

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    
Filed by a Party other than the Registrant    
Check the appropriate box:

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

No fee required.

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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

*Chairman*

DAVID J. CAMPISI

*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 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](http://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](http://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](http://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, Household 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.

**JEFFREY P. BERGER**

Age: 66

Director since: 2006

Committees:

Compensation

Nominating /  
Corporate

Governance (Chair)

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.

**DAVID J. CAMPISI**

Age: 60

Director since: 2013

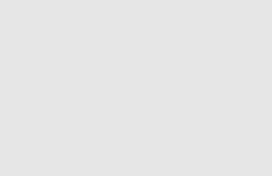
Committees:

none

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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| <p><b>JAMES R. CHAMBERS</b></p> <p>Mr. Chambers is the President and Chief Executive Officer and a director of Weight Watchers International, Inc. (weight management services provider)</p> <p>Age: 58</p> <p>Director since: 2012</p> <p>Compensation</p> <p>Nominating / Corporate</p> <p>Governance</p>                | <p><b>JAMES R. CHAMBERS</b></p> <p>Mr. Chambers is the President and Chief Executive Officer and a director of Weight Watchers International, Inc. (weight management services provider)</p> <p>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</p> |
|  | <p>served as a director of B&amp;G Foods (food manufacturer) for seven years where he chaired the Nominating and Governance Committee and served on the Compensation Committee.</p>   |
|  | <p><b>Qualifications:</b> 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.</p>   |
|  | <p><b>Other Directorships:</b> 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.</p>   |
| <p><b>MARLA C. GOTTSCHALK</b></p> <p>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.</p> <p>Age: 55</p> <p>Director since: 2015</p> <p>Committees:</p> | <p><b>MARLA C. GOTTSCHALK</b></p> <p>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.</p> <p>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</p>   |

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.

**Table of Contents****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**

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

Age: 63

Director since: 2015

Committees:

Compensation

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**

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

Age: 49

Director since: 2015

Committees:

Audit

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).

**RUSSELL E. SOLT**

Age: 68

Director since: 2003

Committees:

Audit

Compensation (Chair)

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](http://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](http://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](http://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



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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

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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](http://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](http://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](http://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 Mrs. 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.

**Table of Contents****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           | Fees<br>Earned<br><br>or<br>Paid in<br>Cash | Stock<br>Awards<br><br>(\$)<br>(1)(2)<br>(c) | Option<br>Awards<br><br>(\$)<br>(3)<br>(d) | Change<br>in<br>Pension<br>Value<br>and<br>Nonqualified<br>Non-Equity<br>Deferred<br>All |              |                       | Total   |
|----------------|---|--|--|--|--------------|-----------------------|---------|
|                |   |  |  | Incentive<br>Plan<br>Compensation<br>Earnings  | Compensation | Other<br>Compensation |         |
| (a)            | (b)   | (c)  | (d)  | (e)  | (f)          | (g)                   | (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.

Table of Contents**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.

| <b>Name of Beneficial</b>                                       | <b>Amount and Nature of</b>     | <b>Percent of Outstanding</b> |
|---|---------------------------------|-------------------------------|
| <b>Owner or Identity of Group</b>                               | <b>Beneficial Ownership (1)</b> | <b>Common Shares</b>          |
| 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<br>(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 52<sup>nd</sup> 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.



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**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<sup>1</sup> 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

- <sup>1</sup> 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.

**Table of Contents***Executive Compensation Policies and Practices*

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

| <b>Policies and Practices</b>  | <b>Big Lots Policies and Practices</b>  |
|--|---|
| <b>Pay for Performance</b>   | 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.   |
| <b>Stock Ownership Requirements</b>  | All of our outside directors and Leadership Team members are subject to stock ownership requirements.   |
| <b>Clawback Policy</b>   | 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. |
| <b>Anti-Hedging and Pledging Policy</b>  | We do not allow our directors or Leadership Team members to enter into any hedging, pledging or monetization transactions relating to our common shares.  |
| <b>Independent Compensation Consultant</b>   | The Committee's independent compensation consultant, Exequity LLP ( Exequity ), is engaged directly by the Committee and performs services solely for the Committee.  |
| <b>Independent Board Chairman</b>  | We have separated our CEO and Chairman of the Board positions.  |
| <b>No Dividends on Unearned Performance Awards</b>   | We do not pay dividends on unearned performance awards.   |
| <b>No Excise Tax Gross-ups for Change-in-Control Payments in our Employment Agreements</b> | 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  
Advance Auto Parts

Dick's Sporting Goods  
Dollar General

Genesco  
Guess

American Eagle Outfitters  
Ascena Retail Group  
Bed Bath & Beyond  
Burlington Stores

Dollar Tree/Family Dollar  
DSW  
Foot Locker

Ross Stores  
Tractor Supply  
Williams Sonoma

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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:

| <b>Name</b>   | <b>Fiscal<br/>2015<br/>Salary<br/>(\$)</b> |
|---------------|--|
| 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<br>Award Level and | Payout Percentage<br>(% of salary) |                |                 |                  |              |              | Corporate<br>Performance<br>Amount |
|-------------------------------------|------------------------------------|----------------|-----------------|------------------|--------------|--------------|------------------------------------|
|                                     | Mr.<br>Campisi                     | Mr.<br>Johnson | Ms.<br>Bachmann | Mr.<br>Schlonsky | Mr.<br>Stein | Mr.<br>Chene |                                    |
| <b>2015 Results</b>                 |                                    |                |                 |                  |              |              | (\$)                               |
| No Bonus                            | 0                                  | 0              | 0               | 0                | 0            | 0            | 0-\$ 227,628,999                   |

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|              |        |       |       |       |       |       |                |
|--------------|--------|-------|-------|-------|-------|-------|----------------|
| 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**

| <b>Level</b> | <b>3-Year Average<br/>Performance Attainment</b> | <b>Vesting<br/>Factor</b> |
|--------------|--|---------------------------|
| 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 benefits provided under the long-term disability plan are greater for our named executive officers than for employees below the vice president level. Under the long-term disability coverage, a named executive officer may receive 67% of his or her monthly salary, up to \$25,000 per month, until the executive is no longer disabled or turns 65, whichever occurs earlier. We pay the premiums for this long-term disability coverage and also reimburse our named executive officers for any income taxes resulting from our payment of such premiums.

In fiscal 2015, the Committee authorized Mr. Campisi to use the corporate aircraft for up to \$100,000 (as such amount is calculated as described in the notes accompanying the Summary Compensation Table for 2015 section of this CD&A) of non-business flights, including any deadhead flights associated with his non-business use of corporate aircraft. We reported imputed income for income tax purposes for the value of his non-business use of corporate aircraft based on the Standard Industry Fare Level in accordance with the IRC. We did not reimburse or otherwise gross-up Mr. Campisi for any income tax obligation attributed to his non-business use of corporate aircraft.

### *Employment Agreements*

We have entered into an employment agreement with each of Mr. Campisi and Ms. Bachmann. We negotiated the terms of each employment agreement with the executive. In those negotiations, we considered many factors, including:

our need for the services of the executive;

the executive's level of responsibility and the potential impact that the executive could have on our operations and financial condition;

the skills and past and anticipated future performance of the executive;

the compensation paid to similarly-situated executives at comparator group companies;



the relationship between the compensation offered to the executive and paid to the other Leadership Team members;

our perception of the relative bargaining power of the Company and the executive; and

to the extent applicable, the elements and amounts of compensation offered or paid to the executive by another employer.

On March 17, 2015, we entered into an Executive Employment Agreement (the "New Employment Agreement") with Mr. Campisi, which amended, restated and replaced the employment agreement we entered into with Mr. Campisi on May 3, 2013 (the "Original Agreement"). Unless terminated earlier in accordance with its terms, the New Employment Agreement will remain effective until May 3, 2020 and will automatically renew for successive one-year renewal terms on each May 4 thereafter.

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The Board determined that it was appropriate and in the best interests of the Company and our shareholders to enter into the New Employment Agreement based on the promising results we have achieved in connection with the implementation and execution of the strategic plan developed by Mr. Campisi and his management team. The Board believes that Mr. Campisi's leadership has positively transformed our business and the strategic plan developed by Mr. Campisi and his management team has allowed us to refocus on the expectations of our core customer when shopping in our stores. Mr. Campisi has also continued to focus on the future of our business through our omni-channel initiative and the development of a succession plan. In addition, Mr. Campisi championed our commitment to philanthropy in the communities we serve by establishing the Big Lots Foundation. The Board believed the New Employment Agreement would enhance the stability of our Leadership Team and reasonably incentivize Mr. Campisi to achieve the goals of our strategic plan and work effectively with the Board on CEO succession, both of which are designed to create long-term value for our shareholders.

The New Employment Agreement modified the payments and benefits to which Mr. Campisi is entitled as follows:

increases his annual base salary from \$900,000 under the Original Agreement to \$1,050,000 (and from his base salary of \$950,000 in fiscal 2014);

increases the minimum payout percentages (expressed as a percentage of his annual base salary) that may be established for his target and maximum annual incentive award levels from 100% and 200%, respectively, under the Original Agreement to 120% and 240% (and from 110% and 220% in fiscal 2014);

authorizes Mr. Campisi to use aircraft for personal travel in an amount up to \$100,000 per calendar year (calculated based on the aggregate incremental cost to the Company in accordance with SEC rules and regulations), an increase of \$20,000 from the amount approved by the Board for fiscal 2014;

requires that we maintain and pay all premiums on a life insurance policy on Mr. Campisi in a face amount equal to two times his current base salary (an increase from our current company policy of one and a half times base salary, up to a \$1,000,000 total benefit);

provides Mr. Campisi with certain payments and benefits in the event that he retires after May 3, 2020 and complies with all restrictive covenants in the New Employment Agreement; and

conforms the severance payments and benefits provided to Mr. Campisi if we terminate him without cause or he terminates his employment for good reason to the severance payments and benefits provided to our Chief Executive Officer upon such termination events under the Big Lots Executive Severance Plan adopted on August 28, 2014 (the "Severance Plan").

The New Employment Agreement also specifically addresses the vesting of outstanding grants and awards under the Company's equity incentive plans (including the 2012 LTIP) upon certain termination events. The Original Agreement deferred to the vesting provisions set forth in the equity incentive plans and related award agreements and the Severance Plan.

On April 29, 2013, we entered into a Second Amended and Restated Employment Agreement with Ms. Bachmann. The term of Ms. Bachmann's employment agreement will remain effective as long as we employ her unless we and the executive mutually agree to amend or terminate her employment agreement.

Under the terms of her employment agreement, Ms. Bachmann is entitled to receive at least \$625,000 in annual base salary. Ms. Bachmann's employment agreement also establishes the minimum payout percentages (as a percentage of base salary) that may be set for her target and maximum annual incentive award levels as 60% and 120%, respectively.

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The employment agreements with Mr. Campisi and Ms. Bachmann impose several restrictive covenants on the executive that survive the termination of his or her employment in exchange for minimum salary levels and target and maximum bonus payout percentages, potential severance and change in control payments and other benefits. These restrictive covenants include confidentiality (infinite), non-solicitation (two years, but reduced to six months for Mr. Campisi following a change in control), non-disparagement (infinite), non-competition (two years for Mr. Campisi and one year for Ms. Bachmann, but reduced to six months for each executive following a change in control), and continuing cooperation (infinite).

The employment agreements do not require us to reimburse the executives for the amount of any golden parachute excise tax imposed under Section 4999 of the IRC. Each employment agreement provides that if the payments to be received by the executive in connection with a change in control constitute excess parachute payments, the executive's payments and benefits will be reduced to the extent necessary to become one dollar less than the amount that would generate an excise tax liability unless the executive would be in a better net after-tax position without any such reduction, in which case payments and benefits will not be reduced.

*Termination of Employment*

The consequences of termination of employment under the employment agreements depend on the circumstances of the termination and are described below in the Potential Payments Upon Termination or Change in Control section of this Proxy Statement.

*Senior Executive Severance Agreements*

We are a party to a senior executive severance agreement (all entered into prior to fiscal 2015) with each of Messrs. Johnson, Stein and Schlonsky, and several other key officers who are not parties to an employment agreement. The senior executive severance agreements expire on the first anniversary of the date of execution and automatically renew for an additional year unless we provide the executive at least 30 days' notice of non-renewal. The senior executive severance agreements provide for the following severance benefits if, within 24 months after a change in control, the executive is terminated by us (other than for cause) or as a result of a constructive termination: (i) a lump-sum payment equal to 200% of the executive's then current annual salary and maximum annual incentive award; and (ii) for a period of one year, the executive is entitled to participate in any group life, hospitalization or disability insurance plan, health program or other executive benefit plan generally available to similarly titled executive officers. The executive is also entitled to reimbursement of legal fees and expenses incurred by the executive in seeking to enforce their rights under the agreement. Additionally, to the extent that payments to the executive pursuant to the senior executive severance agreement (together with any other amounts received by the executive in connection with a change in control) would trigger the provisions of Sections 280G and 4999 of the IRC, payments under the agreement will be increased to the extent necessary to place the executive in the same after-tax position as the executive would have been if no excise tax or assessment had been imposed on any such payment to the executive under the agreement or any other payment that the executive may receive as a result of such change in control. The compensation payable on account of a change in control may be subject to the deductibility limitations of Sections 162(m) and/or 280G of the IRC.

