

McKendry William D
 Form 4
 September 21, 2017

FORM 4

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION
 Washington, D.C. 20549**

OMB APPROVAL

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STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
 McKendry William D

2. Issuer Name and Ticker or Trading Symbol
 Ameris Bancorp [ABCB]

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)
 PO BOX 3668

3. Date of Earliest Transaction (Month/Day/Year)
 09/19/2017

____ Director _____ 10% Owner
 Officer (give title below) _____ Other (specify below)
 EVP & CRO

(Street)
 MOULTRIE, GA 31776

4. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check Applicable Line)
 Form filed by One Reporting Person
 Form filed by More than One Reporting Person

(City) (State) (Zip)

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Ownership (Instr. 4)
			Code	V	Amount (A) or (D) Price		
Common Stock	09/19/2017		A		3,978 (1) \$ 44 3,978 (1)	D	

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

SEC 1474 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)

Table of Contents**Option Exercises in Fiscal 2007**

The following table includes information with respect to the options exercised by the named executive officers during fiscal 2007.

Name	Option Awards	
	Number of Shares Acquired on Exercise	Value Realized on Exercise (\$)
Thomas J. Folliard	390,000	8,841,338
Keith D. Browning	150,000	3,244,313
Michael K. Dolan	250,000	6,591,500
Joseph S. Kunkel	99,000	1,827,010
Richard M. Smith	44,340	896,288
Austin Ligon	1,170,000	13,634,950

Pension Benefits in Fiscal 2007

The following table presents information with respect to the accumulated benefits, credited service and benefit payments for each named executive officer under our Pension Plan and the Benefit Restoration Plan for fiscal 2007.

Name	Plan Name	Number of		Payments During Last Fiscal Year (\$)
		Years of Credited Service (#)	Present Value of Accumulated Benefit ^(a) (\$)	
Thomas J. Folliard	Pension Plan	14	104,540	
	Benefit Restoration Plan	14	354,981	
Keith D. Browning	Pension Plan	25	384,764	
	Benefit Restoration Plan	25	1,181,278	
Michael K. Dolan	Pension Plan	10	189,619	
	Benefit Restoration Plan	10	415,731	
Joseph S. Kunkel	Pension Plan	8	77,456	
	Benefit Restoration Plan	8	172,703	
Richard M. Smith	Pension Plan	19	208,183	
	Benefit Restoration Plan	19	29,052	
Austin Ligon	Pension Plan	16	336,662	2,155
	Benefit Restoration Plan	16	2,256,002	14,437

(a) Determined assuming retirement at age 65, except for Austin Ligon, where the present value is based on his age as of February 28, 2007, because he retired during fiscal 2007 and began receiving benefits as of February 1, 2007. The discount rate and mortality assumptions utilized in calculating the present value of the accumulated benefit shown above were consistent with those used for our financial reporting purposes. Additional information regarding our assumptions are set forth in Note 8 to our consolidated financial statements, which are included in our

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Annual Report on Form 10-K for the year ended February 28, 2007.

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EXECUTIVE COMPENSATION CONTINUED

Pension Plan

This is a tax-qualified defined benefit plan generally available to all full-time associates after age 21 and upon completion of one year of service. Benefits are determined under a formula that defines an annual annuity amount payable at termination or retirement. The benefit formula is the sum of (1) 0.85% times highest average earnings times years of service up to 35 years, plus (2) 0.65% times the excess of highest average earnings over Social Security Covered Compensation. Earnings are defined as total earnings including base pay, bonuses, overtime pay and commissions but are limited each year in accordance with IRS rules (\$220,000 in 2006). Highest average earnings are based on the highest five consecutive calendar years of earnings during the ten consecutive years before termination. All participants are vested after five years of service. Benefits are payable at age 65 as a lifetime annuity or actuarially equivalent optional annuity. Actuarially reduced benefits are available to participants retiring after age 55 with at least ten years of service, or after age 62 with at least seven years of service.

Benefit Restoration Plan

The purpose of this nonqualified plan is to provide an alternate means of paying benefits intended under the Pension Plan that are restricted by law due to IRS limitations. Benefits are generally determined and payable under the same terms and conditions as the Pension Plan without regard to IRS limitations on amounts of includable earnings and maximum benefits. The maximum annual retirement benefit payable under this plan was \$450,000 in 2006. Benefits paid are reduced by benefits payable under the Pension Plan. Participants must have 15 years of credited service to be eligible to receive benefits under the Benefit Restoration Plan, or upon termination meet the early retirement or normal retirement requirements of our Pension Plan.

Early Retirement Benefits

As of February 28, 2007, Mr. Dolan is eligible to retire with actuarially reduced benefits from the Pension Plan and the Benefits Restoration Plan because he is over age 55 and has at least ten years of service, and therefore has met the requirements for early retirement under our Pension Plan.

Extra Years of Credited Service

None of our named executive officers have been granted extra years of credited service under either the Pension Plan or the Benefit Restoration Plan.

Potential Payments Upon Termination or Change-in-Control

General

As discussed on pages 21 and 22, we have entered into employment or severance agreements with all of our named executive officers. Each agreement provides for payments and other benefits upon the occurrence of a termination event, such as retirement, death or disability and termination of employment by the company without cause and termination by the executive officer for good reason.

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Each agreement also provides for payments and benefits following the termination of employment in connection with a change in control or sale of our assets. Each agreement defines a change in control as the acquisition by a third party of beneficial ownership of 20% or more of the voting power of our securities or, in connection with a tender or exchange offer, merger or other business transaction, the directors serving immediately prior to the transaction no longer constitute a majority of the board of directors following the transaction. The change in control provisions also cover the sale of all or substantially all of our assets.

In connection with any of the termination events, our payment obligation under each agreement is contingent upon the named executive officer satisfying the following obligations:

During his employment and for two years following his termination, the named executive officer must comply with the provisions of the covenant not to compete contained in the agreement.

During his employment and for the two years following his termination, the named executive officer may not solicit or induce our employees to leave us or hire any of our employees.

During his employment and at all times subsequent to his last day of his employment, the named executive officer must hold in strict confidence and

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safeguard any and all protected information, including information, data and trade secrets about us and our suppliers.

The named executive officer must execute an agreement and general release, under which the named executive officer releases us from any claims and returns our property.

The named executive officer must comply with Section 409A of the Internal Revenue Code of 1986, as amended.

The tables in this section and their accompanying footnotes:

Describe and quantify the estimated payments and benefits that would be provided to each named executive officer as a result of the occurrence of each specified termination event and the method and duration of the relevant payments and benefits (*i.e.*, lump sum, monthly or annual payments).

Describe and explain how the payment and benefit levels are determined for each specified termination event.

Do not include amounts payable to each named executive officer under our Pension Plan and Benefit Restoration Plan, the details of which can be found in the section titled Pension Benefits in Fiscal 2007 on page 28. None of the termination events result in the enhancement of payments to be made under these plans.

In all instances, payments owed to the named executive officer would be made by us. For purposes of quantifying payments in the table below, we assumed that each termination event occurred on February 28, 2007, and we used a common stock value of \$26.35 per share, which was the closing market price on that date.

Termination Due to Retirement, Death or Disability

Each agreement provides for the termination of employment due to retirement, death or disability. Each employment agreement also provides for these termination events in connection with a change in control or a sale of our assets. Each of these termination events is described below and the payments associated with each event are quantified in the table that follows:

Early Retirement. Termination due to early retirement occurs when a named executive officer voluntarily terminates his employment at a time when he is eligible for early retirement as this term is defined in our Pension Plan. The effective date of termination shall be the date set forth in a notice from the named executive officer to us, which shall be given at least 90 days prior to the effective date of termination.

Normal Retirement. Termination due to normal retirement occurs when a named executive officer voluntarily terminates his employment at a time when he is eligible for normal retirement as this term is defined in our Pension Plan. The effective date of termination shall be the date set forth in a notice from the named executive officer to us, which shall be given at least 90 days prior to the effective date of termination.

Death. The effective date of termination is the date of death.

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Disability. Termination due to disability occurs when we provide notice to the named executive officer that we have decided to terminate him because he has a physical or mental illness or injury that causes him:

To be considered disabled for the purpose of eligibility to receive income-replacement benefits in accordance with our long-term disability plan if he is a participant, or

If he does not participate in any such plan, to be unable to substantially perform the duties of his position for a total of 180 days during any period of 12 consecutive months and a physician selected by us (and reasonably acceptable to the named executive officer) has furnished to us a certification that the return of the named executive officer to his normal duties is impossible or improbable.

The effective date of termination shall be the date set forth in a notice from us to the named executive officer, which shall be given to the named executive officer at least 30 days prior to the effective date of termination.

