BEAZER HOMES USA INC
Form PRE 14A
December 10, 2015
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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

Filed by the Registrant x
Filed by a Party other than the Registrant ¨

Check the appropriate box:

x 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 under 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):

x 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:

(2) Aggregate number of securities to which transaction applies:

(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.

¨ 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 260, 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. will be held at 8:30 a.m., Eastern Time, on Tuesday, February 2, 2016, at our principal executive office at 1000 Abernathy Road, Suite 260, Atlanta, Georgia 30328. At this meeting, stockholders will vote on:

1. The election of the eight nominees to our Board of Directors named in the accompanying Proxy Statement;
2. The ratification of the selection of Deloitte & Touche LLP by the Audit Committee of our Board of Directors as our independent registered public accounting firm for the fiscal year ending September 30, 2016;
3. A non-binding advisory vote regarding the compensation paid to the Company's named executive officers, commonly referred to as a "Say on Pay" proposal;
4. A proposal to amend our Amended and Restated Certificate of Incorporation to extend the term of a protective amendment designed to help preserve certain tax benefits primarily associated with our net operating losses;
5. A proposal to approve a new Section 382 Rights Agreement to become effective upon the expiration of our existing Section 382 Rights Agreement, to help continue to protect the tax benefits primarily associated with our net operating losses; and
6. Any other such business as may properly come before the meeting or any adjournments or postponements thereof.

Our Board of Directors has fixed the close of business on December 7, 2015 as the record date for the determination of stockholders entitled to notice of, and to vote at, the meeting. A copy of our Annual Report to stockholders is being mailed to you together with this notice.

We encourage you to take part in our affairs by voting through one of the following methods: by written ballot at the meeting, by telephone, by Internet or by mailing a written proxy card.

By Order of the Board of Directors,

STEPHEN P. ZELNAK, JR.
Non-Executive Chairman of the Board of Directors

Dated: December [__], 2015

YOUR VOTE IS IMPORTANT.

WHETHER OR NOT YOU PLAN TO ATTEND THIS MEETING, PLEASE PROMPTLY MARK, DATE, SIGN AND MAIL THE ENCLOSED PROXY CARD. 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 CARD.

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IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR OUR ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON FEBRUARY 2, 2016.

Our Proxy Statement for the 2016 annual meeting of stockholders and our Annual Report to stockholders for the fiscal year ended September 30, 2015 ("Annual Report") are available at 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 or by completing and returning a proxy card 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 pages 1 and 2 of the accompanying Proxy Statement for more information.

ANNUAL MEETING ADMISSION

Please note that attendance at the meeting is limited to our stockholders or their named representatives. Proof of ownership of our 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 also will be required.

To obtain directions to attend the annual meeting, please contact our Investor Relations Department at (770) 829-3700.

ELECTRONIC DELIVERY OF PROXY MATERIALS

Instead of receiving copies of our proxy statement in the mail, stockholders may elect to receive only an e-mail 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 request 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 request electronic delivery when voting for this meeting on the Internet at www.proxyvote.com.

HOUSEHOLDING

As permitted by the Securities and Exchange Commission, only one copy of our Proxy Statement and our Annual Report to stockholders may be delivered to stockholders residing at the same address, unless such stockholders have notified us of their desire to receive multiple copies of our Proxy Statement or Annual Report. We will promptly deliver, upon oral or written request, a separate copy of our Proxy Statement or Annual Report, as applicable, to any stockholder residing at an address to which only one copy was mailed. Stockholders residing at the same address and currently receiving only one copy of our Proxy Statement or Annual Report may contact us to request multiple copies in the future. Stockholders residing at the same address and currently receiving multiple copies may contact us to request that only a single copy of the Proxy Statement and Annual Report be mailed in the future. Requests should be directed to our Investor Relations Department by phone at (770) 829-3700 or by mail to Beazer Homes USA, Inc., Attention: Investor Relations, 1000 Abernathy Road, Suite 260, Atlanta, Georgia 30328.

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BEAZER HOMES USA, INC.
1000 Abernathy Road
Suite 260
Atlanta, Georgia 30328

PROXY STATEMENT

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 (the "Company"), for use at our annual meeting of stockholders to be held on February 2, 2016 and at any adjournments or postponements thereof. Stockholders of record at the close of business on December 7, 2015 are entitled to notice of and to vote at the annual meeting. On December 7, 2015, we had 33,096,491 outstanding 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 card are being mailed to stockholders, commencing on or about December [__], 2015, together with our Annual Report to stockholders (which includes our Annual Report on Form 10-K for the fiscal year ended September 30, 2015 (our "2015 Form 10-K")).

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 eight nominees to our Board of Directors named in this Proxy Statement;
2. FOR the ratification of the selection of Deloitte & Touche LLP as our independent registered public accounting firm for the fiscal year ending September 30, 2016;
3. FOR the approval of the compensation paid to our named executive officers (the "Say on Pay" proposal);
4. FOR the adoption of an amendment to our Amended and Restated Certificate of Incorporation to extend the term of a protective amendment designed to help preserve certain tax benefits primarily associated with our net operating losses;
5. FOR the approval of a new Section 382 Rights Agreement to become effective upon the expiration of our existing Section 382 Rights Agreement, to help continue to protect the tax benefits primarily associated with our net operating losses; and
6. 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.

We have not received notice of any matters to be brought before the meeting other than as specified in the attached notice of meeting.

If you are a stockholder of record as of the close of business on December 7, 2015, you can give a proxy to be voted at the meeting:

1. by mailing in the enclosed proxy card;
2. by submitting a written ballot at the meeting;
3. over the telephone by calling a toll-free number; or
4. by 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

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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 shares are 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 duly authorized officer. If a proxy is signed as a trustee, guardian, executor, administrator, under a power of attorney or 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 our Corporate Secretary (Kenneth F. Khoury) at our principal executive office or to the official tabulator (Broadridge Financial Solutions, Inc., 51 Mercedes Way, Edgewood, NY 11717) ("Broadridge"), 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 card.

Quorum

The presence, in person or represented by proxy, of the holders of a majority of the outstanding shares of common stock entitled to vote at the meeting is required to constitute a quorum. 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. Holders of common stock will be entitled to one vote for each share they hold.

Broker Non-Votes

If a broker does not receive instructions from the beneficial owner of shares 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. Please note that, under the rules of the New York Stock Exchange (the "NYSE") that guide how brokers vote your stock, if your broker does not receive instructions from you, your broker will not be able to vote your shares with respect to Proposal 1 (the election of directors), Proposal 3 (the advisory "Say on Pay" proposal) or Proposal 5 (the proposal to approve a new Section 382 Rights Agreement to help continue to protect the tax benefits associated with our net operating losses).

Accordingly, if your shares are held in street name, we strongly encourage you to provide your broker with voting instructions and exercise your right to vote for these important proposals.

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Vote Requirements

Proposal	Vote Required	Voting Options	Effect of Abstentions	Broker Discretionary Voting Allowed?	Effect of Broker Non-Votes
Election of Directors (Proposal 1)	Votes cast FOR exceed votes cast AGAINST	FOR, AGAINST or ABSTAIN	No effect - not treated as a "vote cast"	No	No effect - not treated as a "vote cast"
Ratification of Auditor Appointment (Proposal 2)	Majority of shares with voting power present in person or represented by proxy	FOR, AGAINST or ABSTAIN	Treated as a vote AGAINST the proposal	Yes	Not applicable
Non-Binding Advisory Vote on Executive Compensation (Say on Pay) (Proposal 3)	Majority of shares with voting power present in person or represented by proxy	FOR, AGAINST or ABSTAIN	Treated as a vote AGAINST the proposal	No	No effect - not entitled to vote
Adoption of Amendment to Certificate of Incorporation to Extend Term of Protective Amendment (Proposal 4)	Majority of outstanding shares entitled to vote thereon	FOR, AGAINST or ABSTAIN	Treated as a vote AGAINST the proposal	Yes	Not applicable
Approval of New Section 382 Rights Agreement (Proposal 5)	Majority of shares with voting power present in person or represented by proxy	FOR, AGAINST or ABSTAIN	Treated as a vote AGAINST the proposal	No	No effect - not entitled to vote

No cumulative voting rights are authorized, and dissenters' rights are not applicable to the matters being voted on.

Expenses of Solicitation

Expenses incurred in connection with the solicitation of proxies will be paid by the Company. Proxies are being solicited primarily by mail, but, in addition, our directors, officers and other employees may solicit proxies by telephone, in person or by other means of communication but will receive no extra compensation for such services. In addition, we have engaged Georgeson Inc. to assist in the solicitation of proxies. We anticipate that the costs associated with this engagement will be approximately $20,000 plus costs and expenses incurred by Georgeson Inc. We will reimburse banks, brokerage firms and other custodians, nominees and fiduciaries for costs incurred in connection with this solicitation.

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CORPORATE GOVERNANCE

Board of Directors and Committees

During fiscal year 2015, our Board of Directors had four standing committees: the Audit Committee, the Compensation Committee, the Nominating/Corporate Governance Committee and the Finance Committee. 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 February 4, 2015, all directors were in attendance. During fiscal year 2015, each director attended at least 75% of the aggregate of all meetings of the Board of Directors and each committee on which he or she served.

Our Board of Directors held eight meetings during fiscal year 2015. The following table shows the current membership of each committee and the number of meetings held by each committee during fiscal year 2015:

Director	Audit Committee	Compensation Committee	Nominating/Corporate Governance Committee	Finance Committee
Elizabeth S. Acton*	Member			Chair
Laurent Alpert			Chair	Member
Brian C. Beazer			Member	Member
Peter G. Leemputte*		Chair		Member
Norma A. Provencio*	Chair	Member		
Larry T. Solari*		Member	Member	
Stephen P. Zelnak, Jr.*	Member		Member	
Number of Fiscal Year 2015 Meetings	6	3	5	5

* "Audit committee financial expert" as defined by Securities and Exchange Commission regulations.

Committee Responsibilities

- Audit Committee - Our Audit Committee provides assistance to our Board of Directors in fulfilling its responsibilities related to accounting, auditing and public reporting practices of the Company, the quality and integrity of our financial reports, and our internal controls regarding finance, accounting and financial reporting, legal compliance, risk management and ethics established by management and our Board of Directors. In fulfilling these functions, our Audit Committee reviews and makes recommendations to our Board of Directors with respect to certain financial and accounting matters. Our Audit Committee also engages and sets compensation for our independent auditors. Our 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, as amended (the "Exchange Act").
- Compensation Committee - Our Compensation Committee discharges our Board of Directors' responsibilities relating to the compensation of our executives and directors. More specifically, this Committee establishes and administers cash-based and equity-based compensation programs for directors and executive management, which includes our NEOs. This Committee also reviews and recommends to our Board of Directors the inclusion of the Compensation Discussion and Analysis that begins on page 19 of this Proxy Statement.
- Nominating/Corporate Governance Committee - Our Nominating/Corporate Governance Committee makes recommendations concerning the appropriate size and needs of our Board of Directors, including the annual nomination of directors and review of nominees for new directors. Our Nominating/Corporate Governance Committee also reviews and makes recommendations concerning corporate governance and other policies related to our Board of Directors as well as evaluating the performance of our Board of Directors and its committees.
- Finance Committee - Our Finance Committee provides assistance to our Board of Directors by reviewing and recommending to the Board of Directors matters concerning corporate finance, including, without limitation, equity and debt financings, acquisitions and divestitures, share repurchases and our dividend policy. Our Board of Directors has delegated certain limited authority with respect to these matters to this Committee.

Committee Charters

Our Board of Directors has adopted charters for our Audit, Compensation and Nominating/Corporate Governance Committees designed to comply with the requirements of the listing standards of the NYSE relating to corporate governance

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matters (the "NYSE Standards") and applicable provisions of the Sarbanes-Oxley Act of 2002 (the "Sarbanes-Oxley Act") and the rules of the Securities and Exchange Commission (the "SEC"). The current version of each of these charters, as well as the charter for our Finance Committee, has been posted and is available for public viewing in the Investors section of the our web site at www.beazer.com. In addition, committee charters are available in print to any stockholder upon request to our Investor Relations Department, Beazer Homes USA, Inc., 1000 Abernathy Road, Suite 260, Atlanta, Georgia 30328.

Board Leadership Structure

Our Board of Directors believes that, at this time, it is appropriate for the positions of Chairman of the Board and Chief Executive Officer to be held by separate individuals. Since our initial public offering ("IPO") in 1994, our Board of Directors has been led by a Non-Executive Chairman, while management of the Company has been led by a President and Chief Executive Officer ("CEO"). We believe the current structure provides for direct independent oversight of management and clearly delineates the respective roles of the Board of Directors at the strategic level, and of management at the operational level. Stephen P. Zelnak, Jr. was appointed to serve as our Non-Executive Chairman of the Board on February 4, 2015. Our former Non-Executive Chairman, Brian C. Beazer, continues to serve as a director and as Chairman Emeritus.

Board Corporate Governance Practices

Our Board of Directors has adopted a number of measures designed to comply with the requirements of the Sarbanes-Oxley Act, rules and regulations of the SEC interpreting and implementing the Sarbanes-Oxley Act and the NYSE Standards, as well as other measures that our Board of Directors believes are corporate governance best practices. The measures adopted by our Board of Directors that we believe are most significant are described below.

