SMF ENERGY CORP
Form PRER14A
September 15, 2008

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. 2)

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

Check the appropriate box:

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

SMF ENERGY CORPORATION

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

x No fee required.
¨ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

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

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

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

¨ Fee paid previously with preliminary materials.

¨ Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the form or schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

SMF ENERGY CORPORATION
200 West Cypress Creek Road, Suite 400
Fort Lauderdale, Florida 33309

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

To be held on November 20, 2008

To the Stockholders of SMF Energy Corporation:

NOTICE IS HEREBY GIVEN that an annual meeting of stockholders of SMF Energy Corporation (the "Company") will be held at the Company's Corporate Offices, 200 West Cypress Creek Rd., Suite 400, Fort Lauderdale, Florida, on November 20, 2008 beginning at 1:00 p.m. local time. At the meeting, stockholders will act on the following matters:

- To approve an amendment to the Company's Certificate of Incorporation to effect a reverse stock split of the Company's Common Stock at a specific ratio to be determined by the Board of Directors in its discretion, no later than 12 months after the annual meeting, within a range of not less than 2 to 1 and not more than 5 to 1;

- To approve an amendment to the 2001 Director Stock Option Plan to increase the amount of shares of Common Stock reserved for issuance from 350,000 to 500,000 (pre-split), or 70,000 to 100,000 (post the maximum 5 to 1 split);

- To approve an amendment to the 2000 Stock Option Plan to increase the amount of shares of Common Stock reserved for issuance from 1,000,000 to 2,500,000 (pre-split), or 200,000 to 500,000 (post the maximum 5 to 1 split);

- To elect seven (7) directors to the Company's Board of Directors to serve until the next annual meeting of stockholders or until their successors are elected;

- To ratify the appointment of Grant Thornton LLP as our independent registered public accounting firm for the current fiscal year; and

- Any other matters that may properly come before the meeting.

Only stockholders of record at the close of business on September 22, 2008 are entitled to receive notice of and to vote at the annual meeting or any postponement or adjournment thereof.

Your vote is important. Whether you plan to attend the meeting or not, you may vote your shares by marking, signing, dating and mailing the enclosed proxy card in the envelope provided. If you hold your shares through your brokerage account or in "street name," telephone or Internet voting may be available to you. Check your proxy card for information. If you attend the meeting and prefer to vote in person, you may do so even if you have already voted your shares. You may revoke your proxy in the manner described in the proxy statement at any time before it has been voted at the meeting.

By Order of the Board of Directors

LOUISE P. LUNGARO
Secretary

[September 15, 2008]
Fort Lauderdale, Florida

SMF ENERGY CORPORATION
200 West Cypress Creek Road, Suite 400
Fort Lauderdale, Florida 33309

PROXY STATEMENT

This proxy statement contains information related to the annual meeting of stockholders to be held on November 20, 2008 at 1:00 p.m. local time, at the Corporate Office of SMF Energy Corporation (the "Company"), 200 West Cypress Creek Rd., Suite 400, Fort Lauderdale, Florida, or at such other time and place to which the annual meeting may be adjourned or postponed. You may obtain directions to the meeting by contacting us at (954) 308-4175. The enclosed proxy is solicited by the Board of Directors of the Company. The proxy materials relating to the annual meeting are being mailed to stockholders entitled to vote at the meeting on or about September 25, 2008.

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Stockholders to be Held on November 20, 2008.

The Company's Notice and Proxy Statement are available at http://www.mobilefueling.com/proxystatements.htm.

The Company's Annual Report to Stockholders for the year ended June 30, 2008 is available at http://www.mobilefueling.com/annualreports.htm.

ABOUT THE MEETING

Why are we calling this annual meeting?

We are calling the annual meeting to seek the approval of our stockholders to:

- Approve an amendment to the Company's Certificate of Incorporation to effect a reverse stock split of the Company's Common Stock at a specific ratio to be determined by the Board of Directors in its discretion, within 12 months from the annual meeting and within a range of not less than 2 to 1 and not more than 5 to 1;

- Approve an increase the amount of shares of Common Stock reserved for issuance from 350,000 to 500,000 (pre-split), or 70,000 to 100,000 (post the maximum 5 to 1 split);

- Approve an increase the amount of shares of Common Stock reserved for issuance from 1,000,000 to 2,500,000 (pre-split), or 200,000 to 500,000 (post the maximum 5 to 1 split);

- To elect seven directors to the Company's Board of Directors to serve until the next annual meeting of stockholders or until their successors are elected;

- To ratify the appointment of Grant Thornton LLP as our independent registered public accounting firm for the current fiscal year; and

- Any other matters that may properly come before the meeting.

What are the Board of Directors' recommendations?

Our Board of Directors believes that (i) the approval of an amendment to the Company's Certificate of Incorporation in order to effect a reverse stock split of the Company's common stock within a range of not less than 2 to 1 and not more than 5 to 1; (ii) the approval of an amendment to the Company's 2001 Director Stock Option Plan to increase the amount of shares reserved for issuance from 350,000 to 500,000 (pre-split), or 70,000 to 100,000 (post the maximum 5 to 1 split); (iii) the approval of an amendment to the Company's 2000 Stock Option Plan to increase the amount of shares reserved for issuance from 1,000,000 to 2,500,000 (pre-split), or 200,000 to 500,000 (post the maximum 5 to 1 split); (iv) the election of the nominated directors and (v) ratification of the appointment of Grant Thornton LLP as our independent registered public accounting firm are advisable and in the best interests of the Company and its stockholders and recommends that you vote FOR the amendment to the Certificate of Incorporation, the amendment to the 2001 Director Stock Option Plan, the amendment to the 2000 Stock Option Plan, the director nominees and the ratification of Grant Thornton LLP.

Who is entitled to vote at the meeting?

Only stockholders of record at the close of business on the record date, September 22, 2008, are entitled to receive notice of the annual meeting and to vote the shares of common stock that they held on that date at the meeting, or any postponement or adjournment of the meeting.

Holders of our common stock (the "Common Stock") are entitled to one vote per share on each matter to be voted upon. Holders of our Series A Convertible Preferred Stock (the "Series A Preferred Stock"), Series B Convertible Preferred Stock (the "Series B Preferred Stock") and Series C Convertible Preferred Stock (the "Series C Preferred Stock," and together with the Series A Preferred Stock and Series B Preferred Stock, the "Preferred Stock") are also entitled to one vote per share on each matter to be voted upon at the meeting. Except as may be required by law, the holders of Preferred Stock vote together with the holders of Common Stock as a single class. For each of the actions described herein, the holders of Preferred Stock will vote with the Common Stock as a single class. The holders of our Common Stock and Preferred Stock are collectively referred to in this proxy statement as the "Voting Stockholders," and the shares of Common Stock and Preferred Stock entitled to vote at the meeting are referred to as the "Voting Shares."

As of the record date, we had [14,556,295] outstanding shares of Common Stock, [4,387] outstanding shares of Series A Preferred Stock, [1,985] outstanding shares of Series B Preferred Stock and [229] outstanding shares of Series C Preferred Stock, for a total of [14,562,896] Voting Shares. If and to the extent holders of our Preferred Stock convert their shares of Preferred Stock to Common Stock before the record date for the meeting, the number of shares held by Voting Stockholders would increase, since each share of Preferred Stock is convertible into 1000 shares of Common Stock.

Who can attend the meeting?

All stockholders as of the record date, or their duly appointed proxies, may attend the annual meeting. Please note that if you hold your shares in "street name" (that is, through a broker or other nominee), to be admitted to the meeting, you will need to bring a copy of your proxy card as it was delivered to you by your brokerage firm. You cannot vote that proxy card at the meeting, however, since your brokerage firm has the record ownership of your shares. If you want to vote your "street name" shares at the meeting, your brokerage firm can give you a legal proxy that will give you the right to cast your vote in person at the meeting. Otherwise, you can cast your vote through your brokerage firm by returning your proxy and bringing a copy of it to the meeting for admittance.

What constitutes a quorum?

The presence at the annual meeting, in person or by proxy, of the holders of not less than one-third of the Voting Shares outstanding on the record date will constitute a quorum for our annual meeting. Signed proxies received but not voted, abstentions and broker non-votes will be included in the calculation of the number of Voting Shares considered to be present at the annual meeting.

How do I vote?

You may vote your Voting Shares at the annual meeting either in person or by proxy. To vote by proxy, you should mark, date, sign and mail the enclosed proxy in the prepaid envelope. Giving a proxy will not affect your right to vote your Voting Shares if you attend the annual meeting and want to vote in person. The Voting Shares represented by the proxies received in response to this solicitation and not properly revoked will be voted at the annual meeting in accordance with the instructions therein. On the matters coming before the annual meeting for which a choice has been specified by a stockholder on the proxy card, the Voting Shares will be voted accordingly. If you return your signed proxy, but do not mark your voting preference, the individuals named as proxies will vote your Voting Shares FOR the matters submitted for a vote at the meeting.

Abstentions will be counted towards the tabulation of votes cast on proposals presented to the stockholders and will have the same effect as negative votes, other than for the election of directors. Broker non-votes (shares held by brokers that do not have discretionary authority to vote on the matter and have not received voting instructions from their clients) are not deemed to be present or represented by proxy for purposes of determining whether stockholder approval of a proposal has been obtained and therefore will not be counted for purposes of determining whether a proposal has been approved. Broker non-votes will, however, have the same effect as negative votes for the reverse stock split proposal. The inspector of election appointed for the meeting will tabulate all votes and will separately tabulate affirmative and negative votes, abstentions and broker non-votes.

What if I vote by proxy and then change my mind?

You may revoke your proxy at any time before it is exercised by:

- filing with the Secretary of the Company a notice of revocation;
- sending in another duly executed proxy bearing a later date; or
- attending the meeting and casting your vote in person.

Your latest vote will be the vote that is counted.

What vote is required to approve the items of business?

The proposal to approve an amendment to the Company's Certificate of Incorporation to effect a reverse stock split of the Common Stock requires the affirmative vote of a majority of the shares of Common Stock entitled to vote at the meeting thereon and the affirmative vote of a majority of the Voting Shares entitled to vote thereon. Approval of the amendments to the 2001 Director Stock Option Plan and the 2000 Stock Option Plan to increase the number of shares reserved for issuance under each of those plans requires the affirmative vote of a majority of the Voting Shares present in person or by proxy at the meeting and entitled to vote thereon. For purposes of electing directors, the nominees receiving the greatest number of votes of the Voting Shares present in person or by proxy at the meeting and entitled to vote thereon, shall be elected as directors. Ratification of Grant Thornton LLP as our independent registered public accounting firm requires the affirmative vote of a majority of the Voting Shares present in person or by proxy at the meeting and entitled to vote thereon. Approval of any other matter that may properly come before the Annual Meeting requires the affirmative vote of a majority of the Voting Shares present in person or by proxy at the meeting and entitled to vote thereon (unless such other matter requires a greater vote under our Articles of Incorporation or Delaware law).

How are we soliciting this proxy?

We are soliciting this proxy on behalf of our Board of Directors and we will pay all expenses associated therewith. In addition to solicitation by mail, officers, directors and other employees of the Company may, without compensation other than their regular compensation, solicit proxies by further mailing or personal conversations, or by telephone, facsimile or other electronic means. We will also, upon request, reimburse brokers and other persons holding stock in their names, or in the names of nominees, for their reasonable out-of-pocket expenses for forwarding proxy materials to the beneficial owners of the capital stock and to obtain proxies. If, for any reason, we have not obtained enough proxies to have a quorum at the meeting or enough votes to approve a particular matter submitted for approval, we may engage the services of proxy solicitation firm to encourage persons to cast their votes.

