

TRANSMONTAIGNE INC
Form DEF 14A
March 31, 2005

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

SCHEDULE 14A

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

Filed by the Registrant /X/

Filed by a Party other than the Registrant //

Check the appropriate box:

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

TRANSMONTAIGNE, INC.

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

- /X/ No fee required.
- // Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
(1) Title of each class of securities to which transaction applies:

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TRANSMONTAIGNE INC.

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

The Annual Meeting of Stockholders of TRANSMONTAIGNE INC., a Delaware corporation ("TransMontaigne" or the "Company"), will be held in the Onyx Room of The Brown Palace Hotel, 321 17th Street, Denver, Colorado, on Thursday, May 5, 2005, at 9:00 a.m., Mountain Time, for the following purposes:

1. To elect eight Directors to serve until the next Annual Meeting of Stockholders and until their successors have been elected and qualified. The Board of Directors has nominated the following individuals for election as Directors: Cortlandt S. Dietler, Donald H. Anderson, John A. Hill, Bryan H. Lawrence, Harold R. Logan, Jr., Edwin H. Morgens, Wayne W. Murdy and Walter P. Schuetze;
2. To consider and act upon such other matters and to transact such other business as may properly come before the meeting and any adjournment or postponement thereof.

These matters are fully discussed in the Proxy Statement. The Company's 2004 Annual Report on Form 10-K, and the quarterly report on Form 10-Q for the quarter ended December 31, 2004 accompany the Proxy Statement.

The Board of Directors has fixed the close of business on March 18, 2005 as the record date for the meeting. Only holders of Common Stock and Series B Convertible Preferred Stock of record at such time are entitled to receive notice of and to vote at the meeting and any adjournment or postponement thereof.

Whether or not you plan to attend the meeting in person, please indicate your voting instructions on the enclosed proxy, date and sign it, and return it promptly in the stamped return envelope included with these materials. In the event you do attend the meeting in person, you may withdraw your proxy and vote in person.

By Order of the Board of Directors
ERIK B. CARLSON, *Secretary*

Denver, Colorado
April 1, 2005

PLACE AND TIME OF ANNUAL MEETING

**THE ONYX ROOM
THE BROWN PALACE HOTEL
321 17th STREET
DENVER, COLORADO**

Thursday, May 5, 2005, 9:00 a.m. Mountain Time

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**TRANSMONTAIGNE INC.
1670 BROADWAY, SUITE 3100
DENVER, COLORADO 80202**

PROXY STATEMENT

GENERAL

This Proxy Statement and the enclosed proxy are being mailed on or about April 1, 2005 to stockholders of record on March 18, 2005 of the common stock, \$0.01 par value (the "Common Stock"), and to the holders of Series B Convertible Preferred Stock, \$0.01 par value (the "Series B Preferred"), of TransMontaigne Inc. ("TransMontaigne" or the "Company") in connection with the solicitation of proxies for use at the Annual Meeting of Stockholders of the Company (the "Annual Meeting"), notice of which appears on the preceding page, and at any postponement or adjournment thereof. The Annual Meeting will be held on Thursday, May 5, 2005, at 9:00 a.m., Mountain Time, in the Onyx Room of The Brown Palace Hotel, 321 17th Street, Denver, Colorado.

The solicitation of proxies is being made, and the cost of soliciting proxies is being paid, by the Company. In addition to the mailings, the Company's officers, Directors and other regular employees, without additional compensation, may solicit proxies personally or by other appropriate means.

The Company will request brokerage firms, bank nominees and other institutions that act as nominees or fiduciaries for owners of Common Stock and the Series B Preferred, to forward this Proxy Statement to persons for whom they hold shares and to obtain authorization for the execution of proxies. If your shares of Common Stock or Series B Preferred are held in the name of a brokerage firm, bank nominee or other institution, only it can sign a proxy with respect to your shares. Accordingly, please contact the person responsible for your account and give instructions for a proxy to be signed representing your shares of Common Stock or Series B Preferred.

A holder of Common Stock or Series B Preferred giving a proxy has the power to revoke the proxy at any time before it is exercised. A proxy may be revoked by delivering to the Company an instrument revoking the proxy or a duly executed proxy bearing a later date. The powers of the proxy holders will be suspended if the person executing the proxy is present at the meeting and indicates to the inspector of elections that such person elects to vote in person. If the proxy is neither revoked nor suspended, it will be voted by one or more of the proxy holders therein named.

QUORUM AND VOTING

Only stockholders of record as of the record date, including holders of the Series B Preferred, are entitled to notice of and to vote at the Annual Meeting. The holders of the Series B Preferred shall vote together with holders of Common Stock as a single class on all actions to be voted on by the stockholders of the Company other than the election of Directors. Each holder of shares of Common Stock is entitled to one vote per share of Common Stock at the Annual Meeting. Each holder of Series B Preferred is entitled to a number of votes per share on each action equal to the number of shares of Common Stock (excluding fractions of a share) into which each share of Series B Preferred is convertible as of the record date. On March 18, 2005, the record date for the determination of holders of Common Stock and holders of the Series B Preferred entitled to receive notice of and to vote at the Annual Meeting, the Company had outstanding 41,560,883 shares of Common Stock and 73,977 shares of Series B Preferred convertible into 11,208,588 shares of Common Stock.

The holders of a majority of the shares entitled to vote at the Annual Meeting, whether present in person or represented by proxy, will constitute a quorum for the transaction of business at the Annual Meeting. Directors shall be elected by a plurality of the votes of the shares of Common Stock present in person or by proxy at the Annual Meeting and entitled to vote. Approval of all other matters shall

be determined by the affirmative vote of the majority of the votes cast with respect to the shares of Common Stock and Series B Preferred, voting together as a single class. If no voting direction is indicated on an otherwise properly completed and signed proxy card, the shares will be considered votes FOR the election of the nominees for Director. Proxy cards that are not signed or that are not returned are treated as not voted for any purposes. If a broker indicates on a proxy card that it does not have discretionary authority as to certain shares to vote on a particular matter (a "broker non-vote"), those shares will be considered as present for the purpose of establishing a quorum, but will not be considered as present and entitled to vote with respect to that matter. Abstentions with respect to any matter will be treated as shares present and entitled to vote. Consequently, abstentions and broker non-votes will have no effect with respect to the election of Directors. The Company knows of no proposals to be considered at the Annual Meeting other than those set forth in the Notice of Annual Meeting.

ELECTION OF DIRECTORS

Nominees

The Company's By-laws provide that the number of Directors shall be no fewer than seven and no more than eleven, as fixed from time to time by the Board of Directors. The Board is currently composed of eight Directors.

The Company has agreed to take all action necessary to cause one Director designated by LB I Group Inc., an affiliate of Lehman Brothers Inc. ("Lehman") from time to time to be elected to the Company's Board of Directors so long as its beneficial ownership in the Company's Common Stock outstanding (including outstanding Common Stock equivalents) is at least 5%. Mr. David J. Butters, who was designated by Lehman to serve as its designated Director and was so elected by the Board on October 9, 2003, resigned as a Director on July 1, 2004. Lehman has not designated a replacement director.

