

BOOKS A MILLION INC
Form 11-K
February 22, 2011

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

FORM 11-K

FOR ANNUAL REPORTS OF EMPLOYEE STOCK
PURCHASE, SAVINGS AND SIMILAR PLANS
PURSUANT TO SECTION 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

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

For the fiscal year ended December 31, 2007

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number 0-20664

- A. Full title of the Plan and the address of the Plan, if different from that of the issuer named below:

BOOKS-A-MILLION, INC.
401(k) PROFIT SHARING PLAN

- B. Name of the issuer of the securities held pursuant to the Plan and the address of its principal executive office:

Books-A-Million, Inc.
402 Industrial Lane
Birmingham, AL 35211

BOOKS-A-MILLION, INC. 401(k) PROFIT SHARING PLAN
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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

February 22, 2011

Plan Administrator
Books-A-Million, Inc. 401(k) Profit Sharing Plan
Birmingham, Alabama

We have audited the accompanying statements of net assets available for benefits of Books-A-Million, Inc. 401(k) Profit Sharing Plan as of December 31, 2007 and 2006, and the related statement of changes in net assets available for benefits for the year ended December 31, 2007. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Plan is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of Books-A-Million, Inc. 401(k) Profit Sharing Plan as of December 31, 2007 and 2006, and the changes in net assets available for benefits for the year ended December 31, 2007, in conformity with accounting principles generally accepted in the United States of America.

Our audits were performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule of assets (held at end of year) is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The supplementary information is required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. The supplemental schedule is the responsibility of the Plan's management and has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

/s/ Warren, Averett, Kimbrough & Marino, LLC

Birmingham, Alabama

BOOKS-A-MILLION, INC. 401(k) PROFIT SHARING PLAN
STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS
DECEMBER 31, 2007 AND 2006

ASSETS	2007	2006
Investments, at fair value	\$ 17,289,348	\$ 16,383,944
Receivables		
Company contributions	515,919	731,324
Total assets	17,805,267	17,115,268
LIABILITIES		
Interest payable	--	23,971
Refund of excess contributions payable	126,766	129,828
Total liabilities	126,766	153,799
Net assets available for benefits at fair value	17,678,501	16,961,469
Adjustment from fair value to contract value for interest in collective trust relating to fully benefit-responsive investment contracts	40,487	--
Net assets available for benefits	\$ 17,718,988	\$ 16,961,469

See notes to financial statements.

BOOKS-A-MILLION, INC. 401(k) PROFIT SHARING PLAN
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
FOR THE YEAR ENDED DECEMBER 31, 2007

Additions to net assets attributed to:

Investment income (loss):

Net depreciation in fair value of investments	\$ (1,103,835)
Interest and dividends	1,137,265
	33,430

Contributions:

Company contributions	517,797
Participant contributions	1,511,065
Rollovers from participants	69,413
	2,098,275

Total additions	2,131,705
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Deductions from net assets attributed to:

Distributions to participants	1,367,695
Administrative expenses	6,491

Total deductions	1,374,186
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Net increase	757,519
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Net assets available for benefits:

Beginning of year	16,961,469
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End of year	\$ 17,718,988
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See notes to financial statements.

BOOKS-A-MILLION, INC. 401(k) PROFIT SHARING PLAN
NOTES TO FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2007 AND 2006
AND FOR THE YEAR ENDED DECEMBER 31, 2007

1. DESCRIPTION OF PLAN

The following description of the Books-A-Million, Inc. 401(k) Profit Sharing Plan (the "Plan") provides only general information. For a more complete description of the Plan's provisions, refer to the Plan agreement.

General

The Plan is a defined contribution plan subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended (ERISA). All employees of Books-A-Million, Inc. and its subsidiaries (the "Company") who have completed six consecutive months of service and have attained the age of 21 are eligible to participate in the Plan. Under a trust agreement effective September 12, 2003, SunTrust Bank, NA (the "Trustee") was appointed trustee for the Plan.