Death, Disability or Retirement following a Change In Control. A change in control death, disability or retirement termination occurs when a termination event under the death, disability or retirement provisions explained above occurs during the two years following a change in control or a sale of our assets.

Table of Contents**EXECUTIVE COMPENSATION** CONTINUED

	Relevant Payments Triggered Upon the Occurrence of the Termination Event		
	Pro Rata Actual Bonus ^(a)	Pro Rata Target Bonus ^(b)	Equity Awards ^(c)
	(\$)	(\$)	(\$)
Termination Event			
Early and Normal Retirement			
Thomas J. Folliard	1,050,000		5,790,438
Keith D. Browning	505,197		3,787,438
Michael K. Dolan	477,131		3,103,913
Joseph S. Kunkel	299,376		3,103,913
Richard M. Smith	180,000		949,385
Austin Ligon ^(d)		375,411 ^(e)	2,645,618 ^(f)
Death and Disability and Change in			
Control Death, Disability or			
Retirement			
Thomas J. Folliard		700,000	5,790,438
Keith D. Browning		336,798	3,787,438
Michael K. Dolan		318,087	3,103,913
Joseph S. Kunkel		199,584	3,103,913
Richard M. Smith		120,000	949,385

(a) The Pro Rata Actual Bonus is the pro rata share of the named executive officer's annual bonus based on actual performance for the fiscal year in which the date of termination occurs. The Pro Rata Actual Bonus shall be paid to the named executive officer in a lump sum when annual bonuses are paid to our other senior officers for the relevant fiscal year, which is expected to occur in May 2007 for fiscal 2007. Because the termination event is assumed to occur on February 28, 2007, our fiscal year end, the Pro Rata Actual Bonus is equal to the named executive officer's actual bonus for fiscal 2007.

(b) The Pro Rata Target Bonus is the pro rata share of the named executive officer's annual bonus at his target bonus rate for the fiscal year in which the date of termination occurs. The Pro Rata Target Bonus shall be paid to the named executive officer in a lump sum within ten days after the date of termination. Because the termination event is assumed to occur on February 28, 2007, our fiscal year end, the Pro Rata Target Bonus is equal to the named executive officer's Target Bonus amount.

(c) Equity awards made to the named executive officer during the course of his employment shall, following certain termination events, vest and become exercisable in accordance with the terms and conditions of the Stock Incentive Plan and the individual award agreements for each award. For additional information regarding each named executive officer's outstanding stock options, see the Outstanding Equity Awards at Fiscal 2007 Year End table on page 27. The value of the vested but unexercised portion of each option has not been included in these amounts because their receipt is not affected or accelerated by these termination events.

(d) Payments to Mr. Ligon are only quantified in the Early and Normal Retirement section because his termination due to early retirement actually occurred during fiscal 2007.

(e) Pursuant to the terms of Mr. Ligon's employment agreement and upon his retirement, he was paid this pro rata share of his Target Bonus.

(f) On August 22, 2006, the effective date of Mr. Ligon's retirement, his unvested stock options immediately vested. For purposes of the amount shown above, we assumed that Mr. Ligon exercised these options on August 22, 2006, and that the price per share of our common stock at the

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time of exercise was \$18.26, the closing market price on that date. Stock options that were subsequently exercised by Mr. Ligon during fiscal 2007 have not been included in this amount.

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Termination With and Without Cause/With and Without Good Reason

Each employment and severance agreement provides for the termination of employment by us with and without cause and termination by the executive officer with good reason and without good reason. Each agreement also provides for these termination events in connection with a change in control or a sale of our assets. Each of these termination events is described below and the payments associated with each event are quantified in the table that follows:

Cause. Termination by us with cause occurs, and is effective, when we decide to terminate the named executive officer based upon our good faith determination that one of the Cause triggering events, as described below, has occurred. We will not owe any payments to a named executive officer as a result of the occurrence of a termination with cause.

The named executive officer has materially breached the agreement and the breach is not cured by the officer or waived by us.

In the performance of his duties, the named executive officer has committed an act of gross negligence or intentional misconduct or he has intentionally failed to perform his duties or comply with the directives of the board of directors.

The named executive officer has willfully and continuously failed to perform substantially his duties after written demand by us.

The named executive officer has willfully violated a material requirement of our code of conduct or breached his fiduciary duty to us.

The named executive officer has been convicted of a felony or any crime involving moral turpitude, dishonesty, fraud, theft or financial impropriety.

The named executive officer has engaged in illegal conduct, embezzlement or fraud with respect to our business.

The named executive officer has failed to disclose a conflict of interest of which he knew or should have known in connection with any transaction entered into on our behalf.

The named executive officer has failed to agree to certain modifications to his employment or severance agreement necessary to comply with applicable laws or to define further the restrictive covenants.

Without Cause. Termination by us without cause occurs when we terminate the named executive officer's employment for any reason other than for cause, as described above, or for disability. If we determine not to renew Mr. Folliard's employment agreement, it shall be deemed to be a termination by us without cause. The effective date of termination shall be the date of the notice from us to the named executive officer.

Good Reason. Termination by the named executive officer for good reason occurs when a named executive officer terminates his employment with us for the one of the following events, which we do not cure:

A reduction in the named executive officer's base salary (which was not part of an across-the-board reduction) or target bonus rate.

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A material reduction in the named executive officer's duties or authority.

A required relocation to a new principal place of employment more than 35 miles from our home office, excluding a relocation of our home office.

For Messrs. Folliard and Browning, a failure by the shareholders to elect or reelect them to our board of directors.

Our failure to obtain an agreement from any successor to substantially all of our assets or our business to assume and agree to perform the employment or severance agreement within 15 days after a merger, consolidation, sale or similar transaction.

The effective date of termination shall be the date set forth in a notice from the named executive officer to us, which notice shall be given to us at least 45 days prior to the effective date of termination.

Without Good Reason. Termination by the named executive officer without good reason occurs when the named executive officer terminates his employment for any reason other than good reason, as described above. The effective date of termination shall be the date set forth in a notice from the named

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executive officer to us, which notice shall be given to us at least 45 days prior to the effective date of termination. We will not owe any payments to a named executive officer as a result of the occurrence of a termination without good reason.

Cause following a Change In Control. A change in control cause termination occurs when we terminate the named executive officer's employment for cause during the two years following a change in control of the company or a sale of our assets.

Without Cause following a Change In Control. A change in control without cause termination occurs when we terminate the named executive officer's employment for any reason other than for cause or due to disability during the two years following a change in control or a sale of our assets.

Good Reason following a Change In Control. A change in control good reason termination occurs when a termination by the named executive officer for good reason occurs during the two years following a change in control or a sale of our assets.

Without Good Reason following a Change In Control. A change in control without good reason termination occurs when a termination by the named executive officer without good reason occurs during the two years following a change in control or a sale of our assets.

Relevant Payments Triggered Upon the Occurrence of the Termination Event

Termination Event	Pro Rata Actual Bonus ^(a)	Pro Rata Target Bonus ^(b)	Target Bonus ^(c)	Equity Awards ^(d)	Severance Payment ^(e)	Partial COBRA reimburse- ment ^(f)	Out- placement Services ^(g)	Change In Control Payment ^(h)
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Without Cause								
Thomas J. Folliard	1,050,000			5,070,250	2,335,550	10,781	50,000	
Keith D. Browning	505,197			3,067,250	2,058,210	10,781	25,000	
Michael K. Dolan	477,131			2,479,750	1,614,688	7,181	25,000	
Joseph S. Kunkel	299,376			2,479,750	1,552,318	10,781	25,000	
Richard M. Smith	180,000			853,360	810,000	10,781	25,000	
Good Reason								
Thomas J. Folliard			700,000	5,070,250	2,335,550	10,781	50,000	
Keith D. Browning			336,798	3,067,250	2,058,210	10,781	25,000	
Michael K. Dolan			318,087	2,479,750	1,614,688	7,181	25,000	
Joseph S. Kunkel			199,584	2,479,750	1,552,318	10,781	25,000	
Richard M. Smith			120,000	853,360	810,000	10,781	25,000	
Change in Control Cause, and Change in Control Without Good Reason								
Thomas J. Folliard				5,070,250				
Keith D. Browning				3,067,250				
Michael K. Dolan				2,479,750				
Joseph S. Kunkel				2,479,750				
Richard M. Smith				853,360				
Change in Control Without Cause, and Change in Control Good Reason								

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Thomas J. Folliard	700,000	5,070,250	10,781	50,000	5,232,500
Keith D. Browning	336,798	3,067,250	10,781	25,000	3,188,916
Michael K. Dolan	318,087	2,479,750	7,181	25,000	3,011,755
Joseph S. Kunkel	199,584	2,479,750	10,781	25,000	2,387,025
Richard M. Smith	120,000	853,360	10,781	25,000	1,435,200

(a) The Pro Rata Actual Bonus is the pro rata share of the named executive officer's annual bonus based on actual performance for the fiscal year in which the date of termination occurs. The Pro Rata Actual Bonus shall be paid to the

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named executive officer in a lump sum when annual bonuses are paid to other senior officers of the company for the relevant fiscal year, which, for fiscal 2007, is expected to occur in May 2007. Because the termination event is assumed to occur on February 28, 2007, our fiscal year end, the Pro Rata Actual Bonus is equal to the named executive officer's actual bonus for fiscal 2007.

