BIG LOTS INC
Form DEF 14A
April 12, 2016
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of

the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant	þ
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))
þ	Definitive Proxy Statement		
¨	Definitive Additional Materials		
¨	Soliciting Material Pursuant to Section 240.14a-11(c) or Section 240.14a-12		

BIG LOTS, INC.

(Name of Registrant as Specified In Its Certificate)

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

Payment of Filing Fee (Check the appropriate box):

þ No fee required.

¨ Fee computed on table below per Exchange Act Rules 14a-6(i)(4) 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):

(4) Proposed maximum aggregate value of transaction:

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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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Big Lots, Inc.

300 Phillipi Road

Columbus, Ohio 43228

April 12, 2016

Dear Big Lots Shareholder:

We cordially invite you to attend the 2016 Annual Meeting of Shareholders of Big Lots, Inc. The Annual Meeting will be held at our corporate offices located at 300 Phillipi Road, Columbus, Ohio, on May 26, 2016, beginning at 9:00 a.m. Eastern Time.

The following pages contain the Notice of Annual Meeting of Shareholders and the Proxy Statement. You should review this material for information concerning the business to be conducted at the Annual Meeting.

Your vote is important. Whether or not you plan to attend the Annual Meeting, we urge you to vote as soon as possible. Voting by proxy in any of the ways described in the Proxy Statement will not prevent you from attending the Annual Meeting or voting in person.

Thank you for your ongoing support of, and continued interest in, Big Lots, Inc.

Respectfully submitted,

PHILIP E. MALLOTT	DAVID J. CAMPISI
Chairman	*Chief Executive Officer and President*

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NOTICE OF 2016 ANNUAL MEETING OF SHAREHOLDERS

Thursday, May 26, 2016

9:00 a.m. Eastern Time

300 Phillipi Road, Columbus, Ohio

We are pleased to invite you to the 2016 Annual Meeting of Shareholders of Big Lots, Inc. The meeting will be held at our corporate offices located at 300 Phillipi Road, Columbus, Ohio, on May 26, 2016, beginning at 9:00 a.m. Eastern Time, for the following purposes:

1. To elect as directors the nine nominees named in our accompanying Proxy Statement;

2. To approve, on an advisory basis, the compensation of our named executive officers;

3. To ratify the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for fiscal 2016; and

4. To transact such other business as may properly come before the Annual Meeting.

Only shareholders of record at the close of business on the record date, March 28, 2016, are entitled to notice of and to vote at the Annual Meeting and any postponement or adjournment thereof. Further information regarding voting rights and matters to be voted upon is presented in this proxy statement.

By Order of the Board of Directors,

Ronald A. Robins, Jr.

Senior Vice President, General Counsel and Corporate Secretary

April 12, 2016

Columbus, Ohio

Your vote is important. Shareholders are urged to vote online. If you attend the Annual Meeting, you may revoke your proxy and vote in person if you wish, even if you have previously submitted a proxy.

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BIG LOTS, INC.

PROXY STATEMENT

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PROXY STATEMENT

The Board of Directors (Board) of Big Lots, Inc., an Ohio corporation (we, us, our and Big Lots), is furnishing y this Proxy Statement to solicit proxies for use at the 2016 Annual Meeting of Shareholders to be held on May 26, 2016 (Annual Meeting). The Annual Meeting will be held at our corporate offices located at 300 Phillipi Road, Columbus, Ohio at 9:00 a.m. Eastern Time.

On or about April 12, 2016, we began mailing to our shareholders of record at the close of business on March 28, 2016 a Notice of Internet Availability containing instructions on how to access the Notice of Annual Meeting of Shareholders, this Proxy Statement and our Annual Report to Shareholders for our fiscal year ended January 30, 2016 (fiscal 2015).

ABOUT THE ANNUAL MEETING

Purpose of the Annual Meeting

At the Annual Meeting, shareholders will act upon the matters outlined in the Notice of Annual Meeting included with this Proxy Statement. Specifically, the shareholders will be asked to:

(1) elect nine directors to the Board;

(2) approve, on an advisory basis, the compensation of our named executive officers, as disclosed in this Proxy Statement pursuant to Item 402 of Regulation S-K, including the Compensation Discussion and Analysis, compensation tables and the narrative discussion accompanying the tables (say-on-pay vote);

(3) ratify the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for our fiscal year ending January 28, 2017 (fiscal 2016); and

(4) transact such other business as may properly come before the Annual Meeting.

Shareholder Voting Rights

Only those shareholders of record at the close of business on March 28, 2016, the record date for the Annual Meeting, are entitled to receive notice of, and to vote at, the Annual Meeting. At the record date, we had outstanding 49,683,394 common shares, $0.01 par value per share. Each of the outstanding common shares entitles the holder thereof to one vote on each matter to be voted upon at the Annual Meeting or any postponement or adjournment thereof. The holders of our common shares have no cumulative voting rights in the election of directors. All voting at the Annual Meeting will be governed by our Amended Articles of Incorporation, our Code of Regulations and the Ohio General Corporation Law.

Registered Shareholders and Beneficial Shareholders

If your common shares are registered in your name directly with our transfer agent, Computershare Investor Services, LLC, you are considered a holder of record (which we also refer to as a registered

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shareholder). If you hold our common shares in a brokerage account or through a bank or other holder of record, you are considered the beneficial shareholder of the common shares, which shares are often referred to as being held in street name.

Internet Availability of Proxy Materials

In accordance with rules adopted by the Securities and Exchange Commission (SEC), instead of mailing a printed copy of our proxy materials to each shareholder of record, we are permitted to furnish our proxy materials, including the Notice of Annual Meeting of Shareholders, this Proxy Statement and our Annual Report to Shareholders, by providing access to such documents on the Internet. Generally, shareholders will not receive printed copies of the proxy materials unless they request them. We believe furnishing proxy materials to our shareholders on the Internet will allow us to provide our shareholders with the information they need, while reducing the costs of delivery of our proxy materials and the environmental impact of the Annual Meeting.

A Notice of Internet Availability that provides instructions for accessing our proxy materials on the Internet was mailed directly to registered shareholders. The Notice of Internet Availability also provides instructions regarding how registered shareholders may vote their common shares on the Internet. Registered shareholders who prefer to receive a paper or email copy of our proxy materials should follow the instructions provided in the Notice of Internet Availability for requesting such copies.

A notice that directs our beneficial shareholders to the website where they can access our proxy materials should be forwarded to each beneficial shareholder by the broker, bank or other holder of record who is considered the registered shareholder with respect to the common shares of the beneficial shareholder. Such broker, bank or other holder of record should also provide to the beneficial shareholders instructions on how the beneficial shareholders may request a paper or email copy of our proxy materials. Beneficial shareholders have the right to direct their broker, bank or other holder of record on how to vote their common shares by following the voting instructions they receive from their broker, bank or other holder of record.

To enroll in the electronic delivery service for future shareholder meetings, use your Notice of Internet Availability (or proxy card, if you received printed copies of the proxy materials) to register online at www.proxyvote.com and, when prompted, indicate that you agree to receive or access shareholder communications electronically in future years.

Attendance at the Annual Meeting

All of our shareholders as of the record date, or their duly appointed proxies, may attend the Annual Meeting. Registration and seating will begin at 8:30 a.m. Eastern Time, and the Annual Meeting will begin at 9:00 a.m. Eastern Time. If you attend the Annual Meeting, you may be asked to present valid photo identification, such as a driver s license or passport. Cameras, recording devices and other electronic devices will not be permitted at the Annual Meeting. If you hold your common shares as a beneficial shareholder, you may also be asked to present a copy of a brokerage or bank statement reflecting your beneficial ownership of our common shares as of the record date.

How to Vote

Registered Holders

After receiving the Notice of Internet Availability (or proxy card, if you received printed copies of the proxy materials), registered shareholders are urged to visit www.proxyvote.com to access our proxy

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materials. You will have the opportunity to vote your common shares online at www.proxyvote.com until May 25, 2016 at 11:59 p.m. Eastern Time. When voting online, you must follow the instructions posted on the website and you will need the control number included on your Notice of Internet Availability (or proxy card, if applicable). If, after receiving the Notice of Internet Availability, you request (via toll-free telephone number, e-mail or online) that we send you paper or electronic copies of our proxy materials, you may vote your common shares by completing, dating and signing the proxy card included with the materials and returning it in accordance with the instructions provided. Your common shares will be voted as you direct if (1) you properly complete your proxy online, (2) you complete, date, sign and return your proxy card no later than 11:59 p.m. EDT on May 25, 2016 or (3) you are a registered shareholder, attend the Annual Meeting and deliver your completed proxy card in person.

A registered shareholder may revoke a proxy at any time before it is exercised by filing with our Corporate Secretary a written notice of revocation or duly executing and delivering to the Company a proxy bearing a later date. A registered shareholder may also revoke a proxy by attending the Annual Meeting and giving written notice of revocation to the secretary of the meeting. Attendance at the Annual Meeting will not by itself revoke a previously granted proxy.

Beneficial Owners

Beneficial shareholders should follow the procedures and directions set forth in the materials they receive from the broker, bank or other holder of record who is the registered holder of their common shares to instruct such registered holder how to vote those common shares or revoke previously given voting instructions. Please contact your broker, bank or other holder of record to determine the applicable deadlines. Beneficial shareholders who wish to vote at the Annual Meeting will need to obtain and provide to the secretary of the meeting a completed form of proxy from the broker, bank or other holder of record who is the registered holder of their common shares.

Brokers, banks and other holders of record who hold common shares for beneficial owners in street name may vote such common shares on routine matters (as determined under New York Stock Exchange (NYSE) rules), such as Proposal Three, without specific voting instructions from the beneficial owner of such common shares. Such brokers, banks and other holders of record may not, however, vote such common shares on non-routine matters, such as Proposal One and Proposal Two without specific voting instructions from the beneficial owner of such common shares. Proxies submitted by such brokers, banks and other holders of record that have not been voted on non-routine matters are referred to as broker non-votes. Broker non-votes will not be counted for purposes of determining the number of common shares necessary for approval of any matter to which broker non-votes apply (i.e., broker non-votes will have no effect on the outcome of such matter).

