

MARINEMAX INC

FORM 10-K (Annual Report)

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Address	18167 US 19 N SUITE 499 CLEARWATER, Florida 33764
Telephone	813-531-1700
CIK	0001057060
Industry	Retail (Specialty)
Sector	Services
Fiscal Year	09/30

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549 FORM 10-K

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR FISCAL YEAR ENDED SEPTEMBER 30, 2000

COMMISSION FILE NUMBER 1-14173 **MARINEMAX, INC.**

(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

DELAWARE
(STATE OF INCORPORATION)

59-3496957
(I.R.S. EMPLOYER IDENTIFICATION NO.)

**18167 U.S. HIGHWAY NORTH
SUITE 499
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:**

COMMON STOCK, PAR VALUE \$.001 PER SHARE

SECURITIES REGISTERED PURSUANT TO SECTION 12(g) OF THE EXCHANGE ACT: NONE

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 X No

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. []

The aggregate market value of Common Stock held by nonaffiliates of the registrant (8,175,137 shares) based on the closing price of the registrant's Common Stock as reported on the New York Stock Exchange on December 20, 2000, was \$39,853,793. 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 December 20, 2000, there were outstanding 15,264,038 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 2001 Annual Meeting of Stockholders are incorporated by reference into Part III of this Report.

MARINEMAX, INC.

ANNUAL REPORT ON FORM 10-K
FISCAL YEAR ENDED SEPTEMBER 30, 2000

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PART I

ITEM 1. BUSINESS

INTRODUCTION

THE COMPANY

We are the largest recreational boat dealer in the United States. Through 52 retail locations in Arizona, California, Delaware, Florida, Georgia, Minnesota, Nevada, New Jersey, North Carolina, Ohio, South Carolina, 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 financing, insurance, and extended service contracts; provide repair and maintenance services; and offer boat and yacht brokerage services.

We are the nation's largest retailer of Sea Ray, Boston Whaler, and Hatteras Yachts. Brunswick Corporation is the world's largest manufacturer of recreational boats, including Sea Ray and Boston Whaler. Sales of new Brunswick boats accounted for 82% of our new boat sales in fiscal 2000, which we believe represented approximately 30% of all new Sea Ray boat sales and approximately 8% of all Brunswick marine product sales during that period. Each of our principal operating subsidiaries is a party to a 10-year dealer agreement with Brunswick covering Sea Ray products and is the exclusive dealer of Sea Ray boats in its geographic market.

In October 1998, we formed a new subsidiary, MarineMax Motor Yachts, Inc. (Motor Yachts), and entered into a Dealership Agreement with Hatteras Yachts, a division of Genmar Industries, Inc. The agreement gives us the right to sell Hatteras Yachts throughout the state of Florida (excluding the Florida Panhandle) and the U.S. distribution rights for Hatteras products over 82 feet.

We commenced operations as a combined company as a result of the March 1, 1998 acquisition of five previously independent recreational boat dealers and have acquired 11 additional previously independent recreational boat dealers and two boat brokerage operations since that time. We are capitalizing on the experience and success of each of the acquired dealers in order to establish a new national standard of customer service and responsiveness in the highly fragmented retail boating industry. While the average new boat retailer generates less than \$3.0 million in annual sales, our retail locations, which operated at least 12 months, averaged \$14 million in annual sales in fiscal 2000. As a result of our emphasis on premium brand boats, our average selling price for a new boat in fiscal 2000 was approximately \$73,000 compared to the estimated industry average selling price of approximately \$21,000. For the fiscal year ended September 30, 2000, we had revenue of approximately \$550 million, operating income of approximately \$39.1 million, and net income of approximately \$21.4 million. Our same-store sales increased by approximately 20% in fiscal 2000 and have increased an average of 19% for the last five years.

We are adopting the best practices of our acquired dealers 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, two years of free maintenance on many models, which we call "MarineMax Care," MarineMax Value-Price sales approach, prime retail locations, extensive facilities, 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 recreational boating industry generated approximately \$23.0 billion in retail sales in calendar 1999, 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 boats, engines, and trailers, and accessories accounted for approximately \$10.3 billion of these sales in 1999. We estimate that the boat retailing industry includes more than 5,000 boat retailers, most of which are small retailers that operate in a single market and provide varying degrees of merchandising, professional management, and customer service. We believe that many 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, particularly during a period of stagnant industry growth. We also believe that many dealers lack an exit strategy for their owners.

We maintain our executive offices at 18167 U.S. 19 North, Suite 499, 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," "we," "us," and "our" mean, as a combined company, MarineMax, Inc. and the 11 recreational boat dealers and two brokerage operations acquired to date (the "operating subsidiaries" or the "acquired dealers").

STRATEGY

Our goal is to enhance our position as the nation's leading retailer of recreational boats. Key elements of our operating and growth strategies include the following:

- emphasizing customer satisfaction and loyalty by creating an overall enjoyable boating experience beginning with the negotiation-free purchase process, two years of free maintenance on many models, superior service, and premier facilities;
- implementing the "best practices" of each of our acquired dealers as appropriate throughout our dealerships;
- achieving operating efficiencies and synergies among our dealerships to enhance internal growth and profitability;
- emphasizing employee training;
- opening additional retail facilities in our existing and new territories;
- offering additional product lines and services throughout our dealerships;
- pursuing strategic acquisitions to capitalize upon the significant consolidation opportunities in the highly fragmented recreational boat dealer industry by acquiring additional dealers and improving their performance and profitability through the implementation of our operating strategies;
- expanding our Internet retail operations and marketing;
- promoting national brand name recognition and our North-South connection;
- operating with a decentralized approach to the operational management of our dealerships; and
- utilizing technology throughout operations.

DEVELOPMENT OF THE COMPANY; ACQUISITIONS

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. We acquired a sixth recreational boat dealer on April 30, 1998. Since our initial public offering in June 1998, we have acquired 10 additional recreational boat dealers and two boat brokerage operations.

Each of our acquired dealers is continuing its operations as a wholly owned operating subsidiary of our company. The following table sets forth information regarding the acquired dealers and the retail locations, or dealerships, they operate.

ACQUIRED DEALERS -----	ACQUISITION DATE -----	BUSINESS -----
Bassett Boat Company of Florida	March 1998	Operates five retail locations in Miami, Miami Beach, Palm Beach, Pompano Beach, and Stuart, Florida
Louis DelHomme Marine	March 1998	Operates seven retail locations in Lewisville (Dallas), League City, and Houston, Texas
Gulfwind USA, Inc.	March 1998	Operates two retail locations in Clearwater and Tampa, Florida
Gulfwind South, Inc.	March 1998	Operates two retail locations in Fort Myers and Naples, Florida

ACQUIRED DEALERS -----	ACQUISITION DATE -----	BUSINESS -----
Harrison's Boat Center, Inc. and Harrison's Marine Centers of Arizona, Inc.	March 1998	Operates six retail locations in Oakland, Santa Rosa, and Sacramento, California, and Tempe, Arizona
Stovall Marine, Inc.	April 1998	Operates three retail locations in Kennesaw (Atlanta), Forest Park (Atlanta), and Lake Lanier, Georgia
Cochran's Marine, Inc. and C & N Marine Corporation	July 1998	Operates six retail locations in Rogers, Walker, Oakdale, and Woodbury, Minnesota
Sea Ray of North Carolina, Inc.	July 1998	Operates two retail locations in Wrightsville Beach, North Carolina and Myrtle Beach, South Carolina
Brevard Boat Company	September 1998	Operates one retail location in Cocoa, Florida
Sea Ray of Las Vegas	September 1998	Operates one retail location in Las Vegas, Nevada
Treasure Cove Marina, Inc.	September 1998	Operates four retail locations in Cleveland (Flats), Port Clinton, and Toledo, Ohio
Woods & Oviatt, Inc.	October 1998	Operates one yacht brokerage operation headquartered in Ft. Lauderdale, Florida
Boating World	February 1999	Operates one retail location in Arlington, Texas
Merit Marine, Inc.	March 1999	Operates three retail locations in Brant Beach, Ship Bottom, and Somers Point, New Jersey
Suburban Boatworks, Inc.	April 1999	Operates two retail locations in Bear, Delaware and Brick, New Jersey
Hansen Marine, Inc.	August 1999	Operates one combined yacht brokerage and retail sales operation headquartered in Jacksonville, Florida
Duce Marine, Inc.	December 1999	Operates one retail location in Salt Lake City, Utah
Clark's Landing, Inc. (selected New Jersey locations/operations)	April 2000	Operates four retail locations in Delran, Greenbrook, Jersey City, and Lake Hopatcong, New Jersey

In October 1998, we received the Hatteras Yachts dealership for the state of Florida, excluding certain portions of the Florida Panhandle, and became the U.S. distributor for Hatteras products over 82 feet.

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.

BUSINESS

GENERAL

We are the largest recreational boat dealer in the United States. Through 52 retail locations in Arizona, California, Delaware, Florida, Georgia, Minnesota, Nevada, New Jersey, North Carolina, Ohio, South Carolina, 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; and offer boat and yacht brokerage services.

We are the nation's largest retailer of Sea Ray, Boston Whaler, and other boats manufactured by Brunswick, which is the world's largest manufacturer of recreational boats. Sales of new Brunswick boats accounted for 82% of our new boat sales in fiscal 2000, which we believe represented approximately 30% of all new Sea Ray boat sales and approximately 8% of all Brunswick marine product sales during that period. Each of our principal operating subsidiaries is a party to a 10-year dealer agreement with Brunswick covering Sea Ray products.

U.S. RECREATIONAL BOATING INDUSTRY

We believe that total U.S. recreational boating sales generated \$23.0 billion in revenue in calendar 1999, 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. We believe that retail sales of new boats, engines, trailers, and accessories accounted for approximately \$10.3 billion of such sales in 1999. Retail recreational boating sales were \$17.9 billion in the late 1980s, but declined to a low of \$10.3 billion in 1992. We believe this decline can be attributed 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 recreational boating sales have increased each year thereafter.

Sales in the recreational boat industry are impacted significantly by other recreational opportunities; economic factors, including general economic conditions, consumer income and wealth levels, tax law changes, and fuel prices; and demographics. The share of recreational dollars that U.S. consumers spend on boating declined from 3.1% in 1988, the boating industry's peak year, to 2.0% in 1996. We believe that the decline in boating is attributable to poor customer service throughout the industry, lack of boater education, and the perception that boating is time consuming, costly, and difficult.

Most of our consumers are in the 35 to 54 age group. Although this age group accounts for 36% of the U.S. population over age 16, they account for over 50% of discretionary income and represent the fastest growing segment of the U.S. population.

The recreational boat retail market remains highly fragmented with little consolidation having occurred to date. We estimate that the boat retailing industry includes more than 5,000 boat retailers, most of which are small companies owned by individuals that operate in a single market, have annual sales of less than \$3 million, and provide varying degrees of merchandising, professional management, and customer service. We believe that many such 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 operator of recreational boat dealerships. Key elements of our strategies 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 the negotiation-free purchase process. We further enhance and simplify the purchase process by offering financing and insurance at our retail locations with competitive terms and streamlined turnaround. We offer the customer a thorough in-water orientation of boat operation, 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.

Implementing Best Practices. We are implementing the "best practices" of each of our acquired dealers as appropriate throughout our dealerships. As an example, we have implemented the MarineMax Value-Price 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, without further price negotiation, thereby eliminating the anxieties of price negotiations that occur in most boat purchases. In addition, we are adopting, where beneficial, the best practices of each acquired dealer in terms of location design and 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.

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 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 facilities; and volume purchase discounts and rebates for certain marine products, supplies, and advertising. The ability of each of our retail locations to offer 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.

Emphasizing Employee Training. To promote continued internal growth, 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. In 1999, we developed our Clearwater, Florida-based MarineMax University, or "MMU," to teach our retail philosophies to existing employees and employees added through acquisitions. 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.

Opening New Facilities. We intend to continue to establish additional retail facilities in our existing and new territories. We believe that the demographics of our existing geographic territories support the opening of additional facilities and have opened 14 new retail facilities since our acquisition of the five original acquired dealers in March 1998. We also plan to reach new customers by expanding various innovative retail formats developed by the operating subsidiaries, 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. Since March 1998, we have closed 8 retail locations.

Offering Additional Product Lines and Services. We plan to offer throughout our existing and acquired 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. For example, we added Baja, Sea Hunt, and Sea Pro product lines in fiscal 1996; Boston Whaler product lines in fiscal 1997; Hattaras, Supra, and Azimut product lines in fiscal 1999; and Sport-Craft product lines in fiscal 2000. In addition, we plan to increase 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 offer enhanced financing and insurance packages and programs designed to better serve customers and thereby increase sales and improve profitability.

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 primary acquisition focus is on well-established,

high-end recreational boat dealers in geographic markets not currently served by our operating subsidiaries, 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 and our market penetration by acquiring dealers that distribute recreational boat product lines different from those we currently offer. As a result of the considerable industry experience and relationships of our management team, 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) 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. Brunswick has agreed to cooperate in good faith with us and not to unreasonably withhold its consent to the acquisition by us each year of Sea Ray boat dealers with aggregate total revenue not exceeding 20% of our revenue in our prior fiscal year to the extent such Sea Ray dealers desire to be acquired by us. See "Business - Brunswick Agreement Relating to Acquisitions."

Utilization of the Internet. Our web initiative, MarineMax.com, provides customers with the ability to learn more about our company and our products. It has led to the direct sales of multiple new and used boats, yielding revenue exceeding \$15.0 million, since its initial date of promotion in April 1999. We are enhancing our web presence and related marketing. We have a one-year agreement with Bid.com, a leading internet based auction provider, to facilitate the auction of used boats on our website. This initiative is the first known auction format to focus on boats in the marine industry. We also plan to expand our ability to offer financing and insurance products on our website and enhance the marketing of our website.

Promoting Brand Name Recognition and North-South 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. As a result, our signage emphasizes the MarineMax name at each of our locations, and we have increased our national advertising in various print and other media.

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 operating subsidiary and was developed over the past nine years through cooperative efforts with a common vendor, enhances our ability to integrate successfully the operations of our operating subsidiaries 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 a particular boat company-wide, locates boats needed to satisfy a particular customer request, 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. In fiscal 2000, we deployed a web-based tool that allows our managers to access essentially all financial and operational data from anywhere at anytime. This tool has increased the efficiency of our managers and we expect it to lead to greater operating improvements.

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

arrange related boat financing, insurance, and extended service contracts; provide boat maintenance and repair services; and offer boat brokerage services.

New Boat Sales

We primarily sell recreational boats, including pleasure boats (such as sport boats, sport cruisers, sport yachts, and yachts) and fishing boats. The principal products we offer are manufactured by Brunswick, the leading worldwide manufacturer of recreational boats, including Sea Ray pleasure boats and Boston Whaler offshore fishing boats. In fiscal 2000, approximately 82% of new boats sold by us were manufactured by Brunswick. We believe that we accounted for approximately 30% of Sea Ray's U.S. marine product sales and 8% 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. During fiscal 2000, new boat sales accounted for approximately 73% 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 2000 average new boat sales price of approximately \$73,000 compared to our estimated industry average selling price of approximately \$21,000. 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 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.

The following table is illustrative of the range of new boats that we offer but is not all inclusive:

PRODUCT LINE AND TRADE NAME	NUMBER OF MODELS	OVERALL LENGTH	MANUFACTURER SUGGESTED RETAIL PRICE RANGE
MOTOR YACHTS AND CONVERTIBLES			
Hatteras Motor Yachts.....	10	63' to 100'+	\$1,000,000 to \$8,000,000+
Hatteras Convertibles.....	8	50' to 90'	1,000,000 to 6,000,000+
PLEASURE BOATS			
Sea Ray Yachts.....	7	51' to 68'	950,000 to 3,100,000
Sea Ray Sport Yachts.....	9	38' to 48'	360,000 to 950,000
Sea Ray Sport Cruisers.....	9	26' to 34'	65,000 to 230,000
Sea Ray Sport Boats.....	15	18' to 26'	18,000 to 81,500
FISHING BOATS			
Boston Whaler.....	17	12' to 34'	5,000 to 360,000
Sea Pro.....	24	17' to 26'	11,000 to 67,500
Sea Hunt.....	10	17' to 21'	14,000 to 23,000
HIGH-PERFORMANCE BOATS			
Baja Marine.....	19	18' to 44'	22,000 to 280,000

Motor Yachts and Convertibles. Hatteras Yachts is one of the world's premier yacht builders. The Hatteras fleet is one of the most extensive serving the luxury megayacht segment of the market, with configurations for cruising and sport fishing. All Hatteras models include state-of-the-art designs with live-aboard luxury. The motor yacht series, ranging from 63 feet to over 100 feet, 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 up to four staterooms for accommodations. The convertibles are primarily fishing vessels, which are well equipped to meet the needs of even the most serious tournament-class competitor. Ranging from 50 feet to 90 feet, Hatteras convertibles feature interiors that offer luxurious salon/galley arrangements, up to four staterooms with private heads, and a cockpit that includes a bait and tackle center, fishbox, and freezer.

Pleasure Boats. Sea Ray pleasure boats target both the luxury and the family recreational boating markets. 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 up to three staterooms. The sport yachts and yachts come in a variety of configurations, including aft cabin, bridge cockpit, and express cruiser models, to suit each customer's particular recreational boating style. 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. All Sea Ray 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, insulated in-floor fish boxes, fight chairs, rod holders, and bait prep and refreshment centers. Most Sea Ray pleasure boats feature Mercury or MerCruiser engines.

Fishing Boats. The fishing boats we offer 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, splash-well gates with rodholders, rigging stations, cockpit coaming pads, and fresh and saltwater washdowns.

High-Performance Boats. The high-performance boats that we sell are manufactured by Baja Marine. Powered by MerCruiser sterndrive engines, Baja high-performance boats are designed to deliver superior handling and durability at high speeds. The larger offshore models have cabins featuring a V-berth and a fully equipped galley.

Used Boat Sales

We offer 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. Approximately 58% of the used boats we sold in fiscal 2000 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 increase our used boat business as a result of the increased availability of quality used boats generated from our acquisition of used boats in our expanding sales efforts, the increasing number of used boats that are well-maintained through our boat maintenance plans, our ability to market used boats throughout our combined dealership network to match used boat demand, and the experience of our Woods & Oviatt and Hansen Marine yacht brokerage operations. Additionally, substantially all of our used boat inventory has been posted on our web site, www.MarineMax.com, which expands the awareness and availability of our products to a large audience of boating enthusiasts. We recently entered into an agreement with Bid.com International Inc. under which we will sell used boats on our website using Bid.com's top-bid auction-format technology. Under the arrangement, we plan to conduct regularly scheduled on-line auction events.

