BIG LOTS INC
Form DEF 14A
April 15, 2014

SCHEDULE 14A

(Rule 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

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

Filed by the Registrant [X]
Filed by a Party other than the Registrant [
]

Check the appropriate box:

[ ]	Preliminary Proxy Statement	[ ]	Soliciting Material Under Rule 14a-12
[ ]	Confidential, For Use of the Commission Only (as permitted by Rule 14a-6(e)(2))		
[X]	Definitive Proxy Statement		
[ ]	Definitive Additional Materials		

Big Lots, Inc.
(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

[X] No fee required.

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1) Title of each class of securities to which transaction applies:

2) Aggregate number of securities to which transaction applies:

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4) Proposed maximum aggregate value of transaction:

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1) Amount previously paid:

2) Form, Schedule or Registration Statement No.:

3)	Filing Party:
4)	Date Filed:

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

April 15, 2014

Dear Shareholder:

We cordially invite you to attend the 2014 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 29, 2014, beginning at 9:00 a.m. EDT.

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. If you attend the Annual Meeting, you may revoke your proxy and vote in person, even if you have previously submitted a proxy.

We have elected to take advantage of Securities and Exchange Commission rules that allow us to furnish proxy materials to certain shareholders on the Internet. On or about the date of this letter, we began mailing a Notice of Internet Availability of Proxy Materials to shareholders of record at the close of business on March 31, 2014. At the same time, we provided those shareholders with access to our online proxy materials and filed our proxy materials with the Securities and Exchange Commission. We believe furnishing proxy materials to our shareholders on the Internet will allow us to provide our shareholders with the information they need, while lowering the costs of delivery of our proxy materials and reducing the environmental impact of the Annual Meeting.

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

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

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS
TO BE HELD MAY 29, 2014

Notice is hereby given that the 2014 Annual Meeting of Shareholders of Big Lots, Inc. will be held at our corporate offices located at 300 Phillipi Road, Columbus, Ohio, on May 29, 2014, beginning at 9:00 a.m. EDT, for the following purposes:

1. To elect as directors of Big Lots, Inc. the nine nominees named in our 2014 Proxy Statement;

2. To consider and vote upon a proposal to approve the amended and restated Big Lots 2012 Long-Term Incentive Plan;

3. To consider and vote upon a proposal to approve the amended and restated Big Lots 2006 Bonus Plan;

4. To approve, on an advisory basis, the compensation of our named executive officers, as disclosed in our 2014 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;

5. To ratify the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for fiscal 2014;

6. To consider a shareholder proposal if the proposal is properly presented for consideration at the Annual Meeting; and

7. 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 31, 2014, are entitled to notice of and to vote at the Annual Meeting and any postponement or adjournment thereof.

By Order of the Board of Directors,

RONALD D. PARISOTTO
Senior Vice President, General Counsel
and Corporate Secretary

April 15, 2014
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.

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 (Board) of Big Lots, Inc., an Ohio corporation (we, us, our and Big Lots), for use at the 2014 Annual Meeting of Shareholders to be held on May 29, 2014 (Annual Meeting), a our corporate offices located at 300 Phillipi Road, Columbus, Ohio at 9:00 a.m. EDT. On or about April 15, 2014, we began mailing to our shareholders of record at the close of business on March 31, 2014, 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 the fiscal year ended February 1, 2014 (fiscal 2013).

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 amended and restated Big Lots 2012 Long-Term Incentive Plan (2012 LTIP); (3) approve the amended and restated Big Lots 2006 Bonus Plan (2006 Bonus Plan); (4) 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); (5) ratify the appointment of Deloitte & Touche LLP as our independent registered accounting firm for the fiscal year ending January 31, 2015 (fiscal 2014); (6) consider a shareholder proposal if the proposal is properly presented at the Annual Meeting and (7) 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 31, 2014, 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 58,152,531 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 General Corporation Law of the State of Ohio.

Registered Shareholders and Beneficial Shareholders

If our common shares are registered in your name directly with our transfer agent, Computershare Investor Services, LLC, you are considered, with respect to those common shares, 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 are often referred to as 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.

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 materials.

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. EDT, and the Annual Meeting will begin at 9:00 a.m. EDT. If you attend the Annual Meeting, 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 may be asked to check in at the Annual Meeting registration desk and 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

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 28, 2014 at 11:59 p.m. EDT. 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. 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 28, 2014 or (3) you are a registered shareholder, attend the Annual Meeting and deliver your completed proxy card in person, your common shares will be voted as you direct.

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 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, Proposal Four and Proposal Six 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.

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

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

Tabulation of Votes

Tabulation of the votes cast at the Annual Meeting will be performed by Broadridge, and such tabulation will be inspected by our duly appointed inspectors of election.

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 amended and restated 2012 LTIP (see Proposal Two);
3. FOR approval of the amended and restated 2006 Bonus Plan (see Proposal Three);

4. 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 Four);

5. FOR the ratification of Deloitte & Touche LLP as our independent registered public accounting firm for fiscal 2014 (see Proposal Five); and

6. AGAINST the shareholder proposal (if the proposal is properly presented at the Annual Meeting) (see Proposal 6).

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 be voted at the Annual Meeting will constitute a quorum, permitting 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 represented 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.

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, Proposal Three, Proposal Four, Proposal Five and Proposal Six, 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 Four, Proposal Five and Proposal Six 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, Proposal Five and Proposal Six 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 negative vote for purposes of Proposal Two, Proposal Three, Proposal Four, Proposal Five and Proposal Six. 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.

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. All nine nominees are currently directors on our Board. Proxies cannot be voted at the Annual Meeting for more than nine persons.

Set forth below is certain information relating to the director nominees, including each nominee s age (as of the end of fiscal 2013), tenure as a director on our Board, current Board committee memberships, business experience and principal occupation for the past five or more years, the specific experience, qualifications, attributes or skills of each nominee that led to the conclusion that the nominee should serve as a director (which are in addition to the general qualifications discussed in the Selection of Nominees by the Board section below), and other public company directorships held by each nominee during the past five or more years. 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	Director Since	Audit Committee	Compensation Committee	Nominating / Corporate Governance Committee
Jeffrey P. Berger	64	2006		*	**
David J. Campisi	57	2013			
James R. Chambers	56	2012	*		*
Peter J. Hayes	71	2008	*	*	
Brenda J. Lauderback	63	1997	*		*
Philip E. Mallott	56	2003	**		
Russell Solt	66	2003	*	**	
James R. Tener	64	2005		*	*
Dennis B. Tishkoff	70	1991		*	*

* Committee Member

** Committee Chair

Jeffrey P. 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). Mr. Berger is also currently a director of GNC Holdings, Inc. (health and wellness specialty retailer). The Board would be well served by the perspective provided by Mr. Berger s 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.

David J. Campisi is the 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). Mr. Campisi s strong leadership skills, proven management capabilities, and more than 30 years of diverse retail experience make Mr. Campisi an excellent choice to continue serving on the Board.

James R. Chambers is the President and Chief Executive Officer and a director of Weight Watchers International, Inc. (weight management services provider). He 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), as the Chief Executive Officer of Netgrocer.com (online grocery retailer), and as the Group President of Information Resources, Inc. (global market research provider). Mr. Chambers spent the first 17 years of his career at Nabisco (food manufacturer), where he held leadership roles in sales, distribution, marketing and information technology, culminating in the role of President, Refrigerated Foods. Mr. Chambers previously served as a director of B&G Foods (food manufacturer) for seven years where he chaired the Nominating and Governance Committee and served on the Compensation Committee. Mr. Chambers extensive cross-functional packaged goods industry experience, 15-year track record in general management and his service on the boards of other public companies makes him an excellent candidate to serve on the Board.

Peter J. Hayes is the former Chief Operating Officer of Variety Wholesalers, Inc. (discount retailer). Mr. Hayes also previously served as the President and Chief Operating Officer of Family Dollar Stores, Inc. (discount retailer) and the Chairman and Chief Executive Officer of the Gold Circle / Richway divisions of Federated Department Stores, Inc. (department store retailer). Mr. Hayes experience in discount retail, his leadership experience at large corporations and his qualification as an audit committee financial expert, as defined by applicable SEC rules, make him well suited to continue serving on the Board.

Brenda J. Lauderback is the former President Wholesale Group of Nine West Group, Inc. (footwear retailer and wholesaler). Ms. Lauderback also previously served as the President Footwear Wholesale of U.S. Shoe Corporation (footware retailer and wholesaler) and the Vice President, General Merchandise Manager of Dayton Hudson Corporation (department store retailer). Ms. Lauderback is also currently a director of Denny s Corporation (restaurant operator) (where she is the chair of the corporate governance and nominating committee and a member of the compensation committee), Select Comfort Corporation (bedding manufacturer and retailer) (where she is the chair of the corporate governance and nominating committee and a member of the compensation committee), and Wolverine World Wide, Inc. (footwear manufacturer) (where she is the chair of the governance committee and a member of the audit committee). Ms. Lauderback previously served as a director of Irwin Financial Corporation (bank holding company). Ms. Lauderback s extensive service on the boards of other public companies and experience in leadership roles with other retailers make her well suited to continue serving on the Board.

Philip E. Mallott is the Chairman of the Board of Big Lots, Inc. Mr. Mallott is the former Vice President and Chief Financial Officer of Intimate Brands, Inc. (intimate apparel and beauty product retailer). Mr. Mallott is also currently a director of GNC Holdings, Inc. (health and wellness specialty retailer) (where he is a member of the audit committee and compensation committee). Mr. Mallott previously served as a director of Tween Brands, Inc. (clothing retailer). Mr. Mallott s 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 led to the conclusion that he would continue to be a valuable member of the Board.

Russell Solt is the former Director of Investor Relations of West Marine, Inc. (boating supplies and accessories specialty retailer) where he also previously served as the 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). Mr. Solt s 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, makes him well-suited to continue serving on the Board.

James R. Tener is the former President and Chief Operating Officer of Brook Mays Music Company (music retailer and wholesaler that filed for bankruptcy on July 11, 2006). Mr. Tener also previously served as the Chief Operating Officer of The Sports Authority (sporting goods retailer). Mr. Tener s extensive experience in senior leadership roles of other publicly-traded retailers and prior service on the board of a privately-held company make him a strong choice to continue serving on the Board.

Dennis B. Tishkoff is the Chairman and Chief Executive Officer of Drew Shoe Corporation (footwear manufacturer, importer, exporter, retailer and wholesaler), and the President of Tishkoff and Associates, Inc. (retail consultant). Mr. Tishkoff previously served as the President and Chief Executive Officer of Shoe Corporation of America (footwear retailer). Mr. Tishkoff s extensive experience in senior management roles of other retailers and wholesalers, his experience with importing merchandise and his leadership skills led to the conclusion that he will continue to be a valuable member of the Board.

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

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 CEO and President, each of the other nominees are independent (as defined by the applicable NYSE and SEC rules), non-employee directors (outside directors). Effective May 30, 2013, the Board appointed Mr. Mallott, an independent director, 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 2013

The Board held ten meetings during fiscal 2013. During fiscal 2013, 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 the 2013 annual meeting of shareholders. Under our Corporate Governance Guidelines, each director is expected to dedicate sufficient time and attention to ensure the diligent performance of his or her duties, including attending meetings of the shareholders, the Board and the committees of which he or she is a member.

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. The Audit Committee was established in accordance with the Securities Exchange Act of 1934, as amended (Exchange Act), and each of its members is 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 Messrs. Mallott, Hayes and Solt satisfy the standards for an audit committee financial expert, as defined by applicable SEC rules.

The functions of the Audit Committee are further described in its charter, which is available in the Investor Relations section of our website (www.biglots.com) under the Corporate Governance caption. The Audit Committee met eight times during fiscal 2013.

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 executive vice president or 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 eight times during fiscal 2013.

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 five times during fiscal 2013.

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, 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. 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.

After completing its evaluation of a prospective nominee, the Nominating / Corporate Governance Committee may make a recommendation to the Board that the targeted individual be nominated by the Board. The Board then decides whether to approve the nominee after considering the recommendation and report of the Nominating / Corporate Governance Committee. Any invitation to join the Board is extended to a prospective nominee by the chair of the Nominating / Corporate Governance Committee and our CEO, after approval by the Board.

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

Majority Vote Policy and Standard

Our Amended Articles of Incorporation impose a majority vote standard in uncontested elections of directors and our Corporate Governance Guidelines contain a majority vote policy applicable to uncontested elections of directors. Article Eighth of our Amended Articles of Incorporation provides that if a quorum is present at the Annual Meeting, a director nominee in an uncontested election shall be elected to the Board if the number of votes cast for such nominee s election exceeds the number of votes cast against and/or withheld from such nominee s election. The majority vote policy contained in our Corporate Governance Guidelines requires any nominee for director who does not receive more votes cast for such nominee s election than votes cast against and/or withheld as to his or her election to deliver his or her resignation from the Board to the Nominating / Corporate Governance Committee. Broker non-votes have no effect in determining whether the required affirmative majority vote has been obtained. Withheld votes have the same effect as a vote against a director nominee. Upon its receipt of such resignation, the Nominating / Corporate Governance Committee will promptly consider the resignation and recommend to the Board whether to accept the resignation or to take other action. The Board will act on the recommendation of the Nominating / Corporate Governance Committee no later than 100 days following the certification of the shareholder vote. The Nominating / Corporate Governance Committee, in making its recommendation, and the Board, in making its decision, will evaluate such resignation in light of the best interests of Big Lots and our shareholders and may consider any factors and other information they deem relevant. We will promptly publicly disclose the Board s decision in a periodic or current report to the SEC.

Determination of Director Independence

The Board undertook its most recent annual review of director independence in March 2014. During this annual review, the Board considered all transactions, relationships and arrangements between each director, his or her affiliates, and any member of his or her immediate family, on one hand, and Big Lots, its subsidiaries and members of senior management, on the other hand. The purpose of this review was to determine whether any such transactions or relationships were inconsistent with a determination that the director is independent in accordance with NYSE rules.

As a result of this review, 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 directors other than Mr. Campisi is independent, the Board considered charitable contributions to not-for-profit organizations of which these directors or 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

The Board and the Nominating / Corporate Governance Committee have the responsibility for monitoring compliance with our corporate governance policies, practices and guidelines applicable to our directors, nominees for director, officers and employees. The Board and the Nominating / Corporate Governance Committee have enlisted the assistance of our General Counsel s office and human resources management to fulfill this responsibility. Our written Corporate Governance Guidelines, Code of Business Conduct and Ethics, Code of Ethics for Financial Professionals, and human resources policies address governance matters and 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 also 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 that they believe may constitute related person transactions to the attention of our General Counsel. If our General Counsel determines that the transaction constitutes a related person transaction, our General Counsel will notify the chair of the Nominating / Corporate Governance Committee. Thereafter, the Nominating / Corporate Governance Committee will review the related person transaction, considering all factors and information it deems relevant, and either approve or disapprove the transaction in light of what the Committee believes to be the best interests of Big Lots and our shareholders. If advance approval is not practicable or if a related person transaction that has not been approved is discovered, the Nominating / Corporate Governance Committee will promptly consider whether to ratify the related person transaction. Where advance approval is not practicable or we discover a related person transaction that has not been approved and the Committee disapproves the transaction, the Committee will, taking into account all of the factors and information it deems relevant (including the rights available to us 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. We do not intend to engage in related person transactions disapproved by the Nominating / Corporate Governance Committee. 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 outside 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.

Based on our most recent review conducted in the first quarter of fiscal 2014, we have not engaged in any related person transactions since the beginning of fiscal 2013.

Board s Role in Risk Oversight

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

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

Corporate Governance Guidelines

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

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

We have a Code of Business Conduct and Ethics, which is applicable to all of our directors, officers and employees. We also have a Code of Ethics for Financial Professionals which is applicable 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 2013, Mr. Berger, Mr. Hayes, Mr. Solt, Mr. Tener and Mr. 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 2013 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 2013, 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 outside 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 outside 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.

DIRECTOR COMPENSATION

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

Retainers and Fees

We pay our outside directors certain retainers and fees on a quarterly basis. Until May 30, 2013, the retainers and fees we paid to outside directors for fiscal 2013 consisted of: (1) an annual retainer of $45,000; (2) an additional annual retainer of $15,000 for the chair of the Audit Committee; (3) an additional annual retainer of $10,000 for the chairs of the Compensation Committee and the Nominating / Corporate Governance Committee; (4) $1,500 for each Board meeting attended in person; (5) $1,250 for each committee meeting attended in person; (6) $500 for each Board or committee meeting attended telephonically; and (7) the ability to nominate one or more charities to receive from us donations in the aggregate amount of up to $10,000 per outside director.

Effective May 30, 2013, our director compensation packaged changed, and now consists of: (1) an annual retainer of $70,000 for each outside director other than the nonexecutive chair; (2) an annual retainer of $160,000 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 Nominating / Corporate Governance Committee member; and (7) the ability to nominate one or more charities to receive from us donations up to $15,000 annually and we will match charitable donations made by each outside director up to $15,000 annually. The Board also eliminated the fees paid for Board and committee meetings attended in person and provides for the payment of $750 per telephonic meeting only when the meeting is the second or subsequent telephonic meeting of the quarter by the Board or committee, as applicable.

In fiscal 2013, the chair of the Search Committee received a fee of $50,000 and the other members of the Search Committee each received a fee of $30,000 for their service. The Search Committee s purpose was to identify a new CEO to replace Mr. Fishman.