*Severance Plan*

The Board adopted the Severance Plan, which covers each of our named executive officers and several of our other key executives, to provide a more uniform approach to severance for our executives that avoids the use of individual severance agreements and ensures that restrictive covenants apply to our key executives. The payments and benefits to which our named executive officers would be entitled to under the Severance Plan (collectively, the Severance

Benefits ) if they

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are terminated without Cause (as defined in the Severance Plan) or on account of a Constructive Termination (as defined in the Severance Plan) are described below in the Potential Payments Upon Termination or Change in Control Involuntary Termination Without Cause section of this Proxy Statement.

The Severance Plan imposes confidentiality, non-competition, non-solicitation, non-disparagement and post-termination cooperation obligations on participants. The non-competition and non-solicitation obligations apply during the period of employment and continue until the end of the restriction period set forth in the Severance Plan.

The Severance Plan does not provide for a gross-up payment to any participants to offset any excise taxes that may be imposed on excess parachute payments under Section 4999 (the Excise Tax) of the IRC. Instead, the Severance Plan provides that in the event that the Severance Benefits would, if provided, be subject to the Excise Tax, then the Severance Benefits will be reduced to the extent necessary so that no portion of the Severance Benefits is subject to the Excise Tax, provided that the net amount of the reduced Severance Benefits, after giving effect to tax consequences, is greater than or equal to the net amount of the Severance Benefits without such reduction, after giving effect to the Excise Tax and tax consequences.

Any executive who is a party to an employment agreement with the Company or any of its subsidiaries or affiliates (except for Mr. Campisi and Ms. Bachmann) will not be eligible to participate in the Severance Plan. If either of Mr. Campisi or Ms. Bachmann is entitled to benefits under the Severance Plan and to severance benefits under their respective employment agreement, they will receive the greater of (i) the aggregate benefits payable under the Severance Plan or (ii) the aggregate severance benefits payable under their respective employment agreement.

### *Post-Termination and Change in Control Arrangements*

The employment agreements and senior executive severance agreements described above provide for potential severance and change in control payments and other consideration. Our equity compensation plans and related award agreements also provide for the accelerated vesting of outstanding stock options, restricted stock, PSUs and RSUs in connection with certain termination events.

The severance provisions of the employment agreements and the senior executive severance agreements are intended to enhance our ability to attract and retain executives by providing the executives with competitive severance and change in control payments and benefits. The change in control provisions of the employment agreements and severance agreements provide that the executive will receive certain cash payments and other benefits upon a change in control only if the executive is terminated in connection with the change in control (including a constructive termination and, in the case of Mr. Campisi under the New Employment Agreement, termination for good reason). This double trigger structure is intended to enable us to incentivize our executive officers to remain objective in connection with, and not be distracted by the personal uncertainties and risks created by, an actual or proposed change in control.

While the Committee considers the potential payments upon termination or change in control annually when it establishes compensation for the applicable year, this information is not a primary consideration in setting salary, bonus payout percentages or equity compensation amounts.

See the Potential Payments Upon Termination or Change in Control narrative disclosure and tables following this CD&A for a discussion of compensation that may be paid to our named executive officers in connection with a change in control or the termination of their employment with us.



**Table of Contents***Retirement Plans*

We maintain four retirement plans: (1) a tax-qualified defined contribution plan ( Savings Plan ); (2) a non-qualified supplemental defined contribution plan ( Supplemental Savings Plan ); (3) a tax-qualified, funded noncontributory defined benefit pension plan ( Pension Plan ); and (4) a non-qualified, unfunded supplemental defined benefit pension plan ( Supplemental Pension Plan ). We believe that the Savings Plan and Supplemental Savings Plan are generally commensurate with the retirement plans provided by companies in our comparator groups and that providing these plans enhances our ability to attract and retain qualified executives. Participation in the Pension Plan and Supplemental Pension Plan, which we do not believe are material elements of our executive compensation program, is limited to certain employees whose hire date precedes April 1, 1994. On December 31, 2015, we froze the accrual of benefits under the Pension Plan and terminated the Supplemental Pension Plan, and we terminated the Pension Plan on January 31, 2016. Mr. Schlonsky is the only named executive officer eligible to participate in the Pension Plan or Supplemental Pension Plan. See the Pension Benefits Pension Plan and Supplemental Pension Plan section of this Proxy Statement for a discussion of our retirement plans.

***Our Executive Compensation Program for Fiscal 2016***

In establishing the executive compensation program for fiscal 2016, the Committee engaged Exequity to:

provide comparative compensation data;

review and recommend changes to our executive compensation program;

review the appropriateness of our retailer-only comparator group; and

compare the amount and form of executive compensation paid to our executives against the compensation paid to similarly-situated executives at companies within the retailer-only comparator group.

The Committee did not make any material changes to the design of our executive compensation program when establishing compensation for fiscal 2016. For fiscal 2016, we awarded RSUs and PSUs. The RSUs vest ratably over three years from the grant date of the award and also contain a performance component intended to preserve deductibility under Section 162(m) of the IRC. The PSUs vest only if we meet performance targets over a three-year performance period. For the fiscal 2016 service period, the PSU performance targets are based on EPS and ROIC, each of which account for 50% of the performance component of the PSUs.

For fiscal 2016, the Committee recommended, and the outside directors approved, the following salaries, payout percentages for the target annual incentive award level (with threshold being one-half of the target payout percentage and maximum being double the target payout percentage) and equity awards for our named executive officers:

| Name | Fiscal 2016<br>Salary | Fiscal 2016 | Common Shares<br>Underlying | Common Shares<br>Underlying |
|------|-----------------------|-------------|-----------------------------|-----------------------------|
|------|-----------------------|-------------|-----------------------------|-----------------------------|



|               | (\$)      | <b>Target Annual<br/>Incentive Award<br/>Payout Percentage</b> | <b>RSU Award<br/>(#)</b> | <b>Target PSU Award<br/>(#)</b> |
|---------------|-----------|--|--------------------------|---------------------------------|
|               |           | (%)  |                          |                                 |
| Mr. Campisi   | 1,100,000 | 120  | 54,735                   | 82,104                          |
| Mr. Johnson   | 580,920   | 60   | 13,619                   | 20,430                          |
| Ms. Bachmann  | 741,600   | 60   | 17,386                   | 26,080                          |
| Mr. Schlonsky | 484,100   | 60   | 11,349                   | 17,025                          |
| Mr. Stein     | 428,480   | 50   | 6,697                    | 10,046                          |

**Table of Contents*****Compensation Policies and Practices******Minimum Share Ownership Requirements and Hedging and Pledging Prohibition***

The Board has adopted minimum share ownership requirements for all outside directors and Leadership Team members. These requirements are designed to align the long-term interests of our outside directors and executives with those of our shareholders. Under the requirements, the outside directors and Leadership Team members must own common shares having an aggregate value equal to at least the following multiple of his or her Board retainer or salary (as is in effect at the time compliance with the requirements is evaluated), as applicable:

| <b>Title</b>             | <b>Multiple of Retainer or Salary</b> |
|--------------------------|---------------------------------------|
| Director                 | 4x                                    |
| Chief Executive Officer  | 4x                                    |
| Executive Vice President | 2x                                    |
| Senior Vice President    | 1x                                    |

Shares counted toward these requirements include common shares held directly or through a broker, common shares held under the Savings Plan or Supplemental Savings Plan, unvested restricted stock, unvested RSUs, unvested PSUs (at the target amount), and vested but unexercised in-the-money stock options. Each outside director that served on the Board when these requirements were adopted in March 2008 is required to meet the requirements on the final day our common shares trade in July of 2013 and at each subsequent annual adjustment date. Each Leadership Team member that was a Leadership Team member when these requirements were adopted is required to meet the requirements on the final day our common shares trade in July of 2013 and on each subsequent annual adjustment date (the testing date). Directors elected and executives hired or promoted after the adoption of the requirements must meet the requirements on the first testing date for directors or executives following the fifth anniversary of their election, hire or promotion, as applicable. As of March 15, 2016, each outside director and executive who has been on the Board or a Leadership Team member for at least five years satisfied our minimum share ownership requirements. In addition to the minimum share ownership requirements, we do not allow our directors or Leadership Team members to enter into any hedging, pledging or monetization transactions involving our common shares.

***Equity Grant Timing***

Pursuant to the terms of the Big Lots 2005 Long-Term Incentive Plan ( 2005 LTIP ) and 2012 LTIP, the grant date of equity awards must be the later of the date the terms of the award are established by corporate action or the date specified in the award agreement. Consistent with prior years, in fiscal 2015, the outside directors, after consultation with the Committee, specified that the grant date of the equity awards was the second trading day following our release of fiscal 2015 results. This future date was established to allow the market to absorb and react to our release of material non-public information, and to avoid any suggestion that the Board, the Committee or any employee manipulated the terms of the equity awards. For equity awards made throughout the fiscal year, which generally are made as a result of a hiring or promotion, the grant date is the 15<sup>th</sup> day of the month following the month of the hire or promotion date. We have no policy of timing the grant date of equity awards with the release of material non-public information, and we have not timed the release of material non-public information for the purpose of affecting the value of any equity awards.

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*Tax and Accounting Considerations*

The Committee reviews and considers the impact that tax laws and accounting regulations may have on the executive compensation awards, including the deductibility of executive compensation under Section 162(m) of the IRC. In doing so, the Committee relies on guidance from members of our finance and legal departments, as well as outside accountants and attorneys.

Section 162(m) of the IRC generally limits the tax deductions for compensation expense in excess of \$1 million paid to our CEO and our three other highest compensated executives (excluding the principal financial officer). Compensation in excess of \$1 million may be deducted if it is qualified performance-based compensation within the meaning of Section 162(m). Except as discussed below, we believe that compensation paid under our equity and bonus compensation plans is fully deductible for federal income tax purposes. However, in certain situations, the Committee may approve compensation that will not meet these requirements in order to ensure competitive levels of total compensation for our executives or to otherwise further our executive compensation philosophy and objectives. When considering whether to award compensation that will not be deductible, the Committee compares the cost of the lost deduction against the competitive market for executive talent and our need to attract, retain and motivate the executive, as applicable.

For fiscal 2015, the Committee believes it has taken the necessary actions to preserve the deductibility of all payments made under our executive compensation program, with the exception of a portion of the base compensation paid to Mr. Campisi. If the IRC or the related regulations change, the Committee intends to take reasonable steps to ensure the continued availability of deductions for payments under our executive compensation program, while at the same time considering our executive compensation philosophy and objectives and the competitive market for executive talent.

**Table of Contents****Summary Compensation Table for 2015**

| Name and<br>Principal<br>Position (1)   | Year | Salary<br>(\$)<br>(2) | Bonus<br>(\$)<br>(d) | Stock<br>Awards<br>(\$)<br>(3) | Option<br>Awards<br>(\$)<br>(4) | Change<br>in<br>Pension<br>Value<br>and<br>Nonqualified<br>Deferred<br>Non-Equity<br>Incentive Compensation<br>Plan<br>Compensation Earnings<br>(\$)<br>(5) | All Other<br>Compensation<br>(\$)<br>(6)(7) | Total<br>(\$)<br>(j) |           |
|---|------|-----------------------|----------------------|--------------------------------|---------------------------------|---|---|----------------------|-----------|
|   |      |                       |                      |                                |                                 |   |   |                      | (f)       |
| David J. Campisi,<br>Chief Executive<br>Officer<br>and President  | 2015 | 1,034,656             | -                    | 5,307,038                      | -                               | 2,089,206   | -   | 196,084              | 8,626,984 |
|   | 2014 | 942,308               | -                    | 6,458,624                      | -                               | 1,149,690   | -   | 155,778              | 8,706,400 |
|   | 2013 | 678,461               | -                    | 2,714,418                      | 1,407,945                       | -   | -   | 562,405              | 5,363,229 |
| Timothy A. Johnson,<br>Executive Vice<br>President,<br>Chief<br>Administrative<br>Officer and<br>Chief Financial<br>Officer | 2015 | 543,935               | -                    | 1,218,004                      | -                               | 545,266   | -   | 49,404               | 2,356,609 |
|   | 2014 | 503,846               | -                    | 1,422,946                      | -                               | 336,651   | -   | 48,043               | 2,311,486 |
|   | 2013 | 452,885               | -                    | 1,401,725                      | 485,600                         | -   | -   | 54,229               | 2,394,439 |
| Lisa M. Bachmann,<br>Executive Vice<br>President,<br>Chief<br>Merchandising<br>and Operating                                | 2015 | 694,773               | -                    | 1,552,317                      | -                               | 696,851   | -   | 57,816               | 3,001,757 |
|   | 2014 | 646,154               | -                    | 1,892,202                      | -                               | 429,065   | -   | 58,125               | 3,025,546 |
|   | 2013 | 620,385               | -                    | 1,818,725                      | 485,600                         | -   | -   | 39,354               | 2,964,064 |

| <i>Officer</i>   |      |         |   |           |   |         |        |         |           |
|--|------|---------|---|-----------|---|---------|--------|---------|-----------|
| Michael A. Schlonsky,<br><i>Executive Vice President, Human Resources and Store Operations (8)</i> | 2015 | 446,312 | - | 761,574   | - | 408,089 | 605    | 60,838  | 1,677,418 |
|  | 2014 | 404,615 | - | 883,032   | - | 225,541 | 87,072 | 44,517  | 1,644,777 |
| Andrew D. Stein,<br><br><i>Senior Vice President, Chief Customer Officer (8)</i>                   | 2015 | 413,538 | - | 636,886   | - | 344,885 |        | 50,334  | 1,445,643 |
| Richard J. Chene,<br><i>Former Executive Vice President, Chief Merchandising Officer (8)(9)</i>    | 2015 | 302,156 | - | 1,194,074 | - | 298,440 | -      | 208,634 | 2,003,304 |
|  | 2014 | 500,000 | - | 1,345,571 | - | 330,050 | -      | 32,744  | 2,208,365 |

- (1) We are a party to an employment agreement with Mr. Campisi and Ms. Bachman, the material terms of which are described in the Elements of our Executive Compensation for Fiscal 2015 Employment Agreements section of the CD&A. We are a party to a senior executive severance agreement with Mr. Johnson, Mr. Schlonsky, and Mr. Stein, the material terms of which are described in the Elements of our Executive Compensation for Fiscal 2015 Senior Executive Severance Agreements section of the CD&A. We are a party to an executive severance plan with each of our named executive officers, the material terms of which are described in the Elements of our Executive Compensation for Fiscal 2015 Severance Plan section of the CD&A.
- (2) The amounts in this column reflect the salary earned by each named executive officer during fiscal 2015.
- (3) The amounts in this column reflect the sum of (i) the grant date fair value of the restricted stock unit awards as determined in accordance with ASC 718, (ii) the estimated fair value of the performance share unit awards issued and (iii) the grant date fair value of the restricted stock awards as determined in accordance with ASC 718, in each case based on the probable outcome of the applicable performance conditions. These awards were granted to the executives under the 2012 LTIP. The amounts in this column exclude the effect of any estimated forfeitures.

