

BIG 5 SPORTING GOODS CORP

Form DEF 14A

April 27, 2009

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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
SCHEDULE 14A  
(RULE 14a-101)  
Proxy Statement Pursuant to Section 14(a) of the  
Securities Exchange Act of 1934 (Amendment No. )**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

**Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to § 240.14a-12

**BIG 5 SPORTING GOODS CORPORATION**

(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):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

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

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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**BIG 5 SPORTING GOODS CORPORATION  
2525 EAST EL SEGUNDO BOULEVARD  
EL SEGUNDO, CALIFORNIA 90245**

**May 1, 2009**

Dear Fellow Stockholder:

You are cordially invited to attend the Annual Meeting of Stockholders of Big 5 Sporting Goods Corporation (the Company), to be held at the Ayres Hotel, 14400 Hindry Avenue, Hawthorne, California 90250 on June 9, 2009 at 10:00 a.m. local time and at any adjournments or postponements thereof (the Annual Meeting).

At the Annual Meeting, you will be asked to consider and vote upon the following matters:

1. The election of two Class A directors to the Company's Board of Directors, each to hold office until the 2012 annual meeting of stockholders (and until each such director's successor shall have been duly elected and qualified);
2. The ratification of the appointment of Deloitte & Touche LLP to serve as the Company's independent auditors for fiscal 2009; and
3. The transaction of such other business as may properly come before the Annual Meeting.

Accompanying this letter is the formal Notice of Annual Meeting, Proxy Statement, Proxy Card relating to the meeting and the Company's 2008 Annual Report on Form 10-K.

Your vote is very important regardless of how many shares you own. We hope you can attend the annual meeting in person. However, whether or not you plan to attend the annual meeting, please complete, sign, date and return the Proxy Card in the enclosed envelope. If you attend the annual meeting, you may vote in person if you wish, even though you may have previously returned your Proxy Card.

Sincerely,

Steven G. Miller  
Chairman of the Board, President  
and Chief Executive Officer

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**BIG 5 SPORTING GOODS CORPORATION  
2525 EAST EL SEGUNDO BOULEVARD  
EL SEGUNDO, CALIFORNIA 90245**

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS  
TO BE HELD ON JUNE 9, 2009**

TO THE STOCKHOLDERS OF BIG 5 SPORTING GOODS CORPORATION:

NOTICE IS HEREBY GIVEN that an Annual Meeting of Stockholders of Big 5 Sporting Goods Corporation, a Delaware corporation (the Company), will be held on June 9, 2009 at 10:00 a.m. local time, at the Ayres Hotel, 14400 Hindry Avenue, Hawthorne, California 90250 and at any adjournments or postponements thereof (the Annual Meeting). At the Annual Meeting, the Company's stockholders will be asked to consider and vote upon:

1. The election of two Class A directors to the Company's Board of Directors, each to hold office until the 2012 annual meeting of stockholders (and until each such director's successor shall have been duly elected and qualified);
2. The ratification of the appointment of Deloitte & Touche LLP to serve as the Company's independent auditors for fiscal 2009; and
3. The transaction of such other business as may properly come before the Annual Meeting or any adjournments or postponements thereof.

Only stockholders of record of the Company's common stock at the close of business on April 22, 2009 are entitled to notice of and to vote at the Annual Meeting or any adjournments or postponements thereof. A list of stockholders entitled to vote at the Annual Meeting will be available for inspection at the principal executive offices of the Company, 2525 East El Segundo Boulevard, El Segundo, California 90245 for at least ten days prior to the meeting and will also be available for inspection at the meeting.

**YOUR VOTE IS VERY IMPORTANT. TO ENSURE THAT YOUR SHARES ARE REPRESENTED AT THE ANNUAL MEETING, YOU ARE URGED TO COMPLETE, DATE AND SIGN THE ENCLOSED PROXY CARD AND MAIL IT PROMPTLY IN THE POSTAGE PAID ENVELOPE PROVIDED, WHETHER OR NOT YOU PLAN TO ATTEND THE ANNUAL MEETING IN PERSON.**

**If you plan to attend:**

*Please note that admission to the meeting will be on a first-come, first-served basis. Each stockholder may be asked to present valid picture identification, such as a driver's license or passport, and proof of ownership of the Company's common stock as of the record date, such as the enclosed Proxy or a brokerage statement reflecting stock ownership as of the record date.*

BY ORDER OF THE BOARD OF DIRECTORS,

Gary S. Meade  
Secretary

El Segundo, California  
May 1, 2009

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**BIG 5 SPORTING GOODS CORPORATION  
2525 EAST EL SEGUNDO BOULEVARD  
EL SEGUNDO, CALIFORNIA 90245**

**PROXY STATEMENT RELATING TO  
ANNUAL MEETING OF STOCKHOLDERS  
To Be Held On June 9, 2009**

This Proxy Statement is being furnished to the stockholders of Big 5 Sporting Goods Corporation, a Delaware corporation (the Company), in connection with the solicitation of proxies by the Company's Board of Directors for use at the Annual Meeting of the Company's stockholders to be held on June 9, 2009 at 10:00 a.m. local time at the Ayres Hotel, 14400 Hindry Avenue, Hawthorne, California 90250, and at any adjournments or postponements thereof (the Annual Meeting).

