

HIBBETT SPORTS INC
Form DEF 14A
April 27, 2009

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

SCHEDULE 14A
Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934

Filed by the Registrant (☒)
Filed by a party other than the Registrant (☐)

Check the appropriate box:

- (☐) Preliminary Proxy Statement
(☐) Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
(☒) Definitive Proxy Statement
(☐) Definitive Additional Materials
(☐) Soliciting Material Pursuant to §240.14a-12

HIBBETT SPORTS, INC.
(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- (☒) No fee required.
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(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

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(3)	Filing Party:
(4)	Date Filed:

HIBBETT SPORTS, INC.
451 Industrial Lane
Birmingham, Alabama 35211

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

Dear Stockholder:

You are invited to attend the Annual Meeting of Stockholders of Hibbett Sports, Inc. that will be held at the principal executive offices of Hibbett Sports, Inc., 451 Industrial Lane, Birmingham, Alabama 35211, on Thursday, May 28, 2009, at 11:00 A.M., local time for the following purposes:

- to elect two (2) Class I Directors for a three-year term expiring in 2012;
- to ratify the selection by the Audit Committee of the Board of Directors of KPMG LLP as the Company's Independent Registered Public Accounting Firm for Fiscal 2010;
- to ratify an amendment to the 2005 Equity Incentive Plan that will raise the annual award limit of Stock Unit Awards, Restricted Stock Awards, Restricted Stock Unit Awards and Performance Share Awards that are intended to be performance-based compensation from 30,000 shares of stock to 75,000 shares of stock; and
- to transact such other business as may properly come before the meeting or any adjournment of the meeting.

Information concerning these and other matters is contained in the accompanying Proxy Statement.

The Board of Directors has fixed the close of business on March 31, 2009 as the record date for the determination of stockholders who will be entitled to notice of and to vote at the meeting.

It is important that your shares be voted at the Annual Meeting. Each stockholder is requested to date, sign and return the accompanying proxy in the enclosed return envelope. No postage is needed if mailed in the United States.

By Order of the Board of Directors,

/s/ Elaine V. Rodgers
Elaine V. Rodgers
Secretary

April 27, 2009
Birmingham, Alabama

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS

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FOR THE ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON MAY 28, 2009

The Company's Proxy Statement and Annual Report to stockholders for the fiscal year ended January 31, 2009 are available at http://hibbett.com/investor_info.php

PROXY STATEMENT

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HIBBETT SPORTS, INC.
451 Industrial Lane
Birmingham, Alabama 35211

PROXY STATEMENT
ANNUAL MEETING OF STOCKHOLDERS
May 28, 2009

GENERAL INFORMATION ABOUT THESE MATERIALS

This Proxy Statement is being mailed together with our Annual Report on Form 10-K to stockholders for the fiscal year ended January 31, 2009, as filed with the Securities and Exchange Commission. The exhibits for the Form 10-K will be furnished upon request and payment of the cost of reproduction. Such written request should be directed to Investor Relations, 451 Industrial Lane, Birmingham, Alabama 35211. Our SEC filings are also available on our website at www.hibbett.com under the heading "Investor Information."

How to Vote

Most stockholders have a choice of voting on the Internet, by telephone, or by mail using a traditional proxy card. Please refer to the proxy card or other voting instructions included with these proxy materials for information on the voting methods available to you. If you vote by telephone or on the Internet, you do not need to return your proxy card.

Reduce Printing and Mailing Costs

If you share the same last name with other stockholders living in your household, you may receive only one copy of our Proxy Statement and Fiscal 2009 Annual Report. Please see the response to the question "What is "householding" and how does it affect me?" for more information on this stockholder program.

Stockholders may help us to reduce printing and mailing costs further by opting to receive future proxy materials by e-mail. Please see the response to the question "Can I access the Notice of Annual Meeting, Proxy Statement and Fiscal 2009 Annual Report on the Internet?" for more information on electronic delivery of proxy materials.

FREQUENTLY ASKED QUESTIONS

When and where will the meeting take place?

The Annual Meeting will be held on Thursday, May 28, 2009, at 11:00 a.m., local time, at the corporate offices of Hibbett Sports, Inc., 451 Industrial Lane, Birmingham, Alabama. Stockholders will be admitted to the Annual Meeting beginning at 10:45 a.m., local time. Seating will be limited.

What is the purpose of this meeting and these materials?

We are providing these proxy materials in connection with the solicitation by the Board of Directors of Hibbett Sports, Inc., a Delaware corporation, of proxies to be voted at our 2009 Annual Meeting of Stockholders and at any adjournment or postponement.

At the Annual Meeting, you will be asked to vote on the following matters:

- the election of two (2) Directors for a three-year term expiring at the Annual Meeting of 2012;
- to ratify the selection by the Audit Committee of the Board of Directors of KPMG LLP as the Company's Independent Registered Public Accounting Firm for Fiscal 2010;
- to ratify an amendment to the 2005 Equity Incentive Plan that will raise the annual award limit of Stock Unit Awards, Restricted Stock Awards, Restricted Stock Unit Awards and Performance Share Awards that are intended to be performance-based compensation from 30,000 shares of stock to 75,000 shares of stock; and
- the transaction of such other business as may properly come before the meeting or any adjournment of the meeting.

After the conclusion of the formal business of the Annual Meeting, management will give a report on our performance during the fiscal year that ended on January 31, 2009 (referred to herein as Fiscal 2009).

Who is entitled to vote at the Annual Meeting?

Holders of Hibbett Sports, Inc. common stock at the close of business on March 31, 2009, are entitled to receive this Notice and to vote their shares at the Annual Meeting. As of that date, there were 28,569,765 shares of common stock outstanding and entitled to vote. Each share of common stock is entitled to one vote on each matter properly brought before the Annual Meeting.

What is the difference between holding shares as a stockholder of record and as a beneficial owner?

If your shares are registered directly in your name with Hibbett Sports Inc.'s transfer agent, Computershare Trust Company, N.A., you are considered, with respect to those shares, the "stockholder of record." Hibbett Sports, Inc. has sent the Notice of Annual Meeting, Proxy Statement, proxy card and Fiscal 2009 Annual Report directly to you.

If your shares are held in a stock brokerage account or by a bank or other holder of record, you are considered the "beneficial owner" of shares held in street name. The Notice of Annual Meeting, Proxy Statement, proxy card and Fiscal 2009 Annual Report have been forwarded to you by your broker, bank or other holder of record who is considered, with respect to those shares, the stockholder of record. As the beneficial owner, you have the right to direct your broker, bank or other holder of record on how to vote your shares by using the voting instruction card included in the mailing or by following their instructions for voting by telephone or on the Internet.

How do I vote?

You may vote using any of the following methods:

A.

By Mail

Be sure to complete, sign and date the proxy card or voting instruction card and return it in the prepaid envelope. If you are a stockholder of record and you return your signed proxy card but do not indicate your voting preferences, the persons named in the proxy card will vote the shares represented by that proxy as recommended by the Board of Directors.

If you are a stockholder of record, and the prepaid envelope is missing, please mail your completed proxy card to Hibbett Sports, Inc., c/o Computershare Investor Services, P.O. Box 43102, Providence, Rhode Island 02940-5067.

B.

By Telephone or on the Internet

The telephone and Internet voting procedures established by Hibbett Sports, Inc. for stockholders of record are designed to authenticate your identity, to allow you to give your voting instructions and to confirm that those instructions have been properly recorded.

You can vote by calling the toll-free telephone number on the proxy card. Please have your proxy card in hand when you call. Easy-to-follow voice prompts allow you to vote your shares and confirm that your instructions have been properly recorded.

The website for Internet voting is www.investorvote.com/hibb. Please have your proxy card handy when you go online. As with telephone voting, you can confirm that your instructions have been properly recorded. If you vote on

the Internet, you also can request electronic delivery of future proxy materials.

