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BOOKS A MILLION INC  
Form 10-Q  
September 17, 2001

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

FORM 10-Q

(MARK ONE)

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES  
EXCHANGE ACT OF 1934.

For the quarterly period ended: August 4, 2001  
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- OR -

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (D) OF THE SECURITIES  
EXCHANGE ACT OF 1934.

For the transaction period from \_\_\_\_\_ to \_\_\_\_\_

COMMISSION FILE NUMBER 0-20664

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

(Exact name of registrant as specified in its charter)

DELAWARE  
-----

63-0798460  
-----

(State or other jurisdiction of  
incorporation or organization)

(IRS Employer Identification No.)

402 INDUSTRIAL LANE, BIRMINGHAM, ALABAMA  
-----

35211  
-----

(Address of principal executive offices)

(Zip Code)

(205) 942-3737  
-----

(Registrant's phone number including area code)

NONE  
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(Former name, former address and former fiscal year,  
if changed since last period)

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

Yes ☒ No ☐

Indicate the number of shares outstanding of each of the issuer's common stock,  
as of the latest practicable date: Shares of common stock, par value \$.01 per  
share, outstanding as of September 14, 2001 were 18,138,122 shares.

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BOOKS-A-MILLION, INC. AND SUBSIDIARIES

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### PART 1. FINANCIAL INFORMATION

#### ITEM 1. FINANCIAL STATEMENTS

#### BOOKS-A-MILLION, INC. & SUBSIDIARIES

#### CONDENSED CONSOLIDATED BALANCE SHEETS

#### (DOLLARS IN THOUSANDS)

#### (UNAUDITED)

	AUGUST 4, 2001	FEBRUARY
	-----	-----
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 4,124	\$
Accounts receivable, net	10,566	1
Inventories	213,976	20
Prepayments and other	4,766	
Deferred income taxes	4,898	
	-----	-----
TOTAL CURRENT ASSETS	238,330	23

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PROPERTY AND EQUIPMENT:

Gross property and equipment	138,075	13
Less accumulated depreciation and amortization	81,464	7

NET PROPERTY AND EQUIPMENT	56,611	6
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OTHER ASSETS:

Goodwill, net	1,389	
Other	628	

TOTAL OTHER ASSETS	2,017	
--------------------	-------	--

TOTAL ASSETS	\$ 296,958	\$ 29
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LIABILITIES AND STOCKHOLDERS' INVESTMENT

CURRENT LIABILITIES:

Accounts payable	\$ 96,501	\$ 10
Accrued expenses	19,479	2
Accrued income taxes	--	
Current portion of long-term debt	17,409	

TOTAL CURRENT LIABILITIES	133,389	12
---------------------------	---------	----

LONG TERM DEBT	43,171	4
----------------	--------	---

DEFERRED INCOME TAXES	1,340	
-----------------------	-------	--

STOCKHOLDERS' INVESTMENT:

Preferred stock, \$.01 par value, 1,000,000 shares authorized, no shares outstanding	--	
Common stock, \$.01 par value, 30,000,000 shares authorized, 18,138,122 and 18,092,001 shares issued and outstanding at August 4, 2001 and February 3, 2001, respectively	181	
Additional paid-in capital	70,717	7
Less treasury stock at cost (1,541,250 shares at August 4, 2001 and 597,600 shares at February 3, 2001)	(3,821)	(
Accumulated other comprehensive income (loss)	(906)	
Retained earnings	52,887	5

TOTAL STOCKHOLDERS' INVESTMENT	119,058	12
--------------------------------	---------	----

TOTAL LIABILITIES AND STOCKHOLDERS' INVESTMENT	\$ 296,958	\$ 29
--	------------	-------

SEE ACCOMPANYING NOTES

BOOKS-A-MILLION, INC. & SUBSIDIARIES  
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS  
(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)  
(UNAUDITED)

THIRTEEN WEEKS ENDED	
AUGUST 4, 2001	JULY 29, 2000

TWENTY	
AUGUST 4,	

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NET SALES	\$ 104,011	\$ 93,629	\$ 201,
Cost of products sold (including warehouse distribution and store occupancy costs) (1)	77,169	69,285	149,
GROSS PROFIT	26,842	24,344	52,
Operating, selling and administrative expenses	22,894	20,350	43,
Depreciation and amortization	3,896	3,652	7,
OPERATING INCOME	52	342	
Interest expense, net	1,142	1,258	2,
INCOME (LOSS) BEFORE INCOME TAXES	(1,090)	(916)	(1,
Income taxes provision (benefit)	(414)	(348)	(
NET INCOME (LOSS)	\$ (676)	\$ (568)	\$ (1,
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING - BASIC	16,773	18,010	17,
NET INCOME (LOSS) PER SHARE - BASIC	\$ (0.04)	\$ (0.03)	\$ (0
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING - DILUTED	16,773	18,010	17,
NET INCOME (LOSS) PER SHARE - DILUTED	\$ (0.04)	\$ (0.03)	\$ (0

(1) Inventory purchases from related parties were \$4,801, \$7,605, \$17,197 and \$17,506, respectively, for each of the periods presented above.

