

MARINEMAX INC  
Form DEF 14A  
December 27, 2018  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**WASHINGTON, DC 20549**  
**SCHEDULE 14A**  
**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 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):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

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

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- 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 SHAREHOLDERS**

**February 21, 2019**

An Annual Meeting of Shareholders of MarineMax, Inc., a Florida corporation, will be held at 8:00 a.m., local time, on Thursday, February 21, 2019, at our principal executive offices located at 2600 McCormick Drive, Suite 200, Clearwater, Florida 33759 for the following purposes:

1. To elect three directors, each to serve for a three-year term expiring in 2022.
2. To approve (on an advisory basis) our executive compensation ( say-on-pay ).
3. To approve an amendment to our 2008 Employee Stock Purchase Plan to increase the number of shares available for issuance under that plan by 500,000 shares.
4. To ratify the appointment of KPMG LLP, an independent registered public accounting firm, as the independent auditor of our Company for the fiscal year ending September 30, 2019.
5. 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 shareholders of record at the close of business on December 17, 2018 are entitled to notice of and to vote at the meeting.

All shareholders 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

December 27, 2018

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**MARINEMAX, INC.**

**2600 McCormick Drive, Suite 200**

**Clearwater, Florida 33759**

**PROXY STATEMENT**

**VOTING AND OTHER MATTERS**

**General**

The accompanying proxy is solicited on behalf of MarineMax, Inc., a Florida corporation (except where the context otherwise requires, references in this proxy to MarineMax, Company, we, our or us means MarineMax, Inc. together with its subsidiaries), by our Board of Directors for use at our Annual Meeting of Shareholders to be held at 8:00 a.m. on Thursday, February 21, 2019, 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 our principal executive offices located at 2600 McCormick Drive, Suite 200, Clearwater, Florida 33759.

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 to most of our shareholders a Notice of Internet Availability of Proxy Materials instead of a paper copy of our proxy statement and our 2018 Annual Report. 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 2018 Annual Report, and a form of proxy card. We believe this process will allow us to provide our shareholders 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 December 27, 2018 to all shareholders entitled to vote at the meeting.

**Record Date and Outstanding Shares**

Shareholders of record at the close of business on December 17, 2018 (the Record Date ) are entitled to notice of and to vote at the meeting. On the Record Date, there were issued and outstanding 27,317,316 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.

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If, at the close of business on December 17, 2018, your shares were registered directly in your name with our transfer agent, American Stock Transfer & Trust Company, then you are a shareholder of record. As a shareholder of record, you may vote in person at the meeting. Alternatively, you may vote over the Internet as described above. Whether or not you plan to attend the meeting, we urge you to fill out and return the enclosed proxy card or vote by proxy over the telephone or on the Internet as instructed on the enclosed proxy card to ensure your vote is counted. Even if you have submitted a proxy before the meeting, you may still attend the meeting and vote in person.

If, at the close of business on December 17, 2018, your shares were held in an account at a brokerage firm, bank, or similar organization, then you are the beneficial owner of shares held in street name and these proxy materials are being forwarded to you by that organization. The organization holding your account is considered the shareholder of record for purposes of voting at the meeting. As a beneficial owner, you have the right to direct your broker, bank, or other nominee on how to vote the shares in your account. You should have received

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voting instructions with these proxy materials from that organization rather than from us. You should follow the instructions provided by that organization to submit your vote. You are also invited to attend the meeting in person. However, because you are not the shareholder of record, you may not vote your shares in person at the meeting unless you obtain a legal proxy from the broker, bank, or other nominee that holds your shares giving you the right to vote the shares at the meeting.

## **Quorum**

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.

## **Required Votes**

For the election of the three director nominees for three-year terms expiring in 2022, our Bylaws provide that a nominee for director shall be elected to the Board of Directors if the votes cast for such nominee's election exceed the votes cast against such nominee's election; provided, however, that directors shall be elected by a plurality of the votes cast at any meeting of shareholders for which: (1) the Secretary of the Corporation receives a notice that a shareholder has nominated a person for election to the Board of Directors in compliance with the advance notice requirements set forth in our Bylaws; or (2) the number of nominees otherwise exceeds the number of directors to be elected. If directors are to be elected by a plurality of the votes cast, shareholders shall not be permitted to vote against a nominee.

For the vote to ratify the appointment of KPMG LLP as the independent auditor of our Company for the fiscal year ending September 30, 2019, the affirmative vote of the holders of a majority of the votes cast is required (please see below under **Broker Non-Votes and Abstentions** for further discussion). While the say-on-pay vote is non-binding, our Board will consider the input of shareholders based on a majority of votes cast for the say-on-pay proposal.

Votes cast by proxy or in person at the meeting will be tabulated by the election inspector appointed for the meeting who will determine whether a quorum is present. The election inspector 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 shareholders 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 be considered as 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 shareholders for a vote.

## **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 each of the nominees for director set forth in this proxy statement; (2) for the say-on-pay vote; (3) for the approval of the amendment to the 2008 Employee Stock Purchase Plan; (4) for the proposal to ratify the appointment of KPMG LLP, an independent registered public accounting firm, as the independent auditor of our Company for the fiscal year ending September 30, 2019; and (5) as the persons specified in the proxy deem advisable on such other matters as may come before the meeting.

## **Broker Non-Votes and Abstentions**

Brokers, banks, or other nominees that hold shares of common stock in street name for a beneficial owner of those shares typically have the authority to vote in their discretion if permitted by the stock exchange or other organization

of which they are members. Brokers, banks, and other nominees are permitted to vote the beneficial owner's proxy in their own discretion as to certain routine proposals when they have not received instructions from the beneficial owner, such as the ratification of the appointment of KPMG LLP as the independent auditor of our Company for the fiscal year ending September 30, 2019. If a broker, bank, or other nominee votes such uninstructed shares for or against a routine proposal, those shares will be counted towards determining



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whether a quorum is present and are considered entitled to vote on the routine proposals. However, where a proposal is non-routine, a broker, bank, or other nominee is not permitted to exercise its voting discretion on that proposal without specific instructions from the beneficial owner. These non-voted shares are referred to as broker non-votes when the broker, bank, or other nominee has voted on other non-routine matters with authorization or voted on routine matters. These shares will be counted towards determining whether or not a quorum is present, but will not be considered entitled to vote on the non-routine proposals.

**Please note that brokers, banks, and other nominees may not use discretionary authority to vote shares on the election of directors, the say-on-pay proposal, or the proposal to amend the 2008 Employee Stock Purchase Plan. For your vote to be counted in the above, you now will need to communicate your voting decisions to your broker, bank, or other nominee before the date of the meeting.**

As provided in our Bylaws, a majority of the votes cast means that the number of votes cast for a proposal exceeds the number of votes cast against that proposal. Because, under our Bylaws, abstentions and broker non-votes do not represent votes cast for or against a proposal, broker non-votes and abstentions will have no effect on the proposal to elect directors, the say-on-pay proposal, amend the 2008 Employee Stock Purchase Plan, or the proposal to ratify the appointment of KPMG LLP as the independent auditor of our Company for the fiscal year ending September 30, 2019, as each such proposal is determined by reference to the votes actually cast by the shares present or represented by proxy and entitled to vote.

In accordance with our Corporate Governance Guidelines, an incumbent candidate for director who does not receive the required votes for re-election is expected to tender his or her resignation to our Board of Directors. Our Board of Directors, or another duly authorized committee of our Board of Directors, will make a determination as to whether to accept or reject the tendered resignation generally within 90 days after certification of the election results of the shareholder vote. We will publicly disclose the decision regarding the tendered resignation and the rationale behind the decision in a filing of a Current Report on Form 8-K with the SEC.

## **Revocability of Proxies**

Any shareholder giving a proxy may revoke the proxy at any time before its use by furnishing to us either a written notice of revocation or a duly executed proxy bearing a later date, or by attending the meeting and voting in person. Attendance at the meeting will not cause your previously granted proxy to be revoked unless you specifically so request.

## **Election Inspector**

Votes cast by proxy or in person at the meeting will be tabulated by the election inspector appointed for the meeting, who will determine whether a quorum is present. The election inspector will treat broker non-votes and abstentions as shares that are present and entitled to vote for purposes of determining the presence of a quorum, and as described in the Broker Non-Votes and Abstentions section of this proxy statement for purposes of determining the approval of any matter submitted to the shareholders for a vote.

## **Solicitation**

We will bear the cost of 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 2018 Annual Report on Form 10-K, which was made available to shareholders with or preceding this proxy statement, contains financial and other information about our Company, but, except as indicated therein, is not incorporated into this proxy statement and is not to be considered a part of these proxy materials or subject to

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Regulations 14A or 14C or to the liabilities of Section 18 of the Securities Exchange Act of 1934, as amended, or the Exchange Act. The information contained in the Compensation Committee Report and the Report of the Audit Committee shall not be deemed soliciting material or filed with the SEC or subject to Regulations 14A or 14C or to the liabilities of Section 18 of the Exchange Act.

Through our website, *www.MarineMax.com*, we make available free of charge all of our SEC filings, including our proxy statements, our annual reports on Form 10-K, our quarterly reports on Form 10-Q, and our current reports on Form 8-K, as well as Form 3, Form 4, and Form 5 reports of our directors, officers, and principal shareholders, together with amendments to these reports filed or furnished pursuant to Sections 13(a), 15(d), or 16 of the Exchange Act.

**We will provide, without charge, a printed copy of our Annual Report on Form 10-K for the fiscal year ended September 30, 2018 as filed with the SEC to each shareholder 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 articles of incorporation and Bylaws provide that the number of directors shall be fixed from time to time by resolution of our Board of Directors. Currently, the number of directors is fixed at nine 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 Hilliard M. Eure III, Joseph A. Watters, and George E. Borst for election as Class III directors for three-year terms expiring in 2022 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. Mr. Eure, Mr. Watters, and Mr. Borst, are currently 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 any of this year's nominees will be unable or will decline to serve as directors.

The following table sets forth certain information regarding our directors.

<b>Name</b>	<b>Age</b>	<b>Position</b>
William H. McGill Jr.	75	Executive Chairman of the Board, and Director
Michael H. McLamb	53	Executive Vice President, Chief Financial Officer, Secretary, and Director
Clint Moore	71	Director(1)(2)(4)
George E. Borst	70	Director(1)(2)
Hilliard M. Eure III	82	Director(2)(3)
Evelyn V. Follit	72	Director(2)(3)

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Charles R. Oglesby	71	Director(1)(3)
Joseph A. Watters	77	Director(1)(3)
Rebecca White	61	Director(1)(3)
Dean S. Woodman	90	Director Emeritus(5)

(1) Member of the Compensation Committee.

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(2) Member of the Audit Committee.

(3) Member of Nominating/Corporate Governance Committee.

(4) Lead Independent Director.

(5) Director Emeritus.

*William H. McGill Jr.* has served as the Executive Chairman of the Board since October 2018 and as a director of our Company since March 1998. Mr. McGill served as the Chief Executive Officer of our Company from January 1998 until October 2018. Mr. McGill served as President of our Company from January 1998 until September 2000 and re-assumed that position from July 2002 to October 2017. Mr. McGill was the principal owner and president of Gulfwind USA, Inc., one of our operating subsidiaries, from 1973 until its merger with our Company in March 1998. In December 2016, Mr. McGill joined the Board of Directors of Joi Scientific, Inc., an energy company with which we have a licensing agreement. Mr. McGill received a BS in Mechanical engineering from the University of Dayton in 1965 and worked for Pratt and Whitney Aircraft, Northrop Nortronics, and Colgate Palmolive prior to Gulfwind Marine. We believe Mr. McGill's service for more than 19 years as the Chief Executive Officer of our Company; his intimate knowledge and experience with all aspects of the business, operations, opportunities, and challenges of our Company; and his understanding of our culture, personnel, and strategies provide the requisite qualifications, skills, perspectives, and experience that make him well qualified to serve on our Board of Directors. *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. We believe Mr. McLamb's long service as our Chief Financial Officer for more than 20 years, his knowledge of the financial and operational aspects of our business, and his experience in public accounting provide the requisite qualifications, skills, perspectives, and experience that make him well qualified to serve on our Board of Directors.

*Clint Moore* has served as a director of our Company since December 2014 and has served as the lead independent director since 2018. Mr. Moore served as President of Volvo Penta of the Americas, a supplier of engines and complete power systems for marine and industrial applications, from 1996 to 2012. His prior roles also include serving as President of the Bassett Boat Company of Florida from 1994 to 1996 and Glastron Boat Company and Larson Boat Company, both divisions of Genmar Corporation at the time, from 1989 to 1994. Mr. Moore began his career in the marine industry with Mercury Marine in 1974, where he ultimately served as Vice President of Sales, Marketing, and Service for all of North America. We believe that his senior management positions with leading companies in the marine industry provide the requisite qualifications, skills, perspectives, and experience that make him well qualified to serve on our Board of Directors. Mr. Moore qualifies as an audit committee financial expert.

*George E. Borst* has served as a director of our Company since May 2016. Mr. Borst served as President and Chief Executive Officer of the Americas Region of Toyota Financial Services from 2002 until 2013. He was responsible for all operational and financial activities in North and South America. Mr. Borst started his career with Toyota in 1985, serving in numerous roles within Toyota including marketing, product planning and strategy and was General Manager and Group Vice President of the Lexus Division, before he assumed the role of President and Chief Executive Officer of Toyota Financial Services in 2002. He currently serves on the Board of Trustees for PIMCO Funds and as Executive Advisor to the global management consulting firm of McKinsey & Company. We believe Mr. Borst's senior management positions with successful organizations and broad business experiences make him

well-qualified to serve on our Board of Directors. Mr. Borst qualifies as an audit committee financial expert.

*Hilliard M. Eure III* has served as a director of our Company since December 2004 and served as the lead independent director from 2011 to 2018. Mr. Eure was Managing Partner of the Tampa Bay office of KPMG LLP (formerly Peat, Marwick, Mitchell & Co.) from July 1977 until 1993. From July 1968 until June 1977, he served as an Audit Partner in the Greensboro, North Carolina and Atlanta offices of KPMG LLP. From 1993

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until 2003, he was a consultant for several companies, including serving as President of a beverage retailing company. Mr. Eure previously served as a director of WCI Communities, Inc., a homebuilder whose stock was listed on the New York Stock Exchange. We believe Mr. Eure's long career in public accounting, his financial, business, and accounting expertise, and his service as a public company director provide the requisite qualifications, skills, perspectives, and experience that make him well qualified to serve on our Board of Directors. Mr. Eure qualifies as an audit committee financial expert.

*Evelyn V. Follit* has served as a director of our Company since September 2015. Ms. Follit has been the President of Follit Associates, a corporate technology and executive assessment consulting firm since 2005. From 1997 to 2005, she was an executive of RadioShack Corporation, a consumer electronics retail company, where she held the positions of Senior Vice President, Chief Information Officer, and Chief Organizational Enabling Services Officer. Ms. Follit has over 20 years in leadership positions with major corporations including IBM and Dun & Bradstreet, in the areas of information technology, human resources and operations management. We believe Ms. Follit's senior management positions and wealth of experience in information technology and human resources make her well-qualified to serve on our Board of Directors. Ms. Follit qualifies as an audit committee financial expert.

*Charles R. Oglesby* has served as a director of our Company since June 2012. Mr. Oglesby served as President and Chief Executive Officer of Asbury Automotive Group, Inc. from March 2007 until February 2011 and as Executive Chairman from February 2011 until July 2011. Mr. Oglesby joined Asbury in February 2002 as President of North Point Automotive Group in Little Rock, Arkansas and in 2004 assumed the additional responsibility of Nalley Automotive Group. Prior to joining North Point, he was President of the San Francisco-based First America Automotive, a 36-dealership group. Asbury Automotive Group is one of the largest automobile retailers in the United States. We believe that Mr. Oglesby's executive leadership positions and wealth of experience and expertise in growing a business model with strong similarities to our Company provide the requisite qualifications, skills, perspectives, and experience that make him well qualified to serve on our Board of Directors.

*Joseph A. Watters* has served as a director of our Company since October 2005. Mr. Watters is a private investor. 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. We believe that Mr. Watters' senior management positions with leading companies in the cruise industry, his experience as an investor, and his service as a director of multiple companies provide the requisite qualifications, skills, perspectives, and experience that make him well qualified to serve on our Board of Directors.

*Rebecca White* has served as a director of our Company since May 2018. Ms. White currently serves as Walter Chair of Entrepreneurship, Professor of Entrepreneurship and Director of the John P. Lowth Entrepreneurship Center at the University of Tampa and has been teaching at the University of Tampa since 2009. Prior to the University of Tampa, Ms. White taught at Northern Kentucky University from 1994 to 2009 and built a top 25 nationally ranked entrepreneurship program. She received a MBA and a Ph.D. from Virginia Polytech Institute and State University. Her primary research and teaching interests are in opportunity recognition and developing an entrepreneurial mindset. She has served on a number of company, non-profit and industry association boards over the past 15 years and is an active member of the National Association of Corporate Directors. Ms. White has more than 25 years of experience in education, training, coaching and mentoring. We believe that Ms. White's experience mentoring and helping business leaders achieve their strategic goals make her well qualified to serve on our Board of Directors.

