BEACON ROOFING SUPPLY INC
Form DEF 14A
January 06, 2016

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

SCHEDULE 14A
Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant x
Filed by a Party other than the Registrant o
Check the appropriate box:

o Preliminary Proxy Statement
o **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
x Definitive Proxy Statement
o Definitive Additional Materials
o Soliciting Material Pursuant to §240.14a-12

Beacon Roofing Supply, Inc.

(Name of Registrant as Specified In Its Charter)

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

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

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Beacon Roofing Supply, Inc.

505 Huntmar Park Drive, Suite 300
Herndon, Virginia 20170

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS TO BE HELD ON FEBRUARY 9, 2016

To the shareholders of Beacon Roofing Supply, Inc.:

The 2016 Annual Meeting of Shareholders of Beacon Roofing Supply, Inc. (the Company) will be held at the The Mandarin Oriental, Atlanta, 3376 Peachtree Road, NE, Atlanta, Georgia 30326 on Tuesday, February 9, 2016, at 8:00 a.m. local time, for the purpose of considering and voting on the following matters:

(1) Election of ten members to our Board of Directors to hold office until the 2017 annual meeting of shareholders or until their successors are duly elected and qualified (Proposal No. 1);

(2) To ratify the selection of Ernst & Young LLP as the Company s independent registered public accounting firm for the fiscal year ending September 30, 2016 (Proposal No. 2);

(3) To approve the compensation for our named executive officers as presented in the Compensation Discussion and Analysis, the compensation tables, and the related disclosures contained in the accompanying proxy statement on a non-binding, advisory basis (Proposal No. 3);

(4) To approve the Company s Amended and Restated 2014 Stock Plan (Proposal No. 4); and

(5) The transaction of such other business as may properly come before the annual meeting and any adjournment(s) or postponement(s) thereof.

Although our Board of Directors intends to carefully consider the shareholder vote resulting from Proposal No. 3, that final vote will not be binding on us and is advisory in nature. All holders of record of shares of Beacon Roofing Supply, Inc. stock (NASDAQ: BECN) at the close of business on December 21, 2015 are entitled to receive notice of the meeting and to vote at the meeting. Your attention is directed to the accompanying proxy statement for further information with respect to the matters to be acted upon at the meeting.

Whether or not you expect to be present, please sign, date and return the enclosed proxy card in the enclosed pre-addressed envelope as promptly as possible. No postage is required if mailed in the United States.

By Order of the Board of Directors

/s/ Ross D. Cooper

Ross D. Cooper
Secretary
Herndon, Virginia
January 6, 2016

This is an important meeting and all shareholders are invited to attend the meeting in person. Those shareholders who are unable to attend are respectfully urged to execute and return the enclosed proxy card as promptly as possible in the enclosed return envelope. No postage is required if mailed in the United States. Shareholders who execute a proxy card may nevertheless attend the meeting, revoke their proxy and vote their shares in person.

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Stockholders to be Held on February 9, 2016: This proxy statement and 2015 Annual Report to Stockholders are available at *www.edocumentview.com/BECN*.

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Beacon Roofing Supply, Inc.

505 Huntmar Park Drive, Suite 300
Herndon, Virginia 20170

PROXY STATEMENT

DATE, TIME AND PLACE OF ANNUAL MEETING

This proxy statement is furnished in connection with the solicitation by the Board of Directors of Beacon Roofing Supply, Inc. of proxies from the holders of our common stock, par value $.01 per share, for use at our 2016 annual meeting of shareholders to be held at the Mandarin Oriental, Atlanta, 3376 Peachtree Road NE, Atlanta, Georgia 30326 on Tuesday, February 9, 2016, at 8:00 a.m. local time or at any adjournment(s) or postponement(s) of the annual meeting.

This proxy statement and the enclosed form of proxy are being mailed on or about January 6, 2016 to shareholders of record as of December 21, 2015. Shareholders should review the information provided in this proxy statement in conjunction with our 2015 annual report to shareholders which accompanies this proxy statement. In this proxy statement, we refer to Beacon Roofing Supply, Inc. as we, our and the Company. The proxy statement and annual report to shareholders are also available to be viewed and downloaded at *www.edocumentview.com/BECN*.

Our principal executive offices are located at 505 Huntmar Park Drive, Suite 300, Herndon, Virginia 20170.

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ABOUT THE MEETING

What is the date, time and place of the annual meeting?

Beacon Roofing Supply Inc. s 2016 Annual Shareholders Meeting will be held on Tuesday, February 9, 2016, beginning at 8:00 a.m., local time, at the Mandarin Oriental, Atlanta, 3376 Peachtree Road NE, Atlanta, Georgia 30326.

What is the purpose of the annual meeting?

At the annual meeting, shareholders will act upon the matters outlined in the notice of meeting on the cover page of this proxy statement, consisting of 1) election of directors; 2) ratification of the selection of Ernst & Young LLP as the Company s independent registered public accounting firm for the fiscal year ending September 30, 2016; 3) approval of the compensation of our named executive officers on a non-binding, advisory basis; 4) approval of the Company s Amended and Restated 2014 Stock Plan; and 5) any other matters that properly come before the meeting.

Who is entitled to vote at the meeting?

Only our shareholders of record at the close of business on December 21, 2015, the record date for the meeting, are entitled to receive notice of and to participate in the annual meeting. If you were a shareholder of record on that date, you will be entitled to vote all of the shares you held on that date at the meeting, or any postponement(s) or adjournment(s) of the meeting. As of the record date, there were 59,164,828 shares of common stock outstanding, all of which are entitled to be voted at the annual meeting.

A list of shareholders will be available at our headquarters at 505 Huntmar Park Drive, Suite 300, Herndon, Virginia 20170 for a period of ten days prior to the annual meeting and at the annual meeting itself for examination by any shareholder.

What are the voting rights of the holders of our common stock?

Holders of common stock are entitled to one vote per share on each matter that is submitted to shareholders for approval.

Who can attend the meeting?

All shareholders as of the record date, or their duly appointed proxies, may attend the meeting, and each may be accompanied by one guest. Please also note that if you hold your shares in street name (that is, through a broker or other nominee), you will need to bring a copy of a brokerage statement reflecting your stock ownership as of the record date.

What constitutes a quorum?

The presence at the meeting, in person or by proxy, of the holders of common stock representing a majority of the combined voting power of the outstanding shares of stock on the record date will constitute a quorum, permitting the meeting to conduct its business. As of the record date, there were 59,164,828 shares of common stock outstanding, all

of which are entitled to be voted at the annual meeting.

What vote is required to approve each item?

For purposes of electing directors at the annual meeting, the nominees receiving the support of stockholders representing the greatest numbers of shares of common stock present at the meeting, in person or by proxy and entitled to vote, shall be elected as directors. The affirmative vote of a majority of the shares of common stock present at the meeting in person or by proxy and entitled to vote is required for the: ratification of the selection of Ernst & Young LLP; approval of the compensation of our named executive officers; approval of the Amended and Restated 2014 Stock Plan; and approval of any other matter that may be submitted to a vote of our shareholders. Although our Board of Directors intends to carefully consider the shareholder vote on the compensation of our named executive officers, that final vote will not be binding on us and is advisory in nature.

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The inspector of election for the annual meeting shall determine the number of shares of common stock represented at the meeting, the existence of a quorum and the validity and effect of proxies, and shall count and tabulate ballots and votes and determine the results thereof. Proxies received but marked as abstentions and broker non-votes will be included in the calculation of the number of shares considered to be present at the meeting for purposes of determining a quorum. A broker non-vote will occur when a nominee holding shares for a beneficial owner does not vote on a particular proposal because the nominee does not have discretionary power with respect to that proposal and has not received instructions from the beneficial owner. Broker non-votes will not be counted as votes cast for or votes withheld for the election of directors. On other matters submitted for a vote, broker non-votes will not be considered in tallying votes cast, and abstentions will be treated as a vote against. If less than a majority of the combined voting power of the outstanding shares of common stock is represented at the annual meeting, a majority of the shares so represented may adjourn the annual meeting from time to time without further notice.

What are the Board s recommendations?

As more fully discussed under Summary of Matters to be Voted On, our Board of Directors recommends a vote FOR the election of the respective nominees for director named in this proxy statement; FOR the ratification of the selection of Ernst & Young LLP; FOR approval of the executive compensation; and FOR the approval of the Amended and Restated 2014 Stock Plan.

Unless contrary instructions are indicated on the enclosed proxy, all shares represented by valid proxies received pursuant to this solicitation (and which have not been revoked in accordance with the procedures set forth below) will be voted (1) FOR the election of the respective nominees for director named in this proxy statement; (2) FOR the ratification of the selection of Ernst & Young LLP; (3) FOR the approval of the compensation of our named executive officers; (4) FOR the approval of the Amended and Restated 2014 Stock Plan; and (5) in accordance with the recommendation of our Board of Directors, FOR or AGAINST all other matters as may properly come before the annual meeting. In the event a shareholder specifies a different choice by means of the enclosed proxy, such shares will be voted in accordance with the specification made.

How do I vote?

If you are a *holder of record* (that is, if your shares are registered in your own name with our transfer agent), you may vote using the enclosed proxy card. Voting instructions are provided on the proxy card contained in the proxy materials.

If you are a *street name holder* (that is, if you hold your shares through a bank, broker or other holder of record), you must vote in accordance with the voting instruction form provided by your bank, broker or other holder of record. The availability of telephone or internet voting will depend upon your bank s, broker s, or other holder of record s voting process.

If you come to the Annual Meeting, you can, of course, vote in person. If you are a street name holder and wish to vote at the meeting, you must first obtain a proxy from your bank, broker or other holder of record authorizing you to vote.

Can I change my vote after I return my proxy card?

Yes. The giving of a proxy does not eliminate the right to vote in person should any shareholder giving the proxy so desire. Shareholders have an unconditional right to revoke their proxy at any time prior to the exercise of that proxy,

by voting in person at the annual meeting, by filing a written revocation or duly executed proxy bearing a later date with our Secretary at our headquarters.

Who pays for costs relating to the proxy materials and annual meeting of shareholders?

The costs of preparing, assembling and mailing this proxy statement, the Notice of Annual Meeting of Shareholders and the enclosed Annual Report and proxy card, along with the cost of posting the proxy materials on a website, are to be borne by us. In addition to the use of mail, our directors, officers and employees may solicit proxies personally and by telephone, facsimile and other electronic means. They will receive no compensation in addition to their regular salaries. We may request banks, brokers and other custodians, nominees and fiduciaries to forward copies of the proxy material to their principals and to request authority for the execution of proxies. We may reimburse these persons for their expenses in so doing.

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STOCK OWNERSHIP

Who are the largest owners of our stock? How much stock do our directors and executive officers own?

The following table shows information regarding the beneficial ownership of our common stock for the following:

Each shareholder known by us to beneficially own more than 5% of our common stock;
Each of our directors;
Each executive officer named in the Summary Compensation Table in Executive Compensation; and
All directors and executive officers as a group.
All information is as of the record date, except as noted otherwise.

	Common Stock Beneficially Owned		
Name and Address of Beneficial Owners[1]	Shares	**Percent**	
Shareholders owning more than 5% of our common stock:			
CD&R Roadhouse Holdings, L.P.[2] c/o Maples Corporate Services Limited P.O. Box 309, Ugland House South Church Street George Town, Grand Cayman, KY1-1104 Cayman Islands	8,536,500	14.43	%
Riverbridge Partners LLC[3] 80 South Eighth Street, Suite 1200 Minneapolis, MN 55402	3,804,617	6.43	%
BlackRock, Inc.[4] 40 East 52nd street New York, NY 10022	3,280,097	5.54	%
Directors and executive officers:			
Robert R. Buck[5]	59,027		*
Paul M. Isabella[6]	311,756		*
Joseph M. Nowicki[7]	10,814		*
Ross D. Cooper[8]	16,686		*
Richard W. Frost			*
James J. Gaffney[9]	46,550		*
Alan Gershenhorn			*
Peter M. Gotsch	50,000		*
Philip W. Knisely			*
Neil S. Novich			*
Stuart A Randle[10]	25,220		*
Wilson B. Sexton[11]	166,611		*
Nathan K. Sleeper[12]			*
Douglas Young			*
All directors and executive officers as a group (14 persons)	686,664	1.15	%

* Less than 1%

(1) Except as noted, information concerning beneficial ownership of shares is as of December 21, 2015, the record date. Includes the number of shares that such person has the right to acquire beneficial ownership as of that date and which such person has the right to acquire beneficial ownership of within 60 days thereafter. Restricted stock units held by executive officers and directors, except as otherwise noted, are

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not included because no such person has the right to acquire beneficial ownership of the underlying shares as of the record date or within 60 days thereafter. The restricted stock units granted to management will either vest upon achievement of the associated performance target or required passage of time and the restricted stock units granted to independent directors and currently outstanding vest on the anniversary of the date of grant, but will not settle until on or after the date of the director s termination of service on the Board.

(2) Based on share information for CD&R Roadhouse Holdings, L.P. as of October 1, 2015, reported on Schedule 13G filed by them on October 9, 2015. CD&R Roadhouse Holdings, L.P. directly owns 8,536,500 shares of common stock. CD&R Associates VIII, Ltd. is the general partner of CD&R Roadhouse Holdings, L.P. CD&R Associates VIII, L.P. is the sole stockholder of CD&R Associates VIII, Ltd., and CD&R Investment Associates VIII, Ltd. is the general partner of CD&R Associates VIII, L.P. Each of CD&R Associates VIII, Ltd., CD&R Associates VIII, L.P. and CD&R Investment Associates VIII, Ltd. expressly disclaims beneficial ownership of the shares held by CD&R Roadhouse Holdings, L.P. CD&R Investment Associates VIII, Ltd. is managed by a two-person board of directors, consisting of Donald J. Gogel and Kevin J. Conway. Messrs. Gogel and Conway, as the directors of CD&R Investment Associates VIII, Ltd., may be deemed to share beneficial ownership of the shares shown as beneficially owned by CD&R Roadhouse Holdings, L.P. Such persons expressly disclaim such beneficial ownership. All investment and voting decisions with respect to shares held by CD&R Roadhouse Holdings, L.P. are made by an investment committee of limited partners of CD&R Associates VIII, L.P. (the Investment Committee). The CD&R investment professionals who have effective voting control of the Investment Committee are Michael G. Babiarz, Vindi Banga, James G. Berges, John C. Compton, Kevin J. Conway, Thomas C. Franco, Kenneth A. Giuriceo, Donald J. Gogel, Marco Herbst, George K. Jaquette, John Krenicki, Jr., David A. Novak, Paul S. Pressler, Christian Rochat, Richard J. Schnall, Nathan K. Sleeper, Sonja Terraneo and David H. Wasserman. All members of the Investment Committee disclaim beneficial ownership of the shares shown as beneficially owned by CD&R Roadhouse Holdings, L.P.

(3) Based on the share information for Riverbridge Partners LLC as of December 31, 2014, reported on Schedule 13G filed by them on January 29, 2015. Riverbridge Partners LLC reported sole voting power with respect to 3,087,038 shares, sole dispositive power with respect to 3,804,617 shares and shared voting and dispositive power with respect to none of the shares.

(4) Based on the share information for BlackRock, Inc., as of December 31, 2014, reported on Schedule 13G filed by them on January 29, 2015. BlackRock Inc. reported sole voting power with respect to 3,163,318 shares, sole dispositive power with respect to 3,280,097 shares and shared voting and dispositive power with respect to none of the shares.

(5) Includes 9,926 shares issuable upon the exercise of options.

(6) Includes 201,342 shares issuable upon the exercise of options.

(7) Consists of 10,814 shares issuable upon the exercise of options.

(8) Includes 12,980 shares issuable upon the exercise of options.

(9) Includes 36,470 shares issuable upon the exercise of options, 4,269 shares over which Mr. Gaffney shares investment and voting control, but of which Mr. Gaffney disclaims beneficial ownership, and 5,811 shares which will issue upon settlement of restricted stock units upon Mr. Gaffney s retirement on February 9, 2016.

(10) Consists of 25,220 shares issuable upon the exercise of options.

(11) Includes 58,970 shares issuable upon the exercise of options. Those options and an additional 101,830 shares are held by the Wilson Sexton Revocable Trust, over which Mr. Sexton has sole investment and voting control. Also includes 5,811 shares which will issue upon settlement of restricted stock units upon Mr. Sexton s retirement on February 9, 2016.

(12) Does not include 8,536,500 shares of common stock held by CD&R Roadhouse Holdings, L.P. By virtue of the relationship described in footnote (2), Mr. Sleeper may be deemed share beneficial ownership of the shares held by CD&R Roadhouse Holdings, L.P. Mr. Sleeper disclaims such beneficial ownership.

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Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934 requires our officers, directors and persons who own more than ten percent of a registered class of our equity securities to file reports of ownership and changes in ownership on Forms 3, 4 and 5, as applicable, with the Securities and Exchange Commission (SEC). Officers, directors and shareholders owning more than ten percent of our common stock are required by the SEC regulations to furnish us with copies of all Forms 3, 4 and 5 they file.

Based solely on our review of the copies of these forms received or representations from certain reporting persons that no forms were required to be filed, we believe that all of our officers, directors, and greater than ten percent beneficial owners complied with all filing requirements applicable to them with respect to transactions during the fiscal year ended September 30, 2015.

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SUMMARY OF BUSINESS MATTERS TO BE VOTED ON

Proposal 1.

ELECTION OF DIRECTORS

Our Amended and Restated Certificate of Incorporation and Bylaws provide that our Board of Directors shall consist of not less than three members to serve one-year terms of office. The authorized number of directors for this election is set at ten members. Upon election at the annual meeting, our directors will serve terms expiring at the 2017 annual meeting of shareholders or until their successors have been duly elected and qualified. The following individuals are our nominees:

Robert R. Buck
Paul M. Isabella
Richard W. Frost
Alan Gershenhorn
Peter M. Gotsch
Philip W. Knisely
Neil S. Novich
Stuart A. Randle
Nathan K. Sleeper
Douglas L. Young

Each nominee has consented to serve as a director; however, in the event that a nominee for a directorship is unable to accept election or if any other unforeseen contingencies should arise, it is intended that proxies will be voted for the remaining nominees, if any, and for such other person as may be designated by the Board of Directors, unless it is directed by a proxy to do otherwise.

Our Company has grown rapidly through internal growth and acquisitions to become the largest publicly traded wholesale distributor of roofing supplies in North America, operating in 45 U.S. states and in six Canadian provinces. Accordingly, our nominees have experience in a variety of areas important to our Company, such as managing and overseeing the management of large public and private companies, corporate governance and executive compensation, strategic planning, mergers and acquisitions, financing growing businesses, international operations, information technology and marketing, and experience in our industry. Our Nominating and Corporate Governance Committee and Board believe that these nominees together provide us with the range and depth of experience and capabilities needed to effectively oversee the management of our Company. In addition, we believe our directors complement each other well and together comprise a cohesive body in terms of Board process and collaboration.

Information about Our Nominees

The following information sets forth, as of December 21, 2015, certain information about our nominees (age is in parentheses after each name), all of whom are being nominated for re-election to our Board. Unless otherwise

indicated, each person has been engaged in the principal occupation shown for the past five years. There are no family relationships between any of our directors or executive officers. The Board has determined that each of the following directors is independent under Nasdaq listing standards: Richard W. Frost, Alan Gershenhorn, Peter M. Gotsch, Neil S. Novich, Stuart A. Randle, and Douglas L. Young. Independent members of our Board shall meet in executive session at least two times a year.

Robert R. Buck (68) Chairman. Mr. Buck joined us as President and Chief Executive Officer and was first elected a director in October 2003. He was appointed Chairman of the Board in March 2007 and remained Chief Executive Officer until January 1, 2011. Prior to joining us, he served as President Uniform Rental Division of Cintas Corporation from 1997 to 2003. From 1991 through 1997, he served as Senior Vice President Midwest Region of Cintas. From 1982 through 1991, he served as Senior Vice President Finance and Chief Financial Officer of Cintas. Mr. Buck presently serves as Chairman of Multi-Color Corporation and as a director of Quanex Building Products Corporation. Mr. Buck has a bachelor s degree from the University of Cincinnati.

