

CARMAX INC  
Form DEF 14A  
April 30, 2014

---

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 §240.14a-12

CarMax, 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 the transaction applies:
  - (2) Aggregate number of securities to which the transaction applies:
  - (3) Per unit price or other underlying value of the 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 the transaction:

(5) Total fee paid:

- o 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:



Dear Fellow CarMax Shareholders:

I am pleased to invite you to attend the 2014 annual meeting of CarMax, Inc. shareholders, which will be held on Monday, June 23, 2014, in Richmond, Virginia, just down the street from where we opened our first superstore more than 20 years ago. The attached notice of annual meeting and proxy statement are your guides to the meeting.

We are once again providing live audio coverage of the annual meeting from the CarMax investor relations website at [investor.carmax.com](http://investor.carmax.com). A replay of the annual meeting will be available on this website after the meeting. We hope that this will allow those of you who are unable to attend the meeting in person to hear management discuss this year's results.

Whether or not you will be attending the annual meeting, your vote is very important to us. I encourage you to cast your ballot by Internet, by telephone, by mail (if you request a paper copy) or in person at the annual meeting.

On behalf of the Board of Directors, I would like to thank you for your continued trust in CarMax. I look forward to seeing you at the annual meeting.

Sincerely,

William R. Tiefel  
Chairman of the Board of Directors  
May 5, 2014

NOTICE OF 2014 ANNUAL MEETING OF SHAREHOLDERS

**When:** Monday, June 23, 2014, at 1:00 p.m., Eastern Time

**Where:** Hilton Richmond Hotel, Short Pump  
12042 West Broad Street  
Richmond, VA 23233

- Items of Business:**
- (1) To elect the ten directors named in the proxy statement to our Board of Directors.
  - (2) To ratify the appointment of KPMG LLP as our independent registered public accounting firm.
  - (3) To vote on an advisory resolution to approve the compensation of our named executive officers.
  - (4) To transact any other business that may properly come before the annual meeting or any postponements or adjournments thereof.

**Who May Vote:** You may vote if you owned CarMax common stock at the close of business on April 15, 2014.

By order of the Board of Directors,

Eric M. Margolin  
Senior Vice President,  
General Counsel and Corporate Secretary  
May 5, 2014

TABLE OF CONTENTS

<u>PROXY SUMMARY</u>	1
PROPOSAL ONE: <u>ELECTION OF DIRECTORS</u>	5
<u>CORPORATE GOVERNANCE</u>	11
<u>Overview</u>	11
<u>Independence</u>	11
<u>Board Leadership Structure</u>	12
<u>Board Committees</u>	12
<u>Board and Committee Meetings</u>	14
<u>Selection of Directors</u>	14
<u>Board’s Role in Succession Planning</u>	15
<u>Board’s Role in Risk Oversight</u>	15
<u>Related Person Transactions</u>	16
<u>Shareholder Communication with Directors</u>	17
PROPOSAL TWO: <u>RATIFICATION OF THE APPOINTMENT OF THE INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM</u>	18
<u>AUDIT COMMITTEE REPORT</u>	19
<u>AUDITOR FEES AND PRE-APPROVAL POLICY</u>	20
PROPOSAL THREE: <u>ADVISORY RESOLUTION TO APPROVE EXECUTIVE COMPENSATION</u>	21
<u>COMPENSATION DISCUSSION AND ANALYSIS</u>	22
<u>Overview</u>	22
<u>Executive Summary</u>	22
<u>How We Make Compensation Decisions</u>	24
<u>What We Pay and Why: Elements of Compensation</u>	27
<u>Base Salary</u>	27
<u>Annual Incentive Bonus</u>	27
<u>Long-Term Equity Awards</u>	29
<u>Compensation Mix</u>	32
<u>Additional Elements of Compensation</u>	32
<u>Additional Information</u>	33

