

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, 2008

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

To the Plan Administrator of
Books-A-Million, Inc. 401(k) Profit Sharing Plan:

We have audited the accompanying statement of net assets available for benefits of Books-A-Million, Inc. 401(k) Profit Sharing Plan as of December 31, 2008, and the related statement of changes in net assets available for benefits for the year then ended. 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 audit.

We conducted our audit 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 also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides 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, 2008, and the changes in net assets available for benefits for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted 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) as of December 31, 2008 is presented for purposes of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This supplemental schedule 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/ GRANT THORNTON LLP

Atlanta, Georgia
February 22, 2011

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 statement of net assets available for benefits of Books-A-Million, Inc. 401(k) Profit Sharing Plan as of December 31, 2007, 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 audit.

We conducted our audit 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 audit provides 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 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 audit was 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, 2008 AND 2007

| ASSETS | 2008 | 2007 |
|---|---------------|---------------|
| Investments, at fair value | \$ 12,761,887 | \$ 17,289,348 |
| Receivables | | |
| Company contributions | 541,746 | 515,919 |
| Total assets | 13,303,633 | 17,805,267 |
| LIABILITIES | | |
| Refund of excess contributions payable | 108,114 | 126,766 |
| Total liabilities | 108,114 | 126,766 |
| Net assets available for benefits, at fair value | 13,195,519 | 17,678,501 |
| Adjustment from fair value to contract value for interest in collective trust relating to fully benefit-responsive investment contracts | (3,949) | 40,487 |
| Net assets available for benefits | \$ 13,191,570 | \$ 17,718,988 |

See notes to financial statements.

BOOKS-A-MILLION, INC. 401(k) PROFIT SHARING PLAN
STATEMENT OF CHANGES IN NETS ASSETS AVAILABLE FOR BENEFITS
FOR THE YEAR ENDED DECEMBER 31, 2008

| | |
|---|----------------|
| Additions to net assets attributed to | |
| Investment income (loss): | |
| Net depreciation in fair value of investments | \$ (5,372,269) |
| Interest and dividends | 320,884 |
| | (5,051,385) |
| Contributions: | |
| Company contributions | 542,068 |
| Participant contributions | 1,630,409 |
| Rollovers from participants | 21,744 |
| | 2,194,221 |
| | (2,857,164) |
| Deductions from net assets attributed to | |
| Distributions to participants | 1,654,290 |
| Administrative expenses | 15,964 |
| | 1,670,254 |
| Net decrease | (4,527,418) |
| Net assets available for benefits: | |
| Beginning of year | 17,718,988 |
| End of year | \$ 13,191,570 |

See notes to financial statements.

BOOKS-A-MILLION, INC. 401(k) PROFIT SHARING PLAN
NOTES TO FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2008 AND 2007
AND FOR THE YEAR ENDED DECEMBER 31, 2008

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.

Contributions

Each year, participants are allowed to make elective contributions to the Plan, not to exceed 15% of their eligible 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, 2008, the Company's discretionary matching contribution to the Plan equaled 50% of the first 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 discretionary matching contributions and any related earnings into various investment options available under the Plan. In addition, participants are allowed to change their investment elections at any time.

Vesting

Participants are vested immediately in their 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, 2008 and 2007, forfeited nonvested accounts totaled \$80,104 and \$120,411, respectively. Under the terms of the Plan agreement, forfeitures can first be used to pay Plan expenses, and any remaining forfeitures may be used to reduce future Company contributions to the Plan. During 2008, Company contributions were reduced by \$119,281 from forfeited nonvested accounts.

BOOKS-A-MILLION, INC. 401(k) PROFIT SHARING PLAN
NOTES TO FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2008 AND 2007
AND FOR THE YEAR ENDED DECEMBER 31, 2008

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 employer 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 MFS Value Fund, the SunTrust Retirement 500 Index Fund, the Fidelity Advisor Dynamic Capital Appreciation 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, the Ridgeworth Small Cap Value Equity Fund, the Ridgeworth Classic Life Vision Moderate Growth Fund, the Ridgeworth U.S. Treasury Money Market Fund, the Ridgeworth U.S. Government Securities Fund, Janus Advisor Mid Cap Growth Fund, AIM Small Capital Growth 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.