Householding

SEC rules allow multiple shareholders residing at the same address the convenience of receiving a single copy of the Annual Report to Shareholders, proxy materials and Notice of Internet Availability if they consent to do so (householding). Householding is permitted only in certain circumstances, including when you have the same last name and address as another shareholder. If the required conditions are met, and SEC rules allow, your household may receive a single copy of the Annual Report to Shareholders, proxy materials and Notice of Internet Availability. Upon request, we will promptly deliver a separate copy of the Annual Report to Shareholders, proxy materials and Notice of Internet Availability, as applicable, to a shareholder at a shared address to which a single copy of the document(s) was delivered. Such a request should be made in the same manner as a revocation of consent for householding.

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You may revoke your consent for householding at any time by contacting Broadridge Financial Solutions, Inc. (Broadridge), either by calling 1-800-542-1061, or by writing to: Broadridge, Householding Department, 51 Mercedes Way, Edgewood, New York 11717. You will be removed from the householding program within 30 days of receipt of your instructions at which time you will be sent separate copies of the documents.

Beneficial shareholders can request more information about householding from their brokers, banks or other holders of record.

Board s Recommendations

Subject to revocation, all proxies that are properly completed and timely received will be voted in accordance with the instructions contained therein. If no instructions are given (excluding broker non-votes), the persons named as proxy holders will vote the common shares in accordance with the recommendations of the Board. The Board s recommendations are set forth together with the description of each proposal in this Proxy Statement. In summary, the Board recommends a vote:

1. FOR the election of its nominated slate of directors (see Proposal One);

2. FOR the approval, on an advisory basis, of the compensation of our named executive officers, as disclosed in this Proxy Statement pursuant to Item 402 of Regulation S-K, including the Compensation Disclosure and Analysis, compensation tables and the narrative discussion accompanying the tables (see Proposal Two); and

3. FOR the ratification of Deloitte & Touche LLP as our independent registered public accounting firm for fiscal 2016 (see Proposal Three).

If any other matter properly comes before the Annual Meeting, or if a director nominee named in this Proxy Statement is unable to serve or for good cause will not serve, the proxy holders will vote on such matter or for a substitute nominee as recommended by the Board.

Quorum

The presence, in person or by proxy, of the holders of a majority of the outstanding common shares entitled to vote at the Annual Meeting will constitute a quorum and permit us to conduct our business at the Annual Meeting. Proxies received but marked as abstentions and broker non-votes will be included in the calculation of the number of common shares considered to be present at the Annual Meeting for purposes of establishing a quorum.

Vote Required to Approve a Proposal

Proposal One

Our Corporate Governance Guidelines contain a majority vote policy and our Amended Articles of Incorporation impose a majority vote standard applicable to the uncontested election of directors. Specifically, Article Eighth of our Amended Articles of Incorporation provides that if a quorum is present at the Annual Meeting, a director nominee in an uncontested election will be elected to the Board if the number of votes cast for such nominee s election exceeds the number of votes cast against and/or withheld from such nominee s election. In all director elections other than uncontested elections, the nine director nominees receiving the greatest number of votes cast for their election will be elected as directors. An uncontested election means an election of directors at a meeting of shareholders in which the number of director nominees does not exceed the number of directors to be elected.

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A properly executed proxy marked as withholding authority with respect to the election of one or more nominees for director will not be voted with respect to the nominee or nominees for director indicated. Broker non-votes will not be considered votes cast for or against or withheld from a director nominee s election at the Annual Meeting.

See the Governance Majority Vote Policy and Standard section of this Proxy Statement for more information about our majority vote policy and standard.

Other Matters

For purposes of Proposal Two and Proposal Three, the affirmative vote of the holders of a majority of the common shares represented in person or by proxy and entitled to vote on each such matter will be required for approval. The votes received with respect to Proposal Two and Proposal Three are advisory and will not bind the Board or us. A properly executed proxy marked abstain with respect to Proposal Two and Proposal Three will not be voted with respect to such matter, although it will be counted for purposes of determining the number of common shares necessary for approval of such matter. Accordingly, an abstention will have the effect of a vote against Proposal Two and Proposal Three. If no voting instructions are given (excluding broker non-votes), the persons named as proxy holders on the proxy card will vote the common shares in accordance with the recommendation of the Board.

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PROPOSAL ONE: ELECTION OF DIRECTORS

At the Annual Meeting, the common shares represented by proxies will be voted, unless otherwise specified, for the election of the nine director nominees named below. Proxies cannot be voted at the Annual Meeting for more than nine persons. Directors are elected to serve until the next annual meeting of shareholders and until their respective successors are elected and qualified, or until their earlier death, resignation or removal.

Set forth below is certain information related to the nominees.

Age: 66 Director since: 2006 Committees: Compensation Nominating / Corporate Governance (Chair)	**JEFFREY P. BERGER** Mr. Berger is the former Executive Vice President, Global Foodservice of H.J. Heinz Company (food manufacturer and marketer), and President and Chief Executive Officer of Heinz North America Foodservice (food manufacturer and marketer). **Qualifications:** Mr. Berger s qualifications to serve on the Board include his 14 years of experience as a chief executive of a multibillion dollar company, his service on another public company board and his qualification as an audit committee financial expert, as defined by applicable SEC rules. **Other Directorships:** GNC Holdings, Inc. (health and wellness specialty retailer) where he is the chair of the nominating and corporate governance committee and a member of the audit committee.
Age: 60 Director since: 2013 Committees: none	**DAVID J. CAMPISI** Chief Executive Officer (CEO) and President of Big Lots, Inc. Before joining Big Lots in May 2013, Mr. Campisi served as the Chairman and Chief Executive Officer of Respect Your Universe, Inc. (activewear retailer). Mr. Campisi previously served as the Chairman, President and Chief Executive Officer of The Sports Authority, Inc. (sporting goods retailer). Prior to that, Mr. Campisi served as Executive Vice President and General Merchandise Manager, Women s Apparel, Accessories, Intimates and Cosmetics of Kohl s Corporation (department store retailer).

Qualifications: Mr. Campisi s qualifications to serve on the Board include his day-to-day leadership as Chief Executive Officer and President of Big Lots, strong leadership skills, proven management capabilities, and more than 30 years of diverse retail experience.

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JAMES R. CHAMBERS

Age: 58

Director since: 2012

Compensation

Nominating / Corporate

Governance

Mr. Chambers is the President and Chief Executive Officer and a director of Weight Watchers International, Inc. (weight management services provider)

Mr. Chambers previously served as President of the US Snacks and Confectionery business unit and General Manager of the Immediate Consumption Channel of Kraft Foods Inc. (food manufacturer). Mr. Chambers also served as President and CEO of Cadbury Americas (confectionery manufacturer), and as the President and Chief Executive Officer of Remy Amerique, Inc. (spirits manufacturer). Prior to his employment with Remy Amerique, Inc., Mr. Chambers served as the Chief Executive Officer of Paxonix, Inc. (online branding and packaging process solutions business), the Chief Executive Officer of Netgrocer.com (online grocery retailer), and the Group President of Information Resources, Inc. (global market research provider). Mr. Chambers spent the first 17 years of his career at Nabisco (food manufacturer), where he held leadership roles in sales, distribution, marketing and information technology, culminating in the role of President, Refrigerated Foods. Mr. Chambers previously

served as a director of B&G Foods (food manufacturer) for seven years where he chaired the Nominating and Governance Committee and served on the Compensation Committee.

Qualifications: Mr. Chambers qualifications to serve on the Board include his extensive cross-functional packaged goods industry experience, 15-year track record in general management and his service on the boards of other public companies.

Other Directorships: Weight Watchers International, Inc. (weight management services provider) and TIAA Board of Trustees, where he serves on the human resources committee, audit committee, corporate governance committee and the social responsibility committee.

MARLA C. GOTTSCHALK

Age: 55

Director since: 2015

Committees:

Ms. Gottschalk is the former Chief Executive Officer of The Pampered Chef Ltd. (marketer of kitchen tools, food products and cookbooks), where she also previously served as President and Chief Operating Officer.

Ms. Gottschalk has also served as Senior Vice President of Financial Planning and Investor Relations for Kraft Foods, Inc. (food manufacturer), where she also previously served as Executive Vice President and General Manager of the Post Cereal division and Vice

Nominating / Corporate Governance	President of Marketing and Strategy of the Kraft Cheese division.

Qualifications: Ms. Gottschalk s qualifications to serve on the Board include her extensive experience in operations and strategic management, her qualification as an audit committee financial expert, as defined by applicable SEC rules, and her expertise in the food industry.

Other Directorships: Potbelly, Inc. (food retailer) where she is chair of the compensation committee and a member of the audit committee, Underwriter

Laboratories, where she serves on the finance committee, compensation committee and corporate development committee, and Ocean Spray Cranberries, Inc., where she serves on the audit committee and the compensation committee.

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CYNTHIA T. JAMISON

Age: 56

Director since: 2015

Committees:

Audit

Ms. Jamison served as Chief Financial Officer or Chief Operating Officer of several companies during her tenure from 1999-2009 at Tatum, LLC, an executive services firm. From 2005-2009, she led the CFO services practice and was a member of the firm s operating committee. After retiring from Tatum, Ms. Jamison subsequently served as Chief Financial Officer of AquaSpy, Inc. (provider of soil moisture sensors to monitor soil moisture levels).

Ms. Jamison has also served as Chief Financial Officer of Chart House Enterprises (food retailer) and held various financial positions at Allied Domecq Retailing USA, Kraft General Foods and Arthur Anderson LLP. Ms. Jamison previously served as a director of B&G Foods, Inc. (food manufacturer and distributor) where she served as chair of the audit committee. She held past board seats at Horizon Organic Holdings and Cellu Tissue, Inc.

Qualifications: Ms. Jamison s qualifications to serve on the Board include her extensive experience in financial and accounting matters, including public company reporting, as well as strategy and capitalization expertise, her qualification as an audit committee financial expert, as defined by applicable SEC rules and her key management, leadership, financial and strategic planning, corporate governance and public company executive experience.

