

BIG LOTS INC
Form DEF 14A
April 19, 2006

**UNITED STATES
SECURITIES AND EXCHANGE
COMMISSION**
Washington, D.C. 20549
SCHEDULE 14A

OMB APPROVAL
OMB Number: 3235-0059

Expires: January 31, 2008
Estimated average burden
hours per response... 14

**Proxy Statement Pursuant to Section 14(a) of the Securities
Exchange Act of 1934 (Amendment No.)**

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Check the appropriate box:

- o** Preliminary Proxy Statement
- o** **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- x** Definitive Proxy Statement
- o** Definitive Additional Materials
- o** Soliciting Material Pursuant to Rule §240.14a-12

Big Lots, Incorporated

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

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Big Lots, Inc.
300 Phillipi Road
Columbus, Ohio 43228

April 19, 2006

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Dear Shareholder:

You are cordially invited to attend the Annual Meeting of Shareholders of Big Lots, Inc., which will be held at the Company's corporate office located at 300 Phillipi Road, Columbus, Ohio, on Thursday, May 25, 2006, beginning at 9:00 a.m. EDT.

The following pages contain the formal 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 of Shareholders.

Your vote is important. Whether or not you plan to attend the Annual Meeting of Shareholders, you are urged to complete, date and sign the enclosed proxy card and return it in the enclosed envelope. If you attend the Annual Meeting of Shareholders, you may revoke your proxy and vote in person if you wish, even if you have previously returned your proxy.

On behalf of the Board of Directors, we would like to express our appreciation for your continued interest in the affairs of the Company.

STEVEN S. FISHMAN
*Chairman,
Chief Executive Officer and President*

Big Lots, Inc.
300 Phillipi Road
Columbus, Ohio 43228

**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS
TO BE HELD MAY 25, 2006**

Notice is hereby given that the Annual Meeting of Shareholders of Big Lots, Inc. will be held at the Company's corporate office located at 300 Phillipi Road, Columbus, Ohio, on Thursday, May 25, 2006, beginning at 9:00 a.m. EDT. At the meeting, the holders of the Company's outstanding common shares will act on the following matters:

1. The election of nine directors of the Company;
2. The approval of the Big Lots 2006 Bonus Plan, in the form attached hereto as Appendix I; and
3. The transaction of such other business as may properly come before the meeting.

Only shareholders of record at the close of business on March 27, 2006, are entitled to notice of and to vote at the Annual Meeting of Shareholders and any postponements or adjournment thereof.

By Order of the Board of Directors,

CHARLES W. HAUBIEL II
*Senior Vice President, General Counsel
and Corporate Secretary*

April 19, 2006
Columbus, Ohio

Your vote is important. Shareholders are urged to complete, date and sign the enclosed proxy card and return it in the enclosed envelope to which no postage need be affixed if mailed in the United States. If you attend the Annual Meeting of Shareholders, you may revoke your proxy and vote in person if you wish, even if you have previously returned your proxy.

BIG LOTS, INC.

PROXY STATEMENT

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Big Lots, Inc.
 300 Phillipi Road
 Columbus, Ohio 43228

PROXY STATEMENT

This Proxy Statement is furnished in connection with the solicitation of proxies by the Board of Directors (the Board) of Big Lots, Inc., an Ohio corporation (the Company), for use at the Annual Meeting of Shareholders (the Annual Meeting) to be held on May 25, 2006, at the Company's corporate office located at 300 Phillipi Road, Columbus, Ohio. The Notice of Annual Meeting of Shareholders, this Proxy Statement and the accompanying proxy card, together with the Company's Annual Report to Shareholders for the fiscal year ended January 28, 2006 (fiscal 2005), are first being mailed to shareholders on or about April 19, 2006.

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 elect the Company's directors, approve the Big Lots 2006 Bonus Plan (the 2006 Bonus Plan), and transact such other business as may properly come before the Annual Meeting. In addition, management will report on the performance of the Company.

Shareholder Voting Rights

Only those shareholders of record at the close of business on March 27, 2006, the record date for the Annual Meeting, are entitled to receive notice of and to vote at the Annual Meeting. At the record date, the Company had outstanding 113,759,701 common shares, \$.01 par value per share. Each of the outstanding common shares is entitled to one vote on each matter voted upon at the Annual Meeting, or any postponement or adjournment thereof. The holders of common shares have no cumulative voting rights in the election of directors. All voting shall be governed by the Code of Regulations of the Company and the General Corporation Law of the State of Ohio.

Registered Shareholders and Beneficial Shareholders

If your common shares are registered in your name directly with the Company's transfer agent, National City Bank, you are considered, with respect to those common shares, a registered shareholder. The Notice of Annual Meeting of Shareholders, Proxy Statement, proxy card, and 2005 Annual Report to Shareholders have been sent directly to registered shareholders by the Company.