PROPOSAL NO. 1

APPROVAL OF AMENDMENT TO THE COMPANY'S CERTIFICATE OF INCORPORATION TO EFFECT A REVERSE STOCK SPLIT

Introduction

The Board of Directors (the "Board") is recommending that the stockholders approve an amendment to our Certificate of Incorporation to effect a reverse stock split of outstanding shares of our Common Stock at a ratio within a range of 2 to 1 to 5 to 1. If this proposal is approved, the Board will have the authority to decide, within 12 months from the annual meeting, whether to implement the split and the exact ratio of the split.

If a reverse stock split is implemented by the Board, all of the issued and outstanding shares of Common Stock will be reduced in accordance with the exchange ratio selected by the Board. Following the reverse stock split, all of our other outstanding securities that are convertible into or exercisable for shares of Common Stock, including convertible promissory notes and warrants, will be convertible or exercisable at a proportionately higher price for a lesser number of shares of Common Stock, as determined by the documents governing such security. The reverse stock split, if implemented, would not change the number of authorized shares of Common Stock or the par value of our Common Stock.

If this proposal is approved and the Board does implement a reverse stock split, it will become effective after the amendment to the Company's Certificate of Incorporation is filed with the Secretary of State of the State of Delaware (the "Effective Date"). The form of the Certificate of Amendment is attached hereto as Appendix A. The following discussion is qualified in its entirety by the full text of the Certificate of Amendment, which is hereby incorporated by reference.

Purposes of the Reverse Stock Split

The principal purpose of the reverse stock split is to increase the market price of the Common Stock above $1.00 per share. The Common Stock is a listed security on the Nasdaq Capital Market and, in order for the Common Stock to continue to be quoted thereon, the Company must satisfy various listing standards established by the Nasdaq Stock Market ("Nasdaq"), including, but not limited to, maintenance of a closing bid price per share of $1.00 or more.

On December 28, 2007, the Company received a notice from Nasdaq (the "Notice") that the bid price of its Common Stock had closed below the minimum $1.00 per share requirement for 30 consecutive business days. The notice further provided that, in accordance with Marketplace Rule 4310(c)(8)(D), the Company had 180 calendar days, or until June 25, 2008, to regain compliance. Compliance would be achieved if at any time before June 25, 2008, the bid price of the Common Stock closed at $1.00 or more per share for a minimum of 10 consecutive business days (or, subject to Nasdaq's discretion, as many as 20 consecutive trading days), in which event Nasdaq would provide written notification that the Company is in compliance with the minimum bid price requirement. The notice also stated that, if the Company could not demonstrate compliance with the minimum bid price requirement by June 25, 2008, but met all of the other Nasdaq Capital Market initial listing criteria as set forth in Nasdaq Marketplace Rule 4310(c) (which are more rigorous than the continued listing criteria), then the Company would be eligible for an additional 180 days to regain compliance.

On June 26, 2008, the Company received a second notice from Nasdaq (the “Letter”) indicating that its Common Stock had not regained compliance with the $1.00 minimum bid price continued listing requirement set forth in Marketplace Rule 4310(c)(4) during the 180 day period. The Letter further stated that, because the Company did not meet the Rule 4310(c) initial listing criteria on that date, it was not eligible for an additional 180 day compliance period from Nasdaq. Accordingly, the Letter stated that, in the absence of an appeal of the Staff’s determination to a Nasdaq Listing Qualifications Panel (the “Panel”), the Company’s Common Stock was subject to delisting from Nasdaq at the opening of business on July 8, 2008.

On July 1, 2008, the Company filed its appeal of the Staff’s determination and requested a hearing before the Panel. The Company’s appeal and hearing request stayed the delisting action pending the issuance of a final decision by the Panel. The hearing on the Company’s appeal was held on August 14, 2008 and the Company requested a temporary exception to the minimum bid price requirement to allow time for the Company to complete the reverse stock split, and for the reverse stock split to take effect. On September 11, 2008, Nasdaq notified the Company that the Panel granted the Company’s request for continued listing on this basis; however, the Company must evidence, on or before December 23, 2008, a closing bid price of $1.00 or more for a minimum of ten prior consecutive trading days.

Moreover, while the Company expects that such a reverse stock split, once in effect, would increase the Company’s stock price above the minimum bid price, there can be no assurance that the market price per post-split share will either exceed or remain in excess of the $1.00 minimum bid price for the sustained period of time necessary to ensure long term compliance with Marketplace Rule 4310(c)(4). The market price of our Common Stock may be affected by various other factors unrelated to the number of shares outstanding after the reverse stock split, including our future performance and general market conditions.

If a delisting were to occur, the Common Stock would likely trade in the over-the-counter market on the National Association of Securities Dealers’ OTC Bulletin Board (the “OTCBB”), which was established for trading the securities of reporting companies that do not meet the Nasdaq listing requirements. The OTCBB is generally considered less efficient than the Nasdaq Capital Market. As a result, it could be more difficult for an existing stockholder to sell shares of the Common Stock. On the OTCBB, trading volumes are typically lower, transactions can be delayed, and coverage of the Company by securities analysts and news media, which is already limited, may be reduced. In turn, these factors could result in lower prices for the Common Stock or larger “spreads” between the “bid” and “ask” prices quoted by market makers for shares of the Common Stock, either of which could reduce the prices available for sales of the Common Stock by existing stockholders.

Delisting from Nasdaq could also impair the Company’s ability to raise additional capital through equity or debt financing since Nasdaq listed securities are typically viewed as more liquid than securities that are not traded on a national securities exchange. In addition, if delisting does cause lower prices for the Common Stock, it could then cause an increase in the ownership dilution to stockholders when the Company issues equity securities in financing or other transactions. The price at which the Company issues shares in such transactions is generally based on or related to the market price of its Common Stock, so a decline in the market price of its Common Stock could result in the need for the Company to issue a greater number of shares to raise a given amount of funding or to acquire a given dollar value of goods or services.

In addition, if the Common Stock is not listed on the Nasdaq Capital Market, the Company may become subject to Rule 15g-9 under the Securities and Exchange Act of 1934, as amended (the "Exchange Act") because the Common Stock may be classified as a "penny stock" under Exchange Act Rule 3a51-1. That rule imposes additional sales practice requirements on broker-dealers who sell low-priced securities to persons other than established customers and institutional accredited investors. For transactions covered by this rule, a broker-dealer must make a special suitability determination for the purchaser and have received the purchaser's written consent to the transaction prior to sale. Consequently, the rule may affect the ability of broker-dealers to sell the Common Stock and may affect the ability of holders to sell their shares of Common Stock in the secondary market. Moreover, investors may be less interested in purchasing low-priced securities because the brokerage commissions, as a percentage of the total transaction value, tend to be higher for such securities. Also, institutional investors will usually not invest in low-priced securities (other than those which focus on small-capitalization companies or low-priced securities).

As a consequence of no longer having its shares listed on a national securities exchange, the Company will no longer be able to use the SEC's short form registration forms, such as Form S-3, to register under the Securities Act of 1933 the resale of Common Stock previously sold by the Company in unregistered offerings or the Common Stock underlying warrants or convertible notes but will have to instead use the longer Form S-1. As a result, the registration of these securities for resale will probably require more time and effort, which may in turn reduce the value of any Common Stock or other securities that are sold in unregistered offerings. The negative impact of long form registration has been reduced, however, by recent SEC rule changes that permit most purchasers of stock in unregistered offering to freely resell their securities six months after the purchase under Rule 144.

While there is no guarantee, the Board believes that the reverse stock split, at the split ratio ultimately selected by the Board, will increase the per share closing bid price of our Common Stock enough to ensure continued compliance with the Nasdaq minimum bid price listing requirement and to generate additional interest in the Company among investors. On the other hand, it is possible that the closing bid price will not remain above $1.00 for the 10 to 20 trading days required by Nasdaq to determine that the Company has regained compliance with the minimum bid price requirement. In addition, even if the closing bid price does stay above $1.00 long enough for Nasdaq to make such a determination, if it subsequently falls below $1.00 for another 30 consecutive trading days, the Company will once again receive a notice of noncompliance from Nasdaq and another 180 days to reestablish compliance with the $1.00 minimum price standard. If this proposal passes and the Board does decide to effect the reverse stock split, the Board will consider these risks when it selects the split ratio.

If this reverse stock split proposal passes, the Board of Directors may nevertheless decide not to declare any reverse stock split at all. Under the proposal, the Board is retaining this discretion for several reasons. First, the closing bid price of the Common Stock could go over $1.00 for 10 or 20 consecutive trading days before the annual meeting of stockholders without the need for any reverse stock split. Second, the closing bid price could be so low that a reverse stock split could not assure a post-split price above $1.00. Finally, the Company may not otherwise meet the requirements for continued listing on the Nasdaq Capital Market. In particular, Nasdaq Marketplace Rule 4310 provides that, for continued listing, the issuer must maintain either (A) stockholders' equity of $2.5 million; or (B) market value of listed securities of $35 million; or (C) net income from continuing operations of $500,000 in the most recently completed fiscal year or in two of the last three most recently completed fiscal years. Because (a) the market value of the Company's Common Stock is currently less than $10 million, (b) the Company did not have net income from operation in the last three fiscal years, and (c) because the Company's stockholders' equity was below the $2.5 million minimum as of December 31, 2007, the Company received notice in March of 2008 that it did not otherwise qualify for continued listing on Nasdaq. While the Company subsequently raised additional equity capital to increase its stockholders' equity above the $2.5 million level and continues to meet that criterion for Nasdaq listing as of the date hereof, there is no assurance that the Company will continue to meet the stockholders' equity or other Nasdaq listing requirements. If this reverse stock split proposal passes but Nasdaq makes a final determination to delist the Common Stock on account of the stockholders' equity or any other reason before a reverse stock split has been declared by the Board, it is unlikely that the Board would declare any reverse stock split.

In any event, the efficacy of a reverse stock split in maintaining compliance with Nasdaq's minimum bid price requirement is uncertain. While the short-term result of a reverse stock split can be fairly predicted, the long-term consequences are less predictable. The price of the Common Stock is likely to be affected by our performance and by general market and economic conditions that cannot be predicted or evaluated by the Board at this time. Accordingly, even if the reverse stock split is successful in reestablishing compliance with Nasdaq's minimum bid price requirement and we meet the stockholders' equity and other requirements needed to maintain our Nasdaq listing, there is no assurance that the market value of the Common Stock will be greater after a reverse stock split than it would be without ever effecting a reverse stock split.

Determination of Reverse Stock Split Ratio

If the stockholders approve the proposal, the Board will be authorized to exercise its discretion as to whether to effect the reverse stock split, when to effect it, and what the split ratio should be. In making these determinations, the Board will consider a number of factors, including:

- the historical and projected performance of our Common Stock and volume level before and after the reverse stock split,
- prevailing market conditions,
- general economic and other related conditions prevailing in our industry and in the marketplace generally,
- the projected impact of the selected reverse stock split ratio on trading liquidity in our Common Stock and our ability to continue our Common Stock's listing on the Nasdaq Capital Market,
- our capitalization (including the number of shares of our Common Stock issued and outstanding),

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- the prevailing trading price for our Common Stock and the volume level thereof, and
- potential devaluation of our market capitalization as a result of a reverse stock split.