*Dean S. Woodman* served as a director of our Company from September 1999 until February 2016. Mr. Woodman has served as a Director Emeritus since February 2016. Since July 1999, Mr. Woodman has



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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. In addition, Mr. Woodman previously served as Chairman of both Woodman Laboratories, Inc., a privately owned consumer products company, and SciClone Pharmaceuticals, Inc., a publicly traded biotechnology company. We believe Mr. Woodman's longstanding prior service on our Board of Directors, long career in investment banking and his experience as an investor in numerous public and private companies provide the requisite qualifications, skills, perspectives, and experience that make him well qualified to serve as Director Emeritus.

**THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT SHAREHOLDERS VOTE FOR EACH OF THE CLASS III NOMINEES LISTED ABOVE.**

**CORPORATE GOVERNANCE**

**Director Independence**

Our Board of Directors has determined, after considering all the relevant facts and circumstances, that Messrs. Eure, Moore, Oglesby, Watters, Borst, Ms. Follit, and Ms. White, 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, shareholder, or officer of an organization that has a relationship with us). Messrs. McGill and McLamb are employee directors and accordingly, are not independent.

**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 shareholders, directors of a particular class will be elected for three-year terms to succeed the directors of that class whose terms are expiring. Messrs. Eure, Watters, and Borst 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 2022. Ms. Follit, Mr. McLamb, and Mr. Moore are Class I directors whose terms will expire in 2020. Ms. White, Mr. McGill, and Mr. Oglesby are Class II directors whose terms will expire in 2021. There are no family relationships among any of our directors.

**Committee Charters, Corporate Governance, and Code of Ethics**

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](http://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 shareholder requesting a copy in writing from our corporate secretary at our executive offices set forth in this proxy statement.



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### **Executive Sessions**

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 each year including only independent directors. The Lead Independent Director chairs the executive sessions.

### **Board Committees**

Our Board of Directors has an Audit Committee, a Compensation Committee, and a Nominating/Corporate Governance Committee, each consisting entirely of independent 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, Moore, Borst, and Ms. Follit, 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, Moore, Borst, and Ms. Follit (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 2011 Stock-Based Compensation Plan. The Compensation Committee currently consists of Messrs. Moore, Oglesby, Borst, Watters, and Ms. White with Mr. Moore 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, Oglesby, Watters, Ms. Follit, and Ms. White with Mr. Watters serving as Chairman. The Nominating/Corporate Governance Committee will consider director nominees suggested by Committee members and other Board members, as well as management. Also, the Committee may at its discretion retain a third-party executive search firm to identify potential nominees. In addition, the

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Nominating/Corporate Governance committee will consider persons recommended by shareholders 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 shareholders, 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.

## **Risk Assessment of Compensation Policies and Practices**

We have assessed the compensation policies and practices with respect to our employees, including our executive officers, and have concluded that they do not create risks that are reasonably likely to have a material adverse effect on our Company. This determination is based on the following factors intended to encourage our employees, including our executive officers, to not take unreasonable risks:

For cash incentive compensation, a broad array of performance metrics are used, including a mixture of consolidated and business-specific goals, as well as certain operational and financial metrics, with no single factor receiving an excessive weighting.

Relationships between performance metrics and the corresponding compensation payouts are intended to mitigate risk by avoiding significant changes in compensation payouts based on relatively small changes in the related performance.

A mix of performance-based cash awards and equity-based awards is intended to avoid having a relatively high percentage of compensation tied to one element. We believe that equity-based awards should reduce risky behavior because these awards are designed to retain employees and are earned over relatively long measurement periods, thereby discouraging risky behavior.

A mix of short-term and long-term compensation creates varied time periods for compensation purposes.

A reasonable degree of difficulty is set for performance targets for the cash incentive compensation, but not so difficult so as to encourage unreasonable risk taking.

Minimum stock ownership guidelines for our directors and executive officers to, among other things, encourage them to act in a more risk-averse manner to avoid a significant decrease in their net worth.

Our Compensation Committee and Board of Directors oversee our compensation programs. We believe this mitigates risk by empowering a group of independent directors with substantial experience and expertise

who owe fiduciary duties to act in the best interests of our shareholders.

Advice is solicited from outside advisors who are knowledgeable regarding structuring various compensation policies and their associated risks.

Any equity grant, any compensation award or any past or future compensation, other than base salary, paid to any officer is subject to clawback recovery in the event of a material restatement of our financial statements resulting from the fraudulent actions of any officer.

### **Board's Role in Risk Oversight**

Risk is inherent in every business. As is the case in virtually all businesses, we face a number of risks, including operational, economic, financial, legal, regulatory, cybersecurity, and competitive risks. The nature and effect of these risks vary in many ways, including our ability to anticipate and understand the risk, the types of negative impacts that could result if the risk manifests itself, the likelihood that an undesired event or a particular

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adverse impact would occur, and our ability to control the risk and reduce potential adverse impacts. Particular behaviors can avoid or mitigate some risks, and some risks are unavoidable as a practical matter. The potential adverse impact of some risks may be minor, and accordingly, as a matter of business judgment, allocating significant resources to avoid or mitigate such a minor potential adverse impact may not be prudent. In some cases, a higher degree of risk may be acceptable because of a greater perceived potential for reward. We engage in numerous activities seeking to align our voluntary risk-taking with Company strategy, and understand that projects and processes may enhance our business interests by encouraging innovation and appropriate levels of risk-taking. Our management is responsible for the day-to-day management of the risks we face. Our Board of Directors, as a whole and through its committees, has responsibility for the oversight of risk management.

In its oversight role, our Board of Directors' involvement in our business strategy and strategic plans plays a key role in its oversight of risk management, its assessment of management's risk appetite, and its determination of the appropriate level of enterprise risk. Our Board of Directors receives updates at least quarterly from senior management and periodically from outside advisors regarding the various risks we face, including operational, economic, financial, legal, regulatory, and competitive risks. Our Board of Directors also reviews the various risks we identify in our filings with the SEC as well as risks relating to various specific developments, such as acquisitions, stock repurchases, debt and equity placements, and product introductions.

Our Board committees assist our Board of Directors in fulfilling its oversight role in certain areas of risks. Pursuant to its charter, the Audit Committee oversees the financial and reporting processes of our Company and the audit of the financial statements of our Company and provides assistance to our Board of Directors with respect to the oversight and integrity of the financial statements of our Company, our Company's compliance with legal and regulatory matters, the independent auditor's qualification and independence, and the performance of our independent auditor. The Compensation Committee considers the risks that our compensation policies and practices may have in attracting, retaining, and motivating valued employees and endeavors to assure that it is not reasonably likely that our compensation policies and practices would have a material adverse effect on our Company. Our Nominating/Corporate Governance Committee oversees governance related risks, such as Board independence, conflicts of interests, and management succession planning.

## **Board Diversity**

We seek diversity in experience, viewpoint, education, skill, and other individual qualities and attributes to be represented on our Board of Directors. We believe directors should have various qualifications, including individual character and integrity; business experience and leadership ability; strategic planning skills, ability, and experience; requisite knowledge of our industry and finance, accounting, and legal matters; communications and interpersonal skills; and the ability and willingness to devote time to our Company. We also believe the skill sets, backgrounds, and qualifications of our directors, taken as a whole, should provide a significant mix of diversity in personal and professional experience, background, viewpoints, perspectives, knowledge, and abilities. Nominees are not to be discriminated against on the basis of race, religion, national origin, gender, sexual orientation, disability, or any other basis prohibited by law. The assessment of directors is made in the context of the perceived needs of our Board of Directors from time to time.

All of our directors have held or currently hold high-level positions in business or professional service firms and have experience in dealing with complex issues. We believe that all of our directors are individuals of high character and integrity, are able to work well with others, and have committed to devote sufficient time to the business and affairs of our Company. In addition to these attributes, the description of each director's background sets forth above indicates the specific experience, qualifications, and skills necessary to conclude that each individual should continue to serve as a director of our Company.

## **Board Leadership Structure**

We believe that effective board leadership structure can depend on the experience, skills, and personal interaction between persons in leadership roles as well as the needs of our Company at any point in time. Our Corporate Governance Guidelines support flexibility in the structure of the Board by not requiring the separation of the roles of Executive Chairman of the Board and Chief Executive Officer.



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The Board regularly considers the appropriate leadership structure for the Company and has concluded that, at this time, the Company and its shareholders are best served by separating the positions of Chief Executive Officer and Executive Chairman of the Board. In October 2018, the Board elected Mr. William H. McGill as Executive Chairman of the Board. The Board believes that separating the duties of Executive Chairman of the Board from the Chief Executive Officer improves the Board's oversight of management and allows the Chief Executive Officer to focus on managing the Company's business, while allowing the Executive Chairman to focus on more effectively leading the Board and supporting the initiatives of the Company and management. We believe that Mr. William H. McGill, our former Chief Executive Officer for over twenty years is uniquely qualified to serve as Executive Chairman of the Board of Directors. The extensive knowledge of the Executive Chairman of the Board regarding our operations and industries and the markets in which we compete uniquely positions him to identify strategies and prioritize matters for board review and deliberation.

We believe that we have effective and active oversight by experienced independent directors and independent committee chairs, and the independent directors meet together in executive session at virtually every Board meeting. We also have established a position of Lead Independent Director who performs many of the duties that would be performed by an independent Board chair. We currently select, on an annual basis, one of our independent directors to serve as Lead Independent Director for the year. Mr. Moore currently serves as our Lead Independent Director and he has extensive business experience which benefits him in this role.

The Executive Chairman of the Board provides guidance to the Board; facilitates an appropriate schedule for Board meetings; sets the agenda for Board meetings; presides over meetings of the Board; and facilitates the quality, quantity, and timeliness of the flow of information from management that is necessary for the Board to effectively and responsibly perform its duties.

The Chief Executive Officer is responsible for the day-to-day leadership of our Company and setting our Company's strategic direction.

The Lead Independent Director's duties include presiding over executive sessions of our independent directors; serving as a liaison between the non-employee directors, the Chief Executive Officer and the Executive Chairman of the Board; chairing meetings of the Board of Directors in the absence of the Executive Chairman of the Board; reviewing the agenda for each meeting of the Board of Directors; consulting with the Executive Chairman of the Board and the Chief Executive Officer on matters relating to corporate governance and the performance of the Board of Directors; and facilitating teamwork and communication between the non-employee directors and management.

## **Director and Officer Hedging and Pledging**

We have a policy prohibiting directors and officers from purchasing financial instruments (including prepaid forward contracts, equity swaps, collars, and exchange funds) designed to hedge or offset decreases in the market value of compensatory awards of our equity securities directly or indirectly held by them. Additionally, we have a policy prohibiting directors and officers from pledging of shares.

## **Director and Officer Stock Ownership Guidelines**

Our Board of Directors believes that the alignment of directors' and executive officers' interests with those of our shareholders is strengthened when Board members and executive officers are also shareholders. Therefore, our Board of Directors has adopted minimum stock ownership guidelines under which directors and executive officers are expected to acquire shares of our Company's common stock with a value at least equal to a multiple of one to five times the annual retainer paid for serving on the Board (if a Director) or the base salary (if an executive officer). The

directors and executive officers are expected to satisfy at least the minimum guidelines beginning on the later of five years following (i) the date the guidelines were adopted (September 27, 2017) or (ii) the date the individual becomes a director or executive officer, as applicable. This program is designed to ensure that directors and executive officers acquire a meaningful ownership interest in our Company during their tenure with the Company. All of our directors and executive officers are expected to be in compliance with these minimum guidelines within the time period described above.

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### **Compensation Committee Interlocks and Insider Participation**

During the fiscal year ended September 30, 2018, our Compensation Committee consisted of Messrs. Moore, Oglesby, Borst, Watters, and Ms. White. None of these individuals had any contractual or other relationships with us during their terms as directors during the fiscal year except as directors.

### **Board and Committee Meetings**

Our Board of Directors held a total of seven meetings during the fiscal year ended September 30, 2018. 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.

During the fiscal year ended September 30, 2018, the Audit Committee held eight meetings; the Compensation Committee held five meetings; and the Nominating/Corporate Governance Committee held five meetings.

### **Annual Meeting Attendance**

We encourage our directors to attend each annual meeting of shareholders. To that end, and to the extent reasonably practical, we generally schedule a meeting of our Board of Directors on the same day as our annual meeting of shareholders. All of our directors attended our annual meeting of shareholders last year.

### **Communications with Directors**

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. at the address listed herein c/o any specified individual director or directors. Any such letters are forwarded to the relevant directors.

## **COMPENSATION DISCUSSION AND ANALYSIS**

### **Overview and Philosophy**

Our Board of Directors has appointed a Compensation Committee, consisting solely 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, cash incentive bonuses, cash discretionary bonuses, and long-term incentives in the form of stock-based awards, which may include time-based or performance-based stock options, shares of restricted common stock, restricted stock units, or time-based or performance-based 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 reasonable base salaries to executives at levels that help us to attract, motivate, and retain highly qualified executives. Our executive base salaries are generally at or below those of our peer companies taking into account the possibility of the receipt by our executives of cash performance-based incentive bonuses. Cash incentive bonuses are designed to reward individuals based on certain aspects of our

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Company's financial results as well as the achievement of personal and corporate objectives designed to contribute to our long-term success in building shareholder 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 shareholders 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.

We believe that the overall compensation levels for our executive officers, including our named executive officers, are in alignment with our pay-for-performance philosophy and have been consistent with our performance. At our 2018 Annual Meeting of Shareholders, our shareholders overwhelmingly approved, on an advisory basis, the compensation of our named executive officers described in our proxy statement related to our 2018 Annual Meeting of Shareholders. Holders of approximately 18.6 million of our outstanding shares voted for such advisory say-on-pay proposal, representing approximately 84% of the votes cast on the say-on-pay proposal. Our Compensation Committee and our Board of Directors considered these final vote results and determined that, given the significant level of support, no material changes to our executive compensation philosophy, policies, and practices were necessary based on such vote results.

### **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 may be 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 that our Chief Executive Officer assess the performance of, and our goals and objectives for, the other executives. Although the participation of the Chief Executive Officer enables him to potentially influence, suggest and advise on goals, performance targets, and objectives, 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, targets, objectives, and performance against such goals and targets.

The Compensation Committee reviews and approves or recommends to our Board of Directors 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 establishes 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 of companies that we deem to be similar to our Company, 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 peer group information as a point of reference, but do not benchmark or target our compensation levels against our peer group.

On an annual basis, 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

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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 we believe to be 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 the Compensation Committee does not assign a particular weight to any factor.

### **Cash Incentive Compensation**

Cash incentive compensation represents an important component of our overall executive compensation. Our cash incentive compensation is intended to reflect our pay-for-performance philosophy. We establish objective performance criteria when setting performance goals for the cash incentive compensation program for a particular year. The performance criteria may include a wide range of factors, including pretax income for our consolidated Company or on a regional basis, customer satisfaction index, specific performance metrics, stock price performance, achievement of targeted results for various Company operations, expense management, 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 criteria 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 and may be established for all or a portion of a year or for multiple years. We attempt to set each of our performance goals at a level that can be realistically achieved, but at a level that is challenging and consistent with achieving the desired corporate goal and furthering shareholder interests. In establishing performance goals, our Compensation Committee also may take into consideration prevailing as well as expected future economic conditions affecting our Company's business and industry. Our Compensation Committee, following its review of the mathematical computations prepared by our Company and the corresponding report thereon from our internal audit department, determined that our executive officers satisfied 100% of their performance goals for fiscal 2016, 100% of their performance goals for fiscal 2017, and 67% of their performance goals for fiscal 2018. The decrease in satisfaction of performance goals for fiscal 2018 was largely the result of certain performance objectives being earned at a lower threshold for fiscal 2018 targets as compared to fiscal 2017 targets.

### **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 shareholder value. Grants of stock-based awards to our executive officers enable those executives to benefit from a significant position in our common stock. We have no ongoing policy for allocating among different types of stock-based awards. Therefore, we maintain the flexibility to grant each type of stock-based award. Among other factors, the amount and type 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 after reviewing allocations recommended by the Compensation Committee following advice from the committee's compensation consultants, an

analysis of peer companies, specific goals to be achieved, and a wide range of other factors. See Executive Compensation Summary Compensation Table.



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### **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 as modified by the Tax Reform Act of the passage of the Tax Cuts and Jobs Act legislation in December 2017, 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, chief financial officer, and three 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. We currently expect a portion of the compensation of our executive officers to exceed the deductibility threshold under Section 162(m) of the Internal Revenue Code.

### **Accounting Considerations**

We account for stock-based awards in accordance with the provisions of Financial Accounting Standards Board, or FASB, Accounting Standards Codification, or ASC, Topic 718 Compensation—Stock Compensation (ASC 718). In determining stock-based awards, we consider the potential expense of those grants under ASC 718 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 awards on start dates, which are determined by the date the employee reports for service.

