

ALEXANDERS J CORP
Form DEF 14A
April 20, 2010

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 (Amendment No.)

Filed by the Registrant [X]
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))
- [X] Definitive Proxy Statement
- [] Definitive Additional Materials
- [] Soliciting Material Pursuant to § 240.14a-12

J. Alexander's Corporation

(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):

- [X] 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:

(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):

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Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

J. ALEXANDER'S CORPORATION
3401 West End Avenue
Suite 260
P.O. Box 24300
Nashville, Tennessee 37202

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

To the Shareholders of J. Alexander's Corporation:

The Annual Meeting of Shareholders of J. Alexander's Corporation (the "Company") will be held at J. Alexander's Restaurant, 2609 West End Avenue, Nashville, Tennessee 37203 at 9:00 a.m., Nashville time, on Tuesday, May 25, 2010 for the following purposes:

- (1) To elect five directors to hold office for a term of one year and until their successors have been elected and qualified;
- (2) To ratify the appointment by the Company's Audit Committee of KPMG LLP as the Company's independent registered public accounting firm for fiscal year 2010; and
- (3) To transact such other business as may properly come before the meeting or any adjournment or postponement thereof.

Only shareholders of record at the close of business on March 31, 2010 are entitled to notice of and to vote at the meeting or any adjournment or postponement thereof.

Your attention is directed to the Proxy Statement accompanying this notice for a more complete statement regarding the matters to be acted upon at the meeting.

We hope very much that you will be able to be with us. If you do not plan to attend the meeting in person, you are requested to complete, sign and date the enclosed proxy card and return it promptly in the enclosed addressed envelope, which requires no postage if mailed in the United States, or follow the instructions on the enclosed proxy card for voting by telephone or the Internet.

By Order of the Board of Directors

R. GREGORY LEWIS
Secretary

April 20, 2010

J. ALEXANDER'S CORPORATION

3401 West End Avenue
Suite 260
P.O. Box 24300
Nashville, Tennessee 37202

PROXY STATEMENT

FOR ANNUAL MEETING OF SHAREHOLDERS

May 25, 2010

The enclosed proxy is solicited by and on behalf of the Board of Directors of J. Alexander's Corporation (the "Company") for use at the Annual Meeting of Shareholders to be held on Tuesday, May 25, 2010, at 9:00 a.m., Nashville time, at J. Alexander's Restaurant, 2609 West End Avenue, Nashville, Tennessee 37203 and at any adjournments or postponements thereof, for the purposes set forth in the foregoing Notice of Annual Meeting of Shareholders. Copies of the proxy, this Proxy Statement and the attached Notice are being mailed to shareholders on or about April 21, 2010.

Proxies may be solicited by mail, telephone or telecopy. All costs of this solicitation will be borne by the Company. The Company does not anticipate paying any compensation to any party other than its regular employees for the solicitation of proxies, but may reimburse brokerage firms and others for their reasonable expenses in forwarding solicitation material to beneficial owners.

Shares represented by such proxies will be voted in accordance with the choices specified thereon. If no choice is specified, the shares will be (a) voted FOR the election of the director nominees named herein and (b) voted FOR ratification of the appointment of KPMG LLP as the Company's independent registered public accounting firm for fiscal year 2010. The Board of Directors does not know of any other matters which will be presented for action at the meeting, but the persons named in the proxy intend to vote or act with respect to any other proposal which may be properly presented for action according to their best judgment in light of the conditions then prevailing.

A proxy may be revoked by a shareholder at any time before its exercise by attending the meeting and voting in person, by filing with the Secretary of the Company a written revocation, by duly executing a proxy bearing a later date or by casting a new vote by telephone or the Internet.

Each share of the Company's Common Stock, \$.05 par value (the "Common Stock"), issued and outstanding on March 31, 2010 (the "Record Date"), will be entitled to one vote on all matters to come before the meeting. As of the Record Date, there were outstanding 5,946,757 shares of Common Stock.

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS
FOR THE SHAREHOLDER MEETING TO BE HELD ON MAY 25, 2010**

The following proxy materials are available for review online at: investor.jalexanders.com:

This Proxy Statement;

The Company's 2009 Annual Report to Shareholders (which is not deemed to be part of the official proxy soliciting materials); and

Any amendments to the foregoing materials that are required to be furnished to shareholders.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth, as of March 31, 2010, certain information with respect to those persons known to the Company to be the beneficial owners (as defined by certain rules of the Securities and Exchange Commission (the "Commission")) of more than five percent of the Common Stock, its only voting security, and with respect to the beneficial ownership of the Common Stock by all directors, each of the executive officers named in the Summary Compensation Table, and all executive officers and directors of the Company as a group (8 persons). Except as otherwise specified, the shares indicated are presently outstanding.