## TABLE OF CONTENTS CONTINUED

<u>COMPENSATION AND PERSONNEL COMMITTEE REPORT</u>	37
<u>COMPENSATION TABLES</u>	38
<u>Summary Compensation Table</u>	38
<u>All Other Compensation Table</u>	39
<u>Grants of Plan-Based Awards Table</u>	40
<u>Outstanding Equity Awards Table</u>	41
<u>Option Exercises and Stock Vested Table</u>	43
<u>Pension Benefits Table</u>	43
<u>Nonqualified Deferred Compensation Table</u>	45
<u>Potential Payments Upon Termination or Change-in-Control</u>	46
<u>DIRECTOR COMPENSATION</u>	51
<u>CARMAX SHARE OWNERSHIP</u>	53
<u>GENERAL INFORMATION</u>	56

## PROXY SUMMARY

This summary highlights information contained elsewhere in this proxy statement. For more complete information, please review this entire proxy statement and CarMax's Annual Report on Form 10-K for the year ended February 28, 2014.

### FISCAL 2014 RESULTS

We achieved record revenues and net earnings in fiscal 2014. Annual highlights included the following:

<b>Store Growth</b>	We opened 13 superstores in fiscal 2014. We plan to open another 13 superstores in fiscal 2015 and 10 to 15 superstores in each of the next two fiscal years.
<b>Revenues/Earnings</b>	We achieved top and bottom-line growth. Revenues rose 15%, to a record of \$12.57 billion. Net earnings rose 13%, to a record of \$492.6 million.
<b>Units</b>	Total used unit sales increased 18% and comparable store used unit sales increased 12%. Total wholesale unit sales increased 5%.
<b>CarMax Auto Finance</b>	CarMax Auto Finance ("CAF") continued to generate strong profits, finishing the year with income of \$336.2 million, an increase of 12% over the prior year.
<b>Share Repurchase</b>	We continued our share repurchase program in fiscal 2014, buying back shares with a market value of approximately \$306 million.
<b>Tenth Year on Fortune "Best Companies" List</b>	We were named by Fortune magazine as one of its "100 Best Companies to Work For" for the tenth year in a row.

### CORPORATE GOVERNANCE HIGHLIGHTS

Annual election of all directors (adopted in 2013)

Majority voting for directors (implemented in 2011)

Substantial majority of directors are independent (9 of 10)

Independent Board Chair



Shareholder rights plan expired in 2012 and was not renewed

Annual “say on pay” vote

Board oversight of risk management program

Executive and director stock ownership guidelines

**PROXY SUMMARY CONTINUED****ANNUAL MEETING OF SHAREHOLDERS**

<b>When</b>	June 23, 2014 at 1:00 p.m., E.T.
<b>Where</b>	Hilton Richmond Hotel, Short Pump 12042 West Broad Street Richmond, VA 23233
<b>Who May Attend</b>	All shareholders as of the record date may attend the meeting.
<b>Record Date</b>	April 15, 2014
<b>Live Audio Webcast</b>	Available at investor.carmax.com

**VOTING MATTERS AND BOARD RECOMMENDATIONS**

<u>Agenda Item</u>	<u>Board Recommendation</u>	<u>Page of Proxy Statement</u>
1. Election of Ten Directors	FOR each nominee	5
2. Ratification of Auditors	FOR	18
3. Advisory Approval of Executive Compensation	FOR	21

**PROPOSAL ONE:****ELECTION OF DIRECTORS**

We are asking you to vote "FOR" the following candidates for election to our Board of Directors.