(b) The Pro Rata Target Bonus is the pro rata share of the named executive officer's annual bonus at his target bonus rate for the fiscal year in which the date of termination occurs. The Pro Rata Target Bonus shall be paid to the named executive officer in a lump sum within ten days after the date of termination. Because the termination event is assumed to occur on February 28, 2007, our fiscal year end, the Pro Rata Target Bonus is equal to the named executive officer's Target Bonus amount.

(c) The Target Bonus is the named executive officer's annual bonus at his target bonus rate. The Target Bonus shall be paid in a lump sum cash payment within ten days after the date of termination or as soon thereafter as may be practicable.

(d) Equity awards made to the named executive officer during the course of his employment shall, following certain termination events, vest and become exercisable in accordance with the terms and conditions of the Stock Incentive Plan and the individual award agreements for each award. For additional information regarding each named executive officer's outstanding stock options, see the Outstanding Equity Awards at Fiscal 2007 Year End table on page 27. The value of the vested but unexercised portion of each option has not been included in these amounts because their receipt is not affected or accelerated by these termination events. All unvested options immediately vest upon the occurrence of any change in control, regardless of the subsequent termination event; however, the 2003 option grant, of which one-quarter is currently unvested for each officer, will vest as the Board deems appropriate pursuant to the relevant grant agreement. For purposes of this column, we have assumed that this final one-quarter of the 2003 option grant has not vested upon a change in control.

(e) The Severance Payment is equal to two times the sum of the named executive officer's base salary and the amount of his last annual bonus as determined by the committee. The Severance Payment shall be paid in equal monthly installments over the 24-month period following the date of termination. At February 28, 2007, the last annual bonus as determined by the committee for each of Messrs. Folliard, Browning, Dolan, Kunkel and Smith was each officer's fiscal 2006 bonus of \$467,775; \$467,775; \$277,199; \$277,199; and \$105,000; respectively.

(f) In the event that the named executive officer elects to continue coverage under our health, dental and/or vision plans following the date of termination pursuant to the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended (COBRA), the named executive officer shall be responsible for remitting to us the appropriate COBRA premium to continue such coverage. We shall reimburse the named executive officer for a portion of the COBRA premium equal to the sum of the amount that we would have otherwise paid for such coverage if he had remained an active employee, and the COBRA administration fee. This partial COBRA reimbursement shall be paid in equal monthly installments for up to an 18-month period. For purposes of this column, we have assumed that each officer elected to continue his coverage for the full 18-month period.

(g) Outplacement services shall be paid to the named executive officer in an amount not to exceed \$50,000 for Mr. Folliard and \$25,000 for Messrs. Browning, Dolan, Kunkel and Smith. The table assumes that the maximum outplacement benefit is paid to each named executive officer.

(h) The change in control payment is equal to 2.99 times the named executive officer's final compensation, which consists of the sum of the named executive officer's base salary at the date of termination and the higher of the annual bonus paid or earned but not yet paid to the named executive officer for the two most recently completed fiscal years. At February 28, 2007, the higher annual bonus for each executive officer is his fiscal 2007 annual bonus. The change in control payment shall be paid to the named executive officer in a lump sum cash payment no later than 45 days after the date of termination.

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COMPENSATION FOR NON-EMPLOYEE DIRECTORS

Non-employee director compensation includes both cash and equity components. Grants of stock and stock options to non-employee directors are made pursuant to the 2002 Non-Employee Directors Stock Incentive Plan, as amended and restated. Directors who are employees of CarMax receive no compensation for services as members of the board of directors or of any committee of the board.

Non-Employee Director Cash Compensation

In fiscal 2007, the annual cash retainer for non-employee directors was \$50,000. Non-employee directors also received \$1,500 for each compensable board or committee meeting attended. Our lead director and the chairmen of our standing committees also received additional annual fees as follows: lead director (\$50,000), Audit Committee (\$15,000), Compensation and Personnel Committee (\$10,000) and Nominating and Governance Committee (\$10,000). Additionally, the chairman of our Executive Search Committee received a \$5,000 committee chairman fee. We reimburse all directors for travel and other necessary business expenses

incurred in the performance of their services to us and extend coverage to them under our health insurance policies. The directors may also participate in our vehicle discount purchase program that is available to all employees. During fiscal 2007, the board determined that it will no longer permit non-employee directors to use our plane for personal travel. Previously, non-employee directors had been permitted to use our plane for personal travel, but no non-employee directors had done so.

Non-Employee Director Equity Compensation

In June 2006, each non-employee director received CarMax common stock having a fair market value of approximately \$30,000 on the grant date and stock options valued at approximately \$50,000 on the grant date. The stock options were valued using the Black-Scholes pricing model.

Non-employee directors who are elected to the board at dates other than the annual meeting date generally receive the cash retainer, stock awards and option grants prorated for their period of service.

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The following table provides each element of non-employee director compensation for fiscal 2007.

Name	Fees Earned or Paid in Cash ^(a)	Stock Awards ^(b)	Option Awards ^(c)	All Other Compensation	Total
	(\$)	(\$)	(\$)	(\$)	(\$)
James F. Clingman, Jr.	74,000	29,997	56,001		159,998
Jeffrey E. Garten	71,000	29,997	53,041		154,038
W. Robert Grafton	95,000	29,997	53,041		178,038
Edgar H. Grubb ^(d)					
William S. Kellogg	66,500	29,997	53,041		149,538
Hugh G. Robinson	75,000	29,997	53,041		158,038
Richard L. Sharp	63,500	29,997	53,041	137,934 ^(e)	284,472
Thomas G. Stenberg	68,000	29,997	56,312		154,309
Vivian M. Stephenson	48,000	29,997	11,499		89,496
Beth A. Stewart	77,000	29,997	53,041		160,038
William R. Tiefel	128,000	29,997	53,041		211,038

(a) Represents the cash compensation earned in fiscal 2007 for board, committee, chairman and lead director service, as applicable.

(b) Represents the amounts recognized for financial statement reporting purposes in fiscal 2007 for the fair value of stock awards granted in fiscal 2007 in accordance with SFAS 123R. In June 2006, we granted each non-employee director on the board at that time 1,720 shares of common stock, which had a grant date fair market value of \$29,997.

(c) Represents the amounts recognized for financial statement reporting purposes in fiscal 2007 for the fair value of stock options granted in fiscal 2007 and prior years in accordance with SFAS 123R. Pursuant to SEC rules, the amounts shown exclude the impact of estimated forfeitures related to service-based vesting conditions. These amounts reflect our accounting expense for these awards and do not correspond to the actual value that may be recognized by each director. In June 2006, we granted each non-employee director on the board at that time 6,804 stock options, which had a grant date fair market value of \$50,009. The assumptions used in determining the grant date fair values of the option awards are set forth in Note 10(C) to our consolidated financial statements, which are included in our Annual Report on Form 10-K for the year ended February 28, 2007.

(d) We did not compensate Mr. Grubb in fiscal 2007 because he did not join our board until January 22, 2007, and the next regularly scheduled board meeting did not occur until April 2007.

(e) Represents the value of administrative support services that we provided to Mr. Sharp during fiscal 2007.

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The following table includes information about our common stock beneficially owned as of February 28, 2007, by:

Our CEO and the other named executive officers, as disclosed in the Summary Compensation Table on page 24.

Each director and/or nominee for director.

All of our directors and executive officers as a group.

Unless otherwise noted, each shareholder has sole voting power and investment power with respect to securities shown in the table below.

Named Executive Officers	CarMax Option Shares that May Be Acquired Within	Shares of CarMax Common Stock Beneficially Owned as of	Percent of Class
	60 Days after February 28, 2007	February 28, 2007 ^(a)	
Thomas J. Folliard**	370,000	898,140 ^(b)	*
Keith D. Browning**	490,000	890,000	*
Michael K. Dolan	320,000	502,252	*
Joseph S. Kunkel	460,000	533,218 ^(c)	*
Richard M. Smith	56,000	243,804	*
Austin Ligon***	958,962	4,081,286 ^(d)	1.9%
Directors/Director Nominees			
James F. Clingman, Jr.	13,087	17,131	*
Jeffrey E. Garten	25,091	30,627	*
W. Robert Grafton	13,621	23,733	*
Edgar H. Grubb			*
William S. Kellogg	13,621	130,933 ^(e)	*
Hugh G. Robinson	10,951	15,787	*
Richard L. Sharp	25,091	420,985	*
Thomas G. Stemberg	10,227	22,221	*
Vivian M. Stephenson		1,720	*
Beth A. Stewart	25,091	324,475 ^(f)	*
William R. Tiefel	25,091	60,627	*
All directors and executive officers as a group (17 persons)	2,816,833	8,196,939	3.8%

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* Represents beneficial ownership of less than one percent of the 216,028,166 shares of CarMax common stock outstanding on February 28, 2007.