- (4) The amounts in this column reflect the aggregate grant date fair value of the stock option awards granted under the 2012 LTIP to the executives in fiscal 2013 reported as computed in accordance with ASC 718, excluding the effect of any estimated forfeitures. See Note 7 (Share-Based Plans) to the consolidated financial statements and the Critical Accounting Policies and Estimates – Share-Based Compensation section of Management’s Discussion and Analysis of Financial Condition and Results of Operations ( MD&A ) in our Form 10-K regarding the assumptions underlying the valuation of stock option awards.
  
- (5) The amounts in this column reflect annual incentive awards earned under the 2006 Bonus Plan for performance during each of the last three fiscal years.

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- (6) For fiscal 2015, the amounts in this column include the following compensation for the executives, as more fully described in the table included with this footnote:
- i. The reimbursement of taxes related to our payment of healthcare costs, including costs covered by the Executive Benefit Plan, long-term disability insurance premiums, and relocation expenses;
  - ii. Matching contributions made by Big Lots pursuant to the Savings Plan and the Supplemental Savings Plan, both of which are described in the narrative disclosure accompanying the Nonqualified Deferred Compensation table below;
  - iii. Healthcare costs paid by Big Lots pursuant to the Executive Benefit Plan, which is described in the Elements of our Executive Compensation for Fiscal 2015 Personal Benefits and Perquisites section of the CD&A;
  - iv. Premiums paid by Big Lots for life insurance, which is generally available to all full-time employees;
  - v. Premiums paid by Big Lots for long-term disability insurance, which is described in the Elements of our Executive Compensation for Fiscal 2015 Personal Benefits and Perquisites section of the CD&A;
  - vi. The cost to Big Lots associated with the executive's use of an automobile or receipt of a cash allowance in lieu of an automobile;
  - vii. The aggregate incremental cost to Big Lots associated with non-business use of corporate aircraft by Mr. Campisi;
  - viii. Matching charitable contributions made by Big Lots;
  - ix. Dividends paid on vested RSU awards; and
  - x. Severance payments made to Mr. Chene, which included bi-weekly salary continuation payments, continued health care coverage and outplacement assistance.

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The aggregate incremental cost of non-business use of corporate aircraft is calculated based on the direct costs we incur in connection with operating a flight, including expenses for fuel, oil, landing, ground services, on-board catering, crew hotel and meals, empty return (deadhead) flights and other miscellaneous variable costs. Due to the fact that the corporate aircraft are used primarily for business travel, fixed costs which do not change based on usage, such as pilot salaries, hangar fees, management fees, purchase costs, depreciation and capitalized improvements to the aircraft, are excluded. We did not reimburse or otherwise gross-up Mr. Campisi for any income tax obligation attributed to his non-business use of corporate aircraft. The benefit of non-business use of corporate aircraft, which was approved by the Compensation Committee for fiscal 2015 as part of Mr. Campisi's overall compensation package, is described in the Elements of our Executive Compensation for Fiscal 2015 Personal Benefits and Perquisites section of the CD&A.

| Name  | Mr. Campisi | Mr. Johnson | Ms. Bachmann | Mr. Schlonsky | Mr. Stein | Mr. Chene |
|---|-------------|-------------|--------------|---------------|-----------|-----------|
| Reimbursement of Taxes (\$)                                   | 12,900      | 2,367       | 6,930        | 6,562         | 7,729     | 7,686     |
| Big Lots Contributions to Defined Contribution Plans (\$)     | 10,600      | 10,600      | 10,600       | 10,600        | 8,748     | -         |
| Big Lots Paid Health Care under Executive Benefits Plans (\$) | 13,062      | 3,789       | 6,582        | 12,197        | 14,582    | 14,733    |
| Big Lots Paid Life Insurance Premiums (\$)                    | 1,135       | 926         | 1,131        | 761           | 707       | 515       |
| Big Lots Paid Long-Term Disability Insurance Premiums (\$)    | 941         | 941         | 941          | 917           | 865       | 627       |
| Use of Automobile or Automobile Allowance (\$)                | 37,806      | 13,200      | 13,200       | 13,200        | 13,200    | 11,169    |
| Non-Business Aircraft Usage (\$)                              | 92,924      | -           | -            | -             | -         | -         |
| Matching Charitable Contributions (\$)                        | 15,000      | 15,000      | 15,000       | 15,000        | 3,000     | -         |
| Dividend Payments (\$)  | 11,716      | 2,581       | 3,432        | 1,601         | 1,503     | 7,558     |
| Severance Payments (\$)                                       | -           | -           | -            | -             | -         | 166,346   |

(7) We purchase tickets to entertainment and sporting venues for the primary purpose of allowing employees to use such tickets in furtherance of our business. Because we incur no incremental cost if a named executive officer uses such tickets for purposes other than our business, such tickets are not included in the amounts in this column.

(8) Mr. Schlonsky and Mr. Chene were not named executive officers in fiscal 2013 and Mr. Stein was not a named executive officer in fiscal 2013 or 2014.

(9) Mr. Chene served as our Executive Vice President, Chief Merchandising Officer until August 27, 2015.

**Bonus and Equity Plans**



The amounts reported in the Summary Compensation Table above include amounts earned under the 2006 Bonus Plan and the 2012 LTIP. Below is a description of the material terms of each plan and the awards made under those plans to our named executive officers, as reflected in the following Grants of Plan-Based Awards in Fiscal 2015 table.

*Big Lots 2006 Bonus Plan*

The 2006 Bonus Plan provides for cash compensation, which is intended to qualify as qualified performance-based compensation under Section 162(m) of the IRC, to be paid annually when we meet or exceed pre-established minimum corporate performance amounts under one or more financial measures approved by the Compensation Committee and other non-employee directors at the start of the fiscal year. Whether we will achieve the minimum corporate performance amounts is substantially uncertain at the time the corporate performance amounts and financial measures are established. No

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right to a minimum annual incentive award exists, and the Compensation Committee has the discretion to cancel or decrease an annual incentive award (but may not increase an annual incentive award for a covered employee (as that term is used within Section 162(m) of the IRC)) calculated under the 2006 Bonus Plan. Any payments made with respect to a fiscal year are made in the first quarter of the following fiscal year. The annual incentive awards that may be earned under the 2006 Bonus Plan range from the threshold to the maximum annual incentive award payout percentages, and include all amounts in between. The smallest target and maximum annual incentive award payout percentages that may be set annually for our named executive officers who are a party to an employment agreement with us are set forth in their respective employment agreements. The threshold annual incentive award payout percentage is pre-established annually by the Compensation Committee and the other non-employee directors and has historically been one-half of the target annual incentive award payout percentage. Subject to the terms of the employment agreements, the Compensation Committee and the other non-employee directors retain the right to adjust the payout percentages and, in the past, have generally done so as deemed necessary to realign an executive's annual incentive award opportunity with our compensation philosophy. Pursuant to the terms of the 2006 Bonus Plan, the maximum annual incentive award payable under the plan to a participant in a single fiscal year is \$4,000,000. See the Elements of our Executive Compensation for Fiscal 2015 Annual Incentive Award for Fiscal 2015 and Elements of our Executive Compensation for Fiscal 2015 Employment Agreements sections of the CD&A for more information regarding the 2006 Bonus Plan and the awards made under that plan for fiscal 2015.

*Big Lots 2012 Long-Term Incentive Plan*

Since May 23, 2012, all employee equity awards, including those made to our named executive officers, have been granted under the 2012 LTIP. The 2012 LTIP authorizes the grants of (1) non-qualified stock options ( NQSOs ), (2) incentive stock options ( ISOs ) as defined in Section 422 of the IRC, (3) stock appreciation rights ( SARs ), (4) restricted stock, (5) restricted stock units, (6) deferred stock units, (7) performance shares, (8) performance share units, (9) performance units, (10) cash-based awards, and (11) other stock-based awards (NQSOs, ISOs, SARs, restricted stock, restricted stock units, deferred stock units, performance shares, performance share units, performance units, cash-based awards and other stock-based awards are referred to collectively as Awards ). All of our and our affiliates' employees, non-employee directors and consultants are eligible to receive Awards under the 2012 LTIP.

The total number of common shares available for Awards under the 2012 LTIP is equal to the sum of (1) 7,750,000 newly issued common shares plus (2) any common shares subject to the 4,702,362 outstanding awards as of March 15, 2012 under the 2005 LTIP that on or after March 15, 2012 cease for any reason to be subject to such awards (other than by reason of exercise or settlement of the awards to the extent they are exercised for or settled in vested and nonforfeitable common shares).

Of the total number of common shares available for grant under the 2012 LTIP, no more than 7,750,000 common shares may be issued pursuant to grants of ISOs during the term of the 2012 LTIP. A participant may receive multiple Awards under the 2012 LTIP.

Each stock option granted under the 2012 LTIP allows the recipient to acquire our common shares, subject to the completion of a vesting period and continued employment with us through the applicable vesting date. Once vested, these common shares may be acquired at a fixed exercise price per share and they remain exercisable for the term set forth in the award agreement. Stock option awards made under the 2012 LTIP vest on the anniversary of the grant date at a rate of 25% per year over the first four years of the seven year option term. Pursuant to the terms of the 2012 LTIP, the exercise price of a stock option may not be less than the average trading price of our common shares on the grant date or, if the grant date occurs on a day other than a trading day, on the next trading day.



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Under the restricted stock awards granted pursuant to the 2012 LTIP (other than those made to the non-employee directors, which are discussed in the Director Compensation section of this Proxy Statement), if we meet the first trigger and the recipient remains employed by us, the restricted stock will vest at the opening of our first trading window after the fifth anniversary of the grant date. If we meet the second trigger for any fiscal year ending prior to the fifth anniversary of the grant date and the recipient remains employed by us, the restricted stock will vest on the first trading day after we file with the SEC our Annual Report on Form 10-K for the year in which the second trigger is met. The restricted stock will also vest on a prorated basis in the event that the recipient dies or becomes disabled, or if the recipient is terminated without cause, after we meet the first trigger but before the lapse of five years. The restricted stock will be forfeited, in whole or in part, as applicable, if the recipient voluntarily terminates employment with us prior to vesting.

The RSUs awarded to our named executive officers in fiscal 2015 pursuant to the 2012 LTIP covered a fixed number of RSUs. The RSUs 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.

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, 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 (net operating profit after-tax divided by invested capital for the fiscal year), 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. 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%, respectively.

The performance share units awarded to Mr. Campisi in fiscal 2013 vest in one-third increments if the market price of our common shares appreciates, for a period of 20 consecutive trading days, to prices that are 110%, 120% and 130% of the grant date market value of \$37.13 (i.e., appreciate to \$40.84, \$44.56 and \$48.27) before the earlier to occur of the termination of his employment or the seventh anniversary of the grant date.

Upon a change in control (as defined in the 2012 LTIP), all awards outstanding under the 2012 LTIP automatically become fully vested. For a discussion of the change in control provisions in our named executive officers' employment agreements and senior executive severance agreements and the 2012 LTIP, see Potential Payments Upon Termination or Change in Control Rights Under Post-Termination and Change in Control Arrangements section below.



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See the Elements of our Executive Compensation for Fiscal 2015 Equity for Fiscal 2015 section of the CD&A and the Potential Payments Upon Termination or Change in Control Rights Under Post-Termination and Change in Control Arrangements section below for more information regarding the equity awards made under the 2012 LTIP in fiscal 2015.