Majority Vote Standard and Director Resignation Policy

Our Bylaws and Corporate Governance Guidelines provide a majority voting standard for the election of directors in uncontested elections. 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 our Board of Directors, and the stockholder does not withdraw the nomination prior to our mailing the notice of the stockholders 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.

Our Corporate Governance Guidelines provide that our Board of Directors will only nominate candidates who tender their irrevocable resignations, which are effective upon (i) the candidate not receiving the required vote at the next annual meeting at which they face re-election and (ii) our Board of Directors accepting the candidate's resignation. In the event that any director does not receive a majority vote, then our Corporate Governance Guidelines provide that our 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 our Board of Directors. In deciding whether to accept a director's resignation, our Board of Directors and our Nominating/Corporate Governance Committee may consider any factors that they deem relevant. Our Corporate Governance Guidelines also provide that the director whose resignation is under consideration will abstain from the deliberation process. All candidates standing for re-election at the annual meeting have tendered irrevocable resignations.

Matters Relating to Risk Management

Board and Committee Oversight of Risk

Effective risk oversight is a priority of our Board of Directors. Both the full Board of Directors and its committees oversee the various risks we face. Management is responsible for the day-to-day management of our risks and provides periodic reports to the Board of Directors and its committees relating to those risks and risk-mitigation efforts. All committees report on the risk categories they oversee to the full Board of Directors on an as needed basis.

Our Board of Directors has delegated primary responsibility for overseeing our risk management process to the Audit Committee. The Audit Committee oversees our risk identification and mitigation processes and specifically oversees management of our financial, legal and fraud policies as well as our regulatory compliance risks. This includes regular evaluation of risks related to the Company's financial statements, including internal controls over financial reporting. Members of our management, including our Chief Financial Officer, General Counsel, Compliance Officer and Director of Internal Audit, report to the Audit Committee on a quarterly basis regarding the on-going risk management activities. The Audit Committee also oversees the internal audit function and independent auditors, and meets separately on at least a quarterly basis with the Compliance Officer, Director of Internal Audit and representatives of our independent registered public accounting firm as part of this oversight responsibility.

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The Compensation Committee oversees our risks related to compensation programs and philosophy. The Compensation Committee ensures that our compensation programs, including those applicable to our executives, do not encourage excessive risk taking. The Compensation Committee works periodically with its independent compensation consultant to structure executive compensation plans that are appropriately balanced and incentivize management to act in the best interest of our stockholders.

The Finance Committee oversees our risks relating to liquidity, capital structure and investments, including land acquisition and development. The Finance Committee, as well as the Board of Directors as a whole, reviews our long-term strategic plans, annual budget, capital commitments, cash needs and funding plans. As with other risks, management is responsible for the day-to-day management of the risks relating to liquidity and investments as well as land acquisition and development, while our Board of Directors takes an oversight role with respect to those risks.

The Nominating/Corporate Governance Committee oversees our risks relating to governance matters. The Nominating/Corporate Governance Committee also oversees our ethics program, including implementation of our Code of Business Conduct and Ethics, and compliance by directors and management with the corporate governance and ethics standards of the Company.

Impact of Compensation Philosophy and Program Design on Risk

We have previously analyzed the compensation plans of employees in positions that we considered to have the potential to create risks reasonably likely to have a material adverse effect on us, including our NEOs. We then reviewed the compensation plans of these groups of employees against risk factors established by widely recognized sources. As described in more detail below under “Compensation Discussion and Analysis,” for fiscal years 2015 and 2016, long-term compensation programs for our NEOs have been structured such that a greater portion of long-term compensation is linked to our long-term relative and absolute performance. This model of linking long-term compensation to our performance applies not only to our NEOs, but has also been applied to senior corporate officers, as well as senior management in our divisions. In addition, undue risk that may be associated with NEO compensation is mitigated through the utilization of caps on incentive payouts, the use of multiple performance measures for incentive plans, a compensation clawback policy, stock ownership guidelines and the Compensation Committee’s ability to exercise negative discretion in determining incentive payouts. We believe that our compensation plans reflect sound risk management practices and do not encourage excessive or inappropriate risk taking.

Director Independence

The NYSE Standards require that our 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. Our Board of Directors has affirmatively determined that Laurent Alpert, Elizabeth S. Acton, Brian C. Beazer, Peter G. Leemputte, Norma A. Provencio, Larry T. Solari and Stephen P. Zelnak, Jr. had no material relationship with the Company other than their relationship as members of our Board of Directors and were independent within the meaning of the Sarbanes-Oxley Act and the NYSE Standards. In making these determinations, our Nominating/Corporate Governance Committee, with assistance from our General Counsel, evaluated responses to an independence and qualification questionnaire completed annually by each director and follow-up inquiries made to certain directors. In the case of Mr. Solari, the responses to the questionnaire indicated that we have purchased an immaterial amount of goods from certain companies (or their subsidiaries) of which Mr. Solari is a director and general partner. Our Board of Directors affirmatively determined that the relationship was not material either to us or to these companies. Based on the foregoing, our Board of Directors had a majority of independent directors and each of the Audit, Nominating/Corporate Governance and Compensation committees of our Board of Directors during fiscal year 2015 were comprised entirely of independent directors. It is expected that the majority of directors and all members of such committees in fiscal year 2016 will be independent as well. Accordingly, during fiscal year 2015, we were in compliance with the requirements of the NYSE and the SEC for director independence, and we will continue to be in compliance during fiscal year 2016.

Executive Sessions of Non-Management Directors

In accordance with the NYSE Standards, our Board of Directors typically holds an executive session of non-management directors (all of whom are independent) as a part of every regularly scheduled meeting of our Board of Directors. These executive sessions are chaired by the Non-Executive Chairman of our Board of Directors.

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Communications with Board Members

Security holders and interested parties wishing to communicate directly with our Non-Executive Chairman or any sub-group of our independent directors may do so by directing their communications to the ethics hotline described below and specifically asking the operator to direct their concerns to our Non-Executive Chairman or such independent directors, as desired.

Ethics Hotline

We maintain an ethics hotline which interested parties may contact by calling 1-866-457-9346 and report any concerns to a representative of Global Compliance, a third party service provider 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 concerns anonymously, should they wish to do so. All concerns, whether reported through the toll-free number or the on-line form, will be directed to certain of our officers, including our Compliance Officer, and will be reviewed and investigated as appropriate. Where warranted after investigation, messages will be summarized and referred to the Audit Committee for appropriate action.

Corporate Governance Guidelines and Code of Business Conduct and Ethics

Upon the advice and recommendation of our Nominating/Corporate Governance Committee, our Board of Directors has adopted a set of Corporate Governance Guidelines. The Corporate Governance Guidelines address an array of governance issues and principles including director qualifications and responsibilities, access to management personnel and independent advisors, director orientation and continuing education, management succession, annual performance evaluations of our Board of Directors and meetings of independent directors.

We maintain a Code of Business Conduct and Ethics (“Code of Ethics”) applicable to all directors, officers and employees that complies with the NYSE Standards. Our employees are also subject to additional specific policies, guidelines and Company rules governing particular types of conduct or situations. On an annual basis, each director, officer and employee of the Company is required to provide an acknowledgment that he or she has received and reviewed our Code of Ethics and to disclose any related person transactions. In addition, all employees of the Company (including all officers) are required to undergo an annual ethics training program.

The current versions of our Corporate Governance Guidelines and Code of Ethics are posted and available for public viewing in the Investors section of our web site at www.beazer.com. In addition, they are available in print to any stockholder upon request to our Investor Relations Department, Beazer Homes USA, Inc., 1000 Abernathy Road, Suite 260, Atlanta, Georgia 30328.

Stock Ownership and Holding Requirements

In 2011, our Company reinstituted a named executive officer and outside director stock ownership policy to more closely align the interests of our NEOs and directors with those of our stockholders. The stock ownership policy requires each NEO and director to own the lesser of either (i) a multiple of base salary (for NEOs) or annual retainer (for outside directors) or (ii) a fixed number of shares (set at policy adoption). In connection with the adoption of the stock ownership policy, our Company also adopted a stock holding period that requires NEOs and directors to hold 50% of net after-tax shares issued upon vesting of restricted stock or exercised stock options until their required respective stock ownership levels are achieved. Once an individual achieves the stock ownership requirement, the retention requirement will no longer apply.

Under this policy, the ownership requirement for our CEO is 5.0 times base salary and the ownership requirement for our other NEOs is 3.0 times base salary. The ownership requirement for directors is 3.0 times the annual retainer. Our directors have until November 2016 and our NEOs have until September 2017 to comply with the ownership requirements in the stock ownership policy. As of December 1, 2015, all of our NEOs and directors were in compliance with our stock ownership policy. For additional information see “Compensation Discussion and Analysis — Various Compensation Policies — Stock Ownership and Holding Requirements.”

No Hedging or Pledging of Company Stock

Our Board of Directors has adopted a policy that prohibits our officers and directors from hedging or pledging Company stock. None of our NEOs or directors has engaged in any transaction intended to hedge against a drop in the price of the Company’s stock, nor have any of them pledged Company stock as collateral or security.

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Compensation Clawback Policy

In 2011, our Compensation Committee adopted an incentive compensation clawback policy that would enable the Company to clawback all or a portion of incentive compensation in the event an individual's misconduct causes the Company to have to issue a restatement of its financials, to the extent that individual's incentive compensation was based on the misstated financials. For additional information see "Compensation Discussion and Analysis — Various Compensation Policies — Compensation Clawback Policy."

Awards under our 2014 Long-Term Incentive Plan are subject to our existing clawback policy and any other clawback policy adopted by the Compensation Committee, including clawback policies to comply with the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the "Dodd-Frank Act"), the Sarbanes-Oxley Act and any final SEC rules. Under the 2014 Long-Term Incentive Plan, the Compensation Committee may also provide for recoupment or forfeiture of awards if a participant engages in "detrimental activity" with respect to the Company. Our NEOs' employment agreements further specify that any incentive compensation that is paid or granted to the NEOs will be subject to recoupment under the terms of any clawback policy of the Company.

Procedures Regarding Director Candidates Recommended by Stockholders

Our Nominating/Corporate Governance Committee will consider candidates recommended to our Board of Directors by our stockholders. Stockholder recommendations must be addressed to: Beazer Homes USA, Inc., Attention: Chair, Nominating/Corporate Governance Committee, 1000 Abernathy Road, Suite 260, Atlanta, Georgia 30328. If the Nominating/Corporate Governance Committee determines to nominate a stockholder-recommended candidate, then that nominee's name will be included in the proxy statement for the next annual meeting. Our stockholders also have the right under our Bylaws to directly nominate director candidates at an annual meeting by following the procedures outlined in our Bylaws.

Pursuant to our Corporate Governance Guidelines, our Nominating/Corporate Governance Committee is directed to work with our Board of Directors on an annual basis to determine the appropriate characteristics, skills and experience for each director and for our Board of Directors as a whole. In evaluating these issues, the Committee and our Board of Directors take into account many factors, including the individual director's general understanding of accounting, marketing, finance and other elements relevant to the success of a large publicly-traded company, understanding of our business on an operational level, education or professional background and willingness to devote time to Board of Director duties. While our Board of Directors does not have a specific diversity policy, it considers diversity of race, ethnicity, gender, age and professional accomplishments in evaluating director candidates. Each individual is evaluated in the context of our Board of Directors as a whole, with the objective of recommending a group of nominees that can best promote the success of the business and represent stockholder interests through the exercise of sound judgment based on diversity of experience and background.

If a director candidate were to be recommended by a stockholder, our Nominating/Corporate Governance Committee expects that it would evaluate such candidate in the same manner it evaluates director candidates identified by such Committee.

Compensation Committee Interlocks and Insider Participation

The members of our Compensation Committee during fiscal year 2015 were Messrs. Leemputte and Solari and Ms. Provencio. None of the members of our Compensation Committee has ever been an officer or employee of the Company or any of our subsidiaries. None of the members of our Compensation Committee had any relationship requiring disclosure under "Transactions with Related Persons." During fiscal year 2015, none of our executive officers served as a director or member of the compensation committee (or other committee of the board of directors performing equivalent functions) of another entity that had an executive officer serving on our Board of Directors.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act requires our executive officers and directors and persons who own more than 10% of our stock, as well as certain affiliates of such persons, to file initial reports of ownership and changes of ownership with the SEC. These parties are required to furnish us with copies of the reports they file. Based solely on a review of the copies of the Section 16(a) reports and amendments thereto known to us, we believe that all reports required pursuant to Section 16(a) for fiscal year 2015 were timely filed by our executive officers and directors, except that one Form 4 for Mr. Zelnak was filed late due to an inadvertent administrative error by the Company.

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EXECUTIVE OFFICERS

Set forth below is information as of December 7, 2015 regarding our executive officers who are not serving or nominated as directors:

KENNETH F. KHOURY. Mr. Khoury, 64, joined the Company in January 2009 as Executive Vice President and General Counsel. In June 2011, Mr. Khoury was also named Chief Administrative Officer. Mr. Khoury was previously Executive Vice President and General Counsel of Delta Air Lines from September 2006 to November 2008. Practicing law for over 38 years, Mr. Khoury's career has included both private practice and extensive in-house counsel experience. Prior to Delta Air Lines, Mr. Khoury was Senior Vice President and General Counsel of Weyerhaeuser Corporation and spent 15 years with Georgia-Pacific Corporation, where he served most recently as Vice President and Deputy General Counsel. He also spent five years at the law firm White & Case in New York. He received a Bachelor of Arts degree from Rutgers College and a Juris Doctor from Fordham University School of Law.

