BEAZER HOMES USA INC
Form DEF 14A
December 21, 2018

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 Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material 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):

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:

(5) Total fee paid:

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:

FROM OUR

CHAIRMAN OF THE BOARD

Dear Fellow Stockholders:

The 2019 annual meeting of stockholders of Beazer Homes USA, Inc. will be held at 8:30 a.m., Eastern Time, on Wednesday, February 6, 2019, at our principal executive offices at 1000 Abernathy Road, Suite 260, Atlanta, Georgia 30328, for the following purposes:

- Election of the nine directors named in the accompanying Proxy Statement to serve until our annual meeting in 2020;
- Ratification of the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for fiscal year 2019;
- Approval of the compensation of our named executive officers;
- Amendment of our Amended and Restated Certificate of Incorporation to extend the term of a protective amendment designed to preserve tax benefits associated with our net operating losses;
- Approval of a new Section 382 Rights Agreement to become effective upon the expiration of our existing Section 382 Rights Agreement, to preserve tax benefits associated with our net operating losses; and
- Transaction of any other business that may properly come before the meeting or any adjournments or postponements thereof.

Holders of record of our common stock as of the close of business on December 12, 2018, are entitled to notice of, and to vote at, the annual meeting. For instructions on voting, please refer to the Notice of Internet Availability of Proxy Materials you received in the mail, the section entitled How to Vote beginning on page 1 of the proxy statement, or, if you received a paper copy of the proxy statement, your enclosed proxy card.

Your vote is important. Whether or not you plan to attend the meeting, we encourage you to vote as soon as possible.

By Order of the Board of Directors,

STEPHEN P. ZELNAK, JR.

Non-Executive Chairman of the Board of Directors

Beazer Homes USA, Inc.

December 21, 2018

Important Notice Regarding the Availability of Proxy Materials

for the Annual Meeting of Stockholders to be held on February 6, 2019:

This proxy statement, along with the Company s Annual Report on Form 10-K for the fiscal year ended

September 30, 2018, are available free of charge on the Company s website at

http://www.beazer.com

PROXY

STATEMENT SUMMARY

This executive summary provides an overview of the information contained within this proxy statement. We encourage you to read the entire proxy statement prior to voting.

ANNUAL MEETING OF STOCKHOLDERS ROADMAP

STOCKHOLDERS

ANNUAL MEETING

Wednesday, February 6, 2019
8:30 a.m. ***(Eastern time)***

Beazer Homes

1000 Abernathy Road,

Suite 260

Atlanta, Georgia 30328

Stockholders of record as of the close of business on December 12, 2018 are entitled to notice of, and to vote at, the annual meeting.

STOCKHOLDER

VOTING MATTERS

PROPOSAL	BOARD S VOTING RECOMMENDATION	PAGE REFERENCE
Election of directors	For Each Nominee	10
Ratification of appointment of independent auditors	For	16
	For	18

This proxy statement, along with the Company s Annual Report on Form 10-K for the fiscal year ended September 30, 2018, are available on the Company s website at http://www.beazer.com.

On December 21, 2018, we began mailing this proxy statement to stockholders who requested paper copies.

Approval of executive compensation		
Amendment of certificate of incorporation to preserve tax benefits	For	41
Approval of Section 382 Rights Agreement to preserve tax benefits	For	41

i

2018

BUSINESS HIGHLIGHTS

In 2018, we continued to pursue our objective of providing our customers with homes that incorporate exceptional value and quality at affordable prices, while creating durable and growing value for our employees, partners and stockholders. Here are several highlights of our financial, operational and strategic achievements during fiscal 2018:

2B-10 Plan

Surpassed our multi-year plan to reach at least $2 billion in revenue and $200 million of Adjusted EBITDA

FINANCIAL

$2.1 BILLION	**Revenue** Achieved $2.1 billion in homebuilding revenue, a 9.6% increase year-over-year
$204.7 MILLION	**Adjusted EBITDA** Achieved $204.7 million in Adjusted EBITDA, a 14.5% increase year-over-year
$250 MILLION	**Debt Reduction** Completed three-year, $250 million debt reduction plan

OPERATIONAL

3.0 PER MONTH	**Sales Pace** Achieved average monthly sales pace per community of 3.0
$360,200	**Average Selling Price** Ended the year with an average selling price (ASP) of $360,200 for our homes, marking our seventh consecutive year of ASP growth
160 COMMUNITIES	**Community Count** Ended the year with a community count of 160
STRATEGIC	
34 NEWLY ACQUIRED COMMUNITIES	**Acquisitions** Completed the acquisitions of Bill Clark Homes and Venture Homes during the year, adding 34 existing and future communities

During 2019, the Board and management will continue to take steps to position Beazer for future success by growing EBITDA and EPS, while managing the balance sheet to drive return on assets (ROA) above 10%. **Please see Annex I for a reconciliation of non-GAAP measures to GAAP measures.**

CORPORATE

GOVERNANCE HIGHLIGHTS

- Annual election of all directors
- Majority vote standard for the election of directors
- Officer and director stock ownership requirements
- 20% female representation among our non-employee directors
- Policies against hedging, pledging and stock option repricing
- Clawbacks of incentive awards in the event of a restatement
- Double triggers for both cash severance and accelerated vesting of equity upon a change in control
- Robust Board and Committee evaluation practices
- Long-standing stockholder engagement practices

STOCKHOLDER

ENGAGEMENT

We are committed to a robust stockholder engagement program. Our Board values our stockholders perspectives, and feedback from stockholders on our business, corporate governance and executive compensation are important considerations for Board discussions throughout the year. Over the course of the year, our team held more than 80 meetings with stockholders and investors.

Our Board maintains a process for stockholders and interested parties to communicate with the Board. Stockholders and interested parties may write or call our Board as provided under Corporate Governance on pg. 9.

iii

BOARD

NOMINEES (PG. 10)

Below are the directors nominated for election by stockholders at the annual meeting. The Board recommends a vote **FOR** each of the directors.

	AGE	SERVING SINCE	COMMITTEES SERVED	INDEPENDENT
Elizabeth S. Acton	67	2012	Audit, Finance (Chair)	Yes
Laurent Alpert	72	2002	Nom/Corp Gov (Chair), Finance	Yes
Brian C. Beazer	83	1994	Compensation, Nom/Corp Gov	Yes
Peter G. Leemputte	61	2005	Audit, Finance	Yes
Allan P. Merrill	52	2011	Not Applicable	No
Peter M. Orser	62	2016	Compensation (Chair), Finance	Yes

Norma A. Provencio	61	2009	Compensation, Nom/Corp Gov	Yes
Danny R. Shepherd	67	2016	Audit (Chair), Compensation	Yes
Stephen P. Zelnak, Jr.	73	2003	Non-Executive Chair, Audit, Nom/Corp Gov	Yes

BOARD AND

COMMITTEE COMPOSITION (PG. 6)

The Board of Directors has an Audit Committee, a Compensation Committee, a Nominating/Corporate Governance Committee and a Finance Committee. Below are our directors, their committee memberships, and their 2018 attendance rates for regularly scheduled Board and committee meetings.

	BOARD	AUDIT	COMPENSATION	NOM/ CORP GOV	FINANCE	ATTENDANCE RATE
Elizabeth S. Acton						100%
Laurent Alpert						100%
Brian C. Beazer						100%

Peter G. Leemputte	100%
Allan P. Merrill	100%
Peter M. Orser	100%
Norma A. Provencio	100%
Danny R. Shepherd	100%
Stephen P. Zelnak, Jr.	100%

Chair

KEY

QUALIFICATIONS

The following are several of the key qualifications, skills and experience of our Board that we believe are uniquely important to our business.

Homebuilding/Construction Industry Experience
Beazer, Merrill, Orser, Shepherd, Zelnak

CEO/COO Experience
Beazer, Merrill, Orser, Shepherd, Zelnak

CFO/Accounting/Finance Experience
Acton, Leemputte, Merrill, Provencio
Public Company Board Experience
Beazer, Leemputte, Provencio, Shepherd, Zelnak

Marketing/Sales
Merrill, Orser

Corporate Governance
Alpert

The lack of a mark for a director does not mean that he or she does not possess that particular qualification, skill or experience. The marks above simply indicate that the characteristic is one for which the director is especially well known among our Board.

We believe our Board reflects the broad expertise and perspective needed to govern our business and constructively engage with senior management.