** Messrs. Folliard and Browning are also directors of the company.

*** Mr. Ligon is a former director of the company.

(a) Includes shares of CarMax common stock that could be acquired through the exercise of stock options within 60 days after February 28, 2007.

(b) Includes 100,000 shares of CarMax common stock held by Mr. Folliard's wife. Mr. Folliard disclaims beneficial ownership of these shares.

(c) Includes 4,000 shares of CarMax common stock held by Mr. Kunkel's private foundation. Mr. Kunkel disclaims beneficial ownership of these shares.

(d) Includes 115,980 shares of CarMax common stock held by Mr. Ligon's children, 209,416 shares of CarMax common stock held by Mr. Ligon's wife and 118,000 shares of CarMax common stock held by Mr. Ligon's private foundation. Mr. Ligon disclaims beneficial ownership of all of these shares.

(e) Includes 21,200 shares of CarMax common stock held in trust for Mr. Kellogg's children and 20,000 shares of CarMax common stock held by Mr. Kellogg's irrevocable trust. Mr. Kellogg disclaims beneficial ownership of all of these shares.

(f) Includes 159,416 shares of CarMax common stock held by Trewstar, LLC. Ms. Stewart, her husband and children own 100% of Trewstar, LLC and Ms. Stewart and her husband share voting and dispositive power with respect to these shares. Also includes 128,248 shares of CarMax common stock held by Ms. Stewart's husband. Ms. Stewart disclaims beneficial ownership of all of these shares.

Table of Contents**CARMAX SHARE OWNERSHIP** CONTINUED**Share Ownership of Certain Beneficial Owners**

The following table includes, as of February 28, 2007, information about shareholders that reported to the SEC that they beneficially owned more than 5% of our common stock. We are not aware of any other owners of more than 5% of our common stock.

Name and Address of

Beneficial Owner(s)	Number of Shares Owned	Percent of Class
Stephen F. Mandel, Jr.	13,586,134 ^(a)	6.3% ^(a)
Lone Pine Capital LLC		
Lone Pine Members LLC		
Lone Pine Associates LLC		
Two Greenwich Plaza		
Greenwich, CT 06830		

(a) Information concerning the CarMax common stock beneficially owned as of December 31, 2006, was obtained from a Schedule 13G/A filed February 14, 2007. According to the Schedule 13G/A, Stephen F. Mandel, Jr. shares the power to vote and dispose of 13,586,134 shares of CarMax common stock through his role as the Managing Member of each of Lone Pine Capital LLC, Lone Pine Members LLC and Lone Pine Associates LLC.

Section 16(a) Beneficial Ownership Reporting Compliance

Our officers, directors, and persons who beneficially own more than 10% of our common stock are required to report their CarMax common stock transactions to the SEC on Forms 3, 4 and 5 and provide copies of these forms to us. Regulations also require us to identify in this proxy statement any person subject to this requirement who failed to file these reports on a timely basis. As a matter of practice, our employees assist our executive officers and directors in preparing and filing these forms. Based solely on a review of the information we received or written representations that no other reports were required, we believe that all officers, directors and beneficial owners of more than 10% of our common stock complied with the applicable filing requirements during fiscal 2007.

Table of Contents**Equity Compensation Plan Information**

The following table provides information as of February 28, 2007, with respect to our equity-based compensation plans, specifically, our Stock Incentive Plan, Non-Employee Directors Stock Incentive Plan and ESPP, under which shares of our common stock were authorized for issuance.

Plan Category	Number of Securities To Be Issued Upon Exercise of Outstanding Options, Warrants and Rights	Weighted Average Exercise Price of Outstanding Options, Warrants and Rights	Number of Securities
			Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in the First Column)
Equity compensation plans approved by security holders	13,774,842	\$ 12.39	12,384,259 ^{(a)(b)}
Equity compensation plans not approved by security holders			
Total	13,774,842		12,384,259

(a) The remaining common stock available for future issuance under the Stock Incentive Plan and Non-Employee Directors Stock Incentive Plan may be issued as options, restricted stock or SARs. There are no outstanding options, warrants, or rights under the ESPP.

(b) The ESPP authorizes the issuance of 4,000,000 shares of common stock. As of February 28, 2007, 1,732,857 shares have been purchased on the open market and 2,267,143 shares remain available for issuance. Under the ESPP, full- and certain part-time associates who have been employed for one year can participate. Executive officers may not participate in the ESPP. A participating employee may authorize payroll deductions of 2% to 10% of compensation, up to an annual maximum of \$7,500. Each month, the payroll deductions are used to purchase CarMax common stock. Shares may either be purchased on the open market or previously unissued shares may be purchased from the company. For shares purchased on the open market, the purchase price is the average cost of all shares purchased for a particular month. For shares purchased from the company, the purchase price is the closing price on the NYSE on the last business day of the month. To encourage participation in the ESPP, we match 15% of the employee's contribution. An eligible employee may change, cease, or restart contributions for any payroll period without penalty. We pay all administrative costs of the ESPP.

Table of Contents**CARMAX SHARE OWNERSHIP** CONTINUED**Ten-Year History of Options**

The following table provides a historical perspective on the option activity under our stock incentive plans. Prior to our separation from Circuit City Stores, Inc. in October 2002, the options in the table were originally granted in Circuit City Stores, Inc. CarMax Group common stock. These options were replaced by grants under our plans at the separation date. The purpose of providing this information is to inform CarMax shareholders of the manner in which Circuit City's compensation committee granted the predecessor options and the distribution of the currently outstanding options among our senior executives, other employees and non-employee directors. Our Compensation and Personnel Committee will make future grants based on its compensation philosophy, and the historical information should not be relied on as indicative of future actions. See the Compensation Discussion and Analysis beginning on page 15.

	FY 2007		FY 2006		FY 2005		FY 2004		FY 2003	
	Shares	Avg. Price	Shares	Avg. Price	Shares	Avg. Price	Shares	Avg. Price	Shares	Avg. Price
(Shares and options in thousands)										
Outstanding at beginning of year	17,538	\$ 10.28	14,184	\$ 8.73	11,352	\$ 6.12	8,690	\$ 5.13	7,262	\$ 2.41
Granted	1,905	\$ 17.14	5,280	\$ 13.27	4,252	\$ 14.74	4,308	\$ 7.30	2,268	\$ 13.11
Exercised	(5,281)	\$ 7.01	(1,302)	\$ 4.57	(1,044)	\$ 4.20	(1,386)	\$ 3.27	(570)	\$ 2.53
Cancelled	(387)	\$ 13.18	(624)	\$ 12.19	(376)	\$ 10.75	(260)	\$ 7.44	(270)	\$ 4.52
Outstanding options at end of year	13,775	\$ 12.39	17,538	\$ 10.28	14,184	\$ 8.73	11,352	\$ 6.12	8,690	\$ 5.13
Options exercisable at end of year	6,301	\$ 10.60	7,254	\$ 7.00	5,386	\$ 4.97	3,678	\$ 4.01	2,880	\$ 3.04
Shares outstanding or deemed outstanding	216,028		209,910		208,606		207,556		206,166	
Total options granted	1,905		5,280		4,252		4,308		2,268	
Total options granted as a percentage of total shares outstanding	0.9%		2.5%		2.0%		2.1%		1.1%	
Total options granted to the named executive officers	700		1,078		680		920		580	
Total options granted to the named executive officers as a percentage of total options granted	36.7%		20.4%		16.0%		21.4%		25.6%	
Total options outstanding as a percentage of total shares outstanding	6.4%		8.4%		6.8%		5.5%		4.2%	
Total options outstanding granted to the named executive officers	3,829		5,098		4,280		3,730		2,890	
Total options outstanding granted to the named executive officers as a percentage of total options outstanding	27.8%		29.1%		30.2%		32.9%		33.3%	

* The number of shares outstanding has been calculated by adding the actual number of shares of CarMax Group common stock outstanding plus the number of shares that would have been outstanding if Circuit City's retained interest in the CarMax Group had been represented as actual shares outstanding.

