

MARINEMAX INC  
Form 424B5  
September 11, 2009

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**The information in this prospectus supplement is not complete and may be changed. This prospectus supplement and the accompanying prospectus are not an offer to sell these securities and we are not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.**

**Subject to Completion, dated September 10, 2009**

**Filed Pursuant to Rule 424(b)5  
Registration No. 333-153006**

**PRELIMINARY PROSPECTUS SUPPLEMENT  
(TO PROSPECTUS DATED SEPTEMBER 29, 2008)**

**2,600,000 Shares**

**Common Stock**

*We are selling 2,600,000 shares of common stock. Our common stock is listed on the New York Stock Exchange under the symbol HZO.*

*On September 9, 2009, the reported last sale price of our common stock on the New York Stock Exchange was \$7.83 per share.*

**Investing in our common stock involves risks. See Risk Factors beginning on Page S-9 of this prospectus supplement before buying shares of our common stock.**

	<b>Per Share</b>	<b>Total</b>
Public offering price	\$	\$
Underwriting discounts	\$	\$
Proceeds, before expenses, to MarineMax, Inc.	\$	\$

*The underwriter may purchase up to an additional 390,000 shares of common stock at the public offering price, less the underwriting discount, within 30 days of the date of this prospectus supplement to cover over-allotments, if any.*

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus supplement or the prospectus to which it relates. Any representation to the contrary is a criminal offense.**

*The underwriter expects to deliver the shares to purchasers on or about                      , 2009.*

**RAYMOND JAMES**

**The date of this prospectus supplement is                      , 2009.**

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**ABOUT THIS PROSPECTUS SUPPLEMENT**

This prospectus supplement is a supplement to the accompanying prospectus that is also a part of this document. This prospectus supplement and the accompanying prospectus are part of a registration statement that we filed with the SEC that utilizes a shelf registration process. Under the shelf registration process, we may sell up to an aggregate of \$200,000,000 of securities, of which this offering is a part. In this prospectus supplement, we provide you with specific information about the terms of this offering and certain other information. Both this prospectus supplement and the accompanying prospectus include important information about us, the common stock being offered, and other information you should know before investing in our common stock.

No action is being taken in any jurisdiction outside the United States to permit a public offering of the common stock or possession or distribution of this prospectus supplement in that jurisdiction. Persons that come into possession of this prospectus supplement in jurisdictions outside the United States are required to inform themselves about and to observe any restrictions as to this offering and the distribution of this prospectus supplement and the accompanying prospectus applicable to those jurisdictions.

You should read both this prospectus supplement and the accompanying prospectus as well as the additional information described under the heading **Where You Can Find More Information** beginning on page S-27 of this prospectus supplement before investing in our common stock. This prospectus supplement adds to, updates, and changes information contained in the accompanying prospectus and the information incorporated by reference. To the extent that any statement that we make in this prospectus supplement is inconsistent with the statements made in the accompanying prospectus or the information incorporated by reference, the statements made in the accompanying prospectus or the information incorporated by reference are deemed modified or superseded by the statements made in this prospectus supplement.

**You should rely only on the information contained in or incorporated by reference in this prospectus supplement, the accompanying prospectus, or any free writing prospectus. We have not, and the underwriter has not, authorized anyone to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We have not, and the underwriter has not, made an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should not assume that the information contained in or incorporated by reference in this prospectus supplement or the accompanying prospectus is accurate as of any date other than the date on their covers or the date of incorporation by reference, regardless of the time of delivery of this prospectus supplement and the accompanying prospectus or any sale of the securities.**

**FORWARD-LOOKING STATEMENTS**

This prospectus supplement and the documents incorporated by reference herein contain forward-looking statements that involve risks and uncertainties. These forward-looking statements are not historical facts but rather are based on current expectations, estimates and projections about our industry, our beliefs and assumptions. We use words such as **anticipate, expect, intend, plan, believe, seek, estimate** and variations of these words and similar expressions to identify forward-looking statements. These statements are not guarantees of future performance and are subject to certain risks, uncertainties and other factors, some of which are beyond our control, are difficult to predict and could cause actual results to differ materially from those expressed or forecasted in the forward-looking statements. These risks and uncertainties include those described in **Risk Factors** and elsewhere in this prospectus supplement, the

accompanying prospectus, and the documents incorporated by reference. You should not place undue reliance on these forward-looking statements, which reflect our view only as of the date of this prospectus supplement.

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**PROSPECTUS SUPPLEMENT SUMMARY**

*This summary highlights selected information contained elsewhere or incorporated by reference in this prospectus supplement. This summary does not contain all of the information you should consider before investing in our common stock. You should read this entire prospectus supplement and the accompanying prospectus, including the documents incorporated by reference herein, carefully, especially the risks of investing in our common stock discussed under Risk Factors on pages S-9 through S-21, and the consolidated financial statements and notes to those consolidated financial statements incorporated by reference herein, before making an investment decision.*

**Our Company**

We are the largest recreational boat retailer in the United States with fiscal 2008 revenue in excess of \$880 million. Through 65 retail locations in 22 states, we sell new and used recreational boats and related marine products, including engines, trailers, parts, and accessories. We also arrange related boat financing, insurance, and extended warranty contracts; provide boat repair and maintenance services; offer yacht and boat brokerage services, and, where available, offer slip and storage accommodations.

