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BOOKS A MILLION INC
Form 10-K
May 04, 2001

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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-K

FOR ANNUAL AND TRANSITION REPORTS
PURSUANT TO SECTIONS 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

(MARK ONE)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

For the fiscal year ended February 3, 2001

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934 [NO FEE REQUIRED]

For the transition period from _____ to _____

Commission File No. 0-20664

BOOKS-A-MILLION, INC.
(Exact name of Registrant as specified in its charter)

DELAWARE
(State or other jurisdiction of
incorporation or organization)

63-0798460
(IRS Employer
Identification No.)

402 INDUSTRIAL LANE
BIRMINGHAM, ALABAMA
(Address of principal executive offices)

35211
(Zip Code)

Registrant's telephone number, including area code: (205) 942-3737

Securities registered pursuant to Section 12(b) of the Act: NONE

Securities registered pursuant to Section 12(g) of the Act:

COMMON STOCK, PAR VALUE \$.01 PER SHARE
(Title of Class)

Indicate by check mark whether the Registrant (1) has filed all
reports required to be filed by Section 13 or 15(d) of the Securities Exchange
Act of 1934 during the preceding 12 months (or for such shorter period that the
Registrant was required to file such reports) and (2) has been subject to such
filing requirements for the past 90 days.

Yes No

CONTINUED

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Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K [].

The aggregate market value of the voting stock held by non-affiliates of the Registrant (assuming for these purposes, but without conceding, that all executive officers and directors are "affiliates" of the Registrant) as of April 17, 2001 (based on the closing sale price as reported on the NASDAQ National Market on such date), was \$28,936,887.

The number of shares outstanding of the Registrant's Common Stock as of April 17, 2001 was 17,179,257.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Annual Report to Stockholders for the fiscal year ended February 3, 2001 are incorporated by reference into Part II of this report.

Portions of the Proxy Statement for the Annual Meeting of Stockholders to be held on June 7, 2001 are incorporated by reference into Part III of this report.

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PART I

SAFE HARBOR STATEMENT UNDER THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995

This document contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, that involve a number of risks and uncertainties. A number of factors could cause actual results, performance, achievements of the Company, or industry results to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. These factors include, but are not limited to, the competitive environment in the book retail industry in general and in the Company's specific market areas; inflation; economic conditions in general and in the Company's specific market areas; the number of store openings and closings; the profitability of certain product lines, capital expenditures and future liquidity; liability and other claims asserted against the Company; uncertainties related to the Internet and the Company's Internet initiative; and other factors referenced herein. In addition, such forward-looking statements are necessarily dependent upon assumptions, estimates and dates that may be incorrect or imprecise and involve known and unknown risks, uncertainties and other factors. Accordingly, any forward-looking statements included herein do not purport to be predictions of future events or circumstances and may not be realized. Given these uncertainties, shareholders and prospective investors are cautioned not to place undue reliance on such forward-looking statements. The Company disclaims any obligations to update any such factors or to publicly announce the results of any revisions to any of the forward-looking statements contained herein to reflect future events or developments.

ITEM 1. BUSINESS

GENERAL

Books-A-Million, Inc. (the "Company" or the "Registrant") is a leading book retailer and is one of the dominant book retailers in the southeastern United States. The Company, which was founded in 1917, has developed several

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store formats to address the various market areas it serves. Superstores, the first of which was opened in 1988, average approximately 20,000 square feet and operate under the name "Books-A-Million." Smaller bookstores, which are operated under the name "Bookland," have approximately 4,000 square feet and are located primarily in malls. The Company also operates newsstands under the name "Joe Muggs Newsstands." Newsstands average approximately 2,300 square feet and are located in mostly larger markets. All store formats offer a selection of best sellers and other hardcover and paperback books, magazines, and newspapers. In addition to the retail store formats, the Company offers its products over the Internet at Booksamillion.com and Joemuggs.com. The Company is also a wholesaler of books to, among others, bookstores, wholesale clubs, supermarkets, department stores and mass merchandisers. Additionally, the Company has a subsidiary which provides website development and maintenance services.

The Company was originally incorporated under the laws of the State of Alabama in 1964 and was reincorporated in Delaware in September 1992. The principal executive offices of the Company are located at 402 Industrial Lane, Birmingham, Alabama 35211, and its telephone number is (205) 942-3737. Unless the context otherwise requires, references to the Company include its wholly owned subsidiaries, American Wholesale Book Company, Inc. ("American Wholesale") and American Internet Service, Inc. ("AIS").

BOOKS-A-MILLION SUPERSTORES

The Company opened its first Books-A-Million superstore in April 1988. The Company developed its superstores to capitalize on the growing consumer demand for the convenience, selection and value associated with the superstore retailing format. Each superstore is designed to be a receptive and open environment conducive to browsing and reading and includes ample space for promotional events open to the public, including book autograph sessions and children's storytelling. The Company operated 145 Books-A-Million superstores as of February 3, 2001.