Further, the Company has agreed to take all action necessary to cause one Director designated by Louis Dreyfus Corporation ("Dreyfus") from time to time to be elected to the Company's Board of Directors so long as its ownership in the Company's Common Stock outstanding is at least 10%. Mr. Peter B. Griffin, who had been Dreyfus' previous designee to serve as a member of the Board of Directors, resigned from the Board of Directors, effective January 28, 2004. Subsequently, Dreyfus notified the Company that it has elected at this time not to exercise its contractual right to designate another person to serve on the Board of Directors and to stand for election at the Annual Meeting. Dreyfus has further agreed to provide the Company at least thirty (30) days prior written notice of its intent to exercise such right in the future and identify the proposed designee in such notice.

Each of the 8 persons named below was nominated by the Nominating and Corporate Governance Committee to stand for election as a Director at the Annual Meeting for a term of one year, until the next Annual Meeting of Stockholders or until his successor is elected and qualified. All such nominees are currently serving as Directors of the Company.

Management has been informed that all nominees are willing to serve as Directors if elected, but if any of them should decline or be unable to act as a Director, then the proxies will be voted either for a substitute nominee designated by the Nominating and Corporate Governance Committee, or for the election only of the remaining nominees. The Board of Directors has no reason to believe that any nominee will be unable or unwilling to serve.

The following sets forth, as to each of the nominees, such person's age, principal occupations during recent years, and the period during which such person has served as a Director of the Company.

Cortlandt S. Dietler, age 83, has been the Chairman of TransMontaigne since April 1995, and served as Chief Executive Officer from April 1995 to September 1999. He was the founder, Chairman and Chief Executive Officer of Associated Natural Gas Corporation, a natural gas gathering, processing and marketing company, prior to its 1994 merger with PanEnergy Corporation. From 1994 to 1997, Mr. Dietler served as an Advisory Director to PanEnergy Corporation prior to its merger with Duke Energy Corporation in March 1997. Mr. Dietler currently serves as a Director of Hallador Petroleum Company, Cimarex Energy Co. and Forest Oil Corporation. Industry affiliations include: Member, National Petroleum Council; Director, American Petroleum Institute; and past Director, Independent Petroleum Association of America.

Donald H. Anderson, age 56, has been Director, Vice Chairman and Chief Executive Officer of TransMontaigne since September 1999, and has served as President since January 2000. From 1997 through September 1999, Mr. Anderson was the Executive Director and a Principal of Western Growth Capital LLC, a Colorado-based private equity investment and consulting firm. From December 1994 until March 1997, Mr. Anderson was Chairman, President and Chief Executive Officer of PanEnergy Services, PanEnergy's non-jurisdictional operating subsidiary. From December 1994 until March 1997, Mr. Anderson also served as a Director of TEPPCO Partners, LLP. Mr. Anderson was previously President, Chief Operating Officer and Director of Associated Natural Gas Corporation from 1989 until its merger with PanEnergy Corporation in 1994. Mr. Anderson is a director of Bear Paw Energy, LLC.

John A. Hill, age 62, has been a Director of TransMontaigne since April 1995. Mr. Hill has been Vice Chairman of the Board, Managing Director and founder of First Reserve Corporation, ("First Reserve"), a private equity fund sponsor specializing in management buyouts and acquisitions in the energy and energy-related industries since June 2000. From 1983 until June 2000, Mr. Hill was Chairman of First Reserve. Mr. Hill is Chairman of the Board of Trustees of the Putnam Mutual Funds in Boston and serves as a Director of Devon Energy Corporation and various private companies owned by First Reserve and Continuum Health Partners.

Bryan H. Lawrence, age 62, has been a Director of TransMontaigne since April 1995. From 1971 to 1997, Mr. Lawrence served as Managing Director of Dillon, Read & Co. Inc., an investment banking firm. In 1997, Mr. Lawrence established Yorktown Partners LLC to manage Yorktown Energy Partners III, L.P. and predecessor partnerships previously managed by Dillon, Read & Co. Inc. Mr. Lawrence also serves as a Director of Vintage Petroleum, Inc., D&K Healthcare Services, Inc., Hallador Petroleum Company and Crosstex Energy, Inc. (each a United States public company) and certain privately-owned companies in which affiliates of Yorktown Partners LLC hold equity interests including PetroSantander Inc., Savoy Energy, L.P., Athanor BV, Camden Resources, Inc., ESI Energy Services Inc., Ellora Energy Inc., Dernick Resources Inc., Cinco Natural Resources Corporation, Peak Energy Resources, Inc., Approach Resources Inc. and Compass Petroleum Ltd.

Harold R. Logan, Jr., age 60, has been a Director of TransMontaigne since April 1995 and has provided consulting services to TransMontaigne on a contractual basis since January 2003. He served as Executive Vice President and Treasurer of TransMontaigne from April 1995 to December 2002 and as Chief Financial Officer of TransMontaigne from March 2000 to December 2002. From 1985 to 1994, Mr. Logan was Senior Vice President/Finance and a Director of Associated Natural Gas Corporation. Prior to joining Associated Natural Gas Corporation, Mr. Logan was with Dillon, Read & Co. Inc. and Rothschild, Inc. Mr. Logan also serves as Director of Lion Oil Company, Suburban Propane Partners, L.P., Graphic Packaging Corporation, The Houston Exploration Company, Rivington Capital Advisors LLC and Hart Energy Publishing, LLC.

Edwin H. Morgens, age 63, has been a Director of TransMontaigne since June 1996. Mr. Morgens has been Chairman of Morgens, Waterfall, Vintiadis & Company, Inc., an investment management firm, since 1970. In addition, Mr. Morgens serves as a Director of Programmer's Paradise, Inc.

Wayne W. Murdy, age 59, has been a Director of TransMontaigne since September 26, 2003. Mr. Murdy is the Chief Executive Officer and Chairman of the Board of Directors of Newmont Mining Corporation ("Newmont"), an international mining company headquartered in Denver, Colorado. Newmont is the world's largest gold producer with mining operations and assets located on five continents. Prior to becoming the Chief Executive Officer of Newmont in 2001 and Chairman of the Board of Directors of Newmont in 2002, Mr. Murdy served as President of Newmont from 1999 to 2002, Executive Vice President and Chief Financial Officer from 1996 to 1999 and Senior Vice President and Chief Financial Officer from 1992 to 1996. Mr. Murdy has been a Director of Newmont since 1999. Mr. Murdy also serves as a Trustee of the Denver Art Museum.