Telephone and Internet voting facilities for stockholders of record will be available 24 hours a day, and will close at 11:59 p.m. Central Daylight Savings Time on May 27, 2009. The availability of telephone and Internet voting for beneficial owners will depend on the voting processes of your broker, bank or other holder of record. Therefore, we recommend that you follow the voting instructions in the materials you receive.

If you vote by telephone or on the Internet, you do not have to return your proxy card or voting instruction card.

C. In person at the Annual Meeting

All stockholders may vote in person at the Annual Meeting. You may also be represented by another person at the Annual Meeting by executing a proper proxy designating that person. If you are a beneficial owner of shares, you must obtain a legal proxy from your broker, bank or other holder of record and present it to the inspector of election with your ballot to be able to vote at the Annual Meeting.

Your vote is important. You can save us the expense of a second mailing by voting promptly.

What can I do if I change my mind after I vote my shares?

If you are a stockholder of record, you can revoke your proxy before it is exercised by:

- written notice to the Secretary of the Company;
- timely delivery of a valid, later-dated proxy or a later-dated vote by telephone or on the Internet; or
- voting by ballot at the Annual Meeting.

If you are a beneficial owner of shares, you may submit new voting instructions by contacting your bank, broker or other holder of record. You may also vote in person at the Annual Meeting if you obtain a legal proxy as described in the answer to the previous question.

All shares that have been properly voted and not revoked will be voted at the Annual Meeting.

What shares are included on the proxy card?

If you are a stockholder of record, you will receive only one proxy card for all the shares you hold:

- in certificate form; and
- in book-entry form.

If you are a beneficial owner, you will receive voting instructions, and information regarding consolidation of your vote, from your bank, broker or other holder of record.

What is “householding” and how does it affect me?

We have adopted a procedure approved by the Securities and Exchange Commission (SEC) called “householding.” Under this procedure, stockholders of record who have the same address and last name and do not participate in electronic delivery of proxy materials will receive only one copy of our Notice of Annual Meeting, Proxy Statement and of our Annual Report, unless one or more of these stockholders notifies us that they wish to receive individual copies. This procedure is designed to reduce our printing costs and postage fees.

Stockholders who participate in householding will continue to receive separate proxy cards.

If you participate in householding and wish to receive a separate copy of this Notice of Annual Meeting, Proxy Statement and Annual Report, or if you do not wish to participate in householding and prefer to receive separate copies of these documents in the future, you can request information about householding from your bank, broker or other holder of record.

Is there a list of stockholders entitled to vote at the Annual Meeting?

The names of stockholders of record entitled to vote at the Annual Meeting will be available at the Annual Meeting and for ten days prior to the Annual Meeting for any purpose relevant to the Annual Meeting, between the hours of 8:00 a.m. and 4:00 p.m., at our principal executive offices at 451 Industrial Lane, Birmingham, Alabama 35211, by contacting the Secretary of the Company.

What are the voting requirements to elect the Directors discussed in this Proxy Statement?

The presence of the holders of a majority of the outstanding shares of common stock entitled to vote at the Annual Meeting, present in person or represented by proxy, is necessary to constitute a quorum. Abstentions and “broker non-votes” are counted as present and entitled to vote for purposes of determining a quorum. A “broker non-vote” occurs when a bank, broker or other holder of record holding shares for a beneficial owner does not vote on a particular proposal because that holder does not have discretionary voting power for that particular item and has not received instructions from the beneficial owner.

A majority of the votes cast is required for the election of each Director and for each of the proposals discussed in this Proxy Statement. You may vote “for” or “against” or “abstain” with respect to each vote. Any other proposals presented will be adopted, so long as a quorum is present, if they receive the affirmative vote of a majority of the shares of our common stock present, in person or by proxy, at the Annual Meeting and are entitled to vote.

Could other matters be decided at the Annual Meeting?

At the date that this Proxy Statement went to press, we did not know of any matters to be raised at the Annual Meeting other than those referred to in this Proxy Statement. If other matters are properly presented at the Annual Meeting for consideration, the Board of Directors have designated (on the proxy card enclosed) Michael J. Newsome and Gary A. Smith as proxies who will have the discretion to vote on those matters for you.

Can I access the Notice of Annual Meeting, Proxy Statement and the Fiscal 2009 Annual Report on the Internet?

The Notice of Annual Meeting, Proxy Statement and Fiscal 2009 Annual Report, are available on our Website at www.hibbett.com. Instead of receiving future copies of our Proxy Statement and Annual Report materials by mail, most stockholders can elect to receive an e-mail that will provide electronic links to them. Opting to receive your proxy materials online will save us the cost of producing and mailing documents to your home or business, and also will give you an electronic link to the proxy voting site.

Stockholders of Record: If you vote on the Internet at www.investorvote.com/hibb, simply follow the prompts for enrolling in the electronic proxy delivery service. You also may enroll in the electronic proxy delivery service at any time in the future by going directly to www.econsent.com and following the enrollment instructions.

Beneficial Owners: If you hold your shares in a brokerage account, you also may have the opportunity to receive copies of these documents electronically. Please check the information provided in the proxy materials mailed to you by your bank or other holder of record regarding the availability of this service.

Who will pay for the cost of this proxy solicitation?

We will pay the cost of soliciting proxies. Directors, executive officers or employees in person may solicit proxies on our behalf by telephone, electronic transmission and facsimile transmission. We have hired Corporate Communications, Inc. to distribute and solicit proxies. We will reimburse Corporate Communications for reasonable expenses for these services. Total fees and reimbursements paid to Corporate Communications in Fiscal 2009 were approximately \$87,000 that included approximately \$36,000 for proxy distribution, together with our Annual Report, and solicitation.

Who will count the vote?

Representatives of our transfer agent, Computershare Trust Company, N.A., will tabulate the votes. Corporate Communications, Inc. will act as inspectors of election.

OUR BOARD OF DIRECTORS AND CORPORATE GOVERNANCE MATTERS

Our Corporate Governance Principles

Our Board of Directors has adopted Corporate Governance Guidelines and intends to follow the principles of corporate governance summarized below:

Board Composition

- **General.** The Board of Directors, which is elected by the stockholders, is the ultimate decision-making body of the Company except with respect to those matters reserved to the stockholders. It selects the senior management team, which is charged with the conduct of the Company's business. Having selected the senior management team, the Board acts as an advisor and counselor to senior management and ultimately monitors its performance.
- **Director Independence.** It is the policy of the Company that the Board consists of a majority of independent Directors as governed by the independence requirements of the NASDAQ stock exchange corporate governance listing standards and any applicable law. The Board will consider all relevant facts and circumstances in making an independence determination.

It shall be the responsibility of each Director and prospective Director to disclose to the Board any relationship that could impair his or her independence or any conflict of interest with the Company, including, but not limited to, family members, customers, suppliers, legal counsel, consultants of the Company, significant stockholders of the Company and any competitor or other person having an interest adverse to the Company. Each Director shall complete an annual questionnaire providing information necessary for the Company to assist the Board in reconfirming each Director's independence and making required disclosures in the Company's Proxy Statement, where applicable.

- **Chairman/Lead Director.** The Board shall elect a Chairman who may be an independent Director, an employee or other non-independent Director. The duties of the Chairman shall be assigned by the Company's By-laws or, from time to time, the Board.

Chairman and CEO. The Company has adopted the policy that the same person may hold the positions of Chairman of the Board and Chief Executive Officer. The Board believes that this combination can enhance the communication between executive management and board members. The function of the Board in monitoring the performance of senior management of the Company is fulfilled by the presence of outside Directors of stature who have a substantive knowledge of the business.

