

AMERICAS CARMART INC  
Form DEF 14A  
August 28, 2007

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**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

**AMERICA'S CAR-MART, INC.**

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(Name of Registrant as Specified In Its Charter)

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(Name of Person(s) Filing Proxy Statement if other than the Registrant)

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Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

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

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(1) Amount Previously

Paid: \_\_\_\_\_

(2) Form, Schedule or Registration Statement

No.: \_\_\_\_\_

(3) Filing

Party: \_\_\_\_\_

(4) Date

Filed: \_\_\_\_\_

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**AMERICA'S CAR-MART, INC.**  
**802 Southeast Plaza Ave., Suite 200**  
**Bentonville, Arkansas 72712**

**Notice of Annual Meeting of Stockholders**  
**To be held October 16, 2007**

To the holders of common stock of America's Car-Mart, Inc.:

Notice is hereby given that the annual meeting of stockholders of America's Car-Mart, Inc., a Texas corporation, will be held at the Clarion Hotel, 211 Southeast Walton Boulevard, Bentonville, Arkansas 72712, on Tuesday, October 16, 2007 at 10:00 a.m., local time, for the following purposes:

- (1) To elect six directors to serve for a term of one year and until their successors have been elected and qualified;
- (2) To approve and adopt our 2007 Stock Option Plan;
- (3) To approve an amendment to our Stock Incentive Plan to increase to 150,000 the number of shares of our common stock that may be issued under such plan; and
- (4) To conduct such other business as may properly come before the meeting or any adjournments thereof.

Only stockholders of record as of the close of business on August 27, 2007 will be entitled to notice of and to vote at the annual meeting of stockholders or any adjournment or postponement thereof.

yours,  
Very truly

**Falgout, III**  
**Tilman J.**  
**Chief**  
**Executive Officer and General Counsel**

September 5, 2007

**Your vote is important. Whether or not you plan to attend the meeting in person, you are urged to complete, sign, date and mail the enclosed proxy in the accompanying return envelope to which no postage need be affixed if mailed within the United States.**

**AMERICA'S CAR-MART, INC.  
802 Southeast Plaza Ave., Suite 200  
Bentonville, Arkansas 72712**

**ANNUAL MEETING OF STOCKHOLDERS  
TO BE HELD  
OCTOBER 16, 2007**

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**PROXY STATEMENT**

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*Unless the context indicates otherwise, all references in this proxy statement to "we," "us" and "our" refer to America's Car-Mart, Inc. and its subsidiaries.*

This proxy statement, which is first being mailed to stockholders on or about September 5, 2007, is furnished in connection with the solicitation of proxies by and on behalf of our board of directors for use at the annual meeting of stockholders to be held at the Clarion Hotel, 211 Southeast Walton Boulevard, Bentonville, Arkansas 72712, on Tuesday, October 16, 2007 at 10:00 a.m., local time, and at any or all adjournments or postponements thereof. The address of our principal executive offices is 802 Southeast Plaza Ave., Suite 200, Bentonville, Arkansas 72712 and our telephone number is (479) 464-9944.

Any person giving a proxy pursuant to this proxy statement may revoke it at any time before it is exercised at the annual meeting of stockholders by notifying, in writing, our Secretary at the address above prior to the annual meeting date. In addition, if the person executing the proxy is present at the annual meeting, he or she may, but need not, revoke the proxy by notice of such revocation to our Secretary at the annual meeting, and vote his or her shares in person. Proxies in the form enclosed, if duly signed and received in time for voting, and not so revoked, will be voted at the annual meeting in accordance with the instructions specified thereon. Where no choice is specified, proxies will be voted "FOR" the election of the nominees for director named in the proxy statement, "FOR" the approval of our 2007 Stock Option Plan, "FOR" the approval of the amendment to our Stock Incentive Plan and, on any other matters presented for a vote, in accordance with the judgment of the persons acting under the proxies.

Please complete, sign, date and return the accompanying proxy card promptly in the enclosed addressed envelope even if you plan to attend the annual meeting. Postage need not be affixed to the envelope if mailed within the United States. The immediate return of your proxy card will be of great assistance in preparing for the annual meeting and is, therefore, urgently requested. If you attend the annual meeting and vote in person, your proxy card will not be used.