HOW

WE PAY

Our executive compensation program consists of the following elements:

Base salary

Short-term cash incentive compensation, based on performance

Long-term equity incentive compensation
(performance shares and restricted stock)

Benefits available to all employees

2018

EXECUTIVE COMPENSATION ACTIONS

Mr. Merrill s base salary was increased from $900,000 to $950,000. Mr. Salomon s base salary was increased from $525,000 to $550,000. Mr. Belknap joined the Company in January 2018 and his initial base salary was $450,000. See Compensation Discussion and Analysis Elements of Fiscal 2018 Compensation Program Base Salary for more information about these salary adjustments

Mr. Merrill s long-term incentive target was increased from 250% to 300% of base salary, and Mr. Salomon s short-term incentive target was increased from 100% to 125% of base salary. See Compensation Discussion and Analysis Elements of Fiscal 2018 Compensation Program Short-Term Incentive Compensation and Long-Term Incentive Compensation for more information about these adjustments to target compensation

We based 75% of the fiscal 2018 short-term incentive opportunity for named executive officers on achievement of Bonus Plan EBITDA and 25% of the incentive opportunity on key operational metrics

We determined to use operational objectives identical to those used in determining the fiscal 2017 short-term incentive opportunity, with improvement over fiscal 2017 results required in all cases

We determined that Messrs. Merrill, Salomon and Belknap would be eligible to receive an award for the operational components of the 2018 short-term bonus opportunity only if threshold Bonus Plan EBITDA was achieved

We retained the discretion to deduct from awards earned for failure to achieve certain construction quality standards based on the assessment of an independent third-party expert

We continued our practice of awarding performance shares equal to two-thirds of an NEO s overall long-term incentive award opportunity, and time-based restricted stock equal to one-third of award opportunity

We based 2018-2020 performance share metrics on cumulative pre-tax income, return on assets and the number of Gatherings® home sales

We continued to include an adjustment to performance shares based on relative total shareholder return (TSR) performance

We no longer use employment agreements for our NEOs. We entered into new severance and change in control agreements with our NEOs upon the expiration of previously-existing employment agreements

PERFORMANCE-BASED

COMPENSATION OUTCOMES

Compensation outcomes from performance incentives were well-aligned with the strong performance our management team achieved during fiscal 2018:

The annual cash incentive program delivered a percent-of-target outcome ranging from 122.9% to 144.9% based on the operational and financial performance factors described under Compensation Discussion and Analysis Short-Term Incentive Compensation

The three-year award cycle of the 2016 performance share program ended on September 30, 2018, with results yielding a payout relative to target of 140.0%. See Compensation Discussion and Analysis Long-Term Incentive Compensation for more information

RATIFICATION OF

AUDITORS (PG. 16)

Although stockholder ratification is not required, the appointment of Deloitte & Touche LLP as the Company s independent auditors for fiscal 2019 is being submitted for ratification at the annual meeting because the Board believes doing so is a good corporate governance practice. The Board recommends a vote **FOR** the ratification of the Company s independent auditors.

CHARTER AMENDMENT AND

NEW RIGHTS AGREEMENT (PG. 41)

We have significant deferred tax assets comprised primarily of net operating losses, or NOLs, that we use (and want to continue to use) to offset the taxable income we are now generating and expect to continue to generate in the future. These benefits, which have substantial value to us, can be significantly impaired, however, if we experience an ownership change under Section 382 of the Internal Revenue

Code (which is discussed in detail under Proposals 4 and 5 Background on page 41). To help protect against an ownership change and preserve our ability to fully maximize our NOLs, our stockholders have previously approved certain protective measures, including the charter amendment and the Section 382 Rights Agreement described in Proposal 4 and Proposal 5, respectively.

These protective provisions are set to expire in November 2019. Accordingly, we are now seeking stockholder approval to extend the expiration dates of each of these protective provisions by an additional three years. We have provided a brief Frequently Asked Questions section beginning on page 41, followed by the related proposals. The Board recommends a vote **FOR** approval of both the protective charter amendment and the new Rights Agreement.

TABLE OF

CONTENTS

PROXY

STATEMENT

GENERAL

This proxy statement contains information about the 2019 annual meeting of stockholders of Beazer Homes USA, Inc. In this proxy statement both Beazer and the Company refer to Beazer Homes USA, Inc. This proxy statement and the enclosed proxy card are being made available to you by the Company s Board of Directors starting on or about December 21, 2018.

PURPOSE OF THE ANNUAL MEETING

At the Company s annual meeting, stockholders will vote on the following matters:

- Proposal 1: election of directors;
- Proposal 2: ratification of appointment of Deloitte & Touche LLP as the Company s independent auditors;
- Proposal 3: approval of the compensation of the Company s named executive officers;
- Proposal 4: amendment of the Company s Amended and Restated Certificate of Incorporation;
- Proposal 5: approval of a new Section 382 Rights Agreement; and
- Transaction of any other business that properly comes before the meeting or any adjournments or postponements thereof. As of the date of this proxy statement, the Company is not aware of any other business to come before the

meeting.

WHO CAN VOTE

Only stockholders of record holding shares of Beazer common stock at the close of business on the record date, December 12, 2018, are entitled to receive notice of the annual meeting and to vote the shares of Beazer common stock they held on that date. The Company s stock transfer books will not be closed. A complete list of stockholders entitled to vote at the annual meeting will be available for examination by any Beazer stockholder at 1000 Abernathy Road, Suite 260, Atlanta, Georgia 30328, for purposes relating to the annual meeting, during normal business hours for a period of ten days before the meeting.

As of December 12, 2018, there were 32,952,418 shares of Beazer common stock issued and outstanding. Holders of Beazer common stock are entitled to one vote per share and are not allowed to cumulate votes in the election of directors.

HOW TO VOTE

If your shares of Beazer common stock are held by a broker, bank or other nominee (in street name), you will receive instructions from them on how to vote your shares. As further described below, if your shares are held in street name and you do not give your broker, bank or other nominee specific instructions on how to vote your shares, the entity holding your shares may vote them at its discretion on any routine matters; however, your shares will not be voted on any non-routine matters. An absence of voting instructions on any non-routine matters will result in a broker non-vote.

The only routine matter to be acted upon at the annual meeting is Proposal No. 2: ratification of appointment of Deloitee & Touche LLP as the Company s independent auditors. All other matters to be acted upon at the annual meeting are non-routine matters and, as such, if you hold all or any portion of your shares in street name and you do not give your broker, bank or other nominee specific instructions on how to vote your shares, your shares will not be voted on any of the following non-routine matters:

Proposal 1: election of directors;

Proposal 3: advisory vote to approve the compensation of the Company s named executive officers;

Proposal 4: amendment of the Company s Amended and Restated Certificate of Incorporation; and

Proposal 5: approval of a new Section 382 Rights Agreement.

If you hold shares of Beazer common stock in your own name (as a stockholder of record), you may vote your shares:

over the Internet by following the instructions provided in the Notice of Internet Availability of Proxy Materials; or

if you requested to receive printed proxy materials, by using the toll-free telephone number listed on the enclosed proxy card (specific directions for using the telephone voting system are included on the proxy card); or

if you requested to receive printed proxy materials, by marking, signing, dating and returning the enclosed proxy card in the postage-paid envelope provided.

Whichever method you use, your shares of Beazer common stock will be voted as you direct. If you designate the proxies named in these proxy materials to vote on your behalf, but do not specify how to vote your shares, they will be voted:

FOR the election of the director nominees;

FOR the ratification of appointment of Deloitte & Touche LLP as the Company s independent auditors;

FOR approval of the compensation of the Company s named executive officers;

FOR amendment of the Company s Amended and Restated Certificate of Incorporation;

FOR approval of a new Section 382 Rights Agreement; and

In accordance with the judgment of the persons voting the proxy on any other matter properly brought before the meeting or any adjournments or postponements of the annual meeting.

REVOKING A PROXY

You may revoke your proxy by submitting a new proxy with a later date by Internet, telephone or mail (if applicable), by voting at the meeting, or by filing a written revocation with Beazer s corporate secretary. Your attendance at the annual meeting alone will not automatically revoke your proxy. If you vote in advance using one of the above methods, you may still attend and vote at the meeting.

QUORUM

A majority of the shares of Beazer common stock outstanding and entitled to vote on the record date will constitute a quorum, permitting the business of the annual meeting to be conducted. If your shares are present in person or by proxy, your shares will be part of the quorum.

VOTES NEEDED

Election of Directors

You may vote FOR or AGAINST any or all director nominees or you may ABSTAIN as to one or more director nominees. In order to be elected, the number of votes FOR a director must exceed the number of votes AGAINST such director. As set forth in our bylaws, only votes FOR or AGAINST the election of a director nominee will be counted. Abstentions and broker non-votes count for quorum purposes, but not for purposes of the election of directors. A vote to ABSTAIN is not treated as a vote FOR or AGAINST and will have no effect on the outcome of the vote.

Ratification of Appointment of Independent Auditors

You may vote FOR or AGAINST the ratification of the appointment of Deloitte & Touche LLP as the Company s independent auditors or you may ABSTAIN. A majority of the shares of common stock present in person or represented by proxy at the annual meeting and entitled to vote must be voted FOR approval of this matter in order for it to pass. Votes cast FOR or AGAINST and ABSTENTIONS with respect to this matter will be counted as shares entitled to vote on the matter. Broker non-votes are not applicable to this matter. A vote to ABSTAIN will have the effect of a vote AGAINST the matter.