Lead Director. Beginning in Fiscal 2010, the Board shall also designate a Lead Director who shall be an independent Director in the event the Chairman is not an independent Director. The primary duties of the Lead Director are to preside over executive sessions of solely independent directors, work with the Chairman to set agendas for meetings of the Board and communicate feedback between the Board and Chairman.

Nomination of Directors

- **Role of the Nominating and Corporate Governance Committee.** The Nominating and Corporate Governance Committee (NCG Committee) is responsible for the recommendation of Director nominees for election to the Board. Nominees recommended by the NCG Committee for election may be elected by the Board to fill a vacancy or may be recommended by the Board for election by the stockholders.

-

Qualification of Directors. In evaluating candidates for election to the Board, the NCG Committee shall take into account the qualifications of the individual candidate as well as the composition of the Board as a whole. Among other things, the NCG Committee shall consider:

- the candidate's ability to help the Board create stockholder wealth,
- the candidate's ability to represent the interests of the stockholders,
- the business judgment, experience and acumen of the candidate,
- the need for Directors having certain skills and experience,
- other business and professional commitments of the candidate, and
- the number of other boards on which the candidate services, including public and private company boards.

In making a recommendation regarding the reelection of an existing member of the Board, the NCG Committee shall consider the Director's tenure and make an assessment of the Director's past contributions and effectiveness as a Board member and his or her ability to continue to provide future value to the Board. Any Director appointed to the Board by the Board to fill a vacancy shall stand for election at the time required under applicable law, generally the next election of the class for which such Director has been chosen.

- **Service on Other Boards.** Without the prior approval of the Board, no Director may serve on more than two boards of publicly-traded companies, other than the Company. A Director desiring to serve on another public company board shall notify the NCG Committee before accepting the appointment to that board and provide information requested in order to enable the NCG Committee to determine whether or not the additional directorship impairs the Director's independence or ability to effectively perform his duties as a Director. The Company Counsel of the Company will report to the NCG Committee its advice as to whether the appointment may impair the Director's independence or raise other legal issues. Commitments of a Director or candidate to other board memberships will be considered in assessing the individual's suitability for election or reelection to the Board.
- **Election of Directors.** The voting standard for the election of Directors is established in the Company's Certificate of Incorporation, in conformity with the By-laws of the Company. The By-laws require Directors to be elected by the affirmative vote of a majority of the shares of capital stock of the Corporation present, in person or by proxy, at a meeting of stockholders and entitled to vote on the subject matter.
- **Stockholder Nominations.** The NCG Committee is responsible for considering any submissions by stockholders of candidates for nomination to the Board, evaluating the persons proposed and making recommendations with respect thereto to the whole Board.

Size of the Board of Directors

Our Board of Directors has a maximum of nine and a minimum of six members. Within this range, the Board sets the number. Currently, our Board consists of seven Directors who are divided into three classes. The terms of our Class I Directors will expire at the close of the Annual Meeting this year. The term of our Class II Directors expires at the close of the Annual Meeting in 2010. The term of our Class III Directors expires at the close of the Annual Meeting in 2011.

The size and diversity of the Board is assessed regularly by the NCG Committee. The Board may increase or decrease the number of Directors within the limits required by Delaware law to accommodate the best interests of the Company and its stockholders.

Director Compensation Review

The NCG Committee annually reviews the Director compensation program and recommends any changes to the Board for approval. The NCG Committee's goal is to align the Board with the long-term interests of the Company's stockholders and to compensate Directors fairly for their work while promoting ownership by the Directors of Company stock. Outside consultants may be retained to obtain advice on competitive compensation practices.

Director Tenure

- **Term Limits.** The Board has not established a fixed maximum term for a Director, although the NCG Committee considers a Director's tenure in making a recommendation to the Board whether or not a Director shall be nominated for reelection to another term.
- **Mandatory Retirement Age.** The Board has not established a fixed age at which a Director may not be nominated for reelection.

Director Responsibilities

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General. It is the responsibility of the Directors to exercise their business judgment and act in the best interest of the Company and its stockholders. Directors must act ethically at all times and adhere to the applicable provisions of the Company's Code of Business Conduct and Ethics.

- **Ownership of and Trading in Company Securities.** The Directors shall adhere to any guidelines established by the Company relating to required ownership of company equity. In addition, the Directors shall adhere to the Company's policy on trading in securities of the Company and specific guidance provided by the appropriate Company officers as to periods when Directors should refrain from trading in the Company's securities. Annually, each Director shall sign the Company's Insider Trading Policy then in effect.
- **Conflicts of Interest.** In the event that any executive officer of the Company has a conflict of interest or seeks a waiver of any other provision of the Code of Business Conduct and Ethics for which a waiver may be obtained, the officer shall notify a designated Company officer, who shall arrange for the NCG Committee and the Board to consider the request. The waiver shall be granted only if approved by both groups.

- **Governance Review.** At least annually, the Board shall review the governance structure of the Company, including any provision of its Certificate of Incorporation and By-laws affecting governance, other arrangements containing provisions that become operative in the event of a change in control of the Company, governance practices and the composition of the Company's stockholder base.

Attendance and Meeting Materials

- **Board and Committee Meetings.** Directors are expected to attend Board meetings and Committee meetings on which they serve in order to best fulfill their responsibilities. Meeting materials are provided to the Board prior to a scheduled meeting. Directors are responsible for reviewing these materials in advance of the meetings.
- **Annual Meeting of Stockholders.** All Board members are expected to attend our Annual Meeting of Stockholders unless an emergency prevents them from doing so. All of our Directors were in attendance at the 2008 Annual Meeting of Stockholders.

Director Orientation

Upon initial election, the Company will present a Director with orientation and reference materials to familiarize them with the Company's senior management and independent auditor, Code of Business Conduct and Ethics, Insider Trading Policy and other compliance programs. In addition, within the first three year term served by a new Director, such Director will attend an Institutional Shareholder's Services, Inc. (ISS) accredited director education program. The Board will also encourage other appropriate Company officers to attend ISS accredited director education programs or other programs as needed to stay informed of trends and changes in corporate governance.

Board Committees

- **Committee Designation and Composition.** It is the general policy of the Company that the Board as a whole considers and makes all major decisions other than decisions that are required to be made by independent committees. As a consequence, the Committee structure of the Board is limited to those Committees considered to be basic to, or required for, the operation of a publicly-traded company. Currently, these Committees are the Audit Committee, Compensation Committee and Nominating and Corporate Governance Committee. Additional committees may be established by the Board as necessary or appropriate.

The Board as a whole determines the members and chairs of these Committees. All Committees are made up of only independent Directors. The membership of Committees is rotated from time to time. Committee members and chairpersons serve one-year terms and are appointed by the Board upon recommendation of the NCG Committee.

Each Committee determines who shall attend any session, or part of a session, of each meeting and whether the Committee wishes to conduct any of its proceedings in an executive session that includes only Committee members, provided that each Committee will conduct executive sessions not less than twice a year.

- **Committee Compensation.** The Board, upon recommendation of the NCG Committee, shall fix the compensation of each committee member and may provide different compensation for members and chairs of various committees.

Audit Committee Compensation, Independence and Financial Literacy

Other than Director fees, Audit Committee members may not receive any additional compensation from the Company. All members of the Audit Committee shall meet the independence requirements of NASDAQ and the SEC and financial literacy requirements of NASDAQ, as provided in the Audit Committee Charter. It is the objective of

the Board that at least one member of the Audit Committee all times shall qualify as an “audit committee financial expert” as defined by the rules and regulations of the SEC.

