

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:

(5) Total fee paid:

o Fee paid previously with preliminary materials.

o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(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.*



**Table of Contents****Executive Officers**

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 compared to the size of option grants to similar officers of other companies in the market with whom we compete for talent.

Our shareholder-approved equity compensation plan permits a variety of equity awards. For the last few years we have considered whether to grant awards other than stock options as part of our long term incentive compensation strategy. In March 2008, for the first time, we granted restricted stock to certain of our Named Executive Officers. The restricted stock is subject to a four-year vesting schedule, which will be accelerated upon certain change of control

events. We granted restricted stock as a further enhancement to retention, as restricted stock generally maintains value during short-term cyclical downturns in our stock price or our industry as compared to stock options which may not. We note that the inclusion of restricted stock as a component of equity compensation for officers is a trend among public companies. As in prior years, in March 2008 we also awarded stock options to our Named Executive Officers. We granted stock options (but not restricted stock) to our Named

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Executive Officers in March 2009. We will continue to evaluate which equity award vehicles achieve the best balance between continuing our successful practice of providing equity-based compensation and creating and maintaining long term shareholder value. We believe that the value of our equity awards on an annualized basis to our Named Executive Officers is reasonable and appropriate when compared with the size of equity awards to executives of other companies with whom we compete for talent.

*Change in Control Payments*

Our Named Executive Officers generally do not have employment agreements that provide that they will receive payments if we undergo a change in control. The employment agreement of our Principal Executive Officer contains a change in control provision. This provision permits him to receive the change in control payments if he leaves for any reason within six months after the change in control. The Principal Executive Officer must resign to receive the change in control payments, so this provision is not a true single trigger provision. The reason for this provision is that a change in control of a publicly traded corporation would almost invariably affect the powers, role, and reporting relationships of its principal executive officer. If a change in control of our Company occurs, our Principal Executive Officer's employment agreement gives him the right to depart from the Company and receive the change in control payments if he deems his position to have been negatively affected by the change in control, without the need to demonstrate an objective, adverse effect such as reduction in compensation. If the change is not negative, the employment agreement allows him to stay with the Company and no severance payments will be made. We believe this provision is desirable from our standpoint because it enables our Principal Executive Officer to focus solely on the best interests of our stockholders in the event of a possible, threatened or pending change in control, without undue concern for his own personal interests.

Our Principal Executive Officer's employment agreement also contains provisions for payment on dismissal without cause or quitting for good reason, which could apply after as well as before a change in control. In March 2009, this employment agreement was amended whereby our Principal Executive Officer voluntarily agreed to reduce his lump sum severance payment for these termination events. See Employment Agreements and Change in Control Provisions.

We have entered into a severance agreement with our Senior Vice President and Chief Financial Officer, or our Principal Financial Officer, which provides that he will receive certain payments if we terminate his employment other than for cause. These provisions can operate after as well as before a change in control. These provisions were the result of arm's length negotiations between us and our Principal Financial Officer when we hired him.

We will not provide gross up payments to our Principal Executive Officer or Principal Financial Officer if they receive payments in connection with a change in control which would cause them to be subject to the excise tax of Internal Revenue Code Section 4999, which we refer to as the Golden Parachute Excise Tax. On the contrary, the employment agreement of our Principal Executive Officer provides that payments in connection with the change in control will be reduced to the extent necessary to prevent them from being subject to the Golden Parachute Excise Tax. We do not expect that any payments made to our Principal Financial Officer will be large enough to trigger the Golden Parachute Excise Tax.

In addition, the vesting of all stock options and restricted stock granted to our executive officers and directors under the 2007 Plan will accelerate upon a change of control of the Company.

*All Other Compensation*

All other compensation to our Named Executive Officers includes, among other things, Company contributions and other allocations made on behalf of the individuals under the Company's defined contribution plan. We have also

provided perquisites to our Named Executive Officers that have an annual incremental cost to us of \$10,000 or more, which consist of the value attributable to personal use of Company-provided automobiles.



**Table of Contents****Summary Compensation Table**

Compensation in the table below includes not only compensation earned for services in the applicable fiscal year but, in the case of option awards, compensation earned for services in prior fiscal years but recognized as an expense for financial statement reporting purposes with respect to the fiscal years reported in the table.

Name and Principal Position	Year	Salary (\$)(1)	Bonus (\$)	Stock Awards (\$)(2)	Option Awards (\$)(2)	Change in Pension Value and Non-Equity Incentives			Total (\$)
						Deferred Compensation (\$)	Other Compensation (\$)(3)	All Compensation (\$)	
Steven G. Miller	2008	\$470,308	\$250,000		\$94,923			\$31,808	\$847,039
Chairman of the Board,	2007	\$457,615	\$500,000		\$158,885			\$30,219	\$1,146,719
President and Chief Executive Officer	2006	\$440,308	\$600,000		\$178,888			\$29,809	\$1,249,005
Barry D. Emerson	2008	\$322,308	\$110,000	\$15,647	\$226,448			\$26,381	\$700,784
Senior Vice President, Chief Financial Officer and Treasurer	2007	\$310,961	\$175,000		\$209,478			\$27,084	\$722,523
	2006	\$293,269	\$185,000		\$179,394			\$20,139	\$677,802
Thomas J. Schlauch	2008	\$268,115	\$134,000	\$4,694	\$35,476			\$28,592	\$470,877
Senior Vice President, Buying	2007	\$259,769	\$214,000		\$57,385			\$24,228	\$555,382
	2006	\$248,846	\$233,000		\$63,190			\$23,640	\$568,676
Richard A. Johnson	2008	\$242,115	\$122,000	\$4,694	\$35,476			\$28,287	\$432,572
Executive Vice President	2007	\$233,769	\$194,000		\$57,385			\$25,069	\$510,223
	2006	\$223,146	\$213,000		\$63,190			\$25,914	\$525,250
Gary S. Meade	2008	\$207,115	\$69,000	\$4,694	\$35,476			\$26,967	\$343,252

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Senior Vice President, General Counsel and Secretary	2007	\$198,769	\$110,000	\$57,385	\$24,732	\$390,886
	2006	\$186,500	\$120,000	\$63,190	\$25,062	\$394,752

- (1) Each of the Named Executive Officers received salary increases that were effective March 24, 2008, resulting in the following annual salaries:

Steven G. Miller: \$473,000  
 Barry D. Emerson: \$325,000  
 Thomas J. Schlauch: \$270,000  
 Richard A. Johnson: \$244,000  
 Gary S. Meade: \$209,000

The amounts in this Salary column reflect amounts actually earned in the applicable fiscal year.