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Mr. Buck has overseen the growth of the Company from a private company with 65 branches and approximately $600 million in annual sales to a public company with 274 branches as of September 30, 2015 and $2.5 billion in sales in fiscal year 2015. His continued leadership as Chairman of the Board will be a major advantage to the Company and the Board as we continue to grow and make planned acquisitions.

Paul M. Isabella (60) President and Chief Executive Officer. Mr. Isabella joined us in November 2007 as President and Chief Operating Officer and was promoted to Chief Executive Officer effective January 1, 2011. He was first elected a director in February 2011. Prior to joining us, he served as Executive Vice President of Cooper Industries, Inc., a manufacturer of electrical and other products, from 2005 to 2007 and Senior Vice President of The Stanley Works, a manufacturer of tools and hardware and a provider of security products, from 1999 to 2005. He began his career with General Electric Company in 1977 and worked in various GE businesses for 22 years. Mr. Isabella has a bachelor s degree from State University of New York at Cortland.

Mr. Isabella led the Company to record sales in fiscal 2015, fiscal 2014 and fiscal 2013, led our operational and cost-reduction improvement initiatives during very challenging economic and industry conditions, and has formed an effective organizational structure to facilitate future growth. We believe it is important that the CEO be an integral part of our Board s decision-making process.

Richard W. Frost (64) Mr. Frost has served as a director since July 2012. He retired as Chief Executive Officer and a director of Louisiana-Pacific Corporation, a manufacturer of building materials, in May 2012, having served in those capacities since December 2004. Mr. Frost previously served as that company s Executive Vice President, Commodity Products, Procurement and Engineering from March 2003 to November 2004; Executive Vice President, OSB, Procurement and Engineering from May 2002 to February 2003; and Vice President, Timberlands and Procurement from 1996 to April 2002. He currently serves on the Board of Tractor Supply Company, the largest operator of retail farm and ranch stores in the United States with over 1,300 stores in 48 states. He also serves as a director of privately-held The Westervelt Company. Mr. Frost holds dual bachelor s degrees from Louisiana State University and an M.B.A., Finance from Northwestern State University of Louisiana.

Mr. Frost s executive and director experience, including deep operational experience in the building products industry and success in growth situations and with acquisitions, will be very helpful to the Board and management as the Company looks to expand its available products and pursue aggressive acquisition growth.

Alan Gershenhorn (57) Mr. Gershenhorn has served as a director since May 2015. He currently serves as Executive Vice President and Chief Commercial Officer of United Parcel Service, Inc., the world s largest package delivery company. Mr. Gershenhorn directs strategy, marketing, sales, product and solution development, customer experience management, public affairs, mergers and acquisitions, and key growth strategies across UPS. Since 2007, Mr. Gershenhorn has been a member of the UPS Management Committee which directs the strategy and the day-to-day operations of UPS globally. He joined UPS in 1979 and has held other various US and international positions of increasing responsibility in operations, engineering, freight forwarding, logistics, customs brokerage, marketing, strategy, and retail operations including President UPS Supply Chain Solutions Global Transportation and Shared Services; President Supply Chain Solutions Europe, Asia, Middle East and Africa; and President UPS Canada. He holds a degree in finance from the University of Houston.

Mr. Gershenhorn s extensive operational and functional experience, particularly in e-commerce, marketing and strategy, will be extremely valuable for the Company s planned growth and development of new and more efficient ways to serve its customers.

Peter M. Gotsch (51) Mr. Gotsch has served as a director since 1997 and Lead Independent Director since 2011. He has been a Managing Director of Svoboda Capital Partners, a private equity firm, since 2011 and was the Managing Partner of Ellipse Capital, a private equity firm, from 2008-2011. Previously, Mr. Gotsch was a Partner with Code Hennessy & Simmons LLC and employed by its affiliates from 1989 to 2008. Mr. Gotsch previously served as a director of Houston Wire & Cable Company and Hillman Companies, Inc. Mr. Gotsch holds a bachelor s degree from St. Olaf College and an M.B.A. from Northwestern University.

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As a result of these and other experiences, as well as his over 15 years as a member of our Board, Mr. Gotsch has a depth of experience in a variety of distribution businesses and expertise in the building supply business. Mr. Gotsch is also recognized as a Certified Professional Director in the United States by the National Association of Corporate Directors.

Philip W. Knisely (61) Mr. Knisely has served as a director since October 2015. He has been an operating advisor to Clayton, Dubilier & Rice, LLC (CD&R), a private equity firm, since 2011. He has also serves as the Chairman of the Board of Atkore International Group Inc., a leading designer, manufacturer and distributor or electrical and metal products. From 2000 to 2010, Mr. Knisely served as Executive Vice President and Corporate Officer of Danaher Corporation, where he was responsible for businesses totaling more than $4 billion in sales. Prior to joining Danaher, Mr. Knisely co-founded Colfax Corporation, a designer, manufacturer, and distributer of fluid handling products, serving as President and Chief Executive Officer. Previously, Mr. Knisely was President and Chief Executive Officer of AMF Industries, a privately held diversified manufacturer, and spent ten years at Emerson Electric. Mr. Knisely was Chairman of the Board of Directors of Roofing Supply Group, LLC prior to its acquisition by the Company, and was a Director of Diversey Holdings Inc. and Diversey Inc. from 2010 to 2011. He serves on the board of trustees of the Darden School Foundation at the University of Virginia, where he received his M.B.A. Mr. Knisely was also a GM Fellowship Scholar at General Motors Institute, where he earned a B.S. in industrial engineering.

Mr. Knisely s tenure as Chairman of RSG gives him in-depth knowledge of the building products industry. Mr. Knisely has extensive experience in business strategy, operations and growth through acquisitions, which will be helpful to the Board and management as the Company looks to expand its available products and pursue acquisition growth. Mr. Knisely is a director nominee designated by CD&R pursuant to the terms of the investment agreement described under Certain Relationships and Related Transactions Investment Agreement.

Neil S. Novich (61) Mr. Novich has served as a director since July 2012. He is the former Chairman, President and Chief Executive Officer of Ryerson, Inc., a global metals distributor and fabricator. He joined Ryerson in 1994 as Chief Operating Officer, was named President and CEO in 1995, and was additionally appointed Chairman in 1999. He remained Chairman and CEO until 2007, when the company was sold. Prior to his time at Ryerson, he spent 13 years with Bain & Company, an international management consulting firm, where he was a partner. Mr. Novich serves on the boards of Hillenbrand, Inc., Analog Devices, Inc., and W.W. Grainger, Inc. Mr. Novich has a bachelor s degree in physics from Harvard University and master s degrees in both nuclear engineering and management from the Massachusetts Institute of Technology.

Mr. Novich understands the critical success factors for executive management of a public corporation. He has excellent financial knowledge and extensive board and managerial experience, including many years as a chairman.

Stuart A. Randle (56) Mr. Randle has served as a director since February 2006. From 2004 through 2014, Mr. Randle served as President, CEO and Director of GI Dynamics, a healthcare company publicly-traded on the Australian Stock Exchange. He currently serves as a director of Teleflex Incorporated and is a member of its Compensation Committee. He also currently serves as lead independent director of FlexPharma, Inc. and is chair of its Compensation Committee and a member of its Audit Committee. Previously, Mr. Randle was an Entrepreneur-in-Residence for Advanced Technology Ventures, a healthcare and IT venture capital firm. From 1998 to 2001, he was President, CEO and a director of Act Medical, Inc. Mr. Randle holds a bachelor s degree in mechanical engineering from Cornell University and an M.B.A. from the Kellogg Graduate School of Management, Northwestern University.

Mr. Randle s executive and director experience, including success in growth situations and with acquisitions, is a valuable asset for the Board and management as the Company moves forward with its planned continued growth.

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Nathan K. Sleeper (43) Mr. Sleeper has served as a director since October 2015. Mr. Sleeper is a partner of CD&R. He leads CD&R s investment activity in the industrial sector and serves on its Investment and Management Committees. Mr. Sleeper is currently a director of Atkore International Group, Inc., Brand Energy & Infrastructure, Inc., CHC Group Ltd., Hussmann International, Inc., NCI Building Systems, Inc. and Wilsonart International Holdings, LLC. He previously served on the boards of Culligan International, HD Supply Holdings, Inc., Hertz Global Holdings, Inc. and US Foods, Inc. Prior to joining CD&R in 2000, Mr. Sleeper worked for Goldman Sachs & Co. and Tiger Management. Mr. Sleeper holds a bachelor s degree from Williams College and an M.B.A. from Harvard Business School.

Mr. Sleeper s broad experience in the financial and investment communities brings to our Board important insights into business strategy. Mr. Sleeper is a director nominee designated by CD&R pursuant to the terms of the investment agreement described under Certain Relationships and Related Transactions Investment Agreement.

Douglas L. Young (53) Mr. Young became a director in October 2014. Mr. Young has served as Executive Vice President, President and Chief Operating Officer of Lennox International Inc. s Residential Heating and Cooling segment since October 2006. Prior to his appointment, he served as Vice President and General Manager of North American Residential Products since 2003 and as Vice President and General Manager of Lennox North American Residential Sales, Marketing, and Distribution from 1999 2003. Prior to his employment with Lennox, Mr. Young was employed in the Appliances division of GE, where he held various management positions before serving as General Manager of Marketing for GE Appliance division s retail group from 1997 1999 and as General Manager of Strategic Initiatives in 1999. Mr. Young holds a bachelor s degree from Creighton University and a master s degree in management from Purdue University.

Mr. Young s executive experience is a valuable resource to the Board on issues involving sales, marketing, finance, product development, distribution and compensation.

The Board of Directors recommends that you vote FOR the election of the nominees.

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Proposal 2.

RATIFICATION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Audit Committee appointed Ernst & Young LLP as the Company s independent registered public accounting firm for the fiscal year ending September 30, 2016 (fiscal 2016).

The Board and the Audit Committee consider Ernst & Young LLP well qualified to serve as the Company s independent registered public accounting firm and recommend ratification of such selection by the stockholders.

Although action by stockholders for this matter is not required, the Board and the Audit Committee believe that it is appropriate to seek stockholder ratification of the selection in order to provide stockholders a means of communicating the stockholders level of satisfaction with the performance of the independent registered public accounting firm and its level of independence from management. If the proposal is not approved and the selection of Ernst & Young LLP is not ratified by the stockholders, the Audit Committee will take this into consideration and will reconsider the appointment.

The Board of Directors recommends that you vote FOR the ratification of the retention of Ernst & Young LLP as our independent registered public accounting firm for our 2016 fiscal year.

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Proposal 3.

ADVISORY VOTE ON EXECUTIVE COMPENSATION

The Company is presenting the following proposal, which gives you as a shareholder an advisory vote on the compensation of our named executive officers by voting for or against the following resolution:

RESOLVED, that the shareholders approve the compensation of the Company s named executive officers, as disclosed in the Compensation Discussion and Analysis, the compensation tables, and the related disclosure contained in the accompanying proxy statement.

This resolution is required pursuant to Section 14A of the Securities Exchange Act. Although our Board of Directors intends to carefully consider the shareholder vote resulting from the proposal, the final vote will not be binding on us and is advisory in nature. The current frequency of the advisory vote on executive compensation is annually, and the next such vote will occur at our 2017 annual meeting of shareholders.

Our Company has grown rapidly through internal growth and acquisitions to become the largest publicly traded wholesale distributor of roofing supplies in North America, operating in 45 U.S. states and in six Canadian provinces. We believe our past accomplishments, including consistent profitability and growth, support the effectiveness of our executive pay program, which is intended to attract, motivate and retain experienced and skilled executives. We also believe the program provides the named executive officers listed in our summary compensation table with compensation that is competitive within our industry, internally equitable and commensurate with their talents and responsibilities. The primary objective of the program is to closely align total executive compensation with the attainment of our annual and long-term performance goals. The compensation of our executive officers consists of base salary, cash bonuses, long-term incentive compensation in the form of Company stock options and stock awards, and certain perquisites such as an auto allowance and fuel reimbursement. Cash bonuses are linked to quantitative and qualitative performance objectives. Most of the target cash bonuses for which our executives are eligible are linked directly to Company quantitative performance in accordance with the terms of the cash incentive program.

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

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Proposal 4.

APPROVAL OF THE BEACON ROOFING SUPPLY, INC. AMENDED AND RESTATED 2014 STOCK PLAN

On December 28, 2015, our Board of Directors approved the Beacon Roofing Supply, Inc. Amended and Restated 2014 Stock Plan (the Plan), subject to the approval of our stockholders. The Plan, which was initially approved by our stockholders and became effective on February 12, 2014, provides for discretionary grants of stock options, stock awards, stock unit awards and stock appreciation rights (SARs) to key employees and non-employee directors. It is the only Plan of the Company pursuant to which stock-based awards are currently being granted. The Plan will be effective upon the approval of our stockholders at our annual meeting on February 9, 2016 and any adjournment or postponement thereof.

The only material amendment being made to the Plan is to increase the number of shares of the Company s common stock authorized for issuance under the Plan. Because this requires shareholder approval, the Company is seeking approval of the Plan at this stockholders meeting. If stockholder approval is not obtained, the terms of the Plan in effect immediately prior to December 28, 2015 will continue to apply. In such case, any awards made under the terms of the Plan on or after December 28, 2015 will be subject to the prior terms.

The Plan is intended to align the interests of our key employees with the interests of our stockholders, recognize the contributions made by these employees and provide them with additional incentives to devote themselves to our future success, and improve our ability to attract and retain employees. We also want to provide additional incentives to members of the Board of Directors to serve and dedicate themselves to our future success.

Reasons Why Stockholders Should Approve the Plan

The Company views its use of stock-based awards as an essential part of the Company s compensation program and as an important element in achieving the program s goals. These awards help align pay with performance and allow the Company to better link the financial interests of employees and non-employee directors with stockholders. The Company also believes that equity compensation motivates employees and non-employee directors to create stockholder value because the value they realize from equity compensation is based in large part on the Company s common stock price performance.

The Plan contains certain restrictions that the Company believes further the objectives of the Plan and reflect sound corporate governance principles:

Dividends on performance-based stock awards and dividend equivalents on performance-based stock unit awards are paid only to the extent the awards vest.
Stock options and SARs may not be granted with an exercise price less than the fair market value of the underlying common stock on the date of grant, and the term is limited to ten years from the date of grant.
Repricing of stock options or SARs (including the cash buyout of underwater stock options and SARs) without stockholder approval is prohibited.
The current award agreements provide that, if upon a change in control of the Company outstanding awards are assumed and converted into new awards of the acquiring company, accelerated vesting only occurs if within one year

following the change in control the employee is subsequently terminated without cause or, in the case of an officer of the Company, there is a termination for specified Good Reason .

Understanding that equity compensation awards dilute stockholder equity, the Company believes that it has prudently managed awards under the Plan and expects share usage under the Plan to be consistent with past practice. The Company believes that the number of shares available for grant under the Plan will reflect overhang levels consistent with overhang levels at peer group companies. Total overhang under the Plan as of December 4, 2015 (calculated as all outstanding awards plus remaining shares available for grant, divided by total shares outstanding plus all outstanding awards and remaining shares available for grant) was 9.09%. Our

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overhang as of December 4, 2015, on a pro forma basis (assuming that the 5,000,000 share reserve under the Plan was authorized as of December 4, 2015), would have been 13.23%. In addition, the Company s three-year average annual burn rate for the three fiscal years ended September 30, 2015 (calculated in accordance with Institutional Shareholder Services methodology), was 2.01%, which was less than the 3.10% burn rate cap for companies in our GICS code. The Company expects the burn rate over the life of the Plan to be consistent with our current burn rate.

The following table sets forth the number of stock options and time-based restricted units granted by the Company in the fiscal years ended September 30, 2015, 2014 and 2013. In addition, the table provides the number of shares of common stock issued following the vesting of earned performance-based restricted shares or units and the weighted average number of shares of common stock outstanding in the year indicated.

Fiscal Year	Number of Options Granted	Number of Time-Based Restricted Units Granted	Number of Shares of Common Stock Issued Following Vesting of Earned Performance-Based Restricted Shares or Units	Weighted Average Number of Shares of Common Stock Outstanding
2015	483,479	141,499	67,953	49,578,130
2014	421,918	182,998	95,383	49,227,466
2013	691,086	14,274	42,074	48,472,240

Description of the Plan

The following is a summary of the Plan. It is qualified in it is entirety by reference to the full text of the Plan, which is attached as Exhibit A to this proxy statement. Stockholders are encouraged to review the Plan carefully.

Plan Administration. The Plan is administered by the compensation committee of the Board of Directors (the Committee), which is comprised of directors who satisfy the non-employee director definition under Rule 16b-3 of the Securities Exchange Act of 1934 and the outside director definition under section 162(m) of the Internal Revenue Code. The Committee has full authority to select the individuals who will receive awards under the Plan, determine the form and amount of each of the awards to be granted, and establish the terms and conditions of awards. The Committee may delegate to an officer of the Company its authority to grant awards to employees who are not subject to Section 16 of the Securities Exchange Act of 1934 or who are not covered employees as defined in Section 162(m) of the Code.

Number of Shares of Common Stock. The number of shares of our common stock that may be issued with respect to awards granted under the Plan on or after February 9, 2016 is 5,000,000. (The 5,000,000 shares is inclusive of, and not incremental to, the 2,000,385 shares of common stock remaining available for future grants under the 2014 Stock Plan as of December 4, 2015.) Stock options and SARs granted under the Plan after December 4, 2015 will reduce the number of available shares by one share for every share subject to the stock option or SAR, and stock awards and stock unit awards granted under the Plan after December 4, 2015 will reduce the number of available shares by 2.25 shares for every one share delivered. Awards that are settled in cash will not reduce the number of shares available for issuance.

Shares issuable under the Plan may be authorized but unissued shares or treasury shares. If any award granted under the Plan or the Beacon Roofing Supply, Inc. Amended and Restated 2004 Plan (the 2004 Plan) expires, terminates or

is forfeited or cancelled for any reason after December 4, 2015, the shares subject to the award will again be available for issuance, to be added back in the same multiple as described in the preceding paragraph. Any shares subject to an award granted under the Plan or the 2004 Plan that after December 4, 2015 are delivered or withheld as payment for the withholding taxes due in connection with the award or as payment for the exercise price of a stock option or SAR will again be available for issuance, to be added back in the same multiple as described in the preceding paragraph. Any shares subject to an SAR that may be settled in shares that are not issued on settlement of the SAR will again be available for issuance.

The number of shares issuable under the Plan is subject to adjustment in the event of any reorganization, recapitalization, stock split, stock distribution or special or extraordinary dividend, merger, consolidation, split-up, spin-off, combination, subdivision or any similar corporate transaction. In each case, the Committee will make adjustments it deems necessary to preserve the intended benefits under the Plan. No award under

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the Plan may be transferred, except by will, the laws of descent and distribution, pursuant to a qualified domestic relations order, or as permitted by the Committee with respect to a nonqualified stock option.

Of the shares available for issuance: (i) the maximum number issuable as stock options or SARs to any employee in any fiscal year is 500,000 (or 1,000,000 in the fiscal year in which the employee s employment starts); (ii) the maximum number issuable as stock awards or stock unit awards intended to qualify as performance-based compensation under Code Section 162(m) granted to any employee in any fiscal year is 500,000 (or 1,000,000 in the fiscal year in which the employee s employment starts); (iii) the maximum number issuable as incentive stock options is 5,000,000; and (iv) the aggregate grant date fair value of awards granted to non-employee directors during any fiscal year, when taken together with annual cash compensation, shall not exceed $400,000 (or $600,000 in the first year as a director or in any year for a non-employee chairman of the board).

Term of Plan. The Committee can grant awards under the Plan for 10 years following the date of the stockholders approval of the Plan.

Awards to Employees. The Plan provides for discretionary awards of stock options, stock, stock units and SARs to selected employees and non-employee directors. As of December 4, 2015, all directors and approximately 350 current employees who currently hold awards were eligible to participate in the Plan. Each award made under the Plan will be evidenced by a written award agreement specifying the terms and conditions of the award as determined by the Committee.