### **Employment Agreements**

Each of Messrs. William H. McGill, W. Brett McGill, and Michael H. McLamb 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. See Executive Compensation—Employment Agreements and Executive Compensation—Potential Payments Upon Termination or Change in Control.

### **Clawback**

In December 2016, our Board of Directors amended our corporate governance guidelines to include a clawback policy. This policy provides that if any of our financial statements are required to be materially restated resulting from the fraudulent actions of any officer, our Board may direct that we recover all or a portion of any equity grant, any compensation award or any past or future compensation, other than base salary, from any such officer with respect to any year for which our financial results are adversely affected by such restatement.

### **Fiscal 2018 Compensation**

*Summary*

We worked with our executive compensation consultants in connection with our fiscal 2018 incentive compensation program to maintain our long-standing pay-for-performance philosophy. Our base salaries for our named executive officers for fiscal 2018 generally were at the 50th percentile level or lower for our peer

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companies (those used for purposes of determining fiscal 2018 compensation are listed below). Excluding Ms. Day who separated from our Company during fiscal 2018 and Mr. Cassella who was not a named executive officer in fiscal 2017, our base salaries for the remaining named executive officers increased in aggregate by approximately 2% from fiscal 2017 levels. Overall cash compensation for our remaining named executive officers decreased 12% from fiscal 2017 levels. Stock-based compensation for our named executive officers increased 2% from fiscal 2017. The total compensation decreases were largely the result of certain performance objectives being earned at a lower threshold for fiscal 2018 targets as compared to fiscal 2017 targets and therefore caused a decrease in performance-based compensation as compared to fiscal 2017.

***Compensation Consultants***

The Compensation Committee engaged Poe Group, Inc. to assist us in reviewing, developing, and assessing our fiscal 2018 incentive compensation program to maintain our long-standing pay-for-performance philosophy. Poe Group, Inc. also assisted us in determining an appropriate group of peer companies. As a result of the absence of comparable direct competitors, the peer group was drawn from specialty retail companies. These peer companies, for purposes of determining fiscal 2018 compensation, are as follows: Arctic Cat, Big 5 Sporting Goods, Callaway Golf, Cavco Industries, Ethan Allen Interiors, H&E Equipment Services, Hibbet Sports, Kforce, LCI Industries, M/I Homes, Perry Ellis International, Sotheby's, Sportsman's Warehouse Holdings, Sykes Enterprises, Vail Resorts, William Lyon Homes, and Winnebago Industries.

***Base Salaries***

Our named executive officers received base compensation for fiscal 2018 in accordance with their respective fiscal 2017 compensation plans as recommended by the Compensation Committee and approved by the Board of Directors. We increased the base salary of Mr. W. Brett McGill by \$36,000 in conjunction with his promotion to President and Chief Operating Officer at the beginning of fiscal 2018. Following the end of fiscal 2018, we increased the base salary of Mr. W. Brett McGill by another \$124,000 in conjunction with his promotion to Chief Executive Officer and President. The base salaries of our other named executive officers remained unchanged in fiscal year 2018 from fiscal year 2017. In accordance with our pay-for-performance philosophy, our base compensation levels for our named executive officers for fiscal 2018 were generally at or below the average of the peer group companies.

***Incentive Compensation***

For fiscal 2018, we established individual cash compensation plans for Messrs. McGill, W. Brett McGill, McLamb, Cashman, Cassella and Ms. Day.

The cash compensation plans had targeted incentive cash compensation of 100%, 80%, 70%, 70%, 45%, and 45% of base salaries for Mr. McGill, Mr. W. Brett McGill, Mr. McLamb, Mr. Cashman, Mr. Cassella and Ms. Day, respectively. The performance objectives for Mr. McGill, Mr. W. Brett McGill, Mr. McLamb, Mr. Cashman, Mr. Cassella and Ms. Day, consisted of achieving a pretax income performance bonus, an aged inventory bonus, and a net promoter score bonus; weighted 50%, 30%, and 20%, respectively, and each measured quarterly.

A minimum pretax income performance bonus may be earned quarterly if at least 85% of the target objective (which was measured quarterly for the first three quarters and annually for the fourth quarter) was achieved (i.e., if less than 85% was achieved, no amount in bonus would be paid). At an 85% performance, the payout would be 50% of the targeted pretax income bonus. The payout would then increase to 100% of the targeted bonus on a prorated basis, as the performance approached 100% of the target objective. A maximum pretax income performance bonus may be earned if 140% of the target objective was achieved. At 140% performance, the payout would be 200% of the targeted

quarterly pretax income bonus. Between 100% and 140% performance, the payout would increase from 100% to 200% on a prorated basis. The quarterly and annual pretax income bonus target objectives for the fiscal 2018 quarters ended December 31, March 31, and June 30, and the fiscal year ended September 30, was approximately \$4,474,306, \$4,232,815, \$23,338,753, and \$40,671,197, respectively.

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A minimum aged inventory (inventory greater than 365 days old) bonus may be earned quarterly if at least approximately 85% of the quarterly target objective was achieved. At 85%, the payout would be 50% of the quarterly targeted aged inventory bonus. The payout would then increase to 100% of the targeted bonus on a prorated basis, as the performance approached 100% of the quarterly target objective. A maximum aged inventory bonus may be earned quarterly if at least 115% of the quarterly target objective was achieved. At 115%, the payout would be 200% of the quarterly target objective. Between 100% and 115% the payout would increase from 100% to 200% on a prorated basis.

We have not disclosed more information than the quantitative quarterly performance target objectives of the aged inventory bonus because we believe that such disclosure would cause us competitive harm in negotiating key business relationships. The target objectives were set based upon the prior year rolling three month average aged inventory per quarter which was historically low. At the time of setting the target performance objectives for the aged inventory bonus, the Compensation Committee believed that achieving these objectives would be challenging.

A minimum net promoter score (a measure of customer satisfaction) bonus may be earned quarterly if at least 80% of the quarterly target objective was achieved. At an 80% performance, the payout would be 50% of the quarterly targeted net promoter score bonus. The payout would then increase to 100% of the targeted bonus on a prorated basis, as the performance approached 100% of the quarterly target objective. A maximum net promoter score bonus may be earned if 140% of the quarterly target objective was achieved. At 140% performance, the payout would be 200% of the targeted net promoter score bonus. Between 100% and 140% performance, the payout would increase from 100% to 200% on a prorated basis. The quarterly net promoter score bonus target objective was 10% for each quarter in fiscal 2018.

For each of our named executive officers the quarterly performance objectives were satisfied as follows: the pretax income performance bonus was satisfied at 200%, 200%, 107%, and 166% for the fiscal quarters ended December 31, 2017, March 31, 2018, and June 30, 2018, and the fiscal year ended September 30, 2018, respectively, the quarterly aged inventory bonus was satisfied at 0% for each of the fiscal quarters ended December 31, 2017, March 31, 2018, June 30, 2018, and September 30, 2018, respectively; and the net promoter score bonus was satisfied at 200% for each of the fiscal quarters ended December 31, 2017, March 31, 2018, June 30, 2018, and September 30, 2018, respectively. Therefore, our named executive officers received the following cash bonuses based on these performance objectives that were achieved: Mr. McGill \$923,642; Mr. W. Brett McGill \$390,146; Mr. McLamb \$301,723; Mr. Cashman \$275,861; and Mr. Cassella \$121,921, and Ms. Day \$84,094. Mrs. Day's cash bonuses were earned for the fiscal quarters ended December 31, 2017 and March 31, 2018 prior to her separation from our Company.

***Stock-Based Awards***

For fiscal 2018, our stock-based incentive compensation grants for our named executive officers took the form of time-based and performance-based RSUs, weighted 40% and 60%, respectively. The time-based RSUs vest in three equal, annual installments over a three year period beginning on the date of grant and vesting on September 30<sup>th</sup> of each respective year. The performance-based RSUs granted on November 15, 2017 included measurements for pretax earnings improvement and inventory aging, and were earned at the end of fiscal 2018. The awards fully vest on September 30, 2020.

For fiscal 2018, our Board of Directors granted time-based RSUs to the following named executive officers: 29,412 to Mr. McGill; 11,647 to Mr. W. Brett McGill, 8,235 to Mr. McLamb; 7,529 to Mr. Cashman; 2,588 to Mr. Cassella, and 4,142 to Ms. Day. In addition, for fiscal 2018 our Board of Directors granted performance-based RSUs to the following named executive officers: 44,118 to Mr. McGill; 17,471 to Mr. W. Brett McGill, 12,353 to Mr. McLamb; 11,294 to Mr. Cashman; 3,880 to Mr. Cassella, and 6,213 to Ms. Day. These amounts are the target amount of shares

that may be earned under these performance-based RSU awards, and the actual amount earned could range from 0% to 175% of the target number of shares. The actual amount earned for the performance-based RSUs based upon meeting certain inventory aging and leverage targets in fiscal 2018 was approximately 63% of the target amount of shares granted. Ms. Day's shares were forfeited in accordance with her separation from our Company.

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***CEO Compensation***

For fiscal 2018, the Compensation Committee evaluated the factors described above in recommending the base salary and incentive compensation of Mr. McGill, our Executive Chairman of the Board and Chief Executive Officer. W. Brett McGill's new base salary and incentive compensation as Chief Executive Officer and President, determined after the end of fiscal 2018, was also recommended by the Compensation Committee after evaluating the factors described above. Given that each of Messrs. William H. McGill Jr. and W. Brett McGill has an employment agreement, please also see Executive Compensation Employment Agreements.

***Section 162(m)***

Our compensation arrangements with certain of our executive officers exceeded the limits on deductibility under Section 162(m) during our fiscal year ended September 30, 2018.

**Table of Contents****EXECUTIVE COMPENSATION****Summary of Cash and Other Compensation**

The following table sets forth, for the fiscal years ended September 30, 2016, September 30, 2017, and September 30, 2018, 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, as well as Ms. Day who separated from our Company during fiscal 2018.

**SUMMARY COMPENSATION TABLE**

Name and Principal Position	Year	Salary(1)	Bonus(2)	Non-Equity			All Other Compensation(5)	Total(6)
				Stock Awards(3)	Option Awards(4)	Incentive Plan Compensation(4)		
William H. McGill Jr.	2018	\$ 750,000	\$ 0	\$ 1,500,012	\$ 0	\$ 923,642	\$ 6,895	\$ 3,180,549
Executive Chairman of the Board(7)	2017	\$ 750,000	\$ 0	\$ 1,500,012	\$ 0	\$ 1,190,988	\$ 3,313	\$ 3,444,313
	2016	\$ 575,000	\$ 0	\$ 615,410	\$ 0	\$ 1,044,754	\$ 3,313	\$ 2,238,477
W. Brett McGill	2018	\$ 396,000	\$ 0	\$ 594,007	\$ 0	\$ 390,146	\$ 6,938	\$ 1,387,091
Chief Executive Officer and President(8)	2017	\$ 360,000	\$ 0	\$ 540,001	\$ 0	\$ 457,338	\$ 4,331	\$ 1,361,670
	2016	\$ 280,000	\$ 0	\$ 268,676	\$ 0	\$ 305,250	\$ 2,465	\$ 856,391
Michael H. McLamb	2018	\$ 350,000	\$ 0	\$ 419,995	\$ 0	\$ 301,723	\$ 6,938	\$ 1,078,656
Executive Vice President, Chief Financial Officer, and Secretary	2017	\$ 350,000	\$ 0	\$ 420,010	\$ 0	\$ 389,056	\$ 3,313	\$ 1,162,379
	2016	\$ 322,500	\$ 0	\$ 307,705	\$ 0	\$ 380,881	\$ 3,313	\$ 1,014,399
Charles A. Cashman	2018	\$ 320,000	\$ 0	\$ 383,989	\$ 0	\$ 275,861	\$ 6,938	\$ 986,788
Executive Vice President and Chief Revenue Officer	2017	\$ 320,000	\$ 28,450	\$ 383,998	\$ 0	\$ 355,708	\$ 14,023	\$ 1,102,179
	2016	\$ 280,000	\$ 0	\$ 210,800	\$ 0	\$ 305,250	\$ 3,313	\$ 799,363
Anthony E. Cassella, Jr.	2018	\$ 220,000	\$ 0	\$ 131,947	\$ 0	\$ 121,921	\$ 5,938	\$ 479,806
Vice President and Chief Accounting Officer(9)	2017	\$	\$	\$	\$	\$	\$	\$
	2016	\$	\$	\$	\$	\$	\$	\$
Paulee C. Day	2018	\$ 183,750	\$ 0	\$ 211,242	\$ 0	\$ 84,094	\$ 1,224,593	\$ 1,703,679
	2017	\$ 325,000	\$ 0	\$ 211,253	\$ 0	\$ 232,242	\$ 3,313	\$ 771,808



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Former Executive Vice President,  
Chief Legal Officer,  
and Assistant Secretary(10) 2016 \$ 320,000 \$ 0 \$ 182,970 \$ 0 \$ 261,643 \$ 3,346 \$ 767,959

(1) The base salaries set forth in this column reflect any base salary adjustments for fiscal 2016, 2017, and 2018 for each of the named executive officers.

(2) A discretionary bonus was paid to Mr. Cashman in 2017.

(3) The amounts shown in this column represent the grant date fair value of RSU awards determined in accordance with FASB ASC Topic 718 Compensation Stock Compensation, ( ASC 718 ) excluding the effects of forfeitures. The assumptions used in determining the grant date fair value of stock option awards are set forth in Note 11 to the Consolidated Financial Statements in our Form 10-K for the year ended September 30, 2018. Each named executive officer forfeits the unvested portion, if any, of the officer's 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 employment agreement.

For the performance-based RSUs in this column that were awarded in fiscal 2018, assuming that the highest level of performance conditions will be achieved (175% maximum for 2018) the grant date fair value for each named executive officer would be as follows:

Name	Maximum Achievement Value (\$)
William H. McGill Jr.	\$ 1,575,012
W. Brett McGill	\$ 623,714
Michael H. McLamb	\$ 441,002
Charles A. Cashman	\$ 403,195
Anthony E. Cassella Jr.	\$ 138,516
Paulee C. Day	\$ 221,804

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For further information on these awards, see the Grants of Plan-Based Awards table of this proxy statement.

- (4) The amounts shown in this column constitute payments made under our fiscal 2016, 2017, and 2018 executive incentive bonus program. See Compensation Discussion and Analysis and the Grants of Plan-Based Awards table for more information regarding our fiscal 2018 incentive compensation program.
- (5) Represents amounts paid to each named executive officer for the employer matching portion of our 401(k) plan. Additionally, Ms. Day received the amounts further described below in footnote (10).
- (6) The dollar value in this column for each named executive officer represents the sum of all compensation reflected in the previous columns.
- (7) Mr. William H. McGill Jr.'s position during fiscal 2018 was Chief Executive Officer and President. He became Executive Chairman of the Board effective October 1, 2018.
- (8) Mr. W. Brett McGill's position during fiscal 2018 was President and Chief Operating Officer. He was promoted to Chief Executive Officer and President effective October 1, 2018.
- (9) Mr. Cassella's fiscal 2016 and fiscal 2017 compensation is not shown because he was not a named executive officer in fiscal 2016 or fiscal 2017.
- (10) Ms. Day's was formerly our Company's Executive Vice President, Chief Legal Officer, and Assistant Secretary prior to her separation from our Company in fiscal 2018. Her salary and non-equity incentive plan compensation reflect amounts earned prior to her separation from our Company. Ms. Day's stock awards not fully vested as of October 1, 2018 were forfeited in accordance with her separation from our Company. In addition, as reflected in the All Other Compensation column, Ms. Day received, in addition to the employer matching portion of our 401(k) plan described in footnote (5), \$1,182,168 in accordance with her separation from our Company and \$35,000 in other reimbursements.

***CEO Pay Ratio Disclosure***

Per new SEC reporting requirements, companies are required to disclose the ratio between the CEO total compensation to the total compensation of the median employee for the 2018 compensation year. The ratio of CEO pay (\$3,180,549) to the median worker pay (\$49,433) is 64:1. The ratio is a reasonable estimate, calculated in a manner consistent with applicable SEC rules.

To determine the median employee, we completed the data gathering and analysis for our over 1,500 employees. We utilized a measurement date of August 30, 2018, and used a total compensation definition that consisted of actual base pay earnings, overtime earnings, and bonuses paid to all employees from the beginning of the fiscal 2018 year through the measurement date. We annualized pay for those who commenced work or were on an unpaid leave of absence during 2018. This data was gathered for our entire workforce to identify the median employee, except that an

exclusion was made for approximately 27 employees who work in the British Virgin Islands. Once the fiscal 2018 year ended, we gathered the median employee final total compensation utilizing the same methodology that is used for NEOs as set forth in the Summary Compensation Table to determine the ratio.