SEE ACCOMPANYING NOTES

BOOKS-A-MILLION, INC. & SUBSIDIARIES  
CONDENSED CONSOLIDATED STATEMENT OF STOCKHOLDERS' INVESTMENT  
(IN THOUSANDS)  
(UNAUDITED)

	COMMON STOCK		ADDITIONAL	TREASURY STOCK		RETA
	SHARES	AMOUNT	PAID-IN CAPITAL	SHARES	AMOUNT	EARN
BALANCE, FEBRUARY 3, 2001	18,092	\$ 181	\$ 70,634	598	\$ (1,563)	\$ 53
Issuance of stock for employee stock purchase plan	46	--	83	--	--	
Purchase of treasury stock	--	--	--	943	(2,258)	
Net income (loss)	--	--	--	--	--	(1
Cumulative effect of accounting change (Note 3)	--	--	--	--	--	

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Unrealized loss on derivative instruments	--	--	--	--	--	--
	-----	-----	-----	-----	-----	-----
BALANCE, AUGUST 4, 2001	18,138	\$ 181	\$ 70,717	1,541	\$ (3,821)	\$ 52
	=====	=====	=====	=====	=====	=====

SEE ACCOMPANYING NOTES

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BOOKS-A-MILLION, INC. & SUBSIDIARIES  
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS  
(DOLLARS IN THOUSANDS)  
(UNAUDITED)

	TWENTY-SIX WEEKS ENDED	
	AUGUST 4, 2001	JULY 29, 2001
	-----	-----
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	\$ (1,091)	\$ (97)
	-----	-----
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation and amortization	7,773	7,302
Loss on disposal of property and equipment	41	704
Change in deferred income taxes	(733)	(95)
Changes in assets and liabilities:		
Accounts receivable	209	3,210
Inventories	(2,076)	(15,236)
Prepayments and other	(278)	(741)
Accounts payable	(6,009)	(11,968)
Accrued income taxes	(650)	(2,092)
Accrued expenses	(4,626)	(2,483)
	-----	-----
Total adjustments	(6,349)	(21,399)
	-----	-----
Net cash used in operating activities	(7,440)	(21,496)
	-----	-----
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures	(3,617)	(4,622)
Acquisition of certain assets (Note 4)	(6,532)	0
Proceeds from sale of equipment	12	42
	-----	-----
Net cash used in investing activities	(10,137)	(4,580)
	-----	-----
CASH FLOWS FROM FINANCING ACTIVITIES:		
Borrowings under credit facilities	96,706	90,970
Repayments under credit facilities	(78,112)	(64,783)
Proceeds from sale of common stock, net	83	70
	-----	-----
Purchase of treasury stock	(2,258)	--
	-----	-----
Net cash provided by financing activities	16,419	26,257
	-----	-----

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Net increase (decrease) in cash and temporary cash investments	(1,158)	181
Cash and temporary cash investments at beginning of period	5,282	4,920
	-----	-----
Cash and temporary cash investments at end of period	\$ 4,124	\$ 5,101
	-----	-----
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Cash paid during the period for:		
Interest	\$ 1,909	\$ 2,197
	-----	-----
Income taxes, net of refunds	\$ 1,069	\$ 3,068
	-----	-----
Non-cash transactions:		
Cumulative effect of hedging activities, net of tax benefit of \$588	\$ 906	\$ 0
	-----	-----

SEE ACCOMPANYING NOTES

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### BOOKS-A-MILLION, INC. AND SUBSIDIARIES NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

#### 1. BASIS OF PRESENTATION

The accompanying unaudited condensed consolidated financial statements of Books-A-Million, Inc. and its Subsidiaries (the "Company") for the thirteen and twenty-six week periods ended August 4, 2001 and July 29, 2000, have been prepared in accordance with U.S. generally accepted accounting principles for interim financial information and are presented in accordance with the requirements of Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by U.S. generally accepted accounting principles for complete financial statements. These financial statements should be read in conjunction with the consolidated financial statements and notes thereto for the fiscal year ended February 3, 2001, included in the Company's 2001 Annual Report on Form 10-K. In the opinion of management, the consolidated financial statements included herein contain all adjustments (consisting only of normal recurring adjustments) considered necessary for a fair presentation of the Company's financial position as of August 4, 2001, and the results of its operations and cash flows for the thirteen and twenty-six week periods then ended. Certain prior year amounts have been reclassified to conform to current year presentation.