Other Directorships: Tractor Supply Company (farm and ranch retailer) where she serves as chairman, Darden, Inc. (food retailer) where she serves as chair of the audit committee and a member of the compensation committee and Office Depot (office supply retailer) where she is a member of the audit committee, compensation committee and corporate governance and nominating committee.

PHILIP E. MALLOTT

Chairman of the Board of Big Lots, Inc.

Age: 58

Director since: 2003

Committees:

Audit (Chair)

Mr. Mallott is the former Vice President and Chief Financial Officer of Intimate Brands, Inc. (intimate apparel and beauty product retailer). Mr. Mallott previously served as a director of Tween Brands, Inc. (clothing retailer).

Qualifications: Mr. Mallott s qualifications to serve on the Board include his qualification as an audit committee financial expert, as defined by applicable SEC Rules, his experience as a certified public accountant, his service on the boards of other public companies and charitable organizations, and his experience in leadership roles with other retailers.

Other Directorships: GNC Holdings, Inc. (health and wellness specialty retailer) where he is chair of the audit committee and a member of the compensation committee.

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NANCY A. REARDON

Age: 63

Director since: 2015

Committees:

Compensation

Ms. Reardon is the former Senior Vice President and Chief Human Resources and Communications Officer of Campbell Soup Company (food manufacturer).

Additionally, Ms. Reardon served as Executive Vice President of Human Resources for Comcast Cable Communications, Inc. (telecommunications provider). Prior to that, Ms. Reardon served as Partner and Executive Vice President, Human Resources and Corporate Affairs for Borden Capital Management Partners where she developed financial and merger and acquisition skills through her involvement in multiple transactions for a portfolio of operating companies. Ms. Reardon previously served as a director of Warnaco Group, Inc. (apparel retailer) where she served as a member of the audit committee and the compensation committee.

Qualifications: Ms. Reardon s qualifications to serve on the Board include her extensive experience in senior management roles, her experience on the boards of other private and charitable organizations, her experience leading human resources departments and in communications and public affairs and her leadership skills.

WENDY L. SCHOPPERT

Age: 49

Director since: 2015

Committees:

Audit

Ms. Schoppert is the former Executive Vice President and Chief Financial Officer of Select Comfort Corporation (bedding retailer and manufacturer).

Prior to joining Select Comfort, Ms. Schoppert led US Bank s Private Asset Management team and served as Head of Product, Marketing & Corporate Development for the bank s asset management division. Ms. Schoppert began her career in the airline industry, serving in various financial, strategic and general management leadership positions at American Airlines, Northwest Airlines and America West Airlines.

Qualifications: Ms. Schoppert s qualifications to serve on the Board include her qualification as an audit committee financial expert, as defined by applicable SEC Rules, her vast experience in brand development and management, and her significant financial leadership and expertise with respect to the oversight of financial reporting and disclosure for public companies.

Other Directorships: Gaiam, Inc. (provider of fitness products and media) where she serves as chair of the audit committee and a member of the compensation committee and Nina Hale, Inc. (digital marketing agency).

Age: 68 Director since: 2003 Committees: Audit Compensation (Chair)	**RUSSELL E. SOLT** Mr. Solt is the former Director of Investor Relations of West Marine, Inc. (boating supplies and accessories specialty retailer) where he previously served as Executive Vice President and Chief Financial Officer. Additionally, Mr. Solt previously served as the Chief Financial Officer of Venture Stores, Inc. (discount retailer) and Williams-Sonoma, Inc. (home furnishing and cookware specialty retailer). **Qualifications:** Mr. Solt s qualifications to serve on the Board include his experience as a certified public accountant and as the Chief Financial Officer of other publicly-traded retailers, his background in investor relations and his qualification as an audit committee financial expert, as defined by applicable SEC Rules.

THE BOARD RECOMMENDS THAT YOU VOTE FOR THE ELECTION OF EACH NOMINEE LISTED ABOVE.

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GOVERNANCE

Board Leadership and Independent Chairman of the Board

The Board is currently comprised of the individuals identified in Proposal One. Other than Mr. Campisi, our Chief Executive Officer (CEO) and President, each of the other director nominees are independent (as defined by the applicable NYSE rules), non-employee directors (non-employee directors). Mr. Mallott, an independent director, serves as Chairman of the Board (Chairman). The Board believes it should have the flexibility to establish a leadership structure that works best for us at a particular time, and it reviews that structure from time to time, including in the context of a change in leadership. The Chairman plans the agendas for meetings of the Board, chairs the Board meetings, and is responsible for briefing our CEO, as needed, concerning executive sessions of the independent members of the Board. The Chairman also determines when additional meetings of the Board are needed. Additionally, the Chairman communicates informally with other directors between meetings of the Board, to foster free and open dialogue among directors.

Board Meetings in Fiscal 2015

The Board held five meetings during fiscal 2015. During fiscal 2015, each director attended at least 75% of the aggregate of the total number of meetings of the Board and the committees on which he or she served (in each case, held during the periods that he or she served). It is our policy that each director nominee standing for election be present at the annual meeting of shareholders. Each director named in Proposal One attended our 2015 annual meeting of shareholders.

Role of the Board s Committees

The Board has standing Audit, Compensation and Nominating / Corporate Governance Committees. Each committee reports its activities to the Board.

Audit Committee

The primary function of the Audit Committee is to assist the Board in fulfilling its oversight responsibility with respect to:

(1) the integrity of the financial reports and other financial information provided by us to our shareholders and others;

(2) our compliance with legal and regulatory requirements;

(3) the engagement of our independent registered public accounting firm and the evaluation of the firm s qualifications, independence and performance;

(4) the performance of our system of internal controls;

(5) our audit, accounting and financial reporting processes generally; and

(6) the evaluation of enterprise risk issues.

All members of the Audit Committee are independent as required by the Audit Committee s charter and by the applicable NYSE and SEC rules. The Board has determined that each member of the Audit Committee is financially literate, as required by NYSE rules, and each of Messrs. Mallott and Solt and Msrs. Jamison and Schoppert is an audit committee financial expert, as defined by applicable SEC rules.

The functions of the Audit Committee are further described in its charter, which is available in the Investor Relations section of our website (www.biglots.com) under the Corporate Governance caption. The Audit Committee met eight times during fiscal 2015.

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Compensation Committee

The Compensation Committee discharges the responsibilities of the Board relating to the administration of our compensation programs, including the compensation program for our management leadership team (Leadership Team). Our Leadership Team is comprised of the current executives named in the Summary Compensation Table (named executive officers) and other executives holding the office of senior vice president.

The responsibilities of the Compensation Committee include:

(1) establishing our general compensation philosophy;

(2) overseeing the development of our compensation programs;

(3) approving goals and objectives for the incentive compensation awarded to the Leadership Team;

(4) reviewing and recommending to the Board the other compensation for our CEO and the Leadership Team;

(5) administering our compensation programs; and

(6) reporting on the entirety of the executive compensation program to the Board.

All members of the Compensation Committee are independent as required by the Committee s charter and NYSE rules.

The functions of the Compensation Committee are further described in its charter, which is available in the Investor Relations section of our website (www.biglots.com) under the Corporate Governance caption. The Compensation Committee met four times during fiscal 2015.

Nominating / Corporate Governance Committee

The responsibilities of the Nominating / Corporate Governance Committee include:

(1) recommending individuals to the Board for nomination as members of the Board and its committees;

(2) taking a leadership role in shaping our corporate governance policies and practices, including recommending to the Board changes to our Corporate Governance Guidelines and monitoring compliance with such guidelines;

(3) monitoring issues associated with CEO succession and management development; and

(4) reviewing the compensation of the members of the Board and recommending any changes to such compensation to the Board for its approval.

All members of the Nominating / Corporate Governance Committee are independent as required by the Committee s charter and NYSE rules.

The functions of the Nominating / Corporate Governance Committee are further described in its charter, which is available in the Investor Relations section of our website (www.biglots.com) under the Corporate Governance caption. The Nominating / Corporate Governance Committee met four times during fiscal 2015.

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Selection of Nominees by the Board

The Nominating / Corporate Governance Committee has oversight over a broad range of issues relating to the composition and operation of the Board. The Nominating / Corporate Governance Committee is responsible for recommending to the Board the appropriate skills and qualifications required of Board members, based on our needs from time to time. The Nominating / Corporate Governance Committee also evaluates prospective director nominees against the standards and qualifications set forth in the Corporate Governance Guidelines. Although the Nominating / Corporate Governance Committee has not approved any specific minimum qualifications that must be met by a nominee for director recommended by the Committee and has not adopted a formal policy with regard to the consideration of diversity in identifying director nominees, the Committee considers factors such as the prospective nominee s relevant experience, character, intelligence, independence, commitment, judgment, prominence, age, and compatibility with our CEO and other members of the Board. The Nominating / Corporate Governance Committee also considers other relevant factors that it deems appropriate, including the current composition of the Board, the alignment of the Board members skills and experiences with our strategic plan, diversity, the balance of management and independent directors, and the need for committee expertise. Before commencing a search for a new director nominee, the Nominating / Corporate Governance Committee confers with the Board regarding the factors it intends to consider in its search.

In identifying potential candidates for Board membership, the Nominating / Corporate Governance Committee considers recommendations from the Board, shareholders and management, as well as proxy access candidates. A shareholder who wishes to recommend a prospective director nominee to the Board must send written notice to: Chair of the Nominating / Corporate Governance Committee, Big Lots, Inc., 300 Phillipi Road, Columbus, Ohio 43228. The written notice must include the prospective nominee s name, age, business address, principal occupation, ownership of our common shares, information that would be required under the rules of the SEC in a proxy statement soliciting proxies for the election of such prospective nominee as a director, and any other information that is deemed relevant by the recommending shareholder. Shareholder recommendations that comply with these procedures and that meet the factors outlined above will receive the same consideration that the recommendations of the Board and management receive.