If your common shares are held in a brokerage account or by a bank or other holder of record, you are considered the beneficial owner of common shares held in street name. The Notice of Annual Meeting of Shareholders, Proxy Statement, proxy card, and 2005 Annual Report to Shareholders have been forwarded to you by your broker, bank or other holder of record who is considered, with respect to those common

shares, the registered shareholder. As the beneficial owner, you have the right to direct your broker, bank or other holder of record on how to vote your common shares by using the voting instruction card included in the mailing or by following their instructions for voting electronically.

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Attendance at the Annual Meeting

All 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. EDT, and the Annual Meeting will begin at 9:00 a.m. EDT. If you attend, please note that you may be asked to present valid picture identification, such as a driver's license or passport. Cameras, recording devices and other electronic devices will not be permitted at the Annual Meeting. Please also note that if you hold your common shares as a beneficial shareholder, you will need to bring a copy of a brokerage statement reflecting your stock ownership as of the record date and check in at the registration desk at the Annual Meeting.

How to Vote

You may vote by completing, dating and signing the accompanying proxy card and returning it in the enclosed envelope. You may also vote online at www.proxyvote.com until May 24, 2006 at 11:59 p.m. EDT. If you wish to vote online, you will need your proxy card and must follow the instructions posted on the website. If you complete, date, sign and return your proxy card or you properly complete your proxy via the Internet, your shares will be voted as you direct.

If you are a registered shareholder and attend the Annual Meeting, you may deliver your completed proxy card in person. Beneficial shareholders who wish to vote at the Annual Meeting will need to obtain a proxy form from the broker or other nominee that is the registered holder of the common shares. Additionally, beneficial shareholders may be able to instruct the broker or other nominee how to vote by telephone or electronically, so please contact your broker or other nominee to determine availability and applicable deadlines.

A proxy may be revoked at any time before it is exercised by filing with the Secretary of the Company a notice of revocation or a duly executed proxy bearing a later date. A proxy may also be revoked by attending the Annual Meeting and giving notice of revocation to the Secretary of the meeting, either in writing or in open meeting. Attendance at the Annual Meeting will not by itself revoke a previously granted proxy.

Householding

The Securities and Exchange Commission (SEC) has enacted a regulation that allows multiple shareholders residing at the same address the convenience of receiving a single copy of annual reports, proxy statements, notices of shareholder meetings, and other documents if they consent to do so. Please note that if you do not respond to the householding election, householding will begin 60 days after the mailing of the Proxy Statement. Householding will be permitted only upon certain conditions, including where you agree to or do not object to the householding of your materials and you have the same last name and address as another shareholder. If these conditions are met, and SEC regulations allow, your household will receive a single copy of annual reports, proxy statements, notices of shareholder meetings, and other documents.

The householding election that appears on the enclosed proxy card provides a means for you to notify us whether or not you consent to householding. By marking "yes" in the box provided, you will consent to householding. By marking "no" in the box provided, you withhold your consent to participation. If you do nothing, you will be deemed to have given your consent to householding. Your consent to householding will be perpetual unless you revoke it. You may revoke your consent at any time by contacting Automatic Data Processing, Inc. (ADP), either by calling 1-800-542-1061, or by writing to: ADP-ICS, Householding Department, 51 Mercedes Way, Edgewood, New York 11717. You will be removed from the householding program within 30 days of receipt of your response, following which you will receive an individual copy of our disclosure document.

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

Electronic Delivery of Proxy Materials and Annual Report

In lieu of receiving paper copies of next year's proxy materials and annual report in the mail, shareholders may elect to receive these documents electronically via e-mail or the Internet. By opting to access these documents electronically, you will save the Company the cost of producing and mailing documents to you,

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reduce the amount of mail you receive, and help preserve environmental resources. To enroll in the electronic delivery service for future annual meetings, use your proxy card information to register online at www.proxyvote.com by indicating that you agree to receive or access shareholder communications electronically in future years.

Tabulation of the Votes

Tabulation of the votes cast at the Annual Meeting will be performed by ADP, as inspected by duly appointed officers of the Company.

Board's Recommendation

Unless you give other instructions on your proxy card (excluding broker non-votes), the persons named as proxy holders on the proxy card will vote the common shares in accordance with the recommendations of the Board. The Board's recommendation is set forth together with the description of each proposal in this Proxy Statement. In summary, the Board recommends a vote FOR election of the nominated slate of directors (see Proposal One), and FOR the approval of the 2006 Bonus Plan (see Proposal Two). If any other matter properly comes before the Annual Meeting, or if a director nominee named in the Proxy Statement is unable to serve or for good cause will not serve, the proxy holders will vote on such matter or for such substitute nominee as recommended by the Board.

Vote Required to Approve a Proposal

Proposal One

For purposes of Proposal One, the nine director nominees receiving the greatest number of votes cast shall be elected. A properly executed proxy marked "withhold 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, although it will be counted for purposes of determining whether there is a quorum. If you are a beneficial shareholder, your broker or other nominee that is the registered holder of your common shares is permitted to vote your shares for the election of directors even if the broker or other nominee does not receive voting instructions from you.

