BJS WHOLESALE CLUB INC
Form DEF 14A
April 16, 2010

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 x

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))**

x 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)

Payment of Filing Fee (Check the appropriate box):

x 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 15, 2010

Dear Shareholder:

We invite you to attend our 2010 Annual Meeting of Shareholders on Tuesday, May 25, 2010, at 11:00 a.m., Eastern Time, at the Crowne Plaza Hotel, 1360 Worcester Street (Route 9), Natick, Massachusetts. At this meeting, you will be asked to elect three directors, to approve an amendment to the 2007 Stock Incentive Plan, to ratify the Audit Committee s selection of our independent registered public accounting firm and to consider and vote upon a shareholder proposal in the accompanying Proxy Statement.

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

Sincerely,

Laura J. Sen	Herbert J Zarkin
President and Chief Executive Officer	*Chairman of the Board*

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

May 25, 2010

The 2010 Annual Meeting of Shareholders of BJ s Wholesale Club, Inc. will be held at the Crowne Plaza Hotel, 1360 Worcester Street (Route 9), Natick, Massachusetts, on Tuesday, May 25, 2010, 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 2013 Annual Meeting of Shareholders;

2 Approval of an amendment to the Company s 2007 Stock Incentive Plan (the 2007 Stock Incentive Plan) to increase the number of shares authorized for issuance thereunder and to make the other changes described therein;

3. 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 29, 2011; and

4. Consideration of a shareholder proposal, if presented at the Annual Meeting, as described on pages 56 to 57 of the Proxy Statement.

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 9, 2010 may vote at the meeting.

By Order of the Board of Directors

Lon F. Povich

Secretary

Natick, Massachusetts

April 15, 2010

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 25, 2010

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 Crowne Plaza Hotel, 1360 Worcester Street (Route 9), Natick, Massachusetts, 11:00 a.m., Eastern Time, on May 25, 2010, 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 an amendment to the 2007 Stock Incentive Plan, FOR the ratification of the selection of our independent registered public accounting firm and AGAINST the shareholder proposal described on pages 56 to 57 of this Proxy Statement, if presented at the Annual Meeting. 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 9, 2010, 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 9, 2010, there were outstanding and entitled to vote 53,691,377 shares of common stock.

This proxy statement, the enclosed proxy card, and the Annual Report of the Company for the fiscal year ended January 30, 2010 were first mailed to shareholders on or about April 15, 2010.

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Shareholders to be held on May 25, 2010

This proxy statement and the Annual Report of the Company for the fiscal year ended January 30, 2010 are available at http://bnymellon.mobular.net/bnymellon/bj.

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: 866-991-1237 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 January 30, 2010, 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 January 30, 2010 is referred to as 2009 or fiscal 2009.

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. For additional information regarding an incumbent director failing to obtain the required vote for reelection in an uncontested election, see Policy Regarding Holdover Directors below.

Approval of an amendment to the 2007 Stock Incentive Plan. 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 this proposal. In addition, in order for this proposal to be approved, the New York Stock Exchange (NYSE) listing standards require that (1) a majority of the common stock issued, outstanding and entitled to vote at the annual meeting must actually vote on the proposal (with abstentions counting as votes and broker non-votes not counting as votes) and (2) votes in favor must constitute at least a majority of the votes cast (with abstentions counting as votes cast and broker non-votes not counting as votes cast). Shares which abstain from voting on this proposal and broker non-votes will not be counted as votes in favor of the proposal and will also not be counted as votes cast under the Company s by-laws. However, because the NYSE rules treat abstentions as votes cast, for purposes of the required NYSE vote, abstentions will have the same effect as a vote against the proposal. Failure to give your broker instructions for how to vote on this proposal could, depending on the number of votes cast as defined by the NYSE, result in the proposal not being adopted.

Ratification of Registered Public Accounting Firm and Shareholder Proposal. 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. Shares which abstain from voting on these proposals and broker non-votes will not be counted as votes in favor of such proposals and will also not be counted as votes cast. Accordingly, abstentions and broker non-votes will have no effect on the outcome of these proposals.