Walter P. Schuetze, age 72, has been a Director of TransMontaigne and Chairman of the Company's Audit Committee, since October 1, 2002. Mr. Schuetze currently is an Executive in Residence in the College of Business at the University of Texas San Antonio, Texas. Mr. Schuetze began his accounting career in 1957 with the public accounting firm of Eaton & Huddle in San Antonio, Texas, which merged with Peat, Marwick, Mitchell & Co. (now KPMG LLP) in 1958. He was a partner in KPMG from 1965 to 1973, when he was appointed to the Financial Accounting Standards Board, after which he again served as a partner in KPMG LLP from 1976 to 1992. In January 1992, Mr. Schuetze was appointed Chief Accountant to the Securities and Exchange Commission of the United States of America and served in that capacity through March 1995, when he retired. In November 1997, Mr. Schuetze was appointed Chief Accountant of the Commission's Division of Enforcement and served in that capacity through mid-February 2000. He then served as a consultant to the Commission's Division of Enforcement from March 2000 through March 2002 on matters involving accounting and auditing. Since April 1, 2002, he has been a member of the Board of Directors of Computer Associates International, Inc. and currently serves as chairman of that company's audit committee. Since April 2004, Mr. Schuetze has been a member of the Board of Directors of NES Rentals Holdings, Inc. and serves as chairman of that company's audit committee.

THE BOARD OF DIRECTORS RECOMMENDS THAT THE STOCKHOLDERS VOTE "FOR" ALL OF THE FOREGOING NOMINEES AND, UNLESS A STOCKHOLDER GIVES INSTRUCTIONS ON THE PROXY CARD TO THE CONTRARY, THE PROXIES NAMED THEREON INTEND SO TO VOTE.

Independence of Directors

Each of the nominees for election as Director is independent of management and the Company, except for Messrs. Dietler and Anderson, who are officers of the Company, and Mr. Logan, who was formerly the Executive Vice President and Chief Financial Officer of the Company and currently performs services for the Company as a consultant. The Board of Directors has determined that the members designated as "independent" have no relationship with the Company that interferes with the exercise of their independence from management and the Company, as required pursuant to the rules of the American Stock Exchange. In making the independence determination, the Board considered the requirements of the American Stock Exchange and the Company's Corporate Governance Guidelines. Among other factors, the Board considered current or previous employment with the Company, its auditors or their affiliates by the Director or his immediate family members, ownership of voting securities of the Company, and other material relationships with the Company.

With respect to material relationships, the following relationships are not considered to be material for purposes of assessing independence: service as an officer, director, employee or trustee of, or greater than five percent beneficial ownership in (a) a supplier to the Company if the annual sales to the Company are less than one percent of the sales of the supplier; (b) a lender to the Company if the total amount of the Company's indebtedness is less than one percent of the total consolidated assets of the lender; or (c) a charitable organization if the total amount of the Company's annual charitable

contributions to the organization are less than three percent of that organization's annual charitable receipts.

Compensation Of Directors

Our directors who are also our employees receive no additional compensation for services on the Board of Directors or committees of the board. Directors who are not employees were paid an annual fee of \$30,000 through June 30, 2004, payable quarterly. All directors are reimbursed for reasonable out-of-pocket expenses incurred in attending meetings of the board or any committee or otherwise by reason of their being a director. An additional sum of \$30,000 per year was paid to the non-employee director serving as Chairman of the Audit Committee and additional sums of \$20,000 per year and \$10,000 per year were paid to the non-employee directors serving as Chairman of the Finance Committee and the Compensation Committee, respectively. This compensation of directors and committee chairmen is currently in effect for our fiscal year ending June 30, 2005. In addition, discretionary grants of restricted stock, stock options or other stock-based awards may be made to non-employee directors pursuant to the 1997 TransMontaigne Inc. Equity Incentive Plan, as amended, (the "1997 Incentive Plan"). On May 12, 2003, 20,000 shares of restricted stock were granted to Walter P. Schuetze in his capacity as a member of the Board of Directors when the market price was \$4.50. On May 6, 2004, 10,000 shares of restricted stock were granted to Wayne Murdy, 10,000 shares of restricted stock were granted to Edwin Morgens, and 5,000 shares of restricted were granted to Walter P. Schuetze, in their respective capacity as members of the Board of Directors when the market price was \$5.09. Each of the restricted stock awards vests 10% after the first year, 20% after the second year, 30% after the third year and 40% after the fourth year of continuous service on the Board since the grant date.

Compensation Committee Interlocks and Insider Participation

During the fiscal year ended June 30, 2004, Edwin H. Morgens and Bryan H. Lawrence served as members of the Compensation Committee. There were no Compensation Committee interlocks between the Company and any other entity; however, Bryan H. Lawrence is affiliated with Yorktown Energy Partners III, L.P. to which the Company has granted certain registration rights with respect to shares of common stock owned by Yorktown.

CORPORATE GOVERNANCE

Directors Meetings

During the fiscal year ended June 30, 2004, the Board of Directors held five meetings and acted numerous times by unanimous written consent. Each incumbent Director attended more than 75% of all meetings of the Board of Directors and committees of the Board of Directors on which he served for the period during which he was a member. Pursuant to the Corporate Governance Guidelines, the Board meets in executive session (attended only by non-management, independent Directors) at the conclusion of each regularly scheduled Board meeting. The Company does not have a policy with regard to attendance of Directors at annual meetings, but encourages all of its Directors to attend the Annual Meeting and regularly schedules a meeting of the Board immediately following an Annual Meeting. The Annual Meeting of Stockholders held on May 6, 2004 was attended by 7 of the 9 Directors comprising the Board at that time.

Board Committees

The Board of Directors has standing Audit, Compensation, Nominating and Corporate Governance, Executive and Finance Committees. All members of Audit, Compensation and Nominating and Corporate Governance Committees are independent, as independence is defined in the listing standards of the American Stock Exchange and the Company's Corporate Governance Guidelines. The members of the Audit, Compensation and Nominating and Corporate Governance Committees are:

Audit Committee	Compensation Committee	Nominating and Corporate Governance Committee
Walter P. Schuetze, Chairman Edwin H. Morgens Wayne W. Murdy	Edwin H. Morgens, Chairman Bryan H. Lawrence	Wayne W. Murdy, Chairman Edwin H. Morgens

Audit Committee

The Board of Directors has a standing Audit Committee. The Audit Committee is composed of three directors, Walter P. Schuetze, Edwin H. Morgens and Wayne W. Murdy, each of whom is able to understand fundamental financial statements and at least one of whom has past experience in accounting or related financial management experience. The Board has determined that each member of the Audit Committee is independent under Section 121A of the American Stock Exchange listing standards and Section 10A(m)(3) of the Securities Exchange Act of 1934, as amended. Mr. Schuetze has been designated by the Board as the Audit Committee's financial expert meeting the requirements promulgated by the SEC and set forth in Item 401(h) of Regulation S-K of the Securities Exchange Act of 1934 based upon his education and employment experience as more fully detailed in Mr. Schuetze's biography set forth above. The Audit Committee assists the Board in its oversight of the integrity of the Company's financial statements and the Company's compliance with legal and regulatory requirements and corporate policies and controls. The Audit Committee has the sole authority to retain and terminate the Company's independent public accountants, approve all auditing services and related fees and the terms thereof, and pre-approve any non-audit services to be rendered by the Company's independent public accountants. The Audit Committee is responsible for confirming the independence and objectivity of the independent public accountants. The Audit Committee is also responsible for preparation of the annual report of the Audit Committee for inclusion in the Company's proxy statement. Unrestricted access to the Audit Committee is given to the Company's independent public accountants. During the fiscal year ended June 30, 2004, the Audit Committee held five meetings. The Audit Committee has adopted an amended and restated Charter for the Audit Committee, which has been ratified and approved by the Board.