Other Matters

For purposes of Proposal Two and any other matters that may properly come before the Annual Meeting, 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. A properly executed proxy marked "abstain" with respect to any such matter will not be voted, although it will be counted for purposes of determining whether there is a quorum. Accordingly, an abstention will have the effect of a negative vote. 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 recommendations of the Board.

If you are a beneficial shareholder, your broker or other nominee may not be permitted to exercise discretionary voting power with respect to some of the matters to be acted upon. Thus, if you do not give your broker or other nominee specific voting instructions, your common shares may not be voted on those matters and will not be counted in determining the number of common shares necessary for approval. Common shares represented by such "broker non-votes" will, however, be counted in determining whether there is a quorum.

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, permitting the Company to conduct its 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 votes considered to be present at the Annual Meeting for purposes of establishing a quorum.

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At the Annual Meeting, the common shares of the Company represented by proxies will be voted, unless otherwise specified, for the election of the nine director nominees named below. All nine nominees are currently directors of the Company. Proxies cannot be voted at the Annual Meeting for more than nine persons.

Set forth below is certain information relating to the nominees for election as directors. 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.

Name	Age	Principal Occupation for the Past Five Years	Director Since
Sheldon M. Berman	65	Chairman, Chief Executive Officer and President, Xtream Creative, Inc. (business planning, marketing planning, and advertising services).	1994
Steven S. Fishman	54	Chairman, Chief Executive Officer and President of the Company; former President, Chief Executive Officer and Chief Restructuring Officer, Rhodes, Inc. (furniture retailer) Rhodes, Inc. filed for bankruptcy on November 4, 2004; former Chairman and Chief Executive Officer, Frank's Nursery & Crafts, Inc. (lawn and garden specialty retailer) Frank's Nursery & Crafts, Inc. filed for bankruptcy on September 8, 2004; former President and Founder, SSF Resources, Inc. (investment and consulting).	2005
David T. Kollat	67	President and Founder, 22, Inc. (research and management consulting).	1990
Brenda J. Lauderback	55	Former President Wholesale Group, Nine West Group, Inc. (retail and wholesale footwear); former President Footwear Wholesale, U.S. Shoe Corporation (retail and wholesale footwear); former Vice President, General Merchandise Manager, Dayton Hudson Corporation (retail stores).	1997
Philip E. Mallott	48	Independent financial consultant; retail stock analyst, Coker & Palmer (securities brokerage services); former Vice President and Chief Financial Officer, Intimate Brands, Inc. (retail stores).	2003
Ned Mansour	57	Former President, Mattel, Inc. (designer, manufacturer and marketer of toy products).	2003
Russell Solt	58	Director of Investor Relations, West Marine, Inc. (specialty retailer and catalog company); former Executive Vice President and Chief Financial Officer, West Marine, Inc.; former Senior Vice President and Chief Financial Officer, West Marine, Inc.; former President, Venture Stores (discount retailer).	2003
James R. Tener	56	President and Chief Operating Officer, Brook Mays Music Group (retail and wholesale music); former Chief Operating Officer, The Sports Authority (sporting goods retailer).	2005
Dennis B. Tishkoff	62	Chairman and Chief Executive Officer, Drew Shoe Corporation (manufacture, import and export, retail and wholesale footwear); President, Tishkoff and Associates, Inc. (retail consultant); former President and Chief Executive Officer, Shoe Corporation of America (retail footwear).	1991

THE BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE FOR EACH OF THE NOMINEES LISTED ABOVE.

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GOVERNANCE OF THE COMPANY

Current Members of the Board of Directors

The members of the Board as of the date of this Proxy Statement, and the committees of the Board on which they serve, are identified below. The Board has standing Audit, Compensation, and Nominating/Corporate Governance Committees. During fiscal 2005, the Board used an ad hoc Search Committee to assist the Board in identifying a new Chief Executive Officer (CEO). All committees report on their activities to the Board.

Director	Audit Committee	Compensation Committee	Nominating/ Corporate Governance Committee	Search Committee

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<u>Director</u>	<u>Audit Committee</u>	<u>Compensation Committee</u>	<u>Nominating/ Corporate Governance Committee</u>	<u>Search Committee</u>
Sheldon M. Berman			*	
Steven S. Fishman				
David T. Kollat		**	*	**
Brenda J. Lauderback		*		*
Philip E. Mallott	**			*
Ned Mansour			**	
Russell Solt	*			
James R. Tener	*			
Dennis B. Tishkoff		*		*

* Committee Member

** Committee Chair

Board Meetings in Fiscal 2005

Nine meetings of the Board were held during fiscal 2005. During the period for which he or she was a director in fiscal 2005, each director attended at least 75% of all meetings of the Board and the committees on which he or she served. Absent extenuating circumstances, it is the policy of the Company that each nominee standing for election be present at the Company's Annual Meeting of Shareholders. Each director listed above attended the Company's most recent Annual Meeting of Shareholders held in May 2005, except for Mr. Fishman who did not become a director until July 11, 2005. Under the Company's Corporate Governance Guidelines (the "Guidelines"), each director is expected to dedicate sufficient time and attention to ensure the diligent performance of his or her duties, incl