MARINEMAX INC
Form 10-K/A
February 18, 2009

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UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-K/A
(Amendment No. 1)

þ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For fiscal year ended September 30, 2008

Commission File Number 1-14173

MarineMax, Inc.
(Exact Name of Registrant as Specified in Its Charter)

Delaware	**59-3496957**
(State of Incorporation)	*(I.R.S. Employer Identification No.)*

18167 U.S. Highway 19 North
Suite 300
Clearwater, Florida 33764
(727) 531-1700
(Address, including zip code, and telephone number, including area code, of principal executive offices)

Securities registered pursuant to Section 12(b) of the Exchange Act:

Title of Each Class	Name of Each Exchange on Which Registered
Common Stock, par value $.001 per share Rights to Purchase Series A Junior Participating Preferred Stock	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Exchange Act:
None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes o No þ

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Securities Act. Yes o No þ

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes þ No o

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant s knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. þ

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer o	Accelerated filer þ	Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller reporting company o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes o No þ

The aggregate market value of common stock held by nonaffiliates of the registrant (17,157,060 shares) based on the closing price of the registrant s common stock as reported on the New York Stock Exchange on March 31, 2008, which was the last business day of the registrant s most recently completed second fiscal quarter, was $213,776,968. For purposes of this computation, all officers, directors, and 10% beneficial owners of the registrant are deemed to be affiliates. Such determination should not be deemed to be an admission that such officers, directors, or 10% beneficial owners are, in fact, affiliates of the registrant.

As of November 30, 2008, there were outstanding 18,492,769 shares of registrant s common stock, par value $.001 per share.

Documents Incorporated by Reference

Portions of the registrant s definitive proxy statement for the 2009 Annual Meeting of Stockholders are incorporated by reference into Part III of this report.

MARINEMAX, INC.

ANNUAL REPORT ON FORM 10-K/A
Fiscal Year Ended September 30, 2008

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EXPLANATORY NOTE

MarineMax, Inc., a Delaware corporation, is filing this Amendment No. 1 on Form 10-K/A to amend our Annual Report on Form 10-K for the fiscal year ended September 30, 2008, as filed with the Securities and Exchange Commission on December 15, 2008 (the Original Form 10-K). The purpose of this Amendment No. 1 is to add a statement regarding our CEO s annual certification to the NYSE and to correct typographical errors within the description of the December 2008 amendment of our second amended and restated credit and security agreement in the Original Form 10-K and to include our Registration Statement on Form S-3 (No. 333-153006) within the Consent of Independent Registered Certified Public Accounting Firm on Exhibit 23.1 that was inadvertently omitted from this exhibit in the Original Form 10-K.

As required by Rule 12b-15 of the Securities Exchange Act of 1934, as amended, the complete text of Items 1, 7, and 15 (including our consolidated financial statements), and Exhibit 23.1 has been set forth in this Amendment No. 1, including those portions that have not been modified from the Original Form 10-K. As a result of these modifications, the certifications required pursuant to the Sarbanes-Oxley Act of 2002, filed as Exhibits 31.1, 31.2, 32.1, and 32.2, have been re-executed and re-filed as of the date of this Amendment No. 1.

Except with respect to the addition of a statement regarding our CEO s annual certification to the NYSE, the correction of the typographical errors within the description of the December 2008 amendment of our second amended and restated credit and security agreement, and the addition of the above-referenced Registration Statement on Form S-3 to Exhibit 23.1, we have not modified or updated any of our prior disclosure from the Original Form 10-K or exhibits thereto, and this Amendment No. 1 does not reflect the occurrence of any events following the date of the Original Form 10-K. Accordingly, this Amendment No. 1 should be read in conjunction with our filings made with the Securities and Exchange Commission subsequent to the filing of the Original Form 10-K.

PART I

Item 1. *Business*

Introduction

Our Company

We are the largest recreational boat dealer in the United States. Through 77 retail locations in Alabama, Arizona, California, Colorado, Connecticut, Delaware, Florida, Georgia, Maryland, Minnesota, Missouri, Nevada, New Jersey, New York, North Carolina, Ohio, Oklahoma, Rhode Island, South Carolina, Tennessee, Texas, and Utah, we sell new and used recreational boats, including pleasure and fishing boats, with a focus on premium brands in each segment. We also sell related marine products, including engines, trailers, parts, and accessories. In addition, we arrange related boat financing, insurance, and extended service contracts; provide repair and maintenance services; offer boat and yacht brokerage services; and, where available, offer slip and storage accommodations.

We are the nation s largest retailer of Sea Ray, Boston Whaler, Cabo, Hatteras, and Meridian recreational boats and yachts, all of which are manufactured by Brunswick Corporation. Sales of new Brunswick boats accounted for approximately 49% of our revenue in fiscal 2008. Brunswick is the world s largest manufacturer of marine products and marine engines. We believe our sales represented approximately 10% of all Brunswick marine sales, including approximately 40% of its Sea Ray boat sales, during our 2008 fiscal year. We are parties to dealer agreements with Brunswick covering Sea Ray products and are the exclusive dealer of Sea Ray boats in almost all of our geographic markets. We also are the exclusive dealer for Hatteras Yachts throughout the state of Florida (excluding the Florida panhandle) and the states of New Jersey, New York, and Texas; the exclusive dealer for Cabo Yachts throughout the states of Florida, New Jersey, and New York; the exclusive dealer for Boston Whaler in many of our markets, including our locations in the states of New York, North Carolina, South Carolina, and portions of the states of Florida, California, and Texas; and the exclusive dealer for Meridian Yachts in most of our geographic markets, excluding California. In addition, we are the exclusive dealer for Italy-based Azimut-Benetti Group for Azimut and Atlantis mega-yachts, yachts, and other recreational boats for the Northeast United States from Maryland to Maine and the state of Florida.

We commenced operations as a result of the March 1, 1998 acquisition of five previously independent recreational boat dealers. Since that time, we have acquired 20 additional previously independent recreational boat dealers, two boat brokerage operations, and two full-service yacht repair operations. We capitalize on the experience and success of the acquired companies in order to establish a new national standard of customer service and responsiveness in the highly fragmented retail boating industry. As a result of our emphasis on premium brand boats, our average selling price for a new boat in fiscal 2008 was approximately $126,000, an increase of approximately 10% from fiscal 2007, compared with the industry average calendar 2007 selling price of approximately $35,000 based on industry data published by the National Marine Manufacturers Association. Our stores, which operated at least 12 months, averaged approximately $12.5 million in annual sales in fiscal 2008. We consider a store to be one or more retail locations that are adjacent or operate as one entity. Our same-store sales decreased 28% in fiscal 2008, but averaged an annual increase of approximately 11% for the preceding five years.

We adopt the best practices developed by us and our acquired companies as appropriate to enhance our ability to attract more customers, foster an overall enjoyable boating experience, and offer boat manufacturers stable and professional retail distribution and a broad geographic presence. We believe that our full range of services, no haggle sales approach, prime retail locations, premium product offerings, extensive facilities, strong management and team members, and emphasis on customer service and satisfaction before and after a boat sale are competitive advantages that enable us to be more responsive to the needs of existing and prospective customers.

The U.S. recreational boating industry generated approximately $37.5 billion in retail sales in calendar 2007, including sales of new and used boats; marine products, such as engines, trailers, equipment, and accessories; and related expenditures, such as fuel, insurance, docking, storage, and repairs. Retail sales of new and used boats, engines, trailers, and accessories accounted for approximately $28.7 billion of these sales in 2007 based on industry data from the National Marine Manufacturers Association. The highly fragmented retail boating industry generally consists of small dealers that operate in a single market and provide varying degrees of merchandising, professional

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management, and customer service. We believe that many small dealers are finding it increasingly difficult to make the managerial and capital commitments necessary to achieve higher customer service levels and upgrade systems and facilities as required by boat manufacturers and demanded by customers. We also believe that many dealers lack an exit strategy for their owners. We believe these factors contribute to our opportunity.

Strategy

Our goal is to enhance our position as the nation s leading recreational boat dealer. Key elements of our operating and growth strategy include the following:

- emphasizing customer satisfaction and loyalty by creating an overall enjoyable boating experience, beginning with a hassle-free purchase process, superior customer service, company-led events called Getaways!, and premier facilities;
- achieving efficiencies and synergies among our operations to enhance internal growth and profitability;
- promoting national brand name recognition and the MarineMax connection;
- emphasizing the best practices developed by us and our acquired dealers as appropriate throughout our dealerships;
- offering additional products and services, including those involving higher profit margins;
- pursuing strategic acquisitions to capitalize upon the consolidation opportunities in the highly fragmented recreational boat dealer industry by acquiring additional dealers and related operations and improving their performance and profitability through the implementation of our operating strategies;
- opening additional retail facilities in our existing and new territories;
- emphasizing employee training and development;
- expanding our Internet retail operations and marketing;
- operating with a decentralized approach to the operational management of our dealerships; and
- utilizing technology throughout operations, which facilitates the interchange of information and enhances cross-selling opportunities throughout our company.

Development of the Company; Expansion of Business

MarineMax was founded in January 1998. MarineMax itself, however, conducted no operations until the acquisition of five independent recreational boat dealers on March 1, 1998, and we completed our initial public offering in June 1998. Since the initial acquisitions in March 1998, we have acquired 20 additional recreational boat dealers, two boat brokerage operations, and two full-service yacht repair operations. Each of our acquired dealers is continuing its operations under the MarineMax name.

We continually attempt to expand our business by providing a full range of services, offering extensive and high-quality product lines, maintaining prime retail locations, pursuing the MarineMax Value Price sales approach, and emphasizing the highest level of customer service and customer satisfaction.

We also evaluate opportunities to expand our operations by acquiring recreational boat dealers to expand our geographic scope, expanding our product lines, opening new retail locations within our existing territories, and providing new products and services for our customers.

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Acquisitions of additional recreational boat dealers represent an important strategy in our goal to enhance our position as the nation s leading retailer of recreational boats. The following table sets forth information regarding the businesses that we have acquired and their geographic regions.

Acquired Corporation	Acquisition Date	Geographic Region
Bassett Boat Company of Florida	March 1998	Southeast Florida
Louis DelHomme Marine	March 1998	Dallas and Houston, Texas
Gulfwind USA, Inc.	March 1998	West Central Florida
Gulfwind South, Inc.	March 1998	Southwest Florida
Harrison s Boat Center, Inc. and Harrison s Marine Centers of Arizona, Inc.	March 1998	Northern California and Arizona
Stovall Marine, Inc.	April 1998	Georgia
Cochran s Marine, Inc. and C & N Marine Corporation	July 1998	Minnesota
Sea Ray of North Carolina, Inc.	July 1998	North and South Carolina
Brevard Boat Company	September 1998	East Central Florida
Sea Ray of Las Vegas	September 1998	Nevada
Treasure Cove Marina, Inc.	September 1998	Northern Ohio
Woods & Oviatt, Inc.	October 1998	Southeast Florida
Boating World	February 1999	Dallas, Texas
Merit Marine, Inc.	March 1999	Southern New Jersey
Suburban Boatworks, Inc.	April 1999	Central New Jersey
Hansen Marine, Inc.	August 1999	Northeast Florida
Duce Marine, Inc.	December 1999	Utah
Clark s Landing, Inc. (selected New Jersey locations and operations)	April 2000	Northern New Jersey
Associated Marine Technologies, Inc.	January 2001	Southeast Florida
Gulfwind Marine Partners, Inc.	April 2002	West Florida
Seaside Marine, Inc.	July 2002	Southern California
Sundance Marine, Inc.	June 2003	Colorado
Killinger Marine Center, Inc. and Killinger Marine Center of Alabama, Inc.	September 2003	Northwest Florida and Alabama
Emarine International, Inc. and Steven Myers, Inc.	October 2003	Southeast Florida
Imperial Marine	June 2004	Baltimore, Maryland
Port Jacksonville Marine	June 2004	Northeast Florida
Port Arrowhead Marina, Inc.	January 2006	Missouri, Oklahoma
Great American Marina(1)	February 2006	West Florida
Surfside 3 Marina, Inc.	March 2006	Connecticut, Maryland, New York, and Rhode Island

(1) Joint venture

Apart from acquisitions, we have opened 26 new retail locations in existing territories, excluding those opened on a temporary basis for a specific purpose. We also monitor the performance of our retail locations and close retail locations that do not meet our expectations. Based on these factors and the recent depressed economic conditions, we have closed 25 retail locations since March 1998, excluding those opened on a temporary basis for a specific purpose, including 12 in fiscal 2008.

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As a part of our acquisition strategy, we frequently engage in discussions with various recreational boat dealers regarding their potential acquisition by us. In connection with these discussions, we and each potential acquisition candidate exchange confidential operational and financial information; conduct due diligence inquiries; and consider the structure, terms, and conditions of the potential acquisition. In certain cases, the prospective acquisition candidate agrees not to discuss a potential acquisition with any other party for a specific period of time, grants us an option to purchase the prospective dealer for a designated price during a specific time, and agrees to take other actions designed to enhance the possibility of the acquisition, such as preparing audited financial information and converting its accounting system to the system specified by us. Potential acquisition discussions frequently take place over a long period of time and involve difficult business integration and other issues, including in some cases, management succession and related matters. As a result of these and other factors, a number of potential acquisitions that from time to time appear likely to occur do not result in binding legal agreements and are not consummated.

In addition to acquiring recreational boat dealers and opening new retail locations, we also add new product lines to expand our operations. The following table sets forth various of our current product lines that we have added to our existing locations.

Product Line	Fiscal Year	Geographic Regions
Boston Whaler	1997	West Central Florida; Stuart, Florida; and Dallas, Texas
Hatteras Yachts	1999	Florida (excluding the Florida panhandle)
Boston Whaler	2000	North Palm Beach, Florida
Meridian Yachts	2002	Florida, Georgia, North and South Carolina, New Jersey, Ohio, Minnesota, Texas, and Delaware
Grady White	2002	Houston, Texas
Hatteras Yachts	2002	Texas
Boston Whaler	2004	North and South Carolina
Princecraft.	2004	Minnesota
Boston Whaler	2005	Houston and Dallas, Texas
Meridian Yachts	2005	Chattanooga, Tennessee
Tracker Marine	2005	Las Vegas, Nevada
Azimut	2006	Northeast United States from Maryland to Maine
Atlantis	2006	Northeast United States from Maryland to Maine
Cabo	2006	West coast of Florida
Cabo	2007	East coast of Florida
Azimut	2008	Florida
Cabo	2008	New Jersey and New York
Hatteras Yachts	2008	New Jersey and New York
Meridian Yachts	2008	Arizona, Nevada, Colorado, and Utah

As we add a brand, we believe we are offering a migration for our existing customer base or filling a gap in our product offerings. As a result, we do not believe that new product offerings will compete with or cannibalize the business generated from our other prominent brands. We also discontinue offering product lines from time to time, primarily based upon customer preferences.

During the nine-year period from the commencement of our operations through our fiscal year ended September 30, 2007, our revenue increased from $291 million to $1.2 billion. Our revenue and net income increased in seven of those nine years over the prior year revenue and net income. This period was marked by an increase in retail locations from 41 on September 30, 1998 to 88 on September 30, 2007, resulting from acquisitions and opening new stores in existing territories.

Our growth was interrupted during the fiscal year ended September 30, 2007, primarily as a result of factors related to the deteriorating housing market. Substantially deteriorating economic and financial conditions, reduced

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consumer confidence and spending, increases in fuel prices, lower credit availability, stock and bond market declines, and asset value deterioration all contributed to substantially lower financial performance in the fiscal year ended September 30, 2008, including a significant loss.

Those conditions caused us to defer our acquisition program, slow our new store openings, reduce our inventory purchases, engage in inventory reduction efforts, close some of our retail locations, significantly reduce our headcount, and modify our debt structure and credit agreement. We cannot predict the length or severity of the current recessionary environment or the magnitude of the effects it will have on our operating performance nor can we predict the effectiveness of the measures we have taken to address this environment.

Despite the foregoing, we are maintaining our core values of customer service and satisfaction and plan to continue to pursue strategies that will enable us to achieve long-term growth. We believe that we are well positioned for long-term success and growth when economic conditions improve. Upon a return to more normal economic conditions, we plan to resume expanding our business through acquisitions in new geographical territories, new store openings in existing territories, and new product lines. In addition, we plan to continue to expand other services, including conducting used boat sales; offering yacht and boat brokerage services; offering our customers the ability to finance new or used boats; offering extended service contracts; arranging insurance coverage, including boat property, credit-life, accident, disability, and casualty coverage; selling related marine products, including engines, trailers, parts, and accessories; providing maintenance and repair services at our retail locations and at stand-alone service facilities; and expanding our ability to provide slip and storage accommodations. Our expansion plans will depend upon returning to normal economic conditions.

We maintain our executive offices at 18167 U.S. Highway 19 North, Suite 300, Clearwater, Florida 33764, and our telephone number is (727) 531-1700. We were incorporated in the state of Delaware in January 1998. Unless the context otherwise requires, all references to MarineMax mean MarineMax, Inc. prior to its acquisition of five previously independent recreational boat dealers in March 1998 (including their related real estate companies) and all references to the Company, our company, we, us, and our mean, as a combined company, MarineMax, Inc. and recreational boat dealers, two boat brokerage operations, and two full-service yacht repair operations acquired to date (the acquired dealers, and together with the brokerage and repair operations, operating subsidiaries, or the acquired companies).

Our website is located at *www.MarineMax.com*. Through our website, we make available free of charge our annual report on Form 10-K, our quarterly reports on Form 10-Q, our current reports on Form 8-K, our proxy statements, and any amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934. These reports are available as soon as reasonably practicable after we electronically file those reports with the Securities and Exchange Commission. We also post on our website 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 NYSE regulations. These documents are also available in print to any stockholder requesting a copy from our corporate secretary at our principal executive offices. Because our common stock is listed on the NYSE, our Chief Executive Officer is required to make an annual certification to the NYSE stating that he is not aware of any violation by us of the corporate governance listing standards of the NYSE. Our Chief Executive Officer made his annual certification to that effect to the NYSE on February 18, 2009.

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BUSINESS

General

We are the largest recreational boat dealer in the United States. Through 77 retail locations in Alabama, Arizona, California, Colorado, Connecticut, Delaware, Florida, Georgia, Maryland, Minnesota, Missouri, Nevada, New Jersey, New York, North Carolina, Ohio, Oklahoma, Rhode Island, South Carolina, Tennessee, Texas, and Utah, we sell new and used recreational boats, including pleasure boats (such as sport boats, sport cruisers, sport yachts, and yachts), and fishing boats, with a focus on premium brands in each segment. We also sell related marine products, including engines, trailers, parts, and accessories. In addition, we arrange related boat and yacht financing, insurance, and extended service contracts; provide repair and maintenance services; offer boat and yacht brokerage services; and, where available, slip and storage accommodations.

We are the nation s largest retailer of Sea Ray, Boston Whaler, Cabo, Hatteras, and Meridian recreational boats and yachts, all of which are manufactured by Brunswick Corporation. Sales of new Brunswick boats accounted for approximately 49% of our revenue in fiscal 2008. Brunswick is the world s largest manufacturer of marine products and marine engines. We believe our sales represented approximately 10% of all Brunswick marine sales, including approximately 40% of its Sea Ray boat sales, during our 2008 fiscal year. We are parties to dealer agreements with Brunswick covering Sea Ray products and are the exclusive dealer of Sea Ray boats in almost all of our geographic markets. We also are the exclusive dealer for Hatteras Yachts throughout the state of Florida (excluding the Florida panhandle) and the states of New Jersey, New York, and Texas; the exclusive dealer for Cabo Yachts throughout the states of Florida, New Jersey, and New York; the exclusive dealer for Boston Whaler in many of our markets, including our locations in the states of New York, North Carolina, South Carolina, and portions of the states of Florida, California, and Texas; and the exclusive dealer for Meridian Yachts in most of our geographic markets, excluding California. In addition, we are the exclusive dealer for Italy-based Azimut-Benetti Group for Azimut and Atlantis mega-yachts, yachts, and other recreational boats for the Northeast United States from Maryland to Maine and the state of Florida.

U.S. Recreational Boating Industry

The total U.S. recreational boating industry generated approximately $37.5 billion in retail sales in calendar 2007, including retail sales of new and used recreational boats; marine products, such as engines, trailers, parts, and accessories; and related boating expenditures, such as fuel, insurance, docking, storage, and repairs. Retail sales of new and used boats, engines, trailers, and accessories accounted for approximately $28.7 billion of such sales in 2007. Annual retail recreational boating sales were $17.9 billion in the late 1980s, but declined to a low of $10.3 billion in 1992 based on industry data published by the National Marine Manufacturers Association. We believe this decline was attributable to several factors, including a recession, the Gulf War, and the imposition throughout 1991 and 1992 of a luxury tax on boats sold at prices in excess of $100,000. The luxury tax was repealed in 1993, and retail boating sales increased each year thereafter except for 1998, 2003, 2007, and 2008. Based on the current challenging retail environment, we believe recreational boat sales may decline in 2009 as well.

The recreational boat retail market remains highly fragmented with little consolidation having occurred to date and consists of numerous boat retailers, most of which are small companies owned by individuals that operate in a single market and provide varying degrees of merchandising, professional management, and customer service. We believe that many boat retailers are encountering increased pressure from boat manufacturers to improve their levels of service and systems, increased competition from larger national retailers in certain product lines, and, in certain cases, business succession issues.

Strategy

Our goal is to enhance our position as the nation s leading recreational boat dealer. Key elements of our strategy include the following.

Emphasizing Customer Satisfaction and Loyalty. We seek to achieve a high level of customer satisfaction and establish long-term customer loyalty by creating an overall enjoyable boating experience beginning with a hassle-free purchase process. We further enhance and simplify the purchase process by helping to arrange financing and insurance at our retail locations with competitive terms and streamlined turnaround. We offer the customer a thorough in-water orientation of boat operations where available, as well as ongoing boat safety, maintenance, and use seminars and demonstrations for the customer s entire family. We also continue our customer service after the sale by leading and sponsoring MarineMax Getaways! group boating trips to various destinations, rendezvous gatherings, and on-the-water organized events to provide our customers with pre-arranged opportunities to enjoy the pleasures of the boating lifestyle. We also endeavor to provide superior maintenance and repair services, often through mobile service at the customer s wet slip and with extended service department hours and emergency service availability, that minimize the hassles of boat maintenance.