The Company has experienced, and expects to continue to experience, significant variability in sales and net income from quarter to quarter. Therefore, the results of the interim periods presented herein are not necessarily indicative of the results to be expected for any other interim period or the full year.

#### 2. NET INCOME PER SHARE

Basic net income per share ("EPS") excludes dilution and is computed by dividing income available to common shareholders by the weighted average number of common shares outstanding for the period. Diluted EPS reflects the potential dilution that could occur if securities or other contracts to issue common stock are exercised or converted into common stock or resulted in the issuance of common stock that then shared in the earnings of the Company. Diluted EPS has been computed based on the average number of shares outstanding including the effect of outstanding stock options, if dilutive, in each respective thirteen and twenty-six week period. A reconciliation of the weighted average shares for basic and diluted EPS is as follows:

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For the Thirteen Weeks Ended  
(in thousands)  
August 4, 2001      July 29, 2000  
-----

Weighted average shares outstanding:

Basic	16,773	18,010
Dilutive effect of stock options outstanding	0	0
	-----	-----
Diluted	16,773	18,010
	-----	-----

For the Twenty-Six Weeks Ended  
(in thousands)  
August 4, 2001      July 29, 2000  
-----

Weighted average shares outstanding:

Basic	17,047	18,008
Dilutive effect of stock options outstanding	0	0
	-----	-----
Diluted	17,047	18,008
	-----	-----

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Options outstanding of 1,445,000 and 1,460,000 for the thirteen weeks and twenty-six weeks ended August 4, 2001 and outstanding options of 1,522,435 and 1,537,152 for the thirteen and twenty-six weeks ended July 29, 2000 were not included in the table above as they were anti-dilutive.

### 3. ACCOUNTING FOR DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES

In June 1998, the Financial Accounting Standards Board ("FASB") issued SFAS No. 133, Accounting for Derivative Instruments and Hedging Activities, amended by SFAS No. 137, Accounting for Derivative Instruments and Hedging Activities - Deferral of the Effective Date of FASB Statement No. 133, and SFAS No. 138, Accounting for Certain Derivatives and Certain Hedging Activities. SFAS No. 133 establishes accounting and reporting standards requiring that every derivative instrument (including certain derivative instruments embedded in other contracts) be recorded in the balance sheet as either an asset or liability measured at its fair value. SFAS No. 133 requires that changes in the derivative's fair value be recognized currently in earnings unless specific hedge accounting criteria are met. Special accounting for qualifying hedges allows a derivative's gains and losses to offset related results on the hedged item in the income statement, and requires that a company must formally document, designate and assess the effectiveness of transactions that receive hedge accounting.

The Company adopted these statements effective February 4, 2001. The adoption of these statements resulted in a cumulative after-tax increase to other comprehensive loss of \$465,000 and a reduction to income of \$40,000 for the thirteen weeks ended May 5, 2001. The \$1.5 million liability related to the derivatives is reflected in Accrued Expenses, and the relative tax benefit of \$588,000 is reflected in Current Deferred Tax Assets in the accompanying condensed consolidated balance sheet at August 4, 2001. The adoption of these statements may increase volatility in earnings.

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### 4. ACQUISITION OF ASSETS

During March 2001, the Company acquired inventory and lease-rights of eighteen retail stores from Crown Books Corporation for \$6.5 million. The stores are located in the Chicago and Washington, D.C. metropolitan areas. The results of operations for these stores are reflected in the consolidated financial statements beginning in the first quarter of fiscal 2002.

### 5. CONTINGENCIES

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

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### MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

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

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

#### RESULTS OF OPERATIONS

Net sales increased 11.1% to \$104.0 million in the thirteen weeks ended August 4, 2001, from \$93.6 million in the thirteen weeks ended July 29, 2000. Net sales increased 7.9% to \$201.5 million in the twenty-six weeks ended August 4, 2001, from \$186.7 million in the twenty-six weeks ended July 29, 2000. The increase in net sales resulted from 18 new stores acquired this year. Comparable store sales in the second quarter decreased 1.5% versus last year. Excluding collector sales, comparable store sales increased 1.6% over the same period last year. During the thirteen weeks ended August 4, 2001, two newsstands were opened and one Bookland store was closed.

