

BOOKS A MILLION INC  
Form DEF 14A  
May 01, 2015  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**WASHINGTON, D.C. 20549**  
**SCHEDULE 14A**  
**(RULE 14a-101)**  
**INFORMATION REQUIRED IN**  
**PROXY STATEMENT**

**SCHEDULE 14A INFORMATION**

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

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

**Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

Definitive Proxy Statement

Definitive Additional Materials

.. Soliciting Material Pursuant to §240.14a-12

# **BOOKS-A-MILLION, INC.**

(Name of Registrant as Specified in its Charter)

N/A

(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):

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(1) Amount Previously Paid:

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

(3) Filing Party:

(4) Date Filed:

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May 1, 2015

Dear Stockholder:

You are cordially invited to attend the 2015 Annual Meeting of Stockholders (the Annual Meeting ) of Books-A-Million, Inc. (the Company ), which will be held at 11:00 a.m., Central Daylight Saving Time, on May 29, 2015, at our corporate office annex located at 121 West Park Drive, Birmingham, Alabama 35211. Formal notice of the Annual Meeting, a proxy statement, and a proxy card accompany this letter. Also enclosed is our Annual Report to Stockholders for fiscal 2015.

The principal business of the meeting will be to (i) elect three directors to serve three-year terms expiring in 2018; (ii) ratify the appointment of Grant Thornton LLP as the Company s independent registered public accounting firm for fiscal 2016; (iii) approve on an advisory basis the compensation of our named executive officers; and (iv) transact such other business as may properly come before the meeting. During the meeting, we will also review the results of the past fiscal year.

Your vote is important. Regardless of whether you plan to attend the meeting, we hope you will vote as soon as possible. You may vote over the Internet, by telephone, or by mailing the enclosed proxy card in the postage-prepaid envelope provided so that your shares will be voted at the meeting. If you decide to attend the meeting, you may, of course, revoke your proxy and personally cast your votes. Please review the instructions on each of your voting options described in the proxy statement.

We look forward to seeing you at the meeting.

Sincerely yours,

Terrance G. Finley  
*Chief Executive Officer and President*

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**BOOKS-A-MILLION, INC.**

**402 INDUSTRIAL LANE**

**BIRMINGHAM, ALABAMA 35211**

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**

You are cordially invited to attend the 2015 Annual Meeting of Stockholders (the Annual Meeting ) of Books-A-Million, Inc. (the Company ), which will be held at 11:00 a.m., Central Daylight Saving Time, on May 29, 2015, at our corporate office annex located at 121 West Park Drive, Birmingham, Alabama 35211. Directions to attend the meeting, where you may vote in person, can be found on our website: [www.booksamillioninc.com](http://www.booksamillioninc.com). The meeting is called for the following purposes:

- (1) To elect three directors for three-year terms expiring in 2018;
- (2) To ratify the appointment of Grant Thornton LLP as the Company s independent registered public accounting firm for fiscal 2016;
- (3) To approve on an advisory basis the compensation of our named executive officers; and
- (4) To transact such other business as may properly come before the meeting.

The above matters are described in detail in the proxy statement. Regardless of whether you plan to attend the meeting, you are urged, after reading the proxy statement, to vote your shares by proxy using one of the following methods: (a) vote by telephone or via the Internet using the instructions on your proxy card, or (b) complete, sign, date, and return your proxy card in the postage-paid envelope provided. If you attend the meeting, you may revoke your proxy and vote your shares personally if you desire to do so.

The Board has fixed the close of business on April 6, 2015, as the record date for the purpose of determining the stockholders who are entitled to notice of and to vote at the meeting and any adjournment or postponement thereof.

By Order of the Board of Directors,

Clyde B. Anderson  
Executive Chairman of the Board of Directors

**Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Stockholders to be held on May 29, 2015: The Company s Proxy Statement and Annual Report to Stockholders are available at <http://www.booksamillioninc.com/report>.**

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**PROXY STATEMENT**

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**BOOKS-A-MILLION, INC.**  
**402 INDUSTRIAL LANE**  
**BIRMINGHAM, ALABAMA 35211**  
**PROXY STATEMENT**  
**FOR**  
**ANNUAL MEETING OF STOCKHOLDERS**  
**TO BE HELD MAY 29, 2015**

**INFORMATION ABOUT THE ANNUAL MEETING**

This Proxy Statement is furnished by and on behalf of the Board of Directors (the **Board**) of Books-A-Million, Inc. (the **Company**) in connection with the solicitation of proxies for use at the Annual Meeting of Stockholders of the Company to be held at 11:00 a.m., Central Daylight Saving Time, on May 29, 2015, at our corporate office annex located at 121 West Park Drive, Birmingham, Alabama 35211, and at any adjournments or postponements thereof (the **Annual Meeting**). This Proxy Statement and the enclosed proxy card will be first mailed on or about May 1, 2015 to the Company's stockholders of record at the close of business on April 6, 2015.

**SHARES ENTITLED TO VOTE**

You can vote either in person at the Annual Meeting or by proxy without attending the Annual Meeting. The shares of common stock, \$0.01 par value per share ( **Common Stock** ), represented at the Annual Meeting by a properly executed proxy will be voted as you direct. If you sign your proxy card but do not give voting instructions, the shares represented by that proxy will be voted as recommended by the Board. The Board recommends a vote **FOR** the election as directors of the nominees listed in this Proxy Statement, **FOR** the ratification of Grant Thornton LLP as the Company's independent registered public accounting firm for fiscal 2016, and **FOR** the advisory approval of the compensation of our named executive officers.

To vote by proxy, you must do one of the following:

Vote by Telephone. You can vote your shares by telephone by calling the toll-free number listed on the enclosed proxy card on a touch-tone telephone 24 hours a day through 12:00 p.m., Central Time, on May 28, 2015. Easy-to-follow voice prompts enable you to vote your shares and confirm that your instructions have been properly recorded. If you are a beneficial owner, or you hold your shares in **street name**, please check your voting instruction card or contact your bank, broker, or nominee to determine whether you will be able to vote by telephone.

Vote by Internet. You can also vote via the Internet through 12:00 p.m., Central Time, on May 28, 2015 by following the instructions on the enclosed proxy card. The website address for Internet voting is indicated on the enclosed proxy card. Internet voting is available 24 hours a day. If you are a beneficial owner, or you

hold your shares in street name, please check your voting instruction card or contact your bank, broker, or nominee to determine whether you will be able to vote by Internet.

Vote by Mail. If you choose to vote by mail, complete, sign, date, and return your proxy card in the postage-paid envelope provided. Please promptly mail your proxy card to ensure that it is received prior to the Annual Meeting.

If you want to vote in person at the Annual Meeting, and you hold your Common Stock in street name (that is, through a bank, broker or other nominee), you must obtain a proxy from your bank, broker or other nominee and bring that proxy to the Annual Meeting.

Voting by proxy will not affect a stockholder's right to attend and to vote in person at the Annual Meeting. A proxy may be revoked by a stockholder at any time before it is voted by (i) filing with the Secretary of the Company either a written revocation or an executed proxy bearing a later date, (ii) a later vote via the Internet or by telephone, or (iii) attending and voting in person at the Annual Meeting.

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Only holders of record of Common Stock as of the close of business on April 6, 2015 (the Record Date ) will be entitled to vote at the Annual Meeting. As of the close of business on the Record Date, there were 15,442,042 shares of Common Stock outstanding. Holders of shares authorized to vote are entitled to cast one vote per share on all matters. The holders of a majority of the shares entitled to vote must be present or represented by proxy at the Annual Meeting to constitute a quorum.

Under Delaware law and the Company s Amended and Restated Bylaws, directors are elected by the affirmative vote, in person or by proxy, of a plurality of the shares entitled to vote in the election at a meeting at which a quorum is present. Only votes actually cast will be counted for the purpose of determining whether a particular nominee received more votes than the persons, if any, nominated for the same seat on the Board of Directors. The ratification of the appointment of the Company s independent registered public accounting firm (Proposal 2) requires for adoption the affirmative vote of the holders of a majority of shares of Common Stock present in person or represented by proxy and entitled to vote on the proposal at the Annual Meeting. Proposal 3 is a non-binding advisory vote regarding executive compensation, although the Board will take into account the outcome of the vote when considering future executive compensation arrangements. Proposal 3 requires for adoption the affirmative vote of the holders of a majority of shares of Common Stock present in person or represented by proxy and entitled to vote on the proposal at the Annual Meeting.

Abstentions, votes withheld and, unless a broker s authority to vote on a particular matter is limited, shares held in street name that are not voted, are counted in determining the votes present at a meeting and entitled to vote, such as for quorum purposes. Abstentions will be counted as present for purposes of determining the existence of a quorum but will be counted as not voting on any proposal brought before the Annual Meeting. Since the election of directors (Proposal 1) is determined by a plurality of the votes cast at the Annual Meeting, abstentions will not affect the outcome of this matter. An abstention as to the ratification of the appointment of the independent registered public accounting firm (Proposal 2) or the advisory vote on executive compensation (Proposal 3) will have the same effect as voting against such proposals.

A share that is held in street name that is not voted because the broker s authority to vote on that matter is limited and the broker did not receive direction on how to vote the share on that matter from the beneficial owner (a broker non-vote ) is not considered entitled to vote and is thus not calculated as a vote cast at a meeting (either for or against the proposal). Accordingly, broker non-votes, if any, will not have an effect on the approval of Proposals 1 or 3. Your broker will continue to have discretion to vote uninstructed shares on the ratification of the appointment of the independent registered public accounting firm (Proposal 2).

If any other matters are properly presented at the Annual Meeting for consideration, the persons named as proxies in the enclosed proxy card will have discretion to vote on those matters for you in a manner deemed by the proxy representatives named therein to be in the best interests of the Company and its stockholders. On the date on which we filed this Proxy Statement with the Securities and Exchange Commission, the Board did not know of any other matter to be raised at the Annual Meeting.

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**PROPOSAL 1 ELECTION OF DIRECTORS**

The Board of Directors of the Company is divided into three classes of directors serving staggered terms of office. Upon the expiration of the term of office of a class of directors, the nominees for that class are elected for a term of three years to serve until the election and qualification of their successors. The current terms of Messrs. Clyde B. Anderson, Ronald G. Bruno, and Ronald J. Domanico expire at the Annual Meeting. The Board has nominated Mr. Anderson, Mr. Bruno, and Mr. Domanico for re-election to the Board at the Annual Meeting, to serve until the 2018 annual meeting of stockholders or until their successors are duly elected and qualified.

All shares represented by properly executed proxies received in response to this solicitation will be voted in the election as specified therein by the stockholders. Unless otherwise specified in the proxy, it is the intention of the persons named on the enclosed proxy card to vote FOR the election of Mr. Anderson, Mr. Bruno and Mr. Domanico to the Board. Mr. Anderson, Mr. Bruno and Mr. Domanico have each consented to serve as a director of the Company if elected. If at the time of the Annual Meeting, Mr. Anderson, Mr. Bruno or Mr. Domanico is unable or declines to serve as a director, the discretionary authority provided in the enclosed proxy card will be exercised to vote for a substitute candidate designated by the Board. The Board has no reason to believe that Mr. Anderson, Mr. Bruno, or Mr. Domanico will be unable or will decline to serve as a director.