During fiscal 2013, Messrs. Berger, Chambers, Hayes, Mallott, Solt, Tener, Tishkoff, and Ms. Lauderback qualified as outside directors and, thus, received compensation for their Board service. Due to our employment of Mr. Campisi and Mr. Fishman as CEO in fiscal 2013, they did not qualify as outside directors and did not receive compensation for their service as directors. The compensation received by Mr. Campisi as an employee and by Mr. Fishman as an employee and consultant are shown in the Summary Compensation Table included in this Proxy Statement.

Restricted Stock

In fiscal 2013, the outside directors also received a restricted stock award having a grant date fair value equal to approximately $100,000 (2,972 common shares). The fiscal 2013 restricted stock awards were made in June 2013 under the 2012 LTIP. The restricted stock awarded to the outside directors in fiscal 2013 will vest on the earlier of (1) the trading day immediately preceding the Annual Meeting or (2) the outside director s death or disability (as that term is defined in the 2012 LTIP). However, the restricted stock will not vest if the outside director ceases to serve on the Board before either vesting event occurs.

Director Compensation Table for Fiscal 2013

The following table summarizes the compensation earned by each outside director for his or her Board service in fiscal 2013.

Name	**Fees Earned or Paid in Cash ($)*(1)***	**Stock Awards ($)*(2)(3)***	**Option Awards ($)*(4)***	**Non-Equity Incentive Plan Compensation ($)**	**Change in Pension Value and Nonqualified Deferred Compensation Earnings ($)**	**All Other Compensation ($)*(5)***	**Total ($)**
(a)	**(b)**	**(c)**	**(d)**	**(e)**	**(f)**	**(g)**	**(h)**
Mr. Berger	145,250	100,008				24,750	270,008
Mr. Chambers	108,500	100,008				20,000	228,508
Mr. Hayes	110,500	100,008				15,000	225,508
Ms. Lauderback	117,750	100,008				16,250	234,008
Mr. Mallott	196,500	100,008				25,700	322,208
Mr. Solt	100,500	100,008				15,000	215,508
Mr. Tener	130,250	100,008				10,000	240,258
Mr. Tishkoff	86,750	100,008				15,000	201,758

(1) Amounts in this column include the additional fees of $15,000 paid to Mr. Chambers, Mr. Hayes and Mr. Tener for their increased time commitment in fiscal 2013.

(2) Amounts in this column reflect the aggregate grant date fair value of the restricted stock awards granted to the outside directors in fiscal 2013 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 2013 restricted stock award granted to each outside director, as computed in accordance with ASC 718, was based on individual awards of 2,972 common shares at a per common share value of $33.65 on the grant date (i.e., $100,008 per outside 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.

(3) As of February 1, 2014, each individual included in the table held 2,972 shares of restricted stock.

(4) Prior to fiscal 2008, the outside 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 outside director in fiscal 2013. As of February 1, 2014, only Mr. Mallott (20,000 common shares) and Mr. Tener (15,000 common shares) held stock options to purchase our common shares.

(5) Amounts in this column reflect both matching contributions and payments made by us during fiscal 2013 to charitable organizations nominated by the specified directors pursuant to the Big Lots, Inc. Non-Employee Director Compensation Package.

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 21, 2014.

Name of Beneficial Owner or Identity of Group	Amount and Nature of Beneficial Ownership *(1)*	Percent of Outstanding Common Shares
Lisa M. Bachmann	306,813	*
Jeffrey P. Berger	18,762	*
David J. Campisi	107,725	*
James R. Chambers	5,570	*
Joe R. Cooper	250,063	*
Steven S. Fishman	777,218	1.3%
Peter J. Hayes	8,561	*
Charles W. Haubiel II	30,000	*
Timothy A. Johnson	152,056	*
Brenda J. Lauderback	11,695	*
Philip E. Mallott	40,662	*
John C. Martin	53,750	*
Carlos V. Rodriguez	30,000	*
Russell Solt	14,337	*
James R. Tener	36,762	*
Dennis B. Tishkoff	19,371	*
FMR, LLC *(2)*	8,757,238	15.0%
Sasco Capital, Inc. *(3)*	4,490,155	7.2%
Capital Research Global Investors *(4)*	3,699,800	6.3%
BlackRock, Inc. *(5)*	3,385,419	5.8%
LSV Asset Management *(6)*	3,230,889	5.6%
The Vanguard Group, Inc. *(7)*	3,029,181	5.2%
All directors and executive officers as a group (22 persons)	2,076,926	3.6%

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* 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 21, 2014 under stock options exercisable within that period. The number of common shares that may be acquired within 60 days of March 21, 2014 under stock options exercisable within that period are as follows: Ms. Bachmann: 195,313; Mr. Berger: 0; Mr. Campisi: 28,875; Mr. Chambers: 0; Mr. Cooper: 146,563; Mr. Fishman: 307,510; Mr. Hayes: 0; Mr. Haubiel: 30,000; Mr. Johnson: 66,125; Ms. Lauderback: 0; Mr. Mallott: 20,000; Mr. Martin: 28,750; Mr. Rodriguez 10,000: Mr. Solt: 0; Mr. Tener: 15,000; Mr. Tishkoff: 0; and all directors and executive officers as a group: 959,886.

(2) In its Schedule 13G/A filed on February 14, 2014, FMR, LLC, 245 Summer Street, Boston, MA 02210, stated that it beneficially owned the number of common shares reported in the table as of December 31, 2013, had sole voting power over 10,198 of the shares, had sole dispositive power over 8,757,238 of the shares, had no shared voting power or shared dispositive power over any of the shares. In its Schedule 13G/A, this reporting person indicated that its wholly-owned subsidiary, Fidelity Management and Research Company, was the beneficial owner of 8,747,207 common shares.

(3) In its Schedule 13G/A filed on February 12, 2014, 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, 2013, had sole voting power over 1,831,695 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.

(4) In its Schedule 13G/A filed on February 13, 2014, Capital Research Global Investors, 333 South Hope Street, Los Angeles, CA 90071, stated that it beneficially owned the number of common shares reported in the table as of December 31, 2013, had sole voting power and 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 January 28, 2014, BlackRock, Inc., 40 East 52nd Street, New York, NY 10022, stated that it beneficially owned the number of common shares reported in the table as of December 31, 2013, had sole voting power over 3,139,116 of the shares and sole dispositive power over all of the shares, and had no shared voting power or shared dispositive power over any of the shares.

(6) In its Schedule 13G filed on February 10, 2014, 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, 2013, had sole voting power over 1,777,669 of the shares and sole dispositive power over all of the shares, and had no shared voting power or shared dispositive power over any of the shares.

(7) In its Schedule 13G/A filed on February 11, 2014, 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, 2013, had sole voting power over 36,891 of the shares, had sole dispositive power over 2,997,190 of the shares, had shared dispositive power over 31,991 of the shares, and had no shared voting power over any of the shares. In its 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 31,991 and 4,900 common shares, respectively.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the 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 2013 with the reporting requirements of Section 16(a) of the Exchange Act, except Mr. Hayes, an outside director, who inadvertently failed to disclose the sale of 1,660 of our common shares on June 17, 2013. This transaction was reported on a Form 4 dated June 21, 2013.

PROPOSAL TWO: APPROVAL OF THE AMENDED AND RESTATED BIG LOTS 2012 LONG-TERM INCENTIVE PLAN

Background

On March 5, 2014, the Board adopted, based on the recommendation of the Compensation Committee (which we refer to as the Committee throughout this discussion of Proposal 2), and proposed that our shareholders approve, the amended and restated 2012 LTIP. Our shareholders first approved the 2012 LTIP on May 23, 2012. The amended and restated 2012 LTIP will become effective if and when approved by our shareholders at the Annual Meeting. The Board recommends that shareholders approve the amended and restated 2012 LTIP.

We are required to periodically resubmit the 2012 LTIP for shareholder approval so that certain Awards (as defined below in Summary of the Amended and Restated 2012 LTIP) granted under the 2012 LTIP can continue to qualify as qualified performance-based compensation under Section 162(m) of the Internal Revenue Code of 1986, as amended and including applicable rules, regulations and authoritative interpretations thereunder (IRC). Therefore, we are seeking shareholder approval with respect to the amended and restated 2012 LTIP in its entirety. The amended and restated 2012 LTIP does not include a request for additional common shares to be awarded under the plan. If our shareholders do not approve the amended and restated 2012 LTIP, Awards previously granted under the 2012 LTIP will remain valid and the 2012 LTIP will remain in effect.

The Proposed Amended and Restated 2012 LTIP

The amendments to the 2012 LTIP made in the amended and restated 2012 LTIP include:

- *Expanding the performance measures for Awards intended to qualify as performance-based compensation under Section 162(m) of the IRC.* The only significant revisions to the 2012 LTIP made in the amended and restated 2012 LTIP for which we require shareholder approval are the additional performance measures set forth in the amended and restated 2012 LTIP on which the Committee may base the performance goals it establishes for performance-based Awards granted under the amended and restated 2012 LTIP. The Board believes that the 2012 LTIP needs to include these additional performance measures to address all of the financial measures that management now focuses on in its corporate operating plan. See Types of Awards Performance-Based Awards for a complete list of the performance measures available under the amended and restated 2012 LTIP.

- *Updating and clarifying certain other provisions of the 2012 LTIP.* The other proposed amendments to the 2012 LTIP principally consist of (1) updates to accounting standard references in the 2012 LTIP, (2) clarifications to performance measures that conform certain of the performance measures to the performance measures set forth in our amended and restated 2006 Bonus Plan, and (3) additional revisions that we believe would improve the clarity of the 2012 LTIP. We believe these amendments will facilitate a better understanding of the 2012 LTIP s terms by participants, shareholders, administrators and us.

Section 162(m) Approval Requirement

Section 162(m) of the IRC generally provides that we may not deduct more than $1,000,000 of compensation paid during any fiscal year to our covered employees (i.e., our CEO and our three other highest compensated executives (excluding the principal financial officer) employed at the end of the fiscal year). However, this limit does not apply to qualified performance-based compensation as defined by Section 162(m) of the IRC. Awards under the 2012 LTIP will only constitute qualified performance-based compensation under Section 162(m) of the IRC if certain requirements are satisfied, including shareholder approval of the material terms of the performance measures of the 2012 LTIP at least once every five years. By approving the amended and restated 2012 LTIP, our shareholders will approve, among other things, the material terms of the performance measures (as described below in Types of Awards Performance-Based Awards) used to determine whether performance-based Awards are earned.

Summary of the Amended and Restated 2012 LTIP

The 2012 LTIP is an omnibus plan that provides for a variety of types of Awards to maintain flexibility. The 2012 LTIP permits 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).

The 2012 LTIP is designed to support our long-term business objectives in a manner consistent with our compensation philosophy. The Board believes that by offering our employees long-term equity and qualified performance-based compensation through the 2012 LTIP, we promote the following key objectives of our compensation program:

- aligning the interests of salaried employees, outside directors and consultants with those of our shareholders through increased participant ownership of our common shares; and
- attracting, motivating and retaining experienced and highly qualified salaried employees, outside directors and consultants who will contribute to our financial success.

We have made a concerted effort to manage to reasonable levels the annual run rate that is, the total number of common shares underlying equity-related awards granted in any given fiscal year divided by the weighted-average number of common shares outstanding during that fiscal year. It is our intention to continue to manage our run rate over time to reasonable levels while ensuring that our executive compensation program is competitive and motivational.

The following summary describes the material features of the amended and restated 2012 LTIP and is qualified in its entirety by reference to the complete text of the amended and restated 2012 LTIP attached to this Proxy Statement as Appendix A.

Administration

Subject to the terms of the 2012 LTIP, the selection of participants in the 2012 LTIP, the level of participation of each participant and the terms and conditions of all Awards will be determined by the Committee. Each member of the Committee will be an independent director for purposes of our Corporate Governance Guidelines, the Committee s charter and the NYSE listing requirements; a non-employee director within the meaning of Rule 16b-3 under the Exchange Act; and an outside director within the meaning of Section 162(m) of the IRC. The Committee is currently comprised of five directors, each of whom meets all of these criteria. Consistent with the purpose of the 2012 LTIP, the Committee will have the discretionary authority to (1) interpret the 2012 LTIP, (2) prescribe, amend and rescind rules and regulations relating to the 2012 LTIP, and (3) make all other determinations necessary or advisable for the administration or operation of the 2012 LTIP. The Committee may delegate authority to administer the 2012 LTIP as it deems appropriate, subject to the express limitations set forth in the 2012 LTIP.

Limits on Awards

The Board has reserved a number of common shares for issuance under the 2012 LTIP 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 Big Lots 2005 Long-Term Incentive Plan (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 this number, no more than 7,750,000 common shares may be issued pursuant to grants of ISOs during the term of the 2012 LTIP.

The 2012 LTIP is designed with a flexible share pool. With a flexible share pool, the share authorization is based on the least costly award vehicle (generally stock options). The value of an option is compared to a full value award (a full value award is an award other than a stock option or SAR that is settled by the issuance of a common share) to determine a valuation ratio. We have used a binominal model to determine our valuation ratio of 1:2.15. This means that every time an option is granted, the authorized pool is reduced by one common share and every time a full value share is granted, the authorized pool is reduced by 2.15 common shares.

A participant may receive multiple Awards under the 2012 LTIP. Awards will be limited to the following per participant annual fiscal year amounts:

Award Type	Annual Limit per Participant
Stock Options	2,000,000 common shares
SARs	2,000,000 common shares
Restricted Stock	1,000,000 common shares
Restricted Stock Units	1,000,000 common shares
Deferred Stock Units	1,000,000 common shares
Performance Shares, Performance Share Units and Performance Units	1,000,000 common shares or equivalent value
Cash-Based Awards	The greater of $7,000,000 or the value of 1,000,000 common shares
Other Stock-Based Awards	1,000,000 common shares

The common shares available for issuance under the 2012 LTIP will be our authorized but unissued common shares and treasury shares. Subject to the terms of the 2012 LTIP, common shares covered by an Award will only be counted as used to the extent they are actually issued. To the extent that any Award payable in common shares (1) terminates by expiration, forfeiture, cancellation, or otherwise without the issuance of such common shares, (2) is settled in cash in lieu of common shares, or (3) is exchanged with the Committee s permission prior to the issuance of common shares for Awards not involving common shares, the common shares covered thereby may again be made subject to Awards under the 2012 LTIP. However, common shares which are (a) not issued or delivered as a result of the net settlement of a stock option or stock-settled SAR, (b) withheld to satisfy tax withholding obligations on a stock option or SAR issued under the 2012 LTIP, (c) tendered to pay the exercise price of a stock option or the grant price of a SAR under the 2012 LTIP, or (d) repurchased on the open market with the proceeds of a stock option exercise will no longer be eligible to be again available for grant under the 2012 LTIP.

Eligibility and Participation

All of our and our affiliates employees, outside directors and consultants will be eligible to participate in the 2012 LTIP. As of February 1, 2014, we and our affiliates had approximately 38,100 employees and eight outside directors. We are unable to reasonably estimate the number of consultants who will be eligible to receive awards under the 2012 LTIP. In fiscal 2013, approximately 110 employees, 8 outside directors and no consultants received equity incentive awards, although this may vary from year to year. From time to time, the Committee will determine who will be granted Awards, the number of shares subject to such grants, and all other terms of Awards.

Types of Awards

Stock Options

Stock options granted under the 2012 LTIP may be either NQSOs or ISOs. The exercise price of any stock option granted may not be less than the fair market value of the Company s common shares on the date the stock option is granted. The stock option exercise price is payable (1) in cash, (2) by tendering previously acquired common shares (subject to the satisfaction of the holding period set forth in the 2012 LTIP) having an aggregate fair value at the time of exercise equal to the exercise price, (3) through a broker-assisted cashless exercise, or (4) by any combination of the foregoing.

The Committee determines the terms of each stock option grant at the time of the grant. However, the aggregate fair market value (determined as of the date of the grant) of the common shares subject to ISOs that are exercisable by any participant for the first time in any calendar year may not be greater than $100,000. The Committee specifies at the time each stock option is granted the time or times at which, and in what proportions, the stock option becomes vested and exercisable. No stock option shall be exercisable earlier than six months after the grant date or later than seven years after the grant date. In general, a stock option expires upon the earlier of (1) its stated expiration date or (2) one year after the participant terminates service (except in the case of ISOs which must be exercised within three months after a termination of service, other than due to death or disability).

Stock Appreciation Rights

A SAR entitles the participant, upon settlement, to receive a payment based on the excess of the fair market value of our common shares on the settlement date over the grant price of the SAR, multiplied by the number of SARs being settled. The grant price of a SAR may not be less than the fair market value of our common shares on the grant date. SARs may be payable in cash, our common shares or a combination of both.

The Committee determines the vesting requirements, the form of payment and other terms of a SAR. Vesting may be based on the continued service of the participant for specified time periods or the attainment of a specified business performance goal established by the Committee or both. No SAR shall be exercisable earlier than six months after the grant date or later than seven years after the grant date. In general, a SAR expires upon the earlier of (1) its stated expiration date or (2) one year after the participant terminates service. We have not issued any SARs under the 2005 LTIP or the 2012 LTIP, and do not currently have any SARs outstanding.

Restricted Stock

A restricted stock Award represents our common shares that are issued subject to restrictions on transfer and vesting requirements as determined by the Committee. Vesting requirements may be based on the continued service of the participant for specified time periods or the attainment of a specified business performance goal established by the Committee. In general, no more than one-third of a restricted stock Award may vest before each of the first three anniversary dates after the grant date. However, if vesting is based on the attainment of a specified business performance goal established by the Committee, then the restricted stock may not vest sooner than the first anniversary after the grant date.