In 1998, we introduced at our retail locations the Sea Ray Legacy(TM) 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 that the Sea Ray Legacy warranty plan, which is only available for used Sea Ray boats purchased from a Sea Ray dealer, will enhance our sales of used Sea Ray boats by motivating purchasers of used Sea Ray boats to purchase only from a Sea Ray dealer and motivating sellers of Sea Ray boats to sell through a Sea Ray dealer.

Marine Engines and Related Marine Equipment

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. In 1998, Mercury Marine introduced various new engine models that reduce engine emissions to comply with current Environmental Protection Agency requirements, including our OPTIMAX(R) 200-horsepower outboard engine, featuring a new direct fuel injection technology that also increases fuel efficiency. 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. Most of our operating subsidiaries have been recognized by Mercury Marine as "Platinum Dealers." This designation is generally awarded to the top 5% of Mercury Marine dealers.

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

Maintenance and Repair Services

Providing customers with professional, prompt maintenance and repair services is critical to our sales efforts and contributes to our profitability. 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. 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.

Our MarineMax Care Program provides for hassle-free boating by covering certain of the manufacturer's scheduled maintenance for up to two years. Our dealerships generally include the MarineMax Care Program as part of the MarineMax Value-Price of the boat on many models. Our technicians provide maintenance on a regularly scheduled basis at either our retail locations or dockside, thereby encouraging preventative maintenance.

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, Brunswick reimburses 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. Our extended warranty contracts 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 market conditions for different parts.

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 insurance coverage, including credit-life, accident/ disability coverage, and boat property and casualty coverage (collectively, "F&I products"). During fiscal 2000, F&I products accounted for approximately 2.4% 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.

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 are able to offer our customers the opportunity to purchase credit life insurance, credit accident and disability insurance, as well as property and casualty insurance coverage. 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. Some buyers choose to include their insurance premiums in their financing contract. 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.

We also offer 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 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, often up to 50% of the premium, for arranging an extended service contract. We manage the service obligations that we sell and provide the parts and service (or pay the cost of others that may provide such parts and services) for claims made under the contracts. Most required services under the contracts are provided by us and paid for by the third party contract holder.

Brokerage Services

Through employees or subsidiaries 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, and 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.

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 is generally available to our brokerage customers. The purchaser of a Sea Ray 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 52 retail locations in Arizona, California, Delaware, Florida, Georgia, Minnesota, Nevada, New Jersey, North Carolina, Ohio, South Carolina, 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 in northern California; the Intracoastal Waterway, the Atlantic Ocean, Naples Bay (next to the Gulf of Mexico), Tampa Bay, and the Caloosahatchee River in Florida; Lake Lanier in Georgia; Leech Lake and the St. Croix River in Minnesota; Barnegat Bay, the Delaware River, the Hudson River, Lake Hopatcong, Little Egg Harbor, and the Manasquan River in New Jersey; Lake Erie in Ohio; and Clear Lake, Lake Canroe, 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 the customer immediate in-water demonstrations of various boat models. Most of our other locations are in close proximity to water.

We plan to reach new customers by expanding in new locations through various innovative retail formats, such as mall stores and floating retail facilities. Located in a shopping mall and utilizing a wooden dock set in a seaside scene to "anchor" seven to 10 new boat models offered by us, our mall store concept is unique to the boating industry and is designed to draw mall traffic, thereby providing exposure to boating to 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 new and used boats in areas of high boating activity. We currently have one mall store and three floating retail facilities. See "Properties."

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 district manager, who generally has responsibility for the retail locations within a specified geographic region. Typically, each retail location also has a staff consisting of a sales manager, an F&I manager, a parts and 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. Extensive training sessions are held periodically throughout the year covering a variety of topics. 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. Store managers are salaried employees with incentive bonuses based on the performance of the dealership they manage. Maintenance and repair service managers receive compensation primarily on a salary basis with commission incentives. Our management information system provides each store manager and sales representative with daily sales 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. See "Business - Operations - Management Information System."

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, hassle-free MarineMax Value-Price 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, including two years of free maintenance on many models. The MarineMax Value-Price sales approach focuses on customer service by eliminating customer anxiety associated with price negotiation and the ongoing hassles of maintaining the boat.

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 for our new boats. 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 medium for acclimating new customers to boating and enables us to actively promote 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 products primarily from Sea Ray (Brunswick), Hatteras (Genmar), SeaPro, Sea Hunt, and Sport-Craft Boats. We are the largest volume purchaser of Brunswick's Sea Ray boats, which we believe represented approximately 30% of all new Sea Ray boat sales during our 2000 fiscal year. In fiscal 2000, approximately 82% of our new boat sales were from Brunswick and approximately 12% of our new boat sales were from Hatteras Yachts. No other manufacturer accounted for a significant portion of our net purchases in fiscal 2000. Brunswick has entered into a 10-year dealer agreement with each of our principal operating subsidiaries covering Sea Ray products. See "Business - Dealer Agreements With Brunswick."

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.

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. See "Business - Dealer Agreements With Brunswick." Arrangements with certain other manufacturers may restrict our right to offer some product lines in certain markets. We do not believe that these restrictions will have a material impact on our business, financial condition, or results of operations. See "Special Considerations - Boat Manufacturers' Control Over Dealers."

We transfer individual boats among our retail locations to fill customer orders that otherwise might take three to four weeks to receive 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 the appropriate inventory levels to meet current market demands. We are not bound by contractual agreements governing the amount of inventory that we must purchase in any year from any manufacturer. 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. As of September 30, 2000, we owed an aggregate of approximately \$72.1 million under our revolving lines of credit. As of September 30, 2000, the lines of credit provided us with a maximum borrowing capacity of \$235 million. Advances on the lines accrued interest at a weighted average rate of 8% as of September 30, 2000. The lines of credit mature in April 2001 through December 2002.

The availability of loan advances from time to time is based upon the value of new and used boat inventories, parts, and accounts receivable of our direct and indirect subsidiaries. Advances may be used for acquisition of inventories, working capital, and other purposes satisfactory to the lenders.

Management Information System

We believe that our management information system, which currently is being utilized by each of our operating subsidiaries and was developed by certain of the acquired dealers over the past nine years through cooperative efforts with a common vendor, enhances our ability to integrate successfully the operations of our operating subsidiaries 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 arranging financing and insurance packages.

BRUNSWICK AGREEMENT RELATING TO ACQUISITIONS

On April 28, 1998, we and Brunswick entered into an agreement providing for Brunswick to cooperate in good faith and not to unreasonably withhold its consent to the acquisitions each year by us of Sea Ray boat dealers with aggregate total revenue not exceeding 20% of our revenue in our prior fiscal year. Any acquisitions in excess of the 20% benchmark will be at Brunswick's discretion. In the event that our sales of Sea Ray boats exceed 49% of the sales of Sea Ray boats by all Sea Ray boat dealers, including us, in any fiscal year of Brunswick, the agreement provides that we and Brunswick will negotiate in good faith the standards for acquisitions of Sea Ray boat dealers by us during Brunswick's next succeeding fiscal year but that Brunswick may grant or withhold its consent to any such acquisition in its sole discretion for as long as our Sea Ray boat sales exceed the 49% benchmark.

DEALER AGREEMENTS WITH BRUNSWICK

Brunswick, through its Sea Ray division, and we, through our principal operating subsidiaries, are parties to Sales and Service Agreements (the "Dealer Agreements") relating to Sea Ray products. Each Dealer Agreement appoints one of our operating subsidiaries as a non-exclusive dealer for the retail sale, display, and servicing of designated Sea Ray products and repair parts currently or in the future sold by Sea Ray. Each Dealer Agreement designates a non-exclusive area of primary responsibility for the dealer, which is a geographical area in proximity to the dealer's retail locations based on such areas that are customarily designated by Sea Ray and applicable to its domestic dealers. 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. Upon at least one year's prior notice and the failure by the dealer to cure, Sea Ray may remove the dealer's right to operate any particular retail location if the dealer fails to meet its material obligations, performance standards, or terms, conditions, representations, warranties, and covenants applicable to that location. Each Dealer Agreement also restricts the dealer from selling, advertising, soliciting for sale, or offering for resale any Sea Ray products outside its area of primary responsibility 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. Each Dealer Agreement provides for the lowest product prices charged by the Sea Ray division of Brunswick 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 Brunswick 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.

Each Dealer Agreement requires the dealer to (1) promote, display, advertise, and sell Sea Ray boats at each of its retail locations in accordance with the agreement and applicable laws; (2) purchase and maintain sufficient inventory of current Sea Ray boats to meet the reasonable demand of customers at each of its locations and to meet the minimum inventory requirements applicable to all Sea Ray dealers; (3) maintain at each retail location, or at another acceptable location, a service department to service Sea Ray boats promptly and professionally and to maintain parts and supplies to service Sea Ray boats properly on a timely basis; (4) perform all necessary installation and inspection services prior to delivery to purchasers and perform post-sale services of all Sea Ray products sold by the dealer or brought to the dealer for service; (5) furnish purchasers with Sea Ray's limited warranty on new products and with information and training as to the

sale and proper operation and maintenance of Sea Ray boats; (6) assist Sea Ray in performing any product defect and recall campaigns; (7) maintain complete product sales and service records; (8) achieve annual sales performance in accordance with fair and reasonable sales levels established by Sea Ray, after consultation with the dealer, based on factors such as population, sales potential, local economic conditions, competition, past sales history, number of retail locations, and other special circumstances that may affect the sale of products or the dealer, in each case consistent with standards established for all domestic Sea Ray dealers selling comparable products; (9) provide designated financial information; (10) conduct its business in a manner that preserves and enhances the reputation of Sea Ray and the dealer for providing quality products and services; (11) maintain the financial ability to purchase and maintain on hand required inventory levels; (12) indemnify Sea Ray against any claims or losses resulting from the dealer's failure to meet its obligations to Sea Ray; (13) maintain customer service ratings sufficient to maintain Sea Ray's image in the marketplace; and (14) achieve within designated time periods and thereafter maintain master dealer status (which is Sea Ray's highest performance status) for the locations designated by Sea Ray and the dealer.

Each Dealer Agreement has an initial term of 10 years. Each Dealer Agreement, however, may be terminated (a) by Sea Ray 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; (b) by Sea Ray or the dealer where good cause exists (including the material breach, default, or noncompliance with any material term, provision, warranty, or obligation under the agreement) and has not been cured within 60 days of prior written notice of the claimed deficiency or at the end of the 60-day period without the opportunity to cure where the cause constitutes bad faith; (c) by Sea Ray or the dealer in the event of the insolvency, bankruptcy, or receivership of the other; (d) by Sea Ray in the event of the assignment of the agreement by the dealer without the prior written consent of Sea Ray; (e) by Sea Ray upon at least 10 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; (f) by Sea Ray if a majority of our Board of Directors does not consist of specified senior executives and Other Designated Members (as defined in the Stockholders' Agreement); or (g) upon the mutual consent of the dealer and Sea Ray.

EMPLOYEES

As of September 30, 2000, we had 998 employees, 965 of whom were in store-level operations and 33 of whom were in corporate administration and management. We are not a party to any collective bargaining agreements and are not aware of any efforts to unionize our employees. We consider our relations with our employees to be excellent.

TRADEMARKS AND SERVICE MARKS

We have trade name and trademark applications pending with the U.S. Patent and Trademark Office for various names, including "MarineMax," "MarineMax Getaways," "MarineMax Care," "Value-Price," "Delivering the Dream," and "MarineMax and Design." 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. Over the three-year period ended September 30, 2000, the average net sales for the quarters ended December 31, March 31, June 30, and September 30 represented 17%, 23%, 34%, and 26%, respectively, of our average annual net sales. With the exception of Florida, our geographic territories generally realize significantly lower sales in the quarterly period ending December 31, with boat sales generally improving in January with the onset of the public boat and recreation shows, and continue through July.

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. 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 ("OSHA"), the United States Environmental Protection Agency (the "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 stricter 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. Costs of comparable new engines, if materially more expensive than previous engines, or the inability of our manufacturers to comply with EPA requirements, could have a material adverse effect on our business, financial condition, and results of operations.

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, or 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 may 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 a 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, one of our properties is within the boundaries of a Superfund site, although our property has not been and is not 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, there can be no assurance that we will not experience legal claims in excess of our insurance coverage or that claims will 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.

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.

EXECUTIVE OFFICERS

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

NAME	AGE	POSITION
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William H. McGill Jr.	56	Chairman of the Board, Chief Executive Officer, and Director
Richard R. Bassett.....	47	President and Director
David L. Cochran.....	54	Senior Vice President, Chief Operating Officer
Michael H. McLamb.....	35	Vice President, Chief Financial Officer, Secretary, and Treasurer
Paul Graham Stovall.....	62	Senior Vice President and Director
David H. Pretasky.....	51	Senior Vice President

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 1988 until September 8, 2000. Mr. McGill was the principal owner and president of Gulfwind USA, Inc., one of the operating subsidiaries, from 1973 until its merger with us.

Richard R. Bassett has served as President of our company since September 8, 2000 and a director of our company since March 6, 1998. Mr. Bassett served as Executive Vice President of our company from October 1, 1998 until September 8, 2000 and as Senior Vice President of our company from March 6, 1998 until October 1, 1998. Mr. Bassett was the owner and president of Bassett Boat Company of Florida, one of the operating subsidiaries, from 1979 until its merger with us.

David L. Cochran has served as a Senior Vice President of our company since October 1, 1998 and as Chief Operating Officer of our company since September 8, 2000. Mr. Cochran was a principal owner and president of Cochran's Marine, Inc. and C&N Marine, Inc. (together "Cochran's"), one of the operating subsidiaries, from 1977 until its merger with us.

Michael H. McLamb has served as Vice President, Chief Financial Officer, and Treasurer of MarineMax since January 23, 1998 and as Secretary of our company since April 5, 1998. 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.

Paul Graham Stovall has served as a Senior Vice President and director of our company since May 1, 1998. Mr. Stovall was a principal owner and president of Stovall Marine, Inc., one of the operating subsidiaries, from 1960 until its merger with us.

David H. Pretasky has served as Senior Vice President of our company since October 1, 1998. Mr. Pretasky was a principal owner and president of SeaRay of Wilmington, Inc. (f/k/a Skipper Buds of North Carolina, Inc.), one of the operating subsidiaries, from 1996 until its merger with us. Prior to 1996, Mr. Pretasky was a member of management and principal in a large multi-state marine retailer.

SPECIAL CONSIDERATIONS

WE MUST INTEGRATE THE OPERATIONS OF THE DEALERS WE RECENTLY ACQUIRED.

MarineMax was founded in January 1998. On March 1, 1998, MarineMax acquired five independent recreational boat dealers that operated under their principal owners for an average of more than 21 years. MarineMax itself, however, conducted no operations and generated no sales or revenue until its acquisition of the five dealers on March 1, 1998. Since March 1, 1998, we have acquired 11 additional recreational boat dealers and two boat brokerage operations. The acquired dealers operated independently prior to their acquisition by us. The consolidated financial results of MarineMax cover periods when MarineMax and the acquired dealers were not under common management or control and are not necessarily indicative of the results that would have been achieved if MarineMax and the acquired dealers had been operated on an integrated basis or the results that may be realized on a consolidated basis in the future.

Our success depends, in part, on our ability to integrate the operations of the acquired dealers and other dealers we acquire in the future, including centralizing certain functions to achieve cost savings and pursuing programs and processes that promote cooperation and the sharing of opportunities and resources among our dealerships. Our senior executives operated independently in the recreational boat industry prior to our formation and have been assembled only recently as a management team. Management may not be able to oversee the combined entity efficiently or to implement effectively our growth and operating strategies. To the extent that we successfully implement our acquisition strategy, our resulting growth will place significant additional demands on our management and infrastructure. Our failure to implement successfully our strategies or operate effectively the combined entity could have a material adverse effect on our business, financial condition, and results of operations. These effects could include lower revenue, higher cost of sales, increased selling, general, and administrative expenses, and reduced margins on a consolidated basis.

WE RELY ON BRUNSWICK AND OTHER KEY MANUFACTURERS.

Our success depends to a significant extent on the continued popularity and reputation for quality of the boating products of our manufacturers, particularly Brunswick's Sea Ray boat lines. Approximately 82% of our new boat revenue in fiscal 2000 resulted from sales of products manufactured by Brunswick, including 79% from Brunswick's Sea Ray division. Approximately 12% of our new boat revenue in fiscal 2000 resulted from sales of products manufactured by Hatteras Yachts. The remainder of our fiscal 2000 revenue from new boat sales resulted from sales of products from a limited number of other manufacturers, none of which accounted for a significant portion of our revenue. Any adverse change in the financial condition, production efficiency, product development, and management and marketing capabilities of our manufacturers, particularly Brunswick's Sea Ray division given our reliance on Sea Ray, would have a substantial impact on our business.

To ensure adequate inventory levels to support our expansion, it may be necessary for Brunswick and other manufacturers to increase production levels or allocate a greater percentage of their production to us. The interruption or discontinuance of the operations of Brunswick or other manufacturers could cause us to experience shortfalls, disruptions, or delays with respect to needed inventory. Although we believe that adequate alternate sources would be available that could

replace any manufacturer other than Brunswick as a product source, there can be no assurance that such alternate sources will be available at the time of any such interruption or that alternative products will be available at comparable quality and prices.

Through our principal operating subsidiaries, we maintain dealer agreements with Brunswick covering Sea Ray products. Each dealer agreement has a 10-year term and provides for the lowest product prices charged by the Sea Ray division of Brunswick from time to time to other domestic Sea Ray dealers. These terms are subject to

- the dealer meeting all the requirements and conditions of Sea Ray's applicable programs, and
- the right of Brunswick 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.

The agreements do not give us the exclusive right to sell Sea Ray product lines within any particular territory or restrict us from selling competing products.

As is typical in the industry, we deal with our manufacturers, other than the Sea Ray division of Brunswick, under renewable annual dealer agreements. These agreements do not contain any contractual provisions concerning product pricing or required purchasing levels. Pricing is generally established on a model year basis, but is subject to change at the manufacturer's sole discretion. Any change or termination of these arrangements for any reason, including changes in competitive, regulatory, or marketing practices, could adversely affect our business, financial condition, and results of operations. In addition, the timing, structure, and amount of manufacturer sales incentives and rebates could impact the timing and profitability of our sales.

GENERAL ECONOMIC CONDITIONS, DISCRETIONARY CONSUMER SPENDING, AND CHANGES IN TAX LAWS AFFECT OUR BUSINESS.