Pursuant to its written charter, the Nominating / Corporate Governance Committee has the authority to retain consultants and search firms to assist in the process of identifying and evaluating director candidates and to approve the fees and other retention terms for any such consultant or search firm. No such firm was retained in connection with the selection of the director nominees proposed for election at the Annual Meeting.

Majority Vote Policy and Standard

Our Amended Articles of Incorporation impose a majority vote standard in uncontested elections of directors and our Corporate Governance Guidelines contain a majority vote policy applicable to uncontested elections of directors. Article Eighth of our Amended Articles of Incorporation provides that if a quorum is present at the Annual Meeting, a director nominee in an uncontested election shall be elected to the Board if the number of votes cast for such nominee s election exceeds the number of votes cast against and/or withheld from such nominee s election. The majority vote policy contained in our Corporate Governance Guidelines requires any nominee for director who does not receive more votes cast for such nominee s election than votes cast against and/or withheld as to his or her election to deliver his or her resignation from the Board to the Nominating / Corporate Governance Committee. Broker non-votes have no effect in determining whether the required affirmative majority vote has been obtained. Withheld votes have the same effect as a vote against a director nominee. Upon its receipt of such resignation, the Nominating / Corporate Governance Committee will promptly consider the

resignation and recommend to the Board whether to accept the resignation or to take other action. The Board will act on the recommendation of the Nominating / Corporate Governance Committee no later than 100 days following the certification of the shareholder vote. The Nominating / Corporate Governance Committee, in making its recommendation, and the Board, in making its decision, will evaluate such resignation in light of the best interests of Big Lots and our shareholders and may consider any factors and other information they deem relevant. We will promptly publicly disclose the Board s decision in a periodic or current report to the SEC.

Determination of Director Independence

The Board affirmatively determined that, with the exception of Mr. Campisi, all of the directors nominated for election at the Annual Meeting are independent of Big Lots, its subsidiaries and its management under the standards set forth in the NYSE rules, and no director nominee has a material relationship with Big Lots, its subsidiaries or its management aside from his or her service as a director. Mr. Campisi is not an independent director due to his employment by Big Lots.

In determining that each of the director nominees other than Mr. Campisi is independent, the Board considered charitable contributions to not-for-profit organizations of which these director nominees or their immediate family members are executive officers or directors and determined that each of the transactions and relationships it considered was immaterial and did not impair the independence of any of the directors.

Related Person Transactions

Our Corporate Governance Guidelines, Code of Business Conduct and Ethics, Code of Ethics for Financial Professionals, and human resources policies prohibit (without the consent of the Board or the Nominating / Corporate Governance Committee) directors, officers and employees from engaging in transactions that conflict with our interests or that otherwise usurp corporate opportunities.

Pursuant to our written related person transaction policy, the Nominating / Corporate Governance Committee evaluates related person transactions. Consistent with SEC rules, we consider a related person transaction to be any transaction, arrangement or relationship (or any series of similar transactions, arrangements or relationships):

(1) involving more than $120,000 in which we and any of our directors, nominees for director, executive officers, holders of more than five percent of our common shares, or their respective immediate family members were or are to be a participant; and

(2) in which such related person had, has or will have a direct or indirect material interest.

Under our policy, our directors, executive officers and other members of management are responsible for bringing all transactions, whether proposed or existing, of which they have knowledge and which they believe may constitute related person transactions to the attention of our General Counsel. If our General Counsel determines that the transaction constitutes a related person transaction, our General Counsel will notify the chair of the Nominating / Corporate Governance Committee. Thereafter, the Nominating / Corporate Governance Committee will review the related person transaction, considering all factors and information it deems relevant, and either approve or disapprove the transaction in light of what the Committee believes to be the best interests of Big Lots and our shareholders. If advance approval is not practicable or if a related person transaction that has not been approved is discovered, the Nominating / Corporate Governance Committee will promptly consider whether to ratify the related person transaction. Where advance approval is not practicable or we discover a related person transaction that has not been approved and the Committee disapproves the transaction, the Committee will, taking into account all of the factors and information it deems relevant (including the rights available to us or other parties under the transaction), determine whether we should amend, rescind or terminate the transaction in light of what it believes to be the best interests of our shareholders and company.

Examples of factors and information that the Nominating / Corporate Governance Committee may consider in its evaluation of a related person transaction include:

(1) the reasons for entering into the transaction;

(2) the terms of the transaction;

(3) the benefits of the transaction to us;

(4) the comparability of the transaction to similar transactions with unrelated third parties;

(5) the materiality of the transaction to each party;

(6) the nature of the related person s interest in the transaction;

(7) the potential impact of the transaction on the status of an independent director; and

(8) the alternatives to the transaction.

Additionally, on an annual basis, each director, nominee for director and executive officer must complete a questionnaire that requires written disclosure of any related person transaction. The responses to these questionnaires are reviewed by the Nominating / Corporate Governance Committee and our General Counsel to identify any potential conflicts of interest or potential related person transactions. The son-in-law of Lisa Bachmann, our Executive Vice President, Chief Merchandising and Operating Officer, is employed by Big Lots as a senior buyer and in fiscal 2015 received compensation greater than $120,000 but less than $150,000, which was reviewed and approved by the Nominating / Corporate Governance Committee.

Board s Role in Risk Oversight

The Board and its committees play an important role in overseeing the identification, assessment and mitigation of risks that are material to us. In fulfilling this responsibility, the Board and its committees regularly consult with management to evaluate and, when appropriate, modify our risk management strategies. While each committee is responsible for evaluating certain risks and overseeing the management of such risks, the entire Board is regularly informed about such risks through committee reports.

The Audit Committee assists the Board in fulfilling its oversight responsibility relating to the performance of our system of internal controls, legal and regulatory compliance, our audit, accounting and financial reporting processes, and the evaluation of enterprise risk issues, particularly those risk issues not overseen by other committees. The Compensation Committee is responsible for overseeing the management of risks relating to our compensation programs. The Nominating / Corporate Governance Committee manages risks associated with corporate governance, related person transactions, succession planning, and business conduct and ethics. The Public Policy and Environmental Affairs Committee, a management committee that reports to the Nominating / Corporate Governance Committee, oversees management of risks associated with public policy, environmental affairs and social matters that may affect our operations, performance or public image.

Corporate Governance Guidelines

Our Corporate Governance Guidelines, which comply with NYSE rules, can be found in the Investor Relations section of our website (www.biglots.com) under the Corporate Governance caption.

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Code of Business Conduct and Ethics & Code of Ethics for Financial Professionals

We have a Code of Business Conduct and Ethics, which applies to all of our directors, officers and employees. We also have a Code of Ethics for Financial Professionals which applies to our principal executive officer, principal financial officer, principal accounting officer, controller and other persons performing similar functions. Both the Code of Business Conduct and Ethics and the Code of Ethics for Financial Professionals are available in the Investor Relations section of our website (www.biglots.com) under the Corporate Governance caption. We intend to post amendments to or waivers from any applicable provision (related to elements listed under Item 406(b) of Regulation S-K) of the Code of Business Conduct and Ethics and the Code of Ethics for Financial Professionals (in each case, to the extent applicable to our principal executive officer, principal financial officer, principal accounting officer, controller or persons performing similar functions), if any, in the Investor Relations section of our website (www.biglots.com) under the Corporate Governance caption.

Compensation Committee Interlocks and Insider Participation

During fiscal 2015, current directors Messrs. Berger, Chambers and Solt and Ms. Reardon and former directors Peter J. Hayes, James R. Tener and Dennis B. Tishkoff served on our Compensation Committee. No member of our Compensation Committee serves, or has served at any time, as one of our officers or employees or has, or during fiscal 2015 had, a material interest in any related person transaction, as defined in Item 404 of Regulation S-K. None of our executive officers serve or, during fiscal 2015, served as a member of the board of directors or compensation committee of any other company that has or had an executive officer serving as a member of the Board or our Compensation Committee.

Communications with the Board

Shareholders and other parties interested in communicating directly with the Board, with specified individual directors or with the non-employee directors as a group, may do so by choosing one of the following options:

Call:	(866) 834-7325
Write:	Big Lots Board of Directors, 300 Phillipi Road, Columbus, Ohio 43228-5311
E-mail:	http://biglots.safe2say.info

Under a process approved by the Nominating / Corporate Governance Committee for handling correspondence received by us and addressed to non-employee directors, our General Counsel reviews all such correspondence and forwards to the Board or appropriate members of the Board a summary and/or copies of any such correspondence that deals with the functions of the Board, members or committees thereof or otherwise requires their attention. Directors may at any time review a log of all correspondence received by us and directed to members of the Board and may request copies of any such correspondence. Concerns relating to our accounting, internal accounting controls or auditing matters will be referred to the Audit Committee. Concerns relating to the Board or members of senior management will be referred to the Nominating / Corporate Governance Committee. Parties submitting communications to the Board may choose to do so anonymously or confidentially.

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DIRECTOR COMPENSATION

Under the Big Lots, Inc. Non-Employee Director Compensation Package established by the Board, each non-employee director is compensated for Board and committee participation in the form of retainers and fees and a restricted stock award.

Retainers and Fees

During fiscal 2015, Messrs. Berger, Chambers, Hayes, Mallott, Solt, Tener, Tishkoff, and Msrs. Gottschalk, Jamison, Reardon, Schoppert and Brenda J. Lauderback qualified as non-employee directors and, as a result, received compensation for their Board service. Due to our employment of Mr. Campisi as CEO in fiscal 2015, he did not qualify as a non-employee director and he did not receive compensation for his service as a director. The compensation received by Mr. Campisi as an employee is shown in the Summary Compensation Table included in this Proxy Statement.