Subject to the transfer restrictions and vesting requirements of the restricted stock Award, the participant has the same rights as our shareholders during the restriction period, including all voting and dividend rights, although the Committee may provide that dividends and restricted stock certificates will be held in escrow during the restriction period (and forfeited or distributed depending on whether applicable performance goals or service restrictions have been met). Also, any stock dividends will be subject to the same restrictions that apply to the restricted stock upon which the stock dividends are issued. Unless the Committee specifies otherwise in the Award agreement, the restricted stock is forfeited if the participant terminates service before the restricted stock vests or if applicable terms and conditions have not been met at the end of the restriction period.

Restricted Stock Units

An Award of restricted stock units provides the participant the right to receive a payment based on the value of our common shares. Restricted stock units may be subject to such vesting requirements, restrictions and conditions to payment as the Committee determines are appropriate. Vesting requirements may be based on the continued service of the participant for a specified time period or on the attainment of a specified business performance goal established by the Committee. In general, no more than one-third of a stock-settled restricted stock unit Award may vest before each of the first three anniversary dates after the grant date. However, if vesting is based on the attainment of a specified business performance goal established by the Committee, then the stock-settled restricted stock units may not vest sooner than the first anniversary after the grant date. Restricted stock units are payable in cash, our common shares or a combination of both, as determined by the Committee.

Participants receiving restricted stock units do not have, with respect to such restricted stock units, any of the rights of a shareholder. Unless the Committee specifies otherwise in the Award agreement, the restricted stock unit Award is forfeited if the participant terminates service before the restricted stock unit vests or if applicable terms and conditions have not been met at the end of the restriction period.

Deferred Stock Units

An Award of deferred stock units provides the participant the right to defer receipt of all or some portion of his or her annual compensation, annual incentive bonus and/or long-term compensation as permitted by the Committee, and for which the participant will receive a payment based on the value of our common shares. Deferred stock units shall be fully vested and non-forfeitable at all times. Deferred stock units, together with any dividend-equivalent rights credited with respect thereto, may be subject to such requirements, restrictions and conditions to payment as the Committee determines are appropriate. Deferred stock unit Awards are payable in cash, our common shares or a combination of both. Participants credited with deferred stock units shall not have, with respect to such deferred stock units, any of the rights of a shareholder of the Company.

Performance Shares, Performance Share Units and Performance Units

An Award of performance shares, performance share units or performance units provides the participant the right to receive our common shares if specified terms and conditions are met. Performance shares are restricted shares that are subject to performance based vesting. Performance share units are restricted stock units that are subject to performance based vesting. Performance units are cash based awards that are subject to performance based vesting. Performance share, performance share unit and performance unit Awards are payable in cash or our common shares or in a combination of both. Unless the Committee specifies otherwise when the Award is granted, if a participant terminates service for any reason before the performance shares, performance share units or performance units become vested, such Award will be forfeited.

Cash-Based Awards

An Award of cash-based awards provides the participant an opportunity to receive a cash payment. Cash-based awards may be subject to such vesting requirements, restrictions and conditions to payment as the Committee determines are appropriate. Vesting requirements may be based on the continued service of the participant for a specified time period or on the attainment of a specified performance goal established by the Committee. If a participant terminates service before the cash-based award vests, the Award will be forfeited.

Other Stock-Based Awards

An Award of other stock-based awards provides the participant an equity-based or equity-related right, which may provide the participant the right to receive our common shares. Other stock-based awards may be subject to such vesting requirements, restrictions and conditions to payment as the Committee determines are appropriate. Vesting requirements may be based on the continued service of the participant for a specified time period or on the attainment of a specified performance goal established by the Committee. In general, no more than one-third of another stock-based award may vest before each of the first three anniversary dates after the grant date. However, if vesting is based on the attainment of a specified business performance goal established by the Committee, then the other stock-based award may not vest sooner than the first anniversary after the grant date. If a participant terminates service for any reason before the other stock-based award vests, the Award will be forfeited.

Performance-Based Awards

Any Awards granted under the 2012 LTIP may be granted in a form that qualifies for the qualified performance-based compensation exception under Section 162(m) of the IRC. Under Section 162(m) of the IRC, the terms of the Award must state, through an objective formula or standard, the method of computing the amount of compensation payable under the Award, and must preclude discretion to increase the amount of compensation payable under the terms of the Award (but may give the Committee discretion to decrease the amount of compensation payable). As described above in Limits on Awards, the 2012 LTIP imposes certain limitations on the number and value of performance-based Awards to covered employees. The payment or vesting of performance-based Awards granted under the 2012 LTIP is based on performance goals established by the Committee. The 2012 LTIP specifies the following performance measures from which the performance goals must be derived:

- Earnings (loss) per common share from continuing operations;
- Earnings (loss) per common share;
- Operating profit (loss), operating income (loss), or income (loss) from operations (as the case may be);

- Income (Loss) from continuing operations before unusual or infrequent items;
- Income (Loss) from continuing operations;
- Income (Loss) from continuing operations before income taxes;
- Income (Loss) from continuing operations before extraordinary item and/or cumulative effect of a change in accounting principle (as the case may be);
- Income (Loss) before extraordinary item and/or cumulative effect of a change in accounting principle (as the case may be);
- Net income (loss);
- Income (Loss) before other comprehensive income (loss);
- Comprehensive income (loss);
- Income (Loss) before interest and income taxes;
- Income (Loss) before interest, income taxes, depreciation and amortization;
- Any other objective and specific income (loss) category or non-GAAP financial measure that appears as a line item in our filings with the Securities and Exchange Commission or the annual report to shareholders;
- Any of the performance measures above (other than earnings (loss) per common share from continuing operations and earnings (loss) per common share) on a weighted average common shares outstanding basis;
- Either of earnings (loss) per common share from continuing operations and earnings (loss) per common share on a basic or diluted basis and any of the other performance measures above on a basic or diluted earnings per share basis;
- Common stock price;
- Total shareholder return expressed on a dollar or percentage basis as is customarily disclosed in the proxy statement accompanying the notice of annual meetings of shareholders;
- Percentage increase in comparable store sales;
- Gross profit (loss) or gross margin (loss) (as the case may be);
- Economic value added;
- Return measures (including, but not limited to, return on assets, capital, invested capital, equity, sales, or revenue);
- Expense targets;
- Cash flow (including, but not limited to, operating cash flow, free cash flow, cash flow return on equity, and cash flow return on investment);

- Productivity ratios;
- Market share;
- Customer satisfaction; or
- Working capital targets and change in working capital.

Effect of Change in Control

Awards under the 2012 LTIP are generally subject to special provisions upon the occurrence of a change in control (as defined in the 2012 LTIP). For Awards granted under the 2012 LTIP, if a change in control occurs, then: (1) all outstanding stock options and SARs under the 2012 LTIP shall become fully exercisable; (2) all remaining restrictions applicable to restricted stock and restricted stock units shall lapse and such restricted stock and restricted stock units shall become free of restrictions, fully vested and transferable or redeemed, as applicable; (3) all performance goals or other conditions applicable to performance shares, performance share units or performance units shall be deemed satisfied in full and the common shares or cash subject to such Award shall be fully distributable; (4) any remaining restrictions, performance goals or other conditions applicable to deferred stock units shall be deemed to be satisfied in full with the common shares or cash subject to such Award being fully distributable; and (5) all outstanding other stock-based awards or cash-based awards shall become fully vested. Payments under Awards that become subject to the excess parachute rules of Section 280G of the IRC may be reduced under certain circumstances. See the Tax Treatment of Awards Sections 280G and 4999 subsection below for more details.

Limited Transferability

All Awards or common shares subject to an Award under the 2012 LTIP are nontransferable except upon death, either by the participant s will or the laws of descent and distribution or through a beneficiary designation, and Awards are exercisable during the participant s lifetime only by the participant (or by the participant s legal representative in the event of the participant s incapacity).

Adjustments for Corporate Changes

In the event of a reorganization, recapitalization, merger, spin-off, stock split or other specified changes affecting us or our capital structure, the Committee is required to make equitable adjustments that reflect the effects of such changes to the participants. Such adjustments may relate to the number of our common shares available for grant, as well as to other maximum limitations under the 2012 LTIP (e.g., exercise prices and number of Awards), and the number of our common shares or other rights and prices under outstanding Awards.

Term, Amendment and Termination

The 2012 LTIP will expire on May 23, 2022, unless terminated earlier by the Board. Although the Board or the Committee may amend or alter the 2012 LTIP, it may not do so without shareholder approval of any amendment or alteration to the extent shareholder approval is required by law, regulation or stock exchange rule. In addition, any amendment, alteration or termination of the 2012 LTIP or an Award agreement may not adversely affect any outstanding Award to a participant without the consent of that participant other than amendments for the purpose of (1) causing the 2012 LTIP to comply with applicable law, (2) permitting us to receive a tax deduction under applicable law, or (3) avoiding an expense charge to us or our affiliates.

Repricing

The 2012 LTIP does not permit the repricing of Awards without the approval of shareholders or the granting of Awards with a reload feature.

Plan Benefits

Future benefits under the 2012 LTIP are not currently determinable. The Committee has discretionary authority to grant Awards pursuant to the 2012 LTIP which does not contain any provision for automatic grants.

In accordance with the rules of the SEC, the following table sets forth all of the stock options granted to each of our named executive officers and the groups identified below since the adoption of the 2012 LTIP through February 1, 2014:

Name of Individual or Identity of Group and Position	**Number of Options** *(1)*	**Number of Shares of Restricted Stock** *(2)*	**Number of Performance Share Units** *(3)*
David J. Campisi, *Chief Executive Officer and President*	115,500	37,800	37,800
Timothy A. Johnson, *Executive Vice President, Chief Financial Officer*	45,000	54,500	
Lisa M. Bachmann, *Executive Vice President, Chief Operating Officer*	40,000	51,500	
Joe R. Cooper, *Executive Vice President and President, Big Lots Canada, Inc.*	40,000	43,500	
Carlos V. Rodriguez, *Senior Vice President, Distribution and Transportation Services*	40,000	20,000	
Steven S. Fishman, *Former Chief Executive Officer and President*	0	0	
Charles W. Haubiel II, *Former Executive Vice President, Chief Administrative Officer, General Counsel and Corporate Secretary*	40,000	49,000	
John C. Martin, *Former Executive Vice President, Chief Merchandising Officer*	40,000	30,000	
All current executive officers, as a group (14 persons)	435,000	277,100	37,800
All current directors who are not executive officers, as a group (8 directors)	0	0	
Each nominee for election as a director	115,000	37,800	37,800
Each associate of any of such directors, executive officers or nominees	0	0	
Each other person who received or is to receive 5 percent of awards under plan	0	0	
All employees, including all current officers who are not executive officers, as a group	804,000	200,900	

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(1) All of these stock options: (a) were granted with an exercise price equal to the fair market value of our common shares on the date of grant; (b) have exercise prices ranging from $27.68 to $40.62 (with a weighted average exercise price of $35.82); and (c) have a seven-year term and expire between June 4, 2019 and January 13, 2021. All of these stock options vest and become exercisable over a four-year period in 25% increments beginning on the first anniversary of the grant date, subject to the recipient s continued employment with us on the applicable vesting date. As of February 1, 2014, the closing price of our common shares on the NYSE was $26.79.

(2) All of these shares of restricted stock, other than the Retention Awards and the restricted stock awarded to outside directors, vest upon attaining the first trigger and the first to occur of (a) attaining the second trigger; (b) the lapsing of five years after the grant date while continuously employed; or (c) the grantee s death or disability (which results in the vesting of a prorated portion of the award).

The Compensation Committee granted Retention Awards under the 2012 LTIP to Mr. Johnson, Ms. Bachmann, Mr. Cooper and Mr. Haubiel on April 1, 2013 consisting of 9,500, 21,500, 13,500 and 19,000 shares of restricted stock, respectively. Each Retention Award will vest and be transferred to the named executive officer without restriction on the earlier of: (a) the first trading day that is 18 months following

the grant date; or (b) the first trading day following the executive s termination of employment if such termination of employment is the result of the executive s (i) dismissal by us without cause (as defined in the Retention Award Agreement) or (ii) death or disability (provided, however, if the executive dies or suffers a disability, only 1/18th of the Retention Award will vest for each consecutive month that the executive completed with us between the grant date and his or her termination).

The restricted stock awarded to the outside directors vests on the earlier of (a) the trading day immediately preceding our annual meeting of shareholders in the fiscal year after the award or (b) the outside director s death or disability; provided, that the restricted stock will not vest if the outside director ceases to serve on the Board before either vesting event occurs.

(3) All of these performance share units may be earned in one-third increments if the market price of our common shares appreciates, for a period of 20 consecutive trading days, to at least 110%, 120% and 130% of the grant date fair market value before the earlier to occur of the termination of the executives employment and the lapsing of seven years after the grant date.

As of February 1, 2014; there were (1) 6,805,740 common shares available for grant under the 2012 LTIP; (2) 1,441,088 common shares underlying awards outstanding under the 2012 LTIP (1,022,687 of which are underlying stock options, 380,601 which are underlying restricted stock and 37,800 shares underlying a performance share units award); (3) 2,567,336 common shares underlying awards outstanding under the 2005 LTIP (2,283,836 of which are underlying stock options and 283,500 of which are underlying restricted stock); and (4) 58,325,322 outstanding common shares.

As of February 1, 2014: (1) the weighted average exercise price of the 3,377,303 outstanding stock options under our equity compensation plans (including under those plans that previously terminated) was $34.88 and the weighted average remaining term was 4.3 years; and (2) there were 701,901 restricted stock awards outstanding under our equity compensation plans.

Federal Income Tax Treatment of Awards

The following summary discussion of the United States federal income tax implications of Awards under the 2012 LTIP is based on the provisions of the IRC as of the date of this Proxy Statement. This summary is not intended to be exhaustive and does not, among other things, describe state, local or foreign tax consequences and such tax consequences may not correspond to the federal income tax treatment described herein. The exact federal income tax treatment of transactions could vary depending upon the specific facts and circumstances involved and participants are advised to consult their personal tax advisors with regard to all consequences arising from the grant, vesting or exercise of Awards and the disposition of any acquired common shares.

Incentive Stock Options

ISOs may only be granted to our employees. No taxable ordinary income to the participant or a deduction to us will be realized at the time the ISO is granted or exercised. If the participant holds the common shares received as a result of an exercise of an ISO for at least two years from the grant date and one year from the exercise date, then (1) any gain realized on disposition of the common shares is treated as a long-term capital gain and any loss sustained will be a long-term capital loss and (2) we are not entitled to a deduction. If the common shares acquired by an exercise of an ISO are disposed of within either of these periods (i.e., a disqualifying disposition), then the participant must include in his or her income, as taxable compensation for the year of the disposition, an amount equal to the excess, if any, of the fair market value of the common shares upon exercise of the stock option over the stock option exercise price (or, if less, the excess of the amount realized upon disposition over the stock option exercise price). In such case, we will generally be entitled to a deduction, generally in the year of such a disposition, for the amount includible in the participant s income as taxable compensation. The participant s basis in the common shares acquired upon exercise of an ISO is equal to the stock option exercise price paid, plus any amount includible in his or her income as a result of a disqualifying disposition. The rules that generally apply to ISOs do not apply when calculating any alternative minimum tax liability. The rules affecting the application of the alternative minimum tax are complex, and their effect depends on individual circumstances, including whether a participant has items of adjustment other than those derived from ISOs.

Non-Qualified Stock Options

A NQSO results in no taxable income to the participant or deduction to us at the time it is granted. A participant exercising a NQSO will, at that time, realize taxable compensation in the amount of the difference between the stock option exercise price and the then-current fair market value of the common shares. Subject to the applicable provisions of the IRC, a deduction for federal income tax purposes will be allowable to us in the year of exercise in an amount equal to the taxable compensation recognized by the participant.

The participant s basis in such common shares is equal to the sum of the stock option exercise price plus the amount includible in his or her income as compensation upon exercise. Any gain (or loss) upon subsequent disposition of the common shares will be a long-term or short-term gain (or loss), depending upon the holding period of the common shares.

If a participant tenders previously owned common shares in payment of the NQSO exercise price, then, instead of the treatment described above, the following generally will apply: (1) a number of new common shares equal to the number of previously owned common shares tendered will be considered to have been received in a tax-free exchange; (2) the participant s basis and holding period for such number of new common shares will be equal to the basis and holding period of the previously owned common shares exchanged; (3) the participant will have compensation income equal to the fair market value on the exercise date of the number of new common shares received in excess of such number of exchanged common shares; (4) the participant s basis in such excess shares will be equal to the amount of such compensation income; and (5) the holding period in such common shares will begin on the exercise date.

Stock Appreciation Rights

Generally, a participant that receives a SAR will not recognize taxable income at the time the SAR is granted. If a participant receives the appreciation inherent in a SAR in cash, the cash will be taxed as ordinary compensation income to the participant at the time it is received. If a participant receives the appreciation inherent in a SAR in common shares, the spread between the then-current fair market value of the common shares and the grant price will be taxed as ordinary compensation income to the participant at the time it is received. In general, there will be no federal income tax deduction allowed to us upon the grant or termination of a SAR. However, upon the settlement of either form of SAR, we will generally be entitled to a deduction equal to the amount of ordinary income the participant is required to recognize as a result of the settlement.