Name and Address of Beneficial Owner	Amount of Common Stock Beneficially Owned	Percentage of Outstanding Common Stock (1)
A d v i s o r y R e s e a r c h , Inc. 180 North Stetson St., Suite 5500 Chicago, IL 60601	532,815 (2)	9.0%
D i m e n s i o n a l F u n d A d v i s o r s LP Palisades West, Building One 6300 Bee Cave Road Austin, TX 78746	530,745 (3)	8.9%
A n d r e e f f E q u i t y A d v i s o r s , L.L.C. 140 East St. Lucia Lane Santa Rosa Beach, FL 32459	520,294 (4)	8.8%
Mill Road Capital, L.P. Two Sound View Drive, Suite 300 Greenwich, CT 06830	500,000 (5)	8.4%
E . T o w n e s Duncan** 4015 Hillsboro Pike, Suite 214 Nashville, TN 37215	479,414 (6)	8.1%
S o l i d u s C o m p a n y , L.P. 4015 Hillsboro Pike, Suite 214 Nashville, TN 37215	458,246 (7)	7.7%
L o n n i e J . S t o u t II**** 3401 West End Avenue, Suite 260 Nashville, TN 37203	407,248 (8)	6.6%
R . G r e g o r y Lewis***	134,348 (9)	2.2%
J . B r a d b u r y Reed**	106,814 (10)	1.8%
J . M i c h a e l Moore***	64,768 (11)	1.1%
B r e n d a B . Rector**	15,000 (12)	*

J o s e p h N .	15,000	(13)	*
Steakley**			
All directors and executive officers as a group	1,275,597	(14)	19.9%

* Less than one percent.
 ** Director.
 *** Named Officer.
 **** Director and Named Officer.

- (1) Pursuant to the rules of the Commission, shares of Common Stock subject to options held by directors and executive officers of the Company which are exercisable within 60 days of March 31, 2010, are deemed outstanding for the purpose of computing such director's or executive officer's percentage ownership and the percentage ownership of all directors and executive officers as a group, but are not deemed outstanding for the purpose of computing the percentage ownership of the other persons shown in the table. Unless otherwise indicated, each individual has sole voting and dispositive power with respect to all shares shown.
- (2) Advisory Research, Inc., a Delaware corporation ("Advisory Research"), is a registered investment advisor. Information is based solely on the Schedule 13G filed with the Commission by Advisory Research on February 12, 2010.
- (3) Dimensional Fund Advisors LP, a Delaware limited partnership ("DFA"), is a registered investment advisor. Information is based solely on the Schedule 13G/A filed with the Commission by DFA on February 8, 2010.
- (4) Andreeff Equity Advisors, L.L.C. ("AEA"), a Delaware limited liability company, shares beneficial ownership and voting and dispositive power with Dane Andreeff, its managing member. AEA is the investment advisor to Maple Leaf Partners, L.P., Maple Leaf Partners I, L.P., Maple Leaf Discovery, L.P., and Maple Leaf Discovery I, L.P., each a Delaware limited partnership, which own in the aggregate 302,117 shares. AEA is the investment advisor to, and Mr. Andreeff is the Director of, Maple Leaf Offshore, Ltd., a Cayman Islands company, which owns 218,177 shares. Mr. Andreeff is the managing member Maple Leaf Capital I, L.L.C., a Delaware limited liability company, which is the general partner of Maple Leaf Partners, L.P., Maple Leaf Partners I, L.P., Maple Leaf Discovery, L.P., and Maple Leaf Discovery I, L.P. Information is based solely on the Schedule 13G/A filed with the Commission by AEA, Mr. Andreeff and affiliated entities on February 12, 2010.
- (5) Mill Road Capital, L.P. ("Mill Road") is a Delaware limited partnership whose general partner, Mill Road Capital GP LLC, a Delaware limited liability company, is managed by Thomas E. Lynch, Charles M. B. Goldman and Scott P. Scharfman. Mill Road shares beneficial ownership and voting and dispositive power with Messrs. Lynch, Goldman and Scharfman. Information is based solely on the Schedule 13D filed with the Commission by Mill Road on March 23, 2009, as amended.
- (6) Includes 14,208 shares held directly by Mr. Duncan, which includes 9,000 shares issuable upon exercise of certain options held by Mr. Duncan, 240 shares owned by Mr. Duncan's wife, 4,560 shares that are held in trusts of which Mr. Duncan's wife is trustee, 2,160 shares owned by Mr. Duncan's mother, and 458,246 shares that are beneficially owned as of the Record Date by Solidus Company, L.P. ("Solidus"), a Tennessee limited partnership. Mr. Duncan is the Chief Executive Officer of Solidus General Partner, LLC which is the general partner of Solidus. The shares beneficially owned by Solidus are pledged to Pinnacle Bank, N.A. as collateral for a loan.
- (7) Solidus shares voting and dispositive power with respect to its shares with Mr. Duncan, the Chief Executive Officer and sole member of Solidus General Partner, LLC which is the general partner of Solidus. Mr. Duncan's beneficial ownership in such shares is shown above. The shares beneficially owned by Solidus are pledged to Pinnacle Bank, N.A. as collateral for a loan.
- (8) Includes 224,375 shares issuable upon exercise of certain options held by Mr. Stout and 10,659 Employee Stock Ownership Plan ("ESOP") shares allocated to Mr. Stout and held by the J. Alexander's Corporation Employee Stock Ownership Trust (the "Trust"), as to which Mr. Stout has sole voting power and shared dispositive power.