**Grants of Plan-Based Awards in Fiscal 2015**

The following table sets forth each award made to our named executive officers in fiscal 2015 under the 2006 Bonus Plan and the 2012 LTIP.

| Name          | Grant Date | Award Date | Estimated Possible Payouts Under Non-Equity Incentive Plan Awards <sup>(3)</sup> |           |           | Estimated Future Payouts Under Equity Incentive Plan Awards <sup>(4)</sup> |        |         | All Stock Awards of Shares of Common Stock or Underlying Stock | All Other Awards of Base Salary or Underlying Stock | Grant Date Fair Value of Stock and Option Awards <sup>(6)</sup> |
|---------------|------------|------------|--|-----------|-----------|--|--------|---------|--|---|---|
|               |            |            | Threshold  | Target    | Maximum   | Threshold  | Target | Maximum | Units  | Number of Awards                                    | (\$/Shr.)   |
| (a)           | (b)        | (c)        | (d)  | (e)       | (f)       | (g)  | (h)    | (i)     | (j)  | (k)   | (l)   |
| Mr. Campisi   | -          | -          | 630,000  | 1,260,000 | 2,520,000 | -  | -      | -       | -  | -   | -   |
|               | 3/10/15    | 3/6/15     | -  | -         | -         | 32,203   | 64,406 | 96,609  | -  | -   | 3,184,233   |
|               | 3/10/15    | 3/6/15     | -  | -         | -         | -  | -      | -       | 42,937   | -   | 2,122,805   |
| Mr. Johnson   | -          | -          | 164,200  | 328,400   | 656,800   | -  | -      | -       | -  | -   | -   |
|               | 3/10/15    | 3/6/15     | -  | -         | -         | 7,391  | 14,782 | 22,173  | -  | -   | 730,822   |
|               | 3/10/15    | 3/6/15     | -  | -         | -         | -  | -      | -       | 9,854  | -   | 487,182   |
| Ms. Bachmann  | -          | -          | 209,875  | 419,750   | 839,500   | -  | -      | -       | -  | -   | -   |
|               | 3/10/15    | 3/6/15     | -  | -         | -         | 9,420  | 18,839 | 28,259  | -  | -   | 931,400   |
|               | 3/10/15    | 3/6/15     | -  | -         | -         | -  | -      | -       | 12,559   | -   | 620,917   |
| Mr. Schlonsky | -          | -          | 122,225  | 244,450   | 488,900   | -  | -      | -       | -  | -   | -   |
|               | 3/10/15    | 3/6/15     | -  | -         | -         | 4,622  | 9,243  | 13,865  | -  | -   | 456,974   |
|               | 3/10/15    | 3/6/15     | -  | -         | -         | -  | -      | -       | 6,161  | -   | 304,600   |
| Mr. Stein     | -          | -          | 104,000  | 208,000   | 416,000   | -  | -      | -       | -  | -   | -   |
|               | 3/10/15    | 3/6/15     | -  | -         | -         | 3,865  | 7,730  | 11,595  | -  | -   | 382,171   |
|               | 3/10/15    | 3/6/15     | -  | -         | -         | -  | -      | -       | 5,152  | -   | 254,715   |
| Mr. Chene     | -          | -          | 157,500  | 315,000   | 630,000   | -  | -      | -       | -  | -   | -   |
|               | 3/10/15    | 3/6/15     | -  | -         | -         | 7,246  | 14,492 | 21,738  | -  | -   | 716,484   |
|               | 3/10/15    | 3/6/15     | -  | -         | -         | -  | -      | -       | 9,660  | -   | 477,590   |

- (1) As discussed in the Compensation Policies & Practices Equity Grant Timing section of the CD&A, in fiscal 2015, the Board set the grant date for the RSU awards and the service inception date for the PSU awards as the second trading day following our release of results from our last completed fiscal year. This future date was established to allow the market to absorb and react to our release of material non-public information, and to avoid any suggestion that the Board, the Compensation Committee or any employee manipulated the terms or timing of the equity awards.
- (2) The Award Date represents the date on which the Board authorized the equity-based award and set the grant date and service inception date.
- (3) The amounts in columns (c), (d) and (e) represent our named executive officers threshold, target and maximum annual incentive award levels, respectively, for fiscal 2015 pursuant to the 2006 Bonus Plan, which annual incentive award levels are further described in the Elements of our Executive Compensation for Fiscal 2015 Annual Incentive Award for Fiscal 2015 section of the CD&A. For fiscal 2015, our named executive officers earned an annual incentive award under the 2006 Bonus Plan, as reflected in column (g) of the Summary Compensation Table.
- (4) The amounts in columns (f), (g) and (h) represent the threshold, target and maximum number of PSUs awarded pursuant to the 2012 LTIP that each named executive officer is eligible to earn depending on the

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level of achievement of the applicable performance metrics over the three-year performance period. For more information on PSUs, see the narrative preceding this table and the Elements of our Executive Compensation for Fiscal 2015 Equity for Fiscal 2015 section of the CD&A.

- (5) The amounts in column (i) represent RSUs awarded pursuant to the 2012 LTIP, which awards are described in the narrative preceding this table and the Elements of our Executive Compensation for Fiscal 2015 Equity for Fiscal 2015 section of the CD&A.
  
- (6) This column represents the full grant date fair value of the RSUs as calculated in accordance with ASC 718 and the estimated fair value of the PSUs as of the issuance date based on the probable outcome of the performance conditions granted to each of our named executive officers.



Table of Contents**Outstanding Equity Awards at 2015 Fiscal Year-End**

The following table sets forth, as of the end of fiscal 2015, all equity awards outstanding under our equity compensation plans for each named executive officer.

| Name          | Option Awards   |   |   |                     |                        | Stock Awards  |  |   |  |
|---------------|---|---|---|---------------------|------------------------|---|--|---|--|
|               | Number of Securities Underlying Unexercised Options (#) | Number of Securities Underlying Exercised Options (#) | Number of Securities Underlying Unexercised Options (#) | Exercise Price (\$) | Option Expiration Date | Number of Shares or Units of Stock That Have Not Vested (#) | Market Value of Shares or Units of Stock That Have Not Vested (\$) | Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#) | Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (\$) |
| (a)           | (b)   | (c)   | (d)   | (e)                 | (f)                    | (g)   | (h)  | (i)   | (j)  |
| Mr. Campisi   | 27,275  | 57,750  | -   | 37.13               | 5/6/2020               | -   | -  | -   | -  |
|               | -   | -   | -   | -                   | -                      | 89,580  | 3,473,912  | 219,230   | 8,501,739  |
| Mr. Johnson   | 15,000  | -   | -   | 35.92               | 3/5/2017               | -   | -  | -   | -  |
|               | 12,000  | -   | -   | 41.12               | 3/7/2018               | -   | -  | -   | -  |
|               | 8,000   | -   | -   | 33.67               | 7/18/2018              | -   | -  | -   | -  |
|               | 26,250  | 8,750   | -   | 43.85               | 3/6/2019               | -   | -  | -   | -  |
|               | 3,750   | 1,250   | -   | 30.82               | 8/28/2019              | -   | -  | -   | -  |
|               | 20,000  | 20,000  | -   | 35.72               | 3/8/2020               | -   | -  | -   | -  |
|               | -   | -   | -   | -                   | -                      | 20,131  | 780,680  | 107,788   | 4,180,019  |
| Ms. Bachmann  | 50,000  | -   | -   | 35.92               | 3/5/2017               | -   | -  | -   | -  |
|               | 40,000  | -   | -   | 41.12               | 3/7/2018               | -   | -  | -   | -  |
|               | 30,000  | 10,000  | -   | 43.85               | 3/6/2019               | -   | -  | -   | -  |
|               | 20,000  | 20,000  | -   | 35.72               | 3/8/2020               | -   | -  | -   | -  |
|               | -   | -   | -   | -                   | -                      | 26,225  | 1,017,006  | 139,432   | 5,407,173  |
| Mr. Schlonsky | 15,000  | -   | -   | 35.92               | 3/5/2017               | -   | -  | -   | -  |
|               | 15,000  | -   | -   | 41.12               | 3/7/2018               | -   | -  | -   | -  |
|               | 11,250  | 3,750   | -   | 43.85               | 3/6/2019               | -   | -  | -   | -  |
|               | 3,750   | 1,250   | -   | 30.82               | 8/28/2019              | -   | -  | -   | -  |

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|           |        |        |   |       |            |        |         |        |           |
|-----------|--------|--------|---|-------|------------|--------|---------|--------|-----------|
|           | 10,000 | 10,000 | - | 35.72 | 3/8/2020   | -      | -       | -      | -         |
|           |        |        | - | -     |            | 12,539 | 486,262 | 45,520 | 1,765,266 |
| Mr. Stein | 10,000 | 10,000 | - | 36.93 | 10/21/2020 | -      | -       | -      | -         |
|           |        |        | - | -     |            | 11,138 | 431,932 | 31,132 | 1,207,299 |
| Mr. Chene | 5,000  | -      | - | 38.14 | 08/27/2016 | -      | -       | -      | -         |
|           |        |        | - | -     |            | 1,498  | 58,092  | -      | -         |

- (1) All stock option awards reflected in this table were made pursuant to the 2005 LTIP or 2012 LTIP. Stock option awards made under the 2005 LTIP or 2012 LTIP vest on the anniversary of the grant date at a rate of 25% per year over the first four years of the seven year option term.
- (2) The awards reported in column (g) reflect the unvested RSUs awarded to the named executive officers in fiscal 2015 and fiscal 2014 under the 2012 LTIP. These RSUs will vest at a rate of one third per year over the first three anniversaries of the grant date. The first third of the fiscal 2014 RSU awards vested during fiscal 2015. For additional information regarding the fiscal 2015 RSU awards, including the vesting terms, see the narrative discussion preceding the Grants of Plan-Based Awards in Fiscal 2015 table and the Our Executive Compensation Program for Fiscal 2015 Equity for Fiscal 2015 section of the CD&A.
- (3) The awards reported in column (i) reflect the following: (1) for Mr. Campisi, a PSU award in fiscal 2015 and fiscal 2014 (each at the target amount) and a restricted stock award and PSU award in fiscal 2013; (2) for Mr. Stein, a PSU award in fiscal 2015 and fiscal 2014 (each at the target amount) and a restricted stock award in fiscal 2013; and (3) for Mr. Johnson, Ms. Bachmann and

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Mr. Schlonsky, a PSU award in fiscal 2015 and fiscal 2014 (each at the target amount) and restricted stock awards in fiscal 2013, fiscal 2012, and fiscal 2011.

All awards were made pursuant to the 2005 LTIP or 2012 LTIP. The first trigger for the fiscal 2013, fiscal 2012 and fiscal 2011 restricted stock awards is EPS of \$1.50 and the second trigger for the fiscal 2013 award is EPS of \$3.98, the second trigger for the fiscal 2012 restricted stock awards is EPS of \$3.95 and the second trigger for the fiscal 2011 restricted stock awards is EPS of \$3.52. The fiscal 2011 restricted stock awards vested on March 8, 2016. The PSU award to Mr. Campisi in fiscal 2013 vests in one-third increments if the market price of our common shares appreciates, for a period of 20 consecutive trading days, to prices that are 110%, 120% and 130% of the grant date market value of \$37.13. The first two tranches of Mr. Campisi's 2013 PSU award vested in fiscal 2014. The actual number of PSUs awarded to each named executive officer in fiscal 2014 and fiscal 2015 that will vest and be earned (if any) by each named executive officer is determined after the three-year performance period 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 (net operating profit after-tax divided by invested capital for the fiscal year), 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). For additional information regarding the fiscal 2015 PSU awards, including the vesting terms, see the narrative discussion preceding the Grants of Plan-Based Awards in Fiscal 2015 table and the Our Executive Compensation Program for Fiscal 2015 Equity for Fiscal 2015 section of the CD&A.

(4) The market value was computed by multiplying the number of units or shares by \$38.78, the closing price of our common shares on January 30, 2016.

**Option Exercises and Stock Vested in Fiscal 2015**

The following table reflects all stock option exercises and the vesting of restricted stock held by each of our named executive officers during fiscal 2015.

| Name          | Option Awards        |                | Stock Awards        |                |
|---------------|----------------------|----------------|---------------------|----------------|
|               | Number of Shares     | Value Realized | Number of Shares    | Value Realized |
|               | Acquired on Exercise | on Exercise    | Acquired on Vesting | on Vesting     |
|               | (#)                  | (\$)           | (#)                 | (\$)           |
| (a)           | (b)                  | (c)            | (d)                 | (e)            |
| Mr. Campisi   | 30,475               | 401,711        | 22,973              | 1,147,501      |
| Mr. Johnson   | 1,875                | 40,350         | 5,061               | 252,797        |
| Ms. Bachmann  | 36,563               | 1,180,348      | 6,730               | 336,164        |
| Mr. Schlonsky | -                    | -              | 3,140               | 156,843        |
| Mr. Stein     | -                    | -              | 2,948               | 147,253        |
| Mr. Chene     | -                    | -              | 10,536              | 503,043        |

**Pension Benefits*****Pension Plan and Supplemental Pension Plan***

The Pension Plan is maintained only for certain employees hired before April 1, 1994. Effective January 1, 1996, the benefits accrued under the Pension Plan for certain highly compensated individuals were frozen at the then current levels. The Supplemental Pension Plan is maintained only for those executives whose benefits were frozen under the Pension Plan on or after January 1, 1996. On December 31, 2015, we froze the accrual of benefits under the Pension Plan and terminated the Supplemental Pension Plan, and we terminated the Pension Plan on January 31, 2016. Based on their respective dates of hire, Mr. Schlonsky is the only named executive officer eligible to participate in these plans.