The proposal gives the discretion to select the reverse stock split ratio from within a range to the Board, rather than proposing fixing a specific ratio at this time, in order to give the Company the flexibility to implement a reverse stock split at a ratio that reflects the Board's then-current assessment of the factors described above and to respond to other developments that may be deemed relevant, when considering the appropriate ratio. This flexibility is considered essential for the Board to be able to react to changes in market conditions between the date of this proxy statement and the date of the annual meeting, as well as the length of time that would be required for the Company to hold an additional annual meeting to approve the final reverse stock split ratio.

Material Effects of Proposed Reverse Stock Split

The reverse stock split and amendment of our Certificate of Incorporation will not change the terms of the Common Stock. After the reverse stock split, the shares of Common Stock will have the same voting rights and rights to dividends and distributions, if any, and will be identical in all other respects to the Common Stock now authorized. The common stock issued pursuant to the reverse stock split will remain fully paid and non-assessable. The reverse stock split is not intended as, and will not have the effect of, a "going private transaction" covered by Rule 13e-3 under the Exchange Act. Following the reverse stock split, the Company will continue to file Forms 10-K, 10-Q, and 8-K and will remain subject to the reporting requirements of the Exchange Act.

The following table illustrates the principal effects of a 2 to 1 and 5 to 1 reverse stock split on our authorized and outstanding shares of our Common Stock as of September 12, 2008:

Common Stock	Number of Shares Prior to Reverse Stock Split	Number of Shares After Reverse Stock Split 2 to 1	5 to 1
Authorized	50,000,000	50,000,000	50,000,000
Issued & Outstanding[(1)]	14,556,295	7,278,147	2,911,259
Authorized and Reserved for Issuance[(2)]	13,834,409	6,917,205	2,766,881
Authorized but unreserved and Available for Future Issuances[(3)]	21,609,296	35,804,648	44,321,860

(1) Subject to adjustment for fractional shares.

(2) Includes shares of Common Stock issuable (i) upon the exercise of outstanding stock options, (ii) upon the exercise of warrants to purchase Common Stock, (iii) upon the conversion of promissory notes, (iv) upon conversion of the Series A Convertible Preferred Stock, (v) upon conversion of the Series B Convertible Preferred Stock, and (vi) upon conversion of the Series C Convertible Preferred Stock.

(3) Excludes shares of Common Stock issuable (i) upon the exercise of outstanding stock options, (ii) upon the exercise of warrants, (iii) upon the conversion of promissory notes, (iv) upon conversion of the Series A Convertible Preferred Stock, (v) upon conversion of the Series B Convertible Preferred Stock, and (vi) upon conversion of the Series C Convertible Preferred Stock.

Other material effects of the reverse stock split will be that:

- All outstanding warrants entitling holders to purchase shares of Common Stock will enable such holders to purchase, upon exercise of their warrants, the number of shares of Common Stock as proportionately reduced by the same ratio as selected for the reverse stock split at an exercise price proportionately increased by the same ratio.

- All outstanding convertible promissory notes entitling holders to convert such notes into shares of Common Stock will enable such holders to convert the notes into the number of shares of Common Stock as proportionately reduced by the same ratio as selected for the reverse stock split at a conversion price proportionately increased by the same ratio.

- All outstanding shares of Preferred Stock entitling holders to convert such shares of Preferred Stock into shares of Common Stock will enable such holders to convert the shares of Preferred Stock into the number of shares of Common Stock as proportionately reduced by the same ratio as selected for the reverse stock split at a conversion price proportionately increased by the same ratio.

- All of our equity incentive plans, which include the SMF Energy Corporation Stock Option Plan, the SMF Energy Corporation 2000 Stock Option Plan and the SMF Energy Corporation 2001 Director Stock Option Plan, include provisions requiring appropriate adjustments to the number of shares of Common Stock covered by the plans and stock options and other grants under those plans, as well as option exercise prices. Further, the number of shares of our Common Stock reserved for issuance (including the number of shares subject to automatic annual increase and the maximum number of shares that may be subject to options) under our existing stock option plans and employee stock purchase plans will be reduced by the same ratio as selected for the reverse stock split.

Stockholders should recognize that if the reverse stock split is effected they will own fewer number of shares than they presently own, depending on the ratio of the reverse stock split effected by the Board. In addition, the reverse stock split will increase the number of stockholders of the Company who own odd-lots (less than 100 shares). Stockholders who hold odd-lots may experience an increase in the cost of selling their shares, as well as greater difficulty in effecting such sales.

After effecting the reverse stock split, the number of authorized but unissued shares of Common Stock would increase from 21,609,296 to 35,804,648 (based on a 2 for 1 reverse split) or to 44,321,860 (based on the maximum 5 to 1 split). The Company does not currently have any plans, proposals or arrangements, written or otherwise, to issue these additional shares. The Board, however, may issue these shares in its discretion. If the Company issues additional shares subsequent to the reverse stock split, the dilution to the ownership interest of the Company's existing stockholders may be greater that would otherwise occur had the reverse stock split not been effectuated.

Although the increased proportion of authorized but unissued shares to issued shares could, under certain circumstances, have an anti-takeover effect (for example, management could use the additional shares to resist or frustrate a third-party transaction providing an above-market premium that is favored by a majority of the independent stockholders or by permitting issuances that would dilute the stock ownership of a person seeking to effect a change in the composition of the Company’s Board of Directors or by contemplating a tender offer or other transaction for the combination of the Company with another company), the reverse stock split is not being proposed in response to any effort of which the Company is aware to accumulate shares of the outstanding Common Stock or obtain control of the Company, nor is it part of a plan by management to recommend a series of similar amendments to the Company’s Board and stockholders. There are no anti-takeover mechanisms in the Company’s governing documents or otherwise and there are no plans or proposals to adopt provisions or enter into other arrangements that may have material anti-takeover consequences. Other than the reverse stock split, the Board does not currently contemplate recommending the adoption of any other amendments to the Company’s Certificate of Incorporation that could be construed to affect the ability of third parties to take over or change the control of the Company.

Procedure for Effecting Reverse Stock Split and Exchange of Stock Certificates

If our stockholders approve this proposal, and the Board subsequently elects to effect the reverse stock split, we will file the Certificate of Amendment included as Appendix A to this proxy statement (as completed to reflect the reverse stock split ratio as determined by the Board of Directors, in its discretion, within the range of not less than 2 to 1 and not more than 5 to 1). The Certificate of Amendment will become effective when it is filed with the Secretary of State of the State of Delaware or such later time as is set forth in the Certificate of Amendment.

Effect on Beneficial Holders of Common Stock (i.e. stockholders who hold in “street name”)

Upon the reverse stock split, the Company intends to treat shares of Common Stock held by stockholders in “street name,” through a bank, broker or other nominee, in the same manner as registered stockholders whose shares of Common Stock are registered in their names. Banks, brokers or other nominees will be instructed to effect the reverse stock split for their beneficial holders holding the Common Stock in “street name.” However, these banks, brokers or other nominees may have different procedures than registered stockholders for processing the reverse stock split. If a stockholder holds shares of Common Stock with a bank, broker or other nominee and has any questions in this regard, stockholders are encouraged to contact their bank, broker or other nominee.

Effect on Registered “Book-Entry” Holders of Common Stock (i.e. stockholders that are registered on the transfer agent’s books and records but do not hold certificates)

Some of the Company’s registered holders of Common Stock may hold some or all of their shares electronically in book-entry form with the Company’s transfer agent. These stockholders do not have stock certificates evidencing their ownership of the Common Stock. They are, however, provided with a statement reflecting the number of shares registered in their accounts.

If a stockholder holds registered shares in book-entry form with the transfer agent, no action needs to be taken to receive post-reverse stock split shares. If a stockholder is entitled to post-reverse stock split shares, a transaction statement will automatically be sent to the stockholder's address of record indicating the number of shares of Common Stock held following the reverse stock split.

Effect on Certificated Shares

Upon the reverse stock split, our transfer agent will act as our exchange agent and will act for holders of our Common Stock in implementing the exchange of their certificates.

Commencing on the effective date of a reverse stock split, stockholders holding shares in certificated form will be sent a transmittal letter from the Company's transfer agent for the Common Stock. The letter of transmittal will contain instructions on how a stockholder should surrender his or her certificate(s) representing shares of the Common Stock ("Old Certificates") to the transfer agent in exchange for certificates representing the appropriate number of whole shares of post-reverse stock split Common Stock ("New Certificates"). No New Certificates will be issued to a stockholder until that stockholder has surrendered all Old Certificates, together with a properly completed and executed letter of transmittal, to the transfer agent. No stockholder will be required to pay a transfer or other fee to exchange the stockholder's Old Certificates. Stockholders will then receive a New Certificate(s) representing the number of whole shares of Common Stock to which they are entitled as a result of the reverse stock split. Until surrendered, the Company will deem outstanding Old Certificates held by stockholders to be canceled and only to represent the number of whole shares of post-reverse stock split Common Stock to which these stockholders are entitled.

Any Old Certificates submitted for exchange, whether because of a sale, transfer or other disposition of stock, will automatically be exchanged for New Certificates. If an Old Certificate has a restrictive legend on the back of the Old Certificate(s), the New Certificate(s) will be issued with the same restrictive legends that are on the back of the Old Certificate(s) unless that legend is no longer effective because of the passage of time.

STOCKHOLDERS SHOULD NOT DESTROY ANY STOCK CERTIFICATE(S) AND SHOULD NOT SUBMIT ANY CERTIFICATE(S) UNTIL REQUESTED TO DO SO.

No Fractional Shares

No fractional shares of Common Stock will be issued in connection with the reverse stock split. If, as a result of the reverse stock split, a stockholder of record would otherwise hold a fractional share, the number of shares to be received by the shareholder will be rounded up to the next highest number of shares.

Accounting Matters

The par value of the shares of our Common Stock is not changing as a result of the implementation of the reverse stock split. Our stated capital, which consists of the par value per share of our Common Stock multiplied by the aggregate number of shares of our Common Stock issued and outstanding, will be reduced proportionately on the effective date of the reverse stock split. Correspondingly, our additional paid-in capital, which consists of the difference between our stated capital and the aggregate amount paid to us upon the issuance of all currently outstanding shares of our Common Stock, will be increased by a number equal to the decrease in stated capital. Further, net loss per share and book value per share will be increased as result of the reverse stock split because there will be fewer shares of Common Stock outstanding.

No Dissenter's Rights

Under the General Corporation Law of the State of Delaware, stockholders are not entitled to dissenter's rights with respect to the proposed amendment to the Certificate of Incorporation to effect the reverse stock split, and the Company will not independently provide stockholders with any such right.

Possible Disadvantages of Reverse Stock Split

Even though the Board believes that the potential advantages of a reverse stock split outweigh any disadvantages that might result, the following are some of the possible disadvantages of a reverse stock split:

- The reduced number of shares of our Common Stock resulting from a reverse stock split could adversely affect the liquidity of our Common Stock.

- A reverse stock split could result in a significant devaluation of the Company's market capitalization and the trading price of its Common Stock, on an actual or an as-adjusted basis, based on the experience of other companies that have effected reverse stock splits.

- A reverse stock split may leave certain stockholders with one or more "odd lots," which are stock holdings in amounts of less than 100 shares of our Common Stock. These odd lots may be more difficult to sell than shares of Common Stock in even multiples of 100.