ROBERT L. SALOMON. Mr. Salomon, 55, our Executive Vice President and Chief Financial Officer, joined the Company in February 2008 as Senior Vice President, Chief Accounting Officer and Controller. Mr. Salomon was previously with the homebuilding company Ashton Woods Homes where he served as Chief Financial Officer and Treasurer since 1998. Previously, he held various financial management roles of increasing responsibility over a six-year period with homebuilder M.D.C. Holdings, Inc. A certified public accountant, Mr. Salomon has 31 years of financial management experience, 23 of which have been in the homebuilding industry. Mr. Salomon is a member of the American Institute of Certified Public Accountants and a graduate of the University of Iowa with a Bachelor of Business Administration degree.

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PROPOSAL 1 — ELECTION OF DIRECTORS

General

Each of the nominees listed below has been nominated as a director to serve a term of one year and until his or her respective successor has been qualified and elected. Each of the following nominees is presently serving as a director. Our Board of Directors periodically evaluates the appropriate size for our Board of Directors and will set the number of directors in accordance with our Bylaws and based on recommendations of the Nominating/Corporate Governance Committee of our Board of Directors.

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 recommended by the Nominating/Corporate Governance Committee and subsequently nominated by our Board of Directors. Our Board of Directors has no reason to believe that any nominee will be unable or unwilling to serve as a director, if elected.

Nominees

The biographical information appearing below with respect to each nominee has been furnished to us by the nominee:

ELIZABETH S. ACTON. Ms. Acton, 64, has served as a director of the Company since May 2012. Prior to her retirement in April 2012, Ms. Acton was Executive Vice President Finance (from 2011 to 2012) and Executive Vice President and Chief Financial Officer from (2002 to 2011) of Comerica Incorporated, a financial services company. Prior to joining Comerica, Ms. Acton held a variety of positions at Ford Motor Company from 1983 to 2002, including Vice President and Treasurer from 2000 to 2002 and Executive Vice President and Chief Financial Officer of Ford Motor Credit Company from 1998 to 2000. She is an Independent Trustee of the Fidelity Fixed Income and Asset Allocation Funds. Ms. Acton received a Bachelor's degree from the University of Minnesota and a Master of Business Administration degree in Finance from Indiana University.

Ms. Acton has over 35 years of financial management expertise as well as significant experience as a finance executive for two public companies. We believe Ms. Acton's finance and accounting expertise is valuable to the Company in many respects, including as Chair of our Finance Committee, as well as compliance with our obligations under various regulatory requirements for financial expertise on the Board of Directors and Audit Committee.

LAURENT ALPERT. Mr. Alpert, 69, has served as a director of the Company since February 2002. Mr. Alpert is a partner in the international law firm of Cleary, Gottlieb, Steen & Hamilton. He joined Cleary, Gottlieb 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 member of the Board of Directors of the International Rescue Committee, a non-profit organization providing relief and resettlement services to refugees.

Mr. Alpert brings to our Board of Directors over 40 years of experience practicing law with one of the world's pre-eminent law firms and over 13 years' experience on our Board of Directors. He has substantial experience representing companies in a broad range of industries. In light of the regulatory environment in which the Company operates and the continued emphasis on corporate governance, ethics and compliance for public companies, Mr. Alpert's experience, training and judgment are deemed to be of significant benefit to the Company.

BRIAN C. BEAZER. Mr. Beazer, 80, is our Chairman Emeritus and has served as a director of the Company since our IPO in 1994. Mr. Beazer served as our Non-Executive Chairman of the Board from 1994 until February 2015. From 1968 to 1983, Mr. Beazer was Chief Executive Officer of Beazer PLC, a United Kingdom company, and then was Chairman and Chief Executive Officer of that company from 1983 to the date of its acquisition by Hanson PLC in 1991. During that time, Beazer PLC expanded its activities internationally to include homebuilding, quarrying, contracting and real estate and generated 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. and Seal Mint, Ltd. and is a private investor.

Mr. Beazer has been in the homebuilding and construction industry worldwide for over 50 years. His experience and vision have been driving forces at the Company since prior to its IPO. His extraordinary experience and stature as a highly respected international businessman provide the Company with unique insight into national and international economic policy that impact the homebuilding industry, as well as an in-depth understanding of the domestic homebuilding industry. We believe we will continue to benefit from his knowledge and experience in his role as Chairman Emeritus.

PETER G. LEEMPUTTE. Mr. Leemputte, 58, has been a director of the Company since August 2005. Mr. Leemputte joined Keurig Green Mountain, Inc., a leader in specialty coffee, coffee makers, teas and other beverages, in June 2015 and has served as Chief Financial Officer and Treasurer since August 2015. Prior to that, from September 2008 to March 2015, Mr.

Leemputte worked at Mead Johnson Nutrition Company, a global leader in infant and children's nutrition, where he served most recently as Executive Vice President and Chief Financial Officer. 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 held various management positions at Chicago Title Corporation, Mercer Management Consulting, Armco Inc., FMC Corporation and BP. 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 Booth School of Business.
Mr. Leemputte currently serves as a member of the National Council of the School of Engineering at Washington University.
Mr. Leemputte's experience, particularly his increasingly important financial responsibilities for several of the nation's leading corporations, provides significant financial and accounting expertise that has been invaluable to the Company in many respects, including assessment of our capital structure and financial strategy.
ALLAN P. MERRILL. Mr. Merrill, 49, joined the Company in May 2007 as Executive Vice President and Chief Financial Officer, and was named President and Chief Executive Officer in June 2011. Prior to joining the Company, Mr. Merrill working in both investment banking and in online real estate marketing. From 1987 to 2000, Mr. Merrill worked for the investment banking firm UBS (and its predecessor Dillon, Read & Co.), where he was a managing director and ultimately served as co-head of the Global Resources Group, overseeing relationships with construction and building materials companies around the world, as well as with clients in other industries. During his investment banking career, he advised the Company on its 1994 IPO as well as on several major acquisitions. Immediately prior to joining the Company, Mr. Merrill worked for Move, Inc., where he served as Executive Vice President of Corporate Development and Strategy. From April 2000 to October 2001, Mr. Merrill was president of Homebuilder.com, a division of Move, Inc. Mr. Merrill is a member of the Policy Advisory Board of the Joint Center for Housing Studies at Harvard University, and an Executive Committee member of both the Leading Builders of America and the Metro Atlanta Chamber of Commerce. He is a graduate of the University of Pennsylvania's Wharton School with a Bachelor of Science degree in Economics.
We believe Mr. Merrill's experience in and knowledge of the homebuilding sector, gained primarily through finance, capital markets and strategic development roles over more than 20 years, is particularly valuable to the Company as it seeks to achieve its aggressive financial and operational goals.
NORMA A. PROVENCIO. Ms. Provencio, 58, has been a director of the Company since November 2009.
Ms. Provencio is President and owner of Provencio Advisory Services Inc., a healthcare financial and operational consulting firm. Prior to forming Provencio Advisory Services in October 2003, she was the Partner-in-Charge of KPMG's Pacific Southwest Healthcare Practice since May 2002. From 1979 to 2002, she was with Arthur Andersen, serving as that firm's Partner-in-Charge of the Pharmaceutical, Biomedical and Healthcare Practice for the Pacific Southwest from November 1995 to May 2002. Ms. Provencio is currently a member of the Board of Directors of Valeant Pharmaceutical International. She received her Bachelor of Science in Accounting from Loyola Marymount University. She is a certified public accountant and also a member of the Board of Regents of Loyola Marymount University.
Ms. Provencio has over 30 years' experience in the public accounting field. We believe her in-depth understanding of accounting rules and financial reporting regulations to be extremely valuable to the Company's commitment and efforts to comply with regulatory requirements, including those related to Audit Committee functions.
LARRY T. SOLARI. Mr. Solari, 73, has served as a director of the Company since our IPO. He is a partner in Kenner & Company, Inc., a private equity investment firm in New York, a position he has held since 2002. Mr. Solari is the past Chairman and Chief Executive Officer of BSI Holdings, Inc., a position he held from 1998 to 2001. Prior to starting BSI, Mr. Solari was the Chairman and Chief Executive Officer 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., Performance Contracting Group, Inc., Pace Industries

and Dynacast International Inc. 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.

Mr. Solari provides over 40 years' experience in a wide range of industries directly related to the homebuilding industry and over 19 years as a member of the Board of Directors. In addition, he has served on several industry-wide organizations. His experience and knowledge of our industry provides valuable insight into several vendor markets that are important to the Company and integral to our operations.

STEPHEN P. ZELNAK, JR. Mr. Zelnak, 70, has served as a director of the Company since February 2003 and as our Non-Executive Chairman of the Board since February 2015. He is currently a director of Martin Marietta Materials, Inc., a producer of aggregates for the construction industry where he has also served as Chief Executive Officer from 1993 through

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2009 and Chairman of the Board of Directors from 1997 through May 2014. Mr. Zelnak joined Martin Marietta Corporation in 1981 where he served as the President of Martin Marietta's Materials Group and of Martin Marietta's Aggregates Division. Mr. Zelnak also serves as Chairman and majority owner of ZP Enterprises, LLC, a private investment firm. 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 Chamber and is the past Chairman of the North Carolina Community College Foundation. He serves on the Advisory Board of the College of Management at North Carolina State University and is a Trustee Emeritus of the Georgia Tech Foundation.

Mr. Zelnak brings over 30 years' experience as a senior executive in the building materials industry, as well as an educational background that includes business administration, organizational behavior and finance. In addition, his prior experience as the chief executive officer of a publicly-traded company is especially beneficial in his role as a member of the Audit Committee and the Nominating/Corporate Governance Committee. The Board of Directors believes his vast knowledge of the building industry and mentorship skills will be tremendous assets to the Board and the executive management team in his role as Non-Executive Chairman.

Recommendation

The Board of Directors recommends a vote FOR the election of each of the nominees named above.

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DIRECTOR COMPENSATION

Director Compensation Table

The following table sets forth the compensation of each non-employee director in fiscal year 2015. As discussed in footnote 3 to the table, we believe it is important to note that the compensation information relating to stock and option awards appearing in the table below is calculated according to SEC rules and does not represent current values or the value ultimately realized, which may be substantially lower due to declines in the value of our common stock.

Name (1)	Fees Earned or Paid in Cash ($) (2)	Stock Awards ($) (3)	Option Awards ($)	Total ($)
Elizabeth S. Acton	$100,125	$100,003	$0	$200,128
Laurent Alpert	$99,750	$100,003	$0	$199,753
Brian C. Beazer	$139,779	$134,806	$0	$274,585
Peter G. Leemputte	$98,250	$100,003	$0	$198,253
Norma A. Provencio	$102,000	$100,003	$0	$202,003
Larry T. Solari	$89,750	$100,003	$0	$189,753
Stephen P. Zelnak, Jr.	$126,043	$200,018	$0	$326,061

(1) Allan Merrill is a member of our Board of Directors, as well as our President and Chief Executive Officer. His compensation is disclosed in the tables included under "Executive Compensation." Because Mr. Merrill does not receive compensation separately for his duties as a director, he is not included in the Director Compensation table.

(2) Mr. Beazer served as our Non-Executive Chairman for a portion of fiscal year 2015, from October 1, 2014 to February 4, 2015. As a result, in fiscal year 2015, we paid Mr. Beazer cash fees of $139,779, consisting of: (a) his $225,000 annual retainer, prorated for the period during which he served as Non-Executive Chairman (October 1, 2014 to February 3, 2015); and (b) his $75,000 annual cash retainer and two $10,000 committee membership retainers, each prorated for the period during which he served as a director and Chairman Emeritus (February 4, 2015 to September 30, 2015).

Amounts paid to the outside directors (other than Mr. Beazer) for the period from October 1, 2014 to December 31, 2014 include an annual retainer fee of $50,000 and a $1,500 fee per meeting attended. For Ms. Acton, Ms. Provencio and Messrs. Alpert and Leemputte, amounts also include a $10,000 annual committee chair fee. Amounts paid to the outside directors (other than Mr. Beazer) for the period from January 1, 2015 to September 30, 2015 include a $75,000 annual retainer, a $25,000 annual retainer for the Audit Committee Chair and a $20,000 annual retainer for the Compensation Committee, Nominating/Corporate Governance Committee and Finance Committee Chairs. In addition, in connection with his appointment as Non-Executive Chairman on February 4, 2015, Mr. Zelnak received an additional $75,000 annual cash retainer.

(3) Represents the aggregate grant date fair value of awards determined in accordance with FASB ASC Topic 718. These are not amounts paid to or realized by the non-employee directors. Further information regarding the valuation of stock and option awards can be found in Notes 2 and 16 to our Consolidated Financial Statements in our 2015 Form 10-K. In fiscal year 2015, Ms. Acton, Ms. Provencio and Messrs. Alpert, Leemputte and Solari were each granted 5,244 shares of restricted stock. Mr. Beazer was granted 7,069 shares of restricted stock, consisting of: (a) his target annual equity award prorated for the period he served as Non-Executive Chairman (October 1, 2014 to February 3, 2015); and (b) his target annual equity award prorated for the period he served as a director and Chairman Emeritus (February 4, 2015 to September 30, 2015). Mr. Zelnak was granted 11,647 shares of restricted stock, consisting of: (a) his initial non-employee director grant of 5,244 shares; and (b) an additional grant of 6,403 shares in connection with his appointment as Chairman of the Board. Each award vests on the one-year anniversary of its grant date.

