

BEAZER HOMES USA INC

Form DEF 14A

December 22, 2008

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
SCHEDULE 14A
Proxy Statement Pursuant to Section 14(a) of the Securities
Exchange Act of 1934 (Amendment No.)**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to 14a-12

BEAZER HOMES USA, INC.

(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

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

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

(4) Proposed maximum aggregate value of transaction:

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- Fee paid previously with preliminary materials:

- o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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**Beazer Homes USA, Inc.
1000 Abernathy Road, Suite 1200, Atlanta, Georgia 30328**

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

TO THE STOCKHOLDERS OF BEAZER HOMES USA, INC.:

Notice is hereby given that the annual meeting of stockholders of Beazer Homes USA, Inc. (Beazer Homes or the Company) will be held at 2:00 p.m. on Thursday, February 5, 2009 at 1000 Abernathy Road, Atlanta, Georgia 30328. At this meeting, stockholders will vote on:

- 1) The election of the six nominees for the Board of Directors named in the accompanying Proxy Statement;
- 2) The ratification of the selection of Deloitte & Touche LLP by the Audit Committee of the Board of Directors as independent registered public accounting firm for the fiscal year ending September 30, 2009; and
- 3) Any other such business as may properly come before the meeting or any adjournments or postponements thereof.

The Board of Directors has fixed the close of business on December 8, 2008 as the record date for the determination of stockholders entitled to notice of and to vote at the meeting. A copy of Beazer Homes annual report to stockholders is being mailed to you together with this notice.

We encourage you to take part in the affairs of Beazer Homes by voting either in person by written ballot at the meeting or by telephone, internet or written proxy.

By Order of the Board of Directors,

BRIAN C. BEAZER
Non-Executive Chairman of the Board

Dated: December 22, 2008

YOUR VOTE IS IMPORTANT.

WHETHER OR NOT YOU PLAN TO ATTEND THIS MEETING, PLEASE PROMPTLY MARK, DATE, SIGN AND MAIL THE ENCLOSED PROXY. A RETURN ENVELOPE, WHICH REQUIRES NO ADDITIONAL POSTAGE, IF MAILED IN THE UNITED STATES, IS ENCLOSED FOR THAT PURPOSE. YOU MAY ALSO VOTE BY INTERNET OR TELEPHONE BY FOLLOWING INSTRUCTIONS ON THE ENCLOSED PROXY.

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IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON FEBRUARY 5, 2009.

The Company's Proxy Statement for the 2009 Annual Meeting of Stockholders and the Annual Report to Stockholders for the fiscal year ended September 30, 2008 are available at:

<http://www.proxyvote.com>

You will need the 12-digit Control Number included on your proxy card or voting instruction form to access these materials.

HOW TO VOTE

You can vote your shares in person by attending the meeting, by completing and returning a proxy by mail, or by using the telephone or the internet. Please refer to the proxy card or voting instruction form included with these proxy materials for information on the voting methods available to you. If you vote by telephone or on the internet, you do not need to return your proxy card. Please see page 1 of the accompanying Proxy Statement for more information.

ANNUAL MEETING ADMISSION

Please note that attendance at the meeting is limited to Company stockholders or their named representatives. Proof of ownership of Beazer Homes common stock as of the record date and photo identification will be required for admittance to the annual meeting. If you are a registered stockholder, the top portion of your proxy card may serve as proof of ownership. If you are attending on behalf of an entity that is a stockholder, evidence of your employment or association with that entity is also required.

To obtain directions to attend the annual meeting and vote in person, contact Investor Relations at (770) 829-3700.

ELECTRONIC DELIVERY OF PROXY MATERIALS

Instead of receiving copies of the proxy statement and annual report in the mail, stockholders may elect to receive an email with a link to future proxy statements, proxy cards and annual reports on the internet. Receiving your proxy materials online saves us the cost of producing and mailing documents to you and significantly reduces the environmental impact. Stockholders may enroll to receive proxy materials online as follows:

Stockholders of Record. If you are a registered stockholder, you may consent to electronic delivery when voting for this meeting on the internet at www.proxyvote.com

Beneficial Holders. If your shares are not registered in your name, check the information provided to you by your bank or broker, or contact your bank or broker for information on electronic delivery service.

401(k) Plan Participants. If you are a participant in our 401(k) plan, you may consent to electronic delivery when voting for this meeting on the internet at www.proxyvote.com.