Achieving Operating Efficiencies and Synergies. We strive to increase the operating efficiencies of and achieve certain synergies among our dealerships in order to enhance internal growth and profitability. We centralize various aspects of certain administrative functions at the corporate level, such as accounting, finance, insurance coverage, employee benefits, marketing, strategic planning, legal support, purchasing and distribution, and management information systems. Centralization of these functions reduces duplicative expenses and permits the dealerships to benefit from a level of scale and expertise that would otherwise be unavailable to each dealership individually. We also seek to realize cost savings from reduced inventory carrying costs as a result of purchasing boat inventories on a national level and directing boats to dealership locations that can more readily sell such boats; lower financing costs through our credit sources; and volume purchase discounts and rebates for certain marine products, supplies, and advertising. The ability of our retail locations to offer the complementary services of our other retail locations, such as offering customer excursion opportunities, providing maintenance and repair services at the customer s boat location, and giving access to a larger inventory, increases the competitiveness of each retail location. By centralizing these types of activities, our store managers have more time to focus on the customer and the development of their teams.

Promoting Brand Name Recognition and the MarineMax Connection. We are promoting our brand name recognition to take advantage of our status as the nation s only coast-to-coast marine retailer. This strategy also recognizes that many existing and potential customers who reside in Northern markets and vacation for substantial periods in Southern markets will prefer to purchase and service their boats from the same well-known company. We refer to this strategy as the MarineMax Connection. As a result, our signage emphasizes the MarineMax name at each of our locations, and we conduct national advertising in various print and other media.

Emphasizing Best Practices. We emphasize the best practices developed by us and our acquired dealers as appropriate throughout our locations. As an example, we follow a no-haggle sales approach at each of our dealerships. Under the MarineMax Value-Price approach, we sell our boats at posted prices, generally representing a discount from the manufacturer s suggested retail price, thereby eliminating the anxieties of price negotiations that occur in most boat purchases. In addition, we adopt, where beneficial, the best practices developed by us and our acquired dealers in terms of location, design, layout, product purchases, maintenance and repair services (including extended service hours and mobile or dockside services), product mix, employee training, and customer education and services.

Offering Additional Products and Services, Including Those Involving Higher Profit Margins. We plan to continue to offer additional product lines and services throughout our dealerships or, when appropriate, in selected dealerships. We are offering throughout our dealerships product lines that previously have been offered only at certain of our locations. We also may obtain additional product lines through the acquisition of distribution rights directly from manufacturers and the acquisition of dealerships with distribution rights. We have increased our used boat sales and yacht brokerage services through an increased emphasis on these activities, cooperative efforts among our dealerships, and the use of the Internet. We also plan to continue to grow our financing and insurance, parts and accessories, service, and boat storage businesses to better serve our customers and thereby increase revenue and improve profitability of these higher margin businesses.

Pursuing Strategic Acquisitions. We capitalize upon the significant consolidation opportunities available in the highly fragmented recreational boat dealer industry by acquiring independent dealers and improving their performance and profitability through the implementation of our operating strategies. The

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primary acquisition focus is on well-established, high-end recreational boat dealers in geographic markets not currently served by us, particularly geographic markets with strong boating demographics, such as areas within the coastal states and the Great Lakes region. We also may seek to acquire boat dealers that, while located in attractive geographic markets, have not been able to realize favorable market share or profitability and that can benefit substantially from our systems and operating strategies. We may expand our range of product lines, service offerings, and market penetration by acquiring companies that distribute recreational boat product lines or boating-related services different from those we currently offer. As a result of our considerable industry experience and relationships, we believe we are well positioned to identify and evaluate acquisition candidates and assess their growth prospects, the quality of their management teams, their local reputation with customers, and the suitability of their locations. We believe we are regarded as an attractive acquirer by boat dealers because of (1) the historical performance and the experience and reputation of our management team within the industry; (2) our decentralized operating strategy, which generally enables the managers of an acquired dealer to continue their involvement in dealership operations; (3) the ability of management and employees of an acquired dealer to participate in our growth and expansion through potential stock ownership and career advancement opportunities; and (4) the ability to offer liquidity to the owners of acquired dealers through the receipt of common stock or cash. We have entered into an agreement regarding acquisitions with the Sea Ray Division of Brunswick. Under the agreement, acquisitions of Sea Ray dealers will be mutually agreed upon by us and Sea Ray with reasonable efforts to be made to include a balance of Sea Ray dealers that have been successful and those that have not been. The agreement provides that Sea Ray will not unreasonably withhold its consent to any proposed acquisition of a Sea Ray dealer by us, subject to the conditions set forth in the agreement, as further described in Business Brunswick Agreement Relating to Acquisitions.

Opening New Facilities. We intend to continue to establish additional retail facilities in our existing and new markets. We believe that the demographics of our existing geographic territories support the opening of additional facilities, and we have opened 26 new retail facilities, excluding those opened on a temporary basis for a specific purpose, since our formation in January 1998. We also plan to reach new customers through various innovative retail formats developed by us, such as mall stores and floating retail facilities. Our mall store concept is unique to the boating industry and is designed to draw mall traffic, thereby providing exposure to boating for the non-boating public as well as displaying our new product offerings to boating enthusiasts. Floating retail facilities place the sales facility, with a customer reception area and sales offices, on or anchored to a dock in a marina and use adjacent boat slips to display our new and used boats in areas of high boating activity. We continually monitor the performance of our retail locations and close retail locations that do not meet our expectations or that were opened for a specific purpose that is no longer relevant. Based on these factors since March 1998, we have closed 25 retail locations, excluding those opened on a temporary basis for a specific purpose, including 12 in fiscal 2008 because of depressed economic conditions.

Emphasizing Employee Training and Development. We devote substantial efforts to train our employees to understand our core retail philosophies, which focus on making the purchase of a boat and its subsequent use as hassle-free and enjoyable as possible. Through our MarineMax University, or MMU, we teach our retail philosophies to existing and new employees at various locations and online, through MMU-online. MMU is a modularized and instructor-led educational program that focuses on our retailing philosophies and provides instruction on such matters as the sales process, customer service, F&I, accounting, leadership, and human resources.

Utilization of the Internet. Our web initiative, www.MarineMax.com, provides customers with the ability to learn more about our company and our products. Our website generates direct sales and provides our stores with leads to potential customers for new and used boats and brokerage services. We also plan to expand our ability to offer financing and parts and accessories on our website.

Operating with Decentralized Management. We maintain a generally decentralized approach to the operational management of our dealerships. The decentralized management approach takes advantage of the extensive experience of local managers, enabling them to implement policies and make decisions, including the appropriate product mix, based on the needs of the local market. Local management authority also fosters responsive customer service and promotes long-term community and customer relationships. In addition, the centralization of certain administrative functions at the corporate level enhances the ability of local managers to focus their efforts on day-to-day dealership operations and the customers.

Utilizing Technology Throughout Operations. We believe that our management information system, which currently is being utilized by each of our dealerships and was developed over a number of years through cooperative efforts with a common vendor, enhances our ability to integrate successfully the operations of our dealerships and future acquired dealers. The system facilitates the interchange of information and enhances cross-selling opportunities throughout our company. The system integrates each level of operations on a company-wide basis, including purchasing, inventory, receivables, financial reporting, budgeting, and sales management. The system also provides sales representatives with prospect and customer information that aids them in tracking the status of their contacts with prospects, automatically generates follow-up correspondence to such prospects, facilitates the availability of boats company-wide, locates boats needed to satisfy particular customer requests, and monitors the maintenance and service needs of customers boats. Our representatives also utilize the computer system to assist in arranging customer financing and insurance packages. Our managers use a web-based tool to access essentially all financial and operational data from anywhere at any time.

Products and Services

We offer new and used recreational boats and related marine products, including engines, trailers, parts, and accessories. While we sell a broad range of new and used boats, we focus on premium brand products. In addition, we assist in arranging related boat financing, insurance, and extended service contracts; provide boat maintenance and repair services; provide boat brokerage services; and offer slip and storage accommodations.

New Boat Sales

We primarily sell recreational boats, including pleasure boats and fishing boats. The principal products we offer are manufactured by Brunswick, the leading worldwide manufacturer of recreational boats, including Sea Ray pleasure boats, Boston Whaler fishing boats, Cabo Yachts, Hatteras Yachts, and Meridian Yachts. In fiscal 2008, we derived approximately 49% of our revenue from the sale of new boats manufactured by Brunswick. We believe that we represented approximately 10% of all of Brunswick s marine product sales during that period. Certain of our dealerships also sell luxury yachts, fishing boats, and pontoon boats provided by other manufacturers, including Italy-based Azimut. During fiscal 2008, new boat sales accounted for approximately 63.5% of our revenue.

We offer recreational boats in most market segments, but have a particular focus on premium quality pleasure boats and yachts as reflected by our fiscal 2008 average new boat sales price of approximately $126,000, an increase of approximately 10% from fiscal 2007, compared with an estimated industry average calendar 2007 selling price of approximately $35,000 based on industry data published by the National Marine Manufacturers Association. Given our locations in some of the more affluent, offshore boating areas in the United States and emphasis on high levels of customer service, we sell a relatively higher percentage of large recreational boats, such as mega-yachts, yachts, and sport cruisers. We believe that the product lines we offer are among the highest quality within their respective market segments, with well-established trade-name recognition and reputations for quality, performance, and styling.

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The following table is illustrative of the range and approximate manufacturer suggested retail price range of new boats that we currently offer, but is not all inclusive.

Product Line and Trade Name	Overall Length	Manufacturer Suggested Retail Price Range
Motor Yachts		
Hatteras Motor Yachts	56 to 100	$ 3,000,000 to $10,000,000+
Azimut	39 to 116	790,000 to 12,000,000+
Convertibles		
Hatteras Convertibles	54 to 101	2,300,000 to 11,000,000+
Cabo	32 to 52	475,000 to 2,000,000+
Pleasure Boats		
Sea Ray	17 to 60	21,000 to 2,500,000
Meridian	34 to 59	300,000 to 1,600,000
Fishing Boats		
Boston Whaler	11 to 36	8,000 to 325,000
Grady White	18 to 36	40,000 to 500,000

Motor Yachts. Hatteras Yachts and Azimut are two of the world s premier yacht builders. The motor yacht product lines typically include state-of-the-art designs with live-aboard luxuries. Hatteras offers a flybridge with extensive guest seating; covered aft deck, which may be fully or partially enclosed, providing the boater with additional living space; an elegant salon; and multiple staterooms for accommodations. Azimut yachts are known for their Americanized open layout with Italian design, powerful performance, and accuracy. The luxurious interiors of Azimut yachts are accented by windows and multiple accommodations that have been designed for comfort.

Convertibles. Hatteras Yachts and Cabo Yachts are two of the world s premier convertible yacht builders and offer state-of-the-art designs with live-aboard luxuries. Convertibles are primarily fishing vessels, which are well equipped to meet the needs of even the most serious tournament-class competitor. Hatteras features interiors that offer luxurious salon/galley arrangements, multiple staterooms with private heads, and a cockpit that includes a bait and tackle center, fishbox, and freezer. Cabo is known for spacious cockpits and accessibility to essentials, such as bait chests, livewells, bait prep centers, and tackle lockers. Cabo interiors offer elegance, highlighted by teak woodwork, halogen lighting, and ample storage areas.

Pleasure Boats. Sea Ray and Meridian pleasure boats target both the luxury and the family recreational boating markets and come in a variety of configurations to suit each customer s particular recreational boating style. Sea Ray sport yachts and yachts serve the luxury segment of the recreational boating market and include top-of-the line living accommodations with a salon, a fully equipped galley, and multiple staterooms. Sea Ray sport yachts and yachts are available in cabin, bridge cockpit, and cruiser models. Sea Ray sport boat and sport cruiser models are designed for performance and dependability to meet family recreational needs and include many of the features and accommodations of Sea Ray s sport yacht and yacht models. Meridian sport yachts and yachts are known for their solid performance and thoughtful use of space with 360-degree views and spacious salon, galley, and stateroom accommodations. Meridian sport yachts and yachts are available in sedan, motoryacht, and pilothouse models. All Sea Ray and Meridian pleasure boats feature custom instrumentation that may include an electronics package; various hull, deck, and cockpit designs that can include a swim platform; bow pulpit and raised bridge; and various amenities, such as swivel bucket helm seats, lounge seats, sun pads, wet bars, built-in ice chests, and refreshment centers. Most Sea Ray and Meridian pleasure boats feature Mercury or MerCruiser engines.

Fishing Boats. The fishing boats we offer, such as Boston Whaler and Grady White, range from entry level models to advanced models designed for fishing and water sports in lakes, bays, and off-shore waters, with cabins with limited live-aboard capability. The fishing boats typically feature livewells, in-deck fishboxes, rodholders, rigging stations, cockpit coaming pads, and fresh and saltwater washdowns.

Used Boat Sales

We sell used versions of the new makes and models we offer and, to a lesser extent, used boats of other makes and models generally taken as trade-ins. During fiscal 2008, used boat sales accounted for approximately 20.5% of our revenue, and approximately 72% of the used boats we sold were Brunswick models.

Our used boat sales depend on our ability to source a supply of high-quality used boats at attractive prices. We acquire substantially all of our used boats through customer trade-ins. We intend to continue to increase our used boat business as a result of the availability of quality used boats generated from our new boat sales efforts, the increasing number of used boats that are well-maintained through our service initiatives, including our Premium Certified Pre-Owned Program, our ability to market used boats throughout our combined dealership network to match used boat demand, and the experience of our yacht brokerage operations. Additionally, substantially all of our used boat inventory is posted on our website, www.MarineMax.com, which expands the awareness and availability of our products to a large audience of boating enthusiasts.

To further enhance our used boat sales, we launched a Premium Certified Pre-Owned Program, or PCPO, in fiscal 2008. Generally, PCPO boats are less than four years old, have passed a 150+ point inspection, and carry a one year warranty. Additionally, we offer the Sea Ray Legacy warranty plan available for used Sea Ray boats less than six years old. The Legacy plan applies to each qualifying used Sea Ray boat, which has passed a 48-point inspection, and provides protection against failure of most mechanical parts for up to three years. We believe these programs enhance our sales of used Sea Ray boats by motivating purchasers of used Sea Ray boats to complete their purchases through our Sea Ray dealerships.

Marine Engines, Related Marine Equipment, and Boating Accessories

We offer marine engines and propellers, substantially all of which are manufactured by Mercury Marine, a division of Brunswick. We sell marine engines and propellers primarily to retail customers as replacements for their existing engines or propellers. Mercury Marine has introduced various new engine models that reduce engine emissions to comply with current Environmental Protection Agency requirements. See Business Environmental and Other Regulatory Issues. An industry leader for almost six decades, Mercury Marine specializes in state-of-the-art marine propulsion systems and accessories. Many of our dealerships have been recognized by Mercury Marine as Premier Service Dealers. This designation is generally awarded based on meeting certain standards and qualifications.

We also sell related marine parts and accessories, including oils, lubricants, steering and control systems, corrosion control products, engine care, maintenance, and service products (primarily Mercury Marine s Quicksilver line); high-performance accessories (such as propellers) and instruments; and a complete line of boating accessories, including life jackets, inflatables, and water sports equipment. We also offer novelty items, such as shirts, caps, and license plates bearing the manufacturer s or dealer s logo.

The sale of marine engines, related marine equipment, and boating accessories accounted for approximately 4.4% of our fiscal 2008 revenue.

Maintenance, Repair, and Storage Services

Providing customers with professional, prompt maintenance and repair services is critical to our sales efforts and contributes to our success. We provide maintenance and repair services at most of our retail locations, with extended service hours at certain of our locations. In addition, in many of our markets, we provide mobile maintenance and repair services at the location of the customer s boat. We believe that this service commitment is a competitive advantage in the markets in which we compete and is critical to our efforts to provide a trouble-free boating experience. To further this commitment, in certain of our markets, we have opened stand-alone maintenance and repair facilities in locations that are more convenient for our customers and that increase the availability of such services. We also believe that our maintenance and repair services contribute to strong customer relationships and that our emphasis on preventative maintenance and quality service increases the potential supply of well-maintained boats for our used boat sales.

We perform both warranty and non-warranty repair services, with the cost of warranty work reimbursed by the manufacturer in accordance with the manufacturer s warranty reimbursement program. For warranty work, most manufacturers, including Brunswick, reimburse a percentage of the dealer s posted service labor rates, with the percentage varying depending on the dealer s customer satisfaction index rating and attendance at service training courses. We derive the majority of our warranty revenue from Brunswick products, as Brunswick products comprise the majority of products sold. Certain other manufacturers reimburse warranty work at a fixed amount per repair. Because boat manufacturers permit warranty work to be performed only at authorized dealerships, we receive substantially all of the warranted maintenance and repair work required for the new boats we sell. The third-party extended warranty contracts we offer also result in an ongoing demand for our maintenance and repair services for the duration of the term of the extended warranty contract.

Our maintenance and repair services are performed by manufacturer-trained and certified service technicians. In charging for our mechanics labor, many of our dealerships use a variable rate structure designed to reflect the difficulty and sophistication of different types of repairs. The percentage markups on parts are similarly based on manufacturer suggested prices and market conditions for different parts.

At many of our locations, we offer boat storage services, including in-water slip storage and inside and outside land storage. These storage services are offered at competitive market rates and include in-season and winter storage.

Maintenance, repair, and storage services accounted for approximately 6.6% of our revenue during fiscal 2008. This includes warranty and non-warranty services.

F&I Products

At each of our retail locations, we offer our customers the ability to finance new or used boat purchases and to purchase extended service contracts and arrange insurance coverage, including boat property, credit life, and accident, disability, and casualty insurance coverage (collectively, F&I).

We have relationships with various national marine product lenders under which the lenders purchase retail installment contracts evidencing retail sales of boats and other marine products that are originated by us in accordance with existing pre-sale agreements between us and the lenders. These arrangements permit us to receive a portion of the finance charges expected to be earned on the retail installment contract based on a variety of factors, including the credit standing of the buyer, the annual percentage rate of the contract charged to the buyer, and the lender s then current minimum required annual percentage rate charged to the buyer on the contract. This participation is subject to repayment by us if the buyer prepays the contract or defaults within a designated time period, usually 90 to 180 days. To the extent required by applicable state law, our dealerships are licensed to originate and sell retail installment contracts financing the sale of boats and other marine products.

We also offer third-party extended service contracts under which, for a predetermined price, we provide all designated services pursuant to the service contract guidelines during the contract term at no additional charge to the customer above a deductible. While we sell all new boats with the boat manufacturer s standard hull warranty of generally five years and standard engine warranty of generally one year, extended service contracts provide additional coverage beyond the time frame or scope of the manufacturer s warranty. Purchasers of used boats generally are able to purchase an extended service contract, even if the selected boat is no longer covered by the manufacturer s warranty. Generally, we receive a fee for arranging an extended service contract. Most required services under the contracts are provided by us and paid for by the third-party contract holder.

We also are able to assist our customers with the opportunity to purchase credit life insurance, accident and disability insurance, and property and casualty insurance. Credit life insurance policies provide for repayment of the boat financing contract if the purchaser dies while the contract is outstanding. Accident and disability insurance policies provide for payment of the monthly contract obligation during any period in which the buyer is disabled. Property and casualty insurance covers loss or damage to the boat. We do not act as an insurance broker or agent or issue insurance policies on behalf of insurers. We, however, provide marketing activities and other related services to insurance companies and brokers for which we receive marketing fees. One of our strategies is to generate increased marketing fees by offering more competitive insurance products.

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During fiscal 2008, fee income generated from F&I products accounted for approximately 3.6% of our revenue. We believe that our customers ability to obtain competitive financing quickly and easily at our dealerships complements our ability to sell new and used boats. We also believe our ability to provide customer-tailored financing on a same-day basis gives us an advantage over many of our competitors, particularly smaller competitors that lack the resources to arrange boat financing at their dealerships or that do not generate sufficient volume to attract the diversity of financing sources that are available to us.

Brokerage Services

Through employees or subcontractors that are licensed boat or yacht brokers, we offer boat or yacht brokerage services at most of our retail locations. For a commission, we offer for sale brokered boats or yachts, listing them on the BUC system, advising our other retail locations of their availability through our integrated computer system, and posting them on our web site, www.MarineMax.com. The BUC system, which is similar to a real estate multiple listing service, is a national boat or yacht listing service of approximately 900 brokers maintained by BUC International. Often sales are co-brokered, with the commission split between the buying and selling brokers. We believe that our access to potential used boat customers and methods of listing and advertising customers brokered boats or yachts is more extensive than is typical among brokers. In addition to generating revenue from brokerage commissions, our brokerage services also enable us to offer a broad array of used boats or yachts without increasing related inventory costs. During fiscal 2008, brokerage services accounted for approximately 1.4% of our revenue.

Our brokerage customers generally receive the same high level of customer service as our new and used boat customers. Our waterfront retail locations enable in-water demonstrations of an on-site brokered boat. Our maintenance and repair services, including mobile service, also are generally available to our brokerage customers. The purchaser of a boat brokered through us also can take advantage of MarineMax Getaways! weekend and day trips and other rendezvous gatherings and in-water events, as well as boat operation and safety seminars. We believe that the array of services we offer are unique in the brokerage business.

Retail Locations

We sell our recreational boats and other marine products and offer our related boat services through 77 retail locations in Alabama, Arizona, California, Colorado, Connecticut, Delaware, Florida, Georgia, Maryland, Minnesota, Missouri, Nevada, New Jersey, New York, North Carolina, Ohio, Oklahoma, Rhode Island, South Carolina, Tennessee, Texas, and Utah. Each retail location generally includes an indoor showroom (including some of the industry s largest indoor boat showrooms) and an outside area for displaying boat inventories, a business office to assist customers in arranging financing and insurance, and maintenance and repair facilities.