Only stockholders of record at the close of business on August 27, 2007 will be entitled to notice of and to vote at the annual meeting and any adjournments or postponements thereof. Each share of our common stock issued and outstanding on such record date is entitled to one vote. As of August 27, 2007, we had 11,878,115 shares of common stock outstanding.

The presence at the annual meeting of the holders of a majority of the outstanding shares of our common stock as of the record date is necessary to constitute a quorum. Stockholders will be counted as present at the annual meeting if they are present in person at the annual meeting or if they have properly submitted a proxy card. A plurality of the votes duly cast is required for the election of directors. With respect to our 2007 Stock Option Plan and the amendment to our Stock Incentive Plan, the affirmative vote of the holders of a majority of the shares entitled to vote

on, and that vote for or against or expressly abstain with respect to, each proposal at the annual meeting, if a quorum is present, shall be the act of the stockholders.

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Any abstaining votes and broker “non-votes” will be counted as present and entitled to vote and; therefore, will be included for purposes of determining whether a quorum is present at the annual meeting. Neither abstentions nor broker “non-votes” will be deemed to be “votes cast.” As a result, broker “non-votes” and abstentions will not be included in the tabulation of the voting results on the election of directors and; therefore, will not have any effect on such votes, but will have the same effect as a vote against each of the other proposals. A broker “non-vote” occurs when a nominee holding shares for a beneficial owner does not vote on a particular proposal because the nominee does not have discretionary voting power with respect to that item and has not received instructions from the beneficial owner.

We will bear the entire cost of the proxy solicitation, including preparation, assembly, printing and mailing of this proxy statement, the proxy card and any additional materials furnished to stockholders. Copies of proxy solicitation materials will be furnished to brokerage houses, fiduciaries and custodians holding shares in their names that are beneficially owned by others to forward to such beneficial owners. In addition, we may reimburse such persons for their cost of forwarding the solicitation materials to such beneficial owners. Solicitation of proxies by mail may be supplemented by one or more of telephone, e-mail, telegram, facsimile or personal solicitation by our directors, officers or regular employees. No additional compensation will be paid for such services. We may engage the services of a professional proxy solicitation firm to aid in the solicitation of proxies from certain brokers, bank nominees and other institutional owners. Our costs for such services, if any, will not be material.

**SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT**

The following table sets forth certain information as of July 31, 2007 with respect to ownership of our outstanding common stock by (i) all persons known to us to beneficially own more than five percent of our outstanding common stock, (ii) each of our directors and nominees for director, (iii) each of our named executive officers, and (iv) all directors and executive officers as a group.

<b>Name of Beneficial Owner</b>	<b>Number of Shares Beneficially Owned <sup>(1)</sup></b>	<b>Percent of Shares Outstanding</b>
Skystone Advisors LLC	687,104 <sup>(2)</sup>	5.8%
Wasatch Advisors, Inc.	1,189,248 <sup>(3)</sup>	10.0%
F&C Asset Management plc	669,268 <sup>(4)</sup>	5.6%
Royce & Associates, LLC	715,300 <sup>(5)</sup>	6.0%
Tilman J. Falgout, III	1,025,838 <sup>(6)</sup>	8.5%
William M. Sams	586,250 <sup>(7)</sup>	4.9%
William H. Henderson	120,531 <sup>(8)</sup>	1.0%
Daniel J. Englander	173,915 <sup>(9)</sup>	1.5%
Eddie L. Hight	71,241 <sup>(10)</sup>	*
Jeffrey A. Williams	24,222 <sup>(11)</sup>	*
John David Simmons	30,963 <sup>(12)</sup>	*
William A. Swanston	15,750 <sup>(13)</sup>	*
All directors and executive officers as a group (8 persons)	2,048,710 <sup>(14)</sup>	16.8%

\* Less than 1% of outstanding shares.