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

We commenced operations as a result of the March 1, 1998 acquisition of five previously independent recreational boat dealers. Since that time, we have acquired 20 additional previously independent recreational boat dealers, two boat brokerage operations, and two full-service yacht repair operations. We capitalize on the experience and success of the acquired companies in order to establish a new national standard of customer service and responsiveness in the highly fragmented retail boating industry. As a result of our emphasis on premium brand boats, our average selling price for a new boat in fiscal 2008 was approximately \$126,000, an increase of approximately 10% from fiscal 2007, compared with the industry average calendar 2008 selling price of approximately \$37,000 based on industry data published by the National Marine Manufacturers Association. Our stores, which operated at least 12 months, averaged approximately \$12.5 million in annual sales in fiscal 2008. We consider a store to be one or more retail locations that are adjacent or operate as one entity. Our same-store sales decreased 28% in fiscal 2008, but averaged an annual increase of approximately 11% for the preceding five years.

We adopt the best practices developed by us and our acquired companies as appropriate to enhance our ability to attract more customers, foster an overall enjoyable boating experience, and offer boat manufacturers stable and professional retail distribution and a broad geographic presence. We believe that our full range of services, no haggle

sales approach, prime retail locations, premium product offerings, extensive facilities, strong management and team members, and emphasis on customer service and satisfaction before and after a boat sale are competitive advantages that enable us to be more responsive to the needs of existing and prospective customers.

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The U.S. recreational boating industry generated approximately \$33.6 billion in retail sales in calendar 2008, including sales of new and used boats; marine products, such as engines, trailers, equipment, and accessories; and related expenditures, such as fuel, insurance, docking, storage, and repairs. Retail sales of new and used boats, engines, trailers, and accessories accounted for approximately \$24.8 billion of these sales in 2008 based on industry data from the National Marine Manufacturers Association. The highly fragmented retail boating industry generally consists of small dealers that operate in a single market and provide varying degrees of merchandising, professional management, and customer service. We believe that many small dealers are finding it increasingly difficult to make the managerial and capital commitments necessary to achieve higher customer service levels and upgrade systems and facilities as required by boat manufacturers and demanded by customers. We also believe that many dealers lack an exit strategy for their owners. We believe these factors contribute to our opportunity.

## **Strategy**

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

- emphasizing customer satisfaction and loyalty by creating an overall enjoyable boating experience, beginning with a hassle-free purchase process, superior customer service, company-led events called Getaways!, and premier facilities;

- achieving efficiencies and synergies among our operations to enhance internal growth and profitability;

- promoting national brand name recognition and the MarineMax connection;

- emphasizing the best practices developed by us and our acquired dealers as appropriate throughout our dealerships;

- offering additional products and services, including those involving higher profit margins;

- pursuing strategic acquisitions to capitalize upon the consolidation opportunities in the highly fragmented recreational boat dealer industry by acquiring additional dealers and related operations and improving their performance and profitability through the implementation of our operating strategies;

- opening additional retail facilities in our existing and new territories;

- emphasizing employee training and development;

- expanding our Internet retail operations and marketing;

- operating with a decentralized approach to the operational management of our dealerships; and

- utilizing technology throughout operations, which facilitates the interchange of information and enhances cross-selling opportunities throughout our company.

## **Development of the Company; Expansion of Business**

MarineMax was founded in January 1998. MarineMax itself, however, conducted no operations until the acquisition of five independent recreational boat dealers on March 1, 1998, and we completed our initial public offering in June 1998. Since the initial acquisitions in March 1998, we have acquired 20 additional recreational boat dealers, two boat

brokerage operations, and two full-service yacht repair operations. Each of our acquired dealers is operating under the MarineMax name.

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

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

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

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

(1) Joint Venture

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

including 12 in fiscal 2008.

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

<b>Product Line</b>	<b>Fiscal Year</b>	<b>Geographic Regions</b>
Boston Whaler	1997	West Central Florida; Stuart, Florida; Dallas, Texas
Hatteras Yachts	1999	Florida (excluding the Florida panhandle)
Boston Whaler	2000	North Palm Beach, Florida
Meridian Yachts	2002	Florida, Georgia, North and South Carolina, New Jersey, Ohio, Minnesota, Texas, and Delaware
Grady White	2002	Houston, Texas
Hatteras Yachts	2002	Texas
Boston Whaler	2004	North and South Carolina
Princecraft	2004	Minnesota
Boston Whaler	2005	Houston and Dallas, Texas
Meridian Yachts	2005	Chattanooga, Tennessee
Tracker Marine	2005	Las Vegas, Nevada
Azimut	2006	Northeast United States from Maryland to Maine
Atlantis	2006	Northeast United States from Maryland to Maine
Cabo	2006	West coast of Florida
Cabo	2007	East coast of Florida
Azimut	2008	Florida
Cabo	2008	New Jersey and New York
Hatteras Yachts	2008	New Jersey and New York
Meridian Yachts	2008	Arizona, Nevada, Colorado, and Utah
Meridian Yachts	2009	Maryland and Delaware
Boston Whaler	2009	Southwest Florida

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

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

Our growth was interrupted during the fiscal year ended September 30, 2007, primarily as a result of factors related to the deteriorating housing market. Substantially deteriorating economic and financial conditions, reduced consumer confidence and spending, increases in fuel prices, lower credit availability, stock and bond market declines, and asset value deterioration all contributed to substantially lower financial performance in the fiscal year ended September 30, 2008 and the nine months ended June 30, 2009, including significant losses.

Those conditions caused us to defer our acquisition program, slow our new store openings, reduce our inventory purchases, engage in inventory reduction efforts, close some of our retail locations, significantly reduce our

headcount, and modify our debt structure and credit agreement. We cannot predict the length or severity of the current recessionary environment or the magnitude of the effects it will have on our operating performance nor can we predict the effectiveness of the measures we have taken to address this environment.