- (9) Includes 72,500 shares issuable upon exercise of certain options held by Mr. Lewis and 8,511 ESOP shares allocated to Mr. Lewis and held by the Trust, as to which Mr. Lewis has sole voting power and shared dispositive power.
- (10) Includes 18,000 shares issuable upon exercise of options held by Mr. Reed, 9,394 shares representing Mr. Reed's proportional interest in Solidus as of the Record Date and 600 shares held by a family trust of which Mr. Reed is trustee.
- (11) Includes 58,500 shares issuable upon the exercise of certain options held by Mr. Moore and 5,794 ESOP shares allocated to Mr. Moore and held by the Trust, as to which Mr. Moore has sole voting power and shared dispositive power.
 - (12) Includes 14,000 shares issuable upon exercise of certain options held by Ms. Rector.
 - (13) Includes 14,000 shares issuable upon exercise of certain options held by Mr. Steakley.
- (14) Includes 468,875 shares issuable upon exercise of certain options held by the directors and executive officers and 28,847 ESOP shares allocated to the executive officers and held by the Trust, as to which such officers have sole voting power and shared dispositive power.

PROPOSAL NO. 1:
ELECTION OF DIRECTORS

Five directors are to be elected at the annual meeting for a term of one year and until their successors shall be elected and qualified. Election of directors requires a plurality of the votes cast in such election. It is intended that shares represented by the enclosed proxy will be voted FOR the election of the nominees named in the table set forth below unless a contrary choice is indicated. Each of the nominees, including each independent director, is presently a director of the Company and has been nominated to serve on the Board as a result of his or her particular skills, attributes and professional experience. For additional discussion of the Company's director nomination criteria, please see "Nominating and Corporate Governance Matters" below. Management believes that all of the nominees will be available and able to serve as directors, but if for any reason any should not be available or able to serve, it is intended that such shares will be voted for such substitute nominees as may be proposed by the Board of Directors of the Company. Certain information with respect to each of the nominees is set forth below.

BACKGROUND INFORMATION

E. Mr. Duncan, 56, has been a director of the Company since May 1989. Mr. Duncan is the Chief Executive Officer of Solidus General Partner, LLC, the general partner of Solidus, a private investment firm, where he oversees early-stage and venture capital investments as well as the management and development of those companies. Mr. Duncan has been associated with Solidus or its predecessor since January 1997. Mr. Duncan served as a director of Bright Horizons Family Solutions, Inc., a childcare services company, from 1998 until 2008. He is a graduate of Washington & Lee University School of Law and received his undergraduate degree from Vanderbilt University. Mr. Duncan's background as an attorney and his service as a member of the board of directors of various public and private companies provide unique perspectives to the Company's Board.