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 contracts. The Statement of Changes in Net Assets Available for Benefits is prepared on a contract value basis.

BOOKS-A-MILLION, INC. 401(k) PROFIT SHARING PLAN
NOTES TO FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2008 AND 2007
AND FOR THE YEAR ENDED DECEMBER 31, 2008

Investment Valuation and Income Recognition

The Plan's investments are stated at fair value. Fair value is 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. See Note 4 for a discussion of fair value measurements. 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.

Payment of Benefits

Benefits are recorded when paid.

Recently Adopted Accounting Pronouncements

In September 2006, FASB issued Statement of Financial Accounting Standards ("SFAS") No. 157, Fair Value Measurements, which defines fair value, establishes a framework for measuring fair value in accordance with generally accepted accounting principles in the United States ("GAAP") and expands disclosures about fair value measurements. For financial assets and liabilities, this statement is effective for fiscal periods beginning after November 15, 2007 and does not require any new fair value measurements. In February 2008, FSP 157-2 was issued which delayed the effective date of SFAS No. 157 to fiscal years ending after November 15, 2008 for nonfinancial assets and liabilities, except for items that are recognized or disclosed at fair value in the financial statements on a recurring basis (at least annually). The adoption of SFAS No. 157, effective January 1, 2008, did not have a material effect on the Plan's financial statements. See Note 4 for related disclosures.

Recently Issued Accounting Pronouncements Not Yet Adopted

In April 2009, the FASB issued FSP 157-4 on estimating fair value when the volume and level of activity for an asset or liability have significantly decreased, including guidance on identifying circumstances that indicate a transaction is not orderly. The guidance emphasizes that, regardless of whether the volume and level of activity for an asset or liability have decreased significantly and regardless of which valuation technique was used, the objective of a fair value measurement under SFAS No. 157 remains the same—to estimate the price that would be received to sell an asset or transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions. The guidance includes expanded disclosure requirements and requires that the Plan determine the major categories for debt and equity securities on the basis of the nature and risks of the investments. FSP 157-4 is effective for interim and annual periods ending after June 15, 2009, with early adoption permitted for periods ending after March 15, 2009, and must be applied prospectively. The Plan will adopt this standard for the Plan year ended December 31, 2009. The required disclosures will be included in Note 4 – Fair Value Measurements.

In May 2009, the FASB issued SFAS No. 165, Subsequent Events. SFAS No. 165 establishes general standards of accounting for, and disclosure of, events that occur after the balance sheet date but before financial statements are issued or are available to be issued. Specifically, ASC 855 sets forth the period after the balance sheet date during which management of a reporting entity should evaluate events or transactions that may occur for potential recognition or disclosure in the financial statements, the circumstances under which an entity should recognize events or transactions occurring after the balance sheet date in its financial statements and the disclosures that an entity

should make about events or transactions that occurred after the balance sheet date. SFAS No. 165 is effective prospectively for interim and annual reporting periods ending after June 15, 2009. The Plan will adopt this standard for the Plan year ended December 31, 2009.

BOOKS-A-MILLION, INC. 401(k) PROFIT SHARING PLAN
NOTES TO FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2008 AND 2007
AND FOR THE YEAR ENDED DECEMBER 31, 2008

In June 2009, the FASB issued Accounting Standards Codification ("ASC") Topic 105, Generally Accepted Accounting Principles. ASC 105 has become the single source of authoritative United States GAAP recognized by the FASB to be applied by nongovernmental entities, effective for financial statements issued for interim and annual periods ending after September 15, 2009. Rules and interpretive releases of the Securities and Exchange Commission ("SEC") under authority of federal securities laws are also sources of authoritative GAAP for SEC registrants. The FASB now issues Accounting Standards Updates that are not considered authoritative in their own right, but will serve to update the Codification, provide background information about the guidance and provide the bases for conclusions on the change(s) in the Codification. The Plan will adopt this standard for the Plan year ended December 31, 2009.