At the Annual Meeting, holders of the Company's common stock, \$0.01 par value per share, will be asked to vote upon: (i) the election of two Class A directors to the Company's Board of Directors, each to hold office until the 2012 annual meeting of stockholders (and until each such director's successor shall have been duly elected and qualified); (ii) the ratification of the appointment of Deloitte & Touche LLP to serve as the Company's independent auditors for fiscal 2009; and (iii) any other business that properly comes before the Annual Meeting.

This Proxy Statement and the accompanying Proxy Card are first being mailed to the Company's stockholders on or about May 1, 2009. The address of the principal executive offices of the Company is 2525 East El Segundo Boulevard, El Segundo, California 90245.

**Important Notice Regarding Availability of Proxy Materials for the 2009 Annual Meeting of Stockholders to be Held on June 9, 2009**

**The Notice of Annual Meeting and Proxy Statement, and the Annual Report to Shareholders, are available to stockholders at <http://www.edocumentview.com/BGFV>.**

**ANNUAL MEETING**

**Record Date; Outstanding Shares; Quorum**

Only holders of record of the Company's common stock at the close of business on April 22, 2009 (the Record Date) will be entitled to notice of and to vote at the Annual Meeting. As of the close of business on the Record Date, there were 21,512,291 shares of common stock outstanding and entitled to vote, held of record by 194 stockholders. A majority, or 10,756,146 of these shares, present in person or represented by proxy, will constitute a quorum for the transaction of business at the Annual Meeting. Each of the Company's stockholders is entitled to one vote, in person or by proxy, for each share of common stock standing in such stockholder's name on the books of the Company as of the Record Date on any matter submitted to the stockholders.

**Voting of Proxies; Votes Required**



Stockholders are requested to complete, date, sign and return the accompanying Proxy Card in the enclosed envelope. All properly executed, returned and unrevoked Proxy Cards will be voted in accordance with the instructions indicated thereon. Executed but unmarked Proxy Cards will be voted FOR the election of each director nominee listed on the Proxy Card and FOR the ratification of the appointment of Deloitte & Touche LLP as independent auditors for fiscal 2009. The Company's Board of Directors does not presently intend to bring any business before the Annual Meeting other than that referred to in this Proxy Statement and specified in the Notice of the Annual Meeting. By signing the Proxy Cards, stockholders confer discretionary authority on the proxies (who are persons designated by the Board of Directors) to vote all shares covered by the Proxy Cards in their discretion on any other matter that may properly come before the Annual Meeting, including any motion made for adjournment of the Annual Meeting.

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Any stockholder who has given a proxy may revoke it at any time before it is exercised at the Annual Meeting by (i) delivering a written revocation notice to the Secretary of Big 5 Sporting Goods Corporation, 2525 East El Segundo Boulevard, El Segundo, California 90245, (ii) submitting a subsequent valid Proxy Card or (iii) attending the Annual Meeting and voting in person (although attendance at the Annual Meeting will not, by itself, revoke a proxy). Any notice of revocation sent to the Company must include the stockholder's name.

Elections of directors are determined by a plurality of shares of common stock represented in person or by proxy and voting at the Annual Meeting. Affirmative votes representing a majority of the votes cast FOR or AGAINST with respect to Proposal 2 in person or by proxy and entitled to vote at the Annual Meeting will be required to ratify the appointment of Deloitte & Touche LLP as the Company's independent auditors for its 2009 fiscal year.

**Broker Non-Votes; Withheld Votes; Abstentions**

If an executed proxy is returned by a broker holding shares in street name that indicates that the broker does not have discretionary authority as to certain shares to vote on one or more matters, such shares will be considered present at the meeting for purposes of determining a quorum on all matters, but will not be considered to be votes cast with respect to such matters. Therefore, broker non-votes will have no effect on the outcome of the election of directors or on the outcome of Proposal 2. In addition, in the election of directors, a stockholder may withhold such stockholder's vote. Any such stockholder's shares will be counted as present at the meeting for purposes of determining a quorum on all matters, but such withheld votes will be excluded from the vote and will have no effect on the outcome of such election. In addition, a stockholder may vote to abstain on Proposal 2 or on any other proposals which may properly come before the Annual Meeting. If a stockholder votes to abstain on Proposal 2, such stockholder's shares will be counted as present at the meeting for purposes of determining a quorum on all matters, but will have no effect on the outcome of Proposal 2.

**Solicitation of Proxies and Expenses**

This proxy solicitation is made by the Company, and the Company will bear the cost of the solicitation of proxies from its stockholders. The directors, officers and employees of the Company may solicit proxies by mail, telephone, telegram, letter, facsimile, via the Internet or in person. Following the original mailing of the proxies and other soliciting materials, the Company will request that brokers, custodians, nominees and other record holders forward copies of the Proxy Statement and other soliciting materials to persons for whom they hold shares of common stock and request authority for the exercise of proxies. In such cases, the Company will reimburse such record holders for their reasonable expenses.

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(Item No. 1 on Proxy Card)****General**

The Board of Directors consists of three classes, consisting of Class A directors, Class B directors and Class C directors. The current terms of office of the Class A directors, Class B directors and Class C directors expire in the year 2009 (Class A), the year 2010 (Class B) and the year 2011 (Class C). The terms of the Class A directors elected at the Annual Meeting will expire in 2012. Each director holds office until such director's successor is duly elected and qualified. At each annual meeting of stockholders, directors elected to succeed those directors whose terms then expire will be elected for a term of office expiring at the third succeeding annual meeting of stockholders of the Company after their election, with each director to hold office until his or her successor shall have been duly elected and qualified.