Board Meetings and Agendas

- **Board Meetings.** The Board is responsible for an annual review of strategy, financial and capital plans, as well as quarterly updates on the performance and plans of the Company’s business and matters on which the Board is legally required to act. The CEO may propose other key issues for the Board’s consideration. An agenda along with appropriate materials will be prepared and distributed in advance of each Board meeting.
- **Committee Meetings.** The agendas and meeting minutes of the Committees will be shared with the full Board. The Chairman of each Committee, with the support of management, will develop Committee meeting agendas taking into account the views of the Committee members. The Company will make available management or other employees of the Company when needed to facilitate a meeting.

Management Attendance

The Board regularly requests the attendance of senior officers of the Company at Board meetings to provide insight and to update items being addressed by the Board, to provide high potential managers exposure to the Board and to inform the Board about the Company's business. The Board and CEO may invite other members of management as it deems appropriate.

Evaluations and Succession Planning

- **CEO Review.** The Compensation Committee will conduct an annual review of the CEO's performance and the Board will review the Compensation Committee's report in order to ensure the CEO is providing the best leadership for the Company.
- **Succession Planning.** The Compensation Committee will make an annual report to the Board on succession planning to ensure management continuity. The CEO will make available recommendations and evaluations of potential successors, along with review of any development plans recommended for such individuals.

Board Assessment

- **Board Performance.** Self-assessment of the performance of the Board will be conducted annually and will be led by the NCG Committee. These assessments will focus on the Board's contributions to the Company and will include a review of any areas the Board or management believes the Board could improve upon. The Board may, at its discretion, utilize the Company's Counsel to assist in the development and review of these assessments and has done so in recent years.
- **Director Performance.** The NCG Committee will conduct an annual review of each Director on the Board to assist in determining the proper composition of the Board and each of the committees. Among consideration will be each Director's attendance at Board and committee meetings, preparation for Board meetings, participation in Board discussions, experiences relevant to the Director's service on the Board and committees, knowledge in areas relevant to the Company's business, contributions to the Board's decision-making process and other such items the NCG Committee believes may be useful in determining such Director's qualifications and fulfillment of responsibilities.

Board Interaction with Third Parties and Employees

- **Third Party Access.** The Board recognizes that management speaks on behalf of the Company. However, the Board shall establish procedures for third party access to the Chairman and to non-management Directors as a group. The Board and committees have the right to retain outside financial, legal or other advisors and shall have appropriate access to the Company's internal and external auditors and outside counsel.
- **Employee Access.** Board members have full access to the Company's management and employees and will use their judgment to assure that any contacts will not disrupt the daily business operation of the Company. The CEO and the Secretary of the Company will be copied, as appropriate, on any written communication between a Director and an officer or employee.
- **Receipt of Complaints.** The Audit Committee will establish procedures for receipt, retention and treatment of complaints regarding accounting, internal accounting controls or auditing matters and the confidential, anonymous submission by employees, customers or vendors of the Company or any other person of concerns regarding questionable accounting or auditing matters.

Meeting of Directors

The independent Directors will meet regularly in executive sessions without management or non-independent Directors. An executive session will be held not less than twice a year and other sessions may be called at the request of the Lead Director or any other non-management member of the Board.

These Corporate Governance Guidelines were adopted by the Board on February 12, 2009 upon recommendation by the NCG Committee. A copy of these guidelines is posted on our website at www.hibbett.com and accessible to all investors.

Committee Charters

The responsibilities of each of the Committees are determined by the Board from time to time and are set forth in the Committee's charters which are reviewed annually and posted on our website at www.hibbett.com.

Communicating with Our Board Members

Our stockholders may communicate directly with our Board of Directors. You may contact any member (or all members), any committee of the Board or any chair of any such committee by mail. Any stockholder desiring to communicate to our Directors may do so by sending a letter addressed to the person, persons or committee the stockholder wishes to contact, in care of Investor Relations, Hibbett Sports, Inc., 451 Industrial Lane, Birmingham, Alabama 35211. The letter should state that the sender is a current stockholder. We intend to disclose any future changes to this stockholder communication process under the “Investor Information” heading of our website located at www.hibbett.com.

All mail received as set forth in the preceding paragraph will be examined by management and/or our General Counsel for the purpose of determining whether the contents actually represent messages from stockholders to our Directors. Relevant communications will be promptly distributed to the Board or to any individual Director or Directors as appropriate, depending on the facts and circumstances outlined in the communication. In that regard, the Hibbett Sports, Inc. Board of Directors has requested that certain items that are unrelated to the duties and responsibilities of the Board should be excluded, such as:

- business solicitations or advertisements;
- junk mail or mass mailings;
- new product suggestions, product complaints or product inquiries;
- résumés or other forms of job inquiries; and
- spam or surveys.

We will also examine the mailing from the standpoint of security. Any material that is unduly hostile, threatening, illegal or similarly unsuitable will be excluded, with the provision that any communication that is filtered out must be made available to any outside Director upon request.

Director Qualification Standards

Pursuant to Rule 4200(a)(15) of the NASDAQ Stock Market, Inc. Marketplace Rules, our Board of Directors determines whether each Director is independent. In accordance with the standards, the Board must determine that an independent Director has no material relationship with us other than as a Director. The standards specify the criteria by which the independence of our Directors will be determined, including strict guidelines for Directors and their immediate families with respect to past employment or affiliation with us or our independent registered public accounting firm. The standards also prohibit Audit Committee members from having any direct or indirect financial relationship with us, and restrict both commercial and not-for-profit relationships between us and each Director. We may not give personal loans or extensions of credit to our Directors, and all Directors are required to deal at arm’s length with us and our subsidiaries, and to disclose any circumstance that might be perceived as a conflict of interest.

Director Independence

We are committed to principles of good corporate governance and the independence of a majority of our Board of Directors from our management. All members of our Audit, Compensation and Nominating and Governance Committees have been determined by our Board to be independent Directors as defined under Rule 4200(a)(15) of the NASDAQ Stock Market, Inc. Marketplace Rules.

In accordance with these standards, the Board annually reviews Director independence with the help of our Company Counsel. During this review, the Board considers transactions and relationships between each Director or any member of his or her immediate family and us and our subsidiaries and affiliates. The Board also considers whether

there are any transactions or relationships between Directors or any member of their immediate family (or any entity of which a Director or an immediate family member is an executive officer, general partner or significant equity holder). The purpose of this review process is to determine whether any such relationships or transactions exists that are inconsistent with a determination the Director is independent.

As a result of this review, the Board has affirmatively determined that none of our Directors or nominees has a material relationship with us, other than Michael J. Newsome who is a member of management. All committees of our Board are comprised solely of independent Directors.

In making this determination, the Board considered that in the ordinary course of business, transactions may occur with a company or firm with which we do business. Our Board has determined that such involvement is not material and does not violate any part of the definition of “independent Director” under NASDAQ listing standards. Mr. Newsome, our only non-independent Director, is not a member of any of our committees.

Policies on Business Ethics and Conduct

Our Board has adopted a Code of Business Conduct and Ethics (Code) for all our employees, executive officers and Directors, including our Chief Executive Officer and senior financial officers. A copy of this Code may be viewed at our corporate website, www.hibbett.com under the heading "Investor Information." In addition, a printed copy of our Code will be provided to any stockholder upon request submitted to Investor Relations at our address listed elsewhere in this Proxy Statement.

The Code is intended to focus on areas of ethical and material risk and to help us recognize and deal with ethical issues, provide mechanisms to report unethical conduct and foster a culture of honesty, integrity and accountability.

All of our employees, including our Chief Executive Officer and Chief Financial and Principal Accounting Officer, are required by our policies on business conduct to ensure that our business is conducted in a consistent legal and ethical manner. These policies form the foundation of a comprehensive process that includes compliance with all corporate policies and procedures, an open relationship among colleagues that contributes to good business conduct and the high integrity level of our employees. Our policies and procedures cover all areas of professional conduct, including employment policies, conflicts of interest, intellectual property and protection of confidential information and insider trading, as well as strict adherence to all laws and regulations applicable to the conduct of our business.