Approval of the Compensation of Our Named Executive Officers

You may vote FOR or AGAINST the approval of the compensation of our named executive officers or you may ABSTAIN. A majority of the shares of common stock present in person or represented by proxy at the annual meeting and entitled to vote must be voted FOR approval of this matter in order for it to pass. Votes cast FOR or AGAINST and ABSTENTIONS with respect to this matter will be counted as shares entitled to vote on the matter. Broker non-votes will not be counted as shares entitled to vote on this matter. A vote to ABSTAIN will have the effect of a vote AGAINST the matter.

Amendment to Company s Amended and Restated Certificate of Incorporation

You may vote FOR or AGAINST the proposed amendment to the Company s Amended and Restated Certificate of Incorporation or you may ABSTAIN. A majority of all outstanding shares of common stock entitled to vote must be voted FOR approval of this matter in order for it to pass. A broker non-vote and a vote to ABSTAIN will have the effect of a vote AGAINST the matter.

Approval of New Section 382 Rights Agreement

You may vote FOR or AGAINST the new Section 382 Rights Agreement or you may ABSTAIN. A majority of the shares of common stock present in person or represented by proxy at the annual meeting and entitled to vote must be voted FOR approval of this matter in order for it to pass. Votes cast FOR or AGAINST and ABSTENTIONS with respect to this matter will be counted as shares entitled to vote on the matter. Broker non-votes will not be counted as shares entitled to vote on this matter. A vote to ABSTAIN will have the effect of a vote AGAINST the matter.

Other Business

The affirmative vote of a majority of the shares cast at the annual meeting is required for approval of any other business that may properly come before the meeting or any adjournment thereof. Only votes FOR or AGAINST approval of any other business will be counted. Abstentions and broker non-votes count for quorum purposes, but not for the voting on the approval of such other business.

WHO COUNTS THE VOTES

Representatives of Broadridge Financial Solutions, Inc. will tabulate the votes and act as inspectors of the election.

EXPENSES OF SOLICITATION

Expenses incurred in connection with the solicitation of proxies will be paid by the Company. In addition, we have engaged MacKenzie Partners, Inc. to assist in the solicitation of proxies. We anticipate that the costs associated with this engagement will be approximately $18,500 plus costs and expenses incurred by MacKenzie. We will reimburse banks, brokerage firms and other custodians, nominees and fiduciaries for costs incurred in connection with this solicitation.

CORPORATE

GOVERNANCE

DIRECTOR INDEPENDENCE

Our Board of Directors has evaluated all business and charitable relationships between the Company and the Company s directors during fiscal 2018 as required by the Company s Corporate Governance Guidelines. As a result of this evaluation, the Board determined that each non-employee director (all directors other than Mr. Merrill) is an independent director as defined by the standards for director independence established by applicable laws, rules and listing standards including the standards for independent directors established by The New York Stock Exchange, Inc., or NYSE, and the Securities and Exchange Commission, or SEC. The Company s Corporate Governance Guidelines are available on the Company s website (www.beazer.com).

The Corporate Governance Guidelines require that non-employee directors meet in executive session as part of each regularly scheduled meeting of the Board. These executive sessions are called and chaired by our non-executive chairman. Pursuant to our Corporate Governance Guidelines, the non-executive chairman is an independent director who is elected by the affirmative vote of a majority of the independent directors. In addition to chairing the executive sessions, the non-executive chairman discusses with the other independent directors management s proposed meeting agenda for meetings of the Board and reviews the approved meeting agenda with our chief executive officer, leads the discussion with our chief executive officer following the independent directors executive sessions and leads periodic discussions with other Board members and management concerning the Board s information needs.

BOARD LEADERSHIP STRUCTURE AND GOVERNANCE PRACTICES

Board Leadership Structure

Our Board believes that, at this present time, it is appropriate for the positions of Chairman of the Board and Chief Executive Officer to be held by separate individuals. Stephen P. Zelnak, Jr. was appointed to serve as our non-executive Chairman on February 4, 2015. The Board regularly reviews all aspects of its governance profile, including the Board s leadership structure, and makes changes as appropriate.

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, 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.

The Corporate Governance Guidelines provide that our Board 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 Guidelines provide that the NCG Committee will act on an expedited basis to determine whether to accept the director s resignation and will submit its recommendation to the Board. In deciding whether to accept a director s resignation, the Board and the Nominating/Corporate Governance, or NCG, Committee may consider any factors that they deem relevant. Our 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 such resignations.

Risk Oversight

Effective risk oversight is a priority for our Board. The goal of the Company s risk management process is to understand and manage risk in accordance with the Board s tolerance for risk. All committees report on the risk categories they oversee to the full Board.

Our Board 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 and cybersecurity risks. This includes regular evaluation of risks related to the Company s financial statements, including internal controls over financial reporting. Members of 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 on-going risk management activities. In addition, the Audit Committee consults with our Chief Technology Officer regarding ongoing cybersecurity initiatives, and requests such individual, together with other members of senior management, to report to the Audit Committee or the full Board regularly on their assessment of cybersecurity and related risks to the Company. The Audit Committee also oversees the internal audit function and our independent auditors, and meets separately on at least a quarterly basis with our Compliance Officer, Director of Internal Audit and representatives of our independent auditors as part of this oversight responsibility.

Our Compensation Committee oversees risks related to compensation philosophy and programs to determine that our compensation programs, including those applicable to our executives, do not encourage excessive risk taking. The Compensation Committee works with its independent compensation consultant to structure executive compensation plans that are appropriately aligned with key business objectives, company performance and stockholder interests. For more information on risk considerations in our compensation programs, please see Compensation Discussion and Analysis Elements of Fiscal 2018 Compensation Program Risk Considerations in Our Compensation Programs below.

Our Finance Committee oversees risks relating to liquidity, capital structure and investments, including land acquisition and development. The Finance Committee, as well as the Board as a whole, reviews our long-term strategic plans, annual budget, capital commitments, cash needs and funding plans. Management is responsible for identifying and managing the risks, while directors provide oversight to management in this process.

Our Nominating/Corporate Governance Committee oversees risks relating to governance matters. The 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.

STANDING COMMITTEES AND

MEETINGS OF THE BOARD OF DIRECTORS

There are four standing committees of the Board: An Audit Committee, a Nominating/Corporate Governance Committee, a Compensation Committee, and a Finance Committee. Actions taken by these committees are reported to the Board of Directors at the next following Board meeting. All directors attended the Company s 2018 annual meeting of stockholders held on February 1, 2018. The following table shows the current membership of the Board and each standing committee, and the number of meetings held during fiscal 2018:

6

	BOARD	AUDIT	COMPENSATION	NCG	FINANCE	ATTENDANCE RATE
Elizabeth S. Acton						100%
Laurent Alpert						100%
Brian C. Beazer						100%
Peter G. Leemputte						100%
Allan P. Merrill						100%
Peter M. Orser						100%
Norma A. Provencio						100%

Danny R. Shepherd						100%
Stephen P. Zelnak, Jr.						100%
Number of Meetings in 2018	5	5	3	5	5	

Chair

AUDIT COMMITTEE

Our Audit Committee assists the Board in its oversight responsibility relating to:

- the integrity of the Company s consolidated financial statements, accounting and financial reporting processes, and systems of internal controls over accounting and financial reporting;
- the Company s compliance with legal and regulatory requirements;
- the independent auditor s qualifications, independence and performance, including sole authority for appointment, compensation, oversight, evaluation and termination;
- the performance of the Company s internal audit function;
- the report of the Audit Committee required by the rules of the SEC, as included in this proxy statement;
- reviewing related party transactions, and
- the fulfillment of the other responsibilities set out in its charter.

Our Board has determined that all members of the Audit Committee qualify as financial experts, as defined in Item 407 of Regulation S-K under the Securities Act of 1933, as amended, and each are considered financially literate under NYSE rules. Our Board has reviewed the composition of the Audit Committee pursuant to the rules of the SEC and NYSE governing audit committees, and confirmed that all members of the Audit Committee are independent under such rules.

N OMINATING/CORPORATE GOVERNANCE COMMITTEE

As described further below, the duties of our NCG Committee include recommending to the Board the slate of director nominees submitted to stockholders for election at each annual meeting and proposing qualified candidates to fill vacancies on the Board. The NCG Committee is also responsible for developing corporate governance principles for the Company, and overseeing the evaluation of the Board of Directors. Our Board has reviewed the composition of the NCG Committee pursuant to the rules of the NYSE governing nominating and governance committees, and confirmed that all members of the NCG Committee are independent under such rules.

The NCG Committee considers director nominee recommendations from executive officers of the Company, independent members of the Board, and stockholders of the Company, as well as recommendations from other interested parties. The NCG Committee may also retain an outside search firm to assist it in finding appropriate nominee candidates. Stockholder recommendations for director nominees received by the Company s corporate secretary (at the address for submitting stockholder proposals and nominations set forth under the heading

Procedures Regarding Director Candidates Recommended by Stockholders below) are forwarded to the NCG Committee for consideration. See also Director Qualifications below.