If the amount a participant receives upon disposition of the common shares that the participant acquired by exercising a SAR is greater than the sum of the aggregate exercise price that the participant paid plus the amount of ordinary income recognized by the participant upon exercise, the excess will be treated as a long-term or short-term capital gain, depending on the holding period of the common shares. Conversely, if the amount a participant receives upon disposition of the common shares that the participant acquired by exercising a SAR is less than the sum of the aggregate exercise price that the participant paid plus the amount of ordinary income recognized by the participant upon exercise, the difference will be treated as a long-term or short-term capital loss, depending on the holding period of the common shares.

Restricted Stock

Generally, a participant will not recognize income and we will not be entitled to a deduction at the time an award of restricted stock is made under the 2012 LTIP, unless the participant makes a Section 83(b) election described below. A participant who has not made such an election will recognize ordinary compensation income at the time the restrictions on the common shares lapse in an amount equal to the fair market value of the common shares at such time. We will generally be entitled to a corresponding deduction in the same amount and at the same time as the participant recognizes income. Any otherwise taxable disposition of the restricted stock after the time the restrictions lapse will result in a capital gain or loss to the extent the amount realized from the sale differs from the tax basis (i.e., the fair market value of the common shares on the date the restrictions lapse).

Deferred Stock Units

Generally, a participant who defers compensation into deferred stock units will not recognize income at the time the compensation would otherwise have been paid to the participant. Upon the settlement of the deferred stock unit, the participant will be taxed on the then-current fair market value of the shares or cash paid and we will be entitled to a deduction equal to the amount of ordinary compensation income the participant is required to recognize as a result of the settlement.

Other Awards

The current United States federal income tax consequences of other Awards authorized under the 2012 LTIP are generally in accordance with the following: (1) the fair market value of other stock-based awards is generally subject to ordinary compensation income tax at the time the restrictions lapse, unless the participant elects to accelerate recognition as of the date of grant; and (2) the amount of cash paid (or the fair market value of the common shares issued) to settle restricted stock units, performance shares, performance share units, performance units and cash-based awards is generally subject to ordinary compensation income tax. In each of the foregoing cases, we will generally be entitled to a corresponding federal income tax deduction at the same time the participant recognizes ordinary compensation income.

Dividend-Equivalent Rights

Participants may be granted dividend-equivalent rights in connection with any Award other than a stock option or SAR. A participant who receives dividend-equivalent rights with respect to an Award between the grant date and the date the Award is exercised, payable or vests or when the restrictions lapse or expires (as the terms of the Awards dictate) will recognize ordinary compensation income equal to the value of cash or common shares delivered and we will generally be entitled to a corresponding deduction for such dividends.

Section 162(m)

As described above, Section 162(m) of the IRC generally provides that a company is prohibited from deducting compensation paid to certain covered employees (i.e., the principal executive officer and three other most highly compensated officers (other than the principal financial officer)) in excess of $1 million per person in any year. Compensation that qualifies as qualified performance-based compensation is excluded for purposes of calculating the amount of compensation subject to the $1 million limit. To qualify as qualified performance-based compensation, Awards must be granted under the 2012 LTIP by the Committee and satisfy the 2012 LTIP s limit on the total number of common shares that may be awarded to any one participant during a year. In addition, for Awards other than stock options to qualify as qualified performance-based compensation, the issuance or vesting of the Award, as applicable, must be contingent upon satisfying one or more of the performance measures listed in the 2012 LTIP, as established and certified by the Committee.

Sections 280G and 4999

Section 280G of the IRC disallows deductions for excess parachute payments and Section 4999 of the IRC imposes penalties on persons who receive excess parachute payments. A parachute payment is the present value of any compensation amount that is paid to disqualified individuals (such as our and our subsidiaries officers and highly paid employees) that are contingent upon or paid on account of a change in control but only if such payments, in the aggregate, are equal to or greater than 300% of the participant s taxable compensation averaged over the five calendar years ending before the change in control (or over the participant s entire period of service if that period is less than five calendar years). This average is called the Base Amount. An excess parachute payment is the amount by which any parachute payment exceeds the portion of the Base Amount allocated to such payment.

Some participants in the 2012 LTIP may receive parachute payments in connection with a change in control. If this happens, the value of each participant s parachute payment from the 2012 LTIP must be combined with other parachute payments the same participant is entitled to receive under other agreements or arrangements with us or our subsidiaries, such as an employment agreement or a change in control agreement. If the participant is a disqualified individual and the combined value of all parachute payments is an excess parachute payment, the participant must pay an excise tax equal to 20% of the value of all parachute payments above 100% of the participant s Base Amount. This tax is due in addition to other federal, state and local income, wage and employment taxes. Also, neither we nor any of our subsidiaries would be able to deduct the amount of any participant s excess parachute payment and the $1,000,000 limit on deductible compensation under Section 162(m) of the IRC would be reduced by the amount of the excess parachute payment.

The 2012 LTIP addresses excess parachute payment penalties. Generally, if a participant in the 2012 LTIP receives an excess parachute payment, the value of the payment is reduced to avoid the excess parachute penalties. However, the 2012 LTIP also states that other means of dealing with these penalties will be applied if required by the terms of another written agreement (whether currently in effect or adopted in future) with us or any of our subsidiaries (such as an employment or a change in control agreement). We are a party to an employment agreement with several of our named executive officers. Those employment agreements provide that if the payments received by the named executive officer in connection with a change in control constitute an excess parachute payment under Section 280G of the IRC, the executive s benefits under his or her employment agreement will be reduced to the extent necessary to become one dollar less than the amount that would generate such excise tax, if this reduction results in a larger after-tax amount to the executive as compared to the excise tax reimbursement method. The compensation payable on account of a change in control may be subject to the deductibility limitations of Sections 162(m) and 280G of the IRC.

Section 83(b)

A participant may elect pursuant to Section 83(b) of the IRC to have compensation income recognized at the grant date of an Award of restricted stock, restricted stock units or performance units and to have the applicable capital gain holding period commence as of that date. If a participant makes this election, we will generally be entitled to a corresponding tax deduction equal to the value of the Award affected by this election. If the participant who has made an election subsequently forfeits the Award, then the participant will not be entitled to deduct the amount previously recognized as income.

Section 409A

Section 409A of the IRC imposes certain restrictions on amounts deferred under nonqualified deferred compensation plans and a 20% excise tax on amounts that are subject to, but do not comply with, Section 409A of the IRC. If the requirements of Section 409A are not complied with, holders of such Awards may be taxed earlier than would otherwise be the case (e.g., at the time of vesting instead of the time of payment) and may be subject to an additional 20% penalty tax and, potentially, interest and penalties. Section 409A of the IRC includes a broad definition of nonqualified deferred compensation plans, which includes certain types of equity incentive compensation. It is intended that the Awards granted under the 2012 LTIP will comply with or be exempt from the requirements of Section 409A of the IRC and the treasury regulations promulgated thereunder (and any subsequent notices or guidance issued by the Internal Revenue Service).

Market Value

On February 1, 2014, the closing price of the Company s common shares traded on the NYSE was $26.79 per share.

Equity Compensation Plan Information

The following table summarizes information as of February 1, 2014 relating to our equity compensation plans pursuant to which our common shares may be issued.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (#) (a)	Weighted-average exercise price of outstanding options, warrants and rights ($) (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (#) (c)
Equity compensation plans approved by security holders	3,415,103*(1)(2)*	$ 34.88*(3)*	6,805,740*(4)*
Equity compensation plans not approved by security holders			
Total	3,415,103	$ 34.88*(3)*	6,805,740

(1) Includes stock options granted and performance share units granted under the 2012 LTIP, the 2005 LTIP, the Director Stock Option Plan, and the Big Lots, Inc. 1996 Performance Incentive Plan (1996 LTIP). In addition, we had 664,101 shares of unvested restricted stock outstanding under the 2012 LTIP and the 2005 LTIP.

(2) The common shares issuable upon exercise of outstanding stock options granted under each shareholder-approved plan are as follows:

2012 LTIP	1,022,687
2005 LTIP	2,283,836
Director Stock Option Plan	35,000
1996 LTIP	35,780

(3) The weighted average exercise price does not take into account the performance share units granted under the 2012 LTIP.

(4) The common shares available for issuance under the 2012 LTIP are limited to 6,805,740 common shares. There are no common shares available for issuance under any of the other shareholder-approved plans.

The 2012 LTIP was initially approved by shareholders on May 23, 2012. The 1996 LTIP terminated on December 31, 2005. The Director Stock Option Plan terminated on May 30, 2008. The 2005 LTIP expired on May 16, 2012.

See the Stock Ownership section of this Proxy Statement for additional information with respect to security ownership of certain beneficial owners and management.

THE BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE FOR THE PROPOSAL TO APPROVE THE AMENDED AND RESTATED 2012 LTIP.

PROPOSAL THREE: APPROVAL OF THE AMENDED AND RESTATED BIG LOTS 2006 BONUS PLAN

Background

On March 5, 2014, the Board adopted, based on the recommendation of the Compensation Committee (which we refer to as the Committee throughout this discussion of Proposal 3), and proposed that our shareholders approve, the amended and restated 2006 Bonus Plan. The 2006 Bonus Plan provides for cash incentive awards, which are 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 Committee at the start of the fiscal year. Our shareholders first approved the 2006 Bonus Plan on May 25, 2006, and subsequently amended and restated the 2006 Bonus Plan effective May 27, 2010. The amended and restated 2006 Bonus Plan will become effective if and when approved by our shareholders at the Annual Meeting. The Board recommends that shareholders approve the amended and restated 2006 Bonus Plan.

We are required to periodically resubmit the 2006 Bonus Plan for shareholder approval so that bonus opportunities awarded under the 2006 Bonus Plan can qualify as qualified performance-based compensation under Section 162(m) of the IRC. Therefore, we are seeking shareholder approval with respect to the amended and restated 2006 Bonus Plan in its entirety. If our shareholders do not approve the amended and restated 2006 Bonus Plan, bonus opportunities previously awarded under the 2006 Bonus Plan will remain valid and the 2006 Bonus Plan will remain in effect.

The Proposed Amended and Restated 2006 Bonus Plan

The primary amendments to the 2006 Bonus Plan reflected in the amended and restated 2006 Bonus Plan include:

- *Expanding the performance criteria, and the equitable adjustments that may be made thereto, for awards under the 2006 Bonus Plan.* The amended and restated 2006 Bonus Plan includes several additional performance criteria, and additional equitable adjustments that may be made to the performance criteria, upon which the Committee may base the performance goals it establishes for bonus opportunities awarded under the Plan. The Board believes that the 2006 Bonus Plan needs to include these additional performance criteria and equitable adjustments to address all of the financial measures that management now focuses on in its corporate operating plan. See Description of Bonus Awards for a complete list of the performance criteria and equitable adjustments available under the amended and restated 2006 Bonus Plan.

- *Updating and clarifying certain other provisions of the 2006 Bonus Plan*. The other proposed amendments to the 2006 Bonus Plan principally consist of (1) updates and clarifications to better ensure compliance with the requirements of Section 409A and Section 162(m) of the IRC, (2) clarifications to the performance criteria and adjustment categories set forth in the appendix of the 2006 Bonus Plan, and (3) additional revisions that we believe would improve the clarity of the 2006 Bonus Plan. We believe these amendments would facilitate a better understanding of the 2006 Bonus Plan s terms by participants, shareholders, administrators and us.

Section 162(m) Approval Requirement

Section 162(m) of the IRC generally provides that we may not deduct more than $1,000,000 of compensation paid during any fiscal year to our covered employees (*i.e.*, our CEO and our three other highest compensated executives (excluding the principal financial officer) employed at the end of the fiscal year). However, this limit does not apply to qualified performance-based compensation as defined by Section 162(m) of the IRC. Annual incentive awards under the 2006 Bonus Plan will only constitute qualified performance-based compensation under Section 162(m) of the IRC if certain requirements are satisfied, including shareholder approval of the material terms of the performance criteria of the 2006 Bonus Plan at least once every five years. By approving the amended and restated 2006 Bonus Plan, our shareholders will approve, among other things, the material terms of the performance criteria (as described below in Description of Bonus Awards) used to determine whether bonus awards are earned.

Summary of the Amended and Restated 2006 Bonus Plan

The 2006 Bonus Plan provides for cash compensation to be paid annually when we meet or exceed minimum corporate performance amounts under one or more performance criteria approved by the Committee and other outside directors at the start of the fiscal year. The 2006 Bonus Plan is intended to meet the requirements for qualified performance-based compensation under Section 162(m) of the IRC so that annual incentive award opportunities awarded under the 2006 Bonus Plan qualify for a federal income tax deduction.

The purpose of the 2006 Bonus Plan is to advance our interests by (1) attracting, retaining and motivating employees, (2) aligning participants interests with those of our shareholders, and (3) qualifying compensation paid to our executives as qualified performance-based compensation under Section 162(m) of the IRC.

The following summary describes the material features of the amended and restated 2006 Bonus Plan and is qualified in its entirety by reference to the complete text of the amended and restated 2006 Bonus Plan attached to this Proxy Statement as Appendix B.

Administration

The 2006 Bonus Plan is, and will be, administered by the Committee. Each member of the Committee will be an independent director for purposes of our Corporate Governance Guidelines, the Committee s charter and the NYSE listing requirements; a non-employee director within the meaning of Rule 16b-3 under the Exchange Act; and an outside director within the meaning of Section 162(m) of the IRC. The Committee is currently comprised of five directors, each of whom meets all of these criteria. The Committee has the authority to administer, interpret the terms of, determine the eligibility of employees to participate in, and make all other determinations and take all other actions in accordance with the terms of, the 2006 Bonus Plan. Any determination or decision by the Committee will be conclusive and binding on all persons who at any time have or claim to have any interest under the 2006 Bonus Plan. As plan administrator, the Committee is responsible for designating eligible participants and selecting the performance goals including the applicable performance criteria, corporate performance amounts and payout percentages used to calculate the annual incentive award, if any.

Eligibility and Participation

In the Committee s discretion, all of our and our affiliates employees are eligible to participate in the 2006 Bonus Plan. Approximately 715 of those employees participated in the 2006 Bonus Plan in fiscal 2013. As of February 1, 2014, we and our affiliates had approximately 38,100 employees.

Description of Bonus Awards

For each performance period, which is generally a full fiscal year, the Committee may grant annual incentive award opportunities under the 2006 Bonus Plan in such amounts and on such terms as it determines in its sole discretion (subject to the limitations imposed by the Plan), including the applicable performance criteria (and any equitable adjustments made thereto), corporate performance amounts and payout percentages.

For each annual incentive award opportunity awarded under the 2006 Bonus Plan, the Committee will establish corporate performance amounts that will be applied to determine the amount of compensation payable with respect to such award. The Committee will base the corporate performance amounts on one or more of the following performance criteria listed in the 2006 Bonus Plan:

- Earnings (loss) per common share from continuing operations;
- Earnings (loss) per common share;
- Operating profit (loss), operating income (loss), or income (loss) from operations (as the case may be);
- Income (Loss) from continuing operations before unusual or infrequent items;
- Income (Loss) from continuing operations;
- Income (Loss) from continuing operations before income taxes;
- Income (Loss) from continuing operations before extraordinary item and/or cumulative effect of a change in accounting principle (as the case may be);
- Income (Loss) before extraordinary item and/or cumulative effect of a change in accounting principle (as the case may be);
- Net income (loss);
- Income (Loss) before other comprehensive income (loss);
- Comprehensive income (loss);
- Income (Loss) before interest and income taxes;
- Income (Loss) before interest, income taxes, depreciation and amortization;
- Any other objective and specific income (loss) category or non-GAAP financial measure that appears as a line item in our filings with the Securities and Exchange Commission or the annual report to shareholders;

- Any of the performance measures above (other than earnings (loss) per common share from continuing operations and earnings (loss) per common share) on a weighted average common shares outstanding basis;
- Either of earnings (loss) per common share from continuing operations and earnings (loss) per common share on a basic or diluted basis and any of the other performance measures above on a basic or diluted earnings per share basis;
- Common share price;
- Total shareholder return expressed on a dollar or percentage basis as is customarily disclosed in the proxy statement accompanying the notice of annual meetings of shareholders;
- Percentage increase in comparable store sales;
- Gross profit (loss) or gross margin (loss) (as the case may be);
- Economic value added;
- Return measures (including, but not limited to, return on assets, capital, invested capital, equity, sales, or revenue);
- Expense targets;
- Cash flow (including, but not limited to, operating cash flow, free cash flow, cash flow return on equity, and cash flow return on investment);
- Productivity ratios;
- Market share;
- Customer satisfaction; or
- Working capital targets and change in working capital.