Many of our retail locations are waterfront properties on some of the nation s most popular boating locations, including the Delta Basin and Mission Bay in California; Norwalk Harbor in Connecticut; multiple locations on the Intracoastal Waterway, the Atlantic Ocean, Biscayne Bay, Boca Ciega Bay, Naples Bay (next to the Gulf of Mexico), Tampa Bay, and the Caloosahatchee River in Florida; Lake Lanier and Lake Altoona in Georgia; Chesapeake Bay in Maryland; Leech Lake and the St. Croix River in Minnesota; Lake of the Ozarks, Table Rock Lake, and the Mississippi River in Missouri; Barnegat Bay, the Delaware River, the Hudson River, Lake Hopatcong, Little Egg Harbor, and the Manasquan River in New Jersey; Great Sound Bay, the Hudson River, and Huntington Harbor in New York; the Intracoastal Waterway in North Carolina; Lake Erie in Ohio; Grand Lake in Oklahoma; Myrtle Beach in South Carolina; Tennessee River in Tennessee; and Clear Lake, and Lake Lewisville in Texas. Our waterfront retail locations, most of which include marina-type facilities and docks at which we display our boats, are easily accessible to the boating populace, serve as in-water showrooms, and enable the sales force to give customers immediate in-water demonstrations of various boat models. Most of our other locations are in close proximity to water.

Operations

Dealership Operations and Management

We have adopted a generally decentralized approach to the operational management of our dealerships. While certain administrative functions are centralized at the corporate level, local management is primarily responsible for the day-to-day operations of the retail locations. Each retail location is managed by a store manager, who oversees the day-to-day operations, personnel, and financial performance of the individual store, subject to the direction of a regional manager, who generally has responsibility for the retail locations within a specified geographic region. Typically, each retail location also has a staff consisting of an F&I manager, a parts manager, and a service manager, sales representatives, maintenance and repair technicians, and various support personnel.

We attempt to attract and retain quality employees at our retail locations by providing them with ongoing training to enhance sales professionalism and product knowledge, career advancement opportunities within a larger company, and favorable benefit packages. We maintain a formal training program, called MarineMax University or MMU, which provides training for employees in all aspects of our operations. Training sessions are held at our various regional locations covering a variety of topics. MMU-online offers various modules over the Internet. Highly trained, professional sales representatives are an important factor to our successful sales efforts. These sales representatives are trained at MMU to recognize the importance of fostering an enjoyable sales process, to educate customers on the operation and use of the boats, and to assist customers in making technical and design decisions in boat purchases. The overall focus of MMU is to teach our core retailing values, which focus on customer service.

Sales representatives receive compensation primarily on a commission basis. Each store manager is a salaried employee with incentive bonuses based on the performance of the managed dealership. Maintenance and repair service managers receive compensation on a salary basis with bonuses based on the performance of their departments. Our management information system provides each store and department manager with daily financial and operational information, enabling them to monitor their performance on a daily, weekly, and monthly basis. We have a uniform, fully integrated management information system serving each of our dealerships.

Sales and Marketing

Our sales philosophy focuses on selling the pleasures of the boating lifestyle. We believe that the critical elements of our sales philosophy include our appealing retail locations, no-hassle sales approach, highly trained sales representatives, high level of customer service, emphasis on educating the customer and the customer s family on boat usage, and providing our customers with opportunities for boating. We strive to provide superior customer service and support before, during, and after the sale.

Each retail location offers the customer the opportunity to evaluate a large variety of new and used boats in a comfortable and convenient setting. Our full-service retail locations facilitate a turn-key purchasing process that includes attractive lender financing packages, extended service agreements, and insurance. Many of our retail locations are located on waterfronts and marinas, which attract boating enthusiasts and enable customers to operate various boats prior to making a purchase decision.

We sell our boats at posted value prices that generally represent a discount from the manufacturer s suggested retail price. Our sales approach focuses on customer service by minimizing customer anxiety associated with price negotiation.

As a part of our sales and marketing efforts, we also participate in boat shows and in-the-water sales events at area boating locations, typically held in January and February, in each of our markets and in certain locations in close proximity to our markets. These shows and events are normally held at convention centers or marinas, with area dealers renting space. Boat shows and other offsite promotions are an important venue for generating sales orders. The boat shows also generate a significant amount of interest in our products resulting in boat sales after the show.

We emphasize customer education through one-on-one education by our sales representatives and, at some locations, our delivery captains, before and after a sale, and through in-house seminars for the entire family on boat safety, the use and operation of boats, and product demonstrations. Typically, one of our delivery captains or the sales representative delivers the customer s boat to an area boating location and thoroughly instructs the customer about the operation of the boat, including hands-on instructions for docking and trailering the boat. To enhance our customer relationships after the sale, we lead and sponsor MarineMax Getaways! group boating trips to various destinations, rendezvous gatherings, and on-the-water organized events that promote the pleasures of the boating lifestyle. Each company-sponsored event, planned and led by a company employee, also provides a favorable

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medium for acclimating new customers to boating, sharing exciting boating destinations, creating friendships with other boaters, and enabling us to promote actively new product offerings to boating enthusiasts.

As a result of our relative size, we believe we have a competitive advantage within the industry by being able to conduct an organized and systematic advertising and marketing effort. Part of our marketing effort includes an integrated prospect management system that tracks the status of each sales representative s contacts with a prospect, automatically generates follow-up correspondence, facilitates company-wide availability of a particular boat or other marine product desired by a customer, and tracks the maintenance and service needs for the customer s boat.

Suppliers and Inventory Management

We purchase substantially all of our new boat inventory directly from manufacturers, which allocate new boats to dealerships based on the amount of boats sold by the dealership. We also exchange new boats with other dealers to accommodate customer demand and to balance inventory.

We purchase new boats and other marine-related products from Brunswick, which is the world s largest manufacturer of marine products, including Sea Ray, Boston Whaler, Cabo, Hatteras, and Meridian. We also purchase new boats and other marine related products from other manufacturers, including Azimut, Grady White, and Tracker Marine. In fiscal 2008, sales of new Brunswick boats accounted for approximately 49% of our revenue. No other manufacturer accounted for more than 10% of our revenue in fiscal 2008. We believe our Sea Ray boat purchases represented approximately 40% of Sea Ray s new boat sales and approximately 10% of all Brunswick marine product sales during fiscal 2008.

We have entered into agreements with Brunswick covering Sea Ray products. The dealer agreements with the Sea Ray division of Brunswick do not restrict our right to sell any Sea Ray product lines or competing products. The terms of each dealer agreement appoints a designated geographical territory for the dealer, which is exclusive to the dealer so long as the dealer is not in breach of the material obligations and performance standards under the agreement and Sea Ray s then current material policies and programs following notice and the expiration of any applicable cure periods without cure.

Upon the completion of the Surfside-3 acquisition, we became the exclusive dealer for Azimut-Benetti Group s Azimut product line in the Northeast United States. The Azimut dealer agreement provides a geographic territory to promote the product line and to network with the appropriate clientele through various independent locations designated for Azimut retail sales.

We typically deal with each of our manufacturers, other than the Sea Ray division of Brunswick, under an annually renewable, non-exclusive dealer agreement. Manufacturers generally establish prices on an annual basis, but may change prices in their sole discretion. Manufacturers typically discount the cost of inventory and offer inventory financing assistance during the manufacturers slow seasons, generally October through March. To obtain lower cost of inventory, we strive to capitalize on these manufacturer incentives to take product delivery during the manufacturers slow seasons. This permits us to gain pricing advantages and better product availability during the selling season. Arrangements with certain other manufacturers may restrict our right to offer some product lines in certain markets.

We transfer individual boats among our retail locations to fill customer orders that otherwise might take substantially longer to fill from the manufacturer. This reduces delays in delivery, helps us maximize inventory turnover, and assists in minimizing potential overstock or out-of-stock situations. We actively monitor our inventory levels to maintain levels appropriate to meet current anticipated market demands. We are not bound by contractual agreements governing the amount of inventory that we must purchase in any year from any manufacturer, but the failure to purchase at agreed upon levels may result in the loss of certain manufacturer incentives. We participate in numerous end-of-summer manufacturer boat shows, which manufacturers sponsor to sell off their remaining inventory at reduced costs before the introduction of new model year products, typically beginning in July.

Inventory Financing

Marine manufacturers customarily provide interest assistance programs to retailers. The interest assistance varies by manufacturer and may include periods of free financing or reduced interest rate programs. The interest assistance may be paid directly to the retailer or the financial institution depending on the arrangements the manufacturer has established. We believe that our financing arrangements with manufacturers are standard within the industry.

In March 2003, the Emerging Issues Task Force (EITF) of the Financial Accounting Standards Board (FASB) revised certain provisions of its previously reached conclusions on EITF 02-16, Accounting by a Customer (Including a Reseller) for Certain Consideration Received from a Vendor (EITF 02-16), and provided additional transitional guidance. We determined that EITF 02-16 impacts the way we account for interest assistance received from vendors beginning after July 1, 2003 with the renewal of and amendments to our dealer agreements with the manufacturers of our products. EITF 02-16 most significantly requires us to classify interest assistance received from manufacturers as a reduction of inventory cost and related cost of sales as opposed to netting the assistance against our interest expense incurred with our lenders.

During December 2008, we entered into an amendment of our second amended and restated credit and security agreement originally entered into in June 2006. The amendment modified the amount of borrowing availability, financial covenants, inventory advance rates, and the collateral that secures the borrowings. With the amendment, the credit facility provides us a line of credit with asset-based borrowing availability of up to $425 million, stepping down to $350 million by September 30, 2009 and $300 million by May 31, 2010. However, the amendment also contains a provision that allows us to obtain commitments from existing or additional lenders, thereby increasing the capacity of the credit facility, up to $500 million, and enables us to obtain advances of up to $20 million against certain of our owned real estate. Amounts under the credit facility may be used for working capital and inventory financing, with the amount of permissible borrowings determined pursuant to a borrowing base formula. The credit facility also permits approved-vendor floorplan borrowings of up to $20 million. The amendment replaces the fixed charge coverage ratio with an interest coverage ratio for years ending on or after September 30, 2010; it includes a cumulative earnings before interest, taxes, depreciation, and amortization, or EBITDA (as defined in the agreement), covenant for each quarter; it modifies the current ratio requirements; it reduces the amount of allowable capital expenditures; it requires approval for any stock repurchases; and it requires approval for acquisitions. The amended credit facility provides for interest at the London Interbank Offered Rate (LIBOR) plus 425 basis points through September 30, 2010 and thereafter at LIBOR plus 150 to 400 basis points, pursuant to a performance pricing grid based upon our interest coverage ratio, as defined. Borrowings under the credit facility are secured by our inventory, accounts receivable, equipment, furniture, fixtures, and real estate. The amended credit facility matures in May 2011, with two one-year renewal options, subject to lender approval.

At September 30, 2008, we owed an aggregate of $372 million under our revolving credit facility and were in compliance with all of the credit facility covenants. Advances under the facility accrued interest at a rate of 4.0% as of September 30, 2008, and the facility provided us with an additional net borrowing availability of $84 million. All indebtedness associated with our real estate holdings were repaid during the fiscal year ended September 30, 2008. The December 2008 amendment, if in place at September 30, 2008, would have reduced the available borrowings under the facility to approximately $38 million, excluding $20 million of potential real estate advances, from $84 million and increased the interest rate by approximately 275 basis points.

Management Information System

We believe that our management information system, which currently is being utilized by each of our dealerships and was developed over a number of years through cooperative efforts with the vendor, enhances our ability to integrate successfully the operations of our dealerships and future acquisitions, facilitates the interchange of information, and enhances cross-selling opportunities throughout our company. The system integrates each level of operations on a company-wide basis, including purchasing, inventory, receivables, financial reporting and budgeting, and sales management. The system enables us to monitor each dealership s operations in order to identify quickly areas requiring additional focus and to manage inventory. The system also provides sales representatives with prospect and customer information that aids them in tracking the status of their contacts with prospects, automatically generates follow-up correspondence to such prospects, facilitates the availability of a particular boat company-wide, locates boats needed to satisfy a particular customer request, and monitors the maintenance and service needs of customers boats. Company representatives also utilize the system to assist in

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arranging financing and insurance packages. In October 2002, Brunswick acquired the vendor of our management information system.

Brunswick Agreement Relating to Acquisitions

We and the Sea Ray Division of Brunswick are parties to an agreement extending through December 2015 that provides a process for the acquisition of additional Sea Ray boat dealers that desire to be acquired by us. Under the agreement, acquisitions of Sea Ray dealers will be mutually agreed upon by us and Sea Ray with reasonable efforts to be made to include a balance of Sea Ray dealers that have been successful and those that have not been. The agreement provides that Sea Ray will not unreasonably withhold its consent to any proposed acquisition of a Sea Ray dealer by us, subject to the conditions set forth in the agreement. Among other things, the agreement provides for us to provide Sea Ray with a business plan for each proposed acquisition, including historical financial and five-year projected financial information regarding the acquisition candidate; marketing and advertising plans; service capabilities and managerial and staff personnel; information regarding the ability of the candidate to achieve performance standards within designated periods; and information regarding the success of our previous acquisitions of Sea Ray dealers. The agreement also contemplates Sea Ray reaching a good faith determination whether the acquisition would be in its best interest based on our dedication and focus of resources on the Sea Ray brand and Sea Ray s consideration of any adverse effects that the approval would have on the resulting territory configuration and adjacent or other dealers sales and the absence of any violation of applicable laws or rights granted by Sea Ray to others.

Dealer Agreements with Brunswick

Brunswick, through its Sea Ray division, and we, through our dealerships, are parties to Sales and Service Agreements relating to Sea Ray products extending through December 2015. Each of these dealer agreements appoints one of our dealerships as a dealer for the retail sale, display, and servicing of designated Sea Ray products, parts, and accessories currently or in the future sold by Sea Ray. Each dealer agreement designates a designated geographical territory for the dealer, which is exclusive to the dealer as long as the dealer is not in breach of the material obligations and performance standards under the agreement and Sea Ray s then current material policies and programs following notice and the expiration of any applicable cure periods without cure. Each dealer agreement also specifies retail locations, which the dealer may not close, change, or add to without the prior written consent of Sea Ray, provided that Sea Ray may not unreasonably withhold its consent. Each dealer agreement also restricts the dealer from selling, advertising (other than in recognized and established marine publications), soliciting for sale, or offering for resale any Sea Ray products outside its territory without the prior written consent of Sea Ray as long as similar restrictions also apply to all domestic Sea Ray dealers selling comparable Sea Ray products. In addition, each dealer agreement provides for the lowest product prices charged by Sea Ray from time to time to other domestic Sea Ray dealers, subject to the dealer meeting all the requirements and conditions of Sea Ray s applicable programs and the right of Sea Ray in good faith to charge lesser prices to other dealers to meet existing competitive circumstances, for unusual and non-ordinary business circumstances, or for limited duration promotional programs.

Among other things, each dealer agreement requires the dealer to

- devote its best efforts to promote, display, advertise, and sell Sea Ray products at each of its retail locations in accordance with the agreement and applicable laws;

- display and utilize at each of its retail locations signs, graphics, and image elements with Sea Ray s identification that positively reflect the Sea Ray image and promote the retail sale of Sea Ray products;

purchase and maintain at all times sufficient inventory of current Sea Ray products to meet the reasonable demand of customers at each of its locations and to meet Sea Ray s applicable minimum inventory requirements;

maintain at each retail location, or at another acceptable location, a service department that is properly staffed and equipped to service Sea Ray products promptly and professionally and to maintain parts and supplies to service Sea Ray products properly on a timely basis;

perform all necessary product rigging, installation, and inspection services prior to delivery to purchasers in accordance with Sea Ray s standards and perform post-sale services of all Sea Ray products sold by the dealer and brought to the dealer for service;

provide or arrange for warranty and service work for Sea Ray products regardless of the selling dealer or condition of sale;

exercise reasonable efforts to address circumstances in which another dealer has made a sale to an original retail purchaser who permanently resides within the dealer s territory where such sale is contrary to the selling dealer s Sales and Service Agreement;

provide appropriate instructions to purchasers on how to obtain warranty and service work from the dealer;

furnish product purchasers with Sea Ray s limited warranty on new products and with information and training as to the safe and proper operation and maintenance of the products;

assist Sea Ray in performing any product defect and recall campaigns;

achieve sales performance in accordance with fair and reasonable standards and sales levels established by Sea Ray in consultation with the dealer based on factors such as population, sales potential, market share percentage of Sea Ray products sold in the territory compared with competitive products sold in the territory, local economic conditions, competition, past sales history, number of retail locations, and other special circumstances that may affect the sale of Sea Ray products or the dealer, in each case consistent with standards established for all domestic Sea Ray dealers selling comparable products;

provide designated financial information that are truthful and accurate;

conduct its business in a manner that preserves and enhances the reputation and goodwill of both Sea Ray and the dealer for providing quality products and services;

maintain the financial ability to purchase and maintain on hand and display Sea Ray s current product models;

maintain customer service ratings in compliance with Sea Ray s criteria;

comply with those dealer s obligations that may be imposed or established by Sea Ray applicable to all domestic Sea Ray dealers;

maintain a financial condition that is adequate to satisfy and perform its obligations under the agreement;

achieve within designated time periods or maintain motor dealer status (which is Sea Ray s highest performance status) or other applicable certification requirements as established from time to time by Sea Ray applicable to all domestic Sea Ray dealers;

notify Sea Ray of the addition or deletion of any retail locations;

sell Sea Ray products only on the basis of Sea Ray s published applicable limited warranty and make no other warranty or representations concerning the limited warranty, expressed or implied, either verbally or in writing;

provide timely warranty service on all Sea Ray products presented to the dealer by purchasers in accordance with Sea Ray s then current warranty program applicable to all domestic Sea Ray dealers selling comparable Sea Ray products; and

provide Sea Ray with access to the dealer s books and records and such other information as Sea Ray may reasonably request to verify the accuracy of the warranty claims submitted to Sea Ray by the dealer with regard to such warranty claims;

Sea Ray has agreed to indemnify each of our dealers against any losses to third parties resulting from Sea Ray s negligent acts or omissions involving the design or manufacture of any of its products or any breach by it of the agreement. Each of our dealers has agreed to indemnify Sea Ray against any losses to third parties resulting from the dealer s negligent acts or omissions involving the dealer s application, use, or repair of Sea Ray products,

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statements or representation not specifically authorized by Sea Ray, the installation of any after market components or any other modification or alteration of Sea Ray products, and any breach by the dealer of the agreement.

Each dealer agreement may be terminated

- by Sea Ray, upon 60 days prior written notice, if the dealer fails or refuses to place a minimum stocking order of the next model year s products in accordance with requirements applicable to all Sea Ray dealers generally or fails to meet its financial obligations as they become due to Sea Ray or to the dealer s lenders;

- by Sea Ray or the dealer, upon 60 days written notice to the other, in the event of a breach or default by the other with any of the of the material obligations, performance standards, covenants, representations, warranties, or duties imposed by the agreement or the Sea Ray manual that has not been cured within 60 days of the notice of the claimed deficiency or within a reasonable period when the cure cannot be completed within a 60-day period, or at the end of the 60-day period without the opportunity to cure when the cause constitutes bad faith;

- by Sea Ray or the dealer if the other makes a fraudulent misrepresentation that is material to the agreement or the other engages in an incurable act of bad faith;

- by Sea Ray or the dealer in the event of the insolvency, bankruptcy, or receivership of the other;

- by Sea Ray in the event of the assignment of the agreement by the dealer without the prior written consent of Sea Ray;

- by Sea Ray upon at least 15 days prior written notice in the event of the failure to pay any sums due and owing to Sea Ray that are not disputed in good faith; and

- upon the mutual consent of Sea Ray and the dealer.

Employees

As of September 30, 2008, we had 1,759 employees, 1,675 of whom were in store-level operations and 84 of whom were in corporate administration and management. We are not a party to any collective bargaining agreements. We consider our relations with our employees to be excellent.

Trademarks and Service Marks

We have registered trade names and trademarks with the U.S. Patent and Trademark Office for various names, including MarineMax, MarineMax Getaways, MarineMax Care, Delivering the Dream, MarineMax Delivering th Boating Dream, Newcoast Financial Services, MarineMax Boating Gear Center, and Women on Water. We have registered the name MarineMax in the European Community. We have trade name and trademark applications pending in Canada for various names, including MarineMax, Delivering the Dream, and The Water Gene. There can be no assurance that any of these applications will be granted.

Seasonality and Weather Conditions

Our business, as well as the entire recreational boating industry, is highly seasonal, with seasonality varying in different geographic markets. Over the three-year period ended September 30, 2008, the average revenue for the quarters ended December 31, March 31, June 30, and September 30 represented approximately 19%, 25%, 32%, and 24%, respectively, of our average annual revenues. With the exception of Florida, we generally realize significantly lower sales and higher levels of inventories and related short-term borrowings, in the quarterly periods ending December 31 and March 31. The onset of the public boat and recreation shows in January stimulates boat sales and allows us to reduce our inventory levels and related short-term borrowings throughout the remainder of the fiscal year.

Our business is also subject to weather patterns, which may adversely affect our results of operations. For example, drought conditions (or merely reduced rainfall levels) or excessive rain, may close area boating locations or render boating dangerous or inconvenient, thereby curtailing customer demand for our products. In addition, unseasonably cool weather and prolonged winter conditions may lead to a shorter selling season in certain locations. Hurricanes and other storms could result in disruptions of our operations or damage to our boat inventories and facilities, as has been the case when Florida and other markets were affected by hurricanes. Although our geographic diversity is likely to reduce the overall impact to us of adverse weather conditions in any one market area, these conditions will continue to represent potential, material adverse risks to us and our future financial performance.

Environmental and Other Regulatory Issues

Our operations are subject to extensive regulation, supervision, and licensing under various federal, state, and local statutes, ordinances, and regulations. While we believe that we maintain all requisite licenses and permits and are in compliance with all applicable federal, state, and local regulations, there can be no assurance that we will be able to maintain all requisite licenses and permits. The failure to satisfy those and other regulatory requirements could have a material adverse effect on our business, financial condition, and results of operations. The adoption of additional laws, rules, and regulations could also have a material adverse effect on our business. Various federal, state, and local regulatory agencies, including the Occupational Safety and Health Administration, or OSHA, the United States Environmental Protection Agency, or EPA, and similar federal and local agencies, have jurisdiction over the operation of our dealerships, repair facilities, and other operations with respect to matters such as consumer protection, workers safety, and laws regarding protection of the environment, including air, water, and soil.