Table of Contents**Grants of Plan-Based Awards**

The following table sets forth certain information with respect to grants of plan-based awards to the named executive officers for the fiscal year ended September 30, 2018.

**GRANTS OF PLAN-BASED AWARDS**

Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards(1)			Type	Estimated Future Payouts All Under Equity Incentive Other Plan Awards(2)			Grant Date Fair Value of Stock and Option Awards(4)
		Threshold (\$)	Target (\$)	Maximum (\$)		Threshold (#)	Target (#)	Maximum (#)	
William H. McGill Jr.	11/15/17	\$ 375,000	\$ 750,000	\$ 1,500,000	PBRSU	44,118	77,207		\$ 900,007
					TBRSU			29,412	
W. Brett McGill	11/15/17	\$ 158,400	\$ 316,800	\$ 633,600	PBRSU	17,471	30,574		\$ 356,408
					TBRSU			11,647	
Michael H. McLamb	11/15/17	\$ 122,500	\$ 245,000	\$ 490,000	PBRSU	12,353	21,618		\$ 252,001
					TBRSU			8,235	
Charles A. Cashman	11/15/17	\$ 112,000	\$ 224,000	\$ 448,000	PBRSU	11,294	19,765		\$ 230,397
					TBRSU			7,529	
Anthony E. Cassella Jr.	11/15/17	\$ 49,500	\$ 99,000	\$ 198,000	PBRSU	3,880	6,790		\$ 79,152
					TBRSU			2,588	
Paulee C. Day	11/15/17	\$ 73,125	\$ 146,250	\$ 292,500	PBRSU	6,213	10,873		\$ 126,745
					TBRSU			4,142	

(1) Represents potential threshold, target, and maximum performance-based compensation under our fiscal 2018 incentive compensation program. As noted in our 2011 Stock-Based Compensation Plan, the maximum amount that may be payable to any one participant as a performance award (payable in cash) is \$5,000,000 per calendar year. Actual payments are reflected in the Summary Compensation table, and there are no future payouts related to these awards. Our fiscal 2018 executive incentive compensation program is discussed under Compensation Discussion and Analysis Fiscal 2018 Compensation Incentive Compensation.

- (2) The Estimated Future Payouts Under Equity Incentive Plan Awards column shows the range of shares that may be earned in respect of performance-based RSUs granted in fiscal 2018. For additional information related to the performance period, performance measures and targets, see Compensation Discussion and Analysis.
- (3) The type of award refers to awards vesting criteria and related terms. PBRSU refers to performance-based RSU awards. TBRSU refers to time-based RSU awards.
- (4) The amounts shown in this column represent the grant date fair value for RSU awards granted to our named executive officers during the covered year calculated in accordance with ASC 718, excluding the effects of forfeitures. The assumptions used in determining the grant date fair value of these awards are set forth in the notes to our consolidated financial statements, which are included in our Annual Report on Form 10-K filed with the SEC for the fiscal year ended September 30, 2018. Ms. Day's awards were forfeited during fiscal 2018, except for 1,381 shares which vested at September 30, 2018, in accordance with her separation from our Company. There were no other forfeitures during fiscal 2018. We calculated the estimated value of each award based on the closing stock price of our common stock on the date of grant.

**Table of Contents****Outstanding Equity Awards at Fiscal Year-End**

The following table sets forth information with respect to outstanding equity-based awards held by our named executive officers at September 30, 2018.

**OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END**

Name	Grant Date	Option Awards			Stock Awards	
		Number of Securities Underlying Unexercised Options(1)	Option Exercise Price	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested(2)	Market Value of Shares or Units of Stock That Have Not Vested(3)
William H. McGill Jr.	11/15/2017				19,618	\$ 416,883
	11/15/2017				27,538	\$ 585,183
	11/14/2016				11,699	\$ 248,604
	11/14/2016				72,018	\$ 1,530,383
	11/7/2013	80,000	\$ 15.80	11/7/2023		
	11/20/2012	80,000	\$ 7.48	11/20/2022		
W. Brett McGill	11/15/2017				7,769	\$ 165,091
	11/15/2017		\$		10,905	\$ 231,731
	11/14/2016				4,212	\$ 89,505
	11/14/2016				25,927	\$ 550,949
	11/7/2013	15,000	15.80	11/7/2023		
Michael H. McLamb	11/15/2017				5,493	\$ 116,726
	11/15/2017				7,711	\$ 163,859
	11/14/2016				3,276	\$ 69,615
	11/14/2016				20,165	\$ 428,506
	11/7/2013	40,000	\$ 15.80	11/7/2023		
Charles A. Cashman	11/15/2017				5,022	\$ 106,718

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	11/15/2017	7,050	\$	149,813
	11/14/2016	2,995	\$	63,644
	11/14/2016	18,437	\$	391,786
Anthony E. Cassella Jr.	11/15/2017	1,727	\$	36,699
	11/15/2017	2,423	\$	51,489
	11/14/2016	1,030	\$	21,888
	11/14/2016	6,337	\$	134,661

- (1) The stock options granted on November 20, 2012 have 10-year option terms and vest at 1/36 per month beginning on the applicable grant date. Stock options granted on November 7, 2013 have 10-year option terms and cliff vest after three years.
- (2) Represents time-based and performance-based RSUs. The time-based RSUs vest in three equal, annual installments over a three year period beginning on the date of grant and vesting on September 30<sup>th</sup> of each respective year. The performance-based RSUs granted on November 15, 2017 were earned in fiscal 2018 based upon meeting certain inventory aging and leverage targets and vest on September 30, 2020. The performance-based RSUs granted on November 14, 2016 were earned in fiscal 2017 based upon meeting certain inventory aging and leverage targets and vest on September 30, 2019.
- (3) The market value of shares or units of stock that have not vested as reported in the table above is determined by multiplying the closing market price of our common stock on the last trading day of fiscal 2018 of \$21.25 by the number of shares or units of stock that have not vested.

**Table of Contents****Option Exercises and Stock Vested**

The following table describes, for the named executive officers, the number of shares acquired on the exercise of options and vesting of stock awards and the value realized on exercise of options and vesting of stock awards during fiscal 2018.

**OPTION EXERCISES AND STOCK VESTING**

Name	Option Awards		Stock Awards	
	Number of Shares		Number of Shares	
	Acquired on Exercise	Value Realized on Exercise(1)	Acquired on Vesting	Value Realized on Vesting(2)
William H. McGill Jr.	70,000	\$ 1,055,680	87,226	\$ 1,849,010
W. Brett McGill		\$	34,031	\$ 721,739
Michael H. McLamb	94,000	\$ 1,451,468	38,885	\$ 824,035
Charles A. Cashman	25,000	\$ 175,354	27,348	\$ 579,726
Anthony E. Cassella Jr.	15,000	\$ 105,680	18,029	\$ 381,981
Paulee C. Day	22,000	\$ 145,319	21,961	\$ 465,422

(1) For option awards, the value realized is computed as the difference between the market price on the date of exercise and the exercise price times the number of options exercised.

(2) For stock awards, the value realized is computed as the market price on the later of the date the restrictions lapse or the delivery date times the number of shares vested.

**Pension Benefits and Nonqualified Deferred Compensation**

We do not offer a pension plan to any of our employees. We do not offer a nonqualified deferred compensation plan to any of our employees. Employees meeting certain requirements may participate in our 401(k) plan.

**2007 Incentive Compensation Plan**

Our 2007 Incentive Compensation Plan, or the 2007 Plan, was designed to attract, motivate, retain, and reward our executives, employees, officers, directors, and independent contractors by providing such persons with annual and long-term performance incentives to expend their maximum efforts in the creation of shareholder value. The terms of the 2007 Plan provided for the grant of stock options, stock appreciation rights, restricted stock, stock units, bonus stock, dividend equivalents, other stock related awards, and performance awards that may be settled in cash, stock, or other property. Upon the approval by our shareholders of our 2011 Stock-Based Compensation Plan in January 2011, we ceased making new grants under the 2007 Plan.

**2011 Stock-Based Compensation Plan**



Our 2011 Stock-Based Compensation Plan, or the 2011 Plan, was adopted by our Board of Directors in November 2010 and approved by our shareholders in January 2011. During February 2017, our shareholders approved a proposal to amend the 2011 Stock-Based Compensation Plan ( 2011 Plan ) to increase the 2,200,456 share threshold by 1,000,000 shares to 3,200,456 shares.

The 2011 Plan is designed to attract, motivate, retain, and reward our executives, employees, officers, directors, and independent contractors by providing such persons with annual and long-term performance incentives to expend their maximum efforts in the creation of shareholder value.

The terms of the 2011 Plan provide for the grant of stock options, stock appreciation rights, restricted stock, stock units, bonus stock, dividend equivalents, other stock related awards, and performance awards that may be settled in cash, stock, or other property.

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Subsequent to the February 2017 amendment described above (and before the amendment for which we are seeking approval at this Annual Meeting), the total number of shares of our common stock that may be subject to awards under the 2011 Plan is equal to 3,000,000 shares, plus: (i) any shares available for issuance and not subject to an award under the 2007 Plan, which was 200,456 shares at the time of approval of the 2011 Plan; (ii) the number of shares with respect to which awards granted under the 2011 Plan and the 2007 Plan terminate without the issuance of the shares or where the shares are forfeited or repurchased; (iii) with respect to awards granted under the 2011 Plan and the 2007 Plan, the number of shares that are not issued as a result of the award being settled for cash or otherwise not issued in connection with the exercise or payment of the award; and (iv) the number of shares that are surrendered or withheld in payment of the exercise price of any award or any tax withholding requirements in connection with any award granted under the 2011 Plan and the 2007 Plan. As of September 30, 2017, there were 1,386,561 shares of common stock available for issuance under the 2011 Plan.

The 2011 Plan imposes individual limitations on certain awards, in part to comply with Section 162(m) of the Internal Revenue Code of 1986. Under these limitations, no more than 50% of the total number of shares of our common stock reserved for issuance under the 2011 Plan may be granted to an individual during any fiscal year pursuant to awards granted under the 2011 Plan. The maximum amount that may be payable to any one participant as a performance award (payable in cash) is \$5,000,000 per calendar year.

No outstanding options may be repriced without shareholder approval (that is, we cannot amend an outstanding option to lower the exercise price or exchange an outstanding option for a new option with a lower exercise price). In addition, the 2011 Plan prohibits us from exchanging an outstanding option with an exercise above the then current fair market value of our common stock for cash, other awards, or other property.

In the event that a stock dividend, forward or reverse split, merger, consolidation, combination, or other similar corporate transaction or event affects our common stock, then the plan administrator will substitute, exchange, or adjust any or all of the following in a manner that precludes the enlargement or dilution of rights and benefits: (1) the kind and number of shares available under the 2011 Plan; (2) the kind and number of shares subject to limitations on awards described in the preceding paragraph; (3) the kind and number of shares subject to all outstanding awards; (4) the exercise price, grant price, or purchase price relating to any award; and (5) any other affected terms of awards.

In the event that a dividend or other distribution (whether in cash or other property, but excluding a stock dividend), recapitalization, reorganization, spin-off, repurchase, share exchange, liquidation, dissolution, or other similar corporate transaction or event affects our common stock or our other securities or the securities of any other issuer, so that an adjustment, substitution, or exchange is determined to be appropriate by the plan administrator, then the plan administrator is authorized to adjust any or all of the following as the plan administrator deems appropriate: (1) the kind and number of shares available under the 2011 Plan; (2) the kind and number of shares subject to limitations on awards described in the preceding paragraph; (3) the kind and number of shares subject to all outstanding awards; (4) the exercise price, grant price, or purchase price relating to any award; and (5) any other affected terms of awards.

The persons eligible to receive awards under the 2011 Plan consist of officers, directors, employees, and independent contractors. However, incentive stock options may be granted under the 2011 Plan only to our employees, including our officers who are employees.

Our Board of Directors will administer the 2011 Plan unless it delegates administration of the 2011 Plan to one or more committees of our Board of Directors. Together, our Board of Directors and any committee(s) delegated to administer the 2011 Plan are referred to as the plan administrator. If a committee is delegated to administer the 2011 Plan, then the committee members may be non-employee directors as defined by Rule 16b-3 of the Securities Exchange Act, outside directors for purposes of Section 162(m), and independent as defined by the New York Stock

Exchange or any other national securities exchange on which any of our securities may be listed for trading in the future. Subject to the terms of the 2011 Plan, the plan administrator is authorized to select eligible persons to receive awards, determine the type and number of awards to be granted and the number of shares of our common stock to which awards will relate, specify times at which awards will be exercisable or may be settled (including performance conditions that may be required as a condition thereof), set

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other terms and conditions of awards, prescribe forms of award agreements, interpret and specify rules and regulations relating to the 2011 Plan, and make all other determinations that may be necessary or advisable for the administration of the 2011 Plan. The plan administrator may amend the terms of outstanding awards, in its discretion. Any amendment that adversely affects the rights of the award recipient, however, must receive the approval of such recipient.

The plan administrator, in its discretion, may accelerate the vesting, exercisability, lapsing of restrictions, or expiration of deferral of any award, including if we undergo a change in control, as defined in the 2011 Plan and all awards shall become fully vested, exercisable and all restrictions shall lapse upon a change in control that is not approved by our Board of Directors. In addition, the plan administrator may provide that the performance goals relating to any performance-based award will be deemed to have been met upon the occurrence of any change in control. The award agreement may provide for the vesting of an award upon a change of control, including vesting if a participant is terminated by us or our successor without cause or terminates for good reason as defined in the 2011 Plan.

To the extent we undergo a corporate transaction (as defined in the 2011 Plan), the 2011 Plan provides that outstanding awards may be assumed, substituted for, or continued in accordance with their terms. If the awards are not assumed, substituted for, or continued, to the extent applicable, such awards will terminate immediately prior to the close of the corporate transaction. The plan administrator may, in its discretion, either cancel the outstanding awards in exchange for a cash payment or vest all or part of the awards contingent on the corporate transaction. With respect to a corporate transaction which is not a change in control, awards under the 2011 Plan must be assumed, continued, or substituted for.

Our Board of Directors may amend, alter, suspend, discontinue, or terminate the 2011 Plan or the plan administrator's authority to grant awards without further shareholder approval, except shareholder approval will be obtained for any amendment or alteration if such approval is deemed necessary or advisable by our Board of Directors or any amendment for which shareholder approval is required by law or the primary stock exchange on which our common stock trades. Unless earlier terminated by our Board of Directors, the 2011 Plan will terminate on the earlier of: (1) ten years after the later of (a) the adoption by our Board of Directors of the 2011 Plan and (b) the approval of an increase in the number of shares reserved under the 2011 Plan by our Board of Directors (contingent upon such increase being approved by our shareholders) or (2) such time as no shares of our common stock remain available for issuance under the 2011 Plan and no further rights or obligations with respect to outstanding awards are outstanding under the 2011 Plan. Amendments to the 2011 Plan or any award require the consent of the affected participant if the amendment has a material adverse effect on the participant.

The 2011 Plan is not intended to be the exclusive means by which we may issue options or warrants to acquire our common stock, stock awards, or any other type of award. To the extent permitted by applicable law and New York Stock Exchange requirements, we may issue any other options, warrants, or awards other than pursuant to the 2011 Plan with or without shareholder approval.

As of September 30, 2018, there were outstanding issued but unexercised options to acquire 611,223 shares of our common stock at an average exercise price of \$12.18 per share under the 2007 Plan and the 2011 Plan.

## **Employee Stock Purchase Plan**

Our Board of Directors adopted and our shareholders approved the 2008 Employee Stock Purchase Plan, or 2008 ESPP, in 2008. Our 2008 ESPP is designed to qualify for favorable income tax treatment under Section 423 of the Internal Revenue Code and is intended to offer financial incentives for employees to purchase our common stock. The

2008 ESPP is administered by a committee of the Board of Directors. The 2008 ESPP will remain in effect until December 31, 2027.

We believe that the 2008 ESPP represents an important factor in attracting and retaining executive officers and other key employees and constitutes a significant part of our compensation program. The 2008 ESPP provides such individuals with an opportunity to acquire a proprietary interest in our Company and thereby align their interests with the interests of our other shareholders and give them an additional incentive to use their best efforts for the long-term success of our Company.

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The 2008 ESPP permits eligible employees to authorize payroll deductions that will be utilized to purchase shares of our common stock during a series of consecutive offering periods. Employees may purchase shares of common stock pursuant to the 2008 ESPP at a purchase price equal to the lower of: (i) 85% of the closing price of our common stock on the first day of the offering period or (ii) 85% of the closing price of our common stock on the last day of the applicable offering period. Each annual offering may, in the discretion of the Plan Committee, be divided into two six-month offerings commencing on October 1 and April 1, respectively, and terminating six months thereafter (March 31 or September 30, as the case may be).