Only members of Class A, Mr. G. Michael Brown and Mr. David R. Jessick, are nominees for election to the Board of Directors at the Annual Meeting. Each Class A director elected will hold office until the 2012 annual meeting of stockholders (and until such director's successor shall have been duly elected and qualified). Both of the nominees currently serve on the Board of Directors of the Company.

Each proxy received will be voted for the election of the persons named below, unless the stockholder signing such proxy withholds authority to vote for one or more of these nominees in the manner described in the proxy. Although it is not contemplated that any nominee named below will decline or be unable to serve as a director, in the event any nominee declines or is unable to serve as a director, the proxies will be voted by the proxy holders as directed by the Board of Directors. Broker non-votes in the election of directors will not be counted as voting at the meeting and therefore will not have an effect on the election of the nominees listed below. Withheld votes will also have no effect on the election of the nominees. The two nominees receiving the highest number of votes from holders of shares of common stock represented and voting at the Annual Meeting will be elected to the Board of Directors.

**THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE ELECTION OF THE BOARD OF DIRECTORS NOMINEES.**

Except as set forth below, there are no family relationships between any director, nominee or executive officer and any other director, nominee or executive officer of the Company. Except as disclosed under Executive and Director Compensation and Related Matters Employment Agreements and Change in Control Provisions, there are no arrangements or understandings between any director, nominee or executive officer and any other person pursuant to which such person has been or will be selected as a director and/or executive officer of the Company (other than arrangements or understandings with any such director, nominee and/or executive officer acting in such person's capacity as such).

| <b>Name</b>             | <b>Age</b> | <b>Class</b> | <b>Expiration of Current Term</b> |
|-------------------------|------------|--------------|-----------------------------------|
| G. Michael Brown*(b)    | 56         | A            | 2009                              |
| David R. Jessick*(a)(c) | 55         | A            | 2009                              |
| Sandra N. Bane(a)(b)    | 56         | B            | 2010                              |

|                                 |    |   |      |
|---------------------------------|----|---|------|
| Michael D. Miller               | 59 | B | 2010 |
| Jennifer Holden Dunbar(a)(b)(c) | 46 | C | 2011 |
| Steven G. Miller                | 57 | C | 2011 |

\* Nominee for Reelection at the Annual Meeting

- (a) Member of the Audit Committee
- (b) Member of the Compensation Committee
- (c) Member of the Nominating Committee

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**Directors Whose Terms Will Expire in 2009 and are Nominees for Reelection at the Annual Meeting (Class A Directors)**

*G. Michael Brown* has served as a director since 2002. Mr. Brown has been a senior litigation partner with the law firm Musick, Peeler & Garrett LLP since 2001. Prior to that, Mr. Brown was a partner at the law firm Berger, Kahn, Shafton, Moss, Figler, Simon & Gladstone from 1996 to 2001. Age: 56.

*David R. Jessick* has served as a director since 2006. Mr. Jessick served as consultant to the chief executive and senior financial staff at Rite Aid Corporation from June 2002 to February 2005. Mr. Jessick served as Rite Aid's Senior Executive Vice President and Chief Administrative Officer from 1999 to 2002. Prior to joining Rite Aid, from 1997 to 1999, Mr. Jessick was the Chief Financial Officer for Fred Meyer, Inc., where he also served as Executive Vice President, Finance and Investor Relations. From 1979 to 1996, he held various financial positions, including Senior Executive Vice President and Chief Financial Officer, with Thrifty Payless, Inc. and Payless Drugstores Northwest, Inc. Mr. Jessick began his career as a certified public accountant with Peat, Marwick, Mitchell & Co. Mr. Jessick is also a director of Dollar Financial Corp., Source Interlink Companies Inc. and Rite Aid Corp. Age: 55.

**Directors Whose Terms Expire in 2010 (Class B Directors)**

*Sandra N. Bane* has served as a director since 2002. Since 1999, Ms. Bane has been a principal of Bane Consulting, a business consulting firm. Ms. Bane retired from KPMG LLP as an audit partner in 1998 after 23 years with the firm. While at KPMG LLP, Ms. Bane headed the Western region's Merchandising practice for the firm, helped establish the Employee Benefits audit specialist program and was partner in charge of the Western region's Human Resource department for two years. Ms. Bane is also a member of the board of directors of Transamerica Asset Management Group, a mutual fund company, and AGL Resources Inc., and serves as a member of the board for several nonprofit institutions in her community. She is also a member of the AICPA and the California Society of Certified Public Accountants. Age: 56.

*Michael D. Miller, Ph.D.* has served as a director since 1997. Dr. Miller is a mathematical consultant at The RAND Corporation, an independent nonprofit research and analysis organization. He retired from The RAND Corporation as a senior mathematician in 2002 after 25 years with the organization. Dr. Miller has also taught mathematics at the University of California, Los Angeles since 1973. Dr. Miller is Steven G. Miller's brother. Age: 59.