The EPA has various air emissions regulations for outboard marine engines that impose more strict emissions standards for two-cycle, gasoline outboard marine engines. Emissions from such engines must be reduced by approximately 75% over a nine-year period beginning with the 1998 model year. The majority of the outboard marine engines we sell are manufactured by Mercury Marine. Mercury Marine s product line of low-emission engines, including the OptiMax, Verado, and other four-stroke outboards, have already achieved the EPA s mandated 2006 emission levels. Any increased costs of producing engines resulting from EPA standards, or the inability of our manufacturers to comply with EPA requirements, could have a material adverse effect on our business.

Certain of our facilities own and operate underground storage tanks, or USTs, for the storage of various petroleum products. The USTs are generally subject to federal, state, and local laws and regulations that require testing and upgrading of USTs and remediation of contaminated soils and groundwater resulting from leaking USTs. In addition, if leakage from company-owned or operated USTs migrates onto the property of others, we may be subject to civil liability to third parties for remediation costs or other damages. Based on historical experience, we believe that our liabilities associated with UST testing, upgrades, and remediation are unlikely to have a material adverse effect on our financial condition or operating results.

As with boat dealerships generally, and parts and service operations in particular, our business involves the use, handling, storage, and contracting for recycling or disposal of hazardous or toxic substances or wastes, including environmentally sensitive materials, such as motor oil, waste motor oil and filters, transmission fluid, antifreeze, freon, waste paint and lacquer thinner, batteries, solvents, lubricants, degreasing agents, gasoline, and diesel fuels.

Accordingly, we are subject to regulation by federal, state, and local authorities establishing requirements for the use, management, handling, and disposal of these materials and health and environmental quality standards, and liability related thereto, and providing penalties for violations of those standards. We are also subject to laws, ordinances, and regulations governing investigation and remediation of contamination at facilities we operate to which we send hazardous or toxic substances or wastes for treatment, recycling, or disposal.

We do not believe we have any material environmental liabilities or that compliance with environmental laws, ordinances, and regulations will, individually or in the aggregate, have a material adverse effect on our business, financial condition, or results of operations. However, soil and groundwater contamination has been known to exist at certain properties owned or leased by us. We have also been required and may in the future be required to remove aboveground and underground storage tanks containing hazardous substances or wastes. As to certain of our properties, specific releases of petroleum have been or are in the process of being remedied in accordance with state and federal guidelines. We are monitoring the soil and groundwater as required by applicable state and federal guidelines. In addition, the shareholders of the acquired dealers have indemnified us for specific environmental issues identified on environmental site assessments performed by us as part of the acquisitions. We maintain insurance for pollutant cleanup and removal. The coverage pays for the expenses to extract pollutants from land or water at the insured property, if the discharge, dispersal, seepage, migration, release, or escape of the pollutants is caused by or results from a covered cause of loss. We also have additional storage tank liability insurance and Superfund coverage where applicable. In addition, certain of our retail locations are located on waterways that are subject to federal or state laws regulating navigable waters (including oil pollution prevention), fish and wildlife, and other matters.

Two of the properties we own were historically used as gasoline service stations. Remedial action with respect to prior historical site activities on these properties has been completed in accordance with federal and state law. Also, two of our properties are within the boundaries of a Superfund site, although neither property has been nor is expected to be identified as a contributor to the contamination in the area. We, however, do not believe that these environmental issues will result in any material liabilities to us.

Additionally, certain states have required or are considering requiring a license in order to operate a recreational boat. While such licensing requirements are not expected to be unduly restrictive, regulations may discourage potential first-time buyers, thereby limiting future sales, which could adversely affect our business, financial condition, and results of operations.

Product Liability

The products we sell or service may expose us to potential liabilities for personal injury or property damage claims relating to the use of those products. Historically, the resolution of product liability claims has not materially affected our business. Our manufacturers generally maintain product liability insurance, and we maintain third-party product liability insurance, which we believe to be adequate. However, we may experience legal claims in excess of our insurance coverage, and those claims may not be covered by insurance. Furthermore, any significant claims against us could adversely affect our business, financial condition, and results of operations and result in negative publicity. Excessive insurance claims also could result in increased insurance premiums.

Competition

We operate in a highly competitive environment. In addition to facing competition generally from recreation businesses seeking to attract consumers leisure time and discretionary spending dollars, the recreational boat industry itself is highly fragmented, resulting in intense competition for customers, quality products, boat show space, and suitable retail locations. We rely to a certain extent on boat shows to generate sales. Our inability to participate in boat shows in our existing or targeted markets could have a material adverse effect on our business, financial condition, and results of operations.

We compete primarily with single-location boat dealers and, with respect to sales of marine equipment, parts, and accessories, with national specialty marine stores, catalog retailers, sporting goods stores, and mass merchants. Dealer competition continues to increase based on the quality of available products, the price and value of the products, and attention to customer service. There is significant competition both within markets we currently serve and in new markets that we may enter. We compete in each of our markets with retailers of brands of boats and engines we do not sell in that market. In addition, several of our competitors, especially those selling boating accessories, are large national or regional chains that have substantial financial, marketing, and other resources. However, we believe that our integrated corporate infrastructure and marketing and sales capabilities, our cost structure, and our nationwide presence enable us to compete effectively against these companies. Private sales of used boats is an additional significant source of competition.

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Executive Officers

The following table sets forth information concerning each of our executive officers:

Name	Age	Position
William H. McGill Jr.	65	Chairman of the Board, President, Chief Executive Officer, and Director
Michael H. McLamb	43	Executive Vice President, Chief Financial Officer, Secretary, and Director
Edward A. Russell	48	Executive Vice President of Operations and Sales
Kurt M. Frahn	40	Vice President of Finance and Treasurer
Jack P. Ezzell	38	Vice President, Chief Accounting Officer, and Controller
T. Glenn Sandridge	48	Vice President of Marketing
Jay J. Avelino	58	Vice President of Human Resources

William H. McGill Jr. has served as the Chief Executive Officer of MarineMax since January 23, 1998 and as the Chairman of the Board and as a director of our company since March 6, 1998. Mr. McGill served as the President of our company from January 23, 1988 until September 8, 2000 and re-assumed the position on July 1, 2002. Mr. McGill was the principal owner and president of Gulfwind USA, Inc., one of our operating subsidiaries, from 1973 until its merger with us.

Michael H. McLamb has served as Executive Vice President of our company since October 2002, as Chief Financial Officer since January 23, 1998, as Secretary since April 5, 1998, and as a director since November 1, 2003. Mr. McLamb served as Vice President and Treasurer of our company from January 23, 1998 until October 22, 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.

Edward A. Russell has served as Executive Vice President of Operations and Sales of our company since February 2008. Mr. Russell served as Vice President of Operations of our company from March 2006 until February 2008, and as a Vice President of our company from October 22, 2002 until March 2006. Mr. Russell served as the Regional Manager of our Florida operations from August 1, 2002 until October 22, 2002 and as the District President for our Central and West Florida operations from March 1998 until August 1, 2002. Mr. Russell was an owner and General Sales Manager of Gulfwind USA Inc., one of our operating subsidiaries, now called MarineMax of Central Florida, from 1984 until its merger with our company in March 1998.

Kurt M. Frahn has served as Vice President of Finance and Treasurer of our company since October 22, 2002. Mr. Frahn served as Director of Taxes and Acquisitions of our company from May 15, 1998 until October 22, 2002. Mr. Frahn was employed by Arthur Andersen LLP from September 3, 1991 until May 15, 1998, serving most recently as a tax consulting manager.

Jack P. Ezzell has served as Vice President and Chief Accounting Officer of our company since October 22, 2002 and as Corporate Controller of our company since June 1, 1999. Mr. Ezzell served as Assistant Controller from January 13, 1998 until June 1, 1999. Mr. Ezzell, a certified public accountant, was employed by Arthur Andersen LLP from August 1996 until January 1998, serving most recently as a senior auditor.

T. Glenn Sandridge has served as Vice President of Marketing of our company since December 2003. Mr. Sandridge was Director of Marketing-Watercraft for Bombardier Motor Corporation from August 1998 until December 2003.

Jay J. Avelino has served as Vice President of Human Resources of our company since February 2008. Mr. Avelino served as Vice President of Team Development of our company from May 2000 until February 2008. Previously, Mr. Avelino was employed by Caliper Corporation, a New Jersey-based personality assessment and human resources consulting company, most recently as Senior Vice President.

PART II

Item 7. ***Management s Discussion and Analysis of Financial Condition and Results of Operations***

The following should be read in conjunction with Part I, including the matters set forth in the Risk Factors section of this report, and our Consolidated Financial Statements and notes thereto included elsewhere in this report.

Overview

We are the largest recreational boat retailer in the United States with fiscal 2008 revenue in excess of $880 million. Through our current 77 retail locations in 22 states, we sell new and used recreational boats and related marine products, including engines, trailers, parts, and accessories. We also arrange related boat financing, insurance, and extended warranty contracts; provide boat repair and maintenance services; and offer yacht and boat brokerage services, and where available, offer slip and storage accommodations.

MarineMax was incorporated in January 1998. We commenced operations with the acquisition of five independent recreational boat dealers on March 1, 1998. Since the initial acquisitions in March 1998, we have significantly expanded our operations through the acquisition of 20 recreational boat dealers, two boat brokerage operations, and two full-service yacht repair facilities. As a part of our acquisition strategy, we frequently engage in discussions with various recreational boat dealers regarding their potential acquisition by us. Potential acquisition discussions frequently take place over a long period of time and involve difficult business integration and other issues, including, in some cases, management succession and related matters. As a result of these and other factors, a number of potential acquisitions that from time to time appear likely to occur do not result in binding legal agreements and are not consummated. No significant acquisitions were completed during the fiscal years ended September 30, 2008 and 2007.

General economic conditions and consumer spending patterns can negatively impact our operating results. Unfavorable local, regional, national, or global economic developments or uncertainties regarding future economic prospects could reduce consumer spending in the markets we serve and adversely affect our business. Economic conditions in areas in which we operate dealerships, particularly Florida in which we generated 46%, 44%, and 43% of our revenue during fiscal 2006, 2007, and 2008, respectively, can have a major impact on our operations. Local influences, such as corporate downsizing and military base closings, also could adversely affect our operations in certain markets.

In an economic downturn, consumer discretionary spending levels generally decline, at times resulting in disproportionately large reductions in the sale of luxury goods. Consumer spending on luxury goods also may decline as a result of lower consumer confidence levels, even if prevailing economic conditions are favorable. Although we have expanded our operations during periods of stagnant or modestly declining industry trends, the cyclical nature of the recreational boating industry or the lack of industry growth could adversely affect our business, financial condition, or results of operations in the future. Any period of adverse economic conditions or low consumer confidence has a negative effect on our business.

Lower consumer spending resulting from a downturn in the housing market and other economic factors adversely affected our business in fiscal 2007, and continued weakness in consumer spending resulting from substantial weakness in the financial markets and deteriorating economic conditions had a very substantial negative effect on our business in fiscal 2008. These conditions caused us to defer our acquisition program, slow our new store openings, reduce our inventory purchases, engage in inventory reduction efforts, close some of our retail locations, and reduce our headcount. We cannot predict the length or severity of these unfavorable economic or financial conditions or the extent to which they will adversely affect our operating results nor can we predict the effectiveness of the measures we have taken to address this environment or whether additional measures will be necessary.

Although economic conditions have adversely affected our operating results, we have capitalized on our core strengths to substantially outperform the industry and deliver market share gains. Our ability to deliver an increase in market share supports the alignment of our retailing strategies with the desires of consumers. We believe the steps we have taken to preserve and grow market share will yield an increase in future revenue. As general economic trends improve, we expect our core strengths and retailing strategies will position us to capitalize on growth opportunities as they occur and will allow us to emerge from this challenging environment with greater earnings potential.

During March 2006, we acquired substantially all of the assets and assumed certain liabilities of Surfside-3 Marina, Inc. (Surfside), a privately held boat dealership with eight locations in New York and Connecticut, for approximately $24.8 million in cash and 665,024 shares of common stock, plus $24.0 million in working capital adjustments, including acquisition costs. The shares were valued at $33.71 per share, which was the average closing market price of our common stock for the five-day period beginning two days prior to and ending two days subsequent to the acquisition date. The acquisition expands our ability to serve consumers in the Northeast boating community and allows us to capitalize on Surfside s market position and leverage our inventory management and inventory financing resources over the acquired locations. Based on a valuation, the purchase price, including acquisition costs, resulted in the recognition of approximately $40.0 million of tax deductible goodwill and approximately $16.4 million of tax deductible indefinite-lived intangible assets (dealer agreements). Surfside has been included in our consolidated financial statements since the date of acquisition.

During January 2006, we acquired substantially all of the assets, including certain real estate, and assumed certain liabilities of the Port Arrowhead Group (Port Arrowhead), a privately held boat dealership with six retail locations, including a large marina, in Missouri and Oklahoma, for approximately $27.5 million in cash, plus $5.0 million in working capital adjustments, including acquisition costs. The acquisition expands our ability to serve consumers in the Midwest boating community, including neighboring boating destinations in Illinois, Kansas, and Arkansas. The acquisition also allows us to capitalize on Port Arrowhead s market position and leverage our inventory management and inventory financing resources over the acquired locations. Based on a valuation, the purchase price, including acquisition costs, resulted in the recognition of approximately $6.0 million of tax deductible goodwill and approximately $2.0 million of tax deductible indefinite-lived intangible assets (dealer agreements). Port Arrowhead has been included in our consolidated financial statements since the date of acquisition.

Application of Critical Accounting Policies

We have identified the policies below as critical to our business operations and the understanding of our results of operations. The impact and risks related to these policies on our business operations is discussed throughout Management s Discussion and Analysis of Financial Condition and Results of Operations when such policies affect our reported and expected financial results.

In the ordinary course of business, we make a number of estimates and assumptions relating to the reporting of results of operations and financial condition in the preparation of our financial statements in conformity with accounting principles generally accepted in the United States. We base our estimates on historical experience and on various other assumptions that we believe are reasonable under the circumstances. The results form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results could differ significantly from those estimates under different assumptions and conditions. We believe that the following discussion addresses our most critical accounting policies, which are those that are most important to the portrayal of our financial condition and results of operations and require our most difficult, subjective, and complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain.

Revenue Recognition

We recognize revenue from boat, motor, and trailer sales, and parts and service operations at the time the boat, motor, trailer, or part is delivered to or accepted by the customer or service is completed. We recognize commissions earned from a brokerage sale at the time the related brokerage transaction closes. We recognize revenue from slip and storage services on a straight-line basis over the term of the slip or storage agreement. We recognize commissions earned by us for placing notes with financial institutions in connection with customer boat financing when we recognize the related boat sales. We also recognize marketing fees earned on credit life, accident and disability, and hull insurance products sold by third-party insurance companies at the later of customer acceptance

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of the insurance product as evidenced by contract execution or when the related boat sale is recognized. We also recognize commissions earned on extended warranty service contracts sold on behalf of third-party insurance companies at the later of customer acceptance of the service contract terms, as evidenced by contract execution or recognition of the related boat sale.

Certain finance and extended warranty commissions and marketing fees on insurance products may be charged back if a customer terminates or defaults on the underlying contract within a specified period of time. Based upon our experience of repayments and defaults, we maintain a chargeback allowance that was not material to our financial statements taken as a whole as of September 30, 2007 or 2008. Should results differ materially from our historical experiences, we would need to modify our estimate of future chargebacks, which could have a material adverse effect on our operating margins.

Vendor Consideration Received

We account for consideration received from our vendors in accordance with Emerging Issues Task Force Issue No. 02-16, Accounting by a Customer (Including a Reseller) for Certain Consideration Received from a Vendor (EITF 02-16). EITF 02-16 most significantly requires us to classify interest assistance received from manufacturers as a reduction of inventory cost and related cost of sales as opposed to netting the assistance against our interest expense incurred with our lenders. Pursuant to EITF 02-16, amounts received by us under our co-op assistance programs from our manufacturers are netted against related advertising expenses.

Inventories

Inventory costs consist of the amount paid to acquire the inventory, net of vendor consideration and purchase discounts, the cost of equipment added, reconditioning costs, and transportation costs relating to acquiring inventory for sale. We state new boat, motor, and trailer inventories at the lower of cost, determined on a specific-identification basis, or market. We state used boat, motor, and trailer inventories, including trade-ins, at the lower of cost, determined on a specific-identification basis, or market. We state parts and accessories at the lower of cost, determined on the first-in, first-out basis, or market. We utilize our historical experience, the aging of the inventories, and our consideration of current market trends as the basis for determining lower of cost or market valuation allowance. As of September 30, 2007 and 2008, our lower of cost or market valuation allowance was not material to the consolidated financial statements taken as a whole. If events occur and market conditions change, causing the fair value of our inventories to fall below their carrying value, the lower of cost or market valuation allowance could increase.

Valuation of Goodwill and Other Intangible Assets

We account for goodwill and identifiable intangible assets in accordance with Statement of Financial Accounting Standards No. 142, Goodwill and Other Intangible Assets (SFAS 142). Under this standard, we assess the impairment of goodwill and identifiable intangible assets at least annually and whenever events or changes in circumstances indicate that the carrying value may not be recoverable. The first step in the assessment is the estimation of fair value. If step one indicates that impairment potentially exists, we perform the second step to measure the amount of impairment, if any. Goodwill and identifiable intangible asset impairment exists when the estimated fair value is less than its carrying value.

During the three months ended June 30, 2008, we experienced a significant decline in stock market valuation driven primarily by weakness in the marine retail industry and an overall soft economy, which hindered our financial performance. Accordingly, we completed a step one analysis (as noted above) and estimated the fair value of the reporting unit as prescribed by SFAS 142, which indicated potential impairment. As a result, we completed a fair value analysis of indefinite lived intangible assets and a step two goodwill impairment analysis, as required by SFAS 142. We determined that indefinite lived intangible assets and goodwill were impaired and recorded a non-cash charge of $121.1 million based on our assessment. We will not be required to make any current or future cash expenditures as a result of this impairment charge.

Impairment of Long-Lived Assets

Statement of Financial Accounting Standards No. 144, Accounting for Impairment or Disposal of Long-Lived Assets (SFAS 144), requires that long-lived assets, such as property and equipment and purchased intangibles subject to amortization, be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of the asset is measured by comparison of its carrying amount to undiscounted future net cash flows the asset is expected to generate. If such assets are considered to be impaired, the impairment to be recognized is measured as the amount by which the carrying amount of the asset exceeds its fair market value. Estimates of expected future cash flows represent our best estimate based on currently available information and reasonable and supportable assumptions. Any impairment recognized in accordance with SFAS 144 is permanent and may not be restored. As of September 30, 2008, we had not recognized any impairment of long-lived assets in connection with SFAS 144 based on our reviews.

During the three months ended June 30, 2008, we experienced a significant decline in stock market valuation driven primarily by weakness in the marine retail industry and an overall soft economy, which has hindered our financial performance. As a result of this weakness, we realized a goodwill and intangible asset impairment charge, as noted above. Based on these events, we reviewed the valuation of our investment in Gulfport in accordance with APB 18 and recoverability of the assets contained within the joint venture. APB 18 requires that a loss in value of an investment which is other than a temporary decline should be recognized. We reviewed our investment and assets contained within the Gulfport joint venture, which consists of land, buildings, equipment, and goodwill. As a result, we determined that our investment in the joint venture was impaired and recorded a non-cash charge of $1.0 million based on our assessment. We will not be required to make any current or future cash expenditures as a result of this impairment charge.

Stock-Based Compensation

Effective October 1, 2005, we adopted the provisions of Statement of Financial Accounting Standards No. 123R, Share-Based Payment (SFAS 123R) for our share-based compensation plans. We adopted SFAS 123R using the modified prospective transition method. Under this transition method, compensation cost recognized includes (a) the compensation cost for all share-based awards granted prior to, but not yet vested as of October 1, 2005, based on the grant-date fair value estimated in accordance with the original provisions of SFAS 123 and (b) the compensation cost for all share-based awards granted subsequent to September 30, 2005, based on the grant-date fair value estimated in accordance with the provisions of SFAS 123R. Results for prior periods have not been restated. Additionally, we accounted for restricted stock awards granted using the measurement and recognition provisions of SFAS 123R. Accordingly, the fair value of the restricted stock awards is measured on the grant date and recognized in earnings over the requisite service period for each separately vesting portion of the award.

Income Taxes

We account for income taxes in accordance with Statement of Financial Accounting Standards No. 109, Accounting for Income Taxes (SFAS 109) and Financial Accounting Standard Board Interpretation No. 48, Accounting for Uncertainty in Income Taxes (FIN 48). Under SFAS 109, we recognize deferred tax assets and liabilities for the future tax consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. We measure deferred tax assets and liabilities using enacted tax rates expected to apply to taxable income in the years in which we expect those temporary differences to be recovered or settled. We record valuation allowances to reduce our deferred tax assets to the amount expected to be realized by considering all available positive and negative evidence.

Substantially all of our goodwill and intangibles are deductible for tax purposes. Our loss for the year ended September 30, 2008, including the write-off of goodwill and intangible assets, combined with other timing differences, gave rise to a net operating loss, which resulted in a net deferred tax asset of approximately $41.3 million. Pursuant to Statement of Financial Accounting Standards No. 109, Accounting for Income Taxes (SFAS 109), we must consider all positive and negative evidence regarding the realization of deferred tax assets, including past operating results and future sources of taxable income. Under the provisions of SFAS 109, we determined that our net deferred tax asset needed to be reserved given recent earnings and industry trends. Accordingly, recording of the valuation allowance resulted in a non-cash charge of approximately $39.2 million.

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In June 2006, the Financial Accounting Standards Board issued Interpretation No. 48 (FIN 48), Accounting for Uncertainty in Income Taxes. The Interpretation clarifies the accounting for uncertainty in income taxes recognized in an enterprise s financial statements and prescribes a recognition threshold and measurement attributes of income tax positions taken or expected to be taken on a tax return. Under FIN 48, the impact of an uncertain tax position taken or expected to be taken on an income tax return must be recognized in the financial statements at the largest amount that is more-likely-than-not to be sustained upon audit by the relevant taxing authority. An uncertain income tax position will not be recognized in the financial statements unless it is more likely than not of being sustained. We adopted the provisions of FIN 48 as of October 1, 2007, and as a result, we recognized a charge of approximately $554,000 to the October 1, 2007 retained earnings balance. As of September 30, 2008, we had approximately $2.1 million of gross unrecognized tax benefits, of which approximately $1.4 million, if recognized, would impact the effective tax rate.