Compensation Committee

The Compensation Committee is composed of two independent Directors and approves the salaries of the executive officers of the Company and administers the Company's equity incentive plans, including the selection of the individuals to be granted awards from among those eligible to participate. The Company has one equity incentive plan: the TransMontaigne Inc. Equity Incentive Plan, as amended (the "1997 Incentive Plan"). During the Company's fiscal year ended June 30, 2004, grants of restricted stock were awarded. During the Company's fiscal year ended June 30, 2004, the Compensation Committee held one formal meeting and acted one time by unanimous written consent. A report of the Compensation Committee on Executive Compensation is included in this Proxy Statement. The Compensation Committee has adopted a charter, which has been ratified and approved by the Board.

Nominating and Corporate Governance Committee

In March 2004, the Board established a Nominating and Corporate Governance Committee which is composed of two independent directors. The Nominating and Corporate Governance Committee has adopted a charter, which has been ratified and approved by the Board.

The Nominating and Corporate Governance Committee, among other duties and responsibilities, is required to identify, evaluate and select nominees for election to the Board based upon procedures and guidelines adopted by the Nominating and Corporate Governance Committee and set forth in its charter. During the fiscal year ended June 30, 2004, the Nominating and Corporate Governance Committee held informal discussions, but held no formal meetings and acted once by unanimous written consent. The Nominating and Corporate Governance Committee has nominated the directors listed herein to stand for election at the Annual Meeting.

Executive Committee and Finance Committee

The Board of Directors also has standing Executive and Finance Committees. The Executive Committee is composed of three Directors. Its current members are Messrs. Donald H. Anderson, Bryan H. Lawrence and Cortlandt S. Dietler, who serves as Chairman of the Executive Committee. The purpose of the Executive Committee is to undertake such tasks as may be assigned by the Board of Directors and to act in lieu of the full Board of Directors if so authorized by the Board of Directors.

The Finance Committee is composed of three Directors. Its current members are Messrs. John A. Hill, Edwin H. Morgens and Harold R. Logan, Jr., who serves as Chairman of the Finance Committee. The purpose of the Finance Committee is to provide research and advice to management of the Company and to the Board of Directors with respect to debt and equity finance options available to the Company, including, without limitation, revolving credit facilities, term loans and working capital facilities.

Corporate Governance Guidelines

The Nominating and Corporate Governance Committee has adopted Corporate Governance Guidelines that have been ratified and approved by the Board, that outline the important policies and practices regarding the governance of the Company.

Code of Business Conduct and Ethics

The Audit Committee has adopted a Code of Business Conduct and Ethics (the "Code"), which has been ratified and approved by the Board. The Code applies to all employees, officers and Directors of the Company and its subsidiaries. The Audit Committee has also adopted a Code of Ethics for Senior Financial Officers (the "Financial Officers Ethics Code"), which has been ratified and approved by the Board. The Financial Officers Ethics Code applies to the senior financial officers of the Company, including the Chief Executive Officer, the Chief Financial Officer and the Chief Accounting Officer or persons performing similar functions.

Communications by Stockholders

Stockholders may communicate with any and all members of the Company's Board by transmitting correspondence by mail or facsimile addressed to one or more directors by name (or to the Chairman of the Board or any standing committee of the Board) at the following address and fax number:

Name of the Director(s)
c/o Corporate Secretary
TransMontaigne Inc.
1670 Broadway, Suite 3100
Denver, Colorado 80202

Communications from the Company's stockholders to one or more directors will be collected and organized by the Company's Corporate Secretary under procedures approved by the Company's Nominating and Corporate Governance Committee. The Corporate Secretary will forward all communications to the Chairman of the Board or to the identified director(s) as soon as practicable, although communications that are abusive, offensive or that present safety or security concerns may be handled differently. If multiple communications are received on a similar topic, the Corporate Secretary may, in his or her discretion, forward only representative correspondence.

The Chairman of the Board will determine whether any communication addressed to the entire Board should be properly addressed by the entire Board or a committee thereof. If a communication is sent to the Board or a committee, the Chairman of the Board or the Chairman of that committee, as the case may be, will determine whether a response to the communication is warranted. If a response to the communication is warranted, the content and method of the response will be coordinated with the Company's internal or external counsel.

Stockholder Procedures to Nominate Directors

The Nominating and Corporate Governance Committee is responsible for, among other things, the recommendation to the Board of nominees for election as directors. The Corporate Governance Guidelines adopted by the Nominating and Corporate Governance Committee and ratified and approved by the Board include the following policies and procedures with respect to the nomination by stockholders of candidates for election to the Company's Board.

The Company will include in its Annual Meeting Proxy Statement information concerning up to two nominees submitted by any stockholder or group of stockholders (individually or collectively the "Nominating Stockholder") meeting the requirements set forth below. The form of proxy statement solicited by the Company will include the names of the director nominee(s) submitted by the Nominating Stockholder, in addition to the director nominees submitted by the Nominating and Corporate Governance Committee and approved by the Company's Board.

For inclusion in the Company's Annual Meeting Proxy Statement, the Nominating Stockholder must be the beneficial owner of at least 5% of the Company's common stock continuously for at least one year as of the nomination date and intend to continue to own such beneficial ownership position through the scheduled date of the Annual Meeting. Further, the Nominating Stockholder must be eligible to report its beneficial ownership of the Company's common stock on Schedule 13G, rather than Schedule 13D, and have filed a Schedule 13G evidencing that it has held more than 5% of the Company's Common Stock for at least one year prior to the nomination date. A Nominating Stockholder may only participate in the nomination of one candidate. No stockholder that has a contractual right, including through the ownership of preferred stock having terms granting such right, to nominate or appoint one or more directors shall be entitled to nominate or participate in a group that nominates a candidate pursuant to this provision of the Corporate Governance Guidelines.

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The information included in the Company's Annual Meeting Proxy Statement will be limited to that information concerning the director nominee(s) and the Nominating Stockholder required to be disclosed in accordance with the rules of the SEC to the extent provided to the Company in writing by such director nominee. Nominations must be submitted by the Nominating Stockholder to the Chairman of the Nominating and Corporate Governance Committee and to the Company's Corporate Secretary, in writing, not less than 120 nor more than 150 days prior to the scheduled date of the Company's Annual Meeting.

In connection with such nomination, the Nominating Stockholder must submit documentation as to the director nominee's qualifications, which, at a minimum, must include the following:

- > A complete biography;
- > Full employment history with compensation data, including current primary occupation with compensation arrangements;
- > A signed consent form and waiver authorizing the Company to request and obtain a full background check of the director nominee, including criminal and credit history, from a security firm acceptable to the Company in its sole discretion, an original report of which must be sent directly from the security firm via registered mail or overnight delivery service to the Chairman of the Nominating and Corporate Governance Committee;
- > Documentation of educational levels attained, complete with official transcripts issued directly by the educational institution and sent directly from the educational institution to the Company's Corporate Secretary and to the Chairman of the Nominating and Corporate Governance Committee;
- > Disclosure of all special interests and all political and organizational affiliations;
- > A complete list of clients if the director nominee is a consultant, attorney or other professional service provider; and
- > A signed, written statement from the director nominee as to why the director nominee desires to serve on the Company's Board, and why the director nominee believes that he/she is qualified to serve.