The Committee, in its sole discretion, in setting the corporate performance amounts, may provide for equitable adjustments to the performance criteria in recognition of unusual or non-recurring events, transactions and accruals for the effect of one or more of the following items:

- Asset impairments as described in Accounting Standard Codification (ASC) 360 Property, Plant, & Equipment, as amended, revised or superseded;
- Costs associated with exit or disposal activities as described by ASC 420 Exit or Disposal Cost Obligations, as amended, revised or superseded;
- Impairment charges (excluding the amortization thereof) related to goodwill or other intangible assets, as described by ASC 350 Intangibles Goodwill and Other, as amended, revised or superseded;
- Integration costs related to all merger and acquisition activity of the Company and/or its affiliates, including, without limitation, any merger, acquisition, reverse merger, triangular merger, tender offer, consolidation, amalgamation, arrangement, security exchange, business combination or any other purchase or sale involving the Company and/or its affiliates (or foreign equivalent of any of the foregoing);
- Transaction costs related to all merger and acquisition activity of the Company and/or its affiliates, including, without limitation, any merger, acquisition, reverse merger, triangular merger, tender offer, consolidation, amalgamation, arrangement, security exchange, business combination or any other purchase or sale involving the Company and/or its affiliates (or foreign equivalent of any of the foregoing);
- Any profit or loss attributable to the business operations of a specified segment as described in ASC 280 Segment Reporting, as amended, revised or superseded;

- Any profit or loss attributable to a specified segment as described in ASC 280 Segment Reporting, as amended, revised or superseded, acquired during the Performance Period or an entity or entities acquired during the Performance Period to which the performance goal relates;
- Any tax settlement(s) with a tax authority;
- The relevant tax effect(s) of tax laws or regulations, or amendments thereto, that become effective after the beginning of the performance period;
- Any extraordinary item, event or transaction as described in ASC 225-20 Income Statement Extraordinary and Unusual Items, as amended, revised or superseded;
- Any unusual in nature, or infrequent in occurrence items, events or transactions (that are not extraordinary items) as described in ASC 225-20 Income Statement Extraordinary and Unusual Items, as amended, revised or superseded;
- Any other non-recurring items, any events or transactions that do not constitute ongoing operations, or other non-GAAP financial measures (not otherwise listed);
- Any change in accounting principle as described in ASC 250-10 Accounting Changes and Error Corrections, as amended, revised or superseded;
- Unrealized gains or losses on investments in debt and equity securities as described in ASC 320 Investments Debt and Equity Securities, as amended, revised or superseded;
- Any gain or loss recognized as a result of derivative instrument transactions or other hedging activities as described in ASC 815 Derivatives and Hedging, as amended, revised or superseded;
- Shares-based compensation charges as described in ASC 718 Compensation Stock Compensation and ASC 505-50 Equity-Based Payments to Non-Employees, as amended, revised or superseded;
- Any gain or loss as reported as a component of other comprehensive income as described in ASC 220 Comprehensive Income, as amended, revised or superseded;
- Any expense (or reversal thereof) as a result of incurring an obligation for a direct or indirect guarantee, as described in ASC 460 Guarantees, as amended, revised or superseded;
- Any gain or loss as the result of the consolidation of a variable interest entity as described in ASC 810 - Consolidation, as amended, revised or superseded;
- Any expense, gain or loss (including, but not limited to, judgments, interest on judgments, settlement amounts, attorneys fees and costs, filing fees, experts fees, and damages sustained as a result of the imposition of injunctive relief) as a result of claims, litigation, judgments or lawsuit settlement (including collective actions or class action lawsuits); or
- Any charges associated with the early retirement of debt obligations.

The Committee defines the payout percentages at the same time it establishes the performance criteria (and any equitable adjustments made thereto) and corporate performance amounts. The minimum payout percentages for target and maximum annual incentive award opportunities for our named executive officers who are party to an employment agreement with us are set forth in their respective employment agreements, and the payout percentage for the floor annual incentive award opportunity is set annually by the Committee. For participants who are not party to an employment agreement with us, the payout percentages approved by the Committee are set by position level. Subject to the terms of the employment agreements, the Committee has the right to adjust the payout percentages.

The 2006 Bonus Plan provides for cash compensation to be paid annually when the performance goals are achieved. No right to a minimum annual incentive award exists under the 2006 Bonus Plan. For each performance period, the Committee will establish an objective formula for each participant based on the achievement of the performance goals, the outcomes of which are substantially uncertain at the time they are established. The Committee derives the corporate performance amounts from our corporate operating plan, which is approved by the Board at the start of the fiscal year.

After the end of the performance period, the Committee will determine the amount of the annual incentive award earned by each participant under the predetermined objective formula for the performance goals. Payment of the annual incentive award to the participant will be made, subject to the participant s right to defer the same, upon certification by the Committee, in writing, that the performance goals were satisfied (*i.e.*, at least the corporate performance amount for a floor annual incentive award was attained) and the annual incentive award has been calculated in accordance with the predetermined objective formula.

Maximum Bonus Awards

The 2006 Bonus Plan provides that annual incentive awards in any fiscal year may not exceed the maximum annual incentive award amount that is established annually for each participant pursuant to a predetermined objective formula, subject to the current maximum annual limit of $4,000,000.

Termination of Employment

Except to the extent otherwise determined by the Committee, in the event a participant voluntarily terminates employment with us prior to the day on which payments of annual incentive awards are determined under the 2006 Bonus Plan for a performance period, the participant forfeits all rights to receive an annual incentive award. At the discretion of the Committee, prorated annual incentive awards may be made to participants whose employment terminates by reason of retirement, disability or death during a performance period; provided, however, that at least the corporate performance amount for a floor annual incentive award must have been attained during the required service period.

Transferability

A participant in the 2006 Bonus Plan may not assign, pledge or encumber his or her interest under the 2006 Bonus Plan, except that a participant may designate a beneficiary as provided in the 2006 Bonus Plan.

Amendment, Suspension or Termination

The Committee may amend, in whole or in part, any or all of the provisions of the 2006 Bonus Plan, except as to those terms or provisions that are required by Section 162(m) of the IRC to be approved by the shareholders, or suspend or terminate the 2006 Bonus Plan entirely; provided, however, that no such amendment, suspension or termination may, without the consent of the affected participants, reduce the right of participants to any payment due under the 2006 Bonus Plan.

Section 409A

Section 409A of the IRC imposes certain restrictions on amounts deferred under non-qualified deferred compensation arrangements and a 20% additional tax on amounts that are subject to, but do not comply with, Section 409A. We intend for the awards granted under the 2006 Bonus Plan to comply with the requirements of Section 409A, and the Compensation Committee will interpret, administer and operate the 2006 Bonus Plan accordingly.

New Plan Benefits

The exact amount of the awards under the 2006 Bonus Plan, if any, that will be allocated to or received by the participants is at the discretion of the Committee and dependent upon our future performance, and therefore cannot be determined at this time. The annual bonuses paid under the 2006 Bonus Plan to the named executive officers for fiscal 2011, fiscal 2012 and fiscal 2013 are set forth in the Non-Equity Incentive Plan Compensation column of the Summary Compensation Table in this Proxy Statement.

THE BOARD RECOMMENDS THAT YOU VOTE FOR THE PROPOSAL TO APPROVE THE AMENDED AND RESTATED 2006 BONUS PLAN.

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 2013 (Form 10-K).

Members of the Compensation Committee

Russell Solt, Chair
Jeffrey P. Berger
Peter J. Hayes
James R. Tener
Dennis B. Tishkoff

Compensation Discussion and Analysis

Overview of Our Executive Compensation Program

Executive Summary

This CD&A describes our executive compensation program for fiscal 2013 and certain elements of our executive compensation program for fiscal 2014 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 2013, were:

- Mr. Campisi, our CEO and President;
- Mr. Johnson, our Executive Vice President, Chief Financial Officer;
- Ms. Bachmann, our Executive Vice President, Chief Operating Officer;
- Mr. Cooper, our Executive Vice President and President, Big Lots Canada, Inc.;
- Mr. Rodriguez, our Senior Vice President, Distribution and Transportation Services;
- Mr. Fishman, our former Chairman, CEO and President;
- Mr. Haubiel, our former Executive Vice President, Chief Administrative Officer, General Counsel and Corporate Secretary; and
- Mr. Martin, our former Executive Vice President, Chief Merchandising Officer.

Mr. Fishman s employment with us terminated on May 3, 2013. Mr. Haubiel s employment with us terminated on June 17, 2013. Mr. Martin s employment with us terminated on January 3, 2014.

Our executive compensation program is designed to:

- attract and retain executives by paying them compensation that is competitive with the compensation paid by the companies in our comparator groups;
- motivate our executives to contribute to our long-term success;

- reward our executives for corporate and individual performance; and

- align the interests of our executives and shareholders through performance-linked compensation.

Our financial performance in fiscal 2013 did not meet our expectations. As a result of such performance and the emphasis that our executive compensation program places on performance-linked compensation, the actual compensation realized by our named executive officers in fiscal 2013 was significantly lower than the total potential compensation awarded to our named executive officers for fiscal 2013. For example, we did not achieve the operating profit required for our named executive officers to earn annual incentive awards for fiscal 2013 under the 2006 Bonus Plan and, as a result, our named executive officers did not receive annual incentive awards for fiscal 2013.

2013 Annual Meeting Results and Shareholder Engagement

At our 2013 annual meeting of shareholders, we held an advisory vote of our shareholders regarding the fiscal 2012 compensation of our named executive officers as disclosed in our 2013 Proxy Statement (the 2013 say-on-pay vote). Of the shares voted on our 2013 say-on-pay vote, a majority voted not to approve the fiscal 2012 compensation. This outcome was extremely disappointing to us, our Board and the Committee. In response to this outcome, the Committee directed our senior management to extend invitations to our largest shareholders to discuss our executive compensation program. We contacted 24 shareholders who beneficially owned approximately 62% of our outstanding common shares and two major proxy advisory firms. Six shareholders elected to schedule calls with us in response to our invitation and three other shareholders deferred to the proxy advisory firms, with that combined group representing approximately 27% of our outstanding common shares.

In our discussions with our shareholders we sought to:

- understand why they did not approve our fiscal 2012 compensation;
- better understand their views regarding our executive compensation generally so that we can better align our compensation programs with shareholder interests; and
- discuss any other views or concerns of our shareholders.

The shareholders who chose to participate in calls provided both criticism of the compensation paid to our executives in fiscal 2012, as well as support for changes that we made to our compensation program in fiscal 2013. The criticism of our fiscal 2012 compensation program principally related to the compensation of our former CEO, Mr. Fishman. Shareholders stated that Mr. Fishman s compensation package was too large and that the performance metric tied to the vesting of Mr. Fishman s fiscal 2012 restricted stock award was too easily achievable. At the same time, shareholders voiced support for the Committee s efforts to change the compensation mix awarded to our executives in fiscal 2013, particularly the smaller compensation package awarded to our new CEO, Mr. Campisi, compared to Mr. Fishman. Shareholders also noted our elimination of the excise tax reimbursement payments and the addition of a clawback provision in our executives employment agreements. In addition, several shareholders were pleased that we separated our CEO and Chairman of the Board positions and that we continued to work with Exequity LLP (Exequity), an independent compensation consultant, to improve our compensation programs.

After considering the 2013 say-on-pay vote and the feedback we received from shareholders and proxy advisory firms, the Committee decided to make significant additional changes to our compensation program for fiscal 2014, as discussed in the Our Executive Compensation Program for Fiscal 2014 section of this CD&A. In addition, the Committee retained Exequity to present an overview of executive compensation trends that may be important to our shareholders and to advise the Committee on all principal aspects of executive compensation for fiscal 2014.

Also at our 2013 annual meeting of shareholders, Mr. Solt, the Committee s Chairman, received less than a majority of the shareholder votes for his reelection. As a result, Mr. Solt offered to resign from the Board in accordance with our Corporate Governance Guidelines. After carefully considering the recommendation of the Nominating / Corporate Governance Committee and other relevant factors (including shareholder feedback), the Board determined not to accept Mr. Solt s resignation. The Board considered Mr. Solt s experience as the CFO of other publically traded retailers, his background in investor relations, and his knowledge of compensation best practices and comparator group policies, in determining that Mr. Solt is ideally suited to continue leading our efforts to further improve our executive compensation program. Mr. Solt did not participate in the Board or the Nominating / Corporate Governance Committee s evaluation or in its decision to reject his offer to resign. As part of the shareholder engagement effort described above, we also sought to understand the concerns that led a majority of shareholders to withhold votes from Mr. Solt in May 2013. These concerns appear not to have been directed at Mr. Solt personally, but were principally related to previous compensation practices adopted before Mr. Solt was appointed the Committee s Chairman. Under Mr. Solt s leadership as the Committee s Chairman, several key compensation practices were modified in May 2013, including, reducing the overall CEO compensation package, aligning the equity compensation awarded to our new CEO with shareholder return metrics, eliminating certain excise tax reimbursement payments and adding a clawback provision to our executive employment agreements.

Significant Executive Compensation Practices and Policies and Recent Modifications

The Committee reviews and evaluates the Company s executive compensation programs, practices and policies on a regular basis. Significant executive compensation practices and policies of the Company include:

- *Performance-Linked Pay.* In accordance with the Company s pay-for-performance philosophyperformance-linked compensation comprised 31% to 63% of the compensation awarded to our named executive officers for fiscal 2013.
- *Elimination of Excise Tax Gross-ups for Change-in-Control Payments*. In fiscal 2013, we amended the employment agreements with our executives to eliminate any reimbursement for any golden parachutexcise tax imposed under Section 4999 of the IRC.
- *Clawbacks.* In fiscal 2013, we amended the employment agreements with our executives to provide that any compensation paid to an 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 listing requirement or any policy adopted by us with respect to any such law or listing requirement.
- *Stock Ownership Requirements*. We have stock 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.
- *Hedging Policy.* We do not allow our directors or Leadership Team members to enter into any hedging or monetization transactions relating to our common shares.
- *Independent Compensation Consultant*. The Committee engaged and continues to engage Exequity to serve as its independent compensation consultant.

CEO Compensation

Mr. Fishman served as our CEO and President until Mr. Campisi assumed those positions on May 3, 2013. In response to the views expressed by our shareholders, in connection with our appointment of a new CEO, the Committee sought to reduce the total compensation of our CEO without undermining our compensation objectives. The table below compares Mr. Campisi s total compensation package in fiscal 2013 to Mr. Fishman s total compensation package in fiscal 2012.

		Mr. Campisi 2013	Mr. Fishman 2012
Salary		$900,000	$1,400,000
Bonus	Target payout percentage	100%	120%
	Maximum payout percentage	200%	240%
Equity	Value all equity awards	$4,122,363	$10,524,000
	Shares granted all equity awards	191,100	240,000
	- shares underlying restricted stock award	37,800	240,000
	- shares underlying stock option award	115,500	0
	- shares underlying performance share units award	37,800	0

The bar graph below compares the total compensation, as reported in the Summary Compensation Table, of Mr. Campisi in fiscal 2013 and Mr. Fishman in each of fiscal 2012 and fiscal 2011.

Compensation Awarded to CEO

Pay-for-Performance

Aligning executive compensation with corporate and individual performance is a key principle of our executive compensation philosophy. We believe our executive compensation program effectively implements this principle by tying the value of bonus opportunities and equity awards under the program to our financial performance and/or the price of our common shares.

The metrics we currently use to evaluate the performance of our named executive officers are our operating profit, earnings per share and return on invested capital (ROIC). We believe that our operating profit is an important financial measure as it reflects our efforts to increase revenue and control our expenses. Additionally, the value of the performance-linked incentive compensation that we award in the form of equity is significantly impacted by the price of our common shares and our earnings per share.

The pay-for-performance chart that follows presents for each of fiscal 2011, fiscal 2012 and fiscal 2013: (1) our total shareholder return (TSR) indexed to our fiscal 2010 year end stock price of $31.82; (2) our earnings per common share diluted from continuing operations; (3) our operating profit; (4) the total compensation of our CEO as reported in our Summary Compensation Table (for Mr. Fishman in fiscal 2011 and 2012 and Mr. Campisi in fiscal 2013); and (5) the total compensation realized by Mr. Fishman in fiscal 2011 and 2012 and Mr. Campisi in fiscal 2013 (CEO Realized Compensation) in each such fiscal year.

The CEO Realized Compensation for each fiscal year presented in the pay-for-performance chart is equal to the sum of: (1) the base salary earned by our CEO during the fiscal year; (2) the bonus earned by our CEO in the fiscal year under the award granted to him pursuant to the 2006 Bonus Plan for such fiscal year (as reported in the Non-Equity Incentive Plan Compensation column of our Summary Compensation Table for the fiscal year); and (3) if the restricted stock award granted to our CEO pursuant to the 2005 LTIP and 2012 LTIP for such fiscal year vested as a result of our performance during the year, the aggregate market price of the common shares underlying the restricted stock award on the vesting date (as reported in the Stock Awards Value Realized on Vesting column of the Option Exercises and Stock Vested table for the subsequent fiscal year). The Committee believes total realized compensation is a more useful measure for comparing pay and performance than the information reported in the Summary Compensation Table because total realized compensation increases or decreases depending on our actual results and fluctuations in the price of our common shares. For example, while Mr. Fishman s fiscal 2012 Summary Compensation Table compensation was $12,319,766, Mr. Fishman s total realized compensation in fiscal 2012 was actually $1,453,846, based on our financial performance and share price as his fiscal 2012 restricted stock award did not vest and was forfeited.

Company Performance and CEO Total Compensation in Fiscal 2011 - 2013

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(1) Indexed Total Shareholder Return represents the value of a hypothetical $100 investment in our common shares at January 31, 2011 through the end of each fiscal year shown.

The ring graphs that follow show the fiscal 2013 performance-linked incentive compensation for Mr. Campisi and our other named executive officers as a percentage of their respective total compensation. Mr. Fishman announced his intention to retire in December 2012 and did not receive an equity award in 2013 and, therefore, his compensation is not included in the ring graphs below. As these ring graphs illustrate, 63% percent of Mr. Campisi s and 34% percent of our other named executive officer s compensation was dependent on our financial and/or stock performance.

2013 COMPENSATION AWARDED

Our Executive Compensation Program for Fiscal 2014

In establishing executive compensation for fiscal 2014, the Committee engaged Exequity to provide research, comparative compensation data and general executive compensation program guidance. Exequity also advised the Committee on all principal aspects of executive compensation, including the competitiveness of program design and award values. The Committee charged Exequity with assisting it to meet the following primary objectives:

- 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.