Performance Goals. The Committee can provide that any award granted under the Plan shall be subject to the attainment of performance goals, including those that qualify the award as performance-based compensation as defined in Section 162(m) of the Code. Performance goals may be based on one or more business criteria, including, but not limited to: (i) return on equity; (ii) earnings, earnings per share or earnings per share growth; (iii) net income plus interest expense and other financing costs (net of interest income), income taxes, depreciation and amortization, adjustments to contingent consideration, and stock based compensation; (iv) common stock price; (v) total stockholder return; (vi) return on assets; (vii) asset or inventory turnover; (viii) return on investment; (ix) cash flow (including operating cash flow, free cash flow, cash flow return on equity and cash flow return on investment); (x) net or pre-tax income; (xi) profit margin; (xii) market share; (xiii) expense management; or (xiv) net sales or revenues, or net sales or revenue growth. Performance goals may be absolute in their terms or measured against or in relationship to the performance of other companies or indices selected by the Committee. In addition, performance goals may be adjusted for certain events or occurrences (including acquisition expenses, extraordinary, unusual or infrequently occurring charges, losses from discontinued operations, restatements and accounting charges, restructuring expenses, asset write-downs, administrative costs associated with debt and equity refinancing, litigation or claim judgments or settlements, effect of changes in tax laws and foreign exchange gains and losses), as may be determined by the Committee. Performance goals may be particular to one or more lines of business or subsidiaries or may be based on our performance as a whole.

With respect to each performance period established by the Committee, the Committee shall establish such performance goals relating to one or more of the business criteria identified above, and shall establish targets for participants for achievement of performance goals. The performance goals and performance targets established by the Committee may be identical for all participants for a given performance period or, at the discretion of the Committee, may differ among participants. Following the completion of each performance period, the Committee shall determine the extent to which performance goals for that performance period have been achieved and the related performance-based restrictions shall lapse in accordance with the terms of the applicable award agreement.

Stock Options. The Committee may grant non-qualified or incentive stock options to selected employees and non-qualified stock options to non-employee directors. The Committee may set the terms and conditions applicable to the options, including the type of option and the number of shares subject to the option, provided that (i) the exercise price of each option will not be less than the closing sales price of the common stock on the date of grant (fair market value), (ii) each option will expire no more than 10 years from the date of the grant, and (iii) a participant will have no dividend or other distribution rights with respect to any stock option prior to the date it is settled in shares of common stock. It is intended that stock options

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qualify as performance-based compensation under Section 162(m) of the Internal Revenue Code and thus be fully deductible by the Company for federal income tax purposes, to the extent permitted by law.

In addition, an incentive stock option is subject to the following rules: (i) the aggregate fair market value (determined at the time the option is granted) of the shares of common stock with respect to which incentive stock options are exercisable for the first time by an employee during any calendar year (under all of our stock option plans) cannot exceed $100,000 and if this limitation is exceeded, the portion of the incentive stock option that does not exceed this dollar limit will be an incentive stock option and the remainder will be a non-qualified stock option; (ii) if an incentive stock option is granted to an employee who owns stock possessing more than 10% of the total combined voting power of all classes of our stock, the exercise price will be 110% of the closing price of our stock on the date of grant and the incentive stock option will expire no later than five years from the date of grant; and (iii) no incentive stock option may be granted 10 years from the date the Plan as amended and restated was adopted. Reload options are not permitted under the Plan.

Stock Awards. The Committee may grant shares of common stock to employees and non-employee directors, either for no consideration or for such appropriate consideration, as the Committee determines. The Committee has the discretion to determine the number of shares awarded and the restrictions, terms and conditions of the award. The Committee shall have the discretion to accelerate the date as of which the restrictions lapse under certain circumstances. Subject to the restrictions, the recipient of an award will be a stockholder with respect to the shares awarded to him or her and will have the rights of a stockholder with respect to the shares, including the right to vote the shares and receive dividends, if any, on the shares, although dividends otherwise payable on any performance-based stock award will be held by the Company and paid only to the extend the restrictions lapse, and the Committee in its discretion can accumulate and hold such dividends on any other stock award until the restrictions lapse. Any such dividends attributable to the portion of a stock award for which the restrictions do not lapse will be forfeited.

Stock Units. The Committee may grant stock units to employees and non-employee directors. Each stock unit entitles the participant to receive, on the date or upon the occurrence of an event (including the attainment of performance goals) as described in the stock unit agreement, one share of common stock or cash equal to the fair market value of a share of common stock on the date of such event. The Committee has the discretion to determine the number of units awarded and the restrictions, terms and conditions of the award. The Committee shall have the discretion to accelerate the date as of which the restrictions lapse under certain circumstances. Unless otherwise specified in an award agreement, a participant will have no rights of a stockholder, including voting or dividend or other distribution rights, with respect to any stock units prior to the date they are settled in shares of common stock. The award agreement may provide that until the restrictions lapse, the participant will be paid an amount equal to the dividends that would have been paid had the stock units been actual shares, although such dividend equivalents otherwise payable on any performance-based stock units will be held by the Company and paid only to the extent the restrictions lapse, and the Committee in its discretion can accumulate and hold such dividend equivalents until the restrictions lapse.

SARs. The Committee may grant SARs to key employees and non-employee directors. Each SAR entitles the participant to receive the difference between the fair market value of the common stock on the date of exercise of the SAR and the exercise price thereof, multiplied by the number of shares with respect to which the SAR is being exercised. Upon exercise, the SAR will be paid in cash or in shares of common stock (based upon the fair market value on the date of exercise) or a combination thereof, as set forth in the award agreement. The Committee has the discretion to set the terms and conditions applicable to SARs, provided that (i) the exercise price of each SAR will not be less than the fair market value of the shares on the date the SAR is granted, (ii) each SAR will expire no more than ten years from the date of grant, and (iii) a participant will have no dividend or other distribution rights with respect to any SARs prior to the date they are settled in shares of common stock. It is intended that SARs qualify as

performance-based compensation under Section 162(m) of the Internal Revenue Code and thus be fully deductible by the Company for federal income tax purposes, to the extent permitted by law.

Payment of Stock Options and Withholding Taxes. The Committee may permit a participant to pay the exercise price of a stock option or SAR or the minimum amount of any required withholding tax (or such

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other amount of tax that will not cause adverse accounting consequences and is permitted under the applicable IRS withholding rules) on any award by directing the Committee to withhold shares otherwise issuable in connection with the award or by one or more of the following methods: cash; cash received from a broker dealer to whom the employee has submitted an exercise notice and irrevocable instructions to deliver to the Committee the sales proceeds from the sale of the shares subject to the award to pay the exercise price or withholding tax; delivery of previously acquired shares of stock that are acceptable to the Committee and that have an aggregate fair market value on the date of exercise equal to the exercise price or withholding tax; or certification of ownership by attestation of these previously acquired shares.

Provisions Relating to a Change in Control. The Plan gives the Committee the discretion to determine how Plan awards are treated upon a change in control. The current award agreements provide that, if upon a change in control of the Company outstanding awards are assumed and converted into new awards of the acquiring company, accelerated vesting only occurs if within one year following the change in control the employee is subsequently terminated without cause or, in the case of an officer of the Company, he terminates for good reason.

Amendment of Award Agreements; Amendment and Termination of Plan. The Committee may amend any award agreement at any time, provided that no such amendment may adversely affect the right of any participant under any agreement in any material way without the written consent of the participant, unless such amendment is required by applicable law, regulation or stock exchange rule.

The Board of Directors may terminate, suspend or amend the Plan, in whole or in part, from time to time, without the approval of the stockholders, unless such approval is required by applicable law, regulation or stock exchange rule, and provided that no amendment may adversely affect the right of any participant under any outstanding award in any material way without the written consent of the participant, unless such amendment is required by applicable law, regulation or stock exchange rule.

Notwithstanding the foregoing, except in connection with an equitable adjustment or a Change in Control, no amendment to the Plan or any award agreement can result in the repricing of stock options or SARs without the prior approval of our stockholders. A repricing includes a reduction in exercise price, or cancellation in exchange for cash, awards with a reduced exercise price, other awards or any other consideration provided by the Company.

Summary of Federal Income Tax Implications of Participation in the Plan

The following is a summary of the federal income tax consequences of the Plan. It is based on the federal tax laws and regulations currently in effect and existing administrative rulings of the Internal Revenue Service. Participants may also be subject to state and local taxes in connection with the grant of awards under the Plan. Participants should consult with their individual tax advisers to determine the tax consequences associated with awards granted under the Plan. This information may not be applicable to employees of foreign subsidiaries or to employees who are not residents of the United States.

Non-Qualified Stock Options. A participant will not recognize any income at the time the participant is granted a non-qualified stock option. On the date the participant exercises the non-qualified stock option, the participant will recognize ordinary income in an amount equal to the excess of the fair market value of the shares on the date of exercise over the exercise price. The participant will be responsible for remitting to us the withholding tax obligation that arises at the time the option is exercised. We generally will receive a tax deduction for the same amount of ordinary income recognized by the participant. When the participant sells these shares, any gain or loss recognized by

the participant is treated as either short-term or long-term capital gain or loss depending on whether the participant has held the shares more than one year.

Incentive Stock Options. A participant will not recognize any income at the time the participant is granted an incentive stock option. If the participant is issued shares pursuant to the exercise of an incentive stock option, and if the participant does not make a disqualifying disposition of the shares within one year after the date of exercise or within two years after the date of grant, the participant will not recognize any income, for federal income tax purposes, at the time of the exercise. When the participant sells the shares issued pursuant to the incentive stock option, the participant will be taxed, for federal income tax purposes, as a long-term capital gain on any amount recognized by the participant in excess of the exercise price, and any

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loss sustained by the participant will be a long-term capital loss. No deduction will be allowed to us for federal income tax purposes. If, however, the participant sells the shares before the expiration of the holding periods, the participant will recognize ordinary income on the difference between the exercise price and the fair market value at exercise, and we generally will receive a tax deduction in the same amount. Upon exercise of an incentive stock option, the excess of the fair market value over the exercise price is an item of tax preference to the participant for purposes of determining the alternative minimum tax.

In order to qualify as an incentive stock option, the option must be exercised within three months after the participant s termination of employment for any reason other than death or disability and within one year after termination of the participant s employment due to disability. If the option is not exercised within this time period, it will be treated as a non-qualified stock option and taxed accordingly.

Stock Awards/Stock Units. If a participant receives a stock award, the participant will recognize ordinary income upon becoming entitled to transfer the shares at the end of the restriction period without forfeiture. A participant generally will recognize ordinary income when he receives cash or shares pursuant to the settlement of stock units, provided that if the shares are subject to any further restrictions on transfer, the participant will recognize ordinary income upon becoming entitled to transfer the shares at the end of the restriction period without forfeiture. The amount of income the participant recognizes will be equal to the fair market value of the shares on such date, or the amount of cash received less the amount paid by the participant for the shares. This amount will also be the participant s tax basis for the shares. The participant will be responsible for remitting to us the withholding tax obligation that arises at the time the ordinary income is recognized. In addition, the holding period begins on the day the restrictions lapse, or the date the shares are received if not subject to any restrictions, for purposes of determining whether the participant has long-term or short-term capital gain or loss on a subsequent sale of the shares. We generally will be entitled to a deduction with respect to the ordinary income recognized by the participant.

If a participant who receives a stock award subject to restrictions makes an election under Section 83(b) of the Code within 30 days after the date of the grant, the participant will have ordinary income equal to the fair market value on the date of grant, less the amount paid by the participant for the shares, and the participant will recognize no additional income until the participant subsequently sells the shares. The participant will be responsible for remitting to us the withholding tax obligation that arises at the time the ordinary income is recognized. When the participant sells the shares, the tax basis will be equal to the fair market value on the date of grant and the holding period for capital gains purposes begins on the date of the grant. If the participant forfeits the shares subject to the Section 83(b) election, the participant will not be entitled to any deduction, refund, or loss for tax purposes (other than a capital loss with respect to the amount previously paid by the participant), and we will have to include the amount that was previously deducted from our gross income in the taxable year of the forfeiture.

SARs. A participant will not recognize any income at the time of the grant of an SAR. Upon exercise of the SAR, the participant will recognize ordinary income equal to the amount received upon exercise. The participant will be responsible for remitting to the Company the withholding tax obligation that arises at the time the ordinary income is recognized. The Company generally will be entitled to a deduction with respect to the ordinary income recognized by the participant.

Awards Granted Under the Plan

It is not possible at this time to determine the specific awards that will be made in 2016 and future years under the Plan. On December 21, 2015, the last reported sales price for the common stock was $40.70 per share.

As of December 23, 2015, stock options totaling 1,887,894 shares, with exercise prices ranging from $13.04 to $38.99, and 840,786 stock units and shares of stock have been granted under the Plan since it was initially approved by stockholders in 2014. These awards are as follows:

Robert R. Buck: 14,524 options and 17,579 stock units
Chairman
Paul M. Isabella: 75,564 options and 91,450 stock units
President and Chief Executive Officer

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Joseph M. Nowicki: 24,143 options and 46,924 stock units
Executive Vice President and Chief Financial Officer
Ross D. Cooper: 13,683 options and 18,788 stock units
Executive Vice President, General Counsel and Secretary
All current executive officers as a group: 127,914 options and 174,741 stock units
All current directors who are not executive officers as a group: 0 options and 43,847 stock units
Each other nominee for election as a director: 0
Each associate of any such directors, executive officers or nominees: 0
Each other person who received or is to receive 5% of such awards: 0

Securities Authorized for Issuance Under Equity Compensation Plans

The following table provides information as of September 30, 2015 with respect to each equity plan or arrangement pursuant to which warrants or options to purchase our common shares have been granted.

Equity Compensation Plan Information[1][2]

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 column (a))
	(a)	(b)	(c)
Equity compensation plans approved by security holders	3,030,906	$ 24.55	3,537,929
Equity compensation plans not approved by security holders	0		0
Totals	3,030,906	$ 24.55	3,537,929

(1) See Notes 2 and 10 to the Consolidated Financial Statements in the Company s latest Form 10-K for additional information regarding our stock-based compensation plans.

(2) In addition to options, the amounts shown in column (a) reflect time based and performance based restricted stock units. The weighted average price shown in column does not take restricted stock units into account. Furthermore, as of December 4, 2015, the Company had 3,370,017 options outstanding with a weighted average exercise price of $24.06 and a weighted average remaining term of 7.16 years, and 633,793 restricted stock units outstanding and granted under equity compensation plans. As of December 4, 2015, there were 2,000,385 shares of common stock remaining available for future grants under the 2014 Stock Plan.

The Board of Directors recommends that you vote FOR the approval of the Beacon Roofing Supply, Inc. Amended and Restated 2014 Stock Plan.

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BOARD OF DIRECTORS MEETINGS, COMMITTEES OF THE BOARD AND RELATED MATTERS

How often did the Board meet during fiscal 2015?

During fiscal 2015, our Board of Directors held twelve meetings. No incumbent director attended fewer than 75 percent of the aggregate of (i) the number of meetings of the Board of Directors held during the period he or she served on the Board and (ii) the number of meetings of committees of the Board of Directors held during the period he or she served on these committees. All of our Board members attended the 2015 annual meeting of shareholders in person, except for Mr. Young who participated by telephone. It is generally our policy for all directors to attend the annual meeting of shareholders.

What is the Board s leadership structure?

Robert Buck serves as the Chairman of the Board and remains a member of executive management. Furthermore, our current CEO, Paul Isabella, was elected to the Board in February 2011. The Board believes that this leadership model is appropriate for the following reasons:

these roles enable decisive leadership, ensure clear accountability and foster alignment between the Board and management on corporate strategy;

our Board has adopted strong and effective corporate governance policies and procedures to promote the effective and independent governance of the Company (See Corporate Governance and Employee Code of Business Ethics and Conduct);

our independent directors meet in regularly scheduled executive sessions without management present; and

in determining the appropriate leadership structure, the Board considered a number of factors, including the candor and dynamics of discussion among the directors and between directors and management and the effectiveness of Mr. Buck s leadership of the Board to date.

Because our Chairman of the Board is not considered an independent director, our Board has elected a Lead Independent Director. Mr. Gotsch currently serves as the Board s Lead Independent Director, and the responsibilities of this position include the following:

preside at meetings of the Board s independent directors;

assign certain tasks to the Board s committees from time to time;

recommend agenda items and times for Board meetings; and

perform such other functions as the Board may direct.

Our business and affairs are managed under the direction of our Board, which is the Company s ultimate decision-making body, except with respect to those matters reserved to our shareholders. Our Board s key mission is to maximize long-term shareholder value. Our Board establishes our overall corporate policies, selects and evaluates our executive management team (which is charged with the conduct of our business), and acts as an advisor and counselor to executive management. Our Board also oversees our business strategy and planning, as well as the performance of management in executing its business strategy and assessing and managing risks.

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What is the Board s role in risk oversight?

The Board takes an active role in monitoring and assessing the Company s risks, which include risks associated with operations, credit, financing and capital investments. Management is responsible for the Company s day-to-day risk management activities and our Board s role is to engage in informed risk oversight. Management, through its internal audit function, compiles an annual ranking of risks to which the Company could be subjected and reviews the results of this risk assessment with the Audit Committee. Any significant risks are then reviewed by the Board and assigned for oversight. In fulfilling this oversight role, our Board focuses on understanding the nature of our enterprise risks, including our operations and strategic direction, as well as the adequacy of our risk management process and overall risk management system. There are a number of ways our Board performs this function, including the following:

at its regularly scheduled meetings, the Board receives management updates on our business operations, financial results and strategy and discusses risks related to the business;

the Audit Committee assists the Board in its oversight of risk management by discussing with management, particularly, the Chairman, Chief Executive Officer and Chief Financial Officer, our guidelines and policies regarding financial and enterprise risk management and risk appetite, including major risk exposures, and the steps management has taken to monitor and control such exposures; and

through management updates and committee reports, the Board monitors our risk management activities, including the annual risk assessment process, risks relating to our compensation programs, and financial and operational risks being managed by the Company.

The Compensation Committee also has oversight responsibility for risks and exposures related to employee compensation programs and management succession planning, and assesses whether the organization s compensation practices encourage risk taking that would have a material adverse effect on the Company. The committee periodically reviews the structure and elements of our compensation programs and its policies and practices that manage or mitigate such risk, including the balance of short-term and long-term incentives, use of multiple performance measures, and a multi-year vesting schedule for long-term incentives. Based on these reviews, the committee believes our compensation programs do not encourage excessive risk taking.

What committees has the Board established?

The Board of Directors has established three committees: (1) the Audit Committee, (2) the Compensation Committee and (3) the Nominating and Corporate Governance Committee.

Audit Committee

The Audit Committee held six meetings in fiscal 2015. The Audit Committee assists the Board in monitoring:

management s process for ensuring the integrity of our financial statements;

the independent registered public accounting firm s qualifications and independence;

the performance of our internal audit function and independent registered public accounting firm; and

management s process for ensuring our compliance with legal and regulatory requirements.

As a key part of its responsibilities above, the Audit Committee selects the independent registered public accounting firm, approves the scope of the annual audit activities of the independent registered public accounting firm, approves the audit fee payable to the independent registered public accounting firm and reviews audit results with the independent registered public accounting firm. The Audit Committee currently is composed of Neil Novich, Peter Gotsch, Wilson Sexton (who is retiring at the 2016 annual meeting of shareholders) and Douglas Young, each of whom meets the independence criteria prescribed by applicable law and the rules of the SEC for Audit Committee

membership and is independent under Nasdaq listing standards. The Board has also determined that Mr. Novich is an audit committee financial expert as such term is

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defined in Regulation S-K promulgated by the SEC. Each of Messrs. Novich, Gotsch, Sexton and Young meet Nasdaq s financial knowledge requirements. Mr. Novich is Chairman of the Audit Committee. Ernst & Young LLP currently serves as our independent registered public accounting firm.