COMPENSATION COMMITTEE

Our Compensation Committee reviews the Company s management resources and structure and administers the Company s cash- and equity-based compensation programs for directors and management, which includes our named executive officers. Our Board has reviewed the composition of the Compensation Committee pursuant to the rules of the NYSE governing compensation committees, and confirmed that all members of the Compensation Committee are independent under such rules. All members of the Committee are also outside directors, as defined by applicable federal tax law or regulations of the Internal Revenue Service.

FINANCE COMMITTEE

Our Finance Committee provides assistance to the Board by reviewing from time to time matters concerning corporate finance, including equity and debt financings, acquisitions and divestitures, share and debt repurchases and dividend policy.

COMMITTEE CHARTERS AND OTHER INFORMATION

You can access electronic copies of the charters of our Audit Committee, NCG Committee, Compensation Committee and Finance Committee on the Company s website (www.beazer.com). Our Corporate Governance Guidelines and our Code of Business Conduct and Ethics, which meet the requirements of a code of ethics under applicable SEC regulations and NYSE standards, are also available on the Company s website. You may request printed copies of any of these documents by writing to the Company s corporate secretary at 1000 Abernathy Road, Suite 260, Atlanta, Georgia 30328.

BOARD AND COMMITTEE EVALUATIONS

Our Board recognizes that a thorough evaluation process is an important element of corporate governance and enhances our Board s effectiveness. Therefore, each year, the NCG Committee oversees the evaluation process, which includes an assessment of both Board and Committee performance, and feedback is solicited for areas of improvement. These evaluations and feedback are then reviewed and shared with the full board during executive session.

DIRECTOR QUALIFICATIONS

Pursuant to our Corporate Governance Guidelines, the NCG Committee is directed to work with our Board on an annual basis to determine the appropriate qualifications, skills and experience for each director and for our Board as a whole. In evaluating these characteristics, the Committee and our Board take into account many factors, including the individual director s general understanding of our business on an operational level, as well as his or her professional background and willingness to devote sufficient time to Board duties.

While our Board 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 as a whole, with the objective of recommending a group of nominees that can best promote the success of our business and represent stockholder interests through the exercise of sound judgment based on diversity of experience and background.

PROCEDURES REGARDING DIRECTOR CANDIDATES

RECOMMENDED BY STOCKHOLDERS

The NCG Committee will consider Board candidates recommended by our stockholders. If the NCG Committee determines to nominate a stockholder-recommended candidate, then that nominee s name will be included in the proxy statement for our next annual meeting. Stockholder recommendations must be addressed to: Beazer Homes USA, Inc., Attention: Chair, Nominating/Corporate Governance Committee, 1000 Abernathy Road, Suite 260, Atlanta, Georgia 30328.

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. If a director candidate were to be recommended by a stockholder, our NCG Committee would evaluate the candidate in the same manner it evaluates director candidates identified by the Committee.

REPORTING OF CONCERNS TO INDEPENDENT DIRECTORS

If you have any concerns about the Company, you may communicate them to our independent directors. We maintain an ethics hotline (at 1-866-457-9346) that individuals may call to report any concerns to Global Compliance, a third party service provider that administers our ethics hotline. Individuals may report their concerns anonymously, should they wish to do so. Written communications should be mailed to the Company s Corporate Secretary at 1000 Abernathy Road, Suite 260, Atlanta, GA 30328, and the Corporate Secretary will forward such communications to our independent directors.

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 NCG Committee.

In the event any nominee is not available as a candidate for director, votes will be cast pursuant to authority granted by the proxy for such other candidate or candidates as may be recommended by the NCG Committee and subsequently nominated by our Board of Directors. Our Board of Directors has no reason to believe that any of the following nominees 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, 67, 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 our Board of Directors and Audit Committee.

LAURENT ALPERT

Mr. Alpert, 72, has served as a director of the Company since February 2002. Mr. Alpert is a Senior Counsel of the international law firm of Cleary, Gottlieb, Steen & Hamilton. He joined Cleary Gottlieb in 1972, and was a partner from 1980 until his retirement in November 2016. He received his undergraduate degree from Harvard College and a law degree from Harvard Law School. Mr. Alpert is also an overseer 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 16 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, 83, 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 policies that impact the homebuilding industry, as well as an in-depth understanding of the domestic homebuilding industry. We continue to benefit from his knowledge and experience in his role as Chairman Emeritus.

PETER G. LEEMPUTTE

Mr. Leemputte, 61, 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 served as Chief Financial Officer and Treasurer from August 2015 until his retirement following the sale of the company in June 2016. 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 from the University of Chicago Booth School of Business. Mr. Leemputte currently serves as a director of MasterCraft Boat Company (NASDAQ: MCFT).

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, 52, 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 worked 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 chair of the Policy Advisory Board of the Joint Center for Housing Studies at Harvard University and a member of the Executive Committee of the Metro Atlanta Chamber of Commerce. He is also a director of Builder Homesite, Inc. and he chairs the Management Committee of the Leading Builders of America. 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 financial and operational goals.

PETER M. ORSER

Mr. Orser, 62, has been a director of the Company since February 2016. From 2010 to 2014, Mr. Orser served as President and Chief Executive Officer of the Weyerhaeuser Real Estate Company, a subsidiary of Weyerhaeuser Company, where he oversaw five different homebuilding operations across the United States. In July 2014, under his leadership, Weyerhaeuser completed the successful sale of the company. Prior to that, Mr. Orser spent almost 25 years in various positions at Quadrant Homes, a leading homebuilder in the state of Washington and a subsidiary of Weyerhaeuser, including serving as President from 2003 to 2010. Mr. Orser is active in a number of other civic organizations, including serving as Chairman of the Runstad Department of Real Estate Advisory Board, University of Washington, and was appointed by the Governor to serve on the Washington State Affordable Housing Advisory Board. Mr. Orser holds a Bachelor of Science degree from the University of Puget Sound and a Master of Urban Planning from the University of Washington.

Mr. Orser s experience in the homebuilding industry provides significant operational and safety expertise to the Company. We believe his understanding of our industry, as well as his management experience gained over the course of his career, provides tremendous value to the Board.

NORMA A. PROVENCIO

Ms. Provencio, 61, 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. Ms. Provencio 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 Trustees 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.

DANNY R. SHEPHERD

Mr. Shepherd, 67, has been a director of the Company since November 2016. Prior to his retirement in 2015, Mr. Shepherd was Vice Chairman (from 2014 to 2015) and served as Senior Vice President, Executive Vice President and Chief Operating Officer (from 2001 to 2014) of Vulcan Materials Company, a producer of construction aggregates. Mr. Shepherd is a current director of GCP Applied Technologies. Mr. Shepherd received his Bachelor of Science degree from Georgia Institute of Technology.

Mr. Shepherd has significant experience in the building materials industry, and he has over forty years of public company experience. He served in various management roles over the course of his career, including thirteen years as an executive of a large producer of construction aggregates. We believe his in-depth understanding of our industry, as well as his management and operational experience, provides tremendous value to the Board.

STEPHEN P. ZELNAK, JR.

Mr. Zelnak, 73, 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 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. His vast knowledge of the building industry and mentorship skills are 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.

NON-EMPLOYEE

DIRECTOR COMPENSATION

SUMMARY OF 2018 NON-EMPLOYEE DIRECTOR COMPENSATION

Our non-employee directors generally receive an annual cash retainer and an annual equity grant that vests one year from the date of grant. They also receive reimbursement for reasonable out-of-pocket expenses incurred in connection with attending Board and committee meetings; however, they do not receive fees for meeting attendance.

The Compensation Committee seeks to position non-employee director compensation at or near the 50th percentile of industry peers, to reward our directors efforts and contributions, with a meaningful emphasis on equity-based awards to align their interests with stockholders.

NON-EMPLOYEE DIRECTOR CASH COMPENSATION

For fiscal year 2018, all non-employee directors received a $75,000 annual cash retainer. We also provide annual committee chair retainers of $25,000 for our Audit Committee chair and $20,000 for each of our other committee chairs. Non-chair committee members receive $12,500 annually for service on the Audit Committee and $10,000 annually for service on all other committees.

In addition to the $75,000 annual cash retainer paid to all non-employee directors, the non-executive Chairman receives an additional $75,000 annual cash retainer. However, the non-executive Chairman does not receive additional retainers for committee service.

ANNUAL EQUITY GRANT

For fiscal 2018, all non-employee directors received an equity grant with the number of shares calculated by dividing $100,000 by the fair market value of a share of common stock on the date of grant, rounded down to the nearest whole number. 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 directors is similar to that for our named executive officers; namely, to align their interests with those of stockholders. The amount of the director grant is determined in consultation with our Compensation Committee s independent compensation consultant, Pearl Meyer. See footnote 2 to the Director Compensation Table below.