In response to the feedback received throughout our fiscal 2013 shareholder outreach efforts, the Committee, with the assistance of Exequity, analyzed our executive compensation program and adopted the following significant changes which will be reflected in our fiscal 2014 executive compensation program:

- Implemented performance share units (PSUs) as 60% of the long-term incentive program for our named executive officers and other Leadership Team members. PSUs are not earned unless 3-year performance targets established by the Committee are achieved. The targets the Committee established are based on our earnings per share and ROIC, each of which accounts for 50% of the PSUs. The number of common shares underlying the PSUs ultimately earned will range from 0% for below threshold performance to 150% for performance at or above the maximum performance level; and
- Implemented time-vested restricted stock units (RSUs) as 40% of the long-term incentive program for our named executive officers and other Leadership Team members. RSUs will vest ratably over three years from the grant date of the award. The RSUs also contain a performance component designed to preserve deductibility under Section 162(m) of the IRC.

Because we determined to use ROIC as one of the performance metrics and it is not among the performance metrics currently available under the 2012 LTIP, we have included Proposal Two in this Proxy Statement requesting that shareholders approve a modification to the 2012 LTIP through the addition of this performance metric to the 2012 LTIP.

Also at its meeting in March 2014, the Committee: (1) determined that a bonus was not payable for fiscal 2013 under the 2006 Bonus Plan; (2) reviewed the tally sheets and compensation history for all Leadership Team members; (3) reviewed internal pay equity information; (4) discussed the executive compensation review prepared by Exequity and approved the retailer-only comparator group for fiscal 2014; (5) reviewed the performance based incentive compensation as a percentage of the total executive compensation awarded for fiscal 2013 for each named executive officer; and (6) formulated its recommendations to the other outside directors for fiscal 2014 executive compensation (including the terms, performance measures and quantum of the bonus and equity awards). The Committee also reviewed drafts of this CD&A and the other compensation disclosures required by the SEC. The Committee recommended, and the outside directors approved, the following fiscal 2014 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 2014 Salary ($)	Fiscal 2014 Target Annual Incentive Award Payout Percentage (%)	Common Shares Underlying Fiscal 2014 RSU Award (#)	Common Shares Underlying Fiscal 2014 PSU Award (#)
Mr. Campisi	950,000	110	69,616	104,424
Mr. Johnson	510,000	60	15,338	23,006
Ms. Bachmann	650,000	60	20,396	30,593
Mr. Cooper	580,000	60	0	0
Mr. Rodriguez	350,000	50	5,424	8,137

Philosophy and Objectives of our Executive Compensation Program

We believe it is important to provide competitive compensation to attract and retain talented executives to lead our business. We also believe an executive compensation program should encourage high levels of corporate and individual performance by motivating executives to continually improve our business in order to promote sustained profitability and enhanced shareholder value. The Committee implements this executive compensation philosophy by structuring our executive compensation program to achieve the following key objectives:

- *Attract and retain talented executives by paying compensation that is competitive with the compensation paid by the companies in our comparator groups.*

  We believe most executives who consider changing their employer expect to receive amounts and elements of compensation that are comparable to those offered by most companies in our comparator groups 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.

- *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 and thereby promote sustainable profitability and enhanced shareholder value. These compensation elements provide executives with meaningful incentives to meet or exceed the corporate financial goals set by our Board each year.

- *Align the interests of executives and shareholders through performance-linked compensation.*

  We pay annual incentive awards only if we meet or exceed corporate performance goals. Stock options only have value if the market price of our common shares appreciates during the period in which the stock options may be exercised. The time-vested restricted stock awards vest after five years unless we achieve a corporate performance goal accelerating the vesting of the awards and its value is determined by the market price of our common shares. Performance shares awarded to Mr. Campisi in 2013 vest only if the market price of our common shares appreciates for 20 consecutive trading days to predetermined amounts above the grant date fair market value of our common shares. For fiscal 2014, we awarded RSUs and PSUs. The RSUs are designed to 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 3-year period. For fiscal 2014, the targets the Committee established are based on earnings per share and ROIC, each of which account for 50% of the PSUs. Accordingly, the realization and value of each of these elements of compensation is dependent upon our performance and/or the appreciation in the market value of our common shares.

Focus on Corporate Governance

Although the compensation committees of some companies make all compensation decisions with respect to their executives, we believe it is consistent with best practices in corporate governance to reach a consensus among all outside directors when establishing executive compensation. Accordingly, while the Committee takes the lead in formulating executive compensation, we also seek the approval of other outside directors before finalizing annual executive compensation to provide an additional check on the appropriateness of the amounts awarded.

Elements of In-Service Executive Compensation

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, are consistent with our compensation philosophy and advance our compensation objectives.

The Committee reviews each element at least annually. The Committee and the other outside directors also have discretion, subject to the limitations contained in our bonus and equity plans and the executives employment agreements, in setting named executive officers salary, bonus opportunities and equity awards.

- *Salary*

  The Committee annually reviews and establishes the salary for each named executive officer. We believe salary serves as a short-term retention tool. A minimum salary for Mr. Campisi, Ms. Bachmann and Mr. Cooper is set forth in his or her respective employment agreement, as described below in the Elements of In-Service Executive Compensation Employment Agreements section of this CD&A. Salary adjustments are subjectively determined and are not formally tied to specific performance criteria.

- *Annual Incentive Awards*

  Each named executive officer has the opportunity to earn an annual incentive award under the 2006 Bonus Plan. Annual incentive award compensation is designed to retain 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 at a time when achievement of that 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 our named executive officers 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 minimum corporate performance goal that earns a threshold bonus, there is a corresponding increase in the amount of the annual incentive award (up to a maximum bonus level). Conversely, if we do not meet the minimum corporate performance goal, executives do not receive an annual incentive award. We believe that the 2006 Bonus Plan supports our pay-for-performance philosophy and directly links our named executive officers interests to those of our shareholders. Annual incentive awards paid to our named executive officers under the 2006 Bonus

Plan are considered Non-Equity Incentive Plan Compensation in the Summary Compensation Table. See the Bonus and Equity Plans disclosure that follows the Summary Compensation Table for more information regarding the 2006 Bonus Plan.

- *Equity / Long-Term Incentives*

All equity awards granted to our named executive officers since May 23, 2012 have been issued under the 2012 LTIP. Equity awards are designed to retain executives for the duration of each equity award. Although the 2012 LTIP allow us to issue various types of equity awards, we have only granted stock options, time-vested restricted stock and performance share units under the 2012 LTIP as of the end of fiscal 2013. Stock options vest based on the passage of time or, if earlier, upon the executive s death or disability (provided the event occurs at least six months after the grant date). For fiscal 2013, the time-vested restricted stock awards are full value awards that vest in five years provided that we attain a performance component, which is designed to preserve deductibility under Section 162(m) of the IRC. The time-vested restricted stock awards may vest earlier than the five year term if we achieve a higher performance measure, which is typically based on a projected multi-year corporate operating plan, the passage of time or the executive s death or disability. 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. See the Bonus and Equity Plans discussion following the Summary Compensation Table for more information regarding the 2005 LTIP and 2012 LTIP and the terms under which we have granted equity awards. See the Our Executive Compensation Program for Fiscal 2014 section of this CD&A for a summary of significant changes made to our long-term incentive program in fiscal 2014.

- *Personal Benefits and Perquisites*

We generally provide 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.

We offer all full-time employees medical and dental benefits under the Big Lots Associate Benefit Plan (Benefit Plan). We also offer employees at or above the vice president level, including our named executive officers, the opportunity to participate in the Executive Benefit Plan, which reimburses executives for health-related costs incurred but not covered under the 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 age 65, whichever occurs earlier. We pay the premiums for this long-term disability coverage and the amount necessary to hold our named executive officer harmless from the income taxes resulting from such premium payments.

All employees at or above the vice president level have the option to use an automobile or accept a monthly automobile allowance. The value of the automobile and the amount of the automobile allowance are determined based on the employee s level.

In fiscal 2013, the Committee authorized Mr. Campisi to use the corporate aircraft for up to three round trip non-business flights, including any deadhead flights associated with his non-business use of corporate aircraft, to assist with his relocation to near our corporate office in Columbus, Ohio. In

fiscal 2013, the Committee authorized Mr. Fishman to use corporate aircraft for up to 30 hours 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 the non-business use of corporate aircraft by Mr. Campisi and Mr. Fishman based on the Standard Industry Fare Level in accordance with the IRC. We did not reimburse or otherwise gross-up Mr. Campisi or Mr. Fishman for any income tax obligation attributed to their non-business use of corporate aircraft.

Employment Agreements

Except for Mr. Johnson and Mr. Rodriguez, each named executive officer is party to an employment agreement with us. The terms of the employment agreements are substantially similar and are described collectively herein except where their terms materially differ. We entered into the employment agreements because they provide us with several protections (including non-competition, confidentiality, non-solicitation and continuing cooperation provisions) in exchange for minimum salary levels and target and maximum bonus payout percentages, potential severance and change in control payments and other benefits.

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 being paid to similarly-situated executives at comparator group companies;
- the relationship between the compensation being offered to the executive and that being paid to the other Leadership Team members;
- our perception of our bargaining power and the executive s bargaining power; and
- to the extent applicable, the elements and amounts of compensation being offered or paid to the executive by another employer.

Under the terms of their employment agreements, our named executive officers are (or were in the case of former executives Mr. Fishman, Mr. Haubiel and Mr. Martin) each entitled to receive at least the following salaries, which amounts are not subject to automatic increases: Mr. Campisi: $900,000; Ms. Bachmann: $625,000; Mr. Cooper: $580,000; Mr. Fishman: $1,400,000; Mr. Haubiel: $550,000; and Mr. Martin: $600,000. The terms of each employment agreement also establish the minimum payout percentages that may be set annually for his or her target and maximum annual incentive award levels. The minimum payout percentages set by the employment agreements for target and maximum annual incentive awards, respectively, are (or were in the case of Mr. Fishman, Mr. Haubiel and Mr. Martin) as follows (expressed as a percentage of the executive s salary): Mr. Campisi: 100% and 200%; Ms. Bachmann: 60% and 120%; Mr. Cooper: 60% and 120%; Mr. Fishman: 100% and 200%; Mr. Haubiel: 60% and 120%; and Mr. Martin: 60% and 120%. Mr. Campisi s employment agreement provides that his annual incentive award for fiscal 2013, if any, would be pro-rated based on the relative portion of the fiscal year during which he is employed with us.

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.

In fiscal 2013, we amended employment agreements with our named executive officers to include a clawback provision which provides 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 listing requirement or any policy adopted by us with respect to any such law or listing requirement.

The term of each employment agreement will remain effective as long as we employ the executive unless we and the executive mutually agree to amend or terminate his or her employment agreement, except that Mr. Campisi s employment agreement provides for an initial two-year term, with automatic renewal for additional one-year terms upon the expiration of the initial term and any renewal term, unless either party gives notice of non-renewal to the other party. In connection with Mr. Campisi s permanent relocation to the Columbus, Ohio area, his employment agreement required us to provide him with relocation benefits in accordance with our policies for senior employees, which generally include reimbursement of expenses related to visits to the Columbus area to identify a permanent residence, temporary housing in advance of moving into a permanent residence in the Columbus area, household moving and storage costs, assistance in marketing his current residence, a guaranteed buyout of his current residence if a buyer is not identified within 60 days of the initial listing, and a bonus on the sale of his current residence of up to 5% of the sales price of the current residence. If, within one year of the effective date of his employment agreement, Mr. Campisi voluntarily terminates his employment (other than as a result of a constructive termination) or is terminated for cause, he is required to reimburse us for all relocation benefits we paid to him.

Each employment agreement also imposes several restrictive covenants on the executive that survive the termination of his or her employment, including confidentiality (infinite), non-solicitation (two years), non-disparagement (infinite), non-competition (two years for Mr. Campisi and one year for the other executives, but reduced to six months for each executive following a change in control), and continuing cooperation (infinite).

The consequences of termination of employment under the employment agreements depend on the circumstances of the termination and are discussed below.

Senior Executive Severance Agreements and Severance Arrangements

We are a party to a senior executive severance agreement with Mr. Johnson, Mr. Rodriguez and several of our other key officers who are not parties to an employment agreement. Messrs. Campisi, Cooper, Fishman, Haubiel and Martin and Ms. Bachmann are not (or were not in the case of Mr. Fishman, Mr. Haubiel and Mr. Martin) a party to such a senior executive severance agreement as post-termination and change in control provisions are contained in each of their respective employment agreements (as discussed in the following section). The senior executive severance agreements expire on the anniversary of the date of execution and are automatically renewed 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 (as defined in the agreements), the executive is terminated by us, other than for cause or as a result of a constructive termination (as such terms are defined in the agreements): (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 will become 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.

Retirement and Consulting Agreement

On May 3, 2013, Mr. Fishman resigned as CEO and President, and on May 30, 2013, Mr. Fishman retired as Chairman of the Board. The Board determined that it is in our best interests for Mr. Fishman to continue to provide services to us in a consulting capacity following his retirement and to ensure that he cannot perform services for a competitor. Accordingly, on May 3, 2013, we entered into a Retirement and Consulting Agreement (RCA) with Mr. Fishman to provide for Mr. Fishman s continued services and a smooth transition of leadership to Mr. Campisi. The term of the RCA began upon Mr. Fishman s resignation as our CEO and President, and continues for a three-year period. The RCA requires Mr. Fishman to provide such services as are reasonably requested by the Board or Mr. Campisi, including assistance in the transition of leadership and matters relating to business strategy. The RCA imposes several restrictive covenants on Mr. Fishman, including continuing cooperation (six years), non-solicitation of employees and third parties with whom we have a business relationship (three years), confidentiality (infinite), non-disparagement (infinite) and non-competition (three years but reduced to six months following a change in control). In exchange for providing the consulting services and complying with the restrictive covenants set forth in the RCA, we will reimburse Mr. Fishman for the reasonable expenses he incurs in the performance of the consulting services, pay him a monthly consulting fee of $77,777, permit him to continue to use the automobile we furnished to him prior to his retirement and provide him with welfare benefits equivalent to the welfare benefits we provided to him immediately prior to his retirement. Mr. Fishman is also eligible to receive a special retainer equal to the amount, if any, that he would have otherwise been entitled to receive under our fiscal 2013 bonus program, without proration, pursuant to the same performance terms and conditions that were set by the Committee during its most recent annual review of executive compensation in March 2013. Based on our performance in fiscal 2013, Mr. Fishman did not receive any special retainer with respect to fiscal 2013. The consulting services constitute the continued provision of services for purposes of the nonqualified stock option award granted to Mr. Fishman on March 6, 2009 (which was exercisable into 307,510 common shares as of the effective date of his resignation), but the termination of, or his refusal to provide, the consulting services will constitute a termination of employment for purposes of that award. Upon Mr. Fishman s death or disability or our termination of the RCA without cause, Mr. Fishman (or his estate) will continue to receive the monthly consulting fee for the remainder of the consulting period. If we terminate the RCA for cause or Mr. Fishman voluntarily terminates the RCA, our obligation to pay the monthly consulting fee will immediately terminate.

Post-Termination and Change in Control Arrangements

The employment agreements described above provide for potential severance and change in control payments and other consideration. Our equity compensation plans also provide for the accelerated vesting of outstanding stock options, time-vested restricted stock, performance share units and restricted stock units in connection with a change in control.

The severance provisions of the employment agreements and the senior executive severance agreements are intended to address competitive concerns by providing the executives with compensation to alleviate the uncertainty associated with foregoing other opportunities and, if applicable, leaving another employer. 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. This double trigger structure is intended to enable us to rely upon each named executive officer s continued employment and objective advice without concern that the named executive officer might be distracted by the personal uncertainties and risks created by an actual or proposed change in control. These potential payments and benefits provide our named executive officers with important protections that we believe are necessary to attract and retain executive talent.

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. We believe that the objectives of attracting and retaining qualified executives and providing incentives for executives to continue their employment with us would not be adequately served if potential payments to a named executive officer upon termination or change in control were a determinative factor in awarding current compensation.

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.

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 allows us to better attract and retain qualified executives. See the narrative disclosure accompanying the Nonqualified Deferred Compensation tables following this CD&A for a discussion of the Savings Plan and Supplemental Savings Plan. 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. Our named executive officers have not been in the past and are not now eligible to participate in the Pension Plan or Supplemental Pension Plan.

Our Executive Compensation Program for Fiscal 2013

The Committee takes the lead in establishing executive compensation annually, but seeks approval of compensation decisions from the other outside directors. The Committee believes having all outside directors approve executive compensation is consistent with best practices in corporate governance. The Committee also requests performance evaluations and recommendations from our CEO regarding the compensation of the other Leadership Team members because of his direct knowledge of their respective performance and contributions. 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 expertise.

The process of evaluating our executives begins at our Board meeting in the second quarter of the fiscal year before the fiscal year in which compensation adjustments will be made (e.g., in May 2012 for adjustments made in fiscal 2013) and continues quarterly through updates that our CEO delivers to the outside directors to keep them apprised of the performance of each other Executive Officer. At our Committee and Board meetings in the first quarter of the fiscal year for which compensation is being set (e.g., in February 2013 for fiscal 2013 compensation), our CEO provides the Committee and the other outside directors with a thorough performance evaluation of each other Executive Officer and presents his recommendations for their compensation. The Committee also conducts executive sessions to evaluate our CEO s performance, with the most detailed evaluation including all outside directors during 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 February 2013 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. Fishman s performance, contributions and value to our business;
- reviewed and discussed Mr. Fishman s performance evaluations and compensation recommendations for the other Leadership Team members;
- reviewed and discussed the comparative compensation data that it received through surveys conducted by independent compensation consultants and analyzed by management;
- analyzed the total compensation earned by each Executive Officer during the immediately preceding two fiscal years;
- analyzed the potential payments to each Executive Officer upon termination of employment and change in control events;
- considered the parameters on executive compensation awards established by the terms of the shareholder-approved plans under which bonus and equity compensation may be awarded and the employment agreements between us and certain Leadership Team members;
- prepared its recommendation on the compensation of each Leadership Team member for fiscal 2013;
- determined that a bonus was not payable under the 2006 Bonus Plan as a result of corporate performance in fiscal 2012;
- determined that Mr. Fishman s fiscal 2012 restricted stock award would not vest because the required corporate performance level was not achieved; and
- determined, for the other named executive officers that the second triggers for their fiscal 2011 and fiscal 2012 time-vested restricted stock awards were not achieved and the first trigger for their fiscal 2012 time-vested restricted stock awards was achieved as a result of corporate performance in fiscal 2012.