Gross profit increased \$2.5 million or 10.3% to \$26.8 million in the thirteen weeks ended August 4, 2001 from \$24.3 million in the thirteen weeks ended July 29, 2000, and in the twenty-six weeks ended August 4, 2001, gross profit increased 6.7% to \$52.3 million from \$49.0 million in the same period last year. Gross profit as a percentage of net sales for the thirteen weeks ended August 4, 2001 was 25.8% versus 26.0% in the same period last year. Gross



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profit as a percentage of net sales for the twenty-six weeks ended August 4, 2001 was 26.0% versus 26.3% in the same period last year. The decrease as a percentage of net sales for the thirteen and twenty-six week periods was primarily due to higher occupancy costs as a percentage of sales.

Operating, selling and administrative expenses increased \$2.5 million or 12.5% to \$22.9 million in the thirteen weeks ended August 4, 2001, from \$20.4 million in the thirteen weeks ended July 29, 2000, and in the twenty-six weeks ended August 4, 2001, operating, selling and administrative expenses increased 10.9% to \$43.9 million from \$39.6 million in the same period last year. Operating, selling and administrative expenses as a percentage of net sales for the thirteen weeks ended August 4, 2001, increased to 22.0% from 21.7% in the same period last year. For the twenty-six week period operating, selling and administrative expenses as a percentage of net sales increased to 21.8% from 21.2% in the same period last year. The increase in this percentage for the thirteen and twenty-six week periods was due to lower comparable store sales and higher store selling costs as a percent to sales.

Depreciation and amortization increased \$0.2 million or 6.7% to \$3.9 million in the thirteen weeks ended August 4, 2001, from \$3.7 million in the thirteen weeks ended July 29, 2000, and in the twenty-six week period depreciation and amortization increased \$0.5 million or 6.5% to \$7.8 million from \$7.3 million in the same period last year. The increase in depreciation and amortization for the thirteen and twenty-six week periods was primarily the result of the increased number of superstores operated by the Company.

Interest expense was \$1.1 million in the thirteen weeks ended August 4, 2001 versus \$1.3 million in the thirteen weeks ended July 29, 2000, and \$2.4 million in the twenty-six weeks ended August 4, 2001 versus \$2.3 million in the same period last year. The decrease in interest expense for the second quarter is due to lower interest rates versus last year. Year to date, the increase in interest expense is due to higher average (net) debt balances at the beginning of the period that continued throughout the first quarter and most of the second quarter.

### LIQUIDITY AND CAPITAL RESOURCES

During the first twenty-six weeks of fiscal 2002, the Company's cash requirements have been funded with net cash from operations and with borrowings under the Company's credit facilities. Similar to many retailers, the Company's business is seasonal, with its highest retail sales, gross profits and net income traditionally occurring during the fourth fiscal quarter, reflecting the increased demand for books and gifts during the year-end, holiday selling season. Working capital requirements are generally highest during the third fiscal quarter and the early part of the fourth fiscal quarter due to the seasonality of the Company's business.

The Company has a revolving credit facility that allows borrowings up to \$90 million for which no principal repayments are due until the facility expires on June 18, 2003, and an unsecured working capital line of credit for \$15 million, which is subject to annual renewal. As of August 4, 2001, \$52.2 million was outstanding under these facilities combined. Both credit facilities have certain financial and non-financial covenants with which the Company is in compliance. Additionally, as of August 4, 2001, the Company has outstanding borrowings associated with the issuance of an industrial development revenue bond totaling \$7.5 million.

The Company's capital expenditures totaled \$3.6 million during the first twenty-six weeks of fiscal 2002. These expenditures were primarily used for new store expenditures and warehouse distribution purposes. Management estimates that capital expenditures for the remainder of fiscal 2002 will be approximately \$8.0 million, and that such amounts will be used primarily for new

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stores, renovation and improvements to existing stores and investments in management information systems. Management believes that existing cash balances and net cash from operating activities, together with borrowings under the Company's credit facilities, will be adequate to finance the Company's planned capital expenditures and to meet the Company's working capital requirements for the remainder of fiscal 2002.

When necessary, the Company establishes certain reserves for the closing of under-performing stores. Management feels that this year's activity will not significantly vary from the number of closings in the prior year.

### RELATED PARTY ACTIVITIES

Certain principal stockholders of the Company have controlling ownership interests in other entities with which the Company conducts business. Significant transactions between the Company and these various other entities ("related parties") are summarized in the following paragraph.

