

BIG LOTS INC
Form DEF 14A
April 11, 2017
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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
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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.

(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 11, 2017

Dear Big Lots Shareholder:

We cordially invite you to attend the 2017 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 25, 2017, 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 2017 ANNUAL MEETING OF SHAREHOLDERS

Thursday, May 25, 2017

9:00 a.m. Eastern Time

300 Phillipi Road, Columbus, Ohio

We are pleased to invite you to the 2017 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 25, 2017, 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 consider and vote upon a proposal to approve the Big Lots 2017 Long-Term Incentive Plan;
3. To approve, on an advisory basis, the compensation of our named executive officers;
4. To approve, on an advisory basis, the frequency of our future advisory votes on the compensation of our named executive officers;
5. To ratify the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for fiscal 2017; and
6. 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 27, 2017, 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 11, 2017

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 2017 Annual Meeting of Shareholders to be held on May 25, 2017 (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 11, 2017, we began mailing to our shareholders of record at the close of business on March 27, 2017 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 28, 2017 (fiscal 2016).

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 the Big Lots 2017 Long-Term Incentive Plan (2017 LTIP);
 - (3) 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);
 - (4) approve, on an advisory basis, the frequency of our future advisory votes on the compensation awarded to our named executive officers;
 - (5) ratify the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for our fiscal year ending February 3, 2018 (fiscal 2017); and
 - (6) 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 27, 2017, 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 44,786,322 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.

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

Internet Availability of Proxy Materials

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

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

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

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

Attendance at the Annual Meeting

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

brokerage or bank statement reflecting your beneficial ownership of our common shares as of the record date.

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How to Vote

Registered Holders

After receiving the Notice of Internet Availability (or proxy card, if you received printed copies of the proxy materials), registered shareholders are urged to visit www.proxyvote.com to access our proxy materials. You will have the opportunity to vote your common shares online at www.proxyvote.com until May 24, 2017 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. Eastern Time on May 24, 2017 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 Five, 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, Proposal Two, Proposal Three and Proposal Four 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

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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.

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 of the 2017 LTIP (see Proposal Two);
3. 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 Three);
4. FOR the approval, on an advisory basis, of holding future advisory votes on the compensation of our named executive officers every ONE YEAR (see Proposal Four); and
5. FOR the ratification of Deloitte & Touche LLP as our independent registered public accounting firm for fiscal 2017 (see Proposal Five).

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.

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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.

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, which will have the same effect as a vote against the nominee or nominees. 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, Proposal Three and Proposal Five, 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. For purposes of Proposal Four, the frequency alternative that receives the affirmative vote of the holders of a plurality of the common shares represented in person or by proxy and entitled to vote on the matter will be approved. The votes received with respect to Proposal Three, Proposal Four and Proposal Five are advisory and will not bind the Board or us. A properly executed proxy marked abstain with respect to Proposal Two, Proposal Three, Proposal Four and Proposal Five 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 Proposal Two, Proposal Three and Proposal Five. Accordingly, an abstention will have the effect of a vote against Proposal Two, Proposal Three and Proposal Five. 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

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).

Age: 67

Director since: 2006

Committees:

Compensation

Nominating /
Corporate
Governance (Chair)

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 a member of the nominating and corporate governance committee and a member of the audit committee.

DAVID J. CAMPISI

Chief Executive Officer (CEO) and President of Big Lots, Inc.

Age: 61

Director since: 2013

Committees:

none

Before joining Big Lots in May 2013, Mr. Campisi served as the Chairman and Chief Executive Officer of Respect Your Universe, Inc. (activewear retailer). Mr. Campisi previously served as the Chairman, President and Chief Executive Officer of The Sports Authority, Inc. (sporting goods retailer). Prior to that, Mr. Campisi served as Executive Vice President and General Merchandise Manager, Women's Apparel, Accessories, Intimates and Cosmetics of Kohl's Corporation (department store retailer).

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

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JAMES R. CHAMBERS

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

Age: 59

Director since: 2012

Committees:

Compensation

Nominating /
Corporate

Governance

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

Qualifications: Mr. Chambers' qualifications to serve on the Board include his extensive cross-functional packaged goods industry experience, 20-year track record in general management and his experience serving on the boards of other public companies.

Other Directorships: TIAA Board of Trustees, where he serves on the human resources committee, audit committee, and the corporate governance/social responsibility committee.

MARLA C. GOTTSCHALK

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.

Age: 56

Director since: 2015

Committees:

Audit

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 President of Marketing and Strategy of the Kraft Cheese division.

Compensation

Special Litigation

(Chair)

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, her expertise in the food industry and her experience serving on the boards of other public companies.

Other Directorships: Potbelly Corporation (food retailer) where she is chair of the compensation committee and a member of the audit committee, Underwriter Laboratories, where she is chair of the compensation committee and serves on the finance committee and corporate development committee, and Ocean Spray Cranberries, Inc., where she serves on the nominating and governance committee and the grower committee.

Table of Contents**CYNTHIA T. JAMISON**

Age: 57

Director since: 2015

Committees:

Audit

Nominating
/Corporate

Governance

Special Litigation

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 and board 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, Inc. (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: 59

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: 64

Director since: 2015

Committees:

Compensation (Chair)

Nominating
/Corporate
Governance

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: 50

Director since: 2015

Committees:

Audit

Nominating
/Corporate
Governance

Special Litigation

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: Gaia, Inc. (provider of digital video streaming services) where she serves as chair of the audit committee and Nina Hale, Inc. (digital marketing agency).

RUSSELL E. SOLT

Mr. Solt is the former Director of Investor Relations of West Marine, Inc. (boating supplies and accessories specialty retailer) where he previously served as Executive Vice President and Chief Financial Officer.