Narrative Disclosure to Director Compensation Table

Director Compensation for Fiscal Year 2015

On February 4, 2015, as part of a previously-announced transition plan, Mr. Zelnak succeeded Mr. Beazer as our Non-Executive Chairman. In October 2014, in connection with this planned transition in our Board leadership and an overall review of our executive and director compensation programs, Pearl Meyer & Partners, LLC (“Pearl Meyer”), the Compensation Committee’s independent compensation consultant, recommended several changes to bring our director compensation program more in-line with the compensation practices of our peer companies. Following such recommendation, in November 2014, the Compensation Committee approved several changes to our director compensation program. Except as indicated in the table

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below, the changes to our director compensation program became effective on January 1, 2015. The fiscal year 2015 director compensation program (both for the period prior to, and following, January 1, 2015) is described below.

	Director Compensation Program: October 1, 2014 - December 31, 2014	Director Compensation Program: January 1, 2015 - September 30, 2015
Meeting Attendance Fees	All non-employee directors (except the Non-Executive Chairman) received $1,500 for attendance at each Board or committee meeting or teleconference, each meeting of independent directors and the annual stockholders meeting. Committee chairs were also eligible to receive additional payments for meetings with the Non-Executive Chairman or other work in furtherance of their duties as chair as approved from time to time by the Non-Executive Chairman.	No fees for Board and committee meetings.
Annual Cash Retainer	$50,000 annual cash retainer for all non-employee directors (except the Non-Executive Chairman). Annual compensation for the Non-Executive Chairman is addressed below under “Non-Executive Chairman Compensation.”	$75,000 annual cash retainer for all non-employee directors. Annual compensation for the Non-Executive Chairman is addressed below under “Non-Executive Chairman Compensation.”
Annual Committee Chair Retainers	$10,000 for all Committee Chairs.	$25,000 for Audit Committee Chair. $20,000 for Compensation Committee, Nominating/Corporate Governance Committee and Finance Committee Chairs.
Annual Non-Chair Committee Member Retainers	None.	$12,500 annual retainer for non-chair members of the Audit Committee. $10,000 annual retainer for non-chair members of the Compensation, Nominating/Corporate Governance and Finance Committees.
Annual Equity Grant	Non-employee directors were eligible to receive grants of equity-based awards under the Company’s long-term incentive compensation plans, subject to share usage and availability each year.	Beginning with the fiscal year 2015 grant made in November 2014, the target annual equity grant for all non-employee directors is equal to $100,000, subject to share usage and availability each year. (1)
Non-Executive Chairman Compensation	Annual retainer of $225,000. Mr. Beazer was eligible to receive grants of equity-based awards under the Company’s long-term incentive compensation plans, subject to share usage and availability each year. (2)	In addition to the $75,000 annual cash retainer and $100,000 annual equity award to be paid to all non-employee directors, the Non-Executive Chairman is entitled to receive an additional $75,000 annual cash retainer and an additional $100,000 annual equity award, subject to share usage and availability each year. The Non-Executive Chairman is not eligible to receive

		additional retainers for committee service. (3)
Out-of-Pocket Expenses	Reimbursement for reasonable out-of-pocket expenses incurred in connection with participating in Board and committee meetings.	Reimbursement for reasonable out-of-pocket expenses incurred in connection with participating in Board and committee meetings.

(1) Directors are eligible to receive grants of equity-based awards under the Company's long-term incentive plans, at the discretion of our Compensation Committee. Our Compensation Committee's rationale for equity grants to

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directors is similar to that for our NEOs, namely, to align their interests with those of stockholders. The amount of the director grant is determined in consultation with our Compensation Committee's retained compensation consultant. For fiscal year 2015, taking into account the recommendation of Pearl Meyer, the Compensation Committee approved director restricted stock awards that vest on the first anniversary of the grant date. See footnote 3 to the Director Compensation table above.

(2) Mr. Beazer served as our Non-Executive Chairman for a portion of fiscal year 2015, from October 1, 2014 to February 4, 2015, after which time he transitioned to his current role as Chairman Emeritus and a director. As a result, in fiscal year 2015, Mr. Beazer's cash retainer and equity compensation were appropriately prorated for the periods during which he served as Non-Executive Chairman (October 1, 2014 to February 3, 2015) and as a director and Chairman Emeritus (February 4, 2015 to September 30, 2015). See footnotes 2 and 3 to the Director Compensation table above.

(3) Mr. Zelnak served as our Non-Executive Chairman for a portion of fiscal year 2015, beginning on the date of his appointment on February 4, 2015. In connection with his appointment as Non-Executive Chairman, Mr. Zelnak received an additional $75,000 annual cash retainer and an additional $100,000 annual equity award. See footnotes 2 and 3 to the Director Compensation table above.

Except as described above, our non-employee directors did not receive any other compensation from the Company for services rendered as a director during fiscal year 2015. Our directors are subject to stock ownership and holding requirements, as described under "Compensation Discussion and Analysis — Various Compensation Policies — Stock Ownership and Holding Requirements."

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PROPOSAL 2 — RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Audit Committee of our Board of Directors has selected the firm of Deloitte & Touche LLP, the member firms of Deloitte & Touche Tohmatsu, and their respective affiliates (collectively, "Deloitte & Touche"), to serve as our independent registered public accounting firm for the fiscal year ending September 30, 2016. Deloitte & Touche has served as our accounting firm since our fiscal year ended September 30, 1996. The services provided to the Company by Deloitte & Touche for the last two fiscal years are described under the caption "Principal Accountant Fees and Services" below. Stockholder approval of the appointment is not required, however, our Board of Directors believes that obtaining stockholder ratification of the appointment is a sound governance practice.

Representatives of Deloitte & Touche will be present at the annual meeting, will have an opportunity to make a statement if they desire to do so and will be available to respond to appropriate questions from stockholders.

Recommendation

The Board of Directors recommends a vote FOR ratification of the appointment of Deloitte & Touche as the Company's independent registered public accounting firm for the fiscal year ending September 30, 2016.

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REPORT OF THE AUDIT COMMITTEE

The Audit Committee meets the definition of an audit committee as set forth in Section 3(a)(58)(A) of the Exchange Act and operates under a written charter adopted by our Board of Directors. Each member of the Audit Committee is independent and financially literate in the judgment of the Board of Directors and as required by the Sarbanes-Oxley Act and applicable SEC and NYSE rules. The Board of Directors has also determined that Ms. Acton, Ms. Provencio and Mr. Zelnak qualify as “audit committee financial experts,” as defined under SEC regulations.

Management is responsible for our internal controls and the financial reporting process. Deloitte & Touche, the Company’s independent registered public accounting firm, is responsible for performing an independent audit of the Company’s consolidated financial statements in accordance with standards of the Public Company Accounting Oversight Board (United States) (the “PCAOB”) and for issuing a report thereon. The Audit Committee’s responsibility is generally to monitor and oversee these processes, as described in the Audit Committee Charter.

The Audit Committee reviewed and discussed with management the Company’s audited financial statements as of and for the fiscal year ended September 30, 2015. The Audit Committee has discussed with Deloitte & Touche the matters required to be discussed by Statement on Auditing Standards No. 61, as amended (AICPA, Professional Standards, Vol. 1. AU section 380), as adopted by the PCAOB in Rule 3200T.

The Audit Committee has also received the written communications from Deloitte & Touche required by the PCAOB regarding Deloitte & Touche’s communications with the Audit Committee concerning independence and has discussed with Deloitte & Touche their independence. The Audit Committee has considered whether the provision of the non-audit services described below by Deloitte & Touche is compatible with maintaining their independence and has concluded that the provision of these services does not compromise such independence.

Based on the review and discussions described above, the Audit Committee recommended to the Board of Directors that the audited financial statements referred to above be included in the Company’s Annual Report on Form 10-K for the fiscal year ended September 30, 2015 for filing with the SEC.

Norma A. Provencio (Chair)
Elizabeth S. Acton
Stephen P. Zelnak, Jr.
The Members of the Audit Committee November 5, 2015

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PRINCIPAL ACCOUNTANT FEES AND SERVICES

For the fiscal years ended September 30, 2015 and 2014, the following professional services were performed by Deloitte & Touche.

Audit Fees: The aggregate audit fees billed for the fiscal years ended September 30, 2015 and 2014 were $1,025,000 and $994,000, respectively. Audit fees consisted of fees associated with the audit of our annual financial statements and internal control over financial reporting, the audits of certain consolidated subsidiaries, reviews of the financial statements included in our quarterly reports on Form 10-Q, and other services that are normally provided by the independent registered public accounting firm in connection with statutory and regulatory filings or engagements.

Audit-Related Fees: The aggregate fees billed for audit-related services for the fiscal years ended September 30, 2015 and 2014 were $48,800 and $45,000, respectively. These fees related to assurance and related services performed by Deloitte & Touche that are reasonably related to the performance of the audit or review of our financial statements. These services included employee benefit and compensation plan audits.

Tax Fees: No fees for tax services were billed by or paid to Deloitte & Touche in either fiscal year 2015 or fiscal year 2014.

All Other Fees: No other fees were billed by or paid to Deloitte & Touche in either fiscal year 2015 or fiscal year 2014.

Our Audit Committee annually approves each year’s engagement for audit services in advance. Our Audit Committee has also established complementary procedures to require pre-approval of all permitted non-audit services provided by our independent auditors.

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COMPENSATION DISCUSSION AND ANALYSIS

This Compensation Discussion and Analysis ("CD&A") provides a detailed description of our executive compensation objectives, practices, and programs as well as the means by which our Compensation Committee (the "Committee") determines executive compensation under those programs. The CD&A focuses on the compensation of our NEOs for fiscal year 2015, who were:

- our President and Chief Executive Officer, Allan P. Merrill;
- our Executive Vice President and Chief Financial Officer, Robert L. Salomon; and
- our Executive Vice President, General Counsel and Chief Administrative Officer, Kenneth F. Khoury.

In addition, this CD&A provides a detailed description of compensation programs approved by the Committee for fiscal year 2016.

Executive Summary

Overview of Fiscal Year 2015 Results and Progress Towards Our 2B-10 Plan Goals

In November 2013, we introduced our 2B-10 Plan, which set a target of reaching $2 billion in revenue over the next several years with a 10% Adjusted EBITDA[1] margin. To achieve our 2B-10 targets, we intend to (i) increase revenue through increased sales per community per month, higher average sales prices and increased community count, and (ii) improve Adjusted EBITDA margins through higher homebuilding gross margins and reduction of our fixed costs as a percentage of revenue. With these goals in mind, the Committee designed the Company's fiscal year 2015 executive compensation program to reward achievement of operational and financial goals that will drive progress towards our 2B-10 goals.

During fiscal year 2015, we made significant progress on several of our 2B-10 metrics and improved on fiscal year 2014's performance, despite uneven market conditions. In fiscal year 2015:

- Revenue grew to $1.6 billion, up over 11% year-over-year.
- Absorption rates remained strong at 2.8 sales per community per month for the year.
- Our average sales price ("ASP") increased to $313,500, the highest ASP for any year in our history.
- Adjusted EBITDA was $144.1 million, up 8.1% over 2014 Adjusted EBITDA.
- New home orders increased 12.8% for the year.
- Our backlog value of $667.7 million at September 30, 2015 was up nearly 30% from the prior year and ASP in backlog was up 7.3%, to $327,600.
- Our average active community count was 13.4% higher than the prior year.

In addition, as a further sign of the Company's return to sustained profitability, at the end of fiscal year 2015, $335 million of the valuation allowance on our deferred tax assets was released. The accumulated losses underlying our deferred tax assets provide an offset against future cash tax payments.

[1] For purposes of this CD&A, the terms listed below shall be defined as follows:

"Adjusted EBIT" (earnings before interest, debt extinguishment charges and taxes) equals net income (loss) before: (a) previously capitalized interest amortized to home construction and land sales expenses, capitalized interest impaired and interest expense not qualified for capitalization; (b) debt extinguishment charges; and (c) income taxes.

"Adjusted EBITDA" (earnings before interest, taxes, depreciation, amortization, debt extinguishment charges and impairments) is calculated by adding non-cash charges, including depreciation, amortization, inventory impairment and abandonment charges, goodwill impairments and joint venture impairment charges for the period to Adjusted EBIT. Adjusted EBITDA, as used in this CD&A, also excludes the following charges: (a) for our fiscal 2015, unexpected warranty costs related to Florida stucco issues (net of expected insurance recoveries) and a litigation settlement in discontinued operations; and (b) for our fiscal 2014, unexpected warranty costs related to Florida stucco issues (net of expected insurance recoveries) and unexpected warranty costs related to a water intrusion issue in New Jersey.

"Bonus Plan EBITDA" is equal to Adjusted EBITDA before accrual of corporate bonuses.

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Progress Since Fiscal Year 2011

After being appointed to their current management roles in June 2011, our NEOs immediately focused on returning the Company to sustainable profitability, which it had not achieved since 2006. In 2011, management introduced the "path-to-profitability" plan, which focused on improving sales per community per month and homebuilding gross margin while reducing fixed costs. Two years later, with profitability projected for fiscal year 2014, management announced a more aggressive set of goals with the introduction of the 2B-10 Plan described above. The Company's key achievements since fiscal year 2011 are highlighted below.