The Audit Committee operates under a formal charter that governs its duties and conduct. The Audit Committee charter complies with applicable Nasdaq and SEC rules and regulations. A copy of the charter is available on our web site at *www.becn.com*. In addition, the charter is available in print to any shareholder who requests it in writing to our Chief Financial Officer at Beacon Roofing Supply, Inc., 505 Huntmar Park Drive, Suite 300, Herndon, Virginia 20170.

Ernst & Young LLP, our independent registered public accounting firm, reports directly to the Audit Committee.

Please refer to the Audit Committee Report, which is set forth in this proxy statement, for a further description of our Audit Committee s responsibilities and its recommendation with respect to our audited consolidated financial statements for fiscal 2015.

Compensation Committee

The Compensation Committee held seven meetings in fiscal 2015. The Compensation Committee of the Board of Directors reviews and makes recommendations to the Board regarding cash compensation and non-equity benefits of executive officers and key employees of the Company. The Compensation Committee also administers and makes awards under the Company s stock plan. One of the key duties of the Compensation Committee is to provide a general review of our compensation and benefit plans to ensure that they meet our objectives. In addition, the Compensation Committee reviews the compensation of the Chairman and the Chief Executive Officer as well as the Chief Executive Officer s recommendations on compensation of our executive officers and makes recommendations for adopting and changing major compensation policies and practices. The Compensation Committee reports its recommendations for cash and non-equity compensation to the full Board of Directors for approval and authorization. The Compensation Committee is composed of directors who are independent under Nasdaq listing standards (as adopted under SEC rules) and non-employee directors (as defined in Rule 16b-3 under the Securities Exchange Act) and who do not have interlocking or other relationships with us that would detract from their independence as committee members. At all times, at least two members of the committee shall be outside directors (as defined in Section 162(m) of the Internal Revenue Code). The current members of the Compensation Committee are Stuart Randle, James Gaffney, Wilson Sexton and Richard Frost. Mr. Gaffney and Mr. Sexton are retiring at the 2016 annual meeting of shareholders.

The Compensation Committee operates under a formal charter that governs its duties and conduct. The Compensation Committee complies with applicable Nasdaq and SEC rules and regulations. A copy of the charter is available on our web site at *www.becn.com*. In addition, the charter is available in print to any shareholder who requests it in writing to our Chief Financial Officer at Beacon Roofing Supply, Inc., 505 Huntmar Park Drive, Suite 300, Herndon, Virginia 20170.

Please refer to the Compensation Discussion and Analysis and the Compensation Committee Report in this proxy statement for a further description of our Compensation Committee s responsibilities, as well as its compensation philosophy and a description of considerations underlying each component of compensation paid to Beacon s executive officers for fiscal 2015.

Nominating and Corporate Governance Committee

The Nominating and Corporate Governance Committee held three meetings in fiscal 2015. The Nominating and Corporate Governance Committee is responsible for identifying and recommending potential candidates qualified to become Board members, recommending directors for appointment to Board committees, establishing and maintaining compliance with corporate governance guidelines, and reporting to the Board of Directors on the Board s self-evaluation questionnaire. The Nominating and Corporate Governance Committee is currently composed of James Gaffney, Stuart Randle, Peter Gotsch and Richard Frost, each of whom is independent under Nasdaq listing standards. Mr. Gaffney is retiring at the 2016 annual meeting of shareholders.

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When identifying, evaluating and considering potential candidates for membership on our Board, including those who might be recommended or nominated by shareholders, the Nominating and Corporate Governance Committee considers among other factors, relevant business and financial experience, integrity and willingness to devote the necessary time and energy. Although the Company s corporate governance guidelines do not prescribe specific diversity standards, as a matter of practice, the Board considers diversity in the context of the Board as a whole and takes into account considerations relating to ethnicity, gender, cultural diversity and the range of perspectives that the directors bring to their work. Our Board seeks independent directors with a broad diversity of experience, professions, skills, geographic representation and backgrounds that will enhance the quality of the Board s deliberations and decisions.

The Nominating and Corporate Governance Committee will consider nominees for our Board of Directors recommended by shareholders, using the same criteria as for other candidates. Recommendations should be submitted in writing to Ross D. Cooper, our corporate secretary, at 505 Huntmar Park Drive, Suite 300, Herndon, VA 20170. The recommendation should include the name and address of the shareholder making the recommendation and evidence of his or her ownership of our common stock, including the number of shares and period of ownership, the name and address of the director candidate, and his or her resume or listing of qualifications, and the candidate s signed consent to serve as a director if elected and to be named in the Proxy Statement. To be considered, the recommendation must be received by the secretary not less than 90 calendar days and not more than 120 calendar days before the one-year anniversary date of our most recent annual meeting of shareholders. The Nominating and Corporate Governance Committee may consider advice and recommendations from others, including search firms as it deems appropriate.

Further information related to the Nominating and Corporate Governance Committee is included in the Nominating and Corporate Governance Committee charter, available on our website at *www.becn.com*. In addition, corporate governance guidelines adopted by the committee can be found following the charter on our website. In addition, the charter and guidelines are available in print to any shareholder who requests them in writing to our Chief Financial Officer at Beacon Roofing Supply, Inc., 505 Huntmar Park Drive, Suite 300, Herndon, Virginia 20170.

How may the Board be contacted?

Shareholders or other interested parties wishing to communicate confidentially with our Board of Directors can call 866-574-1199 in the United States and leave a message for the Chair of the Audit Committee, the Board of Directors or an individual director. In the alternative, shareholders and other interested parties may communicate with the Board of Directors or an individual director in writing by mailing such communication to Beacon Roofing Supply, Inc., 505 Huntmar Park Drive, Suite 300, Herndon, Virginia 20170, Attn: Chief Financial Officer. Each communication intended for members of the Board of Directors and received by the Chief Financial Officer will be reviewed by the Chief Financial Officer. Communications related to the operation of the Company which are not sales solicitations or of a similar commercial nature will be forwarded to the specified party or parties.

How are directors compensated?

Please see Compensation of Directors in the Information on Executive Compensation section of this proxy statement.

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AUDIT COMMITTEE MATTERS

Audit Committee s Pre-Approval and Procedures

The Audit Committee is responsible for the appointment, compensation, retention and oversight of the work of Ernst & Young LLP, our independent registered public accounting firm. The independent registered public accounting firm reports directly to the Audit Committee. As part of its responsibility, the Audit Committee established a policy requiring the pre-approval of all audit and permissible non-audit services performed by the registered public accounting firm. In pre-approving services, the Audit Committee considers whether such services are consistent with the SEC s rules on auditor independence.

Prior to the engagement of the registered public accounting firm for an upcoming audit/non-audit service period, defined as a twelve-month timeframe, Ernst & Young LLP submits a detailed list of services expected to be rendered during that period as well as an estimate of the associated fees for each of the following four categories of services to the Audit Committee for approval.

Audit Services consist of services rendered by an external auditor for the audit of our annual consolidated financial statements (including tax services performed to fulfill the auditor s responsibility under generally accepted auditing standards) and internal controls and reviews of financial statements included in Form 10-Qs, and includes services that generally only an external auditor can reasonably provide, such as comfort letters, statutory audits, attest services, consents and assistance with and review of documents filed with the Securities and Exchange Commission.

Audit-Related Services consist of assurance and related services (e.g. due diligence) by an external auditor that are reasonably related to audit or review of financial statements, including employee benefit plan audits, due diligence related to mergers and acquisitions, and accounting consultations.

Tax Services consist of services not included in Audit Services above, rendered by an external auditor for tax compliance, tax consulting and tax planning.

Other Non-Audit Services are any other permissible work that is not an Audit, Audit-Related or Tax Service.

Circumstances may arise during the twelve-month period when it may become necessary to engage the independent auditor for additional services not contemplated in the original pre-approval. In those instances, the Audit Committee requires specific pre-approval before engaging the independent auditor. The chairman of the Audit Committee, acting pursuant to delegated authority, may pre-approve any non-audit services, up to a limit of $20,000.

Audit and Non-Audit Fees

The table below summarizes the fees and expenses billed by our independent registered public accounting firm, Ernst & Young LLP, for the fiscal years ended September 30, 2015 and September 30, 2014.

Year	Audit	Audit-Related	Tax	All Other	Total
2015	$ 2,016,429	$ 255,480	$ 7,404		$ 2,279,313
2014	$ 1,666,157	$ 47,795	$ 42,857		$ 1,756,809

Audit fees include fees and expenses for professional services rendered for the audit of our annual consolidated

financial statements, the audit of our internal controls and the reviews of the interim financial statements included in our Form 10-Qs.

The audit-related services reflect due diligence fees associated with the review of the 2015 acquisitions and 2014 audit fees and expenses for our 401(k) profit sharing plan.

Tax fees represent professional services related to tax compliance and consulting, including those associated with acquisitions and tax due diligence in the U.S. and Canada.

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The Audit Committee has considered the compatibility of the provision of services covered by the preceding paragraph with the maintenance of the principal accountant s independence from the Company and has determined that the provision of such services is not incompatible with the maintenance of such independence.

The Audit Committee annually reviews the performance of the independent registered public accounting firm and the fees charged for their services.

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Report of the Audit Committee

The role of the Audit Committee is to assist the Board of Directors in its oversight of the integrity of the Company s financial reporting process and compliance with legal and regulatory requirements. The Audit Committee reviews the Company s financial reporting process on behalf of the Company s Board of Directors. Management has the primary responsibility for the financial statements and the reporting process, including the system of internal controls.

In this context, the Audit Committee has met and held discussions with management and the Company s independent registered public accounting firm. The Audit Committee has reviewed and discussed the audited financial statements with management and the independent registered public accounting firm. The Audit Committee discussed with the independent registered public accounting firm matters required to be discussed by Auditing Standard No. 16, Communications with Audit Committees issued by the Public Company Accounting Oversight Board. The Audit Committee has discussed with the independent registered public accounting firm the auditor s independence from the Company and management. In addition, the Audit Committee received the written disclosures and the letter from the independent registered public accounting firm required by the applicable requirements of the Public Company Accounting Oversight Board Ethics and Independence Rule 3526, regarding the independent public accounting firm s communications with the Audit Committee concerning independence.

In reliance on the reviews and discussions referred to above, the Audit Committee approved that the audited financial statements be included in the Company s Annual Report on Form 10-K for the year ended September 30, 2015.

AUDIT COMMITTEE:
Neil S. Novich, Chairman
Peter M. Gotsch
Wilson B. Sexton
Douglas L. Young

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EXECUTIVE OFFICERS

Our executive officers are elected by and serve at the discretion of the Board of Directors. Information on our executive officers who were serving as of the end of fiscal 2015 is as follows:

Name	Age	Position
Robert R. Buck	68	Chairman of the Board
Paul M. Isabella	60	President and Chief Executive Officer, Director
Joseph M. Nowicki	54	Executive Vice President, Chief Financial Officer
Ross D. Cooper	50	Executive Vice President, General Counsel and Secretary

Robert R. Buck Chairman. Mr. Buck joined us as President and Chief Executive Officer (CEO) and was first elected a director in October 2003. He was appointed Chairman of the Board in March 2007 and remained CEO until January 1, 2011. Prior to joining us, he served as President Uniform Rental Division of Cintas Corporation from 1997 to 2003. From 1991 through 1997, he served as Senior Vice President Midwest Region of Cintas. From 1982 through 1991, he served as Senior Vice President Finance and Chief Financial Officer of Cintas. Mr. Buck presently serves as Chairman of Multi-Color Corporation and as a director of Quanex Building Products Corporation. He was formerly a director of Kendle International Inc. Mr. Buck has a bachelor s degree from the University of Cincinnati.

Paul M. Isabella President and Chief Executive Officer. Mr. Isabella joined us as President and Chief Operating Officer in November 2007 and was promoted to CEO effective January 1, 2011. Prior to joining us, he served as Executive Vice President of Cooper Industries, Inc., a manufacturer of electrical and other products, from 2005 to 2007 and Senior Vice President of The Stanley Works, a manufacturer of tools and hardware and a provider of security products, from 1999 to 2005. He began his career with General Electric Company in 1977 and worked in various GE businesses for 22 years. Mr. Isabella has a bachelor s degree from State University of New York at Cortland.

Joseph M. Nowicki Executive Vice President, Chief Financial Officer. Mr. Nowicki joined us as Executive Vice President and Chief Financial Officer on April 1, 2013. He was the Chief Financial Officer and Treasurer for Spartan Motors, Inc., a custom chassis and vehicle manufacturer, from June 2009 to March 2013. Prior to Spartan, he was with Herman Miller, Inc., a furniture manufacturer, from 1992 through 2009 where he held progressive financial roles, lastly as Vice President, Investor Relations and Treasurer. He also held past financial positions with IBM and General Motors. He is a director of Diversified Restaurant Holdings, Inc. Mr. Nowicki is a Certified Public Accountant and holds a bachelor s degree from Canisius College and an M.B.A. from the University of Michigan.

Ross D. Cooper Executive Vice President, General Counsel and Secretary. Mr. Cooper joined us in July 2006 and was promoted to Executive Vice President effective October 1, 2015. Prior to joining us, Mr. Cooper was a shareholder of Shulman, Rogers, Gandal, Pordy & Ecker, P.A., a law firm, since 1999. From 1996 to 2006, Mr. Cooper served as outside general counsel to Building Suppliers Corporation, LLC, an organization of roofing and construction materials wholesale distributors. Mr. Cooper received a bachelor s degree in civil engineering from Cornell University and a J.D. from George Washington University Law School.

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INFORMATION ON EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

Overview

The responsibilities of our Compensation Committee are to review our compensation and benefit plans to ensure that they meet our objectives as well as review the Chief Executive Officer s performance, recommend the annual compensation of the Chairman and the Chief Executive Officer, review the Chief Executive Officer s recommendations on compensation of our other executive officers, and make recommendations for adopting and changing major compensation policies and practices. The Compensation Committee reports its recommendations for cash and non-equity compensation to the full Board of Directors for approval and authorization. The Compensation Committee also administers and makes awards under our stock plan.

Objectives of Compensation Program

Our compensation practices are intended to attract, motivate and retain highly competent executives in a competitive marketplace. The program provides named executive officers listed in our summary compensation table with compensation that is industry competitive, internally equitable and commensurate with their skills, knowledge, experience and responsibilities.

The primary objective of our executive compensation program is to firmly align total executive compensation with the attainment of our annual and long-term performance goals. The annual goals are principally based upon our income before income taxes and the long-term goals are principally based on our stock price and return on invested capital.

The compensation of our executive officers consists of base salary, cash bonuses, long-term incentive compensation in the form of Company stock options and restricted stock awards, and certain perquisites such as an auto allowance and fuel reimbursement. From time to time, the Company will also pay for relocation expenses, including temporary housing, commuting airfare, automobile lease and related expenses, associated with relocating executives.

Use of Consultants and Peer Group Data

The Company does not engage in specific numerical benchmarking in determining executive compensation. As described below, our Compensation Committee periodically considers available compensation data from peer companies. Because job content, accountability, responsibility, incumbent seniority and performance criteria vary from one company to the next, our Compensation Committee uses the information as a general guideline in exercising its discretion in determining compensation for our executive officers.

In reviewing and determining executive compensation levels for fiscal 2014, the Compensation Committee retained Frederic W. Cook & Co., Inc. (Cook & Co.) to complete a compensation analysis of our overall executive compensation packages and for purposes of reviewing the established peer group used by the Compensation Committee. In addition, Cook & Co. reviewed the latest data for a peer group of distribution companies, most of which are of similar size and market capitalization as the Company, in developing its recommendations for executive compensation to the Compensation Committee. Based on the review performed by Cook & Co., and at its recommendation, we modified our peer group utilized in assessing our executive compensation for fiscal 2014 to include Applied Industrial Technologies, Builders FirstSource, Central Garden & Pet Company, DXP Enterprises,

Kaman, MSC Industrial Direct, Patterson Companies, Pool Corp., RPM International, Universal Forest Products and Watsco.

This same peer group data was one consideration included in the Compensation Committee s process of determining executive compensation for fiscal year 2015. The Compensation Committee uses the peer group data as general guidance, together with other information such as general business trends, the competitiveness of the markets in which we operate, individual performance, and its own judgment in setting overall executive compensation.

In setting executive compensation for the fiscal 2015, the Compensation Committee largely followed the same methodology used in setting executive compensation in prior years. The Committee used the same methodology based in part on its consideration of the results of the then most recent shareholder advisory vote

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on our executive compensation held on February 12, 2014, in which over 98% of the shares present at the meeting and entitled to vote supported the compensation of our named executive officers. While the approval was advisory in nature, the Committee viewed the overwhelmingly positive response as confirmation that stockholders generally believe that the pay of the named executive officers is appropriately aligned with their performance and the performance of the Company as well as the interests of the Company s stockholders.

The Compensation Committee considered various factors bearing upon Cook & Co. s independence and determined that Cook & Co. is independent and that its engagement did not present any conflicts of interest. Cook & Co. provides no other services to the Company. See Compensation for Fiscal Year 2016 below.

Base Salaries

The first element of our compensation program is salary. As noted above, the Compensation Committee evaluates the performance of our Chairman and our Chief Executive Officer, and recommends their salaries to the full Board of Directors in light of those evaluations. The Compensation Committee reviews the base salaries of the Chairman and the Chief Executive Officer on an annual basis in consideration of their performance during the previous year. Mr. Buck s base salary remained at $300,000 for fiscal 2015. The Compensation Committee considered the following quantitative and qualitative factors in evaluating the Chairman s performance in setting fiscal 2015 compensation:

the Company s performance and relative total shareholder return;
the value of Mr. Buck s continued leadership role to both the Company and the Board as executive chairman; and
the compensation plans of chairmen of comparable companies.

Mr. Isabella s base salary was set at $645,000 for fiscal 2015. The Compensation Committee considered the following quantitative and qualitative factors in evaluating the Chief Executive Officer s performance in setting fiscal 2015 compensation:

the Company s performance and relative total shareholder return;
the value of Mr. Isabella s leadership;
the compensation plans of chief executive officers of comparable companies; and
the recommendations of an independent compensation consultant (discussed above).

Base salaries of our executive officers other than the Chairman and the Chief Executive Officer are also recommended annually by the Compensation Committee to the full Board of Directors after consultation with, and upon the recommendation of, the Chief Executive Officer. The base salary of each executive officer is recommended by the Chief Executive Officer to the Compensation Committee after evaluating each executive officer s performance over the year in consideration of (i) the Company s overall financial performance, (ii) the individual s performance during the year and contributions to the Company, and (iii) other relevant factors (for example, market conditions).

The Compensation Committee considers a number of factors when evaluating the Chief Executive Officer s recommendations regarding base salaries for the other executive officers. Periodically, the Compensation Committee reviews industry specific compensation surveys that provide detailed information regarding the compensation practices of industry peers, competitors and companies of similar market value. Other information that the Committee deems relevant, such as general business trends, the competitiveness of the markets in which we operate and special circumstances, also may be considered in its evaluation.

Annual Cash Incentives

The second element of our compensation program is an annual cash incentive bonus. Annual incentives are a significant component of executive compensation, reflecting the Company s belief that management s contribution to

long-term shareholder returns (via increasing stock prices) comes from increasing current earnings and properly preparing the Company for future earnings growth. We believe these bonuses play a key role in enabling us to attract, retain and motivate our employees.

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For fiscal 2015, under the terms of our management cash bonus plan, a base bonus amount was set for each participant. Those amounts are set forth below in the Grants of Plan Based Awards table under the heading Target.

The bonuses for our executive officers named in the Summary Compensation Table were based 80% on a Company-wide income before taxes target and 20% on qualitative performance evaluations of strategic performance goals by the Compensation Committee of our Chairman and our Chief Executive Officer and by our Chief Executive Officer of the remaining named executive officers, as presented to the Compensation Committee. If the income before taxes target was not met at the 100% level, the participant s bonus with respect to that target was pro-rated on a straight line basis if the participant achieved a range of 85% to 100% of target, with no bonus paid at less than 85% of target. The individual strategic performance goals, as further outlined below, considered such factors as leadership and skills demonstrated in the individual s role with the Company, long-range planning and vision, departmental and staff development and professionalism. In addition, each participant (excluding our Chairman) could receive an additional maximum performance bonus if income before taxes exceeded 100% of target, up to an amount equal to 80% of the base bonus amount for Mr. Isabella and 60% for Mr. Nowicki and Mr. Cooper. If the Company exceeded the target, the named executives each would have earned a bonus equal to 6% of the amount of earnings before income taxes (net of such bonuses) that exceeded the target, up to their respective maximum performance bonus amount.