Set forth below is certain information furnished to the Company by Mr. Anderson, Mr. Bruno, and Mr. Domanico and by each of the incumbent directors whose terms will continue following the Annual Meeting.

**NOMINEES FOR ELECTION TERM TO EXPIRE IN 2018**

**CLYDE B. ANDERSON**

Age: 54

Clyde B. Anderson has served as the Executive Chairman of the Board of Directors of the Company since March 2012. Mr. Anderson served as Chairman and Chief Executive Officer of the Company from May 2009 to March 2012, when Mr. Terrance G. Finley was elected to the position of Chief Executive Officer of the Company. On August 20, 2009, Mr. Anderson was re-elected to the position of President, which position he held until August 23, 2011 when Mr. Finley was promoted to the position of President and Chief Operating Officer of the Company. Mr. Anderson served as the Executive Chairman of the Board of Directors from February 2004 to March 2009. He has served as a director of the Company since August 1987. Mr. Anderson has served as the Chairman of the Board of Directors since January 2000 and also served as the Chief Executive Officer of the Company from July 1992 until February 2004. Mr. Anderson also served as the President of the Company from November 1987 to August 1999. From November 1987 to March 1994, Mr. Anderson served as the Company's Chief Operating Officer. Mr. Anderson served on the board of directors of Hibbett Sports, Inc., a sporting goods retailer, from 1987 to 2008. Mr. Anderson is the brother of Terry C. Anderson, a member of the Company's Board of Directors. Mr. Anderson is not an independent director under the listing standards of the Nasdaq Stock Market ( Nasdaq ).

The Company believes that Mr. Anderson's qualifications to serve on the Board include his 29 years of experience in the retail bookstore industry, including 26 years in the leadership roles of President, Chief Executive Officer, or Executive Chairman of the Company.

**RONALD G. BRUNO**

Age: 63

Ronald G. Bruno has served as the President of Bruno Capital Management Corporation, an investment company, since 1995 and as the Chairman of Bruno Event Team, LLC, a sports marketing firm, since 1996. He has served as a director of the Company since September 1992. Formerly, Mr. Bruno served as the Chairman and Chief Executive Officer of Bruno's Supermarkets, Inc., a supermarket retailing chain. He also served on the board of directors for Russell Corporation from 1992 to 2006 and the board of directors for SouthTrust Bank, N.A. from 1986 to 2004. Mr. Bruno has been determined to be independent by the Board as defined by Nasdaq listing standards.

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The Company believes that Mr. Bruno's qualifications to serve on the Board include Mr. Bruno's experience from his prior service as the Chairman and Chief Executive Officer of Bruno's Supermarkets, Inc., a publicly traded retail grocery store chain, his prior service on the public company boards of directors of SouthTrust Bank, N.A. and Russell Corporation, and his service on the Company's Board since 1992.

**RONALD J. DOMANICO**

Age: 56

Mr. Domanico is recently retired from HD Supply ( HDS ), where he served as Senior Vice President and Chief Financial Officer. While at HDS, Mr. Domanico played a key role in the company's successful initial public offering in 2013. Prior to HDS, Mr. Domanico was Senior Vice President, Chief Financial Officer, and a member of the board of directors of Caraustar Industries, Inc. from 2002 to 2009. Prior to Caraustar, Mr. Domanico held various senior financial management positions, most notably Senior Vice President and Chief Financial Officer of Nabisco International. Mr. Domanico has been determined to be independent by the Board as defined by Nasdaq listing standards.

The Company believes that Mr. Domanico's qualifications to serve on the Board include Mr. Domanico's experience from his prior service as the Senior Vice President and Chief Financial Officer of HD Supply, as well as his prior service as Senior Vice President and Chief Financial Officer of both Caraustar Industries and Nabisco International.

**THE BOARD OF DIRECTORS RECOMMENDS THAT THE STOCKHOLDERS VOTE FOR THE ELECTION AS DIRECTORS OF THE NOMINEES NAMED ABOVE.**

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**INCUMBENT DIRECTOR TERM TO EXPIRE IN 2016**

**EDWARD W. WILHELM**

Age: 56

Edward W. Wilhelm is currently Executive Vice President, Chief Financial Officer of The Finish Line, Inc., a specialty retailer of athletic shoes, apparel, and accessories, serving in such capacity since March 2009. He has served as a director of the Company since May 2013. Previously, Mr. Wilhelm served as Executive Vice President and Chief Financial Officer of Borders Group, Inc. from 2000 to 2009. From 1997 to 2000, Mr. Wilhelm was Vice President of Planning, Reporting, and Treasury for Borders Group, Inc. and served as Vice President of Finance from 1994 through 1997. Mr. Wilhelm is a Certified Public Accountant. Mr. Wilhelm has been determined to be independent by the Board as defined by Nasdaq listing standards.

The Company believes that Mr. Wilhelm's qualifications to serve on the Board include his experience from his service in his current position with The Finish Line, Inc., and his service in previous positions with Borders Group, Inc., which gives him a wide range of capital markets and public company experience, particularly with respect to the general retail and book industries.

**INCUMBENT DIRECTOR TERM TO EXPIRE IN 2017**

**TERRENCE C. ANDERSON**

Age: 57

Terrence C. Anderson has served as a director of the Company since April 1998. Mr. Anderson serves as the Chairman and Chief Executive Officer of American Promotional Events, Inc., an importer and wholesaler of pyrotechnics, a position he has held since July 1988. Mr. Anderson is the brother of Clyde B. Anderson, the Executive Chairman of the Board of Directors of the Company. Mr. Anderson is not an independent director under Nasdaq listing standards.

The Company believes that Mr. Anderson's qualifications to serve on its Board include his service as Chairman and Chief Executive Officer of American Promotional Events, Inc., which gives him unique insights into importing retail items for the Company, and his service on the Board of the Company since 1988.

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*Meetings and Attendance.* The Company's Board of Directors held twelve meetings during the Company's fiscal year ended January 31, 2015 (fiscal 2015). The Board currently has one committee, the Audit Committee. During fiscal 2015, each director attended at least 75% of the meetings of the Board and the committees of the Board on which he served. Directors are encouraged to attend annual meetings of Books-A-Million stockholders. All of the Company's then current directors were present at the 2014 Annual Meeting of Stockholders.

*Controlled Company Status.* Under the listing standards of Nasdaq, we are deemed a controlled company by virtue of the fact that Clyde B. Anderson, the Executive Chairman of our Board of Directors, along with certain of Mr. Anderson's family members and certain trusts of which he or a family member acts as trustee or co-trustee, have voting power with respect to more than fifty percent of our outstanding voting stock. Since April 2, 2013, we have elected to take advantage of certain of the corporate governance exemptions available to controlled companies. A controlled company is not required to have a majority of its board of directors comprised of independent directors. Director nominees are not required to be selected or recommended for the board's consideration by a majority of independent directors or a nominating committee comprised solely of independent directors, nor do the Nasdaq listing standards require a controlled company to certify adoption of a formal written charter or board resolution, as applicable, addressing the nominations process. A controlled company is also exempt from Nasdaq requirements regarding the determination of executive officer and director compensation by a majority of independent directors or a compensation committee comprised solely of independent directors of the board. Director nominations and officer and director compensation determinations are now the responsibility of the full Board (with the exception of any compensation decisions relating to the Company's Executive Chairman, Clyde B. Anderson, which decisions are made by the members of the Board other than Mr. Anderson). However, a controlled company is required to have an audit committee comprised of at least three directors, all of whom must be independent as defined under the rules of both the Securities and Exchange Commission and Nasdaq. Nasdaq further requires that all members of the audit committee have the ability to read and understand financial statements and that at least one member of the audit committee possess financial sophistication. The independent directors must also meet at least twice a year in meetings at which only they are present.

*Board Independence.* The Board of Directors currently has five members, three of whom have been determined to be independent under Nasdaq listing standards. During the Board's determination of the independence of directors for fiscal 2016, the Board specifically considered relationships between the Company and its affiliates and each director and his immediate family and affiliated entities.

*Board Leadership Structure.* The Board does not have a policy requiring the separation or combination of the Chief Executive Officer and Chairman roles. From 2004 to 2009, the Company had separate individuals serving as Chairman of the Board and as Chief Executive Officer. During this period, Mr. Clyde B. Anderson, who served as Chief Executive Officer of the Company from 1992 through 2004, continued in an active leadership role of the Company, serving as its Executive Chairman. Upon the resignation of Sandra B. Cochran as President and Chief Executive Officer of the Company in March 2009, the Board reappointed Mr. Anderson to the role of Chief Executive Officer, believing that his more than 28 years of service to the Company, vast industry experience, and close relationship with the Company's management team uniquely qualified him for the role. The Board believed that combining the roles of Chairman and Chief Executive Officer during the period following Ms. Cochran's resignation from March 2009 to March 2012 was in the best interests of the Company. On March 13, 2012, the Board approved the promotion of Terrance G. Finley to the office of Chief Executive Officer, thereby separating the roles of Chairman and Chief Executive Officer. Mr. Anderson continues to serve as Executive Chairman. The Board has determined that this current structure is the most appropriate and effective Board leadership structure for the Company at this time based upon a number of factors, including the experience of the applicable individuals, the current business

environment, the specific needs of the business, and what is in the best interests of the Company's stockholders. However, the Board may reconsider the Company's leadership structure from time to time in the future based on considerations at that time.

Although the Board of Directors has not designated a lead independent director, the independent directors of the Company meet in executive session at least twice during each fiscal year, and a chairman of those executive sessions is elected by the independent directors at each of those executive sessions. In addition, the Chairman of the Audit Committee serves as the director to whom correspondence may be directed on behalf of the Board as described under Communications with Directors on page 8 of this Proxy Statement.

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*Board's Role in Risk Oversight.* The Board has an active role, as a whole and also at the Audit Committee level, in overseeing management of the Company's risks. The Board regularly reviews information regarding the Company's Enterprise Risk Assessment through reports from the Audit Committee. The Internal Audit Department of the Company works with the Management Executive Committee to perform an overall enterprise risk assessment on an annual basis and provides its Enterprise Risk Assessment report to the Audit Committee. The Enterprise Risk Assessment is used by the Audit Committee and the Internal Audit Department to develop audit plans on an annual basis to safeguard against identified risks. The Audit Committee also specifically oversees and manages financial risks (including risks required to be monitored under the Sarbanes-Oxley Act). The full Board of Directors is regularly informed by the Audit Committee about any risks the oversight of which has been delegated to the Audit Committee. Because the Board currently does not have an active Compensation Committee or Nominating and Corporate Governance Committee, the full Board of Directors is responsible for overseeing the management of risks relating to the Company's compensation plans and arrangements and risks associated with the independence of the Board of Directors and potential conflicts of interest for directors and employees.