The Committee then shared its recommendations on the compensation to be awarded to each Leadership Team member in fiscal 2013, including the underlying data and analysis, with the other outside directors for their consideration and approval. The Committee s recommendations were, with respect to the Leadership Team member other than Mr. Fishman, consistent with Mr. Fishman s recommendations. At the March 2013 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.

Except where we discuss the specifics of a named executive officer s fiscal 2013 compensation, the evaluation and establishment of our named executive officers fiscal 2013 compensation was substantially similar. Based on their review of each element of executive compensation separately and in the aggregate, the Committee and the other outside directors determined that our named executive officers compensation for fiscal 2013 was reasonable and not excessive and was consistent with our executive compensation philosophy and objectives.

Salary for Fiscal 2013

On May 3, 2013, Mr. Campisi was appointed as our Chief Executive Officer and President at a base salary of $900,000 for fiscal 2013. Mr. Campisi s salary and other compensation terms were established through negotiation, during which we considered the various factors discussed above in the Employment Agreements section of this CD&A. In reviewing the salaries of the other named executive officers, the Committee considered, among other matters, each executive s past performance, experience, scope and responsibilities, base salary in comparison to our other employees and anticipated future contributions. For fiscal 2013, the Committee approved the following salaries for the named executive officers, which (except for Mr. Campisi) became effective March 25, 2013:

Name	Fiscal 2013 Salary
Mr. Campisi	$ 900,000
Mr. Johnson	$ 440,000
Ms. Bachmann	$ 625,000
Mr. Cooper	$ 580,000
Mr. Rodriguez	$ 340,000
Mr. Haubiel	$ 550,000
Mr. Martin	$ 600,000

On December 4, 2012, Mr. Fishman announced his intention to retire upon the appointment of a successor. Accordingly, the Committee and other outside directors did not increase Mr. Fishman s salary of $1,400,000 for fiscal 2013. On June 17, 2013, Mr. Johnson assumed responsibility for our real estate department, and his salary was increased to $470,000.

Annual Incentive Award for Fiscal 2013

During their annual review of executive compensation in March 2013, the Committee and other outside directors approved the financial measure, corporate performance goals and payout percentages (threshold, target and maximum) for the fiscal 2013 annual incentive awards.

The Committee and the other outside directors selected operating profit as the financial measure for the fiscal 2013 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 slightly below (for the threshold annual incentive award), at (for the target annual incentive award), and above (for the maximum annual incentive award) the projected operating profit in our annual corporate operating plan. The Committee and other outside directors believe the selected goals provided challenging, but reasonable, levels of performance that were appropriate in light of our projected corporate operating plan for fiscal 2013, and our objective to promote sustained profitability while providing objectives that motivate our executives. Because the Committee and the other outside directors consider the 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), 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.

The payout percentages for our named executive officers for fiscal 2013 were made at the discretion of the Committee and other outside directors, subject to the minimum payout percentages established in the named executive officers employment agreements for those named executive officers with an employment agreement. The Committee and other outside directors elected to maintain the annual incentive award payout percentages for our named executive officers for fiscal 2013 at the same levels as in fiscal 2012. This decision was primarily driven by the belief that those annual incentive award payout percentages were appropriate for fiscal 2013 to accomplish our executive compensation objectives.

In order to calculate annual incentive awards under the 2006 Bonus Plan, we first calculate the financial measure for purposes of our financial statements. We then adjust the measure for purposes of the annual incentive award calculation to remove the effect of events, transactions or accrual items set forth in the 2006 Bonus Plan and approved by the Committee early in each fiscal year when the corporate performance amount and annual incentive award payout percentages are established. These adjustments may have the net effect of increasing or decreasing the resulting corporate performance amount. 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 within Section 162(m) of the IRC). Accordingly, the resulting corporate performance amount may differ from the financial measure (i.e., operating profit) amount reflected in the financial statements included with our Form 10-K.

After calculating the financial measure and making the adjustments described in the preceding paragraph, the Committee exercised negative discretion to reduce the resulting fiscal 2013 corporate performance amount (to the amount reflected in the table below) to exclude certain accrual items that, under the 2006 Bonus Plan and the Committee s approval in March 2013, would have otherwise increased the corporate performance amount. The Committee opted to make the downward adjustment by excluding the accrual items principally because they were anticipated as part of the annual corporate operating plan upon which the financial measure and corporate performance amounts were established for fiscal 2013, and the Committee did not believe that the accrual items should have the effect of increasing the corporate performance amount for fiscal 2013 annual incentive awards. The Committee s decision to exercise negative discretion was not based on corporate or individual performance factors.

The following table reflects the payout percentage for each annual incentive award level and the corporate performance amount required to achieve the corresponding annual incentive award level, with the results for fiscal 2013, calculated as described above (including the Committee s discretionary reduction discussed in the preceding paragraph), noted:

Annual Incentive Award Level and 2013 Results	**Payout Percentage (% of salary)**								**Corporate Performance Amount ($)**
	Mr. Campisi	**Mr. Johnson**	**Ms. Bachmann**	**Mr. Cooper**	**Mr. Rodriguez**	**Mr. Fishman**	**Mr. Haubiel**	**Mr. Martin**	
No Bonus	0	0	0	0	0	0	0	0	0-$299,107,999
Threshold	50	25	30	30	25	60	30	30	$299,108,000
Target	100	50	60	60	50	120	60	60	$314,828,000
Maximum	200	100	120	120	100	240	120	120	$357,098,000
2013 Results	0	0	0	0	0	0	0	0	$216,030,568

Our named executive officers did not earn an annual incentive award for fiscal 2013 under our 2006 Bonus Plan, because our fiscal 2013 performance was lower than the corporate performance amount established for the threshold annual incentive award level. The primary objectives in setting the corporate performance amounts for fiscal 2013 were to reward 2006 Bonus Plan participants while encouraging strong corporate earnings growth. As a result of not making fiscal 2013 annual incentive award payments, total cash compensation paid to our named executive officers for fiscal 2013 was generally at or below the median for our comparator groups. We believe lower than market average total cash compensation is appropriate in light of our fiscal 2013 performance and furthers our objectives to motivate our executives, reward superior performance and align pay and performance.

Equity for Fiscal 2013

All equity awards granted to our named executive officers in fiscal 2013 were made under the 2012 LTIP and are reflected in the Grants of Plan-Based Awards in Fiscal 2012 table. In February 2013, while the Committee was establishing executive compensation for fiscal 2013, our search for a new CEO was ongoing. In light of our continuing recruiting efforts, the Committee determined it was most appropriate to maintain the structure of our long-term incentive program from fiscal 2012 to fiscal 2013 in order to allow the new CEO to provide input into the program, thereby avoiding the possibility of modifying the program in consecutive years. Therefore, the equity compensation awarded to our named executive officers for fiscal 2013 consisted of time-vested restricted stock, non-qualified stock options and, with the respect to Mr. Campisi, performance share units. Mr. Fishman did not receive an equity award for fiscal 2013. The Committee believes that granting a significant amount of equity to our named executive officers further aligns their interests with the interests of our shareholders and provides us with an important retention and motivation tool. The Committee does not utilize a particular formula to determine the size of the equity awards granted to our named executive officers. The Committee instead uses its discretion to grant equity awards and may consider the various factors discussed below in connection with its determination. The Committee undertook the following process to determine the size of the equity awards granted to our named executive officers for fiscal 2013:

- The Committee reviewed an estimate prepared by management of the number of common shares to be granted through equity awards during fiscal 2013 to all recipients other than Mr. Fishman. This estimate was based on historical grant information, anticipated future events, and Mr. Fishman s evaluation of the other Leadership Team members individual performance and his recommendations.

- In executive session, the Committee evaluated and approved Mr. Fishman s recommendations for equity awards for the other Leadership Team members. 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 earnings per share 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 introduction to the Our Executive Compensation Program for Fiscal 2013 section and the Performance Evaluation section of this CD&A for a discussion regarding how our CEO and the Committee evaluate performance.

This process was used to ensure that executive equity compensation is commensurate with corporate and individual performance and remains consistent with our policy that incentive compensation should increase as a percentage of total compensation as the executive s level of responsibility and the potential impact that the particular executive could have on our operations and financial condition increases. Specifically, the items of 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 2013.

The time-vested restricted stock awarded to our named executive officers in fiscal 2013 vests in five years from the grant date provided the recipient is continuously employed and we attain the first trigger. The vesting of the award may be accelerated if we attain the first trigger and the first of the following occurs (1) we attain the second trigger or (2) the grantee dies or becomes disabled (which results in the vesting of a prorated portion of the award). The financial measure applied to the time-vested restricted stock awards granted to our named executive officers in fiscal 2013 was our earnings per diluted common share, as it appears in our Form 10-K for the applicable fiscal year. After the financial measure is calculated for purposes of our financial statements, it is adjusted, for purposes of the time-vested restricted stock award calculations, to remove the effect of any gain or loss as a result of litigation or lawsuit settlement that is specifically disclosed, reported or otherwise appears in our periodic filings with the SEC or our annual report to shareholders. This financial measure was selected because the Committee and the other outside directors believe it provides a good indication of our profitability, ongoing operating results and financial condition.

The first trigger and the second trigger for the fiscal 2013 time-vested restricted stock awards are $1.50 and $3.98 respectively, under the applicable financial measure. We structured the restricted stock awards vesting to be dependent upon achieving the first trigger to ensure their deductibility under Section 162(m) of the IRC for federal tax purposes. While the first trigger for fiscal 2013 time-vested restricted stock awards was met, the second trigger was not met in fiscal 2013. Accordingly, such time-vested restricted stock awards will vest upon the earliest of: (1) the first trading day after we file with the SEC our Form 10-K for the year in which the second trigger is met; (2) the opening of our first trading window that is five years after the grant date of the time-vested restricted stock award; or (3) the death or disability of the named executive officer, in which case 20% of the award will vest for each consecutive year of employment completed from the grant date to the date of death or disability. The time-vested restricted stock will be forfeited if the named executive officer s employment with us terminates prior to vesting (except as described above in the case of death or disability).

The Committee and the other outside directors believe that the design of the restricted stock awards was preferable to granting purely time-vested restricted stock awards which would not qualify for the exemption for deductibility under Section 162(m) of the IRC.

The stock options awarded to our named executive officers in fiscal 2013 have an exercise price equal to the fair market value of our common shares on the grant date, vest incrementally in equal portions over four years and expire seven years after the grant date. Additionally, if a named executive officer dies or becomes disabled before the last scheduled vesting date, the then-remaining unvested portion of the stock option award will vest on the day such event occurred, provided such event occurred at least six months following the grant date.

The performance share units awarded to Mr. Campisi in fiscal 2013 may be earned in one-third increments if the market price of our common shares appreciates, for a period of 20 consecutive trading days, to at least 110%, 120% and 130% of the grant date fair market value of $37.13 (i.e., appreciate to $40.84, $44.56, and $48.27) before Mr. Campisi s employment terminates or seven years lapse.

On April 1, 2013, after consulting with the other outside directors, the Committee granted additional restricted stock awards (Retention Awards) to Mr. Johnson, Ms. Bachmann, Mr. Cooper and Mr. Haubiel. The purpose of the Retention Awards was to incentivize these named executive officers to remain with us during the CEO transition. The number of our common shares underlying each Retention Award is 9,500 for Mr. Johnson, 21,500 for Ms. Bachmann, 13,500 for Mr. Cooper and 19,000 for Mr. Haubiel.

Each Retention Award will vest and be transferred to the executive without restriction on the earlier of: (1) the first trading day that is 18 months following the grant date; or (2) the first trading day following the executive s termination of employment if such termination of employment is the result of the executive s (A) dismissal by us without cause (as defined in the Retention Award Agreement) or (B) death or disability (provided, however, if the executive dies or suffers a disability, only 1/18th of the Retention Award will vest for each consecutive month that the executive completed with us between the grant date and his or her termination). If termination of employment is the result of any reason other than the executive s dismissal by us without cause, death or disability (including by reason of the executive s retirement, resignation or dismissal by us for cause), then the Retention Award Agreement will expire and all of the executive s rights in the Retention Award will be forfeited. Upon a change in control (as defined in the 2012 LTIP), any outstanding Retention Awards will vest. Mr. Haubiel s Retention Award vested as a result of the termination of his employment in June 2013.

Performance Evaluation

Our CEO, the Committee and the outside directors do not rely solely on predetermined formulas when they evaluate corporate performance or individual performance. Performance is generally evaluated against the following objective and subjective factors, although the factors considered may vary for each executive and as dictated by business conditions:

- long-term strategic goals;
- short-term business goals;
- profit and revenue goals;
- expense goals;
- operating margin improvement;
- same store sales growth versus 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 outside directors may consider different factors and may value the same factors differently. In selecting individual and corporate performance factors for each Executive Officer and measuring an executive s performance against those factors, our CEO, the Committee and the other outside directors also consider the performance of our competitors and general economic and market conditions. None of the factors are assigned a specific weight. Instead, our CEO, the Committee and the other outside directors recognize that the relative importance of these factors may change as a result of specific business challenges and changing economic and marketplace conditions. 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.

The following items of corporate and individual performance were most significant in making base salary and adjustments to equity awards to our named executive officers and former executives for fiscal 2013.

- Mr. Johnson:

(1) Fiscal 2012 SG&A expenses were $1.8 billion approximately $90.2 million below our fiscal 2012 corporate operating plan;

(2) Development and implementation of our annual corporate operating plan;

(3) Executive leadership support for effective cash deployment and investor relations; and

(4) Management s interface with the Audit Committee.

- Ms. Bachmann:

(1) Assumption of additional responsibility associated with overseeing our store operation group;

(2) Successful implementation of enhancements and upgrades to current information technology infrastructure supporting our business needs; and

(3) Continued the multi-year implementation of the SAP for Retail information technology system that will replace our core merchandising and financial systems.

- Mr. Cooper:

(1) Continued leadership responsibilities associated with overseeing our Canadian operations.

- Mr. Rodriguez:

(1) Successfully reduced transportation and distribution center costs leading to a positive impact in our SG&A expenses.

- Mr. Fishman:

(1) Fiscal 2012 net sales were $5.4 billion approximately 3.8% above our fiscal 2011 results; and

(2) Fiscal 2012 SG&A expenses were $1.8 billion approximately $90.2 million below our fiscal 2012 corporate operating plan.

- Mr. Haubiel:

(1) Executive leadership support for the effective and efficient management of legal affairs and the development of risk-weighted solutions to complex business and legal issues; and

(2) Management s interface with the Nominating / Corporate Governance Committee and the Compensation Committee.

- Mr. Martin:

(1) Fiscal 2012 net sales were $5.4 billion approximately 3.8% above our fiscal 2011 results.

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.

Role of Management

As discussed in this CD&A, our CEO plays a significant role in determining executive compensation of the Leadership Team members. 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 competitive nature 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 may also act pursuant to delegated authority to fulfill various functions in administering our employee benefit and compensation plans. Such delegation is permitted by the Committee s charter and our compensation plans. Those groups to whom the Committee has delegated certain responsibilities are each required to periodically report their activities to the Committee.

Our CEO and some of these 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. However, 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

Pursuant to the authority granted to the Committee by its charter, the Committee may retain independent compensation consultants as it deems necessary. In establishing executive compensation for fiscal 2013, the Committee retained independent compensation consultant Exequity to provide retailer-only comparator group compensation and financial information from the public filings of those companies. The Committee also reviewed (as discussed below) non-customized compensation surveys provided by multiple independent compensation consultants at the request of our human resources department.

Comparative Compensation Data

The Committee uses data regarding the compensation paid to executives at other companies in its annual review of the compensation paid to the Leadership Team members. For fiscal 2013, the Committee evaluated a group of retailers that we believe is similarly situated to us and with whom we compete for talent. When considering the composition of the retailer-only comparator group, the Committee selected retail companies that developed a comparator group with median financial measures were similar to our own. Among the factors considered in selecting companies for inclusion in the comparator group were revenue (generally one-half to two times our revenue), gross profit margin (cost of goods sold divided by revenues; generally within ten percentage points of our gross profit margin), geographic location (preference given to companies in the Columbus, Ohio area with whom we compete for talent), inventory turns (cost of goods sold divided by average inventory turns; 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. Exequity provided the Committee with comparative executive compensation data it obtained from the proxy statements and other reports made public by the companies in the retailer-only comparator group. The companies included in the retailer-only comparator group for fiscal 2013 were:

Abercrombie & Fitch	Dollar Tree	Limited Brands
Ascena Retail Group	DSW	RadioShack
Bed Bath & Beyond	Family Dollar	Ross Stores
Dick s Sporting Goods	Foot Locker	Tractor Supply
Dollar General	Kohl s	Williams Sonoma

Additionally, the Committee reviewed executive compensation data from a broader base of companies that was aggregated in one or more of the non-customized compensation surveys obtained from Mercer, TowersWatson and Hay. This broader comparator group consisted of the Standard & Poor s Retail Stores Index companies and other companies, including non-retailers, with whom we believe we also compete for talent and whose revenues or operations are similar to ours. We believe it was prudent to consult both sets of information, because the compensation surveys for the broader group include compensation information on more executives, including executives who are not included in publicly-available documents. The broader comparator group also provides a more extensive basis on which to compare the compensation of the Leadership Team members, particularly Leadership Team members whose responsibilities, experience and other factors are not directly comparable to those executives included in the publicly-available reports of the retailer-only group. These comparator groups vary from year to year based on the Committee s assessment of which companies it believes compete with us for talent and are similar to us in terms of operations or revenues and the continued availability of compensation information from companies previously included in either comparator group.