For fiscal 2015, the Company achieved income before taxes of approximately $139.4 million, adjusted for RSG acquisition costs, amortization and stock compensation expense, compared to an established target of approximately $147.1 million for the named executives. Our Board of Directors established the annual income before taxes target based on market conditions and reasonable rates of expected annual growth. Based on the Company s actual results each of the named executive officers earned only a portion of the quantitative bonus and therefore were not eligible for the additional maximum performance bonus for fiscal 2015. In addition, as outlined below, each named executive officer earned a bonus based on qualitative performance evaluations of specific management objectives. The bonus amounts paid to each named executive officer for fiscal 2015 are set forth below in the Summary Compensation Table under the heading Non-Equity Incentive Plan Compensation. Total bonuses earned for fiscal 2015, comprised of the bonus resulting from the Company s achievement of income before taxes and their individual qualitative performance evaluations, were $135,000 for Mr. Buck, $483,750 for Mr. Isabella, $166,894 for Mr. Nowicki and $123,975 for Mr. Cooper.

Notwithstanding the terms of the management cash bonus plan and the annual targets, the Compensation Committee retains full discretion to award discretionary bonuses to the Chairman, Chief Executive Officer and others in light of the totality of the circumstances. The Compensation Committee considers the Chairman s and Chief Executive Officer s recommendations in determining discretionary cash awards for our other named executive officers. The Chairman s and Chief Executive Officer s recommendations are guided by their evaluations of the Company s actual financial performance compared with our performance goals and their assessment of the effectiveness of the individual and collective efforts of our executive officers in achieving the Company s business objectives. The Compensation Committee, Chairman and Chief Executive Officer also consider extraordinary efforts by executive officers in various projects or initiatives during the year. For 2015, in fiscal year 2016 the Board approved and the Company paid discretionary cash bonuses to Mr. Nowicki and Mr. Cooper and certain other non-executive officers, due to extraordinary services rendered in connection with the negotiation and successful closing of the RSG acquisition. The bonuses are set forth below in the Summary Compensation Table under the heading Bonus.

In addition to the duties and responsibilities associated with their executive positions, each of our named executive officers are assigned specific annual objectives to attain in order to qualify for part or all of a 20% portion of their base bonus. For 2015, these specific management objectives were largely equally weighted and are described below along with the percentage of the base bonus earned by the complete achievement of the objective.

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Mr. Buck in addition to providing strategic direction to the Company, its executive team, and its Board of Directors, and providing guidance to the Company s investor relations efforts, Mr. Buck s specific 2015 goals were:

enhance the Company s acquisition program by continuing to identify and meeting with acquisition candidates and leading the Company s acquisition efforts by negotiating transaction terms and providing guidance during the financial analysis and closing processes (6.67%); Mr. Buck achieved this goal by facilitating the Company s successful acquisitions during the fiscal year, including leading the industry-transformative RSG acquisition;
provide direction, advice and counsel to the Company s CEO on the Company s long-term strategic plan and the achievement of organic growth and growth through acquisitions (6.67%); Mr. Buck achieved this goal through regular interaction with our CEO during the development of the Company s long-term strategic plan and the organic and acquisition growth objectives of the Company. During the fiscal year, the Company again achieved record sales and completed several acquisitions, including the RSG acquisition; and
focus on talent development and succession planning in the Company s senior management team to ensure that it has the capability and capacity to lead the Company into the future (6.66%); Mr. Buck achieved this goal through regular interaction with members of the Company s senior leadership team in which he provided advice and guidance to assist with their achievement of their individual performance goals and the overall financial performance of their respective divisions and/or functional departments.

Mr. Isabella in addition to his responsibility to lead and manage all aspects of the Company s operational and financial performance, including vendor relations, safety, human resources, sales and marketing, credit, legal and investor relations, Mr. Isabella s specific 2015 goals were:

develop and refine the Company s long-term strategic plan and ensure mechanisms are in place to implement and track the progress of the achievement of the plan s objectives (5.0%); Mr. Isabella achieved this goal by leading a series of leadership planning and revision sessions that resulted in the successful development, communication and implementation of the 2015 elements of the Company s long-term strategic plan objectives;
develop and evaluate the leadership skills and succession potential of the Company s senior divisional leaders by working closely with the Chief Human Resources Officer to identify performance objectives, provide relevant coaching and development plans, and evaluate the progress and provide feedback to the Company s senior divisional leaders (5.0%); Mr. Isabella achieved this goal by developing performance objectives and metrics by which to gauge the progress of our divisional executives, providing Board of Directors and investment community exposure as they worked to achieve their goals, and providing detailed feedback and evaluation of the members of the senior divisional leadership team;
assign specific operational improvement initiatives to senior divisional leaders to improve core business processes and performance (5.0%); Mr. Isabella achieved this goal by establishing specific projects such as new branch improvement, cost optimization, underperforming branch improvement and sales force effectiveness for all divisions; and
lead due diligence and closing processes and establish integration framework for acquisitions (5.0%); Mr. Isabella achieved this goal by establishing and monitoring the due diligence and closing processes, providing leadership, direction, advice and counsel to all internal and external constituents participating in the Roofing Supply Group acquisition.

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Mr. Nowicki in addition to being responsible for all aspects of the Company s financial management and reporting, leading and managing the Company s corporate financial department, and providing guidance and oversight to the Company s regional financial teams, Mr. Nowicki s specific 2015 goals were:

implement measures to improve and streamline financial processes of both corporate and field teams (5.0%); Mr. Nowicki achieved this goal by developing, implementing and communicating improved processes resulting in cycle time reductions in both the close and Board of Directors reporting processes; in addition he established performance metrics related to greenfield and existing branches;

lead implementation and execution of strategic information technology programs (5.0%); Mr. Nowicki achieved this goal by introducing new systemic and repeatable measures to bolster cyber security and other information technology internal controls and led the successful achievement of the Company s CRM and e-commerce project milestones;

dedicate time and resources to mentor and develop the senior finance leadership team for growth and succession (5.0%); Mr. Nowicki achieved this goal by providing leadership, direction, advice and counsel to the senior financial leadership team through increased exposure to the Board of Directors, executive leaders and key special projects such as the Roofing Supply Group acquisition; and

increase functional effectiveness and efficiency between finance and field teams (5.0%). Mr. Nowicki achieved this goal by providing support, input advice and counsel to corporate and field functional staff and successfully leading improvements in forecasting, reporting and other shared financial processes.

Mr. Cooper in addition to being responsible for the management of the Company s legal affairs, including claims management, commercial leasing, labor relations, contract review, and negotiation and documentation of acquisitions, Mr. Cooper s specific 2015 goals were:

assist with identification of acquisition prospects, initial meetings with certain acquisition candidates, and negotiation of acquisition transactions (5.0%); Mr. Cooper met this goal by identifying and assisting with several acquisitions during 2015 and managing the acquisition process, especially in connection with the large and complex RSG acquisition, to reduce costs;

manage the Company s leasing initiatives by supervising the real estate group and negotiating to completion renewal and new greenfield leases (5.0%); Mr. Cooper achieved this goal by leading the Company s successful effort to renew leases, manage greenfield leases and negotiating necessary lease assignments in connection with acquisitions during the fiscal year;

increase company awareness of actual and potential legal issues by continuing to prepare and distribute legal bulletins to management (5.0%); Mr. Cooper achieved this goal by preparing and distributing legal alerts and updates to the senior management team on issues affecting the industry; and

assist in developing and implementing more comprehensive awareness of legal issues by field personnel (5.0%); Mr. Cooper achieved this goal by developing an educational program that was presented to branch management and at human resources meetings throughout the fiscal year.

Each of the above named executive officer s respective specific management objectives reflect our focus on continued growth and improvement in execution over our past performance. In light of that focus, the Compensation Committee reviewed the level of achievement of the Chairman and CEO s specific management objectives set forth above. The CEO reviewed the level of achievement of Mr. Nowicki s and Mr. Cooper s specific management objectives set forth above and reported his recommendations to the Compensation Committee. After careful consideration of the outcomes, the Compensation Committee recommended to the Board of Directors the payment of the bonus awards in the amounts set forth in the narrative above and in the Summary Compensation Table under the heading Non-equity incentive plan compensation.

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Equity Compensation

The third element of our compensation program is equity compensation. Equity compensation is intended to more closely align total compensation with the long-term financial interests of our shareholders. The equity compensation component of our compensation program is based upon awards of stock options and other stock awards.

Since the Company s initial public offering and through fiscal 2015, non-qualified stock options were granted to key members of management at an exercise price equal to the closing price of the Company s common stock as reported by Nasdaq on the date of grant. Accordingly, grants of stock options will produce value only if there are increases in the underlying stock price. In fiscal 2011, we began issuing performance-based restricted stock awards to certain key members of management. Beginning in fiscal 2014, we also began issuing time-based restricted stock awards to certain key members of management. Similar to stock options, we believe that restricted stock awards reward performance because the value of the stock is also linked to our Company s long-term performance. The Compensation Committee believes that restricted stock awards can play an important retentive and motivational role that stock options alone may not.

The 2015 performance-based restricted stock awards represented units that will vest and be convertible into common shares if the Company attains a targeted average three-year return on invested capital (ROIC), net of cash, at the end of the three-year period ending September 30, 2017. The actual number of those units that will vest can range from 0% to 125% of the target depending upon actual company performance below or above the target level. If the average ROIC is less than 85% of target, no units will vest. If the average ROIC is 85% of target, 50% of the units will vest. If the average ROIC is 100% of target, 100% of the units will vest. If the average ROIC is 115% or more of target, 125% of the units will vest. Achievement between 85% and 100% and between 100% and 115% will be adjusted on the basis of straight-line interpolation.

On November 25, 2014, the performance-based restricted stock awards that were granted in fiscal 2012 vested. The three-year average ROIC target for this grant was 9.8%. The Company achieved an actual three-year ROIC of 6.8% over the vesting period and as a result, the grant did not vest.

The 2015 time-based restricted stock awards vest on the third anniversary of the date of grant, except for special grants made to Mr. Nowicki and Mr. Cooper.

The Company s annual equity awards are typically made by the Compensation Committee in November of each year following the close of the Company s fiscal year and subsequent to the approval of the annual budget for the new year. The Company typically does not make stock option and other stock awards other than annually except in certain cases for key members of management hired during the course of a year or to improve the retention of key management members.

Our Compensation Committee administers our stock plan. The purpose of the stock plan is to advance the interests of the Company by:

providing directors, officers, employees and other eligible persons with additional incentives;
encouraging stock ownership by eligible persons;
increasing the proprietary interests of eligible persons in the success of the Company;
encouraging eligible persons to remain with the Company or its affiliates; and
attracting new employees, officers or directors to the Company or its affiliates.

In determining whether to grant options and other stock awards and how many of such to grant to eligible persons under our stock plan, consideration is given to each individual s past performance and contribution to the Company as

well as that individual s expected ability to contribute to the Company in the future. As part of the Company s annual performance evaluation process each year, the CEO, after consultation with each other named executive, establishes that named executive s performance objectives for the coming year. These performance objectives are not intended to be rigid or formulaic, but rather to serve as the framework upon which the CEO evaluates the executive s overall performance. Individual performance objectives may include operational metrics that may reflect corporate or departmental goals or may include specific operational objectives with respect to the executive s area of responsibility. These performance

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objectives also include the demonstration of leadership and decision making, effective communication, promotion of the Company s strategic initiatives and values, commitment to excellence and work ethic and may include more specific objectives for the executive, such as the successful completion of major projects, successful integration of acquisitions, and organization capability building. The CEO s evaluation of an executive s performance relative to these objectives is inherently subjective, involving a high degree of judgment based on the CEO s observations of, and interaction with, the executive throughout the year. The CEO also considers the executive s prospects for future development and advancement within the Company in formulating an equity compensation recommendation. As an additional input to the CEO s evaluation of an executive s performance, the CEO assesses the overall performance of the Company in light of the dynamics of the markets in which the Company competes. As a result, no single performance objective or group of objectives is material to the CEO s evaluation of the executive s performance.

The above evaluation provides the basis for the CEO s recommendation to the Compensation Committee of stock awards for each named executive. The Compensation Committee meets with the CEO and discusses the CEO s recommendations before meeting separately in executive session to discuss the CEO s recommendations and making a final determination of the stock awards to the named executives. The Compensation Committee applies similar factors in determining the stock awards to the Chairman and the CEO. The Compensation Committee s evaluation of the Chairman s and CEO s overall performance relative to these factors also is inherently subjective, involving a high degree of judgment. As additional input to the Compensation Committee s evaluation of the Chairman and CEO s performance, the Compensation Committee assesses the overall performance of the Company in light of the dynamics of the markets in which the Company competes. As a result, no single performance objective or group of objectives is material to the Compensation Committee s evaluation of the Chairman s and CEO s performance.

In November 2014, the Compensation Committee authorized awards of options, performance-based restricted units and time-based restricted units to our named executive officers and a number of other key employees, using the recommendations from Cook & Co. described above and other considerations as described above and below. For our named executive officers, the Compensation Committee set a target equity award value based upon recommendations from Cook & Co., which reviewed peer group data, and taking into account the Black-Scholes valuation of each named executive officer s equity awards in prior years. Of that target value, and pursuant to the guidelines approved by our Board, approximately 50 percent of the target value was represented by performance-based restricted units, approximately 25 percent in time-based restricted units and approximately 25 percent in options. Under this methodology, the awards to each of our named executive officers were as follows:

Mr. Buck was granted options to acquire 4,641 common shares (1.0% of the total November 2014 management option grant) and 6,588 restricted stock units (4.4% of the total November 2014 restricted stock award, composed of 2,196 time-based restricted stock units and 4,392 performance-based restricted stock units). These grants were based on the factors described above and Mr. Buck s leadership role as Chairman and his direct influence on the extent of our continued future growth via the pursuit of acquisitions, direction and counsel to Mr. Isabella, and assistance with other executive development.

Mr. Isabella was granted options to acquire 23,247 common shares (4.8% of the total November 2014 management option grant) and 32,996 restricted stock units (22.1% of the total November 2014 restricted stock award, composed of 10,999 time-based restricted stock units and 21,997 performance-based restricted stock units). These grants were based on the factors described above and Mr. Isabella s leadership role as CEO and his ability to drive our continued future operational growth and success, as well as organizational optimization and maintaining positive investor relations.

Mr. Nowicki was granted options to acquire 7,380 common shares (1.5% of the total November 2014 management option grant) and 10,475 restricted stock units (7.0% of the total November 2014

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restricted stock award, composed of 3,492 time-based restricted stock units and 6,983 performance-based restricted stock units). These grants were based on the factors described above and Mr. Nowicki s key role as CFO and his position to assist with our continued future operational growth and success, as well as formulating the proper future capital structure and maintaining positive investor relationships.

Mr. Cooper was granted options to acquire 4,225 common shares (0.9% of the total November 2014 management option grant) and 5,997 restricted stock units (4.0% of the total November 2014 restricted stock award, composed of 1,999 time-based restricted stock units and 3,998 performance-based restricted stock units). These grants were based on the factors described above and Mr. Cooper s key role as General Counsel and his position in assisting with our continued future growth, including assisting with all acquisitions, as well as monitoring company-wide legal compliance.

In addition to the above equity compensation awards, on May 13, 2015, the Compensation Committee authorized additional grants of 3,194 time-based restricted stock units to each of Mr. Nowicki and Mr. Cooper. These time-based restricted stock units have been granted by the Compensation Committee to encourage Mr. Nowicki and Mr. Cooper to remain with the Company for the long term and represent units that will vest and be convertible into common shares upon the second anniversary of the grant date. Mr. Nowicki and Mr. Cooper also signed one year non-compete agreements.

Each option above had an exercise price of $28.64, vests one-third annually starting on the first anniversary of the grant, and expire on the tenth anniversary of the date of grant. Except as noted above, all of the time-based restricted stock units will vest and be convertible into common shares upon the third anniversary. All of the performance-based restricted units will vest and be convertible into common shares if the Company attains a targeted average three-year return on invested capital, net of cash, at the end of the three-year period ending September 30, 2017. The actual number of those units that will vest can range from 0% to 125% of this number depending upon actual company performance below or above the target level.

Employment Agreements

There are no employment, severance or change-in-control agreements currently entered into by and between any current executive and the Company.

Stock Ownership Guidelines

We do not have a formal policy regarding minimum stock ownership requirements for our named executive officers. We encourage ownership through option grants and other stock awards and with an option to invest in the Company s stock in our 401(k) plan.

Retirement Plans

We sponsor a defined contribution 401(k) plan, which covers substantially all of our U.S. employees, including our named executive officers. We currently provide a match of 50% of participants before-tax contributions up to 3% of eligible compensation. During fiscal 2015, we contributed a match for each of the named executives. Additional annual profit-sharing contributions may be made at the discretion of the Board of Directors. Total Company profit-sharing contributions of approximately $1.0 million were made for fiscal 2015 and allocated to participants accounts after year-end, based on a formula that considers a participant s compensation below and above the social security taxable base, up to certain IRS limits ($260,000 for calendar year 2014 and $265,000 for calendar year 2015).

Our named executive officers do not participate in any special or separate executive retirement plans. We consider our 401(k) plan to be an important factor in our ability to hire, retain and motivate our employees by providing an added

measure of financial security for our employees.

Perquisites

We have no formal perquisites program. Personal benefits may be provided from time to time when we determine that such personal benefits are a useful part of an executive s compensation package. Specifically, we have agreed to provide each of the named executive officers with a monthly auto allowance of $1,000 and reimbursement of their fuel costs.

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Tax Deductibility of Compensation

Section 162(m) of the Code generally precludes a public corporation from taking a deduction for compensation in excess of $1 million for its chief executive officer and other specified officers, unless, in addition to other requirements, the compensation qualifies as performance based compensation. The Company is currently entitled to a deduction in connection with options exercised under our stock option plan by such executive officers and the vesting of performance-based restricted stock. The Compensation Committee will continue to consider Section 162(m) implications in making compensation recommendations and in designing compensation programs for our named executive officers. However, the Compensation Committee reserves the right to pay non-deductible compensation if it determines that to be in our best interests and in the best interests of our stockholders.

Compensation for Fiscal Year 2016

In reviewing and determining executive compensation levels for fiscal 2016, the Compensation Committee retained Cook & Co. to complete a compensation analysis of our overall executive compensation packages and for purposes of reviewing the established peer group used by the Compensation Committee. In addition, Cook & Co. reviewed the latest data for a peer group of distribution companies, most of which are of similar size and market capitalization as the Company, in developing its recommendations for executive compensation to the Compensation Committee. Based on the review performed by Cook & Co., and at its recommendation, we modified our peer group utilized in assessing our executive compensation for fiscal 2016 to include Airgas, Anixter International, Applied Industrial Technologies, Builders FirstSource, Kaman, MRC Global, MSC Industrial Direct, NOW, Patterson Companies, Pool Corp., Stock Building Supply, Watsco, Wesco Aircraft Holdings and WESCO International. The peer group was revised in part due to the change in size of the Company due to the RSG acquisition. This peer group data was one consideration included in the Compensation Committee s process of determining executive compensation for fiscal year 2016. The Compensation Committee uses the peer group data as general guidance, together with other information such as general business trends, the competitiveness of the markets in which we operate, individual performance, and its own discretion in setting overall executive compensation.

In setting executive compensation for fiscal 2016, the Compensation Committee largely followed the same methodology used in setting executive compensation for fiscal 2015, based in part on its consideration of the results of the shareholder advisory vote on our executive compensation held on February 11, 2015, in which over 99% of the shares present at the meeting and entitled to vote supported the compensation of our named executive officers.