**Directors Whose Terms Will Expire in 2011 (Class C Directors)**

*Jennifer Holden Dunbar* has served as a director since February 2004. Since March 2005, Ms. Dunbar has served as Principal, Co-Founder and Managing Director of Dunbar Partners, LLC, an investment and advisory services company. From 1994 to 1998, Ms. Dunbar was a partner of Leonard Green & Partners, L.P., a private equity firm, which she joined in 1989. Ms. Dunbar began her career as a financial analyst in the Mergers and Acquisitions Department of Morgan Stanley in 1985. Ms. Dunbar is also a member of the board of directors of PS Business Parks, Inc. Age: 46.

*Steven G. Miller* has served as Chairman of the Board, Chief Executive Officer and President since 2002, 2000 and 1992, respectively. Steven G. Miller has also served as a director since 1992. In addition, Steven G. Miller served as Chief Operating Officer from 1992 to 2000 and as Executive Vice President, Administration from 1988 to 1992. Steven G. Miller is Michael D. Miller's brother. Age: 57.

**Board Meetings and Committees**

The Board of Directors of the Company held four meetings during the fiscal year ended December 28, 2008 and acted by unanimous written consent on three occasions. During the fiscal year ended December 28, 2008, each incumbent director of the Company attended at least 75% of the aggregate of (i) the total number of meetings of the Board of Directors, and (ii) the total number of meetings of the committees on which such director served (in each case, during the periods that such director served). It is the policy of the Board of Directors that directors who are nominees for election to the Board of Directors at the Corporation's annual meeting of stockholders should attend

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such annual meeting, except in the case of extenuating or exceptional circumstances. G. Michael Brown, Jennifer Holden Dunbar, Michael D. Miller and Steven G. Miller attended the Company's 2008 annual meeting of stockholders.

The Board of Directors consists of three classes: Class A directors, Class B directors and Class C directors. The terms of office of the current Class A directors, Class B directors and Class C directors expire in the year 2009 (Class A), the year 2010 (Class B) and the year 2011 (Class C). Directors are elected to three-year terms. Each director holds office until such director's successor is duly elected and qualified. It is the policy of the Board of Directors that a majority of the Board of Directors shall be independent as that term is defined in Marketplace Rule 4200(a)(15) of the Nasdaq Stock Market's listing standards. The Board of Directors has determined that Sandra N. Bane, G. Michael Brown, Jennifer Holden Dunbar and David R. Jessick, each of whom is a current member of the Board of Directors, are independent.

***Executive Sessions of Independent Directors***

To promote open discussion among the independent directors, the independent directors meet in executive session at least two times per year, either before or after regularly-scheduled board meetings. The Chair of the Audit Committee presides at these executive sessions. Any independent director may request that an executive session of the independent members of the Board of Directors be scheduled. Following such meetings, the Chair of the Audit Committee (or another designated director) will discuss with the Chairman of the Board and Chief Executive Officer, to the extent appropriate, matters emanating from the executive sessions. The independent directors met twice during the fiscal year ended December 28, 2008.

***Audit Committee***

The Board of Directors has a standing Audit Committee, separately-designated and established in accordance with Section 3(a)(58)(A) of the Securities Exchange Act of 1934, as amended (the Exchange Act), which currently consists of Ms. Bane, Ms. Dunbar and Mr. Jessick. The Audit Committee was chaired by Ms. Bane through April 28, 2008, and has been chaired by Mr. Jessick since that date. The Board of Directors has determined that each of the members of the Audit Committee is independent as that term is defined in Marketplace Rule 4200(a)(15) of the Nasdaq Stock Market's listing standards and meets the additional audit committee independence requirements set forth in Marketplace Rule 4350(d)(2) of the Nasdaq Stock Market's listing standards. The Board of Directors has determined that Mr. Jessick and Ms. Bane each qualifies as an audit committee financial expert as defined in the rules of the Securities and Exchange Commission.

On February 10, 2004, the Board of Directors adopted an amended and restated written charter for the Audit Committee to comply with the requirements of the Sarbanes-Oxley Act of 2002, as well as the requirements of the Securities and Exchange Commission and the Nasdaq Stock Market.

Among other things, the functions of the Audit Committee are to:

be directly responsible for the appointment, compensation, retention and oversight of the work of any registered public accounting firm engaged by the Company (including resolution of disagreements between management and the auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company;

pre-approve all audit and permissible non-audit services to be performed for the Company by its registered public accounting firm in accordance with the provisions of § 10A(i) of the Exchange Act;

establish procedures for (a) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters and (b) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters;

review and discuss with the Company's management and independent auditors the Company's audited financial statements, including the adequacy and effectiveness of the Company's internal accounting controls;



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discuss with the Company's management and independent auditors any significant changes to the Company's accounting principles;

review the independence and performance of the Company's independent auditors; and

review from time to time and make recommendations with respect to the Company's policies relating to management conduct and oversee procedures and practices to ensure compliance with such policies.

The charter for the Audit Committee can be found on the Company's website at [www.big5sportinggoods.com](http://www.big5sportinggoods.com). To locate the charter, go the Investor Relations section of the website and click on Corporate Governance.

The Audit Committee held five meetings during the fiscal year ended December 28, 2008, and acted once by unanimous written consent.