For a more comprehensive list of our accounting policies, including those which involve varying degrees of judgment, see Note 3 Significant Accounting Policies of Notes to Consolidated Financial Statements.

Results of Operations

The following table sets forth certain financial data as a percentage of revenue for the periods indicated:

	Fiscal Year Ended September 30,					
	2006		2007		2008	
	(Amounts in thousands)					
Revenue	$ 1,213,541	100.0%	$ 1,255,985	100.0%	$ 885,407	100.0%
Cost of sales	906,781	74.7%	956,251	76.1%	679,164	76.7%
Gross profit	306,760	25.3%	299,734	23.9%	206,243	23.3%
Selling, general, and administrative expenses	222,806	18.4%	245,224	19.6%	217,426	24.6%
Goodwill and intangible asset impairment charge		0.0%		0.0%	122,091	13.8%
Income (loss) from operations	83,954	6.9%	54,510	4.3%	(133,274)	(15.1)%
Interest expense, net	18,616	1.5%	26,955	2.1%	20,164	2.3%
Income (loss) before income tax provision (benefit)	65,338	5.4%	27,555	2.2%	(153,438)	(17.4)%
Income tax provision (benefit)	25,956	2.2%	7,486	0.6%	(19,161)	(2.2)%
Net income (loss)	$ 39,382	3.2%	$ 20,069	1.6%	$ (134,277)	(15.2)%

Fiscal Year Ended September 30, 2008 Compared with Fiscal Year Ended September 30, 2007

Revenue. Revenue decreased $370.6 million, or 29.5%, to $885.4 million for the fiscal year ended September 30, 2008 from $1.26 billion for the fiscal year ended September 30, 2007. Of this decrease, $27.4 million was attributable to stores opened, closed, or acquired that were not eligible for inclusion in the comparable-store base and

$343.2 million was attributable to a 28% decline in comparable-store sales in fiscal 2008. The decline in our same-store sales resulted primarily from softer economic conditions, because of the turmoil in the financial markets, which impacted our results as well as those of most other retailers. In response to these declines, we are adjusting our structure, including store closures, in a manner in which we believe will reduce operating costs but not result in market share losses.

Gross Profit. Gross profit decreased $93.5 million, or 31.2%, to $206.2 million for the fiscal year ended September 30, 2008 from $299.7 million for the fiscal year ended September 30, 2007. Gross profit as a percentage of revenue decreased to 23.3% for fiscal 2008 from 23.9% for fiscal 2007. The decrease in gross profit was a result of the significant reduction in revenue resulting from the soft economic environment. The decrease in gross profit as

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a percentage of revenue was due to margin pressure arising from the difficult retail environment and a sales mix shift to larger products, which historically carry lower gross margins.

Selling, General, and Administrative Expenses. Selling, general, and administrative expenses decreased $27.8 million, or 11.3%, to $217.4 million for the fiscal year ended September 30, 2008 from $245.2 million for the fiscal year ended September 30, 2007. Selling, general, and administrative expenses as a percentage of revenue increased to 24.6% for the year ended September 30, 2008 from 19.6% for the year ended September 30, 2007. The fiscal year ended September 30, 2008 included approximately $3.0 million in charges associated with store closures, partially offset by $1.0 million in gains recorded as an expense offset related to proceeds from business interruption insurance claims associated with ice storms damage at certain Missouri locations in 2007 and the favorable settlement of certain interest rate swaps accounted for as cash flow hedges. Additionally, the fiscal year ended September 30, 2007 included $3.7 million in gains recorded as an expense offset related to business interruption insurance proceeds that was received for claims associated with Hurricane Wilma in 2006, the sale of our corporate jet, and insurance proceeds we received associated with the ice storm damage at certain Missouri locations. Excluding these items would result in a comparable selling, general, and administrative expense reduction of $33.3 million, or 13.4% and selling, general, and administrative expenses as a percent of revenue increased to 24.4% for the year ended September 30, 2008 from 19.8% for the year ended September 30, 2007. This increase in selling, general, and administrative expenses as a percentage of revenue was primarily attributable to the reported same-store sales decline, which resulted in a reduction in our ability to leverage our expense structure.

Goodwill and Intangible Asset Impairment. During the fiscal year ended September 30, 2008, we were required to write-off our goodwill and indefinite lived intangible assets as a result of the decline in our market valuation and the continuation of the difficult retail environment, as prescribed by SFAS 142.

Interest Expense. Interest expense decreased $6.8 million, or 25.2%, to $20.2 million for the fiscal year ended September 30, 2008 from $27.0 million for the fiscal year ended September 30, 2007. Interest expense as a percentage of revenue increased to 2.3% for fiscal 2008 from 2.1% for fiscal 2007. The decrease in interest expense was primarily a result of a more favorable interest rate environment in fiscal 2008, which accounted for a decrease of approximately $6.6 million in interest expense.

Income Tax Provision. Income taxes decreased $26.6 million to a benefit of $19.2 million for the fiscal year ended September 30, 2008 from an income tax expense of $7.5 million for the fiscal year ended September 30, 2007, primarily as a result of our pretax loss. The effective tax rate for the fiscal year ended September 30, 2008 differed from previous periods primarily as a result of the recording of a non-cash valuation allowance that offsets the majority of income tax benefit that would have arisen from the goodwill and intangible asset impairment charge.

Fiscal Year Ended September 30, 2007 Compared with Fiscal Year Ended September 30, 2006

Revenue. Revenue increased $42.4 million, or 3.5%, to $1.3 billion for the fiscal year ended September 30, 2007 from $1.21 billion for the fiscal year ended September 30, 2006. Of this increase, $50.8 million was attributable to stores opened, closed, or acquired that were not eligible for inclusion in the comparable-store base, partially offset by a decline of $8.4 million attributable to a less than 1% decline in comparable-store sales in fiscal 2007. The 1% decline in same-store sales was net of an increase in revenue from our parts, service, finance, and insurance products of approximately $6.2 million. The decline in our same-store sales resulted primarily from soft economic conditions that have adversely impacted our retail sales.

Gross Profit. Gross profit decreased $7.1 million, or 2.3%, to $299.7 million for the fiscal year ended September 30, 2007 from $306.8 million for the fiscal year ended September 30, 2006. Gross profit as a percentage of revenue decreased to 23.9% for fiscal 2007 from 25.3% for fiscal 2006. This decrease was primarily attributable to a margin reduction on boat sales as we instituted price reduction initiatives in the softer market place in order to achieve our sales volume.

Selling, General, and Administrative Expenses. Selling, general, and administrative expenses increased $22.4 million, or 10.0%, to $245.2 million for the fiscal year ended September 30, 2007 from $222.8 million for the fiscal year ended September 30, 2006. Selling, general, and administrative expenses as a percentage of revenue increased approximately 115 basis points to 19.6% for the year ended September 30, 2007 from 18.4% for the year ended September 30, 2006. For fiscal 2007, we recorded $2.1 million of business interruption insurance proceeds that was received for claims associated with Hurricane Wilma in 2006; we recorded a $1.0 million gain from the sale of our jet; and we recorded a $600,000 gain related to insurance proceeds we received associated with the snow and ice storm damage at certain Missouri locations. We recorded these items as a reduction to selling, general, and administrative expenses. Excluding these items, selling, general, and administrative expenses as a percent of revenue was 19.8% for the year ended September 30, 2007. This approximate 145 basis point increase in selling, general, and administrative expenses as a percentage of revenue was primarily attributable to the reported same-store sales decline and increased personnel and marketing related costs incurred to drive retail sales in a softer retail environment. In response to the softer retail environment, we are working to reduce our cost structure with reductions in personnel, store closures, and other expenditures.

Interest Expense. Interest expense increased $8.4 million, or 44.8%, to $27.0 million for the fiscal year ended September 30, 2007 from $18.6 million for the fiscal year ended September 30, 2006. Interest expense as a percentage of revenue increased to 2.1% for fiscal 2007 from 1.5% for fiscal 2006. The increase was primarily a result of increased borrowings associated with our revolving credit facility and mortgages, which accounted for an increase in interest expense of approximately $6.8 million and a less favorable interest rate environment, which accounted for an increase of approximately $1.6 million in interest expense.

Income Tax Provision. Income taxes decreased $18.5 million, or 71.2%, to $7.5 million for the fiscal year ended September 30, 2007 from $26.0 million for the fiscal year ended September 30, 2006, primarily as a result of our decreased earnings. Our effective tax rate decreased to 27.2% for the fiscal year ended September 30, 2007 from 39.7% for the fiscal year ended September 30, 2006, primarily as a result of the settlement of certain tax positions under an initiative offered by one of the states in which we conduct operations. As a result of this settlement, we reduced the reserve for contingent income taxes by approximately $5.2 million and reduced income tax expense by approximately $3.8 million for the fiscal year ended September 30, 2007. Without this reduction, the effective tax rate would have been approximately 40.9% for the fiscal year ended September 30, 2007.

Quarterly Data and Seasonality

Our business, as well as the entire recreational boating industry, is highly seasonal, with seasonality varying in different geographic markets. With the exception of Florida, we generally realize significantly lower sales and higher levels of inventories, and related short-term borrowings, in the quarterly periods ending December 31 and March 31. The onset of the public boat and recreation shows in January stimulates boat sales and allows us to reduce our inventory levels and related short-term borrowings throughout the remainder of the fiscal year. Our business could become substantially more seasonal as we acquire dealers that operate in colder regions of the United States.

Our business is also subject to weather patterns, which may adversely affect our results of operations. For example, drought conditions (or merely reduced rainfall levels) or excessive rain may close area boating locations or render boating dangerous or inconvenient, thereby curtailing customer demand for our products. In addition, unseasonably cool weather and prolonged winter conditions may lead to a shorter selling season in certain locations. Hurricanes and other storms could result in disruptions of our operations or damage to our boat inventories and facilities, as has been the case when Florida and other markets were hit by hurricanes. Although our geographic diversity is likely to reduce the overall impact to us of adverse weather conditions in any one market area, these conditions will continue to represent potential, material adverse risks to us and our future financial performance.

Liquidity and Capital Resources

Our cash needs are primarily for working capital to support operations, including new and used boat and related parts inventories, off-season liquidity, and growth through acquisitions and new store openings. We regularly monitor the aging of our inventories and current market trends to evaluate our current and future inventory needs. We also use this evaluation in conjunction with our review of our current and expected operating performance and expected growth to determine the adequacy of our financing needs. These cash needs have historically been financed with cash generated from operations and borrowings under our line of credit facility. Our ability to utilize our credit facility to fund operations depends upon the collateral levels and compliance with the covenants of the credit facility. Turmoil in the credit markets and weakness in the retail markets may interfere with our ability to remain in compliance with the covenants of the credit facility and therefore utilize the credit facility to fund operations. At September 30, 2008, we were in compliance with all of the credit facility covenants. Subsequent to September 30, 2008 we amended the credit facility. We currently depend upon dividends and other payments from our dealerships and our line of credit facility to fund our current operations and meet our cash needs. Currently, no agreements exist that restrict this flow of funds from our dealerships.

For the fiscal years ended September 30, 2006 and 2007, cash provided by operating activities approximated $9.4 million and $20.0 million, respectively. For the fiscal year ended September 30, 2008, cash used in operating activities was approximately $8.8 million. For the fiscal year ended September 30, 2006, cash provided by operating activities was due primarily to net income, adjusted for non-cash depreciation, amortization, and stock based compensation charges, and increases in accounts payable and accrued expenses, partially offset by an increase in accounts receivable due to increased revenues, an increase in inventories to ensure appropriate inventory levels, and a decrease in customer deposits. For the fiscal year ended September 30, 2007, cash provided by operating activities was due primarily to net income, adjusted for non-cash depreciation, amortization, and stock based compensation charges, and increases in customer deposits and accrued expenses, partially offset by a decrease in accounts payable, and an increase in inventories to ensure appropriate inventory levels. For the fiscal year ended September 30, 2008, cash used in operating activities was due primarily to our net loss, a decrease in accounts payable because of reductions in purchases from our manufacturers, and a decrease in customer deposits due to a reduction in pending sales. These amounts were primarily offset by noncash charges, including the impairment of goodwill, stock-based compensation, and depreciation and amortization expense. The cash used in operating activities was further offset by reductions in inventories and accounts receivable due to the reduction in sales trends.

For the fiscal years ended September 30, 2006, 2007, and 2008, cash used in investing activities was approximately $95.4 million, $9.4 million, and $7.9 million, respectively. For the fiscal year ended September 30, 2006, cash used in investing activities was primarily used in business acquisitions and to purchase property and equipment associated with opening new retail facilities or improving and relocating existing retail facilities. For the fiscal year ended September 30, 2007, cash used in investing activities was primarily used to purchase property and equipment associated with opening new retail facilities or improving and relocating existing retail facilities and in the finalization of certain business acquisitions, partially offset by proceeds received from the sale and involuntary conversion of property and equipment. For the fiscal year ended September 30, 2008, cash used in investing activities was primarily used to purchase property and equipment associated with opening new retail facilities or improving and relocating existing retail facilities.

For the fiscal years ended September 30, 2006 and 2008, cash provided by financing activities was approximately $83.9 million and $16.5 million, respectively. For the fiscal year ended September 30, 2007, cash used in financing activities was approximately $5.3 million. For the fiscal year ended September 30, 2006, cash provided by financing activities was primarily attributable to proceeds from net borrowings on short-term borrowings as a result of increased inventory levels and borrowings on long-term debt on equipment and real estate acquired, and proceeds from common shares issued upon the exercise of stock options and under the employee stock purchase plan, partially offset by purchases of treasury stock and repayments of long-term debt. For the fiscal year ended September 30, 2007, cash used in financing activities was primarily attributable to purchases of treasury stock and repayments of long-term debt, partially offset by proceeds from net borrowings on short-term borrowings as a result of increased inventory levels, and proceeds from common shares issued upon the exercise of stock options and under the employee stock purchase plan. For the fiscal year ended September 30, 2008, cash provided by financing activities was primarily attributable to a net increase in short-term borrowings, partially offset by repayments of long-term debt.

During December 2008, we entered into an amendment of our second amended and restated credit and security agreement originally entered into in June 2006. The amendment modified the amount of borrowing availability, financial covenants, inventory advance rates, and the collateral that secures the borrowings. With the amendment, the credit facility provides us a line of credit with asset-based borrowing availability of up to $425 million, stepping down to $350 million by September 30, 2009 and $300 million by May 31, 2010. However, the amendment also contains a provision that allows us to obtain commitments from existing or additional lenders, thereby increasing the capacity of the credit facility, up to $500 million, and enables us to obtain advances of up to $20 million against certain of our owned real estate. Amounts under the credit facility may be used for working capital and inventory financing, with the amount of permissible borrowings determined pursuant to a borrowing base formula. The credit facility also permits approved-vendor floorplan borrowings of up to $20 million. The amendment replaces the fixed charge coverage ratio with an interest coverage ratio for years ending on or after September 30, 2010; it includes a cumulative earnings before interest, taxes, depreciations and amortization, or EBITDA (as defined in the agreement), covenant for each quarter; it modifies the current ratio requirements; it reduces the amount of allowable capital expenditures; it requires the approval for any stock repurchases, and it requires approval for acquisitions. The amended credit facility provides for interest at the London Interbank Offered Rate (LIBOR) plus 425 basis points through September 30, 2010 and thereafter at LIBOR plus 150 to 400 basis points, pursuant to a performance pricing grid based upon our interest coverage ratio, as defined. Borrowings under the credit facility are secured by our inventory, accounts receivable, equipment, furniture, fixtures, and real estate. The amended credit facility matures in May 2011, with two one-year renewal options, subject to lender approval.

As of September 30, 2007 and 2008, we owed an aggregate of $326.0 million and $372.0 million, respectively under our revolving credit facility and were in compliance with all of the credit facility covenants. Advances under the facility accrued interest at a rate of 7.2% and 4.0%, as of September 30, 2007 and 2008, respectively. All indebtedness associated with our real estate holdings were repaid during the fiscal year ended September 30, 2008. As of September 30, 2008, the facility provided us with an additional net borrowing availability of $84 million. The December 2008 amendment, if in place at September 30, 2008, would have reduced the available borrowings under the facility to approximately $38 million, excluding $20 million of potential real estate advances, from approximately $84 million and increased the interest rate by approximately 275 basis points.

During the fiscal year ended September 30, 2006, we completed the acquisition of two marine retail operations. We acquired the net assets, related property, and buildings and assumed or retired certain liabilities, including the outstanding floorplan obligations related to new boat inventories, for approximately $52.3 million in cash, plus $29.0 million in working capital adjustments, including acquisition costs, and 665,024 shares of common stock valued at $33.71 per share. During the fiscal years ended September 30, 2007 and 2008, we did not complete any acquisitions.

Except as specified in this Management s Discussion and Analysis of Financial Condition, and Results of Operations and in our consolidated financial statements, we have no material commitments for capital for the next 12 months. We believe that our existing capital resources will be sufficient to finance our operations for at least the next 12 months, except for possible significant acquisitions.

Contractual Commitments and Commercial Commitments

The following table sets forth a summary of our material contractual obligations and commercial commitments as of September 30, 2008:

Year Ending September 30,	Short-Term Borrowings(1)	Other Long-Term Liabilities(2)	Operating Leases(3)	Total
		(Amounts in thousands)		
2009	$ 372,000	$	$ 10,043	$ 382,043
2010		4,374	8,958	13,332
2011			8,015	8,015
2012			6,383	6,383
2013			4,267	4,267

Thereafter			10,014	10,014
Total	$ 372,000	$ 4,374	$ 47,680	$ 424,054

(1) Estimates of future interest payments for Short-Term Borrowings have been excluded in the tabular presentation. Amounts due are contingent upon the outstanding balances and the variable interest rates. As of September 30, 2008, the interest rate on our Short-Term Borrowings was 4%.

(2) The amounts included in other long-term liabilities primarily consist of our estimated liability for claims on certain workers compensation insurance policies. While we estimate the amount to be paid in excess of

12 months, the ultimate timing of the payments is subject to certain variability. Accordingly, we have classified all amounts as due in the following year for the purposes of this table.

(3) Amounts for operating lease commitments do not include certain operating expenses such as maintenance, insurance, and real estate taxes. These amounts are not a material component of operating expenses.

Off-Balance Sheet Arrangements

We do not have any transactions, arrangements, or other relationships with unconsolidated entities that are reasonably likely to affect our financial condition, liquidity, or capital resources. We have no special purpose or limited purpose entities that provide off-balance sheet financing, liquidity, or market or credit risk support; we do not engage in leasing, hedging, or research and development services; and we do not have other relationships that expose us to liability that is not reflected in the financial statements.

PART IV

Item 15. *Exhibits and Financial Statement Schedules*

(a) Financial Statements and Financial Statement Schedules

(1) Financial Statements are listed in the Index to Consolidated Financial Statements on page F-1 of this report.

(2) No financial statement schedules are included because such schedules are not applicable, are not required, or because required information is included in the consolidated financial statements or notes thereto.

(b) Exhibits

Exhibit Number	Exhibit
23.1	Consent of Ernst & Young LLP
31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a), promulgated under the Securities Exchange Act of 1934, as amended.
31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a), promulgated under the Securities Exchange Act of 1934, as amended.
32.1	Certification pursuant to U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

(c) Financial Statement Schedules

(1) See Item 15(a) above.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

MarineMax, Inc.

/s/ William H. McGill Jr.
William H. McGill Jr.
Chairman of the Board and Chief Executive Officer

Date: February 18, 2009

In accordance with the Securities Exchange Act of 1934, the following persons on behalf of the registrant and in the capacities and on the date indicated have signed this report below.

Signature	Capacity	Date
/s/ WILLIAM H. MCGILL JR. William H. McGill Jr.	Chairman of the Board, President, and Chief Executive Officer (Principal Executive Officer)	February 18, 2009
/s/ MICHAEL H. MCLAMB Michael H. McLamb	Executive Vice President, Chief Financial Officer, Secretary, and Director (Principal Accounting and Financial Officer)	February 18, 2009
/s/ HILLIARD M. EURE III Hilliard M. Eure III	Director	February 18, 2009
/s/ JOHN B. FURMAN John B. Furman	Director	February 18, 2009
/s/ ROBERT S. KANT Robert S. Kant	Director	February 18, 2009
/s/ JOSEPH A. WATTERS Joseph A. Watters	Director	February 18, 2009
/s/ DEAN S. WOODMAN Dean S. Woodman	Director	February 18, 2009

MARINEMAX, INC. AND SUBSIDIARIES

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

REPORT OF INDEPENDENT REGISTERED CERTIFIED PUBLIC ACCOUNTING FIRM

The Board of Directors and Stockholders of
MarineMax, Inc.

We have audited the accompanying consolidated balance sheets of MarineMax, Inc. and subsidiaries as of September 30, 2008 and 2007, and the related consolidated statements of operations, comprehensive income, stockholders equity and cash flows for each of the three years in the period ended September 30, 2008. These financial statements are the responsibility of the Company s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of MarineMax, Inc. and subsidiaries at September 30, 2008 and 2007, and the consolidated results of their operations and their cash flows for each of the three years in the period ended September 30, 2008, in conformity with U.S. generally accepted accounting principles.