With respect to base salaries, the Compensation Committee reviewed Mr. Buck s base salary and the Board of Directors kept his salary at $300,000. The Board of Directors set Mr. Isabella s base salary for fiscal 2016 at $700,000. The Board of Directors set Mr. Nowicki s base salary at $462,852 and Mr. Cooper s base salary at $434,442. These salaries for fiscal 2016 were unchanged for Mr. Buck while reflecting an 8.5%, 4.0% and 2.5% increase for Mr. Isabella, Mr. Nowicki and Mr. Cooper, respectively, and were based on the Compensation Committee s annual considerations discussed above as well as consideration of the compensation analysis and survey information provided by Cook & Co.

With respect to annual cash incentives for fiscal 2016, a base bonus amount has again been set for each participant. The bonuses for our named executive officers will be based 80% on a Company-wide income before taxes target and 20% on qualitative performance evaluations of strategic performance goals by the Compensation Committee of our Chairman and our Chief Executive Officer and by our Chief Executive Officer of the other named executive officers, as presented to the Compensation Committee. The named executives have an opportunity to earn total bonuses for fiscal 2016 of up to $180,000 (Mr. Buck), $1,176,000 (Mr. Isabella), $386,944 (Mr. Nowicki) and $297,158 (Mr. Cooper), respectively, which includes potential maximum performance bonuses up to 80% of the financial portion of

the base bonus for Mr. Isabella and 60% for Mr. Nowicki and Mr. Cooper.

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With respect to equity compensation, in the first quarter of fiscal 2016 the Compensation Committee authorized awards of options and restricted stock units to our named executive officers and a number of other key employees, which included a mix of stock options, time-based restricted stock units and performance-based restricted stock units. The fiscal 2016 awards to each of these named executive officers were as follows:

Mr. Buck was granted options to acquire 5,147 common shares and 6,225 restricted stock units (comprised of 1,663 time-based restricted stock units and 4,562 performance-based restricted stock units);
Mr. Isabella was granted options to acquire 28,595 common shares and 34,581 restricted stock units (comprised of 9,237 time-based restricted stock units and 25,344 performance-based restricted stock units);
Mr. Nowicki was granted options to acquire 9,232 common shares and 11,104 restricted stock units (comprised of 2,982 time-based restricted stock units and 8,122 performance-based restricted stock units); and
Mr. Cooper was granted options to acquire 5,147 common shares and 5,259 restricted stock units (comprised of 1,663 time-based restricted stock units and 3,596 performance-based restricted stock units).

Each option above has an exercise price of $37.89, vests one-third annually starting on the first anniversary of the grant, and expires on the tenth anniversary of the date of grant. All of the time-based restricted stock units will vest and be convertible into common shares upon the third anniversary of the grant date. All of the performance-based restricted stock units will vest and be convertible into common shares on the third anniversary of the date of grant if the Company attains a cumulative earnings per share goal and an acquisition synergy goal, based on expense management, at the end of a two-year period. The actual number of those shares that will vest can range from 0% to 150% of this number depending upon actual company performance below or above the target level.

Report of the Compensation Committee

The Compensation Committee has reviewed and discussed the Compensation Disclosure and Analysis section of this proxy statement with management, including our Chief Executive Officer, Chief Financial Officer and General Counsel. Based on this review and discussion, the Compensation Committee recommended to the Board of Directors that the Compensation Discussion and Analysis section be included in this proxy statement.

COMPENSATION COMMITTEE:
Stuart A. Randle, Chairman
James J. Gaffney
Wilson B. Sexton
Richard W. Frost

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Executive Compensation

The following table sets forth all compensation earned during the fiscal years ended September 30, 2015, 2014 and 2013, by each person who served as our Chief Executive Officer and our Chief Financial Officer during fiscal year 2015, and by our other executive officers who were serving as executive officers at the end of the fiscal year, collectively referred to as our named executive officers.

The following table sets forth the individual grants of plan-based awards to the named executive officers during the fiscal year ended September 30, 2015.

SUMMARY COMPENSATION TABLE

Name and principal position	Fiscal year	Salary ($)	Bonus[1] ($)	Stock awards[2] ($)	Option awards[3] ($)	Non-equity incentive plan compensation ($)	All other compensation ($)[4]	Total ($)[5]
Robert R. Buck *Chairman*	2015	300,000		188,680	43,679	135,000	23,292	690,651
	2014	311,538		172,482	75,632	18,000	25,962	603,614
	2013	303,819		260,285	63,692	18,058	33,176	679,030
Paul M. Isabella	2015	640,385		945,005	218,789	483,750	31,801	2,319,730
President and Chief	2014	640,112		863,964	378,831	47,250	28,409	1,958,566
Executive Officer	2013	595,193		792,463	233,011	58,411	301,007	1,980,085
Joseph M. Nowicki	2015	440,419	120,000	400,008	69,457	166,894	25,340	1,222,118
Executive Vice	2014	437,308		801,645	120,267	21,500	109,149	1,489,869
President and Chief Financial Officer	2013	192,308		307,440	84,657	10,000	60,594	654,999
Ross D. Cooper	2015	421,289	100,000	271,758	39,764	123,975	24,595	981,381
Executive Vice	2014	427,793		156,992	68,845	16,206	26,710	696,546
President, General Counsel and Secretary	2013	410,702		211,050	52,780	15,647	35,264	725,443

(1) These amounts reflect a bonus paid during the first quarter of the following fiscal year, for services rendered in connection with the negotiation and closing of the RSG acquisition.

(2) The amounts in this column represent the estimated grant date fair value of restricted stock unit awards computed in accordance with FASB ASC Topic 718. These amounts are being recognized by the Company as share-based compensation expense over a three-year performance measurement or vesting period, except in the case for Mr. Buck which were recognized upon grant. Assuming performance-based restricted stock units vest at the maximum level, the grant date values of performance-based restricted stock units would have been as follows: Mr. Buck: $157,234; Mr. Isabella: $787,485; Mr. Nowicki: $249,999; Mr. Cooper: $143,143. For additional information regarding assumptions underlying the valuation of equity awards and the calculation methods, please refer to Note 2 of our audited financial statements included in our Annual Report on Form 10-K for fiscal 2015.

(3) The amounts in this column represent the grant date fair value of the stock options computed in accordance with FASB ASC Topic 718. These amounts are recognized by the Company as share-based compensation expense over the three-year vesting period, except in the case for Mr. Buck which were recognized upon grant. For additional

information, please refer to Note 2 of our audited financial statements included in our Annual Report on Form 10-K for fiscal 2015.

(4) These amounts represent the annual cash incentives that were paid during the first quarter of the following fiscal year.

(5) Includes Company matching and profit-sharing contributions to the 401(k) plan (combined totals of $9,538 for Mr. Buck, $16,073 for Mr. Isabella, $10,170 for Mr. Cooper and $12,290 for Mr. Nowicki) along with auto allowance and fuel cost reimbursement.

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The following table sets forth details of all of the outstanding equity awards of the named executive officers as of September 30, 2015.

FISCAL 2015 GRANTS OF PLAN-BASED AWARDS

(1) The non-equity incentive plan awards above were based on Company-wide income before taxes and individual performance. See Compensation Discussion and Analysis under the heading Annual Cash Incentives.

(2) The vesting of these restricted units is subject to the Company meeting an ROIC metric over a three-year period ending September 30, 2017, and the units can vest at a percentage equal to 0% to 125% of the target. See Compensation Discussion and Analysis under the heading Equity Compensation.

(3) The time-based restricted stock units granted November 2014 will vest and be convertible into common shares upon the third anniversary of the grant date. The time-based restricted stock units granted to Mr. Nowicki and Mr. Cooper in May 2015 will vest and be convertible into common shares upon the second anniversary of the grant date.

(4) These options vest (*i.e.*, become exercisable) in three equal parts on the first, second and third anniversaries of the grant date and expire ten years from the date of grant. See Compensation Discussion and Analysis under the heading Equity Compensation.

(5) This column shows the grant date fair value of stock options and restricted units awarded to the named executives in fiscal 2015, computed in accordance with FASB ASC Topic 718. Assumptions used in calculating these amounts are included in Note 10 of our audited financial statements included in our Annual Report on Form 10-K for fiscal 2015.

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The following table sets forth details of all of the outstanding equity awards of the named executive officers as of September 30, 2015.

OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END

	Option Awards[1]				Stock Awards			
Name	Number of securities underlying unexercised options (#) exercisable	Number of securities underlying unexercised options (#) unexercisable	Option exercise price ($)	Option expiration date	Number of shares or units of stock that have not vested[2] (#)	Market value of shares or units of stock that have not vested ($)	Equity incentive plan awards: Number of unearned shares, units or other rights that have not vested[3] (#)	Equity incentive plan awards: Market or payout value of unearned shares, units or other rights that have not vested ($)
Robert R. Buck	2,004		$18.72	11/18/2021				
	1,609	1,609	$30.15	11/14/2022				
	1,579	3,157	$36.19	11/22/2023				
		4,641	$28.64	11/21/2024				
							8,633	$280,486
							3,666	$119,108
							4,392	$142,696
					1,100	$35,739		
					2,196	$71,348		
Paul M. Isabella	45,000		$8.04	11/19/2017				
	40,000		$12.25	10/22/2018				
	31,100		$14.45	11/06/2019				
	12,019		$15.47	11/16/2020				
	10,000		$17.87	01/01/2021				
	22,000		$18.72	11/18/2021				
	11,773	5,886	$30.15	11/14/2022				
	7,908	15,814	$36.19	11/22/2023				
		23,247	$28.64	11/21/2024				
							26,284	$853,967
							18,363	$596,614
							21,997	$714,683
					5,510	$179,020		
					10,999	$357,358		
Joseph M. Nowicki	3,333	1,667	$38.43	03/25/2023				

	2,511	5,020	$36.19	11/22/2023				
							8,000	$259,920
							5,829	$189,384
		7,380	$28.64	11/21/2024			6,983	$226,878
					1,749	$56,825		
					14,573 (4)	$473,477		
					3,492	$113,455		
					3,194 (5)	$103,773		
Ross D. Cooper	1,549		$15.47	11/16/2020				
	3,148		$18.72	11/18/2021				
	2,667	1,333	$30.15	11/14/2022				
	1,437	2,874	$36.19	11/22/2023				
		4,225	$28.64	11/21/2024			7,000	$227,430
							3,337	$108,419
							3,998	$129,895
					1,001	$32,522		
					1,999	$64,948		
					3,194 (5)	$103,773		

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(1) All options were granted on the date which is ten years prior to the expiration date for such grants. All options granted under our 2004 Stock Plan and our 2014 Stock Plan vest in three equal parts on the first, second and third anniversary of the date of grant.

(2) These time-based restricted stock units will vest and be convertible into common shares upon the third anniversary of the grant date, unless noted otherwise. The total market value is based on the price of our common stock of $32.49 per share at the end of fiscal year 2015.

(3) The vesting of these performance-based restricted stock units are subject to the Company meeting ROIC metrics over the three three-year periods ending September 30, 2015, September 30, 2016 and September 30, 2017. The total market value is based on the price of our common stock of $32.49 per share at the end of fiscal year 2015 and vesting at target.

(4) These time-based restricted stock units have been granted by the Compensation Committee to encourage Mr. Nowicki to remain with the Company long term and represent units that will vest and be convertible into common shares upon the fifth anniversary of the grant date. The total market value is based on the price of our common stock of $32.49 per share at the end of fiscal year 2015.

(5) These time-based restricted stock units have been granted by the Compensation Committee to encourage Mr. Nowicki and Mr. Cooper to remain with the Company long term and represent units that will vest and be convertible into common shares upon the second anniversary of the grant date. The total market value is based on the price of our common stock of $32.49 per share at the end of fiscal year 2015.

Options Exercised and Stock Vested

No option awards were exercised and no shares were acquired by stock awards vesting by the named executive officers during the fiscal year ended September 30, 2015.

Potential Payments upon Termination or Change-in-Control

Equity Award Agreements

Pursuant to stock option agreements with our named executive officers, all of their outstanding stock options will vest upon death, disability or retirement (i.e., termination on or after age 65) and in the event of a change in control. Based on the price of the Company s stock of $32.49 as of September 30, 2015, the values of unvested stock options for the named executives as of that date (based on the difference between such stock price and the exercise prices) were as follows: Mr. Buck $21,633, Mr. Isabella $103,274, Mr. Nowicki $28,413 and Mr. Cooper $19,385.

Pursuant to restricted unit awards with our named executive officers, restricted units will vest upon death or disability (at target in the case of performance-based awards). Based on the price of the Company s stock of $32.49 as of September 30, 2015, the values of the number of unvested restricted units that would vest on death or disability as of that date for the named executive officers were as follows: Mr. Buck $649,378, Mr. Isabella $3,591,867, Mr. Nowicki $1,423,712 and Mr. Cooper $902,540. Upon a change in control, restricted units will vest (at the maximum level in the case of performance-based units, except as provided below). Based on the price of the Company s stock of $32.49 as of September 30, 2015, the values of the number of unvested restricted units that would vest on a change in control as of that date for the named executive officers were as follows: Mr. Buck $749,276, Mr. Isabella $4,177,069, Mr. Nowicki $1,536,038 and Mr. Cooper $1,045,390. In the case of retirement, restricted units will vest (in the case of performance-based units, at the end of the performance period based on actual performance (or upon death, if earlier, at the target level)). Please see the second sentence of this paragraph for the values of the number of restricted units that would vest upon retirement, based on the price of the Company s stock of $32.49 as of September 30, 2015, for the named executive officers, assuming that performance-based units vest at target.

Beginning in fiscal 2015, equity awards contain a double trigger change in control mechanism. Unless an award is continued or assumed by a public company in an equitable manner, an award shall become fully vested immediately prior to a change in control (at 100% in the case of a performance-based award). If an award is so continued or assumed, vesting will continue in accordance with the terms of the award, unless there is a qualifying termination within one-year following the change in control, in which event the award shall become fully vested immediately (at 100% in the case of a performance-based award).

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Employment Agreements

There are no employment, severance or change-in-control agreements currently entered into by and between any current executive officer and the Company.

Compensation Committee Interlocks and Insider Participation

During the fiscal year ended September 30, 2015, the Compensation Committee of our Board of Directors was comprised of Stuart Randle, James Gaffney, Wilson Sexton and Richard Frost. There are no Compensation Committee interlocks. None of the members of the Compensation Committee is an officer, employee or former officer or employee of the Company or any of our subsidiaries.

Compensation of Directors

The table below summarizes the compensation we paid to our non-employee directors during the year ended September 30, 2015.

Director	Fees earned or paid in cash ($)	Stock awards[(1)] ($)	Total ($)
James J. Gaffney	$ 78,125	$ 90,021	$ 168,146
Peter M. Gotsch[(2)]	$ 93,750	$ 90,021	$ 183,771
Stuart A. Randle	$ 78,125	$ 90,021	$ 168,146
Wilson B. Sexton	$ 70,625	$ 90,021	$ 160,646
Richard W. Frost	$ 68,125	$ 90,021	$ 158,146
Neil S. Novich	$ 83,125	$ 90,021	$ 173,146
Douglas L. Young	$ 63,125	$ 90,021	$ 153,146
Alan Gershenhorn	$ 21,305	$ 68,077	$ 89,382

(1) These amounts reflect the total estimated grant date fair value of restricted stock units computed in accordance with FASB ASC Topic 718.

(2) Lead Independent Director.

As of September 30, 2015, options outstanding, options exercisable and stock awards outstanding for each non-employee director included the following:

Director	Options outstanding	Options exercisable	Stock awards outstanding
James J. Gaffney	36,470	36,470	16,489
Peter M. Gotsch			16,489
Stuart A. Randle	25,220	25,220	16,489
Wilson B. Sexton	58,970	58,970	16,489
Richard W. Frost			10,215
Neil S. Novich			10,215
Douglas L. Young			4,811

Alan Gershenhorn	2,206

Our non-employee director compensation program is comprised of the following:

- an annual retainer of $55,000;
- an annual stock award valued at approximately $90,000 which fully vests on the first anniversary of the grant date but does not settle until the date of the director s termination of service on the Board, except that, beginning in fiscal year 2016, directors holding units with a value equal to five times the annual cash retainer may elect to have future grants settle simultaneously with vesting (grants made prior to fiscal 2014 settle on a date that is six months after the director s termination of service on the Board);
- an additional annual retainer of $25,000 for the Lead Independent Director;

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an additional annual retainer of $20,000 for the Audit Committee Chair and $10,000 for the other committee chairs; and

an additional annual retainer of $10,000 for service on the Audit Committee and $7,500 for service on the other committees.

Additional fees may be payable if the number of Board or committee meetings exceed 12 or 8, respectively, during a fiscal year. We reimburse members of our Board of Directors for any out-of-pocket expenses they incur in connection with services provided as directors.

Directors who are employees of the Company do not receive compensation for their services as directors.

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CORPORATE GOVERNANCE

We operate within a comprehensive plan of corporate governance for the purpose of defining responsibilities, setting high standards of professional and personal conduct and assuring compliance with such responsibilities and standards. We regularly monitor developments in the area of corporate governance. We are subject to the Sarbanes-Oxley Act and the Dodd-Frank Act which, among other things, establish, or provide the basis for, a number of corporate governance standards and disclosure requirements. We are following the requirements of the Sarbanes-Oxley Act, the Dodd-Frank Act and SEC rules as they relate to us.

EMPLOYEE CODE OF BUSINESS ETHICS AND CONDUCT

We have adopted the Beacon Roofing Supply, Inc. Code of Conduct, a code of ethics that applies to all of our directors, officers and employees, including our Chief Executive Officer, Chief Financial Officer and Chief Accounting Officer, Corporate Controller, and any other persons performing similar functions. This code of conduct is available on our website at *www.becn.com*. If we make any substantive amendments to this code of conduct or grant any waiver, including any implicit waiver, from a provision of the code to our Chief Executive Officer, Chief Financial Officer and Chief Accounting Officer, or any other persons performing similar functions, we will disclose the nature of such amendment or waiver on our website within four business days.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Investment Agreement Amendment

In connection with the acquisition of Roofing Supply Group, LLC (RSG), the Company entered into Investment Agreement, dated as of July 27, 2015, as amended, with CD&R Roadhouse Holdings, L.P., an affiliate of Clayton Dubilier & Rice, LLC and the controlling stockholder of RSG (the CD&R Stockholder), that, among other things, provides that the CD&R Stockholder (i) may designate two directors to the Company s board of directors, for so long as the CD&R Stockholder and its affiliates hold at least 58.6% of the shares of the Company s common stock received by the CD&R Stockholder at the closing of the RSG Acquisition, and (ii) may designate one director to the Company s board of directors for so long as the CD&R Stockholder and its affiliates hold less than 58.6%, but at least 3.0%, of such shares; provided that the CD&R Stockholder and its affiliates shall not be entitled to such one director designee pursuant to clause (ii) if they own less than 4.0% of the shares of the Company s common stock then outstanding and the number of members of the Company s board of directors is at such time less than eight.

CD&R Registration Rights Agreement

In connection with the acquisition of RSG, on October 1, 2015, the Company entered into a registration rights agreement with the CD&R Stockholder (the CD&R Registration Rights Agreement), pursuant to which the Company agreed to file a resale shelf registration statement for the benefit of the CD&R Stockholder and certain of its permitted transferees promptly upon the expiration of the 180-day post-closing lock-up period, and pursuant to which the CD&R Stockholder and such transferees may make up to three requests (only two of which may require substantial marketing

efforts or a separate registration statement) that the Company conduct an underwritten offering of, or register, the Company common stock held by the CD&R Stockholder and such transferees. The CD&R Stockholder and such transferees also may request that the Company include their shares in certain future registration statements or offerings of common stock by the Company. These rights terminate when the CD&R Stockholder and such transferees no longer own any shares of the Company common stock.