Under NYSE rules, brokers do not have discretionary authority to vote on election of directors, approval of the amendment to the 2007 Stock Incentive Plan and the stockholder proposal.

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 1-866-580-9477, 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 24, 2010.

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 BJ s Wholesale Club, Inc. 401(k) Savings Plans

If you participate in either the BJ s Wholesale Club, Inc. 401(k) Savings Plan for Salaried Employees or the BJ s 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, 2010, there can be no assurance that Fidelity will be able to follow your instructions. If you fail to timely submit your instructions 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. Currently, the number of directors is fixed at ten. Effective as of the date of this year s annual meeting, the number of directors will be fixed at nine. 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 2013 Annual Meeting of Shareholders and until their respective successors are duly elected and qualified. S. James Coppersmith, whose term expires at this year s annual meeting, is retiring from the Board of Directors in accordance with our retirement policy and will not stand for re-election.

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 pages 12 to 13, each nominee for director has tendered an irrevocable resignation that will become effective if he fails to receive the required vote in an uncontested election at the annual meeting and the Board accepts the tendered resignation.

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

Set forth below is the principal occupation and other information about each of our directors, including the nominees for election at this year s annual meeting. The information presented includes each director s and nominee s principal occupation and business experience for the past five years and the names of other publicly-held companies of which he or she currently serves as a director or has served as a director during the past five years. The information presented below regarding the specific experience, qualifications, attributes and skills of each director and nominee led our Corporate Governance Committee and our Board to conclude that he or she should serve as a director. The Corporate Governance Committee does not have a formal policy with respect to diversity; however, the Board and the Corporate Governance Committee believe that it is essential that Board members represent diverse viewpoints. In seeking a diverse group of business leaders to serve on the Board, the Board considered the following: knowledge and understanding of the retail industry, finance and accounting experience, leadership ability, commitment to the Company and previous Board service.

Nominees for Election Terms Expiring in 2013

Leonard A. Schlesinger, 57, has been a director of BJ s since September 2009. Mr. Schlesinger is President of Babson College, a position he has held since 2008. Prior to assuming the presidency at Babson, from 1999 to 2007, Mr. Schlesinger was Vice Chairman and Chief Operating Officer of Limited Brands, Inc. where he was responsible for overseeing operations for Express, Limited Stores, Victoria s Secret, Bath and Body Works, C.O. Bigelow, Henri Bendel and the White Barn Candle Company. He held a number of other executive positions at the Limited, and prior to that was an executive at Au Bon Pain Co. Mr. Schlesinger s academic career includes 20 years at Harvard Business School in a variety of positions and as a faculty member and administrator at Brown University. Mr. Schlesinger is the author, coauthor or coeditor of nine books. Mr. Schlesinger served on the Board of Directors of Beth Israel Deaconess Medical Center (from October 2008 to September 2009), Borders Group, Inc. (from 1995 to 2009), Pegasystems, Inc. (from 1997 to 1999), General Cinema Corporation (from 1997 to 1999) and Limited Brands from 1995 to 2007). Mr. Schlesinger is a member of BJ s Executive Compensation and Information Technology Committees. The Board concluded that Mr. Schlesinger is well suited to serve as a director of the Company because of his knowledge and experience in the retail industry, as well as the business leadership and industry skills he acquired during his 20 year career at leading universities.

Thomas J. Shields, 63, has been a director of BJ s since July 1997 and presiding director since 2005. He was a director of Waban Inc., BJ s former parent company, 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., a leading provider of environmental, energy and industrial services in North America and a New York Stock Exchange listed company. Mr. Shields is Chair of BJ s Audit Committee and a member of BJ s Executive, Finance and Corporate Governance Committees. The Board concluded that Mr. Shields is well suited to serve as a director of the Company because of his knowledge and experience in the finance and investment banking industries, as well as the knowledge and experience he has acquired during his 13 years as a director of the Company.