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

We maintain our executive offices at 18167 U.S. Highway 19 North, Suite 300, Clearwater, Florida 33764, and our telephone number is (727) 531-1700. Our website is located at *www.MarineMax.com*. Other than as described in

Where You Can Find More Information below, the information on, or that can be accessed through, our website is not incorporated by reference in this prospectus supplement or the accompanying prospectus, and you should not consider it to be a part of this prospectus supplement or the accompanying prospectus. Our website address is included as an inactive textual reference only.

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

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**The Offering**

Common stock offered	2,600,000 shares
Common stock to be outstanding after this offering	21,261,027 shares
Use of proceeds	We estimate the net proceeds from this offering will be approximately \$ million, after deducting underwriting discounts and estimated offering expenses. We intend to use the net proceeds of this offering for general corporate purposes, which may include debt reduction.
Risk factors	See Risk Factors on page S-9 for a discussion of factors you should carefully consider before deciding whether to purchase our common stock.
New York Stock Exchange symbol	HZO

The number of shares of our common stock to be outstanding after this offering reflected above is based on the number of shares outstanding as of June 30, 2009, and does not include the following:

2,104,422 shares of our common stock issuable upon exercise of stock options granted under our 2007 incentive stock plan;

an additional 929,870 shares of our common stock available for future issuance under our 2007 incentive stock plan; and

421,777 shares of our common stock reserved for issuance under our 2008 employee stock purchase plan.

*Unless otherwise expressly stated or the content otherwise requires, all information in this prospectus supplement assumes that the underwriter's over-allotment option is not exercised.*

As part of this offering, we requested from the lenders under our revolving credit facility additional flexibility to our debt covenants, since this offering also benefits our lenders. Our lending group has agreed to amend our revolving credit facility to modify the size of the facility and financial covenants upon the completion of this offering. The amended facility will provide a line of credit with asset-based borrowing availability up to \$300 million, stepping down to \$250 million by September 30, 2009 and \$175 million by September 30, 2010, with interim decreases between such dates. Each interim step down will be reduced by the net proceeds of this offering but will never be reduced to below \$175 million. Additionally, the amendment will modify the definition of EBITDA to include 50% of the net proceeds of this offering as additional flexibility to the earnings covenant for fiscal 2010.

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The following table sets forth our summary consolidated historical financial and operating data and is qualified by the more detailed consolidated financial statements and notes thereto included elsewhere or incorporated by reference in this prospectus supplement and the accompanying prospectus. You should read the summary consolidated financial information presented below in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations and our consolidated financial statements and the notes to those financial statements, which are incorporated by reference in this prospectus supplement and the accompanying prospectus.

The summary financial and operating data at and for the nine months ended June 30, 2008 and June 30, 2009 and the consolidated balance sheet data at June 30, 2009 have been derived from our unaudited consolidated financial statements, which are incorporated by reference in this prospectus supplement and the accompanying prospectus. We believe these unaudited financial statements reflect all adjustments necessary for a fair presentation of our financial position and results of operations for the periods presented. Historical results are not necessarily indicative of future results, and the results for the nine months ended June 30, 2009 are not necessarily indicative of our expected results for the full year ending September 30, 2009 or any other period.

	Fiscal Year Ended September 30,						Nine Months Ended June 30,	
	2004(1)	2005(1)	2006	2007	2008	2008	2009	
	(Amounts in thousands except share, per share, and retail location data)							
Revenue								
Cost of sales	\$ 762,009	\$ 947,347	\$ 1,213,541	\$ 1,255,985	\$ 885,407	\$ 719,814	\$ 381,300	
Gross profit	573,616	712,843	906,781	956,251	679,164	555,302	305,300	
Operating expenses, including depreciation, amortization, and administrative expenses	188,393	234,504	306,760	299,734	206,243	164,512	76,000	
Operating income	139,470	169,975	222,806	245,224	217,426	161,053	114,100	
Other income (loss)					122,091	122,091		
Income before taxes	48,923	64,529	83,954	54,510	(133,274)	(118,632)	(38,100)	
Income tax expense, net	6,499	9,291	18,616	26,955	20,164	16,623	11,200	
Net income (loss)								
Income (loss) attributable to common stockholders	42,424	55,238	65,338	27,555	(153,438)	(135,255)	(49,300)	

e tax on (t)	16,126	21,412	25,956	7,486	(19,161)	(12,067)	(5,5
come	\$ 26,298	\$ 33,826	\$ 39,382	\$ 20,069	\$ (134,277)	\$ (123,188)	\$ (43,7
come per	\$ 1.58	\$ 1.88	\$ 2.08	\$ 1.04	\$ (7.30)	\$ (6.70)	\$ (2
ted e r of	16,666,107	18,032,533	18,928,735	19,289,231	18,391,488	18,381,325	18,502,9
<b>Data</b>							
<b>-end):</b>							
er of							
ns(2)	67	71	87	88	80	87	
er (5)	\$ 12,831	\$ 16,386	\$ 17,064	\$ 15,246	\$ 12,492	\$ 9,024	\$ 6,6
store							
(4)(5)	21%	23%	7%	(1)%	(28)%	(23)%	0

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	<b>As of June 30, 2009</b>	
	<b>Actual</b>	<b>As Adjusted(6)</b>
	<b>(Amounts in thousands)</b>	
<b>Balance Sheet Data:</b>		
Cash and cash equivalents	\$ 13,825	\$
Working capital	100,592	
Total assets	512,092	
Short-term borrowings	250,000	
Total stockholders' equity	209,761	

- (1) Amounts exclude the effects of stock based compensation expense recognized under the provisions of Statement of Financial Accounting Standards No. 123R, Share-Based Payment, as the standard was adopted October 1, 2005.
- (2) Includes only those retail locations open at period-end.
- (3) Includes only those stores open for the entire preceding 12-month period.
- (4) New and acquired stores are included in the comparable base at the end of the store's thirteenth month of operations.
- (5) A store is one or more retail locations that are adjacent or operate as one entity. Sales per store and same-store sales growth is intended only as supplemental information and is not a substitute for revenue or net income presented in accordance with generally accepted accounting principles.
- (6) The as adjusted column reflects the sale of 2,600,000 shares of our common stock at the offering price of \$ per share, after deducting underwriting discounts and estimated offering expenses, and after giving effect to our receipt of the estimated net proceeds.