Plan Amendment

The Plan was amended April 1, 2007 to allow the Plan to assess a disbursement fee against an individual participant's account for the following Plan distribution expenses: lump-sum distributions following termination, death or disability; administrative fees attributable to the distribution of a participant's account upon termination; fees attributable to the processing of a qualified domestic relations order; hardship distributions processing fees; and in-service distributions processing fees.

Contributions

Each year, participants are allowed to make elective contributions to the Plan, not to exceed 15% of their compensation, as defined. Participants may also make rollover contributions of amounts representing distributions from other qualified retirement plans. Participants age 50 and older may also make catch-up contributions. The Company's contribution to the Plan equals a discretionary matching contribution of up to 6 % of a participant's compensation plus a discretionary profit sharing contribution. In order for participants to receive discretionary matching contributions, they must meet minimum service requirements and be actively employed as of the last day of the Plan year. For the Plan year ended December 31, 2007, the Company's contributions to the Plan equaled a discretionary matching contribution of 6% of a participant's eligible compensation. No profit sharing contributions were made during this time. Contributions are subject to certain regulatory limitations.

Participant Accounts

Each participant's account is credited with the participant's elective contribution and any related actual earnings (losses) and annually with the Company's discretionary matching contribution and an allocation of the Company's discretionary profit sharing contribution (if applicable). Participants are also charged with an allocation of administrative expenses, if any, based on account balances, as defined. Participants may direct their contributions, any Company matching contributions and any related earnings into various investment options available under the Plan. In addition, participants are allowed to change their investment elections quarterly.

Vesting

Participants are vested immediately in their voluntary contributions plus actual earnings (losses) thereon. Vesting in the Company's discretionary matching contributions and the Company's discretionary profit sharing contributions, plus actual earnings (losses) thereon, is based upon years of service. A participant vests 20% a year after completion of one year of service and is 100% vested after five years of credited service.

Forfeitures

Forfeitures are created when participants terminate employment before becoming fully vested in their benefits under the Plan. At December 31, 2007 and 2006, forfeited nonvested accounts totaled \$120,411 and \$97,202, respectively. Under the terms of the Plan agreement, forfeitures can first be used to pay Plan expenses, and any remaining forfeitures may be

BOOKS-A-MILLION, INC. 401(k) PROFIT SHARING PLAN
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AS OF DECEMBER 31, 2007 AND 2006
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used to reduce future Company contributions to the Plan. During 2007, Company contributions were reduced by \$97,202 from forfeited nonvested accounts.

Payment of Benefits

Upon termination of service due to retirement, disability, death or termination of employment, the participant's vested account balance is paid in a lump sum distribution. If the vested benefit in the Plan (excluding amounts attributable to rollovers) does not exceed \$5,000, then the participant's benefit must be distributed in a single lump-sum payment as soon as administratively feasible following the event that entitles the participant to a distribution. If the vested benefit in the Plan (excluding amounts attributable to rollovers) exceeds \$5,000, then the participant must consent to the distribution before it may be made. The participant may elect to receive a distribution as a single lump-sum payment of the entire account balance.

Participant Loans

Participants may borrow from their fund accounts a minimum of \$1,000 up to the lesser of \$50,000 (subject to certain restrictions and approval) or 50% of the participant's vested account balance. The loans are issued by the Plan and secured by the balance in the participant's account. Loans with a face amount less than \$2,000 must be repaid within a period of three years. All other loans must be repaid within a period of five years, unless the loan is used to purchase a principal residence, whereby the loan must be repaid within a reasonable period of time not to extend beyond 15 years. Under the terms of the Plan agreement, Plan loans will bear a reasonable rate of interest consisting of a fixed rate of interest equal to the prime rate at the loan's inception plus one percent. Principal and interest are repaid to the Plan ratably through monthly payroll deductions.