- (2) The amounts in the Stock Awards and Option Awards columns reflect the compensation expense recognized by the Company for financial reporting statement reporting purposes for the applicable fiscal year, in accordance with SFAS No. 123(R), *Share-Based Payment*, (excluding the impact of estimated forfeitures related to service-based vesting conditions), for awards pursuant to the 2002 Stock Incentive Plan and the 2007 Plan, and include amounts attributable to awards granted during and prior to the applicable fiscal years. Details on assumptions made in the calculation of these amounts are included in Note 13 to the Consolidated Financial Statements in the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission on February 27, 2009. The amounts reported in the Option Awards column do not necessarily reflect the dollar amounts of compensation actually realized or that may be realized. The actual value, if any, that an executive may realize with respect to each option will depend on the excess of the stock price over the exercise price on the date the option is exercised and the shares underlying such option are sold. The exercise price of each of the options granted to each of the Named Executive Officers, as reflected in the table above, is substantially above the current market price of the underlying common stock. Accordingly, these options have a much lower value today than the compensation expense reflected in our income statement in accordance with generally accepted accounting principles.
- (3) The amounts in the All Other Compensation column include (a) the value attributable to personal use of a Company-provided automobile, which in 2008 were the following amounts: Mr. Miller: \$19,380, Mr. Emerson: \$13,608, Mr. Schlauch: \$14,037, Mr. Johnson: \$14,411, and Mr. Meade: \$12,412, and (b) Company contributions and other allocations made on behalf of the individual under the Company's defined contribution plan,

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which in 2008 were the following amounts: Mr. Miller: \$12,428, Mr. Emerson: \$12,773, Mr. Schlauch: \$14,555, Mr. Johnson: \$13,876, and Mr. Meade: \$14,555.

**Stock Options and Equity Compensation**

Effective April 24, 2007 the Board of Directors adopted our 2007 Plan, which replaced and superseded our 2002 Stock Incentive Plan (the 2002 Plan). The 2007 Plan was approved by our stockholders at our 2007 annual meeting of stockholders. The aggregate amount of shares authorized for issuance under the 2007 Plan is 2,399,250 (the same number of shares that remained available for grant under the 2002 Plan as of April 24, 2007) plus any shares that had been subject to outstanding awards as of April 24, 2007 under the 2002 Plan that are or were forfeited or cancelled, or otherwise expire, after the April 24, 2007 effective date of the 2007 Plan.

The 2007 Plan is administered by our Compensation Committee. The Compensation Committee has broad discretion and power in operating the 2007 Plan and in determining which of our employees, directors, and consultants shall participate, and the terms of individual awards. Awards under the 2007 Plan may consist of options, stock appreciation rights, restricted stock, other stock unit awards, performance awards, dividend equivalents or any combination of the foregoing. Any shares that are subject to awards of options or stock appreciation rights shall be counted against this limit as one share for every one share granted. Awards of restricted stock and other awards that are not awards of stock options or stock appreciation rights (including shares delivered in settlement of dividend rights) shall be counted against this limit as 2.5 shares for every share granted. The aggregate number of shares available under the 2007 Plan and the number of shares subject to outstanding options and stock appreciation rights will be increased or decreased to reflect any changes in the outstanding common stock of the Company by reason of any recapitalization, spin-off, reorganization, reclassification, stock dividend, stock split, reverse stock split, or similar transaction. If any shares subject to an award under the 2007 Plan or the 2002 Plan described below are forfeited or expire, or are terminated without issuance of shares, the shares shall again be available for award under the 2007 Plan. Any shares that again become available for grant shall be added back as one share if such shares were subject to options or stock appreciation rights granted under the 2007 Plan or the 2002 Plan and as 2.5 shares if such shares were subject to awards other than options or stock appreciation rights granted under the 2007 Plan.

Under the 2007 Plan, no participant may be granted in any fiscal year of the Company (a) options or stock appreciation rights with respect to more than 500,000 shares, (b) restricted stock, performance awards or other stock unit awards that are denominated in shares with respect to more than 250,000 shares, or (c) performance awards or stock unit awards that are valued by reference to cash having a maximum dollar value of more than \$2,000,000.

Under the 2007 Plan, the exercise price for an option or stock appreciation right cannot be less than 100% of the fair market value of the underlying shares on the grant date. The 2007 Plan does not permit the repricing of options or stock appreciation rights.

At April 22, 2009, net of cancellations and forfeitures, options to purchase 883,700 shares had been issued and 108,300 shares of restricted stock had been awarded under the 2007 Plan. Also, at April 22, 2009, 60,700 shares had been transferred from the 2002 Plan to the 2007 Plan as described above, leaving 1,305,500 shares available for additional grants under the 2007 Plan. At April 22, 2009, 883,700 shares remained subject to outstanding options under the 2007 Plan.

Prior to the adoption of the 2007 Plan, our equity-based awards were principally made under the 2002 Plan, which was adopted by our board and approved by our shareholders in 2002 before our initial public offering. The 2002 Plan was administered by our Compensation Committee. Awards under the 2002 Plan consisted solely of stock options, and the exercise price of all options that were issued under the 2002 Plan was 100% of the fair market value of the underlying shares on the grant date.

On approval of the 2007 Plan by our shareholders in June 2007, the 2002 Plan was terminated, and no new awards were thereafter made under the 2002 Plan. However, awards previously granted continue to be outstanding under their terms. If any option outstanding under the 2002 Plan is forfeited, expires, or is terminated without issuance of the underlying shares, the underlying shares shall become available for grant under the 2007 Plan as

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discussed above. As of April 22, 2009, there remained options to purchase 1,068,200 shares of common stock outstanding under the 2002 Plan.

**Grants of Plan-Based Awards in Fiscal 2008**

Name	Grant Date	Estimated Future Payouts Under			Estimated Future Payouts			All Other Stock Awards:	All Other Option Awards:	Exercise or Base Price of Option Awards (\$/Sh)
		Non-Equity Incentive Plan Awards Threshold (\$)	Target (\$)	Maximum (\$)	Under Equity Incentive Plan Awards Threshold (#)	Target (#)	Maximum (#)	Number of Shares of Stock or Units (#)	Number of Securities Underlying Options (#)(1)	
Steven G. Miller Chairman of the Board, President and Chief Executive Officer	3/3/2008								30,000	\$8.95
Barry D. Emerson Senior Vice President, Chief Financial Officer and Treasurer	3/3/2008 3/14/2008							10,000	20,000	\$8.95
Thomas J. Schlauch Senior Vice President, Buying	3/3/2008 3/14/2008							3,000	9,000	\$8.95
	3/3/2008								9,000	\$8.95

Richard A. Johnson Executive Vice President	3/14/2008	3,000		
Gary S. Meade Senior Vice President, General Counsel and Secretary	3/3/2008		9,000	\$8.95
	3/14/2008	3,000		

(1) These options vest in four equal annual installments beginning on March 3, 2009, except for Mr. Miller's options, which vest in forty-eight equal monthly installments beginning on April 1, 2008.