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**RISK FACTORS**

*An investment in shares of common stock offered hereby involves a high degree of risk. Prospective investors should consider carefully the following risk factors, in addition to the other information contained in or incorporated by reference into this prospectus supplement and the accompanying prospectus, in evaluating an investment in shares offered hereby. This prospectus supplement and the accompanying prospectus contain forward-looking statements that involve risks and uncertainties. Actual results may differ materially from those discussed in forward-looking statements as a result of various factors, including those set forth below.*

***General economic conditions and consumer spending patterns can negatively impact our operating results, and the severe recession that began in late 2007 has adversely affected the boating industry and our company.***

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

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

Lower consumer spending resulting from a downturn in the housing market and other economic factors adversely affected our business in fiscal 2007 and continued weakness in consumer spending resulting from substantial weakness in the financial markets and deteriorating economic conditions have had a very substantial negative effect on our business in fiscal 2008 and 2009. Our revenue decreased from \$1.2 billion in fiscal 2007, to \$885.4 million in fiscal 2008, to \$381.3 million during the first nine months of fiscal 2009. Our earnings have decreased from a net income of \$20.1 million in fiscal 2007 to a net loss of \$134.3 million in fiscal 2008 (including a \$122.1 million goodwill impairment charge) and a net loss of \$43.8 million for the first nine months of fiscal 2009. These substantially deteriorating economic and financial conditions have had a greater impact on many other participants in the boating industry, with certain manufacturers and dealers ceasing business operations or filing for bankruptcy. While the reduction in boating industry participants might have a long-term positive impact on our company's competitive position, we are facing and expect to continue to face short-term competitive pressure resulting from decreased selling prices as a result of forced sales and other liquidations of excess inventory.

These conditions caused us to defer our acquisition program, slow our new store openings, reduce our inventory purchases, engage in inventory reduction efforts, close some of our retail locations, and reduce our headcount. While we believe the steps we have taken to date will enable us to emerge from the current economic environment as a stronger and more profitable company, we cannot predict the length or severity of these unfavorable economic or financial conditions or the extent to which they will adversely affect our operating results nor can we predict the effectiveness of the measures we have taken to address this environment or whether additional measures will be

necessary. A continuation of depressed economic factors could have additional negative effects on our company, including interfering with our supply of certain brands by manufacturers, reduced marketing and other support by manufacturers, decreased revenue, additional pressures on margins, and our failure to satisfy covenants under our credit agreement.

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### ***The availability and costs of borrowed funds can adversely affect our ability to obtain adequate boat inventory and the ability and willingness of our customers to finance boat purchases.***

The availability and costs of borrowed funds can adversely affect our ability to obtain and maintain adequate boat inventory as well as the ability and willingness of our customers to finance boat purchases. As of June 30, 2009, we had no long-term debt. We rely on our credit facility to purchase and maintain our inventory of boats. Our ability to borrow under our credit facility depends on our ability to continue to satisfy our covenants and other obligations under our credit facility. The aging of our inventory limits our borrowing capacity as defined provisions in our credit facility reduce the allowable advance rate as our inventory ages. Our access to funds under our credit facility also depends upon the ability of the banks that are parties to that facility to meet their funding commitments, particularly if they experience shortages of capital or experience excessive volumes of borrowing requests from others during a short period of time. A continuation of depressed economic conditions, weak consumer spending, turmoil in the credit markets, and lender difficulties could interfere with our ability to maintain compliance with our debt covenants and to utilize the credit agreement to fund our operations. Accordingly, it may be necessary for us to close additional stores, further reduce our expense structure, or modify the covenants with our lenders. Any inability to utilize our credit facility or the acceleration of amounts owed, resulting from a covenant violation, insufficient collateral, or lender difficulties, could require us to seek other sources of funding to repay amounts outstanding under the credit agreement or replace or supplement our credit agreement, which may not be possible at all or under commercially reasonable terms.

Our current revolving credit facility, as amended, provides a line of credit with asset-based borrowing availability of up to \$300 million, stepping down to \$250 million by September 30, 2009 and \$175 million by September 30, 2010, with interim decreases between such dates. We have pledged various of our assets, including boat inventories, accounts receivable, equipment, fixtures, and real estate, to secure borrowings under our credit facility. As of June 30, 2009, we were in compliance with all of the credit facility covenants and our additional available borrowings under our credit facility were approximately \$45 million.

As part of this offering, we requested from the lenders under our revolving credit facility additional flexibility to our debt covenants, since this offering also benefits our lenders. Our lending group has agreed to amend our revolving credit facility to modify the size of the facility and financial covenants upon the completion of this offering. Each interim step down, noted above, will be reduced by the net proceeds of this offering but will never be reduced to below \$175 million. Additionally, the amendment will modify the definition of EBITDA to include 50% of the net proceeds of this offering as additional flexibility to the earnings covenant for fiscal 2010.

Similarly, the decreases in the availability of credit and increases in the cost of credit adversely affect the ability of our customers to purchase boats from us and thereby adversely affects our ability to sell our products and impact the profitability of our finance and insurance activities. Tight credit conditions during fiscal 2008 and continuing into fiscal 2009 adversely affected the ability of customers to finance boat purchases, which had a negative affect on our operating results.