The Committee and our human resources department reviewed each Leadership Team member s responsibilities and compared, where possible, the compensation of each executive to the compensation awarded to similarly-situated executives at comparator group companies. The Committee compared 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 the targeted level and equity awards.

While we evaluate total target direct compensation awarded to Leadership Team members against the total target 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 this approach to the use of compensation data enables us to retain the flexibility necessary to make adjustments for performance and experience, to attract, retain and motivate top talent, and to reward executives who we believe excel or take on greater responsibility than executives at peer comparator companies.

Tally Sheets and Wealth Accumulation

The Committee reviewed tally sheets that set forth the total and each element of compensation awarded to each Executive Officer for the immediately preceding two fiscal years, as well as estimated post-employment and change in control compensation that may be payable to such executives. The tally sheets consolidate all elements of actual and projected compensation of our executives to enable the Committee to analyze the individual elements of compensation, the mix of compensation and the total amount of actual and projected compensation. With this information, the Committee determined that the compensation awarded to our executives is reasonable and consistent with our executive compensation philosophy and objectives.

The tally sheets also included an estimate of the amount of total value accumulated, and total value that will be accumulated, by each Executive Officer through prior equity awards (assuming employment continues, awards vest and the market price of our common shares fluctuates through the life of the awards). While the Committee considered the accumulated total value as a factor in setting fiscal 2013 compensation, this information was not a primary consideration. The Committee believes that the objectives of our executive compensation program would not be adequately served if the accumulated total value of an Executive Officer s equity awards was a determinative factor in awarding future compensation.

Internal Pay Equity

In the process of reviewing each element of executive compensation separately and in the aggregate, the Committee considered information comparing the relative compensation of our CEO to the other Leadership Team members. This information was considered to ensure that our executive compensation program is internally equitable, which we believe promotes executive retention and motivation. The comparison included all elements of compensation. The relative difference between the compensation of our new CEO Mr. Campisi and the compensation of our other named executive officers significantly decreased in fiscal 2013, as the compensation package awarded to Mr. Campisi in fiscal 2013 was materially smaller than the compensation package awarded to Mr. Fishman in fiscal 2012. The Committee believes that the disparity between Mr. Campisi s compensation and the compensation for the other Leadership Team members is appropriate in light of their experience, responsibilities, duties and contributions.

Minimum Share Ownership Requirements and Hedging 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, at a minimum, own common shares having an aggregate value equal to 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:

Title	**Multiple of Retainer or Salary**
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, 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 was required to meet the requirements on the date of the 2013 annual meeting of shareholders and thereafter at each subsequent annual meeting. Each Executive Officer that was an Executive Officer when these requirements were adopted was required to meet the requirements on the date that adjustments to annual executive compensation were made in 2013 and thereafter on each subsequent annual adjustment 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 21, 2014, each outside director and executive who has been on the Board or a Leadership Team member for at least five years complied with 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 or monetization transactions involving our common shares.

Equity Grant Timing

Pursuant to the terms of the 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 2013, the outside directors, after consultation with the Committee, specified that the grant date of the equity awards made in connection with the annual performance reviews of the Leadership Team members was the second trading day following our release of fiscal 2012 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 date of the related event (i.e., the first day of employment or effective date of promotion). We have no policy of timing the grant date of these mid-year 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.

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) of the IRC. 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 2013, the Committee believes it has taken the necessary actions to preserve the deductibility of all payments made under our executive compensation program. For example, the restricted stock awards granted in fiscal 2013 continued our practice of requiring a first performance trigger to be satisfied before the award could subsequently vest upon the earlier of the attainment of a second performance trigger or a date five years after the date of grant to preserve their deductibility. 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.

Summary Compensation Table for 2013

The following table sets forth the compensation earned by or paid to our current and former named executive officers for each of the last three fiscal years.

Name and Principal Position *(1)*	**Year**	**Salary ($)***(2)*	**Bonus ($)**	**Stock Awards ($)***(3)*	**Option Awards ($)***(4)*	**Non-Equity Incentive Plan Compensation ($)***(5)*	**Change in Pension Value and Nonqualified Deferred Compensation Earnings ($)**	**All Other Compensation ($)***(6)(7)*	**Total ($)***(8)*
(a)	**(b)**	**(c)**	**(d)**	**(e)**	**(f)**	**(g)**	**(h)**	**(i)**	**(j)**
David J. Campisi,	2013	678,461		2,714,418	1,407,945			562,405	5,363,229
Chief Executive Officer									
and President (9)(10)									
Timothy A. Johnson,	2013	452,885		1,401,725	485,600			54,229	2,394,439
Executive Vice	2012	359,827		1,120,050	558,150			33,627	2,071,654
President, Chief									
Financial Officer (9)									
Lisa M. Bachmann,	2013	620,385		1,818,725	485,600			39,354	2,964,064
Executive Vice President,	2012	593,942		1,315,500	571,200			38,361	2,519,003
Chief Operating Officer	2011	529,615		1,233,600	582,000			33,887	2,379,102
Joe R. Cooper,	2013	577,693		1,540,725	485,600			30,870	2,634,888
Executive Vice	2012	581,538		1,315,500	571,200			31,418	2,499,656
President, President,	2011	529,615		1,233,600	582,000			32,884	2,378,099
Big Lots Canada									
Carlos V. Rodriguez,	2013	337,692		357,200	242,800			108,286	1,045,978
Senior Vice President,									
Distribution and									
Transportation									
Services (9)									
Steven S. Fishman,	2013	350,000						795,075	1,145,075
Former Chairman,	2012	1,453,846		10,524,000				341,920	12,319,766
Chief Executive Officer	2011	1,400,000		10,280,000				244,662	11,924,662
and President (11)									
Charles W. Haubiel II,	2013	195,385		1,731,850	485,600			619,721	3,032,556
Former Executive	2012	494,308		1,315,500	571,200			28,306	2,409,314
Vice President, Chief	2011	436,154		1,233,600	582,000			26,156	2,277,910
Administrative Officer and									
Corporate Secretary (12)									
John C. Martin,	2013	552,308		1,071,600	485,600			669,919	2,779,427
Former Executive	2012	610,096		1,315,500	571,200			51,926	2,548,722
Vice President,	2011	571,154		1,028,000	509,250			64,273	2,172,677
Chief Merchandising									
Officer (13)									

(1) We are a party to an employment agreement with Mr. Campisi, Ms. Bachman and Mr. Cooper and were a party to an employment agreement with Mr. Fishman, Mr. Haubiel and Mr. Martin, the material terms of which are described in the Overview of our Executive Compensation Program - Employment Agreements section of the CD&A. We are a party to a senior executive severance agreement with Mr. Johnson and Mr. Rodriguez, the material terms of which are described in the Overview of Executive Compensation Program Senior Executive Severance Agreements section of the CD&A We are a party to a retirement and consulting agreement with Mr. Fishman, the material terms of which are described in the Overview of Executive Compensation Program Retirement and Consulting Agreement section of the CD&A.

(2) The amounts in this column reflect the salary earned by each named executive officer during fiscal 2013.

(3) The amounts in this column reflect the aggregate grant date fair value of the restricted stock awards, and in the case of Mr. Campisi, a performance share units award, granted under the 2005 LTIP and 2012 LTIP to the executives in the fiscal years reported as computed in accordance with ASC 718, excluding the effect of any estimated forfeiture. The aggregate grant date fair value reflected in this column is based on the number of shares of restricted stock and performance share units granted and the fair value of the restricted stock and performance share units on the grant date (i.e., for restricted stock granted in on March 8, 2013, $35.72 per common share the average of the opening price and the closing price of our common shares on the NYSE on the grant date, as determined in accordance with ASC 718 and the terms of the 2012 LTIP).

(4) The amounts in this column reflect the aggregate grant date fair value of the stock option awards granted under the 2005 LTIP and 2012 LTIP to the executives in the fiscal years reported as computed in accordance with ASC 718, excluding the effect of any estimated forfeiture. 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.

(6) For fiscal 2013, 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. Big Lots matching contributions made 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. Big Lots paid healthcare costs covered by the Executive Benefit Plan, which is described in the Overview of our Executive Compensation Program Elements of In-Service Compensation Personal Benefits/Perquisites section of the CD&A;

iv. Big Lots paid premiums for life insurance, which is generally available to all full-time employees;

v. Big Lots paid premiums for long-term disability insurance, which is described in the Overview of our Executive Compensation Program Elements of In-Service Compensation Personal Benefits/Perquisites section of the CD&A;

vi. The cost to Big Lots associated with the use of an automobile or the 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, Mr. Fishman and Mr. Haubiel. For Mr. Campisi, $55,811 included in this column relates to Board approved use of the corporate aircraft for relocation purposes;

viii. Relocation expenses;

ix. Severance payments made to Mr. Haubiel and Mr. Martin, which included a lump sum payment equal to their respective salary at the time of their termination, continued health care coverage for 12 months and the continued use of their automobiles for 12 months;

x. Big Lots Matching charitable contributions; and

xi. The amounts earned by Mr. Campisi include payments of healthcare premiums prior to his becoming eligible to participate in our Executive Benefit Plan. The amounts earned by Mr. Fishman pursuant to the RCA described in the Overview of Executive Compensation Program Retirement and Consulting Agreement section of the CD&A.

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, onboard catering, crew hotel and meals, empty return (deadhead) flights and other miscellaneous variable costs. The aggregate incremental cost also includes per flight hour maintenance costs calculated based upon the total maintenance costs incurred by us during the prior two years and dividing those costs by the number of hours flown during that same period. 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, Mr. Fishman or Mr. Haubiel 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 2013 as part of Mr. Campisi s and Mr. Fishman s overall compensation packages, is described in the Overview of our Executive Compensation Program Elements of In-Service Compensation Personal Benefits/Perquisites section of the CD&A.

Name	**Mr. Campisi**	**Mr. Johnson**	**Ms. Bachmann**	**Mr. Cooper**	**Mr. Rodriguez**	**Mr. Fishman**	**Mr. Haubiel**	**Mr. Martin**
Reimbursement of Taxes ($)	225,714	4,418	3,301	152	9,122	4,079	1,040	4,348
Big Lots Contributions to Defined Contribution Plans ($)		10,200	10,200	10,200	5,492			10,200
Big Lots Paid Health Care under Executive Benefits Plans ($)	1,487	7,926	5,656	5,393	7,855	7,289	1,529	7,749
Big Lots Paid Life Insurance Premiums ($)	851	774	1,056	984	578	284	377	934
Big Lots Paid Long-Term Disability Insurance Premiums ($)	627	904	941	941	706	314	549	941
Use of Automobile or Automobile Allowance ($)	11,880	15,007	13,200	13,200	13,200	8,724	13,200	13,200
Non-Business Aircraft Usage ($)	77,114					147,034	22,962	
Relocation Expenses ($)	228,381				71,058	1,974		
Severance and Change-in-Control Payments ($)							580,064	632,547
Matching Charitable Contributions ($)	10,000	15,000	5,000		275			
Other Compensation or Benefits Not Included ($)	6,351					625,377		

(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 included in this column.

(8) As a percentage of their total compensation in fiscal 2013, fiscal 2012 and fiscal 2011, the salary and non-equity incentive plan compensation (i.e., annual incentive awards earned under the 2006 Bonus Plan) for each executive was as follows:

	Fiscal 2013		Fiscal 2012		Fiscal 2011	
Name	Salary (%)	Non-Equity Incentive Plan Compensation (%)	Salary (%)	Non-Equity Incentive Plan Compensation (%)	Salary (%)	Non-Equity Incentive Plan Compensation (%)
Mr. Campisi	12.7					
Mr. Johnson	18.9		17.4			
Ms. Bachmann	20.9		23.6		22.3	
Mr. Cooper	21.9		23.3		22.3	
Mr. Rodriguez	32.3					
Mr. Fishman	30.6		11.8		11.7	
Mr. Haubiel	6.9		20.5		19.1	
Mr. Martin	19.9		23.9		26.3	

(9) Mr. Campisi and Mr. Rodriguez were not named executive officers in fiscal 2012 or fiscal 2011. and Mr. Johnson was not a named executive officer in fiscal 2011.

(10) Mr. Campisi assumed the position of CEO and President on May 3, 2013.

(11) Mr. Fishman served as our CEO and President until May 3, 2013 and as Chairman until May 30, 2013.

(12) Mr. Haubiel served as our Executive Vice President, Chief Administration Officer, Legal and Real Estate, General Counsel and Corporate Secretary until June 17, 2013.

(13) Mr. Martin served as our Executive Vice President, Chief Merchandising Officer until November 25, 2013.

Bonus and Equity Plans

The amounts reported in the Summary Compensation Table above include amounts earned under the 2006 Bonus Plan, the 2005 LTIP 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 Grants of Plan-Based Awards in Fiscal 2013 table that follows.

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 outside 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 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 floor 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 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 outside 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 outside 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 Overview of our Executive Compensation Program Elements of In-Service Compensation Annual Incentive Award, Overview of our Executive Compensation Program Employment Agreements and Our Executive Compensation Program for Fiscal 2013 Annual Incentive Award for Fiscal 2013 sections of the CD&A for more information regarding the 2006 Bonus Plan and the awards made under that plan for fiscal 2013.

Big Lots 2005 Long-Term Incentive Plan

From January 1, 2006 through May 23, 2012, all employee equity awards, including those made to our named executive officers, were granted under the 2005 LTIP. We granted only stock options and restricted stock under the 2005 LTIP. Awards under the 2005 LTIP could have been granted to any salaried employee, consultant or advisor of Big Lots or its affiliates. A participant could have received multiple awards under the 2005 LTIP.

Each stock option granted under the 2005 LTIP allowed 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 2005 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 2005 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.

Under the restricted stock awards granted pursuant to the 2005 LTIP (other than those made to the outside directors, which are discussed in the Director Compensation section of this Proxy Statement, and those made to Mr. Fishman pursuant to his retention agreement, which are discussed in the Overview of Our Executive Compensation Program Retention Agreement section of the CD&A), 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 after we meet the first trigger but before the fifth anniversary of the grant date. The restricted stock will be forfeited, in whole or in part, as applicable, if the recipient s employment with us terminates prior to vesting.

Upon a change in control (as defined in the 2005 LTIP), all awards outstanding under the 2005 LTIP automatically become fully vested. For a discussion of the change in control provisions in our named executive officers employment agreements, senior executive severance agreements and the 2005 LTIP, see the Potential Payments Upon Termination or Change in Control Rights Under Post-Termination and Change in Control Arrangements section below.

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, outside 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.

Under the restricted stock awards granted pursuant to the 2012 LTIP (other than those made to the outside 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 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 s employment with us terminates prior to vesting. See the Our Executive Compensation Program for Fiscal 2013 Equity for Fiscal 2013 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 2013.

The Retention Awards granted pursuant to the 2012 LTIP, will vest and be transferred to the recipient without restriction on the earlier of: (1) the first trading day that is 18 months following the grant date; or (2) the first trading day following the recipient s termination of employment if such termination of employment is the result of the recipient s (A) dismissal by us without cause (as defined in the Retention Award Agreement) or (B) death or disability (provided, however, if the recipient dies or suffers a disability, only 1/18th of the Retention Award will vest for each consecutive month that the recipient completed with us between the recipient s termination). If termination of employment is the result of any reason other than the recipient s dismissal by us without cause, death or disability (including by reason of the recipient s retirement, resignation or dismissal by us for cause), then the Retention Award Agreement will expire and all of the recipient s rights in the Retention Award will be forfeited. Upon a change in control (as defined in the 2012 LTIP), any outstanding Retention Awards will vest.

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.

Grants of Plan-Based Awards in Fiscal 2013

The following table sets forth each award made to our named executive officers in fiscal 2013 under the 2006 Bonus Plan and the 2012 LTIP.

			Estimated Possible Payouts Under Non-Equity Incentive Plan Awards (3)			Estimated Future Payouts Under Equity Incentive Plan Awards (4)							
Name	**Grant Date** *(1)*	**Award Date** *(2)*	**Threshold ($)**	**Target ($)**	**Maximum ($)**	**Threshold (#)**	**Target (#)**	**Maximum (#)**	**All Other Stock Awards: Number of Shares of Stock or Units (#)**	**All Other Option Awards: Number of Securities Underlying Options (#)***(5)*	**Exercise or Base Price of Option Awards ($/Sh.)**	**Closing Market Price of Option Awards on Grant Date ($/Shr.)**	**Grant Date Fair Value of Stock and Option Awards ($)**
(a)	**(b)**	**-**	**(c)**	**(d)**	**(e)**	**(f)**	**(g)**	**(h)**	**(i)**	**(j)**	**(k)**	**-**	**(l)**
Mr. Campisi			450,000	900,000	1,800,000								