***Compensation Committee***

The Board of Directors has a standing Compensation Committee, which is chaired by G. Michael Brown and currently consists of Mr. Brown, Ms. Bane and Ms. Dunbar. Each of the members of the Compensation Committee is independent within the meaning of Marketplace Rule 4200(a)(15) of the Nasdaq Stock Market's listing standards. Ms. Bane and Ms. Dunbar each is a non-employee director within the meaning of Rule 16b-3 of the Exchange Act, and an outside director within the meaning of Section 162(m) of the Internal Revenue Code. Mr. Brown is a partner at the law firm of Musick, Peeler & Garrett LLP, which from time to time is retained by the Company to handle various litigation matters, and for this reason is not a non-employee director or an outside director. Among other things, the function of the Compensation Committee is to review and determine the compensation and benefits of the Company's executive officers and to administer the Company's 2002 Stock Incentive Plan and 2007 Equity and Performance Incentive Plan. Grants of stock options and restricted stock under the plan to, and compensation for, executive officers are approved by Ms. Bane and Ms. Dunbar, with Mr. Brown either recusing himself or abstaining. The Compensation Committee held five meetings during the fiscal year ended December 28, 2008.

The Compensation Committee may, to the extent permitted by applicable laws and regulations, form and delegate any of its responsibilities to a subcommittee so long as such subcommittee consists of at least two members of the Compensation Committee. The Compensation Committee has not formed any such subcommittees to date. In carrying out its purposes and responsibilities, the Compensation Committee has authority to retain outside counsel or other experts or consultants, as it deems appropriate. The Compensation Committee has not historically used outside consultants in making compensation determinations, other than in connection with its design of the 2007 Equity and Performance Incentive Plan. The Compensation Committee periodically receives and considers, to the extent it considers appropriate, recommendations from our Chief Executive Officer, Mr. Miller, in connection with its compensation decisions.

The charter for the Compensation Committee can be found on the Company's website at [www.big5sportinggoods.com](http://www.big5sportinggoods.com). To locate the charter, go the Investor Relations section of the website and click on Corporate Governance.

***Nominating Committee***

The Board of Directors has a standing Nominating Committee, which is chaired by Jennifer Holden Dunbar and currently consists of Ms. Dunbar and Mr. Jessick. Each of the members of the Nominating Committee is independent within the meaning of Marketplace Rule 4200(a)(15) of the Nasdaq Stock Market's listing standards. Among other things, the function of the Nominating Committee is to identify, screen, review and recommend to the Board of

Directors individuals qualified to be nominated for election to the Board and to fill vacancies or newly created positions on the Board consistent with criteria approved by the Board, as well as to recommend to the Board directors to serve on each Board committee. The Nominating Committee held two meetings during the fiscal year ended December 28, 2008.

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### ***Director Qualifications and Nominations Process***

It is the policy of the Board of Directors that, in addition to being approved by a majority of the Board of Directors, each nominee must first be recommended by the Nominating Committee.

The policy of the Nominating Committee is to recommend and encourage the selection of directors who have achieved success in their personal fields and who demonstrate integrity and high personal and professional ethics, sound business judgment and willingness to devote the requisite time to their duties as director, and who will contribute to the overall corporate goals of the Company. Candidates are evaluated and selected based on their individual merit, as well as in the context of the needs of the Board of Directors as a whole. In evaluating the suitability of individual candidates for election or re-election to the Board of Directors, the Nominating Committee and the Board of Directors take into account many factors, including understanding of the retail sporting goods industry, sales and marketing, finance and other elements relevant to the Company's business, educational and professional background, age, and past performance as a director. The Nominating Committee and the Board of Directors evaluate each individual in the context of the composition and needs of the Board of Directors as a whole, including the independence requirements imposed by the Nasdaq Stock Market and the Securities and Exchange Commission, with the objective of recommending a group that can best perpetuate and build on the success of the business and represent stockholder interests. In determining whether to recommend a director for re-election, the Nominating Committee and the Board of Directors also consider the director's past attendance at, and participation in, meetings of the Board of Directors and its committees and contributions to its activities. The Nominating Committee and the Board of Directors use the Board's network of contacts to compile a list of potential candidates, but may also engage, if they deem appropriate, a professional search firm.

The charter for the Nominating Committee can be found on the Company's website at [www.big5sportinggoods.com](http://www.big5sportinggoods.com). To locate the charter, go the Investor Relations section of the website and click on Corporate Governance.

Stockholders who have beneficially owned more than five percent of the Corporation's then-outstanding shares of common stock for a period of at least one year as of the date of making the proposal may propose candidates for consideration by the Nominating Committee and the Board of Directors by submitting the names and supporting information to: Big 5 Sporting Goods Corporation, Attention: Secretary, 2525 East El Segundo Blvd, El Segundo, CA 90245-4632. A stockholder recommendation for nomination must be submitted in accordance with the Company's Amended and Restated Bylaws and must contain the following information about the proposed nominee, as well as documentary support that the stockholder satisfies the requisite stock ownership threshold and holding period: name, age, business and residence addresses, principal occupation or employment, the number of shares of the Company's common stock held by the nominee, a resume of his or her business and educational background, the information that would be required under the Securities and Exchange Commission's rules in a proxy statement soliciting proxies for the election of such nominee as a director, and a signed consent of the nominee to serve as a director, if nominated and elected. Neither the Nominating Committee nor the Board of Directors intends to alter the manner in which it evaluates candidates, including the criteria set forth above, based on whether the candidate was recommended by a stockholder.