### ***Our success depends to a significant extent on the well being, as well as the continued popularity and reputation for quality of the boating products, of our manufacturers, particularly Brunswick's Sea Ray, Boston Whaler, Cabo, Hatteras, and Meridian boat lines and Azimut-Benetti Group's Azimut and Atlantis products.***

Approximately 49% of our revenue in fiscal 2008 resulted from sales of new boats manufactured by Brunswick, including approximately 34% from Brunswick's Sea Ray division and approximately 15% from Brunswick's other divisions. The remainder of our fiscal 2008 revenue from new boat sales resulted from sales of products from a limited number of other manufacturers, none of which accounted for more than 10% of our revenue.

We depend on our manufacturers to provide us with products that compare favorably with competing products in terms of quality, performance, safety, and advanced features, including the latest advances in propulsion and navigation systems. Any adverse change in the production efficiency, product development

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efforts, technological advancement, marketplace acceptance, marketing capabilities, and financial condition of our manufacturers, particularly Brunswick given our reliance on Sea Ray, Boston Whaler, Cabo, Hatteras, and Meridian, would have a substantial adverse impact on our business. Any difficulties encountered by any of our manufacturers, particularly Brunswick, resulting from economic, financial, or other factors could adversely affect the quality and amount of products that they are able to supply to us and the services and support they provide 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, those alternate sources may not be available at the time of any interruption, and alternative products may not be available at comparable quality and prices.

We maintain dealer agreements with Brunswick covering Sea Ray products. Each dealer agreement has a multi-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.

Each dealer agreement designates a specific geographical territory for the dealer, which is exclusive to the dealer so long as the dealer is not in breach of the material obligations and performance standards under the agreement and Sea Ray's then current material policies and programs following notice and the expiration of any applicable cure periods without cure.

We also maintain dealer agreements with Hatteras covering Hatteras products. Each agreement allows Hatteras to revise prices at any time, and such new prices will supersede previous prices. Pursuant to the agreements, we must bear any losses we incur as a result of such price changes and may not recover from Hatteras for any losses. In addition, certain of our dealerships may not represent manufacturers or product lines that compete directly with Hatteras without its prior written consent.

Upon the completion of the Surfside-3 acquisition, we became the exclusive dealer for Azimut-Benetti Group's Azimut product line. In September 2008, our geographic territory was expanded to include Florida. The Azimut dealer agreement provides a geographic territory to promote the product line and to network with the appropriate clientele through various independent locations designated for Azimut retail sales.

As is typical in the industry, we generally deal with 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 in the manufacturer's sole discretion. Any change or termination of these arrangements for any reason could adversely affect product availability and cost and our financial performance.

***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, among other things. 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

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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;
- loss of certain manufacturer to dealer incentives; or
- denial of approval of future acquisitions.

Our dealer agreements with certain manufacturers, including Brunswick, 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 our competitive position and financial performance.

***The failure to receive rebates and other dealer incentives on inventory purchases or retail sales could substantially reduce our margins.***

We rely on manufacturers' programs that provide incentives for dealers to purchase and sell particular boat makes and models or for consumers to buy particular boat makes or models. Any eliminations, reductions, limitations, or other changes relating to rebate or incentive programs that have the effect of reducing the benefits we receive, whether relating to the ability of manufacturers to pay or our ability to qualify for such incentive programs, could increase the effective cost of our boat purchases, reduce our margins and competitive position, and have a material adverse effect on our financial performance.

***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. Increases in fuel prices (such as those that occurred during fiscal 2008) negatively impact boat sales. 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, adversely impacting our business.

***The availability of boat insurance is critical to our success.***

The ability of our customers to secure reasonably affordable boat insurance that is satisfactory to lenders that finance our customers' purchases is critical to our success. Historically, affordable boat insurance has been available. With the hurricanes that have impacted the state of Florida and other markets over the past several years, insurance rates have escalated and insurance coverage has become more difficult to obtain. Any difficulty of customers to obtain affordable boat insurance could impede boat sales and adversely affect our business.

***Other recreational activities and poor industry perception can adversely affect the levels of boat purchases.***

Other recreational activities and poor industry perception can adversely affect the levels of boat purchases. As a seller of high-end consumer products, we must compete for discretionary spending with a wide variety of other recreational activities and consumer purchases. In addition, perceived hassles of boat ownership and

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relatively poor customer service and customer education throughout the retail boat industry represent impediments to boat purchases. Our customer-centric strategy is intended to overcome these perceptions.

***Adverse federal tax policies can have a negative effect on us.***

Changes in federal and state tax laws, such as an imposition of luxury taxes on new boat purchases, increases in prevailing tax rates, and weak stock market performance also 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. Any increase in tax rates, including those on capital gains and dividends, particularly those on high-income taxpayers, could adversely affect our boat sales.

***Our success depends, in part, on our ability to continue to make successful acquisitions and to integrate the operations of acquired dealers and each dealer we acquire in the future.***

Since March 1, 1998, we have acquired 20 recreational boat dealers, two boat brokerage operations, and two full-service yacht repair facilities. Each acquired dealer operated independently prior to its acquisition by us. Our success depends, in part, on our ability to continue to make successful acquisitions and to integrate the operations of acquired dealers, 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. We 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 pursue our acquisition strategy, our resulting growth will place significant additional demands on our management and infrastructure. Our failure to pursue successfully our acquisition strategies or operate effectively the combined entity could have a material adverse effect on our rate of growth and operating performance.