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FY 2002		FY 2001		FY 2000		FY 1999		FY 1998	
Avg.		Avg.		Avg.		Avg.		Avg.	
Shares	Price	Shares	Price	Shares	Price	Shares	Price	Shares	Price
8,214	\$ 1.58	6,648	\$ 1.94	8,760	\$ 0.89	9,644	\$ 0.75	9,538	\$ 0.26
3,318	\$ 2.47	2,562	\$ 0.85	2,264	\$ 2.95	410	\$ 4.32	826	\$ 6.52
(3,882)	\$ 0.66	(112)	\$ 0.11	(4,054)	\$ 0.11	(1,086)	\$ 0.11	(546)	\$ 0.11
(388)	\$ 2.98	(884)	\$ 2.34	(322)	\$ 3.47	(208)	\$ 5.27	(174)	\$ 3.18
7,262	\$ 2.41	8,214	\$ 1.58	6,648	\$ 1.94	8,760	\$ 0.89	9,644	\$ 0.75
1,642	\$ 3.43	3,886	\$ 1.47	2,406	\$ 1.27	3,132	\$ 0.48	1,524	\$ 0.19
205,548*		202,158*		202,108*		197,112*		195,288*	
3,318		2,562		2,264		410		826	
1.6%		1.3%		1.1%		0.2%		0.4%	
980		370		590				130	
29.5%		14.4%		26.1%				15.7%	
3.5%		4.1%		3.3%		4.4%		4.9%	

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2,310	2,690	2,320	4,506	4,870
31.8%	32.7%	34.9%	51.4%	50.5%

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CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

We review all relationships and transactions in which the company and our directors, executive officers and persons known by us to own 5% or more of our common stock (or any of their immediate family members) are participants to determine whether these persons have a direct or indirect material interest in the relationship or transaction. We have various procedures in place to identify potential related person transactions. Our board of directors works with management and our legal department in reviewing and considering any related person transactions or relationships and determining whether the company or a related person has a direct or indirect material interest in a transaction. As required under SEC rules, transactions that are determined to be directly or indirectly material to the company or a related person are disclosed in our proxy statement.

To ensure adequate review and proper disclosure of related person transactions, our board of directors recently adopted a written policy that requires our Audit Committee to review and, if appropriate in accordance with the policy, approve in advance or ratify any related person transaction that is required to be disclosed pursuant to applicable SEC rules. In reviewing related person transactions, the Audit Committee will consider:

The related person's relationship to us.

The facts and circumstances of the proposed transaction.

The aggregate dollar amount involved in the transaction or, in the case of indebtedness, information regarding the principal amount of the debt, interest rate, repayment and other material terms.

The related person's interest in the transaction, including his or her position or relationship with, or ownership in, a firm, corporation or other entity that is a party to, or has an interest in, the transaction.

The benefits to us of the proposed transaction and, if applicable, the terms and availability of comparable products and services from unrelated third parties.

Any other information regarding the transaction or the related person that is material to the Audit Committee's determination.

The Audit Committee will approve or ratify a related person transaction only if it determines that, based on the facts and circumstances known to the committee at the time of approval, (i) the transaction serves our shareholders' and our best interests or (ii) the transaction is on terms reasonably comparable to those that could be obtained in arm's length dealings with an unrelated third party.

Any member of the Audit Committee who is a related person with respect to a transaction under review may not participate in the deliberations or vote with respect to the approval or ratification of the transaction.

We do not have any related person transactions to report for fiscal 2007.

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AUDIT COMMITTEE REPORT AND AUDITOR INFORMATION

Audit Committee Report

The committee operates under a written charter adopted by the board. The charter reflects the requirements of the Sarbanes-Oxley Act of 2002, the SEC and the NYSE. Each member of the Audit Committee is independent in accordance with the applicable rules of the NYSE, the SEC and our corporate governance guidelines.

The committee reviews and discusses the following with management and our independent registered public accounting firm, KPMG:

Quarterly and year-end results, consolidated financial statements and reports, prior to public disclosure.

The company's disclosure controls and procedures, including internal control over financial reporting.

The independence of our registered public accounting firm.

Management's report and the independent registered public accounting firm's report and attestation on internal control over financial reporting in accordance with Section 404 of the Sarbanes-Oxley Act of 2002.

The committee routinely meets with the internal auditors and our independent registered public accounting firm, with and without management present.

The committee has oversight responsibilities only and it is not acting as an expert in accounting or auditing. The committee relies without independent verification on the information provided to us and on the representations made by management and the independent auditors. Accordingly, the committee's oversight does not provide an independent basis to determine that the company's consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles or that the audit of the company's consolidated financial statements by the independent auditors has been carried out in accordance with auditing standards of the Public Company Accounting Oversight Board.

Management has the primary responsibility for the preparation of the company's fiscal 2007 consolidated financial statements and the overall reporting process, including the systems of internal control over financial reporting, and has represented to the committee that the company's fiscal 2007 consolidated financial statements were prepared in accordance with U.S. generally accepted accounting principles. The committee reviewed and discussed the audited consolidated financial statements with management and the independent auditors. In accordance with the requirements established by the Statement on Auditing Standards No. 61, *Communication with Audit Committees*, these discussions included, among other things, a review of significant accounting policies, their application and estimates, and the independent auditors' judgment about the company's accounting controls and the quality of the company's accounting practices.

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The committee has received from the independent auditors written disclosures and a letter required by Independence Standards Board Standard No. 1, *Independence Discussions with Audit Committees*, and has discussed with the independent auditors and considered the issue of their independence from the company, including whether their performance of non-audit services is compatible with maintaining their independence.

Relying on these reviews and discussions, the committee recommended to the board of directors that the audited consolidated financial statements be included in the company's Annual Report on Form 10-K for the fiscal year ended February 28, 2007, for filing with the SEC.

AUDIT COMMITTEE

W. Robert Grafton, *Chairman*

James F. Clingman, Jr.

Edgar H. Grubb

Beth A. Stewart

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CONTINUED

Auditor Information**Auditors Fees**

The following table sets forth fees billed or expected to be billed by KPMG for fiscal 2007 and 2006.

Type of Fee	Years Ended February 28	
	2007	2006
Audit fees	\$ 937,000	\$ 887,000
Audit-related fees	262,300	224,000
Tax fees	55,400	95,000
All other fees		
	\$ 1,254,700	\$ 1,206,000

Audit fees are for the audit of the company's consolidated financial statements in accordance with auditing standards of the Public Company Accounting Oversight Board (including services incurred with rendering an opinion under Section 404 of the Sarbanes-Oxley Act of 2002), quarterly reviews of unaudited consolidated financial statements, and services in connection with SEC registration statements.

Audit-related fees are for attestation services related to our asset securitizations and audits of the financial statements of our benefit plans.

Tax fees are for tax compliance services and related costs.

All other fees are for any other services provided.

Pre-Approved Services

The Audit Committee's charter provides for pre-approval of audit and non-audit services to be performed by the independent auditors. All such services provided, as described previously, were pre-approved by the committee. The committee concluded that the services provided by KPMG that were not related to the annual audit and quarterly reviews of our consolidated financial statements were compatible with the maintenance of KPMG's independence in the conduct of its auditing functions.

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**PROPOSAL TWO RATIFICATION OF THE SELECTION OF
INDEPENDENT REGISTERED PUBLIC
ACCOUNTING FIRM**

The Audit Committee of the board has selected KPMG as the independent registered public accounting firm to perform the audit of our consolidated financial statements and our internal control over financial reporting for fiscal 2008. KPMG served as our independent registered public accounting firm for fiscal 2007. KPMG representatives are expected to attend the 2007 annual meeting. They will have an opportunity to make a statement if they desire to do so and will be available to respond to appropriate shareholder questions. We are asking our shareholders to ratify the selection of KPMG as our independent registered public accounting firm. Although ratification is not required by our Bylaws or otherwise, the board is submitting the selection of KPMG to our shareholders for ratification as a matter of good corporate practice. Even if the selection is ratified, the Audit Committee in its discretion may select a different independent registered public accounting firm at any time during the year if it determines that such a change would be in the best interests of the company and our shareholders.

The board of directors recommends that the shareholders vote **FOR** Proposal Two.

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**PROPOSAL THREE APPROVAL OF THE CARMAX, INC.
ANNUAL PERFORMANCE-BASED
BONUS PLAN, AS AMENDED AND
RESTATED**

General

Our board of directors has unanimously adopted and recommends that the shareholders approve the CarMax, Inc. Annual Performance-Based Bonus Plan, as amended and restated (the "Bonus Plan"). The Bonus Plan is designed to motivate and reward our executive officers who are in a position to contribute materially to our success. The Bonus Plan is submitted to you in order to approve certain amendments to the performance criteria as defined in the Bonus Plan and to preserve CarMax's federal income tax deduction under Section 162(m) of the Internal Revenue Code for performance awards made under the Bonus Plan.