- (1) "Beneficial ownership" includes shares for which an individual, directly or indirectly, has or shares voting or investment power, or both, and also includes options that are exercisable within 60 days of July 31, 2007. Unless otherwise indicated, all of the listed persons have sole voting and investment power over the shares listed opposite their names. Beneficial ownership as reported in the above table has been determined in accordance with Rule 13d-3 of the Securities Exchange Act of 1934, as amended, referred to in this proxy statement as the Exchange Act. Pursuant to the rules of the Securities and Exchange Commission, referred to in this proxy statement as the SEC, certain shares of our common stock that a beneficial owner has the right to acquire within 60 days pursuant to the exercise of stock options or warrants are deemed to be outstanding for the purpose of computing the percentage ownership of such owner, but are not deemed outstanding for the purpose of computing the percentage ownership of any other person.
- (2) Based on a Schedule 13G filed with the SEC on February 13, 2007 by Skystone Advisors LLC and Kerry Nelson, referred to in this proxy statement as the Skystone Filers. The shares are held by HSO Limited Partnership and HSE Master Fund Limited Partnership. Skystone Advisors LLC is the investment member of the general partner of HSO Limited Partnership and the general partner of HSE Master Fund Limited Partnership. Ms. Nelson is the managing member of Skystone Advisors LLC. The Skystone Filers reported shared power to vote and dispose of the shares of common stock. We make no representation as to the accuracy or completeness of the information reported. The address reported by the Skystone Filers is Two International Place, Suite 1800, Boston, MA 02110.
- (3) Based on a Schedule 13G filed with the SEC on April 10, 2007 by Wasatch Advisors, Inc. We make no representation as to the accuracy or completeness of the information reported. The address reported by Wasatch Advisors, Inc. is 150 Social Hall Avenue, Salt Lake City, UT 84111.
- (4) Based on a Schedule 13G filed with the SEC on January 24, 2007 by F&C Asset Management plc. We make no representation as to the accuracy or completeness of the information reported. The

address reported by F&C Asset Management plc is 80 George Street, Edinburgh EH2 3BU, United Kingdom.

- (5) Based on a Schedule 13G filed with the SEC on January 17, 2007 by Royce & Associates, LLC. We make no representation as to the accuracy or completeness of the information reported. The address reported by Royce & Associates, LLC is 1414 Avenue of the Americas, New York, NY 10019.
- (6) Includes 191,898 shares subject to stock options that are currently exercisable, 10,000 shares of common stock that will vest in two equal installments on April 30, 2008 and April 30, 2009, and 600,000 shares held in a corporation controlled by Mr. Falgout.
- (7) Includes 11,250 shares subject to stock options that are currently exercisable.
- (8) Includes 34,682 shares subject to stock options that are currently exercisable and 10,000 shares of common stock that will vest in two equal installments on April 30, 2008 and April 30, 2009.
- (9) Includes 158,300 shares held in a limited partnership of which Mr. Englander is the sole general partner, 11,865 held by trusts of which Mr. Englander is a trustee, and 3,750 shares subject to stock options that are currently exercisable.
- (10) Includes 18,000 shares subject to stock options that are currently exercisable and 6,667 shares of common stock that will vest in two equal installments on April 30, 2008 and April 30, 2009.
- (11) Includes 5,000 shares of common stock which will vest in two equal installments on April 30, 2008 and April 30, 2009.
- (12) Includes 22,500 shares subject to stock options that are currently exercisable.
- (13) Includes 3,750 shares subject to stock options that are currently exercisable.
- (14) Includes 285,831 shares subject to stock options that are currently exercisable and 31,666 shares of common stock that will vest in two equal installments on April 30, 2008 and April 30, 2009.



**PROPOSAL NO. 1  
ELECTION OF DIRECTORS**

Pursuant to our bylaws, our board of directors has set the number of directors for the ensuing year at six, all of whom are proposed to be elected at the annual meeting of stockholders. In the event any nominee is unable or declines to serve as a director at the time of the annual meeting, the persons named as proxies therein will have discretionary authority to vote the proxies for the election of such person or persons as may be nominated in substitution by the present board of directors, upon the recommendation of the nominating committee of the board of directors. Management knows of no current circumstances that would render any nominee named herein unable to accept nomination for election. Directors shall be elected by plurality of the votes cast by the holders of shares entitled to vote in the election at the annual meeting at which a quorum is present.