Investment Options

Participants may direct their contributions, any discretionary Company contributions and any related earnings into various investment options. In addition, participants are allowed to change their investment elections quarterly. The investment options include the SunTrust Retirement Stable Asset Fund, the STI Classic US Government Securities Fund, the STI Classic Balanced Fund, Ridgeworth Lifevision Moderate Growth Fund, the STI Classic Prime Quality Money Market, the MFS Value Fund, the SunTrust Retirement 500 Index Fund, the Fidelity Advisor Dynamic Capital Appreciation Fund, the AIM Small Capital Growth Fund, the STI Classic Small Capital Value Equity Fund, the Alliance Bernstein International Value Fund, the Dreyfus New Leaders Fund, the T. Rowe Price Growth Stock Fund, the T. Rowe Price Retirement 2010 Fund, the T. Rowe Price Retirement 2020 Fund, the T. Rowe Price Retirement 2030 Fund, the T. Rowe Price Retirement 2040 Fund and Books-A-Million, Inc. common stock.

In addition, the Company's discretionary profit-sharing contributions, if any, are fulfilled through the contribution of Company common stock.

Administrative Expenses

Substantially all administrative costs and management fees of the Plan are paid by the Company.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements of the Plan have been prepared based on the accrual method of accounting.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

BOOKS-A-MILLION, INC. 401(k) PROFIT SHARING PLAN
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As described in Financial Accounting Standards Board ("FASB") Staff Position ("FSP") AAG INV-1 and SOP 94-4-1, Reporting of Fully Benefit-Responsive Investment Contracts Held by Certain Investment Companies Subject to the AICPA Investment Company Guide and Defined-Contribution Health and Welfare and Pension Plans, investment contracts held by a defined contribution plan are required to be reported at fair value. However, contract value is the relevant measurement attribute for that portion of the net assets available for benefits of a defined contribution plan attributable to fully benefit-responsive investment contracts because contract value is the amount participants would receive if they were to initiate permitted transactions under the terms of the Plan. The Plan invests in investment contracts through a collective trust. As required under FPS AAG INV-1 and SOP 94-4-1, the Statement of Net Assets Available for Benefits presents the fair value of the investment in the collective trust as well as the adjustment of the investment in the collective trust from fair value to contract value relating to the investment contract that is fully benefit-responsive. The Statement of Changes in Net Assets Available for Benefits is prepared on a contract value basis.

Investment Valuation and Income Recognition

The Plan's investments are stated at fair value. Shares of mutual funds are valued at the net asset value of shares held by the Plan at year end. Collective trust funds are stated at fair value as determined by the trustee, based upon the quoted market prices of the underlying investments. Participant loans are valued at cost, which approximates fair value. Common stock is valued at the quoted market price. Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

Subsequent to year-end, the Financial Accounting Standards Board issued several pronouncements relating to fair value. The new guidance defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and establishes a framework for measuring fair value. The guidance also expands disclosures about fair value measurements for assets and liabilities and is effective for the Plan in phases beginning with the Plan year ending December 31, 2008. Plan management does not expect that the adoption of this guidance will have a material effect on the reported amounts in the Plan's financial statements and expanded disclosures will be provided upon adoption.

Payment of Benefits

Benefits are recorded when paid.

Recent Accounting Pronouncements

In September 2006, the Financial Accounting Standards Board ("FASB") issued SFAS No. 157, Fair Value Measurements ("SFAS 157"). SFAS 157 defines fair value, establishes a framework for measuring fair value in accordance with generally accepted accounting principles and expands disclosures about fair value measurements. SFAS 157 applies to other accounting pronouncements that require or permit fair value measurements but does not require any new fair value measurements.

In February 2008, the FASB issued FASB Staff Position No. FAS 157-2, Effective Date of FASB Statement No. 157 that delays the effective date of SFAS 157's fair value measurement requirements for nonfinancial assets and liabilities that are not required or permitted to be measured at fair value on a recurring basis to fiscal years beginning January 1, 2009. The adoption of SFAS 157 is not expected to materially impact the statements of net assets available for benefits or statement of changes in net assets available for benefits.