If approved by shareholders, the Bonus Plan amendments will provide greater flexibility to our Compensation and Personnel Committee in selecting the relevant performance criteria used to evaluate and compensate Bonus Plan participants. The proposed amendments to the performance criteria are described in greater detail below under the heading "Operation of the Bonus Plan."

The Bonus Plan is also being submitted for your approval because Section 162(m) of the Internal Revenue Code generally does not allow public companies to obtain tax deductions related to compensation greater than \$1 million paid in any year to any of their five most highly paid executive officers. This deduction limit does not apply to performance-based compensation satisfying the requirements of Section 162(m). The requirements of Section 162(m) include shareholder approval every five years of the material terms of the performance goals under which the compensation is paid. Consequently, if the Bonus Plan is not approved by CarMax's shareholders at this year's annual meeting, cash performance awards paid to our executive officers may not be deductible to the extent that, either alone or in combination with other compensation that is subject to Section 162(m), they exceed the \$1 million limitation.

The following is a summary of the principal features of the Bonus Plan, with the proposed amendments, and this summary is qualified in its entirety by reference to the complete text of the Bonus Plan, which is attached to this proxy statement as Appendix A. If approved by shareholders, the Bonus Plan, as set forth in Appendix A will be effective as of June 26, 2007, and will apply to bonuses paid for our fiscal year ending February 29, 2008.

Purpose

The Bonus Plan is a performance-based incentive bonus plan under which our executive officers are eligible to receive bonus payments when certain performance objectives are satisfied. The Bonus Plan is intended to provide an incentive for superior work, to motivate covered executives toward even higher achievement, to align their goals and interests with those of our shareholders, and to enable us to attract and retain a highly qualified management team.

Administration

The Bonus Plan will be administered by the committee. The committee is composed of not less than two directors, each of whom is intended to be an outside director within the meaning of Section 162(m).

Eligibility

All executive officers of CarMax are eligible to participate in the Bonus Plan. The committee selects which executive officers will participate each plan year and the terms and conditions of annual awards to participants. As of February 28, 2007, there were five employees selected to participate in the Bonus Plan.

Operation of the Bonus Plan

For each plan year, the committee selects the objective performance criteria to be used for that plan year. The framework of the previously adopted Bonus Plan permitted the committee to develop performance goals using one or both of the following measurements: pretax earnings or earnings per share. To increase the committee's flexibility in setting performance goals, the board adopted the amended and restated Bonus Plan, subject to shareholder approval, to provide for the following expanded list of performance criteria: pretax income; net income; basic or diluted earnings per share; net revenues; market share; gross profit; profit margin; cash flow; expense ratios; return on assets; return on invested capital; return on equity; stock price; market capitalization; and total shareholder return; each as determined in accordance with U.S. generally accepted accounting principles, where applicable. The board has determined that this revised set of performance criteria

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will help the committee to better tailor the Bonus Plan to compensate and evaluate plan participants on the overall long-term success of CarMax.

Any or all performance criteria may be used for a plan year. The committee will also determine the appropriate weight to be given to any applicable performance criteria for a plan year. For each performance criteria, the committee will establish one or more objective performance goals for us and/or our subsidiaries and for individuals at the beginning of each fiscal year. During that plan year, the committee may increase, but not decrease, a performance goal. For attainment of each level of a performance goal, the committee will establish a performance adjustment percentage that is applied to each participant's target bonus for that plan year. A participant's target bonus represents the bonus payable to that participant if there is a 100 percent performance adjustment for each performance criteria, that is, if we achieve the predefined performance goals, a participant will be awarded his target bonus. The performance adjustment percentage may be between zero percent and 200 percent of the target bonus.

The performance criteria, performance goals, target bonuses and performance adjustments percentages may vary among participants for a plan year and from year to year. After the end of a plan year, the committee will certify in writing the level of performance goal that was attained for the prior plan year. A participant's performance award will be obtained by multiplying the performance adjustment for the attained performance goal by the participant's target bonus. The maximum performance award for a participant for a plan year is the lesser of 200 percent of the participant's base salary for the plan year or \$2 million. The maximum award remains unchanged under the proposed Bonus Plan. Performance awards are payable in cash after the committee certifies the achievement of the performance goal(s). The payments will be made as soon as practicable following determination of the award, unless the committee allows a participant to defer the payment of bonus amounts.

Amendments; Termination; Duration

Our board of directors may amend or terminate the Bonus Plan in its discretion, provided that shareholder approval is required if there is: (i) a change in the performance criteria pursuant to which the performance goals under the Bonus Plan are set; (ii) a material increase in the maximum potential benefits under the Bonus Plan or (iii) otherwise a requirement under Section 162(m). No amendment or termination may impair the rights of a participant with respect to awards granted prior to the amendment or termination without the consent of the participant.

If approved by the shareholders, the Bonus Plan shall be effective for our fiscal year ending February 29, 2008, and each of our next four succeeding fiscal years, unless sooner terminated by the board of directors.

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**PROPOSAL THREE APPROVAL OF THE CARMAX, INC.
ANNUAL PERFORMANCE-BASED
BONUS
PLAN, AS AMENDED AND RESTATED
CONTINUED**

Fiscal 2007 Payments

The table below shows performance awards that were earned pursuant to the Bonus Plan based on performance for the fiscal year ended February 28, 2007. Amounts payable for fiscal 2008 cannot be determined because they will depend on the performance of the company and our subsidiaries and on the individual executives' performance during fiscal 2008.

Name	Value
	(\$)
Thomas J. Folliard	1,050,000
Keith D. Browning	505,197
Michael K. Dolan	477,131
Joseph S. Kunkel	299,376
Richard M. Smith	180,000
Austin Ligon	375,411 ^(a)

(a) Pursuant to the terms of Mr. Ligon's employment agreement and upon his retirement, he was paid a pro rata share of his target annual bonus.

Vote Required and Board Recommendation

In order to be adopted, the approval of the Bonus Plan must be approved by the affirmative vote of a majority of the votes cast. Under applicable NYSE listing standards, the total votes cast on the proposal must also represent more than 50% of all shares of common stock entitled to vote on the proposal. Shareholders may direct that their votes be cast for or against the proposal, or shareholders may abstain from this proposal. Abstentions will have the same effect as votes cast against the proposal under applicable NYSE listing standards. Shares held in street name that are not voted on this proposal are not considered votes cast.

The board of directors recommends that the shareholders vote **FOR** Proposal Three.

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**APPENDIX A CARMAX, INC. ANNUAL PERFORMANCE-BASED
BONUS PLAN (AS AMENDED AND RESTATED
JUNE 26, 2007)**

1. **Purpose.** The purpose of the CarMax, Inc. Annual Performance-Based Bonus Plan (the Plan) is to provide an annual performance based incentive for executive officers who are in a position to contribute materially to the success of the Company and its Subsidiaries.

2. **Definitions.**

- (a) Award means an award made pursuant to the Plan.
- (b) Award Schedule means a schedule established by the Committee setting forth the terms and conditions applicable to an Award.
- (c) Board means the Board of Directors of the Company.
- (d) Change of Control means the occurrence of either of the following events: (i) a third person, including a group as defined in Section 13(d)(3) of the Securities Exchange Act of 1934, as amended, becomes, or obtains the right to become, the beneficial owner of Company securities having 20% or more of the combined voting power of the then outstanding securities of the Company that may be cast for the election of directors to the Board of the Company (other than as a result of an issuance of securities initiated by the Company in the ordinary course of business); or (ii) as the result of, or in connection with, any cash tender or exchange offer, merger or other business combination, sale of assets or contested election, or any combination of the foregoing transactions, the persons who were directors of the Company before such transactions shall cease to constitute a majority of the Board or of the board of directors of any successor to the Company.
- (e) Code means the Internal Revenue Code of 1986, as amended.
- (f) Code Section 162(m) Award means an Award intended to satisfy the requirements of Code Section 162(m) and designated as such in an Award Schedule.
- (g) Committee means the committee appointed by the Board as described under Section 5.
- (h) Company means CarMax, Inc., a Virginia corporation.
- (i) Covered Employee means a covered employee within the meaning of Code Section 162(m)(3).
- (j) Executive Employee means all executive officers (as defined in Rule 3b-7 under the Securities Exchange Act of 1934, as amended) of the Company (or any Parent or Subsidiary of the Company, whether now existing or hereafter created or acquired).
- (k) Parent means, with respect to any corporation, a parent of that corporation within the meaning of Code Section 424(e).