Our operations depend upon a number of factors relating to or affecting consumer spending for luxury goods, such as recreational boats. Unfavorable local, regional, or national economic developments or uncertainties regarding future economic prospects could reduce consumer spending in the markets we serve and adversely affect our business. Consumer spending on luxury goods also may decline as a result of lower consumer confidence levels, even if prevailing economic conditions are favorable. In an economic downturn, consumer discretionary spending levels generally decline, at times resulting in disproportionately large reductions in the sale of luxury goods. Similarly, rising interest rates could have a negative impact on the ability or willingness of consumers to finance boat purchases, which could also adversely affect our ability to sell our products. Local influences, such as corporate downsizing and military base closings, also could adversely affect our operations in certain markets. We may be unable to maintain our profitability during any period of adverse economic conditions or low consumer confidence. Changes in federal and state tax laws, such as an imposition of luxury taxes on new boat purchases, and stock market performance also could influence consumers' decisions to purchase products we offer and could have a negative effect on our sales. For example, during 1991 and 1992 the federal government imposed a luxury tax on new recreational boats with sales prices in excess of \$100,000, which coincided with a sharp decline in boating industry sales from a high of more than \$17.9 billion in the late 1980s to a low of \$10.3 billion in 1992.

THE BOATING INDUSTRY HAS BEEN STAGNANT DURING RECENT YEARS.

The recreational boating industry is cyclical and has experienced stagnant overall revenue growth over the last 10-year period. General economic conditions, consumer spending patterns, federal tax policies, and the cost and availability of fuel can impact overall boat purchases. We believe that the lack of increase in overall boat purchases has resulted from increased competition from other recreational activities, perceived hassles of boat ownership, and relatively poor customer service and education throughout the retail boat industry. Although our strategy addresses many of these industry factors and we have achieved significant growth during the period of stagnant industry growth, 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.

OUR ACQUISITION STRATEGY INVOLVES SIGNIFICANT RISKS.

Our growth strategy of acquiring additional recreational boat dealers involves significant risks. This strategy entails reviewing and potentially reorganizing acquired business operations, corporate infrastructure and systems, and financial controls. Unforeseen expenses, difficulties, and delays frequently encountered in connection with rapid expansion through acquisitions could inhibit our growth and negatively impact our profitability. We may be unable to identify suitable acquisition candidates or to complete the acquisitions of candidates that we identify. Increased competition for acquisition candidates may increase purchase prices for acquisitions to levels beyond our financial capability or to levels that would not result in the returns required by our acquisition criteria. In addition, we may encounter difficulties in integrating the operations of acquired dealers with our own operations or managing acquired dealers profitably without substantial costs, delays, or other operational or financial problems.

We may issue common or preferred stock and incur substantial indebtedness in making future acquisitions. The size, timing, and integration of any future acquisitions may cause substantial fluctuations in operating results from quarter to quarter. Consequently, operating results for any quarter may not be indicative of the results that may be achieved for any subsequent quarter or for a full fiscal year. These fluctuations could adversely affect the market price of our common stock.

Our ability to continue to grow through the acquisition of additional dealers will depend upon various factors, including the following:

- the availability of suitable acquisition candidates at attractive purchase prices,
- the ability to compete effectively for available acquisition opportunities,
- the availability of funds or common stock with a sufficient market price to complete the acquisitions,
- the ability to obtain any requisite manufacturer or governmental approvals, and
- the absence of one or more manufacturers attempting to impose unsatisfactory restrictions on us in connection with their approval of acquisitions.

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.

WE MAY NEED MANUFACTURERS' CONSENT TO DEALER ACQUISITIONS AND MARKET EXPANSIONS.

We may be required to obtain the consent of Brunswick and various other manufacturers prior to the acquisition of other dealers. In determining whether to approve acquisitions, manufacturers may consider many factors, including our financial condition and ownership structure. Manufacturers also may impose conditions on granting their approvals for acquisitions, including a limitation on the number of their dealers that we may acquire. Our ability to meet manufacturers' requirements for approving future acquisitions will have a direct bearing on our ability to complete acquisitions and effect our growth strategy. There can be no assurance that a manufacturer will not terminate its dealer agreement, refuse to renew its dealer agreement, refuse to approve future acquisitions, or take other action that could have a material adverse effect on our acquisition program.

On April 28, 1998, we and Brunswick entered into an agreement providing for Brunswick to cooperate in good faith and not to unreasonably withhold its consent to the acquisitions each year by us of Sea Ray boat dealers with aggregate total revenue not exceeding 20% of our revenue in our prior fiscal year. Any acquisitions in excess of the 20% benchmark will be at Brunswick's discretion. In the event that our sales of Sea Ray boats exceed 49% of the sales of Sea Ray boats by all Sea Ray boat dealers, including us, in any fiscal year of Brunswick, the agreement provides that we and Brunswick will negotiate

in good faith the standards for acquisitions of Sea Ray boat dealers by us during Brunswick's next succeeding fiscal year, but that Brunswick may grant or withhold its consent to any such acquisition in its sole discretion for as long as our Sea Ray boat sales exceed the 49% benchmark.

Our growth strategy also entails expanding our product lines and geographic scope by obtaining additional distribution rights from our existing and new manufacturers. We may not be able to secure additional distribution rights or obtain suitable alternative sources of supply if we are unable to obtain such distribution rights. The inability to expand our product lines and geographic scope by obtaining additional distribution rights could have a material adverse effect on our business, financial condition, and results of operations.

BOAT MANUFACTURERS EXERCISE SUBSTANTIAL CONTROL OVER OUR BUSINESS.

We depend on our dealer agreements. Through dealer agreements, boat manufacturers, including Brunswick, exercise significant control over their dealers, restrict them to specified locations, and retain approval rights over changes in management and ownership. The continuation of our dealer agreements with most manufacturers, including Brunswick, depends upon, among other things, our achieving stated goals for customer satisfaction ratings and market share penetration in the market served by the applicable dealership. Failure to meet the customer satisfaction, market share goals, and other conditions set forth in any dealer agreement could have various consequences including the following:

- the termination of the dealer agreement,
- the imposition of additional conditions in subsequent dealer agreements,
- limitations on boat inventory allocations,
- reductions in reimbursement rates for warranty work performed by the dealer, or
- denial of approval of future acquisitions.

Our dealer agreements with manufacturers, including Brunswick, generally do not give us the exclusive right to sell those manufacturers' products within a given geographical area. Accordingly, a manufacturer, including Brunswick, could authorize another dealer to start a new dealership in proximity to one or more of our locations, or an existing dealer could move a dealership to a location that would be directly competitive with us. These events could have a material adverse effect on us and our operations.

WE MAY HAVE SIGNIFICANT CAPITAL NEEDS.

Our growth strategy may require us to secure significant additional capital. Our future capital requirements will depend upon the size, timing, and structure of future acquisitions and our working capital and general corporate needs. If we finance future acquisitions in whole or in part through the issuance of common stock or securities convertible into or exercisable for common stock, existing stockholders will experience a dilution in the voting power of their common stock and earnings per share could be negatively impacted. The extent to which we will be able or willing to use our common stock for acquisitions will depend on the market value of our common stock from time to time and the willingness of potential sellers to accept our common stock as full or partial consideration. Our inability to use our common stock as consideration, to generate cash from operations, or to obtain additional funding through debt or equity financings in order to pursue our acquisition program could materially limit our growth.

Any borrowings made to finance future acquisitions or for operations could make us more vulnerable to a downturn in our operating results, a downturn in economic conditions, or increases in interest rates on borrowings that are subject to interest rate fluctuations. If our cash flow from operations is insufficient to meet our debt service requirements, we could be required to sell additional equity securities, refinance our obligations, or dispose of assets in order to meet our debt service requirements. In addition, our credit arrangements contain financial and operational covenants and other restrictions with which we must comply, including limitations on capital expenditures and the incurrence of additional indebtedness. Adequate financing may not be available if and when we need it or may not be available on terms acceptable to us. The failure to obtain sufficient financing on favorable terms and conditions could have a material adverse effect on our growth prospects and our business, financial condition, and results of operations.

Our current credit facilities provide for borrowings of up to approximately \$235 million, subject to a borrowing base formula. We believe these credit facilities will be sufficient for our currently anticipated needs and reflect competitive terms

and conditions. We have pledged certain of our assets, principally boat inventories, to secure our credit facilities. While we believe we will continue to obtain adequate financing from lenders, such financing may not be available to us.

OUR INTERNAL GROWTH AND OPERATING STRATEGIES INVOLVE RISK.

In addition to pursuing growth by acquiring boat dealers, we intend to continue to pursue a strategy of growth through opening new retail locations and offering new products in our existing and new territories. Accomplishing these goals for expansion will depend upon a number of factors, including the following:

- our ability to identify new markets in which we can obtain distribution rights to sell our existing or additional product lines;
- our ability to lease or construct suitable facilities at a reasonable cost in existing or new markets;
- our ability to hire, train, and retain qualified personnel;
- the timely integration of new retail locations into existing operations;
- our ability to achieve adequate market penetration at favorable operating margins without the acquisition of existing dealers; and
- our financial resources.

Our dealer agreements with Brunswick require Brunswick's consent to open, close, or change retail locations that sell Sea Ray products, and other dealer agreements generally contain similar provisions. We may not be able to open and operate new retail locations or introduce new product lines on a timely or profitable basis. Moreover, the costs associated with opening new retail locations or introducing new product lines may adversely affect our profitability.

As a result of these growth strategies, we expect that management will expend significant time and effort in opening and acquiring new retail locations and introducing new products. Our systems, procedures, controls, and financial resources may not be adequate to support our expanding operations. The inability to manage our growth effectively could have a material adverse effect on our business, financial condition, and results of operations.

Our planned growth also will impose significant added responsibilities on members of senior management and require us to identify, recruit, and integrate additional senior level managers. We may not be able to identify, hire, or train suitable additions to management.

SEASONALITY AND WEATHER CONDITIONS IMPACT OUR OPERATIONS.

Our business, as well as the entire recreational boating industry, is highly seasonal, with seasonality varying in different geographic markets. During the three-year period ended September 30, 2000, the average net sales for the quarterly periods ended December 31, March 31, June 30, and September 30 represented 17%, 23%, 34%, and 26%, respectively, of our average annual net sales. With the exception of Florida, we generally realize significantly lower sales in the quarterly period ending December 31 with boat sales generally improving in January with the onset of the public boat and recreation shows. Our business could become substantially more seasonal as we acquire dealers that operate in colder regions of the United States.

Weather conditions may adversely impact our operating results. For example, drought conditions, reduced rainfall levels, and excessive rain may force boating areas to close 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 shorter selling seasons in certain locations. Hurricanes and other storms could result in the disruption of our operations or damage to our boat inventories and facilities. Many of our dealerships sell boats to customers for use on reservoirs, thereby subjecting our business to the continued viability of these reservoirs for boating use. Although our geographic diversity and our future geographic expansion will reduce the overall impact on us of adverse weather conditions in any one market area, weather conditions will continue to represent potential material adverse risks to us and our future operating performance. As a result of the foregoing and other factors, our operating results in some future quarters could be below the expectations of stock market analysts and investors.

WE FACE INTENSE COMPETITION.

We operate in a highly competitive environment. In addition to facing competition generally from non-boating recreation businesses seeking to attract discretionary spending dollars, the recreational boat industry itself is highly fragmented, resulting in intense competition for customers, product distribution rights, and suitable retail locations, particularly on or near waterways. Competition increases during periods of stagnant industry growth, such as currently exists.

We compete primarily with single-location boat dealers and, with respect to sales of marine parts, accessories, and equipment, with national specialty marine parts and accessories stores, catalog retailers, sporting goods stores, and mass merchants. Competition among boat dealers is 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 marine equipment and accessories, are large national or regional chains that have substantial financial, marketing, and other resources. Private sales of used boats represent an additional source of competition.

WE DEPEND ON INCOME FROM FINANCING, INSURANCE, AND EXTENDED SERVICE CONTRACTS.

A portion of our income results from referral fees derived from the placement of various F&I products, consisting of customer financing, insurance products, and extended service contracts, the most significant component of which is the participation and other fees resulting from our sale of customer financing contracts. During fiscal 2000, F&I products accounted for approximately 2.4% of our revenue.

The availability of financing for our boat purchasers and the level of participation and other fees we receive in connection with such financing depend on the particular agreement between us and the lender. Lenders may impose terms in their boat financing arrangements with us that may be unfavorable to us or our customers, resulting in reduced demand for our customer financing programs and lower participation and other fees.

The reduction of profit margins on sales of F&I products or the lack of demand for or the unavailability of these products could have an adverse effect on our business, financial condition, and results of operations.

WE DEPEND ON KEY PERSONNEL.

Our success depends, in large part, upon the continuing efforts and abilities of our executive officers. Although we have an employment agreement with each of our executive officers, we cannot assure that these individuals will remain with us throughout the term of the agreements, or thereafter. As a result of our decentralized operating strategy, we also rely on the management teams of our operating subsidiaries. In addition, we likely will depend on the senior management of any significant dealers we acquire in the future. The loss of the services of one or more of these key employees before we are able to attract and retain qualified replacement personnel could adversely affect our business.

WE FACE PRODUCT AND SERVICE LIABILITY RISKS.

The products we sell or service may expose us to potential liability for personal injury or property damage claims relating to the use of those products. Manufacturers of the products we sell generally maintain product liability insurance. We also maintain third-party product liability insurance that we believe to be adequate. We may experience claims that are not covered by or that are in excess of our insurance coverage. The institution of any significant claims against us could adversely affect our business, financial condition, and results of operations as well as our business reputation with potential customers.

ENVIRONMENTAL AND OTHER REGULATORY ISSUES MAY IMPACT OUR OPERATIONS.

Our operations are subject to extensive regulation, supervision, and licensing under various federal, state, and local statutes, ordinances, and regulations. The failure to satisfy those and other regulatory requirements could have a material adverse effect on our business, financial condition, and results of operations.

Various federal, state, and local regulatory agencies, including the Occupational Safety and Health Administration, or OSHA, the United States Environmental Protection Agency, or the 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 recently promulgated emissions regulations for outboard marine engines that impose stricter 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. Costs of comparable new engines, if materially more expensive than previous engines, or the inability of our manufacturers to comply with EPA requirements, could have a material adverse effect on our business, financial condition, and results of operations.

Certain of our facilities own and operate underground storage tanks, or USTs, for the storage of various petroleum products. 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, we may be subject to civil liability to third parties for remediation costs or other damages if leakage from our owned or operated USTs migrates onto the property of others.

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 investigation and health and environmental quality standards, and liability related thereto, and providing penalties for violations of those standards.

We also are subject to laws, ordinances, and regulations governing investigation and remediation of contamination at facilities we operate or to which we send hazardous or toxic substances or wastes for treatment, recycling, or disposal. In particular, the Comprehensive Environmental Response, Compensation and Liability Act, or CERCLA or Superfund, imposes joint, strict, and several liability on (i) owners or operators of facilities at, from, or to which a release of hazardous substances has occurred; (ii) parties who generated hazardous substances that were released at such facilities; and (iii) parties who transported or arranged for the transportation of hazardous substances to such facilities. A majority of states have adopted Superfund statutes comparable to and, in some cases, more stringent than CERCLA. If we were to be found to be a responsible party under CERCLA or a similar state statute, we could be held liable for all investigative and remedial costs associated with addressing such contamination. In addition, claims alleging personal injury or property damage may be brought against us as a result of alleged exposure to hazardous substances resulting from our operations. 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.

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 remediated in accordance with state and federal guidelines. We are monitoring the soil and groundwater as required by applicable state and federal guidelines. We also may have additional storage tank liability insurance and "Superfund" coverage where applicable. Environmental laws and regulations are complex and subject to frequent change. Compliance with amended, new or more stringent laws or regulations, stricter interpretations of existing laws, or the future discovery of environmental conditions may require additional expenditures by us, and such expenditures may be material.

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, one of our properties is within the boundaries of a Superfund site, although our property has not been identified as a contributor to the contamination in the area.

Additionally, certain states have required or are considering requiring a license in order to operate a recreational boat. These regulations could discourage potential buyers, thereby limiting future sales and adversely affecting our business, financial condition, and results of operations.

FUEL PRICES AND SUPPLY MAY AFFECT OUR BUSINESS.

All of the recreational boats we sell are powered by diesel or gasoline engines. Consequently, an interruption in the supply, or a significant increase in the price or tax on the sale, of fuel on a regional or national basis could have a material adverse effect on our sales and operating results. At various times in the past, diesel or gasoline fuel has been difficult to

obtain. The supply of fuels may be interrupted, rationing may be imposed, or the price of or tax on fuels may significantly increase in the future.

WE MUST AMORTIZE INTANGIBLE ASSETS.

We are required to amortize the goodwill from acquisitions accounted for as purchases over a period of time, with the amount amortized in a particular period constituting an expense that reduces our net income for that period. Goodwill is an intangible asset that represents the difference between the aggregate purchase price for the net assets acquired and the amount of such purchase price allocated to such net assets for purposes of our balance sheet. A reduction in net income resulting from the amortization of goodwill may have an adverse impact upon the market price of our common stock. As of September 30, 2000, our acquisitions that have been accounted for as purchases have resulted in goodwill of approximately \$40.2 million, which we are amortizing over a period of 40 years. An impairment in the goodwill or regulatory action that limits the life of goodwill may materially and adversely affect the financial position of our company.

CONFLICTS EXIST RELATING TO TRANSACTIONS WITH AFFILIATES.

We have various arrangements that may involve conflicts of interest. We lease two retail locations from an irrevocable trust of which relatives of Louis R. DelHomme Jr., a principal stockholder of our company, are the beneficiaries; a retail location from David H. Pretasky, an executive officer of our company; and four retail locations from partnerships in which Paul Graham Stovall, a director and executive officer of our company, is an owner. These arrangements were negotiated in conjunction with the acquisition of their respective companies. During fiscal 2000, we purchased from Mr. Bassett, a director and executive officer of our company, land for the purpose of constructing a retail sales operation. We paid Mr. Bassett \$3.0 million for the property, which was equal to the appraised fair market value of the property. The interests of directors or officers of our company or holders of more than 5% of our common stock, in their individual capacities or capacities with related third-party entities, may conflict with the interests of these persons in their capacities with our company.

DIRECTORS, OFFICERS, AND CERTAIN OTHER STOCKHOLDERS OWN A SIGNIFICANT PORTION OF OUR STOCK.

Our directors and executive officers and persons associated with them own beneficially a total of approximately 39.6% of the issued and outstanding shares of our common stock, exclusive of options to acquire 519,665 additional shares of our common stock. As a result of this ownership, these persons have the power effectively to control our company, including the election of directors, the determination of matters requiring stockholder approval, and other matters pertaining to corporate governance. This concentration of ownership also may have the effect of delaying or preventing a change in control of our company.