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**BEAZER HOMES USA, INC.
1000 Abernathy Road
Suite 1200
Atlanta, Georgia 30328**

PROXY STATEMENT

GENERAL INFORMATION

Purpose

This Proxy Statement is being furnished to you in connection with the solicitation of proxies by the Board of Directors of Beazer Homes USA, Inc., a Delaware corporation (Beazer Homes or the Company), for use at the annual meeting of stockholders of Beazer Homes to be held on February 5, 2009 and at any adjournments or postponements thereof. Stockholders of record at the close of business on December 8, 2008 are entitled to notice of and to vote at the annual meeting. On December 8, 2008, we had outstanding 39,280,291 shares of common stock. Each share of common stock entitles the holder to one vote with respect to each matter to be considered. The common stock is our only outstanding class of voting securities. This Proxy Statement and the enclosed form of proxy are being mailed to stockholders, together with our annual report to stockholders (which includes our annual report on Form 10-K for our fiscal year ended September 30, 2008), commencing on or about December 26, 2008.

Voting Instructions

General Shares represented by a proxy will be voted in the manner directed by the stockholder. If no direction is made, except as discussed below regarding broker non-votes, the completed proxy will be voted:

1. for the election of the six nominees for the Board of Directors named in this Proxy Statement;
2. for the ratification of the selection of Deloitte & Touche LLP as the Company's independent registered public accounting firm for fiscal year 2009; and
3. in accordance with the judgment of the persons named in the proxy as to such other matters as may properly come before the annual meeting.

If you are a stockholder of record as of the close of business on December 8, 2008 you can give a proxy to be voted at the meeting either:

1. by mailing in the enclosed proxy card;
2. by written ballot at the meeting;

3. over the telephone by calling a toll-free number; or
4. electronically, using the internet.

The telephone and internet voting procedures have been set up for your convenience and have been designed to authenticate your identity, to allow you to give voting instructions and to confirm that those instructions have been recorded properly. If you are a stockholder of record and you would like to vote by telephone or by using the internet, please refer to the instructions on the enclosed proxy card.

If you hold your shares in street name, you must vote your shares in the manner prescribed by your broker or nominee. Your broker or nominee has enclosed or provided a voting instruction form for you to use in directing the broker or nominee on how to vote your shares.

Signature Requirements If stock is registered in the name of more than one person, each named person should sign the proxy. If the stockholder is a corporation, the proxy should be signed in the corporation's name by a

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duly authorized officer. If a proxy is signed as an attorney, trustee, guardian, executor, administrator or a person in any other representative capacity, the signer's full title should be given.

Revocation A stockholder giving the enclosed proxy may revoke it at any time before the vote is cast at the annual meeting by executing and returning to the Secretary of Beazer Homes (Peggy J. Caldwell) at the Company's principal office or to the official tabulator (Broadridge Financial Solutions, Inc., 51 Mercedes Way, Edgewood, NY 11717) either a written revocation or a proxy bearing a later date prior to the annual meeting. Any stockholder who attends the annual meeting in person will not be considered to have revoked his or her proxy unless such stockholder affirmatively indicates at the annual meeting his or her intention to vote in person the shares represented by such proxy. In addition, a stockholder may revoke a proxy by submitting a subsequent proxy by internet or telephone by following the instructions on the enclosed proxy.

Quorum: Vote Required The presence, in person or by proxy, of the holders of a majority of the outstanding shares of common stock is required to constitute a quorum at the meeting. Shares represented by proxies which indicate that the stockholders abstain as to the election of directors or to other proposals will be treated as being present for the purpose of determining the presence of a quorum and, other than for the election of directors, the number of votes cast with respect to each proposal. Consequently, an abstention will have the effect of a vote against with respect to proposals other than the election of directors. If a broker does not receive instructions from the beneficial owner of shares of common stock held in street name for certain types of proposals it must indicate on the proxy that it does not have authority to vote such shares (a broker non-vote) as to such proposals. Shares represented by broker non-votes will be considered present for purposes of a quorum, but will not be considered voted with regard to or treated as present with respect to those proposals to which it relates.

The holders of common stock will be entitled to one vote for each share they hold. In uncontested elections of directors, such as this election, each director will be elected if the votes cast for such director exceed the votes cast against such director. See the Corporate Governance section below for a more detailed description of the majority voting procedures in our Bylaws and Corporate Governance Policy. The affirmative vote, in person or by proxy, of holders of a majority of the outstanding shares of common stock present or represented at the annual meeting and entitled to vote on the matter is required to ratify the selection of Deloitte & Touche LLP as the Company's independent registered public accounting firm for fiscal year 2009 by the Audit Committee of the Board of Directors.

Expenses of Solicitation

Expenses incurred in connection with the solicitation of proxies will be paid by Beazer Homes. Proxies are being solicited primarily by mail but, in addition, officers and other employees of Beazer Homes may solicit proxies by telephone, in person or by other means of communication but will receive no extra compensation for such services. In addition, Beazer Homes has engaged Morrow & Co., LLC to assist in the solicitation of proxies. Beazer Homes anticipates that the costs associated with this engagement will be approximately \$10,000 plus costs and expenses incurred by Morrow & Co. Beazer Homes will reimburse banks, brokerage firms and other custodians, nominees and fiduciaries for costs incurred in connection with this solicitation.