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- (l) **Participant** means an Executive Employee selected from time to time by the Committee to participate in the Plan.
- (m) **Performance Adjustment** means the percentage(s), as set forth in an award schedule, that will, when multiplied by a Participant's Target Bonus, determine the amount of a Participant's Award.
- (n) **Performance Criteria** means the criteria selected by the Committee to measure performance of the Company and/or its Subsidiaries for a Plan Year from among one or more of the following: pre-tax income; net income; basic or diluted earnings per share; net revenues; market share; gross profit; profit margin; cash flow; expense ratios; return on assets; return on invested capital; return on equity; stock price; market capitalization; and total shareholder return; each as determined in accordance with generally accepted accounting principles, where applicable, as consistently applied by the Company and, if set forth in an Award Schedule, adjusted to the extent permitted under Section 162(m) of the Code, to omit the effects of extraordinary items, the gain or loss on the disposal of a business segment, unusual or infrequently occurring events and transactions, accruals for awards under the Plan and cumulative effects of changes in accounting principles.
- (o) **Performance Goal** means one or more levels of performance as to each Performance Criteria, as established by the Committee, that will result in the Performance Adjustment that is established by the Committee for each such level of performance.

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**APPENDIX A CARMAX, INC. ANNUAL PERFORMANCE-BASED
BONUS PLAN (AS AMENDED AND RESTATED
JUNE 26, 2007) CONTINUED**

- (p) Plan Year means the fiscal year of the Company.
- (q) Retirement means, with respect to a Participant, the earliest date on which the Participant is eligible to retire under any qualified Code Section 401(a) plan of the Company, or, if there is no such plan, age 65.
- (r) Subsidiary means any business entity (including, but not limited to, a corporation, partnership or limited liability company) of which a company directly or indirectly owns one hundred percent (100%) of the voting interests of the entity unless the Committee determines that the entity should not be considered a Subsidiary for purposes of the Plan. If a company owns less than one hundred percent (100%) of the voting interests of the entity, the entity will be considered a Subsidiary for purposes of the Plan only if the Committee determines that the entity should be so considered.
- (s) Target Bonus means the bonus payable to a Participant if there is a 100-percent Performance Adjustment for each Performance Criteria.

3. **Eligibility.** All present and future Executive Employees shall be eligible to receive Awards under the Plan. The Committee shall have the power and complete discretion to select eligible Executive Employees to receive Awards and to determine for each Participant the terms and conditions and the amount of each Award.

4. **Awards.**

- (a) Awards shall be established by an Award Schedule setting forth the Performance Goals for each Performance Criteria, the maximum bonus payable and such other terms and conditions applicable to the Award, as determined by the Committee, not inconsistent with the terms of the Plan. The Target Bonus for each Executive Employee may be set forth either in the Award Schedule or a separate written agreement between such Executive Employee and the Company or a Subsidiary of the Company. Anything else in this Plan to the contrary notwithstanding, the aggregate maximum amount payable under the Plan to any Participant in any Plan Year shall be the lesser of 200 percent of the Participant's base salary or \$2,000,000.
- (b) The Committee shall establish the Performance Goals for each Plan Year. The Committee shall also determine the extent to which each Performance Criteria shall be weighted in determining Awards. The Committee may vary the Performance Criteria, Performance Goals and weightings from Participant to Participant, Award to Award and Plan Year to Plan Year. The Committee may increase, but not decrease, any Performance Goal during a Plan Year.
- (c) The Committee shall establish for each Award the percentage of the Target Bonus for such Participant payable at specified levels of performance, based on the Performance Goal for each Performance Criteria and the weighting established for such criteria. The Award payable to any Participant may range from zero (0) to two hundred percent of the Participant's Target Bonus, depending upon whether, or the extent to which, the Performance Goals have been achieved. All such determinations regarding the achievement of any Performance Goals will be made by the Committee; provided, however, that the Committee may not increase during a Plan Year the amount of the Award that would otherwise be payable upon achievement of the Performance Goal or Goals.
- (d)

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The actual Award for a Participant will be calculated by multiplying the Participant's Target Bonus by the Performance Adjustments in accordance with the Award. All calculations of actual Awards shall be made by the Committee.

- (e) Awards will be paid, in a lump sum cash payment, as soon as practicable after the close of the Plan Year for which they are earned; provided, however, that no Awards shall be paid except to the extent that the Committee has certified in writing that the Performance Goals have been met. Notwithstanding the foregoing provisions of this Section 4(e), the Committee shall have the right to allow Participants to elect to defer the payment of Awards subject to such terms and conditions as the Committee may determine.
- (f) Whenever payments under the Plan are to be made, the Company and/or the Subsidiary will withhold therefrom an amount sufficient to satisfy any applicable governmental withholding tax requirements related thereto.

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- (g) Nothing contained in the Plan will be deemed in any way to limit or restrict the Company, its Subsidiaries, or the Committee from making any award or payment to any person under any other plan, arrangement or understanding, whether now existing or hereafter in effect.

5. Administration. The Plan shall be administered by a Committee, which shall be appointed by the Board, consisting of not less than two members of the Board. Subject to paragraph (d) below, the Committee shall be the Compensation and Personnel Committee unless the Board shall appoint another Committee to administer the Plan. The Committee shall have general authority to impose any limitation or condition upon an Award the Committee deems appropriate to achieve the objectives of the Award and the Plan and, in addition, and without limitation and in addition to powers set forth elsewhere in the Plan, shall have the following specific authority:

- (a) The Committee shall have the power and complete discretion to determine (i) which Executive Employees shall receive an Award and the nature of the Award, (ii) the amount of each Award, (iii) the time or times when an Award shall be granted, (iv) the terms and conditions applicable to Awards, and (v) any additional requirements relating to Awards that the Committee deems appropriate.
- (b) The Committee may adopt rules and regulations for carrying out the Plan. The interpretation and construction of any provision of the Plan by the Committee shall be final and conclusive. The Committee may consult with counsel, who may be counsel to the Company, and shall not incur any liability for any action taken in good faith in reliance upon the advice of counsel.
- (c) A majority of the members of the Committee shall constitute a quorum, and all actions of the Committee shall be taken by a majority of the members present. Any action may be taken by a written instrument signed by all of the members, and any action so taken shall be fully effective as if it had been taken at a meeting.
- (d) All members of the Committee must be outside directors as described in Code Section 162(m).
- (e) The Board from time to time may appoint members previously appointed and may fill vacancies, however caused, in the Committee.
- (f) As to any Code Section 162(m) Awards, it is the intent of the Company that this Plan and any Code Section 162(m) Awards hereunder satisfy, and be interpreted in a manner that satisfy, the applicable requirements of Code Section 162(m). If any provision of this Plan or if any Code Section 162(m) Award would otherwise conflict with the intent expressed in this Section 5(f), that provision to the extent possible shall be interpreted so as to avoid such conflict. To the extent of any remaining irreconcilable conflict with such intent, such provision shall be deemed void as applicable to Covered Employees. Nothing herein shall be interpreted to preclude a Participant who is or may be a Covered Employee from receiving an Award that is not a Code Section 162(m) Award.
- (g) The Committee's determinations under the Plan need not be uniform and may be made by it selectively among persons who receive, or are eligible to receive, Awards under the Plan, whether or not such persons are similarly situated. Without limiting the generality of the foregoing, the Committee will be entitled, among other things, to make non-uniform and selective determinations and to establish non-uniform and selective Performance Criteria, Performance Goals, the weightings thereof, and Target Bonuses.

6. Change of Control. In the event of a Change of Control of the Company, in addition to any action required or authorized by the terms of an Award Schedule, the Committee may, in its sole discretion, take any of the following actions as a result, or in anticipation, of any such event to assure fair and equitable treatment of Participants: (a) accelerate time periods for purposes of vesting in, or receiving any payment with regard to, any outstanding Award, or (b) make adjustments or modifications to outstanding Awards as the Committee deems appropriate to maintain and protect the rights and interests of Participants following such Change of Control. Any such action approved by the Committee shall be conclusive and binding on the Company and all Participants.

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7. *Nontransferability of Awards.* An Award shall not be assignable or transferable by the Participant except by will or by the laws of descent and distribution.

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**APPENDIX A CARMAX, INC. ANNUAL PERFORMANCE-BASED
BONUS PLAN (AS AMENDED AND RESTATED
JUNE 26, 2007) CONTINUED**

8. **Termination, Modification, Change.** The Board may terminate the Plan or may amend the Plan in such respects as it shall deem advisable; provided that, if and to the extent required by the Code, no change shall be made that changes the Performance Criteria, or materially increases the maximum potential benefits for Participants under the Plan, unless such change is authorized by the shareholders of the Company. Notwithstanding the foregoing, the Board may unilaterally amend the Plan and Awards as it deems appropriate to cause Awards to meet the requirements of Code Section 162(m), and regulations thereunder. Except as provided in the preceding sentence, a termination or amendment of the Plan shall not, without the consent of the Participant, adversely affect a Participant's rights under an Award previously granted to him.