We, Brunswick, and various of our senior executive officers are parties to a stockholders' agreement, and we and Brunswick are parties to a governance agreement, each dated April 28, 1998. Subject to certain limitations, the stockholders' agreement provides various rights of first refusal on the sale of shares of common stock by the parties to the agreement, particularly in the event that Brunswick does not own its targeted investment percentage of 19% of our common stock at the time of the proposed sale or in the event the proposed sale is to a competitor of Brunswick. The governance agreement provides for various terms and conditions concerning Brunswick's participation in the corporate governance of our company. Among other provisions and subject to certain conditions, the governance agreement requires Brunswick and our senior executives to vote their common stock for nominees of the board of directors in the election of directors and to vote their common stock in favor of all proposals and recommendations approved by our board of directors and submitted to a vote of our stockholders.

As a result, the stockholders' agreement and the governance agreement will have the effect of increasing the control of our directors, executive officers, and persons associated with them and may have the effect of delaying or preventing a change in control of our company.

OUR STOCK PRICE MAY BE VOLATILE.

The market price of our common stock could be subject to wide fluctuations as a result of many factors. Factors that could affect the trading price include the following:

- variations in operating results,

- the level and success of our acquisition program and new store openings,
- variations in same-store sales,
- the success of dealership integration,
- relationships with manufacturers,
- changes in earnings estimates published by analysts,
- general economic, political, and market conditions,
- seasonality and weather conditions,
- governmental policies and regulations,
- the performance of the recreational boat industry in general, and
- factors relating to suppliers and competitors.

In addition, the relatively few shares held by the public, market demand for small- and mid-capitalization stocks, and price and volume fluctuations in the stock market unrelated to our performance could result in significant fluctuations in market price of our common stock. The performance of our common stock could adversely affect our ability to raise equity in the public markets and adversely affect our acquisition program.

STOCKHOLDERS MAY INCUR IMMEDIATE AND SUBSTANTIAL DILUTION.

The issuance of additional common stock in the future, including shares that we may issue pursuant to option grants and future acquisitions, may result in dilution in the net tangible book value per share of our common stock. Our board of directors has the legal power and authority to determine the terms of an offering of shares of our capital stock, or securities convertible into or exchangeable for these shares, to the extent of our shares of authorized and unissued capital stock.

A SUBSTANTIAL NUMBER OF SHARES ARE ELIGIBLE FOR FUTURE SALE.

As of September 30, 2000, there were outstanding 15,221,780 shares of our common stock. Of these shares, 3,042,613 were freely tradable without restriction or further registration under the securities laws, unless held by an "affiliate" of our company, as that term is defined in Rule 144 under the securities laws. Shares held by affiliates of our company are subject to the resale limitations of Rule 144 described below. All of the 12,221,425 remaining outstanding shares of common stock were issued in connection with the acquisition of the acquired dealers and will be available for resale beginning one year after the respective dates of the acquisitions, subject to compliance with the provisions of Rule 144 under the securities laws.

As of September 30, 2000, we had issued options to purchase approximately 2,273,539 shares of common stock under our 1998 incentive stock plan and 109,639 of the 500,000 shares of common stock reserved for issuance under our 1998 employee stock purchase plan. We have filed a registration statement under the securities laws to register the common stock to be issued under these plans. As a result, shares issued under these plans will be freely tradable without restriction unless acquired by affiliates of our company, who will be subject to the volume and other limitations of Rule 144.

We may issue additional shares of common stock or preferred stock under the securities laws as part of any acquisition we may complete in the future. Pursuant to Rule 145 under the securities laws, these shares generally will be freely tradable after their issuance by persons not affiliated with us or the acquired companies.

WE RELY ON OUR OPERATING SUBSIDIARIES.

We are a holding company, the principal assets of which are the shares of the capital stock of our subsidiaries, including the operating subsidiaries. As a holding company without independent means of generating operating revenue, we depend on dividends and other payments from our subsidiaries to fund our obligations and meet our cash needs. Financial covenants under future loan agreements of our subsidiaries may limit our subsidiaries' ability to make sufficient dividend or other payments to permit us to fund our obligations or meet our cash needs, in whole or in part.

WE DO NOT PAY CASH DIVIDENDS.

We have never paid cash dividends on our common stock and do not anticipate paying cash dividends in the foreseeable future. Moreover, financial covenants under certain of our credit facilities restrict our ability to pay dividends.

CHANGE IN CONTROL PROVISIONS MAY ADVERSELY AFFECT EXISTING STOCKHOLDERS.

Certain provisions of our restated certificate of incorporation and bylaws and Delaware law may make a change in the control of our company more difficult to complete, even if a change in control were in the stockholders' interest or might result in a premium over the market price for the shares held by the stockholders. Our restated certificate of incorporation and bylaws divide the board of directors into three classes of directors elected for staggered three-year terms. The restated certificate of incorporation also provides that the board of directors may authorize the issuance of one or more series of preferred stock from time to time and may determine the rights, preferences, privileges, and restrictions and fix the number of shares of any such series of preferred stock, without any vote or action by our stockholders. The board of directors may authorize the issuance of preferred stock with voting or conversion rights that could adversely affect the voting power or other rights of the holders of common stock. The restated certificate of incorporation also allows our board of directors to fix the number of directors and to fill vacancies on the board of directors.

We also are subject to the anti-takeover provisions of Section 203 of the Delaware General Corporation Law, which prohibits us from engaging in a "business combination" with an "interested stockholder" for a period of three years after the date of the transaction in which the person became an "interested stockholder," unless the business combination is approved in a prescribed manner. The senior executives of the five original acquired dealers and Stovall Marine, Inc. were exempted from the application of Section 203.

Certain of our dealer agreements could also make it difficult for a third party to attempt to acquire a significant ownership position in our company. In addition, the stockholders' agreement and governance agreement will have the effect of increasing the control of our directors, executive officers, and persons associated with them and may have the effect of delaying or preventing a change in control of our company.

ITEM 2. PROPERTIES

We lease our corporate offices in Clearwater, Florida and additional administrative, and warehouse facilities in Texas. We also lease 37 of our retail locations under leases that generally contain multi-year renewal options and often grant us a first right of refusal to purchase the property at fair value. In all such cases, we pay a fixed rent at market rates. In substantially all of the leased locations, we are responsible for taxes, utilities, insurance, and routine repairs and maintenance. We own the property associated with our 15 other retail locations.

The following table reflects the status, approximate size, and facilities of our various retail locations as of the date of this Report.

LOCATION	OWNED OR LEASED	SQUARE FOOTAGE (1)	FACILITIES AT PROPERTY	OPERATED SINCE	WATERFRONT
ARIZONA					
Tempe.....	Company owned	34,000	Retail and service	1992	--
CALIFORNIA					
Oakland.....	Third-party lease	17,700	Retail and service; 20 wet slips	1985	Alameda Estuary (San Francisco Bay)
Santa Rosa.....	Third-party lease	8,100	Retail and service	1990	--
Sacramento.....	Company owned	24,800	Retail and service	1995	--
Sacramento (River Bend) (floating facility) ..	Third-party lease	500	Retail and service; 20 wet slips	1998	Sacramento River
Tower Park (near San Francisco).....	Third-party lease	400	Retail only	1999	Sacramento River
DELAWARE					
Bear.....	Third-party lease	5,000	Retail and service; 15 wet slips	1995	Chesapeake Bay
FLORIDA					
Clearwater.....	Company owned	42,000	Retail and service; 16 wet slips	1973	Tampa Bay
Cocoa.....	Company owned	15,000	Retail and service	1968	--
Ft. Lauderdale.....	Third-party lease	2,400	Retail and service; 15 wet slips	1977	Intracoastal Waterway

Fort Myers.....	Third-party lease	8,000	Retail and service; 18 wet slips	1983	Caloosahatchee River
Jacksonville.....	Third-party lease	1,000	Retail only; 7 wet slips	1995	St. Johns River
Miami.....	Company owned	7,200	Retail and service; 15 wet slips	1980	Intracoastal Waterway
Miami Beach.....	Third-party lease	400	Retail only; 8 wet slips	1999	Intracoastal Waterway
Naples.....	Company owned	19,600	Retail and service; 13 wet slips	1997	Naples Bay
Palm Beach.....	Company owned	22,800	Retail and service; 8 wet slips	1998	Intracoastal Waterway
Pompano Beach.....	Company owned	23,000	Retail and service; 16 wet slips	1990	Intracoastal Waterway
Stuart(2).....	Company owned	6,700	Retail and service; 60 wet slips	1994	Intracoastal Waterway
Tampa.....	Company owned	13,100	Retail and service	1995	--
GEORGIA					
Forest Park (Atlanta)..	Affiliate lease	47,300	Retail and service	1973	--
Kennesaw (Atlanta)....	Affiliate lease	12,000	Retail and service	1996	--
Lake Lanier.....	Affiliate lease	3,000	Retail and service; 50 wet slips	1981	Lake Lanier
MINNESOTA					
Bay Port.....	Third-party lease	450	Retail only; 10 wet slips	1996	St. Croix River
Brainerd (mall store)..	Third-party lease	8,500	Retail only	2000	--
Rogers.....	Company owned	70,000	Retail, service, and storage	1991	--
Walker.....	Company owned	76,400	Retail, service, and storage	1989	--
Walker.....	Company owned	6,800	Retail and service; 93 wet slips	1977	Leech Lake
Woodbury.....	Third-party lease	13,392	Retail and service	1997	--
NEVADA					
Las Vegas.....	Company owned	21,600	Retail and service	1990	--
NEW JERSEY					
Brick.....	Company owned	20,000	Retail and service; 225 wet slips	1977	Manasquan River
Brant Beach.....	Third-party lease	3,800	Retail and service; 36 wet slips	1965	Barneгат Bay
Delran.....	Third-party lease	5,100	Retail, service, and storage; 335 slips	1990	Delaware River
Greenbrook.....	Third-party lease	18,500	Retail and service	1995	--
Jersey City.....	Third-party lease	500	Retail only; 6 wet slips	2000	Hudson River
Lake Hopatcong.....	Third-party lease	4,600	Retail and service; 80 wet slips	1998	Lake Hopatcong
Ship Bottom.....	Third-party lease	19,300	Retail and service	1972	--
Somers Point.....	Third-party lease	31,000	Retail and service; 33 wet slips	1987	Little Egg Harbor Bay
NORTH CAROLINA					
Wrightsville Beach....	Affiliate lease	34,523	Retail, service, and storage	1996	Intracoastal Waterway
OHIO					
Cleveland (Flats).....	Third-party lease	19,000	Retail and service	1999	Lake Erie
Port Clinton.....	Affiliate lease	63,700	Retail, service, and storage; 155 wet slips	1974	Lake Erie
Port Clinton.....	Affiliate lease	93,250	Retail, service, and storage	1997	Lake Erie
Toledo.....	Affiliate lease	12,240	Retail and service	1989	--
SOUTH CAROLINA					
Myrtle Beach.....	Third-party lease	500	Retail only	1999	Coquina Harbor
TEXAS					
Arlington.....	Third-party lease	21,000	Retail and service	1999	--
Houston.....	Affiliate lease	10,000	Retail only(3)	1987	--
Houston.....	Affiliate lease	10,000	Retail only(3)	1981	--
Houston.....	Third-party lease	10,000	Service only	1999	--
League City (floating facility)(4).....	Third-party lease	800	Retail and service; 30 wet slips	1988	Clear Lake
Lewisville (Dallas)....	Third-party lease	10,000	Retail and service	1992	Lake Lewisville
Lewisville (Dallas) (floating facility)..	Third-party lease	500	Retail only; 20 wet slips(5)	1994	Lake Lewisville
Montgomery (floating					

Facility).....	Third-party lease	600	Retail only; 10 wet slips	1995	Lake Conroe
UTAH Salt Lake City.....	Third-party lease	21,200	Retail and service	1975	--

- (1) Square footage does not include outside sales space or dock or marina facilities.
- (2) The Stuart retail property consists of two parcels, each of which is owned by a separate, wholly owned subsidiary of our company.
- (3) Service performed at Houston service center leased by us.

(4) We own the floating facility; however, the related dock and marina space is leased by us from an unaffiliated third party.

(5) Shares service facility located at the other Lewisville retail location.

ITEM 3. LEGAL PROCEEDINGS

We are involved in various legal proceedings arising out of our operations in the ordinary course of business. We do not believe that such proceedings, even if determined adversely, will have a material adverse effect on our business, financial condition, or results of operations.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

Not applicable.

PART II

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER

MATTERS

Our common stock has been traded on the New York Stock Exchange under the symbol HZO since our initial public offering on June 3, 1998 at \$12.50 per share. The following table sets forth high and low sale prices of the common stock for each calendar quarter indicated as reported on the New York Stock Exchange.

	HIGH	LOW
	----	---
1998		
SECOND QUARTER (FROM JUNE 3, 1998).....	\$14.19	\$12.38
THIRD QUARTER.....	\$12.38	\$ 7.56
FOURTH QUARTER.....	\$ 9.06	\$ 7.31
	HIGH	LOW
	----	---
1999		
FIRST QUARTER.....	\$12.75	\$ 8.00
SECOND QUARTER.....	\$12.13	\$ 10.63
THIRD QUARTER.....	\$12.00	\$ 9.38
FOURTH QUARTER.....	\$ 9.81	\$ 8.50
	HIGH	LOW
	----	---
2000		
FIRST QUARTER.....	\$11.00	\$9.25
SECOND QUARTER.....	\$ 9.94	\$7.00
THIRD QUARTER.....	\$ 8.13	\$6.75
FOURTH QUARTER (THROUGH DECEMBER 20, 2000).....	\$ 6.75	\$4.88

On December 20, 2000, the closing sale price of our common stock was \$4.88 per share. On December 20, 2000, there were approximately 90 record holders and approximately 2,600 beneficial owners of our common stock.

(1) Approximate market value at acquisition date used for determining purchase price allocation.

ITEM 6. SELECTED FINANCIAL DATA

The following table contains certain financial and operating data and is qualified by the more detailed Consolidated Financial Statements and notes thereto included elsewhere in this Report. The Balance Sheet Data as of December 31, 1996, September 30, 1997, 1998, 1999, and 2000 and the Statements of Operations Data for the fiscal year ended December 31, 1996, the nine months ended September 30, 1997, and the fiscal years ended September 30, 1998, 1999, and 2000 were derived from the Consolidated Financial Statements and notes thereto that have been audited by Arthur Andersen LLP, independent certified public accountants. The Statement of Operations Data for the nine months ended September 30, 1996 has been derived from the unaudited financial statements of our company, which we believe have been prepared on the same basis as the audited financial statements and include all adjustments, consisting of normal recurring adjustments, which we consider necessary for a fair presentation of the selected financial data shown. The financial data shown below should be read in conjunction with the Consolidated Financial Statements and the related notes thereto and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included elsewhere in this Report.

	YEAR ENDED	NINE MONTHS ENDED		FISCAL YEAR ENDED		
	DECEMBER 31,	SEPTEMBER 30,		SEPTEMBER 30,		
	1996	1996	1997	1998	1999	2000
(In thousands, except share and per share data)						
STATEMENT OF OPERATIONS DATA:						
Revenue.....	\$ 197,609	\$ 156,611	\$ 200,414	\$ 291,182	\$ 450,058	\$ 550,654
Cost of sales.....	149,948	117,514	150,479	220,364	338,403	419,080
Gross profit.....	47,661	39,097	49,935	70,818	111,655	131,574
Selling, general, and administrative expenses.....	38,650	25,378	30,388	52,479	79,484	92,520
Non-recurring settlement(1).....	--	--	--	15,000	--	--
Income from operations.....	9,011	13,719	19,547	3,339	32,171	39,054
Interest expense, net.....	1,823	1,453	1,806	2,212	2,040	4,127
Income before tax provision (benefit).....	7,188	12,266	17,741	1,127	30,131	34,927
Tax provision (benefit).....	42	661	596	1,705	11,978	13,534
Net income (loss).....	\$ 7,146	\$ 11,605	\$ 17,146	\$ (577)	\$ 18,153	\$ 21,393
Net income (loss) per share: Diluted (2).....	=====	=====	=====	=====	=====	=====
				\$ (0.05)	\$ 1.21	\$ 1.41
Weighted average number of shares: Diluted (2).....				11,027,949	14,964,727	15,204,182
				=====	=====	=====
OTHER DATA:						
Number of stores(3).....	23	23	24	40	51	52
Sales per store(4).....	\$ 7,124	\$ 7,027	\$ 8,722	\$ 11,269	\$ 12,938	\$ 14,056
Same-store sales growth(5).....	14%	8%	28%	18%	18%	20%

	DECEMBER 31	SEPTEMBER 30,			
	1996	1997	1998	1999	2000
BALANCE SHEET DATA:					
Working capital	\$ 8,560	\$ 23,556	\$ 29,080	\$ 28,353	\$ 40,853
Total assets	82,312	89,591	150,458	235,751	231,330
Long-term debt (including current portion)	1,438	7,414	3,692	7,520	6,280
Total stockholders' equity	12,885	23,298	66,335	90,234	112,340

(1) Consists of Brunswick settlement obligation. See "Special Considerations -- Necessity for Manufacturers' Consent to Dealer Acquisitions and Market Expansion."

(2) We have elected to present historical per share data for the fiscal years ended September 30, 1998, 1999 and 2000 only, as the per share data for the other periods is not meaningful due to changes in the historical equity structure and compensation paid to stockholder employees. See "Management's Discussion and Analysis of Financial Condition and Results of Operations."

(3) Includes only those stores open at period end.

(4) Includes only those stores open for the entire preceding 12- or nine-month period, respectively.

(5) New and acquired stores are included in the comparable base at the end of the store's thirteenth month of operations.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION, AND RESULTS OF OPERATIONS

We are the largest recreational boat retailer in the United States with fiscal 2000 revenue exceeding \$550 million. Through 52 retail locations in 13 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 or boat brokerage services.

MarineMax was incorporated in January 1998. MarineMax has consummated a series of business combinations since its formation. On March 1, 1998, MarineMax acquired, in separate merger transactions, all of the issued and outstanding common stock of Bassett Boat Company of Florida, Gulfwind South, Inc., Gulfwind U.S.A., Inc., 11502 Dumas, Inc. and subsidiaries d/b/a Louis DelHomme Marine, Harrison's Boat Center, Inc., and Harrison's Marine Centers of Arizona, Inc. (collectively, the "Original Merged Companies") in exchange for 7,799,844 shares of common stock. On July 7, 1998, we acquired, in separate merger transactions, all of the issued and outstanding common stock of Cochran's Marine, Inc. and C & N Marine Corporation (together "Cochran's Marine") in a merger transaction in exchange for 603,386 shares of its common stock. On July 30, 1998, we acquired all of the issued and outstanding common stock of Sea Ray of Wilmington, Inc. (f.k.a. Skipper Bud's of North Carolina) in a merger transaction in exchange for 412,390 shares of common stock.