Books-A-Million superstores emphasize selection, value and customer service. Books-A-Million superstores offer an extensive selection of best sellers and other hardcover and paperback books, magazines, local and out-of-town newspapers, greeting cards and gifts. Books-A-Million superstores also dedicate space to bargain books that are sold at a discount from publishers' originally suggested retail prices. Each Books-A-Million superstore has a service center staffed with associates who are knowledgeable about the store's merchandise and who are trained to answer customers' questions, assist customers in locating books within the store and place special orders. The majority of the superstores also include an espresso

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and coffee bar called Joe Muggs. The Company's superstores are conveniently located on major, high-traffic roads and in enclosed malls or strip shopping centers with adequate parking. Books-A-Million superstores are generally open seven days a week from 9:00 a.m. to 11:00 p.m.

BOOKLAND STORES

The Company's Bookland stores operate as traditional bookstores or combination book and greeting card stores, both of which are tailored to the size, demographics and competitive conditions of the particular market area. Bookland stores average between 3,500 and 4,500 square feet and carry a broad selection of best sellers and other hardcover and paperback books, bargain books, magazines, gifts and greeting cards. The Company has 37 Bookland stores as of February 3, 2001.

JOE MUGGS NEWSSTANDS

The Company's newsstands are concentrated in business and entertainment districts and are tailored to the demographics of the particular

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market area. Newsstands average approximately 2,300 square feet and carry a broad selection of newspapers and magazines, along with hardcover and paperback books. The newsstands also offer an espresso and coffee bar. The Company operated 3 newsstands as of February 3, 2001.

MERCHANDISING

The Company employs several value-oriented merchandising strategies. Books on the Company's best-seller list, which is developed exclusively by the Company based on its sales and customer demand in its stores, are generally sold in the Company's superstores at 33% below publishers' suggested retail prices. In addition, superstore customers can join the Millionaire's Club and save 10% on all purchases in Books-A-Million superstores, including already discounted best-sellers. Bookland store customers can join the Read & Save Club and enjoy similar discounts. The Company's point-of-sale computer system provides the data necessary to enable the Company to anticipate consumer demand and customize store inventory selection to reflect local customer interest and demand.

MARKETING

The Company maintains a regional focus, which involves dedicating space in its stores to books of regional and local interest and creating special departments such as regional literature, cooking and religious books. Store managers are given the flexibility to select titles that are responsive to consumer demand in that particular market area, and the Company continuously modifies its title selection in each bookstore to tailor selection to local consumer preferences. The Company offers frequent promotions that have a regional flavor, including book autograph sessions with popular regional authors.

The Company promotes its bookstores principally through the use of geographically concentrated newspaper advertising and direct mail circulars, as well as point-of-sale materials posted and distributed in the stores. In certain markets, television advertising is also used on a selective basis. Store managers are instrumental in tailoring certain promotions for their particular market area and in designing store displays. The Company also arranges for special appearances and book autograph sessions with recognized authors to attract customers and to build and reinforce customer awareness of its stores. A substantial portion of the Company's advertising expenses are reimbursed from publishers through their cooperative advertising programs.

STORE OPERATIONS AND SITE SELECTION

In choosing specific store sites within a market area, the Company applies standardized site selection criteria that take into account numerous factors, including the local demographics, desirability of available leasing arrangements, proximity to existing Company operations and overall level of retail activity. In general, stores are located on major high-traffic roads convenient to customers and have adequate parking. The Company generally negotiates short-term leases with renewal options. The Company periodically reviews the profitability trends and prospects of each of its stores and evaluates whether or not any underperforming stores should be closed, converted to a different format or relocated to more desirable locations.

INTERNET OPERATIONS

The Company, through its wholly owned subsidiary, AIS, sells a broad range of products over the Internet under the name Booksamillion.com. Products sold by Booksamillion.com are similar to those sold in the Company's Books-A-Million superstores and include a wide selection of books, magazines and gift items. Booksamillion.com also operates an online cafe on its web site

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under the name Joemuggs.com. Joemuggs.com offers a wide selection of whole bean coffee, confections and related gift items for purchase over the Internet.

The Company is assisted in its Internet development efforts through its wholly owned subsidiary, NetCentral, Inc., which is based in Nashville, Tennessee. In addition to providing web development and maintenance for all of the Company's Internet sites and networking initiatives, NetCentral also serves several outside customers by offering site development, web hosting and technical services.

PURCHASING

The Company's purchasing decisions are centralized and are made by the Company's merchandising department. The Company's buyers negotiate terms, discounts and cooperative advertising allowances for all the Company's bookstores and decide which books to purchase, in what quantity and for which stores. The buyers use current inventory and sales information provided by the Company's in-store point-of-sale computer system to make reorder decisions. Although the majority of purchases are made by the Company's merchandising department, individual store managers have the flexibility to influence purchasing decisions in order to respond to local demand.