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The following table sets forth information as of December 8, 2008 with respect to the beneficial ownership of Beazer Homes common stock by all persons known by us to beneficially own more than 5% of our common stock.

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class(1)
FMR LLC 82 Devonshire Street Boston, MA 02109	4,919,231(2)	12.52%
Barclays Global Investors NA 400 Howard Street San Francisco, CA 94105	4,083,044(3)	10.39%
Deutsche Bank AG Theodor-Heuss-Allee 70 60468 Frankfurt am Main Federal Republic of Germany	3,605,138(4)	9.18%
Franklin Mutual Advisers, LLC 101 John F. Kennedy Parkway Short Hills, NJ 07078	3,162,578(5)	8.05%
Jeffrey L. Gendell 55 Railroad Ave., 3rd Floor Greenwich, CT 06830	3,061,683(6)	7.79%
Ziff Asset Management, L.P. 283 Greenwich Avenue Greenwich, CT 06830	2,995,800(7)	7.63%
State Street Bank and Trust Company One Lincoln Street Boston, MA 02111	2,521,779(8)	6.42%
LMM LLC 100 Light Street Baltimore, MD 21202	2,127,400(9)	5.42%
Canyon Capital Advisors LLC 9665 Wilshire Boulevard, Suite 200 Beverly Hills, CA 90212	2,062,152(10)	5.25%

(1) Based upon 39,280,291 shares of outstanding common stock as of December 8, 2008. The beneficial ownership information regarding principal stockholders is based upon the most recently available Schedule 13D, Schedule 13G or amendment thereto filed by each respective holder.

(2)

FMR LLC and Edward C. Johnson 3d jointly filed a Schedule 13G/A on February 14, 2008. According to the Schedule 13G/A, (a) FMR LLC had sole voting power on 2,000 of its then beneficially owned shares and sole dispositive power as to all of its then beneficially owned shares (4,919,231 shares); (b) Fidelity Management & Research Company (Fidelity), a wholly-owned subsidiary of FMR LLC and an investment adviser registered under Section 203 of the Investment Advisers Act of 1940, was the beneficial owner of 4,919,231 shares as a result of acting as investment adviser to various investment companies registered under Section 8 of the Investment Company Act of 1940; and (c) Edward C. Johnson 3d and FMR LLC, through its control of Fidelity, and the funds each had sole power to dispose of 4,919,231 shares. Each of the reporting entities has the same address.

- (3) Barclays Global Investors, NA and Barclays Global Fund Advisors jointly filed a Schedule 13G/A on August 7, 2008. According to the Schedule 13G/A, (a) Barclays Global Investors, NA had sole voting power as

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to 732,842 shares and sole dispositive power as to the 858,374 shares it beneficially owned; and (b) Barclays Global Fund Advisors had sole voting and dispositive power as to the 3,224,670 shares it beneficially owned. Each of the reporting entities has the same address.

- (4) Deutsche Bank AG, Deutsche Bank Securities Inc. and Deutsche Bank AG, London Branch, jointly filed a Schedule 13G on February 7, 2008. According to the Schedule 13G, (a) the reporting entities had sole voting power and sole dispositive power as to all of the reported beneficially owned shares (3,605,138 shares); (b) Deutsche Bank AG had sole voting power and sole dispositive power as to all of its beneficially owned shares (2,993,688 shares); (c) Deutsche Bank Securities Inc. had sole voting power and sole dispositive power as to all of its beneficially owned shares (611,450 shares); and (d) Deutsche Bank AG, London Branch, had sole voting power and sole dispositive power as to all of its beneficially owned shares (2,993,688 shares). Each of the reporting entities has the same address.
- (5) Franklin Mutual Advisers, LLC filed a Schedule 13G on January 30, 2008. According to the Schedule 13G, Franklin Mutual Advisers, LLC had sole voting power and sole dispositive power as to all of the reported beneficially owned shares (3,162,578 shares).
- (6) Mr. Gendell, Tontine Partners, L.P., Tontine Management, L.L.C., Tontine Capital Partners, L.P., Tontine Capital Management, L.L.C., and Tontine Overseas Associates, L.L.C. jointly filed a Schedule 13G/A on February 8, 2008. According to the Schedule 13G/A, (a) Mr. Gendell had sole voting and dispositive power as to 205,135 shares, shared voting and dispositive power as to 2,856,548 and aggregate beneficial ownership of 3,061,683 shares; (b) Tontine Partners, L.P. and Tontine Management, L.L.C. each had shared voting and dispositive power as to the 726,272 shares they beneficially owned; (c) Tontine Overseas Associates, L.L.C. had shared voting and dispositive power as to the 2,011,776 shares it beneficially owned; (d) Tontine Capital Partners, L.P. had shared voting and dispositive power as to the 118,500 shares they beneficially owned; and (e) Tontine Capital Management, L.L.C. had shared voting and dispositive power as to the 317,706 shares it beneficially owned. The Schedule 13G/A indicates that Mr. Gendell is the managing member of (a) Tontine Management, L.L.C., a Delaware limited liability company, which is the general partner of Tontine Partners, L.P., a Delaware limited partnership, and has the power to direct its affairs; (b) Tontine Capital Management, L.L.C., a Delaware limited liability company, which is the general partner of Tontine Capital Partners, L.P., a Delaware limited partnership, and has the power to direct its affairs; and (c) Tontine Overseas Associates, L.L.C., a Delaware limited liability company, and in that capacity Mr. Gendell directs their operations. Each of the reporting entities has the same address.
- (7) Ziff Asset Management, L.P., PBK Holdings, Inc., Philip B. Korsant and ZBI Equities LLC jointly filed a Schedule 13G/A on February 13, 2008. According to the Schedule 13G/A, (a) Ziff Asset Management, L.P. had shared voting and dispositive power as to the 2,763,750 shares it beneficially owned; (b) each of PBK Holdings, Inc., Philip B. Korsant and ZBI Equities LLC had shared voting and dispositive power as to the 2,995,800 shares it beneficially owned; and (c) partnerships of which PBK Holdings, Inc. is the general partner, including Ziff Asset Management, L.P., are the owners of record of the shares reported on the Schedule 13G/A and each of PBK Holdings, Inc., Philip B. Korsant, and ZBI Equities, L.L.C. may be deemed to beneficially own all or a portion of the shares reported on the Schedule 13G/A as a result of the direct or indirect power to vote or dispose of such stock. Each of the reporting entities has the same address.
- (8) State Street Bank and Trust Company filed a Schedule 13G on February 12, 2008. According to the Schedule 13G, State Street Bank and Trust Company had sole voting power and shared dispositive power as to the 2,521,779 shares it beneficially owned.
- (9)