Subject to adjustment upon changes in capitalization of our Company, the number of shares of common stock that may be issued under the 2008 ESPP initially was 552,837, consisting of 500,000 shares under the 2008 ESPP plus 52,837 shares that were reserved for issuance under the 1998 ESPP that were not purchased as of the expiration of the 1998 ESPP. At our 2012 annual meeting, our shareholders approved an amendment to the 2008 ESPP to increase the total number of shares available for purchase under the 2008 ESPP from 552,837 to 1,052,837. If any change is made in the stock subject to the 2008 ESPP or subject to any outstanding options under the 2008 ESPP (through reorganization, merger, recapitalization, reclassification, stock split, reverse stock split, or similar transaction), appropriate and proportionate adjustments may be made by the Plan Committee (as defined below) in the number and type of shares of common stock that are subject to purchase under outstanding options and to the option price applicable to such outstanding options.

An employee who has completed one year of service with our Company will be eligible to participate in the 2008 ESPP. An employee may not participate in the 2008 ESPP if: (i) immediately after the grant, such employee would own common stock, including outstanding options to purchase common stock under the 2008 ESPP, possessing 5% or more of the total combined voting power or value of our common stock or (ii) participation in the 2008 ESPP would permit such employee's rights to purchase common stock under all of our employee stock purchase plans to exceed \$25,000 in fair market value (determined at the time the option is granted) of the common stock for each calendar year in which such option is outstanding.

At the time an employee becomes a participant in the 2008 ESPP, the employee may elect payroll deductions of up to 10% of such employee's compensation for each pay period during an offering. Participants may not reduce or increase future payroll deductions during an offering period. All payroll deductions made by each participant will be credited to an account set up for that participant under the 2008 ESPP. The Plan Committee may, prior to the beginning of an offering period, limit the percentage of compensation that an employee may contribute to his or her account.

Participation in the 2008 ESPP is voluntary and depends on each eligible employee's election to participate and his or her determination as to the level of payroll deductions. Accordingly, future purchases under the 2008 ESPP are not determinable. Non-employee members of the Board of Directors are not eligible to participate in the 2008 ESPP.

A participant in the 2008 ESPP may withdraw all of the payroll deductions credited to such participant's account under the 2008 ESPP by giving us written notice at any time prior to the last five days of an offering period. If a participant withdraws from an offering period, he or she may not participate in that offering but may participate in any succeeding offering under the 2008 ESPP or in any similar plan that we may adopt.

Upon termination of a participant's employment for any reason, other than death or permanent disability (as defined in the Internal Revenue Code), the payroll deductions credited to such participant's account will be returned to the participant. If the participant's employment terminates due to death or permanent disability, the participant or the participant's beneficiary will have the right to elect: (i) to withdraw all of the payroll deductions credited to the participant's account under the 2008 ESPP or (ii) to exercise the participant's option on the next offering termination date and purchase the number of shares of common stock that the accumulated payroll deductions in the participant's

account will purchase at the applicable option price. Any excess in the participant's account will be returned to the participant or his or her beneficiary, without interest. In the event that we receive no notice of election from the participant or his or her beneficiary, the participant or his or her beneficiary will be deemed to have elected to exercise the participant's option.

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The 2008 ESPP, and the right of participants to make purchases thereunder, is intended to qualify under the provisions of Sections 421 and 423 of the Internal Revenue Code. Under these provisions, no income will be taxable to a participant until the shares purchased under the 2008 ESPP are sold or otherwise disposed of. Upon sale or other disposition of the shares, the participant will generally be subject to tax and the amount of the tax will depend upon the holding period. If the shares are sold or otherwise disposed of more than: (a) two years from the first day of the offering period, and (b) more than one year from the date of transfer of the shares to the participant, then the participant will recognize ordinary income measured as the lesser of (i) the excess of the fair market value of the shares at the time of such sale or disposition over the purchase price, or (ii) an amount equal to 15% of the fair market value of the shares as of the first day of the offering period. Any additional gain will be treated as long-term capital gain. If the shares are sold or otherwise disposed of before the expiration of these holding periods, the participant will recognize ordinary income generally measured as the excess of the fair market value of the shares on the date the shares are purchased over the price at which the participant purchased the shares under the 2008 ESPP.

Any additional gain or loss on such sale or disposition will be long-term or short-term capital gain or loss, depending on the holding period. We will not be entitled to a deduction for amounts taxed as ordinary income or capital gain to a participant except to the extent ordinary income is recognized by participants as a result of a sale or disposition of shares prior to the expiration of the holding periods described above.

The plan is not intended to be the exclusive means by which we may issue options or warrants to acquire our common stock, stock awards, or any other type of award. To the extent permitted by applicable law and New York Stock Exchange requirements, we may issue any other options, warrants, or awards other than pursuant to the plan with or without shareholder approval.

As of September 30, 2018, there were 161,652 shares of common stock available for purchase under the 2008 ESPP.

## **Employment Agreements**

On November 29, 2018, we entered into amendments to the employment agreement with each of William H. McGill Jr. and Michael H. McLamb. The amended employment agreements provide for a base salary of \$500,000 for Mr. McGill and \$370,000 for Mr. McLamb, subject to adjustment from time to time. Each employment agreement provides for a bonus or other incentive compensation based upon the performance of our Company and the executive and such other factors as determined to be relevant by our Board of Directors or Compensation Committee. In connection with their employment, each of the executives may also receive options to purchase common stock or other stock-based compensation. Each employment agreement also provides vacation benefits, reimbursement for business expenses, and the right to participate in company-wide benefits, including insurance, retirement, and other plans and programs as are available to our executive officers. Each employment agreement contains a covenant not to compete with our Company or solicit our employees or customers during the period of his employment and for a period equal to the greater of two years immediately following termination of employment or the end of the period during which severance payments are being made, subject to certain exceptions.

The employment agreements do not specify a time period for employment, and we and the executive may each terminate the executive's employment at any time. If we terminate either of the executives without "good cause" or either of them terminates his employment with "good reason" or upon a "change in control" of our Company that is not approved by at least two-thirds of our directors or does not provide the executive with the same position he had with us immediately prior to the change of control, as such terms are defined in the respective agreements, the terminated executive will receive an amount equal to the average of his base salary and bonus in the two fiscal years prior to termination (in a lump sum in the event of a change in control), for a period of three years after the effective date of termination in the case of Mr. McGill and 18 months after the effective date of termination in the case of



Mr. McLamb; their stock options will vest and be exercisable for up to their full term (or for such shorter period of time that would not cause the executive any adverse tax consequences) and other stock-based compensation will not be subject to forfeiture or repurchase, subject in each

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case to certain exceptions; and the benefits and insurance coverage will continue for three years after termination in the case of Mr. McGill.

In the event of his death, the agreement with Mr. McGill provides for a payment of \$750,000 to his estate, for a six-month continuation of health, hospitalization, and similar benefits to Mr. McGill's dependent family members, and for all stock options to vest and be exercisable for their full term and for other stock-based compensation to vest and not be subject to forfeiture or repurchase, subject to certain exceptions. In the event of the death of Mr. McLamb, the agreement provides for a payment of \$550,000 to the estate of Mr. McLamb and for all stock options to vest and be exercisable for up to their full term (or for such shorter period of time that would not cause the executive any adverse tax consequences) and for other stock-based compensation to vest and not be subject to forfeiture or repurchase, subject to certain exceptions.

In the event of the Company's termination of Mr. W. McGill, Jr.'s and Mr. McLamb's employment without Good Cause (as defined in the Amended Employment Agreement) or Mr. W. McGill, Jr. or Mr. McLamb terminates his employment with Good Reason (as defined in the Amended Employment Agreement), all restricted stock or restricted stock units (or other comparable forms of equity compensation, if any) which are subject to performance conditions for vesting, shall be fully vested and treated as if the performance conditions for such award had been fully met at target and shall not be subject to any risk of forfeiture or repurchase as of the date of termination.

In the event of disability, the employment agreement of each executive provides for the payment in a lump sum of the average of his base salary and bonus in the two fiscal years prior to disability for one year and for all stock options to vest and be exercisable for up to full term (or for such shorter period of time that would not cause the executive any adverse tax consequences) and for other stock-based compensation to vest and not be subject to forfeiture or repurchase, subject to certain exceptions. Mr. McGill's employment agreement provides for retirement benefits if Mr. McGill retires upon his decision or our request upon reaching the age of 80, consisting of the payment to Mr. McGill for two years of an amount equal to 50% of the average of the base salary and bonus paid to him for the two fiscal years prior to retirement, the continuation of life insurance benefits for a period of three years after retirement, the vesting and continuation of stock options for up to their full term (or for such shorter period of time that would not cause the executive any adverse tax consequences), and the vesting and termination of any forfeiture or repurchase provisions of other stock-based compensation.

If any of the payments or benefits received or to be received by Mr. McGill or Mr. McLamb (including, without limitation, any payment or benefits received in connection with a change in control or termination of Mr. McGill or Mr. McLamb's employment constitute parachute payments within the meaning of Section 280G of the Internal Revenue Code and would be subject to the excise tax imposed under Section 4999 of the Code (the "Excise Tax"), then such 280G Payments shall be reduced in a manner determined by the Company (by the minimum possible amounts) that is consistent with the requirements of Section 409A until no amount payable to Mr. McGill or Mr. McLamb will be subject to the Excise Tax. If two economically equivalent amounts are subject to reduction but are payable at different times, the amounts shall be reduced (but not below zero) on a pro rata basis. A change in control would include a merger or consolidation of our Company, a sale of all or substantially all of our assets, under certain circumstances changes in the identity of a majority of the members of the Board of Directors of our Company, or acquisitions of more than 20% of our common stock, subject to certain limitations.

The Company entered into an employment agreement with Mr. B. McGill, dated November 29, 2018 (the "Employment Agreement"), which sets forth the terms of Mr. B. McGill's service as the Company's President and Chief Executive Officer. Pursuant to the Employment Agreement, the Company will pay Mr. B. McGill a base salary of at least \$520,000 annually (subject to annual review by the Board (or a committee of the Board)). Mr. B. McGill will be eligible to receive a bonus or other incentive compensation as may be determined by the Board or a committee of the

Board based upon such factors as the Board or such committee may consider in its sole discretion. In addition, the Employment Agreement contains customary covenants regarding confidentiality, non-competition, non-solicitation, and non-interference.

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The Company and Mr. B. McGill may each terminate his employment at any time. If the Company terminates Mr. B. McGill's employment without good cause or he terminates his employment with good reason or upon a change in control of the Company that is not approved by at least two-thirds of our directors or does not provide him with the same position he had with the Company immediately prior to the change of control, as such terms are defined in the agreement, Mr. B. McGill will receive an amount equal to the average of his base salary and bonus in the two fiscal years prior to termination (in a lump sum in the event of a change in control), for a period of thirty months after the effective date of termination; his stock options will vest and be exercisable for up to their full term (or for such shorter period of time that would not cause Mr. B. McGill any adverse tax consequences); his restricted stock and/or restricted stock units (or comparable forms of equity compensation, if any) will vest (at target), whether subject to performance conditions or not, and shall not be subject to any risk of forfeiture or repurchase as of the date of termination, and other stock-based compensation will not be subject to forfeiture or repurchase, subject in each case to certain exceptions. In the event of Mr. B. McGill's death, the Employment Agreement provides for a payment of \$1.0 million to his estate; for all stock options to vest and be exercisable for their full term; and for other stock-based compensation to vest and not be subject to forfeiture or repurchase, subject to certain exceptions. In the event of Mr. B. McGill's disability, the Employment Agreement provides for the payment in a lump sum of the average of his base salary and bonus in the two fiscal years prior to disability for one year; for all stock options to vest and be exercisable for up to full term (or for such shorter period of time that would not cause the executive any adverse tax consequences); and for other stock-based compensation to vest and not be subject to forfeiture or repurchase, subject to certain exceptions. If any payments to Mr. B. McGill upon his termination are subject to the excise tax imposed under Section 4999 of the Code, then such payments shall be reduced in a manner determined by the Company that is consistent with the requirements of Section 409A of the Code until no amount payable to Mr. B. McGill will be subject to such excise taxes.

**Severance Policy for Key Executives**

On November 27, 2012, our Board of Directors adopted a Severance Policy for Key Executives, or the Severance Policy. Under the Severance Policy, for each executive designated in writing by the Board or the Compensation Committee of the Board, for a 12-month period following employment termination by our Company without good cause or by the covered executive for good reason (each as defined in the Severance Policy), we will pay an amount equal to the average of the base salary and cash bonus paid to the covered executive for the two prior full fiscal years on such dates as would otherwise be paid by our Company, as well as the COBRA premium for coverage under our medical plan for the covered executive and his or her dependents. All stock options and RSUs held by a covered executive shall continue to vest and shall be exercisable for 12 months following employment termination. A covered executive shall also be entitled to receive all other accrued but unpaid benefits relating to vacations and other executive perquisites through the date of employment termination.

The Severance Policy shall not be applicable to any executive who is a party to a separate employment, severance, change of control, or similar agreement with our Company. None of our executives are covered under the Severance Policy as of September 30, 2018.

**Table of Contents****Potential Payments Upon Termination, Change of Control, Death or Disability**

The following tables show the potential payments upon a hypothetical termination or a change of control for each of our named executive officers on September 30, 2018, as well as the actual payments made to Ms. Day in fiscal 2018.

**William H. McGill, Jr.**

Executive Benefits and Payments Upon Separation	Involuntary			Involuntary for Good Reason Termination (Change of Control) on	Death on	Disability on
	Voluntary Termination 9/30/18	Not for Cause Termination 9/30/18	For Cause Termination on 9/30/18	9/30/18	9/30/18	9/30/18
<b>Compensation:</b>						
Bonus	\$	\$	\$	\$	\$	\$
Equity awards(1)	\$	\$ 1,138,344	\$	\$ 1,138,344	\$ 1,138,344	\$ 1,138,344
<b>Benefits and Perquisites:</b>						
Cash severance	\$	\$ 5,421,945	\$	\$ 5,421,945	\$ 1,500,000	\$ 1,807,315
Health and welfare benefits	\$	\$ 21,931	\$	\$ 21,931	\$ 3,660	\$
Other	\$	\$	\$	\$	\$	\$

**Michael H. McLamb**

Executive Benefits and Payments Upon Separation	Involuntary			Involuntary for Good Reason Termination (Change of Control) on	Death on	Disability on
	Voluntary Termination 9/30/18	Not for Cause Termination 9/30/18	For Cause Termination on 9/30/18	9/30/18	9/30/18	9/30/18
<b>Compensation:</b>						
Bonus	\$	\$	\$	\$	\$	\$
Equity awards(1)	\$	\$ 318,739	\$	\$ 318,739	\$ 318,739	\$ 318,739
<b>Benefits and Perquisites:</b>						
Cash severance	\$	\$ 1,043,085	\$	\$ 1,043,085	\$ 550,000	\$ 695,390
Health and welfare benefits	\$	\$	\$	\$	\$	\$
Other	\$	\$	\$	\$	\$	\$

(1) Amounts represent the dollar amounts that would be recognized for financial statement reporting purposes with respect to the unamortized grant date fair value of stock options and RSUs determined in accordance with ASC 718.

**Paulee C. Day**

<b>Executive Benefits and Payments Upon Separation Compensation:</b>	
Equity awards	\$ 435,434
<b>Benefits and Perquisites:</b>	
Cash separation	\$ 1,182,168
Health and welfare benefits	\$ 14,845
Other reimbursements	\$ 35,000
<b>Total</b>	<b>\$ 1,667,447</b>

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The tables above reflect the amount of compensation to Messrs. McGill and McLamb in the event of a hypothetical termination of such executive's employment on September 30, 2018, as well as the actual payments and benefits that were provided to Ms. Day upon her separation from our Company during fiscal 2018. The amount of compensation payable to Messrs. McGill and McLamb upon voluntary termination, involuntary not for cause termination, for cause termination, termination following a change of control, and in the event of disability or death of the executive is shown above. The amounts shown for each Messrs. McGill and McLamb assume that such termination was effective as of September 30, 2018, and thus includes amounts earned through such time and are estimates of the amounts which would be paid out by the Company to the executives in a lump sum upon their termination. Amounts related to stock options assume a price of \$21.25, which was the closing price of our common stock as quoted on the New York Stock Exchange on September 28, 2018, the last trading day of fiscal 2018. The actual amounts to be paid out can only be determined at the time of such executive's separation from our Company.

**Limitation of Directors' Liability; Indemnification of Directors, Officers, Employees, and Agents**

Our articles of incorporation provide that no director of our Company will be personally liable to us or our shareholders for monetary damages for breach of a fiduciary duty as a director, except to the extent such exemption or limitation of liability is not permitted under the Florida Business Corporation Act. The effect of this provision in the articles of incorporation is to eliminate the rights of our Company and our shareholders, either directly or through shareholders' derivative suits brought on behalf of our Company, to recover monetary damages from a director for breach of the fiduciary duty of care as a director except in those instances described under Florida law.

In addition, we have adopted provisions in our Bylaws and entered into indemnification agreements that require us to indemnify our directors, officers, and certain other representatives of our Company against expenses and certain other liabilities arising out of their conduct on behalf of our Company to the maximum extent and under all circumstances permitted by law. Indemnification may not apply in certain circumstances to actions arising under the federal securities laws.