In addition to the $100,000 annual equity award to all non-employee directors, the non-executive Chairman receives an additional $100,000 annual equity award.

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 2018. Our directors are subject to stock ownership and holding requirements, as described under Compensation Discussion and Analysis Elements of Fiscal 2018 Compensation Program Stock Ownership and Holding Requirements below.

DIRECTOR COMPENSATION TABLE

The following table sets forth the compensation of each non-employee director in fiscal year 2018.

NAME (1)	**FEES EARNED OR PAID IN CASH ($)**	**STOCK AWARDS ($)** (2)	**TOTAL ($)**
Elizabeth S. Acton	107,500	99,988	207,488
Laurent Alpert	105,000	99,988	204,988
Brian C. Beazer	95,000	99,988	194,988
Peter G. Leemputte	99,600	99,988	199,588
Peter M. Orser	101,650	99,988	201,638

Norma A. Provencio	100,438	99,988	200,426
Danny R. Shepherd	105,813	99,988	205,801
Stephen P. Zelnak, Jr.	150,000	199,997	349,997

Allan Merrill, our President and Chief Executive Officer, is a member of our Board of Directors, but does not receive separate compensation for his Board service.

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 awards can be found in Notes 2 and 16 to our Consolidated Financial Statements in our 2018 Form 10-K. In fiscal 2018, Ms. Acton, Ms. Provencio and Messrs. Alpert, Beazer, Leemputte, Orser and Shepherd were each granted 4,887 shares of restricted stock. Mr. Zelnak was granted 9,775 shares of restricted stock, consisting of: (a) his non-employee director grant of 4,887 shares; and (b) an additional grant of 4,888 shares in connection with his service as Chairman of the Board. Each award vests on the one-year anniversary of its grant date.

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, 2019. Deloitte & Touche has served as our accounting firm since 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.

PRINCIPAL ACCOUNTANT FEES AND SERVICES

For the fiscal years ended September 30, 2018 and 2017, the following professional services were performed by Deloitte & Touche.

Audit Fees: The aggregate audit fees billed for the fiscal years ended September 30, 2018 and 2017 were $1,065,000 and $1,205,000, 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, 2018 and 2017 were $33,790 and $33,800, 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 2018 or fiscal year 2017.

All Other Fees: No other fees were billed by or paid to Deloitte & Touche in either fiscal year 2018 or fiscal year 2017.

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.

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, 2019.

16

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 and Messrs. Leemputte, Shepherd and 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, 2018. 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, 2018 for filing with the SEC.

DANNY R. SHEPHERD (CHAIR)

ELIZABETH S. ACTON

PETER G. LEEMPUTTE

STEPHEN P. ZELNAK, JR.

The Members of the Audit Committee

PROPOSAL 3

ADVISORY VOTE TO APPROVE THE COMPENSATION

OF OUR NAMED EXECUTIVE OFFICERS

In accordance with the Dodd-Frank Wall Street Reform and Consumer Protection Act and Section 14A of the Securities Exchange Act of 1934, as amended, the Company is asking its shareholders to cast an advisory vote to approve the compensation of the Company s named executive officers, or NEOs, as disclosed in this proxy statement pursuant to Item 402 of Regulation S-K. This proposal, commonly known as say-on-pay, gives our shareholders the opportunity to express their views on the design and effectiveness of our executive compensation programs. This vote is not intended to address any specific item of compensation, but rather the overall compensation of our NEOs and the philosophy, policies and practices described in this proxy statement.

As described in detail in the section of this proxy statement titled Compensation Discussion and Analysis, our executive compensation programs are designed to attract, motivate and retain our executive officers (including our NEOs), who are critical to our success. Under these programs, our NEOs are rewarded for the achievement of specific annual, long-term and strategic goals in support of long-term value creation. Please read the section of this proxy statement titled Compensation Discussion and Analysis, and the Executive Compensation tables that follow it, for additional details about our executive compensation programs.

At each of the Company s annual meetings since the 2012 annual meeting of shareholders, the Company s shareholders have approved, on an advisory basis, the compensation of the Company s NEOs, as disclosed in the proxy statement for such meeting, and the Board and the Compensation Committee have considered the result of these shareholder votes in setting compensation policies and making compensation decisions for each of the fiscal years that has followed. At our 2018 annual meeting of stockholders, over 97% of shares present in person or represented by proxy voted for approval of our executive compensation.

At our 2017 annual meeting of shareholders, the Company s shareholders once again determined that our say-on-pay vote should be held on an annual basis. In accordance with this determination, we are asking our shareholders to vote **FOR** the following resolution:

RESOLVED, that the compensation paid to the NEOs, as disclosed in this proxy statement pursuant to the compensation disclosure rules of the Securities and Exchange Commission, including the Compensation Discussion and Analysis, the Executive Compensation tables, and the narrative discussion, is hereby approved.

The say-on-pay vote is advisory and, therefore, not binding on the Company, the Compensation Committee or our Board of Directors. Our Board of Directors and our Compensation Committee value the opinions of our shareholders, and to the extent there is a significant vote against the compensation paid to our NEOs, as disclosed in this proxy statement, we will consider our shareholders concerns and will evaluate what, if any, further actions are necessary to address those concerns.

RECOMMENDATION

The Board of Directors recommends a vote FOR approval of the compensation of our named executive officers.

COMPENSATION

DISCUSSION AND ANALYSIS

This Compensation Discussion and Analysis (CD&A) describes the compensation programs for our Named Executive Officers (NEOs). Our current NEOs, who also served as our NEOs in 2018, are:

NAME	TITLE
Allan P. Merrill	President and Chief Executive Officer
Robert L. Salomon	Executive Vice President and Chief Financial Officer
Keith L. Belknap	Executive Vice President and General Counsel

CD&A

OVERVIEW

WHO WE ARE

We are a geographically diversified homebuilder with operations in 13 states within three geographic regions in the United States. Our homes are designed to appeal to homeowners at different price points across various demographic segments. Our objective is to provide our customers with homes that incorporate exceptional value and quality, at affordable prices, while creating durable and growing value for our employees, partners and stockholders.

2018 BUSINESS HIGHLIGHTS

In 2018, we continued to pursue our objective of providing our customers with homes that incorporate exceptional value and quality at affordable prices, while creating durable and growing value for our employees, partners and stockholders. Listed below are several highlights of our financial, operational and strategic achievements during fiscal 2018:

2B-10 Plan

Surpassed our multi-year plan to reach at least $2 billion in revenue and $200 million of Adjusted EBITDA

FINANCIAL

$2.1 BILLION	**Revenue** Achieved $2.1 billion in homebuilding revenue, a 9.6% increase year-over-year
$204.7 MILLION	**Adjusted EBITDA** Achieved $204.7 million in Adjusted EBITDA, a 14.5% increase year-over-year
$250 MILLION	**Debt Reduction** Completed three-year, $250 million debt reduction plan

OPERATIONAL

3.0 PER MONTH	**Sales Pace** Achieved average monthly sales pace per community of 3.0
$360,200	**Average Selling Price** Ended the year with an average selling price of $360,200 for our homes, marking our seventh consecutive year of ASP growth
160 COMMUNITIES	**Community Count** Ended the year with a community count of 160

STRATEGIC

34 NEWLY ACQUIRED COMMUNITIES	**Acquisitions** Completed the acquisitions of Bill Clark Homes and Venture Homes during the year, adding 34 existing and future communities

During 2019, the Board and management will continue to take steps to position Beazer for future success by growing EBITDA and EPS, while managing the balance sheet to drive ROA above 10%.

For purposes of this CD&A:

Adjusted EBITDA means earnings before interest, taxes, depreciation, amortization, debt extinguishment charges and impairments, and is calculated by adding charges, including inventory impairment and abandonment charges, joint venture impairment charges and other non-recurring items for the period to EBITDA.

EBITDA means earnings before interest, taxes, depreciation, amortization, debt extinguishment charges and impairments, and is calculated by adding non-cash charges, including depreciation and amortization for the period, to EBIT.

EBIT means 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; and (b) income taxes.

Bonus Plan EBITDA means Adjusted EBITDA before accrual of corporate bonuses.

Please see Annex I for a reconciliation of Adjusted EBITDA to net income (loss).

2018 COMPENSATION HIGHLIGHTS

Actions

Mr. Merrill s base salary was increased from $900,000 to $950,000. Mr Salomon s base salary was increased from $525,000 to $550,000. Mr. Belknap joined the Company in January 2018 and his initial base salary was $450,000. See Elements of Fiscal 2018 Compensation Program Base Salary below for more information about these salary adjustments.

Mr. Merrill s long-term incentive target was increased from 250% to 300% of base salary, and Mr. Salomon s short-term incentive target was increased from 100% to 125% of base salary. See Elements of Fiscal 2018 Compensation Program Short-Term Compensation and Loss-Term Compensation below for more information about these adjustments to target compensation.