<u>Nominee</u>	<u>Age</u>	<u>Director Since</u>	<u>Independent</u>	<u>Principal Occupation</u>	<u>Committee Membership</u>
Ronald E. Blaylock	54	2007	Yes	Founder and Managing Partner of GenNx360 Capital Partners, a private-equity buyout fund	Compensation and Personnel
Thomas J. Folliard	49	2006	No	President and Chief Executive Officer of CarMax, Inc.	N/A
Rakesh Gangwal	60	2011	Yes	3Q06 %	
<b>Total Passengers ( 000)</b>	<b>3,467</b>	<b>3,518</b>	<b>1.47</b>	<b>Change</b>	

<b>Total Commercial Revenues</b>	159,253	122,433	(23.12)
<i>Commercial revenues from direct operations</i>	25,069	22,165	(11.58)
<i>Commercial revenues excluding direct operations</i>	134,184	100,268	(25.28)
<b>Total Commercial Revenue per Passenger</b>	<b>45.93</b>	<b>34.80</b>	<b>(24.23)</b>
<i>Commercial revenue from direct operations per passenger</i>	7.23	6.30	(12.86)
<i>Commercial revenue per passenger (excluding direct operations)</i>	38.70	28.50	(26.36)

Note: For purposes of this table, about 92,100 and 65,900 transit and general aviation passengers are included for 3Q05 and 3Q06, respectively. Revenue figures are in thousands of constant Mexican pesos as of September 30, 2006.

#### Table VI: Operating Costs and Expenses for 3Q06

	<b>3Q05</b>	<b>3Q06</b>	<b>% Change</b>
Costs of Services	144,894	179,056	23.58
Administrative	23,034	23,658	2.71
Technical Assistance	18,604	16,995	(8.65)
Concession Fees	27,992	27,723	(0.96)
Depreciation and Amortization	111,455	121,419	8.94
<b>TOTAL</b>	<b>325,979</b>	<b>368,851</b>	<b>13.15</b>

Note: Figures are in thousands of constant Mexican pesos as of September 30, 2006.

#### Consolidated Results for the First Nine Months of 2006

**Total revenues** for the nine-month period declined year-over-year by 7.32% to Ps.1,651.3 million. This was mainly due to:

a decline of 5.34% in revenues from aeronautical services as a result of the decrease in passenger traffic during the period; and

a decrease of 12.07% in revenues from non-aeronautical services, principally as a result of the 13.23% decline in commercial revenues resulting from lower passenger traffic and other factors detailed below.

ASUR 3Q06, Page 7 of 16

---

**Commercial revenues** for the nine-month period fell year-over-year by 13.23%, mainly due to the following declines:

33.0% in duty-free revenues, mainly due to one-time payments of Ps.7 million and Ps.32.5 million from Dufry Mexico received in May and August 2005 pursuant to a ruling of the International Court of Arbitration in favor of ASUR;

7.29% in retail revenues, due to lower passenger traffic at Cancun and Cozumel airports resulting from the impact of Hurricane Wilma, despite the opening of the following new stores:

<b>Store</b>	<b>Business</b>	<b>Opening Date</b>
<b>Cancún Terminal 2</b>		
Air Shop	Convenience store	March 2006
Air Shop Portafolio	Gift shop	June 2006
Harley Davidson	Gift shop	April 2006
Pineda Covalín	Gift shop	June 2006
<b>Mérida</b>		
Air Shop Todo x 180	Gift shop	February 2006
<b>Oaxaca</b>		
Go Go	Jewelry	May 2006
GEO	Real estate	June 2006
<b>Villahermosa</b>		
Air Shop portafolio	Gift shop	May 2006
Cenca	Convenience store	April 2006

19.06% in revenue from banking and currency exchange services, as a result of the decline in passenger traffic and the termination of the contract with Banamex to operate in certain airports;

3.78% in revenues from ground transportation services;

16.83% in teleservices mainly reflecting Ps.1.2 million in extraordinary income in 2005 at the Huatulco, Tapachula and Veracruz airports;

6.45% in other income; and

6.64% in food and beverage revenues as a result of the lower passenger traffic. The following restaurants began operations in 2006:



<b>Name</b>	<b>Opening Date</b>
Villahermosa	May 2006
La Sevillana	May 2006

This was partially offset by increases of:

11.64% in advertising revenues; and

9.18% in revenue from parking lots.