**EQUITY COMPENSATION PLAN INFORMATION**

The following table sets forth information with respect to our common stock that may be issued upon the exercise of stock options under our 1998 and 2007 Incentive Compensation Plans and 2011 Stock-Based Compensation Plan and the purchase of shares under our 1998 and 2008 Employee Stock Purchase Plans as of September 30, 2018.

<b>Plan Category</b>	<b>(a) Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants, and Rights</b>	<b>(b) Weighted Average Exercise Price of Outstanding Options, Warrants, and Rights</b>	<b>(c) Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a))</b>
Equity Compensation Plans Approved by Shareholders(1)	1,315,549	\$ 5.66	1,315,549
Equity Compensation Plans Not Approved by Shareholders			

Total	1,315,549	1,315,549
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(1) Includes 704,326 shares of common stock that are subject to unvested restricted stock awards.



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**CERTAIN TRANSACTIONS AND RELATIONSHIPS**

**Policy Relating to Certain Transactions**

We have a policy that we will not enter into any material transaction in which a director or officer has a direct or indirect financial interest unless the transaction is determined by our Board of Directors to be fair to us or is approved by a majority of our disinterested directors or by our shareholders, as provided for under Florida law. Our Board of Directors as a whole or, in certain cases when appropriate, a committee of the Board of Directors consisting solely of independent directors, determines whether a director or officer has a direct or indirect (*i.e.*, any) financial interest in a transaction deemed material based upon the Company's Code of Business Conduct and Ethics and Florida law. The policy with respect to such transactions is provided in our Company's Code of Business Conduct and Ethics.

**Family Relationships**

W. Brett McGill, currently our Chief Executive Officer and President, is the son of William H. McGill Jr., our Executive Chairman of the Board and Director. In November 2012, our Board of Directors appointed W. Brett McGill as an executive officer of our Company. Accordingly, compensation decisions relating to W. Brett McGill are performed in the same manner as for our other executive officers, as described under Compensation Discussion and Analysis. Prior to this appointment, compensation decisions relating to W. Brett McGill were performed in the same manner as other employees throughout our Company.

**COMPENSATION COMMITTEE REPORT**

Our Compensation Committee has reviewed and discussed with management the Compensation Discussion and Analysis included in this proxy statement and, based on such review and discussions, the Compensation Committee recommended to our Board of Directors that the Compensation Discussion and Analysis be included in this proxy statement.

December 27, 2018  
Clint Moore, Chairman

Respectfully submitted,

Charles R. Oglesby

Joseph A. Watters

George E. Borst

Rebecca White

**COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION**

During the fiscal year ended September 30, 2018, our Compensation Committee consisted of Clint Moore, Charles R. Oglesby, Joseph A. Watters, George Borst, and Rebecca White. None of these committee members had any contractual or other relationships with our Company during their terms as committee members during such fiscal year.

**DIRECTOR COMPENSATION**

Employees of our Company do not receive compensation for serving as members of our Board of Directors. Directors who are employees of our Company are eligible to receive stock-based compensation pursuant to our 2011 Stock-Based Compensation Plan.

As of October 1, 2018 each non-employee director receives a quarterly director's fee of \$15,000, which is paid in cash, shares of common stock, or a combination of cash and shares of common stock at the election of the director. The Chairman of the Audit Committee receives an additional annual fee of \$25,000, and other members

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of the Audit Committee receive an additional annual fee of \$7,500; the Chairman of the Compensation Committee receives an additional annual fee of \$17,500, and other members of the Compensation Committee receive an additional annual fee of \$5,000; the Chairman of the Nominating/Corporate Governance Committee receives an additional annual fee of \$10,000, and other members of the Nominating/Corporate Governance Committee receive an additional annual fee of \$3,000; and the Lead Independent Director receives an additional annual fee of \$30,000. Under our 2011 Stock-Based Compensation Plan, non-employee directors each receive a grant of options to acquire 5,000 shares of our common stock on the last day of the current fiscal quarter in which they are first elected as directors of our Company, which vest at a rate of 33% per year beginning on the applicable grant date. Non-employee directors also currently receive 5,000 shares of common stock each year, which vest one year after the applicable grant date. We reimburse our directors for out-of-pocket expenses incurred in attending meetings of the Board of Directors or committees. We also encourage our directors and their spouses, when applicable, to attend, at our cost, special corporate events with our employees, suppliers, and others when possible.

The following table sets forth the compensation paid by us to non-employee directors for the fiscal year ended September 30, 2018. Messrs. McGill and McLamb do not receive any compensation for service on our Board of Directors.

**DIRECTOR COMPENSATION**

Name(1)	Fees Earned or Paid in		Stock Awards(3)(4)	Total
	Cash(2)			
Clint Moore	\$ 85,000	\$ 102,000		\$ 187,000
George E. Borst	\$ 7,826	\$ 102,000		\$ 109,826
Hilliard M. Eure III	\$ 88,000	\$ 102,000		\$ 190,000
Evelyn V. Follit	\$ 60,500	\$ 102,000		\$ 162,500
Charles R. Oglesby		\$ 102,000		\$ 102,000
Joseph A. Watters	\$ 32,553	\$ 102,000		\$ 134,553
Rebecca White(5)	\$ 11,611			\$ 11,611
Dean S. Woodman(6)	\$ 25,038	\$ 102,000		\$ 127,038

(1) As of September 30, 2018, the following directors had outstanding options: Mr. Eure 10,000 options; Mr. Moore 5,000 options; Ms. Follit 5,000 options; Mr. Oglesby 30,000 options; Mr. Watters 70,000 options; Mr. Borst 5,000 options; Ms. White 5,000 (includes 3,334 of unvested options) and Mr. Woodman 70,000 options. As of September 30, 2018, the following directors had outstanding common stock issuable upon vesting of RSUs: Mr. Eure 5,000 RSUs; Mr. Moore 5,000 RSUs; Ms. Follit 5,000 RSUs; Mr. Oglesby 5,000 RSUs; Mr. Watters 5,000 RSUs; Mr. Borst 5,000 RSUs; and Mr. Woodman 5,000 RSUs.

(2) Messrs. Borst, Oglesby, Watters, Woodman, and Ms. White elected to receive shares of our common stock with a value of \$54,674, \$58,000, \$32,447, \$24,963 and \$17,389, respectively, in lieu of an equivalent amount of cash pursuant to their annual retainers.

- (3) The amounts shown in this column reflect the grant date fair value of stock option and common stock awards determined in accordance with FASB ASC Topic 718 Compensation Stock Compensation, excluding the effects of forfeitures. The assumptions used in determining the grant date fair value of these awards are set forth in Note 11 to the Consolidated Financial Statements in our Form 10-K for the year ended September 30, 2018. The aggregate grant date fair value of the stock options and common stock granted to our non-employee directors during fiscal 2018 was approximately \$714,000. For further information on these awards, see the Grants of Plan-Based Awards table in the Executive Compensation section of this proxy statement.
- (4) 10,000 director stock options expired in fiscal 2018.

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(5) Ms. White was elected to the Board of Directors on May 23, 2018.

(6) Mr. Woodman retired from the Board of Directors on February 17, 2016 and has since served as Director Emeritus.

Our Team Member Discount Policy enables our directors to purchase products and services from us at a discount available to all of our full time employees, subject to the restrictions set forth in the plan. No directors purchased products or services from us during fiscal 2018 in accordance with the plan.

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**REPORT OF THE AUDIT COMMITTEE**

The Board of Directors has appointed an Audit Committee, currently consisting of four directors. All of the members of the committee must be independent of our Company and management, as independence is defined in applicable rules of the New York Stock Exchange and the Securities and Exchange Commission listing standards.

The purpose of the Audit Committee is to assist the oversight of our Board of Directors in 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 committee include overseeing our Company's accounting and financial reporting process and audits of the financial statements of our Company. Management has the primary responsibility for the financial statements and the reporting process, including the systems of internal controls. The independent auditor is responsible for auditing the financial statements and expressing an opinion on the conformity of those audited financial statements with generally accepted accounting principles. Our Board of Directors has amended and restated the charter of the Audit Committee to reflect, among other things, requirements of federal legislation, including the Sarbanes-Oxley Act of 2002, new rules adopted by the Securities and Exchange Commission, and amended rules of the New York Stock Exchange.

In fulfilling its oversight responsibilities, the committee reviewed and discussed the audited financial statements with management and the independent auditor. The committee discussed with the independent auditor the matters required to be discussed by AS 1301, the guidelines of the SEC, the Sarbanes-Oxley Act of 2002, Auditing Standard No. 16, *Communications with Audit Committees*, as adopted by the Public Company Accounting Oversight Board. This included a discussion of the independent auditor's judgments as to the quality, not just the acceptability, of our Company's accounting principles and such other matters as are required to be discussed with the committee under the standards of the Public Company Accounting Oversight Board, and other applicable regulations. In addition, the committee received from the independent auditor written disclosures and the letter required by applicable requirements of the Public Company Accounting Oversight Board regarding the independent accountant's communications with the audit committee concerning independence. The committee also discussed with the independent auditor the independent auditor's independence from management and our Company, including the matters covered by the written disclosures and letter provided by the independent auditor.

The committee discussed with our independent auditor the overall scope and plans for its audit. The committee meets with the independent auditor, with and without management present, to discuss the results of the independent auditor's examinations, its evaluations of our Company, the internal controls, and the overall quality of the financial reporting. The committee held eight meetings during fiscal 2018.

Based on the reviews and discussions referred to above, the committee recommended to the Board of Directors, and the Board approved, that the audited financial statements be included in the Annual Report on Form 10-K for the fiscal year ended September 30, 2018 for filing with the Securities and Exchange Commission.

The report has been furnished by the Audit Committee of our Board of Directors.

December 27, 2018

Hilliard M. Eure III, Chairman

Evelyn V. Follit

Clint Moore

George E. Borst

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**SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE**

Section 16(a) of the Securities Exchange Act of 1934 requires our directors, officers, and persons who own more than 10% of a registered class of our equity securities to file reports of ownership and changes in ownership with the Securities and Exchange Commission. These regulations require the directors, officers, and greater than 10% shareholders to furnish us with copies of all Section 16(a) forms they file.

Based solely upon our review of the copies of such forms received by us during the fiscal year ended September 30, 2018, and written representations that no other reports were required, we believe that each person who, at any time during such fiscal year was a director, officer, or beneficial owner of more than 10% of our common stock, complied with all Section 16(a) filing requirements during such fiscal year.



**Table of Contents****SECURITY OWNERSHIP OF PRINCIPAL SHAREHOLDERS, DIRECTORS, AND OFFICERS**

The following table sets forth certain information regarding beneficial ownership of our common stock as of the Record Date for (i) all directors, our Chief Executive Officer, and our other named executive officers listed in the Summary Compensation Table under the section entitled Executive Compensation, (ii) all directors and the named executive officers as a group, and (iii) each person known by us to beneficially own more than 5% of our outstanding shares of common stock.

Name of Beneficial Owner(1)	Shares Beneficially Owned	
	Number(2)	Percent(2)
<b>Directors and Executive Officers:</b>		
William H. McGill Jr.	412,622(3)	1.5%
W. Brett McGill	36,344(4)	*
Michael H. McLamb	92,118(5)	*
Charles A. Cashman	30,392(6)	*
Anthony E. Cassella Jr.	17,949(7)	*
Clint Moore	20,000(8)	*
George E. Borst	22,185(9)	*
Hilliard M. Eure III	26,500(10)	*
Evelyn V. Follit	21,390(11)	*
Charles R. Oglesby	69,819(12)	*
Joseph A. Watters	127,413(13)	*
Rebecca White	2,534(14)	*
Dean S. Woodman	78,844(15)	*
All directors and executive officers as a group (13 persons)	958,110	3.5%
<b>5% Shareholders:</b>		
BlackRock, Inc.	2,946,142(16)	10.8%
Eagle Asset Management, Inc.	2,822,219(17)	10.4%
Dimensional Fund Advisors LP	2,214,040(18)	8.1%
Impala Asset Management LLC	2,140,556(19)	7.9%
Macquarie Investment Management Holdings Inc.	1,361,778(20)	5.0%

\* Less than 1%.

- (1) Unless otherwise indicated, all persons listed can be reached at our Company offices at 2600 McCormick Drive, Suite 200, Clearwater, Florida 33759, and have sole voting and investment power over their shares.
- (2) The numbers and percentages shown include shares of common stock issuable to the identified person pursuant to stock options that may be exercised and restricted stock that may vest within 60 days after the Record Date (December 17, 2018). In calculating the percentage of ownership, such shares are deemed to be outstanding for the purpose of computing the percentage of shares of common stock owned by such person, but are not deemed to be outstanding for the purpose of computing the percentage of shares of common stock owned by any other shareholder.

- (3) Includes 151,475 shares of common stock issuable upon the exercise of stock options. Amount excludes 150,058 shares of common stock issuable upon vesting of RSUs.
- (4) Amount excludes 98,694 shares of common stock issuable upon vesting of RSUs.
- (5) Amount excludes 57,939 shares of common stock issuable upon vesting of RSUs.
- (6) Amount excludes 51,922 shares of common stock issuable upon vesting of RSUs.
- (7) Amount excludes 17,848 shares of common stock issuable upon vesting of RSUs.

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- (8) Includes 5,000 shares issuable upon the exercise of stock options. Amount excludes 5,000 shares of common stock issuable upon vesting of RSUs.
- (9) Includes 5,000 shares issuable upon the exercise of stock options. Amount excludes 5,000 shares of common stock issuable upon vesting of RSUs.
- (10) Includes 10,000 shares issuable upon the exercise of stock options. Amount excludes 5,000 shares of common stock issuable upon vesting of RSUs.
- (11) Includes 5,000 shares issuable upon the exercise of stock options. Amount excludes 5,000 shares of common stock issuable upon vesting of RSUs.
- (12) Includes 30,000 shares issuable upon the exercise of stock options. Amount excludes 5,000 shares of common stock issuable upon vesting of RSUs.
- (13) Includes 60,000 issuable upon the exercise of stock options. Amount excludes 5,000 shares of common stock issuable upon vesting of RSUs.
- (14) Includes 1,666 issuable upon the exercise of stock options. Amount excludes 3,334 shares of common stock issuable upon exercise of unvested stock options and 5,000 shares of common stock issuable upon vesting of RSUs.
- (15) Includes 60,000 issuable upon the exercise of stock options. Amount excludes 5,000 shares of common stock issuable upon vesting of RSUs.
- (16) Represents an aggregate of 2,946,142 shares of common stock beneficially owned by BlackRock, Inc., in its capacity as a parent holding company on behalf of certain of its subsidiaries. BlackRock, Inc. has sole voting power over 2,946,142 shares and dispositive power over 2,892,694 shares. The address of BlackRock, Inc. is 55 East 52<sup>nd</sup> Street, New York, New York 10055.
- (17) Represents an aggregate of 2,822,219 shares of common stock beneficially owned by Eagle Asset Management, Inc. Eagle Asset Management, Inc. has sole voting power and dispositive power over all such shares. The address of Eagle Asset Management, Inc. is 880 Carillon Parkway, St. Petersburg, Florida 33716.
- (18) Represents an aggregate of 2,214,040 shares of common stock beneficially owned by Dimensional Fund Advisors LP in its capacity as investment adviser on behalf of its clients. Dimensional Fund Advisors LP has sole voting power over 2,117,291 of such shares and sole dispositive power over 2,214,040 shares. The address of Dimensional Fund Advisors LP is Building One, 6300 Bee Cave Road, Austin, Texas 78746.

- (19) Represents an aggregate of 2,140,556 shares of common stock beneficially owned by Impala Asset Management LLC. Impala Asset Management LLC has sole voting power and dispositive power over all such shares. The address of Impala Asset Management LLC is 107 Cherry Street, New Canaan, Connecticut 06840.
- (20) Represents an aggregate of 1,361,778 shares of common stock beneficially owned Macquarie Investment Management Holdings Inc. Macquarie Investment Management Holdings Inc. has sole voting power and dispositive power over all such shares. The address of Macquarie Investment Management Holdings Inc. is 2005 Market Street, Philadelphia, PA 19103.

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**PROPOSAL TWO**

**ADVISORY VOTE ON EXECUTIVE COMPENSATION ( SAY-ON-PAY )**

**Background**

The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, or the Dodd-Frank Act, and related rules issued by the SEC, require that we provide our shareholders with the opportunity to vote to approve, on an advisory (non-binding) basis, the compensation of our named executive officers as disclosed in this proxy statement in accordance with the SEC's rules.

**Summary**

We are asking our shareholders to provide advisory approval of the compensation of our named executive officers, as such compensation is described in the Compensation Discussion and Analysis section, the tabular disclosure regarding such compensation, and the accompanying narrative disclosure set forth in this proxy statement, beginning on page 13. Our executive compensation program is designed to enable us to attract, motivate, and retain highly qualified executives. This program links cash incentive compensation to the achievement of pre-established corporate financial performance objectives and provides long-term stock-based incentive compensation intended to focus our executives efforts on building shareholder value by aligning their interests with those of our shareholders. The following is a summary of some of the key points of our executive compensation program. We urge our shareholders to review the Compensation Discussion and Analysis included in this proxy statement and the executive-related compensation tables for more information.