*Audit Committee of the Board of Directors.* The Audit Committee currently consists of Messrs. Edward W. Wilhelm, Chairman, Ronald G. Bruno, and Ronald J. Domanico. The responsibilities of the Audit Committee include, in addition to such other duties as the Board may specify, appointing the Company's independent auditors, reviewing with the independent auditors the scope and results of the audit engagement, reviewing and approving related party activity, reviewing the Company's financial policies and internal control procedures, and reviewing and approving the performance of all non-audit services by the Company's auditors. The Audit Committee held five meetings in fiscal 2015.

The Board of Directors has determined that all of the current members of the Audit Committee are independent directors, as defined by the Company's Audit Committee Charter, Nasdaq listing standards, and Securities and Exchange Commission rules. The Audit Committee acts under a written charter first adopted in 1992 and last reviewed, revised, and approved on March 30, 2015. The Audit Committee Charter is available free of charge on the Company's website at [www.booksamillioninc.com](http://www.booksamillioninc.com). The Board of Directors has determined that Edward W. Wilhelm is qualified as an audit committee financial expert under Securities and Exchange Commission rules. Mr. Wilhelm's business experience positions held are summarized in the section "Incumbent Director - Term to Expire in 2016" on page 5 of this Proxy Statement. The Board of Directors has also determined that Ronald J. Domanico is qualified as an audit committee financial expert under Securities and Exchange Commission rules. Mr. Domanico's business experience and positions held are summarized in the section "Nominees for Election - Term to Expire in 2018" on page 4 of this Proxy Statement.

*Identifying and Evaluating Nominees for Directors.* The Board utilizes a variety of methods for identifying and evaluating director nominees. The Board regularly assesses the appropriate size of the Board and whether any vacancies on the Board are expected due to retirement or otherwise. In the event that vacancies are anticipated, or otherwise arise, the Board considers various potential candidates for director. Candidates may come to the attention of the Board through current Board members, professional search firms, stockholders, or other persons. These candidates are evaluated at regular or special meetings of the Board and may be considered at any point during the year.

The Board of Directors believes that it is necessary for each of the Company's directors to possess many qualities and skills. When searching for new candidates, the Board considers the evolving needs of the Board and searches for candidates that fill any current or anticipated gap. The Board also believes that all directors must possess a considerable amount of business management and educational experience. The Board first considers a candidate's management experience and then considers issues of judgment, background, stature, conflicts of interest, integrity, ethics, and commitment to the goal of maximizing stockholder value when considering director candidates. The Board also focuses on issues of diversity, such as diversity of gender, race and national origin, education, professional

experience, and differences in viewpoints and skills. The Board does not have a formal policy with respect to diversity; however, the Board believes that it is essential that the Board members represent diverse viewpoints. In considering candidates for the Board, the Board considers the entirety of each candidate's credentials in the context of these standards. With respect to the nomination of continuing directors for re-election, the

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individual s contributions to the Board are also considered. Certain individual qualifications and skills of our directors that contribute to the Board s effectiveness as a whole are described in the individual biographies of each director under the heading PROPOSAL 1 ELECTION OF DIRECTORS beginning on page 3 of this Proxy Statement.

*Director Nominees Proposed by Stockholders.* The Board will consider suggestions from stockholders for nominees for election as directors. The Amended and Restated Bylaws of the Company provide that any stockholder entitled to vote on the election of directors at a meeting called for such purpose may nominate persons for election to the Board by following the procedures set forth in the section of the Amended and Restated Bylaws titled Notice of Stockholder Nominees. Stockholders who wish to submit a proposed nominee to the Company should send written notice to Ms. Catherine L. Hogewood, Secretary of the Board of Directors and General Counsel, Books-A-Million, Inc., 402 Industrial Lane, Birmingham, Alabama 35211.

Such notice should set forth all information relating to such nominee as is required to be disclosed in solicitations of proxies for elections of directors pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended, including such person s written consent to being named in the proxy statement as a nominee and to serve as a director if elected, the name and address of such stockholder or beneficial owner on whose behalf the proposed nomination is being made, and the class and number of shares of the Company owned beneficially and of record by such stockholder or beneficial owner. The Board will consider nominees suggested by stockholders on the same terms as nominees provided by search firms or other parties. The Board seeks to achieve a balance of knowledge, experience, and capability on the Board and believes that nominees for election to the Board must possess certain minimum qualifications and attributes. The nominee: (1) must exhibit strong personal integrity, character and ethics, and a commitment to ethical business and accounting practices, (2) must not be involved in ongoing litigation with the Company or be employed by an entity which is engaged in such litigation, and (3) must not be the subject of any ongoing criminal investigations, including investigations for fraud or financial misconduct.

*Communication with Directors.* Individuals may communicate with the Board by submitting the communication to the Company s executive offices at 402 Industrial Lane, Birmingham, Alabama 35211. The communication should be directed to the attention of the Internal Auditor. The Company s Internal Auditor reports directly to the Audit Committee of the Board and will immediately communicate the information to the Chairman of the Audit Committee and the Audit Committee and/or all members of the Board.

*Code of Business Conduct and Ethics.* The Company has adopted a Code of Business Conduct and Ethics for all directors, officers (including the Company s principal executive officer, principal financial officer, and controller), and employees. The Company s Code of Business Conduct and Ethics is available free of charge on the Company s website at [www.booksamillioninc.com](http://www.booksamillioninc.com). The Company intends to make available on the Company s website any amendments to or waivers from the Company s Code of Business Conduct and Ethics within four business days of such amendment or waiver. Stockholders may also request a free copy of the Code of Business Conduct and Ethics by writing to the attention of Investor Relations at the Company s executive offices at 402 Industrial Lane, Birmingham, Alabama 35211.

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**REPORT OF THE AUDIT COMMITTEE**

The members of the Audit Committee are Messrs. Edward W. Wilhelm (Chairman), Ronald G. Bruno, and Ronald J. Domanico. The Board has determined that Messrs. Wilhelm and Domanico are audit committee financial experts under the Securities and Exchange Commission rules. The primary function of the Audit Committee is to provide advice with respect to the Company's financial matters and to assist the Board of Directors in fulfilling its oversight responsibilities regarding (i) the quality and integrity of the Company's financial statements, (ii) the Company's compliance with legal and regulatory requirements, (iii) the qualifications and independence of the independent registered public accounting firm serving as auditors of the Company, and (iv) the performance of the Company's internal audit function and the Company's independent registered public accounting firm.

Management is responsible for the Company's internal controls and the financial reporting process. The independent registered public accounting firm is responsible for performing an independent audit of the Company's consolidated financial statements in accordance with the standards of the Public Company Accounting Oversight Board (United States) and issuing a report thereon. The Audit Committee's responsibility is to monitor and oversee these processes. It is not the duty of the Audit Committee to conduct auditing or accounting review procedures.

The Audit Committee held five meetings during fiscal 2015, including regular meetings in conjunction with the close of each fiscal quarter during which the Audit Committee reviewed and discussed the Company's financial statements with management and Grant Thornton LLP, the Company's independent registered public accounting firm for the fiscal year ended January 31, 2015.

The Audit Committee has reviewed and discussed the audited financial statements of the Company for the fiscal year ended January 31, 2015 with the Company's management, and management represented to the Audit Committee that the Company's financial statements were prepared in accordance with accounting principles generally accepted in the United States of America. The Audit Committee has discussed with Grant Thornton LLP the matters required to be discussed by Auditing Standard No. 16, Communications with the Audit Committee, as adopted by the Public Company Accounting Oversight Board.

The Audit Committee has received the written disclosures and the letter from Grant Thornton LLP required by applicable requirements of the Public Company Accounting Oversight Board regarding the independent accountant's communications with the Audit Committee concerning independence, and the Audit Committee has discussed with Grant Thornton LLP its independence from the Company. The Audit Committee approved all services provided by Grant Thornton LLP for the fiscal year ended January 31, 2015. The total fees paid to Grant Thornton LLP for fiscal 2015 are described on page 27 of this Proxy Statement under Fees and Services.

Based on the Audit Committee's discussions with management and the independent registered public accounting firm, and the Audit Committee's review of the audited financial statements and the written disclosures and letter from the independent registered public accounting firm to the Audit Committee, the Audit Committee recommended to the Board of Directors that the Company's audited financial statements be included in the Company's Annual Report on Form 10-K for the fiscal year ended January 31, 2015 for filing with the Securities and Exchange Commission.

By the Audit Committee of the Board of Directors:

Edward W. Wilhelm, Chairman

Ronald G. Bruno

Ronald J. Domanico

**Table of Contents****BENEFICIAL OWNERSHIP OF COMMON STOCK**

The following table sets forth information concerning the beneficial ownership of Common Stock of the Company of (i) those persons known by management of the Company to own beneficially more than 5% of the Company's outstanding Common Stock, (ii) the directors of the Company, (iii) the executive officers named in the Summary Compensation Table on page 21 of this Proxy Statement, and (iv) all current directors and executive officers as a group. Such information is provided as of April 6, 2015. The number of shares of Common Stock of the Company outstanding on April 6, 2015 was 15,442,042. According to rules adopted by the Securities and Exchange Commission, a person is the beneficial owner of securities if he or she has or shares the power to vote them or to direct their investment or has the right to acquire beneficial ownership of such securities within sixty (60) days through the exercise of an option, warrant, right of conversion of a security, or otherwise. Except as otherwise noted, the indicated owners have sole voting and investment power with respect to shares beneficially owned. An asterisk in any of the below columns indicates a number amounting to less than 1% percent of the outstanding Common Stock. Unless otherwise indicated, the address for the following stockholders is c/o Books-A-Million, Inc., 402 Industrial Lane, Birmingham, Alabama 35211.