Operational objectives for the fiscal 2018 short-term incentive opportunity were identical to those used for the fiscal 2017 short-term incentive opportunity, with improvement over fiscal 2017 results required in all cases. Discretion was retained to deduct from awards earned for failure to achieve certain construction quality standards based on the assessment of an independent third-party expert.

We continued our practice of awarding performance-based restricted stock equal to two-thirds of overall long-term incentive award opportunity, and time-based restricted stock equal to one-third of award opportunity.

We based 2018-2020 performance share metrics on cumulative pre-tax income, return on assets and the number of Gatherings® home sales, with achievement subject to adjustment based on relative TSR performance.

We no longer use employment agreements for our NEOs. We entered into new severance and change in control agreements with our NEOs upon the expiration of previously-existing employment agreements.

Outcomes

The short-term bonus opportunity delivered a percent-of-target outcome ranging from 122.9% to 144.9%, based on the operational and financial performance factors described under Elements of Fiscal 2018 Compensation Program Short-Term Incentive Compensation below.

The three-year award cycle of the 2016 performance share program ended on September 30, 2018, with results yielding a payout relative to target of 140.0%, as described under Elements of Fiscal 2018 Compensation Program Long-Term Incentive Compensation below.

OUR OVERALL COMPENSATION

PHILOSOPHY AND OBJECTIVES

Our executive compensation philosophy is to design compensation programs that:

Attract, retain and reward top talent;

Align pay with performance; and

Provide a substantial portion of our compensation in long-term equity-based compensation to reinforce key business and strategic objectives in support of long-term value creation.

CORE PRINCIPLES AND KEY OBJECTIVES

We utilize a combination of base salary, short-term cash incentives and long-term equity incentives in the form of performance shares and, to a lesser extent, time-based restricted stock. The Committee generally seeks to align overall target compensation opportunities within a competitive range (plus or minus 10%) of the peer group 50th percentile.

Our Compensation 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 made 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 three-year performance period associated with the performance shares granted in fiscal 2016 was the result of a strategic objective to aggressively reduce debt.

The Committee 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 performance, the compensation practices of our peer group, each executive s specific responsibilities and skill sets, and the relationship among the compensation levels of members of our management team. 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.

By structuring compensation programs with features that are balanced between short- and long-term incentives 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 short-term objectives; and attract, retain and motivate senior management personnel.

PAY FOR PERFORMANCE

Our core compensation philosophy continues to be focused on providing incentive compensation to our management team when they achieve challenging 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, none of the performance shares granted to our NEOs in fiscal years 2011 through 2014 vested because required performance targets were not achieved.

PAY BEST PRACTICES

Our compensation practices include:

- **Emphasis on Performance-Based Pay:** 64 percent of the ongoing pay mix for our CEO, and an average of 58% of the target pay mix for our other NEOs, is variable and performance-based. In aggregate, 62 percent of the target compensation for our CEO and other NEOs for 2018 was variable and performance-based.

- **Long-term vesting:** Our equity-based pay vehicles have multi-year vesting periods to reward long-term performance and value creation, enhance retention and deter inappropriate risk taking.

- **Multiple Performance Measures:** We use multiple metrics to evaluate Company performance, covering both short-term and long-term performance objectives, with caps to deter inappropriate risk taking.

- **Stock Ownership Requirements:** We have stock ownership requirements for our directors and officers. For example, our CEO must hold common stock equivalent in value to at least five times base salary.

- **No Repricing:** Our stock options cannot be repriced, reset or exchanged for cash if under water without stockholder approval.

Anti-Pledging and Hedging Policies: We prohibit our directors and executive officers from (i) holding Beazer securities in a margin account or pledging any Beazer securities as collateral for a loan and (ii) entering into any hedge or other transaction in Beazer securities that limits the risk of ownership of Beazer common stock or stock options.

Double Trigger Change in Control Provisions: We have a policy of requiring a double trigger to receive cash severance and to receive accelerated vesting of equity awards upon a change in control.

Clawback: Each equity award is conditioned on repayment or forfeiture as required by existing law. In addition, each executive officer s incentive compensation is subject to repayment or such other means of recovery (or a combination thereof) as is necessary to comply with law or related rules and regulations of the SEC or NYSE.

No Tax Gross-Ups: We maintain severance agreements with our NEOs that standardize executive separation terms, minimize the risk of excessive payouts and do not provide for any tax gross-ups.

ROLE OF THE COMPENSATION COMMITTEE, MANAGEMENT AND COMPENSATION CONSULTANTS

The principal responsibilities of our Compensation 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, and accordingly, 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 and for other executive officers.

The Committee has retained Pearl Meyer for each of the last six fiscal years to provide advice regarding compensation plan design, compensation levels and benchmarking data and advice. Prior to retaining Pearl Meyer for fiscal 2018, 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.

In relation to compensation program design for fiscal 2018, the Committee took into account discussions with, and presentations by, key members of our management team to ensure that our compensation plans were aligned with our operating, financial and strategic objectives.

On an annual basis, Mr. Merrill reviews the performance of the other NEOs, and makes recommendations to the Committee based on his review. In addition, our non-executive chairman discussed Mr. Merrill s performance with the Committee. Mr. Merrill is 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.

PEER GROUPS AND DATA

For fiscal year 2018, our peer group comprised AV Homes, Inc., Century Communities, Inc., Hovnanian Enterprises, Inc., KB Home, LGI Homes, Inc., M.D.C. Holdings, Inc., M/I Homes, Inc., Meritage Homes Corporation, Taylor Morrison Home Corporation, TRI Pointe Group, Inc. and William Lyon Homes (the 2018 Peer Group). These companies were chosen because, in addition to being among our chief competition among publicly-traded homebuilders, they are closely aligned to us in terms of size. WCI Communities, Inc. was removed from the peer group for fiscal year 2018 because it was acquired during our fiscal year 2017. Based in part on recommendations of Pearl Meyer, the Committee determined to add Century Communities, Inc. and LGI Homes, Inc. as additional peers for fiscal year 2018 to replace the loss of WCI Communities, Inc. from the peer group and increase the sample size to eleven companies.

Each year, the Committee s independent consultant conducts a review of peer group pay levels and practices, which the Committee takes into consideration when establishing NEO compensation levels, along with a variety of other factors, such as Company and individual performance, each incumbent s qualifications and responsibilities, the Company s recruiting experience and talent management needs and the Committee s business judgment.

While the Committee believes benchmarking against pay practices at other publicly-held homebuilders is useful in determining whether our executive compensation practices are reasonable for fiscal 2018, it did not establish compensation levels based solely on benchmarking industry practices. Nonetheless, based on data for the 2018 Peer Group, the Committee was advised by Pearl Meyer that compensation for our NEOs remained targeted between the 25th and 50th percentile market values in the aggregate and within or below a competitive range (plus or minus 10%) of the 50th percentile for each incumbent.

CONSIDERATION OF SAY ON PAY VOTES

Following our 2017 and 2018 annual meetings of stockholders, the Committee reviewed the results of the stockholder advisory votes on our executive compensation. Over 97% of the shares voted on the proposal at both the 2017 and 2018 annual meetings were voted in support of the compensation of our NEOs.

In designing the compensation program for fiscal year 2018, the Committee considered the results of the 2017 Say on Pay vote, our ongoing dialogue with stockholders, internal considerations such as consistency from year to year and an evaluation of peer practices. After consideration, the Committee concluded that, for fiscal year 2018, 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 2018 compensation program continues to tie the majority of our NEOs compensation to performance metrics that support the Company s strategy of balanced growth.

ELEMENTS OF FISCAL

2018 COMPENSATION PROGRAM

BASE SALARY

Our ability to recruit and retain executive talent depends on setting competitive base salaries. We begin with an analysis of base pay relative to the market. We target base pay at or near the peer group 50th percentile (or median) and then evaluate the need to make any adjustments based on vertical variables such as pay parity relative to other officers and internal accountability. We review base salaries annually as a whole and individually every 12 months, unless circumstances require otherwise. For non-CEO NEO salaries, we solicit CEO input.

Based on its review for the 2018 fiscal year, the Committee decided to increase the base salary for Mr. Merrill by 5.5% to $950,000 to recognize his continued strong performance and leadership. This was Mr. Merrill s first salary increase since assuming the CEO role in 2011. Mr. Salomon s base salary was increased by 4.8% to $550,000 to align more closely with industry peers. Mr. Belknap joined the Company in January 2018 and his base salary was initially established at $450,000. Based on Pearl Meyer s market pay analysis, fiscal 2018 salaries were positioned slightly above and within a competitive range of the peer group 50th percentile for Mr. Merrill, at the 50th percentile for Mr. Salomon, and between the 25th and 50th percentiles for Mr. Belknap.