These business combinations involving these companies (collectively the "Pooled Companies") have been accounted for under the pooling-of-interests method of accounting. Accordingly, the financial statements have been restated to reflect the operations as if the companies had operated as one entity since inception.

In addition to the Pooled Companies, we have acquired 9 additional boat retailers, two yacht brokerage operations, and companies owning real estate used in the operations of certain of our subsidiaries (collectively, the "Purchased Companies"). In connection with these acquisitions, we issued an aggregate of 2,764,578 shares of common stock and paid an aggregate of approximately \$22.2 million in cash, resulting in an aggregate of \$40.2 million in goodwill, which represents the excess of the purchase price over the estimated fair value of the net assets acquired. The Purchased Companies have been reflected in our financial statements subsequent to their respective acquisition dates. Each of the Purchased Companies is continuing its operations as a wholly owned subsidiary of our company.

Each of the Pooled Companies and Purchased Companies historically operated with a calendar year-end, but adopted the September 30 year-end of MarineMax on or before the completion of its acquisition. The September 30 year-end more closely conforms to the natural business cycle of our company. The following discussion compares the fiscal year ended September 30, 2000 to the fiscal year ended September 30, 1999 and the fiscal year ended September 30, 1999 to the fiscal year ended September 30, 1998 and should be read in conjunction with our consolidated financial statements, including the related notes thereto, appearing elsewhere in this Report.

We derive our revenue from (1) selling new and used recreational boats and related marine products; (2) arranging financing, insurance, and extended warranty products; (3) providing boat repair and maintenance services; and (4) offering boat and yacht brokerage services. Revenue from boat or related marine product sales, boat repair and maintenance services, and boat or yacht brokerage services is recognized at the time the product is delivered to the customer or the service is completed. Revenue earned by us for arranging financing, insurance, and extended warranty products is recognized at the later of customer acceptance of the service contract terms as evidenced by contract execution, or when the related boat sale is recognized.

Cost of sales generally includes the cost of the recreational boat or other marine product, plus any additional labor, parts or consumables used in providing maintenance, repair, and rigging services.

The Pooled Companies operated historically as independent, privately owned entities, and their results of operations reflect varying tax structures, including both S and C corporations, which have influenced the historical level of employee-stockholder compensation. The selling, general, and administrative expenses of the Pooled Companies include compensation to employee-stockholders totaling \$4.8 million for the fiscal year ended

September 30, 1998, as a result of the varying practices regarding compensation to employee-stockholders among the Pooled Companies, the comparison of operating margins from period to period is not meaningful. Certain employee-stockholders have entered into employment agreements, reflecting reduced compensation when compared to historical levels.

RESULTS OF OPERATIONS

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

	FISCAL YEAR ENDED		FISCAL YEAR ENDED		FISCAL YEAR ENDED	
	SEPTEMBER 30, 1998		SEPTEMBER 30, 1999		SEPTEMBER 30, 2000	
Revenue.....	\$291,182	100.0%	\$450,058	100.0%	\$550,654	100.0%
Cost of sales.....	220,364	75.7%	338,403	75.2%	419,080	76.1%
Gross profit.....	70,818	24.3%	111,655	24.8%	131,574	23.9%
Selling, general, and administrative expenses.....	52,479	18.0%	79,484	17.7%	92,520	16.8%
Non-recurring settlement.....	15,000	5.2%	--	0.0%	--	0.0%
Income from operations.....	3,339	1.1%	32,171	7.2%	39,054	7.1%
Interest expense, net.....	2,212	0.8%	2,040	0.5%	4,127	0.8%
Income before tax provision....	\$ 1,127	0.4%	\$ 30,131	6.7%	\$ 34,927	6.3%

Fiscal Year Ended September 30, 2000 Compared to Fiscal Year Ended September 30, 1999

Revenue. Revenue increased \$100.6 million, or 22.4%, to \$550.7 million for the fiscal year ended September 30, 2000 from \$450.1 million for the fiscal year ended September 30, 1999. Of this increase, \$84.0 million was attributable to 20% growth in comparable store sales in 2000 and \$16.6 million was attributable to stores not eligible for inclusion in the comparable store base. The increase in comparable store sales in fiscal 2000 resulted primarily from the continued training of employees through MarineMax University or MMU. MMU teaches our core retailing values, which focus among other things on customer service. We believe our training has resulted in an increased closing rate on sales and a more effective utilization of the prospective customer tracking feature of the integrated computer system. In addition, we have experienced an increase in larger boat sales, such as sport yacht and yachts.

Gross Profit. Gross profit increased \$19.9 million, or 17.8%, to \$131.6 million for the fiscal year ended September 30, 2000 from \$111.7 million for the fiscal year ended September 30, 1999. Gross profit margin as a percentage of revenue decreased from 24.8% to 23.9% from fiscal 1999 to 2000. The decrease was due to an increase in our larger boat sales which historically result in lower gross profits. Excluding our larger boat sales, gross profit was up modestly.

Selling, General, and Administrative Expenses. Selling, general, and administrative expenses increased approximately \$13.0 million, or 16.4%, to \$92.5 million for the fiscal year ended September 30, 2000 from \$79.5 million for the fiscal year ended September 30, 1999. Selling, general, and administrative expenses as a percentage of revenue decreased to 16.8% in fiscal 2000 from 17.7% in fiscal 1999. The decrease in selling, general and administrative expenses as a percentage of revenue is attributable to our ability to better leverage our infrastructure, including leverage associated with an increase in our larger boat business.

Interest Expense, Net. Interest expense, net increased approximately \$2.1 million, or 102.3%, to \$4.1 million for the fiscal year ended September 30, 2000 from \$2.0 million for the fiscal year ended September 30, 1999. Interest expense, net as a percentage of revenue increased to 0.8% in fiscal 2000 from 0.5% in fiscal 1999. The increase in total interest charges was the result of increased interest rates associated with our inventory financing facilities.

Revenue. Revenue increased \$158.9 million, or 54.6%, to \$450.1 million for the fiscal year ended September 30, 1999 from \$291.2 million for the fiscal year ended September 30, 1998. Of this increase, \$45.1 million was attributable to 18% growth in comparable stores sales in 1999 and \$113.8 million was attributable to stores not eligible for inclusion in the comparable store base. The increase in comparable store sales in fiscal 1999 resulted primarily from the continued training of employees through MMU. MMU teaches our core retailing values, which focus among other things on customer service. We believe our training has resulted in an increased closing rate on sales and a more effective utilization of the prospective customer tracking feature of the integrated computer system. In addition, we have experienced an increase in larger boat sales, such as sport yacht and yachts.

Gross Profit. Gross profit increased \$40.8 million, or 57.7%, to \$111.7 million for the fiscal year ended September 30, 1999 from \$70.8 million for the fiscal year ended September 30, 1998. Gross profit margin as a percentage of revenue increased from 24.3% to 24.8% from fiscal 1998 to 1999. The increase was due to an increased focus on customer service, which generally results in improved overall gross profit margins and increased sales of products, such as finance and insurance contracts, that historically result in higher gross profits.

Selling, General, and Administrative Expenses. Selling, general, and administrative expenses increased approximately \$27.0 million, or 51.5%, to \$79.5 million for the fiscal year ended September 30, 1999 from \$52.5 million for the fiscal year ended September 30, 1998. Selling, general, and administrative expenses as a percentage of revenue decreased to 17.7% in fiscal 1999 from 18.0% in fiscal 1998. This reduction was primarily due to proportionally lower stockholder-employee compensation, which was partially offset by an increase in expenses associated with being a public company, our investment in infrastructure such as MarineMax University, and the increased operating expense structure of certain recently acquired companies. The lower stockholder-employee compensation has resulted from contractually lowered compensation plans, which differ from those plans followed by the Pooled Companies prior to March 1, 1998.

Non-Recurring Settlement. The Non-Recurring Settlement for the fiscal year ended September 30, 1998 was attributable to a \$15.0 million settlement under the Settlement Agreement the Company entered into with Brunswick.

Interest Expense, Net. Interest expense, net decreased approximately \$172,000, or 7.8%, to \$2.0 million for the fiscal year ended September 30, 1999 from \$2.2 million for the fiscal year ended September 30, 1998. Interest expense, net as a percentage of revenue decreased to 0.5% in fiscal 1999 from 0.8% in fiscal 1998. The reduction in total interest charges was a result of the overall reduced debt levels following our June 3, 1998 initial public offering, reduced interest rates associated with our inventory financing facilities, and a generally more favorable rate environment in fiscal 1999 versus fiscal 1998.

QUARTERLY DATA AND SEASONALITY

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.

The operating results for any quarter are not necessarily indicative of the results to be expected for any future period.

	DECEMBER 31, 1998	MARCH 31, 1999	JUNE 30, 1999	SEPTEMBER 30, 1999	DECEMBER 31, 1999	MARCH 31, 2000	JUNE 30, 2000	SEPTEMBER 30, 2000
Revenue	\$ 69,264	\$ 93,482	\$ 161,629	\$ 125,683	\$ 93,517	\$ 155,240	\$ 174,546	\$ 127,350
Cost of sales	52,678	70,940	123,692	91,093	72,775	122,461	131,924	91,920
Gross profit	16,586	22,542	37,937	34,590	20,742	32,779	42,622	35,430
Selling, general, and administrative expenses	15,596	18,081	23,316	22,492	18,734	25,412	24,946	23,427
Income (loss) from operations	990	4,461	14,621	12,098	2,008	7,367	17,676	12,003
Interest expense (income), net	468	299	598	675	1,180	1,378	1,019	550
Income (loss) before tax provision	522	4,162	14,023	11,423	828	5,989	16,657	11,453
Tax provision (benefit)	241	1,694	5,529	4,513	351	2,367	6,350	4,466
Net income (loss)	\$ 281	\$ 2,468	\$ 8,494	\$ 6,910	\$ 477	\$ 3,622	\$ 10,307	\$ 6,987
Net income (loss) per share:								
Diluted	\$ 0.02	\$ 0.17	\$ 0.56	\$ 0.45	\$ 0.03	\$ 0.24	\$ 0.68	\$ 0.46
Weighted average number of shares:								
Diluted	14,601,634	14,781,986	15,238,110	15,242,996	15,180,211	15,192,732	15,218,620	15,221,780

In order to maintain consistency and comparability between periods, certain amounts have been reclassified from the previously reported financial statements to conform with the financial statements of the current period.

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. These cash needs have historically been financed with cash from operations and borrowings under credit facilities. We depend upon dividends and other payments from our operating subsidiaries to fund our obligations and meet our cash needs. Currently, no agreements exist that restrict this flow of funds.

For the fiscal years ended September 30, 1999 and 2000, we generated cash flows from operating activities of approximately \$15.1 million and \$15.8 million, respectively. For the fiscal year ended September 30, 1998, cash flows used by operating activities were \$5.5 million. In addition to net income, cash provided by operating activities was due primarily to inventory management, including floor plan management. Employee-stockholder compensation levels prior to the March 1, 1998 mergers significantly impacted net income and therefore cash flows provided by and used in operations, which causes variations in operating cash flows.

For the fiscal years ended September 30, 1998, 1999, and 2000, cash flows used in investing activities was approximately \$10.8, \$14.4 million and \$10.9, respectively. Cash used in investing activities was primarily attributable to cash used in business acquisitions, in addition to, purchases of property and equipment associated with opening new or improving existing retail facilities.

For the fiscal years ended September 30, 1999 and 2000, cash flows used in financing activities approximated \$0.2 million and \$0.6 million, respectively. For the fiscal year ended September 30, 1998 cash flows provided by financing activities approximated \$12.6 million. For the fiscal years ended September 30, 1999 and 2000 cash used in financing activities was primarily attributable to repayments on long-term debt. For the fiscal year ended September 30, 1998, cash flows provided by financing activities reflect the proceeds from our June 3, 1998 initial public offering, which was partially offset by the repayment of long-term and stockholder debt and distributions made to employee-stockholders for tax and other purposes, which have historically been made in the quarter ended December 31.

At September 30, 2000, our indebtedness totaled approximately \$78.4 million, of which approximately \$6.3 million was associated with our real estate holdings and \$72.1 million was associated with financing our inventory and working capital needs.

We maintain executed agreements for working capital borrowing facilities (the "Facilities") with four separate financial institutions providing for combined borrowing availability of \$235 million at a weighed average interest rate of LIBOR plus 143 basis points. Borrowings under the Facilities are pursuant to a borrowing base

formula and are used primarily for working capital and financing our inventory. The Facilities have similar terms and mature on various dates ranging from March 2001 through July 2002.

Since March 1, 1998, we have acquired 11 additional boat dealers, two yacht brokerage operations, and companies owning real estate used in the operations of certain of our subsidiaries. In connection with these acquisitions, we issued an aggregate of 2,764,578 shares of common stock and paid an aggregate of approximately \$22.2 million in cash, resulting in an aggregate of \$40.2 million in goodwill, which represents the excess of the purchase price over the estimated fair value of the net assets acquired. See "Business -- Development of the Company; Acquisitions."

In June 1998, we completed our initial public offering (the "IPO") of 4,780,569 shares of common stock (3,515,824 shares by us and 1,264,745 shares by certain selling stockholders). The IPO generated net cash proceeds to us of approximately \$38.3 million, net of underwriting discounts and offering costs of approximately \$2.5 million. Subsequent to the IPO, we used approximately \$1.5 million to enhance our management information systems, \$7.2 million in the acquisition of businesses, and the remaining \$29.6 million to pay down debt.

Except as specified in this "Management's Discussion and Analysis of Financial Condition, and Results of Operations" and in the attached 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.

YEAR 2000 COMPLIANCE

The year 2000 issue results from computer programs and hardware being written with two digits rather than four digits to define the applicable year. As a result, there is a risk that date sensitive software may recognize a date using "00" as the year 1900, rather than the year 2000. This potentially could result in system failure or miscalculations causing disruptions of operations, including a temporary inability to process transactions or engage in normal business activities.

The Company has experienced no year 2000 adverse effects on its internal systems and is not aware of any involved in its supply chain, including purchasing, distribution, sales, and accounting. Also, no errors were found related to date processing before or after January 1, 2000.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not applicable.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Reference is made to the financial statements, the notes thereto, and the report thereon, commencing on page F-1 of this Report, which financial statement, notes, and report are incorporated herein by reference.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Not applicable.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

The information required by this Item relating to our directors is incorporated herein by reference to the definitive Proxy Statement to be filed pursuant to Regulation 14A of the Securities Exchange Act of 1934, as amended (the "Exchange Act") for our Annual Meeting of Stockholders. The information required by this Item relating to our executive officers included in "Business - Executive Officers."

ITEM 11. EXECUTIVE COMPENSATION

The information required by this Item is incorporated herein by reference to the definitive Proxy Statement to be filed pursuant to Regulation 14A of the Exchange Act for our 2001 Annual Meeting of Stockholders.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The information required by this Item is incorporated herein by reference to the definitive Proxy Statement to be filed pursuant to Regulation 14A of the Exchange Act for our 2001 Annual Meeting of Stockholders.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The information required by this Item is incorporated herein by reference to the definitive Proxy Statement to be filed pursuant to Regulation 14A of the Exchange Act for our 2001 Annual Meeting of Stockholders.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K

(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) REPORTS ON FORM 8-K

None

(c) EXHIBITS

Exhibit Number	Exhibit
3.1	Restated Certificate of Incorporation of the Registrant(1)
3.2	Bylaws of the Registrant(1)
4	Specimen of Stock Certificate(1)
10.1(a)	Merger Agreement between Registrant and its acquisition subsidiary and Bassett Boat Company of Florida and Richard Bassett(1)
10.1(b)	Merger Agreement between Registrant and its acquisition subsidiary and 11502 Dumas, Inc. d/b/a Louis DelHomme Marine and its stockholders(1)
10.1(c)	Merger Agreement between Registrant and its acquisition subsidiary and Gulfwind USA, Inc. and its stockholders(1)
10.1(d)	Merger Agreement between Registrant and its acquisition subsidiary and Gulfwind South, Inc. and its stockholders(1)
10.1(e)	Merger Agreement between Registrant and its acquisition subsidiary and Harrison's Boat Center, Inc. and its stockholders(1)

Exhibit Number	Exhibit
10.1(f)	Merger Agreement between Registrant and its acquisition subsidiary and Harrison's Marine Centers of Arizona, Inc. and its stockholders(1)
10.1(g)	Merger Agreement between Registrant and its acquisition subsidiary and Stovall Marine, Inc. and its stockholders(1)
10.1(h)	Agreement of Merger and Plan of Reorganization dated as of the 7th day of July, 1998 by and among MarineMax, Inc., C & N Acquisition Corp. (a subsidiary of MarineMax, Inc.), C & N Marine Corporation and the Stockholders named therein(2)
10.1(i)	Agreement of Merger and Plan of Reorganization dated as of the 7th day of July, 1998 by and among MarineMax, Inc., Cochrans Acquisition Corp. (a subsidiary of MarineMax, Inc.), Cochrans Marine, Inc. and the Stockholders named therein(2)
10.1(j)	Asset Purchase Agreement between Registrant and Treasure Cove Marina, Inc.(3)
10.2(a)	Contribution Agreement between Registrant and Bassett Boat Company and its owner(1)
10.2(b)	Contribution Agreement between Registrant and Bassett Realty, L.L.C. and its owner(1)
10.2(c)	Contribution Agreement between Registrant and Gulfwind South Realty, L.L.C. and its owners(1)
10.2(d)	Contribution Agreement between Registrant and Harrison's Realty, L.L.C. and its owners(1)
10.2(e)	Contribution Agreement between Registrant and Harrison's Realty California, L.L.C. and its owners(1)
10.3(a)	Employment Agreement between Registrant and William H. McGill Jr.(1)
10.3(b)	Employment Agreement between Registrant and Michael H. McLamb(1)
10.3(c)	Employment Agreement between Registrant and Richard R. Bassett(1)
10.3(d)	Employment Agreement between Registrant and Paul Graham Stovall(1)
10.3(e)	Employment Agreement between Registrant and David L. Cochran(4)
10.3(f)	Employment Agreement between Registrant and David H. Pretasky(4)
10.4	1998 Incentive Stock Plan(1)
10.5	1998 Employee Stock Purchase Plan(1)
10.6	Settlement Agreement between Brunswick Corporation and Registrant(1)
10.7	Letter of Intent between Registrant and Stovall(1)
10.8	Restated Agreement Relating to the Purchase of MarineMax Common Stock between Registrant and Brunswick Corporation, dated as of April 28, 1998(1)
10.9	Stockholders' Agreement among Registrant, Brunswick Corporation, and Senior Founders of Registrant, dated April 28, 1998(1)
10.10	Governance Agreement between Registrant and Brunswick Corporation, dated April 28, 1998(1)
10.11	Agreement Relating to Acquisitions between Registrant and Brunswick Corporation, dated April 28, 1998(1)
10.12	Form of Sea Ray Sales and Service Agreement(1)
10.13	Loan and Security Agreement between Registrant and NationsCredit Distribution Finance, Inc.(1)
10.14	Guaranty and Security Agreement of NationsCredit Distribution Finance, Inc.(1)
10.15	Guaranty and Security Agreement of NationsCredit Distribution Finance, Inc. by Stovall Marine, Inc.(1)
10.16	Credit Facility and Security Agreement, Accounts and Inventory between the Registrant and Key Bank National Association(5)

21	List of Subsidiaries
23.1	Consent of Arthur Andersen LLP
27	Financial Data Schedule

(1) Incorporated by reference to Registration Statement on the Registrant's Form S-1 (Registration 333-47873)

(2) Incorporated by reference to Registrant's Current Report on Form 8-K dated July 7, 1998, as filed on July 20, 1998

(3) Incorporated by reference to Registrant's Form 8-K Report dated September 30, 1998, as filed on October 20, 1998

(4) Incorporated by reference to Registrant's Form 10-K for the year ended September 30, 1998, as filed on December 9, 1998.