The Company purchases merchandise from over 500 vendors. The Company purchases the majority of its music inventory from one supplier and substantially all of its magazines from another supplier, each of which is a related party and the majority of its collectors' supplies from one supplier. No one vendor accounted for more than 8.9% of the Company's overall merchandise purchases in the fiscal year ended February 3, 2001. In general, approximately 80% of the Company's inventory may be returned by the Company for full credit, which substantially reduces the Company's risk of inventory obsolescence.

DISTRIBUTION CAPABILITIES

American Wholesale receives a substantial portion of its inventory shipments, including substantially all of its books, at its two facilities located in Florence and Tuscumbia, Alabama. Orders from the Company's bookstores are processed by computer and assembled for delivery to the stores on pre-determined weekly schedules. Substantially all deliveries of inventory from American Wholesale's facilities are made by their dedicated transportation fleet. At the time deliveries are made to each of the Company's stores, returns of slow moving or obsolete books are picked up and returned to the American Wholesale returns processing center. American Wholesale then returns these books to publishers for credit.

COMPETITION

The retail bookstore industry is highly competitive and includes competitors that have substantially greater financial and other resources than the Company. The Company competes directly with national and regional bookstore chains, independent bookstores, booksellers on the Internet, certain mass merchandisers and greeting card stores. The Company is one of the top three retail bookstore chains in the nation. In recent years, competing bookstore chains have been expanding their businesses and certain leading regional and national chains have developed and opened superstores and Internet web sites. The Company also experiences indirect competition from retail specialty stores that offer books in a particular area of specialty. Management believes that the key competitive factors in the retail book industry are convenience of location, selection, customer service and price.

SEASONALITY

Similar to many retailers, the Company's business is seasonal, with its highest retail sales, gross profit and net income historically occurring in its fourth fiscal quarter. This seasonal pattern reflects the increased demand for books and gifts experienced during the year-end holiday selling season. Working capital requirements are generally at their highest during the third fiscal quarter and the early part of the fourth fiscal quarter due to the

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seasonality of the Company's business. The Company's results of operations depend significantly upon net sales generated during the fourth fiscal quarter,

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and any significant adverse trend in the net sales of such period would have a material adverse effect on the Company's results of operations for the full year. In addition to seasonality, the Company's results of operations may fluctuate from quarter to quarter as a result of the amount and timing of sales and profits contributed by new stores as well as other factors. Accordingly, the addition of a large number of new stores in a particular fiscal quarter could adversely affect the Company's results of operations for that quarter.

TRADEMARKS

"Books-A-Million," "BAM!," "Bookland," "Books & Co.," "Millionaire's Club," "Sweet Water Press," "Thanks-A-Million," "Big Fat Coloring Book," "Up All Night Reader," "Kids-A-Million," "Teachers First," "The Write-Price," "Bambeanos," "Book\$mart" and "NetCentral" are the primary registered trademarks of the Company. Management does not believe that these trademarks are crucial to the continuation of the Company's operations.

EMPLOYEES

As of fiscal year end, the Company employed approximately 2,800 full-time associates and 2,200 part-time associates. The number of part-time associates employed by the Company fluctuates based upon seasonal needs. None of the Company's associates are covered by a collective bargaining agreement, and management believes that the Company's relations with its associates are excellent.

ITEM 2. PROPERTIES

The Company's bookstores are located either in enclosed malls or strip shopping centers. All of the Company's stores are leased. Generally, these leases have terms ranging from five to ten years and require the Company to pay a fixed minimum rental fee and/or a rental fee based on a percentage of net sales together with certain customary costs (such as property taxes, common area maintenance and insurance).

The Company's principal executive offices are located in a 20,550 square foot leased building located in Birmingham, Alabama. The lease, which is with a related party, extends to January 31, 2006.

American Wholesale owns its wholesale distribution center that is located in an approximately 252,000 square foot facility located in Florence, Alabama. During fiscal 1995 and 1996, the Company financed the acquisition and construction of the wholesale distribution facility through loans obtained from the proceeds of an industrial revenue bond, which are secured by a mortgage interest in this facility. The Company also leases, from a related party, a second warehouse facility, which is located in an approximately 277,000 square foot facility in Tuscumbia, Alabama. In addition, the Company leases all of the tractors that pull the company owned trailers, which comprise its transportation fleet.

ITEM 3. LEGAL PROCEEDINGS

The Company is a party to various legal proceedings incidental to its business. In the opinion of management, after consultation with legal counsel, the ultimate liability, if any, with respect to those proceedings is not presently expected to materially affect the financial position or results of operations of the Company.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

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Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

The information under the heading "Market and Dividend Information" follows page 20 and is the inside back cover of the Annual Report to Stockholders for the year ended February 3, 2001 is incorporated herein by reference.