LMM LLC and Legg Mason Opportunity Trust jointly filed a Schedule 13G/A on July 10, 2008. According to the Schedule 13G/A, (a) LMM LLC had shared voting power and shared dispositive power as to all of its reported beneficially owned shares (2,127,400 shares); and (b) Legg Mason Opportunity Trust had shared voting power and shared dispositive power as to all of its reported beneficially owned shares (2,127,400 shares). Each of the reporting entities has the same address.

- (10) Canyon Capital Advisors LLC, Mitchell R. Julis, Joshua S. Friedman and K. Robert Turner jointly filed a Schedule 13G on February 14, 2008. According to the Schedule 13G, (a) Canyon Capital Advisors LLC had sole voting and dispositive power as to the 2,062,152 shares it beneficially owned; (b) each of Messrs. Julis, Friedman and Turner had shared voting and dispositive power as to the 2,062,152 shares he beneficially

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owned; (c) Canyon Capital Advisors LLC is an investment advisor to various managed accounts with the right to receive, or the power to direct the receipt, of dividends from, or the proceeds from the sale of the securities held by, such managed accounts; and (d) Messrs. Julis, Friedman, and Turner control entities which own 100% of Canyon Capital Advisors LLC. Each of the reporting entities has the same address.

MATTERS TO BE CONSIDERED

General

Our by-laws provide that in uncontested elections of directors, such as this election, each director will be elected if the votes cast for such director exceed the votes cast against such director. See the Corporate Governance section below for a more detailed description of the majority voting procedures in our by-laws and Corporate Governance Policy. For other matters presented for stockholder approval, our by-laws require the affirmative vote of a majority of the shares present or represented at the meeting, unless some other percentage is required by law or by the certificate of incorporation. Please refer to page 1 of this Proxy Statement for voting instructions.

Following is a discussion of the matters to be presented for stockholder approval at the annual meeting:

1. ELECTION OF DIRECTORS

General

Each of the nominees listed below has been nominated as a director for the fiscal year ending September 30, 2009 and until their respective successors have qualified and are elected. Each of the following nominees is presently serving as a director of Beazer Homes. The Board periodically evaluates the appropriate size of the Board and will set the number of directors in accordance with the Company's by-laws and based on recommendations of the Nominating/Corporate Governance Committee.

In the event any nominee is not available as a candidate for director, votes will be cast pursuant to authority granted by the enclosed proxy for such other candidate or candidates as may be nominated by the Nominating/Corporate Governance Committee of the Board of Directors. The Board of Directors has no reason to believe that any nominee will be unable or unwilling to serve as a director, if elected.

Vote Required

Each director will be elected if the votes cast for such director exceed the votes cast against such director.

Recommendation

We recommend that you vote your shares to elect the following nominees. Please see the Voting Instructions on page 1 of this Proxy Statement for instructions on how to cast your vote.