(5) Incorporated by reference to Registrant's Form 10-K for the year ended September 30, 1999, as filed on December 29, 1999.

SIGNATURES

In accordance with 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.

Date: December 26, 2000

MARINEMAX, INC.

/s/ William H. McGill Jr.

*William H. McGill Jr., Chairman of the Board
and Chief Executive Officer*

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

SIGNATURE	CAPACITY	DATE
<i>/s/ William H. McGill Jr.</i> _____ William H. McGill Jr.	Chairman of the Board, and Chief Executive Officer (Principal Executive Officer)	December 26, 2000
<i>/s/ Michael H. McLamb</i> _____ Michael H. McLamb	Vice President, Chief Financial Officer, Treasurer, and Secretary (Principal Accounting and Financial Officer)	December 26, 2000
<i>/s/ Richard R. Bassett</i> _____ Richard R. Bassett	President and Director	December 26, 2000
<i>/s/ Paul Graham Stovall</i> _____ Paul Graham Stovall	Senior Vice President and Director	December 26, 2000
<i>/s/ Gerald Benstock</i> _____ Gerald Benstock	Director	December 26, 2000
<i>/s/ Robert S. Kant</i> _____ Robert S. Kant	Director	December 26, 2000
<i>/s/ R. David Thomas</i> _____ R. David Thomas	Director	December 26, 2000

/s/ Stewart Turley Director

December 26, 2000

Stewart Turley

/s/ Dean S. Woodman Director

December 26, 2000

Dean S. Woodman

MARINEMAX, INC. AND SUBSIDIARIES

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

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CONSOLIDATED FINANCIAL STATEMENTS

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Directors and
Stockholders of MarineMax, Inc.:

We have audited the accompanying consolidated balance sheets of MarineMax, Inc. (a Delaware corporation) and subsidiaries as of September 30, 1999 and 2000, and the related consolidated statements of operations, stockholders' equity and cash flows for each of the three years in the period ended September 30, 2000. 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 auditing standards generally accepted in the 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 financial position of MarineMax, Inc. and subsidiaries as of September 30, 1999 and 2000, and the results of their operations and their cash flows for each of the three years in the period ended September 30, 2000, in conformity with accounting principles generally accepted in the United States.

ARTHUR ANDERSEN LLP

Tampa, Florida,
October 18, 2000

MARINEMAX, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

(amounts in thousands except share and per share data)

	September 30, 1999	SEPTEMBER 30, 2000
	-----	-----
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 8,297	\$ 12,583
Accounts receivable, net	14,842	18,845
Inventories	137,786	115,036
Prepays and other current assets	2,705	2,464
Deferred tax assets	234	--
	-----	-----
Total current assets	163,864	148,928
Property and equipment, net	37,780	42,207
Goodwill and other assets	34,107	40,195
	-----	-----
Total assets	\$ 235,751	\$ 231,330
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	\$ 14,802	\$ 5,717
Customer deposits	10,574	15,918
Accrued expenses	10,775	13,568
Short-term borrowings	98,150	72,100
Current maturities of long-term debt	1,210	521
Current deferred tax liability	--	251
	-----	-----
Total current liabilities	135,511	108,075
	-----	-----
Other liabilities	2,096	3,798
Deferred tax liabilities	1,600	1,358
Long-term debt, net of current maturities	6,310	5,759
	-----	-----
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' EQUITY:		
Preferred stock, \$.001 par value, 5,000,000 shares authorized, none issued or outstanding	--	--
Common stock, \$.001 par value; 40,000,000 shares authorized, 15,136,966 and 15,221,780 shares issued and outstanding at September 30, 1999 and 2000, respectively	15	15
Additional paid-in capital	62,859	63,572
Retained earnings	27,360	48,753
	-----	-----
Total stockholders' equity	90,234	112,340
	-----	-----
Total liabilities and stockholders' equity	\$ 235,751	\$ 231,330
	=====	=====

The accompanying notes are an integral part of these consolidated balance sheets.

MARINEMAX, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS

(amounts in thousands except share and per share data)

	For the Year Ended September 30, 1998	For the Year Ended September 30, 1999	FOR THE YEAR ENDED SEPTEMBER 30, 2000
Revenue	\$ 291,182	\$ 450,058	\$ 550,654
Cost of sales	220,364	338,403	419,080
	-----	-----	-----
Gross profit	70,818	111,655	131,574
Selling, general and administrative expenses	52,479	79,484	92,520
Non-recurring settlement (Note 9)	15,000	--	--
	-----	-----	-----
Income from operations	3,339	32,171	39,054
Interest expense, net	2,212	2,040	4,127
	-----	-----	-----
Income before income taxes	1,127	30,131	34,927
Income tax provision	1,705	11,978	13,534
	-----	-----	-----
Net income (loss)	\$ (578)	\$ 18,153	\$ 21,393
	=====	=====	=====
Basic and diluted net income (loss) per common share:	\$ (0.05)	\$ 1.21	\$ 1.41
	=====	=====	=====
Unaudited pro forma income tax benefit	(1,189)		

Unaudited pro forma net income	\$ 611		
	=====		
Unaudited pro forma basic and diluted net income per common share	\$ 0.06		
	=====		
Weighted average number of common shares used in computing net income (loss) per common share and unaudited pro forma net income per common share:			
Basic	11,025,410	14,958,725	15,201,052
	=====	=====	=====
Diluted	11,027,949	14,964,727	15,204,182
	=====	=====	=====

The accompanying notes are an integral part of these consolidated statements.

MARINEMAX, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

FOR THE YEARS ENDED SEPTEMBER 30, 1998, 1999 AND 2000
(amounts in thousands except share and per share data)

	COMMON STOCK		ADDITIONAL PAID-IN CAPITAL	RETAINED EARNINGS	TOTAL STOCKHOLDERS' EQUITY
	SHARES	AMOUNT			
BALANCE, September 30, 1997	8,901,818	\$ 9	\$ --	\$ 23,289	\$ 23,298
Net loss	--	--	--	(578)	(578)
Issuance of common stock	3,515,824	4	38,297	--	38,301
Redemption of common stock	(86,198)	(1)	(149)	--	(150)
Issuance of common stock in exchange for property, equipment and businesses acquired	2,268,984	2	14,928	--	14,930
Contribution of former S Corporation retained earnings	--	--	4,038	(4,038)	--
Distributions to stockholders	--	--	--	(9,466)	(9,466)
	-----	-----	-----	-----	-----
BALANCE, September 30, 1998	14,600,428	14	57,114	9,207	66,335
Net income	--	--	--	18,153	18,153
Issuance of common stock	38,430	--	292	--	292
Issuance of common stock in exchange for businesses acquired	498,108	1	5,184	--	5,185
Issuance of stock warrants in exchange for businesses acquired	--	--	269	--	269
	-----	-----	-----	-----	-----
BALANCE, September 30, 1999	15,136,966	15	62,859	27,360	90,234
	-----	-----	-----	-----	-----
Net income	--	--	--	21,393	21,393
Issuance of common stock	84,814	--	713	--	713
BALANCE, September 30, 2000	15,221,780	\$ 15	\$ 63,572	\$ 48,753	\$ 112,340
	=====	=====	=====	=====	=====

The accompanying notes are an integral part of these consolidated statements.

MARINEMAX, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

(amounts in thousands except share and per share data)

	For the Year Ended September 30, 1998	For the Year Ended September 30, 1999	FOR THE YEAR ENDED SEPTEMBER 30, 2000
	-----	-----	-----
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income (loss)	\$ (578)	\$ 18,153	\$ 21,393
Adjustments to reconcile net income (loss) to net cash (used in) provided by operating activities:			
Depreciation and amortization	1,685	2,585	3,043
Deferred income tax provision	591	1,304	243
(Gain) loss on sale of property and equipment	61	98	(31)
Other Stock compensation	--	95	65
(Increase) decrease in --			
Accounts receivable, net	(1,760)	4,686	(4,003)
Due from related parties	641	--	--
Inventories	1,962	(37,234)	30,132
Prepays and other assets	(1,883)	(4,913)	(1,436)
Increase (decrease) in --			
Accounts payable	100	5,729	(9,100)
Customer deposits	1,023	715	5,046
Accrued expenses and other liabilities	(275)	5,984	3,793
Short-term borrowings	(22,058)	32,858	(33,341)
Settlement payable	15,000	(15,000)	--
	-----	-----	-----
Net cash provided by (used in) operating activities	(5,491)	15,060	15,804
	-----	-----	-----
CASH FLOWS FROM INVESTING ACTIVITIES:			
Cash used in business acquisitions, net of cash acquired	(4,633)	(4,318)	(4,544)
Purchases of property and equipment	(6,250)	(10,122)	(7,003)
Proceeds from sale of property and equipment	84	41	628
	-----	-----	-----
Net cash used in investing activities	(10,799)	(14,399)	(10,919)
	-----	-----	-----
CASH FLOWS FROM FINANCING ACTIVITIES:			
Issuance of common stock, net of registration costs	38,300	197	648
Redemption of common stock	(150)	--	--
Net borrowings (repayments) on notes payable to related parties	(5,786)	--	--
Repayments on long-term debt	(10,122)	(422)	(1,247)
Distributions to stockholders	(9,629)	--	--
	-----	-----	-----
Net cash provided by (used in) financing activities	12,613	(225)	(599)
	-----	-----	-----
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS:	(3,677)	436	4,286
CASH AND CASH EQUIVALENTS, beginning of period	11,538	7,861	8,297
	-----	-----	-----
CASH AND CASH EQUIVALENTS, end of period	\$ 7,861	\$ 8,297	\$ 12,583
	=====	=====	=====
SUPPLEMENTAL DISCLOSURES OF NON-CASH INVESTING AND FINANCING ACTIVITIES:			
Issuance of common stock and stock warrants in exchange for property and equipment and businesses acquired	\$ 48,781	\$ 25,433	--
Assumption of debt (primarily inventory financing) in conjunction with the purchase of property and equipment and businesses acquired	\$ 33,851	\$ 23,729	\$ 7,297

The accompanying notes are an integral part of these consolidated statements.

MARINEMAX, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(amounts in thousands, except share and per share data)

1. COMPANY BACKGROUND AND BASIS OF PRESENTATION:

MarineMax, Inc. (a Delaware corporation) was incorporated in January 1998 and is the largest boat retailer. MarineMax, Inc. and subsidiaries (MarineMax or the Company) engage primarily in the retail sale, brokerage and service of new and used boats, motors, trailers, marine parts and accessories. The Company currently operates through 52 retail locations in 13 states, consisting of Arizona, California, Delaware, Florida, Georgia, Minnesota, Nevada, New Jersey, North Carolina, Ohio, South Carolina, Texas and Utah.

MarineMax is the nation's largest retailer of Sea Ray, Boston Whaler, and Hatteras Yachts. Brunswick Corporation (Brunswick) is the world's largest manufacturer of recreational boats, including Sea Ray and Boston Whaler. Sales of new Brunswick boats accounted for 82% of the Company's new boat revenue in fiscal 2000. The Company represents approximately 8% of all Brunswick marine product sales during the same period. Each of the Company's applicable Operating Subsidiaries is a party to a 10-year dealer agreement with Brunswick covering Sea Ray products and is the exclusive dealer of Sea Ray boats in its geographic market.

In October 1998, the Company formed a new subsidiary, MarineMax Motor Yachts, Inc. (Motor Yachts), and entered into a Dealership Agreement with Hatteras Yachts, a division of Genmar Industries, Inc. The agreement gives the Company the right to sell Hatteras Yachts throughout the state of Florida (excluding the Florida Panhandle) and the U.S. distribution rights for Hatteras products over 82 feet.

The Company is party to dealer agreements with other manufacturers, each of which gives the Company the right to sell various makes and models of boats within a given geographic region.

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

2. ACQUISITIONS:

The Company has consummated a series of business combinations. On March 1, 1998, the Company acquired, in separate merger transactions, all of the issued and outstanding common stock of Bassett Boat Company of Florida, Gulfwind South, Inc., Gulfwind U.S.A., Inc., 11502 Dumas, Inc. and subsidiaries d/b/a Louis DelHomme Marine, Harrison's Boat Center, Inc., and Harrison's Marine Centers of Arizona, Inc. (collectively, the Original Merged Companies) in exchange for 7,799,844 shares of the Company's common stock.

On July 7, 1998, the Company acquired, in separate merger transactions, all of the issued and outstanding common stock of Cochran's Marine, Inc. and C & N Marine Corporation (together Cochran's Marine) in exchange for 603,386 shares of its common stock.

On July 30, 1998, the Company acquired, in a merger transaction, all of the issued and outstanding common stock of Sea Ray of Wilmington, Inc. (f.k.a. Skipper Bud's of North Carolina) in exchange for 412,390 shares of its common stock.

These business combinations (collectively, the Pooled Companies) have been accounted for under the pooling-of-interests method of accounting. Accordingly, the consolidated financial statements of the Company have been restated to reflect the operations as if the Pooled Companies had operated as one entity since inception.

On March 1, 1998, MarineMax effected business combinations in which it acquired, in separate merger transactions, the beneficial interests in Bassett Boat Company, Bassett Realty, L.L.C., Gulfwind South Realty,

L.L.C., Harrison's Realty, L.L.C. and Harrison's Realty California, L.L.C. (collectively, the Original Property Acquisitions) in exchange for 1,392,026 shares of the Company's common stock. Additionally, on July 7, 1998, MarineMax acquired, in separate merger transactions, the beneficial interests in C & N Realty L.L.C., Walker Marina Realty, L.L.C., Marina Drive Realty I, L.L.C., and Marina Drive Realty II, L.L.C. (collectively, Cochran's L.L.C.s) in exchange for 120,000 shares of the Company's common stock. These acquisitions have been accounted for under the purchase method of accounting.

On April 30, 1998, the Company acquired, in a merger transaction, all of the issued and outstanding common stock of Stovall Marine, Inc. (Stovall) in exchange for 492,306 shares of the Company's common stock, valued at approximately \$5.3 million. The acquisition has been accounted for under the purchase method of accounting, which resulted in the recognition of approximately \$5.3 million in goodwill.

On September 3, 1998, the Company acquired the net assets of Brevard Boat Sales, Inc. (Brevard) in exchange for approximately \$1.3 million of cash, including acquisition costs, and 14,652 shares of the Company's common stock, valued at approximately \$0.1 million. The acquisition has been accounted for under the purchase method of accounting, which resulted in the recognition of approximately \$1.1 million in goodwill.

On September 15, 1998, the Company acquired the net assets, including the retail location, of Sea Ray of Las Vegas (Vegas) in exchange for approximately \$3.7 million of cash, including acquisition costs. The acquisition has been accounted for under the purchase method of accounting, which resulted in the recognition of approximately \$1.1 million in goodwill.

On September 30, 1998, the Company acquired the net assets of Treasure Cove Marina, Inc. (Treasure Cove) in exchange for approximately \$7.8 million of cash, including acquisition costs, and 250,000 shares of the Company's common stock, valued at approximately \$2.3 million. The acquisition has been accounted for under the purchase method of accounting. The initial purchase price allocation resulted in the recognition of approximately \$12.6 million in goodwill. The asset purchase agreement contained a claw-back provision, which allowed the Company to re-evaluate the net assets acquired and adjust the purchase price accordingly. In September 1999, the Company and the principals of Treasure Cove concluded on the value of the net assets acquired and the final purchase price. As a result of the agreement, 101,496 shares, valued at \$0.9 million, were returned to the Company and retired. The retirement of the shares combined with the changes in the net assets acquired resulted in a \$1.4 million reduction in goodwill. The final purchase price allocation resulted in the recognition of approximately \$11.2 million in goodwill.

On October 28, 1998, the Company acquired the net assets of Woods & Oviatt, Inc. (Woods & Oviatt), a prominent yacht brokerage operation, in exchange for approximately \$1.7 million of cash, including acquisition costs. The acquisition has been accounted for under the purchase method of accounting, which resulted in the recognition of approximately \$1.7 million in goodwill.

On February 11, 1999, the Company acquired the net assets of Boating World (Boating World) in exchange for approximately \$0.5 million of cash, including acquisition costs and warrants valued at approximately \$0.3 million. The warrants provide the holder the right to buy 40,000 shares of the Company's common stock at \$15.00 per share and were valued using a Black-Scholes model assuming a 10 year term, a 5.25% risk free rate of return, a volatility factor of 44.7% and an expected dividend yield of 0%. The acquisition has been accounted for under the purchase method of accounting, which resulted in the recognition of approximately \$0.7 million in goodwill.

On March 9, 1999, the Company acquired the net assets of Merit Marine (Merit) in exchange for approximately \$1.2 million of cash, including acquisition costs, 476,000 shares of the Company's common stock, valued at approximately \$4.8 million, a \$3 million promissory note, with interest payable at LIBOR plus 125 basis points, and the assumption of certain liabilities. The assumed liabilities include the outstanding floor plan obligations primarily related to financing Merit Marine's Sea Ray products. The acquisition has been accounted for under the purchase method of accounting, which resulted in the recognition of approximately \$9.2 million in goodwill.