Members of our board of directors are elected annually to serve until the next annual meeting and until their successors are elected and qualified.

The following persons have been nominated for election to our board of directors:

**Tilman J. Falgout, III**, age 58, has served as our Chief Executive Officer since May 2002 and as our General Counsel since March 1995. Mr. Falgout also served as our Executive Vice President from 1995 to May 2002. Mr. Falgout has served as Chairman of our board of directors since May 2004 and as a director since September 1992.

**Daniel J. Englander**, age 38, has served as one of our directors since February 2007. Mr. Englander is the founder and currently the Managing Partner of Ursula Investors, an investment partnership founded in 2004. From January 2005 to June 2006, Mr. Englander served as a Partner of Prescott Securities, an investment fund, and from October 1994 to January 2005, he served with Allen & Company, an investment merchant bank, most recently as Managing Director. Mr. Englander is also currently on the board of directors of Copart, Inc.

**William H. Henderson**, age 44, has served as our President since May 2002. From 1999 until May 2002, Mr. Henderson served as Chief Operating Officer of Car-Mart, our wholly owned operating subsidiary. From 1992 until 1998, Mr. Henderson served as General Manager of Car-Mart. From 1987 until 1992, Mr. Henderson primarily held positions of District Manager and Regional Manager of Car-Mart. Mr. Henderson has served as Vice Chairman of our board of directors since May 2004 and as a director since September 2002.

**William M. Sams**, age 69, has served as one of our directors since March 2005. Mr. Sams currently manages his personal investments. From 1981 until 2000, Mr. Sams was the President and Chief Investment Officer of FPA Paramount Fund, Inc., as well as Executive Vice President of both First Pacific Advisors and FPA Perennial Fund, Inc. He started his career in 1966 in the mutual fund industry. Mr. Sams is currently on the board of directors of Unifi, Inc.

**John David Simmons**, age 71, has served as one of our directors since August 1986. Since 1970, Mr. Simmons has been President of Simmons & Associates LLC, a real estate development company, and Management Resource LLC, a management consulting firm.

**William A. Swanston**, age 53, has served as one of our directors since October 2006. Mr. Swanston has held a number of executive level positions with Frito Lay, a division of PepsiCo, Inc., over the course of a 25 year Pepsico career. Mr. Swanston has extensive strategy, supply chain and procurement experience. Mr. Swanston joined Dean Foods as Senior Vice President - Business Transformation in August 2006.

**The board of directors recommends a vote FOR each of the six nominees to our board of directors.**



**PROPOSAL NO. 2**  
**APPROVAL OF 2007 STOCK OPTION PLAN**

On August 27, 2007, the board of directors adopted, subject to stockholder approval, the 2007 Stock Option Plan, referred to in this proxy statement as the 2007 Plan. The 2007 Plan will become effective upon stockholder approval. The following summary of certain features of the 2007 Plan is qualified in its entirety by reference to the full text of the 2007 Plan, which is attached to this proxy statement as Appendix A and incorporated herein by reference.

The affirmative vote of the holders of a majority of the shares entitled to vote on, and that vote for or against or expressly abstain with respect to, this proposal at the annual meeting, if a quorum is present, shall be the act of the stockholders.

*Nature and Purpose of 2007 Plan*

The 2007 Plan provides for the grant of both incentive and non-qualified stock options. The primary purpose of the 2007 Plan is to encourage our selected employees, directors and independent contractors and those of our subsidiaries to acquire or increase their holdings of our common stock in order to promote a closer identification of their interests with our interests and the interests of our stockholders, thereby further stimulating their efforts to enhance our efficiency, soundness, profitability, growth and stockholder value. We believe that employees, directors and independent contractors who participate in the 2007 Plan will have a closer identification with us by virtue of their ability as stockholders to participate in our growth and earnings. The 2007 Plan also is designed to provide motivation for participating employees and directors to remain in our employ and to give greater effort on our behalf.

*Effective Date*

The effective date of the 2007 Plan is August 27, 2007. The 2007 Plan shall remain in effect until all shares subject to, or which may become subject to, the 2007 Plan have been purchased pursuant to options granted under the 2007 Plan, provided that options under the 2007 Plan must be granted within ten years from the effective date.