- Significant Improvement in Total Revenue and Adjusted EBITDA. Since fiscal year 2011, the Company grew revenue by 119.3%. Adjusted EBITDA for fiscal year 2015 of $144.1 reflects an improvement of $169.0 million, as compared to negative $24.9 million for fiscal year 2011.
- Increased New Home Orders and Closings. New home orders and closings for fiscal year 2015 increased by 36.4% and 54.2%, respectively, as compared to fiscal year 2011.

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- Substantial Growth in Average Sales Per Community and Average Sales Price. The Company improved average sales per community per month from 1.8 for fiscal year 2011 to 2.8 for fiscal year 2015, a 55.6% increase. Our fiscal year 2015 rate of sales per community per month of 2.8 was comparable with the prior fiscal year and remains one of the strongest absorption rates in the industry. Over the same time period, the Company increased the average sales price by 42.9%, from $219,400 to $313,500 (the highest in Company history).
- Increased Leverage of Fixed Costs. SG&A as a percentage of total revenue were reduced from 22.9% for fiscal year 2011 to 12.8% for fiscal year 2015.

Highlights of Our Compensation Practices

Set forth below are certain highlights of our current compensation practices. These practices include those adopted in an effort to drive the Company’s performance, as well as certain practices the Company has not adopted because the Committee does not believe these practices would serve the best long-term interests of our stockholders.

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What We Do

Practice	Company Highlights	Discussed on Page(s)
þ Pay for Performance	Substantially all NEO short- and long-term incentive compensation is "at risk" (i.e., tied to performance), and requires the achievement of operational, financial and strategic goals in order to be earned. • The overall compensation opportunity for our NEOs remains in the bottom half of our peer group, despite the fact that our peer group no longer includes certain homebuilders that are significantly larger than us. • Awards under our annual bonus and long-term performance cash plans are subject to the discretion of the Committee/Board to reduce payouts even where requisite performance is achieved. • The TSR performance shares granted to our NEOs in fiscal year 2013 expired without vesting because our total shareholder return versus our then-current peer group was below the threshold performance level. • Despite significant improvements in financial and operational results over the past four years, aggregate realized and current realizable values for incentive awards granted during that time period are well below target award levels due to the use of challenging performance goals, shifts in strategic priorities and our relative TSR performance versus peers.	23-34
þ Alignment with Stockholder Interests	In recent years, we increased the emphasis on equity-based grants to our NEOs to more closely align their interests with those of our stockholders, especially when combined with enhanced NEO stock ownership requirements.	27-29, 32-34
þ Awards Do Not Automatically Vest Following a Change in Control	Our NEO employment agreements include double-trigger change in control provisions as a condition to cash severance payments. In addition, in the event of a change in control, annual equity awards to NEOs under our 2014 Long-Term Incentive Plan do not automatically vest.	43-44
þ Mitigate Undue Risk	Undue risk that may be associated with NEO compensation is mitigated through the utilization of caps on incentive payouts, the use of multiple performance measures for incentive plans, a compensation clawback policy, stock ownership guidelines and the Committee's ability to exercise negative discretion in determining incentive payouts. The Committee receives a compensation risk assessment annually from its independent compensation consultant, which it evaluates in the context of the Committee's overall risk assessment.	6, 7, 8, 23-34, 35-36
þ Rigorous Stock Ownership Guidelines and Equity Holding Policy	The Company has stock ownership guidelines that require our NEOs and directors to hold a significant portion of equity grants until certain ownership levels are achieved. The stock ownership requirement for our CEO is 5.0 times base salary, and the ownership requirement for the other NEOs is 3.0 times base salary. As of December 1, 2015, each of our NEOs and directors was in compliance with our stock ownership	7, 35-36

	policy.	
þ Compensation Subject to Recoupment or "Clawback"	The Committee has a policy that enables the Company to clawback all or a portion of an individual's incentive compensation in the event his or her misconduct causes the Company to issue a restatement of its financial statements, to the extent that individual's incentive compensation was based on the misstated financials.	8, 36
þ No Hedging or Pledging of Company Stock	The Company has a policy that prohibits our officers and directors from engaging in the practice of hedging or pledging Company stock.	7
þ Independent Compensation Consultant	The Committee utilizes an independent compensation consulting firm, Pearl Meyer, which reports directly to the Committee and does not provide any other services to the Company.	24
þ Annual Review of Share Utilization	The Company evaluates share utilization (and annual run rates) as it relates to equity awards to strike the appropriate balance among dilution to stockholders, management incentives and practices at peer companies.	27, 29

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What We Don't Do Practice	Company Highlights
ý No Tax-Gross Ups	We do not provide tax gross-ups for perquisites or other benefits provided to our NEOs.
ý No NEO Specific Perquisites	NEOs do not have supplemental executive retirement plans, company cars, club memberships or other significant perquisites. NEOs receive benefits that are comparable to benefits provided to other employees and pay costs and taxes on such perquisites on the same basis as other employees.
ý No Evergreen Employment Agreements	NEO employment agreements do not automatically renew, are for a fixed term and are terminable by the Company with or without cause.

Consideration of the 2015 Say on Pay Vote

Following our 2015 annual meeting of stockholders, the Committee reviewed the results of the non-binding stockholder advisory vote on our executive compensation (the "2015 Say on Pay Vote"). Eighty-six percent (86%) of the shares voted on the proposal were voted in support of the compensation of our NEOs as set forth in the CD&A, the summary compensation table and the related compensation tables and narratives in last year's proxy statement.

In designing the compensation program for fiscal year 2016, the Committee considered the results of the 2015 Say on Pay Vote, our ongoing dialogue with stockholders, internal considerations and an evaluation of peer practices. After consideration, the Committee concluded that, for fiscal year 2016, it was appropriate to maintain the existing compensation mix of our NEOs, with a slight variation in the components of the long-term incentive plan to reflect the Company's current strategic direction. The fiscal year 2016 compensation program continues to tie the majority of our NEOs' compensation to performance metrics directly related to the achievement of our 2B-10 Plan, while also increasing the emphasis on debt reduction.

Overall Compensation Philosophy and Objectives

Our core compensation philosophy continues to be focused on providing incentive compensation to our management team when they achieve aggressive financial and non-financial goals that the Committee and our Board of Directors believe are critical to enhancing stockholder value As part of that philosophy, failure to reach such goals can result in no compensation under a particular plan or metric. For example, the total shareholder return performance shares granted to our NEOs in November 2012 expired in November 2015 at the end of the three-year performance period without vesting because the Company's stock price did not achieve the specified performance levels.

The Committee reviews our core compensation philosophy annually in conjunction with the review of our compensation programs. While our core compensation philosophy and objectives have remained largely constant, the Committee has not hesitated to make adjustments to various aspects of our compensation programs to meet changing needs and circumstances of the Company. For example, the addition of a debt reduction metric for the fiscal year 2016 long-term incentive plan is the result of the addition this year of a strategic goal to reduce debt. Please see "— Elements of Fiscal Year 2016 Executive Compensation" below for a detailed explanation of the various components of fiscal year 2016 compensation program.

Overall, our compensation program is comprised of a combination of base salary, short-term cash incentive compensation and long-term incentives in the form of performance shares and, to a lesser extent, time-based restricted stock. The Committee continues to focus on the achievement of performance-related incentive compensation to align overall compensation opportunities with the 25th to 50th percentiles of our peer group each year.

By having compensation programs with features that are balanced between short- and long-term payouts as well as cash and equity awards, the Committee believes it can:

- align management's interests with those of our stockholders in both the short- and long-term;
- reduce risks that may be associated with compensation that is overly focused on the achievement of short-term objectives; and
- attract, retain and motivate senior management personnel.

The Committee also believes that base salary and incentive compensation opportunities should be set based on a variety of factors, including key business objectives and strategic priorities, Company and executive performance, the compensation practices of our peer group, each executive's specific responsibilities and skill sets, and the relationship among the

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compensation levels of members of our management team. In addition, the Committee has taken into consideration our need to attract and retain qualified executives in an industry that continues to experience an intense level of competition for senior executives as the housing market continues to recover.

Role of the Committee, Management and Compensation Consultants

The principal responsibilities of the Committee include:

- meeting with its independent compensation consultant, with and without the presence of management, to review and structure objectives and compensation programs for our NEOs that are aligned with the Company's business and financial strategy as well as stockholder interests;
- evaluating the performance of our NEOs in light of those objectives; and
- based on this evaluation, determining and approving the compensation level for our CEO (with input from our Non-Executive Chairman) and for other executive officers, with our CEO's input.

During fiscal year 2015, the members of the Committee took into account discussions with, and presentations by, key members of our management team to ensure that our operating and financial strategies and goals formed the basis for compensation plans that would create incentives for management to execute those strategies and achieve those goals. Specifically, in designing the compensation program for fiscal year 2015, the Committee received significant input from our Non-Executive Chairman (at the time, Mr. Beazer) and Mr. Merrill.

The Committee has retained Pearl Meyer for each of the last five fiscal years to provide advice regarding compensation plan design, compensation levels, benchmarking data and advice with regard to compensation disclosures. Prior to retaining Pearl Meyer for each of fiscal years 2015 and 2016, the Committee determined that Pearl Meyer qualifies as an independent compensation consultant. Pearl Meyer reports directly to the Committee and does not provide any other services to the Company.

Mr. Merrill reviewed the performance of Messrs. Salomon and Khoury for fiscal year 2015, and made recommendations to the Committee based on his review. In addition, our Non-Executive Chairman (at the time, Mr. Beazer) discussed Mr. Merrill's performance with the Committee. Mr. Merrill was present for the Committee's deliberations related to the compensation of the other NEOs, but not for the Committee's discussions related to his own compensation.

Elements of Fiscal Year 2015 Executive Compensation

The discussion that follows summarizes each element of our compensation program for our NEOs for fiscal year 2015 and the rationale for compensation decisions made for the 2015 fiscal year.

For fiscal year 2015, the Committee relied upon its judgment and experience, its assessment of the capabilities and achievements of our NEOs, advice from Pearl Meyer and benchmark data from peer companies to establish the overall level and mix of executive compensation components. In addition, the Committee took into account the stockholder vote at our 2014 annual meeting of stockholders, at which 86% of the shares voted on our Say on Pay proposal were voted in favor of our executive compensation program.

As part of the process of determining fiscal year 2015 target levels for NEO incentive compensation, the Committee reviewed the compensation targets used by the 2015 Peer Group (as defined below under "— Peer Groups for Fiscal Years 2015 and 2016"). While the Committee believes benchmarking against pay practices at other publicly-held homebuilders is useful in determining whether our executive compensation practices are reasonable, in the past it has not, and for fiscal year 2015 it did not, establish compensation levels based solely on benchmarking industry practices. Nonetheless, based on data for the 2015 Peer Group, the Committee was advised by Pearl Meyer that overall compensation for our NEOs remained targeted between the 25th and 50th percentiles of the 2015 Peer Group.

Compensation Components and Mix

The Company's fiscal year 2015 compensation program for our NEOs consisted of base salary, a short-term cash incentive plan and long-term incentives, including performance shares and, to a lesser extent, time-based restricted stock.

The amounts set forth in the illustrative chart below are based on target compensation for NEOs for fiscal year 2015 pursuant to the compensation program established in November 2014, with short- and long-term incentives representing 80% of the total pay opportunity for our CEO and nearly 75% of the total target pay for our other NEOs.

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Base Salary

The Committee reviews the base salaries of our NEOs annually. Based on its review for the 2015 fiscal year, the Committee decided the base salaries for Messrs. Merrill, Salomon and Khoury would remain unchanged at $900,000, $525,000 and $525,000, respectively. Based on competitive data, the Committee determined that these base salaries were positioned between the 25th and 50th percentiles of the 2015 Peer Group. Since assuming their current roles in 2011, there has been no increase in Mr. Merrill's base salary and one increase in the base salaries of the other NEOs in January 2014.

Short-Term Incentive Compensation

2015 Bonus Plan

For fiscal year 2015, the Committee established an annual cash incentive program for our NEOs (the "2015 Bonus Plan"). Our NEOs were eligible to receive awards under the 2015 Bonus Plan based on the achievement of certain financial and operational criteria established in advance by the Committee. In light of the demonstrated success of the Adjusted EBITDA metric as a driver of financial results under the bonus plan for fiscal year 2014, and because improvement in Adjusted EBITDA is viewed as key to accomplishment of the 2B-10 Plan, the Committee decided to use Adjusted EBITDA as the primary measure for short-term incentive award opportunities under the 2015 Bonus Plan. Specifically, the Committee focused its design of the 2015 Bonus Plan on:

- achieving certain targets for Bonus Plan EBITDA (75% of the 2015 Bonus Plan opportunity); and
- achieving certain operational metrics related to construction quality, registered sales traffic in our model homes and customer warranty experience (25% of the 2015 Bonus Plan opportunity).

The chart below shows the threshold, target and maximum award opportunities, as a percentage of base salary, for each NEO under the 2015 Bonus Plan, assuming achievement of both the Bonus Plan EBITDA and operational components.