In addition to the above information, the Nominating Stockholder must submit any additional information required to be included in the Company's Annual Meeting Proxy Statement for director nominees, which determination shall be made by the Nominating and Corporate Governance Committee in its sole and absolute discretion. The Nominating Stockholder must also include relevant contact information (e.g. address, phone number and fax number) for both the Nominating Stockholder and the director nominee(s).

Each nomination submitted must indicate the incumbent director for whose Board seat the nomination is submitted. In addition to the items referenced above, the Nominating Stockholder and the director nominee(s) must submit, together with the nomination, a signed statement acknowledging that:

- > The director nominee, if elected, will represent all Company stockholders in accordance with applicable laws and the Company's charter and bylaws; and
- > The director nominee, if elected, is aware of, has read and understands the Company's (i) Code of Business Conduct and Ethics, (ii) the Company's Corporate Governance Guidelines, and (c) each of the Board of Director committee charters (collectively, the "Corporate Governance Documents") and further acknowledges that, if elected, the director nominee shall be subject to and shall abide by the Corporate Governance Documents.

Each director nominee must also submit a signed, notarized independence questionnaire, as well as the Company's standard director and officer questionnaire. The questionnaires will be distributed to the

director nominee upon receipt of a properly delivered and completed nomination request from a Nominating Stockholder, which questionnaires must be returned within five days of receipt.

In evaluating potential director nominees, the Nominating and Corporate Governance Committee considers the following factors:

- > commitment to ethical conduct as evidence of the person's business associations, service as a director or executive officer of other organizations, and/or education;
- > objective, perspective and mature judgment developed through business experience and/or educational endeavor;
- > the candidate's ability to work with other members of the Board and management to further the Company's goals and increase stockholder value;
- > the ability and commitment to devote sufficient time to carry out the duties and responsibilities as a director;
- > demonstrated experience at policy making levels in various organizations and in areas that are relevant to the Company's activities; and
- > the skills and experience of the potential nominee in relation to the capabilities already present on the board.

In addition to the foregoing, a director nominee submitted by a Nominating Stockholder may not have (1) a family, employment or control relationship with the Nominating Stockholder, (2) received any compensatory fees from the Nominating Stockholder or (3) any other material relationship with the Nominating Stockholder that could interfere with such nominee's independent exercise of judgment on behalf of all Company stockholders.

After reviewing the materials submitted by a Nominating Stockholder, if the Nominating and Corporate Governance Committee believes that the director nominee submitted by the Nominating Stockholder merits additional consideration, the Nominating and Corporate Governance Committee (or one or more individual members thereof) shall contact and interview the director nominee for the purpose of discussing, among other matters, the possibility of the director nominee being included in the Company's slate of director nominees. Thereafter, the Nominating and Corporate Governance Committee, by majority vote, shall determine whether to nominate and recommend to the Board the election of such director nominee at the next Annual Meeting of Stockholders.

The goal of the Nominating and Corporate Governance Committee is to recommend candidates for the Board that bring a variety of perspectives and skills derived from high quality business and professional experience. Other than the foregoing, there are no stated minimum criteria for director nominees, although the Nominating and Corporate Governance Committee and the Board may also consider such other factors as they may deem to be in the best interest of the Company and its stockholders.

Availability of Corporate Governance Documents

Each of the Audit, Compensation and Nominating and Corporate Governance Committees charters, the Corporate Governance Guidelines, the Code of Business Conduct and Ethics and the Code of Ethics for Senior Financial Officers are available on the Company's website, www.transmontaigne.com. The information available on the Company's internet website does not constitute a part of this Proxy Statement and shall not be considered incorporated by reference herein.

MANAGEMENT

The following table sets forth the names, ages and positions of the executive officers of TransMontaigne:

Name	Age	Position
Cortlandt S. Dietler	83	Chairman and Director
Donald H. Anderson	56	Vice Chairman, Chief Executive Officer, President and Director
William S. Dickey	46	Executive Vice President and Chief Operating Officer
Randall J. Larson	47	Executive Vice President, Chief Financial Officer and Chief Accounting Officer
Erik B. Carlson	57	Senior Vice President, Corporate Secretary and General Counsel
Frederick W. Boutin	49	Senior Vice President and Treasurer

See "Election of Directors" for additional information with respect to Messrs. Dietler and Anderson.

William S. Dickey has been an Executive Vice President and Chief Operating Officer of TransMontaigne since May 2000. From January 1999 until May 2000, Mr. Dickey was a Vice President of TEPPCO Partners, LLP. From 1994 to 1998, Mr. Dickey served as Vice President and Chief Financial Officer of Associated Natural Gas, Inc. and its successor, Duke Energy Field Services.

Randall J. Larson has been an Executive Vice President, Chief Financial Officer and Chief Accounting Officer of TransMontaigne since January 1, 2003. Mr. Larson served as Executive Vice President, Chief Accounting Officer and Controller of TransMontaigne from May 2002 until January 2003. From July 1994 through April 2002, Mr. Larson was a partner with KPMG LLP, most recently in KPMG's San Jose, California office. Prior to joining the San Jose office in 1996, Mr. Larson was a partner in KPMG's Department of Professional Practice in the national office in New York City. From July 1992 to June 1994, Mr. Larson served as a Professional Accounting Fellow in the Office of Chief Accountant of the Securities and Exchange Commission. Mr. Larson began his accounting career with KPMG in 1981 in the Denver, Colorado office.

Erik B. Carlson has been the Senior Vice President, Corporate Secretary and General Counsel of TransMontaigne since January 1998. From February 1983 until January 1998, Mr. Carlson served as Senior Vice President, General Counsel and Corporate Secretary of Associated Natural Gas Corporation and its successor, Duke Energy Field Services.

Frederick W. Boutin has been Senior Vice President and Treasurer of the Company since June 2003. Mr. Boutin also served as Senior Vice President of the Company from September 1996 to March 2002. In addition, Mr. Boutin served as Vice President of TransMontaigne Product Services Inc., a subsidiary of the Company, from February 2002 to June 2003; Vice President of Coastal Tug and Barge, Inc., a subsidiary of the Company, from February 2003 to June 2003; Vice President of Coastal Fuels Marketing, Inc., a subsidiary of the Company, from February 2003 to June 2003; and Senior Vice President and Director of TransMontaigne Transport Inc., a subsidiary of the Company, from February 2002 to the present. From 1985 to 1995, Mr. Boutin served as a Vice President of Associated Natural Gas, Inc. and its successor, Duke Energy Field Services.

OWNERSHIP OF COMMON STOCK

The following table sets forth certain information regarding the beneficial ownership of Common Stock and Common Stock equivalents as of February 28, 2005 by each Director and nominee, and by each individual serving as an executive officer as of February 28, 2005 and who is named in the

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Summary Compensation table set forth under "Executive Compensation" below, by each person known by TransMontaigne to beneficially own more than 5% of the outstanding shares of Common Stock and by all Directors and those serving as executive officers as of February 28, 2005 as a group. The information set forth below is based solely upon information furnished by such individuals or contained in filings made by such beneficial owners with the SEC.