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The Pension Plan is intended to qualify under the IRC and comply with the Employee Retirement Income Security Act of 1974, as amended. The amount of the Big Lots' annual contribution to the Pension Plan is actuarially determined to accumulate sufficient funds to maintain projected benefits. The Supplemental Pension Plan constitutes a contract to pay benefits upon retirement. The Supplemental Pension Plan is designed to pay the same benefits in the same amount as if the participants continued to accrue benefits under the Pension Plan. We have no obligation to fund the Supplemental Pension Plan, and all assets and amounts payable under the Supplemental Pension Plan are subject to the claims of our general creditors.

Effective January 1, 1993, the annual retirement benefit payable upon retirement under the Pension Plan and the Supplemental Pension Plan for those working until age 65 was, and continues to be, equal to 1% of the average annual compensation during the participant's highest compensated five consecutive year period of employment with Big Lots multiplied by the years of service up to a maximum of 25 ( Normal Retirement Pension ), with participation and benefits being limited in and for any single year to one plan (not both plans) based on the participant's status as a highly compensated employee, as defined in the IRC. This benefit is payable when a participant reaches the normal retirement age of 65; however, the Pension Plan and Supplemental Pension Plan provide the option to retire early (generally at age 55) or to continue employment beyond the normal retirement age.

Under the Pension Plan and the Supplemental Pension Plan, a participant who has reached the age of 55 and has at least five years of service with us can elect to retire early and receive a reduced monthly pension commencing on the date of the participant's early termination (if age plus service equals 65 or more). Alternatively, a participant who has reached the age of 65 can elect to continue employment with us and continue participation in either the Pension Plan or Supplemental Pension Plan until the participant retires, at which time the participant will receive his Normal Retirement Pension. Participants who terminate employment due to a disability are entitled to a pension amount under the Pension Plan equal to the actuarially-determined present value of the Normal Retirement Pension. The spouse of a participant who dies before retirement is entitled to receive an amount equal to the actuarially-determined present value of the Normal Retirement Pension reduced for the period of time that the participant's death or 25<sup>th</sup> anniversary of employment, if later, precedes the normal retirement age. A participant who terminates employment for any reason other than death or retirement may receive a reduced pension amount determined based on the number of years the participant was employed by us.

A participant may elect to receive a monthly annuity payment from the Pension Plan upon separation. Alternatively, a participant may elect to receive a lump sum payment of the entire actuarial equivalent of the participant's accrued retirement pension or a reduced monthly annuity payable over a fixed number of months. Under the Supplemental Pension Plan, a lump sum payment of the entire actuarial equivalent of the participant's retirement pension will be made within 90 days of the Entitlement Date.

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For purposes of calculating benefits under the Pension Plan, compensation is defined to include the monthly equivalent of the total cash remuneration paid for services rendered during a plan year prior to salary reductions pursuant to Sections 401(k) or 125 of the IRC, including bonuses. The table below illustrates the amount of annual benefits payable at age 65 to a person with the specified five year average compensation and years of service under the Pension Plan combined with the Supplemental Pension Plan; assuming working to age 65.

| Final Average<br>Compensation | Years of Service |           |           |           |
|-------------------------------|------------------|-----------|-----------|-----------|
|                               | 10               | 15        | 20        | 25        |
| \$100,000                     | \$ 10,000        | \$ 15,000 | \$ 20,000 | \$ 25,000 |
| \$125,000                     | \$ 12,500        | \$ 18,750 | \$ 25,000 | \$ 31,250 |
| \$150,000                     | \$ 15,000        | \$ 22,500 | \$ 30,000 | \$ 37,500 |
| \$175,000                     | \$ 17,500        | \$ 26,250 | \$ 35,000 | \$ 43,750 |
| \$200,000                     | \$ 20,000        | \$ 30,000 | \$ 40,000 | \$ 50,000 |
| \$225,000                     | \$ 22,500        | \$ 33,750 | \$ 45,000 | \$ 56,250 |
| \$250,000                     | \$ 25,000        | \$ 37,500 | \$ 50,000 | \$ 62,500 |

The maximum annual benefit payable under the Pension Plan is restricted by the IRC (\$210,000 for calendar year 2015). At January 30, 2016, the maximum five year average compensation taken into account for benefit calculation purposes was \$255,000. The compensation taken into account for benefit calculation purposes is limited by law (\$265,000 for calendar year 2015), and is subject to statutory increases and cost-of-living adjustments in future years. Income recognized as a result of the exercise of stock options and the vesting of restricted stock is disregarded in computing benefits under the Pension Plan.

***Pension Benefits Table for Fiscal 2015***

The following table reflects the number of years of credited service and the present value of accumulated benefits payable to Mr. Schlonsky under the Pension Plan and the Supplemental Pension Plan. See Note 8 (Employee Benefit Plans) to the consolidated financial statements and the Critical Accounting Policies and Estimates Pension section of the MD&A in our Form 10-K regarding the interest rate, mortality rate and other assumptions underlying the calculations in this table.

| Name<br>(a)  | Plan<br>Name<br>(b) | Number of Years<br>Credited Service<br>(#)<br>(c) | Present Value<br>of<br>Accumulated Benefit<br>(\$)<br>(d) | Payments During                       |
|--------------|---------------------|---|---|---------------------------------------|
|              |                     |   |   | Last<br>Fiscal<br>Year<br>(\$)<br>(e) |
| Mr. Campisi  | N/A                 | -   | -   | -                                     |
| Mr. Johnson  | N/A                 | -   | -   | -                                     |
| Ms. Bachmann | N/A                 | -   | -   | -                                     |

|   |                           |    |         |   |
|---|---------------------------|----|---------|---|
| Mr. Schlonsky                             | Pension Plan              | 5  | 13,571  | - |
|   | Supplemental Pension Plan | 17 | 224,931 | - |
| Mr. Stein                                 | N/A                       | -  | -       | - |
| Mr. Chene                                 | N/A                       | -  | -       | - |
| <b>Nonqualified Deferred Compensation</b> |                           |    |         |   |

***Supplemental Savings Plan***

All of our named executive officers, as well as substantially all other full-time employees, are eligible to participate in the Savings Plan, our 401(k) plan. The Supplemental Savings Plan is maintained for those executives participating in the Savings Plan who desire to contribute more than the amount

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allowable under the Savings Plan. The Supplemental Savings Plan constitutes a contract to pay deferred compensation and limits deferrals in accordance with prevailing tax law. The Supplemental Savings Plan is designed to pay the deferred compensation in the same amount as if contributions had been made to the Savings Plan. We have no obligation to fund the Supplemental Savings Plan, and all assets and amounts payable under the Supplemental Savings Plan are subject to the claims of our general creditors.

In order to participate in the Savings and Supplemental Savings Plans, an eligible employee must satisfy applicable age and service requirements and must make contributions to such plans ( Participant Contributions ). Participant Contributions are made through authorized payroll deductions to one or more of the several investment funds available under the Savings and Supplemental Savings Plans and selected at the discretion of the participant. All Participant Contributions are matched by us ( Registrant Contributions ) at a rate of 100% for the first 2% of salary contributed and 50% for the next 4% of salary contributed. Additionally, the amount of the Registrant Contribution is subject to the maximum annual compensation that may be taken into account for benefit calculation purposes under the IRC (\$265,000 for calendar year 2015). Accordingly, the maximum aggregate Registrant Contribution that could be made to a named executive officer participating in the Savings and Supplemental Savings Plans was \$10,600 for fiscal 2015.

Under the Savings Plan and the Supplemental Savings Plan, 25% of the Registrant Contributions vests annually beginning on the second anniversary of the employee's hiring. Under the Savings Plan, a participant who has terminated employment with us is entitled to all funds in his or her account, except that if termination is for a reason other than retirement, disability or death, then the participant is entitled to receive only the Participant Contributions and the vested portion of the Registrant Contributions. Under the Supplemental Savings Plan, a participant who has terminated employment with us for any reason is entitled to receive the Participant Contributions and only the vested portion of the Registrant Contributions. Under both plans, all other unvested accrued benefits pertaining to Registrant Contributions will be forfeited. Upon a change in control of Big Lots, the participant will receive a lump sum payment of all amounts (vested and unvested) under the Supplemental Savings Plan.

***Nonqualified Deferred Compensation Table for Fiscal 2015***

The following table reflects the contributions to, earnings in and balance of each named executive officer's account held under the Supplemental Savings Plan.

| Name          | Executive Contributions | Registrant Contributions | Aggregate Earnings | Aggregate Withdrawals/ Distributions | Aggregate Balance |
|---------------|-------------------------|--------------------------|--------------------|--------------------------------------|-------------------|
|               | in Last FY              | in Last FY               | in Last FY         |                                      | at Last FYE       |
| (a)           | (\$) (1)                | (\$) (2)                 | (\$) (3)           | (\$) (e)                             | (\$) (4)          |
|               | (b)                     | (c)                      | (d)                |                                      | (f)               |
| Mr. Campisi   | 334,922                 | 5,564                    | (13,155)           | -                                    | 378,893           |
| Mr. Johnson   | 209,930                 | 5,564                    | (31,365)           | -                                    | 854,134           |
| Ms. Bachmann  | 20,760                  | 5,564                    | (12,179)           | -                                    | 372,068           |
| Mr. Schlonsky | 31,075                  | 5,564                    | (25,198)           | -                                    | 505,019           |
| Mr. Stein     | -                       | -                        | -                  | -                                    | -                 |
| Mr. Chene     | -                       | -                        | -                  | -                                    | -                 |



- (1) The amounts in this column are included in the Salary column of the Summary Compensation Table for fiscal 2015.
- (2) The amounts in this column are included in the All Other Compensation column of the Summary Compensation Table for fiscal 2015.

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- (3) The amounts in this column are not included in the Summary Compensation Table as these amounts reflect only the earnings on the investments designated by the named executive officer in his or her Supplemental Savings Plan account in fiscal 2015 (i.e., appreciation or decline in account value). The amounts in this column do not include any above-market or preferential earnings, as defined by Item 402(c)(2)(viii) of Regulation S-K and the instructions thereto.
- (4) \$50,481, \$152,963, \$49,673 and \$34,094 of the amounts in this column were previously reported as compensation to Mr. Campisi, Mr. Johnson, Ms. Bachmann and Mr. Schlonsky, respectively, in the Summary Compensation Table for the prior years reported.

**Potential Payments Upon Termination or Change in Control**

The *Rights Under Post-Termination and Change in Control Arrangements* section below addresses the rights of our named executive officers under their employment agreements and other compensation arrangements upon a change in control or in the event their employment with us is terminated. The *Estimated Payments if Triggering Event Occurred at 2015 Fiscal Year End* section below reflects the payments that may be received by each executive (or his or her beneficiaries, as applicable) upon a change in control or in the event the executive's employment with us is terminated: (1) involuntarily without cause (including a constructive termination (as defined in the Severance Plan)); (2) in connection with the executive's disability; (3) upon the executive's death; (4) upon the executive's retirement (none of our named executive officers were retirement eligible at the end of fiscal 2015); or (5) in connection with a change in control.

***Rights Under Post-Termination and Change in Control Arrangements******Termination for Cause***

If a named executive officer who is a party to an employment agreement with us (Mr. Campisi and Ms. Bachmann) is terminated for cause or due to his or her voluntary resignation, we have no obligation under the employment agreement to pay any unearned compensation or to provide any future benefits to the executive; provided, however that if Mr. Campisi terminates his employment for good reason (as defined in the New Employment Agreement), he will be entitled to the payments and benefits described below in *Termination Without Cause*.

***Involuntary Termination Without Cause***

If a named executive officer is involuntarily terminated without cause (including a constructive termination), the Severance Plan would entitle the named executive officer to:

a cash payment equal to the product of (1) the named executive officer's annualized base salary in effect on the date of termination and (2) a multiple thereof;

a cash payment equal to a prorated portion of the annual incentive award that the named executive officer would have earned for the fiscal year in which the termination occurred had such termination not occurred;

a cash payment for outplacement assistance;

continued coverage for the named executive officer under our health plans until the last day of the calendar month in which the post-termination restriction period applicable to the named executive officer elapses, plus the amount necessary to reimburse the named executive officer for the taxes he or she would be liable for as a result of such continued coverage; and

prorated vesting of all unvested, outstanding restricted stock awards granted to the named executive officer on or before February 1, 2014 and, upon achievement of the applicable performance trigger, prorated vesting of all unvested, outstanding RSU awards granted to the named executive officer.

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The New Employment Agreement would also entitle Mr. Campisi to these payments and benefits in the event he terminates his employment with us for good reason.