Nominees

The information appearing below with respect to each nominee has been furnished to Beazer Homes by the nominee:

LAURENT ALPERT. Mr. Alpert, 62, has served as a director since February 2002. Mr. Alpert is a partner in the international law firm of Cleary, Gottlieb, Steen & Hamilton. He joined Cleary, Gottlieb, Steen & Hamilton in 1972 and became a partner in 1980. He received his undergraduate degree from Harvard College and a law degree from

Harvard Law School. Mr. Alpert is also a Director of the International Rescue Committee, a non-profit organization providing relief and resettlement services to refugees.

BRIAN C. BEAZER. Mr. Beazer, 73, is the Non-Executive Chairman of Beazer Homes Board of Directors and has served as a director of Beazer Homes since its initial public offering (the IPO) in 1994. From 1968 to 1983, Mr. Beazer was Chief Executive Officer of Beazer PLC, a United Kingdom company, and then was Chairman and CEO of that company from 1983 to the date of its acquisition by an indirect, wholly-

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owned subsidiary of Hanson PLC (effective December 1, 1991). During that time Beazer PLC expanded its activities to include homebuilding, quarrying, contracting and real estate, and became an international group with annual revenue of approximately \$3.4 billion. Mr. Beazer was educated at the Cathedral School, Wells, Somerset, England. He is a Director of Beazer Japan, Ltd; Seal Mint, Ltd; United Pacific Industries Limited; and Numerex Corp., and is a private investor.

PETER G. LEEMPUTTE. Mr. Leemputte, 51, has been a director since August 2005. Mr. Leemputte joined Mead Johnson Nutritionals, a global leader in infant and children's nutrition as Senior Vice President and Chief Financial Officer in September 2008. Previously, Mr. Leemputte was Senior Vice President and Chief Financial Officer for Brunswick Corporation. He joined Brunswick in 2001 as Vice President and Controller. Prior to joining Brunswick Corporation, Mr. Leemputte was Executive Vice President, Chief Financial and Administrative Officer of Chicago Title Corporation, a leading publicly traded national service provider offering residential and commercial title insurance. Before joining Chicago Title Corporation, Mr. Leemputte was a Vice President with Mercer Management Consulting in Chicago where he was a partner in the firm's global practice covering strategy and operational studies within process industries. His career also includes domestic and international financial assignments with Armco Inc., FMC Corporation and BP Amoco. He also served as a product development engineer with Procter & Gamble Company. Mr. Leemputte holds a Bachelor of Science degree in Chemical Engineering from Washington University, St. Louis and a Master of Business Administration in Finance and Marketing from the University of Chicago Graduate School of Business.

IAN J. MCCARTHY. Mr. McCarthy, 55, is the President and Chief Executive Officer of Beazer Homes and has served as a director of Beazer Homes since the IPO. Mr. McCarthy has served as President of predecessors of Beazer Homes since January 1991 and was responsible for all United States residential homebuilding operations in that capacity. During the period May 1981 to January 1991, Mr. McCarthy was employed in Hong Kong and Thailand, becoming a director of Beazer Far East and from January 1980 to May 1981 was employed by Kier, Ltd., a company engaged in the United Kingdom construction industry which became an indirect, wholly owned subsidiary of Beazer PLC. Mr. McCarthy is a Chartered Civil Engineer with a Bachelor of Science degree from The City University, London. Mr. McCarthy currently serves as a member of the Board of Directors of HomeAid America and of Builder Homesite, Inc. He was inducted into the California Building Industry Hall of Fame in 2004, the first non-California resident to receive this honor.

LARRY T. SOLARI. Mr. Solari, 66, has served as a director of Beazer Homes since the IPO. He is a partner in Kenner & Company, Inc., a private equity investment firm in New York. Mr. Solari is the past Chairman and CEO of BSI Holdings, Inc., a position he held from 1998 to 2001. Prior to starting BSI, Mr. Solari was the Chairman and CEO of Sequentia, Inc. and President of the Building Materials Group of Domtar, Inc.. Mr. Solari was President of the Construction Products Group of Owens-Corning from 1986 to 1994 and held various other positions with Owens-Corning since 1966. Mr. Solari earned a Bachelor of Science degree in Industrial Management and a Master of Business Administration degree from San Jose State University and is a graduate of Stanford University's Management Program. Mr. Solari is a Director of Pacific Coast Building Products, Inc., Atrium Companies, Inc., TruStile Doors, LLC, and Performance Contracting Group. Mr. Solari is a past director of the Policy Advisory Board of the Harvard Joint Center for Housing Studies and the National Home Builders Advisory Board.

STEPHEN P. ZELNAK, JR. Mr. Zelnak, 63, has served as a director of Beazer Homes since February 2003. He is the Chairman and Chief Executive Officer of Martin Marietta Materials, Inc. Mr. Zelnak joined Martin Marietta Corporation in 1981 and prior to assuming his current position in 1993, had been the President of Martin Marietta Corporation's Materials Group and of Martin Marietta's Aggregates Division. Mr. Zelnak received a Bachelor's degree from Georgia Institute of Technology and Masters degrees in Administrative Science and Business Administration from the University of Alabama System. He has served as Chairman of the North Carolina Citizens for Business and Industry, and is the past Chairman of the North Carolina Community College Foundation. He serves on the Advisory

Boards of North Carolina State University and Georgia Institute of Technology.