<b>REPORTING PERSON</b>	<b>NUMBER OF SHARES OWNED</b>	<b>PERCENTAGE OF OUTSTANDING SHARES</b>	<b>PERCENTAGE OF REGISTERED SHARES<sup>(1)</sup></b>	<b>PERCENTAGE OF OUTSTANDING SHARES</b>
Dimensional Fund Advisors LP <sup>(2)</sup>	856,422	5.6%	856,422	5.6%
Anderson BMM Holdings, LLC <sup>(3)</sup>	8,879,940 <sup>(4)</sup>	57.5%	1,513,302 <sup>(5)</sup>	9.8%
Charles C. Anderson <sup>(6)</sup>	8,879,940 <sup>(4)</sup>	57.5%	183,000 <sup>(7)</sup>	1.2%
Hilda B. Anderson <sup>(8)</sup>	8,879,940 <sup>(4)</sup>	57.5%	14,111	*
Joel R. Anderson <sup>(9)</sup>	8,879,940 <sup>(4)</sup>	57.5%	1,614,874 <sup>(10)</sup>	10.5%
Charles C. Anderson, Jr. <sup>(11)</sup>	8,879,940 <sup>(4)</sup>	57.5%	580,422	3.8%
Charles C. Anderson, III <sup>(12)</sup>	8,879,940 <sup>(4)</sup>	57.5%	23,794	*
Terrence C. Anderson <sup>(13)</sup>	8,879,940 <sup>(4)</sup>	57.5%	719,114 <sup>(14)</sup>	4.7%
Clyde B. Anderson	8,879,940 <sup>(4)</sup>	57.5%	3,299,425 <sup>(15)</sup>	21.4%
Harold M. Anderson <sup>(16)</sup>	8,879,940 <sup>(4)</sup>	57.5%	684,335	4.4%
Kayrita M. Anderson <sup>(17)</sup>	8,879,940 <sup>(4)</sup>	57.5%	20,611	*
Hayley Anderson Milam <sup>(18)</sup>	8,879,940 <sup>(4)</sup>	57.5%	25,380	*
Ashley Ruth Anderson <sup>(19)(20)</sup>	8,879,940 <sup>(4)</sup>	57.5%	84,000	*
The Ashley Anderson Trust <sup>(20)(21)</sup>	8,879,940 <sup>(4)</sup>	57.5%	84,000	*
Irrevocable Trust of Charles C. Anderson, Jr.				
FBO Lauren Artis Anderson <sup>(22)</sup>	8,879,940 <sup>(4)</sup>	57.5%	25,380	*
Olivia Barbour Anderson 1995 Trust <sup>(23)</sup>	8,879,940 <sup>(4)</sup>	57.5%	1,200	*
Alexandra Ruth Anderson Irrevocable Trust <sup>(24)</sup>	8,879,940 <sup>(4)</sup>	57.5%	1,200	*
First Anderson Grandchildren's Trust FBO Charles C. Anderson, III <sup>(25)</sup>	8,879,940 <sup>(4)</sup>	57.5%	11,224	*
First Anderson Grandchildren's Trust FBO Hayley E. Anderson <sup>(25)</sup>	8,879,940 <sup>(4)</sup>	57.5%	11,224	*
	8,879,940 <sup>(4)</sup>	57.5%	11,224	*

## First Anderson Grandchildren s Trust FBO

Lauren A. Anderson<sup>(25)</sup>

## Second Anderson Grandchildren s Trust FBO

Alexandra R. Anderson<sup>(25)</sup>8,879,940<sup>(4)</sup>

57.5%

11,224

\*

## Third Anderson Grandchildren s Trust FBO

Taylor C. Anderson<sup>(25)</sup>8,879,940<sup>(4)</sup>

57.5%

11,224

\*

## Fourth Anderson Grandchildren s Trust FBO

Carson C. Anderson<sup>(25)</sup>8,879,940<sup>(4)</sup>

57.5%

11,224

\*

## Fifth Anderson Grandchildren s Trust FBO

Harold M. Anderson<sup>(25)</sup>8,879,940<sup>(4)</sup>

57.5%

11,224

\*

## Sixth Anderson Grandchildren s Trust FBO

Bentley B. Anderson<sup>(25)</sup>8,879,940<sup>(4)</sup>

57.5%

11,224

\*

## The Charles C. Anderson Family

Foundation<sup>(26)</sup>8,879,940<sup>(4)</sup>

57.5%

83,000

\*

The Joel R. Anderson Family Foundation<sup>(26)</sup>8,879,940<sup>(4)</sup>

57.5%

83,000

\*

## The Clyde and Summer Anderson

Foundation<sup>(26)</sup>8,879,940<sup>(4)</sup>

57.5%

46,000

\*

## Terrance G. Finley

463,472<sup>(27)</sup>

3.0%

463,472<sup>(27)</sup>

3.0%

## Ronald G. Bruno

117,735<sup>(28)</sup>

\*

117,735<sup>(28)</sup>

\*

## Edward W. Wilhelm

32,262<sup>(29)</sup>

\*

32,262<sup>(29)</sup>

\*

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REPORTING PERSON	NUMBER	PERCENTAGE	PERCENTAGE
	OF SHARES OWNED	OF SHARES	OF REGISTERED SHARES <sup>(1)</sup>
Ronald J. Domanico	24,509 <sup>(30)</sup>	*	24,509 <sup>(30)</sup>
R. Todd Noden	272,500 <sup>(31)</sup>	*	272,500 <sup>(31)</sup>
James F. Turner	218,888 <sup>(32)</sup>	*	218,888 <sup>(32)</sup>
All current directors and executive officers as a group (8 persons) <sup>(33)</sup>	10,009,305	64.8%	5,101,905

- (1) Registered Shares includes only those shares as to which the reporting person claims beneficial ownership, as determined in accordance with Rule 13d-3 under the Securities Exchange Act of 1934 (the Exchange Act), notwithstanding the reporting person's inclusion in the group described in footnote (4) below, if applicable.
- (2) The business address of Dimensional Fund Advisors LP ( Dimensional ) is Palisades West, Building One, 6300 Bee Cave Road, Austin, Texas 78746. This information is based solely upon our review of a Schedule 13G/A filed by Dimensional with the Securities and Exchange Commission on February 5, 2015, reporting beneficial ownership as of December 31, 2014. The Schedule 13G/A reports that Dimensional, in its role as an investment adviser registered under Section 203 of the Investment Advisors Act of 1940, furnishes investment advice to four investment companies registered under the Investment Company Act of 1940 and serves as investment manager to certain other commingled group trusts and separate accounts (collectively, Funds ). The Schedule 13G/A reports that, in certain cases, subsidiaries of Dimensional may act as an adviser or sub-adviser to certain Funds. The Schedule 13G/A reports that, in its role as investment adviser, sub-adviser and/or manager, Dimensional or its subsidiaries possess voting and/or investment power over the shares of the Company that are owned by the Funds and may be deemed to be the beneficial owner of the shares of the Company held by the Funds, even though all shares reported in the Schedule 13G/A are owned by the Funds. Therefore, the Schedule 13G/A reports that Dimensional disclaims beneficial ownership of the shares. Dimensional states that the filing of the Schedule 13G/A shall not be construed as an admission that it or any of its affiliates is the beneficial owner of any shares covered by the Schedule 13G/A for any other purposes than Section 13(d) of the Exchange Act.
- (3) Anderson BMM Holdings, LLC ( ABH ) is an investment company with its business address at 201 South Court Street, Suite 610, Florence, Alabama 35630. ABH, a limited liability company organized under the laws of the State of Delaware, is managed by a board of directors, which board is given full and complete authority, power, and discretion to manage and control the business, affairs, and properties of ABH and to make all decisions regarding those matters, which gives the board the ultimate voting and investment control over the shares of the Company's Common Stock contributed to ABH by its members. The current board of directors of ABH consists of Charles C. Anderson, Joel R. Anderson, Charles C. Anderson, Jr., Terry C. Anderson, and Clyde B. Anderson. Harold M. Anderson has the right to nominate and elect himself to the board at any time that he owns a membership interest in ABH. Otherwise, the directors are elected by the members of ABH at its annual meeting.
- (4) 8,879,940 shares may be deemed to be beneficially held as a group, as such term is defined in Section 13(d)(3) of the Exchange Act. Each of these persons and entities has filed a joint Schedule 13D with the Securities and Exchange Commission to acknowledge that they collectively may be deemed to constitute a group within the meaning of Section 13(d)(3) of the Exchange Act (the 13D Group ). Members of the 13D Group, each of whom or which is designated by this footnote (4), do not have the power to vote or invest or dispose of, or the power to direct the vote or investment or disposition of, any Common Stock of the Company held by any other person or entity outside of the 13D Group, including without limitation any other person or entity who or which may be deemed to be a member of the 13D Group, unless otherwise indicated in the footnote description for the 13D Group member. Accordingly, members of the 13D Group disclaim beneficial ownership of any securities of the

Company held by any other person or entity, including without limitation any other person or entity who or which may be deemed to be a member of the 13D Group, and this Proxy Statement shall not be deemed an admission that the reporting person is the beneficial owner of such securities, unless otherwise indicated in the footnote description for the 13D Group member. The 13D Group first filed a Schedule 13D on April 9, 2007, which Schedule 13D was amended by Amendment No. 1, Amendment No. 2, Amendment No. 3, Amendment No. 4, Amendment No. 5, Amendment No. 6, Amendment No. 7, Amendment No. 8, Amendment No. 9, Amendment No. 10, Amendment No. 11, Amendment No. 12, Amendment No. 13, Amendment No. 14, Amendment No. 15 and Amendment No. 16 filed with the Securities and Exchange Commission on April 20, 2007, February 19, 2008, September 5, 2008, March 9, 2009, March 23, 2010, August 27, 2010, March 19, 2012, April 30, 2012, May 3, 2012, July 20, 2012, January 11, 2013, June 25, 2013, May 22, 2014, June 19, 2014, October 23, 2014 and January 29, 2015, respectively.

- (5) Anderson Bamm Holdings, LLC issued membership interests to certain of the beneficial owners of the Company's Common Stock in exchange for shares of Common Stock of the Company held by such persons, as specified in the Limited Liability Company Agreement of Anderson Bamm Holdings, LLC, attached as Exhibit 2 to the Schedule 13D filed by the 13D Group with the Securities and Exchange Commission on April 9, 2007, as amended by the First Amendment to the Limited Liability Company Agreement of Anderson Bamm Holdings, LLC, dated as of March 19, 2010, attached as Exhibit 4 to the Schedule 13D/A (Amendment No. 5) filed by the 13D Group with the Securities and Exchange Commission on March 23, 2010, the Second Amendment to the Limited Liability Company Agreement of Anderson Bamm Holdings, LLC, dated as of March 13, 2012, attached as Exhibit 5 to the Schedule 13D/A (Amendment No. 7) filed by the 13D group with the Securities and Exchange Commission on March 19, 2012, the Third Amendment to the Limited Liability Company Agreement of Anderson Bamm Holdings, LLC, dated as of July 16, 2012, attached as Exhibit 12 to the Schedule 13D/A (Amendment No. 11) filed by the 13D group with the Securities and Exchange Commission on July 20, 2012, the Fourth Amendment to the Limited Liability Company Agreement of Anderson Bamm Holdings, LLC, dated as of April 10, 2014, attached as Exhibit 15 to the Schedule 13D/A (Amendment No. 13) filed by the 13D group with the Securities and Exchange Commission on May 22, 2014, and the Fifth Amendment to the Limited Liability Company Agreement of Anderson Bamm Holdings, LLC, dated as of October 15, 2014, attached as Exhibit 17 to the Schedule 13D/A (Amendment No. 15) filed by the 13D group with the Securities and Exchange Commission on October 23, 2014.