B. Ms. Rector, 62, has been a director since May 2004. From October 1996 until March 2004, Ms. Rector was the Vice President, Controller and Chief Accounting Officer of Province Healthcare Company, an owner and operator of acute care hospitals in non-urban markets. Ms. Rector has over 34 years of experience practicing as a certified public accountant working with and for public companies. She received her B.S. in accounting from Tennessee Technological University. Ms. Rector's experience in accounting and financial management of public companies makes her an important contributor to the Board and as a member of the Company's Audit Committee.

J. Mr. Reed, 70, has been a director since May 2000. Mr. Reed is an attorney with the law firm of Bass, Berry & Sims PLC and has served in various capacities with that firm since 1964. Bass, Berry & Sims PLC has served as the Company's outside general counsel since the Company's organization in 1971. Commencing in 2008, Mr. Reed was employed by Solidus to assist with its public securities investments, excluding its investment in the Company. He is a graduate of Vanderbilt University Law School and received his undergraduate degree from Duke University. Mr. Reed provides extensive knowledge and experience in the areas of corporate governance and other matters affecting the management of public companies.

Joseph N. Mr. Steakley, 55, has been a director since May 2004. He has served as Senior Vice President – Internal Audit of HCA Inc., an owner and operator of hospitals, since July 1999. From November 1997 to July 1999, Mr. Steakley was Vice President – Internal Audit for HCA Inc. Mr. Steakley has over 32 years of experience practicing as a certified public accountant and auditor working with and for public companies. He received his B.B.A. in accounting from Middle Tennessee State University. Mr. Steakley’s expertise in the areas of internal control over financial reporting for public companies and other internal auditing matters make him an important contributor to the Board and as Chair of the Company’s Audit Committee.

II Lonnie J. Stout Mr. Stout, 63, has been a director and President and Chief Executive Officer of the Company since May 1986. Since July 1990, Mr. Stout has also served as Chairman of the Company. From 1982 to May 1984, Mr. Stout was a director of the Company, and served as Executive Vice President and Chief Financial Officer of the Company from October 1981 to May 1984. He is a graduate of Tennessee Technological University. Mr. Stout has over 30 years experience in the hospitality and food services business. His industry knowledge and experience make him a vital component to the Company’s Board.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE “FOR” EACH OF THESE NOMINEES. PROXIES SOLICITED BY THE BOARD OF DIRECTORS WILL BE SO VOTED UNLESS SHAREHOLDERS OTHERWISE SPECIFY IN THEIR PROXIES.

CORPORATE GOVERNANCE

General

The Company believes that good corporate governance is important to ensure that J. Alexander's Corporation is managed for the long-term benefit of its shareholders. The Company regularly reviews its corporate governance policies and practices and compares them to those suggested by various authorities on corporate governance and the practices of other public companies. The Company also continues to review the provisions of the Sarbanes-Oxley Act of 2002, the new and proposed rules of the Commission and the applicable listing standards of The NASDAQ Stock Market ("NASDAQ").

Board of Directors

The Company is managed under the direction of the Board of Directors, which oversees and delegates the conduct of the business to the Company's executive officers and senior management. The Board of Directors of the Company held seven meetings in 2009. Each of the incumbent directors of the Company attended at least 75% of the aggregate of (i) the total number of meetings held during 2009 by the Board of Directors while he or she was a director and (ii) the total number of meetings held during 2009 by all committees of the Board while he or she was a member of such committees.

The Board of Directors includes two standing committees, an Audit Committee and a Compensation/Stock Option Committee. The Audit Committee operates under a written Audit Committee Charter which can be accessed on the Company's website at investor.jalexanders.com/corporate.htm.

Director Independence

The Board of Directors has determined that each of the following directors and nominees will qualify as an "independent director" within the meaning of the NASDAQ listing standards, and that such persons do not otherwise have any relationship that, in the opinion of the Board of Directors, would interfere with the exercise of such person's independent judgment in carrying out the responsibilities of a director.

E. Townes Duncan
Brenda B. Rector
J. Bradbury Reed
Joseph N. Steakley

Mr. Garland G. Fritts (deceased) was also a member of the Board of Directors during fiscal 2009 and qualified as an "independent director".

Board Leadership Structure and Role in Risk Oversight

Since 1990, Mr. Stout has served as the Company's Chairman, President and Chief Executive Officer. In that role, he is responsible for Board agendas and presides at Board and shareholder meetings. Mr. Stout also serves as the Company's most senior executive officer and is responsible for the leadership and oversight of the Company's executive management team. The Company believes this structure benefits the Company by providing unified leadership for the Company's management and is appropriate for the Company's size and scope of operations.