The calculation of the percentage of beneficial ownership is based on 41,565,640 shares of common stock outstanding as of February 28, 2005. Beneficial ownership is determined in accordance with the rules of the SEC and includes voting and investment power with respect to shares. To our knowledge, except under applicable community property laws or as otherwise indicated, the persons named in the table have sole voting and sole investment power with respect to all shares beneficially owned. Shares of common stock underlying outstanding warrants or options that are currently exercisable or exercisable within 60 days of February 28, 2005 are deemed outstanding for the purpose of computing the percentage of beneficial ownership of the person holding those options or warrants, but are not deemed outstanding for computing the percentage of beneficial ownership of any other person.

Beneficial Owner	Common Stock		Percent of Voting Power (2)
	Number of Shares	Percent of Class (1)	
Cortlandt S. Dietler (3)	2,215,267	5.31%	4.2%
Donald H. Anderson (4)	405,956	*	0.5%
Harold R. Logan, Jr. (5)	388,201	*	0.7%
William S. Dickey (6)	374,807	*	0.5%
Randall J. Larson (7)	232,924	*	0.4%
Erik B. Carlson (8)	219,620	*	0.4%
Frederick W. Boutin (9)	324,661	*	0.6%
John A. Hill (10)	3,317,911	7.98%	6.3%
Bryan H. Lawrence (11)	3,305,072	7.66%	6.3%
Edwin H. Morgens (12)	263,030	*	0.5%
Wayne W. Murdy (13)	15,000	*	0.0%
Walter P. Schuetze (14)	25,000	*	0.05%
First Reserve Corporation (15)	3,317,911	8.0%	6.3%
Lehman Brothers Holdings Inc. (16)	4,939,482	10.6%	9.4%
Louis Dreyfus Corporation (17)	4,351,080	10.5%	8.2%
Yorktown Energy Partners III L.P. (18)	3,227,826	7.5%	6.1%
J.P. Morgan Chase & Co. (19)	3,131,314	7.3%	5.9%
Morgan Stanley Capital Group, Inc. (20)	5,500,400	11.7%	9.4%
All Directors and Executive Officers as a Group (12 persons) (21)	11,087,449	25.4%	20.4%

*

Less than 1% of the shares of common stock deemed outstanding, assuming conversion of all of the Company's preferred stock outstanding as of February 28, 2005 into common stock.

(1)

Calculated pursuant to Rule 13d-3(d) of the Securities Exchange Act of 1934, as amended. Under Rule 13d-3(d), shares not outstanding that are subject to options, warrants, rights, or conversion privileges exercisable within sixty days of the date of this table (February 28, 2005) are deemed outstanding for the purpose of calculating the number and percentage owned by such person, but are not deemed outstanding for computing the percentage of beneficial ownership of any other person.

(2)

The percentage of voting power column represents the combined voting power of the Company's shares of common stock and Series B Preferred stock outstanding on February 28, 2005. The holders of the Company's Series B Preferred vote together as a single class with the holders of the Company's common stock, on an as-converted basis, on all matters submitted to a vote other than the election of directors. As of February 28, 2005, there were 73,976.7 shares of Series B Preferred outstanding convertible into 11,208,588 shares of common stock.

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- (3) Includes 2,000 shares held by Mr. Dietler's spouse, as to which Mr. Dietler disclaims beneficial ownership; 151,942 shares issuable upon the conversion of Series B Preferred; and 11,000 shares of restricted stock subject to vesting.
- (4) Includes 130,000 shares issuable upon the exercise of outstanding options and 127,000 shares of restricted stock subject to vesting. Restricted stock vests 10% after the first year, 20% after the second year, 30% after the third year and 40% after the fourth year of continuous employment.
- (5) Includes 30,000 shares issuable upon the exercise of outstanding options and 3,000 shares of restricted stock subject to vesting. Restricted stock vests 10% after the first year, 20% after the second year, 30% after the third year and 40% after the fourth year of continuous employment.
- (6) Includes 60,000 shares owned by DQ Investment Group, a family general partnership, of which Mr. Dickey is a general partner. Mr. Dickey disclaims beneficial ownership of these shares. Also includes 100,000 shares issuable upon exercise of outstanding options and 145,500 shares of restricted stock subject to vesting. Restricted stock vests 10% after the first year, 20% after the second year, 30% after the third year and 40% after the fourth year of continuous employment.
- (7) Includes 22,500 shares issuable upon exercise of outstanding options and 170,500 shares of restricted stock subject to vesting. Restricted stock vests 10% after the first year, 20% after the second year, 30% after the third year and 40% after the fourth year of continuous employment.
- (8) Includes 550 shares held in an IRA for the benefit of Mr. Carlson's spouse, and 3,840 shares and 3,725 shares held in trust for Mr. Carlson's son and daughter, respectively, as to all of which Mr. Carlson disclaims beneficial ownership. Also includes 30,000 shares issuable upon the exercise of outstanding options and 72,500 shares of restricted stock subject to vesting. Restricted stock vests 10% after the first year, 20% after the second year, 30% after the third year and 40% after the fourth year of continuous employment.
- (9) Includes 30,000 shares issuable upon the exercise of outstanding options and 56,500 shares of restricted stock subject to vesting. Restricted stock vests 10% after the first year, 20% after the second year, 30% after the third year and 40% after the fourth year of continuous employment.
- (10) Includes 3,225,339 of the shares reported as beneficially owned by First Reserve Corporation. Mr. Hill may be deemed to beneficially own the shares reported as beneficially owned by First Reserve Corporation because of his ownership of common stock and his position as Vice Chairman and Managing Director of First Reserve Corporation. Mr. Hill expressly disclaims beneficial ownership of the shares reported as beneficially owned by First Reserve Corporation.
- (11) Includes 3,227,826 shares reported as beneficially owned by Yorktown Partners LLC, of which 1,565,567 are issuable upon conversion of the Series B Preferred beneficially owned by Yorktown Partners LLC. Mr. Lawrence is a founder and an affiliate of Yorktown Partners LLC and disclaims beneficial ownership of these shares.
- (12) Includes 206,886 shares held by the Edwin Morgens and Linda Morgens 1993 Trust and 7,080 shares held by the Lauren W. Morgens 1999 Trust. Mr. Morgens disclaims beneficial ownership of these shares.
- (13) Includes 10,000 shares of restricted stock subject to vesting. Restricted stock vests 10% after the first year, 20% after the second year, 30% after the third year and 40% after the fourth year of continuous employment.
- (14) Includes 23,000 shares of restricted stock subject to vesting. Restricted stock vests 10% after the first year, 20% after the second year, 30% after the third year and 40% after the fourth year of continuous employment.
- (15) Includes 3,225,339 shares held directly by First Reserve Fund VIII, LP. ("Fund VIII"). First Reserve Corporation is the general partner of First Reserve GP VIII, L.P., which is the general partner of Fund VIII, and as such reports shared voting and dispositive power over

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the shares. Fund VIII and its general partner report shared voting and dispositive power over the shares held directly by Fund VIII. Also includes 92,572 shares held by John A. Hill, a stockholder and the Vice Chairman and Managing Director of First Reserve Corporation. Fund VIII disclaims beneficial ownership of the shares held by Mr. Hill. The address of First

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Reserve is One Lafayette Place, Greenwich, CT 06830. First Reserve has informed the Company that no individual natural person holds voting and investment power of such shares.