SHORT-TERM INCENTIVE COMPENSATION

Our annual cash incentive plan is designed to motivate and reward executives for achieving key business objectives that continue to drive the Company s success and generate returns for our stockholders. We set annual cash incentive bonus targets hierarchically based on a multiple of base salary. Based on Pearl Meyer s analysis, fiscal 2018 short-term incentive targets positioned target total annual cash compensation between the peer group 25th and 50th percentiles.

For fiscal 2018, the Committee determined to use operational objectives identical to those used in determining fiscal 2017 bonus opportunity, though improvement over fiscal 2017 results was required in all cases. In addition, NEOs would be eligible to receive an award for other components of the 2018 Bonus Plan only if threshold 2018 Bonus Plan

EBITDA was achieved. The Committee also retained the discretion to adjust results for unanticipated and exceptional items and to deduct from awards earned for failure to achieve certain construction quality standards based on the assessment of an independent third-party expert.

2018 OBJECTIVES

Bonus Plan EBITDA 75% of bonus opportunity In light of the demonstrated success of the Adjusted EBITDA metric as a driver of financial results in prior years and because improvement in Adjusted EBITDA is key to accomplishment of the strategic plan, the Committee determined that 75% of the overall annual bonus opportunity would be based on the achievement of levels of Bonus Plan EBITDA. The Committee established a 2018 Bonus Plan EBITDA objective with a $192.50 million threshold: $206.64 million target and a $215.00 million maximum.

Customer Satisfaction Scores 10% of bonus opportunity In order to achieve a bonus with respect to this metric, the Company would have to improve on customer satisfaction survey scores from the prior year in a predetermined number of its divisions in order to achieve either a threshold, target or maximum award.

Construction Cycle Times 10% of bonus opportunity In order to achieve a bonus with respect to this metric, the Company would have to improve on construction cycle times from the prior year, and a threshold, target or maximum award would be earned depending on the number of days of overall improvement.

Sales Pace and Margin 5% of bonus opportunity NEOs were eligible to receive 20% of this 5% overall component for each quarter that the Company met or exceeded a benchmark combination of sales pace and margin and the remaining 20% of this metric if the benchmark was achieved for the full year.

2018 ACHIEVEMENT OF OBJECTIVES

In 2018, the following results were achieved against these objectives:

OBJECTIVE	WEIGHTING (%)	RESULT	ACHIEVEMENT
Bonus Plan EBITDA	75	$212.2 million	Between target and maximum
Customer Satisfaction Scores	10	Improved by 80 bps	Between threshold and target
Construction Cycle Times	10	Improved by 1.1%	Between threshold and target
Sales Pace / Margin	5	Exceeded benchmark for 2 quarters and for full year	Between threshold and target
Total	**100**		

To the extent actual 2018 Bonus Plan performance was between the threshold and target performance levels, or between the target and maximum performance levels, linear interpolation was applied to determine the actual payout under each component of the 2018 Bonus Plan. Because the slope from target to maximum performance levels differs among the NEOs, the bonus as a percentage of target shown in the table below will also vary among the NEOs.

2018 BONUSES AWARDED

The annual cash incentive bonuses awarded to the NEOs for 2018 were:

NAME	2018 TARGET BONUS (%)	2018 TARGET BONUS ($)	2018 ANNUAL CASH INCENTIVE BONUS ($)	BONUS AS A PERCENTAGE OF TARGET (%)
Allan P. Merrill	150	1,425,000	2,064,537	144.9
Robert L. Salomon	125	687,500	845,092	122.9
Keith L. Belknap	100	450,000	651,959	144.9

LONG-TERM INCENTIVE COMPENSATION

Based on recommendations from Pearl Meyer and other factors, the Committee awarded performance shares equal to two-thirds of overall long-term incentive award opportunity, and time-based restricted stock equal to one-third of award opportunity. The Committee intended to establish a mix of equity awards that remains highly performance-based, while at the same time providing retention strength. The Committee also determined to increase Mr. Merrill s target long-term incentive compensation from 250% to 300% of base salary. Target long-term incentive compensation for Messrs. Salomon and Belknap is 175% and 125%, respectively, of base salary. Long-term incentive compensation targets for the NEOs were positioned at or near the peer group 50th percentile.

RESTRICTED STOCK

Time-based restricted stock awards generally vest ratably over a three-year period, beginning with the first anniversary of the grant date. In fiscal year 2018, the NEOs were granted the following number of shares of restricted stock: Mr. Merrill: 46,432; Mr. Salomon: 15,681 and Mr. Belknap: 9,398.

PERFORMANCE SHARES

Each performance share award reflects a target number of shares (based on the fair market value of our common stock on the award date) that may be issued to the award recipient at the end of a three-year award cycle based on the achievement of performance targets that are either (a) applicable to cumulative results over the entire three-year cycle or (b) applicable only to the final fiscal year of the three-year award cycle. At the end of each award cycle, the Committee confirms performance against the applicable performance targets, and performance shares corresponding to the level of achievement during the award cycle are calculated.

In determining fiscal year 2016-2018 performance share award metrics, the Committee considered the fluid nature of the housing market and need to design metrics that would not be obsolete in the event of a change in strategy during the three-year award cycle ending with fiscal 2018. The three metrics used for the fiscal 2016-2018 award cycle were:

- Cumulative 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) over the entire three-year award cycle;

- Return on assets, based on the ratio of Adjusted EBITDA to total assets (defined as the Company s total assets as shown on the consolidated balance sheet included in the Company s Form 10-K for fiscal 2018) for fiscal 2018; and

- Debt reduction, as measured at September 30, 2018, based on the ratio of net debt (defined as the Company s total debt as shown on the consolidated balance sheet included in the Company s Form 10-K for fiscal 2018, less unrestricted cash) to Adjusted EBITDA for fiscal 2018.

In addition, as in previous years, to maintain alignment with stockholders, relative TSR performance was a component of the fiscal 2016-2018 performance share awards, as described more fully below.

Performance Measures and Results for the Fiscal 2016-2018 Performance Period

- Cumulative pre-tax income The performance necessary to earn a target payout required a cumulative pre-tax income of $140 million, and the performance necessary to earn a maximum payout required cumulative pre-tax income of at least $160 million. Actual cumulative pre-tax income for the fiscal 2016-2018 award cycle was $167.8 million.

- Return on assets The performance necessary to earn a target payout required a return on assets for fiscal 2018 of 9%, and the performance necessary to earn a maximum payout required a return on assets of at least 10%. Actual return on assets for fiscal 2018 was 9.6%.

Ratio of net debt to Adjusted EBITDA The performance necessary to earn a target payout required a net debt to Adjusted EBITDA ratio of no more than 6 times at the end of fiscal 2018, and the performance necessary to earn a maximum payout required a net debt to Adjusted EBITDA ratio of no more than 5 times. As measured at September 30, 2018, the actual ratio of net debt to Adjusted EBITDA for fiscal 2018 was 5.3 times.

We exceeded target performance levels for all three metrics, resulting in earned awards of 175.0% of target. However, earned awards were subject to adjustment based on our relative TSR, as discussed below.

The Committee has historically incorporated a TSR metric into the NEOs long-term incentive program. The Committee believes it is important to continue utilizing relative TSR as a component of the NEO long-term incentive program. As a result, after determining the number of shares earned based on the financial measures the following three-year relative TSR scale is applied as a 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%

As a result, the recipients percentage of awards earned attributable to the fiscal 2016-2018 performance period was reduced from 175.0% to 140.0% of target.

Performance Shares Issued

Shares issued to NEOs for the fiscal 2016-2018 award cycle are set forth in the following table:

NAME	PERFORMANCE SHARES AWARD TARGET (#)	PERFORMANCE SHARES EARNED (#)	PERFORMANCE SHARES EARNED AS A PERCENTAGE OF AWARD TARGET (%)
Allan P. Merrill	105,338	147,473	140.0
Robert L. Salomon	43,013	60,218	140.0
Keith L. Belknap	n/a	n/a	n/a

Performance Measures for 2018-2020 Performance Shares

We established performance measures for our 2018-2020 performance share grants in accordance with our core compensation philosophy of providing incentive compensation to our management team when they achieve challenging financial and non-financial goals that we believe are critical to value creation. As such, we based our 2018-2020 performance share metrics on cumulative pre-tax income, return on assets and the number of Gatherings® home sales.

BENEFITS

Our NEOs receive the standard benefits received by all employees including: group health (medical, dental, pharmacy, and vision), group life, accidental death and dismemberment, business travel accident, disability plans, defined contribution retirement plans (a Money Purchase Retirement Plan and a 401(k) Savings Plan), and vacation.

Deferred Compensation Plan

The Company maintains the Beazer Homes Deferred Compensation Plan, or the Deferred Plan, to provide eligible employees the opportunity to defer a portion of their current compensation. With respect to fiscal year 2018, the Committee made a contribution to the Deferred Plan for the benefit of each NEO as follows: Mr. Merrill, $100,000; Mr. Salomon, $75,000, and Mr. Belknap, $50,000. These contributions are made in regular installments 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.