2015 Bonus Plan Overall Award Opportunities

	Threshold		Target		Maximum	
	$ Value	As % of Base Salary	$ Value	As % of Base Salary	$ Value	As % of Base Salary
Mr. Merrill	$450,000	50%	$1,350,000	150%	$2,700,000	300%
Mr. Salomon	$262,500	50%	$525,000	100%	$1,050,000	200%
Mr. Khoury	$262,500	50%	$525,000	100%	$1,050,000	200%

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Bonus Plan EBITDA performance at or above the threshold performance level was required to earn any payout under the 2015 Bonus Plan. Once the threshold Bonus Plan EBITDA performance level was achieved, to the extent the actual Bonus Plan EBITDA performance was between the threshold and target performance levels, or between the target and maximum performance levels, linear interpolation was applied between the relevant performance levels to determine the actual payout under the Bonus Plan EBITDA component of the 2015 Bonus Plan. The percentage multiplier derived from the application of linear interpolation for each NEO is referred to as the "Payment Percentage." If threshold Bonus Plan EBITDA was achieved, the Payment Percentage was also applied to determine the payout under the operational component, to the extent the performance goals within such component were met.

All awards under the 2015 Bonus Plan were subject to the negative discretion of the Committee and the Board of Directors.

Results for Bonus Plan EBITDA Component of the 2015 Bonus Plan

As noted in our 2014 proxy statement, the Committee recognized that it was establishing performance goals for the 2015 Bonus Plan that reflected a high degree of difficulty. Pursuant to its authority to administer the 2015 Bonus Plan and interpret its provisions, the Committee determined that, consistent with the Company's disclosure and treatment in the 2015 Form 10-K of certain warranty costs related to Florida stucco remediation and construction defect litigation from discontinued operations, such warranty costs would be excluded from the determination of Bonus Plan EBITDA. The Committee considered several factors in making this determination, including the fact that the extent of these costs were unknown in 2014, when the 2015 Bonus Plan goals were established, as well as the fact that the defect claims arose from construction practices of independent subcontractors that predated the employment of all of the NEOs. The Committee believed that to do otherwise would be contrary to its intent when it established the 2015 Bonus Plan targets and not in the best interests of stockholders.

In fiscal year 2015, the Company generated Bonus Plan EBITDA of $148.7 million, which represented 92% of the target performance level or 103% of the threshold level of achievement necessary to earn an award under the 2015 Bonus Plan. The Company exceeded the threshold level of Bonus Plan EBITDA, accordingly, our NEOs earned awards slightly above threshold for this component of the 2015 Bonus Plan. Upon the application of linear interpolation, the Payment Percentage was calculated to be 72.3% for Mr. Merrill and 61.1% for each of Messrs. Salomon and Khoury.

The table below sets forth the amount each NEO received for the Bonus Plan EBITDA component of the 2015 Bonus Plan and how this amount was calculated. The amount earned was calculated based on base salary and using unrounded numbers.

	Mr. Merrill	Mr. Salomon	Mr. Khoury
Calculation of EBITDA Component Results			
Base Salary	$900,000	$525,000	$525,000
x % of EBITDA Component Opportunity	x 75%	x 75%	x 75%
x Payment Percentage (1)	x 72.3%	x 61.1%	x 61.1%
= $ Value Earned and Paid for Component	$487,938	$240,753	$240,753

(1) The Payment Percentage is derived from the application of linear interpolation for each NEO based on the achievement of Bonus Plan EBIDTA of 92% of target (i.e., achievement between threshold and target).

Results for Operational Component of the 2015 Bonus Plan

The operational component of the 2015 Bonus Plan comprised 25% of the overall annual bonus opportunity. This component focused on ensuring quality in our construction practices and implementing successful marketing strategies, with pre-determined deductions if certain customer warranty satisfaction scores were not achieved. In order to earn the full award under this component, the Committee required achievement of threshold Bonus Plan EBITDA results as a precondition and, in addition: (i) achievement of specified metrics relating to construction cycle time, construction cost variances and customer experience (12.5% of the overall bonus opportunity); and (ii) 75% of communities were required to achieve a pre-determined level of new registered units of traffic per month (12.5% of the overall bonus opportunity). In addition, regardless of performance under these two metrics, awards under the 2015 Bonus Plan were subject to pre-determined deductions if a specified number of operating divisions failed to achieve certain customer warranty satisfaction scores.

For fiscal year 2015, the Company fully achieved the operational component of the 2015 Bonus Plan. However, as noted above, the Payment Percentage for each NEO was also applied to calculate the award for the operational component. The table below sets forth the amount each NEO received for the operational component and how this amount was calculated. The amount earned was calculated based on base salary and using unrounded numbers.

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	Mr. Merrill	Mr. Salomon	Mr. Khoury
Calculation of Operational Component Results			
Base Salary	$900,000	$525,000	$525,000
x % of Operational Component Opportunity	x 25%	x 25%	x 25%
x Payment Percentage (1)	x 72.3%	x 61.1%	x 61.1%
= $ Value Earned and Paid for Component	$162,646	$80,251	$80,251

(1) The Payment Percentage is derived from the application of linear interpolation for each NEO based on the achievement of Bonus Plan EBIDTA of 92% of target (i.e., achievement between threshold and target).

The chart below summarizes the total awards for our NEOs under the 2015 Bonus Plan, which represented a decrease of 55.7% for the CEO and 43.8% for the other NEOs as compared to the awards under the 2014 Bonus Plan.

Summary of Fiscal Year 2015 Bonus Plan Awards

	Bonus Plan EBITDA Component	Operational Component	Total Award for 2015 Bonus Plan	As a % of Target Award Opportunity
Mr. Merrill	$487,938	$162,646	$650,584	48.2%
Mr. Salomon	$240,753	$80,251	$321,004	61.1%
Mr. Khoury	$240,753	$80,251	$321,004	61.1%

Long-Term Incentive Compensation

Based on recommendations from Pearl Meyer and the consideration of other factors, the Committee decided to award long-term incentives for fiscal year 2015 in the form of performance-based restricted stock and a small portion of time-based restricted stock. The Committee included time-based restricted stock as part of the annual incentive program for the first time since 2010 in order to bring our NEOs' target long-term incentive compensation mix more in line with the Company's peer group, while maintaining a primary emphasis on performance-based awards. In making its determination, the Committee intended to keep this mix of equity awards highly performance-based, while at the same time providing retention strength.

The following chart sets forth the long-term incentive award mix for our NEOs under the fiscal year 2015 compensation program, with target award values positioned between the 25th and 50th percentile of the 2015 Peer Group. As described below, two-thirds of the target long-term incentive award opportunity for fiscal year 2015 was performance-based.

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Total Shareholder Return Performance Shares

The first type of performance shares granted as part of fiscal year 2015 long-term incentive compensation are structured to vest only if our total shareholder return ("TSR") compares favorably against the 2015 Peer Group measured at the end of a three-year performance period. TSR includes stock price appreciation plus any dividend reinvestment. In November 2015, in view of the recent merger of The Ryland Group, Inc. and Standard Pacific Corp., the Committee modified the 2015 Peer Group to exclude those companies because the post-merger market capitalization of the combined company, CalAtlantic Group, Inc., significantly exceeds the average size of the other companies in the 2015 Peer Group. See "— Peer Groups for Fiscal Years 2015 and 2016." The matrix below shows the percentage of granted TSR performance shares that will be earned at various levels of TSR performance versus the 2015 Peer Group.

Vesting of TSR Performance Shares after 3-Year Performance Period
(as % of Granted Performance Shares)

	Ranking (including Beazer)	% of Target Shares Earned
	1	150%
	2	138%
Beazer	3	125%
3-Year	4	113%
Relative	5	100%
Total	6	75%
Shareholder	7	50%
Return Rank	8	25%
	9	0%
	10	0%

The matrix above illustrates that no fiscal year 2015 TSR performance shares will be earned if our TSR after three years is in the bottom two of the 2015 Peer Group. In addition, the Committee retains discretion to pay the portion of any award earned that exceeds target in cash instead of additional shares, in order to maintain flexibility in preserving shares available for future years. TSR calculations for the Company and the 2015 Peer Group companies will be based on the average closing price of our common stock on the NYSE for the 20 trading days immediately preceding (i) the start of the performance period (October 1, 2014) and (ii) the end of the performance period (September 30, 2017). See "Executive Compensation — Summary Compensation Table" and "— Grants of Plan-Based Awards" for additional information regarding these awards.

Pre-Tax Income Performance Shares

The second type of performance shares granted as part of fiscal year 2015 long-term incentive compensation are structured to require improvement in pre-tax income, defined as the Company's income from continuing operations, before taxes and excluding impairments and abandonments, bond losses and such other non-recurring items as the Committee may approve. The pre-tax income performance shares will vest in 2017, subject to determination of the Company's actual pre-tax income performance as compared to the pre-determined performance targets.

The pre-tax income performance shares will be fully earned at a target pre-tax income level, with a 50% payout at the threshold level of pre-tax income and a 200% payout at the maximum level of pre-tax income. The target pre-tax income is $83.1 million, which requires a 60% compound annual growth rate over the next three years. Fiscal year 2014 pre-tax income was $20 million, calculated on a basis consistent with this metric. Once the threshold 2017 pre-tax income performance level is achieved, to the extent the actual 2017 pre-tax income performance is between the threshold and target performance levels, or between the target and maximum performance levels, linear interpolation between the award opportunity percentages will be applied to determine the actual payout. Similar to the TSR performance shares, the Committee retains discretion to pay the portion of any pre-tax income performance share award earned that exceeds target in cash instead of additional shares.

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See “Executive Compensation — Summary Compensation Table” and “— Grants of Plan-Based Awards” for additional information regarding these awards.

Restricted Stock

Restricted stock awards granted as part of the fiscal year 2015 long-term incentive compensation program vest ratably over a three-year period, beginning with the first anniversary of the grant date. See “Executive Compensation — Summary Compensation Table” and “— Grants of Plan-Based Awards” for additional information regarding these awards.

Elements of Fiscal Year 2016 Executive Compensation

Consistent with our fiscal year 2015 executive compensation program, the fiscal year 2016 compensation program for our NEOs will consist of base salary, a short-term incentive plan (the “2016 Bonus Plan”) and a long-term incentive plan.

Some of the highlights of the fiscal year 2016 executive compensation program include:

- No changes to NEO base salaries or short-term incentive opportunities.
- No changes in target long-term incentive grant values.
- The bulk of incentive compensation continues to be “at-risk,” or performance-based.
- The mix of long-term incentives remains 100% equity, firmly aligning the interests of our NEOs with those of our stockholders.
- Annual equity awards do not automatically vest in the event of a change in control.
- The stock ownership requirements for our CEO and other NEOs are rigorous.
- NEO pay levels remain between the 25th and 50th percentiles versus the 2016 Peer Group.
- Short-term incentive compensation is again primarily linked to improved EBITDA, which the Committee believes is critical in order to incent continued emphasis on sustaining profitability.

In determining overall compensation for our NEOs, the Committee reviewed market pay levels for the 2016 Peer Group (as defined below under “— Peer Groups for Fiscal Years 2015 and 2016”), however, as in the past, this review of market pay levels was only one aspect of the process used to establish fiscal year 2016 compensation. The Committee also constructed the fiscal year 2016 compensation program based on its experience and judgment, the Company’s recent performance and financial structure, the current economic environment and the Company’s executive management retention objectives.

Compensation Components and Mix

For fiscal year 2016, the Committee continued to focus on the achievement of performance-related incentive compensation to align compensation opportunities with the Company’s financial and operational performance and to establish compensation levels consistent with the Company’s peer group. The Committee has been advised by Pearl Meyer that fiscal year 2016 overall compensation for our NEOs remains between the 25th and 50th percentile of the 2016 Peer Group. The amounts set forth in the illustrative chart below are based on target compensation for NEOs for fiscal year 2016.

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Base Salary

The Committee reviews the base salaries of our NEOs annually. Based on its review for the 2015 fiscal year, the Committee determined the base salaries for Messrs. Merrill, Salomon and Khoury would remain unchanged at $900,000, $525,000 and $525,000, respectively. Based on competitive data, the Committee believes these base salaries are positioned between the 25th and 50th percentile of the 2016 Peer Group. Since assuming their current roles in 2011, there has been no increase in Mr. Merrill's base salary and one increase in the base salaries of the other NEOs in January 2014.

Short-Term Incentive Compensation

The 2016 Bonus Plan follows the structure of the 2015 Bonus Plan. The chart below shows the threshold, target and maximum award opportunities for each NEO under the 2016 Bonus Plan:

2016 Bonus Plan Overall Award Opportunities

	Threshold		Target		Maximum	
	$ Value	As % of Base Salary	$ Value	As % of Base Salary	$ Value	As % of Base Salary
Mr. Merrill	$450,000	50%	$1,350,000	150%	$2,700,000	300%
Mr. Salomon	$262,500	50%	$525,000	100%	$1,050,000	200%
Mr. Khoury	$262,500	50%	$525,000	100%	$1,050,000	200%

See the table above entitled "2015 Bonus Plan Overall Award Opportunities" to compare short-term award opportunities under the 2016 Bonus Plan and the 2015 Bonus Plan.