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- (6) The business address of Mr. Charles C. Anderson is 202 North Court Street, Florence, Alabama 35630. Charles C. Anderson served on the Company's Board of Directors until June 3, 2004.
- (7) Includes 83,000 shares held by The Charles C. Anderson Family Foundation. Charles C. Anderson is the Chairman of the board of directors of the foundation and has sole voting and dispositive power over these shares.
- (8) The business address of Mrs. Hilda B. Anderson is c/o Abroms & Associates, 201 South Court Street, Suite 610, Florence, Alabama 35630.
- (9) The business address of Mr. Joel R. Anderson is 202 North Court Street, Florence, Alabama 35630.
- (10) Includes 83,000 shares held by The Joel R. Anderson Family Foundation. Joel R. Anderson is the Chairman of the board of directors of the foundation and has sole voting and dispositive power over these shares.
- (11) The business address of Mr. Charles C. Anderson, Jr. is 265 Brookview Town Centre Way, Suite 501, Knoxville, Tennessee 37919.
- (12) The business address of Mr. Charles C. Anderson, III is 4339 Northcrest Road, Dallas, Texas, 75229.
- (13) The business address of Mr. Terrence C. Anderson is 4511 Helton Drive, Florence, Alabama 35630.
- (14) Includes 19,904 shares of restricted stock, none of which vest within sixty (60) days of April 6, 2015. Terrence C. Anderson currently has the power to vote all of the shares of restricted stock.
- (15) Includes 46,000 shares held by The Clyde and Summer Anderson Foundation (formerly The Clyde B. Anderson Family Foundation). Clyde B. Anderson is the Chairman of the board of directors of the foundation and has sole voting and dispositive power over these shares. Also includes 26,380 shares held through the Books-A-Million, Inc. 401(k) Profit Sharing Plan. Also includes 319,304 shares of restricted stock, none of which vest within sixty (60) days of April 6, 2015. Clyde B. Anderson currently has the power to vote all of the shares of restricted stock.
- (16) The business address of Mr. Harold M. Anderson is 3101 Clairmont Road, Suite C, Atlanta, Georgia 30329.
- (17) The business address of Mrs. Kayrita M. Anderson is 3101 Clairmont Road, Suite C, Atlanta, Georgia 30329.
- (18) The business address of Ms. Hayley Anderson Milam is c/o Abroms & Associates, 201 South Court Street, Suite 610, Florence, Alabama 35630.
- (19) The business address of Ms. Ashley Ruth Anderson is 202 North Court Street, Florence, Alabama 35630.
- (20) The shares over which Ashley Ruth Anderson has shared voting power and shared dispositive power are held of record by The Ashley Anderson Trust.
- (21) The trustee of The Ashley Anderson Trust is Cumberland Trust and Investment Company, and the co-trustee is Ashley Ruth Anderson. The business address of The Ashley Anderson Trust, and of Ashley Ruth Anderson as co-trustee, is c/o Abroms & Associates, 201 South Court Street, Suite 610, Florence, Alabama 35630. The business address of Cumberland Trust and Investment Company is 40 Burton Hills Boulevard, Suite 300, Nashville, Tennessee 37215.
- (22) The business address of the Lauren A. Anderson Irrevocable Trust, and of Martin R. Abroms as trustee of such trust, is c/o Abroms & Associates, 201 South Court Street, Suite 610, Florence, Alabama 35630.
- (23) The business address of the Olivia Barbour Anderson 1995 Trust, and of Terrence C. Anderson as trustee of such trust, is c/o Abroms & Associates, 201 South Court Street, Suite 610, Florence, Alabama 35630.
- (24) The business address of the Alexandra Ruth Anderson Irrevocable Trust, and of Charles C. Anderson as trustee of such trust, is c/o Abroms & Associates, 201 South Court Street, Suite 610, Florence, Alabama 35630.
- (25) The trustee for the (i) First Anderson Grandchildren's Trust FBO Charles C. Anderson III, (ii) First Anderson Grandchildren's Trust FBO Hayley E. Anderson, (iii) First Anderson Grandchildren's Trust FBO Lauren A. Anderson, (iv) Second Anderson Grandchildren's Trust FBO Alexandra R. Anderson, (v) Third Anderson Grandchildren's Trust FBO Taylor C. Anderson, (vi) Fourth Anderson Grandchildren's Trust FBO Carson C. Anderson, (vii) Fifth Anderson Grandchildren's Trust FBO Harold M. Anderson, and (viii) Sixth Anderson Grandchildren's Trust FBO Bentley B. Anderson, in each case, is SunTrust Delaware Trust Company. The business address of each trust is c/o Abroms & Associates, 201 South Court Street, Suite 610, Florence, Alabama 35630. The business address of SunTrust Delaware Trust Company is 1101 Centre Road, Suite 108, Wilmington, Delaware 19805.
- (26)

The business address of (i) The Charles C. Anderson Family Foundation, (ii) The Joel R. Anderson Family Foundation and (iii) The Clyde and Summer Anderson Foundation is, in each case, c/o Abroms & Associates, 201 South Court Street, Suite 610, Florence, Alabama 35630. All three foundations are charitable foundations formed under the laws of the State of Alabama. Charles C. Anderson is the Chairman of The Charles C. Anderson Family Foundation's board of directors and has the ultimate voting and investment control of the shares of the Company's Common Stock held by the foundation. Joel R. Anderson is the Chairman of The Joel R. Anderson Family Foundation's board of directors and has the ultimate voting and investment control of the shares of the Company's Common Stock held by the foundation. Clyde B. Anderson is the Chairman of The Clyde and Summer Anderson Foundation's board of directors and has the ultimate voting and investment control of the shares of the Company's common stock held by the foundation.

- (27) Includes 212,869 shares of restricted stock, none of which vest within sixty (60) days of April 6, 2015. Mr. Finley currently has the power to vote all of the shares of restricted stock. Also includes 1,075 shares held through the Books-A-Million, Inc. 401(k) Profit Sharing Plan.
- (28) Includes 19,904 shares of restricted stock, none of which vest within sixty (60) days of April 6, 2015. Mr. Bruno currently has the power to vote all of the shares of restricted stock.

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- (29) Includes 20,746 shares of restricted stock, none of which vest within sixty (60) days of April 6, 2015.  
Mr. Wilhelm currently has the power to vote all of the shares of restricted stock.
- (30) Includes 24,509 shares of restricted stock, none of which vest within sixty (60) days of April 6, 2015.  
Mr. Domanico currently has the power to vote all of the shares of restricted stock.
- (31) Includes 251,527 shares of restricted stock, none of which vest within sixty (60) days of April 6, 2015.  
Mr. Noden currently has the power to vote all of the shares of restricted stock.
- (32) Includes 121,507 shares of restricted stock, none of which vest within sixty (60) days of April 6, 2015.  
Mr. Turner currently has the power to vote all of the shares of restricted stock. Also includes 2,511 shares held through the Books-A-Million, Inc. 401(k) Profit Sharing Plan.
- (33) Includes 994,177 shares of restricted stock, which the individuals included currently have the power to vote.
- Section 16(a) Beneficial Ownership Reporting Compliance.* Section 16(a) of 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. Directors, executive officers, and greater than 10% stockholders are required by Securities and Exchange Commission 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 during fiscal 2015 with all applicable Section 16(a) filing requirements.

**Table of Contents****TRANSACTIONS WITH RELATED PERSONS**

*Related Person Transactions.* As described below, during fiscal 2015 and fiscal 2014, the Company entered into certain transactions in the ordinary course of business with certain entities affiliated with Messrs. Charles C. Anderson, Sr., Terry C. Anderson, Joel R. Anderson, Harold M. Anderson, Charles C. Anderson, Jr., and Clyde B. Anderson, who collectively own 57% or more of these companies and serve as officers and/or directors of these companies. The Board of Directors of the Company believes that all such transactions were on terms no less favorable to the Company than terms available from unrelated parties. All of the related person transactions described below were reviewed and approved by the Audit Committee or the Board, as appropriate, in accordance with the Company's policy.

Significant activities with these related persons are as follows:

The Company purchases a portion of its in-store merchandise from a subsidiary of Anderson Media Corporation ( Anderson Media ), an affiliate of the Company through common ownership. During fiscal 2015 and fiscal 2014, purchases of these items from Anderson Media totaled \$19.5 million and \$17.5 million, respectively. Amounts payable to Anderson Media at January 31, 2015 and February 1, 2014 were \$6.2 million and \$1.3 million, respectively. Amounts receivable from Anderson Media at January 31, 2015 and February 1, 2014 were \$31,000 and \$66,000, respectively. The Company purchases certain of its collectibles, gifts and books from Anderson Press, Inc. ( Anderson Press ), an affiliate of the Company through common ownership. During fiscal 2015 and fiscal 2014, such purchases from Anderson Press totaled \$0.4 million and \$0.5 million, respectively. Amounts payable to Anderson Press at January 31, 2015 and February 1, 2014 were \$0.2 million. The Company utilizes import sourcing and consolidation services from Anco Far East Importers Limited ( Anco Far East ), an affiliate of the Company through common ownership. The total amount paid to Anco Far East was \$1.9 million and \$1.6 million for fiscal 2015 and fiscal 2014, respectively. These amounts paid to Anco Far East included the actual cost of the product, as well as fees for sourcing and consolidation services. All other costs, other than the sourcing and consolidation service fees, were passed through from other vendors. Anco Far East fees, net of the passed-through costs, for fiscal 2015 and fiscal 2014 were \$0.1 million in each year. Amounts payable to Anco Far East at January 31, 2015 and February 1, 2014 were \$0.1 million and \$0.2 million, respectively.

The Company leases its principal executive offices from a trust, which was established for the benefit of the grandchildren of Mr. Charles C. Anderson, Chairman Emeritus and a former director of the Company. The lease was renewed on June 1, 2014 and will end on May 31, 2024. During fiscal 2015, the Company paid annual rent of approximately \$0.1 million to the trust under this lease and paid rent of approximately \$0.2 million in fiscal 2014. Anderson & Anderson LLC ( A&A ), which is an affiliate of the Company through common ownership, also leases two buildings to the Company. During each of fiscal 2015 and fiscal 2014, the Company paid A&A a total of \$0.4 million in connection with such leases. The total of minimum future rental payments under all of these related party leases was \$2.0 million at January 31, 2015. The Company also subleases a portion of its leased corporate office space in Birmingham, Alabama to Anderson Growth Partners, an affiliate of the Company through common ownership. During fiscal 2015 and fiscal 2014, the Company received approximately \$0.1 million in rental payments from Anderson Growth Partners. Total future minimum rent payments to the Company under this lease were \$0.7 million as of January 31, 2015. The Company leases certain property to Hibbett Sports, Inc. ( Hibbett ), a sporting goods retailer in the United States. The Company's lease on the property with Hibbett expires in February 1, 2017. Terrance G. Finley, the Company's Chief Executive Officer and President, is a member of Hibbett's board of directors. During fiscal 2015 and 2014, the Company received approximately \$0.1 million in rental payments from Hibbett. Total future minimum rent payments to the Company under this lease were \$0.2 million as of January 31, 2015.