STOCK OWNERSHIP AND HOLDING REQUIREMENTS

The Company maintains a stock ownership policy that requires NEOs and members of the Board of Directors to acquire and retain a meaningful level of stock ownership in the Company. In 2014, the Board amended the 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, as applicable, 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

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 not count towards ownership requirements. As of December 12, 2018, each of our NEOs and directors, other than Mr. Belknap, was in compliance with our stock ownership requirements. Mr. Belknap joined the Company in January 2018.

The policy also 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.

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 such individual s incentive compensation was based on the misstated financials.

In addition, awards under our 2014 Long-Term Incentive Plan are subject not only to our existing clawback policy but any other clawback policy adopted by the Compensation Committee, and the Committee has the authority to recoup or cancel 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, pursuant to the severance 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 thereof.

RISK CONSIDERATIONS IN OUR COMPENSATION PROGRAMS

The Committee does not believe our compensation programs encourage inappropriate risk taking. The Committee, with assistance from Pearl Meyer, arrived at this conclusion for the following reasons:

- Our employees receive both fixed and variable compensation. The fixed portion provides a steady income regardless of the Company s stock price or financial performance. This allows executives to focus on the Company s business without an excessive focus on the Company s stock price.

- Our equity awards for executives generally vest over three-year periods, which discourages short-term risk taking. Our substantial equity holding requirements extend these time frames further.

- Our equity ownership requirements encourage a long-term perspective by our executives.

- Our equity compensation plan provides that our executives unvested long-term equity compensation is forfeited upon voluntary termination.

TAX LEGISLATION RELATED TO COMPENSATION

Historically, it has been the Committee s general policy to consider whether particular payments and awards are deductible by the Company for federal income tax purposes under Section 162(m) of the Internal Revenue Code. Section 162(m) has limited 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 for qualified performance-based compensation. Although the Committee has taken into consideration the provisions of Section 162(m), being eligible for tax deductibility has not been a primary focus, but one consideration among many in the design of our executive compensation programs.

On December 22, 2017, the President signed H.R. 1, the Tax Cuts and Jobs Act into law. The new law repeals certain exceptions to the deductible limit for performance-based compensation for tax years beginning after 2017. In addition, the new law requires compensation of the principal executive officer, principal financial officer and three highest compensated officers (covered employees) to be subject to the limit. Once an employee is treated as a covered employee in a tax year after December 31, 2016, the individual remains a covered employee for all future years, including once they are no longer employed by the corporation or with respect to payments made after the death of a covered employee. The new law does provide for a transition rule to these Section 162(m) changes whereby the expansion of the rules mentioned above does not apply to remuneration paid under a written, binding contract in effect on November 2, 2017, which is not materially modified on or after this date. While the Compensation Committee cannot predict how our compensation policies may be further affected by this limitation, it is anticipated that certain compensation paid to our executives that have not met the requirements of this new law will not be deductible.

Internal Revenue Code section 409A requires nonqualified deferred compensation plans to meet requirements in order to avoid acceleration of the recipient s federal income taxation of the deferred compensation. The Internal Revenue Service issued final regulations in April 2007 regarding the application of Section 409A, which were generally effective January 1, 2009. Prior to effectiveness, companies were expected to comply in good faith with the statute, taking note of the interim guidance issued by the Internal Revenue Service. We provide benefits through several plans that are intended to meet the requirements of the final regulations.

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.

PETER M. ORSER (CHAIR)

BRIAN C. BEAZER

NORMA A. PROVENCIO

DANNY R. SHEPHERD

The Members of the Compensation Committee

EXECUTIVE

COMPENSATION

SUMMARY COMPENSATION TABLE

The table below summarizes compensation information for our named executive officers for the fiscal years 2018, 2017 and 2016.

NAME AND PRINCIPAL POSITION	FISCAL YEAR	SALARY ($)	BONUS ($)	STOCK AWARDS ($) (1)	NON-EQUITY INCENTIVE PLAN COMPENSATION ($) (2)	ALL OTHER COMPENSATION ($) (3)	TOTAL ($)
Allan P. Merrill President and Chief	2018	949,231	0	3,030,152	2,064,537	108,250	6,152,170
Executive Officer	2017	900,000	0	2,380,694	2,380,849	110,023	5,771,566
	2016	900,000	0	2,375,372	1,442,957	162,982	4,881,311
Robert L. Salomon Executive Vice President	2018	549,616	0	1,023,342	845,092	83,273	2,501,323
and Chief Financial Officer	2017	525,000	0	972,101	925,886	80,882	2,503,869
	2016	525,000	0	969,951	579,022	57,875	2,131,848

Keith L. Belknap Executive Vice President and General Counsel	2018 (4)	320,192	0	608,521	651,959	44,490	1,625,162

Represents the aggregate grant date fair value of restricted stock and performance shares awarded 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 NEOs. The grant date fair value of the performance shares was calculated based on a Monte Carlo simulation model, which utilizes numerous arbitrary assumptions about financial variables that determine the probability of satisfying the performance conditions stipulated in the award. 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 2018 Form 10-K. We caution that the amounts reported in the table for equity- related 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 Company performance and stock price. For more information on restricted stock and performance shares, see Compensation Discussion and Analysis Long-Term Incentive Compensation above.

Amounts in this column are paid pursuant to the Company s short-term incentive plan as described under Compensation Discussion and Analysis Short-Term Incentive Compensation above.

For information on All Other Compensation, see table below.

Mr. Belknap joined the company in January 2018.

ALL OTHER COMPENSATION

The table below provides a detailed breakdown of the amounts for fiscal 2018 under All Other Compensation in the Summary Compensation Table above.

NAME	YEAR	DEFERRED COMPENSATION OR DISCRETIONARY LUMP SUM CONTRIBUTIONS ($)	401(K) COMPANY MATCH ($)	TOTAL ($)
Allan P. Merrill	2018	100,000	8,250	108,250
Robert L. Salomon	2018	75,000	8,273	83,273
Keith L. Belknap	2018	36,538	7,952	44,490

GRANTS OF PLAN-BASED AWARDS TABLE

The following table shows information about eligible or granted plan-based awards for fiscal 2018 to our NEOs.

NAME	AWARD TYPE (1)	GRANT DATE	ESTIMATED FUTURE PAYOUTS UNDER NON-EQUITY INCENTIVE PLAN AWARDS (2)			ESTIMATED FUTURE ISSUANCES OF SHARES UNDER EQUITY INCENTIVE PLANS (3)			ALL OTHER STOCK-BASED AWARDS (#) (4)	GRANT DATE FAIR VALUE OF STOCK-BASED AWARDS ($) (5)
			THRESHOLD ($)	TARGET ($)	MAXIMUM ($)	THRESHOLD ($)	TARGET ($)	MAXIMUM ($)		
Allan P. Merrill	BP	11/16/17	712,500	1,425,000	2,850,000					
	RS	11/16/17							46,432	949,999
	PS	11/16/17					92,864	195,014		2,080,154
Robert L. Salomon	BP	11/16/17	275,000	687,500	1,100,000					
	RS	11/16/17							15,681	320,833
	PS	11/16/17					31,362	65,860		702,509
	BP	11/16/17	225,000	450,000	900,000					

Keith L. Belknap						
	RS	1/8/18			9,398	187,490
	PS	11/16/17	18,796	39,472		421,030

Award Type: BP means potential cash awards under 2018 Short-Term Incentive Plan; RS means shares of time-vesting restricted stock; PS means performance shares.

Amounts represent the range of possible cash payouts for fiscal 2018 under the 2018 Short-Term Incentive Plan, as described under Compensation Discussion and Analysis Elements of Fiscal 2018 Compensation Program Short-Term Incentive Compensation above. The awards that were earned based on actual performance for fiscal 2018 were paid in November 2018 and are shown in the Non-Equity Incentive Plan Compensation column of the Summary Compensation Table above.

Represents the range of shares of Common Stock that may vest after the end of the three-year award cycle applicable to a performance award, assuming achievement of threshold, target and maximum performance. See Compensation Discussion and Analysis Elements of Fiscal 2018 Compensation Program Long-Term Incentive Compensation Performance Measures for 2018-2020 Performance Shares above.

Represents time-vesting restricted stock. The shares of restricted stock generally vest in equal installments on the first, second and third anniversaries of the grant date. See Compensation Discussion and Analysis Elements of Fiscal 2018 Compensation Program Long-Term Incentive Compensation Restricted Stock above.

See footnote 1 to the Summary Compensation Table above for an explanation of the calculation of the grant date fair value of stock-based awards.

OUTSTANDING EQUITY AWARDS AT FISCAL YEAR END TABLE

The following table provides information with respect to outstanding unexercised options and unvested performance-based restricted stock and time-based restricted stock held by our NEOs at September 30, 2018.

	OPTION AWARDS	STOCK AWARDS
NAME		