As discussed in Note 3 to the financial statements, in 2008 the Company changed its method for accounting for income tax uncertainties.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), MarineMax, Inc. s internal control over financial reporting as of September 30, 2008, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated December 15, 2008 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Certified Public Accountants
Tampa, Florida
December 15, 2008

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MARINEMAX, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(Amounts in thousands except share and per share data)

	September 30, 2007	September 30, 2008
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 30,375	$ 30,264
Accounts receivable, net	57,333	35,675
Inventories, net	478,039	468,629
Prepaid expenses and other current assets	8,997	7,949
Deferred tax assets	6,485	307
Total current assets	581,229	542,824
Property and equipment, net	118,960	113,869
Goodwill and other intangible assets, net	121,174	
Other long-term assets	4,515	3,424
Deferred tax assets		1,206
Total assets	$ 825,878	$ 661,323
LIABILITIES AND STOCKHOLDERS EQUITY		
CURRENT LIABILITIES:		
Accounts payable	$ 19,980	$ 4,481
Customer deposits	33,420	6,505
Accrued expenses	27,044	25,380
Short-term borrowings	326,000	372,000
Current maturities of long-term debt	4,396	
Total current liabilities	410,840	408,366
Deferred tax liabilities	11,971	
Long-term debt, net of current maturities	26,437	
Other long-term liabilities	3,071	4,374
Total liabilities	452,319	412,740
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS EQUITY:		
Preferred stock, $.001 par value, 1,000,000 shares authorized, none issued or outstanding at September 30, 2007 and 2008		
Common stock, $.001 par value; 24,000,000 shares authorized, 19,099,464 and 19,215,387 shares issued and 18,379,864 and 18,424,487 shares outstanding at September 30, 2007 and 2008, respectively	19	19
Additional paid-in capital	167,912	178,830
Retained earnings	220,375	85,544

Accumulated other comprehensive income		28		
Treasury stock, at cost, 719,600 and 790,900 shares held at September 30, 2007 and 2008, respectively		(14,775)		(15,810)
Total stockholders equity		373,559		248,583
Total liabilities and stockholders equity	$	825,878	$	661,323

See accompanying notes.

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MARINEMAX, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS
(Amounts in thousands except share and per share data)

	For the Year Ended September 30,		
	2006	**2007**	**2008**
Revenue	$ 1,213,541	$ 1,255,985	$ 885,407
Cost of sales	906,781	956,251	679,164
Gross profit	306,760	299,734	206,243
Selling, general, and administrative expenses	222,806	245,224	217,426
Goodwill and intangible asset impairment charge			122,091
Income (loss) from operations	83,954	54,510	(133,274)
Interest expense	18,616	26,955	20,164
Income (loss) before income tax provision (benefit)	65,338	27,555	(153,438)
Income tax provision (benefit)	25,956	7,486	(19,161)
Net income (loss)	$ 39,382	$ 20,069	$ (134,277)
Basic net income (loss) per common share	$ 2.18	$ 1.08	$ (7.30)
Diluted net income (loss) per common share	$ 2.08	$ 1.04	$ (7.30)
Weighted average number of common shares used in computing net income (loss) per common share:			
Basic	18,028,562	18,618,611	18,391,488
Diluted	18,928,735	19,289,231	18,391,488

See accompanying notes.

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MARINEMAX, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Amounts in thousands)

	For the Year Ended September 30, 2006	2007	2008
Net income (loss)	$ 39,382	$ 20,069	$ (134,277)
Other comprehensive income (loss):			
Change in fair market value of derivative instruments, net of tax expense of $318 for the year ended September 30, 2006 and net of tax benefit of $300 and $228 for the years ended September 30, 2007 and 2008, respectively	507	(379)	(365)
Reclassification adjustment for gains included in net income, net of tax of $62 and $211 for the years ended September 30, 2007 and 2008, respectively		(100)	337
Comprehensive income (loss)	$ 39,889	$ 19,590	$ (134,305)

See accompanying notes.

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MARINEMAX, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF STOCKHOLDERS EQUITY
(Amounts in thousands except share data)

	Common Stock Shares	Common Stock Amount	Additional Paid-in Capital	Retained Earnings	Deferred Stock Compensation	Accumulated Other Comprehensive Income	Treasury Stock	Total Stockholders Equity
BALANCE, September 30, 2005	17,678,087	$ 18	$ 125,672	$ 160,924	$ (2,397)	$	$ (618)	$ 283,599
Net income				39,382				39,382
Purchase of treasury stock	(306,300)						(6,945)	(6,945)
Reclassification resulting from adoption of SFAS 123R			(2,397)		2,397			
Shares issued under employee stock purchase plan	59,197		1,283					1,283
Shares issued upon exercise of stock options	253,353		2,581					2,581
Stock-based compensation	180,163		5,567					5,567
Shares issued upon business acquisition	665,024	1	22,417					22,418
Tax benefits of options exercised			1,495					1,495
Change in fair market value of derivative instruments, net of tax						507		507
BALANCE, September 30, 2006	18,529,524	19	156,618	200,306		507	(7,563)	349,887
Net income				20,069				20,069
Purchase of treasury stock	(383,300)						(7,212)	(7,212)
Shares issued under employee stock purchase plan	78,665		1,631					1,631
Shares issued upon exercise of stock options	149,780		1,587					1,587
Stock-based compensation	5,195		7,307					7,307
Tax benefits of options exercised			769					769
Change in fair market value of derivative instruments, net of tax						(479)		(479)

BALANCE, September 30, 2007	18,379,864	19	167,912	220,375		28	(14,775)	373,559
Net loss				(134,277)				(134,277)
Purchase of treasury stock	(71,300)						(1,035)	(1,035)
Shares issued under employee stock purchase plan	105,390		1,207					1,207
Shares issued upon exercise of stock options	102,352		1,024					1,024
Stock-based compensation	8,181		8,464					8,464
Tax benefits of options exercised			223					223
Cumulative effect of adoption of FIN 48				(554)				(554)
Conversion of restricted stock awards to restricted stock units	(100,000)							
Change in fair market value of derivative instruments, net of tax						(28)		(28)
BALANCE, September 30, 2008	18,424,487	$ 19	$ 178,830	$ 85,544	$	$	$ (15,810)	$ 248,583

See accompanying notes.

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MARINEMAX, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(Amounts in thousands)

	For the Year Ended September 30, 2006	2007	2008
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income (loss)	$ 39,382	$ 20,069	$ (134,277)
Adjustments to reconcile net income to net cash provided by (used in) operating activities:			
Goodwill and intangible asset impairment			122,091
Depreciation and amortization	8,607	9,350	11,090
Deferred income tax provision (benefit)	1,020	(1,367)	(6,303)
Gain on sale of property and equipment	(42)	(1,030)	259
Gain on involuntary conversion of property and equipment		(613)	
Loss on extinguishment of long-term debt			160
Stock-based compensation expense	5,567	7,307	8,464
Tax benefits of options exercised	1,495	769	223
Excess tax benefits from stock-based compensation	(1,127)	(546)	(169)
(Increase) decrease in			
Accounts receivable, net	(21,385)	256	21,658
Inventories, net	(25,334)	(15,192)	9,410
Prepaid expenses and other assets	(1,093)	(1,172)	2,633
Increase (decrease) in			
Accounts payable	20,196	(17,418)	(16,749)
Customer deposits	(21,988)	16,250	(26,915)
Accrued expenses	4,104	3,332	(361)
Net cash provided by (used in) operating activities	9,402	19,995	(8,786)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchases of property and equipment	(10,164)	(9,507)	(7,969)
Cash used in business investment	(4,007)		
Net cash used in acquisitions of businesses, net assets, and intangible assets	(81,369)	(4,847)	
Proceeds from sale of property and equipment	105	2,915	112
Proceeds from involuntary conversion of property and equipment		2,007	
Net cash used in investing activities	(95,435)	(9,432)	(7,857)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Borrowings of long-term debt	12,240		
Repayments of long-term debt	(5,140)	(6,353)	(30,833)
Net (repayments) borrowings on short-term borrowings	78,729	4,500	46,000
Purchases of treasury stock	(6,945)	(7,212)	(1,035)
Excess tax benefits from stock-based compensation	1,127	546	169

Net proceeds from issuance of common stock under option and employee purchase plans		3,864		3,218		2,231
Net cash provided by (used in) financing activities		83,875		(5,301)		16,532
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS:		(2,158)		5,262		(111)
CASH AND CASH EQUIVALENTS, beginning of period		27,271		25,113		30,375
CASH AND CASH EQUIVALENTS, end of period	$	25,113	$	30,375	$	30,264
Supplemental Disclosure of Non-Cash Investing Activities:						
Common stock issued in connection with business acquisition	$	22,418	$		$	

See accompanying notes.

MARINEMAX, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. COMPANY BACKGROUND AND BASIS OF PRESENTATION:

We are the largest recreational boat retailer in the United States. We engage primarily in the retail sale, brokerage, and service of new and used boats, motors, trailers, marine parts, and accessories and offer slip and storage accommodations in certain locations. In addition, we arrange related boat financing, insurance, and extended service contracts. As of September 30, 2008, we operated through 80 retail locations in 22 states, consisting of Alabama, Arizona, California, Colorado, Connecticut, Delaware, Florida, Georgia, Maryland, Minnesota, Missouri, Nevada, New Jersey, New York, North Carolina, Ohio, Oklahoma, Rhode Island, South Carolina, Tennessee, Texas, and Utah.

We are the nation s largest retailer of Sea Ray, Boston Whaler, Cabo, Hatteras, and Meridian recreational boats and yachts, all of which are manufactured by Brunswick Corporation (Brunswick). Sales of new Brunswick boats accounted for approximately 49% of our revenue in fiscal 2008. Brunswick is the world s largest manufacturer of marine products and marine engines. We believe we represented approximately 10% of all Brunswick marine sales, including approximately 40% of its Sea Ray boat sales, during our 2008 fiscal year.

We have dealership agreements with Sea Ray, Boston Whaler, Cabo, Hatteras, Meridian, and Mercury Marine, all subsidiaries or divisions of Brunswick. We also have dealer agreements with Azimut. These agreements allow us to purchase, stock, sell, and service these manufacturers boats and products. These agreements also allow us to use these manufacturers names, trade symbols, and intellectual properties in our operations.

We are parties to a multi-year dealer agreements with Brunswick covering Sea Ray products that appoints us as the exclusive dealer of Sea Ray boats in our geographic markets. We are party to a multi-year dealer agreement with Hatteras Yachts that gives us the exclusive right to sell Hatteras Yachts throughout the states of Florida (excluding the Florida panhandle), New Jersey, New York, and Texas. We are also the exclusive dealer for Cabo Yachts throughout the states of Florida, New Jersey, and New York through a multi-year dealer agreement. We are also the exclusive dealer for Italy-based Azimut-Benetti Group s product line Azimut Yachts for the Northeast United States from Maryland to Maine and for the state of Florida through a multi-year dealer agreement. We believe the non-Brunswick brands offer a migration for our existing customer base or fill a void in our product offerings, and accordingly, do not compete with the business generated from our other prominent brands.

As is typical in the industry, we deal with manufacturers, other than Sea Ray, Hatteras, Cabo and Azimut Yachts, under renewable annual dealer agreements, each of which gives us the right to sell various makes and models of boats within a given geographic region. Any change or termination of these agreements, or the agreements discussed above, for any reason, or changes in competitive, regulatory, or marketing practices, including rebate or incentive programs, could adversely affect our results of operations. Although there are a limited number of manufacturers of the type of boats and products that we sell, we believe that adequate alternative sources would be available to replace any manufacturer other than Brunswick as a product source. These alternative sources may not be available at the time of any interruption, and alternative products may not be available at comparable terms, which could affect operating results adversely.

General economic conditions and consumer spending patterns can negatively impact our operating results. Unfavorable local, regional, national, or global economic developments or uncertainties regarding future economic prospects could reduce consumer spending in the markets we serve and adversely affect our business. Economic conditions in areas in which we operate dealerships, particularly Florida in which we generated 46%, 44%, and 43% of our revenue during fiscal 2006, 2007, and 2008, respectively, can have a major impact on our operations. Local influences, such as corporate downsizing and military base closings, also could adversely affect our operations in certain markets.

In an economic downturn, consumer discretionary spending levels generally decline, at times resulting in disproportionately large reductions in the sale of luxury goods. Consumer spending on luxury goods also may decline as a result of lower consumer confidence levels, even if prevailing economic conditions are favorable. Although we have expanded our operations during periods of stagnant or modestly declining industry trends, the

MARINEMAX, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

cyclical nature of the recreational boating industry or the lack of industry growth could adversely affect our business, financial condition, or results of operations in the future. Any period of adverse economic conditions or low consumer confidence has a negative effect on our business.

Lower consumer spending resulting from a downturn in the housing market and other economic factors adversely affected our business in fiscal 2007, and continued weakness in consumer spending resulting from substantial weakness in the financial markets and deteriorating economic conditions had a very substantial negative effect on our business in fiscal 2008. These conditions caused us to defer our acquisition program, slow our new store openings, reduce our inventory purchases, engage in inventory reduction efforts, close some of our retail locations, and reduce our headcount. We cannot predict the length or severity of these unfavorable economic or financial conditions or the extent to which they will adversely affect our operating results nor can we predict the effectiveness of the measures we have taken to address this environment or whether additional measures will be necessary.

Unless the context otherwise requires, all references to MarineMax mean MarineMax, Inc. prior to its acquisition of five previously independent recreational boat dealers in March 1998 (including their related real estate companies) and all references to the Company, our company, we, us, and our mean, as a combined company; MarineMax, In the 20 recreational boat dealers, two boat brokerage operations, and two full-service yacht repair operations acquired to date (the acquired dealers, and together with the brokerage and repair operations, operating subsidiaries or the acquired companies).

In order to provide comparability between periods presented, certain amounts have been reclassified from the previously reported consolidated financial statements to conform to the consolidated financial statement presentation of the current period. The consolidated financial statements include our accounts and the accounts of our subsidiaries, all of which are wholly owned. All significant intercompany transactions and accounts have been eliminated.

2. ACQUISITIONS:

We were incorporated in Delaware in January 1998 and commenced operations with the acquisition of five independent recreational boat dealers on March 1, 1998. Since the initial acquisitions, we have acquired 20 recreational boat dealers, two boat brokerage operations, and two full-service yacht repair facilities. As a part of our acquisition strategy, we frequently engage in discussions with various recreational boat dealers regarding their potential acquisition by us. Potential acquisition discussions frequently take place over a long period of time and involve difficult business integration and other issues, including, in some cases, management succession and related matters. As a result of these and other factors, a number of potential acquisitions that from time to time appear likely to occur do not result in binding legal agreements and are not consummated. No significant acquisitions were completed during the fiscal years ended September 30, 2007 and 2008.

During January 2006, we acquired substantially all of the assets, including certain real estate, and assumed certain liabilities of the Port Arrowhead Group (Port Arrowhead), a privately held boat dealership with six locations, including a large marina, in Missouri and Oklahoma, for approximately $27.5 million in cash, plus $5.0 million in working capital adjustments, including acquisition costs. The acquisition expands our ability to serve consumers in the Midwest boating community, including neighboring boating destinations in Illinois, Kansas, and Arkansas. The acquisition also allows us to capitalize on Port Arrowhead s market position and leverage our inventory management and inventory financing resources over the acquired locations. Based on a valuation, the purchase price, including acquisition costs, resulted in the recognition of approximately $6.0 million of tax deductible goodwill and approximately $2.0 million of tax deductible indefinite-lived intangible assets (dealer agreements). Port Arrowhead has been included in our consolidated financial statements since the date of acquisition. Pro forma results of operations have not been presented with respect to the Port Arrowhead acquisition, as the pre-acquisition effects of the acquisition was not significant in fiscal 2006.

MARINEMAX, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

During March 2006, we acquired substantially all of the assets and assumed certain liabilities of Surfside-3 Marina, Inc. (Surfside), a privately held boat dealership with eight locations in New York and Connecticut, for approximately $24.8 million in cash and 665,024 shares of common stock, plus $24.0 million in working capital adjustments, including acquisition costs. The shares were valued at $33.71 per share, which was the average closing market price of our common stock for the five day-period beginning two days prior to and ending two days subsequent to the acquisition date. The acquisition expands our ability to serve consumers in the Northeast boating community and allows us to capitalize on Surfside s market position and leverage our inventory management and inventory financing resources over the acquired locations. Based on a valuation, the purchase price, including acquisition costs, resulted in the recognition of approximately $40.0 million of tax deductible goodwill and approximately $16.4 million of tax deductible indefinite-lived intangible assets (dealer agreements). Surfside has been included in our consolidated financial statements since the date of acquisition.

The following table summarizes the estimated fair values of the assets acquired and liabilities assumed in the acquisitions of Port Arrowhead and Surfside during 2006 (amounts in thousands):

Receivables	$	5,501
Inventories		119,808
Other current assets		392
Property and equipment		20,383
Goodwill		45,991
Other identifiable intangible assets		18,375
Total assets acquired	$	210,450
Short term borrowings	$	(92,770)
Other current liabilities		(14,004)
Total current liabilities assumed		(106,774)
Net assets acquired	$	103,676

The following unaudited pro forma financial information presents the combined results of operations of our company with the operations of Surfside as if the acquisition had occurred as of the beginning of fiscal 2006 (amounts in thousands, except per share data):

	For the Fiscal Year Ended September 30, 2006 (Unaudited)	
Revenue	$	1,264,854
Net income	$	37,678

Net income per common share		
Basic	$	2.05
Dilutive	$	1.96

This unaudited pro forma financial information is presented for informational purposes only. The unaudited pro forma financial information includes an adjustment to record income taxes as if Surfside were taxed as a C corporation from the beginning of the periods presented until its acquisition date. The unaudited pro forma financial information does not include adjustments to remove certain private company expenses, which may not be incurred in future periods. Similarly, the unaudited pro forma financial information does not include adjustments for additional expenses, such as rent, insurance, interest incurred on borrowings for cash paid at acquisition, and other expenses that would have been incurred subsequent to the acquisition date. The unaudited pro forma financial information may not necessarily reflect our future results of operations or what the results of operations would have been had we owned and operated Surfside as of the beginning of the periods presented.

MARINEMAX, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

3. SIGNIFICANT ACCOUNTING POLICIES:

Statements of Cash Flows

For purposes of the consolidated balance sheets and statements of cash flows, we consider all highly liquid investments with an original maturity of three months or less to be cash equivalents.

We made interest payments of approximately $17.2 million, $26.6 million, and $20.6 million for the fiscal years ended September 30, 2006, 2007, and 2008, respectively, including interest on debt to finance our real estate holdings and inventory. We made income tax payments of approximately $8.9 million, $26.0 million, and $2.6 million for the fiscal years ended September 30, 2006, 2007, and 2008, respectively.

Vendor Consideration Received

We account for consideration received from our vendors in accordance with Emerging Issues Task Force Issue No. 02-16, Accounting by a Customer (Including a Reseller) for Certain Consideration Received from a Vendor (EITF 02-16). EITF 02-16 most significantly requires us to classify interest assistance received from manufacturers as a reduction of inventory cost and related cost of sales as opposed to netting the assistance against our interest expense incurred with our lenders. Pursuant to EITF 02-16, amounts received by us under our co-op assistance programs from our manufacturers are netted against related advertising expenses.

Inventories

Inventory costs consist of the amount paid to acquire the inventory, net of vendor consideration and purchase discounts, the cost of equipment added, reconditioning costs, and transportation costs relating to acquiring inventory for sale. We state new boat, motor, and trailer inventories at the lower of cost, determined on a specific-identification basis, or market. We state used boat, motor, and trailer inventories, including trade-in s, at the lower of cost, determined on a specific-identification basis, or market. We state parts and accessories at the lower of cost, determined on the first-in, first-out basis, or market. We utilize our historical experience, the aging of the inventories, and our consideration of current market trends as the basis for determining lower of cost or market valuation allowance. As of September 30, 2007 and 2008, our lower of cost or market valuation allowance was not material to the consolidated financial statements taken as a whole. If events occur and market conditions change, causing the fair value of our inventories to fall below their carrying value, the lower of cost or market valuation allowance could increase.

Property and Equipment

We record property and equipment at cost, net of accumulated depreciation, and depreciate property and equipment over their estimated useful lives using the straight-line method. We capitalize and amortize leasehold improvements over the lesser of the life of the lease or the estimated useful life of the asset. Useful lives for purposes of computing depreciation are as follows:

	Years

Buildings and improvements	5-40
Machinery and equipment	3-10
Furniture and fixtures	5-10
Vehicles	3-5

We remove the cost of property and equipment sold or retired and the related accumulated depreciation from the accounts at the time of disposition and include any resulting gain or loss in the consolidated statements of operations. We charge maintenance, repairs, and minor replacements to operations as incurred; we capitalize and amortize major replacements and improvements over their useful lives.

MARINEMAX, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Valuation of Goodwill and Other Intangible Assets

We account for goodwill and identifiable intangible assets in accordance with Statement of Financial Accounting Standards No. 142, Goodwill and Other Intangible Assets (SFAS 142). Under this standard, we assess the impairment of goodwill and identifiable intangible assets at least annually and whenever events or changes in circumstances indicate that the carrying value may not be recoverable. The first step in the assessment is the estimation of fair value. If step one indicates that impairment potentially exists, we perform the second step to measure the amount of impairment, if any. Goodwill and identifiable intangible asset impairment exists when the estimated fair value is less than its carrying value.

During the three months ended June 30, 2008, we experienced a significant decline in market valuation driven primarily by weakness in the marine retail industry and an overall soft economy, which hindered our financial performance. Accordingly, we completed a step one analysis (as noted above) and estimated the fair value of the reporting unit as prescribed by SFAS 142, which indicated potential impairment. As a result, we completed a fair value analysis of indefinite lived intangible assets and a step two goodwill impairment analysis, as required by SFAS 142. We determined that indefinite lived intangible assets and goodwill were impaired and recorded a non-cash charge of $121.1 million based on our assessment. We will not be required to make any current or future cash expenditures as a result of this impairment charge.

There was no goodwill amortization expense for the fiscal years ended September 30, 2006, 2007, and 2008. Accumulated amortization of goodwill was approximately $2.6 million at September 30, 2007.

Impairment of Long-Lived Assets

Statement of Financial Accounting Standards No. 144, Accounting for Impairment or Disposal of Long-Lived Assets (SFAS 144), requires that long-lived assets, such as property and equipment and purchased intangibles subject to amortization, be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of the asset is measured by comparison of its carrying amount to undiscounted future net cash flows the asset is expected to generate. If such assets are considered to be impaired, the impairment to be recognized is measured as the amount by which the carrying amount of the asset exceeds its fair market value. Estimates of expected future cash flows represent our best estimate based on currently available information and reasonable and supportable assumptions. Any impairment recognized in accordance with SFAS 144 is permanent and may not be restored. As of September 30, 2008, we had not recognized any impairment of long-lived assets in connection with SFAS 144 based on our reviews.

