russell also each received a $15,000 quarterly bonus for developing board approved detailed planning budgets addressing the economic climate and industry factors facing our company on an individual quarterly basis.

Mr. Frahn s plan provided for Mr. Frahn to receive a pretax bonus calculated at .15% of the consolidated monthly pretax profit of our company plus a bonus based upon assisting our company to maintain compliance with and amending our credit agreement and reducing our real estate occupancy costs. Mr. Frahn achieved each of his goals but did not receive a pretax profit bonus.

Mr. Ezzell s plan provided for Mr. Ezzell to receive a pretax bonus calculated at .12% of the consolidated monthly pretax profit of our company plus a bonus based on the completion of our financial reporting on a timely and cost-efficient manner with no material weaknesses and achieving enhancements in our purchase order process. Mr. Ezzell achieved each of his goals but did not receive a pretax profit bonus.

Stock-Based Awards

For fiscal 2009, our stock-based incentive compensation grants took the form of grants of time-based and performance-based stock options. Our Board of Directors granted stock options to purchase the following number of shares of common stock to the following executive officers: 100,000 time-based stock options and 35,000 performance-based stock options to Mr. McGill, 70,000 time-based stock options and 17,500 performance-based stock options to Mr. McLamb, 70,000 time-based stock options and 17,500 performance-based stock options to Mr. Russell, 22,500 time-based stock options and 6,500 performance-based stock options to Mr. Frahn, and 22,500 time-based stock options and 6,500 performance-based stock options to Mr. Ezzell. The time-based stock options vest 1/36 per month beginning on the date of grant. The performance-based stock options are earned when our company achieves designated levels of inventory. Stock-based compensation for fiscal 2008 took the form of performance-based RSUs and stock-based compensation for fiscal 2007 took the form of time-based RSUs. The stock underlying the RSUs is scheduled to be delivered within five months after vesting provided that the delivery date may be delayed to the extent necessary to be deductible under Section 162(m) of the Internal Revenue Code. Each officer forfeits the unearned or unvested portion, if any, of the stock options or RSUs if the officer s service to our company is terminated for any reason, except as may otherwise be determined by the Board of Directors or as provided in an applicable employment agreement. For Messrs. McGill, McLamb, and Russell, stock-based awards vest upon a change in control of our company.

CEO Compensation

During fiscal 2009, the Compensation Committee evaluated the factors described above in recommending the base salary and incentive compensation of William H. McGill Jr., our Chairman, President, and Chief Executive Officer. See *Executive Compensation Employment Agreements.*

Section 162(m)

Our compensation arrangements with any of our executive officers did not exceed the limits on deductibility under Section 162(m) during our fiscal year ended September 30, 2009.

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EXECUTIVE COMPENSATION

Summary of Cash and Other Compensation

The following table sets forth, for the fiscal years ended September 30, 2007, September 30, 2008, and September 30, 2009, information regarding compensation for services in all capacities to us and our subsidiaries received by our Chief Executive Officer, our Chief Financial Officer, and our three other most highly compensated executive officers whose aggregate cash compensation exceeded $100,000.

SUMMARY COMPENSATION TABLE

Name and Principal Position	Year	Salary(1)	Bonus(2)	Stock Awards(3)	Option Awards(4)	Non-Equity Incentive Plan Compensation(5)	All Other Compensation(6)	Total(7)
William H. McGill Jr.	2009	$ 450,000	$ 0	$ 1,132,125	$ 213,020	$ 168,000	$ 0	$ 1,963,145
Chairman of the Board, President	2008	$ 500,000	$ 0	$ 1,623,536	$ 65,355	$ 0	$ 5,611	$ 2,194,502
and Chief Executive Officer	2007	$ 500,000	$ 0	$ 1,152,423	$ 106,335	$ 848,667	$ 5,625	$ 2,613,050
Michael H. McLamb	2009	$ 225,000	$ 0	$ 494,231	$ 130,928	$ 89,700	$ 1,149	$ 941,008
Executive Vice	2008	$ 225,000	$ 0	$ 748,283	$ 36,25			