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POLICIES AND PROCEDURES WITH RESPECT TO TRANSACTIONS WITH RELATED PERSONS

Our finance and legal departments are primarily responsible for identifying and reviewing relationships and transactions in which the Company and our directors, executive officers, and/or certain of our stockholders or their immediate family members are participants to determine whether any of these related parties had or will have a direct or indirect material interest. In order to identify potential related person transactions, our legal department annually prepares and distributes to all directors and named executives a written questionnaire which includes questions intended to elicit information about any related person transactions. Pursuant to the Company s written contract review policy, approved by our Board, all agreements covered by this policy with Related Persons, as that term is defined pursuant to Item 404(a) of SEC Regulation S-K, must be submitted for review and approval by the Audit Committee. In evaluating related person transactions, our Audit Committee members apply the same standards of good faith and fiduciary duty they apply to their general responsibilities as a committee of the Board and as individual directors. The Audit Committee may approve a related person transaction when, in its good faith judgment, the transaction is in the best interests of the Company.

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The firm of Ernst & Young LLP, independent registered public accounting firm, has been our auditor since 1997 and has advised us that the firm does not have any direct financial interest or indirect financial interest in the Company or any of its subsidiaries. It is expected that a representative of such firm will (i) attend the 2016 annual meeting, (ii) have an opportunity to make a statement if they desire to do so, and (iii) be available to respond to appropriate questions.

OTHER BUSINESS

The Board of Directors knows of no other business to be brought before the annual meeting. If, however, any other business should properly come before the annual meeting, the persons named in the accompanying proxy will vote proxies as in their discretion they may deem appropriate, unless they are directed by a proxy to do otherwise.

A copy of our annual report on Form 10-K for the fiscal year ended September 30, 2015, including the financial statements and schedules but excluding certain exhibits, will be made available without charge to interested shareholders upon written request to us.

INFORMATION CONCERNING SHAREHOLDER PROPOSALS

Shareholders interested in presenting a proposal for consideration at our 2017 annual meeting of shareholders may do so by following the procedures prescribed in Rule 14a-8 promulgated by the Securities and Exchange Act of 1934. To

be eligible for inclusion in the proxy statement and form of proxy relating to the meeting, shareholder proposals must be received by our Corporate Secretary no later than September 8, 2016. In accordance with our Bylaws, any shareholder proposal submitted other than for inclusion in the proxy materials for that meeting must be delivered to us no earlier than October 12, 2016 and no later than November 11, 2016, or such proposal will be considered untimely. This notice must contain the information required by our Bylaws.

By Order of the Board of Directors

/s/ Ross D. Cooper

ROSS D. COOPER, *Secretary*
Herndon, Virginia
January 6, 2016

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Appendix A

BEACON ROOFING SUPPLY, INC.

AMENDED AND RESTATED 2014 STOCK PLAN

Section 1. Purpose.

The purpose of the Beacon Roofing Supply, Inc. 2014 Stock Plan (the Plan) is to attract and retain outstanding individuals as Key Employees and Directors of Beacon Roofing Supply, Inc. (the Company) and its Subsidiaries, to recognize the contributions made to the Company and its Subsidiaries by Key Employees and Directors, and to provide such Key Employees and Directors with additional incentive to expand and improve the profits and achieve the objectives of the Company and its Subsidiaries, by providing such Key Employees and Directors with the opportunity to acquire or increase their proprietary interest in the Company through receipt of Awards of or relating to Common Stock of the Company, including Stock Options, Stock Awards, Stock Units and Stock Appreciation Rights.

Section 2. Definitions.

As used in the Plan, the following terms shall have the meanings set forth below:

2.1 2004 Plan means the Beacon Roofing Supply, Inc. Amended and Restated 2004 Stock Plan.

2.2 Award means any award or benefit granted under the Plan, which shall be a Stock Option, Stock Award, Stock Unit or Stock Appreciation Right.

2.3 Award Agreement means, as applicable, a Stock Option Agreement, Stock Award Agreement or Stock Unit Agreement or Stock Appreciation Rights Agreement evidencing an Award granted under the Plan.

2.4 Board means the Board of Directors of the Company or the Committee, to the extent the Board has delegated authority as described in Section 3.1 of the Plan.

2.5 Change in Control has the meaning set forth in Section 9.2 of the Plan.

2.6 Code means the Internal Revenue Code of 1986, as amended from time to time.

2.7 Committee means the Compensation Committee of the Board or such other committee as may be designated by the Board from time to time to administer the Plan to the extent such committee is comprised of at least two members of the Board who satisfy the non-employee director definition set forth in Rule 16b-3 under the Exchange Act and the outside director definition under Section 162(m) of the Code and the regulations thereunder.

2.8 Common Stock means the Common Stock, par value $.01 per share, of the Company.

2.9 Company means Beacon Roofing Supply, Inc., a Delaware corporation.

2.10 Director means a director of the Company who is not an employee of the Company or any Subsidiary.

2.11 Exchange Act means the Securities Exchange Act of 1934, as amended from time to time.

2.12 Fair Market Value means the closing price of the Common Stock on the NASDAQ Global Select Market (as reported in The Wall Street Journal).

2.13 Incentive Stock Option or ISO means a Stock Option granted under Section 5 of the Plan that meets the requirements of Section 422(b) of the Code or any successor provision.

2.14 Key Employee means an employee of the Company or any Subsidiary selected to participate in the Plan in accordance with Section 3. A Key Employee may also include a person who is granted an Award in connection with the hiring of the person prior to the date the person becomes an employee of the Company or any Subsidiary,

provided that such Award shall not be an Incentive Stock Option and shall not vest prior to the commencement of employment.

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2.15 Non-Qualified Stock Option or NSO means a Stock Option granted under Section 5 of the Plan that is not an Incentive Stock Option.

2.16 Participant means a Key Employee or Director selected to receive an Award under the Plan.

2.17 Plan means the Beacon Roofing Supply, Inc. 2014 Stock Plan.

2.18 Stock Appreciation Right or SAR means the grant of a right to receive shares of Common Stock or cash under Section 8 of the Plan.

2.19 Stock Award means a grant of shares of Common Stock under Section 6 of the Plan.

2.20 Stock Option means an Incentive Stock Option or a Non-Qualified Stock Option granted under Section 5 of the Plan.

2.21 Stock Unit means a right to receive shares of Common Stock or cash under Section 7 of the Plan.

2.22 Subsidiary means an entity of which the Company is the direct or indirect beneficial owner of not less than 50% of all issued and outstanding equity interest of such entity.

2.23 Substitute Award means an Award granted under the Plan upon the assumption, substitution or exchange of outstanding equity awards previously granted by a company or other entity in connection with a corporate transaction, including a merger, combination, consolidation or acquisition of property or stock; provided, however, that Substitute Award shall not include an Award granted in connection with a repricing of a Stock Option or SAR.

Section 3. Administration.

3.1 The Committee.

The Plan shall be administered by the Committee.

3.2 Authority of the Committee.

(a) The Committee, in its sole discretion, shall determine the Key Employees and Directors to whom, and the time or times at which Awards will be granted, the form and amount of each Award, the expiration date of each Award, the time or times within which the Awards may be exercised, the cancellation of the Awards and the other limitations, restrictions, terms and conditions applicable to the grant of the Awards. The terms and conditions of the Awards need not be the same with respect to each Participant or with respect to each Award.

(b) The Committee may delegate its authority to grant Awards to Key Employees and to determine the terms and conditions thereof to such officer of the Company as it may determine in its discretion, on such terms and conditions as it may impose, except with respect to Awards to officers subject to Section 16 of the Exchange Act or officers who are or may be covered employees as defined in Section 162(m) of the Code, or to the extent prohibited by applicable law, regulation or rule of a stock exchange on which the Common Stock is listed.

(c) The Committee may, subject to the provisions of the Plan, establish such rules and regulations as it deems necessary or advisable for the proper administration of the Plan, and may make determinations and may take such other action in connection with or in relation to the Plan as it deems necessary or advisable. Each determination or other action made or taken pursuant to the Plan, including interpretation of the Plan and the specific terms and conditions of the Awards granted hereunder, shall be final and conclusive for all purposes and upon all persons.

(d) No member of the Board or the Committee shall be liable for any action taken or determination made hereunder in good faith. Service on the Committee shall constitute service as a Director so that the members of the Committee shall be entitled to indemnification and reimbursement as Directors of the Company pursuant to the Company s Certificate of Incorporation and By-Laws.

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3.3 Award Agreements.

Each Award shall be evidenced by a written Award Agreement specifying the terms and conditions of the Award. In the sole discretion of the Committee, the Award Agreement may condition the grant of an Award upon the Participant s entering into one or more of the following agreements with the Company: (a) an agreement not to compete with the Company and its Subsidiaries which shall become effective as of the date of the grant of the Award and remain in effect for a specified period of time following termination of the Participant s employment with the Company; (b) an agreement to cancel any employment agreement, fringe benefit or compensation arrangement in effect between the Company and the Participant; and (c) an agreement to retain the confidentiality of certain information. Such agreements may contain such other terms and conditions as the Committee shall determine. If the Participant shall fail to enter into any such agreement at the request of the Committee, then the Award granted or to be granted to such Participant shall be forfeited and cancelled.

3.4 Performance Goals.

(a) The Committee may, in its discretion, provide that any Award granted under the Plan shall be subject to the attainment of performance goals, including those that qualify the Award as performance-based compensation within the meaning of Section 162(m) of the Code. Performance goals may be based on one or more business criteria, including, but not limited to: return on equity; earnings, earnings per share or earnings per share growth; net income plus interest expense and other financing costs (net of interest income), income taxes, depreciation and amortization, adjustments to contingent consideration, and stock-based compensation; Common Stock price; total stockholder return; return on assets; asset or inventory turnover; return on investment; cash flow (including operating cash flow, free cash flow, cash flow return on equity and cash flow return on investment); net or pre-tax income; profit margin; market share; expense management; or net sales or revenue, or net sales or revenue growth. Performance goals may be absolute in their terms or measured against or in relationship to the performance of other companies or indices selected by the Committee. In addition, performance goals may be adjusted for any events or occurrences (including acquisition expenses, extraordinary, unusual or infrequently occurring charges, losses from discontinued operations, restatements and accounting charges, restructuring expenses, asset write-downs, administrative costs associated with debt and equity refinancing, litigation or claim judgments or settlements, effect of changes in tax laws and foreign exchange gains and losses), as may be determined by the Committee. Performance goals may be particular to one or more lines of business or Subsidiaries or may be based on the performance of the Company and its Subsidiaries as a whole.

(b) With respect to each performance period established by the Committee, the Committee shall establish such performance goals relating to one or more of the business criteria identified above, and shall establish targets for Participants for achievement of performance goals. The performance goals and performance targets established by the Committee may be identical for all Participants for a given performance period or, at the discretion of the Committee, may differ among Participants. Following the completion of each performance period, the Committee shall determine the extent to which performance goals for that performance period have been achieved and the related performance-based restrictions shall lapse in accordance with the terms of the applicable Award Agreement.

Section 4. Shares of Common Stock Subject to Plan.

4.1 Total Number of Shares.

(a) The total number of shares of Common Stock that may be issued with respect to Awards granted under the Plan on or after February 9, 2016 shall be equal to 5,000,000. Such shares may be either authorized but unissued shares or treasury shares, and shall be adjusted in accordance with the provisions of Section 4.3 of the Plan.

(b) Stock Options and SARs granted after December 4, 2015 under the Plan shall reduce the number of shares of Common Stock available for Awards by one share for every share subject to the Stock Option or SAR. Stock Awards and Stock Unit Awards granted after December 4, 2015 under the Plan

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that are settled in shares of Common Stock shall reduce the number of shares available for Awards by 2.25 shares for every share delivered. Awards that are settled in cash shall not reduce the number of shares available for Awards.

(c) If after December 4, 2015 (i) there is a lapse, forfeiture, expiration, termination or cancellation of any Award for any reason under the Plan, or a lapse, forfeiture, expiration, termination or cancellation of any award for any reason under the 2004 Plan, or (ii) shares subject to a Stock Award or Stock Unit Award under the Plan, or shares subject to a stock unit award under the 2004 Plan, are delivered by a Participant or withheld by the Company on behalf of such Participant as full or partial payment of any required withholding taxes, then in each case the shares subject to such Award shall be available for issuance pursuant to subsequent Awards under the Plan, with each share subject to Stock Options or SARs under the Plan and each share subject to stock options under the 2004 Plan counting as one share added back and each share subject to Stock Awards or Stock Unit Awards under the Plan and each share subject to stock unit awards under the 2004 Plan counting as 2.25 shares added back, and such shares shall not count against the aggregate number of shares of Common Stock that may be issued under the Plan.

(d) The number of shares of Common Stock delivered by a Participant or withheld by the Company on behalf of any such Participant after December 4, 2015 as full or partial payment of the exercise price of a Stock Option under the Plan, or the exercise price of a stock option under the 2004 Plan, or of any required withholding taxes with respect to such Stock Options, SARs or stock options, shall again be available for issuance pursuant to subsequent Awards, and shall not count against the aggregate number of shares of Common Stock that may be issued under the Plan. The number of shares of Common Stock subject to an SAR that may be settled in shares that are not issued in connection with the settlement of the SAR after December 4, 2015 shall again be available for issuance pursuant to subsequent Awards, and shall not count against the aggregate number of shares of Common Stock that may be issued under the Plan.

(e) The number of shares of Common Stock available for Awards under the Plan shall not be reduced by (i) the number of shares subject to Substitute Awards or (ii) available shares under a stockholder approved plan of a company or other entity that was a party to a corporate transaction with the Company (as appropriately adjusted to reflect such corporate transaction) that become subject to Awards granted under this Plan (subject to applicable stock exchange requirements).

4.2 Shares Under Awards.

Of the shares of Common Stock authorized for issuance under the Plan pursuant to Section 4.1:

(a) The maximum number of shares of Common Stock as to which a Key Employee may receive Stock Options or SARs in any fiscal year is 500,000 (or in the event the SAR is settled in cash, an amount equal to the Fair Market Value of such number of shares on the date the Award is settled), except that the maximum number of shares of Common Stock as to which a Key Employee may receive Stock Options or SARs in the fiscal year in which such Key Employee begins employment with the Company or its Subsidiaries is 1,000,000 (or in the event the SAR is settled in cash, an amount equal to the Fair Market Value of such number of shares on the date the Award is settled).

(b) The maximum number of shares of Common Stock that may be subject to Incentive Stock Options is 5,000,000.

(c) The maximum number of shares of Common Stock that may be used for Stock Awards and Stock Unit Awards that are intended to qualify as performance based in accordance with Section 162(m) of the Code that may be granted to any Key Employee in any fiscal year is 500,000, or, in the event the Award is settled in cash, an amount equal to the Fair Market Value of such number of shares on the date on which the Award is settled, except that the maximum number of shares that may be used for such Stock Awards and Stock Unit Awards in the fiscal year in which such Key Employee begins employment with the Company or its Subsidiaries is 1,000,000 or, if settled in cash, an amount

equal to the Fair Market Value of such number of shares on the date on which the Award is settled.

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(d) The aggregate grant date fair value (computed as of the date of grant in accordance with applicable financial accounting rules) of all Awards granted to any Director during any single fiscal year (excluding Awards granted to the Director in connection with the Director s election to defer all or a portion of annual and committee cash retainer fees), when taken together with annual cash compensation, shall not exceed $400,000 ($600,000 in the first year as a Director or in any year for a non-employee Chairman of the Board).

The numbers of shares described herein shall be as adjusted in accordance with Section 4.3 of the Plan.

4.3 Adjustment.

In the event of any reorganization, recapitalization, stock split, stock distribution, special or extraordinary dividend, merger, consolidation, split-up, spin-off, combination, subdivision, consolidation or exchange of shares, any change in the capital structure of the Company or any similar corporate transaction, the Committee shall make such adjustments as are necessary and appropriate to preserve the benefits or intended benefits of the Plan and Awards granted under the Plan. Such adjustments may include: (a) adjustment in the number and kind of shares reserved for issuance under the Plan; (b) adjustment in the number and kind of shares covered by outstanding Awards; (c) adjustment in the exercise price of outstanding Stock Options or the price of other Awards under the Plan; (d) adjustments to any of the shares limitations set forth in Section 4.1 or 4.2 of the Plan; and (e) any other changes that the Committee determines to be equitable under the circumstances.

Section 5. Stock Options.

5.1 Grant.

Subject to the terms of the Plan, the Committee may grant Stock Options to Participants. Unless otherwise expressly provided at the time of the grant, Stock Options granted under the Plan to Key Employees will be ISOs. Stock Options granted under the Plan to Directors will be NSOs.

5.2 Stock Option Agreement.

The grant of each Stock Option shall be evidenced by a written Stock Option Agreement specifying the type of Stock Option granted, the exercise period, the exercise price, the terms for payment of the exercise price, the expiration date of the Stock Option, the number of shares of Common Stock to be subject to each Stock Option and such other terms and conditions established by the Committee, in its sole discretion, not inconsistent with the Plan. A Participant shall have no dividend or other distribution rights with respect to any Stock Option prior to the date it is settled in shares of Common Stock.

5.3 Exercise Price and Exercise Period.

With respect to each Stock Option granted to a Participant:

(a) The per share exercise price of each Stock Option shall not be less than the Fair Market Value of the Common Stock subject to the Stock Option on the date on which the Stock Option is granted. Notwithstanding the foregoing, in the case of a Stock Option that is a Substitute Award, the exercise price may be less than 100% of the Fair Market Value of the Common Stock on the date of grant, provided that the excess of (i) the aggregate Fair Market Value (as of the date such Substitute Award is granted) of the shares subject to the Substitute Award, over (ii) the aggregate exercise price thereof does not exceed the excess of (iii) the aggregate fair market value (as of the time immediately preceding the transaction giving rise to the Substitute Award, such fair market value to be determined by the Committee) of the shares of the predecessor company or other entity that were subject to the grant assumed, substituted or exchanged by the Company over (iv) the aggregate exercise price of such shares.

(b) Each Stock Option shall become exercisable as provided in the Stock Option Agreement; provided that the Committee shall have the discretion to accelerate the date as of which any Stock Option shall become exercisable in the event of the Participant s termination of employment with the Company, or service on the Board, without cause (as determined by the Committee in its sole discretion).

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(c) Each Stock Option shall expire, and all rights to purchase shares of Common Stock thereunder shall expire, on the date provided in the Stock Option Agreement, but in no event more than ten years after the date of grant, provided however, if a Participant is unable to exercise a Stock Option because trading in the Common Stock is prohibited by law or the Company s insider-trading policy, the Stock Option exercise date shall be extended to the date that is 30 days after the expiration of the trading prohibition.

5.4 Required Terms and Conditions of ISOs.

In addition to the foregoing, each ISO granted to a Key Employee shall be subject to the following specific rules:

(a) The aggregate Fair Market Value (determined with respect to each ISO at the time such Option is granted) of the shares of Common Stock with respect to which ISOs are exercisable for the first time by a Key Employee during any calendar year (under all incentive stock option plans of the Company and its Subsidiaries) shall not exceed $100,000. If the aggregate Fair Market Value (determined at the time of grant) of the Common Stock subject to an ISO which first becomes exercisable in any calendar year exceeds the limitation of this Section 5.4(a), so much of the ISO that does not exceed the applicable dollar limit shall be an ISO and the remainder shall be a NSO; but in all other respects, the original Stock Option Agreement shall remain in full force and effect.

(b) Notwithstanding anything herein to the contrary, if an ISO is granted to a Key Employee who owns stock possessing more than 10% of the total combined voting power of all classes of stock of the Company (or its parent or subsidiaries within the meaning of Section 422(b)(6) of the Code): (i) the purchase price of each share of Common Stock subject to the ISO shall be not less than 110% of the Fair Market Value of the Common Stock on the date the ISO is granted; and (ii) the ISO shall expire, and all rights to purchase shares of Common Stock thereunder shall expire, no later than the fifth anniversary of the date the ISO was granted.

(c) No ISOs shall be granted under the Plan after ten years from the earlier of the date the Plan is adopted or approved by stockholders of the Company.

5.5 Exercise of Stock Options.

(a) A Participant entitled to exercise a Stock Option may do so by delivering written notice to that effect specifying the number of shares of Common Stock with respect to which the Stock Option is being exercised and any other information the Committee may prescribe. All notices or requests provided for herein shall be delivered to the Secretary of the Company.