***Unforeseen expenses, difficulties, and delays frequently encountered in connection with rapid expansion through acquisitions could inhibit our growth and negatively impact our profitability.***

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 or increased asking prices by 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. Acquisitions also may become more difficult in the future as we acquire more of the most attractive dealers. 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 borrowed funds or common stock with a sufficient market price to complete the acquisitions;

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the ability to obtain any requisite manufacturer or governmental approvals;

the ability to obtain approval of our lenders under our current credit agreement; 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 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.

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

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 the growth and profitability of our business.

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***Our growth strategy may require us to secure significant additional capital, the amount of which 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 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 and willing to use our common stock for acquisitions will depend on the market value of our common stock 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 internal growth and operating strategies of opening new locations and offering new products 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 to 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 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.

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***Our business, as well as the entire recreational boating industry, is highly seasonal, with seasonality varying in different geographic markets. In addition, weather conditions may adversely impact our business.***

During the three-year period ended September 30, 2008, the average revenue for the quarterly periods ended December 31, March 31, June 30, and September 30 represented 19%, 25%, 32%, and 24%, respectively, of our average annual revenue. With the exception of Florida, we generally realize significantly lower sales in the quarterly periods ending December 31 and March 31. The onset of the public boat and recreation shows in January stimulates boat sales and allows us to reduce our inventory levels and related short-term borrowings throughout the remainder of the fiscal year. Our business could become substantially more seasonal as we acquire dealers that operate in colder regions of the United States.

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. 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 any 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.

In addition, hurricanes and other storms could result in the disruption of our operations or damage to our boat inventories and facilities as has been the case when Florida and other markets has been affected by hurricanes. While we traditionally maintain property and casualty insurance coverage for damage caused by hurricanes and other storms, there can be no assurance that such insurance coverage is adequate to cover losses that we may sustain as a result of hurricanes and other storms.

***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 and involves intense competition for customers, product distribution rights, and suitable retail locations, particularly on or near waterways. Competition increases during periods of stagnant industry growth.

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.

Due to various matters, including environmental concerns, permitting and zoning requirements, and competition for waterfront real estate, some markets in the United States have experienced an increased waiting list for marina and storage availability. In general, the markets in which we currently operate are not experiencing any unusual difficulties. However, marine retail activity could be adversely effected in markets that do not have sufficient marine and storage availability to satisfy demand.



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***We depend on income from financing, insurance, and extended service contracts.***

A portion of our income results from referral fees derived from the placement or marketing of various finance and insurance, or 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 2008, F&I products accounted for approximately 3.6% 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 and the current rate environment. 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. Customer financing became more difficult to secure during fiscal 2008, which has continued in fiscal 2009.

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 a material adverse effect on our operating margins.

***We depend on key personnel.***

Our success depends, in large part, upon the continuing efforts and abilities of our executive officers. Although we have employment agreements with certain of our executive officers, we cannot assure that these or other executive personnel will remain with us. Expanding our operations may require us to add additional executive personnel in the future. As a result of our decentralized operating strategy, we also rely on the management teams of our dealerships. In addition, we likely will depend on the senior management of any significant businesses 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.

***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 subject us to damages, result in higher insurance costs, and harm 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 and the 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 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. The majority of the outboard marine engines we sell are manufactured by Mercury Marine. Mercury Marine's product line of low-emission engines, including the OptiMax, Verado, and other four-stroke outboards, have already achieved the EPA's mandated 2006 emission levels. Any

increased costs of producing engines resulting from EPA standards or the inability of our manufacturers to comply with EPA requirements, could have a material adverse effect on our business.

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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

owners or operators of facilities at, from, or to which a release of hazardous substances has occurred;

parties that generated hazardous substances that were released at such facilities; and

parties that 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, more strict 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, two of our properties are within the boundaries of a Superfund site, although neither property has 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.

***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 of our common stock include the following:

variations in our operating results;

the thin trading volume and relatively small public float of our common stock;

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our ability to continue to secure adequate levels of financing;

variations in same-store sales;

general economic, political, and market conditions;

changes in earnings estimates published by analysts;

the level and success of our acquisition program and new store openings;

the success of dealership integration;

relationships with manufacturers;

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, market demand for small-capitalization stocks, and price and volume fluctuations in the stock market unrelated to our performance could result in significant fluctuations in the 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.

***The issuance of additional capital stock in the future, including shares that we may issue pursuant to stock-based grants, including stock 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. The issuance of additional common stock in the future, including shares that we may issue pursuant to stock-based grants, including stock option grants, and future acquisitions, may result in dilution in the net tangible book value per share of our common stock. The issuance of additional capital stock in the future, including shares that we may issue pursuant to stock-based grants, including stock option grants, and future acquisitions, may result in dilution in the net tangible book value per share of our common stock.

***A substantial number of shares are eligible for future sale.***

As of June 30, 2009, there were outstanding 18,661,027 shares of our common stock. Substantially all of these shares are 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, which generally include our directors, officers, and certain principal stockholders, are subject to the resale limitations of Rule 144 described below. Outstanding shares of common stock issued in connection with the acquisition of any acquired dealers are available for resale beginning six months after the respective dates of the acquisitions, subject to

compliance with the provisions of Rule 144 under the securities laws.

As of June 30, 2009, we had issued options to purchase approximately 2,104,422 shares of common stock and 744,646 restricted stock awards under our incentive stock plan, and we issued 245,097 of the 666,874 shares of common stock reserved for issuance under our 2008 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.

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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. If issued pursuant to an effective registration statement, these shares generally will be freely tradable after their issuance by persons not affiliated with us or the acquired companies.

***We do not pay cash dividends.***

We have never paid cash dividends on our common stock. Moreover, financial covenants under our credit facility restrict our ability to pay dividends.