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During fiscal year 2008, our Board of Directors had four committees: The Audit Committee, the Nominating/Corporate Governance Committee, the Compensation Committee and the Finance Committee. The Audit Committee meets the definition of an audit committee as set forth in Section 3(a)(58)(A) of the Securities Exchange Act of 1934. In fiscal 2008 the Board of Directors had 11 meetings, and each meeting was attended in full with the exception of Mr. Leemputte and former director Mrs. Katie J. Bayne, who each were absent from one meeting. In addition, directors are encouraged to attend the annual meeting of stockholders, but are not required to do so. At the last annual meeting of stockholders, held on August 5, 2008, all members of the Board of Directors were in attendance. The independent directors held two meetings in fiscal 2008, both of which were attended in full. Current committee membership is as follows:

COMMITTEE MEMBERSHIP

Audit Committee	Compensation Committee	Nominating/Corporate Governance Committee	Finance Committee
Peter G. Leemputte(1)(2) Laurent Alpert Larry T. Solari	Larry T. Solari(1) Stephen P. Zelnak, Jr.	Laurent Alpert(1) Larry T. Solari Stephen P. Zelnak, Jr.	Stephen P. Zelnak, Jr.(1) Brian C. Beazer Peter G. Leemputte

(1) Committee Chair.

(2) Audit Committee Financial Expert as defined by SEC regulations.

Committee composition is subject to review by the Board of Directors from time to time.

The Audit Committee provides assistance to the Board of Directors in fulfilling its responsibilities related to corporate accounting and auditing, reporting practices of Beazer Homes, the quality and integrity of the financial reports of Beazer Homes, and our internal controls regarding finance, accounting, legal compliance, risk management and ethics established by management and the Board of Directors. In fulfilling these functions, the Audit Committee reviews and makes recommendations to the Board of Directors with respect to designated financial and accounting matters. The Audit Committee also engages and sets compensation for the Company's independent auditors. This committee held 32 meetings during fiscal year 2008, 22 of which were to conduct the independent internal investigation of the Company's mortgage origination business and related matters. Each meeting was attended in full with the exception of Mr. Solari who was absent from three meetings.

The Nominating/Corporate Governance Committee makes recommendations concerning the appropriate size and needs of the Board, including the annual nomination and screening of directors and nominees for new directors. The Nominating/Corporate Governance Committee also reviews and makes recommendations concerning corporate governance and other policies related to the Board and evaluates the Board's and Board committees' performance. This committee met three times during fiscal year 2008, and each meeting was attended in full.

The Compensation Committee discharges the Board of Directors' responsibility relating to the compensation of the Company's executives and directors. More specifically, this committee administers cash-based compensation programs for executive management, which includes all of the executive officers named in the Summary Compensation Table (the "Named Executives"). The Compensation Committee also administers Beazer Homes' Amended and Restated 1999 Stock Incentive Plan, as well as any other bonus or incentive compensation plans. This committee also reviews and recommends to the Board the inclusion of the Compensation Discussion and Analysis in the Company's annual meeting proxy statement. The committee met seven times during fiscal year 2008, and each meeting was attended in full with the exception of former director and compensation committee member Katie J. Bayne, who was absent from one meeting.

The Finance Committee provides assistance to the Board of Directors in fulfilling its responsibility with respect to its oversight of certain areas of corporate finance, including, without limitation, financial and capital markets matters, equity and debt financings, major issuances, major acquisitions and divestitures,

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share repurchases, and dividend policy. The Finance Committee met six times during fiscal year 2007, and each meeting was attended in full.

Corporate Governance

The Board of Directors has adopted a number of measures designed to comply with requirements of the Sarbanes-Oxley Act of 2002 and rules and regulations of the Securities and Exchange Commission (the SEC) interpreting and implementing the Sarbanes-Oxley Act, and the listing standards of the New York Stock Exchange (NYSE) relating to corporate governance matters, as well as other measures that the Board believes are corporate governance best practices. Among the significant measures implemented by the Board to date are the following:

Majority Vote Standard and Director Resignation Policy

In December 2006, the Board of Directors adopted amendments to the Company's by-laws and Corporate Governance Guidelines to provide a majority voting standard for the election of directors in uncontested elections. Under the majority voting standard set forth in the by-laws, director nominees will be elected if the votes cast for such nominee exceed the number of votes cast against such nominee. In the event that (i) a stockholder proposes a nominee to compete with nominees selected by the Board and the stockholder does not withdraw the nomination prior to the Company mailing the notice of the stockholder meeting or (ii) one or more directors are nominated by a stockholder pursuant to a solicitation of written consents, then directors will be elected by a plurality vote.