Table of Contents**Outstanding Equity Awards at Fiscal 2008 Year-End**

Name	Equity Incentive Plan Awards:			Price (\$)	Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested (\$)(2)	Equity Incentive Plan Awards: Plan Market or Payout Value Number of Unearned Shares, or Units Other Rights That Have Not Vested (\$)	
	Number of Securities Underlying Unexercised Options (#)(1)	Number of Securities Underlying Unexercised Options (#)(1)	Number of Securities Underlying Unexercised Options (#)					Number of Unearned Shares, or Units Other Rights That Have Not Vested (#)	Number of Unearned Shares, or Units Other Rights That Have Not Vested (\$)
Steven G. Miller Chairman of the Board, President and Chief Executive Officer	30,000 30,000 20,625 5,625			\$ 10.32 \$ 24.61 \$ 19.12 \$ 8.95	2/11/2013 2/13/2014 3/13/2016 3/3/2018				
Barry D. Emerson Senior Vice President, Chief Financial Officer and Treasurer	37,500 10,000 2,500	12,500 10,000 7,500		\$ 25.05 \$ 19.12 \$ 25.22 \$ 8.95	9/12/2015 3/13/2016 3/12/2017 3/3/2018	10,000	\$ 53,300		
Thomas J. Schlauch Senior Vice President, Buying	10,000 6,000		6,000	\$ 24.61 \$ 19.12 \$ 8.95	2/13/2014 3/13/2016 3/3/2018	3,000	\$ 15,990		
Richard A. Johnson Executive Vice President	10,000 10,000 6,000		9,000	\$ 10.32 \$ 24.61 \$ 19.12 \$ 8.95	2/11/2013 2/13/2014 3/13/2016 3/3/2018	3,000	\$ 15,990		
Gary S. Meade Senior Vice President, General	10,000 10,000 6,000		6,000	\$ 10.32 \$ 24.61 \$ 19.12	2/11/2013 2/13/2014 3/13/2016	3,000	\$ 15,990		

Counsel and Secretary	9,000	\$ 8.95	3/3/2018
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- (1) The vesting dates of the options reported in the second and third columns are as follows: Mr. Miller's options vest in forty-eight equal monthly installments, beginning on March 1, 2003, March 1, 2004, April 1, 2006 and April 1, 2008, respectively; Mr. Emerson's options vest in four equal annual installments, beginning on September 12, 2006, March 13, 2007, March 12, 2008 and March 3, 2009, respectively; and Mr. Schlauch's options, Mr. Johnson's options and Mr. Meade's options vest in four equal annual installments, beginning on February 11, 2004, February 13, 2005, March 13, 2007 and March 3, 2009, respectively.
- (2) The amounts in the Market Value of Shares column are the fair market value of the shares on December 28, 2008, based upon our most recent closing stock price as of that date of \$5.33.



**Table of Contents****Option Exercises and Stock Vested in Fiscal 2008**

Name	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise(#)	Value Realized on Exercise(\$)	Number of Shares Acquired on Vesting(#)	Value Realized on Vesting(\$)
Steven G. Miller Chairman of the Board, President and Chief Executive Officer				
Barry D. Emerson Senior Vice President, Chief Financial Officer and Treasurer				
Thomas J. Schlauch Senior Vice President, Buying				
Richard A. Johnson Executive Vice President				
Gary S. Meade Senior Vice President, General Counsel and Secretary				

**Employment Agreements and Change in Control Provisions**

The Company has an employment agreement with Mr. Steven G. Miller, who currently serves as Chairman of the Board, President and Chief Executive Officer. His original agreement was executed in 2002 prior to our becoming a publicly-traded company. In December 2008, the agreement was amended and restated for the principal purpose of complying with the provisions of Section 409A of the Internal Revenue Code of 1986, as amended, and related regulations and guidance. In general, the changes reflected in that restatement related to the timing of payments to Mr. Miller under his employment agreement following certain events. The restatement also updated various other provisions, including to conform Mr. Miller's base salary to his current base salary, but did not materially affect the scope or amounts of compensation or benefits that Mr. Miller is entitled to receive under his agreement.

In March 2009, in an effort to align Mr. Miller's severance package more closely with current standards, the employment agreement was further amended whereby Mr. Miller agreed to reduce the lump sum severance payment he is to receive upon certain termination events from four years annual compensation to three years annual compensation. In addition, the amendment revised the method of determining such annual compensation for that purpose as provided below.

Steven G. Miller's employment agreement provides that he will serve as Chairman of the Board of Directors, Chief Executive Officer and President for a term of four years from any given date, such that there shall always be a minimum of at least four years remaining under his employment agreement. The employment agreement provides for Mr. Miller to receive an annual base salary of \$473,000, subject to annual increase based on comparable compensation packages provided to executives in similarly situated companies, and to participate in a bonus plan to be established by the Compensation Committee. His annual base salary was not increased for fiscal 2009. In practice, his bonuses have been determined in the discretion of the Compensation Committee. Mr. Miller is also entitled to use of a Company automobile. In addition, as long as Mr. Miller serves as an officer, the Company will use its best efforts to

ensure that he continues to serve on the Company's Board of Directors and on the Board of Directors of the Company's wholly-owned subsidiary, Big 5 Corp.

If Steven G. Miller's employment is terminated due to his death, the employment agreement provides for accelerated vesting of options that would have been exercisable during the 24 months following the termination date and the continuation of family medical benefits for the four years following the termination date. The table below reflects the estimated amount of payments and other benefits payable under Mr. Miller's employment agreement on a termination due to death, assuming that the termination occurred on December 28, 2008 and based upon our most recent closing stock price as of that date of \$5.33.

**Table of Contents****Table Showing Benefits on a Termination Due to Death**

<b>Name</b>	<b>Cash Severance</b>	<b>Value of Option Acceleration</b>	<b>Value of Medical Continuation</b>	<b>Total</b>
Steven G. Miller			\$ 33,259	\$ 33,259

If Steven G. Miller's employment is terminated due to his disability, the employment agreement provides that the Company will pay Mr. Miller as a lump sum severance payment an amount equal to his base salary for two years and an additional amount equal to two times the greater of (i) his last annual cash bonus or (ii) the average annual cash bonus paid during the last three fiscal years. In addition, the employment agreement provides for accelerated vesting of options that would have been exercisable during the 24 months following the termination date and the continuation of specified benefits for the four years following the termination date. The table below reflects the estimated amount of payments and other benefits payable under Mr. Miller's employment agreement on a termination due to disability, assuming that the termination occurred on December 28, 2008 and based upon our most recent closing stock price as of that date of \$5.33.

**Table Showing Benefits on a Termination Due to Disability**

<b>Name</b>	<b>Cash Severance</b>	<b>Value of Option Acceleration</b>	<b>Value of Medical Continuation</b>	<b>Value of Perquisites(1)</b>	<b>Total</b>
Steven G. Miller	\$ 1,956,000		\$ 47,037	\$ 77,520	\$ 2,080,557

(1) The amount in the Value of Perquisites column includes the value attributable to personal use of a Company-provided automobile in the annual amount of \$19,380 for four years.

If Steven G. Miller terminates the employment agreement for good reason at any time, or for any reason within six months of a change in control, or if the Company terminates the employment agreement without cause at any time, the employment agreement provides the Company will pay Mr. Miller as a lump sum severance payment an amount equal to three times his annual compensation. For this purpose, Mr. Miller's annual compensation will be deemed to equal the average annual compensation received by Mr. Miller for each of the five years immediately preceding the year in which the termination date falls, as reflected on Mr. Miller's Forms W-2 for those years. In addition, the employment agreement provides for accelerated vesting of all of his options and the continuation of specified benefits for the four years following the termination date. However, the employment agreement provides that payments in connection with the change in control will be reduced to the extent necessary to prevent them from being subject to the Golden Parachute Excise Tax of Internal Revenue Code Section 4999. Prior to the amendment of Mr. Miller's employment agreement in March 2009, his agreement provided for a lump sum severance payment under the above circumstances equal to his base salary for four years and an additional amount equal to four times the greater of (i) his last annual cash bonus or (ii) the average annual cash bonus paid during the three fiscal years preceding the termination date. The table below reflects the estimated amount of payments and other benefits payable under Mr. Miller's employment agreement on a termination by Mr. Miller for good reason or due to a change in control or a termination by the Company without cause, assuming that the termination occurred on December 28, 2008 and based upon our most

recent closing stock price as of that date of \$5.33.

**Table Showing Benefits on a Termination by the Employee for Good Reason or Due to a Change in Control or a Termination by the Company Without Cause**

<b>Name</b>	<b>Cash Severance</b>	<b>Value of Option Acceleration</b>	<b>Value of Medical Continuation</b>	<b>Value of Perquisites(1)</b>	<b>Total</b>
Steven G. Miller(2)	\$ 3,912,000(3)		\$ 47,037	\$ 77,520	\$ 4,036,557

(1) The amount in the Value of Perquisites column includes the value attributable to personal use of a Company-provided automobile in the annual amount of \$19,380 for four years.

(2) Payments in connection with a change in control may be less than those shown in this table, since Mr. Miller's employment agreement provides such payments will be reduced to the extent necessary to prevent them from being subject to the Golden Parachute Excise Tax of Internal Revenue Code Section 4999.

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- (3) Because the amendment to Mr. Miller's employment agreement occurred after December 28, 2008, this table reflects the benefits using the prior severance formula. Using the current formula, as amended, the cash severance payment would have been reduced to \$2,994,795.

If Steven G. Miller terminates the employment agreement without good reason or the Company terminates the employment agreement for cause, Mr. Miller is entitled to receive all accrued and unpaid salary and other compensation and all accrued and unused vacation pay.

The employment of our Principal Financial Officer, Mr. Barry D. Emerson, with us is governed by an employment offer letter dated August 16, 2005, which is referred to as the Offer Letter. The Offer Letter provided for Mr. Emerson to receive a starting annual base salary of \$275,000 and a minimum starting annual bonus of \$125,000, to be paid in the first quarter of 2006 and prorated based upon the period of employment during the 2005 fiscal year. Mr. Emerson's annual base salary has since been increased to \$325,000 in 2008, and he received a bonus of \$110,000 for fiscal year 2008. His annual base salary was not increased for fiscal 2009. Pursuant to the Offer Letter, on the first day of his employment, Mr. Emerson received a stock option grant to acquire 50,000 shares of the Company's common stock, at an exercise price of \$25.05 per share, which vests 25% per year over four years and has a term of ten years. In addition, the Offer Letter provides that Mr. Emerson receives use of a Company automobile, and is eligible for future stock option grants, comparable to those provided to other senior vice presidents of the Company.

Pursuant to the Offer Letter, we and Mr. Emerson have entered into a severance agreement that provides that his employment is at will but that, if we terminate his employment other than for cause (as defined in the severance agreement), Mr. Emerson will receive a severance package which will include one year's base salary and one year's health coverage for him and his family. Payment of the severance benefit is conditioned upon the execution of a release by Mr. Emerson of all claims he may have against us. The table below reflects the estimated amount of payments and other benefits payable under Mr. Emerson's severance agreement, assuming that the termination occurred on December 28, 2008.

**Table Showing Benefits on a Termination Other than for Cause**

<b>Name</b>	<b>Cash Severance</b>	<b>Value of Medical Continuation</b>	<b>Total</b>
Barry D. Emerson	\$ 325,000	\$ 11,759	\$ 336,759

**Compensation of Directors**

Our Board of Directors sets directors' compensation based on its review of publicly-available information about what other companies pay their directors.

Directors who are also employees of the Company are compensated as officers of the Company and receive no additional compensation for serving as directors.

Effective April 2007, non-employee directors receive an annual retainer of \$30,000 for service on the Board of Directors, plus \$2,500 for attendance at each regularly scheduled meeting of the Board of Directors or each committee meeting not otherwise held on the day of a board meeting or other committee meeting, \$1,000 for attendance at each committee meeting held on the day of a board meeting or other committee meeting, and \$1,000 for attendance by telephone at any specially called telephonic board meeting or committee meeting. The Chairs of the Audit Committee,

Compensation Committee and Nominating Committee receive additional annual retainers of \$10,000, \$7,500 and \$5,000, respectively. In addition, the Company has adopted a policy pursuant to which each non-employee director is initially granted options to purchase 10,000 shares of the Company's common stock and is annually granted additional options to purchase 3,000 shares of such stock and annually granted 3,000 restricted shares of the Company's common stock. The options are to have an exercise price equal to the fair market value of the Company's common stock on the date of grant, and both the options and the restricted shares vest in four equal annual installments. Annual grants have been and will be made on the date of the Company's annual meeting of stockholders. Directors are also reimbursed for all out-of-pocket expenses incurred in attending such meetings. Dr. Miller has waived his right to receive his director fees, stock options and restricted stock.

**Table of Contents****Director Compensation for Fiscal 2008**

Compensation in the table below includes not only compensation earned for services in the applicable fiscal year but, in the case of option awards, compensation earned for services in prior fiscal years but recognized as an expense for financial statement reporting purposes with respect to the fiscal year reported in the table.

Name	Fees Earned		Option Awards (\$)(1)	Non-Equity Incentive		All Other Compensation (\$)	Total (\$)
	or Paid in Cash (\$)	Stock Awards (\$)(1)		Plan Compensation (\$)	Nonqualified Deferred Compensation Earnings (\$)		
Sandra N. Bane	\$ 54,603	\$ 3,182	\$ 59,883				\$ 117,668
G. Michael Brown	\$ 54,000	\$ 3,182	\$ 59,883				\$ 117,065
Jennifer Holden Dunbar	\$ 58,500	\$ 3,182	\$ 59,883				\$ 121,565
David R. Jessick	\$ 52,897	\$ 3,182	\$ 53,227				\$ 109,306
Michael D. Miller							

(1) The amounts in the Stock Awards and Option Awards columns reflect the compensation expense recognized by the Company for financial reporting statement reporting purposes for the fiscal year ended December 28, 2008, in accordance with SFAS No. 123(R), *Share-Based Payment*, (excluding the impact of estimated forfeitures related to service-based vesting conditions), for awards pursuant to the 2007 Plan, and includes amounts attributable to awards granted during and before fiscal 2008. Details on assumptions made in the calculation of these amounts are included in Note 13 to the Consolidated Financial Statements in the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission on February 27, 2009. The amounts reported in the Option Awards column do not necessarily reflect the dollar amounts of compensation actually realized or that may be realized. The actual value, if any, that a director may realize with respect to each option will depend on the excess of the stock price over the exercise price on the date the option is exercised and the shares underlying such option are sold. The exercise price of each of the options granted to each of the directors, as reflected in the table above, is substantially above the current market price of the underlying common stock. Accordingly, these options have a much lower value today than the compensation expense reflected in our income statement in accordance with generally accepted accounting principles.

**Section 16(a) Beneficial Ownership Reporting Compliance**

Based solely upon review of copies of Section 16(a) reports furnished to the Company during or with respect to the year ended December 28, 2008, the Company believes that all Section 16(a) reporting requirements were met during fiscal 2008.

**TRANSACTIONS WITH RELATED PERSONS, PROMOTERS AND CERTAIN CONTROL PERSONS**

Our Audit Committee charter requires that the Audit Committee review on an ongoing basis and approve or disapprove all related party transactions that are required to be disclosed by Item 404 of Regulation S-K. The items described below were approved by the Audit Committee, except to the extent that items arise out of periods prior to the establishment of that requirement.

G. Michael Brown is a director of the Company and a partner of the law firm of Musick, Peeler & Garrett LLP. From time to time, the Company retains Musick, Peeler & Garrett LLP to handle various litigation matters. The Company received services from the law firm of Musick, Peeler & Garrett LLP amounting to \$0.8 million in fiscal year 2008, and amounts due to Musick, Peeler & Garrett LLP totaled \$59,000 as of December 28, 2008.

Prior to his death in fiscal 2008, the Company had an employment agreement with Robert W. Miller ( Mr. Miller ), co-founder of the Company and the father of Steven G. Miller, Chairman of the Board, President, Chief Executive Officer and a director of the Company, and Michael D. Miller, a director of the Company. The



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employment agreement provided for Mr. Miller to receive an annual base salary of \$350,000. The employment agreement further provided that, following his death, the Company will pay his surviving wife \$350,000 per year and provide her specified benefits for the remainder of her life. During fiscal 2008, the Company made a payment of \$350,000 to Mr. Miller's wife, and revalued its obligation using a single survivor probability and a discount rate of 6.0% which reduced the obligation by approximately \$0.3 million. The Company recognized expense of \$0.1 million (excluding the \$0.3 million revaluation adjustment) in fiscal 2008 to provide for a liability for the future obligations under this agreement. Based upon actuarial valuation estimates related to this agreement, the Company recorded a liability of \$1.8 million as of December 28, 2008. The short-term portion of this liability is recorded in accrued expenses, and the long-term portion is recorded in other long-term liabilities.

Bradley A. Johnson, the son of Richard A. Johnson, the Company's Executive Vice President, is employed by the Company as a Buyer. Bradley A. Johnson received a salary of \$113,923 in fiscal 2008 and earned a bonus of \$17,500. The salary and bonus received by Bradley A. Johnson is consistent with those paid to other Company employees with similar responsibilities.

In addition to the indemnification provisions contained in the Company's Amended and Restated Certificate of Incorporation and Bylaws, the Company has indemnification agreements with each of its directors and executive officers. These agreements, among other things, provide for indemnification of the Company's directors and executive officers for expenses, judgments, fines and settlement amounts (collectively, "Liabilities") incurred by any such person in any action or proceeding arising out of such person's services as a director or executive officer or at the Company's request, if the applicable director or executive officer acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the Company. These agreements also require the Company to advance expenses incurred by any of its directors or executive officers in connection with any proceeding against such individual with respect to which such individual may be entitled to indemnification by the Company. In fiscal 2008, the Company did not advance any amounts to directors and officers under this provision.

**SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT**

The following table sets forth information regarding beneficial ownership of the Company's common stock as of April 22, 2009 by:

each of the named executive officers in the Summary Compensation Table on page 14;

each of the Company's directors;

each person, or group of affiliated persons, who is known by the Company to beneficially own more than 5% the Company's common stock; and

all current directors and executive officers as a group.

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Except as otherwise indicated in the footnotes below, each beneficial owner has the sole power to vote and to dispose of all shares held by that holder. Percentage ownership is based on 21,512,291 shares of common stock outstanding as of April 22, 2009.

Name(1)	Beneficial Ownership of Common Stock	
	Shares	Percent (%)(2)
Steven G. Miller	1,355,794(3)	6.27
Sandra N. Bane	24,250(4)	*
G. Michael Brown	24,250(5)	*
Jennifer Holden Dunbar	36,643(6)	*
David R. Jessick	18,000(7)	*
Michael D. Miller	235,000(8)	1.09
Barry D. Emerson	72,106(9)	*
Richard A. Johnson	183,452(10)	*
Gary S. Meade	43,981(11)	*
Thomas J. Schlauch	63,481(12)	*
All directors and executive officers as a group (12 persons)	2,124,694(13)	9.72
<b>5% Stockholders</b>		
Barclays Global Investors, NA(14)	1,625,481	7.56
Franklin Resources, Inc.(15)	1,365,333	6.35
Sagard Capital Partners, L.P.(16)	1,686,713	7.84
Stadium Capital Management, LLC(17)	3,474,013	16.15
Wellington Management Company, LLP(18)	1,470,411	6.84

\* Indicates less than 1%.

To the Company's knowledge, none of the shares held by directors and executive officers have been pledged as security for any obligation.

- (1) The address for each stockholder is 2525 East El Segundo Boulevard, El Segundo, California 90245, except as otherwise indicated below.
- (2) Shares of common stock subject to options that are currently exercisable or exercisable within 60 days of April 22, 2009 are deemed to be outstanding and beneficially owned by the person holding such options or who otherwise has beneficial ownership thereof for the purpose of computing the percentage ownership of such person, but are not deemed to be outstanding for the purpose of computing the percentage ownership of any other person.
- (3) Includes 885,000 shares of common stock held by Steven G. Miller and Jacquelyne G. Miller, as trustees of the Steven G. Miller and Jacquelyne G. Miller Trust dated September 13, 1990, 374,232 shares of common stock held by Robert W. and Florence Miller Family Partners, L.P., of which Steven G. Miller is a limited partner and shares dispositive power with respect to the shares pursuant to a trading authorization dated November 12, 2004

executed by Robert W. Miller and Florence H. Miller, as general partners, and 96,562 shares which may be acquired upon the exercise of options exercisable within 60 days of April 22, 2009. Mr. Miller disclaims beneficial ownership in the shares owned by Robert W. and Florence Miller Family Partners, L.P. except to the extent of his pecuniary interest therein. Jacquelyne G. Miller shares beneficial ownership of the 885,000 shares of common stock held by the Steven G. Miller and Jacquelyne G. Miller Trust dated September 13, 1990.

- (4) Includes 21,250 shares which may be acquired upon the exercise of options exercisable within 60 days of April 22, 2009.
- (5) Includes 21,250 shares which may be acquired upon the exercise of options exercisable within 60 days of April 22, 2009.

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- (6) Includes 12,393 shares of common stock held by Jennifer Holden Dunbar, Trustee of the Lilac II Trust dated June 28, 2000, 21,250 shares which may be acquired upon the exercise of options exercisable within 60 days of April 22, 2009.
- (7) Includes 15,000 shares which may be acquired upon the exercise of options exercisable within 60 days of April 22, 2009.
- (8) Represents 235,000 shares of common stock held by Michael D. Miller, Trustee of the Miller Living Trust dated December 11, 1997.
- (9) Includes 62,500 shares which may be acquired upon the exercise of options exercisable within 60 days of April 22, 2009.
- (10) Includes 31,250 shares which may be acquired upon the exercise of options exercisable within 60 days of April 22, 2009.
- (11) Includes 31,250 shares which may be acquired upon the exercise of options exercisable within 60 days of April 22, 2009.
- (12) Includes 21,250 shares which may be acquired upon the exercise of options exercisable within 60 days of April 22, 2009.
- (13) Includes 357,312 shares which the directors and executive officers may be deemed to have beneficial ownership with respect to options to purchase the Company's common stock exercisable within 60 days of April 22, 2009.
- (14) The address for Barclays Global Investors, NA is 400 Howard Street, San Francisco, CA 94105, as reported in the Schedule 13G filed with the Securities and Exchange Commission on February 5, 2009 by the reporting person and certain affiliates. According to the Schedule 13G, the securities are held by the reporting person and or its affiliates in trust accounts for the economic benefit of the beneficiaries of those accounts. By virtue of this arrangement, the reporting person and its affiliates collectively have power to dispose of the 1,625,481 shares reported above and shared power to vote 1,226,587 of those shares. The reporting person's holdings are based upon the holdings disclosed in the Schedule 13G.
- (15) The address for Franklin Resources, Inc. is One Franklin Parkway, San Mateo, CA 94403-1906, as reported in the Schedule 13G/A filed with the Securities and Exchange Commission on February 6, 2009. According to the Schedule 13G/A, the 1,365,333 shares reported above are beneficially owned by one or more open- or closed-end investment companies or other managed accounts that are investment management clients of investment managers that are direct and indirect subsidiaries of Franklin Resources, Inc. Charles B. Johnson and Rupert H. Johnson, Jr. each owns in excess of 10% of the outstanding common stock of Franklin Resources, Inc. As a result of these relationships, Franklin Resources, Inc., Charles B. Johnson and Rupert H. Johnson, Jr. may be deemed to be beneficial owners of the above-described shares for purposes of Rule 13d-3 under the Exchange Act. The reporting persons' holdings are based upon the holdings disclosed in the Schedule 13G/A.
- (16) The address for Sagard Capital Partners, L.P. is 325 Greenwich Avenue, Greenwich CT 06830, as reported in the Schedule 13D filed with the Securities and Exchange Commission on March 6, 2008 and amended on March 26, 2008 and April 21, 2009 (as so amended, the Schedule 13D). According to Item 3 of the Schedule 13D, Sagard Capital Partners, L.P. is the direct owner of the securities. Sagard Capital Partners GP, Inc. (the stockholder's general partner) and Sagard Capital Partners Management Corporation (the stockholder's

manager) have shared beneficial ownership of the same securities by virtue of their relationship to the stockholder. In addition, Power Corporation of Canada and Mr. Paul G. Desmarais, by virtue of their direct and indirect securities holdings, may be deemed to control each of the aforementioned entities. Stockholder s holdings are based upon the holdings disclosed in the Schedule 13D.

- (17) The address for Stadium Capital Management, LLC is 19785 Village Office Court, Suite 101, Bend, OR 97702, as reported in the Schedule 13G/A filed with the Securities and Exchange Commission on February 10, 2009. According to the Schedule 13G/A, Stadium Capital Management, LLC is an investment adviser whose clients, including Stadium Relative Value Partners, have the right to receive or the power to direct the receipt of dividends from, or the proceeds from the sale of, the shares reported above. Stadium Relative Value Partners has such a right with respect to 2,286,350 of the 3,474,013 shares reported above. Alexander M. Seaver and

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Bradley R. Kent are the managing members of Stadium Capital Management, LLC, and Stadium Capital Management, LLC is the general partner of Stadium Relative Value Partners. Stockholder's holdings are based upon the holdings disclosed in the Schedule 13G/A.

- (18) The address for Wellington Management Company, LLP is 75 State Street, Boston, MA 02109, as reported in the Schedule 13G filed with the Securities and Exchange Commission on February 17, 2009. According to Item 6 of the Schedule 13G, the reporting person is an investment advisor, and the securities as to which the Schedule 13 is filed are held of record by clients of the reporting person. The reporting person's holdings are based upon the holdings disclosed in the Schedule 13G.

**EQUITY COMPENSATION PLAN INFORMATION**

The following table sets forth information regarding the Company's equity compensation plans as of December 28, 2008. For a description of the material features of these plans, see Executive and Director Compensation and Related Matters Stock Options and Equity Compensation.

<b>Plan Category</b>	<b>Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights</b>	<b>Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights</b>	<b>Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in the First Column)</b>
Equity compensation plans approved by security holders(1)	1,408,400	\$ 17.37	1,847,000
Equity compensation plans not approved by security holders			
<b>Total</b>	<b>1,408,400</b>	<b>\$ 17.37</b>	<b>1,847,000</b>

- (1) The Company has stock options outstanding under two equity compensation plans: the 2002 Stock Incentive Plan and the 2007 Equity and Performance Incentive Plan. However, except as to outstanding awards, the 2002 Stock Incentive Plan was terminated immediately after the Company's 2007 annual meeting of stockholders. Accordingly, no additional options may be granted under that plan. Shares subject to options under the 2002 Stock Incentive Plan that are forfeited or cancelled, or otherwise expire without issuance of the underlying shares shall become available for issuance under the 2007 Equity and Performance Incentive Plan.

**PROPOSAL 2****RATIFICATION OF APPOINTMENT OF INDEPENDENT AUDITORS**

**(Item No. 2 on Proxy Card)**

The Audit Committee has appointed Deloitte & Touche LLP to audit the Company's consolidated financial statements for the 2009 fiscal year and to audit the Company's effectiveness of internal control over financial reporting as of January 3, 2010 (i.e., the last day of the Company's 2009 fiscal year). This appointment is being presented to stockholders for ratification at the Annual Meeting. Although stockholder ratification of the appointment of Deloitte & Touche LLP as the Company's independent auditors is not required by the Company's Amended and Restated Bylaws or otherwise by law, the Board of Directors, at the request of the Audit Committee, has elected to seek this ratification. If the stockholders fail to ratify the selection, the Audit Committee will reconsider whether to retain Deloitte & Touche LLP. Even if the selection is ratified, the Audit Committee in its discretion may direct the appointment of a different independent audit firm at any time during the year if it determines that such a change would be in the best interests of the Company and its stockholders.

Representatives of Deloitte & Touche LLP are expected to be present at the Annual Meeting. They will have an opportunity to make statements if they desire and are expected to be available to respond to appropriate questions.

**Table of Contents****Required Vote**

The action of the Audit Committee in appointing of Deloitte & Touche LLP as the Company's independent auditors for the 2009 fiscal year will be ratified by the affirmative vote of a majority of the votes cast FOR or AGAINST with respect to this proposal. Abstentions and broker non-votes will have no effect on the outcome of the vote on this proposal.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE RATIFICATION OF THE APPOINTMENT OF DELOITTE & TOUCHE LLP AS THE COMPANY'S INDEPENDENT AUDITORS FOR THE 2009 FISCAL YEAR.

**Fees Billed by Deloitte & Touche LLP & KPMG LLP**

KPMG LLP acted as our independent auditors through May 25, 2007. On May 30, 2007, we engaged Deloitte & Touche LLP to act as our independent auditors. Accordingly, fees billed by Deloitte & Touche represent audit fees for audit services from and after May 30, 2007, and fees billed by KPMG LLP represent fees for audit services rendered prior to May 25, 2007.

The aggregate fees billed for professional services provided by Deloitte & Touche LLP in fiscal years 2008 and 2007 were:

<b>Type of Fees</b>	<b>2008</b>	<b>2007</b>
Audit Fees	\$ 1,103,551	\$ 1,020,357
Audit-related Fees		
Tax Fees		
All Other Fees		
<b>Total Fees</b>	<b>\$ 1,103,551</b>	<b>\$ 1,020,357</b>

The aggregate fees billed for professional services provided by KPMG LLP in fiscal year 2007 while still acting as the Company's principal accountant were:

<b>Type of Fees</b>	<b>2007</b>
Audit Fees	\$ 97,200
Audit-related Fees	
Tax Fees	
All Other Fees	
<b>Total Fees</b>	<b>\$ 97,200</b>

In the above tables, in accordance with the definitions of the Securities and Exchange Commission, Audit Fees are fees paid by the Company to Deloitte & Touche LLP or KPMG LLP, as applicable, for the audit of the Company's consolidated financial statements included in its Annual Report on Form 10-K and review of the unaudited financial statements included in its quarterly reports on Form 10-Q or for services that are normally provided by the accountant in connection with statutory and regulatory filings or engagements.



Other than Audit Fees, the Company paid no fees for services rendered by its principal accountant during fiscal 2007 and 2008.

**Audit Committee Pre-approval Policies and Procedures**

The Audit Committee is required under the Sarbanes-Oxley Act of 2002 and the rules of the Securities and Exchange Commission promulgated thereunder to pre-approve the auditing and permissible non-audit services performed by the Company's independent auditor to provide assurance that the provision of those services does not impair the independence of the auditor. The Audit Committee has adopted a pre-approval policy to assist it in carrying out this responsibility.

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Under the pre-approval policy, the annual audit services engagement terms and fees are subject to the specific pre-approval of the Audit Committee. The Audit Committee will approve, if necessary, any changes in terms, conditions and/or fees resulting from changes in audit scope, the Company's organizational structure or other matters. In addition, if the Audit Committee, after reviewing documentation detailing the specific services to be provided by the independent auditors and having discussions with management, determines that the performance of such services would not impair the independence of the independent auditor, the Audit Committee may also approve (i) audit-related services that are reasonably related to the performance of the audit or review of the Company's financial statements and that are traditionally performed by the independent auditor, (ii) tax services such as tax compliance, tax planning and tax advice and/or (iii) permissible non-audit services that it believes are routine and recurring services.

All audit and permissible non-audit services provided by Deloitte & Touche LLP and KPMG LLP to the Company for the fiscal years 2008 and 2007 were pre-approved in accordance with the Company's pre-approval policies and procedures.

### **Change in Auditors in 2007**

As previously disclosed, on May 25, 2007, KPMG LLP was dismissed, and on May 30, 2007, Deloitte & Touche LLP was engaged, as the Company's principal accountant. The decision to change accountants was approved by the Audit Committee of the Company's board of directors.

During the two fiscal years ended December 31, 2006, and the subsequent interim period through May 25, 2007, there were no: (1) disagreements with KPMG LLP on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedures, which disagreements if not resolved to their satisfaction would have caused them to make reference in connection with their opinion to the subject matter of the disagreement, or (2) reportable events, except that KPMG LLP advised the Company of the following material weaknesses as existing as of January 1, 2006:

1. The Company lacked the necessary depth of personnel with adequate technical accounting expertise to ensure the preparation of interim and annual financial statements in accordance with GAAP.
2. The Company did not maintain effective controls in relation to segregation of duties and user access to business process applications on the primary information system that services the Company's corporate office and distribution center, nor were there effective controls in place to monitor user access to that system. Specifically, there were instances in which information technology or finance personnel maintained access to specific applications within the system environment beyond that needed to perform their individual job responsibilities.

The audit reports of KPMG LLP on the consolidated financial statements of the Company and subsidiaries as of January 1, 2006 and December 31, 2006, and for the years then ended, did not contain any adverse opinion or disclaimer of opinion, nor were they qualified or modified as to uncertainty, audit scope, or accounting principles, except as follows:

KPMG LLP's report on the consolidated financial statements of the Company and subsidiaries as of December 31, 2006, and for the year then ended, contained a separate paragraph stating that "As discussed in Note 2 and 13 to the consolidated financial statements, effective January 2, 2006, the Company adopted the fair value method of accounting for stock-based compensation as required by Statement of Financial Accounting Standards No. 123(R), Share-Based Payment.

The audit reports of KPMG LLP on management's assessment of the effectiveness of internal control over financial reporting and the effectiveness of internal control over financial reporting as of January 1, 2006 and December 31, 2006, did not contain any adverse opinion or disclaimer of opinion, nor were they qualified or modified as to uncertainty, audit scope, or accounting principles, except as follows:

KPMG LLP's report on management's assessment of the effectiveness of internal control over financial reporting and the effectiveness of internal control over financial reporting as of January 1, 2006 indicates that the Company did not maintain effective internal control over financial reporting as of January 1, 2006

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because of the effect of material weaknesses on the achievement of the objectives of the control criteria and contains an explanatory paragraph identifying the material weaknesses described above.

During the two fiscal years prior to the engagement of Deloitte & Touche LLP, during any subsequent interim period prior to its engagement, the Company did not consult with Deloitte & Touche LLP prior to engagement regarding either: (i) the application of accounting principles to a specified transaction, either completed or proposed; or (ii) the type of audit opinion that might be rendered on the Company's consolidated financial statements; or (iii) any matter that was either the subject of a disagreement or a reportable event.

The Company provided KPMG with a copy of the above disclosures and requested that KPMG furnish a letter addressed to the SEC stating whether or not it agrees with the statements made above. A copy of KPMG's affirmative letter dated June 1, 2007 is attached as Exhibit 16.1 to our current report on Form 8-K filed with the SEC on June 1, 2007

**OTHER MATTERS**

Management knows of no business which will be presented for consideration at the Annual Meeting other than as stated in the Notice of Annual Meeting. If, however, other matters are properly brought before the Annual Meeting, it is the intention of the proxyholders to vote the shares represented by the proxies on such matters in accordance with the recommendation of the Board of Directors and authority to do so is included in the proxy.

**STOCKHOLDER PROPOSALS**

In order to be eligible for inclusion in the Company's proxy statement and proxy card for the next annual meeting of the Company's stockholders pursuant to Rule 14a-8 under the Exchange Act, stockholder proposals must be received by the Secretary of the Company at its principal executive offices no later than January 1, 2010 if the next annual meeting were held within 30 days of June 9, 2010. In the event that the Company elects to hold its next annual meeting more than 30 days before or after the anniversary of this Annual Meeting, such stockholder proposals would have to be received by the Company a reasonable time before the Company's solicitation is made. Further, in order for the stockholder proposals to be eligible to be brought before the Company's stockholders at the next annual meeting, the stockholder submitting such proposals must also comply with the procedures, including the deadlines, required by the Company's Amended and Restated Bylaws. Stockholder nominations of directors are not stockholder proposals within the meaning of Rule 14a-8 and are not eligible for inclusion in the Company's proxy statement. The Company will provide a copy of its Amended and Restated Bylaws to any stockholder of record upon written request.

**ANNUAL REPORT ON FORM 10-K**

The Company's Annual Report on Form 10-K, exclusive of exhibits, including financial statements for fiscal year 2008, was mailed to stockholders with this Proxy Statement and contains financial and other information about the Company.

*The information set forth under Compensation Committee Report, Audit Committee Report and the Company-operated website referenced in the Proxy Statement shall not be deemed filed with the Securities and Exchange Commission or subject to Regulations 14A or 14C or to the liabilities of Section 18 of the Exchange Act and shall not be incorporated by reference in any filing of the Company under the Securities Act of 1933, as amended, or the Exchange Act, whether made before or after the date hereof and irrespective of any general incorporation language in any such filing.*

THE COMPANY WILL PROVIDE WITHOUT CHARGE A COPY OF ITS ANNUAL REPORT ON FORM 10-K, INCLUDING THE FINANCIAL STATEMENTS AND THE FINANCIAL STATEMENT SCHEDULES, FILED WITH THE SECURITIES AND EXCHANGE COMMISSION FOR FISCAL YEAR 2008 TO ANY BENEFICIAL OWNER OF THE COMPANY'S COMMON STOCK AS OF THE RECORD DATE UPON WRITTEN REQUEST TO BIG 5 SPORTING GOODS CORPORATION, 2525 EAST EL SEGUNDO BOULEVARD, EL SEGUNDO CALIFORNIA, 90245, ATTENTION: SECRETARY.

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RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE. 3 A Proposals The Board of  
Directors recommends a vote FOR all the nominees listed and FOR Proposal 2. 1. Election of Two  
Class A Directors: For Withhold For Withhold 01 G. Michael Brown 02 David R. Jessick For Against  
Abstain 2. Ratification of Appointment of Deloitte & Touche LLP as Independent Auditors for Fiscal  
Year 2009. B Non-Voting Items Change of Address Please print new address below. C Authorized  
Signatures This section must be completed for your vote to be counted. Date and Sign Below Note:  
Please date and sign exactly as your name(s) appear on this proxy card. If shares are registered in more  
than one name, all such persons should sign. A corporation should sign in its full corporate name by a  
duly authorized officer, stating his or her title. When signing as attorney, executor, administrator, trustee  
or guardian, please sign in your official capacity and give your full title as such. If a partnership, please  
sign in the partnership name by an authorized person. Date (mm/dd/yyyy) Please print date below.  
Signature 1 Please keep signature within the box. Signature 2 Please keep signature within the box. C  
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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>. 3 PLEASE FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE. 3 Proxy BIG 5 SPORTING GOODS CORPORATION PROXY FOR 2009 ANNUAL MEETING OF STOCKHOLDERS The undersigned hereby acknowledges receipt of the Notice of Annual Meeting of Stockholders of Big 5 Sporting Goods Corporation (the Company ) and the accompanying Proxy Statement relating to the above-referenced Annual Meeting, and hereby appoints Steven G. Miller, Gary S. Meade and Barry D. Emerson, or any of them, with full power of substitution and resubstitution in each, as attorneys and proxies of the undersigned. Said proxies are hereby given authority to vote all shares of common stock of the Company which the undersigned may be entitled to vote at the 2009 Annual Meeting of Stockholders of the Company and at any and all adjournments or postponements thereof on behalf of the undersigned on the matters set forth on the reverse side hereof and in the manner designated thereon. THIS PROXY IS SOLICITED BY THE BOARD OF DIRECTORS OF THE COMPANY, AND WHEN PROPERLY EXECUTED, THE SHARES REPRESENTED HEREBY WILL BE VOTED IN ACCORDANCE WITH THE INSTRUCTIONS ON THIS PROXY. IF NO DIRECTION IS MADE, THE PROXIES ARE AUTHORIZED TO VOTE FOR THE ELECTION OF THE ABOVE-LISTED NOMINEES OR SUCH SUBSTITUTE NOMINEE(S) FOR DIRECTORS AS THE BOARD OF DIRECTORS OF THE COMPANY SHALL SELECT AND FOR THE RATIFICATION OF DELOITTE & TOUCHE LLP AS THE INDEPENDENT AUDITORS FOR FISCAL YEAR 2009. THIS PROXY ALSO CONFERS DISCRETIONARY AUTHORITY ON THE PROXIES TO VOTE AS TO ANY OTHER MATTER THAT IS PROPERLY BROUGHT BEFORE THE ANNUAL MEETING THAT THE BOARD OF DIRECTORS DID NOT HAVE NOTICE OF PRIOR TO MARCH 21, 2009. PLEASE DATE, SIGN AND RETURN THIS PROXY CARD PROMPTLY IN THE ENCLOSED ENVELOPE. (See reverse side)

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BIG 5 SPORTING GOODS CORPORATION Using a black ink pen, mark your votes with an X as shown in X this example. Please do not write outside the designated areas. Annual Meeting Proxy Card 3 PLEASE FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE. 3 A Proposals The Board of Directors recommends a vote FOR all the nominees listed and FOR Proposal 2. 1. Election of Two Class A Directors: For Withhold For Withhold + 01 G. Michael Brown 02 David R. Jessick For Against Abstain 2. Ratification of Appointment of Deloitte & Touche LLP as Independent Auditors for Fiscal Year 2009. B Authorized Signatures This section must be completed for your vote to be counted. Date and Sign Below Note: Please date and sign exactly as your name(s) appear on this proxy card. If shares are registered in more than one name, all such persons should sign. A corporation should sign in its full corporate name by a duly authorized officer, stating his or her title. When signing as attorney, executor, administrator, trustee or guardian, please sign in your official capacity and give your full title as such. If a partnership, please sign in the partnership name by an authorized person. Date (mm/dd/yyyy) Please print date below. Signature 1 Please keep signature within the box. Signature 2 Please keep signature within the box. 1 U P X 0 2 1 7 6 9 2 +

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