- There can be no assurance that the market price per new share of our Common Stock after the reverse stock split will remain unchanged or increase in proportion to the reduction in the number of old shares of our Common Stock outstanding before the reverse stock split.

- Accordingly, the total market capitalization of our Common Stock after the proposed reverse stock split may be lower than the total market capitalization before the proposed reverse stock split and, in the future, the market price of our Common Stock following the reverse stock split may not exceed or remain higher than the market price prior to the proposed reverse stock split.

- While the Board believes that a higher stock price may help generate investor interest, there can be no assurance that the reverse stock split will result in a per-share price that will attract institutional investors or investment funds or that such share price will satisfy the investing guidelines of institutional investors or investment funds. As a result, the trading liquidity of our Common Stock may not necessarily improve.

- If the reverse stock split is effected and the market price of our Common Stock declines, the percentage decline may be greater than would occur in the absence of a reverse stock split. The market price of our Common Stock will, however, also be based on our performance and other factors, which are unrelated to the number of shares outstanding.

Certain U.S. Federal Income Tax Consequences of the Reverse Stock Split

The following is a summary of certain U.S. federal income tax consequences relating to the reverse stock split as of the date hereof. This summary addresses only U.S. holders who hold their shares of Common Stock as a capital asset for U.S. federal income tax purposes (i.e., generally, property held for investment).

For purposes of this summary, a “U.S. holder” means a beneficial owner of Common Stock who is any of the following for U.S. federal income tax purposes: (i) an individual who is a citizen or resident of the United States, (ii) a corporation created or organized in or under the laws of the United States, any state thereof, or the District of Columbia, (iii) an estate the income of which is subject to U.S. federal income taxation regardless of its source, or (iv) a trust if (1) its administration is subject to the primary supervision of a court within the United States and one or more U.S. persons have the authority to control all of its substantial decisions, or (2) it has a valid election in effect under applicable U.S. Treasury regulations to be treated as a U.S. person.

This summary is based on interpretations of the Internal Revenue Code of 1986, as amended (the “Code”), and regulations, rulings and judicial decisions as of the date hereof. These authorities may be changed, perhaps retroactively, and may adversely affect the U.S. federal income tax consequences described herein. This summary does not discuss all of the tax consequences that may be relevant to particular stockholders or to stockholders subject to special treatment under U.S. federal income tax laws.

Moreover, this description does not address the U.S. federal estate and gift tax, alternative minimum tax, state, local, foreign or other tax consequences of the reverse stock split.

Each stockholder should consult their own tax adviser concerning the particular U.S. federal tax consequences of the reverse stock split, as well as any consequences arising under the laws of any other taxing authority, such as any state, local or foreign income tax consequences to which they may be subject.

To ensure compliance with Treasury Department Circular 230, each holder of Common Stock is hereby notified that: (a) any discussion of U.S. federal tax issues in this proxy statement is not intended or written to be used, and cannot be used, by such holder for the purpose of avoiding penalties that may be imposed on such holder under the Code; (b) any such discussion has been included by the Company in furtherance of the reverse stock split on the terms described herein; and (c) each such holder should seek advice based on its particular circumstances from an independent tax advisor.

Generally, a reverse stock split will not result in the recognition of gain or loss by a U.S. holder for U.S. federal income tax purposes. The aggregate adjusted basis of the post-reverse stock split shares will be the same as the aggregate adjusted basis of the pre-reverse stock split shares. The holding period of the post-reverse stock split shares will include a U.S. holder's holding periods for the pre-reverse stock split shares.

The Company will not recognize any gain or loss as a result of the reverse stock split.

The affirmative vote of a majority of the shares of Common Stock entitled to vote hereon and the affirmative vote of a majority of the Voting Shares entitled to vote hereon are required to approve the amendment to the Company's Certificate of Incorporation to effect a reverse stock split.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE "FOR" AMENDING THE COMPANY'S CERTIFICATE OF INCORPORATION TO EFFECT A REVERSE STOCK SPLIT

PROPOSAL NO. 2

APPROVAL OF AMENDMENT TO THE COMPANY'S 2001 DIRECTOR STOCK OPTION PLAN

The 2001 Directors Stock Option Plan (the "2001 Plan") was adopted by the Board of Directors on May 10, 2001 and approved by the stockholders on July 19, 2001. The 2001 Plan was subsequently amended in December 2004. The purpose of the 2001 Plan is to provide an additional incentive to attract and retain qualified and competent directors whose efforts and judgment are important to the success of the Company, through the encouragement of stock ownership in the Company by such persons.

On July 11, 2008, the Board of Directors approved an amendment to the 2001 Plan to increase the number of shares reserved under the 2001 Plan. The Board believes that an increase in the number of options available for grant is important to permit the Company to continue to attract and retain directors and to encourage stock ownership by them. Accordingly, the shareholders are being asked to increase the number of shares of Common Stock reserved for issuance from 350,000 to 500,000 (pre-split), or from 70,000 to 100,000 (post the maximum 5 to 1 split).

In addition to the increase in the number of shares reserved for issuance, the Board of Directors has also approved other changes to the 2001 Plan to confirm its compliance with Section 409A of the Internal Revenue Code. These changes were made to ensure that additional taxes were not imposed on the compensation or benefits payable under the 2001 Plan pursuant to Section 409A. While the Board of Directors does not believe such changes are material, the 2001 Plan is attached hereto for the convenience of the stockholders.

Description of the 2001 Director Stock Option Plan

The following description is qualified in its entirety by reference to the 2001 Plan, which is attached hereto as Appendix B. The number of shares reflected in the attachment as reserved for issuance under the 2001 Plan will be reduced accordingly if the reverse stock split is approved.

Administration

The 2001 Plan is presently administered by the Board of Directors (the "Board"). Subject to the 2001 Plan, the Board has the authority to determine to whom stock options may be granted, the time or times at which stock options are granted, the number of shares covered by each such grant, the duration of any options and rights, and any other terms and conditions relating to stock options. All decisions and interpretations made by the Board are binding and conclusive on all participants in the 2001 Plan.

Securities

The securities to be issued upon the exercise of stock options under the 2001 Plan are shares of the Company's $.01 par value Common Stock. If any options granted under the 2001 Plan are surrendered, or for any other reason cease to be exercisable in whole or in part, the shares as to which the option ceases to be exercisable are available for options to be granted to the same or other participants under the 2001 Plan.

Based on the closing price of the Company's Common Stock on September 11, 2008 of $0.49, the market value of 350,000 shares of Common Stock was $171,500.

Eligible Directors

Only directors of the Company who are not employees, full time or part time, of the Company are eligible to receive stock options under the 2001 Plan ("Eligible Directors").

As of September 11, 2008, the Company had six directors eligible to receive grants under the 2001 Plan.

Stock Options

Options granted under the 2001 Plan are nonqualified stock options.

Option Price and Duration

The option price for nonqualified stock options may be less than the fair market value of the stock on the business day immediately preceding the date of grant, but in no event will the option price be less than the par value of the stock on the date of the grant.

"Fair market value" means the closing price on the business day immediately preceding the date of grant. For purposes of determining fair market value, the closing price on any business day is (a) if there is an established market for the Company's Common Stock on a national securities exchange, or if actual transactions are otherwise reported on a consolidated transaction reporting system, the last report sale price of the Common Stock on such exchange or reporting system, (b) if quoted on Nasdaq or any similar system of automated dissemination of quotations of securities prices in common use, the last reported sale price on such system, or if sales prices are not reported, the mean between the closing high bid and low asked quotations for such day as reported in any newspaper of general circulation, or (c) if neither (a) or (b) is applicable, the mean between the high bid and low asked quotations as reported by the National Quotation Bureau, Incorporated if at least two securities dealers have inserted both bid and asked quotations for the Common Stock on at least five of the ten preceding days.

Exercise of Options and Payment for Stock

Options are exercisable in accordance with the terms and conditions of the grant to the participant. The exercise price of options may be paid in cash or in shares of the Company's Common Stock (valued at the fair market value of the shares on the date of exercise) or by a combination thereof. The Board in its discretion may agree to lend money to a participant, guarantee a loan to a participant, or otherwise assist a participant to obtain the cash necessary to exercise all or a portion of an option granted under the 2001 Plan or to pay any tax liability of the participant attributable to such exercise. If the exercise price is paid in whole or in part with the participant's promissory note, such note shall (i) provide for full recourse to the maker, (ii) be collateralized by the pledge of the shares that the participant purchases upon exercise of such option, (iii) bear interest at the prime rate of the Company's principal lender, and (iv) contain such other terms as the Board in its sole discretion shall reasonably require. The Board may elect to permit a participant to effect a net exercise of an option without tendering shares of the Company's stock as payment for the option. In such an event, the participant would be deemed to have paid for the exercise of the option with shares of the Company's stock and would receive from the Company a number of shares equal to the difference between the shares that would have been tendered and the number of options exercised. Also, the Board may elect to permit a participant to effect a cashless exercise through a broker acceptable to the Company and delivery to the Company by the broker of proceeds from the sale of shares or a margin loan sufficient to pay the exercise price and any applicable income taxes.

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Nontransferability of Options

Unless the prior written consent of the Board is obtained and the transaction does not violate the requirements of Rule 16b-3 promulgated under the Securities Exchange Act, no option shall be subject to alienation, assignment, pledge, charge or other transfer other than by the participant by will or the laws of descent and distribution. Each option is exercisable during a participant's lifetime, or in the case of an option that has been assigned or transferred with the prior written consent of the Board, only by the permitted assignee.

Termination of Option Period

Unless otherwise provided in any option agreement, the unexercised portion of any option shall automatically and without notice terminate and become null and void at the time of the earliest to occur of the following: (i) immediately upon the removal of the optionee as a director for Cause
which, for purposes of the 2001 Plan, shall mean the removal of the optionee as a director by reason of any act by the optionee of (x) fraud or intentional misrepresentation, (y) embezzlement, misappropriation, or conversion of assets or opportunities of the Company or any subsidiary or (z) willful misconduct or gross negligence, (ii) immediately in the event that the optionee shall file any lawsuit or arbitration claims against the Company or any subsidiary, or any of their respective officers, directors or shareholders, other than a claim for indemnification, whether by contract or under applicable law, or (iii) ten years from the date of grant of the option.

Amendment, Suspension and Termination

The Committee may at any time amend, suspend or terminate the 2001 Plan or any option, provided, however, that, any amendment to the 2001 Plan shall be subject to the approval of the Company's shareholders if such shareholder approval is required by any federal or state law or regulation (including, without limitation, Rule 16b-3 or the rules of any stock exchange or automated quotation system on which the Common Stock may then be listed or granted. Except as otherwise provided by the 2001 Plan, no amendment, suspension or termination of the 2001 Plan or any option under the 2001 Plan shall substantially impair the rights or benefits of any optionee pursuant to any option previously granted without the consent of the optionee.

2001 Plan Benefits

The 2001 Plan provides that Eligible Directors are granted options to purchase 20,000 shares of Common Stock on his or her initial election to the Board. In addition, on the last day of each fiscal quarter of the Company, each then Eligible Director is granted options to purchase 1,500 shares. The Board also has the discretion to, from time to time, grant additional options to the Eligible Directors under the 2001 Plan. Set forth below in tabular form are the benefits or amounts received or to be received by or allocated to each of the named persons or groups under the 2001 Plan during fiscal 2008. The shares listed below do not reflect the proposed reverse stock split.