(b) The Committee in its sole discretion may make available one or more of the following alternatives for the payment of the Stock Option exercise price:

(i) in cash;

(ii) in cash received from a broker-dealer to whom the Participant has submitted an exercise notice together with irrevocable instructions to deliver promptly to the Company the amount of sales proceeds from the sale of the shares subject to the Stock Option to pay the exercise price;

(iii) by directing the Company to withhold the number of shares of Common Stock otherwise issuable in connection with the exercise of the Stock Option that have an aggregate Fair Market Value equal to the exercise price;

(iv) by delivering previously acquired shares of Common Stock that are acceptable to the Committee and that have an aggregate Fair Market Value on the date of exercise equal to the Stock Option exercise price; or

(v) by certifying to ownership by attestation of such previously acquired shares of Common Stock.

The Committee shall have the sole discretion to establish the terms and conditions applicable to any alternative made available for payment of the Stock Option exercise price.

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(c) The Company shall issue, in the name of the Participant, stock certificates representing the total number of shares of Common Stock issuable pursuant to the exercise of any Stock Option as soon as reasonably practicable after such exercise; provided that any shares of Common Stock purchased by a Participant through a broker-dealer pursuant to Section 5.5(b)(ii) or Section 10(b) shall be delivered to such broker-dealer in accordance with 12 C.F.R. §220.3(e)(4) or other applicable provision of law. Notwithstanding the foregoing, the Company, in lieu of issuing stock certificates, may reflect the issuance of shares of Common Stock to a Participant on a non-certificated basis, with the ownership of such shares by the Participant evidenced solely by book entry in the records of the Company s transfer agent.

Section 6. Stock Awards.

6.1 Grant.

The Committee may, in its discretion, (a) grant shares of Common Stock under the Plan to any Participant without consideration from such Participant or (b) sell shares of Common Stock under the Plan to any Participant for such amount of cash, Common Stock or other consideration as the Board deems appropriate.

6.2 Stock Award Agreement.

Each share of Common Stock granted or sold hereunder shall be subject to such restrictions, conditions and other terms as the Board may determine at the time of grant or sale, the general provisions of the Plan, the restrictions, terms and conditions of the related Stock Award Agreement, and the following specific provisions:

(a) Shares of Common Stock issued to a Participant under the Plan shall be evidenced by a Stock Award Agreement, which shall specify whether the shares of Common Stock are granted or sold to the Participant and such other provisions, not inconsistent with the terms and conditions of the Plan, as the Committee shall determine.

(b) The restrictions to which the shares of Common Stock awarded hereunder are subject shall lapse as provided in the Stock Award Agreement. The Committee shall have the discretion to accelerate the date as of which the restrictions lapse with respect to any Stock Award held by a Participant in the event of the Participant s termination of employment with the Company, or service on the Board, without cause (as determined by the Committee in its sole discretion).

(c) Except as provided in this subsection (c) and unless otherwise provided in the Stock Award Agreement, the Participant receiving a grant of or purchasing Common Stock shall thereupon be a stockholder with respect to all of the shares subject to the Stock Award and shall have the rights of a stockholder with respect to such shares, including the right to vote such shares and to receive dividends and other distributions paid with respect to such shares. Notwithstanding the preceding sentence, in the case of a Stock Award that provides for the right to receive dividends or distributions: (i) if such Stock Award is subject to performance-based restrictions as described in Section 3.4, the Company shall accumulate and hold such dividends or distributions, and (ii) in the case of all other such Stock Awards, the Board shall have the discretion to cause the Company to accumulate and hold such dividends or distributions. In either such case, the accumulated dividends or other distributions shall be paid to the Participant only upon the lapse of the restrictions to which the Stock Award is subject, and any such dividends or distributions attributable to the portion of a Stock Award for which the restrictions do not lapse shall be forfeited.

(d) The Company shall issue, in the name of the Participant, stock certificates representing the total number of shares of Common Stock granted or sold to the Participant, as soon as may be reasonably practicable after such grant or sale, which shall be held by the Secretary of the Company until such time as the Common Stock is forfeited, resold to the Company, or the restrictions lapse. Notwithstanding the foregoing, the Company, in lieu of issuing stock certificates, may reflect the issuance of shares of Common Stock to a Participant on a non-certificated basis, with the ownership of such shares by the Participant evidenced solely by book entry in the records of the Company s transfer agent.

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Section 7. Stock Units.

7.1 Grant.

The Committee may, in its discretion, grant Stock Units to any Participant. Each Stock Unit shall entitle the Participant to receive, on the date or upon the occurrence of an event (including the attainment of performance goals) as described in the Stock Unit Agreement, one share of Common Stock or cash equal to the Fair Market Value of a share of Common Stock on the date of such event, as provided in the Stock Unit Agreement.

7.2 Stock Unit Agreement.

Each grant of Stock Units to a Participant under this Section 7 shall be evidenced by a Stock Unit Agreement, which shall specify the restrictions, terms and conditions established by the Committee in its sole discretion, not inconsistent with the Plan and the following provisions:

(a) The restrictions to which the Stock Units awarded hereunder are subject shall lapse as set forth in the Stock Unit Agreement. The Committee shall have the discretion to accelerate the date as of which the restrictions lapse with respect to any Stock Unit held by a Participant in the event of the Participant s termination of employment with the Company, or service on the Board, without cause (as determined by the Committee in its sole discretion).

(b) Except as provided in this subsection (b), and unless otherwise provided in the Stock Unit Agreement, a Participant shall have no rights of a stockholder, including voting or dividend or other distribution rights, with respect to any Stock Units prior to the date they are settled in shares of Common Stock. A Stock Unit Agreement may provide that, until the Stock Units are settled in shares of Common Stock or cash, the Participant shall receive, on each dividend or distribution payment date applicable to the Common Stock, an amount equal to the dividends or distributions that the Participant would have received had the Stock Units held by the Participant as of the related record date been actual shares of Common Stock. Notwithstanding the preceding sentence, in the case of a Stock Unit Award that provides for the right to receive amounts related to dividends or distributions: (i) if such Stock Unit Award is subject to performance-based restrictions as described in Section 3.4, the Company shall accumulate and hold such amounts, and (ii) in the case of all other such Stock Unit Awards, the Board shall have the discretion to cause the Company to accumulate and hold such amounts. In either such case, the accumulated amounts shall be paid to the Participant only upon the lapse of the restrictions to which the Stock Unit Award is subject and any such amounts attributable to the portion of a Stock Unit Award for which the restrictions do not lapse shall be forfeited.

(c) Upon settlement of Stock Units in Common Stock, the Company shall issue, in the name of the Participant, stock certificates representing a number of shares of Common Stock equal to the number of Stock Units being settled. Notwithstanding the foregoing, the Company, in lieu of issuing stock certificates, may reflect the issuance of shares of Common Stock to a Participant on a non-certificated basis, with the ownership of such shares by the Participant evidenced solely by book entry in the records of the Company s transfer agent.

Section 8. SARs.

8.1 Grants.

Subject to the terms of the Plan, the Committee may grant SARs to Participants. Upon exercise, an SAR entitles the Participant to receive from the Company a number of shares of Common Stock having an aggregate Fair Market Value equal to the excess of the Fair Market Value of one share as of the date on which the SAR is exercised over the exercise price, multiplied by the number of shares with respect to which the SAR is being exercised. Cash shall be delivered in lieu of any fractional Shares. The Committee, in its discretion, and as set forth in the SAR Agreement, may provide for payments upon exercise of the SAR in cash, in an amount equal to the Fair Market Value on the date

of exercise of the shares of Common Stock otherwise issuable upon such exercise.

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8.2 SAR Agreement.

The grant of each SAR shall be evidenced by a written SAR Agreement specifying the terms and conditions of the SAR as the Committee may determine, including the exercise price, the duration of the SAR, the number of shares of Common Stock to be subject to each SAR, the form of settlement and such other terms and conditions established by the Committee, in its sole discretion, not inconsistent with the Plan. A Participant shall have no dividend or other distribution rights with respect to any SARs prior to the date they are settled in shares of Common Stock.

8.3 Exercise Price and Exercise Period.

(a) The per share exercise price of each SAR shall not be less than 100% of the Fair Market Value of a Share on the date the SAR is granted. Notwithstanding the foregoing, in the case of an SAR that is a Substitute Award, the exercise price may be less than 100% of the Fair Market Value on the date of grant, provided that the excess of (i) the aggregate Fair Market Value (as of the date of such Substitute Award is granted) of the shares subject to the Substitute Award, over (ii) the aggregate exercise price thereof does not exceed the excess of (iii) the aggregate fair market value (as of the time immediately preceding the transaction giving rise to the Substitute Award, such fair market value to be determined by the Committee) of the shares of the predecessor company or other entity that were subject to the grant assumed, substituted or exchanged by the Company over (iv) the aggregate exercise price of such shares.

(b) Each SAR shall become exercisable as provided in the SAR Agreement provided that the Committee shall have the discretion to accelerate the date as of which any SAR shall become exercisable in the event of the Participant s termination of employment with the Company, or service on the Board, without cause (as determined by the Committee in its sole discretion).

(c) Each SAR shall expire and all rights thereunder shall cease on the date provided in the SAR Agreement, but in no event more than ten years after the date of grant, provided however, if a Participant is unable to exercise an SAR because trading in the Common Stock is prohibited by law or the Company s insider-trading policy, the SAR exercise date shall be extended to the date that is 30 days after the expiration of the trading prohibition.

8.4 Exercise of SARs.

A Participant entitled to exercise an SAR may do so by delivery of a written notice in accordance with procedures established by the Committee specifying the number of shares of Common Stock with respect to which the SAR is being exercised and any other information the Company may prescribe. As soon as reasonably practicable after the exercise of an SAR, the Company shall (i) issue, in the name of the Participant, stock certificates representing the total number of full shares of Common Stock to which the Participant is entitled and cash in an amount equal to the Fair Market Value, as of the date of exercise, of any resulting fractional share and/or (ii) to the extent the Committee provides for settlement in cash, deliver to the Participant an amount equal to the Fair Market Value as of the date of exercise of the shares it would otherwise be obligated to deliver. Notwithstanding the foregoing, the Company, in lieu of issuing stock certificates, may reflect the issuance of shares of Common Stock to a Participant on a non-certificated basis, with the ownership of such shares by the Participant evidenced solely by book entry in the records of the Company s transfer agent.

Section 9. Change in Control.

9.1 Effect of Change in Control.

In addition to the Committee s authority set forth in Section 3, upon a Change in Control of the Company, the Committee is authorized, and has sole discretion, as to any Award, either at the time such Award is granted hereunder or any time thereafter, to take any one or more of the following actions: (a) provide that (i) all outstanding Awards shall become fully vested and exercisable and (ii) all restrictions applicable to all Awards shall terminate or lapse; (b)

provide for the purchase of any outstanding Stock Option, for an amount of cash equal to the difference between the exercise price and the then Fair Market Value of the Common Stock covered thereby had such Stock Option been currently exercisable; (c) provide for the purchase of any outstanding Stock Award and/or Stock Unit for an amount of cash equal to the then

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Fair Market Value of the Common Stock, multiplied by the number of shares of Common Stock subject to the Stock Award or Stock Unit Award; (d) make such adjustment to any such Award then outstanding as the Board deems appropriate to reflect such Change in Control; and (e) cause any such Award then outstanding to be assumed, by the acquiring or surviving corporation, after such Change in Control.

9.2 Definition of Change in Control.

Change in Control shall mean the occurrence, at any time during the specified term of an Award granted under the Plan, of any of the following events:

(a) Any individual, partnership, firm, corporation, association, trust, unincorporated organization or other entity (other than the Company or a trustee or other fiduciary holding securities under an employee benefit plan of the Company), or any syndicate or group deemed to be a person under Section 14(d)(2) of the Exchange Act, is or becomes the beneficial owner (as defined in Rule 13d-3 of the General Rules and Regulations under the Exchange Act), directly or indirectly, of securities of the Company representing 50.1% or more of the combined voting power of the Company s then outstanding securities entitled to vote generally in the election of directors;

(b) The Company consummates a merger, consolidation, reorganization or other similar transaction with another corporation or other legal person unless, following such transaction, more than 50% of the combined voting power of the outstanding securities of the surviving, resulting or acquiring corporation or person or its parent entity entitled to vote generally in the election of directors (or persons performing similar functions) is then beneficially owned, directly or indirectly, by all or substantially all of the individuals and entities who were the beneficial owners of the Company s outstanding securities entitled to vote generally in the election of directors immediately prior to such transaction, in substantially the same proportions as their ownership, immediately prior to such transaction, of the Company s outstanding securities entitled to vote generally in the election of directors;

(c) The Company sells all or substantially all of its business and/or assets to another corporation or other legal person unless, following such sale, more than 50% of the combined voting power of the outstanding securities of the acquiring corporation or person or its parent entity entitled to vote generally in the election of directors (or persons performing similar functions) is then beneficially owned, directly or indirectly, by all or substantially all of the individuals and entities who were the beneficial owners of the Company s outstanding securities entitled to vote generally in the election of directors immediately prior to such sale, in substantially the same proportions as their ownership, immediately prior to such sale, of the Company s outstanding securities entitled to vote generally in the election of directors; or

(d) During any period of two consecutive years or less (not including any period prior to the approval of the Plan by the Board), individuals who at the beginning of such period constituted the Board (and any new Directors, whose appointment or election by the Board or nomination for election by the Company s stockholders was approved by a vote of at least two-thirds of the Directors then still in office who either were Directors at the beginning of the period or whose appointment, election or nomination for election was so approved) cease for any reason to constitute a majority of the Board. Any new Director described in the parenthetical above shall not include any person who becomes Director as a result of an actual or threatened election contest or proxy or consent solicitation on behalf of anyone other than the Board or as a result of any appointment, nomination, or other agreement intended to avoid or settle a contest or solicitation.

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Section 10. Payment of Taxes.

In connection with any Award, and as a condition to the issuance or delivery of any shares of Common Stock to the Participant in connection therewith, the Company may require the Participant to pay the Company an amount equal to the minimum amount of the tax the Company or any Subsidiary may be required to withhold to obtain a deduction for federal, state or local income tax purposes as a result of such Award or to comply with applicable law. The Committee in its sole discretion may make available one or more of the following alternatives for the payment of such taxes:

(a) in cash;

(b) in cash received from a broker-dealer to whom the Participant has submitted notice together with irrevocable instructions to deliver promptly to the Company the amount of sales proceeds from the sale of the shares subject to the Award to pay the withholding taxes;

(c) by directing the Company to withhold such number of shares of Common Stock otherwise issuable in connection with the Award having an aggregate Fair Market Value equal to the minimum amount of tax required to be withheld (or such other amount of tax that will not cause adverse accounting consequences and is permitted under the applicable IRS withholding rules);

(d) by delivering previously acquired shares of Common Stock of the Company that are acceptable to the Board that have an aggregate Fair Market Value equal to the amount required to be withheld; or

(e) by certifying to ownership by attestation of such previously acquired shares of Common Stock.

The Committee shall have the sole discretion to establish the terms and conditions applicable to any alternative made available for payment of the required withholding taxes.

Section 11. Postponement.

The Committee may postpone any grant or settlement of an Award or exercise of a Stock Option for such time as the Committee in its sole discretion may deem necessary in order to permit the Company:

(a) to effect, amend or maintain any necessary registration of the Plan or the shares of Common Stock issuable pursuant to an Award, including upon the exercise of an Option, under the Securities Act of 1933, as amended, or the securities laws of any applicable jurisdiction;

(b) to permit any action to be taken in order to (i) list such shares of Common Stock on a stock exchange if shares of Common Stock are then listed on such exchange or (ii) comply with restrictions or regulations incident to the maintenance of a public market for its shares of Common Stock, including any rules or regulations of any stock exchange on which the shares of Common Stock are listed; or

(c) to determine that such shares of Common Stock and the Plan are exempt from such registration or that no action of the kind referred to in (b)(ii) above needs to be taken; and the Company shall not be obligated by virtue of any terms and conditions of any Award or any provision of the Plan to sell or issue shares of Common Stock in violation of the Securities Act of 1933 or the law of any government having jurisdiction thereof.

Any such postponement shall not extend the term of an Award and neither the Company nor its Directors or officers shall have any obligation or liability to a Participant, the Participant s successor or any other person with respect to any shares of Common Stock as to which the Award shall lapse because of such postponement.

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Section 12. Nontransferability.

Awards granted under the Plan, and any rights and privileges pertaining thereto, may not be transferred, assigned, pledged or hypothecated in any manner, or be subject to execution, attachment or similar process, by operation of law or otherwise, other than:

(a) by will or by the laws of descent and distribution;

(b) pursuant to the terms of a qualified domestic relations order to which the Participant is a party that meets the requirements of any relevant provisions of the Code; or

(c) as permitted by the Committee with respect to a NSO transferable for no consideration by the Participant during his lifetime.

In each case, the terms and conditions applicable to the transferability of the Award shall be established by the Committee.

Section 13. Termination or Amendment of Plan and Award Agreements.

13.1 Termination or Amendment of Plan.
(a) The Board may terminate, suspend, or amend the Plan, in whole or in part, from time to time, without the approval of the stockholders of the Company, unless such approval is required by applicable law, regulation or rule of any stock exchange on which the shares of Common Stock are listed. No amendment or termination of the Plan shall adversely affect the right of any Participant under any outstanding Award in any material way without the written consent of the Participant, unless such amendment or termination is required by applicable law, regulation or rule of any stock exchange on which the shares of Common Stock are listed. Subject to the foregoing, the Board may correct any defect or supply an omission or reconcile any inconsistency in the Plan or in any Award granted hereunder in the manner and to the extent it shall deem desirable, in its sole discretion, to effectuate the Plan.

(b) The Board shall have the authority to amend the Plan to the extent necessary or appropriate to comply with applicable law, regulation or accounting rules in order to permit Participants who are located outside of the United States to participate in the Plan.

13.2 Amendment of Award Agreements.
The Committee shall have the authority to amend any Award Agreement at any time; provided however, that no such amendment shall adversely affect the right of any Participant under any outstanding Award Agreement in any material way without the written consent of the Participant, unless such amendment is required by applicable law, regulation or rule of any stock exchange on which the shares of Common Stock are listed.

13.3 Repricing of Stock Options or SARs.
Notwithstanding the foregoing, except in connection with an equitable adjustment pursuant to Section 4.3 or a Change in Control, any amendment to the Plan or any outstanding Award Agreement that results in the repricing of Stock Options or SARs shall not be effective without prior approval of the stockholders of the Company. For this purpose, repricing includes a reduction in the exercise price of a Stock Option or SAR or the cancellation of a Stock Option or SAR in exchange for cash, Stock Options or SARs with an exercise price less than the exercise price of the cancelled

Stock Options or SARs, other Awards or any other consideration provided by the Company.

Section 14. No Contract of Employment.

Neither the adoption of the Plan nor the grant of any Award under the Plan shall be deemed to obligate the Company or any Subsidiary to continue the employment of any Participant for any particular period, nor shall the granting of an Award constitute a request or consent to postpone the retirement date of any Participant.

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Section 15. Applicable Law.

All questions pertaining to the validity, construction and administration of the Plan and all Awards granted under the Plan shall be determined in conformity with the laws of the State of Delaware, without regard to the conflict of law provisions of any state, and, in the case of Incentive Stock Options, Section 422 of the Code and regulations issued thereunder.

Section 16. Effective Date and Term of Plan.

16.1 Effective Date.

The Plan (as amended and restated) was adopted by the Board on December 28, 2015, and will be effective upon the approval of the Plan by the stockholders of the Company at the Company s annual meeting of stockholders held on February 9, 2016 and any adjournment or postponement thereof. In the event the Plan (as amended and restated) is not approved by stockholders at the Company s annual meeting on February 9, 2016, the Plan as originally approved shall remain in effect.

16.2 Term of Plan.

Notwithstanding anything to the contrary contained herein, no Awards shall be granted on or after the 10th anniversary of the Plan s effective date as determined in Section 16.1 above.

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