*Termination due to Disability or Death*

If a named executive officer is terminated as a result of his or her disability or death:

the Severance Plan would entitle the named executive officer to a cash payment equal to a prorated portion of the annual incentive award that the named executive officer would have earned for the fiscal year in which the termination occurred had such termination not occurred;

unvested restricted stock awards granted under the 2005 LTIP and 2012 LTIP would vest in increments of 20% for each consecutive year of employment completed since the grant date if the first trigger is met while employed;

unvested stock options granted under the 2005 LTIP and 2012 LTIP in and after our fiscal 2009 would vest on the date of termination, provided that the date of termination occurs at least six months following the grant date;

a prorated portion of the unvested PSUs granted under the 2012 LTIP that the named executive officer would have earned had the named executive officer remained employed for the entire performance period would vest upon the certification of the applicable performance condition; and

a prorated portion of the unvested RSUs granted under the 2012 LTIP would vest on the termination date. In addition, under the New Employment Agreement, if Mr. Campisi's employment is terminated as a result of his disability or death, all of Mr. Campisi's unvested, outstanding service-based equity grants and awards and RSUs granted after February 1, 2014 would become fully vested upon termination.

*Termination Upon Retirement*

If a named executive officer is terminated as a result of his or her retirement (as defined in the applicable award agreement):

a prorated portion of the unvested PSUs granted under the 2012 LTIP that the named executive officer would have earned had the named executive officer remained employed for the entire performance period would vest upon the certification of the applicable performance condition; and

if the performance condition is satisfied before the third anniversary of the grant date, a prorated portion of the unvested RSUs granted under the 2012 LTIP would vest on the termination date.

In addition, under the New Employment Agreement, if Mr. Campisi's employment is terminated as a result of his retirement after May 3, 2020:

Mr. Campisi would be eligible (based on our achievement of at least the threshold performance goal) to receive a prorated annual incentive award for the fiscal year in which his termination is effective;

all of Mr. Campisi's unvested, outstanding service-based equity grants and awards and RSUs granted after February 1, 2014 for which the performance condition has been satisfied would continue to vest for 24 months after the date of termination and any such awards and units that vest more than 24 months after the date of termination will be forfeited; and

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a pro rata portion of Mr. Campisi's unvested, outstanding performance-based equity grants and awards, to be determined by (1) multiplying the amount of such award or grant that would have been earned had Mr. Campisi remained employed through the last vesting date under such award or grant by (2) a fraction, the denominator of which is the total number of days between the grant date of the award and the last vesting date under such award and the numerator of which is the number of days between the grant date of the award and Mr. Campisi's termination date plus 730, provided such fraction shall never exceed 1.00. 730 is added to the numerator, as it is the equivalent number of days to the 24 months of continued vesting used for Mr. Campisi's service-based equity grants and RSUs and is also equivalent to the time Mr. Campisi will be subject to the restrictive covenants included in the New Employment Agreement. The performance-based equity grants and awards will only vest upon the certification of the applicable performance criteria and will be paid at the end of the applicable performance period.

*Termination in connection with Change in Control*

If terminated without cause (including a constructive termination) within 24 months after a change in control, the senior executive severance agreements would entitle Mr. Johnson and Mr. Schlonsky to (1) a lump-sum payment equal to 200% of the executive's then current annual base salary and maximum annual incentive award and (2) continued coverage under our health plans for up to one year after the date of termination.

If terminated without cause (including a constructive termination and, in the case of Mr. Campisi under the New Employment Agreement, termination for good reason), the employment agreements would entitle Mr. Campisi and Ms. Bachmann to (1) a lump-sum payment equal to 200% of the highest annual base salary and maximum annual incentive award in effect during the three months before and the 24 months after the change in control and (2) continued coverage under our health plans for up to two years after the date of termination, plus the amount necessary to reimburse him or her for the taxes he or she would be liable for as a result of such continued healthcare coverage.

In addition, upon a change in control:

all unvested restricted stock awards granted to the named executive officer under the 2005 LTIP and 2012 LTIP would vest;

all unvested stock options granted to the named executive officer under the 2005 LTIP and 2012 LTIP would vest;

if the change in control occurs before the third anniversary of the grant date, all unvested RSUs granted to the named executive officer under the 2012 LTIP would vest; and

if the change of control occurs before the end of the applicable performance period, the greater of (1) the target number of PSUs and (2) a number of PSUs calculated based on the satisfaction of the applicable performance conditions before the change in control, would vest for each named executive officer.

Upon a change in control, each participating named executive officer would also receive a lump sum payment of all vested and unvested amounts under the Supplemental Savings Plan. (See the Nonqualified Deferred Compensation section above for more information regarding the Supplemental Savings Plan and our named executive officers aggregate balances under such plans at the end of fiscal 2015.)

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*Change in Control Described*

Generally, pursuant to the 2005 LTIP, the 2012 LTIP, the Supplemental Savings Plan (as to amounts earned and vested before January 1, 2005, including earnings attributable to such amounts) and the Severance Plan, a change in control is deemed to occur if:

any person or group (as defined in Section 13(d) under the Exchange Act) becomes the beneficial owner, or has the right to acquire, 20% or more of our outstanding voting securities;

a majority of the Board is replaced within any two-year period by directors not nominated and approved by a majority of the directors in office at the beginning of such period (or their successors so nominated and approved), or a majority of the Board at any date consists of persons not so nominated and approved; or

our shareholders approve an agreement to merge or consolidate with an unrelated company or an agreement to sell or otherwise dispose of all or substantially all of our assets to an unrelated company, except pursuant to the terms of the 2012 LTIP and the Severance Plan, which requires the consummation of a merger or consolidation with another entity or the sale or other disposition of all or substantially all of our assets (including, without limitation, a plan of liquidation), which has been approved by our shareholders.

Consistent with the provisions of Section 409A ( Section 409A ) of the IRC and the Treasury Regulations promulgated thereunder, pursuant to our named executive officers' employment agreements, the senior executive severance agreements, the 2006 Bonus Plan and the Supplemental Savings Plan (as to all amounts earned and vested on or after January 1, 2005), a change in control is deemed to occur upon:

the acquisition by any person or group (as defined under Section 409A) of our common shares that, together with any of our common shares then held by such person or group, constitutes more than 50% of the total fair market value or voting power in our outstanding voting securities;

the acquisition by any person or group, within any one year period, of 30% or more of our outstanding voting securities;

a majority of the Board is replaced during any one year period by directors whose appointment or election is not endorsed by a majority of the directors in office prior to the date of such appointment or election; or

the acquisition by any person or group, within any one year period, of 40% or more of the total gross fair market value of all of our assets, as measured immediately prior to such acquisition(s).

Notwithstanding the foregoing definitions, pursuant to our named executive officers' employment agreements, senior executive severance agreements, the 2005 LTIP, the 2012 LTIP, the 2006 Bonus Plan and the Severance Plan, a change in control does not include any transaction, merger, consolidation or reorganization in which we exchange, or offer to exchange, newly issued or treasury shares in an amount less than 50% of our then-outstanding voting



securities for 51% or more of the outstanding voting securities of an unrelated company or for all or substantially all of the assets of such unrelated company.

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**Table of Contents*****Estimated Payments if Triggering Event Occurred at 2015 Fiscal Year-End***

The amounts in the following tables are approximations based on various assumptions and estimates. The actual amounts to be paid can only be determined at the time of the change in control or termination of employment, as applicable. In the tables that follow, we have made the following material assumptions, estimates and characterizations:

Except as otherwise provided in the tables below, the amounts are calculated based on compensation levels and benefits effective at January 30, 2016, the last day of fiscal 2015.

We have not taken into account the possibility that a named executive officer may be eligible to receive healthcare benefits from another source following his or her termination. Therefore, the amounts shown in the Healthcare Coverage row in the tables below reflect, consistent with the assumptions that would be used to estimate the cost of these benefits for financial reporting purposes under generally accepted accounting principles, the current monthly cost to provide continued healthcare coverage under the Consolidated Omnibus Budget Reconciliation Act of 1985 ( COBRA ) applied to each month these benefits would be provided to the named executive officer. Included in the amounts shown in the Healthcare Coverage row in the tables below are the related tax gross-up amounts. The amounts shown in the Long-Term Disability Benefit row in the tables below represent 67% of the named executive officer's monthly salary, up to a maximum of \$25,000 per month in accordance with the long-term disability insurance we maintain for our named executive officers. This benefit is payable until the named executive officer is no longer disabled or age 65, whichever occurs earlier. Due to the speculative nature of estimating the period of time during which a named executive officer may be disabled, we have presented only one month of disability benefits in the tables below.

The amounts in the Accelerated Equity Awards row under the Termination upon Disability and Termination upon Death columns in the tables below represent the value (as of the final trading day on the NYSE during fiscal 2015) of (1) 80% of the unvested restricted stock awarded to each named executive officer in March 2011, (2) 60% of the unvested restricted stock awarded to each named executive officer in March 2012, (3) 40% of the unvested restricted stock awarded to each named executive officer in March 2013, (4) all of the unvested stock options awarded to our named executive officers in and after our 2009 fiscal year, (5) a prorated portion of the unvested RSUs granted under the 2012 LTIP and (6) a prorated portion of the unvested PSUs, at target, granted under the 2012 LTIP. As discussed in the prior section, if termination of employment resulted from death or disability, the unvested restricted stock awards made under the 2005 LTIP and 2012 LTIP will vest in increments of 20% for each consecutive year of employment completed since the grant date if the first trigger is met while employed. The first trigger for the restricted stock awarded to the named executive officers in March 2011, March 2012 and March 2013 was met as a result of our performance in fiscal 2011, fiscal 2012 and fiscal 2013, respectively. Accordingly, 80% of the March 2011 restricted stock award, 60% of the March 2012 restricted stock award and 40% of the March 2013 restricted stock award awarded to each those named executive officers would have vested at the end of fiscal 2015 had the executive's employment terminated on such date as a result of his death or disability. The March 2011 restricted stock awards vested on March 8, 2016. As discussed in the prior section, if a named executive officer dies or becomes disabled before the last scheduled vesting date of a stock option awarded in and after our 2009 fiscal year, the then-remaining unvested portion of that stock option award will vest on

the day such event occurred, provided such event occurred at least six months following the grant date.

The amounts in the Accelerated Equity Awards row under the Termination in Connection with a Change in Control and Change in Control (without termination) columns in the tables below include the value of all unvested stock options that were in-the-money at the end of

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fiscal 2015 (i.e., the closing market price of our common shares on the final trading day of fiscal 2015 less the applicable exercise price) and all unvested restricted stock, RSUs and PSUs that would have vested on an accelerated basis had a change in control occurred as of the end of fiscal 2015. These amounts do not reflect any equity awards that vested in fiscal 2015.

The closing market price of our common shares on the final trading day on the NYSE during fiscal 2015 was \$38.78 per share.

*David J. Campisi*

The following table reflects the payments that would have been due to Mr. Campisi in the event of a change in control and/or the termination of his employment on January 30, 2016.

|   | <b>Event Occurring at January 30, 2016</b> |                  |                      |                              |                        |                    |   |
|---|--|------------------|----------------------|------------------------------|------------------------|--------------------|---|
|   | <b>Involuntary Termination</b>             |                  |                      | <b>Termination</b>           |                        | <b>Termination</b> |   |
|   | <b>with Cause</b>                          |                  | <b>without Cause</b> | <b>Voluntary Termination</b> | <b>upon Disability</b> | <b>upon Death</b>  | <b>in Connection with a Change in Control</b> |
|   | <b>(\$)</b>                                | <b>(\$)</b>      | <b>(\$)</b>          | <b>(\$)</b>                  | <b>(\$)</b>            | <b>(\$)</b>        | <b>(\$)</b>                                   |
| Salary/Salary Continuation (\$)             | -  | 2,100,000        | -                    | -                            | -                      | 2,100,000          | -   |
| Non-Equity Incentive Plan Compensation (\$) | -  | 2,089,206        | -                    | 2,089,206                    | 2,089,206              | 5,040,000          | -   |
| Healthcare Coverage (\$)                    | -  | 83,711           | -                    | -                            | -                      | 83,711             | -   |
| Long-Term Disability Benefit (\$)           | -  | -                | -                    | 25,000                       | -                      | -                  | -   |
| Outplacement Benefits (\$)                  | -  | 40,000           | -                    | -                            | -                      | -                  | -   |
| Accelerated Equity Awards (\$)              | -  | 2,149,408        | -                    | 8,488,906                    | 8,488,906              | 12,392,381         | 12,392,381                                    |
| Excise Tax Benefit (\$)                     | -  | -                | -                    | -                            | -                      | -                  | -   |
| <b>Total (\$)</b>                           | <b>-</b>                                   | <b>6,462,325</b> | <b>-</b>             | <b>10,603,112</b>            | <b>10,578,112</b>      | <b>19,616,092</b>  | <b>12,392,381</b>                             |

*Timothy A. Johnson*

The following table reflects the payments that would have been due to Mr. Johnson in the event of a change in control and/or the termination of his employment with us on January 30, 2016.