Name and Position	**Dollar Value ($)(1)**	**Number of Shares**
Richard E. Gathright, Chairman of the Board, CEO and President	0	0
Michael S. Shore, CFO, Senior V.P. and Treasurer	0	0
Paul C. Vinger, Senior V.P., Corporate Planning and Fleet Operations	0	0
E. Wayne Wetzel, Senior V.P., Lubricants	0	0
Robert W. Beard, Senior V.P., Marketing & Sales and Investor Relations Officer	0	0
Timothy E. Shaw, Senior V.P., Information Services & Administration and Chief Information Officer	0	0
All executive officers, as a group	0	0
All directors who are not executive officers, as a group	29,610	33,000
All employees who are not executive officers as a group	0	0

(1) All options are granted at not less than the fair market value on the date of grant. The dollar value to the grantee is solely dependent on the increase in the stock price subsequent to the date of grant.

Federal Income Tax Consequences

Nonqualified options are taxed in accordance with Section 83 of the Code and the Regulations issued thereunder. The following general rules are applicable to United States holders of such options and to the Company for Federal income tax purposes under existing law:

i. The optionee does not realize any taxable income upon the grant of nonqualified option, and the Company is not allowed a business expense deduction by reason of such grant.

ii. The optionee will recognize ordinary compensation income at the time of exercise of a nonqualified option in an amount equal to the excess, if any, of the fair market value of the shares on the date of exercise over the exercise price.

iii. When the optionee sells the shares, he or she will recognize a capital gain or loss in an amount equal to the difference between the amount realized upon the sale of the shares and his or her basis in the shares (i.e., the exercise price plus the amount taxed to the optionee as compensation income). If the optionee holds the shares for longer than one year, this gain or loss will be a long-term capital gain or loss.

iv. In general, the Company will be entitled to a tax deduction in the year in which compensation income is recognized by the optionee.

The affirmative vote of a majority of the Voting Shares present in person or represented by proxy at the meeting is required to amend the 2001 Director Stock Option Plan.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE “FOR”
THE AMENDMENT TO THE COMPANY’S 2001 DIRECTOR STOCK OPTION PLAN

PROPOSAL 3

APPROVAL OF AMENDMENT TO THE COMPANY'S 2000 STOCK OPTION PLAN

The 2000 Stock Option Plan (the "2000 Plan") was adopted by the Board of Directors on December 21, 2000 and approved by the stockholders on February 28, 2001. The purpose of the 2000 Plan is to provide an additional incentive to attract and retain qualified competent persons who provide services and upon whose efforts and judgment our success is largely dependent, through the encouragement of ownership of our stock by such persons.

On July 11, 2008, the Board of Directors voted to submit to the Company's stockholders a proposed amendment to the 2000 Plan to increase the number of shares reserved under the 2000 Plan and to eliminate the annual automatic 10% increase in the number of shares available for issuance. The Board of Directors believes an increase in the number of options available for grant is important to permit the Company to continue to attract and retain employees and to encourage stock ownership by them. In connection with the increase in reserved shares, the Board of Directors also desires to remove from the 2000 Plan Section 3(b), which provides as follows:

"The number of Shares available for issuance under the Plan shall automatically increase on the first trading day of each calendar year during the term of the Plan, beginning with the 2002 calendar year, by an amount equal to ten percent (10%) of the total Shares subject to the Plan as of the last trading day of the immediately preceding calendar year. No incentive Stock Options may be granted on the basis of the additional Shares resulting from such annual increases."

Through these annual increases, the 1,000,000 shares originally reserved for issuance has currently increased to 1,939,853 and will continue to increase accordingly in subsequent years. Instead of providing for subsequent annual increases, the Company desires to increase the reserved shares to 2,500,000 and eliminate Section 3(b) from the 2000 Plan.

Accordingly, the stockholders are being asked to increase the number of shares reserved under the 2000 Plan from 1,000,000 to 2,500,000 (pre-split), or 200,000 to 500,000 (post the maximum 5 to 1 split) and to remove Section 3(b) from the 2000 Plan.

In addition to the increase in the number of shares reserved for issuance and the removal of the automatic increase in the number of shares available for issuance, the Board of Directors has also approved other changes to the 2000 Plan to confirm its compliance with Section 409A of the Internal Revenue Code. These changes were made to ensure that additional taxes were not imposed on the compensation or benefits payable under the 2000 Plan pursuant to Section 409A. While the Board of Directors does not believe such changes are material, the 2000 Plan is attached hereto for the convenience of the stockholders.

Description of the 2000 Stock Option Plan

The following description is qualified in its entirety by reference to the 2000 Plan, which is attached hereto as Appendix C. The number of shares reflected as reserved for issuance under the 2001 Plan will be reduced accordingly if the reverse stock split is approved.

Administration

The 2000 Plan provides that it shall be administered by our Board of Directors (the "Board") or a committee appointed by the Board (the "Committee") which shall be composed of two or more directors all of whom shall be "outside directors" (as defined in the 2000 Plan) in compliance with Rule 16b-3 of the Exchange Act and Section 162(m) of the tax code (although Rule 16b-3 also may be complied with if the option grants are approved by the board of directors).

The Committee or the Board, in its sole discretion, determines the terms of the Options. In addition, the Committee or the Board has full power and authority to construe and interpret the 2000 Plan, and the acts of the Committee or the Board are final, conclusive and binding on all interested parties, including our company, shareholders, officers and employees, recipients of grants under the 2000 Plan, and all persons or entities claiming by or through such persons.

Prior to the effectiveness of the Amendment, an aggregate of 1,000,000 shares of common stock was reserved for issuance upon the exercise of Options granted under the 2000 Plan. Based on the closing price of the Company's Common Stock on September 11, 2008 of $0.49, the market value of 1,000,000 shares of Common Stock was $490,000. The maximum number of shares of common stock to which Options may be granted to any one individual under the 2000 Plan is 750,000. The shares acquired upon exercise of Options granted under the 2000 Plan will be authorized and issued shares of common stock. Our stockholders will not have any preemptive rights to purchase or subscribe for any common stock by reason of the reservation and issuance of common stock under the 2000 Plan. If any option granted under the 2000 Plan should expire or terminate for any reason other than having been exercised in full, the unpurchased shares subject to that option will again be available for purposes of the 2000 Plan.

Terms and Conditions

All Options granted under the 2000 Plan must be evidenced by a written agreement between us and the grantee. The agreement will contain such terms and conditions as the Committee or the Board shall prescribe, consistent with the 2000 Plan, including, without limitation, the exercise price, term and any restrictions on the exercisability of the options granted.

For any option granted under the 2000 Plan, the exercise price per share of Common Stock may be any price determined by the Committee or the Board; however, the exercise price per share of any Incentive Stock Option may not be less than the Fair Market Value of the common stock on the date such Incentive Stock Option is granted. For purposes of the 2000 Plan, the "Fair Market Value" on any date of reference is deemed to be the closing price of common stock on the business day immediately preceding such date, unless the Committee or the Board in its sole discretion determines otherwise in a fair and uniform manner. For this purpose, the closing price of Common Stock on any business day is (i) if the Common Stock is listed or admitted for trading on any United States national securities exchange, or if actual transactions are otherwise reported on a consolidated transaction reporting system, the last reported sale price of Common Stock on such exchange or reporting system, as reported in any newspaper of general circulation; (ii) if Common Stock is quoted on the National Association of Securities Dealers Automated Quotations System ("NASDAQ"), or any similar system of automated dissemination of quotations of securities prices in common use, the mean between the closing high bid and low asked quotations for such day of common stock on such system; or (iii) if neither clause (i) nor (ii) is applicable, the mean between the high bid and low asked quotations for Common Stock as reported by the National Quotations Bureau, Incorporated if at least two securities dealers have inserted both bid and asked quotations for common stock on at least 5 of the 10 preceding days.

The Committee or the Board may permit the exercise price of an option to be paid for in cash, by certified or official bank check or personal check, by money order, with already owned shares of Common Stock that have been held by the optionee for at least six (6) months (or such other shares as we determine will not cause us to recognize for financial accounting purposes a charge for compensation expense), the withholding of shares of Common Stock issuable upon exercise of the option, by delivery of a properly executed exercise notice together with such documentation as shall be required by the Committee or the Board (or, if applicable, the broker) to effect a cashless exercise, or a combination of the above. If paid in whole or in part with shares of already owned common stock, the value of the shares surrendered is deemed to be their Fair Market Value on the date the option is exercised. The 2000 Plan also authorizes us to lend money to optionee, guarantee a loan to optionee, or otherwise assist optionee in obtaining the cash necessary to exercise all or a portion of the option granted thereunder or to pay any of optionee’s tax liability attributable to such exercise. If the exercise price is paid in whole or part with the optionee’s promissory note, such note shall (i) provide for full recourse to the maker, (ii) be collateralized by the pledge of the shares that the optionee purchases upon exercise of such option, (iii) bear interest at the prime rate of our principal lender or such other rate as the Board shall determine, and (iv) contain such other terms as the Board in its sole discretion shall reasonably require.

The use of already owned shares of Common Stock applies to payment for the exercise of an option in a single transaction and to the “pyramiding” of already owned shares in successive, simultaneous option exercises. In general, pyramiding permits an option holder to start with as little as one share of Common Stock and exercise an entire option to the extent then exercisable (no matter what the number of shares subject thereto). By utilizing already owned shares of Common Stock, no cash (except for fractional share adjustments) is needed to exercise an option. Consequently, the optionee would receive Common Stock equal in value to the spread between the fair market value of the shares subject to the option and the exercise price of such option.

No Incentive Stock Option, and unless the prior written consent of the Committee or the Board is obtained (which consent may be withheld for any reason) and the transaction does not violate the requirements of Rule 16b-3 of the Exchange Act, no non-qualified stock option granted under the 2000 Plan is assignable or transferable, other than by will or by the laws of descent and distribution. During the lifetime of the optionee, an option is exercisable only by him or her, or in the case of a non-qualified stock option, by his or her permitted assignee. The expiration date of an option under the 2000 Plan will be determined by the Committee or the Board at the time of grant, but in no event may such an option be exercisable after 10 years from the date of grant. An option may be exercised at any time or from time to time or only after a period of time in installments, as the committee or the board of directors determines. The Committee or the Board may, in its sole discretion, accelerate the date on which any option may be exercised. Each outstanding option granted under the 2000 Plan may become immediately fully exercisable in the event of certain transactions, including certain changes in control, certain mergers and reorganizations, and certain dispositions of substantially all of our assets.

Unless otherwise provided in the option agreement, the unexercised portion of any option granted under the 2000 Plan shall automatically be terminated (a) three months after the date on which the optionee's employment or service is terminated for any reason other than (i) Cause (as defined in the 2000 Plan), (ii) mental or physical disability, or (iii) death; (b) immediately upon the termination of the optionee's employment or service for Cause; (c) one year after the date on which the optionee's employment or service is terminated by reason of mental or physical disability; or (d) one year after the date on which the optionee's employment or service is terminated by reason of optionee's death, or if later, three months after the date of optionee's death if death occurs during the one year period following the termination of the optionee's employment by reason of mental or physical disability.