Until December 2014, the Company, A&A, American Promotional Events, Inc., Anderson Growth Partners and Anderson Press (collectively the Co-ownership Group ) co-owned two airplanes that were used by the Company in its business, with the Company owning a 19.7% interest in each of the airplanes. During fiscal 2015 (through December 2014) and fiscal 2014, the Company was billed \$0.4 million and \$0.5 million, respectively, by the Co-ownership Group under a cost sharing arrangement for the Company's use of the airplanes. The expenses that the Company paid for airplane use covered all of the variable costs attributable to the Company's use of the airplanes and a portion of the fixed costs. Additionally, in conjunction with the acquisition of one of the previously mentioned airplanes, on July 31, 2013, the Company, along with other members of the Co-ownership group, entered into a

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promissory note with Aircraft SPE 2013, LLC for the purpose of repaying the indebtedness incurred by Aircraft SPE 2013, LLC for the acquisition of the airplane. The principal amount of the Company's note is \$0.6 million and matures on September 1, 2018. The note bears interest equal to the thirty-day LIBOR rate plus 2.75%. The Company is required to make periodic payments of principal and interest over the term of the loan, which is amortized over fifteen years and includes a balloon payment for the remaining principal balance at the end of the term. The outstanding balance of the note at January 31, 2015 was approximately \$0.6 million. In December 2014, the Co-ownership Group determined to sell the two airplanes. One was sold by the Co-ownership Group in December 2014; the second remains for sale. On January 26, 2015, the Co-ownership Group entered into a reverse 1031 exchange transaction, whereby the Co-ownership Group used the airplane sale proceeds and additional proceeds contributed by A&A to purchase a new airplane. The Company currently has a note payable to A&A in the amount of \$1,022,173 in connection with the additional proceeds contributed by A&A for the new airplane purchase, which note will be satisfied upon the sale of the second airplane and the completion of the 1031 exchange transaction, expected to occur in the next 180 days. Upon completion, the Company will own a 20.892% interest in the new airplane.

The Company and Anderson Private Capital Partners I, L.P. (APCP) each held a 50% ownership interest in Yogurt Mountain as of February 1, 2014. On December 23, 2014, the Company acquired an additional .001% of Yogurt Mountain from APCP. APCP is an affiliate of the Company through common ownership. See Note 14, Variable Interest Entities to our consolidated financial statements included in our Annual Report on Form 10-K for the fiscal year ended January 31, 2015, for additional information regarding the Company's ownership interest in Yogurt Mountain. All related party transactions between the Company and Yogurt Mountain subsequent to the Company's consolidation of Yogurt Mountain have been eliminated for the fifty-two weeks ended January 31, 2015.

The Company and Anco Far East have equity interests in IF of 25% and 45%, respectively. See Note 13, Equity Method Investment to our consolidated financial statements included in our Annual Report on Form 10-K for the fiscal year ended January 31, 2015, for additional information regarding the Company's investment in IF. During fiscal 2015 and fiscal 2014, the Company had purchased items from IF in the amount of \$1.0 million and \$0.5 million, respectively. The Company had amounts payable to IF of \$73,000 at January 31, 2015 and \$39,000 at February 1, 2014.

During the fourth quarter of fiscal 2014, the Company sold units of limited liability company interests (units) of its PGP subsidiary to four investors, three of whom serve as executive officers of the Company, Terrance G. Finley, Chief Executive Officer and President, R. Todd Noden, Executive Vice President and Chief Financial Officer, and James F. Turner, Executive Vice President/Real Estate and Business Development. A total of 100 units, valued at \$10,000 each, were sold to the four investors, 40 units purchased by Mr. Finley for \$0.4 million, 20 units purchased by Mr. Noden for \$0.2 million, 20 units purchased by Mr. Turner for \$0.2 million, and 20 units purchased by a non-executive employee for \$0.2 million. The 100 units equated to a 5.1% interest in PGP, with the Company owning the remaining 94.9% of PGP. The equity of PGP owned by the four investors is presented as a component of noncontrolling interest within the consolidated financial statements. During fiscal 2015, a total of \$61,000 was paid in dividends to these four private investors.

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**EXECUTIVE COMPENSATION**

***Compensation Program Objectives***

The Company's executive compensation policy is designed to provide levels of compensation that integrate compensation with the Company's annual and long-term performance goals and reward above-average corporate performance, thereby allowing the Company to attract and retain qualified executives. Specifically, the Company's executive compensation policy is intended to:

Provide compensation levels that reflect the competitive marketplace so that the Company can attract, retain, and motivate the most talented executives;

Provide compensation levels that are consistent with the Company's business plan, financial objectives, and operating performance;

Reward performance that facilitates the achievement of specific results and goals in furtherance of the Company's business plan;

Motivate executives to make greater personal contributions to the performance of the Company, thereby helping it to achieve its strategic operating objectives; and

Provide proper motivation for enhancing stockholder value by providing long-term incentive compensation in order to align the interests of executives with those of stockholders and the long-term interests of the Company. The executive compensation program is designed to reward officers for above-average, year-over-year Company and personal performance, and the development of long-term growth strategies, as well as longevity with the Company.

In light of the Company's compensation policy and objectives, the components of its executive compensation program for fiscal 2015 for the Company's named executive officers (as defined in the Summary Compensation Table on page 20 of this Proxy Statement) were base salaries, cash incentive compensation bonuses and long-term incentive compensation.

The Company believes that each of the elements of compensation is competitive and consistent with current market expectations for leaders within an organization of our size and in our industry.

The full Board of Directors is responsible for the oversight of the Company's executive compensation program (with the exception of any compensation decisions relating to the Company's Executive Chairman, Clyde B. Anderson, which decisions are made by the members of the Board other than Mr. Anderson). Although the Board historically delegated oversight of the executive compensation program to a compensation committee, the Company currently, as a controlled company, does not maintain such a committee. In some years, the Board retains the services of a compensation consultant to assist in designing the executive compensation program. However, no such consultant was used by the Board for fiscal 2015 or has been used to date in fiscal 2016.

***No Employment and Severance Agreements***

Other than the agreements with our named executive officers that relate to a change in control of the Company, as described on page 22 of this Proxy Statement under Change in Control Agreements, our named executive officers do not have employment or severance agreements. Our named executive officers serve at the will of the Board, which enables the Company to terminate their employment without reservation as to the terms of any severance agreement. This is consistent with the Company's employment and compensation philosophies.

***Consideration of Prior Stockholder Advisory Vote on Executive Compensation***

We provide our stockholders with the opportunity annually to vote to approve, on an advisory basis, the compensation of our named executive officers (commonly known as a say-on-pay vote). Although the say-on-pay vote is advisory and non-binding, the Board considers the outcome of the vote as part of its executive

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compensation planning process. At the 2014 Annual Meeting of Stockholders held on May 30, 2014, more than 76.4% of the shares represented in person or by proxy and entitled to vote on the "say-on-pay" proposal were voted in favor of the compensation of the Company's named executive officers as disclosed in the proxy statement for that meeting. The Board considered this high level of stockholder support when determining compensation for fiscal 2015 but did not take any compensation actions in fiscal 2015 or to date in fiscal 2016 specifically in response to the stockholder advisory vote on executive compensation. The Board concluded that the Company's compensation program should continue to emphasize the objectives described herein.

***Elements of Compensation***

**Base Salary.** Each named executive officer's base salary is based upon a number of factors, including the responsibilities borne by the named executive officer, his performance, and his length of service to the Company. Each named executive officer's base salary is reviewed annually and generally adjusted to account for inflation, the Company's financial performance, any change in the named executive officer's responsibilities, and the named executive officer's overall performance. Factors considered in evaluating performance include financial results, such as increases in sales and net income before taxes and earnings per share, as well as non-financial measures, such as improvements in service and relationships with customers, suppliers and employees, employee safety, and leadership and management development. These non-financial measures are subjective in nature. No particular weight was given by the Board to any particular factor. Based on these considerations, the Board established the fiscal 2015 base salaries for each of the named executive officers at its March 20, 2014 meeting. The base salaries of the named executive officers for fiscal 2015 are set forth in the Summary Compensation Table on page 20 of this Proxy Statement.

**Cash Bonuses.** Generally, the Company establishes a cash bonus program at the beginning of each fiscal year in connection with the preparation of the Company's annual operating budget for such year. A significant portion of the bonus program is structured pursuant to the terms of the Company's 2005 Incentive Award Plan, while the Board and Executive Chairman are given the discretion to award up to 10% of the maximum bonus pool due to subjective factors. Under the bonus program established for fiscal 2015, a named executive officer was eligible to receive up to 100% of his maximum bonus based upon the Company achieving certain modified free cash flow goals established by the Board. If 60% or less of a named executive officer's bonus was achieved based on meeting the modified free cash flow goals, then up to 40% of the named executive officer's bonus could be earned based on other factors. The other 40% portion of the bonus could be earned by the named executive officer accomplishing certain individual performance goals (up to 30% of such named executive officer's maximum bonus) related to his job functions, and up to 10% of such named executive officer's maximum bonus could be earned based on subjective factors (the discretionary bonus). The amount of the discretionary bonus for each named executive officer is recommended by the Executive Chairman (other than with respect to the discretionary bonus of the Executive Chairman) and is approved by the Board. For fiscal 2015, the Board established a target bonus amount, expressed as a percentage of each named executive officer's base salary. For fiscal 2015, the maximum bonus percentages (as a percentage of base salary) were established as follows: Mr. Anderson 100%, Mr. Finley 100%, Mr. Noden 90%, and Mr. Turner 90%.

The actual bonus that may be earned varies based on a comparison of actual performance against the pre-established performance criteria, plus the 10% discretionary bonus portion, and is limited to the pre-established maximum bonus amount for each named executive officer. For fiscal 2015, the portion of bonus attributable to modified free cash flow that could be earned was based on two separate modified free cash flow (MFCF) goals. The first MFCF goal accounted for up to 75% of the total potential MFCF bonus payout, and the amount that could be earned was based on a sliding scale ranging from a minimum MFCF goal of \$1.5 million below the targeted amount up to a maximum MFCF goal of \$1.0 million above the targeted amount. For example, a named executive officer would have earned 67.5% of his maximum MFCF bonus potential if the Company achieved the targeted MFCF goal. No bonus

attributable to MFCF would have been earned if less than the minimum MFCF goal was achieved, and 75.0% of the targeted MFCF bonus would have been earned if MFCF exceeded the target amount by \$1.0 million or more. During fiscal 2015, the Company achieved MFCF of \$0.5 million more than the targeted amount, resulting in a bonus payout of 67.5% of the maximum MFCF bonus payout for the first MFCF goal.