On April 5, 1999, the Company acquired the net assets of Suburban Boatworks, Inc. (Suburban) in exchange for approximately \$1.0 million of cash, including acquisition costs, 121,090 shares of the Company's common stock, valued at approximately \$1.4 million, a \$0.5 million promissory note, with interest payable at LIBOR plus 125 basis points, and the assumption of certain liabilities. The assumed liabilities include the outstanding floor plan obligations primarily related to financing Suburban's Sea Ray products. The acquisition has been accounted for under the purchase method of accounting, which resulted in the recognition of approximately \$3.7 million in goodwill.

On July 27, 1999, the Company acquired the net assets of Hansen Marine, Inc. (Hansen) in exchange for approximately \$0.2 million of cash, including acquisition costs. The acquisition has been accounted for under the purchase method of accounting, which resulted in the recognition of approximately \$0.2 million in goodwill.

On December 31, 1999, the Company acquired the net assets of Duce Marine, Inc. (Duce) for approximately \$1.2 million of cash, including acquisition costs. The Company assumed certain liabilities, including the outstanding floor plan obligations related to new boat inventories. The acquisition has been accounted for under the purchase method of accounting, which resulted in the recognition of approximately \$1.0 million in goodwill.

On April 18, 2000, the Company acquired the net assets of Clark's Landing at Greenbrook, Inc., Clark's Landing at Lake Hopatcong, Inc., and Clark's Landing at Dredge Harbor, Inc. (Clark's) for approximately \$3.6 million of cash, including acquisition costs. The Company assumed or retired certain liabilities, including the outstanding floor plan obligations related to new boat inventories. The acquisition has been accounted for under the purchase method of accounting, which resulted in the recognition of approximately \$4.4 million in goodwill.

The Original Property Acquisitions, Stovall, Cochran's L.L.C.s, Brevard, Vegas, Treasure Cove, Woods & Oviatt, Boating World, Merit, Suburban, Hansen, Duce, and Clark's (collectively, the Purchased Companies) have been reflected in the Company's consolidated financial statements subsequent to their respective acquisition dates. For purchase price allocation purposes, the Company's common stock issued in conjunction with the acquisition of each of the Purchased Companies has been valued at approximately the current market price on each of their respective acquisition dates. The goodwill associated with the acquisition of the Purchased Companies represents the excess of the purchase price over the estimated fair value of the net assets acquired and is being amortized over forty years on a straight-line basis.

The Company's unaudited pro forma consolidated results of operations assuming all significant acquisitions accounted for under the purchase method of accounting had occurred at the beginning of each period presented are as follows for the years ended September 30:

	1998	1999
	-----	-----
Revenue.....	\$ 346,730	\$ 465,224
Net income.....	2,605	17,881
Diluted earnings per share.....	\$ 0.18	\$ 1.17

The fiscal 2000 acquisitions were not significant to the Company's consolidated results of operations. Accordingly, pro forma results of operations, assuming the acquisitions had occurred at the beginning of the period, have been omitted.

The unaudited pro forma results of operations are presented for informational purposes only. The unaudited pro forma results of operations include an adjustment to record income taxes as if the significant acquisitions were taxed as C corporations from the beginning of the period presented until their respective acquisition dates. The unaudited pro forma results of operations do not include adjustments to remove certain private company expenses, which will not be incurred in future periods. Therefore, the unaudited pro forma results of operations may not necessarily reflect the future results of operations of the Company or what the results of operations would have been had the Company owned and operated these businesses as of the beginning of each period presented.

3. SIGNIFICANT ACCOUNTING POLICIES:

STATEMENTS OF CASH FLOWS

For purposes of the consolidated statements of cash flows, the Company considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

The Company made interest payments of approximately \$3.2 million, \$2.7 million, and \$4.6 million, for the years ended September 30, 1998, 1999 and 2000, respectively, including interest on debt which finances new boat inventory and the Company's real estate holdings. The Company made income tax payments of approximately \$4.7 million, \$8.3 million, and \$13.1 million, for the years ended September 30, 1998, 1999 and 2000, respectively.

INVENTORIES

New and used boat inventories are stated at the lower of cost, determined on a specific-identification basis, or market. Parts and accessories are stated at the lower of cost, determined on the first-in, first-out basis, or market.

PROPERTY AND EQUIPMENT

Property and equipment are recorded at cost and depreciated over their estimated useful lives using the straight-line method. Useful lives for purposes of computing depreciation are as follows:

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

The cost of property and equipment sold or retired and the related accumulated depreciation are removed from the accounts at the time of disposition, and any resulting gain or loss is included in the consolidated statements of operations. Maintenance, repairs and minor replacements are charged to operations as incurred; major replacements and improvements are capitalized and amortized over their useful lives.

GOODWILL AND OTHER ASSETS

Goodwill and other assets consist primarily of the cost of acquired businesses in excess of the fair value of net assets acquired and other intangible assets. The cost in excess of the fair value of net assets is amortized over 40 years on a straight-line basis. Accumulated amortization of goodwill was approximately \$0.7 million and \$1.6 million at September 30, 1999 and 2000, respectively.

CUSTOMER DEPOSITS

Customer deposits primarily include amounts received from customers toward the purchase of boats. These deposits are recognized as revenue when the related boats are delivered to customers.

REVENUE RECOGNITION

Revenue from boat, motor and trailer sales and parts and service operations is recognized at the time the boat, motor, trailer or part is delivered to or accepted by the customer or service is completed. Revenue earned by the Company for notes placed with financial institutions in connection with customer boat financing is recognized when the related boat sale is recognized. Marketing fees earned on credit life, accident and disability insurance products sold by third-party insurance companies are also recognized when the related boat sale is recognized. Pursuant to negotiated agreements with financial institutions, the Company is charged back for a portion of these fees should the customer terminate the related finance or insurance contract before it is outstanding for stipulated minimal periods of time. The chargeback reserve, which was not material to the consolidated financial statements taken as a whole as of September 30, 1999 or 2000, is based on the Company's experience for repayments or defaults on the related finance or insurance contracts.

Commissions earned on extended warranty service contracts sold on behalf of unrelated third-party insurance companies are recognized at the later of customer acceptance of the service contract terms as evidenced by contract execution, or when the related boat sale is recognized. The Company is charged back for a portion of these commissions should the customer terminate the service contract prior to its scheduled maturity. The chargeback reserve, which was not material to the consolidated financial statements taken as a whole as of September 30, 1999 or 2000, is based upon the Company's experience for repayments or defaults on the service contracts.

ADVERTISING AND PROMOTIONAL COSTS

Advertising and promotional costs are expensed as incurred and are included in selling, general and administrative expenses in the accompanying consolidated statements of operations. Total advertising and promotional expenses, net of related co-op assistance, approximated \$3.4 million, \$5.3 million and \$4.3 million, for the years ended September 30, 1998, 1999 and 2000, respectively.

INCOME TAXES AND UNAUDITED PRO FORMA INCOME TAX BENEFIT

Certain subsidiaries of the Company elected S corporation status under the provisions of the Internal Revenue Code prior to the business combinations accounted for under the pooling-of-interests method of accounting. Accordingly, income of these subsidiaries was passed through to the stockholders and these subsidiaries historically recorded no provision for income taxes. The accompanying consolidated statements of operations include an unaudited pro forma income tax benefit assuming the subsidiaries had been taxed as C corporations during that period. The pro forma income tax benefit disclosed for the year ended September 30, 1998 is also the result of a deferred tax liability recorded on the conversion from S corporation to C corporation tax status of certain subsidiaries of the Company (See Note 10).

The other subsidiaries have been taxed as C corporations and have followed the liability method of accounting for income taxes in accordance with SFAS No. 109, "Accounting for Income Taxes" (SFAS 109). Under SFAS 109, deferred income taxes are recorded based upon differences between the financial reporting and tax bases of assets and liabilities and are measured using the enacted tax rates and laws that will be in effect when the underlying assets are received or liabilities are settled.

SUPPLIER AND CUSTOMER CONCENTRATION

Dealership Agreements

The Company has entered into dealership agreements with the Sea Ray division of Brunswick Corporation and with Boston Whaler, Inc., Mercury Marine and Baja Marine Corporation, all subsidiaries or divisions of Brunswick Corporation (collectively, Brunswick). Approximately 82 percent of the Company's new boat revenue during fiscal 2000 was derived from products acquired from Brunswick. These agreements allow the Company to purchase, stock, sell and service boats and products of Brunswick. These agreements also allow the Company to use Brunswick's names, trade symbols and intellectual properties.

The Company has entered into a dealership agreement with the Hatteras Yachts (Hatteras), a wholly owned subsidiary of Genmar Industries, Inc. Approximately 12 percent of the Company's new boat revenue during fiscal 2000 was derived from products acquired from Hatteras. The agreement allows the Company to purchase, stock, sell and service boats and products of Hatteras. This agreement also allows the Company to use the Hatteras name, trade symbols and intellectual properties.

Although there are a limited number of manufacturers of the type of boats and products that the Company sells, the Company believes that other suppliers could provide similar boats and products on comparable terms. A change in suppliers, however, could cause a potential loss of revenue, which would affect operating results adversely. The Company's existing dealership agreements with Brunswick, Hatteras, and various other manufacturers are renewable subject to certain terms and conditions in the agreements and expire in 2001 through 2008.

Concentrations of Credit Risk

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

FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash and cash equivalents, accounts receivable and debt. The carrying amount of these financial instruments approximates fair value due either to length of maturity or existence of interest rates that approximate prevailing market rates unless otherwise disclosed in these financial statements.

USE OF ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in conformity with generally accepted accounting principles requires the Company 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. Actual results could differ from those estimates.

4. ACCOUNTS RECEIVABLE:

Trade receivables consist of receivables from financial institutions, which provide funding for customer boat financing, and amounts due from financial institutions earned from arranging financing with the Company's customers. These receivables are normally collected within 30 days of the sale. Trade receivables also include amounts due from customers on the sale of boats and parts and service. Amounts due from manufacturers represent receivables for various manufacturer programs and parts and service work performed pursuant to the manufacturers' warranties. The accounts receivable balances consisted of the following as of September 30, 1999 and 2000:

	September 30, 1999	SEPTEMBER 30, 2000
Trade receivables	\$ 10,548	\$ 10,417
Amounts due from manufacturers	3,855	7,956
Other receivables	439	472
	-----	-----
	\$ 14,842	\$ 18,845
	=====	=====

5. INVENTORIES:

Inventories consisted of the following as of September 30, 1999 and 2000:

	September 30, 1999	SEPTEMBER 30, 2000
New boats, motors and trailers	\$ 115,782	\$ 96,079
Used boats, motors and trailers	16,250	13,556
Parts, accessories and other	5,754	5,401
	-----	-----
	\$ 137,786	\$ 115,036
	=====	=====

6. PROPERTY AND EQUIPMENT:

Property and equipment consisted of the following as of September 30, 1999 and 2000:

	September 30, 1999	SEPTEMBER 30, 2000
Land	\$ 12,066	\$ 14,957
Buildings and improvements	20,616	21,649
Machinery and equipment	6,789	7,951
Furniture and fixtures	5,386	5,978
Vehicles	2,229	2,528
	-----	-----
	47,086	53,063
Less -- Accumulated depreciation and amortization	(9,306)	(10,856)
	-----	-----
	\$ 37,780	\$ 42,207
	=====	=====

During the year ended September 30, 2000, the Company entered into a contract to acquire undeveloped land, for \$3.0 million, from a principal Officer and Director of the Company. It is the Company's intention to develop the property in order to expand its retail sales operations. The Company believes the terms of the transaction are consistent with those the Company could obtain from unrelated third parties.

7. SHORT-TERM BORROWINGS:

The Company has agreements for working capital borrowing facilities (the Facilities) with four separate financial institutions providing for combined borrowing availability of \$235 million at a weighted average interest rate of LIBOR plus 143 basis points. Borrowings under the Facilities are pursuant to a borrowing base formula and are used primarily for working capital and financing the Company's inventories. The Facilities require the Company to maintain certain financial covenants, including a tangible net worth ratio, among other restrictions. As of September 30, 2000, the Company was in compliance with all of its financial covenants. The Facilities have similar terms and mature on various dates ranging from March 2001 through July 2002.

Short-term borrowings as of September 30, 1999, and 2000 were approximately \$98.2 million and \$72.1 million, respectively. The available borrowings under the Facilities at September 30, 2000 were approximately \$47.1 million. At September 30, 2000, the weighted average interest rate on the outstanding borrowings was 8%. Generally, the Company's short-term borrowings are collateralized by certain accounts receivable and inventories.

The Company receives interest assistance directly from boat manufacturers, including Brunswick. The interest assistance programs vary by manufacturer and generally includes periods of free financing or reduced interest rate programs. The interest assistance may be paid directly to the Company or the Company's lender depending on the arrangements the manufacturer has established. Discontinuance of these programs could result in a material increase in interest expense.

8. LONG-TERM DEBT:

Long-term debt consisted of the following as of September 30, 1999 and 2000:

	September 30, 1999	SEPTEMBER 30, 2000
	-----	-----
Various mortgage notes payable, due in monthly installments ranging from \$3.3 to \$42.3, bearing interest at rates ranging from 5.96% to 10.50%, maturing April 2002 through September 2010, collateralized by machinery and equipment.....	\$ 6,646	\$ 5,954
Various notes payable, due in monthly installments ranging from \$1.0 to \$2.2, bearing interest at rates ranging from 7.90% to 8.05%, maturing July 2007 through March 2010, collateralized by certain vehicles and machinery and equipment.....	874	326
	-----	-----
	7,520	6,280
Less -- Current maturities.....	(1,210)	(521)
	-----	-----
	\$ 6,310	\$ 5,759
	=====	=====

The aggregate maturities of long-term debt were as follows at September 30, 2000:

YEAR ENDING SEPTEMBER 30, -----	AMOUNT -----
2001.....	\$ 521
2002.....	2,114
2003.....	395
2004.....	360
2005.....	388
Thereafter.....	2,502

	\$ 6,280
	=====

9. NON-RECURRING SETTLEMENT:

The Company and Brunswick disputed the applicability of the change in control provisions in the dealership agreements of the Original Merged Companies. In order to avoid a long, costly and disruptive dispute, the Company and Brunswick entered into a settlement agreement on March 12, 1998, under which Brunswick agreed not to challenge the change in control provisions of the dealership agreements, and the Company agreed to pay Brunswick \$15.0 million. The settlement payable to Brunswick required interest to be paid quarterly at the 30-day LIBOR rate plus 125 basis points. The \$15.0 million settlement payable was paid in full to Brunswick in December 1998.

10. INCOME TAXES:

Income taxes for those subsidiaries taxed as C corporations were as follows for the years ended September 30, 1998, 1999 and 2000:

	For the Year Ended September 30, 1998	For the Year Ended September 30, 1999	FOR THE YEAR ENDED SEPTEMBER 30, 2000
Current Provision			
Federal	\$ 1,084	\$ 8,884	\$ 11,728
State	30	1,790	1,563
Total current provision	1,114	10,674	13,291
Deferred provision			
Federal	544	1,147	219
State	47	157	24
Total deferred provision	591	1,304	243
Total income tax provision	\$ 1,705	\$ 11,978	\$ 13,534

Below is a reconciliation of the statutory federal income tax rate to the Company's effective tax rate for the years ended September 30, 1998, 1999 and 2000:

	For the Year Ended September 30, 1998	For the Year Ended September 30, 1999	FOR THE YEAR ENDED SEPTEMBER 30, 2000
Federal tax provision	34%	35.0%	35.0%
State tax provision, net of federal benefit	6%	4.4%	3.4%
Net deferred tax liability recorded on the conversion from S corporation to C corporation tax status	111%	--	--
S corporation income not subject to federal and state income taxes	(6)%	--	--
Other	6%	0.4%	0.4%
Effective tax rate	151%	39.8%	38.8%

During the year ended September 30, 1998, concurrent with the business combinations of the Pooled Companies (discussed in Note 2), the Company recorded a deferred tax liability of approximately \$1.3 million for income taxes that are payable by the Company upon conversion of certain of the subsidiaries from S corporation to C corporation income tax status.

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 components of deferred taxes are as follows:

	September 30, 1999	SEPTEMBER 30, 2000
	-----	-----
Current deferred tax assets (liabilities):		
Inventories	\$ 357	\$ (428)
Accrued expenses	269	134
Conversion from LIFO to FIFO	(430)	--
Other	38	43
	-----	-----
Net current deferred tax assets (liabilities)	\$ 234	\$ (251)
	=====	=====
Long-term deferred tax assets (liabilities):		
Depreciation and amortization	\$ (1,655)	\$ (1,465)
Other	55	107
	-----	-----
Net long-term deferred tax assets (liabilities)	\$ (1,600)	\$ (1,358)
	=====	=====

As of September 30, 2000, the Company estimated that it is more likely than not that it will recognize the benefit of its deferred tax assets and, accordingly, no valuation allowance has been recorded.

11. STOCK SPLIT AND REPURCHASE:

On April 5, 1998, the Board of Directors approved a stock split whereby each outstanding share of Company's common stock was converted into approximately 1.082 shares of common stock. This stock split has been retroactively reflected in the accompanying consolidated financial statements.

The Board of Directors has approved a stock repurchase program authorizing the Company to buy back up to 300,000 shares of its common stock. Under the plan, the Company may purchase common stock from time to time in the open market or in privately negotiated block purchase transactions. The amount and timing of any purchases will depend upon a number of factors, including the price and availability of the Company's shares and general market conditions. Shares repurchased may be reserved for later reissue in connection with employee benefit plans and other general corporate purposes.

12. STOCK AND OPTION PLANS:

On April 5, 1998 and April 30, 1998, respectively, the Board of Directors adopted and the stockholders approved the following stock option plans:

1998 Incentive Stock Plan (the Incentive Stock Plan) -- The Incentive Stock Plan provides for the grant of incentive and non-qualified stock options to acquire common stock of the Company, the direct grant of common stock, the grant of stock appreciation rights and the grant of other cash awards to key personnel, directors, consultants, independent contractors and others providing valuable services to the Company. A maximum of the lesser of 4,000,000 shares or 15% of the then outstanding shares of common stock of the Company may be issued under the Incentive Stock Plan. The Incentive Stock Plan terminates in April 2008, and options may be granted at any time during the life of the Incentive Stock Plan. The date on which options vest and the exercise prices of options are determined by the Board of Directors or the Plan Administrator.