Herbert J Zarkin, 71, has been a director of BJ s since November 1996, Chairman of the Board of Directors of the Company since July 1997 and served as BJ s Chief Executive Officer from February 2007 to December 2008. 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. House2Home filed for bankruptcy under Chapter 11 of the United States Bankruptcy Code on November 7, 2001. Mr. Zarkin 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. The retirement policy in our corporate governance guidelines provides that directors will not be nominated for election to the Board after their 70th birthday unless the full Board, upon the recommendation of the Corporate Governance Committee, decides otherwise under special circumstances. In Mr. Zarkin s case, the Board concluded, upon the recommendation of the Corporate Governance Committee, that Mr. Zarkin is well suited to continue to serve as a director of the Company because of the extensive understanding and knowledge of BJ s business he has acquired during his long association with the Company. Mr. Zarkin has demonstrated his leadership ability and his commitment to our Company since he was elected a director in 1996.

As of the Annual Meeting date, Mr. Zarkin will retire as an employee and executive officer of the Company and, if re-elected, will serve as the non-executive Chairman of the Board. In that role he will be paid an annual cash retainer of $250,000 per year and will be eligible for up to $150,000 in air transportation expenses for travel to and from Board meetings and related Company business and will receive the same equity awards as all other non-employee directors. He will not be eligible for committee membership or meeting fees. In addition, he will serve as a consultant to the CEO and senior management. In that role Mr. Zarkin will provide advice as to the on-going transition of the CEO; offer input to the CEO on setting the strategic direction of the business and establishing current and long-range objectives for the senior leadership team; and serve as a resource for the CEO on, among other topics: executive compensation, succession planning, real estate acquisition strategy, and communication with shareholders. His compensation for these services as a consultant will be $575,000 per year, for the three-year term of the agreement.

Incumbent Directors Terms Expiring in 2012

Christine M. Cournoyer, 58, has been a director of BJ s since December 2008. Ms. Cournoyer has been President and Chief Operating Officer of Picis, Inc., a provider of information systems that enables delivery of results in the acute care areas of hospitals, since April 2006. From February 2005 to April 2006, Ms. Cournoyer was a Managing Director of Harte Hanks Inc., a marketing company. Prior to joining Harte Hanks, from 2004 to

2005, Ms. Cournoyer served as a consultant to the information technology industry and from April 2002 to July 2003, Ms. Cournoyer was President and Chief Operating Officer of Lightbridge, Inc. Ms. Cournoyer served on the Board of Directors of Stride Rite Corporation from 2001 to 2007 and on the Board of Directors of GTECH Corporation from 2003-2006. Ms. Cournoyer is a member of BJ s Executive Compensation and Information Technology Committees. The Board concluded that Ms. Cournoyer is well suited to serve as a director of the Company because of her knowledge and experience in the information technology industry, experience which is relevant to the Company s IT initiatives to upgrade the Company s computer systems, as well as her experience serving as a director on the Board of other publicly traded companies.

Edmond J. English, 56, has been a director of BJ s since September 2006. Mr. English has been Chief Executive Officer of Bob s Discount Furniture, a retail furniture chain focused on markets in New England, 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 served on the Board of Directors of TJX from 1999 to 2005. Mr. English is a director of Citizens Financial Group. Mr. English is a member of BJ s Audit, Executive Compensation and Information Technology Committees. The Board concluded that Mr. English is well suited to serve as a director of the Company because of his twenty-five years of experience in the retail industry.

Helen Frame Peters, Ph.D., 62, 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 was a Trustee of StreetTracks Funds for State Street Global Advisors from 2000 to 2009. Dr. Peters is Chair of BJ s Finance Committee and a member of the Audit Committee. The Board concluded that Dr. Peters is well suited to serve as a director of the Company because of her finance experience, as well as the business leadership and industry skills she acquired during her career at a leading university and financial institution.

Incumbent Directors Terms Expiring in 2011

Paul Danos, Ph.D., 67, 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 director of General Mills, Inc. and is on its Audit Committee. Dr. Danos is a member of BJ s Audit Committee and Chair of BJ s Corporate Governance Committee. The Board concluded that Dr. Danos is well suited to serve as a director of the Company because of his finance and accounting experience, as well as the business leadership skills he acquired during his career at a leading university and his service on the Board of General Mills.