EBITDA Component of 2016 Bonus Plan

The Committee decided to continue to emphasize EBITDA as a primary driver for short-term incentive compensation under the 2016 Bonus Plan. Under the 2016 Bonus Plan, 75% of the overall annual bonus opportunity will be based on the achievement of challenging pre-determined levels of EBITDA, excluding any accrual for bonus payments to NEOs and other corporate employees ("2016 Bonus Plan EBITDA"). The chart below shows the threshold, target and maximum award opportunities for each NEO under the EBITDA component of the 2016 Bonus Plan:

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2016 Bonus Plan EBITDA Component Award Opportunities

	Threshold $ Value	Target $ Value	Maximum $ Value
Mr. Merrill	$337,500	$1,012,500	$2,025,000
Mr. Salomon	$196,875	$393,750	$787,500
Mr. Khoury	$196,875	$393,750	$787,500

Once the threshold 2016 Bonus Plan EBITDA performance level is achieved, to the extent the actual 2016 Bonus Plan EBITDA performance is between the threshold and target performance levels, or between the target and maximum performance levels, linear interpolation will be applied to determine the actual payout under this component of the 2016 Bonus Plan. The threshold, target and maximum Bonus Plan EBITDA performance levels for fiscal year 2016 are equal to an approximate 4.2%, 11.7% and 24.4% improvement, respectively, over 2015 Bonus Plan EBITDA performance. The Committee believes that the 2016 Bonus Plan EBITDA performance targets will be challenging for management to attain. To reach the target level of 2016 Bonus Plan EBITDA, in fiscal year 2016, the Company will need to sustain sales paces at an aggressive level, successfully open a significant number of new communities and increase average sales prices by a substantial amount, while limiting the growth in overheads and reducing interest cost.

Operational Component of 2016 Bonus Plan

The remaining 25% of the annual bonus opportunity under the 2016 Bonus Plan will be earned based on the achievement of certain pre-determined objective operational metrics related to customer experience and construction quality. The Company believes that the precise strategies and target performance under the operational component represent confidential strategic information, the disclosure of which, in advance of executing such strategies, would not be in the best interests of our stockholders. However, this component of the 2016 Bonus Plan generally relates to ensuring quality in our construction practices and creating a positive experience for potential and actual customers. Performance against the customer experience goals will be based on customer surveys and performance against the construction quality goals will be based on the assessment of an independent third party expert.

If threshold 2016 Bonus Plan EBITDA is achieved, then the NEOs will be eligible to receive an award for the operational component of the 2016 Bonus Plan, to the extent the various performance goals within such component are achieved. The chart below shows the threshold, target and maximum award opportunities for each NEO under the operational component of the 2016 Bonus Plan:

2016 Bonus Plan Operational Component Award Opportunities

	Threshold $ Value	Target $ Value	Maximum $ Value
Mr. Merrill	$112,500	$337,500	$675,000
Mr. Salomon	$65,625	$131,250	$262,500
Mr. Khoury	$65,625	$131,250	$262,500

Hypothetical Calculation of 2016 Bonus Plan Award at Target Performance

The table below demonstrates how a 2016 Bonus Plan award would be calculated for each of our NEOs assuming achievement of target 2016 Bonus Plan EBITDA and full achievement of the operational component. This calculation is for illustrative purposes only.

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	Mr. Merrill	Mr. Salomon	Mr. Khoury
EBITDA Component			
Base Salary	$900,000	$525,000	$525,000
% of Overall 2016 Bonus Plan Opportunity	75%	75%	75%
x Target 2016 Bonus Plan Award Opportunity	x 150%	x 100%	x 100%
$ Value Earned for Component	$1,012,500	$393,750	$393,750
Operational Component			
Base Salary	$900,000	$525,000	$525,000
% of Overall 2016 Bonus Plan Opportunity	25%	25%	25%
x Target 2016 Bonus Plan Award Opportunity	x 150%	x 100%	x 100%
$ Value Earned for Component	$337,500	$131,250	$131,250
Total Hypothetical 2016 Bonus Plan Target Award	$1,350,000	$525,000	$525,000

All payments under the 2016 Bonus Plan are subject to the negative discretion of the Committee and the Board to reduce awards even where performance targets are achieved.

Long-Term Incentive Compensation

Based on recommendations from Pearl Meyer and the consideration of other factors, the Committee decided to award long-term incentives for fiscal year 2016 in the form of performance-based restricted stock (two-thirds of overall award opportunity) and time-based restricted stock (one-third of award overall opportunity). In making its determination, the Committee intended to establish a mix of equity awards that remains highly performance-based, while at the same time providing retention strength. The fiscal year 2016 long-term incentive compensation program was designed to remain between the 25th and 50th percentiles as compared to the 2016 Peer Group.

Restricted Stock

Restricted stock awards, which represent one-third of the overall opportunity under the fiscal year 2016 long-term incentive compensation program, vest ratably over a three-year period, beginning with the first anniversary of the grant date.

Performance Shares

In line with the Company's continued focus on the 2B-10 Plan and its additional emphasis on debt reduction, two-thirds of the opportunity under the fiscal year 2016 long-term incentive compensation program consists of a share grant that utilizes three principal metrics to reward performance that supports these strategic objectives (the "2016 Performance Shares"). The design of the 2016 Performance Shares accomplishes the following primary objectives:

- continues the practice of allocating two-thirds of the long-term incentive grant value in performance-based awards;
- broadens the financial performance measures to support the Company's updated strategy;
- retains an emphasis on relative total shareholder return ("TSR"); and
- caps the maximum opportunity at 175% of target on the financial metrics, subject to an additional plus or minus 20% based on relative TSR.

The Committee chose to broaden the number of metrics from prior years, recognizing that the 2B-10 Plan objectives could be achieved with several different combinations of performance on the various components of the Plan and the fact that debt reduction was added as a strategic goal for the fiscal year 2016 long-term incentive plan. The Committee also considered the fluid nature of the housing market and need to design an award that would not be obsolete in the event of a change in strategy in the middle of the award's performance period.

The three principal metrics for the 2016 Performance Shares are:

- cumulative pre-tax income (as defined below);
- return on assets ("ROA"), based on increasing the ratio of Adjusted EBITDA to total assets (as defined below); and
- debt reduction, based on lowering the ratio of net debt (as defined below) to Adjusted EBITDA.

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Performance goals for each of the three metrics, which have been established by the Committee, are based on improvement over fiscal year 2015 levels at the end of three years. The final number of shares earned by the NEOs will be based on such actual performance. (For purposes of the 2016 Performance Shares, “pre-tax income” is defined as the Company’s income from continuing operations for the applicable fiscal year, before taxes and excluding impairments and abandonments, bond losses and such other non-recurring items as the Committee may approve. “Total assets” is defined as the Company’s total assets as shown on the consolidated balance sheet included in the Company’s Form 10-K for the applicable fiscal year. “Net debt” is defined as the Company’s total debt as shown on the consolidated balance sheet included in the Company’s Form 10-K for the applicable fiscal year less unrestricted cash.)

In addition, as in previous years, to maintain alignment with shareholders, relative TSR performance will be a component of the 2016 Performance Shares as described more fully below.

In order to ensure that the total number of shares issued to NEOs pursuant to the 2016 Performance Share awards will be approximately equal to the number of shares allocated to the performance-based component of the fiscal year 2015 long-term incentive program, the Committee has imposed an award limit of 175% of target shares even if the amount earned based on actual performance against each metric would exceed that number, subject to adjustment based on TSR performance as described below.

The Committee based the performance goals for each metric primarily on the Company’s business plans and review by Pearl Meyer, to assure that the goals for the 2016 Performance Shares are aggressive and payout levels are consistent with actual performance.

2016 Performance Shares: Principal Metrics

A. Pre-Tax Income

This measure is designed to incent actions that improve the Company’s cumulative pre-tax income over fiscal year 2015 levels. The table below depicts the performance goals in both dollars and compound annual growth rate (“CAGR”) established as Threshold, Target and Superior performance levels.

	Performance Required for Achievement at:		
Pre-Tax Income	Threshold	Target	Superior
3-Year CAGR (%)	33.3%	42.6%	51.4%
Cumulative pre-tax income by Fiscal Year 2018 ($)	$120 million	$140 million	$160 million

Accordingly, a cumulative improvement in pre-tax income of $140 million by the end of fiscal year 2018 (a 42.6% CAGR) will be a Target achievement that will result in earning a percentage of target shares as shown in the chart below entitled “— 2016 Performance Shares: Determination of Shares Earned.”

B. Return on Assets

This component incents management to make efficient use of the Company’s capital by rewarding improvement in the amount of Adjusted EBITDA as a percentage of total assets over fiscal year 2015’s 5.91%.

	Performance Required for Achievement at:		
ROA	Threshold	Target	Superior
Fiscal Year 2018	8.00%	9.00%	10.00%
Improvement by Fiscal Year 2018	209 bps	309 bps	409 bps

To achieve a Target result, the Company’s ROA for fiscal year 2018 will need to reach 9.00%, representing an improvement of approximately 309 basis points by the end of the three-year performance period.

C. Debt Reduction

As noted above, the Company’s overall strategy for fiscal year 2016 and beyond includes net debt reduction. This metric rewards reduction in the ratio of net debt to Adjusted EBITDA based on the following chart.

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	Performance Required for Achievement at:		
Net Debt/Adjusted EBITDA Ratio	Threshold	Target	Superior
Fiscal Year 2018	7.00x	6.00x	5.00x
Improvement by Fiscal Year 2018	(1.90)	(2.90)	(3.90)

To reach Target performance of reduction in the Company's debt to EBITDA percentage, it will have to improve by 290 basis points by the end of fiscal year 2018.

2016 Performance Shares: Total Shareholder Return Modifier

Since at least fiscal year 2012, the Committee has incorporated a TSR metric in the NEOs' long-term incentive program. While the Committee believes that achievement of the performance goals described above will have a positive impact on the Company's share price, it also thinks it is important to continue utilizing TSR as a component of the NEO long term incentive program. As a result, the Committee has established an additional factor to be considered in the determination of 2016 Performance Shares earned. After determining the number of shares earned based on the financial measures, which can range from 0% to 175% of the targeted number of shares, the following three-year relative TSR scale will apply (the "TSR Modifier"):

TSR Percentile Rank vs. S&P Homebuilders Select Industry Index	Adjustment to # of Performance Shares
At or above 75th Percentile	+20%
70-74th Percentile	+15%
65-69th Percentile	+10%
60-64th Percentile	+5%
40-59th Percentile	No adjustment
35-39th Percentile	-5%
30-34th Percentile	-10%
25-29th Percentile	-15%
Below 25th Percentile	-20%

2016 Performance Shares: Determination of Shares Earned

Shares earned will be based on achieving the Threshold, Target or Superior levels of performance on one or more of the metrics described above. One-third of target shares will be earned for each metric achieving Threshold performance, two-thirds of target shares will be earned for each metric achieving Target performance and 100% of target shares will be earned for each metric achieving Superior performance. The shares earned on the three metrics will be totaled, and the 175% cap and TSR Modifier will be applied to determine final award.

- To illustrate, achievement of a Threshold level of performance on each of the three metrics will result in 33.3% of target shares earned or a total of 100% of the target number of shares, subject to adjustment based on the TSR Modifier.
- Superior-level performance on any one metric (100%) will earn a target number of shares subject to the TSR Modifier.
- The maximum number of shares that can be earned based on the results of the three financial metrics described above will be 175% of target even if Superior performance is achieved on all three metrics (300% of target shares). In the event of Superior performance on all three metrics as well as on the TSR modifier, the maximum number of shares awarded will be 210% of target.
- For performance between Threshold and Target or between Target and Superior, straight line interpolation between such levels will be applied.
- The Committee retains the discretion to reduce the number of shares finally awarded notwithstanding the number earned pursuant to the table above.

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Peer Groups for Fiscal Years 2015 and 2016

For fiscal year 2015, our industry peer group consisted of Hovnanian Enterprises, Inc., KB Home, M.D.C. Holdings, Inc., M/I Homes, Inc., Meritage Homes Corporation, The Ryland Group, Inc., Standard Pacific Corp., Taylor Morrison Home Corporation, TRI Pointe Group, Inc., WCI Communities, Inc. and William Lyon Homes (the "2015 Peer Group"). These companies were chosen because they constitute some of the nation's largest publicly-traded homebuilders, tend to be among our chief competition in the markets where we operate and are among our chief competition for management talent. In November 2015, in view of the recent merger of The Ryland Group, Inc. and Standard Pacific Corp., the Committee modified the 2015 Peer Group to exclude those two companies because the post-merger market capitalization of the combined company, CalAtlantic Group, Inc., significantly exceeds the average size of the other companies in the 2015 Peer Group.

For fiscal year 2016, our peer group consists of AV Homes, Inc., Hovnanian Enterprises, Inc., KB Home, M.D.C. Holdings, Inc., M/I Homes, Inc., Meritage Homes Corporation, Taylor Morrison Home Corporation, TRI Pointe Group, Inc., WCI Communities, Inc. and William Lyon Homes (the "2016 Peer Group"). These companies were chosen because, in addition to being among our chief competition among publicly-traded homebuilders, they are more closely aligned to us in terms of size. The Committee chose to add AV Homes, Inc. as an additional peer for fiscal year 2016 to increase the sample size to ten companies and position Beazer closer to the median in terms of size.

Other Elements of Executive Compensation

Deferred Compensation Plan

Effective January 1, 2002, the Company adopted the Beazer Homes Deferred Compensation Plan (the "Deferred Plan") to provide eligible employees the opportunity to defer a portion of their current compensation. In connection with the election of the new management team in 2011, the Committee decided to make an annual contribution to the Deferred Plan for the benefit of each NEO as follows: Mr. Merrill, $100,000 and Messrs. Salomon and Khoury, $50,000 each. These contributions will be made in equal monthly installments each year and are subject to several restrictions and limitations including the Committee's right to terminate or suspend any such contribution in the future.