Age: 69

Director since: 2003

Committees:

Audit

Compensation

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 2016

The Board held five meetings during fiscal 2016. During fiscal 2016, 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). Eight of our nine directors attended our 2016 annual meeting of shareholders. The director who did not attend our 2016 annual meeting of shareholders was excused due to an illness.

Role of the Board's Committees

The Board has standing Audit, Compensation and Nominating / Corporate Governance Committees. Each of these committees reports its activities to the Board. In fiscal 2016, the Board formed a non-standing Special Litigation Committee.

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) the oversight of the performance of the internal audit function;

- (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 Mrs. Gottschalk, Jamison and Schoppert is an audit committee financial expert, as defined by applicable SEC rules.

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The functions of the Audit Committee are further described in its charter, which is available in the Investor Relations section of our website (www.biglots.com) under the Corporate Governance caption. The Audit Committee met twelve times during fiscal 2016.

Compensation Committee

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

The responsibilities of the Compensation Committee include:

- (1) establishing our general compensation philosophy;
- (2) overseeing the development of our compensation programs;
- (3) approving goals and objectives for the incentive compensation awarded to the Leadership Team;
- (4) reviewing and recommending to the Board the other compensation for our CEO and the Leadership Team;
- (5) administering our compensation programs; and
- (6) reporting on the entirety of the executive compensation program to the Board.

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

The functions of the Compensation Committee are further described in its charter, which is available in the Investor Relations section of our website (www.biglots.com) under the Corporate Governance caption. The Compensation Committee met five times during fiscal 2016.

Nominating / Corporate Governance Committee

The responsibilities of the Nominating / Corporate Governance Committee include:

- (1) recommending individuals to the Board for nomination as members of the Board and its committees;
- (2)

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

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

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

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

The functions of the Nominating / Corporate Governance Committee are further described in its charter, which is available in the Investor Relations section of our website (www.biglots.com) under the Corporate Governance caption. The Nominating / Corporate Governance Committee met four times during fiscal 2016.

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Special Litigation Committee

The Special Litigation Committee was created in fiscal 2016 to conduct an independent investigation into certain derivative actions involving the Company. The Special Litigation Committee is composed of three members, each of whom is a director that is not a party to any of the derivative actions and was not a member of the Board until after the derivatives actions arose.

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

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votes cast against and/or withheld from such nominee's election. The majority vote policy contained in our Corporate Governance Guidelines requires any nominee for director who does not receive more votes cast for such nominee's election than votes cast against and/or withheld as to his or her election to deliver his or her resignation from the Board to the Nominating / Corporate Governance Committee. Broker non-votes have no effect in determining whether the required affirmative majority vote has been obtained. Withheld votes have the same effect as a vote against a director nominee. Upon its receipt of such resignation, the Nominating / Corporate Governance Committee will promptly consider the resignation and recommend to the Board whether to accept the resignation or to take other action. The Board will act on the recommendation of the Nominating / Corporate Governance Committee no later than 100 days following the certification of the shareholder vote. The Nominating / Corporate Governance Committee, in making its recommendation, and the Board, in making its decision, will evaluate such resignation in light of the best interests of Big Lots and our shareholders and may consider any factors and other information they deem relevant. We will promptly publicly disclose the Board's decision in a periodic or current report to the SEC.

Determination of Director Independence

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

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

Related Person Transactions

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

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

- (1) involving more than \$120,000 in which we and any of our directors, nominees for director, executive officers, holders of more than five percent of our common shares, or their respective immediate family members were or are to be a participant; and
- (2) in which such related person had, has or will have a direct or indirect material interest.

Under our policy, our directors, executive officers and other members of management are responsible for bringing all transactions, whether proposed or existing, of which they have knowledge and which they believe may constitute related person transactions to the attention of our General Counsel. If our General Counsel determines that the

transaction constitutes a related person transaction, our General Counsel will notify the chair of the Nominating / Corporate Governance Committee. Thereafter, the Nominating / Corporate Governance Committee will review the related person transaction, considering

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all factors and information it deems relevant, and either approve or disapprove the transaction in light of what the Committee believes to be the best interests of Big Lots and our shareholders. If advance approval is not practicable or if a related person transaction that has not been approved is discovered, the Nominating / Corporate Governance Committee will promptly consider whether to ratify the related person transaction. Where advance approval is not practicable or we discover a related person transaction that has not been approved and the Committee disapproves the transaction, the Committee will, taking into account all of the factors and information it deems relevant (including the rights available to us or other parties under the transaction), determine whether we should amend, rescind or terminate the transaction in light of what it believes to be the best interests of our shareholders and company.

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

- (1) the reasons for entering into the transaction;
- (2) the terms of the transaction;
- (3) the benefits of the transaction to us;
- (4) the comparability of the transaction to similar transactions with unrelated third parties;
- (5) the materiality of the transaction to each party;
- (6) the nature of the related person's interest in the transaction;
- (7) the potential impact of the transaction on the status of an independent director; and
- (8) the alternatives to the transaction.

Additionally, each director, nominee for director and executive officer must complete an annual 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 2016 received compensation greater than \$120,000 but less than \$150,000, which was 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

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Governance Committee, oversees management of risks associated with public policy, environmental affairs and social matters that may affect our operations, performance or public image.

Corporate Governance Guidelines

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

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

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

Compensation Committee Interlocks and Insider Participation

During fiscal 2016, Messrs. Berger, Chambers and Solt and Msrs. Gottschalk and Reardon 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 2016 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 2016, 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://convercent.com/report>

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