In September 2009, the FASB issued Accounting Standards Update ("ASU") 2009-12, Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent), to amend the existing requirements in ASC 820, Fair Value Measurements and Disclosures, to measure the fair value of investments in certain entities that do not have a quoted market price but calculate net asset value ("NAV") per share or its equivalent. As a practical expedient, the amendments permit, but do not require, the Plan to measure the fair value of an investment in an investee within the scope of the amendments based on the investee's NAV per share or its equivalent. The amendments to the Codification included in ASU 2009-12 are effective for interim and annual periods ending after December 15, 2009, with early adoption permitted. The Plan will adopt this standard for the Plan year ended December 31, 2009. The adoption will not have a material effect on the financial statements.

In January 2010, the FASB issued ASU 2010-06, Improving Disclosures about Fair Value Measurements, clarifying existing disclosures and requiring new disclosures about fair value measurements. The clarifications and the requirement to disclose the amounts and reasons for significant transfers between Level 1 and Level 2 and significant transfers into and out of Level 3 of the fair value hierarchy are effective for periods beginning after December 15, 2009. The new requirement that purchases, sales, issuances and settlements be presented gross in the Level 3 reconciliation is effective for fiscal years beginning after December 15, 2010 and for interim periods within those years, with early adoption permitted. Since this new guidance only amends the disclosure requirements, it will not have any impact on the Plan's statement of net assets or statement of changes in net assets.

In September 2010, the FASB issued ASU 2010-25, Plan Accounting-Defined Contribution Pension Plans (Topic 962). ASU 2010-25 amends existing guidance by requiring participant loans to be classified as notes receivable from participants, which are segregated from plan investments and measured at their unpaid principal balance plus any accrued but unpaid interest. The amendments to the Codification included in ASU 2010-25 are effective for fiscal years ending after December 15, 2010, with early adoption permitted. The Plan's management is currently evaluating the impact of ASU 2010-25 on the Plan's financial statements.

BOOKS-A-MILLION, INC. 401(k) PROFIT SHARING PLAN
 NOTES TO FINANCIAL STATEMENTS
 AS OF DECEMBER 31, 2008 AND 2007
 AND FOR THE YEAR ENDED DECEMBER 31, 2008

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 | |
|---|--------------|--------------|
| | 2008 | 2007 |
| Mutual funds: | | |
| Fidelity Advisor Dynamic Capital Appreciation Fund | \$ 2,291,620 | \$ 3,925,279 |
| MFS Value Fund | 1,509,731 | \$ 2,325,308 |
| | \$ | |
| Ridgeworth Classic Life Vision Moderate Growth Fund | 907,875 | \$ 1,135,523 |
| Ridgeworth US Government Securities Fund | 827,449 | \$ * |
| Collective trust funds: | | |
| SunTrust Retirement Stable Asset Fund** | 3,213,311 | \$ 3,289,179 |
| SunTrust Retirement 500 Index Fund | 978,536 | \$ 1,608,823 |
| Company stock: | | |
| Books-A-Million, Inc. Company stock | \$ * | \$ 1,662,037 |

** Stated at fair value.

*Investment is less than 5%.

During 2008, the Plan's investments (including gains and losses on investments bought and sold, as well as held during the year) depreciated in value by \$5,372,269 as follows:

| | December 31, 2008 |
|------------------------|-------------------------|
| Mutual funds | \$(3,494,751) |
| Collective trust funds | (527,500) |
| Company stock | (1,350,018) |
| | \$(5,372,269) |

Total net depreciation in fair value
of investments

Stable Value Collective Fund

A participant's ownership of the SunTrust Retirement Stable Asset Fund ("Collective Fund") is represented by units. Units are issued or redeemed at the stable value Collective Fund's net unit value, which ordinarily represents contract value. Contract value represents contributions made to the Collective Fund plus earnings less participant withdrawals and administrative expenses. Withdrawals initiated by the Plan will normally be provided at contract value as soon as practicable within twelve months following written notice to the trustee. The Collective Fund imposes certain restrictions on the Plan. Certain events may limit the Collective Fund's ability to transact at contract value with the Plan including