**Event Occurring at January 30, 2016**

|  | <b>Involuntary<br/>Termination<br/>with<br/>Cause<br/>(\$)</b> | <b>Voluntary<br/>Termination<br/>without<br/>Cause<br/>(\$)</b> | <b>Voluntary<br/>Termination<br/>(\$)</b> | <b>Termination<br/>upon<br/>Disability<br/>(\$)</b> | <b>Termination<br/>upon<br/>Death<br/>(\$)</b> | <b>Termination<br/>in<br/>Connection<br/>with a<br/>Change in<br/>Control<br/>(\$)</b> | <b>Change in<br/>Control<br/>(without<br/>termination)<br/>(\$)</b> |
|--|--|---|---|---|--|--|---|
| Salary/Salary Continuation (\$)                | -  | 1,128,000   | -   | -   | -  | 1,128,000  | -   |
| Non-Equity Incentive Plan<br>Compensation (\$) | -  | 545,266   | -   | 545,266   | 545,266  | 1,353,600  | -   |
| Healthcare Coverage (\$)                       | -  | 83,711  | -   | -   | -  | 41,855   | -   |
| Long-Term Disability<br>Benefit (\$)           | -  | -   | -   | 25,000  | -  | -  | -   |
| Outplacement Benefits (\$)                     | -  | 25,000  | -   | -   | -  | -  | -   |
| Accelerated Equity Awards (\$)                 | -  | 2,248,542   | -   | 2,617,628   | 2,617,628                                      | 5,181,742  | 5,181,742   |
| Excise Tax Benefit (\$)                        | -  | -   | -   | -   | -  | 2,679,111  | -   |
| <b>Total (\$)</b>                              | -  | <b>4,030,519</b>  | -   | <b>3,187,894</b>                                    | <b>3,162,894</b>                               | <b>10,384,308</b>  | <b>5,181,742</b>  |

**Table of Contents***Lisa M. Bachmann*

The following table reflects the payments that would have been due to Ms. Bachmann in the event of a change in control and/or the termination of her employment with us on January 30, 2016.

|   | Event Occurring at January 30, 2016     |  |                                  |                             |   |  |           |
|---|---|--|----------------------------------|-----------------------------|---|--|-----------|
|   | Involuntary Termination with Cause (\$) | Involuntary Termination without Cause (\$) | Termination upon Disability (\$) | Termination upon Death (\$) | Termination in Connection with a Change in Control (\$) | Change in Control (without termination) (\$) |           |
| Salary/Salary Continuation (\$)             | -                                       | 1,440,000                                  | -                                | -                           | -   | 1,440,000                                    | -         |
| Non-Equity Incentive Plan Compensation (\$) | -                                       | 696,851                                    | -                                | 696,851                     | 696,851   | 1,728,000                                    | -         |
| Healthcare Coverage (\$)                    | -                                       | 83,711                                     | -                                | -                           | -   | 83,711                                       | -         |
| Long-Term Disability Benefit (\$)           | -                                       | -  | -                                | 25,000                      | -   | -  | -         |
| Outplacement Benefits (\$)                  | -                                       | 25,000                                     | -                                | -                           | -   | -  | -         |
| Accelerated Equity Awards (\$)              | -                                       | 3,201,733                                  | -                                | 3,570,324                   | 3,570,324   | 6,679,750                                    | 6,679,750 |
| Excise Tax Benefit (\$)                     | -                                       | -  | -                                | -                           | -   | -  | -         |
| Total (\$)                                  | -                                       | 5,447,295                                  | -                                | 4,292,175                   | 4,267,175   | 9,931,461                                    | 6,679,750 |

*Michael A. Schlonsky*

The following table reflects the payments that would have been due to Mr. Schlonsky in the event of a change in control and/or the termination of his employment with us on January 30, 2016.

|   | Event Occurring at January 30, 2016     |  |                                  |                             |   |  |   |
|---|---|--|----------------------------------|-----------------------------|---|--|---|
|   | Involuntary Termination with Cause (\$) | Involuntary Termination without Cause (\$) | Termination upon Disability (\$) | Termination upon Death (\$) | Termination in Connection with a Change in Control (\$) | Change in Control (without termination) (\$) |   |
| Salary/Salary Continuation (\$)             | -                                       | 940,000                                    | -                                | -                           | -   | 940,000                                      | - |
| Non-Equity Incentive Plan Compensation (\$) | -                                       | 408,089                                    | -                                | 408,089                     | 408,089   | 1,128,000                                    | - |
| Healthcare Coverage (\$)                    | -                                       | 83,711                                     | -                                | -                           | -   | 41,855                                       | - |
| Long-Term Disability Benefit (\$)           | -                                       | -  | -                                | 25,000                      | -   | -  | - |

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|                                |   |           |   |           |           |           |           |
|--------------------------------|---|-----------|---|-----------|-----------|-----------|-----------|
| Outplacement Benefits (\$)     | - | 25,000    | - | -         | -         | -         | -         |
| Accelerated Equity Awards (\$) | - | 789,711   | - | 1,142,324 | 1,142,324 | 2,357,957 | 2,357,957 |
| Excise Tax Benefit (\$)        | - | -         | - | -         | -         | 1,818,313 | -         |
| Total (\$)                     | - | 2,246,511 | - | 1,575,413 | 1,550,413 | 6,286,125 | 2,357,957 |

**Table of Contents***Andrew D. Stein*

The following table reflects the payments that would have been due to Mr. Stein in the event of a change in control and/or the termination of his employment with us on January 30, 2016.

|   | Event Occurring at January 30, 2016     |           |  |           |                                  |                             |   |  |
|---|---|-----------|--|-----------|----------------------------------|-----------------------------|---|--|
|   | Involuntary Termination with Cause (\$) |           | Involuntary Termination without Cause (\$) |           | Termination upon Disability (\$) | Termination upon Death (\$) | Termination in Connection with a Change in Control (\$) | Change in Control (without termination) (\$) |
| Salary/Salary Continuation (\$)             | -                                       | 832,000   | -  | -         | -                                | -                           | 832,000   | -  |
| Non-Equity Incentive Plan Compensation (\$) | -                                       | 344,885   | -  | 344,885   | 344,885                          | -                           | 832,000   | -  |
| Healthcare Coverage (\$)                    | -                                       | 83,711    | -  | -         | -                                | -                           | 41,855  | -  |
| Long-Term Disability Benefit (\$)           | -                                       | -         | -  | 23,227    | -                                | -                           | -   | -  |
| Outplacement Benefits (\$)                  | -                                       | 25,000    | -  | -         | -                                | -                           | -   | -  |
| Accelerated Equity Awards (\$)              | -                                       | 349,318   | -  | 758,249   | 758,249                          | -                           | 1,704,844   | 1,704,844                                    |
| Excise Tax Benefit (\$)                     | -                                       | -         | -  | -         | -                                | -                           | 1,454,520   | -  |
| Total (\$)                                  | -                                       | 1,634,914 | -  | 1,126,361 | 1,103,134                        | -                           | 4,865,219   | 1,704,844                                    |

*Richard J. Chene*

The following table reflects the maximum payments that could be owing to Mr. Chene following his termination of employment on August 27, 2015.

|   | Event Occurring at Augusts 27, 2015     |           |  |   |                                  |                             |   |  |
|---|---|-----------|--|---|----------------------------------|-----------------------------|---|--|
|   | Involuntary Termination with Cause (\$) |           | Involuntary Termination without Cause (\$) |   | Termination upon Disability (\$) | Termination upon Death (\$) | Termination in Connection with a Change in Control (\$) | Change in Control (without termination) (\$) |
| Salary/Salary Continuation (\$)             | -                                       | 1,050,000 | -  | - | -                                | -                           | -   | -  |
| Non-Equity Incentive Plan Compensation (\$) | -                                       | 298,440   | -  | - | -                                | -                           | -   | -  |
| Healthcare Coverage (\$)                    | -                                       | 83,711    | -  | - | -                                | -                           | -   | -  |
| Long-Term Disability Benefit (\$)           | -                                       | -         | -  | - | -                                | -                           | -   | -  |



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|                                |   |           |   |   |   |   |   |
|--------------------------------|---|-----------|---|---|---|---|---|
| Outplacement Benefits (\$)     | - | 25,000    | - | - | - | - | - |
| Accelerated Equity Awards (\$) | - | 328,331   | - | - | - | - | - |
| Excise Tax Benefit (\$)        | - | -         | - | - | - | - | - |
| Total (\$)                     | - | 1,785,482 | - | - | - | - | - |

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**Table of Contents****PROPOSAL TWO: 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 CD&A, COMPENSATION TABLES AND THE NARRATIVE DISCUSSION ACCOMPANYING THE TABLES**

Section 14A of the Exchange Act requires that we provide our shareholders with the opportunity to vote to approve, on a nonbinding, advisory basis, the compensation of our named executive officers as disclosed in this Proxy Statement in accordance with the compensation disclosure rules of the SEC. The following summary of our executive compensation program describes our compensation philosophy and the key objectives identified by our Compensation Committee to implement our compensation philosophy.

Our executive compensation program is designed to: (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. We use a balanced mix of salary, annual cash incentive awards and equity awards to promote these objectives. For a more detailed discussion of how our executive compensation program promotes these objectives and our executive compensation philosophy, including information about the fiscal 2015 compensation of our named executive officers, we encourage you to read the CD&A as well as the Summary Compensation Table and other compensation tables in this Proxy Statement and the narrative discussion accompanying the tables.

In fiscal 2015, we continued to focus on improving our financial and operating performance. Given the commitment of the Compensation Committee and other outside directors to a pay-for-performance philosophy and our focus on improving our financial and operating performance in fiscal 2015, the Compensation Committee and 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 Compensation Committee and 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. 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. Based on our \$235,731,648 operating profit, as adjusted, in fiscal 2015, our named executive officers earned an annual incentive award for fiscal 2015 equal to 166% of their respective target bonus.

*Performance Share Unit Awards.* All of our named executive officers received a significant portion (60%) of their equity awards in the form of 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 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. The Compensation Committee and 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 we believe will create shareholder value. Based

on EPS of \$2.81 and ROIC of 16.6%, as adjusted, 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.

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*Restricted Stock Unit Awards.* RSUs are primarily intended to align the interests of our named executive officers and our shareholders and help retain and motivate our named executive officers. 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 and are subject to an operating profit performance component.

We request that our shareholders indicate their support for the compensation of our named executive officers as disclosed in this Proxy Statement pursuant to Item 402 of Regulation S-K by approving the following resolution:

RESOLVED, that the shareholders of Big Lots approve, on an advisory basis, the compensation of the named executive officers of Big Lots, as disclosed in Big Lots Proxy Statement for the 2016 Annual Meeting of Shareholders pursuant to Item 402 of Regulation S-K, including the Compensation Discussion and Analysis, compensation tables and the narrative discussion accompanying the tables.

The vote on the approval of the compensation of our named executive officers is advisory, which means that the vote is not binding on the Board, the Compensation Committee or us. If a majority of the votes are cast against the approval of the compensation of our named executive officers, the Board and the Compensation Committee will evaluate whether to take any actions to address the concerns of the shareholders with respect to our executive compensation program.

**THE BOARD RECOMMENDS THAT YOU VOTE FOR THE APPROVAL OF THE COMPENSATION OF OUR NAMED EXECUTIVE OFFICERS, AS DISCLOSED IN THIS PROXY STATEMENT PURSUANT TO ITEM 402 OF REGULATION S-K, INCLUDING THE CD&A, COMPENSATION TABLES AND THE NARRATIVE DISCUSSION ACCOMPANYING THE TABLES.**

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**AUDIT COMMITTEE DISCLOSURE**

**General Information**

The Audit Committee consists of four non-employee directors of the Board. The members of the Audit Committee have been reviewed by the Board and determined to be independent within the meaning of all applicable SEC regulations and NYSE listing standards.

The charter of the Audit Committee states that the purpose of the Audit Committee is to assist the Board in its oversight of:

the integrity of our financial statements and financial reporting process, and our systems of internal accounting and financial controls;

our compliance with legal and regulatory requirements, including our disclosure controls and procedures;

the annual independent audit of our financial statements, the engagement of our independent registered public accounting firm, and the evaluation of the firm's qualifications, independence and performance;

the performance of our internal audit function;

the evaluation of enterprise risk issues; and

the fulfillment of other responsibilities set forth in its charter.

The full text of the Audit Committee's charter is available in the Investor Relations section of our website ([www.biglots.com](http://www.biglots.com)) under the "Corporate Governance" caption. The Audit Committee regularly reviews its responsibilities as outlined in its charter, prepares an annual agenda that addresses all of its responsibilities and conducts a self-assessment and review of the charter annually. The Audit Committee believes it fulfilled its responsibilities under the charter in fiscal 2015.

The Audit Committee schedules its meetings with a view towards ensuring that it devotes appropriate attention to all of its responsibilities. The Audit Committee's meetings include, whenever appropriate, executive sessions with the independent registered public accounting firm, the Company's Vice President, Internal Audit and our Chief Financial Officer, in each case without the presence of management. The Audit Committee also meets in executive session without the presence of anyone else, whenever appropriate.

During fiscal 2015, internal audit completed the documentation, testing and evaluation of our system of internal control over financial reporting in accordance with the requirements set forth in Section 404 of the Sarbanes-Oxley Act of 2002 and related regulations. The Audit Committee was apprised of the progress of the evaluation and provided oversight and advice to management during the process. In connection with its oversight, the Audit Committee received periodic updates provided by internal audit and the independent registered public accounting firm at each

regularly scheduled Audit Committee meeting. The Audit Committee also reviewed the report of management contained in our Form 10-K, as well as the independent registered public accounting firm's Report of Independent Registered Public Accounting Firm included in our Form 10-K related to its audit of (1) our financial statements and (2) the effectiveness of our internal control over financial reporting. The Audit Committee continues to oversee efforts related to our system of internal control over financial reporting and management's preparations for the evaluation thereof in fiscal 2016. The Audit Committee has also reviewed key initiatives and programs aimed at strengthening the effectiveness of our internal and disclosure control structure.