- (16) The number of shares shown as beneficially owned by Lehman Brothers Holdings Inc. and Lehman Brothers Inc. consists of 3,664 shares of common stock owned by Lehman Brothers Inc. and the 4,935,818 shares of common stock issuable upon the conversion of the Series B Preferred owned by LB I Group Inc., a wholly-owned subsidiary of Lehman Brothers Holdings, Inc. The address of Lehman Brothers Holdings Inc., Lehman Brothers Inc. and LBI Group Inc. is 745 Seventh Avenue, New York, NY 10019. Lehman Brothers Inc. is a registered broker-dealer and is wholly-owned, and the principal subsidiary of Lehman Brothers Holdings Inc. Lehman Brothers Inc. has informed the Company that no individual natural person holds voting and investment power over such shares.
- (17) Louis Dreyfus Corporation reports shared voting and dispositive power over the shares held directly by it with its parent, Louis Dreyfus Holding Company Inc., which reports shared voting and dispositive power over the shares with its parent, S.A. Louis Dreyfus et Cie. The address of S.A. Louis Dreyfus et Cie is 87 Avenue de la Grande Armee, 75782 Paris, France. The address of Louis Dreyfus Corporation and Louis Dreyfus Holding Company Inc. is Twenty Westport Road, P.O. Box 810, Wilton, CT 06897. Louis Dreyfus Corporation has informed the Company that the natural person who holds voting and investment power of such shares is the President of Louis Dreyfus Corporation, currently Peter B. Griffin (subject to approval by the board of directors of Louis Dreyfus Corporation in the event of any material transactions).
- (18) Yorktown Partners LLC, as investment manager to Yorktown Energy Partners III, L.P. as an agent through an irrevocable power of attorney, is deemed to beneficially own an aggregate of 3,227,826 shares of common stock, 1,565,567 of which are shares issuable upon conversion of the Series B Preferred. The address for Yorktown Partners LLC and Yorktown Energy Partners III, L.P. is 410 Park Avenue, New York, NY 10022. The natural person who holds voting and investment power over such shares is, to the Company's knowledge, Peter A. Leidel.
- (19) Includes 2,698,758 shares held directly by the Fleming US Discovery Fund III, L.P., of which 1,308,879 shares are issuable upon conversion of outstanding shares of our Series B Preferred, and 432,557 shares held directly by Fleming US Discovery Offshore Fund III, L.P., of which 209,767 shares are issuable upon conversion of outstanding shares of our Series B Preferred (collectively, the "Fleming Funds"). J.P. Morgan Chase & Co., investment advisor to the Fleming Funds, may be deemed to have beneficial ownership of the shares of our common stock held by the Fleming Funds. The address of J.P. Morgan Chase & Co. and the Fleming Funds is c/o J.P. Morgan Chase & Co., 1211 Avenue of the Americas, 38th Floor, New York, NY 10036. The natural persons who hold voting and investment power over such shares are, to the Company's knowledge, Robert L. Burr and Arthur A. Levy.
- (20) Includes 5,500,000 shares of common stock issuable upon the exercise of outstanding warrants. Morgan Stanley Capital Group Inc. is a wholly-owned subsidiary of Morgan Stanley, a Delaware corporation. The address of Morgan Stanley and Morgan Stanley Capital Group is 1585 Broadway, New York, NY 10036
- (21) Of such 11,087,449 shares, (a) 342,500 represent shares issuable upon the exercise of outstanding options, (b) 629,000 represent shares of restricted stock subject to vesting, (c) 1,717,509 represent shares of our common stock that are issuable upon conversion of Series B Preferred, (d) 3,317,911 shares indicated as being owned by the First Reserve Fund VIII, includes the 92,572 shares directly owned by Mr. Hill and deemed beneficially owned by Mr. Hill; these 92,572 shares owned by Mr. Hill are included only once in the aggregate number of shares held by all directors and executive officers as a group, (e) 3,227,826 shares indicated as being deemed beneficially owned by Yorktown Partners LLC and deemed beneficially owned by Mr. Lawrence, are included only once in the aggregate number of shares held by all directors and executive officers as a group, and (f) directors and executive officers disclaim beneficial ownership with respect to 6,730,166 shares.

EXECUTIVE COMPENSATION

Summary Compensation Table

The following table sets forth certain information regarding compensation earned during each of the Company's last three fiscal years by all individuals serving as the Company's Chief Executive Officer and each of the Company's four other most highly compensated executive officers based on salary and bonus earned in the fiscal year ended June 30, 2004 (collectively, the "Named Executive Officers").

Name and Principal Position	Year	Annual Compensation		Other Annual Compensation	Long Term Compensation Awards		All Other Compensation(2)
		Salary(1)	Bonus		Securities Underlying Options(#)	Restricted Stock Awards	
Donald H. Anderson Vice Chairman of the Board, Chief Executive Officer and President	2004	\$ 315,000	\$ 75,000			\$ 299,000(3)	\$ 6,000
	2003	315,000	100,000			174,400(4)	5,500
	2002	312,961	100,000			49,500(5)	5,325
William S. Dickey Executive Vice President and Chief Operating Officer	2004	250,000	112,500			269,100(6)	6,000
	2003	240,000	150,000			218,000(7)	5,500
	2002	235,962	100,000			123,750(8)	5,325
Randall J. Larson(9) Executive Vice President, Chief Financial Officer and Chief Accounting Officer	2004	250,000	112,500			269,100(11)	2,606
	2003	250,000	30,000	12,352(10)		109,000(12)	2,538
	2002	36,538		10,000(10)	75,000	378,750(13)	
Erik B. Carlson Senior Vice President, General Counsel and Secretary	2004	215,000	60,000			149,500(14)	4,962
	2003	215,000	75,000			130,800(15)	5,500
	2002	210,962	65,000			49,500(5)	5,325
Frederick W. Boutin Senior Vice President and Treasurer	2004	215,000	60,000			119,600(16)	6,000
	2003	215,000	30,000			65,400(17)	5,500
	2002	210,962	30,000			37,125(18)	5,325