**Costs and expenses** for the nine-month period increased year-over-year by 5.00%, mainly due to the following:

an 11.22% increase in costs of services, mainly the result of costs associated with the implementation of new baggage screening procedures and an increase in insurance premiums; and

a 7.36% increase in depreciation and amortization, resulting from the capitalization of investments in fixed assets and improvements made to concession assets.

The increase in costs was partially offset by:

a 10.83% decline in administrative expenses reflecting lower professional fees during the period;

a 13.23% decline in technical assistance costs reflecting the corresponding decrease in EBITDA during the period; and

a 7.38% decline in concession fees mainly due to lower revenues.

**Operating margin** declined to 37.17%, down from 44.54% for the nine-month period ended September 30, 2005. This was mainly the result of the 7.32% decline in total revenues resulting from the adverse impacts of Hurricane

Emily and Hurricane Wilma in July and October, 2005, and the 5.00% increase in expenses.

**Net income** for the nine-month period declined by 31.51% to Ps.390.94 million. Earnings per common share for the period were Ps.1.3031, or earnings per ADS (EPADS) of US\$1.1854 (one ADS represents ten series B common shares). This compares with Ps.1.9026, or EPADS of US\$1.7306, for the same period last year.

ASUR 3Q06, Page 9 of 16

---



**Table VII: Summary of Consolidated Results for the Nine-Month Period**

	<b>9M05</b>	<b>9M06</b>	<b>%</b>
			<b>Change</b>
Total Revenues	1,781,721	1,651,330	(7.32)
Aeronautical Services	1,259,057	1,191,772	(5.34)
Non-Aeronautical Services	522,664	459,558	(12.07)
Commercial Revenues	433,777	376,372	(13.23)
Operating Profit	793,652	613,816	(22.66)
<i>Operating Margin %</i>	44.54%	37.17%	(16.54)
EBITDA	1,126,691	971,353	(13.79)
EBITDA Margin %	63.24%	58.82%	(6.98)
Net Income	570,773	390,943	(31.51)
Earnings per Share	1.9026	1.3031	(31.51)
Earnings per ADS in US\$	1.7306	1.1854	(31.51)

Note: Figures are in thousands of constant Mexican pesos as of September 30, 2006. U.S. dollar figures are calculated at the exchange rate of US\$1 = Ps. 10.9935.

**Table VIII: Commercial Revenues for the Nine-Month Period**

	<b>9M05</b>	<b>9M06</b>	<b>%</b>
			<b>Change</b>
<b>Total Passengers ( 000)</b>	11,451	10,631	(7.16)
<b>Total Commercial Revenues</b>	433,777	376,372	(13.23)
<i>Commercial revenues from direct operations</i>	68,040	77,856	14.43
<i>(1)</i>			
<i>Commercial revenues excluding direct operations</i>	365,737	298,516	(18.38)
<b>Total Commercial Revenue per Passenger</b>	37.88	35.40	(6.55)
<i>Commercial revenue from direct operations</i>	5.94	7.32	23.23
<i>per passenger(1)</i>			
<i>Commercial revenue per passenger (excluding direct operations)</i>	31.94	28.08	(12.09)

Note: For purposes of this table, about 269,300 and 210,600 transit and general aviation passengers are included for 9M05 and 9M06, respectively. Revenue figures are in thousands of constant Mexican pesos as of September 30, 2006.

(1) Revenues from direct commercial operations include a restaurant, a snack bar and three convenience stores. On July 1, 2006, ASUR ceased the direct commercial operation of the restaurant and snack bar, and these facilities are

now leased to a subsidiary of Grupo Mera.