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ITEM 6. SELECTED FINANCIAL DATA

The information under the heading "Selected Consolidated Financial Data" for the years ended February 1, 1997, through February 3, 2001 on page 4 of the Annual Report to Stockholders for the year ended February 3, 2001, is incorporated herein by reference.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The information under the heading "Management's Discussion & Analysis of Financial Condition & Results of Operations" on pages 5 through 7 of the Annual Report to Stockholders for the year ended February 3, 2001 is incorporated herein by reference.

ITEM 7.A. MARKET RISK

The Company is subject to market risk from interest rate fluctuations involving its credit facilities. The average amount of debt outstanding under the Company's credit facilities was \$64.1 million during fiscal 2001. However, the Company utilizes both fixed and variable debt to manage this exposure. On February 9, 1998, the Company entered into an interest rate swap agreement with a five year term which carries a notional principal amount of \$30.0 million. The swap effectively fixes the interest rate on \$30.0 million of variable rate debt at 6.78%. The swap agreement expires on February 11, 2003. The counter party to the interest rate swap is one of the Company's primary banks. The Company believes the credit and liquidity risk of the counter party failing to meet its obligation is remote as the Company settles its interest position with the bank on a quarterly basis. The Company also maintains a \$7.5 million interest rate swap that effectively fixes the interest rate on an Industrial Development Revenue Bond at 7.98%. The swap was entered into in June 1996 and has a term of ten years.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The following financial statements of the Registrant and its subsidiaries included in the Annual Report to Stockholders for the year ended February 3, 2001 are incorporated herein by reference:

Consolidated Balance Sheets as of February 3, 2001 and January 29, 2000.

Consolidated Statements of Operations for the Fiscal Years Ended February 3, 2001, January 29, 2000 and January 30, 1999.

Consolidated Statements of Stockholders' Investment for the Fiscal Years Ended February 3, 2001, January 29, 2000 and January 30, 1999.

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Consolidated Statements of Cash Flows for the Fiscal Years Ended
February 3, 2001, January 29, 2000 and January 30, 1999.

Notes to Consolidated Financial Statements.

Report of Independent Public Accountants.

The information under the heading "Summary of Quarterly Results (Unaudited)" on page 19 of the Annual Report to Stockholders for the Fiscal Years Ended February 3, 2001 and January 29, 2000 are incorporated herein by reference.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

None.

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PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

DIRECTORS

The sections under the heading "Proposal I-Election of Directors" entitled "Nominees for Election - Term Expiring 2004", "Incumbent Director - Term Expiring 2002" and "Incumbent Directors - Term Expiring 2003" on pages 3 and 4 of the Proxy Statement for the Annual Meeting of Stockholders to be held June 7, 2001, are incorporated herein by reference for information on the directors of the Registrant.

EXECUTIVE OFFICERS

All executive officers of the Company are elected annually by and serve at the discretion of the Board of Directors. The executive officers of the Company are listed below:

NAME	AGE	POSITION WITH THE COMPANY
----	---	-----
Clyde B. Anderson	40	Chairman of the Board and Chief Executive Officer
Sandra B. Cochran	42	President and Secretary
Terrance G. Finley	47	President, American Internet Service, Inc.
Richard S. Wallington	42	Chief Financial Officer

Clyde B. Anderson has served as a director of the Company since August 1987. Mr. Anderson has served as the Chairman of the Board of the Company since January 2000 and the Chief Executive Officer of the Company since July 1992. Mr. Anderson served as the President of the Company from November 1987 to August 1999. From November 1987 to March 1994, Mr. Anderson also served as the Company's Chief Operating Officer. Mr. Anderson serves on the Board of Directors and the Compensation Committee of Hibbett Sporting Goods, Inc., a sporting goods retailer. Mr. Anderson is the son of Charles C. Anderson and the brother of Terry C. Anderson, both members of the Company's Board of Directors.

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Sandra B. Cochran has served as President of the Company since August 1999 and Secretary since June 1998. Ms. Cochran served as the Executive Vice President from February 1996 to August 1999 and as Chief Financial Officer from September 1993 to August 1999. Ms. Cochran previously served as Vice President and Assistant Secretary of the Company from August 1992 to September 1993. Prior to joining the Company, Ms. Cochran served as a Vice President (as well as in other capacities) of SunTrust Securities, Inc., a subsidiary of SunTrust Banks, Inc. for more than five years.

Terrance G. Finley has served as the President of American Internet Service, Inc. since December 1998. Mr. Finley served as Senior Vice President - Merchandising from January 1998 to December 1998. Mr. Finley served as Vice President - Merchandising from April 1994 to January 1998 and was named an executive officer of the Company in March 1995. Mr. Finley served as the General Manager of Book\$mart from February 1992 to April 1994. Prior to joining the Company, Mr. Finley served as the Vice President - Sales for Smithmark Publishers.