BOOKS-A-MILLION, INC. 401(k) PROFIT SHARING PLAN
 NOTES TO FINANCIAL STATEMENTS
 AS OF DECEMBER 31, 2008 AND 2007
 AND FOR THE YEAR ENDED DECEMBER 31, 2008

withdrawals associated with certain events that are not in the ordinary course of Collective Fund operations that could have a material adverse effect on the Collective Fund's financial interest and certain wrap agreement termination provisions. Wrap agreements permit the Collective Fund's investment manager or issuer to terminate upon notice at any time at market value and provide for automatic termination of the wrap agreement if the book value or the market value of the agreement equals zero. Plan management believes that occurrence of events and circumstances that would cause the Collective Fund to transact at less than contract value is not probable.

4. FAIR VALUE MEASUREMENTS

SFAS No. 157 establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under SFAS No. 157 are described below:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

Level 2 – Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Shares of common stock are valued at the closing price reported on the active market on which the individual securities are traded. Shares of mutual funds and money market funds are valued at the quoted net asset value of shares held by the Plan at year-end. Collective trust funds are valued based on information reported by the investment advisor based upon the quoted market prices of the underlying investments and using the audited financial statements of the collective trust at year-end. Participant loans are valued at amortized cost, which approximates fair value.

The following table sets forth by level, within the fair value hierarchy, the Plan's assets at fair value as of December 31, 2008:

| | Level 1 | Level 2 | Level 3 | Total |
|------------------------|------------|---------|-----------|------------|
| Company stock | \$ 482,590 | \$ -- | \$ -- | \$ 482,590 |
| Mutual funds | 6,938,413 | -- | -- | 6,938,413 |
| Collective trust funds | -- | 978,536 | 3,213,311 | 4,191,847 |

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| | | | | |
|----------------------------------|--------------|------------|--------------|--------------|
| Money market fund | 230,402 | -- | -- | 230,402 |
| Participant loans | -- | -- | 918,635 | 918,635 |
| Total investments, at fair value | \$ 7,651,405 | \$ 978,536 | \$ 4,131,946 | \$12,761,887 |

BOOKS-A-MILLION, INC. 401(k) PROFIT SHARING PLAN
 NOTES TO FINANCIAL STATEMENTS
 AS OF DECEMBER 31, 2008 AND 2007
 AND FOR THE YEAR ENDED DECEMBER 31, 2008

The following table sets forth the summary of changes in fair value of the Plan's level 3 assets for the year ended December 31, 2008:

| | Collective Trust Fund | Participant Loans |
|---|--------------------------|----------------------|
| Balance, beginning of year | \$ 3,289,179 | \$ 918,139 |
| Realized gains | 9,916 | -- |
| Unrealized gains | 106,244 | -- |
| Purchases, sales, issuances and settlements, net | (192,028) | 496 |
| Balance, end of year | \$ 3,213,311 | \$ 918,635 |

5. TAX STATUS OF THE PLAN

The Plan has adopted a prototype nonstandardized 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 (“IRS”) 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.

6. 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.

7. CORRECTIVE DISTRIBUTIONS

Plan management made corrective distributions from the Plan totaling \$108,114 and \$126,766 for the Plan years ended December 31, 2008 and 2007, 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, 2008 and 2007, respectively.

8. 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.

BOOKS-A-MILLION, INC. 401(k) PROFIT SHARING PLAN
 NOTES TO FINANCIAL STATEMENTS
 AS OF DECEMBER 31, 2008 AND 2007
 AND FOR THE YEAR ENDED DECEMBER 31, 2008

9. 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, 2008 and 2007, was \$482,590 and \$1,662,037, respectively.