To prevent dilution of the rights of the optionee, the 2000 Plan provides for appropriate adjustment of the number of shares for which options may be granted, the number of shares subject to outstanding options and the exercise price of outstanding options, in the event of any increase or decrease in the number of issued and outstanding shares of our capital stock resulting from a stock dividend, a recapitalization or other capital adjustment. The Committee or the Board has discretion to make appropriate antidilution adjustments to outstanding options in the event of a merger, consolidation or other reorganization of or a sale or other disposition of substantially all of our assets.

Amendment, Suspension and Termination

The 2000 Plan will expire on December 20, 2010, and any option outstanding on such date will remain outstanding until it expires or is exercised. The Committee or the Board may amend, suspend or terminate the 2000 Plan or any option at any time, provided that such amendment shall be subject to the approval of the stockholders if such stockholder approval is required by any federal or state law or regulation (including, without limitation, Rule 16b-3 or to comply with Section 162(m) of the tax code) or the rules of any stock exchange or automated quotation system on which the common stock may then be listed or granted. In addition, no amendment, suspension or termination shall substantially impair the rights or benefits of optionee, pursuant to any option previously granted, without the consent of the optionee.

Federal Income Tax Consequences

The 2000 Plan is not qualified under the provisions of Section 401(a) of the tax code, and is not subject to any of the provisions of the Employee Retirement Income Security Act of 1974, as amended.

On exercise of a nonqualified stock option granted under the 2000 Plan, an optionee will recognize ordinary income equal to the excess, if any, of the fair market value on the date of exercise of the shares of Common Stock acquired on exercise of the option over the exercise price and that income will be subject to the withholding of Federal income tax. The optionee's tax basis in those shares will be equal to their fair market value on the date of exercise of the option, and his holding period for those shares will begin on that date.

If an optionee pays for shares of Common Stock on exercise of an option by delivering shares of our Common Stock, the optionee will not recognize gain or loss on the shares delivered, even if their fair market value at the time of exercise differs from the optionee's tax basis in them. The optionee, however, otherwise will be taxed on the exercise of the option in the manner described above as if he had paid the exercise price in cash. If a separate identifiable stock certificate is issued for that number of shares equal to the number of shares delivered on exercise of the option, the optionee's tax basis in the shares represented by that certificate will be equal to his tax basis in the shares delivered, and his holding period for those shares will include his holding period for the shares delivered. The optionee's tax basis and holding period for the additional shares received on exercise of the option will be the same as if the optionee had exercised the option solely in exchange for cash.

We will be entitled to a deduction for Federal income tax purposes equal to the amount of ordinary income taxable to the optionee, provided that amount constitutes an ordinary and necessary business expense for us and is reasonable in amount, and either the employee includes that amount in income or we timely satisfy our reporting requirements with respect to that amount.

The 2000 Plan provides for the grant of stock options that qualify as "incentive stock options" as defined in Section 422 of the tax code. Under the tax code, the optionee generally is not subject to tax upon the grant or exercise of an incentive stock option. In addition, if the optionee holds a share received on exercise of an incentive stock option for at least two years from the date the option was granted and at least one year from the date the option was exercised (the "Required Holding Period"), the difference, if any, between the amount realized on a sale or other taxable disposition of that share and the holder's tax basis in that share will be long-term capital gain or loss.

If, however, an optionee disposes of a share acquired on exercise of an incentive stock option before the end of the Required Holding Period (a "Disqualifying Disposition"), the optionee generally will recognize ordinary income in the year of the Disqualifying Disposition equal to the excess, if any, of the fair market value of the share on the date the incentive stock option was exercised over the exercise price. If, however, the Disqualifying Disposition is a sale or exchange on which a loss, if realized, would be recognized for Federal income tax purposes, and if the sales proceeds are less than the fair market value of the share on the date of exercise of the option, the amount of ordinary income recognized by the optionee will not exceed the gain, if any, realized on the sale. If the amount realized on a Disqualifying Disposition exceeds the fair market value of the share on the date of exercise of the Option, that excess will be short-term or long-term capital gain, depending on whether the holding period for the share exceeds one year.

An optionee who exercises an incentive stock option by delivering shares of Common Stock acquired previously pursuant to the exercise of an incentive stock option before the expiration of the Required Holding Period for those shares, it is treated as if the optionee made a Disqualifying Disposition of those shares. This rule prevents "pyramiding" the exercise of an incentive stock option (that is, exercising an incentive stock option for one share and using that share, and others so acquired, to exercise successive incentive stock options) without the imposition of current income tax.

For purposes of the alternative minimum tax, the amount by which the fair market value of a share of Common Stock acquired on exercise of an incentive stock option exceeds the exercise price of that option generally will be an adjustment included in the optionee's alternative minimum taxable income for the year in which the option is exercised. If, however, there is a Disqualifying Disposition of the share in the year in which the option is exercised, there will be no adjustment with respect to that share. If there is a Disqualifying Disposition in a later year, no income with respect to the Disqualifying Disposition is included in the optionee's alternative minimum taxable income for that year. In computing alternative minimum taxable income, the tax basis of a share acquired on exercise of an incentive stock option is increased by the amount of the adjustment taken into account with respect to that share for alternative minimum tax purposes in the year the option is exercised.

We are not allowed an income tax deduction with respect to the grant or exercise of an incentive stock option or the disposition of a share acquired on exercise of an incentive stock option after the Required Holding Period. However, if there is a Disqualifying Disposition of a share, we are allowed a deduction in an amount equal to the ordinary income included in income by the optionee, provided that amount constitutes an ordinary and necessary business expense for us and is reasonable in amount, and either the employee includes that amount in income or we timely satisfy our reporting requirements with respect to that amount.

The Omnibus Budget Reconciliation Act of 2003 added Section 162(m) to the tax code, which generally disallows a public company's tax deduction for compensation to covered employees in excess of $1 million in any tax year beginning on or after January 1, 2004. Compensation that qualifies as "performance-based compensation" is excluded from the $1 million deductibility cap, and therefore remains fully deductible by the company that pays it. We intend that options granted to employees whom the committee expects to be covered employees at the time a deduction arises in connection with such options, will qualify as such "performance-based compensation," so that such options will not be subject to the Section 162(m) deductibility cap of $1 million. Future changes in Section 162(m) or the regulations thereunder may adversely affect our ability to ensure that Options under the employee 2000 Plan will qualify as "performance-based compensation" that is fully deductible by us under Section 162(m).

The information set forth above is a summary only and does not purport to be complete. In addition, the information is based upon current Federal income tax rules and therefore is subject to change when those rules change. Moreover, because the tax consequences to any optionee may depend on his particular situation, each optionee should consult his tax adviser as to the Federal, state, local and other tax consequences of the grant or exercise of an option or the disposition of Common Stock acquired on exercise of an option.

2000 Plan Benefits

Set forth below in tabular form are the benefits or amounts received or to be received by or allocated to each of the named persons or groups under the 2000 Plan during fiscal 2008. The shares listed below do not reflect the proposed reverse stock split.

Name and Position	Dollar Value ($)(1)	Number of Shares
Richard E. Gathright, Chairman of the Board, CEO and President	96,000	75,000
Michael S. Shore, CFO, Senior V.P. and Treasurer	51,200	40,000
Paul C. Vinger, Senior V.P., Corporate Planning and Fleet Operations	51,200	40,000
E. Wayne Wetzel, Senior V.P., Lubricants	0	0
Robert W. Beard, Senior V.P., Marketing & Sales and Investor Relations Officer	12,800	10,000
Timothy E. Shaw, Senior V.P., Information Services & Administration and Chief Information Officer	12,800	10,000
All executive officers, as a group	224,000	175,000
All directors who are not executive officers, as a group	1,800	3,000
All employees who are not executive officers as a group	136,390	108,000

(1) All options are granted at not less than the fair market value on the date of grant. The dollar value to the grantee is solely dependent on the increase in the stock price subsequent to the date of grant.

The affirmative vote of a majority of the Voting Shares present in person or represented by proxy at the meeting is required to amend the 2000 Stock Option Plan.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE "FOR"
THE AMENDMENT TO THE COMPANY'S 2000 STOCK OPTION PLAN

PROPOSAL 4

ELECTION OF SEVEN INDIVIDUALS TO THE BOARD OF DIRECTORS

Nominees

The Board of Directors has fixed at seven the number of directors that will constitute the Board of Directors for the ensuing year. Each director elected at the annual meeting will serve for a term expiring at the 2008 Annual Meeting of Stockholders, or until his successor has been duly elected and qualified. Wendell R. Beard, Richard E. Gathright, Steven R. Goldberg, Nat Moore, Larry S. Mulkey, C. Rodney O'Connor and Robert S. Picow, each of whom is an incumbent director, have been nominated to be elected at the annual meeting by the Voting Stockholders and proxies will be voted for such persons absent contrary instructions.

Our Board of Directors has no reason to believe that any nominee will refuse to act or be unable to accept election; however, in the event that a nominee for a directorship is unable or unwilling to accept election or if any other unforeseen contingencies should arise, it is intended that proxies will be voted for the remaining nominees and for such other person as may be designated by the Board of Directors, unless it is directed by a proxy to do otherwise.

Each of the nominees for election as a director is a current member of our Board of Directors. Mr. O'Connor has served as a director since 1999, Messrs. Beard, Gathright and Picow have served as directors since 2001, Mr. Moore has served as a director since 2006, Mr. Mulkey has served as a director since 2002, and Mr. Goldberg has served as a director since 2005.

The nominees receiving the greatest number of votes from the Voting Stockholders that are entitled to vote hereon at the annual meeting shall be elected as directors.

**THE BOARD OF DIRECTORS RECOMMENDS A VOTE "FOR"
THE ELECTION OF EACH OF THE SEVEN INDIVIDUALS TO THE
BOARD OF DIRECTORS**

PROPOSAL 5

RATIFICATION OF SELECTION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The independent registered public accounting firm of Grant Thornton LLP has been engaged by the Audit Committee to perform the audit of the consolidated financial statements of the Company for the year ended June 30, 2008. The Audit Committee of the Company's Board of Directors has also determined to engage Grant Thornton LLP as the Company's independent accountants for the year ending June 30, 2009 and to audit the Company's financial statements for that year. At the direction of the Board of Directors, this appointment is being presented to the stockholders for ratification or rejection at the annual meeting. If the stockholders do not ratify the appointment of Grant Thornton LLP, the Audit Committee will reconsider its selection of Grant Thornton LLP to serve as our independent registered public accounting firm and will make another proposal to the stockholders with respect to the appointment of independent accountants for the year ending June 30, 2009.

We expect that a representative of Grant Thornton LLP will be present at the meeting and will be given an opportunity to make a statement if they desire to do so. We also expect that the representative will be available to respond to appropriate questions from stockholders.

Fees paid to Grant Thornton LLP

Grant Thornton LLP served as our Independent Registered Accountant for the fiscal year ended June 30, 2007 and has been engaged by the Audit Committee to serve as our Independent Registered Accountant for the fiscal year ended June 30, 2008. Grant Thornton LLP provided services in the following category and amount:

	2008	2007
Audit Fees(1)	$ 324,051	$ 332,315
Audited Related Fees(2)	$ 31,244	$ 30,539
Tax Fees	$ -	$ -
All Other Fees	$ -	$ -

(1) Represents the aggregate fees billed for professional services rendered for the audit and/or reviews of the Company's financial statements and in connection with the Company's regulatory filings or engagements. Also includes services related to consents for registration statements filings.

(2) Represents fees for audit-related services for research and consultation on various issues including the conversion of promissory notes, private placements and other related services. Also includes certain services related to the Company's acquisitions.