Laura Sen, 53, has been a director of BJ s since January 2008 and served as BJ s President and Chief Operating Officer from January 2008 to February 2009, and President and Chief Executive Officer since February 2009. 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 companies in the retail sector in the areas of merchandising and logistics. In total, Ms. Sen has 30 years experience in mass retailing. Ms. Sen is a member of BJ s Executive, Finance and Information Technology Committees. The Board concluded that Ms. Sen is well suited to serve as a director of the Company because of her knowledge of BJ s business, as well as the experience she has acquired during her 30 years in the mass retailing industry.

Michael J. Sheehan, 49, has been a director of BJ s since March 2008. Mr. Sheehan has been Chief Executive Officer of Hill, Holliday, Connors, Cosmopulos 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. Mr. Sheehan is a member of BJ s Corporate Governance and Executive Compensation Committees. The Board concluded that Mr. Sheehan is well suited to serve as a director of the Company because of his demonstrated business leadership skills as President and CEO of Hill Holliday and because of his insight into consumer marketing. Understanding consumer behavior is a driving force behind the ongoing success of BJ s in member acquisition and retention.

Incumbent Director Term Expiring in 2010

S. James Coppersmith, 77, has been a director of BJ s since July 1997. He was a director of Waban Inc., 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 will continue to serve as Chair of BJ s Executive Compensation Committee and a member of the Audit, Corporate Governance and Executive Committees until his retirement at the Annual Meeting.

CORPORATE GOVERNANCE

Our 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 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 BJ s does business, and the public at large. This section describes key corporate governance principles and practices adopted by BJ s. Complete copies of the corporate governance principles, charters of the Audit, Corporate Governance and Executive Compensation Committees and the Statement on Commercial Bribery, Conflict of Interest and Business Ethics described below are available on the Investor Relations section of our website, *www.bjsinvestor.com.* The Company may also make disclosure of the following on our website, *www.bjsinvestor.com:*

- the identity of the presiding director at meetings of non-management or independent directors;

- the method for interested parties to communicate directly with the presiding director or with non-management or independent directors as a group;

- the identity of any member of the issuer s audit committee who also serves on the audit committees of more than three public companies and a determination by the Board that such simultaneous service will not impair the ability of such member to effectively serve on the issuer s audit committee; and

- contributions by an issuer to a tax exempt organization in which any non-management or independent director serves as an executive officer if, within the preceding three years, contributions in any single fiscal year exceeded the greater of $1 million or 2% of such tax exempt organization s consolidated gross revenues.

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 BJ s 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 BJ s, 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 conduct a self-evaluation to determine whether they are functioning effectively.

Board Determination of Independence

Under applicable NYSE rules, a director of BJ s will only qualify as independent if the Board of Directors affirmatively determines that he or she has no material relationship with BJ s (either directly or as a partner, shareholder or officer of an organization that has a relationship with BJ s). The Board of Directors has established guidelines to assist it in determining whether a director has a material relationship with BJ s. Under these guidelines, a director will be considered to have a material relationship with BJ s 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 BJ s, or to which BJ s is indebted, unless the total amount of either 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 BJ s discretionary charitable contributions to such organization are more than the greater of $1 million or 2% of that organization s consolidated gross revenues.

Ownership of a significant amount of BJ s 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, Schlesinger, Sheehan, or Shields, Ms. Cournoyer or Drs. Danos or Peters has a material relationship with BJ s and that each of these directors is independent as determined under Section 303A.02 of the NYSE Listed Company Manual. No transactions, relationships or arrangements, other than those disclosed in the Certain Transactions section of this proxy statement (see page 17), 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).