Customer Deposits

Customer deposits primarily include amounts received from customers toward the purchase of boats. We recognize these deposits as revenue upon delivery or acceptance of the related boats to customers.

Insurance

We retain varying levels of risk relating to the insurance policies we maintain, most significantly workers compensation insurance and employee medical benefits. We are responsible for the claims and losses incurred under these programs, limited by per occurrence deductibles and paid claims or losses up to pre-determined maximum exposure limits. Any losses above the pre-determined exposure limits are paid by our third-party insurance carriers. We estimate our liability for incurred but not reported losses using our historical loss experience, our judgment, and industry information.

Derivative Instruments

We account for derivative instruments in accordance with Statement of Financial Accounting Standards No. 133, Accounting for Derivative Instruments and Certain Hedging Activities (SFAS 133), as amended by Statement of

MARINEMAX, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Financial Accounting Standards No. 138, Accounting for Certain Derivative Instruments and Certain Hedging Activity, an Amendment of SFAS 133 (SFAS 138) and Statement of Financial Accounting Standards No. 149, Amendment of Statement 133 on Derivative Instruments and Hedging Activities (SFAS 149), (collectively SFAS 133). Under these standards, all derivative instruments are recorded on the balance sheet at their respective fair values.

We utilize certain derivative instruments, from time to time, including interest rate swaps and forward contracts, to manage variability in cash flows associated with interest rates and forecasted purchases of boats and yachts from certain of our foreign suppliers in euros. At September 30, 2008, no such instruments were outstanding.

The accounting for changes in the fair value (i.e., gains or losses) of a derivative instrument depends on whether it has been designated and qualifies as part of a hedging relationship based on its effectiveness in hedging against the exposure and on the type of hedging relationship. For those derivative instruments that are designated and qualify as hedging instruments, we designate the hedging instrument, based upon the exposure being hedged, as a fair value hedge or a cash flow hedge.

Our forward contracts and interest rate swap are designated and accounted for as cash flow hedges (i.e., hedging the exposure to variability in expected future cash flows that is attributable to a particular risk). SFAS 133 provides that the effective portion of the gain or loss on a derivative instrument designated and qualifying as a cash flow hedging instrument be reported as a component of other comprehensive income and be reclassified into earnings in the same line item in the income statement as the hedged item in the same period or periods during which the transaction affects earnings. The ineffective portion of the gain or loss on these derivative instruments, if any, is recognized in other income/expense in current earnings during the period of change.

For derivative instruments not designated as hedging instruments, we recognize the gain or loss in other income/expense in current earnings during the period of change. When a cash flow hedge is terminated, if the forecasted hedged transaction is still probable of occurrence, amounts previously recorded in other comprehensive income remain in other comprehensive income and are recognized in earnings in the period in which the hedged transaction affects earnings.

Additional information with regard to accounting policies associated with derivative instruments is contained in Note 9, Derivative Instruments and Hedging Activity.

Revenue Recognition

We recognize revenue from boat, motor, and trailer sales and parts and service operations at the time the boat, motor, trailer, or part is delivered to or accepted by the customer or service is completed. We recognize commissions earned from a brokerage sale at the time the related brokerage transaction closes. We recognize revenue from slip and storage services on a straight-line basis over the term of the slip or storage agreement. We recognize commissions earned by us for placing notes with financial institutions in connection with customer boat financing when we recognize the related boat sales. We recognize marketing fees earned on credit life, accident and disability, and hull insurance products sold by third-party insurance companies at the later of customer acceptance of the insurance product as evidenced by contract execution or when we recognize the related boat sale. Pursuant to negotiated agreements with financial and insurance institutions, we are charged back for a portion of these fees should the customer terminate or default on the related finance or insurance contract before it is outstanding for a stipulated minimal period of time. The chargeback allowance, which was not material to the consolidated financial statements taken as a whole as of September 30, 2007 or 2008, is based on our experience with repayments or defaults on the related finance or insurance contracts.

We also recognize commissions earned on extended warranty service contracts sold on behalf of third-party insurance companies at the later of customer acceptance of the service contract terms as evidenced by contract execution or recognition of the related boat sale. We are charged back for a portion of these commissions should the customer terminate or default on the service contract prior to its scheduled maturity. The chargeback allowance,

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MARINEMAX, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

which was not material to the consolidated financial statements taken as a whole as of September 30, 2007 or 2008, is based upon our experience with repayments or defaults on the service contracts.

The following table sets forth percentages of our revenue generated by certain products and services, for each of last three years.

	2006	2007	2008
New boat sales	70.9%	68.2%	63.5%
Used boat sales	17.0%	18.8%	20.5%
Maintenance and repair services	4.9%	5.0%	6.6%
Finance and insurance products	3.2%	3.6%	3.6%
Parts and accessories	2.9%	3.2%	4.4%
Brokerage services	1.1%	1.2%	1.4%
Total revenue	100.0%	100.0%	100.0%

Stock-Based Compensation

Effective October 1, 2005, we adopted the provisions of Statement of Financial Accounting Standards No. 123R, Share-Based Payment (SFAS 123R) for our share-based compensation plans. We adopted SFAS 123R using the modified prospective transition method. Under this transition method, compensation cost recognized includes (a) the compensation cost for all share-based awards granted prior to, but not yet vested, as of October 1, 2005, based on the grant-date fair value estimated in accordance with the original provisions of SFAS 123 and (b) the compensation cost for all share-based awards granted subsequent to September 30, 2005, based on the grant-date fair value estimated in accordance with the provisions of SFAS 123R. Results for prior periods have not been restated. Additionally, we accounted for restricted stock awards granted using the measurement and recognition provisions of SFAS 123R. The fair value of the restricted stock awards is measured on the grant date and recognized in earnings over the requisite service period for each separately vesting portion of the award.

Advertising and Promotional Costs

We expense advertising and promotional costs as incurred and include them in selling, general, and administrative expenses in the accompanying consolidated statements of operations. Pursuant to EITF 02-16, we net amounts received by us under our co-op assistance programs from our manufacturers against the related advertising expenses. Total advertising and promotional expenses approximated $16.5 million, $19.6 million, and $19.3 million, net of related co-op assistance of approximately $1.3 million, $1.2 million, and $700,000, for the fiscal years ended September 30, 2006, 2007, and 2008, respectively.

Income Taxes

We account for income taxes in accordance with Statement of Financial Accounting Standards No. 109, Accounting for Income Taxes (SFAS 109) and Financial Accounting Standard Board Interpretation No. 48, Accounting for Uncertainty in Income Taxes (FIN 48). Under SFAS 109, we recognize deferred tax assets and liabilities for the future tax consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. We measure deferred tax assets and liabilities using enacted tax rates expected to apply to taxable income in the years in which we expect those temporary differences to be recovered or settled. We record valuation allowances to reduce our deferred tax assets to the amount expected to be realized by considering all available positive and negative evidence.

Substantially all of our goodwill and intangibles were deductible for tax purposes. Our loss for the year ended September 30, 2008, including the write-off of goodwill and intangible assets, combined with other timing differences, gave rise to a net operating loss, which resulted in a net deferred tax asset of approximately

MARINEMAX, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

$41.3 million. Pursuant to SFAS 109, we must consider all positive and negative evidence regarding the realization of deferred tax assets, including past operating results and future sources of taxable income. Under the provisions of SFAS 109, we determined that our net deferred tax asset needed to be reserved given recent earnings and industry trends. Accordingly, recording of the valuation allowance resulted in a non-cash charge of approximately $39.2 million.

FIN 48, Accounting for Uncertainty in Income Taxes, clarifies the accounting for uncertainty in income taxes recognized in an enterprise s financial statements and prescribes a recognition threshold and measurement attributes of income tax positions taken or expected to be taken on a tax return. Under FIN 48, the impact of an uncertain tax position taken or expected to be taken on an income tax return must be recognized in the financial statements at the largest amount that is more-likely-than-not to be sustained upon audit by the relevant taxing authority. An uncertain income tax position will not be recognized in the financial statements unless it is more likely than not of being sustained. We adopted the provisions of FIN 48 as of October 1, 2007, and as a result, we recognized a charge of approximately $554,000 to the October 1, 2007 retained earnings balance. As of September 30, 2008, we had approximately $2.1 million of gross unrecognized tax benefits, of which approximately $1.4 million, if recognized, would impact the effective tax rate.

New Accounting Pronouncements

In September 2006, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 157, Fair Value Measurements (SFAS 157). SFAS 157 defines fair value, applies to other accounting pronouncements that require or permit fair value measurements and expands disclosures about fair value measurements. SFAS 157 is effective for fiscal years beginning after November 15, 2007 and interim periods within those fiscal years. We are currently assessing the implications of this standard and evaluating the impact of adopting SFAS 157 on our consolidated financial statements.

In February 2007, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 159, Fair Value Option for Financial Assets and Financial Liabilities (SFAS 159), which permits an entity to measure certain financial assets and financial liabilities at fair value. SFAS 159 is effective for fiscal years beginning after November 15, 2007. We are currently assessing the implications of this standard and evaluating the impact of adopting SFAS 159 on our consolidated financial statements.

In December 2007, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 141R Business Combinations (SFAS 141R). SFAS 141R will require among other things, the expensing of direct transaction costs, in process research and development to be capitalized, certain contingent assets and liabilities to be recognized at fair value and earn-out arrangements may be required to be measured at fair value recognized each period in earnings. In addition, certain material adjustments will be required to be made to purchase accounting entries at the initial acquisition date and will cause revisions to previously issued financial information in subsequent filings. SFAS is effective for transactions occurring after the beginning of the first annual reporting period beginning on or after December 15, 2008 and may have a material impact on our consolidated financial position, results from operations and cash flows should we enter into a material business combination after the standards effective date.

In March 2008, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 161 Disclosures about Derivative Instruments and Hedging Activities An Amendment to SFAS 133 (SFAS 161).

SFAS 161 applies to all derivative instruments accounted for under SFAS 133 and requires entities to provide greater transparency on how and why entities use derivative instruments, how derivative instruments are accounted for under SFAS 133 and the effect the derivative instruments may have on the results of operations and cash flows. SFAS 161 is effective for fiscal years and interim periods beginning after November 15, 2008. Since SFAS 161 only applies to disclosures it will not have a material impact on our consolidated financial position, results from operations and cash flows.

MARINEMAX, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Concentrations of Credit Risk

Financial instruments, which potentially subject us to concentrations of credit risk, consist principally of cash and cash equivalents and accounts receivable. Concentrations of credit risk with respect to our cash and cash equivalents are limited primarily to amounts held with financial institutions. Concentrations of credit risk arising from our receivables are limited primarily to amounts due from manufacturers and financial institutions.

Fair Value of Financial Instruments

The carrying amount of our financial instruments approximates fair value due either to length to maturity or existence of interest rates that approximate prevailing market rates unless otherwise disclosed in these consolidated financial statements.

Use of Estimates and Assumptions

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting periods. Significant estimates made by us in the accompanying consolidated financial statements relate to valuation allowances, valuation of long-lived assets, and valuation of accruals. Actual results could differ materially from those estimates.

4. ACCOUNTS RECEIVABLE:

Trade receivables consist primarily of receivables from financial institutions, which provide funding for customer boat financing and amounts due from financial institutions earned from arranging financing with our customers. We normally collect these receivables within 30 days of the sale. Trade receivables also include amounts due from customers on the sale of boats, parts, service, and storage. Amounts due from manufacturers represent receivables for various manufacturer programs and parts and service work performed pursuant to the manufacturers warranties.

The allowance for uncollectible receivables, which was not material to the consolidated financial statements as of September 30, 2007 or 2008, was based on our consideration of customer payment practices, past transaction history with customers, and economic conditions. When an account becomes uncollectable, it is expensed as a bad debt and payments subsequently received are credited to the bad debt expense account. We review the allowance for uncollectible receivables when an event or other change in circumstances results in a change in the estimate of the ultimate collectability of a specific account.

The accounts receivable balances consisted of the following at September 30,

	2007	2008
	(Amounts in thousands)	
Trade receivables	$ 28,253	$ 10,408

Amounts due from manufacturers	27,811	18,343
Income tax receivable		6,744
Other receivables	1,269	180
	$ 57,333	$ 35,675

MARINEMAX, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

5. INVENTORIES:

Inventories, net consisted of the following at September 30,

	2007	2008
	(Amounts in thousands)	
New boats, motors, and trailers	$ 382,121	$ 386,993
Used boats, motors, and trailers	83,291	72,627
Parts, accessories, and other	12,627	9,009
	$ 478,039	$ 468,629

6. PROPERTY AND EQUIPMENT:

Property and equipment consisted of the following at September 30,

	2007	2008
	(Amounts in thousands)	
Land	$ 43,142	$ 42,160
Buildings and improvements	78,619	79,641
Machinery and equipment	31,509	29,540
Furniture and fixtures	5,416	5,809
Vehicles	5,629	6,863
	164,315	164,013
Less Accumulated depreciation	(45,355)	(50,144)
	$ 118,960	$ 113,869

Depreciation expense totaled approximately $8.3 million, $9.5 million, and $10.9 million for the fiscal years ended September 30, 2006, 2007, and 2008, respectively.

7. GOODWILL AND OTHER INTANGIBLE ASSETS:

The changes in the carrying amounts of net goodwill and identifiable intangible assets for the fiscal years ended September 30, were as follows:

	Goodwill	Identifiable Intangible Assets	Total
	(Amounts in thousands)		
Balance, September 30, 2006	$ 94,068	$ 22,127	$ 116,195
Changes during the period	3,378	1,601	4,979
Balance, September 30, 2007	97,446	23,728	121,174
Changes during the period	(97,446)	(23,728)	(121,174)
Balance, September 30, 2008	$	$	$

The changes in the carrying amounts of net goodwill and identifiable intangible assets for the fiscal year ended September 30, 2007 relate to the finalization of the purchase price of acquisitions we consummated in previous periods. During the fiscal year ended September 30, 2008, we experienced a significant decline in market valuation driven primarily by weakness in the marine retail industry and an overall soft economy, which hindered our financial performance. As a result, we completed a fair value analysis of indefinite lived intangible assets and a step two goodwill impairment analysis, as required by SFAS 142. We determined that indefinite lived intangible assets

MARINEMAX, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

and goodwill were impaired and recorded a non-cash charge of $121.1 million based on our assessment. We will not be required to make any current or future cash expenditures as a result of this impairment charge.

8. OTHER LONG-TERM ASSETS:

During February 2006, we became party to a joint venture with Brunswick that acquired certain real estate and assets of Great American Marina for an aggregate purchase price of approximately $11.0 million, of which we contributed approximately $4.0 million and Brunswick contributed approximately $7.0 million. The terms of the agreement specify that we operate and maintain the service business, and Brunswick operate and maintain the marina business. Simultaneously with the closing, the acquired entity became Gulfport Marina, LLC (Gulfport). We account for our investment in Gulfport in accordance with Accounting Principles Board Opinion No. 18, The Equity Method of Accounting for Investments in Common Stock . Accordingly, we adjust the carrying amount of our investment in Gulfport to recognize our share of earnings or losses.

During the three months ended June 30, 2008, we experienced a significant decline in market valuation driven primarily by weakness in the marine retail industry and an overall soft economy, which hindered our financial performance. As a result of this weakness, we realized a goodwill and intangible asset impairment charge, as noted above. Based on these events, we reviewed the valuation of our investment in Gulfport in accordance with APB 18 and recoverability of the assets contained within the joint venture. APB 18 requires that a loss in value of an investment, which is other than a temporary decline, should be recognized. We reviewed our investment and assets contained within the Gulfport joint venture, which consists of land, buildings, equipment, and goodwill. As a result, we determined that our investment in the joint venture was impaired and recorded a non-cash charge of $1.0 million based on our assessment. We will not be required to make any current or future cash expenditures as a result of this impairment charge.

9. DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITY:

During fiscal 2006, we entered into an interest rate swap agreement with a notional amount of $4.0 million, which matures in June 2015, is designated as a cash flow hedge, and effectively converts a portion of the floating rate debt to a fixed rate of 5.67%. Since all of the critical terms of the swap exactly match those of the hedged debt, no ineffectiveness has been identified in the hedging relationship. Consequently, all changes in fair value are recorded as a component of other comprehensive income. We periodically determine the effectiveness of the swap by determining that the critical terms still match, determining that the future interest payments are still probable of occurrence, and evaluating the likelihood of the counterparty s compliance with the terms of the swap. At September 30, 2007, the swap agreement had a fair value of approximately $45,000, which was recorded in other long-term assets on the consolidated balance sheets.

During fiscal 2008, we entered into six interest rate swap agreements with a total notional amount of approximately $23.2 million, that were maturing between September 2012 and June 2016, which were designated as cash flow hedges that effectively convert a portion of the floating rate debt to fixed rates ranging from 4.36% to 4.87%. Since all of the critical terms of the swaps exactly matched those of the hedged debt, no ineffectiveness was identified in the hedging relationships. Consequently, we recorded all changes in fair value as a component of other comprehensive income. During fiscal 2008, we prepaid the outstanding balances of our long-term debt. With this prepayment, the swaps were terminated and the pretax fair market value of the swaps of approximately $550,000 was reclassified from accumulated other comprehensive income and recognized as income in the statements of operations.

10. SHORT-TERM BORROWINGS:

We entered into a second amended and restated credit and security agreement with eight financial institutions during June 2006. The credit facility provided us a line of credit with asset-based borrowing availability of up to $500 million for working capital and inventory financing, with the amount of permissible borrowings determined

MARINEMAX, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

pursuant to a borrowing base formula. The credit facility also permitted approved-vendor floorplan borrowings of up to $20 million. The credit facility accrued interest at the London Interbank Offered Rate (LIBOR) plus 150 to 260 basis points, with the interest rate based upon the ratio of our net outstanding borrowings to our tangible net worth. The credit facility was secured by our inventory, accounts receivable, equipment, furniture, and fixtures. The credit facility required us to satisfy certain covenants, including maintaining a leverage ratio tied to our tangible net worth.

During June 2007, we entered into an amendment of the credit facility, which modified the definition of Fixed Charges Coverage Ratio and extended the term of our second amended and restated credit and security agreement entered into in June 2006 with the same lenders.

During March 2008, we entered into an amendment to modify the threshold of the Fixed Charge Coverage Ratio and the Current Ratio and terms of our second amended and restated credit and security agreement entered into in June 2006.

During December 2008, we entered into an amendment of our second amended and restated credit and security agreement originally entered into in June 2006. The amendment modified the amount of borrowing availability, financial covenants, inventory advance rates, and the collateral that secures the borrowings. With the amendment, the credit facility provides us a line of credit with asset-based borrowing availability of up to $425 million, stepping down to $350 million by September 30, 2009 and $300 million by May 31, 2010. However, the amendment also contains a provision that allows us to obtain commitments from existing or additional lenders, thereby increasing the capacity of the credit facility, up to $500 million, and enables us to obtain advances of up to $20 million against certain of our owned real estate. Amounts under the credit facility may be used for working capital and inventory financing, with the amount of permissible borrowings determined pursuant to a borrowing base formula. The credit facility also permits approved-vendor floorplan borrowings of up to $20 million. The amendment replaces the fixed charge coverage ratio with an interest coverage ratio for years ending on or after September 30, 2010; it includes a cumulative earnings before interest, taxes, depreciation, and amortization, or EBITDA (as defined in the agreement), covenant for each quarter; it modifies the current ratio requirements; it reduces the amount of allowable capital expenditures; it requires approval for any stock repurchases; and it requires approval for acquisitions. The amended credit facility provides for interest at the London Interbank Offered Rate (LIBOR) plus 425 basis points through September 30, 2010 and thereafter at LIBOR plus 150 to 400 basis points, pursuant to a performance pricing grid based upon our interest coverage ratio, as defined. Borrowings under the credit facility are secured by our inventory, accounts receivable, equipment, furniture, fixtures, and real estate. The amended credit facility matures in May 2011, with two one-year renewal options, subject to lender approval.

As of September 30, 2007 and 2008, we owed an aggregate of $326.0 million and $372.0 million, respectively under our revolving credit facility and were in compliance with all of the credit facility covenants. Advances under the facility accrued interest at a rate of 7.2% and 4.0%, as of September 30, 2007 and 2008, respectively. All indebtedness associated with our real estate holdings were repaid during the fiscal year ended September 30, 2008. As of September 30, 2008, the facility provided us with an additional net borrowing availability of $84 million. The December 2008 amendment, if in place at September 30, 2008, would have reduced the available borrowings under the facility to approximately $38 million, excluding $20 million of potential real estate advances, from approximately $84 million and increased the interest rate by approximately 275 basis points.

As is common in our industry, we receive interest assistance directly from boat manufacturers, including Brunswick. The interest assistance programs vary by manufacturer and generally include periods of free financing or reduced interest rate programs. The interest assistance may be paid directly to us or our lender depending on the arrangements the manufacturer has established. We classify interest assistance received from manufacturers as a reduction of inventory cost and related cost of sales as opposed to netting the assistance against our interest expense incurred with our lenders.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The availability and costs of borrowed funds can adversely affect our ability to obtain adequate boat inventory and the holding costs of that inventory as well as the ability and willingness of our customers to finance boat purchases. As of September 30, 2008, we had no long-term debt. However, we rely on our credit facility to purchase our inventory of boats. Our ability to borrow under our credit facility depends on our ability, including further actions which may be necessary, to continue to satisfy our covenants and other obligations under our credit facility. The aging of our inventory limits our borrowing capacity as defined curtailments reduce the allowable advance rate as our inventory ages. Our access to funds under our credit facility also depends upon the ability of the banks that are parties to that facility to meet their funding commitments, particularly if they experience shortages of capital or experience excessive volumes of borrowing requests from others during a short period of time. A continuation of depressed economic conditions, weak consumer spending, turmoil in the credit markets, and lender difficulties could interfere with our ability to utilize the credit agreement to fund our operations. Any inability to utilize our credit facility or the acceleration of amounts owed, resulting from a covenant violation, insufficient collateral, or lender difficulties, could require us to seek other sources of funding to repay amounts outstanding under the credit agreement or replace or supplement our credit agreement, which may not be possible at all or under commercially reasonable terms.