***Our stockholders' rights plan may adversely affect existing stockholders.***

Our Stockholders' Rights Plan may have the effect of deterring, delaying, or preventing a change in control that might otherwise be in the best interests of our stockholders. Under the Rights Plan, we issued a dividend of one Preferred Share Purchase Right for each share of our common stock held by stockholders of record as of the close of business on September 7, 2001.

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

***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 certificate of incorporation and bylaws divide our board of directors into three classes of directors elected for staggered three-year terms. The 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 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.

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.

***Our sales of Azimut products may be adversely affected by fluctuations in currency exchange rates between the U.S. dollar and the euro.***

Products purchased from Italy-based Azimut are subject to fluctuations in the euro to U.S. dollar exchange rate, which ultimately may impact the retail price at which we can sell such products. As a result,

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fluctuations in the value of the euro compared with the U.S. dollar may impact the price points at which we can sell profitably Azimut products, and such price points may not be competitive with other product lines in the United States. Accordingly, such fluctuations in exchange rates ultimately may impact the amount of revenue, cost of goods sold, cash flows, and earnings we recognize for the Azimut product lines. The impact of these currency fluctuations could increase, particularly if our revenue from the Azimut products increase as a percentage of our total revenue. We also could incur losses from hedging transactions designed to reduce our risk to fluctuation in exchange rates. We cannot predict the effects of exchange rate fluctuations or currency rate hedges on our operating results. Therefore, in certain cases, we, from time to time, enter into foreign currency cash flow hedges to reduce the variability of cash flows associated with firm commitments to purchase boats and yachts from Azimut. We cannot assure that our strategies will adequately protect our operating results from the effects of exchange rate fluctuations.

***We will have broad discretion as to the use of the proceeds from this offering, and we may not use the proceeds effectively.***

Although we anticipate using all of the net proceeds in the offering for general corporate purposes, which may include debt reduction, we will have broad discretion as to the application of the net proceeds and could use them for purposes other than those contemplated at the time of this offering. Our stockholders may not agree with the manner in which we choose to allocate and spend the net proceeds. Moreover, we could use the net proceeds for corporate purposes that may not increase our profitability or market value.

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**CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS**

This prospectus supplement and the documents incorporated by reference herein contain forward-looking statements that involve risks and uncertainties. These forward-looking statements are not historical facts but rather are based on current expectations, estimates and projections about our industry, our beliefs and assumptions. We use words such as anticipate, expect, intend, plan, believe, seek, estimate and variations of these words and similar expressions to identify forward-looking statements. These statements are not guarantees of future performance and are subject to certain risks, uncertainties and other factors, some of which are beyond our control, are difficult to predict and could cause actual results to differ materially from those expressed or forecasted in the forward-looking statements. These risks and uncertainties include those described in Risk Factors and elsewhere in this prospectus supplement, the accompanying prospectus, and the documents incorporated by reference. You should not place undue reliance on these forward-looking statements, which reflect our view only as of the date of this prospectus supplement.

**USE OF PROCEEDS**

We estimate the net proceeds from this offering to us from the sale of common stock offered hereby will be approximately \$ million (or approximately \$ million if the underwriter exercises its over-allotment option in full), after deducting underwriting discounts and estimated offering expenses. We intend to use the net proceeds of this offering for general corporate purposes, which may include debt reduction. The amounts and purposes for which we allocate the net proceeds of this offering may vary depending upon a number of factors, including future revenue and the amount of cash generated by our operations.

**DIVIDEND POLICY**

We have never declared or paid cash dividends on our common stock. We currently plan to retain any earnings to finance the growth of our business rather than to pay cash dividends. Payments of any cash dividends in the future will depend on our financial condition, results of operations, and capital requirements as well as other factors deemed relevant by our board of directors. Moreover, financial covenants under our credit facility also restrict our ability to pay dividends.

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The following table sets forth our capitalization as of June 30, 2009:

on an actual basis; and

on an adjusted basis to give effect to the sale of 2,600,000 shares of our common stock at the offering price of \$ per share, after deducting underwriting discounts and estimated offering expenses, after giving effect to our receipt of the estimated net proceeds, and without exercise of the option granted to the underwriter to purchase 390,000 additional shares of common stock to cover over-allotments, if any.

The information set forth in the following table should be read in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations in our quarterly report on Form 10-Q for the quarter ended June 30, 2009 and our consolidated financial statements and notes thereto incorporated by reference in this prospectus supplement and the accompanying prospectus.

	<b>As of June 30, 2009</b>	
	<b>Actual</b>	<b>As Adjusted</b>
	<b>(Unaudited)</b>	
	<b>(Amounts in thousands)</b>	
Cash and cash equivalents	\$ 13,825	\$
Short term borrowings	250,000	250,000
Preferred stock, \$.001 par value, 1,000,000 shares authorized, none issued or outstanding, actual and as adjusted		
Common stock, \$.001 par value, 24,000,000 shares authorized, 19,451,927 shares issued and 18,661,027 shares outstanding, actual; 21,261,027 shares issued and outstanding, as adjusted	19	22
Additional paid-in capital	183,797	
Retained earnings	41,755	41,755
Treasury stock, at cost, 790,900 shares held, actual; 0 shares held, as adjusted	(15,810)	
Total stockholders' equity	\$ 209,761	\$
Total capitalization	\$ 459,761	\$

The number of shares of our common stock to be outstanding after this offering reflected above is based on the number of shares outstanding as of June 30, 2009, and does not include the following:

2,104,422 shares of our common stock issuable upon exercise of stock options granted under our 2007 incentive stock plan;

an additional 929,870 shares of our common stock available for future issuance under our 2007 incentive stock plan; and

421,777 shares of our common stock reserved for issuance under our 2008 employee stock purchase plan.