The Company purchases a portion of its inventories for resale from related parties; such purchases were \$17.2 million in the twenty-six weeks ended August 4, 2001, versus \$17.5 million in the twenty-six weeks ended July 29, 2000. The decrease in related party purchases is primarily due to decreased purchases of music merchandise. The Company sells a portion of its inventories to related parties; such sales amounted to \$1.6 million and \$1.7 million in the twenty-six weeks ended August 4, 2001 and July 29, 2000, respectively. This decrease in related party sales is primarily due to lower sales of bargain books. Management believes the terms of these related

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party transactions are substantially equivalent to those available from unrelated parties and, therefore, have no significant impact on gross profit.

### FINANCIAL POSITION

During the twenty-six weeks ended August 4, 2001, the Company acquired 18 stores from Crown Books Corporation, located in the Chicago and Washington D.C. metropolitan areas. In addition, the Company opened two newsstands, closed one superstore and closed two Bookland stores. Inventory and debt balances at August 4, 2001 increased as compared to February 3, 2001 due to seasonal fluctuations in inventory levels and the acquisition of inventory and lease-rights from Crown Books Corporation.

### NEW AND PENDING ACCOUNTING PRONOUNCEMENTS

On July 20, 2001, the Financial Accounting Standards Board ("FASB") issued Statements of Financial Accounting Standards No. 141, "Business Combinations" ("FAS 141") and No. 142, "Goodwill and Other Intangible Assets" ("FAS 142"). Business combinations initiated after June 30, 2001, must be accounted for under the provisions of these two statements. The Company must also apply these provisions to previously recorded business combinations as of January 1, 2002. The principal provisions of FAS 141 and FAS 142 are as follows:

All business combinations initiated after June 30, 2001 will be accounted for using the "purchase" method, under which the identifiable assets and liabilities of the acquired business are recorded at their respective fair market values with the residual amount being recorded as goodwill. The "pooling-of-interests" method, under which the financial statements of the acquirer and the acquiree were combined as if the two businesses had always been one, will no longer be used.

Goodwill and identifiable intangible assets will no longer be amortized over a maximum period of forty years. Goodwill will not be amortized but will instead be tested for impairment annually or upon the occurrence of certain "triggering events". Identifiable intangible

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assets will be amortized over their expected useful lives; those with indefinite expected useful lives will not be amortized. Identifiable intangible assets will continue to be tested for impairment under previously existing accounting standards.

The Company will adopt FAS 141 and FAS 142 on February 3, 2002, and expects the adoption of these standards to have no material impact on its financial condition, results of operations or cash flows.

### MARKET RISK

The Company is subject to interest rate fluctuations involving its credit facilities. The average amount of debt outstanding under the Company's credit facilities was \$64.1 million during fiscal 2001. However, the Company utilizes both fixed and variable debt to manage this exposure. On February 9, 1998, the Company entered into an interest rate swap agreement, with a five-year term, which carries a notional principal amount of \$30.0 million. The swap effectively fixes the interest rate on \$30.0 million of variable rate debt at 6.78%. The swap agreement expires on February 11, 2003. Also, on May 14, 1996, the Company entered into an interest rate swap agreement, with a ten-year term, which carries a notional principal amount of \$7.5 million. The swap effectively fixes the interest rate on \$7.5 million of variable rate debt at 7.98%. The swap agreement expires on June 7, 2006. The counter party to the interest rate swaps is one of the Company's primary banks. The Company believes the credit and liquidity risk of the counter party failing to meet its obligation is remote as the Company settles its interest position with the bank on a quarterly basis.

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## II - OTHER INFORMATION

### ITEM 1: Legal Proceedings

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

### ITEM 2: Changes in Securities

None

### ITEM 3: Defaults Upon Senior Securities

None

### ITEM 4: Submission of Matters of Vote of Security-Holders

None

### ITEM 5: Other Information

None

### ITEM 6: Exhibits and Reports on Form 8-K

#### (A) Exhibits

Exhibit 3i Certificate of Incorporation of Books-A-Million, Inc. (incorporated herein by reference to Exhibit 3.1 in the Company's Registration Statement on Form S-1 (Capital Registration No. 33-52256))

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Exhibit 3ii By-Laws of Books-A-Million, Inc. (incorporated herein by reference to Exhibit 3.2 in the Company's Registration Statement on Form S-1 (Capital Registration No. 33-52256))

### (B) Reports on Form 8-K

There were no reports filed on Form 8-K during the thirteen week period ended August 4, 2001

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### SIGNATURES

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

BOOKS-A-MILLION, INC.

Date: September 17, 2001

by:/s/ Clyde B. Anderson

-----  
Clyde B. Anderson  
Chief Executive Officer

Date: September 17, 2001

by:/s/ Richard S. Wallington

-----  
Richard S. Wallington  
Chief Financial Officer