Employees are required to report any conduct that they believe in good faith to be an actual or apparent violation of our policies and procedures. The Sarbanes-Oxley Act of 2002 requires audit committees to have procedures to receive, retain and treat complaints received regarding accounting, internal accounting controls or auditing matters and to allow for the confidential and anonymous submission by employees of concerns regarding questionable accounting and auditing matters. We have such procedures in place. In addition, we require employees to report to the appropriate internal contacts evidence of any actual, potential or suspected material violation of state or federal law or breach of fiduciary duty by us or any of our executive officers, Directors, employees or agents.

Board and Committee Meeting Attendance

During Fiscal 2009, the Board of Directors met seven times. Each current Director serving on the Board during Fiscal 2009 was present for at least 75% of the meetings of the Board and the meetings held by all committees of the Board on which he served during the fiscal year. Michael J. Newsome serves as Chairman of the Board.

The Board of Directors

Terrance G. Finley, age 57, has been a Director since March 2008. Mr. Finley is currently President of the merchandising group at Books-A-Million, Inc., where he has worked in various positions since 1993. His current responsibilities include all the company's merchandising, marketing, publishing, import and internet activities. Mr. Finley is a 30-year veteran of the book industry and has led several of Books-A-Million's business units.

Albert C. Johnson, age 64, has been a Director since March 2008. Mr. Johnson is a retired CPA and has been an independent financial consultant since 1998. He was Senior Vice President and Chief Financial Officer of Dunn Investment Company from 1994 to 1998. Prior to that, he worked for Arthur Anderson LLP from 1965 to 1994 where he retired as the Managing Partner of the firm's Birmingham, Alabama office. Mr. Johnson also serves as a Director of Books-A-Million, Inc. and Regions Morgan Keegan Mutual Funds and serves as Chairman of the Audit Committee at Books-A-Million, Inc.

Carl Kirkland, age 68, has been a Director since January 1997. Mr. Kirkland retired as Chief Executive Officer in March 2001 from Kirkland's, Inc., a leading specialty retailer of decorative home accessories and gift items. He is a

co-founder of Kirkland's, Inc. and served as President from 1996 to November 1997 and as Chief Executive Officer from 1996 to 2001. He served as Chairman of the Board at Kirkland's from 1996 to 2004 and now serves as a Director and Chairman Emeritus of Kirkland's. In addition, Mr. Kirkland currently serves on the Board of Directors of the Bank of Jackson in Jackson, Tennessee.

Michael J. Newsome, age 70, is the only non-independent Director of our Board, serving as Chief Executive Officer and Chairman of the Board. He has been a member of our Board since October 1996. Mr. Newsome served as our President from 1981 through August 2004 and was named Chief Executive Officer in September 1999 and Chairman of the Board in March 2004. Since joining us as an outside salesman over 40 years ago, Mr. Newsome has held numerous positions with the Company, including retail clerk, outside salesman to schools, store manager, district manager, regional manager and President. Prior to joining the Company, Mr. Newsome worked in the sporting goods retail business for six years. In 2007, Mr. Newsome was inducted into the Sporting Goods Industry Hall of Fame sponsored by the National Sporting Goods Association.

Ralph T. Parks, age 63, has been a Director since June 2002. Mr. Parks has served as President of RTParks, Inc. since 2002. In addition, he also provides consulting services to Hickory Brands, Inc., a privately-owned manufacturer of footwear accessories and vendor of Hibbett. From February 2008 through May 2008, Mr. Parks served as Interim CEO of Heelys, Inc., a global distributor of action youth footwear and vendor of Hibbett. He also worked at FOOTACTION USA from 1987 to 1999, when he retired as President and Chief Executive Officer. Additionally, Mr. Parks' current Board service includes the Board of Directors of Kirkland's, Inc., the Audit Committee of Kirkland's, the Board of Directors of Heelys and the Compensation Committee of Heelys.

Thomas A. Saunders, III, age 72, has been a Director since 1995. Mr. Saunders owns and is employed by Ivor & Co., LLC, a privately owned investment firm, and has served as its President since May 2000. He is a retired member of Saunders Karp & Megrue Partners, LLC that controlled SK Equity Fund, L.P., once a major investor in Hibbett Sports, Inc.. Before founding Saunders Karp & Megrue in 1990, he served as a managing director, partner and chairman of a private equity fund of Morgan Stanley & Co. from 1974 to 1989. Additionally, Mr. Saunders serves as the first Lead Director on the Board of Directors of Dollar Tree Stores, Inc. and serves as an advisor to a number of investment funds, none of which Hibbett participates in.

Alton E. Yother, age 56, has been a Director since August 2004. Mr. Yother worked as Executive Vice President and Controller of Regions Financial Corporation (formerly AmSouth Bancorporation) from November 2004 to April 2007 at which time he became Senior Executive Vice President and Chief Financial Officer of Regions Financial Corporation until his retirement in April 2008. Prior to this, he worked for over 24 years for SouthTrust Corporation or SouthTrust Bank. His most recent duties at SouthTrust were as Executive Vice President, Treasurer and Controller of SouthTrust Corporation from 1998 to 2004.

Director Classes

The following table provides Director Class and term expiration information for each Board Member:

Class I Directors	Term Expiration After Annual Meeting of 2009	Board Member Alton E. Yother
		Terrance G. Finley
Class II Directors	After Annual Meeting of 2010	Carl Kirkland
		Michael J. Newsome Thomas A. Saunders, III
Class III Directors	After Annual Meeting of 2011	Ralph T. Parks
		Albert C. Johnson

Note: Mr. Yother and Mr. Finley are current nominees for the next term of Class I Directors expiring after the Annual Meeting of 2012 (See Proposal I).

Committees of the Board of Directors (1)

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The Board has established an Audit Committee, a Nominating and Corporate Governance Committee and a Compensation Committee. The memberships and functions of these committees are set forth below. The Board has no standing Executive Committee. The following table below provides Fiscal 2009 membership and meeting information for each of the Board Committees.

Committee	Chairperson	Members	Number of Meetings
Audit (2)	Alton E. Yother	Albert C. Johnson Ralph T. Parks Alton E. Yother	7
Compensation (3)	Ralph T. Parks	Carl Kirkland Ralph T. Parks Thomas A. Saunders, III Alton E. Yother	7
Nominating and Corporate Governance (4)	Carl Kirkland	Terrance G. Finley Carl Kirkland Thomas A. Saunders, III	3

(1) Michael J. Newsome is the only non-independent Director on the Board and does not serve on any committee.

(2) Albert C. Johnson was appointed to and Thomas A. Saunders, III rotated off the Audit Committee in April 2008.

(3) Thomas A. Saunders, III was appointed to the Compensation Committee in April 2008.

(4) Terrance G. Finley was appointed to the Nominating and Corporate Governance Committee in April 2008.