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**Table of Contents****UNDERWRITING**

Raymond James & Associates, Inc. is acting as the sole underwriter of this offering. Under the terms and subject to the conditions contained in an underwriting agreement dated September , 2009, the underwriter has agreed to purchase, and we have agreed to sell to the underwriter, 2,600,000 shares of our common stock.

The underwriter is offering the shares of common stock subject to its acceptance of the shares from us and subject to prior sale. The underwriting agreement provides that the obligations of the underwriter to purchase and accept delivery of the common stock offered by this prospectus supplement are subject to approval by its counsel of legal matters and to certain other conditions set forth in the underwriting agreement. The underwriter is obligated to purchase and accept delivery of all of the shares of common stock offered by this prospectus supplement, if any are purchased, other than those covered by the option to purchase additional shares described below.

**Option to Purchase Additional Shares**

We have granted the underwriter an option, exercisable within 30 days after the date of this prospectus supplement, to purchase from time to time up to an aggregate of 390,000 additional shares of common stock, at the same price per share as it is paying for the shares as indicated on the cover page of this prospectus supplement. If the underwriter exercises its option to purchase any of the additional 390,000 shares, the underwriter will become obligated, subject to certain conditions, to purchase all such shares. If purchased, these additional shares will be sold by the underwriter on the same terms as those on which the shares offered by this prospectus supplement are being sold.

**Commission and Discounts**

The underwriter proposes to offer the common stock directly to the public at the public offering price indicated on the cover page of this prospectus supplement and to various dealers at that price less a concession not to exceed \$ per share. After this offering, the public offering price, concession and reallowance to dealers may be reduced by the underwriter. No reduction will change the amount of proceeds to be received by us as indicated on the cover page of this prospectus supplement. The shares of common stock are offered by the underwriter as stated in this prospectus supplement, subject to receipt and acceptance by it and subject to its right to reject any order in whole or in part.

The following table summarizes the underwriting compensation to be paid to the underwriter by us. These amounts assume both no exercise and full exercise of the underwriter's option to purchase additional shares. We estimate that the total expenses payable by us in connection with this offering, other than the underwriting discount referred to below, will be approximately \$ .

	<b>Per Share</b>	<b>Without Option</b>	<b>With Option</b>
Underwriting discount payable by us	\$	\$	\$

**Indemnification**

We have agreed to indemnify the underwriter against various liabilities, including certain liabilities under the Securities Act of 1933, as amended, or the Securities Act, and the Securities Exchange Act of 1934, as amended, or the Exchange Act, or to contribute to payments the underwriter may be required to make because of any of those

liabilities.

### **Lock-up Agreements**

Subject to specified exceptions, each of our directors and our executive officers have agreed for a period of 90 days after the date of this prospectus supplement, not to directly or indirectly: (1) offer, sell, contract to sell, pledge, grant any option to purchase or otherwise dispose of any stock, options, warrants or other securities of our company, or any securities convertible into or exercisable or exchangeable for, or any rights to purchase or otherwise acquire, any stock, options, warrants or other securities of our company held or deemed to be beneficially owned by the person or entity without the prior written consent of Raymond

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James & Associates, Inc. or (2) exercise or seek to exercise or effectuate in any manner any rights of any nature that the person or the entity has or may have hereafter to require us to register under the Securities Act, the sale, transfer or other disposition of any of the securities held or deemed to be beneficially owned by the person or entity, or to otherwise participate as a selling securityholder in any manner in any registration by us under the Securities Act.

In addition we have agreed that for 90 days after the date of this prospectus, we will not directly or indirectly without the prior written consent of Raymond James & Associates, Inc.: (1) offer for sale, sell, pledge or otherwise dispose (or enter into any transaction or device that is designed to, or reasonably could be expected to, result in the disposition by any person within the 90-day restricted period) of any shares of common stock or securities convertible into or exchangeable for common stock, or sell or grant options, rights or warrants with respect to any shares of our common stock or securities convertible into or exchangeable for our common stock, (2) enter into any swap or other derivatives transaction that transfers to another, in whole or in part, any of the economic benefits or risks of ownership of such shares of common stock whether any transaction described in clause (1) or (2) above is settled by delivery of common stock or other securities, in cash or otherwise, (3) file or cause to be filed a registration statement, with respect to the registration of any shares of common stock or securities convertible, exercisable or exchangeable into our common stock or any other securities, or (4) publicly disclose the intention to do any of the foregoing. The restrictions contained in the preceding sentence will not apply to (a) the shares of common stock being sold under this prospectus supplement; (b) the issuance of shares of our common stock or options to purchase our common stock pursuant to existing employee benefit plans; (c) the conversion or exchange of currently outstanding convertible or exchangeable securities; or (d) the disposition of shares by a director or officer pursuant to our trading plan established under Rule 10b5-1 under the Exchange Act.

The 90-day lock-up periods described in the preceding paragraphs will automatically be extended if (1) during the last 17 days of the 90-day lock-up periods, we issue an earnings release or material news or a material event relating to us occurs, or (2) prior to the expiration of the lock-up periods, we announce that we will release earnings results during the 16-day period beginning on the last day of the lock-up periods, then the lock-up periods will automatically be extended and the restrictions described above will continue to apply until the expiration of the 18-day period beginning on the issuance of the earnings release or the announcement of the material news or the occurrence of the material event, as applicable, unless Raymond James & Associates, Inc. waives, in writing, such extension. Raymond James & Associates, Inc. may release any of the securities subject to these lock-up agreements at any time without notice.

## **Price Stabilization, Short Positions and Penalty Bids**

Until this offering is completed, rules of the Securities and Exchange Commission, or the SEC, may limit the ability of the und