- (1) Amounts shown set forth all cash compensation earned by each of the Named Executive Officers in the years shown, including salaries deferred under the TransMontaigne Inc. Savings and Profit Sharing Plan (the "401(k) Plan") pursuant to Section 401(k) of the Internal Revenue Code.
- (2) Amounts shown set forth the Company's matching contributions to the Company's 401(k) Plan.
- (3) Represents 50,000 shares of restricted stock granted on October 25, 2003, when the market price was \$5.98. The restricted stock award vests 10% after the first year, 20% after the second year, 30% after the third year and 40% after the fourth year of continuous employment since the grant date. As of June 30, 2004, Mr. Anderson has a total of 105,000 non-vested restricted shares outstanding, representing a value of \$564,900, calculated using the fair market value of the Company's Common Stock at June 30, 2004, \$5.38 per share.
- (4) Represents 40,000 shares of restricted stock granted on October 25, 2002, when the market price was \$4.36. The restricted stock award vests 10% after the first year, 20% after the second year, 30% after the third year and 40% after the fourth year of continuous employment since the grant date.
- (5) Represents 10,000 shares of restricted stock granted on October 1, 2001, when the market price was \$4.95. The restricted stock award vests 10% after the first year, 20% after the second year, 30% after the third year and 40% after the fourth year of continuous employment since the grant date.
- (6) Represents 45,000 shares of restricted stock on granted October 25, 2003, when the market price was \$5.98. The restricted stock award vests 10% after the first year, 20% after the second year, 30% after the third year and 40% after the fourth year of continuous employment since the grant date. As of June 30, 2004, Mr. Dickey has a total of 111,500 non-vested restricted shares outstanding, representing a value of \$599,870, calculated using the fair

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market value of the Company's Common Stock at June 30, 2004, \$5.38 per share.

- (7) Represents 50,000 shares of restricted stock granted on October 25, 2002, when the market price was \$4.36. The restricted stock award vests 10% after the first year, 20% after the second year, 30% after the third year and 40% after the fourth year of continuous employment since the grant date.
- (8) Represents 25,000 shares of restricted stock granted on October 1, 2001, when the market price was \$4.95. The restricted stock awards vest 10% after the first year, 20% after the second year, 30% after the third year and 40% after the fourth year of continuous employment since each grant date.

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- (9) Mr. Larson became an employee of the Company May 1, 2002 as Executive Vice President, Chief Accounting Officer and Controller, and became Chief Financial Officer on January 1, 2003.
- (10) The other 2003 annual compensation for Mr. Larson consists of reimbursement for certain relocation expenses. The other 2002 annual compensation for Mr. Larson consists of a \$10,000 relocation bonus.
- (11) Represents 45,000 shares of restricted stock granted on October 25, 2003 when the market price was \$5.98. The restricted stock award vests 10% after the first year, 20% after the second year, 30% after the third year and 40% after the fourth year of continuous employment since the grant date. As of June 30, 2004, Mr. Larson has a total of 120,000 non-vested restricted shares outstanding, representing a value of \$645,600, calculated using the fair market value of the Company's Common Stock at June 30, 2004, \$5.38 per share.
- (12) Represents 25,000 shares of restricted stock granted on October 25, 2002, when the market price was \$4.36. The restricted stock award vests 10% after the first year, 20% after the second year, 30% after the third year and 40% after the fourth year of continuous employment since the grant date.
- (13) Represents 75,000 shares of restricted stock granted on May 1, 2002, when the market price was \$5.05. The restricted stock award vests 10% after the first year, 20% after the second year, 30% after the third year and 40% after the fourth year of continuous employment since the grant date.
- (14) Represents 25,000 shares of restricted stock granted on October 25, 2003, when the market price was \$5.98. The restricted stock award vests 10% after the first year, 20% after the second year, 30% after the third year and 40% after the fourth year of continuous employment since the grant date. As of June 30, 2004, Mr. Carlson has a total of 70,240 non-vested restricted shares outstanding, representing a value of \$377,891, calculated using the fair market value of the Company's Common Stock at June 30, 2004, \$5.38 per share.
- (15) Represents 30,000 shares of restricted stock granted on October 25, 2002, when the market price was \$4.36. The restricted stock award vests 10% after the first year, 20% after the second year, 30% after the third year and 40% after the fourth year of continuous employment since the grant date.
- (16) Represents 20,000 shares of restricted stock granted on October 25, 2003, when the market price was \$5.98. The restricted stock award vests 10% after the first year, 20% after the second year, 30% after the third year and 40% after the fourth year of continuous employment since the grant date. As of June 30, 2004, Mr. Boutin has a total of 49,150 non-vested restricted shares outstanding, representing a value of \$264,427, calculated using the fair market value of the Company's Common Stock at June 30, 2004, \$5.38 per share.
- (17) Represents 15,000 shares of restricted stock granted on October 25, 2002, when the market price was \$4.36. The restricted stock award vests 10% after the first year, 20% after the second year, 30% after the third year and 40% after the fourth year of continuous employment since the grant date.
- (18) Represents 7,500 shares of restricted stock granted on October 1, 2001, when the market price was \$4.95. The restricted stock award vests 10% after the first year, 20% after the second year, 30% after the third year and 40% after the fourth year of continuous employment since the grant date.

Option Grants In Last Fiscal Year

No stock options were granted to the Named Executive Officers under the 1997 Incentive Plan during the fiscal year ended June 30, 2004.

Aggregated Option Exercises In Last Fiscal Year And Fiscal Year End Option Values

The following table provides information with respect to the options that were exercised during the fiscal year ended June 30, 2004 and the value as of June 30, 2004 of unexercised options held by the Named Executive Officers. The value of unexercised options at the fiscal year end is calculated using the difference between the option exercise price and the fair market value of the Company's Common Stock at June 30, 2004, \$5.38 per share.

Name	Shares Acquired on Exercise(#)	Value Realized(\$)	Number of Securities Underlying Unexercised Options at Fiscal Year-End(#)		Value of Unexercised Options At Fiscal Year-End(\$)	
			Exercisable	Unexercisable	Exercisable	Unexercisable
Donald H. Anderson			110,000	20,000	69,300	32,600
William S. Dickey			80,000	20,000	48,900	32,600
Randall J. Larson			22,500	52,500	7,425	17,325
Erik B. Carlson			18,000	12,000	29,340	19,560
Frederick W. Boutin			18,000	12,000	29,340	19,560

Employment Contracts And Termination Of Employment And Change In Control Agreements

With the authorization and approval of the Board of Directors, the Company has entered into Change in Control Agreements with certain executive officers and key employees of the Company and its subsidiaries, including the Named Executive Officers. The agreements are for an initial term of three years, from April 12, 2001 to April 11, 2004 with respect to all Named Executive Officers with the exception of Mr. Larson, whose Change in Control Agreement has an initial term of three years, from May 1, 2002 to April 30, 2005, after which the agreements automatically renew on the anniversary date for consecutive one year periods, unless terminated by either party upon ninety days prior notice; provided, however, that notwithstanding any such notice, the agreement will continue in effect for twenty-four months in the event an actual or threatened change in control (as defined in the agreement) occurs during the initial term or any extension thereof. The agreements provide that if the Named Executive Officer is terminated other than for cause during the term of the agreement, or within two years after a change in control of the Company, or if the Named Executive Officer terminates his employment for good reason within such time period, the Named Executive Officer is entitled to receive a lump-sum severance payment equal to a multiple of two times the sum of such Named Executive Officer's annual salary and target bonus, as then in effect, together with certain other payments and benefits, including continuation of employee welfare benefits. In addition, should the Named Executive Officer be subject to the excise tax on excess parachute payments as a result of such payment and payme