Audit Committee

The Fiscal 2009 members of the Audit Committee were Mr. Yother, Chairman of the Committee, and Messrs. Parks and Johnson. Under the terms of its Charter, the Audit Committee meets no less than four times annually and is required to review at least quarterly the Company's financial performance. Periodic meetings are also held separately with management and the independent registered public accounting firm to review accounting matters and disclosures in our SEC periodic filings. The Audit Committee represents and assists the Board with the oversight of: the integrity of our financial statements and internal controls; our compliance with legal and regulatory requirements; the independent registered public accounting firm's qualifications and independence; the performance of our internal audit function; and the performance of the independent registered public accounting firm. In addition, the Audit Committee is responsible for:

- appointing, compensating and overseeing the work of the independent registered public accounting firm we employ;
 - resolving any disagreements between management and the auditor regarding financial reporting;
- pre-approving all auditing services, internal control related services and permitted non-audit services performed by the independent registered public accounting firm;
- retaining independent counsel, accountants or others to advise the Committee or assist in the conduct of an investigation;
- seeking any information it requires from employees, all of whom are directed to cooperate with the Committee's requests, or external parties;
 - meeting with our officers, external auditors, internal auditors or outside counsel, as necessary;
- evaluating our overall internal control structure, including consideration of the effectiveness of our internal control system and evaluation of management's tone and responsiveness toward internal controls;
- reviewing our financial reporting, including interim, quarterly and annual SEC compliance reporting and evaluating management's significant judgments and estimates underlying the financial statements;
- reviewing our compliance with financial covenants, legal matters, including securities trading practices, and regulatory or governmental findings which raise material issues regarding our financial statements or accounting policies; and
- evaluating the Committee's performance and reviewing the Committee's charter on an annual basis and presenting the Board with recommended changes.

A copy of the Audit Committee Charter is available on our website at www.hibbett.com under the heading "Investor Information." In addition, a printed copy of its Charter will be provided to any stockholder upon request submitted to Investor Relations at our address listed elsewhere in this Proxy Statement.

Audit Committee Financial Experts. Our Board has reviewed the composition of the Audit Committee and determined that the independence and financial literacy of its members meet the listing standards of the NASDAQ Stock Market and regulations of the SEC. In addition, our Board has determined that Mr. Yother, who chairs the Audit Committee, by virtue of his career experiences serving in financial capacities of publicly-traded companies as well as other experiences, qualifies as an "audit committee financial expert" within the meaning of applicable regulations of the SEC pursuant to the Sarbanes-Oxley Act of 2002. In addition, the Board has determined that Mr. Johnson also qualifies as an "audit committee financial expert" because of his financial experience in public accounting and with both private and public companies.

Compensation Committee

The Fiscal 2009 members of the Compensation Committee are Mr. Parks, Chairman of the Committee, and Messrs. Kirkland, Saunders and Yother. Under the terms of its Charter, the Compensation Committee is directly responsible for developing guidelines and establishing compensation policies for our executive officers as well as producing an annual report for inclusion in our Proxy Statement. In addition, the Compensation Committee:

- administers our equity award plans for employees and grants equity awards under our equity award plans;
 - determines and certifies any shares awarded under corporate performance-based plans;
 - reviews strategy for executive officer succession;
 - monitors compliance by executive officers with our program of required stock ownership;
- publishes an annual Compensation Committee Report on executive officer compensation for the stockholders; and
- evaluates the Committee's performance and reviews the Committee's charter on an annual basis and presents the Board with recommended changes.

The Committee may, at its sole discretion, employ a compensation consultant that reports directly to the Committee, and has done so, to assist in the evaluation of the compensation of our CEO and other elected executive officers.

A copy of the Compensation Committee Charter is available on our website at www.hibbett.com under the heading "Investor Information." In addition, a printed copy of its Charter will be provided to any stockholder upon request submitted to Investor Relations at our address listed elsewhere in this Proxy Statement.

Nominating and Corporate Governance Committee

The Fiscal 2009 members of the Nominating and Corporate Governance Committee are Mr. Kirkland, Chairman of the Committee, and Messrs. Finley and Saunders. The Nominating and Corporate Governance Committee is authorized to exercise oversight with respect to the nomination of candidates for the Board in such a fashion as determined from time to time by the Board. The Committee has recommended the election of Mr. Finley and Mr. Yother as Class I Directors at the 2009 Annual Meeting of Stockholders. Under the terms of its charter, the Nominating and Corporate Governance Committee meets at least one time annually.

The Nominating and Corporate Governance Committee's purpose is to advise the Board on the composition, organization, effectiveness and compensation of the Board and its committees and on other issues relating to the Company's corporate governance. The Committee's primary duties and responsibilities are to:

- recommend candidates to be nominated by the Board, including the re-nomination of any currently serving director, to be placed on the ballot for shareholders to consider at the Annual Meeting;
- recommend nominees to be appointed by the Board to fill interim director vacancies;
- review periodically the membership and Chair of each committee of the Board and recommend committee assignments to the Board, including rotation or reassignment of any Chair or committee member;
- monitor significant developments in the regulation and practice of corporate governance and of the duties and responsibilities of each director;
- lead the Board in its annual performance evaluation;
- evaluate and administer the Corporate Governance Guidelines of the Company and recommend changes to the Board; and
- review the Company's governance structure.

The Nominating and Corporate Governance Committee has written policies in place for accepting director nominations from stockholders and identifying nominees for director as well as minimum qualifications for director nominees that is described in detail beginning on page 7.

A copy of the Nominating and Corporate Governance Committee Charter is available on our website at www.hibbett.com under the heading "Investor Information." In addition, a printed copy of its Charter will be provided to any stockholder upon request submitted to Investor Relations at our address listed elsewhere in this Proxy Statement.

COMPENSATION OF NON-EMPLOYEE DIRECTORS

Director Compensation Table

Annual compensation for non-employee Directors for Fiscal 2009 was comprised of cash and equity compensation. Each of these components is described in more detail below. The total compensation of our non-employee Directors for Fiscal 2009 is shown in the following table.

Director Compensation
For the Fiscal Year Ended January 31, 2009
(in dollars)

Director	Fees Earned or Paid in Cash	Stock Awards	Option Awards (1)	Non-Equity Incentive Plan Compensation (2)	All Other Compensation (3)	Total
Mr. Anderson (4) (5)	\$ 3,060	\$ 10,250	\$ 31,783	\$ -	\$ -	\$ 45,093
Mr. Finley	\$ 30,253	\$ -	\$ 59,215	\$ -	\$ -	\$ 89,468
Mr. Johnson	\$ 33,253	\$ -	\$ 59,215	\$ -	\$ -	\$ 92,468
Mr. Kirkland	\$ 39,000	\$ -	\$ 31,783	\$ -	\$ -	\$ 70,783
Mr. Parks	\$ 49,500	\$ -	\$ 31,783	\$ -	\$ -	\$ 81,283
Mr. Saunders (6)	\$ -	\$ -	\$ 85,028	\$ -	\$ -	\$ 85,028
Mr. Yother (7)	\$ 54,500	\$ -	\$ 31,783	\$ -	\$ 3,712	\$ 89,995

Note: The Director Compensation Table requires a column for Change in Pension Value and Nonqualified Deferred Compensation Earnings of which we have none. Therefore, for presentation purposes, this column was omitted.

(1) Options awarded represent the annual award to Directors of 5,000 options to purchase our common stock, with the exception of Messrs. Finley and Johnson, who received an award upon election to the Board of 10,000 options to purchase our common stock. Mr. Saunders' also includes his director fee income that was deferred into options (see Note 6). Options are valued at their grant date fair value. Total options outstanding to purchase our common stock at January 31, 2009 for our current directors, were 10,000 for Mr. Finley, 9,000 for Mr. Johnson, 67,034 for Mr. Kirkland, 29,063 for Mr. Parks, 44,281 for Mr. Saunders and 37,079 for Mr. Yother. All options to purchase common stock are fully vested upon date of grant.

Following is the weighted average fair value of each option granted during the fiscal year ended January 31, 2009. The fair value was estimated on the date of grant using the Black Scholes pricing model with the following weighted average assumptions for each grant date:

Grant date	3/14/08	3/18/08	3/31/08	6/30/08	9/30/08	12/31/08
Weighted average fair value at date of grant	\$5.92	\$6.36	\$6.67	\$9.18	\$9.24	\$8.76
Expected option life (years)	4.20	4.20	4.20	4.20	4.76	4.76
Expected volatility	50.61%	50.89%	51.68%	50.38%	51.54%	68.07%
Risk-free interest rate	2.12%	2.19%	2.27%	3.14%	2.60%	1.40%
Dividend yield	None	None	None	None	None	None

See Note 3 to the consolidated financial statements in our Annual Report on Form 10-K filed March 31, 2009 for additional information regarding the Company's assumptions concerning expected option life, expected volatility, risk-free interest rate and dividend yield.