ASUR 3Q06, Page 10 of 16

---

**Table IX: Operating Costs and Expenses for the Nine-Month Period**

	<b>9M05</b>	<b>9M06</b>	<b>%</b>
			<b>Change</b>
Costs of Services	427,349	475,316	11.22
Administrative	78,795	70,260	(10.83)
Technical Assistance	59,813	51,902	(13.23)
Concession Fees	89,073	82,499	(7.38)
Depreciation and Amortization	333,039	357,537	7.36
<b>TOTAL</b>	<b>988,069</b>	<b>1,037,514</b>	<b>5.00</b>

Note: Revenue figures are shown in thousands of constant Mexican pesos as of September 30, 2006.

### **Tariff Regulation**

The Mexican Ministry of Communications and Transportation regulates the majority of ASUR's activities through maximum rates, which represent the rates for the maximum possible revenues allowed per traffic unit at each airport.

ASUR's regulated revenues for the nine-month period ended September 30, 2006 were Ps.1,211.03 million, resulting in an annual average tariff per work load unit of Ps.101.64. ASUR's regulated revenues accounted for approximately 67.96% of total income for the period.

The Mexican Ministry of Communications and Transportation reviews compliance with the maximum rates on an annual basis at the close of each year.

### **Balance Sheet**

On September 30, 2006, Airport Facility Usage Rights and Airport Concessions represented 79.98% of the Company's total assets, with current assets representing 11.04% and other assets representing 8.98%.

On September 30, 2006, cash and marketable securities were Ps.1,322.99 million. On the same date, shareholder's equity was Ps.12,147.43 million and total liabilities were Ps.1,082.40 million, representing 90.34% and 7.45% of total assets, respectively. Total deferred liabilities represented 77.62% of the Company's total liabilities.

**Capex**

During the quarter, ASUR made investments of Ps.280.41 million as part of the Company's ongoing plan to modernize its airports pursuant to its master development plans. For the first nine months ASUR made capital investments of Ps.705.12 million.

ASUR 3Q06, Page 11 of 16

---

### 3Q06 Earnings Conference Call

Day: Tuesday, October 24, 2006

Time: 10:00 AM US EDT; 9:00 AM Mexico City time

Dial-in number: (800) 344-1005 (US & Canada)  
(706) 634-1333 (International & Mexico)

Access Code: 8710735

Replay: Starting Tuesday, October 24, 2006 at 2:00 PM US EDT, ending at midnight US EDT on Tuesday, October 31, 2006. Dial-in number: (800) 642-1687 (US & Canada); (706) 645-9291 (International & Mexico). Access Code: 8710735.

#### About ASUR:

Grupo Aeroportuario del Sureste, S.A.B. de C.V. (ASUR) is a Mexican airport operator with concessions to operate, maintain and develop the airports of Cancun, Merida, Cozumel, Villahermosa, Oaxaca, Veracruz, Huatulco, Tapachula and Minatitlan in the southeast of Mexico. The Company is listed both on the NYSE in the U.S., where it trades under the symbol ASR, and on the Mexican Bolsa, where it trades under the symbol ASUR. One ADS represents ten (10) series B shares.

*Some of the statements contained in this press release discuss future expectations or state other forward-looking information. Those statements are subject to risks identified in this press release and in ASUR's filings with the SEC. Actual developments could differ significantly from those contemplated in these forward-looking statements. The forward-looking information is based on various factors and was derived using numerous assumptions. Our forward-looking statements speak only as of the date they are made and, except as may be required by applicable law, we do not have an obligation to update or revise them, whether as a result of new information, future or otherwise.*

**### TABLES TO FOLLOW ###**



Note: All figures are in thousands of constant Mexican pesos as of September 30, 2006.

ASUR 3Q06, Page 13 of 16

---

ASUR 3Q06, Page 14 of 16

---



ASUR 3Q06, Page 15 of 16

---

ASUR 3Q06, Page 16 of 16

---

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Grupo Aeroportuario del Sureste, S.A.B. de C.V.

By: /s/ ADOLFO CASTRO RIVAS  
Adolfo Castro Rivas  
Director of Finance

Date: October 23, 2006