Similarly, the decreases in the availability of credit and increases in the cost of credit adversely affect the ability of our customers to purchase boats from us and thereby adversely affect our ability to sell our products and impact the profitability of our finance and insurance activities. Tight credit conditions during fiscal 2008 adversely affected the ability of customers to finance boat purchases, which had a negative affect on our operating results.

11. LONG-TERM DEBT:

During fiscal 2008, we prepaid all outstanding mortgages and accelerated the amortization of the associated loan costs of approximately $160,000. For the fiscal year ended September 30, 2007, long-term debt consisted of various mortgage notes payable to financial institutions due in monthly installments ranging from $22,605 to $102,000, bearing variable interest at rates ranging from 6.58% to 7.75%, maturing September 2010 through June 2016, and collateralized by machinery and equipment. At September 30, 2007, we owed an aggregate amount of mortgage notes payable of $30.8 million, of which $4.4 million was classified as current and $26.4 million was classified as long-term in the accompanying financial statements.

12. INCOME TAXES:

The components of our provision (benefit) for income taxes consisted of the following for the fiscal years ended September 30,

	2006	2007	2008
	(Amounts in thousands)		
Current provision (benefit):			
Federal	$ 22,091	$ 10,377	$ (12,776)
State	2,845	(1,524)	(82)
Total current provision (benefit)	24,936	8,853	(12,858)

Deferred provision (benefit):			
Federal	927	(1,243)	(5,726)
State	93	(124)	(577)
Total deferred provision (benefit)	1,020	(1,367)	(6,303)
Total income tax provision (benefit)	$ 25,956	$ 7,486	$ (19,161)

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Below is a reconciliation of the statutory federal income tax rate to our effective tax rate for the fiscal years ended September 30,

	2006	2007	2008
Federal tax provision	35.0%	35.0%	(35.0)%
State taxes, net of federal effect	3.6%	2.3%	(4.4)%
State income tax settlement		(13.7)%	
Stock based compensation	1.0%	2.1%	0.3%
Valuation allowance		1.9%	25.5%
Other	0.1%	(0.4)%	1.1%
Effective tax rate	39.7%	27.2%	(12.5)%

During the fiscal year ended September 30, 2007, we settled certain tax positions under an initiative offered by one of the states in which we conduct operations. As a result of this settlement, we reduced our reserve for contingent income tax liabilities by approximately $5.2 million. Due to the amount paid under the settlement, the reduction in income tax expense was approximately $3.8 million for the fiscal year ended September 30, 2007. Without this reduction, the effective tax rate would have been approximately 40.9% for the year ended September 30, 2007.

Deferred income taxes reflect the impact of temporary differences between the amount of assets and liabilities recognized for financial reporting purposes and such amounts recognized for income tax purposes. The tax effects of these temporary differences representing the components of deferred tax assets (liabilities) at September 30 were as follows:

	2007	2008
	(Amounts in thousands)	
Current deferred tax assets (liabilities):		
Inventories	$ 2,620	$ 3,225
Accrued expenses	3,865	2,915
Current deferred tax assets:	6,485	6,140
Valuation Allowance		(5,833)
Net current deferred tax assets	$ 6,485	$ 307
Long-term deferred tax (liabilities) assets:		
Depreciation and amortization	$ (15,828)	$ 24,483
Stock based compensation	3,781	6,582

FIN 48 DTA		634
State tax loss carryforwards	505	3,330
Other	76	88
Long-term deferred tax (liabilities) assets:	(11,466)	35,117
Valuation allowance	(505)	(33,911)
Net long-term deferred tax (liabilities) assets	$ (11,971)	$ 1,206

Substantially all of our goodwill and intangibles were deductible for tax purposes. In fiscal 2008, the write-off of goodwill and intangible assets, combined with other timing differences, gave rise to a net operating loss that resulted in a net deferred tax asset of approximately $41.3 million. Pursuant to SFAS 109, we consider all positive and negative evidence regarding the realization of deferred tax assets, including past operating results and future sources of taxable income. Under the provisions of SFAS 109, we determined that the majority of our net deferred tax asset needed to be reserved given recent earnings and industry trends. Accordingly, recording of the valuation

MARINEMAX, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

allowance resulted in a non-cash charge of approximately $39.2 million for the fiscal year ended September 30, 2008. At September 30, 2007, we maintained a valuation allowance for our separate jurisdiction state tax loss carryforwards of $505,000. As a result, the total valuation allowance at September 30, 2008 was $39.7 million. The valuation allowance represents our net deferred tax asset less the amounts expected to be realized through the carryback of federal net operating losses.

Effective February 4, 2007, the we adopted the provisions of Financial Accounting Standards Board Interpretation No. 48, Accounting for Uncertainty in Income Taxes (FIN 48). Under FIN 48, the impact of an uncertain tax position taken or expected to be taken on an income tax return must be recognized in the financial statements at the largest amount that is more-likely-than-not to be sustained upon audit by the relevant taxing authority. An uncertain income tax position will not be recognized in the financial statements unless it is more likely than not of being sustained. As of September 30, 2008, we had approximately $2.1 million of gross unrecognized tax benefits, of which approximately $1.4 million, if recognized, would impact the effective tax rate.

The reconciliation of the total amount recorded for unrecognized tax benefits at the beginning and end of the fiscal year ended September 30, 2008 is as follows (in thousands):

Unrecognized tax benefits at October 1, 2007	$ 2,242
Increases in tax positions for prior years	81
Decreases in tax positions for prior years	(100)
Lapse of statute of limitations	(159)
Unrecognized tax benefits at September 30, 2008	$ 2,064

Consistent with our prior practices, interest and penalties related to uncertain tax positions will be recognized as a component of income tax expense. As of September 30, 2008, interest and penalties represented approximately $650,000 of the gross unrecognized tax benefits. There have been no significant changes to the balance of interest and penalties subsequent to adoption.

Since inception, we have been subject to tax by both federal and state taxing authorities. Until the respective statutes of limitations expire, we are subject to income tax audits in the jurisdictions in which we operate. We are no longer subject to U.S. federal tax examinations for fiscal years prior to 2005, and we are not subject to audits prior to the 2004 fiscal year for the majority of the state jurisdictions.

It is reasonably possible that a change to the total amount of unrecognized tax benefits could occur in the next 12 months based on examinations by tax authorities, the expiration of statutes of limitations, or potential settlements of outstanding positions. It is not possible to estimate a range of the possible changes at this time. However, we do not expect the change to be significant to the overall balance of unrecognized tax benefits.

13. STOCKHOLDERS EQUITY:

In November 2005, our Board of Directors approved a share repurchase plan allowing our company to repurchase up to 1,000,000 shares of our common stock. Under the plan, we may buy back common stock from time to time in the open market or in privately negotiated blocks, dependant upon various factors, including price and availability of the shares, and general market conditions. Through September 30, 2008, we had purchased an aggregate of 790,900 shares of common stock under the plan for an aggregate purchase price of approximately $15.8 million.

14. STOCK-BASED COMPENSATION:

Upon adoption of SFAS 123R, we used the Black-Scholes valuation model for valuing all stock-based compensation and shares granted under the ESPP. We measure compensation for restricted stock awards and restricted stock units at fair value on the grant date based on the number of shares expected to vest and the quoted

MARINEMAX, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

market price of our common stock. We recognize compensation cost for all awards in earnings, net of estimated forfeitures, on a straight-line basis over the requisite service period for each separately vesting portion of the award.

Cash received from option exercises under all share-based payment arrangements for the fiscal years ended September 30, 2006, 2007, and 2008 was approximately $3.9 million, $3.2 million, and $2.2 million, respectively. Tax benefits realized for tax deductions from option exercises for the fiscal years ended September 30, 2006, 2007, and 2008 was approximately $1.5 million, $800,000, and $223,000, respectively. We currently expect to satisfy share-based awards with registered shares available to be issued.

15. THE INCENTIVE STOCK PLANS:

During February 2007, our stockholders approved our 2007 Incentive Compensation Plan (2007 Plan), which replaced our 1998 Incentive Stock Plan (1998 Plan). Our 2007 Plan provides for the grant of stock options, stock appreciation rights, restricted stock, stock units, bonus stock, dividend equivalents, other stock related awards, and performance awards (collectively awards), that may be settled in cash, stock, or other property. Our 2007 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 stockholder value. The total number of shares of our common stock that may be subject to awards under the 2007 Plan is equal to 1,000,000 shares, plus (i) any shares available for issuance and not subject to an award under the 1998 Plan, (ii) the number of shares with respect to which awards granted under the 2007 Plan and the 1998 Plan terminate without the issuance of the shares or where the shares are forfeited or repurchased; (iii) with respect to awards granted under the 2007 Plan and the 1998 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 2007 Plan and the 1998 Plan. The 2007 Plan terminates in February 2017, and awards may be granted at any time during the life of the 2007 Plan. The date on which awards vest are determined by the Board of Directors or the Plan Administrator. The exercise prices of options are determined by the Board of Directors or the Plan Administrator and are at least equal to the fair market value of shares of common stock on the date of grant. The term of options under the 2007 Plan may not exceed ten years. The options granted have varying vesting periods. To date, we have not settled or been under any obligation to settle any awards in cash.

The following table summarizes option activity from September 30, 2007 through September 30, 2008:

	Shares Available for Grant	Options Outstanding	Aggregate Intrinsic Value (In thousands)	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life

Balance at September 30, 2007	1,230,841	2,156,545	$	4,993	$	17.36	5.2
Options authorized							
Options granted	(37,500)	37,500			$	11.71	
Options cancelled/forfeited/expired	351,565	(351,565)			$	13.97	
Restricted stock units issued	(335,400)						
Restricted stock units cancelled	5,500						
Options exercised		(102,352)			$	10.00	
Balance at September 30, 2008	1,215,006	1,740,128	$		$	18.41	5.1
Exercisable at September 30, 2008		908,128	$		$	14.56	4.0

The weighted-average grant date fair value of options granted during the fiscal years ended September 30, 2006, 2007, and 2008 was $12.53, $12.13, and $6.12, respectively. The total intrinsic value of options exercised

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

during the fiscal years ended September 30, 2006, 2007, and 2008 was approximately $5.2 million, $2.0 million, and $541,000, respectively.

As of September 30, 2007 and 2008, there was approximately $4.8 million and $2.1 million, respectively, of unrecognized compensation costs related to non-vested options that is expected to be recognized over a weighted average period of 3.3 years and 2.5 years, respectively. The total fair value of options vested during the fiscal years ended September 30, 2006, 2007, and 2008 was approximately $1.4 million, $1.9 million, and $2.1 million, respectively.

We continued using the Black-Scholes model to estimate the fair value of options granted during fiscal 2008. The expected term of options granted is derived from the output of the option pricing model and represents the period of time that options granted are expected to be outstanding. Volatility is based on the historical volatility of our common stock. The risk-free rate for periods within the contractual term of the options is based on the U.S. Treasury yield curve in effect at the time of grant. As a result, we recorded compensation expense for stock options of approximately $3.5 million, $3.7 million and $2.7 million before tax, for the fiscal years ended September 30, 2006, 2007 and 2008, respectively or $0.15, $0.15 and $0.11 per diluted share after-tax for the fiscal years ended September 30, 2006, 2007 and 2008, respectively.

The following are the weighted-average assumptions used for the fiscal years ended September 30:

	2006	**2007**	**2008**
Dividend yield	0.0%	0.0%	0.0%
Risk-free interest rate	4.6%	4.6%	3.4%
Volatility	44.5%	42.7%	44.2%
Expected life	4.6 years	6.5 years	7.5 years

16. EMPLOYEE STOCK PURCHASE PLAN (THE STOCK PURCHASE PLAN):

Our Employee Stock Purchase Plan provides for up to 750,000 shares of common stock to be available for purchase by our regular employees who have completed at least one year of continuous service. The Stock Purchase Plan provides for implementation of up to 10 annual offerings beginning on the first day of October starting in 1998, with each offering terminating on September 30 of the following year. Each annual offering may be divided into two six-month offerings. For each offering, the purchase price per share will be the lower of (i) 85% of the closing price of the common stock on the first day of the offering or (ii) 85% of the closing price of the common stock on the last day of the offering. The purchase price is paid through periodic payroll deductions not to exceed 10% of the participant s earnings during each offering period. However, no participant may purchase more than $25,000 worth of common stock annually.

During 2008, we continued using the Black-Scholes model to estimate the fair value of options granted to purchase shares issued pursuant to the Stock Purchase Plan. The expected term of options granted is derived from the output of the option pricing model and represents the period of time that options granted are expected to be outstanding. Volatility is based on the historical volatility of our common stock. The risk-free rate for periods within the contractual term of the options is based on the U.S. Treasury yield curve in effect at the time of grant.

The following are the weighted-average assumptions used for the fiscal years ended September 30:

	2006	**2007**	**2008**
Dividend yield	0.0%	0.0%	0.0%
Risk-free interest rate	4.8%	4.9%	2.3%
Volatility	37.1%	43.4%	75.6%
Expected life	six-months	six-months	six-months

As of September 30, 2008, we had issued 629,991 of the 750,000 shares of common stock reserved for issuance under our 1998 employee stock purchase plan.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

During February 2008, our stockholders approved our 2008 Employee Stock Purchase Plan (2008 Plan). The 2008 Plan provides for up to 500,000 shares of common stock to be available for purchase by our regular employees who have completed at least one year of continuous service. The Stock Purchase Plan provides for implementation of up to 10 annual offerings beginning on the first day of October starting in 2008, with each offering terminating on September 30 of the following year. Each annual offering may be divided into two six-month offerings. For each offering, the purchase price per share will be the lower of (i) 85% of the closing price of the common stock on the first day of the offering or (ii) 85% of the closing price of the common stock on the last day of the offering. The purchase price is paid through periodic payroll deductions not to exceed 10% of the participant s earnings during each offering period. However, no participant may purchase more than $25,000 worth of common stock annually.

17. RESTRICTED STOCK AWARDS:

During fiscal 2006, 2007, and 2008, we granted non-vested (restricted) stock awards or restricted stock units (collectively restricted stock awards) to certain key employees pursuant to the 1998 Plan or the 2007 Plan. The restricted stock awards have varying vesting periods, but generally become fully vested at either the end of year four or the end of year five, depending on the specific award. The awards granted in fiscal 2008 require certain levels of performance by us before they are earned. Such performance metrics must be achieved by September 2011 or the awards will be forfeited. The stock underlying the vested restricted stock units will be delivered upon vesting.

We accounted for the restricted stock awards granted during fiscal 2006, 2007, and 2008 using the measurement and recognition provisions of SFAS 123R. Accordingly, the fair value of the restricted stock awards is measured on the grant date and recognized in earnings over the requisite service period for each separately vesting portion of the award.

The following table summarizes restricted stock activity from September 30, 2007 through September 30, 2008:

	Shares	Weighted Average Grant Date Fair Value
Non-vested balance at September 30, 2007	500,100	$ 28.30
Changes during the period		
Shares granted	335,400	$ 15.67
Shares vested		$
Shares forfeited	(5,500)	$ 20.29
Non-vested balance at September 30, 2008	830,000	$ 23.25

As of September 30, 2008, we had approximately $7.7 million of total unrecognized compensation cost related to restricted stock awards granted under the Plan. We expect to recognize that cost over a weighted-average period of 3.2 years.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

18. NET INCOME PER SHARE:

The following is a reconciliation of the shares used in the denominator for calculating basic and diluted earnings per share for the fiscal years ended September 30:

	2006	2007	2008
Weighted average common shares outstanding used in calculating basic net income per share	18,028,562	18,618,611	18,391,488
Effect of dilutive options	900,173	670,620	
Weighted average common and common equivalent shares used in calculating diluted net income per share	18,928,735	19,289,231	18,391,488

Options to purchase approximately 699,500, 742,000 and 1.7 million shares of common stock were outstanding at September 30, 2006, 2007, and 2008, respectively, but were not included in the computation of diluted earnings per share because the options exercise prices were greater than the average market price of our common stock, and therefore, their effect would be anti-dilutive.

19. COMMITMENTS AND CONTINGENCIES:

Lease Commitments

We lease certain land, buildings, machinery, equipment, and vehicles related to our dealerships under non-cancelable third-party operating leases. Certain of our leases include options for renewal periods and provisions for escalation. Rental expense, including month-to-month rentals, were approximately $10.9 million, $13.2 million, and $13.9 million for the fiscal years ended September 30, 2006, 2007, and 2008, respectively. Rental expense to related parties under both cancelable and non-cancelable operating leases approximated $385,000 for each of the fiscal years ended September 30, 2006, 2007, and 2008.

The rental payments to related parties, under both cancelable and non-cancelable operating leases during fiscal 2006, 2007, and 2008, represent rental payments for buildings to an entity partially owned by a former officer of our company. We believe the terms of the transaction are consistent with those that we would obtain from third parties.

Future minimum lease payments under non-cancelable operating leases at September 30, 2008, were as follows:

	(Amounts in thousands)
2009	$ 10,043
2010	8,958
2011	8,015

2012		6,383
2013		4,267
Thereafter		10,014
Total	$	47,680

Other Commitments and Contingencies

We are party to various legal actions arising in the ordinary course of business. The ultimate liability, if any, associated with theses matters was not believed to be material at September 30, 2008. While it is not feasible to determine the actual outcome of these actions as of September 30, 2008, we do not believe that these matters will have a material adverse effect on our consolidated financial condition, results of operations, or cash flows.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Associated with the December 2006 snow and ice storms in Missouri, we have received approximately $2.0 million of insurance proceeds to date, of which approximately $1.4 million offset the related losses associated with the destruction of marina docks and significant expenses we incurred regarding damage and related clean up after the storm. The additional insurance proceeds received of approximately $600,000 were recorded as a gain during fiscal 2007. The insurance proceeds received to date were recorded as a reduction to selling, general, and administrative expenses on the consolidated statements of operations during fiscal 2007.

During fiscal 2007, we received $2.1 million of business interruption insurance proceeds for claims associated with Hurricane Wilma, which occurred in October 2005. The business interruption insurance proceeds were to reimburse us for the interruption in our operations that resulted in lost revenue and related profits in addition to the significant expenses incurred to move and repair inventory and to reimburse us for uninsured losses recognized by certain locations. These proceeds were recorded as a reduction to selling, general, and administrative expenses on the consolidated statements of operations during fiscal 2007.

We are subject to federal and state environmental regulations, including rules relating to air and water pollution and the storage and disposal of gasoline, oil, other chemicals and waste. We believe that we are in compliance with such regulations.

20. EMPLOYEE 401(k) PROFIT SHARING PLANS:

Employees are eligible to participate in our 401(k) Profit Sharing Plan (the Plan) following their 90-day introductory period starting either April 1 or October 1, provided that they are 21 years of age. Under the Plan, we match 50% of participants contributions, up to a maximum of 5% of each participant s compensation. We contributed, under the Plan, or pursuant to previous similar plans, approximately $1.7 million, $1.9 million, and $1.5 million for the fiscal years ended September 30, 2006, 2007, and 2008, respectively.

21. PREFERRED SHARE PURCHASE RIGHTS:

During September 2001, we adopted a Stockholders Rights Plan (the Rights Plan) that may have the effect of deterring, delaying, or preventing a change in control that might otherwise be in the best interests of our stockholders. Under the Rights Plan, a dividend of one Preferred Share Purchase Right was issued for each share of common stock held by the stockholders of record as of the close of business on September 7, 2001. Each right entitles stockholders to purchase, at an exercise price of $50 per share, one-thousandth of a share of a newly created Series A Junior Participating Preferred Stock.

In general, subject to certain limited exceptions, the stock purchase rights become exercisable when a person or group acquires 15% or more of our common stock or a tender offer or exchange offer for 15% or more of our common stock is announced or commenced. After any such event, other stockholders may purchase additional shares of our common stock at 50% of the then-current market price. The rights will cause substantial dilution to a person or group that attempts to acquire us on terms not approved by our Board of Directors. The rights should not interfere with any merger or other business combination approved by the Board of Directors. The rights may be redeemed by us at $0.01 per stock purchase right at any time before any person or group acquires 15% or more of the outstanding common stock. The rights expire on August 28, 2011.

The Rights Plan adoption and Rights Distribution is a non-taxable event with no impact on our financial results.

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MARINEMAX, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

22. QUARTERLY FINANCIAL DATA (UNAUDITED):

The following table sets forth certain unaudited quarterly financial data for each of our last eight quarters. The information has been derived from unaudited financial statements that we believe reflect all adjustments, consisting only of normal recurring adjustments, necessary for the fair presentation of such quarterly financial information.

	December 31, 2006	March 31, 2007	June 30, 2007	September 30, 2007	December 31, 2007	March 31, 2008	June 30, 2008	Septe 2
	(Amounts in thousands except share and per share data)							
	$ 234,031	$ 325,082	$ 378,683	$ 318,189	$ 215,268	$ 233,262	$ 271,277	$
les	177,677	252,554	291,248	234,772	167,143	178,783	209,432	
fit	56,354	72,528	87,435	83,417	48,125	54,479	61,845	
eneral, tive	56,165	59,533	62,444	67,082	53,191	56,198	51,623	
and asset nt							122,091	
oss) ations	189	12,995	24,991	16,335	(5,066)	(1,719)	(111,869)	
xpense	6,540	7,547	7,458	5,410	5,881	5,952	4,765	
oss) ome ion	(6,351)	5,448	17,533	10,925	(10,947)	(7,671)	(116,634)	
x	(2,565)	2,116	3,636	4,299	(4,529)	(4,162)	(3,377)	
ne	$ (3,786)	$ 3,332	$ 13,897	$ 6,626	$ (6,418)	$ (3,509)	$ (113,257)	$
ne share:	$ (0.21)	$ 0.17	$ 0.73	$ 0.35	$ (0.35)	$ (0.19)	$ (6.15)	$
umber								

18,287,781	19,042,015	19,034,148	19,064,068	18,364,676	18,363,692	18,415,790	18,

In order to provide comparability between periods presented, certain amounts have been reclassified from the previously reported interim financial statements to conform to the consolidated financial statement presentation of the current period.

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EXHIBIT INDEX

Exhibit Number	Exhibit
23.1	Consent of Ernst & Young LLP
31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a), promulgated under the Securities Exchange Act of 1934, as amended.
31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a), promulgated under the Securities Exchange Act of 1934, as amended.
32.1	Certification pursuant to U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.