The Incentive Stock Plan also includes an Automatic Grant Program providing for the automatic grant of options (Automatic Options) to non-employee directors of the Company. Under the Automatic Grant Program, each non-employee whose election to the Board of Directors was proposed as of the date of the Company's initial public offering received an Automatic Option to acquire 10,000 shares of common stock on that date (an Initial Grant). Each subsequent newly elected non-employee member of the Board of Directors will receive as an Initial Grant an Automatic Option to acquire 5,000 shares of common stock on the date of his or her first appointment or election to the Board of Directors. In addition, an Automatic Option to acquire 2,500 shares of common stock will be granted to each non-employee director at the meeting of the Board of Directors held immediately after each annual meeting of

stockholders (an Annual Grant). Each Initial Grant will vest and become exercisable in a series of three equal and successive installments with the first installment vested on the date of grant (or the date of election to the Board of Directors, if later) and the next two installments 12 months and 24 months after the date of grant. Each Annual Grant will vest and become exercisable 12 months after the date of grant. Each Automatic Option will vest and become exercisable only if the optionholder has not ceased serving as a director as of such vesting date. The exercise price per share of common stock subject to an Initial Grant on the date of the Company's initial public offering was equal to the initial public offering price per share and the exercise price per share of common stock subject to other Automatic Options will be equal to 100% of the fair market value (as defined in the Incentive Stock Plan) of the Company's common stock on the date such option is granted. Each Automatic Option will expire on the tenth anniversary of the date on which such Automatic Option was granted.

Employee Stock Purchase Plan (the Stock Purchase Plan) -- The Stock Purchase Plan provides for up to 500,000 shares of common stock to be issued, and is available to all regular employees of the Company 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 in the years 1998 through 2007, 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 \$0.025 million worth of common stock annually.

The Company accounts for its stock-based compensation plans under Accounting Principles Board Opinion No. 25 (APB 25), under which no compensation cost has been recognized. In October 1995, the FASB issued SFAS No. 123, "Accounting for Stock-Based Compensation" (SFAS 123), which was effective for fiscal years beginning after December 15, 1995. SFAS 123 allows companies to continue following the accounting guidance of APB 25, but requires pro forma disclosure of net income and earnings per share for the effects on compensation expense had the accounting guidance of SFAS 123 been adopted. The Company adopted SFAS 123 for disclosure purposes during the year ended September 30, 1998. For SFAS 123 purposes, the fair value of each option grant has been estimated as of the date of grant using the Black-Scholes option pricing model with the following weighted average assumptions:

	September 30, 1998	September 30, 1999	SEPTEMBER 30, 2000
Risk-free interest rate.....	5.7%	6.0%	6.3%
Dividend yield.....	0.0%	0.0%	0.0%
Expected life.....	10 years	8.9 years	8.4 YEARS
Volatility.....	34.0%	44.9%	41.6%

Using these assumptions, the fair value of the stock options granted is approximately \$6.3 million, which would be amortized as compensation expense over the vesting period of the options. Had compensation cost been determined consistent with SFAS 123, utilizing the assumptions detailed above, the Company's net income (loss) and net income (loss) per share, as reported would have been the following pro forma amounts:

	September 30, 1998	September 30, 1999	SEPTEMBER 30, 2000
NET INCOME (LOSS):			
As reported.....	\$ (578)	\$ 18,153	\$ 21,393
Pro forma.....	\$ (1,683)	\$ 17,364	\$ 20,474
DILUTED EARNINGS PER SHARE:			
As reported.....	\$ (0.05)	\$ 1.21	\$ 1.41
Pro forma.....	\$ (0.15)	\$ 1.16	\$ 1.35

A summary of the status of the Company's stock option plans for the years ended September 30, 1998, 1999 and 2000:

	1998		1999		2000	
	OPTIONS	WEIGHTED-AVERAGE EXERCISE PRICE	OPTIONS	WEIGHTED-AVERAGE EXERCISE PRICE	OPTIONS	WEIGHTED-AVERAGE EXERCISE PRICE
Outstanding beginning of year.....	--	\$ --	1,556,016	\$ 12.45	1,579,944	\$ 12.45
Granted.....	1,556,016	\$ 12.45	217,030	\$ 12.36	1,178,070	\$ 9.65
Forfeited.....	--	\$ --	(193,012)	\$ 12.34	(484,475)	\$ 12.21
Outstanding end of year	1,556,016	\$ 12.45	1,579,944	\$ 12.45	2,273,539	\$ 11.04

The following table summarizes information about outstanding and exercisable stock options at September 30, 2000:

RANGE OF EXERCISE PRICES	OPTIONS OUTSTANDING			OPTIONS EXERCISABLE	
	OPTIONS	WEIGHTED-AVERAGE REMAINING CONTRACTUAL LIFE IN YEARS	WEIGHTED-AVERAGE EXERCISE PRICE	OPTIONS	WEIGHTED-AVERAGE EXERCISE PRICE
\$ 7.00 - 9.00	420,217	9.9	\$ 7.82	1,667	\$ 8.75
\$ 9.01 - 11.00	529,263	8.8	\$ 9.84	31,333	\$ 9.99
\$ 11.01 - 13.00	1,244,059	7.8	\$12.49	105,605	\$12.46
\$ 13.01 - 15.00	80,000	7.7	\$13.75	32,000	\$13.75
	2,273,539	8.4	\$11.04	170,605	\$12.21

Generally, the options granted have a term of 10 years from the grant date and vest 20% per annum beginning at the end of year three.

13. NET INCOME (LOSS) PER SHARE:

The Company adopted SFAS 128, "Earnings per Share" during the year ended September 30, 1998. Accordingly, basic and diluted earnings per share (EPS) are shown on the face of the accompanying consolidated statements of operations. The following is a reconciliation of the denominator used in the basic and diluted EPS calculations for the years ended September 30, 1998, 1999 and 2000:

	Shares (Denominator)	Shares (Denominator)	SHARES (DENOMINATOR)
Basic EPS:			
Income available to common stockholders.....	11,025,410	14,958,725	15,201,052
Effect of dilutive securities:			
Options.....	2,539	6,002	3,130
Diluted EPS:			
Income available to common stockholders.....	11,027,949	14,964,727	15,204,182

Options to purchase 1,486,016, 1,509,944, and 1,803,320 shares of common stock at prices ranging from \$7.75 to \$13.75 per share were outstanding as of September 30, 1998, 1999 and 2000, respectively, but were not included in the computation of diluted EPS because the options' exercise prices were greater than the average market price of the Company's common stock.

14. COMMITMENTS AND CONTINGENCIES:

LEASE COMMITMENTS

The Company leases certain land, buildings, machinery, equipment and vehicles related to its dealerships under non-cancelable third-party operating leases. Rental payments, including month-to-month rentals, were approximately \$2.7 million, \$4.8 million and \$5.9 million for the years ended September 30, 1998, 1999 and 2000, respectively. Rental payments to related parties under both cancelable and non-cancelable operating leases approximated \$0.2 million, \$1.4 million, and \$1.1 million for the years ended September 30, 1998, 1999 and 2000, respectively.

Future minimum lease payments under non-cancelable operating leases at September 30, 2000, were as follows:

YEAR ENDING SEPTEMBER 30, -----	AMOUNT -----
2001.....	\$ 4,838
2002.....	4,489
2003.....	3,549
2004.....	1,550
2005.....	429
Thereafter.....	301
Total.....	\$ 15,156 =====

OTHER COMMITMENTS

The Company is party to various legal actions arising in the ordinary course of business. The ultimate liability, if any, associated with these matters was not determinable at September 30, 2000. While it is not feasible to determine the outcome of these actions at this time, the Company does not believe that these matters will have a material adverse effect on the Company's consolidated financial condition, results of operations or cash flows.

The Company is 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. The Company believes that it is in compliance with such regulations.

15. EMPLOYEE 401(k) PROFIT SHARING PLANS:

Effective October 1, 1998, the Company adopted the MarineMax Inc. 401k Profit Sharing Plan (the Plan). Employees must complete one year of service before they are eligible to participate. Under the Plan, the Company matches 50% of participants' contributions, subject to a maximum of 4% of each participant's compensation. The Company and its subsidiaries contributed, under the Plan, or pursuant to previous similar plans, amounts ranging from approximately \$0.3 million to approximately \$0.6 million for the years ended September 30, 1998, 1999 and 2000.

EXHIBIT INDEX

Exhibit Number	Exhibit
3.1	Restated Certificate of Incorporation of the Registrant(1)
3.2	Bylaws of the Registrant(1)
4	Specimen of Stock Certificate(1)
10.1(a)	Merger Agreement between Registrant and its acquisition subsidiary and Bassett Boat Company of Florida and Richard Bassett(1)
10.1(b)	Merger Agreement between Registrant and its acquisition subsidiary and 11502 Dumas, Inc. d/b/a Louis DelHomme Marine and its stockholders(1)
10.1(c)	Merger Agreement between Registrant and its acquisition subsidiary and Gulfwind USA, Inc. and its stockholders(1)
10.1(d)	Merger Agreement between Registrant and its acquisition subsidiary and Gulfwind South, Inc. and its stockholders(1)
10.1(e)	Merger Agreement between Registrant and its acquisition subsidiary and Harrison's Boat Center, Inc. and its stockholders(1)
10.1(f)	Merger Agreement between Registrant and its acquisition subsidiary and Harrison's Marine Centers of Arizona, Inc. and its stockholders(1)
10.1(g)	Merger Agreement between Registrant and its acquisition subsidiary and Stovall Marine, Inc. and its stockholders(1)
10.1(h)	Agreement of Merger and Plan of Reorganization dated as of the 7th day of July, 1998 by and among MarineMax, Inc., C & N Acquisition Corp. (a subsidiary of MarineMax, Inc.), C & N Marine Corporation and the Stockholders named therein(2)
10.1(i)	Agreement of Merger and Plan of Reorganization dated as of the 7th day of July, 1998 by and among MarineMax, Inc., Cochran's Acquisition Corp. (a subsidiary of MarineMax, Inc.), Cochran's Marine, Inc. and the Stockholders named therein(2)
10.1(j)	Asset Purchase Agreement between Registrant and Treasure Cove Marina, Inc.(3)
10.2(a)	Contribution Agreement between Registrant and Bassett Boat Company and its owner(1)
10.2(b)	Contribution Agreement between Registrant and Bassett Realty, L.L.C. and its owner(1)
10.2(c)	Contribution Agreement between Registrant and Gulfwind South Realty, L.L.C. and its owners(1)
10.2(d)	Contribution Agreement between Registrant and Harrison's Realty, L.L.C. and its owners(1)
10.2(e)	Contribution Agreement between Registrant and Harrison's Realty California, L.L.C. and its owners(1)
10.3(a)	Employment Agreement between Registrant and William H. McGill Jr.(1)
10.3(b)	Employment Agreement between Registrant and Michael H. McLamb(1)
10.3(c)	Employment Agreement between Registrant and Richard R. Bassett(1)
10.3(d)	Employment Agreement between Registrant and Paul Graham Stovall(1)
10.3(e)	Employment Agreement between Registrant and David L. Cochran(4)
10.3(f)	Employment Agreement between Registrant and David H. Pretasky(4)
10.4	1998 Incentive Stock Plan(1)
10.5	1998 Employee Stock Purchase Plan(1)
10.6	Settlement Agreement between Brunswick Corporation and Registrant(1)
10.7	Letter of Intent between Registrant and Stovall(1)
10.8	Restated Agreement Relating to the Purchase of MarineMax Common Stock between Registrant and Brunswick Corporation, dated as of April 28, 1998(1)

10.9	Stockholders' Agreement among Registrant, Brunswick Corporation, and Senior Founders of Registrant, dated April 28, 1998(1)
10.10	Governance Agreement between Registrant and Brunswick Corporation, dated April 28, 1998(1)
10.11	Agreement Relating to Acquisitions between Registrant and Brunswick Corporation, dated April 28, 1998(1)
10.12	Form of Sea Ray Sales and Service Agreement(1)
10.13	Loan and Security Agreement between Registrant and NationsCredit Distribution Finance, Inc.(1)
10.14	Guaranty and Security Agreement of NationsCredit Distribution Finance, Inc.(1)
10.15	Guaranty and Security Agreement of NationsCredit Distribution Finance, Inc. by Stovall Marine, Inc.(1)
10.16	Credit Facility and Security Agreement, Accounts and Inventory between the Registrant and Key Bank National Association(5)
21	List of Subsidiaries
23.1	Consent of Arthur Andersen LLP
27	Financial Data Schedule

(1) Incorporated by reference to Registration Statement on the Registrant's Form S-1 (Registration 333-47873)

(2) Incorporated by reference to Registrant's Current Report on Form 8-K dated July 7, 1998, as filed on July 20, 1998

(3) Incorporated by reference to Registrant's Form 8-K Report dated September 30, 1998, as filed on October 20, 1998

(4) Incorporated by reference to Registrant's Form 10-K for the year ended September 30, 1998, as filed on December 9, 1998.

(5) Incorporated by reference to Registrant's Form 10-K for the year ended September 30, 1999, as filed on December 29, 1999.

EXHIBIT 21**LIST OF SUBSIDIARIES OF
MARINEMAX, INC.**

(AS OF DECEMBER 21, 2000)

NAME OF SUBSIDIARY -----	STATE OF INCORPORATION OR ORGANIZATION -----
11502 Dumas, Inc.	Nevada
Bassett Boat Company of Florida	Florida
Bassett Boat Company of Florida, LLC (1)	Delaware
Bassett Boat Company, Inc.	Florida
Bassett Realty, L.L.C.	Delaware
C & N Marine Realty, L.L.C.	Delaware
C&N Marine Corporation	Minnesota
Clark's Landing at Annapolis Acquisition Corp.	Delaware
Dumas GP, Inc.	Nevada
Dumas GP, L.L.C. (2)	Delaware
Gulfwind South Realty, L.L.C.	Delaware
Gulfwind South, Inc.	Florida
Gulfwind South, LLC (1)	Delaware
Gulfwind USA, Inc.	Florida
Gulfwind USA, LLC (1)	Delaware
Harrison's Boat Center, Inc.	California
Harrison's Marine Centers of Arizona, Inc.	Arizona
Harrison's Realty California, L.L.C.	Delaware
Harrison's Realty, L.L.C.	Delaware
Marina Drive Realty I, L.L.C.	Delaware
Marina Drive Realty II, L.L.C.	Delaware
MarineMax MidAtlantic, LP (3)	Delaware
MarineMax Motor Yachts, Inc.	Delaware
MarineMax New Jersey GP, Inc. (4)	Delaware
MarineMax New Jersey Realty, L.L.C. (5)	Delaware

NAME OF SUBSIDIARY -----	STATE OF INCORPORATION OR ORGANIZATION -----
MarineMax NJ Partners, Inc. (4)	Delaware
MarineMax of Brevard County, Inc.	Delaware
MarineMax of Jacksonville, Inc.	Delaware
MarineMax of Las Vegas, Inc.	Delaware
MarineMax of New Jersey Holdings, Inc.	Delaware
MarineMax of New Jersey II, Inc.	Delaware
MarineMax of New Jersey, Inc.	Delaware
MarineMax of North Carolina, Inc.	North Carolina
MarineMax of Treasure Cove, Inc.	Delaware
MarineMax of Utah, Inc.	Delaware
MarineMax Services, Inc. (1)	Delaware
MarineMax TX, L.P. (6)	Texas
MarineMax U.S.A., Inc.	Nevada
MarineMax Yachts, LLC (1)	Delaware
MMX GP, LLC	Delaware
MMX Holdings, LLC	Delaware
MMX Interests, LLC	Delaware
MMX Member, Inc. (1)	Delaware
MMX Partners, Inc.	Delaware
MMX Ventures, LP (7)	Delaware
Stovall Marine, Inc.	Georgia
Walker Marina Realty, L.L.C.	Delaware

(1) Wholly owned subsidiary of MMX Partners, Inc.

(2) Wholly owned subsidiary of 11502 Dumas, Inc.

(3) 99% owned by MarineMax NJ Partners, Inc. as limited partner and 1% owned by MarineMax New Jersey GP, Inc., as general partner.

(4) Wholly owned subsidiary of MarineMax of New Jersey Holdings, Inc

(5) Wholly owned subsidiary of MarineMax MidAtlantic, LP.

(6) 99% owned by 11502 Dumas, Inc. as limited partner and 1% owned by Dumas GP, LLC as general partner.

(7) 99% owned by MMX Partners, Inc. as limited partners and 1% owned by MMX GP, LLC as general partner.

Exhibit 23.1

CONSENT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

As independent certified public accountants, we hereby consent to the incorporation of our report included in this Form 10-K, into the Company's previously filed Registration Statement File Nos. 333-63307 and 333-85835.

Arthur Andersen LLP Tampa, Florida,
December 26, 2000

ARTICLE 5

THIS EXHIBIT CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE REGISTRANT'S FINANCIAL STATEMENTS FOR THE PERIOD ENDED SEPTEMBER 30, 2000, AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS. THIS EXHIBIT SHALL NOT BE DEEMED FILED FOR PURPOSES OF SECTION 11 OF THE SECURITIES AND EXCHANGE ACT OF 1933 AND SECTION 18 OF THE SECURITIES AND EXCHANGE ACT OF 1934, OR OTHERWISE SUBJECT TO THE LIABILITY OF SUCH SECTIONS, NOR SHALL IT BE DEEMED A PART OF ANY OTHER FILING WHICH INCORPORATES THIS REPORT BY REFERENCE, UNLESS SUCH OTHER FILING EXPRESSLY INCORPORATES THIS EXHIBIT BY REFERENCE.

PERIOD TYPE	12 MOS
FISCAL YEAR END	SEP 30 2000
PERIOD START	OCT 01 2000
PERIOD END	SEP 30 2000
CASH	12,583,313
SECURITIES	0
RECEIVABLES	18,844,855
ALLOWANCES	0
INVENTORY	115,036,588
CURRENT ASSETS	148,928,347
PP&E	53,063,597
DEPRECIATION	10,856,196
TOTAL ASSETS	231,330,503
CURRENT LIABILITIES	108,075,460
BONDS	5,758,535
PREFERRED MANDATORY	0
PREFERRED	0
COMMON	15,222
OTHER SE	112,324,699
TOTAL LIABILITY AND EQUITY	231,330,503
SALES	550,654,077
TOTAL REVENUES	550,654,077
CGS	419,080,190
TOTAL COSTS	419,080,190
OTHER EXPENSES	92,519,685
LOSS PROVISION	0
INTEREST EXPENSE	4,126,803
INCOME PRETAX	34,927,398
INCOME TAX	13,534,364
INCOME CONTINUING	0
DISCONTINUED	0
EXTRAORDINARY	0
CHANGES	0
NET INCOME	21,393,035
EPS BASIC	1.41
EPS DILUTED	1.41

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