*Authorized Shares*

The 2007 Plan provides for the grant of options to purchase up to an aggregate of 1,000,000 shares of our common stock. The shares of our common stock available for issuance under the 2007 Plan may, at the election of our board of directors, be unissued shares or treasury shares, or shares purchased on the open market or by private purchase. Any shares subject to an option which for any reason expires or is terminated may again be subject to an option under the 2007 Plan.

*Administration*

The 2007 Plan shall be administered by our board of directors or by a committee comprised of no fewer than two members appointed by our board of directors from among its members, referred to in this proxy statement as the committee. Each member of the committee must be a "non-employee director," as such term is defined under Rule 16b-3 of the Exchange Act. The committee must also be comprised of two or more "outside directors," as such term is defined under Section 162(m) of the Code and be in compliance with the applicable rules and regulation of the Nasdaq Stock Market. Subject to provisions of the 2007 Plan, our board of directors or the committee has the authority to determine the individuals to whom options shall be granted, determine exercise prices, vesting requirements, the term of and the number of shares covered by each option, and interpret, construe and implement provisions of the 2007 Plan.

*Eligibility*

Under the 2007 Plan, options may be granted only to our employees and directors and those of our subsidiaries, and certain of our independent contractors, consultants and advisors. As of August 27, 2007, approximately 850 persons were eligible to receive options pursuant to the 2007 Plan.

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The following table indicates the number of options that will be awarded to each of the following individuals and groups under the 2007 Plan to the extent such awards are determinable.

<b>2007 Stock Option Plan</b>	
<b>Name and Position</b>	<b>Number of Units<sup>1</sup></b>
Tilman J. Falgout, III Chief Executive Officer	Not presently determinable
William H. Henderson President	180,000 <sup>2</sup>
Jeffrey A. Williams Chief Financial Officer	72,000 <sup>2</sup>
Eddie L. Hight Chief Operating Officer	108,000 <sup>2</sup>
Executive Group	360,000 <sup>2</sup>
Non-Executive Director Group	15,000 <sup>3</sup>
Non-Executive Officer Employee Group	Not presently determinable

<sup>1</sup> Options granted to the persons indicated in the table will be granted at an exercise price equal to 100% of the fair market value on the date the options are granted.

<sup>2</sup> Represents the number of shares underlying options to be granted, subject to stockholder approval of the 2007 Plan, pursuant to the terms of new employment agreements, which are subject to the achievement of certain performance goals. See "Executive Compensation - Employment Agreements - New Employment Agreements."

<sup>3</sup> Determined based on the current number of non-executive directors (4 persons) each receiving options to purchase 3,750 shares for one fiscal year.

#### *Exercise Price, Terms of Exercise and Payment for Shares*

Each option granted under the 2007 Plan will be represented by an option agreement which will set forth the terms particular to that option, including the number of shares covered by the option, the exercise price, the term of the option and any vesting requirements.

The exercise price of options granted under the 2007 Plan will be determined by the committee, but in no event shall such exercise price be less than the market price of the common stock on the date of grant or the par value per share of the common stock. The term market price is defined in the 2007 Plan to be the closing sales price of our common stock on the Nasdaq Stock Market on the date immediately preceding the date the option is granted. If our common stock is not traded on the Nasdaq Stock Market or on any other national securities exchange, the market price shall mean the fair market value of our common stock as determined by our board of directors or the committee by the reasonable application of any other reasonable valuation method that is consistently applied for all of our equity compensation arrangements and is in compliance with applicable law, including, but not limited to, the applicable provisions of Section 409A of the Code.

Options may be exercised in whole or in part by the optionee, but in no event later than ten years from the date of grant with respect to incentive options. Any incentive option granted under the 2007 Plan to an individual who owns more than 10% of the total combined voting power of all classes of our stock or the stock of one of our subsidiaries may not be purchased at a price less than 110% of the market price on the date of grant, and no such option may be exercised more than five years from the date of grant. Unless an option agreement specifies otherwise, the purchase price for the shares shall be paid in