- (2) No non-equity incentive plan compensation payments were made as compensation for director services in Fiscal 2009 or are contemplated under our current compensation structure for Directors.
- (3) All Other Compensation primarily consists of occasional gifts to Directors such as sporting goods merchandise and is inconsequential. For Mr. Yother, other compensation consisted of interest earned on his deferred compensation in Fiscal 2009 (see Note 7).
- (4) Mr. Anderson retired from the Board in June 2008. While a Director, he elected to defer all fees earned into stock units payable upon his retirement from the Board. Fees were deferred through the first calendar quarter of 2008. Fees earned from April 1, 2008 through his retirement on June 2, 2008 were paid in cash. Allocations of deferred fees are calculated on a calendar quarter. Of the \$10,250 earned, deferred stock was awarded for fees earned in Calendar 2008 at a grant date fair value of \$10,250.

- (5) Mr. Anderson had 3,693 shares of common stock units which were released at his retirement on June 2, 2008 and which had an intrinsic value of \$76,999 on the date of release.
- (6) Mr. Saunders elected to defer all fees earned into stock options subject to the provisions of the applicable Director stock option plan at the time the fees were earned. No fees were paid in cash during Fiscal 2009. Allocations of deferred fees are calculated each calendar quarter. Fees earned by Mr. Saunders were \$39,000. A total of \$38,000 of the fees earned during Calendar 2008 equated to stock options of 6,461. An additional \$2,000 was earned in Fiscal 2009 by Mr. Saunders after December 31, 2008 and was allocated on March 31, 2009.
- (7) Mr. Yother elected to defer all his fees into cash through December 31, 2008, at which time he elected out of the Amended 2005 Director's Deferred Compensation Plan. No fees were paid in cash through December 31, 2008. Allocations of deferred fees are calculated each calendar quarter. Fees earned by Mr. Yother were \$54,500. Of all fees, a total of \$54,500 was earned during Calendar 2008. An additional \$1,000 was earned in Fiscal 2009 by Mr. Yother after December 31, 2008 and was paid in cash when earned.

Fees Earned or Paid in Cash

Fees earned or paid in cash consist of annual board fees and committee meeting fees. Each non-employee Director receives an annual retainer of \$25,000 that may be paid in cash or may be deferred into stock units, stock options or cash. The Chairman of the Audit Committee receives an additional annual fee of \$5,000. Non-employee Directors serving on Board committees also receive \$1,000 per Board and committee meeting attended either in person or by teleconference. The Chairperson of each committee receives \$1,500 per committee meeting attended either in person or by teleconference. As with the annual retainer, committee fees earned may be deferred into stock units, stock options or cash.

The total fees earned or paid in cash during Fiscal 2009 are outlined in the following table:

Director	Annual Retainer	Audit Chair Retainer	Board or Committee Meeting Fees	Total Fees Earned	Total Paid in Cash
Mr. Anderson (1)	\$ 8,310	\$ -	\$ 3,500	\$ 11,810	\$ 3,060
Mr. Finley (2)	\$ 22,253	\$ -	\$ 8,000	\$ 30,253	\$ 30,253
Mr. Johnson (2)	\$ 22,253	\$ -	\$ 11,000	\$ 33,253	\$ 33,253
Mr. Kirkland (2)	\$ 25,000	\$ -	\$ 14,000	\$ 39,000	\$ 39,000
Mr. Parks (2)	\$ 25,000	\$ -	\$ 24,500	\$ 49,500	\$ 49,500
Mr. Saunders (3)	\$ 25,000	\$ -	\$ 14,000	\$ 39,000	\$ -
Mr. Yother (4)	\$ 25,000	\$ 5,000	\$ 24,500	\$ 54,500	\$ 1,000

- (1) Fees earned through March 31, 2008 were deferred into common stock units pursuant to the Amended 2005 Directors Deferred Compensation Plan. Fees earned April 1, 2008 through Mr. Anderson's retirement on June 2, 2008 were paid in cash.
- (2) All fees paid in cash.
- (3) All fees deferred into stock options pursuant to the Amended 2005 Directors Deferred Compensation Plan.
- (4) Fees earned through December 31, 2008 were deferred into cash pursuant to the Amended 2005 Directors Deferred Compensation Plan. Fees earned after December 31, 2008 were paid in cash.

Equity Plans for Directors

There were two plans that governed equity awards to non-employee Directors during Fiscal 2009.

The Amended 2006 Non-Employee Director Equity Plan (DEP) provides for grants of equity awards to non-employee Directors. Each non-employee Director who is elected or appointed to the Board may receive, upon election, up to 15,000 options to purchase shares of our common stock. Non-employee Directors, who have served a full fiscal year, may receive up to 10,000 options to purchase shares of our common stock, pro-rated for Directors who served less than one full fiscal year. The Board of Directors has the discretion to, and has elected to, reduce the actual grants below the stockholder approved maximum amounts. Board members currently receive 10,000 options to purchase shares of our common stock upon election to the Board and 5,000 options to purchase shares of our common stock for each full fiscal year of service, pro-rated for Directors who serve less than one full fiscal year.

The DEP also allows for the award of other equity instruments such as stock appreciation rights, restricted stock and restricted stock units. As of the date of this Proxy Statement, only stock options have been awarded to non-employee Directors under the DEP, and there are currently no plans to award other types of equity instruments to our Directors.

The Amended 2005 Director Deferred Compensation Plan (Deferred Plan) allows each non-employee Director the option to defer all or a portion of the Board fees into cash, stock units or stock options annually on a calendar year basis. Any eligible Director may make a deferral by delivering an election to us not later than December 31 of the year immediately preceding the year to which the election is related. Newly elected or appointed eligible Directors have 30 days following the date on which they first became a Director to make such election.

Three of the seven eligible Directors elected to defer all of their fees for Calendar 2008. Only one has also opted for deferral in Calendar 2009. In Calendar 2008, Mr. Anderson elected deferral into stock units, Mr. Saunders elected deferral into stock options and Mr. Yother elected deferral into cash. For Calendar 2009, only Mr. Saunders elected to continue his previous election. Deferrals to stock options are governed by the DEP.

Stock Awards. During Fiscal 2009, no stock awards were granted to Directors under the DEP.

Under the Deferred Plan, Mr. Anderson elected to defer all Board and Committee fees earned during Calendar 2008 into common stock units, payable upon his retirement from the Board of Directors. Mr. Anderson retired from the Board of Directors on June 2, 2008, so only his fees earned through the first calendar quarter (through March 31, 2008) were deferred into common stock units. To determine the stock units earned, the total fees earned each calendar quarter is divided by the closing price on the last day of the calendar quarter, rounded to the nearest whole share. Mr. Anderson's total fees earned through March 31, 2008 of \$10,250 converted to 664 shares of common stock units. Upon his retirement on June 2, 2008, 3,693 shares of common stock were released to Mr. Anderson. Fees earned after March 31, 2008 of \$3,060 were paid in cash.

Option Awards. The annual option grant to non-employee Directors occurs on the same date as the annual grant of equity awards to management and our other employees. The Compensation Committee has adopted the third business day following the release of operational results for the fiscal year as the grant date for annual management and employee awards. Therefore, stock awards under the DEP relating to service during the current fiscal year will be awarded the following fiscal year to eligible directors serving as a director on the last day of our fiscal year. Four of the six eligible Directors served the full fiscal year and were awarded 5,000 options to purchase our common stock pursuant to the provisions of the DEP on March 17, 2009. Mr. Finley and Mr. Johnson both received a pro-rata award of 4,451 options to purchase our common stock on March 17, 2009.