BOOKS-A-MILLION, INC. 401(k) PROFIT SHARING PLAN
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In February 2007, the FASB issued SFAS No. 159, The Fair Value Option for Financial Assets and Financial Liabilities. SFAS 159 provides entities with an option to report selected financial assets and liabilities at fair value and establishes presentation and disclosure requirements designed to facilitate comparisons between reporting entities that choose different measurement attributes for similar types of assets and liabilities. SFAS 159 is effective as of the beginning of an entity's first fiscal year that begins after November 15, 2007. The impact of adoption of SFAS 159 on the Plan's net assets available for benefits and changes in net assets available for benefits will not have a material effect on the financial statements.

3. INVESTMENT INFORMATION

The fair values of individual investments that represent five percent or more of the Plan's net assets are as follows:

	December 31 2007	2006
Fidelity Advisor Dynamic Capital Appreciation Fund	\$ 3,925,279	\$ 3,784,507
SunTrust Retirement Stable Asset Fund	\$ 3,289,179	\$ 3,035,560
MFS Value Fund	\$ 2,325,308	\$ 2,109,086
SunTrust Retirement 500 Index Fund	\$ 1,608,823	\$ 1,509,311
STI Classic Balanced Fund	\$ *	\$ 1,030,775
Ridgeworth Classic Life Vision Moderate Growth Fund	\$ 1,135,523	\$ *
Books-A-Million, Inc. Company Stock	\$ 1,662,037	\$ 2,311,394

*Investment is less than 5%.

During 2007, the Plan's investments (including gains and losses on investments bought and sold, as well as held during the year) depreciated in value by \$1,103,835 as follows:

	December 31, 2007
Mutual funds	\$ (73,602)
Collective trust funds	241,069
Company stock	(1,271,302)
Total net depreciation in fair value of investments	\$ (1,103,835)

4. TAX STATUS

The Plan has adopted a prototype non-standardized profit sharing plan with a cash or deferral arrangement. The Plan obtained its latest determination letter on July 22, 2004, in which the Internal Revenue Service stated that the Plan, as then designed, was in compliance with the applicable requirements of the Internal Revenue Code ("IRC"). The Plan has been amended since receiving the determination letter. However, the Plan administrator and the Plan's tax counsel believe that the Plan is currently designed and being operated in compliance with the applicable requirements of the IRC.

BOOKS-A-MILLION, INC. 401(k) PROFIT SHARING PLAN
NOTES TO FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2007 AND 2006
AND FOR THE YEAR ENDED DECEMBER 31, 2007

5. PLAN TERMINATION

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of Plan termination, participants would become 100% vested in their accounts.

6. CORRECTIVE DISTRIBUTIONS

Plan management made corrective distributions from the Plan totaling \$126,766 and \$129,828 (excluding earnings) for the Plan years ending December 31, 2007 and 2006, respectively, due to over-contribution of salary deferral and matching contribution amounts. These amounts are included in the refund of excess contributions payable in the accompanying statements of net assets available for benefits at December 31, 2007 and 2006, respectively.

7. RISK AND UNCERTAINTIES

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the statements of net assets available for benefits.

8. RELATED PARTY TRANSACTIONS

Certain Plan investments are shares of mutual funds, collective trust funds and money market funds managed by SunTrust Bank, NA. SunTrust Bank, NA is the trustee of the Plan, and, therefore, these transactions qualify as party-in-interest transactions. The fair market value of the Company stock held as investments as of December 31, 2007 and 2006 was \$1,662,037 and \$2,311,394, respectively (see also Note 3).