Richard S. Wallington has served as the Chief Financial Officer of the Company since August 1999. Mr. Wallington served as Vice President and Controller from September 1993 to August 1999. Prior to joining the Company, Mr. Wallington served as the Director of Financial Reporting for Woodward & Lothrop, a retail department store company.

COMPLIANCE WITH SECTION 16(A) OF THE SECURITIES EXCHANGE ACT OF 1934

Section 16(a) of the Securities Exchange Act of 1934 (the "Exchange Act") requires the Company's directors, executive officers and persons who own beneficially more than 10% of the Company's Common Stock to file reports of ownership and changes in ownership of such stock with the Securities and Exchange Commission (the "SEC") and the NASDAQ Stock Market, Inc. Directors, executive officers and greater than 10% stockholders are required by SEC

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regulations to furnish the Company with copies of all such forms they file. To the Company's knowledge, based solely on a review of the copies of such reports furnished to the Company and written representations that no other reports were required, its directors, executive officers and greater than 10% stockholders complied with all applicable Section 16(a) filing requirements during fiscal 2001.

ITEM 11. EXECUTIVE COMPENSATION

The sections under the heading "Executive Compensation," other than those entitled "Report on Executive Compensation", "Compensation Committee Interlocks and Insider Participation", "Certain Relationships and Related Transactions" and "Performance Graph", on pages 10 through 17 of the Proxy Statement for the Annual Meeting of Stockholders to be held June 7, 2001 are incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The section under the heading "Proposal I-Election of Directors" entitled "Beneficial Ownership of Common Stock" on pages 8 and 9 of the Proxy Statement for the Annual Meeting of Stockholders to be held June 7, 2001 is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The sections under the heading "Executive Compensation" entitled "Compensation Committee Interlocks and Insider Participation" and "Certain Relationships and Related Transactions" on pages 12 and 13 of the Proxy

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Statement for the Annual Meeting of Stockholders to be held June 7, 2001 are incorporated herein by reference.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

(a) 1. Financial Statements

The following Consolidated Financial Statements of Books-A-Million, Inc. and its subsidiaries, included in the Registrant's Annual Report to Stockholders for the fiscal year ended February 3, 2001 are incorporated by reference in Part II, Item 8:

Consolidated Balance Sheets as of February 3, 2001 and January 29, 2000.

Consolidated Statements of Operations for the Fiscal Years Ended February 3, 2001, January 29, 2000 and January 30, 1999.

Consolidated Statements of Stockholders' Investment for the Fiscal Years Ended February 3, 2001, January 29, 2000 and January 30, 1999.

Consolidated Statements of Cash Flows for the Fiscal Years Ended February 3, 2001, January 29, 2000 and January 30, 1999.

Notes to Consolidated Financial Statements.

Report of Independent Public Accountants.

2. Financial Statement Schedule:

The following consolidated financial statement schedule of Books-A-Million, Inc. is attached hereto:

Schedule 2 Valuation and Qualifying Accounts

All other schedules for which provision is made in the applicable accounting regulations of the Securities and Exchange Commission are not required under the related instructions or are not applicable, and therefore have been omitted.

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3. Exhibits **

Exhibit Number

- | | | |
|------|----|--|
| 3.1 | -- | Certificate of Incorporation of the Registrant (incorporated by reference to Statement on Form S-1, File No. 33-52256, originally filed September 21, 1992) |
| 3.2 | -- | Bylaws of the Registrant (incorporated by reference to Exhibit 3.2 to Registrant's Annual Report on Form 10-K, File No. 33-52256, originally filed September 21, 1992). |
| 4.1 | -- | See Exhibits 3.1 and 3.2 hereto incorporated herein by reference to the Exhibits to the Registrant's Registration Statement on Form S-1, File No. 33-52256, originally filed September 21, 1992. |
| 10.1 | -- | Lease Agreement between First National Bank of Florence, Alabama, as Trustee, (which is a predecessor of the Registrant), an Alabama corporation, dated January 1, 1992. |

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reference to Exhibit 10.1 to Registration Statement on Form S-1, File No. 33-September 21, 1992).