Board Leadership Structure and Board s Role in Risk Oversight

The positions of Chairman of the Board and Chief Executive Officer have historically been separated at BJ s, except for a brief period of time when Mr. Zarkin held the positions of Chairman of the Board and Chief Executive Officer (from February 2007 to December 2008) and Interim Chief Executive Officer (from November 2006 to February 2007). Ms. Sen has held the position of Chief Executive Officer since February 2009. Separating these positions allows our Chief Executive Officer to focus on our day-to-day business, while allowing the Chairman of the Board to lead the Board in its fundamental role of providing advice to and independent oversight of management. The Board recognizes the time, effort, and energy that the Chief Executive Officer is required to devote to her position in the current business environment, as well as the commitment required to serve as our chairman, particularly as the Board s oversight responsibilities continue to grow. While our bylaws and corporate governance guidelines do not require that our Chairman and Chief

Executive Officer positions be separate, the Board believes that having separate positions is the appropriate leadership structure for the company at this time. Our corporate governance principles require that the independent directors elect from among the independent directors a person to serve as presiding director if the Chairman of the Board is not an independent director. As Mr. Zarkin is not an independent director, Mr. Shields has been appointed the presiding director. The presiding director chairs meetings of the independent directors and undertakes such other responsibilities as the independent directors designate from time to time.

Our Board oversees our risk management processes directly and through its committees. Our management is responsible for risk management on a day-to-day basis. The role of our Board and its committees is to oversee the risk management activities of management. The Audit Committee assists the Board in fulfilling its oversight responsibilities with respect to risk management in the areas of financial reporting, internal controls and compliance with legal and regulatory requirements, and, in accordance with New York Stock Exchange requirements, discusses policies with respect to risk assessment and risk management. Risk assessment reports are regularly provided by management to the Audit Committee. The Executive Compensation Committee assists the Board in fulfilling its oversight responsibilities with respect to the management of risks arising from our compensation policies and programs. The Corporate Governance Committee assists the Board in fulfilling its oversight responsibilities with respect to the management of risks associated with Board organization, membership and structure, succession planning for our directors and executive officers, and corporate governance. The Information Technology Committee assists the Board in fulfilling its oversight responsibilities with respect to the management of risks associated with overall information technology security, risk, internal controls, business continuity and disaster recovery.

The Board of Directors and its Committees

The Board of Directors has established six standing committees of the Board Audit, Corporate Governance, Executive, Executive Compensation, Finance and Information Technology 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 57 of this proxy statement).

The current members of the Audit Committee are Thomas J. Shields (Chair), S. James Coppersmith, Paul Danos, Edmond J. English and Helen Frame Peters. The Audit Committee held 10 meetings during 2009.

The Board of Directors has determined that each of S. James Coppersmith, Paul Danos, Edmond J. English, Helen Frame Peters and Thomas J. Shields is an audit committee financial expert as defined in Item 407(d)(5) of Regulation S-K. For information regarding relevant experience, see the biographical information above.

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 Paul Danos (Chair), S. James Coppersmith, Thomas J. Shields and Michael J. Sheehan. The Corporate Governance Committee held four meetings during 2009.

The processes and procedures followed by the Corporate Governance Committee in identifying and evaluating director candidates are described below (see pages 11 to 12) 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;

establishing and overseeing the process for the evaluation of the Company s other executive officers and certain other executives;

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 20 of this proxy statement; and

preparing the executive compensation committee report required by SEC rules, which is included on page 35 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 20 below.

The current members of the Executive Compensation Committee are S. James Coppersmith (Chair), Christine M. Cournoyer, Edmond J. English, Leonard A. Schlesinger and Michael J. Sheehan. The Executive Compensation Committee held seven meetings in 2009 and took action by written consent once.

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), S. James Coppersmith, Laura J. Sen and Thomas J. Shields. The Executive Committee did not meet during 2009.

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), Laura J. Sen, Thomas J. Shields and Herbert J Zarkin. The Finance Committee held three meetings during 2009.

The Board of Directors has an Information Technology Committee which reviews with management and advises the Board with respect to the Company s comprehensive information technology (IT) strategic plan, related projects and technology architecture decisions; reviews the Company s IT investments and assesses whether the Company s IT programs effectively support the Company s business objectives and strategies. The current members of the Information Technology Committee are Christine M. Cournoyer (Chair), Edmund J. English, Leonard A. Schlesinger and Laura J. Sen. The Information Technology Committee held one meeting during 2009.