Under the Deferred Plan, Mr. Saunders elected to defer all Board and Committee fees earned during Calendar 2008 into stock options (governed by the DEP). The total fees earned each calendar quarter is divided by the closing price on the last day of the calendar quarter times a factor of 0.33 to determine the number of stock options earned for that period. Mr. Saunders earned total fees of \$39,000 in Fiscal 2009 of which \$38,000 was attributable to Calendar 2008. The Calendar 2008 fees converted into 6,461 options to purchase shares of our common stock. Additional fees of \$2,000 were earned in Fiscal 2009 and were allocated on March 31, 2009.

Options awarded to outside Directors vest immediately upon grant and expire on the tenth anniversary of the date of grant. We apply the fair value recognition provisions of Statement of Financial Accounting Standard (SFAS) No. 123R, Share-Based Payments. The fair value of each stock option is estimated on the grant date using the Black-Scholes option-pricing model with various assumptions used for new grants. (See Note 3 to the consolidated financial statements in our Annual Report on Form 10-K filed on March 31, 2009).

All Other Compensation

We have determined that there was no other compensation paid to Directors for director services in Fiscal 2009 except the occasional gift usually in the form of sporting goods merchandise such as footwear or apparel and the interest earned on Mr. Yother's deferred compensation. The occasional gifts have an immaterial market value. Each Director is entitled to reimbursement for his reasonable out-of-pocket expenses incurred in connection with travel to and from, and attendance at, meetings of the Board or its committees and related activities, including Director education courses and materials. The interest earned by Mr. Yother on his deferred compensation of \$3,712 is not included in the Fees Earned or Paid in Cash Table.

Director Compensation Changes for Fiscal 2010

On February 12, 2009, the Board approved changes to the Corporate Governance Guidelines that resulted in the designation of a Lead Director if the Chairman is not an independent member of the Board. The Board appointed Mr. Yother as Lead Director and approved an additional annual retainer of \$24,000 for that position beginning in Fiscal 2010. No other changes to Director compensation, either in fee structure or in equity awards has been recommended or approved for Fiscal 2010.

Stock Ownership Guidelines for Non-Employee Directors

The Compensation Committee has adopted stock ownership guidelines in an effort to better align personal and corporate incentives of Directors with our stockholders. By December 2009 or within four years of a Director's election or appointment, whichever is later, non-employee Directors are required to maintain ownership of Company equity in an amount equal to three times (3x) their standard Director fees. Company equity may be in the form of common stock or common stock equivalents such as options, restricted stock, restricted stock units, etc. Determination of compliance with the guidelines is based on the closing price of our common stock on the last business day of the fiscal year for shares of stock owned and all restricted stock units and on the grant date fair value under SFAS No. 123R for vested stock options. As of the fiscal year ended January 31, 2009, four of the six non-employee Directors had met the stock ownership guidelines. The two directors that had not met the ownership guidelines by fiscal year end represent our two newest directors and have until March 14, 2012 to comply.

COMPENSATION COMMITTEE REPORT

The Compensation Committee has reviewed the Compensation Discussion and Analysis included in this report and discussed it with management. In reliance on such reviews and discussions, the Compensation Committee recommended to the Board of Directors that the Compensation Discussion and Analysis following this report be included in this Proxy Statement and, through incorporation by reference from this Proxy Statement, the Company's Annual Report on Form 10-K for the year ended January 31, 2009.

Submitted by the members of the Compensation Committee of the Company's Board of Directors:

Ralph T. Parks, Chairman
Cark Kirkland
Thomas A. Saunders, III
Alton E. Yother

The Compensation Committee report does not constitute soliciting material, and shall not be deemed to be filed or incorporated by reference into any other Company filing under the securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, except to the extent that the Company specifically incorporates the Compensation Committee Report by reference therein.

Compensation Committee Interlocks and Insider Participation

No present or former Named Executive Officer of the Company or its subsidiaries serves as a member of the Compensation Committee. During Fiscal 2009, there were no interlocking relationships between any Named Executive Officer of the Company and any entity whose Directors or Named Executive Officers serve on the Company's Board of Directors and/or Compensation Committee.

EXECUTIVE COMPENSATION

COMPENSATION DISCUSSION AND ANALYSIS (CD&A)

Overview of Compensation Program

This Compensation Discussion and Analysis describes the compensation philosophy, objectives, policies and practices with respect to our named executive officers (NEOs). The NEOs are the Chairman of the Board/Chief Executive Officer (CEO), the Chief Financial Officer, the President/Chief Operating Officer (COO), the Vice President of Merchandising and the Vice President of Operations.

Role of Our Compensation Committee

The Compensation Committee approves all compensation and equity awards to executive officers, including the CEO. Generally, upon its own initiative, the Compensation Committee reviews the performance and compensation of the CEO and, following discussions with him where it deems appropriate, establishes his compensation. Our Compensation Committee also administers the Company's Amended 2005 Equity Incentive Plan (EIP) and approves all equity grants, including grants to executive officers and excluding non-executive new-hires.

Role of Executive Officers in Compensation Decisions

Michael J. Newsome, our Chairman of the Board and CEO, annually reviews the performance of each NEO with the Compensation Committee and makes recommendations with respect to each key element of executive compensation for NEOs, excluding himself. The Committee generally approves his recommendations with minor adjustments. As prescribed in the Company's Statement of Employee Equity Grant Practices, the Committee shall conduct these reviews within 90 calendar days of the Company's fiscal year end. The only other role NEOs have in the determination of executive compensation is in the recommendation of the annual Company budget from which performance levels are based for incentive bonuses and performance-based equity awards. The annual Company budget is presented by management to the entire Board for review and approval.

Compensation Program Objectives and Philosophy

Our overall compensation program has been designed to attract and retain key executives and to provide appropriate incentives to these executives to maximize our long-term financial results for the benefit of the stockholders. Executive compensation is structured to ensure that there is an appropriate balance between our short-term and long-term performance as well as a balance between our financial performance and stockholder return. This is reflected in our executive's compensation, the majority of which is performance-based and contingent on Company-wide performance. Our "low-cost operator" corporate culture is reflected in the Compensation Committee's philosophy for its executives, especially with respect to compensation that is assured and not contingent on performance.

Base salary is competitive but generally conservative when compared to other retail, general industry and manufacturing organizations. Substantial additional earnings opportunities are provided through achievement of Company and individual performance goals as well as equity-based awards. We have set base pay relatively low and combined it with a significant performance component that provides our executives with an aggressive incentive-based compensation scheme consistent with our emphasis on being a "low-cost operator." Individual compensation levels are based upon the duties and responsibilities assumed by each executive officer, individual performance and the attainment of individual goals. The majority of performance-based compensation is related to the achievement of Company-wide goals while a smaller percentage is related to individual goals. The Committee's

philosophy is that a higher percentage of pay dependent on our performance adds stockholder value by aligning executive compensation with revenue and net income growth.

The long-term incentive design objectives are to align shareholder and management interests through incentives that practice the highest level of corporate governance and focus on rewarding our executives for increased Company value and financial results over the long-term. In determining equity awards, the Committee endeavors to reinforce the “pay-for-performance” philosophy while encouraging share ownership and retention. The Committee primarily uses equity awards in the form of performance-based restricted stock units (PSAs) with cliff vesting provisions that are contingent on Company financial results.

The Compensation Committee recognizes the importance of maintaining sound principles for the development and administration of compensation and benefit programs and has taken steps to significantly enhance the Committee’s ability to effectively carry out its responsibilities as well as ensure that we maintain strong links between executive pay and performance. In recent years, the Committee has:

- held executive sessions without the presence of management;
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