We pay our non-employee directors retainers and fees on a quarterly basis. Except for Messrs. Hayes, Tener and Tishkoff and Ms. Lauderback, each of whom did not stand for reelection at our 2015 Annual Meeting of Shareholders and received a pro rata portion of the annual retainers for fiscal 2015, the retainers and fees we paid to non-employee directors for fiscal 2015 consisted of: (1) an annual retainer of $80,000 for each non-employee director other than the nonexecutive chair; (2) an annual retainer of $170,000 for the nonexecutive chair; (3) an annual retainer of $30,000 for the Audit Committee chair; (4) an annual retainer of $20,000 for the chairs of the Compensation Committee and the Nominating / Corporate Governance Committee; (5) an annual retainer of $15,000 for each Audit Committee member; (6) an annual retainer of $10,000 for each Compensation Committee member and each Nominating / Corporate Governance Committee member; (7) donations by us in an aggregate annual amount up to $15,000 to charitable organizations nominated by the non-employee director; (8) matching charitable donations by us in an aggregate annual amount up to $15,000 to charitable organizations to which the non-employee director makes contributions; and (9) the payment of $750 for each telephonic Board or committee meeting attended by the non-employee director in a fiscal quarter after the first telephonic meeting held by the Board or committee during such quarter.

Restricted Stock

Except for Messrs. Hayes, Tener and Tishkoff and Ms. Lauderback, our non-employee directors also received a restricted stock award in fiscal 2015 having a grant date fair value equal to approximately $110,000 (2,388 common shares). The fiscal 2015 restricted stock awards were made in June 2015 under the Big Lots 2012 Long-Term Incentive Plan (2012 LTIP). The restricted stock awarded to the non-employee directors in fiscal 2015 will vest on the earlier of (1) the trading day immediately preceding the Annual Meeting or (2) the non-employee director s death or disability (as that term is defined in the 2012 LTIP). However, the restricted stock will not vest if the non-employee director ceases to serve on the Board before either vesting event occurs.

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Director Compensation Table for Fiscal 2015

The following table summarizes the compensation earned by each non-employee director for his or her Board service in fiscal 2015.

Name (a)	Fees Earned or Paid in Cash ($) (b)	Stock Awards ($) *(1)(2)* (c)	Option Awards ($) *(3)* (d)	Non-Equity Incentive Plan Compensation ($) (e)	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($) (f)	All Other Compensation ($) *(4)* (g)	Total ($) (h)
Mr. Berger	110,000	109,967	-	-	-	2,000	221,967
Mr. Chambers	101,250	109,967	-	-	-	-	211,217
Ms. Gottschalk	67,500	109,967	-	-	-	6,000	183,467
Mr. Hayes	26,250	-	-	-	-	-	26,250
Ms. Jamison	71,250	109,967	-	-	-	-	181,217
Ms. Lauderback	26,250	-	-	-	-	14,750	41,000
Mr. Mallott	200,000	109,967	-	-	-	30,000	339,967
Ms. Reardon	67,500	109,967	-	-	-	26,000	203,467
Ms. Schoppert	71,250	109,967	-	-	-	15,350	196,567
Mr. Solt	115,000	109,967	-	-	-	15,000	239,967
Mr. Tener	25,000	-	-	-	-	-	25,000
Mr. Tishkoff	25,000	-	-	-	-	-	25,000

(1) Amounts in this column reflect the aggregate grant date fair value of the restricted stock awards granted to the non-employee directors in fiscal 2015 as computed in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 718 (ASC 718), excluding the effect of any estimated forfeitures. The full grant date fair value of the fiscal 2015 restricted stock award granted to each non-employee director, as computed in accordance with ASC 718, was based on individual awards of 2,388 common shares at a per common share value of $46.05 on the grant date (i.e., $109,967 per non-employee director). In accordance with ASC 718 and the 2012 LTIP, the per common share grant date value is the average of the opening price and the closing price of our common shares on the NYSE on the grant date.

(2) As of January 30, 2016, each individual included in the table held 2,388 shares of restricted stock.

(3) Prior to fiscal 2008, the non-employee directors received an annual stock option award under the Big Lots, Inc. Amended and Restated Director Stock Option Plan (Director Stock Option Plan). The Director Stock Option Plan was terminated on May 30, 2008 and no stock option awards were granted to any non-employee director in fiscal 2015. As of January 30, 2016, only Mr. Mallott (15,000 common shares) held stock options to purchase our common shares.

(4) Amounts in this column reflect both matching contributions and payments made by us during fiscal 2015 to charitable organizations nominated by the specified directors pursuant to the Big Lots, Inc. Non-Employee Director Compensation Package during the year in which they were elected to serve on the Board.

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STOCK OWNERSHIP

Ownership of Our Common Shares by Certain Beneficial Owners and Management

The following table sets forth certain information with regard to the beneficial ownership of our common shares by each holder of more than five percent of our common shares, each director, each of the current and former executive officers named in the Summary Compensation Table, and all executive officers and directors as a group. The assessment of holders of more than five percent of our common shares is based on a review of and reliance upon their respective filings with the SEC. Except as otherwise indicated, all information is as of March 15, 2016.

Name of Beneficial Owner or Identity of Group	Amount and Nature of Beneficial Ownership *(1)*	Percent of Outstanding Common Shares
Lisa M. Bachmann	220,000	*
Jeffrey P. Berger	23,700	*
David J. Campisi	162,423	*
James R. Chambers	10,508	*
Richard J. Chene	0	*
Marla C. Gottschalk	2,388	*
Cynthia T. Jamison	2,388	*
Timothy A. Johnson	176,284	*
Philip E. Mallott	40,600	*
Nancy A. Reardon	2,388	*
Michael A. Schlonsky	99,279	*
Wendy L. Schoppert	2,388	*
Russell E. Solt	13,275	*
Andrew D. Stein	20,500	*
The Vanguard Group, Inc. *(2)*	4,662,593	9.4%
BlackRock, Inc. *(3)*	4,362,285	8.8%
Sasco Capital, Inc. *(4)*	2,935,583	5.9%
LSV Asset Management *(5)*	2,641,654	5.3%
All directors and executive officers as a group (14 persons)	776,121	1.6%

* Represents less than 1.0% of the outstanding common shares.

(1) Each person named in the table has sole voting power and sole dispositive power with respect to all common shares shown as beneficially owned by such person, except as otherwise stated in the footnotes to this table. The amounts set forth in the table include common shares that may be acquired within 60 days of March 15, 2016 under stock options exercisable within that period. The number of common shares that may be acquired within 60 days of March 15, 2016 under stock options exercisable within that period are as follows: Ms. Bachmann: 160,000; Mr. Berger: 0; Mr. Campisi: 55,500; Mr. Chambers: 0; Mr. Chene: 0; Ms. Gottschalk: 0; Ms. Jamison: 0; Mr. Johnson: 103,750; Mr. Mallott: 15,000; Ms. Reardon: 0; Mr. Schlonsky: 63,750; Ms. Schoppert: 0; Mr. Solt: 0; Mr. Stein: 10,000; and all directors and executive officers as a group: 408,000.

(2) In its Schedule 13G/A filed on February 10, 2016, The Vanguard Group, Inc., 100 Vanguard Blvd., Malvern, PA 19355, stated that it beneficially owned the number of common shares reported in the table as of December 31, 2015, had sole voting power over 109,001 of the shares, had sole dispositive power over 4,553,892 of the shares, had shared dispositive power over 108,701 of the shares, and had shared voting power over 2,800 of the shares. In its

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Schedule 13G/A, this reporting person indicated that its wholly-owned subsidiaries, Vanguard Fiduciary Trust Company and Vanguard Investments Australia, Ltd., were the beneficial owners of 105,901 and 5,900 common shares, respectively.

(3) In its Schedule 13G/A filed on January 25, 2016, BlackRock, Inc., 55 East 52nd Street, New York, NY 10055, stated that it beneficially owned the number of common shares reported in the table as of December 31, 2015, had sole voting power over 4,228,411 of the shares and sole dispositive power over all the shares, and had no shared voting power or shared dispositive power over any of the shares.

(4) In its Schedule 13G/A filed on February 12, 2016, Sasco Capital, Inc., 10 Sasco Hill Road, Fairfield, CT 06824, stated that it beneficially owned the number of common shares reported in the table as of December 31, 2015, had sole voting power over 1,177,504 of the shares, had sole dispositive power over all of the shares, and had no shared voting power or shared dispositive power over any of the shares.

(5) In its Schedule 13G filed on February 12, 2016, LSV Asset Management, 155 North Wacker Drive, Suite 4600, Chicago, IL 60606, stated that it beneficially owned the number of common shares reported in the table as of December 31, 2015, had sole voting power over 1,546,369 of the shares and sole dispositive power over 2,641,654 shares, and had no shared voting power or shared dispositive power over any of the shares.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934, as amended (Exchange Act), requires our directors and executive officers, and persons who beneficially own more than 10% of our outstanding common shares, to file with the SEC and the NYSE initial reports of ownership and reports of changes in ownership of our common shares. Executive officers, directors and greater than 10% shareholders are required by the SEC rules to furnish us with copies of all Section 16(a) reports they file. Based upon a review of filings with the SEC and written representations that no other reports were required, we believe that all of our directors and executive officers and greater than 10% shareholders complied during fiscal 2015 with the reporting requirements of Section 16(a) of the Exchange Act.

EXECUTIVE COMPENSATION

Compensation Committee Report

The Compensation Committee reviewed and discussed the following Compensation Discussion and Analysis (CD&A) with management and, based on such review and discussion, the Compensation Committee recommended to the Board that the CD&A be included in this Proxy Statement and our Annual Report on Form 10-K for fiscal 2015 (Form 10-K).

Members of the Compensation Committee

Russell E. Solt, Chair

Jeffrey P. Berger

James R. Chambers

Nancy A. Reardon

Compensation Discussion and Analysis

This CD&A describes our executive compensation program for fiscal 2015 and certain elements of our executive compensation program for fiscal 2016 and explains how the Board and the Compensation Committee of the Board (which we refer to as the Committee in this CD&A) made its compensation decisions for our named executive officers, who, for fiscal 2015, were:

- Mr. Campisi, our CEO and President;
- Mr. Johnson, our Executive Vice President, Chief Administrative Officer and Chief Financial Officer;
- Ms. Bachmann, our Executive Vice President, Chief Merchandising and Operating Officer;
- Mr. Schlonsky, our Executive Vice President, Human Resources and Store Operations;
- Mr. Stein, our Senior Vice President and Chief Customer Officer; and
- Mr. Chene, our former Executive Vice President, Chief Merchandising Officer.