### **Audit Committee Report**

The Company's management has primary responsibility for the Company's financial statements and overall reporting process, including the Company's system of internal control over financial reporting and assessing the effectiveness of internal control over financial reporting. The Company's independent registered public accounting firm audits the annual financial statements prepared by management, expresses an opinion as to whether those financial statements fairly present the financial position, results of operations and cash flows of the Company in conformity with accounting principles generally accepted in the United States and discusses with the Audit Committee any issues that

the independent registered public accounting firm believes should be brought to its attention. The Audit Committee oversees and monitors the Company's financial reporting process and the quality of its internal and external audit process.

The Audit Committee has reviewed the Company's audited financial statements for the fiscal year ended December 28, 2008 and the notes thereto and discussed such financial statements with management and Deloitte &

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Touche LLP, the Company's independent registered public accounting firm, acting as the Company's independent auditors. Management has represented to the Audit Committee that the financial statements were prepared in accordance with accounting principles generally accepted in the United States.

The Audit Committee has discussed with Deloitte & Touche LLP the matters required to be discussed by Statement on Auditing Standards No. 61 (as amended), which includes, among other items, the independent auditors' responsibilities, any significant issues arising during the audit and any other matters related to the conduct of the audit of the Company's financial statements. The Audit Committee also discussed with Deloitte & Touche LLP such other matters as are required to be discussed by other standards of the Public Company Accounting Oversight Board (United States), rules of the Securities and Exchange Commission and other applicable regulations.

The Audit Committee has received the written disclosures and the letter from Deloitte & Touche LLP required by applicable requirements of the Public Company Accounting Oversight Board regarding Deloitte & Touche LLP's communications with the Audit Committee concerning independence, and has discussed with Deloitte & Touche LLP its independence from the Company.

The Audit Committee also reviewed management's report on its assessment of the effectiveness of the Company's internal control over financial reporting and the independent registered public accounting firm's report on the effectiveness of the Company's internal control over financial reporting. The Audit Committee discussed with management and the independent registered public accounting firm the prior material weaknesses and significant control deficiencies identified during the course of management's previously reported assessments and the audit and management's remediation of them.

The Audit Committee discussed with the Company's independent registered public accounting firm the overall scope and plans for its audit. The Audit Committee meets with the independent registered public accounting firm, with and without management present, to discuss the results of its examination, its evaluation of the Company's internal control, including internal control over financial reporting, and the overall quality of the Company's financial reporting.

***Conclusion***

Based on the review and discussions referred to above, the Audit Committee recommended to the Company's Board of Directors that the Company's audited financial statements and management's assessment of effectiveness of the Company's internal control over financial reporting be included in the Company's Annual Report on Form 10-K for the fiscal year ended December 28, 2008 for filing with the Securities and Exchange Commission.

SUBMITTED BY AUDIT COMMITTEE OF  
THE BOARD OF DIRECTORS

David R. Jessick (Chair)  
Sandra N. Bane  
Jennifer Holden Dunbar

April 22, 2009

*No portion of this Audit Committee Report shall be deemed to be incorporated by reference into any filing under the Securities Act or the Exchange Act, through any general statement incorporating by reference in its entirety the Proxy Statement in which this report appears, except to the extent that the Company specifically incorporates this report or a portion of it by reference. In addition, this report shall not be deemed to be filed under either the Securities Act or the Exchange Act.*



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### **Stockholder Communications with the Board of Directors**

Stockholders may send communications about matters of general interest to the stockholders of the Company to the Board of Directors, the Chairman of the Board, the Chair of the Audit Committee, the Chair of the Compensation Committee or the Chair of the Nominating Committee at the following address: Big 5 Sporting Goods Corporation, Attention: Secretary, 2525 East El Segundo Blvd, El Segundo, CA 90245-4632. The Secretary will compile these communications and periodically deliver them to the Chairman of the Board or, where applicable, to the Chair of the committee to which such communication was addressed, unless otherwise specifically addressed. Communications relating to accounting, internal controls over financial reporting or auditing matters will be referred to the Chair of the Audit Committee. The Chairman of the Board or, where applicable, the Chair of the Committee to which such communication was addressed, will determine in his or her discretion which communications will be relayed to other board or committee members.

### **Code of Business Conduct and Ethics**

The Company has adopted a Code of Business Conduct and Ethics that applies to all of the Company's employees, including the Company's senior financial and executive officers, as well as the Company's directors. The Company will disclose any waivers of, or amendments to, any provision of the Code of Business Conduct and Ethics that applies to the Company's directors and senior financial and executive officers on the Company's website, [www.big5sportinggoods.com](http://www.big5sportinggoods.com).

### **Compensation Committee Interlocks and Insider Participation**

For the fiscal year ended December 28, 2008, the Compensation Committee consisted of G. Michael Brown, as Chair, Sandra N. Bane and Jennifer Holden Dunbar, none of whom is or has been an officer or employee of the Company or any of its subsidiaries. Ms. Bane and Ms. Dunbar do not have any relationship requiring disclosure under any paragraph of Item 404 of Regulation S-K. Mr. Brown is a partner at the law firm of Musick, Peeler & Garrett LLP. From time to time, the Company retains Musick, Peeler & Garrett LLP to handle various litigation matters.

No interlocking relationship existed between the Board of Directors or the Compensation Committee of the Company and the board of directors or compensation committee of any other company.