Pursuant to amendments made to the Corporate Governance Guidelines, the Board of Directors will only nominate candidates who prior to an annual meeting, tender their irrevocable resignations, which are effective only upon (i) the candidate not receiving the required vote at the next annual meeting at which they face re-election and (ii) the Board accepting the candidate's resignation. In the event that a director who has tendered his or her resignation does not receive a majority vote, then the Corporate Governance Guidelines provide that the Nominating/Corporate Governance Committee will act on an expedited basis to determine whether to accept the director's resignation and will submit its recommendation to the Board of Directors. In deciding whether to accept a director's resignation, the Board and the Nominating/Corporate Governance Committee may consider any factors that they deem relevant. The Corporate Governance Guidelines also provide that the Board expects that the director whose resignation is under consideration to abstain from the deliberation process. All candidates standing for re-election at this annual meeting have tendered such irrevocable resignations.

Director Independence

Listing standards relating to corporate governance promulgated by the NYSE require that the Board of Directors be comprised of a majority of independent directors. The Sarbanes-Oxley Act and rules of the SEC require that the Audit Committee be comprised solely of independent directors. The NYSE standards further require that the Compensation and Nominating/Corporate Governance Committees also be comprised solely of independent directors. During fiscal 2008, on the basis of information solicited from each director, and upon the advice and recommendation of the Nominating/Corporate Governance Committee, the Board of Directors determined that five of its then current seven directors had no material relationship with Beazer Homes other than their relationship as members of the Board and were independent within the meaning of the Sarbanes-Oxley Act and the NYSE standards. Those directors serving during fiscal 2008 determined to be independent were Messrs. Alpert, Leemputte, Solari, and Zelnak and Mrs. Bayne, whose term expired effective with the annual meeting of stockholders on August 5, 2008, and for which she did not seek re-election.

In early fiscal 2009, on the basis of information solicited from each director, and upon the advice and recommendation of the Nominating/Corporate Governance Committee, the Board of Directors determined that four of its six current

directors had no material relationship with Beazer Homes other than their relationship as members of the Board and were independent within the meaning of the Sarbanes-Oxley Act and the NYSE standards. Those directors currently serving determined to be independent were Messrs. Alpert, Leemputte, Solari, and Zelnak

In making these determinations, at the request of the Board, the Nominating/Corporate Governance Committee, with assistance from the Company's Acting General Counsel, evaluated responses to an independence and qualification questionnaire completed annually by each director and follow up inquiries made to certain directors.

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The Nominating/Corporate Governance Committee made a recommendation that four directors be considered independent, which recommendation the Board subsequently discussed and adopted. The Board concluded that three of those four directors, Messrs. Alpert, Leemputte and Zelnak, had no relationship with Beazer Homes other than their relationship as members of the Board. In the case of Mr. Solari, the responses to the questionnaire and follow up inquiries indicated that within the past three years, Beazer Homes had made payments to two companies of which Mr. Solari is a director. In each case, based upon the most recent information available, the amount paid for goods and services for the past three years represented less than one half of one percent of the providing company's and Beazer Homes' annual gross revenues. Accordingly, based upon the amount paid for the goods and services, the Board affirmatively determined that the relationship was not material either to Beazer Homes or to the other companies. Based on the foregoing, the Board of Directors of Beazer Homes had a majority of independent directors and each of the Audit, Nominating/Corporate Governance and Compensation committees of the Board during fiscal 2008 were comprised entirely of independent directors. It is expected that the majority of directors and all committee members in fiscal 2009, other than one member of the Finance Committee, as to which independence is not required for membership, will be independent as well. Accordingly, Beazer Homes was, in fiscal 2008, and continues to be in compliance with the requirements of the NYSE and the SEC for Board independence.

Regularly Scheduled Executive Sessions of Non-management Directors

In accordance with the NYSE standards, the Board of Directors has a policy of scheduling an executive session of non-management directors as a part of every regularly scheduled quarterly meeting of the Board of Directors. These non-management director meetings have been chaired by Mr. Beazer as Non-Executive Chairman of the Board. In addition, the Board holds at least one meeting annually at which the independent directors meet in executive session, to be chaired by a lead independent director. The lead independent director is nominated by the Nominating/Corporate Governance Committee for election by the independent directors. These provisions are included in the Corporate Governance Guidelines adopted by the Board, which are posted and available for viewing in the Investors section of the Beazer Homes web site at www.beazer.com. The independent directors held a meeting in February 2008 and August 2008, both of which were chaired by Mr. Zelnak, who currently serves as lead independent director. It is the expectation of both the Nominating/Corporate Governance Committee and the independent directors that the position of lead director will rotate regularly among the independent directors.