*Base Salaries.* We target base salaries at levels intended to 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. From fiscal 2016 to fiscal 2017, for the named executives officers that were reported in either year and employed during both years, base salaries increased, on average, 18%, including base salary increases for officers who assumed additional responsibilities. From fiscal 2017 to fiscal 2018, using the same parameters, base salaries increased, on average, 2%.

*We maintain a performance-based cash incentive compensation program.* We annually establish a performance-based cash incentive compensation program 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 shareholder value. Our performance-based cash incentive compensation program results in a substantial portion of our executives' potential total cash compensation being at risk.

*Our stock-based compensation program is designed to align the interests of our management and the interests of our shareholders.* We strongly believe in utilizing our common stock to tie executive rewards directly to our long-term success and increases in shareholder value. Grants of stock-based awards to our executive officers enable those executives to develop and maintain a meaningful 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. 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 shareholders 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. Historically, our stock-based compensation has been through the grant of stock options and RSUs. 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.

*Independent Compensation Consultant.* From time to time, the Compensation Committee retains and works closely with independent executive compensation firms (during 2018, the Compensation Committee retained Poe Group, Inc.), in the design and implementation of its annual executive compensation program. Poe Group, Inc. provides no other services to our Company.

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**Board Recommendation**

Our Board of Directors believes that the information provided above and within the Executive Compensation section of this proxy statement demonstrates that our executive compensation program is designed appropriately and is intended to ensure that management's interests are aligned with our shareholders' interests to support long-term value creation.

The following resolution is submitted for a shareholder vote at the annual meeting:

**RESOLVED**, that the shareholders of the Company approve, on an advisory basis, the compensation of the Company's named executive officers, as disclosed in the Compensation Discussion and Analysis, compensation tables, and narrative discussion set forth in this proxy statement.

We currently hold our say-on-pay vote every year. Shareholders have an opportunity at this annual meeting to cast an advisory vote on the frequency of say-on-pay votes. They will have an opportunity to cast an advisory vote on the frequency of say-on-pay votes every six years. The next advisory vote on the frequency of the say-on-pay vote will occur no later than the 2024 annual meeting of shareholders.

The say-on-pay vote is advisory, and therefore not binding on our Company, our Compensation Committee, or our Board of Directors. Although non-binding, the vote will provide information to our Compensation Committee and our Board of Directors regarding investor sentiment about our executive compensation philosophy, policies, and practices, which our Compensation Committee and our Board of Directors will be able to consider when determining executive compensation for the years to come.

**OUR BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT SHAREHOLDERS VOTE FOR ADOPTION OF THE RESOLUTION APPROVING THE COMPENSATION OF OUR NAMED EXECUTIVE OFFICERS, AS DESCRIBED IN THE COMPENSATION DISCUSSION AND ANALYSIS SECTION AND THE RELATED TABULAR AND NARRATIVE DISCLOSURE SET FORTH IN THIS PROXY STATEMENT.**

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**PROPOSAL THREE**

**AMENDMENT TO THE 2008 EMPLOYEE STOCK PURCHASE PLAN**

**Background**

Our Board of Directors has approved a proposal to amend our 2008 Employee Stock Purchase Plan, or 2008 ESPP, subject to approval by our shareholders at the meeting.

The 2008 ESPP, adopted by our Board of Directors and approved by our shareholders in 2008, is a significant part of our compensation program and is intended to provide our executive officers and other key employees with an opportunity to acquire a proprietary interest in our Company and thereby align their interests with the interests of our other shareholders and give them an additional incentive to use their best efforts for the long-term success of our Company. See [Executive Compensation Employee Stock Purchase Plan](#) for a description of the material terms of the 2008 ESPP.

**Reasons for and Effect of the Proposed Amendment**

Initially, the number of shares of common stock that may be issued under the 2008 ESPP was 552,837, consisting of 500,000 shares under the 2008 ESPP upon its adoption in 2008, plus 52,837 shares that were reserved for issuance under the 1998 Employee Stock Purchase Plan that were not purchased as of its expiration. During February 2012, our shareholders approved a proposal to amend our 2008 Employee Stock Purchase Plan ( [Stock Purchase Plan](#) ) to increase the number of shares available under that plan by 500,000 shares. During February 2018, our Board of Directors approved a proposal to amend the [Stock Purchase Plan](#) to extend it such that the final annual offering will be in 2027. As of September 30, 2018, 891,185 shares of common stock have been issued pursuant to the 2008 ESPP, leaving 161,652 shares of common stock available for issuance. Our Board of Directors determined that an increase in the 1,052,837 share limitation was necessary to provide a sufficient number of shares to enable our executive officers and other key employees to continue to acquire proprietary interests in our Company and thereby further align their interests with the interests of our other shareholders. Accordingly, our Board of Directors amended the 2008 ESPP to increase the 1,052,837 share limitation by 500,000 shares to 1,552,837 shares, subject to approval by our shareholders at the meeting.

Our Board of Directors believes that the approval of the proposed amendment to the 2008 ESPP is necessary to achieve the purposes of the 2008 ESPP and to promote the welfare of our Company and our shareholders. Looking toward the future, we have limited availability under the 1,052,837 share limitation for future purchases by our officers and employees, and accordingly, the need has arisen for an amendment to increase the limitation on the shares issuable under the 2008 ESPP. Based on the current rate of share issuances under the 2008 ESPP, if our shareholders do not approve this amendment, our Company believes that the amount of shares issuable under the 2008 ESPP will be fully exhausted prior to the end of our 2019 fiscal year ending September 30, 2019. Our Board of Directors believes that the proposed amendment to the 2008 ESPP will aid our Company in attracting and retaining eligible employees and motivating such persons to exert their best efforts on behalf of our Company. In addition, we expect that the proposed amendment will further strengthen the identity of interests of our officers and employees with that of the shareholders.

**2008 ESPP Benefits**

Because benefits under the 2008 ESPP depend on employees' elections to participate and the fair market value of our Company's common stock at various future dates, it is not possible to determine the benefits that will be received by



executive officers and other employees if the amendment to the 2008 ESPP is approved by the shareholders. Non-employee directors are not eligible to participate in the 2008 ESPP.

**Approval by Shareholders of the Amendment to the 2008 ESPP and Board Recommendation**

The amendment will be effective upon approval of the amendment to the 2008 ESPP by a majority of votes cast by our shareholders. In the event that the amendment to the 2008 ESPP is not approved by the shareholders, the current 1,052,837 share limitation of the 2008 ESPP will remain in effect.

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**OUR BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT SHAREHOLDERS VOTE FOR APPROVAL OF THE AMENDMENT TO OUR 2008 EMPLOYEE STOCK PURCHASE PLAN TO INCREASE THE NUMBER OF SHARES AVAILABLE FOR ISSUANCE FROM 1,052,837 TO 1,552,837.**

**Table of Contents****PROPOSAL FOUR****RATIFICATION OF APPOINTMENT OF INDEPENDENT AUDITOR**

Our Audit Committee has appointed KPMG LLP ( KPMG ), as the Company s independent registered public accounting firm for the fiscal year ending September 30, 2019, and recommends that shareholders vote in favor of the ratification of such appointment. KPMG has served as our independent registered public accounting firm continuously since 2013. In the event of a negative vote on such ratification, the Audit Committee will reconsider its selection. We anticipate that representatives of KPMG will be present at the annual meeting of shareholders, will have the opportunity to make a statement if they desire, and will be available to respond to appropriate questions.

Aggregate fees billed to our Company for the fiscal years ended September 30, 2017 and 2018 by KPMG are as follows:

	<b>2017</b>	<b>2018</b>
Audit fees	\$ 542,670	\$ 520,924
Audit-related fees	\$ 0	\$ 0
Tax fees	\$ 19,199	\$ 24,963
All Other fees	\$ 0	\$ 0

Fees for audit services include fees associated with the annual audit, including the audit of the effectiveness of internal control over financial reporting, the reviews of our quarterly reports and other filings with the SEC. Tax fees included tax compliance services.

**Audit Committee Pre-Approval Policies and Procedures**

The charter of our Audit Committee provides that the duties and responsibilities of our Audit Committee include the pre-approval of all audit, audit-related, tax, and other services permitted by law or applicable SEC regulations (including fee and cost ranges) to be performed by our independent auditor. Any pre-approved services that will involve fees or costs exceeding pre-approved levels will also require specific pre-approval by the Audit Committee. Unless otherwise specified by the Audit Committee in pre-approving a service, the pre-approval will be effective for the 12-month period following pre-approval. The Audit Committee will not approve any non-audit services prohibited by applicable SEC regulations or any services in connection with a transaction initially recommended by the independent auditor, the primary purpose of which may be tax avoidance and the tax treatment of which may not be supported by the Internal Revenue Code and related regulations.

To the extent deemed appropriate, the Audit Committee may delegate pre-approval authority to the Chairman of the Audit Committee or any one or more other members of the Audit Committee, provided that any member of the Audit Committee who has exercised any such delegation must report any such pre-approval decision to the Audit Committee at its next scheduled meeting. The Audit Committee will not delegate to management the pre-approval of services to be performed by the independent auditor.

Our Audit Committee requires that our independent auditor, in conjunction with our Chief Financial Officer, be responsible for seeking pre-approval for providing services to us and that any request for pre-approval must inform the Audit Committee about each service to be provided and must provide detail as to the particular service to be provided.

All of the services provided by KPMG described above under the captions Audit Fees, Audit-Related Fees, and Tax Fees were approved by our Audit Committee pursuant to our Audit Committee's pre-approval policies.

**Ratification by Shareholders of the Appointment of Independent Auditor**

Ratification of the appointment of KPMG as the Company's independent registered public accounting firm for the fiscal year ending September 30, 2019 will require the affirmative vote of a majority of the votes cast, assuming that a quorum is present at the meeting.

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**OUR BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT SHAREHOLDERS VOTE FOR RATIFICATION OF APPOINTMENT OF INDEPENDENT AUDITOR.**

**DEADLINE FOR RECEIPT OF SHAREHOLDER PROPOSALS**

Shareholder proposals that are intended to be presented by shareholders at the annual meeting of shareholders for the fiscal year ending September 30, 2019 must be received by us within the time periods described below in order to be included in the proxy statement and form of proxy relating to such meeting. Under our Bylaws, shareholders must follow certain procedures to nominate persons for election as a director or to introduce an item of business at an annual meeting of shareholders. In general, to be timely under these procedures, notice of such nomination or business related to our 2020 Annual Meeting of Shareholders must comply with the requirements in our Bylaws and must be received by us: (a) no earlier than October 25, 2019 and no later than November 24, 2019; or (b) if the annual meeting is more than 30 days before, or more than 70 days after, February 21, 2020, no earlier than 120 days in advance of such annual meeting and no later than the close of business on the later of (i) 90 days in advance of such annual meeting or (ii) the 10th day following the date on which public announcement of the date of such meeting is first made.

Pursuant to Rule 14a-4 under the Exchange Act, we intend to retain discretionary authority to vote proxies with respect to shareholder proposals for which the proponent does not seek inclusion of the proposed matter in our proxy statement for the annual meeting to be held during calendar 2019, except in circumstances where (i) we receive notice of the proposed matter no later than November 12, 2019, and (ii) the proponent complies with the other requirements set forth in Rule 14a-4.

**OTHER MATTERS**

We know of no other matters to be submitted at the meeting. If any other matters properly come before the meeting, it is the intention of the persons named in the enclosed proxy card to vote the shares they represent as the Board of Directors may recommend.

Dated: December 27, 2018

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**APPENDIX A**

**MARINEMAX, INC.**

**AMENDED 2008 EMPLOYEE STOCK PURCHASE PLAN**

ARTICLE I

PURPOSE

1.1 **Name.** This Stock Purchase Plan shall be known as the MarineMax 2008 Employee Stock Purchase Plan (the Plan ).

1.2 **Purpose.** The Plan is intended to provide a method whereby employees of MarineMax, Inc., a Florida corporation (the Company ), and one or more of its Subsidiary Corporations will have an opportunity to acquire a proprietary interest in the Company through the purchase of shares of the Common Stock of the Company.

1.3 **Qualification.** It is the intention of the Company to have the Plan qualify as an employee stock purchase plan under Section 423 of the Code. The provisions of the Plan shall be construed so as to extend and limit participation in a manner consistent with the requirements of that section of the Code.

ARTICLE II

DEFINITIONS

2.1 **Base Pay.** Base Pay shall mean all annual cash compensation received by an Employee. If any Offering is a six-month Offering, the Base Pay shall be divided by one-half.

2.2 **Code.** Code shall mean the Internal Revenue Code, as amended.

2.3 **Closing Price.** Closing Price shall have the meaning set forth in Section 6.2.

2.4 **Committee.** Committee shall have the meaning set forth in Section 11.1.

2.5 **Employee.** Employee shall mean any person who is customarily employed on a full-time or part-time basis by the Company and is regularly scheduled to work more than 20 hours per week.

2.6 **Offering.** Offering shall have the meaning set forth in Section 4.1.

2.7 **Offering Commencement Date.** Offering Commencement Date shall have the meaning set forth in Section 4.1.

2.8 **Offering Termination Date.** Offering Termination Date shall have the meaning set forth in Section 4.1.

2.9 **Option.** Option shall have the meaning set forth in Section 6.1.

2.10 **Option Price.** Option Price shall have the meaning set forth in Section 6.2.

**2.11 Participating Company.** Participating Company shall mean the Company and such Subsidiary Corporations as may be designated from time to time by the Board of Directors of the Company.

**2.12 Participant.** Participant shall have the meaning set forth in Section 3.4.

**2.13 Participation Amount.** Participation Amount shall have the meaning set forth in Section 5.1.

**2.14 Stock.** Stock shall mean the Common Stock of the Company, par value one-tenth of one cent (\$.001 per share).

**2.15 Subsidiary Corporation.** Subsidiary Corporation shall mean any present or future corporation which would be a subsidiary corporation of the Company, as that term is defined in Code Section 424.

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ARTICLE III

ELIGIBILITY AND PARTICIPATION

**3.1 Initial Eligibility.** Any Employee who shall have completed one year of continuous employment with a Participating Company and is employed by a Participating Company on the date such Employee's participation in the Plan is to become effective shall be eligible to participate in Offerings under the Plan that commence on or after such one-year employment period has concluded. Any corporation that becomes a Subsidiary Corporation after the initial Offering Commencement Date shall become a Participating Company only upon the decision of the Board of Directors of the Company to designate such Subsidiary Corporation as a Participating Company and to extend the benefits of the Plan to its eligible Employees.

**3.2 Leave of Absence.** For purposes of participation in the Plan, a person on leave of absence shall be deemed to be an Employee for the first 90 days of such leave of absence and such Employee's employment shall be deemed to have terminated at the close of business on the 90th day of such leave of absence unless such Employee shall have returned to regular full-time or part-time employment (as the case may be) prior to the close of business on such 90th day. Termination by a Participating Company of any Employee's leave of absence, other than termination of such leave of absence on return to full time or part time employment, shall terminate an Employee's employment for all purposes of the Plan and shall terminate such Employee's participation in the Plan and right to exercise any Option.

**3.3 Restrictions on Participation.** Notwithstanding any provision of the Plan to the contrary, no Employee shall be granted an Option to participate in the Plan:

(a) if, immediately after the grant, such Employee would own Stock, and/or hold outstanding Options to purchase Stock, possessing five percent or more of the total combined voting power or value of all classes of Stock of the Company (for purposes of this paragraph, the rules of Section 424(d) of the Code shall apply in determining Stock ownership of any Employee); or

(b) which permits such Employee's rights to purchase Stock under all employee stock purchase plans of the Company and all Participating Companies to accrue at a rate that exceeds \$25,000 in fair market value of the Stock (determined at the time such Option is granted) for each calendar year in which such Option is outstanding.

**3.4 Commencement of Participation.** An eligible Employee may become a participant ( Participant ) by completing the enrollment forms prescribed by the Committee (including a purchase agreement and a payroll deduction authorization) and filing such forms with the designated office of the Company prior to the Offering Commencement Date for the next scheduled Offering. Payroll deductions for a Participant shall commence on the next scheduled Offering Commencement Date when such Participant's authorization for a payroll deduction becomes effective and shall continue in effect for the term of this Plan, except to the extent such payroll deduction is changed in accordance with this Section 3.4 or terminated in accordance with Article 8. Subject to Section 5.4 , a Participant may, at any time, increase or decrease the rate of, or cease, the Participant's payroll deductions by filing the appropriate form with the designated office of the Company and such change shall become effective as of the next applicable Offering Commencement Date.