The second MFCF goal accounted for up to 25% of the total potential MFCF bonus payout. The amount that could be earned was based on MFCF for the real estate division, and could be earned on a sliding scale from a minimum

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MFCF goal of \$0.5 million below the targeted MFCF goal for the real estate division up to a maximum MFCF goal of \$0.5 million above the targeted amount. For example, a named executive officer would have earned 22.5% of his maximum MFCF bonus potential if the Company achieved the targeted MFCF goal for the real estate division. No bonus attributable to MFCF for the real estate division would have been earned if less than the minimum MFCF goal was achieved, and 25.0% of the targeted MFCF bonus would have been earned if MFCF for the real estate division exceeded the target amount by \$0.5 million or more. During fiscal 2015, the Company achieved MFCF of \$0.2 million less than the targeted amount, resulting in a bonus payout of 21.25% of the maximum MFCF bonus payout for the second MFCF goal.

The following table provides the computation of the cash bonus amounts paid to the named executive officers relating to fiscal 2015 based on the results of the pre-tax income of the Company, personal goal achievements, and discretionary bonuses:

Name	Bonus Attributable to			Total Cash Bonus
	Modified Free Cash Flow Goals	Personal Goals	Discretionary Bonus	
Clyde B. Anderson	\$ 252,565	\$ 142,290	\$ 47,430	\$ 442,285
Terrance G. Finley	\$ 217,498	\$ 122,534	\$ 40,845	\$ 380,877
R. Todd Noden	\$ 131,794	\$ 74,250	\$ 24,750	\$ 230,794
James F. Turner	\$ 131,794	\$ 74,250	\$ 24,750	\$ 230,794

*Restricted Stock.* Currently, the Company only issues restricted stock from the 2005 Incentive Award Plan. During fiscal 2015, the Company awarded both Performance Based Shares of restricted stock and Career Based Shares of restricted stock to the named executive officers. The Performance Based Shares awarded in fiscal 2015 were tied to the achievement of certain EBITDA performance goals for fiscal 2015. After the end of the one-year performance period, the Board determines the extent to which the preset goals were achieved and approves the issuance of the Performance Based Shares that are earned. The earned Performance Based Shares are restricted and vest over a two-year period following the fiscal year in which they were earned. During the period of restriction, the named executives have full voting and dividend rights with respect to the shares. The performance measures used for the Performance Based Shares are EBITDA performance measurements established by the Board. The maximum amount of the Performance Based Shares that can be earned is 150% of the authorized number of shares originally awarded. The Career Based Shares are not tied to the achievement of performance objectives, but serve as a retention incentive because they have a multi-year, cliff vesting period, and, therefore, require longevity with the Company in order for the named executive officer to earn these shares. Career Based Shares granted in fiscal 2015 are completely unvested until the last day of the third fiscal year after the date of grant.

During fiscal 2015, awards of Performance Based Shares and Career Based Shares were made under the 2005 Incentive Award Plan to our named executive officers. The awards were made in restricted stock according to the provisions of the plan. Based on target levels of long-term compensation for each of the named executive officers, the Board established the terms of the fiscal 2015 awards of restricted stock both Performance Based Shares and Career Based Shares that were made on March 20, 2014. See the Summary Compensation Table on page 20 of this Proxy Statement for information on the amounts of restricted stock awards to named executive officers during fiscal 2015. Since the Company achieved 101.8% of the EBITDA goal for the Performance Based Shares during fiscal 2015, the named executive officers received a grant of Performance Based Shares of restricted stock that had been awarded to named executive officers in March 2014, as shown in the table below.

During fiscal 2015, the Board awarded the following shares of restricted stock to the named executive officers:

Name	Authorized Performance Based Performance Based Shares		
	Career Based Shares	Shares	Earned
Clyde B. Anderson	75,000	75,000	76,383
Terrance G. Finley	50,000	50,000	50,922
R. Todd Noden	160,000	30,000	30,553
James F. Turner	30,000	30,000	30,553

*Special Long-Term Incentive for Mr. Turner.* On December 2, 2014, the Board awarded Mr. Turner with a long-term incentive in the form of units of limited liability company interest in PGP, the Company's majority owned subsidiary through which the Company conducts its real estate development and management operations. The purpose of the award is to provide Mr. Turner with an incentive to remain with the Company and continue to work

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to build the Company's growing real estate development and management business by increasing value through the successful development of new properties and the successful management of existing properties. The interest will vest in its entirety on October 17, 2019, if Mr. Turner remains an employee of the Company at such time. The grant date fair value of the interest was \$250,000.

*Executives' Deferred Compensation Plan.* During fiscal 2006, the Board adopted the Books-A-Million, Inc. Executives' Deferred Compensation Plan (the Executives' Deferred Compensation Plan). The Executives' Deferred Compensation Plan provides a select group of management or highly compensated employees of the Company and certain of its subsidiaries with the opportunity to defer the receipt of certain cash compensation. Under the Executives' Deferred Compensation Plan, each participant may elect to defer a portion of his cash compensation that may otherwise be payable in a calendar year. A participant's compensation deferrals are credited to the participant's bookkeeping account maintained under the Executives' Deferred Compensation Plan. Each participant's account is credited with a deemed rate of interest and/or earnings or losses depending upon the investment performance of the deemed investment option selected by the participant. With certain exceptions, a participant's account will be paid after the earlier of: (1) a fixed payment date, as elected by the participant (if any); or (2) the participant's separation from service with the Company or its subsidiaries. A participant may generally elect that payments be made either in a single sum or in installments in the year specified by the participant or upon his separation from service with the Company. Additionally, a participant may elect to receive payment upon a Change of Control, as defined in, and to the extent permitted by, Section 409A of the Internal Revenue Code of 1986, as amended. None of the named executive officers had deferred any compensation under this plan as of the date of this Proxy Statement.

**Table of Contents****SUMMARY COMPENSATION TABLE**

The table below summarizes the total compensation paid to, earned by, or awarded to the Company's Executive Chairman, President and Chief Executive Officer (Principal Executive Officer) and the two other highest paid executive officers of the Company during fiscal 2015 and fiscal 2014 (collectively, the named executive officers).

Name and Principal Position	Fiscal Year	Salary (\$)	Bonus (\$) (1)	Stock Awards (\$) (2)	Non-Equity	All	Total (\$)
					Incentive Plan Compensation (\$) (3)	Other Compensation (\$)	
Clyde B. Anderson <i>Executive Chairman</i>	2015	474,300	47,430	314,192	394,855	28,367(4)	1,259,144
	2014	465,000	46,500	204,000	239,052	29,009	983,561
Terrance G. Finley <i>President and Chief Executive Officer (Principal Executive Officer)</i>	2015	408,447	40,845	209,462	340,032	30,311(5)	1,029,097
	2014	396,550	39,655	136,000	180,069	29,355	781,629
R. Todd Noden <i>Executive Vice President and Chief Financial Officer (Principal Financial Officer)</i>	2015	275,000	24,750	315,801	206,044	19,009(6)	840,604
	2014	250,000	18,750	68,000	117,307	17,423	471,480
James F. Turner <i>Executive Vice President/Real Estate and Business Development</i>	2015	275,000	24,750	365,801	206,044	18,998(7)	890,593
	2014	250,000	18,750	68,000	113,267	17,278	467,295

- (1) The fiscal year 2015 amounts included in this column represent the discretionary bonuses awarded to these named executive officers by the Board relating to fiscal 2015 performance. See *Executive Compensation Elements of Compensation* for a discussion of the Company's bonus plan.
- (2) The amounts included in this column represent the aggregate grant date fair value of non-option stock awards (*i.e.*, career based and performance based restricted stock) that were issued in fiscal 2015 and 2014 in accordance with the Financial Accounting Standards Board's (FASB) Accounting Standards Codification (ASC) Topic 718 *Compensation-Stock Compensation*. The valuation assumptions used in determining such amounts are described in Note 6 to our consolidated financial statements included in our Annual Report on Form 10-K for the fiscal year ended January 31, 2015. The grant date fair value of performance based stock awards for each officer is as follows: Mr. Anderson: \$148,142 and zero for fiscal year 2015 and 2014, respectively; Mr. Finley: \$98,762 and zero for fiscal year 2015 and 2014, respectively; Mr. Noden: \$49,381 and zero for fiscal year 2015 and 2014, respectively; Mr. Turner: \$49,381 and zero for fiscal year 2015 and 2014, respectively. For Mr. Turner, the amount included in this column for fiscal 2015 includes the grant date fair value (\$250,000) of the units of limited liability company interest in PGP awarded to Mr. Turner on December 2, 2014. See *Executive Compensation Elements of Compensation* for a discussion of this award.
- (3) Non-Equity Incentive Plan Compensation is comprised of performance based cash bonuses earned under the 2005 Incentive Award Plan, which are reported in the table with respect to the fiscal year in which they were earned. See *Executive Compensation Elements of Compensation* for a discussion of the

- Company's bonus plan.
- (4) All Other Compensation for fiscal 2015 includes (i) matching contributions by the Company to the Company's 401(k) savings plan of \$2,041, (ii) life insurance premiums of \$2,611 on behalf of Clyde B. Anderson, and (iii) executive life insurance premiums of \$23,715 on behalf of Clyde B. Anderson.
  - (5) All Other Compensation for fiscal 2015 includes (i) matching contributions by the Company to the Company's 401(k) savings plan of \$3,900, (ii) life insurance premiums of \$5,989 on behalf of Terrance G. Finley, and (iii) executive life insurance premiums of \$20,422 on behalf of Terrance G. Finley.
  - (6) All Other Compensation for fiscal 2015 includes (i) matching contributions by the Company to the Company's 401(k) savings plan of \$3,900, (ii) life insurance premiums of \$1,359 on behalf of R. Todd Noden and (iii) executive life insurance premiums of \$13,750 on behalf of R. Todd Noden.
  - (7) All Other Compensation for fiscal 2015 includes (i) matching contributions by the Company to the Company's 401(k) savings plan of \$3,900, (ii) life insurance premiums of \$1,348 on behalf of James F. Turner and (iii) executive life insurance premiums of \$13,750 on behalf of James F. Turner.

**Table of Contents****OUTSTANDING EQUITY AWARDS AT FISCAL 2015 YEAR-END**

The following table presents information regarding unvested restricted stock awards for each of the named executive officers under the Company's 2005 Incentive Award Plan as of the end of fiscal 2015, including the number of shares of Common Stock and the market value of such shares as of January 31, 2015. The table reflects the values of such awards based on the closing sale price of a share of Common Stock reported on the Nasdaq Global Select Market on January 30, 2015 (the last trading day prior to the end of the Company's fiscal year), which was \$2.52.

<b>Name</b>	<b>Stock Awards</b>	
	<b>Number of Shares or Units of Stock That Have Not Vested (#) (1)</b>	<b>Market Value of Shares or Units of Stock That Have Not Vested (\$)</b>
Clyde B. Anderson	182,921 <sup>(2)</sup>	460,961
Terrance G. Finley	121,947 <sup>(3)</sup>	307,306
R. Todd Noden	195,974 <sup>(4)</sup>	493,854
James F. Turner	65,974 <sup>(5)</sup>	166,254

- (1) All of the shares listed above are career based or performance based shares awarded under the 2005 Incentive Award Plan.
- (2) 107,921 shares vest in January 2016, and 75,000 shares vest in January 2017.
- (3) 71,947 shares vest in January 2016, and 50,000 shares vest in January 2017.
- (4) 35,974 shares vest in January 2016, 30,000 shares vest in January 2017, and 130,000 shares vest in October 2017.
- (5) 35,974 shares vest in January 2016, and 30,000 shares vest in January 2017.