**Table of Contents****Independent Registered Public Accounting Firm**

The Audit Committee engaged Deloitte & Touche LLP as our independent registered public accounting firm to audit our financial statements for fiscal 2015. Deloitte & Touche LLP has served as our independent registered public accounting firm since October 1989. The Audit Committee annually selects our independent registered public accounting firm.

**Audit and Non-Audit Services Pre-Approval Policy**

Pursuant to the Audit Committee's Audit and Non-Audit Services Pre-Approval Policy, all audit and non-audit services rendered by Deloitte & Touche LLP in fiscal 2015, including the related fees, were pre-approved by the Audit Committee. Under the policy, the Audit Committee is required to pre-approve all audit and permissible non-audit services performed by the independent registered public accounting firm to assure that the provision of those services does not impair the firm's independence. Pre-approval is detailed as to the particular service or category of service and is subject to a specific engagement authorization. The Audit Committee requires the independent registered public accounting firm and management to report on the actual fees incurred for each category of service at Audit Committee meetings throughout the year.

During the year, it may become necessary to engage the independent registered public accounting firm for additional services that have not been pre-approved. In those instances, the Audit Committee requires specific pre-approval before engaging the independent registered public accounting firm. The Audit Committee may delegate pre-approval authority to one or more of its members for those instances when pre-approval is needed prior to a scheduled Audit Committee meeting. The member or members to whom pre-approval authority is delegated must report any pre-approval decisions to the Audit Committee at its next scheduled meeting.

**Fees Paid to Independent Registered Public Accounting Firm**

The fees billed to us for the professional services rendered by Deloitte & Touche LLP during the two most recently completed fiscal years were as follows:

| <i>(\$ in thousands)</i> | <b>Fiscal 2014</b> | <b>Fiscal 2015</b> |
|--------------------------|--------------------|--------------------|
|                          | (\$)               | (\$)               |
| Audit Fees               | 1,355              | 1,355              |
| Audit-Related Fees (1)   | 7                  | 76                 |
| Tax Fees (2)             | 346                | 105                |
| All Other Fees (3)       | 1,007              | 3,533              |
| <b>Total Fees</b>        | <b>2,715</b>       | <b>5,069</b>       |

(1) For fiscal 2014 and fiscal 2015, the audit-related fees principally related to accounting consultation.

(2) For fiscal 2014 and fiscal 2015, \$323 and \$103 of the tax fees, respectively, related to tax compliance services for our Canadian operations.

- (3) For fiscal 2014 and fiscal 2015, the other fees include fees related to online subscription fees for technical support and fees paid to Deloitte Consulting of \$1,005 and \$3,530 in fiscal 2014 and fiscal 2015, respectively, in connection with Deloitte's advisory services related to the development and expected launch of our e-commerce operations, the first phase of our multi-year Omnichannel strategic initiative. The Deloitte Consulting advisory services were utilized for approximately three months of 2014 and ten months in fiscal 2015, terminating in November of 2015. Deloitte Consulting is not acting in any company management capacity. A review of the advisory services activities occurred at appropriate intervals with the Deloitte & Touche LLP audit engagement partner, the Deloitte Consulting Team and the Audit Committee chair, to ensure that independence was maintained.



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**Audit Committee Report**

The Audit Committee has reviewed and discussed the audited financial statements for fiscal 2015 with management and the independent registered public accounting firm. The Audit Committee has discussed with the independent registered public accounting firm the matters required to be discussed by Auditing Standard No. 16, as adopted by the Public Company Accounting Oversight Board. The Audit Committee has received the written communications from the independent registered public accounting firm required by applicable requirements of the Public Company Accounting Oversight Board regarding the independent registered public accounting firm's communications with the Audit Committee concerning independence, and has discussed with the independent registered public accounting firm its independence. Based on these reviews and discussions, the undersigned members of the Audit Committee recommended to the Board that the audited consolidated financial statements for fiscal 2015 be included in our Form 10-K for filing with the SEC.

Members of the Audit Committee

Philip E. Mallott, Chair

Cynthia T. Jamison

Wendy L. Schoppert

Russell E. Solt

**PROPOSAL THREE: RATIFICATION OF THE APPOINTMENT OF DELOITTE & TOUCHE LLP AS OUR INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR FISCAL 2016**

At its March 8, 2016 meeting, the Audit Committee appointed Deloitte & Touche LLP as our independent registered public accounting firm for fiscal 2016, subject to our entry into a mutually agreed upon services contract with Deloitte & Touche LLP. The submission of this matter for approval by shareholders is not legally required; however, we believe that such submission is consistent with best practices in corporate governance and is another opportunity for shareholders to provide direct feedback on an important issue of our corporate governance. If the shareholders do not ratify the appointment of Deloitte & Touche LLP, the selection of such firm as our independent registered public accounting firm will be reconsidered by the Audit Committee.

A representative of Deloitte & Touche LLP will be present at the Annual Meeting to respond to appropriate questions and to make a statement if so desired.

**THE BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE FOR THE PROPOSAL TO RATIFY THE APPOINTMENT OF DELOITTE & TOUCHE LLP AS OUR INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR FISCAL 2016.**

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**SHAREHOLDER PROPOSALS**

Any proposals of shareholders which are intended to be presented at our 2017 annual meeting of shareholders must be received by our Corporate Secretary at our corporate offices on or before December 14, 2016 to be eligible for inclusion in our 2017 proxy statement and form of proxy. Such proposals must be submitted in accordance with Rule 14a-8 of the Exchange Act. If a shareholder intends to present a proposal at our 2017 annual meeting of shareholders without inclusion of that proposal in our 2017 proxy materials and written notice of the proposal is not received by our Corporate Secretary at our corporate offices on or before February 27, 2017, or if we meet other requirements of the SEC rules, proxies solicited by the Board for our 2017 annual meeting of shareholders will confer discretionary authority on the proxy holders named therein to vote on the proposal at the meeting.

**PROXY SOLICITATION COSTS**

This solicitation of proxies is made by and on behalf of the Board. In addition to mailing the Notice of Internet Availability (or, if applicable, paper copies of this Proxy Statement, the Notice of Annual Meeting of Shareholders and the proxy card) to shareholders of record on the record date, the brokers and banks holding our common shares for beneficial holders must, at our expense, provide our proxy materials to persons for whom they hold our common shares in order that such common shares may be voted. Solicitation of proxies may also be made by our officers and regular employees personally or by telephone, mail or electronic mail. Officers and employees who assist with solicitation will not receive any additional compensation. The cost of the solicitation will be borne by us. We have also retained Georgeson LLC to aid in the solicitation of proxies for a fee estimated to be \$6,500, plus reasonable out-of-pocket expenses.

**OTHER MATTERS**

As of the date of this Proxy Statement, we know of no business that will be presented for consideration at the Annual Meeting other than as referred to in Proposal One, Proposal Two and Proposal Three above. If any other matter is properly brought before the Annual Meeting for action by shareholders, common shares represented by proxies returned to us and not revoked will be voted on such matter in accordance with the recommendations of the Board.

By order of the Board of Directors,

Ronald A. Robins, Jr.

*Senior Vice President, General Counsel and  
Corporate Secretary*

April 12, 2016

Columbus, Ohio

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***ATTN: GENERAL COUNSEL***

***300 PHILLIPI ROAD***

***COLUMBUS, OH 43228***

**VOTE BY INTERNET - [www.proxyvote.com](http://www.proxyvote.com)**

Use the Internet to transmit your voting instructions and for electronic delivery of information up until 11:59 P.M. EDT on May 25, 2016. Have your proxy card in hand when you access the web site and follow the instructions to obtain your records and to create an electronic voting instruction form.

**ELECTRONIC DELIVERY OF FUTURE PROXY MATERIALS**

If you would like to reduce the costs incurred by our company in mailing proxy materials, you can consent to receiving all future proxy statements, proxy cards, annual reports and notices of Internet availability of proxy materials, as applicable, electronically via e-mail or the Internet. To sign up for electronic delivery, please follow the instructions above to vote using the Internet and, when prompted, indicate that you agree to receive or access proxy materials electronically in future years.

**VOTE BY MAIL**

Mark, sign and date your proxy card and return it in the postage-paid envelope we have provided or return it to Vote Processing, c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717.

TO VOTE, MARK BLOCKS BELOW IN BLUE OR BLACK INK AS FOLLOWS:

E05841-P73348-Z67180

KEEP THIS PORTION FOR YOUR RECORDS

DETACH AND RETURN THIS PORTION ONLY

**THIS PROXY CARD IS VALID ONLY WHEN SIGNED AND DATED.**

**BIG LOTS, INC.**

**For All**   **Withhold All**   **For All Except**   **To**

1. **ELECTION OF DIRECTORS.** The Board of Directors recommends a vote FOR the election of the nominees named below:

~~vote~~  
~~any~~  
to  
vote  
for  
any  
~~initial~~  
~~vote~~  
For  
All  
~~Except~~  
and  
~~with~~  
the  
~~number~~  
of  
the  
~~rows~~  
on  
the  
line  
below.

.. .. .

- 01) Jeffrey P. Berger Mallott
- 02) David J. Campisi Reardon
- 03) James R. Chambers
- 04) Marla C. Gottschalk Solt
- 05) Cynthia T. Jamison
- 06) Philip E.
- 07) Nancy A.
- 08) Wendy L. Schoppert
- 09) Russell E.

**For Against Abstain**

2. **APPROVAL, ON AN ADVISORY BASIS, OF THE COMPENSATION OF OUR NAMED EXECUTIVE OFFICERS.** The Board of Directors recommends a vote FOR the approval of the compensation of Big Lots named executive officers, as disclosed in the Proxy Statement pursuant to Item 402 of Regulation S-K, including the Compensation Discussion and Analysis, compensation tables and narrative discussion accompanying the tables.

.. .. .

3. **RATIFICATION OF THE APPOINTMENT OF DELOITTE & TOUCHE LLP AS OUR INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR FISCAL**

.. .. .

**2016.** The Board of Directors recommends a vote FOR the ratification of the appointment of Deloitte & Touche LLP as Big Lots independent registered public accounting firm for the 2016 fiscal year.

The undersigned hereby expressly revokes any and all proxies heretofore given or executed by him/her with respect to the common shares of Big Lots represented by this proxy card.

Please sign exactly as your name(s) appear(s) hereon. When signing as attorney, executor, administrator, or other fiduciary, please give full title as such. Joint owners should each sign personally. If a corporation, partnership or other entity, please sign in full entity name by authorized officer.

Signature [PLEASE SIGN WITHIN BOX] Date

Signature ~~Date~~ (Joint Owners)

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**Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of  
Shareholders of Big Lots, Inc. To Be Held on May 26, 2016:**

Big Lots, Inc.'s Notice of Annual Meeting of Shareholders and Proxy Statement and Annual Report on Form 10-K for the fiscal year ended January 30, 2016 are available at [www.proxyvote.com](http://www.proxyvote.com).

E05842-P73348-Z67180

**BIG LOTS, INC.**

**Proxy Solicited on Behalf of the Board of Directors**

**for the May 26, 2016**

**Annual Meeting of Shareholders**

The individual(s) signing on the reverse side of this proxy card as a shareholder or an attorney, executor, administrator, authorized officer or other fiduciary of the shareholder (collectively referred to as the Owner) hereby appoints David J. Campisi, Timothy A. Johnson and Ronald A. Robins, Jr., and each of them, with full power of substitution, as proxies for the Owner to attend the Annual Meeting of Shareholders of Big Lots, Inc. (Big Lots), to be held at 300 Phillipi Road, Columbus, Ohio, at 9:00 a.m. EDT on May 26, 2016, and at any postponement or adjournment thereof, and to vote and act with respect to all common shares of Big Lots which the Owner would be entitled to vote, with all the power the Owner would possess if present in person, as indicated on the reverse side of this proxy card.

This proxy, when properly executed, will be voted in the manner specified by the Owner. If the Owner does not specify a choice as to a proposal, excluding broker non-votes, the above-named proxies will vote the common shares: (i) **FOR** the election of each of the nominees named on the reverse side of this proxy card (Proposal One); (ii) **FOR** the approval of the compensation of Big Lots named executive officers, as disclosed in the 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

(Proposal Two); and (iii) FOR the ratification of Deloitte & Touche LLP as Big Lots independent registered public accounting firm for fiscal 2016 (Proposal Three). If any nominee named for the election as a director is unable to serve or for good cause will not serve, this proxy will be voted by the above-named proxies for such substitute nominee(s) as recommended by Big Lots Board of Directors. The above-named proxies will vote the common shares in accordance with the recommendations of Big Lots Board of Directors on such other business as may properly come before the Annual Meeting of Shareholders. The Owner acknowledges receipt of the accompanying Notice of Annual Meeting of Shareholders and Proxy Statement for the May 26, 2016 meeting and the Annual Report on Form 10-K for the fiscal year ended January 30, 2016.

**PLEASE SIGN AND DATE ON THE REVERSE SIDE**