ARTICLE IV

OFFERINGS



**4.1 Annual Offerings.** The Plan will be implemented by up to ten annual offerings ( Offerings ) of the Company s Stock beginning on the 1st day of October in each of the years 2008 through 2027, with each Offering terminating on September 30 of the next year; provided, however, that each annual Offering may, in the discretion of the Committee exercised prior to the commencement thereof, be divided into two six-month Offerings commencing respectively, on October 1 and April 1, and terminating six months thereafter. As used in the Plan, Offering Commencement Date means the October 1 or April 1, as the case may be, on which the

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particular Offering begins and Offering Termination Date means the March 31 or September 30, as the case may be, on which the particular Offering terminates. Any decision of the Committee to adjust the number of shares of Stock in an Offering must be made prior to the Offering Commencement Date of that Offering.

ARTICLE V

PAYROLL DEDUCTIONS

**5.1 Percentage of Participation.** At the time an Employee files authorization for payroll deductions and becomes a Participant in the Plan, the Employee shall elect to have deductions made from the Employee's pay on each payday during the time the Employee is a Participant in an Offering. Such deductions shall be an amount equal to the Employee's Participation Amount divided by the number of payroll periods occurring during the Offering. An Employee's Participation Amount shall equal the rate of 1, 2, 3, 4, 5, 6, 7, 8, 9 or 10 percent (as elected by the Employee) times such Employee's Base Pay in effect at the Offering Commencement Date of such Offering; provided, however, that prior to any Offering Commencement Date, the Committee shall have the discretion to limit deductions to less than 10 percent (but no less than 5 percent) for any Offering.

**5.2 Calculation of Base Pay.** An Employee's Base Pay as of an Offering Commencement Date and whether an Employee is part-time shall be determined in the discretion of the Committee based on the provisions of this Plan. In calculating an Employee's normal weekly rate of pay under this Section 5.2, retroactive adjustments occurring during an Offering that are retroactive to the last day prior to the Offering Commencement Date of that particular Offering shall be taken into account. In addition, if an Employee's Base Pay includes commissions, the Committee may set such Employee's Base Pay based upon commission averages and standards as determined in the discretion of the Committee.

**5.3 Participant's Account.** All payroll deductions made for a Participant pursuant to this Article 5 shall be credited to such Participant's account under the Plan. A Participant may not make any separate cash payment into such account except when on leave of absence and then only as provided in Section 5.5.

**5.4 Changes in Payroll Deductions.** A Participant may discontinue participation in the Plan as provided in Article 8, but no other change can be made during an Offering and, specifically, a Participant may not alter the amount of such Participant's payroll deductions for that Offering.

**5.5 Leave of Absence.** If a Participant goes on a leave of absence, such Participant shall have the right to elect: (a) to withdraw the balance in such Participant's account pursuant to Section 8.1 hereof, or (b) to discontinue contributions to the Plan but remain a Participant in the Plan, or remain a Participant in the Plan during such leave of absence, authorizing deductions to be made from payments by the Company to the Participant during such leave of absence and undertaking to make cash payments to the Plan at the end of each payroll period to the extent that amounts payable by the Participating Company to such Participant are insufficient to meet such Participant's authorized Plan deductions.

ARTICLE VI

GRANTING OF OPTION

**6.1 Number of Option Shares.** On each Offering Commencement Date, a Participant shall be deemed to have been granted an option (Option) to purchase a maximum number of shares of Stock equal to the Participation Amount with respect to such Participant, divided by the Option Price, determined as provided in Section 6.2 hereof.

**6.2 Option Price.** The Option Price of Stock for each Offering shall be the lower of (a) 85% of the Closing Price of the Stock on the Offering Commencement Date, or (b) 85% of the Closing Price of the Stock on the Offering Termination Date. The Closing Price of the Stock as to a particular day shall be the closing price of the Stock as reported for such day in the Wall Street Journal or in such other source as the Committee deems reliable. If the Stock is not traded on the New York Stock Exchange or other principal exchange or market on

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which it is authorized or listed for trading on the Offering Commencement Date and/or Offering Termination Date, as the case may be, the Closing Price for the Stock as to either of such dates on which such trading did not occur shall be the Closing Price on the nearest prior business day on which trading did occur.

ARTICLE VII

EXERCISE OF OPTION

**7.1 Automatic Exercise.** Unless a Participant gives written notice to the Company as hereinafter provided, such Participant's Option for the purchase of Stock granted under Section 6.1 hereof will be deemed to have been exercised automatically on the Offering Termination Date applicable to such Offering for the purchase of the number of full shares of Stock that the accumulated payroll deductions in such Participant's account at that time will purchase at the applicable Option Price (but not in excess of the number of shares for which Options have been granted to the Employee pursuant to Section 6.1 hereof).

**7.2 Fractional Shares.** Fractional shares will not be issued under the Plan and any accumulated payroll deductions that would have been used to purchase fractional shares will be, at the option of the Committee, either (a) returned (without interest) to the Participant promptly following the termination of an Offering, or (b) added to the Participation Amount for such Participant and held for the purchase of Stock in connection with the next Offering; provided, however, that such amount (without interest) shall be refunded to any Participant who provides the Company with a written request for a refund prior to the use of such amount to purchase Stock at the end of the next Offering.

**7.3 Transferability of Option.** During a Participant's lifetime, Options held by such Participant shall be exercisable only by such Participant.

**7.4 Delivery of Stock.** As promptly as practicable after the Offering Termination Date of each Offering, the Company will deliver to each Participant, as appropriate, the Stock purchased upon exercise of such Participant's Option. All Stock delivered to each Participant will contain a restriction stating that such Stock is restricted from being transferred for a period of one year from the date of issuance unless the Committee otherwise consents. The Committee may withhold its consent to any such transfer in its absolute and sole discretion. Any transfer in violation of the legend placed on each such stock certificate shall be void ab initio. In no event, however, shall Stock be forfeited for violation of the transfer restriction.

ARTICLE VIII

WITHDRAWAL

**8.1 In General.** At any time prior to the last five days of an Offering, a Participant may withdraw payroll deductions credited to such Participant's account under the Plan by giving written notice to the designated office of the Company, which withdrawal notice shall be in form and substance as decided by the Committee. All of the Participant's payroll deductions credited to the Participant's account will be paid to the Participant promptly after receipt of such Participant's notice of withdrawal, and no further payroll deductions will be made from the Participant's pay during such Offering or during any subsequent Offering unless the Participant re-enrolls as provided in Section 8.2 hereof. The Company may, at its option, treat any attempt by a Participant to borrow on the security of such Participant's accumulated payroll deductions as an election to withdraw such deductions.

**8.2 Effect on Subsequent Participation.** An Employee's withdrawal from any Offering will not have any effect upon such Employee's eligibility to participate in any succeeding Offering or in any similar plan that may hereafter be adopted by the Company. In order to be eligible for a subsequent Offering; however, an Employee who has withdrawn from an Offering must satisfy the requirements of Section 3.4 hereof prior to the Offering Commencement Date of such subsequent Offering.

**8.3 Termination of Employment.** Upon termination of a Participant's employment for any reason, including retirement (but excluding death or permanent disablement while in the employ of a Participating

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Company or continuation of a leave of absence for a period beyond 90 days), the payroll deductions credited to such Participant's account will be returned to the Participant, or, in the case of the Participant's death subsequent to the termination of such Participant's employment, to the person or persons entitled thereto under Section 12.1 hereof.

**8.4 Termination of Employment Due to Death.** Upon termination of a Participant's employment because of death or permanent disablement, the Participant or Participant's beneficiary (as defined in Section 12.1 hereof) shall have the right to elect, by written notice given to the designated office of the Company prior to the earlier of the Offering Termination Date or the expiration of a period of 60 days commencing with the termination of the Participant's employment, either:

- (a) to withdraw all of the payroll deductions credited to the Participant's account under the Plan; or
- (b) to exercise the Participant's Option on the next Offering Termination Date and purchase the number of full shares of Stock that the accumulated payroll deductions in the Participant's account at the date of the Participant's cessation of employment will purchase at the applicable Option Price, and any excess in such account will be returned to said beneficiary, without interest.

In the event that no such written notice of election shall be duly received by the designated office of the Company, the beneficiary shall automatically be deemed to have elected, pursuant to paragraph (b), to exercise the Participant's Option.

**8.5 Leave of Absence.** A Participant on leave of absence shall, subject to the election made by such Participant pursuant to Section 5.5 hereof, continue to be a Participant in the Plan so long as such Participant is on continuous leave of absence. A Participant who has been on leave of absence for more than 90 days and who therefore is not an Employee for the purpose of the Plan shall not be entitled to participate in any Offering commencing after the 90th day of such leave of absence. Notwithstanding any other provisions of the Plan, unless a Participant on leave of absence returns to regular full time or part time employment with the Company at the earlier of: (a) the termination of such leave of absence, or (b) three months after the 90th day of such leave of absence, such Participant's participation in the Plan shall terminate on whichever of such dates first occurs.

ARTICLE IX

INTEREST

**9.1 Payment of Interest.** No interest will be paid or allowed on any money paid into the Plan or credited to the account of any Participant, including any interest paid on any and all money which is distributed to a Participant or such Participant's beneficiary pursuant to the provisions of Sections 7.2, 8.1, 8.3, 8.4 and 10.1 hereof.

ARTICLE X

STOCK

**10.1 Maximum Shares.** The maximum number of shares of Stock that shall be issued under the Plan, subject to adjustment upon changes in capitalization of the Company as provided in Section 12.4 hereof, shall be 1,500,000 shares plus the number of shares reserved for issuance under the Company's 1998 Employee Stock Purchase Plan (the "1998 Plan") that are not purchased as of the expiration date of the 1998 Plan. If the total number of shares for which Options are exercised on any Offering Termination Date in accordance with Article 6 exceeds the maximum number of shares for the applicable Offering, the Company shall make a pro rata allocation of the shares available for

delivery and distribution in as nearly a uniform manner as shall be practicable and as the Committee shall determine to be equitable, and the balance of payroll deductions credited to the account of each Participant under the Plan shall be returned to such Participant as promptly as possible.

**10.2 Participant's Interest in Option Stock.** A Participant will have no interest in Stock covered by such Participant's Option until such Option has been exercised.

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**10.3 Issuance of Shares.** The shares issued upon the exercise of any such Option may be, as the Committee may from time to time determine: (i) unissued shares of Stock, (ii) shares of Stock now held as treasury shares; or (iii) shares of Stock subsequently acquired by the Company, including, without limitation, shares of Stock purchased in the open market by the Company.

**10.4 Registration of Stock.** Stock to be delivered to a Participant under the Plan will be registered in the name of the Participant, or, if the Participant so directs by written notice to the designated office of the Company prior to the Offering Termination Date applicable thereto, in the names of the Participant and the Participant's spouse, in the form and manner permitted by applicable law.

**10.5 Restrictions on Exercise.** The Board of Directors may, in its discretion, require as conditions to the exercise of any Option that the shares of Stock reserved for issuance upon the exercise of the Option shall have been duly listed, upon official notice of issuance, upon the New York Stock Exchange or other principal exchange or market on which the Common Stock is authorized or listed for trading, and that either:

(a) a Registration Statement under the Securities Act of 1933, as amended, with respect to said shares shall be effective; or

(b) the Participant shall have represented at the time of purchase, in form and substance satisfactory to the Company, that it is such Participant's intention to purchase the shares for investment and not for resale or distribution.

ARTICLE XI

ADMINISTRATION

**11.1 Appointment of Committee.** The Board of Directors shall appoint a committee ( Committee ) to administer the Plan, which shall consist of no fewer than two (2) members of the Board of Directors. Members of the Committee who are Employees shall be eligible to purchase Stock under the Plan.

**11.2 Authority of Committee.** Subject to the express provisions of the Plan, the Committee shall have plenary authority in its discretion to interpret and construe any and all provisions of the Plan, to adopt rules and regulations for administering the Plan, and to make all other determinations deemed necessary or advisable for administering the Plan. The Committee's determination regarding the foregoing matters shall be conclusive. The Committee may delegate its authority as it deems necessary or appropriate.

**11.3 Rules Governing Administration of the Committee.** The Board of Directors may from time to time appoint members of the Committee in substitution for or in addition to members previously appointed and may fill vacancies, however caused, in the Committee. The Committee may select one of its members as its Chairman and shall hold its meetings at such times and places as it shall deem advisable and may hold telephonic meetings. A majority of its members shall constitute a quorum. All determinations of the Committee shall be made by a majority of its members. The Committee may correct any defect or omission or reconcile any inconsistency in the Plan, in the manner and to the extent it shall deem desirable. Any decision or determination reduced to writing and signed by a majority of the members of the Committee shall be as fully effective as if it had been made by a majority vote at a meeting duly called and held. The Committee may appoint a secretary and shall make such rules and regulations for the conduct of its business as it shall deem advisable.

ARTICLE XII



MISCELLANEOUS

**12.1 Designation of Beneficiary.** A Participant may file a written designation of a beneficiary who is to receive any Stock and/or cash that such Participant would be entitled to under the Plan. Such designation of beneficiary may be changed by the Participant at any time by written notice to the designated office of the Company. Upon the death of a Participant and upon receipt by the Company of proof of identity and existence at

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the Participant's death of a beneficiary validly designated by the Participant under the Plan, the Company shall deliver such Stock and/or cash to such beneficiary. In the event of the death of a Participant and in the absence of a beneficiary validly designated under the Plan who is living at the time of such Participant's death, the Company shall deliver such Stock and/or cash to the executor or administrator of the estate of the Participant, or if no such executor or administrator has been appointed (to the knowledge of the Company), the Company, in its discretion, may deliver such Stock and/or cash to the spouse or to any one or more dependents of the Participant as the Company may designate. No beneficiary shall, prior to the death of the Participant by whom he has been designated, acquire any interest in the Stock or cash credited to the Participant under the Plan.

**12.2 Transferability.** Neither payroll deductions credited to a Participant's account nor any rights with regard to an Option granted under the Plan may be assigned, transferred, pledged, or otherwise disposed of in any way by the Participant, other than by will or the laws of descent and distribution. Any such attempted assignment, transfer, pledge or other disposition shall be without effect, except that the Company may treat such act as an election to withdraw funds in accordance with Article 8.

**12.3 Use of Funds.** All payroll deductions received or held by the Company under this Plan may be used by the Company for any corporate purpose and the Company shall not be obligated to segregate such payroll deductions.

**12.4 Adjustment Upon Changes in Capitalization.**

(a) If, while any Options are outstanding, the outstanding shares of Stock of the Company have increased, decreased, changed into, or been exchanged for a different number or type of shares or securities of the Company through reorganization, merger, recapitalization, reclassification, stock split (whether or not effected in the form of a stock dividend), reverse stock split or similar transaction, equitable and proportionate adjustments shall be made by the Committee in the number and/or type of shares of Stock that are subject to purchase under outstanding Options and to the Option Price applicable to such outstanding Options. In addition, in any such event, the number and/or type of shares of Stock which may be offered in the Offerings described in Article 4 hereof shall also be proportionately adjusted.

(b) Upon the dissolution or liquidation of the Company, or upon a reorganization, merger or consolidation of the Company with one or more corporations as a result of which the Company is not the surviving corporation, or upon a sale of substantially all of the assets or stock of the Company to another corporation, the holder of each Option then outstanding under the Plan will thereafter be entitled to receive at the next Offering Termination Date upon the exercise of such Option for each share as to which such Option shall be exercised, as nearly as reasonably may be determined, the cash, securities and/or property which a holder of one share of Stock was entitled to receive upon and at the time of such transaction. The Board of Directors shall take such steps in connection with such transactions as the Board shall deem necessary to assure that the provisions of this Section 12.4 shall thereafter be applicable, as nearly as reasonably may be determined, in relation to the said cash, securities and/or property as to which such holder of such Option might thereafter be entitled to receive.

**12.5 Amendment and Termination.** The Board of Directors shall have complete power and authority to terminate or amend the Plan; provided; however, that the Board of Directors shall not, without the approval of the stockholders of the Company (a) increase the maximum number of shares that may be issued under the Plan (except pursuant to Section 12.4 hereof); or (b) amend the requirements as to the class of Employees eligible to purchase Stock under the Plan. No termination, modification, or amendment of the Plan may, without the consent of a Participant then holding an Option under the Plan to purchase stock, adversely affect the rights of such Participant under such Option.

**12.6 No Employment Rights.** The Plan does not, directly or indirectly, create in any Employee or class of Employees any right with respect to continuation of employment by any Participating Company, and it shall not be deemed to interfere in any way with any Participating Company's right to terminate, or otherwise modify, an Employee's employment at any time.

**12.7 Effect of Plan.** The provisions of the Plan shall, in accordance with its terms, be binding upon, and inure to the benefit of, all successors of each Participant, including, without limitation, such Participant's estate

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and the executors, administrators or trustees thereof, heirs and legatees, and any receiver, trustee in bankruptcy or representative of creditors of such Participant.

**12.8 Governing Law.** The law of the State of Florida will govern all matters relating to this Plan except to the extent it is superseded by the laws of the United States.

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