9. RECONCILIATION OF FINANCIAL STATEMENTS TO FORM 5500

The following is a reconciliation of net assets available for benefits per the financial statements to Form 5500:

	December 31	
	2007	2006
Net assets available for benefits per the financial statements	\$ 17,718,988	\$ 16,961,469
Contributions receivable	(515,919)	(731,324)
Interest payable	--	23,971
	126,766	129,828

Refund of excess contributions payable			
Adjustment from fair value to contract value for interest in collective trust	(40,487	)	--
Net assets available for benefits per Form 5500	\$	17,289,348	\$ 16,383,944

BOOKS-A-MILLION, INC. 401(k) PROFIT SHARING PLAN
NOTES TO FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2007 AND 2006
AND FOR THE YEAR ENDED DECEMBER 31, 2007

The following is a reconciliation of investment income (loss) per the financial statements to Form 5500:

	December 31, 2007
Total investment income (loss) per the financial statements	\$ 33,430
Adjustment from fair value to contract value for interest in collective trust	(40,487)
Total investment income (loss) per Form 5500	\$ (7,057)

The following is a reconciliation of contributions per the financial statements to Form 5500:

	December 31, 2007
Total contributions per the financial statements	\$ 2,098,275
Prior year contributions receivable	731,324
Current year contributions receivable	(515,919)
Current year refund of excess contributions payable	126,766
Total contributions per Form 5500	\$ 2,440,446

BOOKS-A-MILLION, INC. 401(k) PROFIT SHARING PLAN
 SCHEDULE H, LINE 4i - SCHEDULE OF ASSETS (HELD AT END OF YEAR)
 DECEMBER 31, 2007

(a)	(b) Identity of issue, borrower, lessor or similar party	(c) Description of investment including maturity date, rate of interest, collateral, par or maturity value	(e) Current value
*	SunTrust Retirement 500 Index Fund	Collective trust	\$ 1,608,823
*	SunTrust Retirement Stable Asset Fund	Collective trust	3,289,179
	AIM Small Capital Growth Fund	Mutual fund	397,781
	Alliance Bernstein International Value Fund	Mutual fund	532,210
	Dreyfus New Leaders Fund	Mutual fund	63,290
	Fidelity Advisors Dynamic Capital Appreciation Fund	Mutual fund	3,925,279
	MFS Value Fund	Mutual fund	2,325,308
*	STI Classic US Government Securities Fund	Mutual fund	811,624
	Ridgeworth Classic Life Vision Moderate		
*	Growth Fund	Mutual fund	1,135,523
*	STI Classic Small Capital Value Equity Fund	Mutual fund	387,210
*	STI Classic Prime Quality Money Market	Money market	120,411
	T. Rowe Price Growth Stock Fund	Mutual fund	45,102
	T. Rowe Price Retirement 2010 Fund	Mutual fund	5,049
	T. Rowe Price Retirement 2020 Fund	Mutual fund	27,709
	T. Rowe Price Retirement 2030 Fund	Mutual fund	12,691
	T. Rowe Price Retirement 2040 Fund	Mutual fund	17,470
*	Books-A-Million, Inc.	Common stock	1,662,037
*	Books-A-Million, Inc.	Common stock (pending)	4,513
*	Participant loans	Loans to participants (interest rates ranging from 5.00% to 10.00%)	918,139
			\$ 17,289,348

* Represents a party-in-interest.

Column (d) has not been presented as this information is not applicable.

See accompanying independent auditors' report.

SIGNATURES

The Plan. Pursuant to the requirements of the Securities Exchange Act of 1934, the Plan administrator has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

BOOKS-A-MILLION, INC. 401(k) PROFIT SHARING PLAN

Date: February 22, 2011 by: /s/Clyde B. Anderson
Clyde B. Anderson
Chairman, President and Chief
Executive Officer of
Books-A-Million, Inc., the Plan
Administrator of the
Books-A-Million, Inc. 401(k) Profit
Sharing Plan

Date: February 22, 2011 by: /s/Douglas G. Markham
Douglas G. Markham
Executive Vice President and Chief
Administrative Officer of
Books-A-Million, Inc., the Plan
Administrator of the
Books-A-Million, Inc. 401(k) Profit
Sharing Plan

Date: February 22, 2011 by: /s/Brian W. White
Brian W. White
Chief Financial Officer of
Books-A-Million, Inc., the Plan
Administrator of the
Books-A-Million, Inc. 401(k) Profit
Sharing Plan

Exhibit Index

Exhibit 23.1	Consent of Independent Registered Public Accounting Firm.
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