- *10.2 -- Amended and Restated Stock Option Plan (incorporated by reference to Exhibit Annual Report on Form 10-K for the fiscal year ended January 30, 1999, File No. 0-20664, filed on April 30, 1999).
- *10.3 -- Employee Stock Purchase Plan (incorporated by reference to Exhibit 10.7 to Registration Statement on Form S-1, File No. 33-52256, originally filed September 21, 1992).
- *10.4 -- Amendment to Employee Stock Purchase Plan (incorporated by reference to Exhibit 10.4 to Annual Report on Form 10-K for the fiscal year ended January 29, 1994, File No. 0-20664, filed on April 30, 1999).
- *10.5 -- 1999 Amended and Restated Employee Stock Purchase Plan (incorporated by reference to Exhibit 10.5 to Annual Report on Form 10-K for the fiscal year ended January 29, 2000, File No. 0-20664, filed on April 30, 1999).
- *10.6 -- 401(k) Plan (together with related documents) (incorporated by reference to Exhibit 10.6 to Registration Statement on Form S-1, File No. 33-52256, originally filed September 21, 1992).
- 10.7 -- Shareholders Agreement dated as of September 1, 1992 (incorporated by reference to Exhibit 10.9 to Annual Report on Form 10-K for the fiscal year ended January 30, 1999, File No. 0-20664, filed May 3, 1993).
- *10.8 -- Executive Incentive Plan (incorporated by reference to Exhibit 10.8 to Annual Report on Form 10-K for the fiscal year ended January 28, 1995, File No. 0-20664, filed on April 30, 1999).
- 10.9 -- Short-Term Credit Agreement dated as of October 27, 1995, between the Company and AmSouth Bank, N.A. (incorporated by reference to Exhibit 10.6 to Annual Report on Form 10-K for the fiscal year ended February 3, 1996, File No. 0-20664, filed May 3, 1996).
- 10.10 -- Revolving Loan Agreement dated as of October 27, 1995 between the Company and AmSouth Bank, N.A. (incorporated by reference to Exhibit 10.10 to Annual Report on Form 10-K for the fiscal year ended February 3, 1996, File 0-20664, filed May 3, 1996).
- 10.11 -- First amendment to Short-Term Credit Agreement, dated as of November 1, 1996 between the Company and AmSouth Bank, N.A. (incorporated by reference to Exhibit 10.11 to Annual Report on Form 10-K for the fiscal year ended February 1, 1997, File No. 0-20664, filed May 3, 1997).
- 10.12 -- First amendment to Revolving Loan Agreement dated June 4, 1997 between the Company and AmSouth Bank of Alabama, SunTrust Bank, Atlanta and NationsBank, N.A. and Master Acceptance Agreement dated November 7, 1997 between AmSouth Bank, NationsBank, SunTrust Bank, Atlanta and SouthTrust Bank, N.A. (incorporated by reference to Exhibit 10.12 to Annual Report on Form 10-K for the fiscal year ended January 31, 1998, File No. 0-20664, filed May 1, 1998).
- 10.13 -- Second amendment to Short-Term Credit Agreement, dated June 4, 1997 between the Company and AmSouth Bank of Alabama (incorporated by reference to Exhibit 10.12 to Annual Report on Form 10-K for the fiscal year ended January 31, 1998, File 0-20664, filed May 1, 1998).
- 10.14 -- Second amendment to Revolving Loan Agreement dated June 19, 1998 between the Company and AmSouth Bank of Alabama, SunTrust Bank, Atlanta, NationsBank, N.A. and SouthTrust Bank, N.A. (incorporated by reference to Exhibit 10.14 to Annual Report on Form 10-K for the fiscal year ended January 31, 1999, File No. 0-20664, filed May 1, 1999).

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1999, File No. 0-20664, filed on April 30, 1999).

- 10.15 -- Third amendment to Short-Term Credit Agreement, dated June 3, 1998 between the Company and AmSouth Bank of Alabama (incorporated by reference to Exhibit 10.15 to AmSouth Bank's Form 10-K for the fiscal year ended January 30, 1999, File No. 0-20664, filed on April 30, 1999).
- 10.16 -- Third amendment to Revolving Loan Agreement dated June 18, 1999 between the Company and Bank of Alabama, SunTrust Bank, Atlanta, NationsBank, N.A. and SouthTrust Bank, N.A. and Acceptance Agreement dated November 7, 1997 between AmSouth Bank, NationsBank, Atlanta and SouthTrust Bank, N. A. (incorporated by reference to Exhibit 10.16 to AmSouth Bank's Form 10-K for the fiscal year ended January 29, 2000, File No. 0-20664, filed on April 30, 1999).
- 10.17 -- Fourth Amendment to Short-Term credit agreement, dated September 25, 2000 between the Company and SunTrust Bank, Atlanta, NationsBank, N.A. and SouthTrust Bank, N.A.
- 10.18 -- Fourth Amendment to Revolving Loan Agreement dated September 25, 2000 between the Company and SunTrust Bank, Atlanta, NationsBank, N.A. and SouthTrust Bank, N.A.
- *10.19 -- Stock Option Plans for Booksamillion.com, American Internet Service, Inc., NationsBank, Atlanta, SunTrust Bank, N.A. and SouthTrust Bank, N.A.
- 13 -- Portions of the Annual Report to Stockholders for the year ended February 3, 2001, are expressly incorporated by reference into Part II of this Report.
- 21 -- Subsidiaries of the Registrant.
- 23 -- Consent of Independent Public Accountants to the incorporation of their report on the consolidated financial statements for the fiscal year ended February 3, 2001, into the Registration Statements on Form S-8. (File Nos. 33-72812 and 33-86980).