Mr. Chene s employment with us terminated on August 27, 2015.

Executive Summary

Objectives of Executive Compensation Program

Through a balanced mix of performance-linked and non-performance-linked compensation consisting of salary, annual cash incentive awards and equity awards, the Committee and the Board seek to promote three primary objectives: (1) align the interests of executives and shareholders through performance-linked compensation; (2) motivate executives to contribute to our success and reward them for their performance; and (3) attract and retain talented executives by paying compensation that is competitive with the compensation paid by the companies in our comparator groups.

Company Performance for Fiscal 2015

In fiscal 2015, we focused on improving our financial and operating performance and continued to deliver solid and improved operating and financial results, including:

- positive comparable store sales in all four fiscal quarters and a 1.8% increase in comparable store sales for fiscal 2015;

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- an increase of $13.5 million in net sales;
- Adjusted income from continuing operations of $2.97[1] in diluted earnings per share, compared to income from continuing operations of $2.46 in diluted earnings per share in fiscal 2014, a 21% increase;
- an increase of 30 basis points in gross margin rate;
- return on invested capital (*i.e.*, net operating profit after-tax divided by invested capital) (ROIC) of 16.6%;
- an increase in operating profit of $11.2 million, or 5%; and
- $200 million returned to shareholders through share repurchases and approximately $39 million returned to shareholders through dividends.

Named Executive Officer Compensation for Fiscal 2015

The principal elements of our executive compensation program salary, annual cash incentive awards and equity awards remained the same in fiscal 2015. The Committee and our other outside directors are committed to a pay-for-performance philosophy focused on the continued improvement of our financial and operating performance and believe that emphasizing at-risk and variable compensation advances the objectives of our executive compensation program. Accordingly, the Committee and our other outside directors structured a significant portion of the compensation awarded to our named executive officers for fiscal 2015 as at risk or variable and dependent on our performance and/or the value of our common shares, including:

- *Annual Cash Incentive Awards*. Each named executive officer was eligible to receive a cash performance bonus based solely on our operating profit. The fiscal 2015 annual incentive awards were structured so that the target bonus would be earned only if we achieved the operating profit for fiscal 2015 projected in our annual corporate operating plan. The Committee and our other outside directors selected operating profit as the sole financial measure because they believe it focuses our named executive officers on increasing our revenues and controlling our costs. Based on our $235,731,648 operating profit in fiscal 2015, as adjusted and described below in the Elements of our Executive Compensation for Fiscal 2015 Annual Incentive Award for Fiscal 2015 section of the CD&A, our named executive officers earned an annual incentive award for fiscal 2015 equal to 166% of their respective target bonus.
- *Performance Share Unit Awards*. Each named executive officer received 60% of their equity awards in the form of performance share unit awards (PSUs). The PSUs awarded to our named executive officers in fiscal 2015 will vest, if at all, after the completion of a three-year performance period based: (1) 50% on our average EPS performance, excluding plan-defined items, for each of the three fiscal year service periods during the performance period; (2) 50% on our average ROIC performance, excluding plan-defined items, for each of the three fiscal year service periods during the performance period; and (3) on the named executive officer s continued employment through the end of the performance period (except in the case of

death, disability or retirement). The Committee and our other outside directors selected EPS and ROIC as the financial measures applicable to the PSUs to incentivize our named executive officers to achieve long-term financial results that they believe will create shareholder value. Based on EPS of $2.81 and ROIC of 16.6%, as adjusted and described below in the Elements of our Executive Compensation for Fiscal 2015 Equity for Fiscal

[1] Adjusted to exclude an after-tax impact of $0.11 associated with pension termination costs and $0.05 for a loss contingency associated with a merchandise related legal matter.

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2015 section of the CD&A, we achieved 109% of the targeted goal for EPS and 109% of the targeted goal for ROIC for the first service period of the performance period applicable to the PSUs awarded to our named executive officers in fiscal 2015.

Restricted Stock Unit Awards. Each named executive officer received the remaining 40% of their equity awards in the form of restricted stock unit awards (RSUs). The RSUs will vest ratably over three years from the grant date of the award if the participant remains employed by us through each annual vesting date (except in the case of death, disability, retirement, involuntary termination or constructive termination) and if we meet an operating profit performance component. The Committee and other outside directors believe RSUs will align the interests of our named executive officers and our shareholders and help retain and motivate our named executive officers.

The following graphs show the percentage of Mr. Campisi s and our other named executive officers total target compensation for fiscal 2015 that was at-risk or variable.

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Executive Compensation Policies and Practices

Our executive compensation policies and practices support good governance and mitigate excessive risk taking and include the following:

Policies and Practices	Big Lots Policies and Practices
Pay for Performance	In accordance with the Company s pay-for-performance philosophy, performance-linked compensation comprised 50% to 61% of the compensation awarded to our named executive officers in fiscal 2015.
Stock Ownership Requirements	All of our outside directors and Leadership Team members are subject to stock ownership requirements.
Clawback Policy	Our employment agreements with Mr. Campisi and Ms. Bachmann provide that any compensation paid to the executive pursuant to any agreement or arrangement between the executive and us will be subject to deduction and clawback to the extent required by any applicable law or stock exchange listing requirement or any policy adopted by us with respect to any such law or listing requirement.
Anti-Hedging and Pledging Policy	We do not allow our directors or Leadership Team members to enter into any hedging, pledging or monetization transactions relating to our common shares.
Independent Compensation Consultant	The Committee s independent compensation consultant, Exequity LLP (Exequity), is engaged directly by the Committee and performs services solely for the Committee.
Independent Board Chairman	We have separated our CEO and Chairman of the Board positions.
No Dividends on Unearned Performance Awards	We do not pay dividends on unearned performance awards.
No Excise Tax Gross-ups for Change-in-Control Payments in our Employment Agreements	We have eliminated any reimbursement for any golden parachute excise tax imposed under Section 4999 of the Internal Revenue Code (IRC) in our employment agreements.

2015 Annual Meeting Results and Shareholder Engagement

At our 2015 annual meeting of shareholders, we held an advisory vote of our shareholders regarding the fiscal 2014 compensation of our named executive officers as disclosed in our 2015 Proxy Statement (the 2015 say-on-pay vote). Approximately 88% of votes cast voted in favor of our 2015 say-on-pay vote. The 2015 say-on-pay vote and discussions with shareholders before our 2015 annual meeting of shareholders suggested to us that the Company s executive compensation program was generally supported by our shareholders and effectively responded to the concerns previously expressed by our shareholders. Since our 2015 annual meeting of shareholders, the Committee has considered the results of the 2015 say-on-pay vote in its evaluation of our executive compensation program. Based on the strong support our shareholders expressed at our 2015 annual meeting of shareholders, after due consideration and consultation with Exequity, the Committee did not make any changes to our executive compensation program as a result of the 2015 say-on-pay vote. However, the Company will continue to monitor shareholder concerns with its compensation programs and will seek shareholder input to help understand any issues shareholders may have with the Company s compensation program.

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Overview of our Executive Compensation Program

Philosophy and Objectives of our Executive Compensation Program

Our executive compensation program is designed to:

Align the interests of executives and shareholders through performance-linked compensation.
We pay annual cash incentive awards only if we achieve corporate performance goals. For fiscal 2015, we also awarded PSUs and RSUs. The PSUs awarded for fiscal 2015 vest only if we meet performance targets over a three-year performance period. For the fiscal 2015 service period, the targets the Committee established for the PSUs are based on EPS and ROIC, each of which account for 50% of the performance component of the PSUs.

Motivate executives to contribute to our success and reward them for their performance.
We use the bonus and equity elements of our executive compensation program to motivate our executives to improve our business, promote sustainable profitability and create shareholder value. These compensation elements incentivize our executives to meet or exceed the applicable corporate financial goals.

Attract and retain talented executives by paying compensation that is competitive with the compensation paid by the companies in our comparator group.
We believe most executives who consider joining our company expect to receive amounts and elements of compensation comparable to those offered by most companies in our comparator group and/or their current employer. We believe the amounts and elements of compensation that we offer make us competitive within our comparator groups, and that offering competitive packages has enabled us in recent years to attract and retain talented executives.

Executive Performance and Compensation Evaluation Process

The Committee leads the process for establishing our annual executive compensation program, but seeks the approval of its compensation decisions from our other outside directors. The Committee believes that having all outside directors approve executive compensation is consistent with best practices in corporate governance. Additionally, as discussed in more detail below in the Role of Management and Independent Compensation Consultant sections of this CD&A, the Committee consults with management and may engage independent compensation consultants to take advantage of their executive compensation expertise.

Because of his direct knowledge of the performance and contributions of the other members of our Leadership Team, our CEO provides the Board and Committee with (1) performance updates regarding each member of our Leadership Team and (2) an annual performance evaluation and compensation recommendation for each such Leadership Team member in the first quarter of each fiscal year. The Committee also conducts executive sessions to evaluate our CEO s performance. All of our outside directors participate in the most comprehensive evaluation of our CEO s performance which takes place in connection with our first quarter Board meeting. See the Performance Evaluation section of this CD&A for a discussion of the factors considered by our CEO, the Committee and the other outside directors when evaluating performance.

At its March 2015 meeting, the Committee:

- reviewed and discussed the continued appropriateness of our executive compensation program, including its underlying philosophy, objectives and policies;
- reviewed and discussed Mr. Campisi s performance, contributions and value to our business;

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- reviewed and discussed Mr. Campisi s performance evaluations and compensation recommendations for the other Leadership Team members;

- reviewed and discussed comparative compensation survey data;

- reviewed and analyzed tally sheets that included the total compensation awarded to each Leadership Team member during the immediately preceding two fiscal years;

- analyzed the potential payments to each Leadership Team member upon termination of employment and change in control events;

- considered internal pay equity by comparing the compensation of our CEO to the other members of our Leadership Team;

- prepared its fiscal 2015 compensation recommendations for each member of our Leadership Team;

- determined that the performance trigger for the 2014 RSUs was achieved; and

- determined that a bonus was payable under the 2006 Bonus Plan as a result of corporate performance in fiscal 2014.