**POTENTIAL PAYMENTS UPON TERMINATION OR CHANGE IN CONTROL*****2005 Incentive Award Plan***

The Company's restricted stock agreements with its named executive officers that document the grants of restricted stock awards under the 2005 Incentive Award Plan provide that all of the shares of restricted stock not previously vested may, in the sole and absolute discretion of the Board, become vested in the event of certain termination events or a change in control of the Company. Pursuant to the 2005 Incentive Award Plan, a change in control generally consists of one of the following events:

(1) a transaction (other than an offering of the Company's Common Stock to the general public through a registration statement filed with the Securities and Exchange Commission) resulting in the acquisition of 50% or more of the Company's voting securities, other than an acquisition by the Company, any of its subsidiaries, an employee benefit plan maintained by the Company, or any of its subsidiaries or a person that, prior to such transaction, directly or indirectly controls, is controlled by or is under common control with the Company;

(2) when, during any two-year period, the members of the Company's Board at the beginning of the period (along with any new director whose election or nomination is approved by at least two-thirds of the directors who either were directors at the beginning of the period or who were so approved) cease to constitute a majority of the Board;

(3) the consummation by the Company of (i) a merger, consolidation, reorganization, or business combination, (ii) a sale or other disposition of all or substantially all of the Company's assets, or (iii) the acquisition of assets or stock of another entity, unless the outstanding shares of the Company immediately prior to the transaction continue to represent more than 50% of the combined voting stock of the Company or its successor immediately following the transaction or after which no person or group beneficially owns voting securities representing 50% or more of the combined voting power of the successor entity; or

(4) the Company's stockholders approve a plan of liquidation or dissolution of the Company.

The Board has full and final authority to determine whether a change in control has occurred pursuant to the definition of that term in the 2005 Incentive Award Plan and the date of the occurrence of the change in control event.

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The table below sets forth the intrinsic value of the shares of restricted stock under the 2005 Incentive Award Plan that could have vested in the event that a termination event or change in control of the Company occurred on January 31, 2015. This table assumes that the Board would have exercised its discretion under the 2005 Incentive Award Plan and approved an acceleration of vesting of all of the shares of restricted stock upon such an event. The intrinsic value is calculated by multiplying the number of shares that would have vested by the fair market value of the Company's Common Stock on January 31, 2015, the last trading day prior to the end of the Company's fiscal year. Note that the actual benefit to a named executive officer under this plan can only be determined at the time of the event.

Name of Executive Officer	Amount that Would Have Been Realized Due to the Acceleration of Vesting of Restricted Stock in the Event of a Termination Event or Change in Control of the Company	
Clyde B. Anderson	\$	460,961
Terrance G. Finley	\$	307,306
James F. Turner	\$	166,254
R. Todd Noden	\$	493,854

***Change in Control Agreements***

The Company has entered into change in control agreements with our named executive officers that will require the Company to provide compensation to each of the named executive officers in the event of a change in control of the Company and a termination of the executive's employment following a change in control.

For purposes of the change in control agreements, a change in control generally consists of one of the events described above under the discussion of the vesting of restricted stock under the 2005 Incentive Award Plan in the event of a change in control.

*Payments and Benefits Upon a Change in Control.* Pursuant to the change in control agreements, if a named executive officer is employed by the Company on the date on which a change in control occurs, the Company must continue to employ the named executive officer for a period of two years. During the two-year employment period, the executive's position, authority, duties, and responsibilities must be at least commensurate in all material respects with those before the change in control, and the executive's services must be performed at the location where the executive was employed immediately preceding the change in control or any office that is the headquarters of the Company and is less than 25 miles from such location. The named executive officer will receive an annual base salary at least equal to the base salary paid or payable to the executive by the Company for the one-year period immediately preceding the change in control, which salary will be reviewed at least annually and may be increased (but not decreased) at any time. Further, the named executive officer will be eligible to receive an annual cash bonus consistent with the Company's cash bonus program in effect prior to the date of the change in control, and the executive will continue to enjoy participation in the Company's incentive, savings, retirement and welfare plans, and other benefits and plans, on the same basis as before the change in control or as applicable to peer executives at other companies, whichever is superior.

*Payments and Benefits Upon Termination of Employment Following a Change in Control.* Each named executive officer's change in control agreement also provides for certain payments and benefits to the executive if the named

executive s employment is terminated under certain circumstances during the two-year employment period immediately following a change in control.

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If, during the two-year period, a named executive officer's employment is terminated as a result of death or disability, then the Company will provide to the executive (or his beneficiary or estate) the following payments and benefits:

a lump sum cash payment equal to the sum of (a) the amount of any incentive or bonus compensation earned that has not yet been paid and (b) any benefits or awards (including both the cash and stock components) that, pursuant to the terms of any plans, policies, or programs, have been earned or become payable, but that have not yet been paid to the executive (but not including amounts that previously had been deferred at the executive's request, which amounts will be paid in accordance with the terms of the plan, policy or program under which the executive deferred the compensation) ( Accrued Obligations );

three months of the executive's current annual base salary;

for up to 18 months, continued participation in and coverage under the Company's health and dental plans, disability plans, life insurance plans, and all other welfare benefit plans in which the executive or his dependents were participating immediately prior to the date of termination, with all cost of such benefit paid or waived by the Company ( Welfare Continuance Benefit ); and

any other benefits payable due to the executive's death or disability pursuant to the terms of any plan, policy, or arrangement of the Company.

If, during the two-year period, the Company terminates a named executive officer without cause, or if the executive terminates his employment for good reason, then the executive will receive the following payments and benefits:

Accrued Obligations;

a lump sum cash termination benefit payment in an amount equal to two times the sum of (a) the executive's annual base salary in effect at the date of termination and (b) the average of the cash bonuses paid to the executive for the Company's three most recently completed fiscal years (subject to the execution of a release of claims against the Company by the executive); and

Welfare Continuance Benefit.

If, during the two-year employment period, the Company terminates a named executive officer's employment for cause, then the Company will provide to the executive the following payments and benefits:

the executive's earned base salary through the date of termination; and

the amount of any compensation previously deferred by the executive, which amount will be paid in accordance with the terms of the plan, policy, or program under which the executive deferred the compensation.

If, during the two-year employment period, the executive terminates his employment other than for good reason, then the Company will provide to the executive the following payments and benefits:

Accrued Obligations; and

any other benefits to which the executive may be entitled pursuant to the terms of any plan, program, or arrangement of the Company.

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For purposes of the change in control agreements, **cause** means (i) gross incompetence, gross negligence, willful misconduct in office, or breach of a material fiduciary duty owed to the Company; (ii) conviction of a felony or a crime of moral turpitude (or a plea of nolo contendere thereto), or commission of an act of embezzlement or fraud against the Company; (iii) any material breach by the executive of a material term of his change in control agreement, including without limitation material failure to perform a substantial portion of his duties and responsibilities thereunder; or (iv) deliberate dishonesty of the executive with respect to the Company. **Good reason** means (i) a material reduction in the executive's duties or authority; (ii) any unremedied failure of the Company to comply with its compensation obligations during the two-year employment period; (iii) the failure by the Company to cause a successor company to assume, and agree to perform under, the change in control agreement; (iv) the executive is directed by the Company's Board or an officer of the Company to engage in conduct that is illegal; or (v) the Company otherwise materially breaches any term or provision of the change in control agreement.

The change in control agreements also include non-compete and non-solicit provisions that are binding on the named executive officers during the two-year employment period following a change in control and end on the second anniversary of the executive's date of termination from the Company.

The table below reflects the estimated amounts of compensation payable under the change in control agreements to each of the Company's named executive officers in the event that, during the two-year employment period following a change in control: (i) the executive is terminated because of death or disability, and (ii) the Company terminates the executive's employment without cause, or the executive terminates his employment for good reason. The amounts shown assume that the change in control and the termination of employment occurred as of January 31, 2015. The actual amounts to be paid can only be determined at the time of the executive's separation from the Company. No payments other than previously accrued amounts would be payable to a named executive officer if he is terminated for cause or if he terminates his employment other than for good reason following a change in control.

<b>Name</b>	<b>Cash Severance (1)</b>	<b>Accrued Obligations (2)</b>	<b>Welfare Continuance Benefit (3)</b>	<b>Total</b>
<b>Termination Because of Death or Disability</b>				
Clyde B. Anderson	\$ 118,575	\$ 631,285	\$ 56,370	\$ 806,230
Terrance G. Finley	102,112	506,877	44,680	653,669
R. Todd Noden	68,750	306,394	41,423	416,567
James F. Turner	68,750	306,394	41,062	416,206
<b>Termination Without Cause or For Good Reason</b>				
Clyde B. Anderson	\$ 1,511,558	\$ 631,285	\$ 56,370	\$ 2,199,213
Terrance G. Finley	1,310,337	506,877	44,680	1,861,894
R. Todd Noden	824,062	306,394	41,423	1,171,879
James F. Turner	833,587	306,394	41,062	1,181,043

- (1) In the event of termination because of death or disability, represents payment of three months of the executive's current annual base salary as of January 31, 2015. In the event of termination without cause or for good reason,

represents a payment equal to two times the sum of (a) the executive's annual base salary in effect as of January 31, 2015, and (b) the average of the cash bonuses paid to the executive for the Company's three most recently completed fiscal years prior to January 31, 2015.

- (2) Accrued Obligations are the sum of the amount, if any, of any incentive or bonus compensation theretofore earned that has not yet been paid; and any benefits or awards (including both the cash and stock components) that, pursuant to the terms of any plans, policies, or programs, have been earned or become payable, but that have not yet been paid. For fiscal 2015, the amount contains the unpaid bonus and earned performance based shares of restricted stock that have not been paid out.
- (3) Includes all health and dental plans, disability plans, and life insurance plans.

**Table of Contents****DIRECTOR COMPENSATION**

The following table presents the total compensation of the Company's non-employee directors for fiscal 2015. The amounts included in the "Stock Awards" column represent the aggregate grant date fair value of non-option stock awards that were issued in fiscal 2015 in accordance with FASB ASC Topic 718. The valuation assumptions used in determining such amounts are described in Note 6 to the consolidated financial statements included in the Company's Annual Report on Form 10-K for the fiscal year ended January 31, 2015.

<b>Name</b>	<b>Fees Earned</b>		<b>Total (\$)</b>
	<b>or Paid in Cash(\$)</b>	<b>Stock Awards(\$)</b>	
Terrence C. Anderson	45,000	25,000 <sup>(1)</sup>	70,000
Ronald G. Bruno	53,000	25,000 <sup>(2)</sup>	78,000
Edward W.			