### **Compensation Committee Report**

The Compensation Committee of the Board of Directors has reviewed and discussed the Compensation Discussion and Analysis with the Company's management and, based on our review and discussions, we recommended to the Board that the Compensation Discussion and Analysis be included in this Proxy Statement.

#### COMPENSATION COMMITTEE OF THE BOARD OF DIRECTORS

G. Michael Brown (Chair)  
Sandra N. Bane  
Jennifer Holden Dunbar

April 22, 2009

*No portion of this Compensation Committee Report shall be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended (the "Securities Act") or the Securities Exchange Act of 1934, as*

*amended (the Exchange Act ), through any general statement incorporating by reference in its entirety the Proxy Statement in which this report appears, except to the extent that the Company specifically incorporates this report or a portion of it by reference. In addition, this report shall not be deemed to be filed under either the Securities Act or the Exchange Act.*



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The following section sets forth certain information with respect to the Company's current executive officers (other than Steven G. Miller, whose information is set forth above under Directors Whose Terms Will Expire in 2011 (Class C Directors)). Executive officers serve at the discretion of the Board of Directors, subject to rights, if any, under contracts of employment. See Executive and Director Compensation and Related Matters Employment Agreements and Change in Control Provisions.

| <b>Name</b>        | <b>Age</b> | <b>Position with the Company</b>  |
|--------------------|------------|---|
| Steven G. Miller   | 57         | Chairman of the Board of Directors, Chief Executive Officer and President |
| Richard A. Johnson | 63         | Executive Vice President  |
| Barry D. Emerson   | 51         | Senior Vice President, Chief Financial Officer and Treasurer              |
| Jeffrey L. Fraley  | 52         | Senior Vice President, Human Resources                                    |
| Gary S. Meade      | 62         | Senior Vice President, General Counsel and Secretary                      |
| Thomas J. Schlauch | 64         | Senior Vice President, Buying   |
| Shane O. Starr     | 51         | Senior Vice President, Operations   |

*Richard A. Johnson* was named Executive Vice President in March 2007. Prior to that, he served as Senior Vice President, Store Operations since 1992. Prior to that, Mr. Johnson was Vice President, Store Operations since 1982. Age: 63.

*Barry D. Emerson* has served as Chief Financial Officer and Treasurer since October 2005 and as Senior Vice President since September 2005. Prior to joining the Company, Mr. Emerson was employed by U.S. Auto Parts Network, Inc., an ecommerce distributor of aftermarket auto parts in the United States, where he served as Vice President, Treasurer and Chief Financial Officer during 2005. Prior to that, Mr. Emerson served as Vice President, Treasurer and Chief Financial Officer of Elite Information Group, Inc., a software product and services company, from 1999 through 2004. Age: 51.

*Jeffrey L. Fraley* has served as Senior Vice President, Human Resources since July 2001. Prior to that, Mr. Fraley served as Vice President, Human Resources from 1992 to 2001. Age: 52.

*Gary S. Meade* has served as Senior Vice President since July 2001 and General Counsel and Secretary since 1997. Mr. Meade also served as Vice President from 1997 to 2001. Prior to joining the Company, Mr. Meade was employed by Thrifty Payless, Inc., a retail drug store company, where he served as Vice President, Legal Affairs and Secretary from 1994 through 1996, and by Thrifty Corporation, a retail drug store company, where he served as Vice President, Legal Affairs and Secretary from 1992 through 1994 and Vice President, Legal Affairs from 1979 through 1992. Age: 62.

*Thomas J. Schlauch* has served as Senior Vice President, Buying since 1992. Prior to that, Mr. Schlauch served as Head of Buying from 1990 to 1992 and as Vice President, Buying from 1982 to 1990. Age: 64.

*Shane O. Starr* was named Senior Vice President, Operations, in March 2007. Prior to that, he served as the Company's Vice President of Operations since 1999. Age: 51.

**EXECUTIVE AND DIRECTOR COMPENSATION AND RELATED MATTERS**

## **Compensation Discussion and Analysis**

### ***General***

Attracting, motivating and retaining well-qualified executives are essential to the success of any company. We believe that our business and the interests of our shareholders are best served by continuity and stability of our management team. In the retail sporting goods industry, the market for top executive talent is highly competitive. Accordingly, the goals of our compensation program are to encourage retention of top executives who may have

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attractive opportunities at other companies, to provide significant rewards for successful performance, particularly over the longer term, and to align executive officers' interests with those of the stockholders. We believe these goals can be achieved by a program of executive compensation which stresses long-term incentives and which is stable and consistent over time. Our executive compensation program therefore has varied very little over the past ten years. We believe that our executive compensation policy has been successful in encouraging retention, because our executive officers have an average tenure of 27 years with us.

Our compensation decisions are made by the Compensation Committee, which is composed entirely of independent members of our Board of Directors. The Compensation Committee's philosophy is to provide a compensation package that attracts, motivates and retains executive talent and aligns the interests of management with those of the stockholders. Specifically, the objectives of the committee's practices are to (1) provide a total compensation program that is competitive with companies with whom we compete for talent, (2) link short term incentives to financial performance, (3) provide long term compensation that focuses management's efforts on building stockholder value and aligning their interests with our stockholders and (4) promote stability and retention of our management team. The Compensation Committee receives recommendations from our President and Chief Executive Officer, or our Principal Executive Officer, and considers factors such as publicly-available information on executive compensation, including industry comparisons and competitive data, each executive's role and responsibilities, and the responsibility levels of the executives relative to one another. The Compensation Committee uses this information to assess the reasonableness of the Company's compensation practices over time and to test the alignment of compensation with performance. The Compensation Committee retained an independent compensation consultant, Frederic W. Cooke & Co., Inc., in designing our 2007 Equity and Performance Incentive Plan (the 2007 Plan).