Other Benefits

We do not have a defined benefit pension plan or supplemental executive retirement plan. Our executive management team, including our NEOs, participate in our various benefit programs on the same terms as other employees. The Company does not provide to its NEOs supplemental executive retirement plans, company cars (or automobile reimbursements), club memberships or other significant perquisites.

Various Compensation Policies

Stock Ownership and Holding Requirements

In November 2011, the Company reinstituted a stock ownership policy that requires NEOs and members of the Board of Directors to acquire a meaningful level of stock ownership in the Company. The stock ownership policy requires each NEO to own the lesser of either a multiple of base salary (or, for directors, annual retainer) or a fixed number of shares (set at policy adoption). In 2014, in connection with a one-time grant of restricted stock to each of our NEOs, the Board amended the stock ownership policy to significantly increase the ownership requirement for our NEOs, from 3.0 times base salary to 5.0 times base salary for our CEO, and from 1.5 times base salary to 3.0 times base salary for our other NEOs.

The current stock ownership requirements are based on a multiple of base salary or annual retainer and are as set forth below:

	Multiple of Base Salary/ Annual Retainer
CEO	5.0 x base salary
Other NEOs	3.0 x base salary
Directors	3.0 x annual retainer

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Our directors have until November 2016 and our NEOs have until September 2017 to comply with these ownership requirements. For purposes of the stock ownership policy, the following types of share holdings are counted towards an individual's stock ownership: (i) stock that is considered beneficially owned, (ii) two-thirds of service-based restricted stock and (iii) one-third of in the money stock options. Unearned performance shares do no count towards ownership requirements. As of December 1, 2015, each of our NEOs and directors was in compliance with our stock ownership policy.

In connection with the adoption of the stock ownership policy in 2011, the Company also adopted a stock holding policy that requires NEOs and directors to hold 50% of net after-tax shares issued upon vesting of restricted stock or stock option exercises until their required respective stock ownership levels are achieved. Once an individual achieves the stock ownership requirement, the holding period will no longer apply.

Compensation Clawback Policy

In 2011, the Committee adopted an incentive compensation clawback policy that would enable the Company to clawback all or a portion of incentive compensation in the event an individual's misconduct causes the Company to have to issue a restatement of its financial statements, to the extent that individual's incentive compensation was based on the misstated financials. The Committee will amend the clawback policy, as needed, once the SEC adopts the final implementing rules regarding compensation clawbacks mandated by the Dodd-Frank Act.

In addition, awards under our 2014 Long-Term Incentive Plan are subject to our existing clawback policy and any other clawback policy adopted by the Compensation Committee from time to time. Under the 2014 Long-Term Incentive Plan, the Compensation Committee may also provide for recoupment or forfeiture of awards if a participant engages in "detrimental activity" with respect to the Company.

As described in further detail under "Executive Compensation — Potential Payments Upon Termination or Change of Control — Employment Agreements," pursuant to the employment agreements with each of our NEOs, any incentive compensation that is paid or granted to the NEOs will be subject to recoupment under the terms of any clawback policy of the Company.

Tax Deductibility of Compensation

It is the Committee's general policy to consider whether particular payments and awards are deductible to the Company for federal income tax purposes under Section 162(m) of the Internal Revenue Code. Section 162(m) limits the deductibility for federal income tax purposes of compensation payments to certain executive officers in excess of $1 million, subject to certain exemptions and exceptions. Although the Committee takes into consideration the provisions of Section 162(m), being eligible for tax deductibility is not a primary focus but one consideration among many in the design of our executive compensation program.

REPORT OF THE COMPENSATION COMMITTEE

The Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis set forth above with management. Based on such review and discussions, the Compensation Committee recommended to our Board of Directors that the Compensation Discussion and Analysis set forth above be included in this Proxy Statement and our Annual Report on Form 10-K.

Peter G. Leemputte (Chair)
Larry T. Solari
Norma A. Provencio
The Members of the Compensation Committee

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EXECUTIVE COMPENSATION

Summary Compensation Table

Set forth below is summary compensation information for the fiscal years ended September 30, 2015, September 30, 2014 and September 30, 2013 for each of our NEOs.

Name and Principal Position	Fiscal Year	Salary ($)	Bonus ($)	Stock Awards ($) (1)(2)	Option Awards ($) (1)(2)	Non-Equity Incentive Plan Compensation ($) (3)	All Other Compensation ($) (4)	Total ($) (2)
Allan P. Merrill	2015	$900,000	$0	$2,437,508	$0	$1,474,021	$107,950	$4,919,479
President and Chief	2014	$900,000	$0	$4,884,775	$685,420	$1,469,337	$107,800	$8,047,332
Executive Officer	2013	$900,000	$0	$57,375	$463,540	$1,320,300	$110,012	$2,851,227
Robert L. Salomon	2015	$525,000	$0	$995,301	$0	$629,792	$57,875	$2,207,968
Executive Vice President,	2014	$506,250	$0	$1,567,555	$240,694	$571,409	$57,856	$2,943,764
Chief Financial Officer and Chief Accounting Officer	2013	$450,000	$0	$19,975	$162,778	$594,135	$58,091	$1,284,979
Kenneth F. Khoury	2015	$525,000	$0	$995,301	$0	$629,792	$57,950	$2,208,043
Executive Vice President, General	2014	$506,250	$0	$1,567,555	$240,694	$571,409	$57,800	$2,943,708
Counsel and Chief Administrative Officer	2013	$450,000	$0	$19,975	$162,778	$594,135	$57,929	$1,284,817

(1) Represents the aggregate grant date fair value of awards in each of the fiscal years indicated above determined in accordance with FASB ASC Topic 718. These are not amounts paid to or realized by the NEO. The grant date fair value of the performance shares was calculated based on a "Monte Carlo" simulation model, which utilizes multiple variables that determine the probability of satisfying the market-based performance conditions stipulated in the award. The dollar amount of the stock option grants reflect an assumed accounting or "Black-Scholes" value of the grants. Further information regarding the valuation of stock and option awards can be found in Notes 2 and 16 to our Consolidated Financial Statements in our 2015 Form 10-K.

(2) Descriptions of the long-term incentive programs pursuant to which these awards were made are provided under "Compensation Discussion and Analysis" above. Fiscal year 2014 awards include one-time grant of time-based restricted stock in September 2014. All fiscal year 2015 grants are reflected in the Grants of Plan-Based Awards table below. The cumulative number of restricted shares and performance shares held by each NEO, and their aggregate market value at September 30, 2015, are shown in the Outstanding Equity Awards at Fiscal Year End table below. We caution that the amounts reported in the table for stock and option awards and, therefore, total compensation may not represent the amounts that each NEO will actually realize from the awards. Whether, and to what extent, an NEO realizes value will depend on a number of factors, including our performance and stock price.

(3) Amounts for fiscal year 2015 are reflect: (a) cash awards under the 2015 Bonus Plan (Mr. Merrill - $650,584, Mr. Salomon - $321,004 and Mr. Khoury - $321,004); and (b) award payouts under the fiscal year 2013 long-term cash incentive plan (Mr. Merrill - $823,437, Mr. Salomon - $308,788 and Mr. Khoury - $308,788).

(4) "All Other Compensation" for fiscal year 2015 consists of the following:

Name	Year	Deferred Compensation or Discretionary Lump Sum Contributions	401(k) Company Match	Total

Allan P. Merrill	2015	$100,000	$7,950	$107,950
Robert L. Salomon	2015	$50,000	$7,875	$57,875
Kenneth F. Khoury	2015	$50,000	$7,950	$57,950

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Grants of Plan-Based Awards

The following table shows information about eligible or granted plan-based awards for fiscal year 2015 to our NEOs.

Name	Award Type (1)	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards			All Other Stock Awards: Number of Shares of Stock or Units (#)	All Other Option Awards: Number of Securities Underlying Options (#)	Exercise or Base Price of Option Awards ($/sh)	Grant Date Fair Value of Stock and Option Awards ($) (2)
			Threshold	Target	Maximum				
Allan P. Merrill	BP	11/14/2014	$450,000	$1,350,000	$2,700,000	—	—	—	—
	RS	11/14/2014	—	—	—	39,329	—	—	$750,004
	PS (TSR)	11/14/2014	—	—	—	39,329	—	—	$750,004
	PS (PTI)	11/14/2014	—	—	—	49,161	—	—	$937,500
Robert L. Salomon	BP	11/14/2014	$262,500	$525,000	$1,050,000	—	—	—	—
	RS	11/14/2014	—	—	—	16,059	—	—	$306,245
	PS (TSR)	11/14/2014	—	—	—	16,059	—	—	$306,245
	PS (PTI)	11/14/2014	—	—	—	20,074	—	—	$382,811
Kenneth F. Khoury	BP	11/14/2014	$262,500	$525,000	$1,050,000	—	—	—	—
	RS	11/14/2014	—	—	—	16,059	—	—	$306,245
	PS (TSR)	11/14/2014	—	—	—	16,059	—	—	$306,245
	PS (PTI)	11/14/2014	—	—	—	20,074	—	—	$382,811

(1) Award Type: BP = cash award under 2015 Bonus Plan, RS = time-based restricted stock, PS (TSR) = TSR performance shares, PS (PTI) = pre-tax income performance shares.

(2) See footnote 1 to the Summary Compensation Table above for an explanation of the calculation of the grant date fair value of the applicable awards.

Narrative Disclosure to Summary Compensation Table and Grants of Plan-Based Awards Table

Equity Incentive Plan Awards

Grants of equity incentive plan awards for fiscal year 2015 and the full grant date fair value (determined in accordance with ASC 718) of such awards are disclosed in the Grants of Plan-Based Awards table above. Whether, and to what extent, an NEO realizes value upon vesting/exercise will depend on a number of factors, including our performance and stock price. See footnotes 1 and 2 to the Summary Compensation Table above.

Historically, we have utilized four equity-based, long-term incentives: stock options, SSARs, time-based restricted stock and performance-based restricted stock pursuant to our 1999 and 2010 Equity Incentive Plans and our 2014 Long-Term Incentive Plan. For fiscal year 2015, only performance-based restricted stock (TSR performance shares and pre-tax income performance shares) and time-based restricted stock was awarded. The fiscal year 2015 equity awards vest as follows:

- TSR performance shares granted in fiscal year 2015 vest three years from the grant date only if certain relative performance requirements are met. See “Compensation Discussion and Analysis — Elements of Fiscal Year 2015 Executive Compensation — Long-Term Incentive Compensation” and below under “Outstanding Equity Awards at Fiscal Year End” for more information on the vesting requirements for these TSR performance shares.

- Pre-tax income performance shares granted in fiscal year 2015 vest three years from the grant date only if certain absolute performance requirements are met. See “Compensation Discussion and Analysis — Elements of Fiscal Year 2015 Executive Compensation — Long-Term Incentive Compensation” and below under “Outstanding Equity Awards at Fiscal Year End” for more information on the vesting requirements for these pre-tax income performance shares.
- Time-based restricted stock awards granted in fiscal year 2015 vest ratably over a three-year period, beginning with the first anniversary of the grant date.

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Non-Equity Incentive Plan Awards

Non-equity incentive plan awards for fiscal year 2015 included cash awards pursuant to our 2015 Bonus Plan. Our 2015 Bonus Plan provided for threshold, target and maximum potential award opportunities, based on achievement of certain Adjusted EBITDA and operational components. Actual cash payments were based on achievement following the completion of our fiscal year. The awards for our NEOs under the 2015 Bonus Plan represented a decrease of 55.7% for the CEO and 43.8% for the other NEOs as compared to the awards under the 2014 Bonus Plan. See "Compensation Discussion and Analysis — Elements of Fiscal Year 2015 Executive Compensation — Short-Term Incentive Compensation" for more information regarding the 2015 Bonus Plan.

The remainder of the non-equity incentive plan awards for fiscal year 2015 consisted of award payouts under the fiscal year 2013 long-term cash incentive plan ("2013 Cash LTIP"). Awards under the 2013 Cash LTIP were based on the achievement of certain metrics related to improvement in unleveraged gross margin and revenue over a three-year performance period. See pages 33-34 of our proxy statement dated December 19, 2012 for more information regarding the 2013 Cash LTIP.

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Outstanding Equity Awards at Fiscal Year End

The following table provides information with respect to the common stock that may be issued upon the exercise of options and vesting of performance-based restricted stock and time-based restricted stock by our NEOs under our 1999 Equity Incentive Plan, our 2010 Equity Incentive Plan and our 2014 Long-Term Incentive Plan as of September 30, 2015.

		Option Awards (1)				Stock Awards (1)			
								Equity Incentive Plan Awards	
		Number of Securities Underlying Unexercised Options/SSARs							
Name	Grant Date	Exercisable (#)	Unexercis-able (#)	Option Exercise Price ($)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested ($) (4)	Number of Unearned Shares, Units or Other Rights That Have Not Vested (#) (5)	Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($) (4)
Allan P. Merrill	8/10/2009	40,002	—	$19.70	8/10/2016	—	—	—	—
	5/11/2010	35,659	—	$28.45	5/11/2017	—	—	—	—
	11/11/2010	17,550	—	$23.65	11/11/2017	—	—	—	