* The indicated exhibit is a compensatory plan required to be filed as an exhibit to this Annual Report on Form 10-K.

** The Company has financed certain capital expenditures with proceeds of an industrial development revenue bond (the "Bond"), for which the outstanding balance as of February 3, 2001, is less than 10% of the Company's total assets. The Bond documents have not been included as an exhibit hereto but the Company will provide such documents to the Securities and Exchange Commission upon request.

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(b) Reports on Form 8-K

Not applicable.

(c) See Item 14(a) (3), the Exhibit Index and the Exhibits attached hereto.

(d) See Item 14(a) (2).

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

BOOKS-A-MILLION, INC.

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by: /s/ Clyde B. Anderson

Clyde B. Anderson
Chairman of the Board and
Chief Executive Officer
Date: May 4, 2001

Pursuant to the requirements of the Securities Exchange Act of 1934,
this Report has been signed below by the following persons on behalf of the
Registrant and in the capacities and on the dates indicated:

PRINCIPAL EXECUTIVE OFFICER:

/s/ Clyde B. Anderson

Clyde B. Anderson
Chairman of the Board and Chief Executive Officer
Date: May 4, 2001

PRINCIPAL FINANCIAL AND ACCOUNTING OFFICER:

/s/ Richard S. Wallington

Richard S. Wallington
Chief Financial Officer
Date: May 4, 2001

DIRECTORS:

/s/ Clyde B. Anderson

Clyde B. Anderson
Date: May 4, 2001

/s/ Charles C. Anderson

Charles C. Anderson
Date: May 4, 2001

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DIRECTORS:

/s/ Ronald G. Bruno

Ronald G. Bruno
Date: May 4, 2001

/s/ J. Barry Mason

J. Barry Mason
Date: May 4, 2001

/s/ Terry C. Anderson

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 Terry C. Anderson
 Date: May 4, 2001

/s/ William H. Rogers, Jr.

 William H. Rogers, Jr.
 Date: May 4, 2001

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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To Books-A-Million, Inc.:

We have audited in accordance with auditing standards generally accepted in the United States, the consolidated financial statements of BOOKS-A-MILLION, INC. (A Delaware corporation) AND ITS SUBSIDIARIES incorporated by reference in this Form 10-K and have issued our report thereon dated March 19, 2001. Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedule listed in the accompanying index is the responsibility of the Company's management and is presented for purposes of complying with the Securities and Exchange Commission's rules and is not part of the basic financial statements. This schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly states in all material respects the financial data required to be set forth therein in relation to the basic financial statements taken as a whole.

ARTHUR ANDERSEN LLP

Birmingham, Alabama
 March 19, 2001

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SCHEDULE 2.

BOOKS-A-MILLION, INC.

VALUATION AND QUALIFYING ACCOUNTS

FOR THE YEARS ENDED JANUARY 30, 1999, JANUARY 29, 2000 AND FEBRUARY 3, 2001

	BALANCE AT BEGINNING OF YEAR	CHARGED/ (CREDITED) TO COSTS AND EXPENSES	(DEDUCTI RECOVE NET
	-----	-----	-----
FOR THE YEAR ENDED JANUARY 30, 1999:			
Allowance for doubtful accounts	\$ 355,514	\$691,870	\$ (108,

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FOR THE YEAR ENDED JANUARY 29, 2000:

Allowance for doubtful accounts	\$ 938,623	\$898,830	\$ (348,
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FOR THE YEAR ENDED FEBRUARY 3, 2001:

Allowance for doubtful accounts	\$1,488,897	\$218,044	\$ (920,
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INDEX TO EXHIBITS