Internal Revenue Code Section 162(m) generally disallows a tax deduction to reporting companies for compensation over \$1,000,000 paid to each of the company's chief executive officer and the four other most highly compensated officers, except for compensation that is performance based. Section 162(m) has not been a factor in the design of our executive compensation program because the compensation of our executives other than our President and Chief Executive Officer has not approached \$1,000,000, and the compensation of our President and Chief Executive Officer, except for stock options which are performance based compensation, has exceeded \$1,000,000 only by a minor amount.

### ***Elements of Compensation***

#### ***Salary***

Our Compensation Committee generally reviews the base salaries of our Named Executive Officers annually. The salaries of our Named Executive Officers are determined in the sole discretion of the Compensation Committee, after receiving recommendations from our Principal Executive Officer. The Compensation Committee considers individual and Company performance, as well as factors such as publicly-available information on executive compensation, including industry comparisons and competitive data, each executive's role and responsibilities, and the responsibility levels of the executives relative to one another. We believe that the salaries of our Named Executive Officers are at or below the median of salaries paid by other companies in the market with whom we compete for talent. In light of current economic conditions and the Company's recent financial performance, our Compensation Committee elected to freeze base salaries of Named Executive Officers for fiscal year 2009.

#### ***Bonuses***

We intend that bonuses paid to our named executive officers will reward them for the achievement of successful financial performance over a relatively short period of time (typically one fiscal year). The bonuses of our Named Executive Officers are determined in the sole discretion of the Compensation Committee, after receiving

recommendations from our Principal Executive Officer. The total amount of the annual bonuses paid to our salaried employees (except for store managers) has historically been correlated with the amount of our earnings before interest, taxes, depreciation and amortization, or EBITDA, and has historically represented approximately five percent of our EBITDA. In recent years, including with respect to fiscal 2008, approximately one-third of this bonus expense has been for the Named Executive Officers. Accordingly, in light of the decline in the Company's

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EBIDTA in 2008, the bonuses approved by the Compensation Committee for Named Executive Officers for 2008 were substantially reduced in comparison to recent years. Bonus payments to each of our Named Executive Officers are based on his individual contributions to the success of our business for the year, and fairness and proportionality of the Named Executive Officer's compensation when compared with the compensation for the year of our Chief Executive Officer and the other Named Executive Officers, as determined by the Compensation Committee in its discretion. These practices have been essentially uniform for the past ten years. We believe that the bonuses paid to our Named Executive Officers are at or below the median range of bonuses paid by other companies in the market with whom we compete for talent.

*Long-Term Incentive Compensation (Equity Awards)*

We believe that awards of stock options to Named Executive Officers provide a valuable long-term incentive for them, and help align their interests with the stockholders' interests. We believe that stock options are a vital component of our philosophy of compensating Named Executive Officers for successful results, as they can realize value on their stock options only if the stock price increases, and the long-term incentive of stock options is important in realizing our goal of continuity and stability of our executive team. In view of the relatively modest amount of bonuses that we pay to our Named Executive Officers, stock options are a particularly important component of rewarding them for successful results.

We also believe that unvested options are a major tool to encourage employee retention. Accordingly, our stock option grants to our Named Executive Officers generally vest over a four year period.

We periodically grant stock options to some or all of our Named Executive Officers, typically in connection with their annual performance and compensation reviews. We do not necessarily grant stock options to our Named Executive Officers annually—we want our Named Executive Officers to understand that a grant of stock options is not an entitlement. Our Compensation Committee determines the size of each option grant, after receiving recommendations from our Principal Executive Officer. In determining the size of option grants to executive officers, consideration is given to the value of total direct compensation, Company and individual performance, the number and value of stock options previously granted to the executive officer and the relative proportion of long-term incentives within the total compensation mix. Our Compensation Committee generally considers option grants to Named Executive Officers and other existing employees at committee meetings which coincide with the employees' annual performance and compensation reviews, and the exercise price of each stock option granted is the closing price of our stock on the day of the meeting. The Compensation Committee considers grants to select newly-hired executives at its regularly-scheduled quarterly committee meeting following the date of hire, and the exercise price of each stock option granted to a newly-hired executive is the closing price of our stock on the day of the meeting. We do not intend to grant options while in possession of material non-public information, except pursuant to a pre-existing policy under which options are granted on fixed dates of our annual stockholders meeting (in the case of grants to persons who are not Named Executive Officers) or of Compensation Committee meetings. Our Compensation Committee meetings which coincide with the employees' annual performance and compensation reviews, and at which our Compensation Committee considers grants to Named Executive Officers who are not newly-hired, are scheduled to coincide with trading windows for our common stock. Although the long-term incentive represented by grants of stock options is a major component of the compensation of our Named Executive Officers, we believe that the size of option grants to our Named Executive Officers is relatively modest when compa