Ethics Hotline

We maintain an ethics hotline which interested parties may contact by calling 1-866-457-9346 and report their concern to a representative of Global Compliance, a third party company that administers our ethics hotline. Alternatively, interested parties can report any such concern via an on-line form by visiting the following web site: www.integrity-helpline.com/Beazer.jsp. The link provides an on-line form that, upon completion, will be submitted directly to Global Compliance. Interested parties may report their concern anonymously, should they wish to do so. All concerns, whether reported through the toll-free number or the on-line form, will be forwarded to an officer of Beazer Homes, and will be reviewed and investigated as appropriate. Where warranted after investigation, messages will be summarized and referred to the Audit Committee of the Board of Directors for appropriate action.

Communications with Board Members

Security holders and interested parties wishing to communicate directly with the Non-Executive Chairman or non-management directors as a group may do so by addressing their communications to the ethics hotline and specifically referencing them as communications for the Non-Executive Chairman or non-management directors.

Committee Charters

The Board of Directors has adopted written charters for the Audit, Compensation, and Nominating/Corporate Governance Committees designed to comply with the requirements of the NYSE standards and applicable provisions of the Sarbanes-Oxley Act and SEC rules. The current version of each of these charters, as well as the written charter for the Finance Committee, has been posted and is available for public viewing in the Investors section of the Beazer Homes web site at www.beazer.com. In addition, committee charters are available in print to

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any stockholder upon request to Investor Relations, Beazer Homes USA, Inc., 1000 Abernathy Road, Suite 1200, Atlanta, GA 30328.

Corporate Governance Guidelines

Upon the advice and recommendation of the Nominating/Corporate Governance Committee, the Board of Directors has adopted a set of Corporate Governance Guidelines. Those guidelines address an array of governance issues and principles including director qualifications and responsibilities, access to management personnel and independent advisors, director compensation, director orientation and continuing education, management succession, annual performance evaluations of the Board and meetings of independent directors. The guidelines also require that directors and designated senior officers of the Company achieve and maintain meaningful levels of stock ownership in the Company. The most recent version of Beazer Homes Corporate Governance Guidelines are posted and available for public viewing in the Investors section of the Beazer Homes web site at www.beazer.com. In addition, the Corporate Governance Guidelines are available in print to any stockholder upon request to Investor Relations, Beazer Homes USA, Inc., 1000 Abernathy Road, Suite 1200, Atlanta, GA 30328.

Code of Business Conduct and Ethics

The Company maintains a Code of Business Conduct and Ethics applicable to all directors, officers and employees. This Code of Business Conduct and Ethics has been designed to comply with the requirement for a code of business conduct and ethics under applicable NYSE standards. In addition, the Code of Business Conduct and Ethics constitutes a code of ethics applicable to its senior financial officers, which applies to its principal financial officer, principal accounting officer and controller, other senior financial officers and the Chief Executive Officer. We revised, adopted, disclosed and distributed an amended Code of Business Conduct and Ethics in March 2008. The current version of this Code of Business Conduct and Ethics is posted and available for public viewing in the Investors section of the Beazer Homes web site at www.beazer.com. In addition, the Code of Business Conduct and Ethics is available in print to any stockholder upon request to Investor Relations, Beazer Homes USA, Inc., 1000 Abernathy Road, Suite 1200, Atlanta, GA 30328. Employees of Beazer Homes are also subject to additional specific policies, guidelines and Company rules adopted from time to time governing particular types of conduct or situations. Such additional policies, guidelines or rules are supplemental to the posted Code of Business Conduct and Ethics, and in the case of any inconsistency between the two, employees are expected to comply with the more restrictive standard.

Procedures Regarding Director Candidates Recommended by Stockholders

The Nominating/Corporate Governance Committee will consider candidates recommended for the Board of Directors by stockholders of the Company if the recommending stockholder or stockholders follows the procedures set forth in Article II, Section 14 of the Company's Amended and Restated by-laws. The by-laws provide that only persons nominated in accordance with the procedures set forth therein will be eligible to serve as directors. In order to recommend a nominee for a director position, a stockholder must be a stockholder of record at the time it gives its notice of recommendation and must be entitled to vote for the election of directors at the meeting at which such nominee will be considered. Stockholder recommendations must be made pursuant to notice delivered to or mailed and received at the principal offices of the Company (i) in the case of a nomination for election at an annual meeting, not less than 120 days nor more than 150 days prior to the first anniversary of the date of the Company's notice of annual meeting for the preceding year's annual meeting; and (ii) in the case of a special meeting at which directors are to be elected, not later than the close of business on the tenth day following the earlier of the day on which notice of the date of the meeting was mailed or public disclosure of the date was made. In the event that the date of the annual meeting is changed by more than 30 days from the anniversary date of the preceding year's annual meeting, the stockholder notice described above will be deemed timely if it is received not later than the close of business on the tenth day following the earlier of the date on which notice of the date of the meeting was mailed or public disclosure

was made of the date.

The stockholder notice must set forth the following:

As to each person the stockholder proposes to nominate for election as a director, (i) all information relating to such person that is required to be disclosed or is otherwise required pursuant to Regulation 14A under the