There were no non-audit related services rendered to the Company by Grant Thornton in fiscal 2007 and 2008. While the Audit Committee has not established formal policies and procedures concerning pre-approval of audit or non-audit services, the Company's executive officers and the Committee have agreed that all audit and non-audit services by the Company's independent accountants will be approved in advance by the Audit Committee. The establishment of any such formal policies or procedures in the future is subject to the approval of the Audit Committee. One-hundred percent of the services provided under the caption "Audit Related Fees" were approved by the Audit Committee.

The affirmative vote of a majority of the Voting Shares present in person or represented by proxy at the meeting is required to ratify the selection of Grant Thornton LLP as the Company's independent registered public accounting firm.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE "FOR" THE RATIFICATION OF THE APPOINTMENT OF GRANT THORNTON LLP AS THE COMPANY'S INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

MANAGEMENT

Directors

The following table sets forth the names, ages and titles of each member of the Board of Directors of the Company:

Name	Age	Position and Office
Richard E. Gathright	54	Chairman of the Board; Chief Executive Officer and President; Director
Wendell R. Beard	81	Director
Steven R. Goldberg	57	Director
Nat Moore	56	Director
Larry S. Mulkey	65	Director
C. Rodney O'Connor	73	Director
Robert S. Picow	53	Director

Set forth below are the names of all directors of the Company, all positions and offices with the Company held by each person, the period during which each has served as such, and the principal occupations and employment of such persons during at least the last five years:

Mr. Gathright has been Chief Executive Officer and President of the Company since November 2000, a Director since March 2001 and Chairman of the Board since November 2002. He is responsible for the management of all business affairs of the Company, reporting directly to the Board of Directors. He was an advisor on operational and financial matters to the senior management of several domestic and international energy companies from January 2000 through October 2000. From September 1996 to December 1999, he was President and Chief Operating Officer of TransMontaigne Inc., a Denver-based publicly owned company providing logistical services to major energy companies and large industrial customers; a Director from April 1995 to December 1999; Executive Vice President from April 1995 to September 1996; and from December 1993 to April 1995 was President and Chief Operating Officer of a predecessor of TransMontaigne. From 1988 to 1993, he was President and Director of North American Operations for Aberdeen Petroleum PLC, a London-based public company engaged in international oil and gas operations, also serving on its Board of Directors. Prior to joining Aberdeen, he held a number of positions in the energy industry in the areas of procurement, operations and management of oil and gas assets.

Mr. Beard has served as a Director of the Company since July 2001. He retired from Ryder System, Inc. in June 1994 after 17 years of service, the last three years of which he served as Executive Vice President, responsible for corporate public relations, advertising, government relations, special events and the Ryder Foundation. From August 1989 to June 1991, he served as Senior Vice President and from August 1987 to August 1989 as Vice President. From 1977 to 1984, he was Vice President of Corporate Development for Truck Stops Corporation of America, a Ryder subsidiary. He has served on the Executive Committee of the American Trucking Associations, and for the past 16 years has been an advisor to the Truck Rental and Leasing Association. He is a Director of the Doral County Club in Miami; a Director of Baptist Health South Florida, a healthcare and hospital corporation; and a member of the Orange Bowl Committee. Mr. Beard is a noted speaker to the trucking industry, business and civic groups. He is the father of Robert W. Beard, the Company's Senior Vice President, Marketing & Sales and Investor Relations Officer.

Mr. Goldberg has served as a Director of the Company since July 2005. He currently is President of Goldhammer Advisory LLC, specializing in M&A and corporate finance matters, located in Coral Gables, Florida. He was previously CEO of Coral Gables based Sunbelt Diversified Enterprises LLC, a privately owned holding company that acquires and oversees the operations of various small cap companies in diverse industries. Prior to joining Sunbelt in 2006, he was Senior Vice President, Arrow Air II LLC, after having previously served as Chief Financial Officer of its affiliate Arrow Air, Inc., a Miami-based cargo airline with related logistics and leasing entities. Prior to joining Arrow Air in 2004, he was a partner at Maplewood Partners LP, a private equity firm based in Coral Gables, Florida. Mr. Goldberg served with Ryder System, Inc. and its subsidiaries for 12 years, from 2000 to 2001 and from 1987 to 1998, in positions including Senior Vice President of Corporate Finance, Vice President of Corporate Development, and Vice President and Treasurer of Ryder System, Inc.; and Chief Financial Officer of Ryder Transportation Services. From 1998 to 2000 he was Senior Vice President, Corporate Development of Republic Services, Inc., an environmental services company. Prior to joining the Ryder group, Mr. Goldberg held positions in the finance departments of Squibb Corporation and J.E. Seagram & Sons, Inc., having started his career at Manufacturers Hanover Trust in New York. He is a lecturer in finance at the undergraduate School of Business, University of Miami, as well as having been a guest lecturer at the Graduate School of Business in the area of mergers and acquisitions. Mr. Goldberg currently serves as Chairman of the Company’s Audit Committee.

Mr. Moore has served as a Director of the Company since May 2006. He currently is the President of Nat Moore & Associates Inc., an event management company located in Miami, and is the founder of The Nat Moore Foundation, a charitable organization that provides needed assistance to inner city organizations supporting sports teams and scholarships. A former professional football player with the Miami Dolphins, Mr. Moore is also the Director of Special Project, Alumni Affairs, for Miami Dolphins Limited and serves as Director of Pro Bowl Youth Clinics for the National Football League’s Special Events, and did the same for the Super Bowl Youth Clinics for 18 years. He also appears as a Color Analyst for the Miami Dolphins Preseason Games on 560 WQAM and the University of Florida, Breakfast with the Gators, and on other various football game broadcasts. He also has been a Color Analyst for Miami Hurricanes football broadcasts. Mr. Moore is a 13-year veteran of the Miami Dolphins football team and was the ninth inductee into the Miami Dolphins Ring of Honor. Mr. Moore currently serves on the Board of Directors of several other organizations, including Sun Trust Bank N.A., the Nat Moore Foundation, the Orange Bowl Committee, and the South Florida Golf Foundation. He currently serves as a member of the Company’s Audit Committee, Chairman of the Compensation Committee and Chairman of the Nominating and Corporate Governance Committee.

Mr. Mulkey has served as a Director of the Company since November 2002. He currently is the CEO and President of Mulkey & Associates, Inc., which provides consulting services specializing in transportation and logistics, business strategy, and real estate. He retired from Ryder System, Inc. in 1997 after 31 years of service, the last five years as President of Worldwide Logistics and as a member of the executive committee. Mr. Mulkey has served as a board and/or committee chairman in numerous organizations, including the American Trucking Association, and was the 1997 recipient of the Distinguished Service Award of the Council of Logistics Management which is the highest honor in the logistics industry. He currently serves as a Director of Cardinal Logistics Management, Inc., a private logistics and transportation company. Mr. Mulkey currently serves as a member of the Company’s Audit Committee, Compensation Committee and Nominating and Corporate Governance Committee.

Mr. O'Connor has served as a Director of the Company since July 1999. Mr. O'Connor previously assisted in the reorganization and refinancing of the Company, and is one of its largest stockholders today. He is the Chairman of Cameron Associates, Inc., a financial communications firm he founded in 1976. Prior to 1976, he served in numerous positions over a 20-year period in the investment industry with Kidder Peabody and Bear Stearns. Mr. O'Connor serves as a Director of Fundamental Management Corporation, a private fund management company whose partnerships hold an investment in the Company. He also was a founder and Director of Atrix Laboratories, Inc., a publicly traded specialty pharmaceutical company focused on advanced drug delivery which was sold in 2004.

Mr. Picow has served as a Director of the Company since March 2001. Mr. Picow is the Vice Chairman and Chief Executive Officer of Eezinet Corporation, which is a private telecommunications company holding PCS licenses for cellular spectrum. He served as Chairman of Cenuco Inc. (which subsequently changed its name to Lander Co. Inc. and is now known as Ascendia Brands, Inc.), a public communications technology company, from April 2004 until its merger with Lander Co. Inc. Mr. Picow has served as a member of the board of directors of Cenuco (and now Ascendia) since July 2003, and as chief executive officer of the Cenuco Wireless division since 2005. From June 1996 to August 1997, he served as the Vice Chairman of Brightpoint, Inc., a publicly traded communications company, and was its President from June 1996 until October 1997. In 1981, Mr. Picow founded Allied Communications, Inc., the pioneer U.S. wireless electronics distributorship, serving 16 years as its Chairman, Chief Executive Officer and President until the 1996 merger of Allied and Brightpoint. Since May 2001, he has served as a Director of Fundamental Management Corporation, a private fund management company whose partnerships hold an investment in the Company. He also is a Director of Infosonics Corporation, a multinational telecommunications company, American Telecom Services, Inc., a provider of internet phone and prepaid long distance communications services, and serves on the Board of Trustees for the Children's Place at Homesafe. Mr. Picow currently serves as a member of the Company's Compensation Committee and its Nominating and Corporate Governance Committee.

Executive Officers

The following table sets forth the name and age of each of our executive officers, indicating all positions and offices presently held with the Company:

Name	Age	Position and Offices
Richard E. Gathright	54	Chairman of the Board, Chief Executive Officer and President
Robert W. Beard	54	Senior Vice President, Marketing & Sales and Investor Relations Officer
Timothy E. Shaw	44	Senior Vice President, Information Services & Administration and Chief Information Officer
Michael S. Shore	40	Chief Financial Officer, Senior Vice President and Treasurer
Paul C. Vinger	38	Senior Vice President, Corporate Planning and Fleet Operations
E. Wayne Wetzel	61	Senior Vice President, Lubricants
Gary G. Williams	52	Senior Vice President, Commercial Operations
L. Patricia Messenbaugh	44	Vice President, Finance & Accounting and Chief Accounting Officer

Mr. Gathright has been Chief Executive Officer and President of the Company since November 2000, a Director since March 2001 and Chairman of the Board since November 2002. He is responsible for the management of all business affairs of the Company, reporting directly to the Board of Directors. For a detailed description of Mr. Gathright's business experience, see "Management – Directors."

Mr. Beard (Robert W.) has been Senior Vice President, Marketing & Sales and Investor Relations Officer of the Company since December 2006, responsible for all marketing and sales operations, and for investor relations; and from July 2005 to December 2006, he was Vice President, Corporate Development and Investor Relations Officer of the Company responsible for product line strategy and development, and for vendor and public relations. He was employed by Cendian Corporation, a chemical logistics subsidiary of Eastman Chemical Company, as Group Director of Client Development and Sales Support from 2004 to July 2005; and as Director of Business Marketing from 2001 to 2004. He was Senior Manager, Field Marketing for Ryder System, Inc. from 1994 to 2001. From 1986 to 1994, he was the Vice President of Marketing for Comdata Corporation. From 1985 to 1986, he was Manager of Vendor Relations for First Data Resources, a Division of American Express Travel Related Services Company. Mr. Beard also was employed by Ryder Systems from 1977 to 1985, serving in a number of positions including Manager, Vendor Relations, and as a General Manager and a Controller in its Truckstops of America Division. He is the son of Wendell R. Beard, a member of the Company's Board of Directors.