9. **Unfunded Plan.** The Plan shall be unfunded. No provision of the Plan or any Award Schedule will require the Company or its Subsidiaries, for the purpose of satisfying any obligations under the Plan, to purchase assets or place any assets in a trust or other entity to which contributions are made or otherwise to segregate any assets, nor will the Company or its Subsidiaries maintain separate bank accounts, books, records or other evidence of the existence of a segregated or separately maintained or administered fund for such purposes. Participants will have no rights under the Plan other than as unsecured general creditors of the Company and its Subsidiaries, except that insofar as they may have become entitled to payment of additional compensation by performance of services, they will have the same rights as other employees under generally applicable law.

10. **Liability of Company.** Any liability of the Company or a Subsidiary to any Participant with respect to an Award shall be based solely upon contractual obligations created by the Plan and the Award Schedule. Neither the Company nor a Subsidiary, nor any member of the Board or of the Committee, nor any other person participating in any determination of any question under the Plan, or in the interpretation, administration or application of the Plan, shall have any liability to any party for any action taken or not taken in good faith under the Plan. Status as an eligible Executive Employee shall not be construed as a commitment that any Award will be made under this Plan to such eligible Executive Employee or to eligible Executive Employees generally. Nothing contained in this Plan or in any Award Schedule (or in any other documents related to this Plan or to any Award or Award Schedule) shall confer upon any Executive Employee or Participant any right to continue in the employ or other service of the Company or a Subsidiary or constitute any contract or limit in any way the right of the Company or a Subsidiary to change such person's compensation or other benefits.

11. **Interpretation.** If any term or provision contained herein will to any extent be invalid or unenforceable, such term or provision will be reformed so that it is valid, and such invalidity or unenforceability will not affect any other provision or part hereof. The Plan, the Award Schedules and all actions taken hereunder or thereunder shall be governed by, and construed in accordance with, the laws of the Commonwealth of Virginia without regard to the conflict of law principles thereof.

12. **Effective Date of the Plan.** This amended and restated Plan shall be effective only upon the approval by the shareholders of the Company and shall be effective for the Company's fiscal year ending February 29, 2008 and each of the next four succeeding fiscal years of the Company unless sooner terminated by the Board in accordance with Section 8. For the fifth succeeding fiscal year, the Plan shall remain in effect in accordance with its terms unless amended or terminated by the Board, and the Committee shall make the determinations required by Section 4 for such year, but the Plan shall be submitted for re-approval by the shareholders of the Company at the annual meeting of shareholders held during such fifth year and payment of all Awards under the Plan for such fiscal year and any future periods shall be contingent upon such approval. Notwithstanding the foregoing, the Plan may be submitted for re-approval by the shareholders at an earlier date.

CARMAX, INC.

By:

Keith D. Browning
Executive Vice President and
Chief Financial Officer

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Fiscal Year 2007 Form 10-K

You may request, without charge, a copy of CarMax's Annual Report filed with the SEC for fiscal year 2007 on Form 10-K, excluding exhibits, by:

1. *writing to*
Investor Relations

CarMax, Inc.

12800 Tuckahoe Creek Parkway

Richmond, Virginia 23238

2. *sending us an email at*
investor_relations@carmax.com

3. *calling us at*
(804) 747-0422, extension 4489

OR

4. Viewing our Form 10-K on our website at www.carmax.com.

VOTE YOUR PROXY

By Internet

By Telephone

By Mail

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CARMAX, INC.

12800 Tuckahoe Creek Parkway

Richmond, Virginia 23238

(804) 747-0422

www.carmax.com

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CarMax, Inc.

PROXY

CarMax, Inc.

Annual Meeting of Shareholders June 26, 2007 Proxy Solicited on Behalf of the Board of Directors

The shareholder named on the reverse side, having received the accompanying Proxy Statement of CarMax, Inc., hereby appoints Keith D. Browning and Kim D. Orcutt (the "Named Proxies"), or either of them, as proxies for the undersigned, each with full power of substitution, to vote in accordance with the instructions set forth in this proxy all shares of CarMax, Inc. common stock that the named shareholder is entitled to vote at the CarMax, Inc. Annual Meeting of Shareholders to be held on June 26, 2007, at 8:30 a.m. Eastern Daylight Time in Richmond, Virginia, and any postponements and adjournments that may take place. The Named Proxies are authorized in their discretion to vote upon such other business as may properly come before the meeting or any postponements or adjournments thereof. IF YOU SIGN AND RETURN YOUR PROXY CARD, BUT DO NOT PROVIDE SPECIFIC VOTING INSTRUCTIONS, THE NAMED PROXIES WILL VOTE YOUR SHARES IN ACCORDANCE WITH THE RECOMMENDATIONS OF THE BOARD OF DIRECTORS WITH RESPECT TO ITEMS 1, 2, AND 3.

If you are a participant in the CarMax, Inc. Employee Stock Purchase Plan (the plan), this proxy will serve as voting instructions to Computershare Shareholder Services, Inc. (Computershare), the plan service provider, for the shares held on your behalf. Computershare will vote shares held in the plan in accordance with any instructions received. IF YOU SIGN AND RETURN YOUR PROXY CARD, BUT DO NOT PROVIDE SPECIFIC VOTING INSTRUCTIONS, COMPUTERSHARE MAY VOTE YOUR SHARES IN ACCORDANCE WITH THE RECOMMENDATIONS OF THE BOARD OF DIRECTORS WITH RESPECT TO ITEMS 1, 2, AND 3.

IMPORTANT This proxy should be completed, signed, and dated on the reverse side.

See reverse for voting instructions.

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ANNUAL MEETING OF SHAREHOLDERS

Tuesday, June 26, 2007

8:30 a.m. Eastern Daylight Time

The Richmond Marriott West Hotel, 4240 Dominion Boulevard, Glen Allen, Virginia 23060

There are three ways to vote your proxy.

COMPANY #

Your telephone or Internet vote authorizes the Named Proxies or Computershare, as applicable, to vote your shares in the same manner as if you marked, signed, and returned your proxy card.

VOTE BY PHONE TOLL FREE 1-800-560-1965 QUICK *** EASY *** IMMEDIATE

Use any touch-tone telephone to vote your proxy 24 hours a day, 7 days a week, until 12:00 noon (CT) on June 25, 2007.

Please have your proxy card and the last four digits of your Social Security Number or Tax Identification Number available. Follow the simple instructions that the voice prompt provides.

VOTE BY INTERNET <http://www.eproxy.com/kmx/> QUICK *** EASY *** IMMEDIATE

Use the Internet to vote your proxy 24 hours a day, 7 days a week, until 12:00 noon (CT) on June 25, 2007.

Please have your proxy card and the last four digits of your Social Security Number or Tax Identification Number available. Follow the simple instructions to obtain your records and create an electronic ballot.

VOTE BY MAIL

Mark, sign, and date your proxy card and return it in the postage-paid envelope we have provided or return it to CarMax, Inc., c/o Shareowner Services SM, P.O. Box 64873, St. Paul, MN 55164-0873.

If you vote by Phone or Internet, please do not mail your Proxy Card.

Please detach here

The Board of Directors Recommends a Vote FOR All Nominees.

1. Election of directors for terms stated in Proxy Statement:

01 Thomas J. Folliard 02 Edgar H. Grubb 03 Keith D. Browning

04 James F. Clingman, Jr. 05 Hugh G. Robinson 06 Thomas G. Stemberg

Vote FOR all nominees (except as indicated below)

Vote WITHHELD from all nominees

Instructions: To withhold authority to vote for any indicated nominee, write the number(s) beside the name(s) of the nominee(s) in the box provided to the right.

The Board of Directors Recommends a Vote FOR the Ratification and FOR the Bonus Plan.

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2. Ratification of the selection of KPMG LLP as Independent Registered Public Accounting Firm.

3. Approval of the CarMax, Inc. Annual Performance-Based Bonus Plan, as amended and restated.

4. In their discretion, the Named Proxies are authorized to vote upon any other business that may properly come before the meeting or any postponements or adjournments thereof.

For Against Abstain

For Against Abstain

THIS PROXY WHEN PROPERLY EXECUTED WILL BE VOTED AS DIRECTED OR, IF NO DIRECTION IS GIVEN, MAY BE VOTED FOR ALL NOMINEES, FOR THE RATIFICATION, AND FOR THE BONUS PLAN.

Address Change? Mark Box Indicate changes below:

Date: 2007

Signature(s) in Box

NOTE: Please sign exactly as your name(s) appears on this proxy card. Joint owners should each sign. When signing as attorney, executor, administrator, trustee, or guardian, please give full title as such. If a corporation, please sign in full corporate name by president or other authorized officer. If a partnership, please sign in partnership name by authorized person.