The Committee then shared its compensation recommendations, including the underlying data and analysis, with the other outside directors for their consideration and approval. The Committee s recommendations were consistent with Mr. Campisi s recommendations. At the March 2015 Board meeting, the outside directors discussed with the Committee the form, amount of, and rationale for the recommended compensation and, consistent with the Committee s recommendations, finalized the compensation awards for the Leadership Team members.

Performance Evaluation

Our CEO, the Committee and our outside directors generally consider the following objective and subjective factors when evaluating the performance of the members of our Leadership Team, although the factors considered may vary for each executive:

- long-term strategic goals;

- short-term business goals;

- profit and revenue goals;

expense goals;

operating margin improvement;

same store sales growth of the Company compared to the industry;

earnings-per-share growth;

continued optimization of organizational effectiveness and productivity;

leadership and the development of talent; and

fostering teamwork and other corporate values.

Our CEO, the Committee and the other outside directors do not assign any of these performance factors a specific weight when they evaluate corporate performance or individual performance. Our CEO, the Committee and our other outside directors also consider the performance of our competitors, specific business challenges and general economic and market conditions in their performance evaluations. See the Comparative Compensation Data section of this CD&A for more information regarding the impact that the competitive market has on our executive compensation program.

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Although the Committee and the other outside directors consider our CEO s recommendations, the Committee and the other outside directors may elect to not follow, and are not bound by, our CEO s recommendations on executive compensation. Our CEO, the Committee and the outside directors may consider different factors and may value the same factors differently.

Role of Management

Our CEO plays a significant role in determining the compensation of the other members of our Leadership Team. Additionally, our CEO and the Committee consult with management from our human resources, finance and legal departments regarding the design and administration of our compensation programs, plans and awards for executives and directors. These members of management provide the Committee and CEO with advice regarding the competitiveness of existing and proposed compensation programs and the impact of accounting rules, laws and regulations on existing and proposed compensation programs. Management from our human resources, finance and legal departments also assist the Committee in the administration of our employee benefit and compensation plans in accordance with the Committee s charter and our compensation plans.

Our CEO and some members of management attend meetings of the Committee, and the CEO participates in the Committee s discussions regarding the compensation of the other Leadership Team members. These individuals do not participate in executive sessions of the Committee or when executive compensation determinations are made by the Committee and the other outside directors.

Independent Compensation Consultant

The Committee has the authority under its charter to retain independent compensation consultants as it deems necessary. In establishing executive compensation for fiscal 2015, the Committee s independent compensation consultant, Exequity, provided the Committee with compensation and financial information from the public filings of the members of our retailer comparator group (as defined below in the Comparative Compensation Data section of this CD&A). The Committee also reviewed non-customized compensation surveys provided by several independent compensation consultants at the request of our human resources department.

Comparative Compensation Data

The Committee reviews data regarding the compensation of executives at other companies in its annual review of the compensation of the members of our Leadership Team. For fiscal 2015, the Committee reviewed compensation data for a group of retailers similar to us with whom we believe we compete for talent (the retailer comparator group). The factors the Committee considered in selecting companies to include in the retailer comparator group included revenue (generally one-half to two times our revenue), gross profit margin (revenue minus cost of goods sold divided by revenues; generally within ten percentage points of our gross profit margin), geographic location (preference for companies in the Columbus, Ohio area with whom we compete for talent), inventory turns (cost of goods sold divided by average inventory; within approximately 50 points of our score), gross margin return on investment (gross margin dollars divided by average inventory with no set range, but used as an additional reference point), market capitalization, net income, earnings per share, price-to-earnings ratio and shareholder return. The companies included in the retailer comparator group for fiscal 2015 were:

Abercrombie & Fitch	Dick s Sporting Goods	Genesco
Advance Auto Parts	Dollar General	Guess

American Eagle Outfitters	Dollar Tree/Family Dollar	Ross Stores
Ascena Retail Group	DSW	Tractor Supply
Bed Bath & Beyond	Foot Locker	Williams Sonoma
Burlington Stores		

The Committee also reviewed aggregated executive compensation data regarding broader groups of companies included in compensation surveys provided by Mercer, Towers Watson and Hay. These broader comparator groups consisted of the Standard & Poor s Retail Stores Index companies and other companies, including non-retailers, with whom we believe we compete for talent and whose revenues or operations are similar to ours. We believed it was prudent to consult both sets of information because the compensation surveys for the broader groups include compensation information on more executives and provide a more extensive basis on which to compare the compensation of the Leadership Team members, particularly those Leadership Team members whose responsibilities, experience and other factors are not directly comparable to the executives included in the publicly-available reports of the retailer comparator group. The comparator groups may vary from year to year based on the Committee s assessment of which companies compete with us for talent and are similar to us in terms of operations or revenues and whether compensation information for the companies remains publicly available.

The Committee and our human resources department reviewed each Leadership Team member s responsibilities and compared, where possible, the total direct compensation levels for our Leadership Team members to the total direct compensation of similarly situated executives within the comparator groups. For purposes of this evaluation, no specific weight was given to one comparator group over the other and total direct compensation was comprised of salary, annual incentive award at target and equity awards.

While we evaluate total direct compensation awarded to Leadership Team members against the total direct compensation paid by the comparator groups, this evaluation merely provides a point of reference and market check and is not a determinative factor for setting our executives compensation. As discussed in this CD&A, compensation is subjectively determined based on numerous factors. We do not benchmark or target our compensation at any particular level in relation to the compensation of the comparator groups. We believe that our use of compensation data enables us to retain the flexibility necessary to make adjustments for performance and experience, attract, retain and motivate top talent, and reward executives who we believe excel or take on greater responsibility than executives at comparator companies.

Elements of our Executive Compensation for Fiscal 2015

The primary compensation elements we provide to our named executive officers are salary, bonus opportunities under the 2006 Bonus Plan and equity awards under the 2012 LTIP. In addition, our named executive officers are entitled to certain limited personal benefits and perquisites. We believe each of these individual elements and the total mix of elements are necessary to provide a competitive executive compensation program and advance our compensation philosophy and objectives.

Salary for Fiscal 2015

The Committee annually reviews and establishes the salary for each named executive officer. Salary serves as a short-term retention tool. A minimum salary for Mr. Campisi and Ms. Bachmann is set forth in his or her respective employment agreement, as described below in the Elements of our Executive Compensation for Fiscal 2015 Employment Agreements section of this CD&A. Salary adjustments are based on a thorough and robust review of each named executive officer s performance, but specific salary increases are not formally tied to any specific accomplishment.

In reviewing the salaries of our named executive officers, the Committee considered, among other factors, each executive s past performance, experience, scope of responsibilities, base salary in comparison to our other employees and anticipated future contributions. For fiscal 2015, the

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Committee approved the following salaries for the named executive officers, which became effective March 29, 2015:

Name	Fiscal 2015 Salary ($)
Mr. Campisi	$ 1,050,000
Mr. Johnson	$ 535,500
Ms. Bachmann	$ 685,000
Mr. Schlonsky	$ 435,000
Mr. Stein	$ 416,000
Mr. Chene	$ 525,000

On August 27, 2015, Mr. Johnson was promoted to Executive Vice President, Chief Administrative Officer and Chief Financial Officer; Ms. Bachmann was promoted to Executive Vice President, Chief Merchandising and Operating Officer; and Mr. Schlonsky was promoted to Executive Vice President, Human Resources and Store Operations. In connection with their promotions and to reflect the increased responsibilities of their new positions, Mr. Johnson s salary was increased to $564,000; Ms. Bachmann s salary was increased to $720,000; and Mr. Schlonsky s salary was increased to $470,000.

Annual Incentive Award for Fiscal 2015

Each named executive officer has the opportunity to earn an annual incentive award under the 2006 Bonus Plan. We design our annual incentive awards to retain, motivate and reward executives on a year-to-year basis. Annual incentive award payouts correspond to a percentage of each named executive officer s salary (payout percentage) and are based on whether we achieve certain corporate performance goals under one or more financial measures established by the Committee when achievement of the goal is substantially uncertain. The corporate performance goals and financial measures are set annually at the discretion of the Committee and the other outside directors in connection with the Board s approval of our annual corporate operating plan, subject to the terms of the 2006 Bonus Plan and, in the case of Mr. Campisi and Ms. Bachmann, their respective employment agreements.

The lowest level at which we will pay an annual incentive award under the 2006 Bonus Plan is referred to as the threshold. The level at which we generally plan our performance and the associated payout under the 2006 Bonus Plan is referred to as the target. The maximum level at which we will pay an annual incentive award under the 2006 Bonus Plan is referred to as the maximum. If our performance in a fiscal year exceeds the threshold corporate performance goal that earns a threshold bonus, there is a corresponding increase in the amount of the annual incentive award (up to the maximum bonus level). Conversely, if we do not meet the threshold corporate performance goal, executives do not receive an annual incentive award. We believe that our annual incentive awards support our pay-for-performance philosophy and directly link the interests of our named executive officers with those of our shareholders. See the Bonus and Equity Plans discussion following the Summary Compensation Table for more information regarding our annual incentive awards.

During their annual review of executive compensation in March 2015, the Committee and other outside directors approved the financial measure, corporate performance goals and payout percentages for the fiscal 2015 annual incentive awards. The Committee and the other outside directors selected operating profit as the financial measure for the fiscal 2015 annual incentive awards because they believe it is a strong indicator of our operating results and financial condition. The Committee and other outside directors selected the corporate performance goals based on the annual corporate operating plan established by the Board. The corporate performance goals were set at an acceptable minimum (for the threshold annual incentive award), at (for the target annual incentive award), and above (for the

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maximum annual incentive award) the projected operating profit in our annual corporate operating plan. The primary aim of the Committee and other outside directors in setting the corporate performance goals for fiscal 2015 was to reward the participants in our annual incentive award program while encouraging strong corporate earnings growth. The Committee and other outside directors believed the selected goals provided challenging but reasonable levels of performance that were appropriate in light of our projected corporate operating plan for fiscal 2015 and our objectives to promote sustained profitability and provide goals that motivate our executives. The relationship between each of the corporate performance goals and between the corporate performance goals and our annual corporate operating plan may vary significantly from year to year as a result of specific circumstances that we expect to face in the coming fiscal year (e.g., year-over-year comparable performance, general economic factors and performance of the retail sector) that the Committee and the other outside directors consider when establishing the goals.