Mr. Shaw has been Senior Vice President, Information Services & Administration and Chief Information Officer since December 2006, responsible for all information systems management and corporate administration; and from April 2006 to December 2006, he was Vice President, Information Systems Services and Chief Information Officer. From 1999 to April 2006 he was the Vice President of Information Services with Neff Corporation/Neff Rental LLC headquartered in Miami, one of the country's largest construction rental companies. From 1998 to 1999, he served as Director, Retail and Distribution Systems for Fruehauf Trailer Services in St. Louis, MO. From 1997 to 1998, he was Manager, Service Center Mechanization, for Southwestern Bell in St. Louis. From 1994 to 1997, he was Manager, Information Systems with Aggregate Equipment in East Peoria, IL. From 1991 to 1994, he was Systems Engineer with Electronic Data Systems (EDS) in Troy, MI. From 1981 to 1991, he was a Manufacturing Engineer and Area Supervisor for McDonnell Douglas Corp. in St. Louis. Mr. Shaw has an extensive background in IT leadership, process engineering, business operations, implementing enterprise resource solutions, storm disaster recovery planning, public company IT systems Sarbanes-Oxley 404 implementation and compliance, and the integration of acquisitions.

Mr. Shore has been Chief Financial Officer, Senior Vice President and Treasurer of the Company since February 2002. He also was the Corporate Secretary from February 2002 to September 2005. Prior to joining the Company, he was CEO and President of Shore Strategic and Financial Consulting, providing financial and management services to corporate clients in the United States and Latin America. From 1998 to 2000, he served as Director Finance/Controller for the North American Zone Operations of Paris-based Club Mediterranee. From 1996 to 1998, he was Vice President of Finance/Controller for Interfoods of America, Inc., the largest Popeye's Fried Chicken & Biscuits franchisee. From 1994 to 1996, he was the Manager of Accounting and Financial Reporting for Arby's, Inc. Mr. Shore began his professional career in 1990 with Arthur Andersen & Company where he became a Senior Auditor. Mr. Shore has a diverse background in leading growth oriented public companies in mergers/acquisitions, capital formations, finance, treasury and accounting.

Mr. Vinger has been Senior Vice President, Corporate Planning and Fleet Operations of the Company since November 2002 and Vice President, Corporate Planning and Fleet Operations for the Company since August 2001, managing all fleet operations and fuel delivery functions, and additionally responsible for corporate planning and analysis; and from December 2000 to August 2001, he was Director of Corporate Planning. He was Senior Analyst of Corporate Planning and Finance for TransMontaigne Inc. from September 1998 to December 2000, responsible for operations and acquisitions analyses and the management of supply scheduling and product allocations. From 1997 to 1998, he was a Manager of Terminal Operations for TransMontaigne responsible for petroleum product and chemical terminals. From 1994 to 1997, he was a Research Associate for E. I. DuPont. From 1991 to 2001, Mr. Vinger served to the rank of Captain in the United States Military.

Mr. Wetzel has been Senior Vice President, Lubricants, of the Company since October 2005. From the acquisition of H & W Petroleum Company, Inc. ("H & W") in October 2005 to December 2006, he was also the President and Chief Operating Officer of H & W. Prior to that time and since 1980, he was the President and Chief Executive Officer of H & W, of which he was also the co-founder in 1974. Under Mr. Wetzel's leadership, H & W came to be recognized as one of the top ten distributors in the ExxonMobil (Lubricant) Network of Distributors. From 1974 to 1980, he served in various operating, sales and management positions with H & W. From 1966 to 1974, Mr. Wetzel served in positions of increasing responsibility with Harkrider Distributing Company, Inc. ("HDC") an entity related to H &W by some common shareholder ownership. He became the Executive Vice President of HDC in 1979, a position that he also held after the formation of H & W and until the acquisition of the operating assets of HDC by H & W in September 2005. During his career, Mr. Wetzel has served on numerous lubricant industry advisory boards and councils, including the National Lubricants Distributors Advisory Council. He also served three years in the U. S. Army, including one tour in Vietnam with the First Air Calvary.

Mr. Williams has been Senior Vice President, Commercial Operations of the Company since February 2001. Since December 2006 he is responsible for product procurement and for inventory and price management, and prior to that time for marketing and sales and product procurement. From 1995 to February 2001, he was Vice President of Marketing for the supply, distribution and marketing subsidiary of TransMontaigne Inc., managing wholesale marketing functions in the Mid-Continent, Southeast and Mid-Atlantic and serving on that company's senior risk management committee. From 1987 to 1995, he was Regional Manager for Kerr-McGee Refining Corporation, responsible for unbranded petroleum product sales in its southeastern United States 11-state marketing region. Mr. Williams was employed by Kenan Transport Company as its Tampa Assistant Terminal Manager from 1986 to 1987. He was General Manager of Crum's Fuel Oil Service from 1980 to 1986.

Ms. Messenbaugh has been the Company's Chief Accounting Officer and Principal Accounting Officer since October 2007 and its Vice President of Finance & Accounting since April 2007. Prior to joining the Company, Ms. Messenbaugh served as Director-Assistant Corporate Controller for NationsRent, Inc., a SEC reporting construction distribution company in Fort Lauderdale, from 2005 to 2006. From 2003 to 2005 Ms. Messenbaugh served as Corporate Controller of Workstream, Inc., a publicly traded software application service company. From 2001 to 2003 she was the Senior Corporate Accountant for publicly traded Mayors Jewelers Inc. From 1992 to 2000 Ms. Messenbaugh served with Interim Healthcare, Inc. and Interim Services, Inc., now known as Spherion Inc., a publicly traded company, where she last held the position of Senior Financial Analyst. From 1989 to 1991 she was a Financial Analyst for publicly traded, NationsBank, now known as Bank of America. She began her career with KPMG. Ms. Messenbaugh is a Certified Public Accountant and holds a Bachelors degree in Computer Science and a MBA degree, both from Oral Roberts University, Tulsa, Oklahoma.

CORPORATE GOVERNANCE

Independence

After considering all of the relevant facts and circumstances, the Company's Board of Directors has determined that each of Messrs. Goldberg, Moore, Mulkey and Picow is independent from our management and qualifies as an "independent director" under the NASDAQ listing standards. This means that, in the judgment of the Board of Directors, none of those directors (1) is an officer or employee of the Company or its subsidiaries or (2) has any direct or indirect relationship with the Company that would interfere with the exercise of his independent judgment in carrying out the responsibilities of a director. As a result, the Company has a majority of independent directors as required by the NASDAQ listing standards.

Code of Business Conduct

The Company has adopted a Code of Business Conduct that applies to all of the Company's employees, including its senior financial officer and Chief Executive Officer, which complies with the requirements of the Sarbanes-Oxley Act of 2002 and NASDAQ listing standards. Accordingly, the Code of Business Conduct is designed to deter wrongdoing, and to promote, among other things, honest and ethical conduct, full, timely, accurate and clear public disclosures, compliance with all applicable laws, rules and regulations, the prompt internal reporting of violations of the Code of Business Conduct, and accountability. The Company's Code of Business Conduct is available on the Company's website at http://www.mobilefueling.com. To access our corporate governance materials, click on "Investors" and then click on "Corporate Governance."

Meetings and Committees of the Board of Directors

During the fiscal year ended June 30, 2008, the Board of Directors held five (5) meetings and took action by unanimous written consent seventeen (17) times. 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 served on the Board of Directors, and (ii) the number of meetings of committees of the Board of Directors held during the period he served on such committees.

The standing committees of the Board of Directors are as follows: (i) the Audit Committee, (ii) the Compensation Committee and (iii) the Nominating and Corporate Governance Committee.

Audit Committee. Messrs. Goldberg, Moore and Mulkey currently serve on the Audit Committee, which met five (5) times and took action by unanimous written consent one (1) time during the fiscal year ended June 30, 2008. Each member of the Audit Committee is independent as defined in the NASDAQ listing standards. The duties and responsibilities of the Audit Committee include (a) the appointment of the Company's auditors and any termination of such engagement, including the approval of fees paid for audit and non-audit services, (b) reviewing the plan and scope of audits, (c) reviewing the Company's significant accounting policies and internal controls and (d) having general responsibility for oversight of related auditing matters. The Audit Committee was established in accordance with Section 3(a)(58)(A) of the Securities and Exchange Act of 1934, as amended (the "Exchange Act").

The Board of Directors has determined that Mr. Goldberg qualifies as an "Audit Committee Financial Expert" as that term is defined by the Securities and Exchange Commission (the "SEC"). In addition, each member of the Audit Committee is financially literate, as required pursuant to the NASDAQ listing standards.

The Board of Directors has adopted a written charter for the Audit Committee, a copy of which is available on the Company's website at http://www.mobilefueling.com. To access our corporate governance materials, click on "Investors" and then click on "Corporate Governance."

Compensation Committee. Messrs. Moore, Mulkey and Picow currently serve on the Compensation Committee, which did not hold any meetings but took action by unanimous written consent six (6) times during the fiscal year ended June 30, 2008. Each member of the Compensation Committee is independent as defined in the NASDAQ listing standards. This Committee administers the 1996 and 2000 Stock Option Plans and has the power and authority to (a) determine the persons to be awarded options and the terms thereof and (b) construe and interpret the 1996 and 2000 Stock Option Plans. This Committee also is responsible for the final review and determination of compensation of the Chief Executive Officer and other executive officers. The compensation of executive officers other than the Chief Executive Officer generally is set by the Compensation Committee based on recommendations from the Chief Executive Officer and such other input as the Committee believes appropriate and necessary in each case.

The Compensation Committee has the authority to retain and terminate compensation consultants or other experts to assist the Committee in the evaluation of the Chief Executive Officer, his compensation or the compensation of any of the other executive officers. The Company has never engaged any compensation consultants or similar firms.

The Board of Directors has adopted a written charter for the Compensation Committee, a copy of which is available on the Company's website at http://www.mobilefueling.com. To access our corporate governance materials, click on "Investors" and then click on "Corporate Governance."

Nominating and Corporate Governance Committee. Messrs. Moore, Mulkey and Picow currently serve on the Nominating and Corporate Governance Committee, which did not hold any meetings but took action by unanimous written consent one (1) time during the fiscal year ended June 30, 2008. Each member of the Nominating and Governance Committee is independent as defined in the NASDAQ listing standards.

This Committee is responsible for identifying individuals qualified to become directors of the Company, recommending to the Board of Directors director candidates to fill vacancies of the Board of Directors and to stand for election by the stockholders at the Annual Meeting of the Company, periodically assessing the performance of the Board of Directors, periodically reviewing and assessing the Company's Code of Business Conduct, and reviewing and recommending to the Board of Directors appropriate corporate governance policies and procedures for the Company.

The Board of Directors has adopted a written charter for the Nominating and Corporate Governance Committee, a copy of which is available on the Company's website at http://www.mobilefueling.com. To access our corporate governance materials, click on "Investors" and then click on "Corporate Governance."

The Board of Directors will, as a matter of policy, give consideration to nominees for the Board that are recommended by stockholders. A stockholder who wishes to recommend a nominee should direct his or her recommendation in writing to the Company's Corporate Secretary at the Company's address. Stockholder recommendations will be evaluated under the same criteria as the Board of Director recommendations. The Company must receive the required notice (as defined below) by the date set forth in the prior year's annual proxy statement under the heading "Shareholder Proposals" in order to be considered by the Nominating and Corporate Governance Committee in connection with the Company's next annual meeting of stockholders.

Stockholders wishing to recommend a director candidate for service on the Board of Directors may do so by providing advance written notice to the Corporate Secretary. The notice must include the following information:

As to each proposed nominee:

- the name, age, business address and residence address;