Exhibit
Number

- | | | | |
|-------|----|--|---|
| 3.1 | -- | Certificate of Incorporation of the Registrant (incorporated by reference to E | Statement on Form S-1, File No. 33-52256, originally filed September 21, 1992). |
| 3.2 | -- | Bylaws of the Registrant (incorporated by reference to Exhibit 3.2 to Registra | S-1, File No. 33-52256, originally filed September 21, 1992). |
| 4.1 | -- | See Exhibits 3.1 and 3.2 hereto incorporated herein by reference to the Exhibi | Registration Statement on Form S-1, File No. 33-52256, originally filed Septem |
| 10.1 | -- | Lease Agreement between First National Bank of Florence, Alabama, as Trustee, | (which is a predecessor of the Registrant), an Alabama corporation, dated Janu |
| | | | by reference to Exhibit 10.1 to Registration Statement on Form S-1, File No. 3 |
| | | | September 21, 1992). |
| *10.2 | -- | Amended and Restated Stock Option Plan. | |
| *10.3 | -- | Employee Stock Purchase Plan (incorporated by reference to Exhibit 10.7 to Reg | File No. 33-52256, originally filed September 21, 1992). |
| *10.4 | -- | Amendment to Employee Stock Purchase Plan (incorporated by reference to Exhibi | 10-K for the fiscal year ended January 29, 1994, File No. 0-20664, filed on Ap |
| *10.5 | -- | 1999 Amended and Restated Employee Stock Purchase Plan (incorporated by refere | Report on Form 10-K for the fiscal year ended January 29, 2000, File No. 0-206 |
| *10.6 | -- | 401(k) Plan (together with related documents) (incorporated by reference to Ex | Statement on Form S-1, File No. 33-52256, originally filed September 21, 1992) |
| 10.7 | -- | Shareholders Agreement dated as of September 1, 1992 (incorporated by referenc | Report on Form 10-K for the fiscal year ended January 31, 1993, File No. 0-206 |
| *10.8 | -- | Executive Incentive Plan (incorporated by reference to Exhibit 10.8 to Annual | fiscal year ended January 28, 1995, File No. 0-20664, filed April 28, 1995). |
| 10.9 | -- | Short-Term Credit Agreement dated as of October 27, 1995, between the Company | (incorporated by reference to Exhibit 10.6 to Annual Report on Form 10-K for t |
| | | | 3, 1996, File No. 0-20664, filed May 3, 1996). |
| 10.10 | -- | Revolving Loan Agreement dated as of October 27, 1995 between the Company and | (incorporated by reference to Exhibit 10.10 to Annual Report on Form 10-K for |
| | | | February 3, 1996, File 0-20664, filed May 3, 1996). |
| 10.11 | -- | First amendment to Short-Term Credit Agreement, dated as of November 1, 1996 b | AmSouth Bank, N.A. (incorporated by reference to Exhibit 10.11 to Annual Repor |
| | | | fiscal year ended February 1, 1997, File 0-20664, filed May 2, 1997). |

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- 10.12 -- First amendment to Revolving Loan Agreement dated June 4, 1997 between the Company, SunTrust Bank, Atlanta and NationsBank, N.A. and Master Assignment Agreement dated November 7, 1997 between AmSouth Bank, NationsBank, N.A., SunTrust Bank, Atlanta (incorporated by reference to Exhibit 10.11 to Annual Report on Form 10-K for the year ended January 31, 1998, File 0-20664, filed May 1, 1998).
- 10.13 -- Second amendment to Short-Term Credit Agreement, dated June 4, 1997 between the Company and Bank of Alabama (incorporated by reference to Exhibit 10.12 to Annual Report on Form 10-K for the year ended January 31, 1998, File 0-20664, filed May 1, 1998).
- 10.14 -- Second amendment to Revolving Loan Agreement dated June 19, 1998 between the Company, SunTrust Bank, Atlanta, NationsBank, N.A. and SouthTrust Bank, N.A. and Master Assignment Agreement dated November 7, 1997 between AmSouth Bank, NationsBank, N.A., SunTrust Bank, N. A. (incorporated by reference to Exhibit 10.14 to Annual Report on Form 10-K for the year ended January 30, 1999, File No. 0-20664, filed on April 30, 1999).
- 10.15 -- Third amendment to Short-Term Credit Agreement, dated June 3, 1998 between the Company and Bank of Alabama (incorporated by reference to Exhibit 10.15 to Annual Report on Form 10-K for the year ended January 30, 1999, File No. 0-20664, filed on April 30, 1999).

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- *10.16 -- Third amendment to Revolving Loan Agreement dated June 18, 1999 between the Company, SunTrust Bank, Atlanta, NationsBank, N.A. and SouthTrust Bank, N.A. and Master Assignment Agreement dated November 7, 1997 between AmSouth Bank, NationsBank, N.A., SunTrust Bank, N. A. (incorporated by reference to Exhibit 10.16 to Annual Report on Form 10-K for the year ended January 29, 2000, File No. 0-20664, filed on April 28, 2000).
- 10.17 -- Fourth Amendment to Short-Term credit agreement, dated September 25, 2000 between the Company and Bank of Alabama.
- 10.18 -- Fourth Amendment to Revolving Loan Agreement dated September 25, 2000 between the Company, SunTrust Bank, Atlanta, NationsBank, N.A. and SouthTrust Bank, N.A.
- *10.19 -- Stock Option Plans for Booksamillion.com, American Internet Service, Inc., NetScout, Inc. and NetScout.com.
- 13 -- Portions of the Annual Report to Stockholders for the year ended February 3, 2001, incorporated by reference into Part II of this Report.
- 21 -- Subsidiaries of the Registrant.
- 23 -- Consent of Independent Public Accountants to the incorporation of their report on the financial statements for the fiscal year ended February 3, 2001, into the Registration Statement (File Nos. 33-72812 and 33-86980).

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CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the incorporation of our reports included or incorporated by reference in this Form 10-K, into the Company's previously filed Registration Statements on File Nos. 33-72812 and 33-86980.

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ARTHUR ANDERSEN LLP

Birmingham, Alabama
April 30, 2001