The payout percentages for our named executive officers for fiscal 2015 were established at the discretion of the Committee and other outside directors, subject, in the case of Mr. Campisi and Ms. Bachmann, to the minimum payout percentages set forth in their respective employment agreements. Except for Mr. Campisi, the Committee and the other outside directors maintained the same annual incentive award payout percentages for our named executive officers for fiscal 2015 that applied for fiscal 2014. This decision was primarily driven by the belief that those annual incentive award payout percentages were appropriate for fiscal 2015 to accomplish our executive compensation objectives. Mr. Campisi s increase was due to the new minimum payout percentages in his employment agreement.

To calculate the amount of the annual incentive awards earned under the 2006 Bonus Plan, if any, we first calculate the applicable financial measure for purposes of our financial statements. We then adjust the measure to eliminate the effect of those events, transactions or accrual items described in the 2006 Bonus Plan. The Committee approves such adjustments at the same time it establishes the corporate performance goals and annual incentive award payout percentages applicable to the award. These adjustments may increase or decrease the corporate performance amount achieved. Additionally, the Committee may exercise negative discretion to cancel or decrease the annual incentive awards earned (but not increase an annual incentive award for a covered employee, as that term is used in Section 162(m) of the IRC). Accordingly, the corporate performance amount may differ from the financial measure amount reported in our financial statements.

The Committee exercised negative discretion to reduce the corporate performance amount achieved for fiscal 2015 to exclude certain accrual items that would have otherwise increased such amount. The Committee decided to exclude these accrual items principally because they were anticipated as part of the annual corporate operating plan upon which the financial measure and corporate performance goals were established for fiscal 2015, and not because of any corporate or individual performance factors.

The following table sets forth the payout percentage for each performance level, the corporate performance amount required to achieve the corresponding performance level, and the corporate performance amount and payout percentage achieved for fiscal 2015 (including the adjustments described in the preceding paragraph):

Annual Incentive Award Level and 2015 Results	**Payout Percentage (% of salary)**						**Corporate Performance Amount ($)**
	Mr. Campisi	**Mr. Johnson**	**Ms. Bachmann**	**Mr. Schlonsky**	**Mr. Stein**	**Mr. Chene**	
No Bonus	0	0	0	0	0	0	0-$ 227,628,999

Threshold	60	30	30	25	25	30	$ 227,629,000
Target	120	60	60	50	50	60	$ 238,934,000
Maximum	240	120	120	100	100	120	$ 261,326,000
2015 Results	198.97	99.48	99.48	82.90	82.90	56.84	$ 253,669,345

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Additionally, in connection with their promotions in August 2015, the Committee approved an additional annual incentive award under the 2006 Bonus Plan for Mr. Johnson, Ms. Bachmann and Mr. Schlonsky based on our operating profit during the third and fourth quarters of fiscal 2015. As a result of our operating profit performance during the third and fourth quarters of fiscal 2015, Mr. Johnson received an additional bonus of $12,551, Ms. Bachmann received an additional bonus of $15,413 and Mr. Schlonsky received an additional bonus of $47,474.

Our operating profit for fiscal 2015 exceeded the expectations of the Board, the Committee and management and earned a bonus between the target and maximum performance levels. As a consequence of the fiscal 2015 bonus payments, total cash compensation paid to the named executive officers for fiscal 2015 was generally at or above the median for our peer group. We believe higher than market average total cash compensation is appropriate in light of our fiscal 2015 performance and advances our objectives to motivate our executives and reward strong performance.

Equity for Fiscal 2015

All equity awards granted to our named executive officers since May 23, 2012 have been issued under the 2012 LTIP. For fiscal 2015, we awarded PSUs and RSUs to our named executive officers. The Committee believes that granting a competitive amount of equity to our named executive officers aligns their interests with the interests of our shareholders and helps retain and motivate them. The Committee uses its discretion and market data to determine grant equity award sizes and does not utilize a particular formula to determine the size of the equity awards it grants. The Committee undertook the following process to determine the size of the equity awards granted to our named executive officers for fiscal 2015:

- The Committee reviewed an estimate prepared by management of the number of common shares underlying the equity awards granted during fiscal 2015 to all recipients other than Mr. Campisi. This estimate was based on historical grant information, anticipated future events, and Mr. Campisi s evaluation of the other Leadership Team members individual performance and his recommendations for the size of their equity awards.

- In executive session, the Committee evaluated and approved Mr. Campisi s recommendations for equity awards for the other Leadership Team members and determined the equity award for our CEO. In each case, the Committee made these determinations based on historical grant information and the Committee s subjective views of comparative compensation data, retention factors, corporate performance (particularly operating profit, income from continuing operations, selling and administrative expenses and EPS against planned and prior performance), individual performance, the executive s level of responsibility, the potential impact that the executive could have on our operations and financial condition and the market price of our common shares. See the Performance Evaluation section of this CD&A for a discussion regarding how our CEO and the Committee evaluate performance.

The Committee believes that this process makes our equity compensation awards consistent with corporate and individual performance and our policy that incentive compensation should increase as a percentage of total compensation as the executive s level of responsibility and potential impact on our operations and financial condition increases. Corporate and individual performance were the most significant factors in determining the size of the equity awards made to our named executive officers in fiscal 2015.

Vested PSUs and RSUs will be settled in our common shares. Any PSUs or RSUs that do not vest will be forfeited. The PSUs and RSUs do not have voting rights. PSUs and RSUs include a dividend-equivalent right, which represents the right to receive the equivalent of any cash dividends payable with respect to our common shares underlying the awards. Any cash dividends will accrue without interest and will vest and be paid only at the time the corresponding PSUs or RSUs vest. Any accrued cash dividends relating to PSUs or RSUs that do not vest will be forfeited.

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The PSUs awarded to our named executive officers in fiscal 2015 covered a target number of PSUs. The PSUs will vest, if at all, after the completion of a three-year performance period with three separate service periods based: (1) 50% on our average EPS performance, excluding plan-defined items, for each of the three service periods during the performance period; (2) 50% on our average ROIC performance, excluding plan-defined items, for each of the three service periods during the performance period; and (3) on the named executive officer s continued employment through the end of the performance period (except in the case of death, disability or retirement). The actual number of PSUs that will vest will increase to 150% of the target number if we achieve the maximum performance levels for both of the EPS and ROIC performance goals, and decrease to zero if we fail to meet the minimum performance levels for both of the performance goals. If we achieve the minimum performance levels for both of the EPS and ROIC performance goals, 50% of the target number of PSUs will vest. The percentage of the target number of PSUs that will vest for performance between the threshold and maximum performance levels will increase proportionately from 50% to 150% based on our actual performance as described in the following chart:

Performance Level	3-Year Average Performance Attainment	Vesting Factor
Threshold	80%	50%
Target	100%	100%
Maximum	120%	150%

The Committee establishes the threshold, target and maximum performance levels applicable to the EPS and ROIC performance goals. For the first service period of the fiscal 2015 PSU awards, the Committee established the threshold, target and maximum EPS performance levels at $2.22, $2.77 and $3.32, respectively, and the threshold, target and maximum ROIC performance levels at 13.6%, 17.0% and 20.4%.

To calculate the attainment of the performance goals for the PSUs earned under the 2012 LTIP, if any, we first calculate the applicable performance goals for purposes of our financial statements. We then adjust the performance goals to eliminate the effect of those events, transactions or accrual items described in the 2012 LTIP. The Committee approves such adjustments at the same time it establishes the performance goals applicable to the PSU awards. These adjustments may increase or decrease the performance goals achieved. Additionally, the Committee may exercise negative discretion to decrease the final performance goals attained. Accordingly, the final performance goals may differ from the applicable financial goals reported in our financial statements.

The RSUs awarded to our named executive officers in fiscal 2015 will vest, if at all, ratably over three years from the grant date of the award if the participant remains employed by us through each annual vesting date (except in the case of death, disability, retirement, involuntary termination or constructive termination). These RSUs are also subject to an operating profit performance component that requires us to earn at least one dollar in operating profit for the fiscal year in which the grant date occurs or in either of the two fiscal years immediately thereafter. The performance component is designed to preserve the deductibility of the RSU awards under Section 162(m) of the IRC. As a result of our performance in fiscal 2015, the performance measure for the fiscal 2015 RSU awards was met. Accordingly, one-third of the RSU awards for fiscal 2015 vested on the second trading day after we filed with the SEC our Current Report on Form 8-K reflecting the attainment of the performance measure.

Personal Benefits and Perquisites

We provide our named executive officers with certain benefits that are available to nearly all salaried employees, including paid group term life insurance equal to one and a half times base salary, matching contributions to our

Savings Plan, and medical and dental insurance. We generally provide

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the following limited personal benefits and perquisites to employees at or above the vice president level: (1) coverage under the Big Lots Executive Benefit Plan (Executive Benefit Plan); (2) enhanced long-term disability insurance coverage; and (3) use of an automobile or payment of an automobile allowance. We believe these personal benefits and perquisites, although immaterial to us in amount, are an important element of total compensation because of the value our executives place on these benefits.

Our Executive Benefit Plan reimburses executives for health-related costs incurred but not covered under our Big Lots Associate Benefit Plan, up to an annual maximum reimbursement of $40,000 per family. Amounts received by named executive officers under the Executive Benefit Plan are treated as taxable income, and we reimburse each executive the approximate amount of his or her income tax liability relating to the benefits received under the Executive Benefit Plan.

We offer short-term disability coverage to all full-time employees and long-term disability coverage to all salaried employees. The benef