10. RECONCILIATION OF FINANCIAL STATEMENTS TO FORM 5500

The following is a reconciliation of net assets available for benefits per the financial statements to 2008 Form 5500:

| | December 31 | |
|---|---------------|---------------|
| | 2008 | 2007 |
| Net assets available for benefits per the financial statements | \$ 13,191,570 | \$ 17,718,988 |
| Contributions receivable | (541,746) | (515,919) |
| Excess contributions payable | 108,114 | 126,766 |
| Adjustment from fair value to contract value for interest in collective trust | -- | (40,487) |
| Net assets available for benefits per Form 5500 | \$ 12,757,938 | \$ 17,289,348 |

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

| | December 31, 2008 |
|---|----------------------|
| Total investment income (loss) per the financial statements | \$ (5,051,385) |
| Adjustment from fair value to contract value for interest in collective trust | 40,487 |
| Total investment income (loss) per Form 5500 | \$ (5,010,898) |

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

December
31, 2008

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| | | |
|--|----|-----------|
| Total contributions per the financial statements | \$ | 2,194,221 |
| Prior year contributions receivable | | 515,919 |
| Current year contributions receivable | | (541,746) |
| Total contributions per Form 5500 | \$ | 2,168,394 |

BOOKS-A-MILLION, INC. 401(k) PROFIT SHARING PLAN
NOTES TO FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2008 AND 2007
AND FOR THE YEAR ENDED DECEMBER 31, 2008

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

| | December 31, 2008 |
|--|----------------------|
| Total distributions to participants per the financial statements | \$ 1,654,290 |
| Prior year excess contributions payable | 126,766 |
| Current year excess contributions payable | (108,114) |
| Total distributions to participants per Form 5500 | \$ 1,672,942 |

Amounts currently receivable to the Plan and payable to participants, dependents and beneficiaries are not recorded on the Form 5500, as the Form 5500 has been prepared based on the cash method of accounting.

BOOKS-A-MILLION, INC. 401(k) PROFIT SHARING PLAN
 SCHEDULE H, LINE 4i - SCHEDULE OF ASSETS (HELD AT END OF YEAR)
 DECEMBER 31, 2008

| (a) | (b) Identity of issue, borrower, lessor or similar party | (c) Description of investment including maturity date, rate of interest, collateral, par or maturity date | (e) Current value |
|-----|--|---|-------------------|
| * | SunTrust Retirement 500 Index Fund | Collective trust | \$ 978,536 |
| * | SunTrust Retirement Stable Asset Fund | Collective trust | 3,213,311 |
| | AIM Small Capital Growth Fund | Mutual fund | 237,839 |
| | Alliance Bernstein International Value Fund | Mutual fund | 218,043 |
| | Janus Advisor Mid Cap Growth | Mutual fund | 16,583 |
| | Dreyfus New Leaders Fund | Mutual fund | 42,234 |
| | Fidelity Advisor Dynamic Capital Appreciation Fund | Mutual fund | 2,291,620 |
| | MFS Value Fund | Mutual fund | 1,509,731 |
| * | Ridgeworth US Government Securities Fund | Mutual fund | 827,449 |
| * | Ridgeworth Classic Life Vision Moderate Growth Fund | Mutual fund | 907,875 |
| * | Ridgeworth Small Cap Value Equity Fund | Mutual fund | 302,765 |
| * | Ridgeworth US Treasury Money Market Fund | Money market | 230,402 |
| | T. Rowe Price Growth Stock Fund | Mutual fund | 31,553 |
| | T. Rowe Price Retirement 2010 Fund | Mutual fund | 48,183 |
| | T. Rowe Price Retirement 2020 Fund | Mutual fund | 84,990 |
| | T. Rowe Price Retirement 2030 Fund | Mutual fund | 162,696 |
| | T. Rowe Price Retirement 2040 Fund | Mutual fund | 256,852 |
| * | Books-A-Million, Inc. | Common stock | 482,590 |
| * | Participant loans | Loans to participants (interest rates ranging from 5.00% to 9.25%) | 918,635 |
| | | | \$ 12,761,887 |

* 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 - Grant Thornton LLP. |
| Exhibit 23.2 & Marino, LLC. | Consent of Independent Registered Public Accounting Firm - Warren, Averett, Kimbrough |