The Board of Directors as a whole has responsibility for risk oversight, including strategic, financial and operational risks, major litigation and regulatory exposures, and other material risks to the Company. Each of the Board Committees is responsible for the oversight of respective areas of responsibility and report on their deliberations to the Board. Under the direction of the Board and its Committees, management personnel participate in a reporting process that is designed to provide both visibility and transparency to the Board about the identification, assessment and management of critical risks and management's risk mitigation strategies. These areas of focus include competitive, economic, operational, financial (accounting, credit, liquidity, and tax), legal, compliance, political and reputational risks.

The independent directors meet regularly in executive session at the conclusion of Board meetings to review and discuss the Company's management, operations, financial performance and material risks to the Company. The independent directors rotate the responsibility of presiding in these executive sessions.

Board Member Attendance at Annual Meeting

The Company strongly encourages each member of the Board of Directors to attend the Annual Meeting of Shareholders. All of the Company's directors attended the 2009 Annual Meeting of Shareholders.

Board Committee Composition and Committee Functions

Committee/Current Members	Committee Functions
Audit Committee	<p>Oversees the financial reporting process of the Company.</p> <p>Oversees the audits of the financial statements of the Company.</p> <p>Responsible for the oversight of risks and exposures associated with financial matters, including financial reporting, tax, accounting, disclosure, internal control over financial reporting, financial policies, investment guidelines, risk management and credit and liquidity matters.</p> <p>Reviews reports from management regarding the evaluation of the effectiveness of the Company’s disclosure controls and procedures and the Company’s internal control over financial reporting.</p> <p>Has the sole authority to select, evaluate, replace and oversee the Company’s independent registered public accounting firm.</p> <p>Has the sole authority to approve non-audit and audit services to be performed by the independent registered public accounting firm.</p> <p>Reviews and discusses with management and the independent registered public accounting firm the annual audited and quarterly un-audited financial statements and the Company’s disclosures provided on Form 10-Q and Form 10-K.</p> <p>Monitors the independence and performance of the independent registered public accounting firm.</p> <p>Provides an avenue of communications among the independent registered public accounting firm, management and the Board of Directors.</p> <p>Has the specific responsibilities and authority necessary to comply with the NASDAQ listing standards applicable to audit committees.</p> <p>Is comprised solely of independent directors under the NASDAQ standards of independence.</p> <p>Has two members (Mr. Steakley and Ms. Rector) each of whom is qualified as an “audit committee financial expert” within the meaning of Commission regulations and is “financially sophisticated” within the meaning of the NASDAQ listing standards.</p>
<p>Current Members</p> <p>Mr. Steakley (Chair)</p> <p>Ms. Rector</p> <p>Mr. Duncan</p>	
<p>Number of Meetings held in 2009: Eight</p>	
<p>Compensation/Stock Option Committee</p>	<p>Reviews the performance of Company officers and establishes overall executive compensation policies and programs.</p> <p>Reviews and approves compensation elements such as base salary, bonus awards, stock option grants and other forms of long-term incentives for Company officers (no member of the committee may be a member of management or eligible for compensation other than as a director).</p> <p>Reviews Board compensation.</p> <p>Responsible for oversight of risks and exposures associated with leadership assessment, management succession planning, and executive compensation programs and arrangements, including incentive plans.</p> <p>Is comprised solely of independent directors under the NASDAQ standards of independence.</p>
<p>Current Members:</p> <p>Ms. Rector (Chair)</p> <p>Mr. Duncan</p> <p>Mr. Steakley</p>	
<p>Number of Meetings held in 2009: Four</p>	

Nominating and Corporate Governance Matters

The Company's Board of Directors currently has no standing nominating committee, which the Board of Directors believes is appropriate, given the compact size of the Board. The Board of Directors, including each independent director, participates in the nomination process as described below.

Candidates for nomination to the Board of Directors, including those suggested by shareholders in compliance with the Company's charter, bylaws and applicable law, will be submitted to the Board of Directors with as much biographical information as is available and with a brief statement of the candidates' qualifications for Board membership.

While the Board of Directors may consider whatever factors it deems appropriate in its assessment of a candidate for Board membership, including independence, diversity, age, skills, experience and industry backgrounds, candidates nominated to serve as directors will, at a minimum, in the judgment of the independent directors: