

BJS WHOLESALE CLUB INC
Form DEF 14A
April 11, 2008

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

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

BJ s Wholesale Club, Inc.

(Name of Registrant as Specified in Its Charter)

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

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- No fee required.
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(1) Amount Previously Paid:

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

(3) Filing Party:

(4) Date Filed:

One Mercer Road

Natick, Massachusetts 01760

April 14, 2008

Dear Shareholder:

I invite you to attend our 2008 Annual Meeting of Shareholders on Thursday, May 22, 2008, at 11:00 a.m. at the Courtyard by Marriott, 342 Speen Street, Natick, Massachusetts. At this meeting, you will be asked to elect three directors, to approve the 2008 Amended and Restated Management Incentive Plan, to approve the 2008 Amended and Restated Growth Incentive Plan and to ratify the Audit Committee's selection of our independent registered public accounting firm.

Please take your opportunity to vote. Your vote is important.

Sincerely,

Herbert J Zarkin

Chairman of the Board and

Chief Executive Officer

LOGO

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

May 22, 2008

The 2008 Annual Meeting of Shareholders of BJS Wholesale Club, Inc. will be held at the Courtyard by Marriott, 342 Speen Street, Natick, Massachusetts, on Thursday, May 22, 2008, at 11:00 a.m. Eastern Time. At the meeting, shareholders will consider and vote on the following matters:

1. Election of three directors to serve until the 2011 Annual Meeting of Shareholders;
2. Approval of the 2008 Amended and Restated Management Incentive Plan;
3. Approval of the 2008 Amended and Restated Growth Incentive Plan; and
4. Ratification of the Audit Committee's selection of PricewaterhouseCoopers LLP as the Company's independent registered public accounting firm for the fiscal year ending January 31, 2009.

The shareholders will also act on any other business that may properly come before the meeting.

Shareholders of record at the close of business on April 7, 2008, may vote at the meeting.

By Order of the Board of Directors

Lon F. Povich

Secretary

Natick, Massachusetts

April 14, 2008

PLEASE COMPLETE, SIGN, DATE AND PROMPTLY RETURN THE ENCLOSED PROXY CARD, OR SUBMIT YOUR VOTE AND PROXY BY TELEPHONE OR BY INTERNET IN ACCORDANCE WITH THE INSTRUCTIONS ON YOUR PROXY CARD.

IF YOU ARE PRESENT AT THE MEETING, YOU MAY WITHDRAW YOUR PROXY AND VOTE IN PERSON.

BJ s WHOLESALE CLUB, INC.

ANNUAL MEETING OF SHAREHOLDERS

May 22, 2008

PROXY STATEMENT

We are sending you this proxy statement and the enclosed proxy card because the Board of Directors of BJ s Wholesale Club, Inc. (we, our, BJ s or the Company) is soliciting your proxy to vote your shares at the annual meeting of shareholders to be held at the Courtyard by Marriott, 342 Speen Street, Natick, Massachusetts, 11:00 a.m. Eastern Time, on May 22, 2008 and at any adjournment or adjournments of that meeting. You may obtain directions to the location of the annual meeting by contacting our Investor Relations Department, BJ s Wholesale Club, Inc. One Mercer Road, Natick, Massachusetts 01760, telephone (508) 651-6610.

Unless you give different instructions, shares represented by properly executed proxies will be voted FOR the election of the three director nominees set forth below, FOR the approval of the 2008 Amended and Restated Management Incentive Plan, FOR the approval of the 2008 Amended and Restated Growth Incentive Plan, and FOR the ratification of the selection of our independent registered public accounting firm. You may revoke your proxy at any time before it is exercised by delivering a written revocation to the Secretary of BJ s at the address below, by delivering another proxy with a later date or by requesting at the meeting that your proxy be revoked.

Shareholders of record at the close of business on April 7, 2008 are entitled to vote at the meeting. Each share of BJ s common stock, par value \$.01 (common stock), outstanding on the record date is entitled to one vote, other than shares owned directly or indirectly by BJ s. As of the close of business on April 7, 2008, there were outstanding and entitled to vote 59,742,139 shares of common stock.

This proxy statement, the enclosed proxy card and the Annual Report of the Company for the fiscal year ended February 2, 2008, were first mailed to shareholders on or about April 14, 2008.

Important Notice Regarding the Availability of Proxy Materials for the

Annual Meeting of Shareholders to be held on May 22, 2008

This proxy statement and the Annual Report of the Company for the fiscal year ended February 2, 2008 are available at <http://bnymellon.mobular.net/bnymellon/bj>.

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To request a printed copy of the proxy statement, annual report and form of proxy relating to our future shareholder meetings, visit www.bjsinvestor.com, telephone: 508-651-6610, or send an email to investor@bjs.com.

A copy of the Company's Annual Report on Form 10-K for the fiscal year ended February 2, 2008 as filed with the Securities and Exchange Commission (the SEC), except for exhibits, will be furnished without charge to any shareholder upon written or oral request to the Corporate Secretary at the Company's address, which is BJ's Wholesale Club, Inc., One Mercer Road, Natick, Massachusetts 01760. Exhibits will be provided upon written request and payment of an appropriate processing fee.

Fiscal year references apply to the Company's fiscal year that ends on the Saturday closest to January 31 of the following year. For example, the fiscal year ended February 2, 2008, is referred to as 2007 or fiscal 2007.

Vote Required

The representation in person or by proxy of at least a majority of the shares of common stock issued, outstanding and entitled to vote at the annual meeting is necessary to establish a quorum for the transaction of business. If a quorum is not present, the meeting will be adjourned until a quorum is obtained. For purposes of determining the presence or absence of a quorum, abstentions and broker non-votes (where a broker or nominee does not exercise discretionary authority to vote on a proposal) will be counted as present.

If a quorum is present at the annual meeting, the vote required to adopt each of the four scheduled proposals will be as follows:

Election of Directors. Under the Company's by-laws, other than in a contested election meeting (as defined in the by-laws), a nominee for director will be elected if the votes cast for such nominee exceed the votes cast against such nominee. Abstentions and broker non-votes will not be counted as a vote for or against a nominee, and therefore, will have no effect on the outcome of the election.

Approval of the 2008 Amended and Restated Management Incentive Plan, Approval of the 2008 Amended and Restated Growth Incentive Plan and Ratification of Independent Registered Public Accounting Firm. Under the Company's by-laws, the affirmative vote of the holders of a majority of the votes cast will be required for approval of these proposals. Abstentions and broker non-votes will not be counted as votes cast and will have no effect on the outcome of these proposals.

Electronic Voting

Any shareholder who owns shares of common stock of record may authorize the voting of its shares over the Internet at www.eproxy.com/bj, or by telephone by calling 1-866-586-9477, 24 hours a day, 7 days a week, and by following the instructions on the enclosed proxy card. Authorizations submitted over the Internet or by telephone must be received by 5:00 p.m., Eastern Time, on May 21, 2008.

If a shareholder owns shares held in street name by a bank or brokerage firm, the shareholder's bank or brokerage firm will provide a voting instruction form to the shareholder with this proxy statement that may be used to direct how the shares will be voted. Many banks and brokerage firms also offer the option of voting over the Internet or by telephone, instructions for which would be provided by the shareholder's bank or brokerage firm on the voting instruction form.

Participants in BJS Wholesale Club, Inc. 401(k) Savings Plans

If you participate in either the BJS Wholesale Club, Inc. 401(k) Savings Plan for Salaried Employees or the BJS Wholesale Club, Inc. 401(k) Savings Plan for Hourly Employees and hold Company stock in your account, you may vote an amount of shares of common stock equivalent to the interest in the Company's common stock credited to your account as of the record date. Fidelity Management Trust Company (Fidelity) will have a proxy card sent to you that you may use to direct Fidelity to vote your shares on your behalf. The proxy card should be signed and returned in the provided envelope to The Bank of New York, the Company's transfer agent and registrar, or you may authorize the voting of these shares over the Internet or by telephone by following the instructions on the provided proxy card. The Bank of New York will notify only Fidelity of the manner in which you have voted your shares. Fidelity will vote the shares in the manner directed on the proxy card (or as authorized over the Internet or by telephone). If The Bank of New York does not receive a signed proxy card or the authorization of the voting of your shares over the Internet or by telephone from you by 5:00 p.m., Eastern Time, on May 20, 2008, there can be no assurance that Fidelity

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will be able to follow your instructions. If you fail to timely submit your instruction to The Bank of New York, Fidelity will vote your shares of common stock held in the BJ's Common Stock Fund as of the record date in the same manner, proportionally, as it votes the other shares of common stock for which proper and timely voting instructions of other plan participants have been received by Fidelity.

PROPOSAL ONE

ELECTION OF DIRECTORS

BJ's Amended and Restated Certificate of Incorporation and by-laws provide for the classification of the Board of Directors into three classes, as nearly equal in number as possible, with the term of office of one class expiring each year. Your proxy will be voted to elect the three nominees named below, unless otherwise instructed, as directors for a term of three years expiring at the 2011 Annual Meeting of Shareholders and until their respective successors are duly elected and qualified. The Board of Directors has voted to fix the number of directors at nine. Lorne R. Waxlax, whose term expires at this year's annual meeting, will not stand for re-election. We have nominated Michael J. Sheehan, whose term currently expires at the 2009 Annual Meeting of Shareholders, to replace Mr. Waxlax in the class of directors being considered for election at the annual meeting for a term expiring in 2011. If the three nominees are elected at the annual meeting, we will then have one vacancy in the class of directors whose term expires in 2009.

The three nominees, each of whom currently serves as a director of the Company, have indicated their willingness to serve, if elected. If a nominee becomes unavailable, your proxy will be voted either for another nominee proposed by the Board of Directors or a lesser number of directors as proposed by the Board of Directors. As required by our corporate governance guidelines as described under Policy Regarding Holdover Directors on page 9, each nominee for director has tendered an irrevocable resignation that will become effective if he or she fails to receive the required vote in an uncontested election at the annual meeting and the Board accepts the tendered resignation. In addition, Mr. Sheehan has tendered a resignation as a director from the class whose terms expire in 2009, which will become effective if he is elected at the annual meeting to the class whose terms expire in 2011.

No director or executive officer is related by blood, marriage or adoption to any other director or executive officer. No arrangements or understandings exist between any director or person nominated for election as a director and any other person pursuant to which such person is to be selected as a director or nominee for election as a director.

THE COMPANY'S BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE ELECTION OF THE THREE NOMINEES FOR ELECTION AS DIRECTORS

The nominees for election as directors and incumbent directors are as follows:

Nominees for Election Terms Expiring in 2011

Paul Danos, Ph.D., 65, has been a director of BJ's since May 2004. Dr. Danos is the Dean of the Tuck School of Business at Dartmouth College, a position he has held since 1995. A CPA since 1974, Dr. Danos specializes in financial accounting as part of his position as the Laurence F. Whittemore Professor of Business Administration at the Tuck School of Business. Dr. Danos is also a member of the General Mills, Inc. Board of Directors and is on its Audit Committee. Dr. Danos is a member of BJ's Audit Committee and Corporate Governance Committee.

Laura Sen, 51, has been a director of BJ's since January 2008 and has served as BJ's President and Chief Operating Officer since January 2008. Ms. Sen served as BJ's Executive Vice President of Merchandising and Logistics from January 2007 to her promotion in January 2008, and held the same position from 1997 to March 2003. From March 2003 to December 2006, Ms. Sen was the Principal of Sen Retail Consulting, advising

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companies in the retail sector in the areas of merchandising and logistics. In total, Ms. Sen has 30 years experience in mass retailing.

Michael J. Sheehan, 47, has been a director of BJs since March 2008 and currently serves in the class whose term is scheduled to expire in 2009. Mr. Sheehan has been Chief Executive Officer of Hill, Holliday,

Connors, Cosmopolos Inc., a marketing communications agency, since April 2003 and served as President of Hill Holliday from July 2000 to January 2007. He was employed by Hill Holliday from 1994 through 1999 in various creative director positions.

Incumbent Directors Terms Expiring in 2010

S. James Coppersmith, 75, has been a director of BJ's since July 1997. He was a director of Waban Inc., BJ's former parent company, from December 1993 to July 1997. Mr. Coppersmith is the retired president of ABC affiliate WCVB-TV Channel 5 in Boston, and is a director and Vice Chairman of the Board of Directors of Rasky Baerlein Group, a public relations firm. Mr. Coppersmith is Chair of BJ's Executive Compensation Committee and a member of the Audit Committee.

Thomas J. Shields, 61, has been a director of BJ's since July 1997 and presiding director since 2005. He was a director of Waban Inc. from June 1992 to July 1997. He has served as Managing Director of Shields & Company, Inc., a Boston-based investment banking firm, since 1991. Mr. Shields is also a director of Clean Harbors, Inc. Mr. Shields is Chair of BJ's Audit Committee and a member of BJ's Executive Committee, Finance Committee and Corporate Governance Committee.

Herbert J Zarkin, 69, has been a director of BJ's since November 1996, Chairman of the Board of Directors of the Company since July 1997 and has served as BJ's Chief Executive Officer since February 2007. From February 2007 to January 2008, Mr. Zarkin also served as President of BJ's, and from November 2006 to February 2007, Mr. Zarkin was Interim Chief Executive Officer. From July 1997 to June 2002, Mr. Zarkin was Chairman of House2Home, Inc., the surviving company of a merger in September 2001 with HomeBase, Inc., formerly known as Waban Inc., and was President and Chief Executive Officer of House2Home from March 2000 to September 2001. He was a director, President and Chief Executive Officer of Waban from May 1993 to July 1997. Mr. Zarkin is Chair of BJ's Executive Committee and a member of the Finance Committee.

Incumbent Directors Terms Expiring in 2009

Edmond J. English, 54, has been a director of BJ's since September 2006. Mr. English has been Chief Executive Officer of Bob's Discount Furniture since December 2006. Prior to joining Bob's, Mr. English was Chief Executive Officer from 2000 and President from 1999 of The TJX Companies, Inc., an off-price apparel and home furnishings retailer, until September 2005. He had been employed by TJX in a variety of executive positions since 1983. Mr. English is a director of Citizens Financial Group. Mr. English is a member of the BJ's Audit Committee and Executive Compensation Committee.

Helen Frame Peters, Ph.D., 60, has been a director of BJ's since May 2004. Dr. Peters currently is a professor of finance at Boston College. From August 2000 to May 2003, she served as Dean of the Carroll School of Management at Boston College. Prior to joining Boston College, from 1998 to 1999, Dr. Peters was Chief Investment Officer of the Global Bond Group of Scudder Kemper Investments in Boston, Massachusetts. Dr. Peters is a Trustee of StreetTracks Funds for State Street Global Advisors. Dr. Peters is Chair of BJ's Finance Committee.

CORPORATE GOVERNANCE

BJ's Board of Directors believes that good corporate governance practices are important to ensure that BJ's is managed for the long-term benefit of its shareholders. The Board of Directors recognizes that maintaining and ensuring good corporate governance is a continuous process and that

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the long-term interests of shareholders are advanced by responsibly considering the concerns of other stakeholders and interested parties, including employees/team members, members/customers, suppliers, the communities in which BJS does business, and the

public at large. This section describes key corporate governance principles and practices adopted by BJs. Complete copies of the corporate governance principles; charters of the Audit, Corporate Governance and Executive Compensation Committees; and the Statement on Commercial Bribery, Conflicts of Interest and Business Ethics described below are available on the Corporate Governance section of our website, www.bjs.com. You can also request a copy of any of these documents by writing to the Corporate Secretary, BJs Wholesale Club, Inc., One Mercer Road, Natick, Massachusetts 01760.

Corporate Governance Principles

The Board has adopted corporate governance principles to assist the Board in the exercise of its duties and responsibilities and to serve the best interests of BJs and its shareholders. These principles, which, along with the charters and key practices of the Board's committees, provide a framework for the governance of BJs, include that:

the role of the Board is to oversee the management and governance of the Company;

a majority of the members of the Board shall be independent directors;

the non-management directors meet at least twice annually in executive session;

directors have complete access to management and may, at any time, hire independent advisors;

new directors participate in an orientation program and all directors are expected to participate in continuing director education on an ongoing basis; and

at least annually the Board and its committees will conduct a self-evaluation to determine whether they are functioning effectively.

Board Determination of Independence

Under applicable New York Stock Exchange (NYSE) rules, a director of BJs will only qualify as independent if the Board of Directors affirmatively determines that he or she has no material relationship with BJs (either directly or as a partner, shareholder or officer of an organization that has a relationship with BJs). The Board of Directors has established guidelines to assist it in determining whether a director has a material relationship with BJs. Under these guidelines, a director will be considered to have a material relationship with BJs if he or she is not independent under Section 303A.02(b) of the NYSE Listed Company Manual or he or she:

is an executive officer of another company which is indebted to BJs, or to which BJs is indebted, unless the total amount of company's indebtedness to the other is less than 1% of the total consolidated assets of the company for which he or she serves as an executive officer; or

serves as an officer, director or trustee of a tax exempt organization and BJs discretionary charitable contributions to such organization are more than the greater of \$1 million or 2% of that organization's consolidated gross revenues.

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Ownership of a significant amount of BJS stock, by itself, does not constitute a material relationship.

For relationships not covered by the guidelines set forth above, the determination of whether a material relationship exists is made by the other members of the Board of Directors who are independent.

The Board of Directors has determined that none of Messrs. Coppersmith, English, Sheehan, Shields or Waxlax or Drs. Danos or Peters has a material relationship with BJS and that each of these directors is independent as determined under Section 303A.02 of the NYSE Listed Company Manual. Our Board reached a similar determination with respect to Ronald R. Dion, who served as a director until his death on November 30, 2007. No transactions, relationships or arrangements, other than those disclosed in the Certain Transactions

section of this proxy statement (see page 13), were considered by the Board in making its determination of director independence.

The Board of Directors has determined that all of the members of each of the Board's Audit, Corporate Governance and Executive Compensation Committees are independent as defined under the rules of the NYSE, including, in the case of all members of the Audit Committee, the independence requirements contemplated by Rule 10A-3 under the Securities Exchange Act of 1934, as amended (the Exchange Act).

The Board of Directors and its Committees

The Board of Directors has established five standing committees of the Board: Audit, Corporate Governance, Executive, Executive Compensation and Finance, each of which operates under a charter that has been approved by the Board.

Audit Committee. The Audit Committee's responsibilities include:

appointing, approving the compensation of, and assessing the qualifications and independence of the Company's independent registered public accounting firm;

overseeing the work of the Company's independent registered public accounting firm, including through the receipt and consideration of reports from the independent registered public accounting firm;

reviewing and discussing with management and the independent registered public accounting firm the Company's annual and quarterly financial statements and related disclosures;

monitoring the Company's internal control over financial reporting, disclosure controls and procedures and code of business conduct and ethics;

overseeing the Company's internal audit function;

discussing the Company's fraud, risk assessment and risk management policies;

establishing policies regarding hiring employees from the independent registered public accounting firm and procedures for the receipt and retention of accounting related complaints and concerns;

meeting independently with the Company's internal auditing staff, independent registered public accounting firm and management;

reviewing and approving or ratifying any related person transactions; and

preparing the audit committee report required by SEC rules (which is included on page 50 of this proxy statement).

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The current members of the Audit Committee are Thomas J. Shields (Chair), S. James Coppersmith, Paul Danos and Edmond J. English. The Audit Committee held 11 meetings during 2007.

The Board of Directors has determined that each of Paul Danos, Edmond J. English and Thomas J. Shields is an audit committee financial expert as defined in Item 407(d)(5) of Regulation S-K.

Corporate Governance Committee. The Corporate Governance Committee's responsibilities include:

identifying individuals qualified to become Board members;

recommending to the Board the persons to be nominated for election as directors;

reviewing the new director orientation program;

reviewing and recommending changes to director compensation;

monitoring the Company's social responsibility programs and corporate citizenship;

developing and recommending to the Board corporate governance principles and monitoring compliance with such principles; and

overseeing an annual evaluation of the Board, including a review of committee structure and committee charters.

The current members of the Corporate Governance Committee are Lorne R. Waxlax (Chair), Paul Danos and Thomas J. Shields. The Corporate Governance Committee held 6 meetings during 2007.

The processes and procedures followed by the Corporate Governance Committee in identifying and evaluating director candidates are described below (see page 8) under the heading Director Candidates.

Executive Compensation Committee. The Executive Compensation Committee's responsibilities include:

annually reviewing and approving corporate goals and objectives relevant to the CEO's compensation;

overseeing an evaluation of the Company's CEO;

determining the CEO's compensation;

reviewing and approving the compensation of the Company's other executive officers and certain other executives;

reviewing and making recommendations to the Board with respect to compensation and benefits policies and changes in those policies;

reviewing and making recommendations to the Board with respect to management succession planning;

overseeing and administering the Company's cash and equity incentive plans;

reviewing and discussing annually with management our Compensation Discussion and Analysis, which is included beginning on page 17 of this proxy statement; and

preparing the executive compensation committee report required by SEC rules, which is included on page 33 of this proxy statement.

The processes and procedures followed by our Executive Compensation Committee in considering and determining executive compensation, including the use of consultants and other outside advisors, are described in Compensation Discussion and Analysis beginning on page 17 below.

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The current members of the Executive Compensation Committee are S. James Coppersmith (Chair), Edmond J. English and Lorne R. Waxlax. The Executive Compensation Committee held 12 meetings in 2007.

Other Committees

The Board of Directors also has an Executive Committee which has authority to act for the Board on most matters during intervals between meetings of the Board. The current members of the Executive Committee are Herbert J Zarkin (Chair), Thomas J. Shields and Lorne R. Waxlax. The Executive Committee did not meet during 2007.

The Board of Directors has a Finance Committee which reviews with management and advises the Board with respect to the Company's finances, including exploring methods of meeting the Company's financing requirements and planning the Company's capital structure. The current members of the Finance Committee are Helen Frame Peters (Chair), Thomas J. Shields, Lorne R. Waxlax and Herbert J Zarkin. The Finance Committee held 4 meetings during 2007.

Board and Shareholder Meetings and Attendance

The Board of Directors held 10 meetings during 2007, including 4 telephone meetings, and took action by written consent 2 times. Each director attended at least 75% of the aggregate of the number of Board meetings and the number of meetings held by all committees on which he or she then served.

Our corporate governance principles provide that directors are expected to attend the annual meeting of shareholders. All directors at the time attended the 2007 Annual Meeting of Shareholders.

Director Candidates

The process followed by the Corporate Governance Committee to identify and evaluate director candidates includes making requests to Board members and others for recommendations, retaining executive search firms to identify qualified candidates, meeting as needed to evaluate biographical information and background material relating to potential candidates and interviewing selected candidates.

In considering whether to recommend any particular candidate for inclusion in the Board's slate of recommended director nominees, the Corporate Governance Committee applies the criteria set forth in BJS's corporate governance principles. Under these criteria, a candidate should have substantial, relevant experience; a willingness to devote sufficient time to carrying out his or her duties and responsibilities effectively; and high personal and professional ethics, integrity and values. The Committee does not assign specific weights to particular criteria and no particular criterion is a prerequisite for each prospective nominee. We believe that the backgrounds and qualifications of its directors, considered as a group, should provide a composite mix of experience, knowledge and abilities that will allow the Board to fulfill its responsibilities.

Ms. Sen, who was elected to the Board effective January 15, 2008, was recommended to the Corporate Governance Committee for nomination to the Board by Mr. Zarkin in connection with her promotion to President and Chief Operating Officer.

Mr. Sheehan, who was elected to the Board effective March 27, 2008, was recommended to the Corporate Governance Committee for nomination to the Board by Messrs. Shields and Zarkin.

During fiscal 2007, we retained the services of a third-party search firm to help identify and evaluate potential director candidates, although neither Ms. Sen nor Mr. Sheehan were identified through such search firm.

Shareholders may recommend individuals to the Corporate Governance Committee for consideration as potential director candidates by submitting their names, together with appropriate biographical information and background materials, and a statement as to whether the shareholder or group of shareholders making the recommendation has beneficially owned more than 5% of the Company's common stock for at least a year as of the date such recommendation is made, to the Corporate Governance Committee, c/o General Counsel, BJS Wholesale Club, Inc., One Mercer Road, Natick, Massachusetts 01760. Assuming that appropriate biographical and background material has been provided on a timely basis, the Committee will evaluate shareholder-recommended candidates by following substantially the same process, and applying substantially the same criteria, as it follows for candidates submitted by others. If the Board determines to nominate a shareholder-recommended candidate and recommends his or her election, then his or her name will be included in the proxy for the next annual meeting of shareholders.

Shareholders also have the right under our by-laws to directly nominate director candidates, without any action or recommendation on the part of the Corporate Governance Committee or the Board, by following the procedures set forth under Shareholder Proposals on page 52. Candidates nominated by shareholders in accordance with the procedures set forth in the Company's by-laws will not be included in the proxy solicited by the Board for the next annual meeting of shareholders.

Policy Regarding Holdover Directors

As a condition to being nominated by the Board for re-election as director, the Company's corporate governance principles require each incumbent nominee to deliver to the Company an irrevocable resignation that will become effective if: (1) in the case of an uncontested election (as defined in the principles) such nominee does not receive a greater number of votes for his or her election, than votes against (with abstentions, broker non-votes and withheld votes not counted as a vote for or against such nominee's election) and (2) the Board, in accordance with the procedures summarized below, determines to accept such resignation.

In the case of an uncontested election, if a nominee who is an incumbent director, does not receive the required vote, the Corporate Governance Committee, or in specified situations another committee consisting of independent directors, will evaluate the best interests of BJS and its shareholders and recommend to the Board the action to be taken with respect to such resignation. In reaching its recommendation, the committee will consider all factors it deems relevant, which may include:

any stated reasons why shareholders voted against such director;

any alternatives for curing the underlying cause of the votes against such director;

the total number of shares voting and the number of broker non-votes;

the director's tenure;

the director's qualifications;

the director's past and expected future contributions to BJS; and

the overall composition of the Board, including whether accepting the resignation would cause the Company to fail to meet any applicable SEC or NYSE requirements.

The Board will act on the committee's recommendation, and in doing so, will consider all of the factors considered by the committee and such additional factors as it deems relevant. The committee and Board actions will be completed within 90 days following certification of the shareholder vote.

An incumbent director who fails to receive the required vote in an uncontested election and who has tendered his or her resignation pursuant to this provision shall remain active and engaged in Board activities while the committee and the Board decide whether to accept or reject his or her resignation. However, it is expected that such incumbent director will not participate in any proceedings by the committee or the Board regarding whether to accept or reject his or her resignation.

Following the Board's determination, the Company will promptly publicly disclose the Board's decision of whether or not to accept the resignation and an explanation of how the decision was reached, including, if applicable, the reasons for rejecting the resignation.

If the Board accepts a nominee's resignation then the Board may fill the resulting vacancy or decrease the size of the Board.

Communicating with the Independent Directors

The Board will give appropriate attention to written communications that are submitted by shareholders and other interested parties, and will respond if and as appropriate. All shareholder communications will be reviewed by the Company's General Counsel and if they are relevant to the Company's operations, policies and philosophies, they will be forwarded to the Chair of the Corporate Governance Committee. The Chair of the Corporate Governance Committee, with the assistance of our General Counsel, is primarily responsible for monitoring communications from shareholders and other interested parties and for providing copies or summaries to the other directors as he considers appropriate. Mr. Shields serves as the presiding director at all executive sessions of our non-management directors.

Under procedures approved by a majority of the independent directors, communications are forwarded to all directors if they relate to important substantive matters and include suggestions or comments that the Chair of the Corporate Governance Committee considers to be important for the directors to know. In general, communications relating to corporate governance and long-term corporate strategy are more likely to be forwarded than communications relating to ordinary business affairs, personal grievances and matters which are the subject of repetitive communications.

Shareholders who wish to send communications on any topic to the Board should address such communications to the Board of Directors, c/o General Counsel, BJS Wholesale Club, Inc., One Mercer Road, Natick, Massachusetts 01760.

Compensation of Directors

Directors who are employees of BJS receive no additional compensation for their services as directors. Non-employee directors are paid an annual retainer of \$40,000 and fees of \$2,500 for each Board meeting attended, \$1,000 for each Committee meeting attended and \$1,000 for certain telephone meetings. In addition, the Chair of the Audit Committee and the Chair of the Executive Compensation Committee each are paid \$10,000 per annum for their services. The Chair of the Corporate Governance Committee, the Chair of the Finance Committee and the presiding director are each paid \$5,000 per annum for their services. Other members of the Audit Committee, the Corporate Governance Committee, the Executive Compensation Committee and the Finance Committee each are paid \$2,500 per annum for their services on each committee. All directors are reimbursed for their expenses related to attendance at meetings. BJS management and the Corporate Governance Committee periodically review the compensation of directors and recommend changes to the full Board of Directors.

BJS 2007 Stock Incentive Plan provides for the automatic grant of options to members of the Board of Directors who are not BJS employees. On the commencement of service on the Board, each non-employee director receives a non-statutory stock option to purchase 10,000 shares, subject to adjustment for changes in capitalization. In addition, on the date of each annual meeting of shareholders, each non-employee director who is both serving as a director immediately before and immediately after such meeting receives a non-statutory stock option to purchase 5,000 shares of common stock, subject to adjustment for changes in capitalization. However, a non-employee director will not receive an annual option grant unless he or she has served on the Board for at least six months. Options automatically granted to non-employee directors vest on a cumulative basis as to one-third of the shares on the first day of the month of each of the first three anniversaries of the date of grant provided the person is still serving on the Board and expire on the earlier of 10 years from the date of the grant or one year following cessation of service on the Board. However, no additional vesting will take place after the non-employee director ceases to serve as a director. The Board may provide for accelerated vesting in the case of death, disability, attainment of mandatory retirement age or retirement following at least 10 years of service on the Board. The Board can increase or decrease the number of shares subject to options granted to non-employee directors and can issue stock appreciation rights, restricted stock, restricted stock units or other stock-based awards in lieu of some or all of the options otherwise issuable, in each case subject to the overall limit on the number of shares issuable to non-employee directors that is contained in the 2007 Stock Incentive Plan.

In lieu of an annual stock option grant for 2007, 2008 and 2009, on May 24, 2007, the date of the 2007 Annual Meeting of Shareholders, each non-employee director received a grant of 6,600 shares of restricted stock. The grant date value of each share was \$37.16, which was equal to the closing price of our common stock on the date of the grant. One third of such shares will vest on each of the first three anniversaries of the date of grant (or, if earlier in any year, on the date of the Company's annual meeting of shareholders for such year) provided the person is still serving on the Board. The restricted stock will become fully vested upon a change of control (as defined in the 2007 Stock Incentive Plan).

DIRECTOR COMPENSATION TABLE

Name	Fees Earned or Paid in Cash (\$)	Option Awards \$(1)	Stock Awards \$(2)	Total (\$)
S. James Coppersmith	\$ 90,071	\$ 44,654	\$ 57,041	\$ 191,766
Paul Danos	82,000	48,809	57,041	187,850(3)
Ronald R. Dion(4)	73,272	28,705	179,058	281,035
Edmond J. English	81,500	42,597	57,041	181,138
Helen Frame Peters	69,530	48,809	57,041	175,380
Thomas J. Shields	97,754	44,654	57,041	199,449
Lorne R. Waxlax	88,251	44,654	57,041	189,946

- (1) No stock options were granted to non-employee directors during fiscal 2007. The value reflected in this column is the dollar amount for financial statement reporting purposes for fiscal year 2007 in accordance with Statement of Financial Accounting Standards No. 123 (revised 2004), Share-based Payment (FAS 123R), and thus includes amounts from stock options granted prior to 2007. This amount does not reflect any estimate of forfeitures related to service-based vesting. Instead, it assumes that the director will perform the requisite service to vest in the stock options. The assumptions used in valuing the stock options we granted during 2005-2007 are described under the caption Stock Incentive Plans in note I to our consolidated financial statements that are contained in our Annual Report on Form 10-K for the fiscal year ended February 2, 2008. For information on the valuation assumptions with respect to stock options granted in years prior to 2005, please refer to note H to our financial statements that are contained in our Annual Report on Form 10-K for the fiscal year ended January 29, 2005.
- (2) The grant date fair value of the restricted stock awarded to each non-employee director on May 24, 2007, the date of the 2007 Annual Meeting of Shareholders, computed in accordance with FAS 123R, was \$245,256. The value reflected in this column is the dollar amount for financial statement reporting purposes for fiscal 2007 in accordance with FAS 123R. None of the directors had received BJ's restricted stock prior to the grant on May 24, 2007. This amount also does not reflect any estimate of forfeitures related to service-based vesting. Instead, it assumes that the director will perform the requisite service to vest in the restricted stock award. As of February 2, 2008, each non-employee director had the following aggregate number of stock options outstanding: S. James Coppersmith, 35,500; Paul Danos, 20,000; Ronald R. Dion, 35,000 (see footnote 4); Edmond J. English, 10,000; Helen Frame Peters, 20,000; Thomas J. Shields, 35,500; and Lorne R. Waxlax, 30,000. As of February 2, 2008, Mr. Coppersmith, Dr. Danos, Mr. English, Dr. Peters, Mr. Shields and Mr. Waxlax each had 6,600 restricted shares outstanding.
- (3) Dr. Danos deferred the receipt of all of the fees he earned as a director in fiscal 2007 under our General Deferred Compensation Plan and has also deferred his restricted stock award. See page 37 for a description of this plan.
- (4) Mr. Dion served on the Board until November 30, 2007, the date of his death. On January 14, 2008, the Board voted to approve the acceleration of Mr. Dion's unvested stock options and restricted stock. The value of option awards and stock awards presented in the table above for Mr. Dion reflects the fair value of the acceleration for his awards as of November 30, 2007 in accordance with FAS 123R. Mr. Dion's outstanding stock options will remain exercisable by his estate for a period up to November 30, 2008.

Policies on Business Ethics and Conduct

All of BJ's salaried employees, including its Chief Executive Officer and Chief Financial Officer, as well as the directors, are required to abide by the Company's long-standing Statement on Commercial Bribery, Conflicts of Interest and Business Ethics (Code of Conduct), which is intended to help ensure that BJ's business is conducted in a consistently legal and ethical manner. The Company's policies and procedures cover areas of professional conduct, including relations with vendors, conflicts of interest, financial integrity and the protection of corporate assets, as well as adherence to all laws and regulations applicable to the conduct of the Company's business.

Employees and directors are required to report any conduct that they believe in good faith to be an actual or apparent violation of the Code of Conduct. In addition, as contemplated by the Sarbanes-Oxley Act of 2002, the Company's Audit Committee has established procedures to receive, retain and treat complaints received regarding accounting, internal accounting controls or auditing matters and to allow for the confidential and anonymous submission by employees of concerns regarding questionable accounting or auditing matters.

The full text of the Company's Code of Conduct is posted on the Corporate Governance section of our website, at www.bjs.com. The Company will post on its website all disclosures that are required by law or NYSE listing standards concerning any amendments to, or waivers from, any provision of the Code of Conduct.

Policies and Procedures for Related Person Transactions

Our Board has adopted written policies and procedures for the review of any transaction, arrangement or relationship in which the Company is a participant and one of our executive officers, directors, director nominees or 5% shareholders (or their immediate family members), each of whom we refer to as a related person, has a direct or indirect material interest.

If a related person proposes to enter into such a transaction, arrangement or relationship, which we refer to as a related person transaction, the related person must report the proposed related person transaction to our General Counsel. The policy provides that irrespective of the amount involved, any relationship between the Company and any of its suppliers in which a related person has a direct or indirect material interest shall be reviewed by the Audit Committee at its inception (or such later time as the Company first becomes aware of the related person's interest) and, thereafter, annually. Transactions above a certain amount must be approved by the Audit Committee. Whenever practicable, the reporting, review and approval will occur prior to entry into the transaction. If advance review and approval is not practicable, the Audit Committee will review, and, in its discretion, may ratify the related person transaction. The policy also permits the Chair of the Audit Committee to review and, if deemed appropriate, approve proposed related person transactions that arise between Audit Committee meetings, subject to ratification by the Audit Committee at its next meeting.

A related person transaction reviewed under the policy will be considered approved or ratified if it is authorized by the Audit Committee after full disclosure of the related person's interest in the transaction. As appropriate for the circumstances, the Audit Committee will review and consider:

the related person's interest in the related person transaction;

the approximate dollar value of the amount involved in the related person transaction;

the approximate dollar value of the amount of the related person's interest in the transaction without regard to the amount of any profit or loss;

whether the transaction was undertaken in the ordinary course of business;

whether the terms of the transaction are no less favorable than terms that could have been reached with an unrelated third party;

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the purpose of, and the potential benefits to BJs of, the transaction; and

any other information regarding the related person transaction or the related person in the context of the proposed transaction that would be material to investors in light of the circumstances of the particular transaction.

The Audit Committee may approve or ratify the transaction only if it determines that, under all of the circumstances, the transaction is in BJs best interests. The Audit Committee may impose any conditions on the related person transaction that it deems appropriate.

In addition to the transactions that are excluded by the instructions to the SECs related person transaction disclosure rule, the Board has determined that the following transactions do not create a material direct or

indirect interest on behalf of related persons and, therefore, are not related person transactions for purposes of this policy: interests arising solely from the related person's position as an executive officer of another entity (whether or not the person is also a director of such entity), that is a participant in the transaction, where (a) the related person and all other related persons own in the aggregate less than a 10% equity interest in such entity, (b) the related person and his or her immediate family members are not involved in the negotiation of the terms of the transaction and do not receive any special benefits as a result of the transaction, (c) the amount involved in the transaction equals less than the greater of \$1 million or 2% of the annual consolidated gross revenues of the other entity that is a party to the transaction, and (d) the amount involved in the transaction equals less than 2% of the Company's annual consolidated gross revenues.

The policy provides that transactions involving compensation of executive officers shall be reviewed and approved by the Executive Compensation Committee in the manner specified in its charter.

Certain Transactions

During fiscal 2007, Gerald and Norman Zarkin, brothers of Herbert J Zarkin, BJS Chairman of the Board and Chief Executive Officer, and Lewis Bell, a brother-in-law of Herbert J Zarkin, had an interest in the following business transactions involving BJS.

BJS purchases merchandise from Tee's Plus Corporation (Tee's Plu