Board and Shareholder Meetings and Attendance

The Board of Directors held six meetings during 2009, and took action by written consent once. 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 2009 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 BJ 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.

Mr. Schlesinger, who was elected to the Board effective September 21, 2009, was recommended to the Corporate Governance Committee for nomination to the Board by Ms. Sen.

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, BJ s 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 59. 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 a 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 BJ s 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 BJ s; 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 communications from shareholders and other interested parties 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, BJ s Wholesale Club, Inc., One Mercer Road, Natick, Massachusetts 01760.

Compensation of Directors

Directors who are employees of BJ s 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 telephone meetings. In addition, the Chair of the Audit Committee, the Chair of the Executive Compensation Committee and the Chair of the Information Technology 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, the Finance Committee and Information Technology are paid $2,500 per annum for their services on each committee. All directors are reimbursed for their expenses related to attendance at meetings. BJ s management and the Corporate Governance Committee periodically review the compensation of directors and recommend changes to the full Board of Directors.

BJ s 2007 Stock Incentive Plan provides for the automatic grant of options to members of the Board of Directors who are not BJ s 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. The options granted to directors have an exercise price equal to the closing price of our common stock on the date of grant. 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 then serving 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. Directors who joined the Board after May 24, 2007 have received pro-rated grants. Specifically, Mr. Sheehan received a grant of 4,400 shares on May 22, 2008. The grant date value of each share was $38.79, the closing price of our stock on that date. One half of such shares will vest on the first two 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 that Mr. Sheehan is still serving on the Board. Ms. Cournoyer received a grant of 3,117 shares on May 21, 2009. The grant date value of each share was $ 36.50, the closing price of our stock on that date. All of such shares will vest on May 24, 2010, subject to continued service as a director of the Company through the date of vesting. Mr. Schlesinger received a grant of 1,467 shares on September 17, 2009. The grant date value of each share was $ 36.40, the closing price of our stock on that date. All of such shares will vest on May 24, 2010. The restricted stock will become fully vested upon a change of control (as defined in the 2007 Stock Incentive Plan).

DIRECTOR COMPENSATION TABLE

The table below summarizes the compensation paid by BJ s to non-employee directors in fiscal 2009. Mr. Zarkin serves as a director and executive officer of BJ s but does not receive any additional compensation for services provided as a director. Mr. Zarkin is not a named executive officer. See page 5 for a discussion of Mr. Zarkin s compensation in his role as non-executive chairman and consultant effective May 25, 2010.

Name	Fees Earned or Paid in Cash ($)	Stock Awards ($)(1)	Option Awards ($)(2)	Total ($)(3)
S. James Coppersmith	88,500	0	0	88,500
Christine M. Cournoyer	74,716	113,771	0	188,487
Paul Danos	74,000	0	0	74,000
Edmond J. English	78,934	0	0	78,934
Helen Frame Peters	64,364	0	0	64,364
Leonard A. Schlesinger	22,243	53,399	150,600	226,242
Michael J. Sheehan	71,728	0	0	71,728
Thomas J. Shields	91,000	0	0	91,000

(1) The value reflected in this column is the aggregate grant date fair value of restricted stock awards granted during the fiscal year, computed in accordance with FASB ASC Topic 718 (formerly FAS 123R). These amounts do not reflect any estimate of forfeitures related to service-based vesting. Instead, it assumes that the director will perform requisite service to vest in the restricted stock awards. As of January 30, 2010, Mr. Coppersmith, Mr. English, Dr. Peters, Mr. Sheehan and Mr. Shields each had 2,200 restricted shares outstanding, and Dr. Danos had 6,600 shares outstanding. Ms. Cournoyer had 3,117 restricted shares outstanding. Mr. Schlesinger had 1,467 restricted shares outstanding.

(2) On the commencement of his service on the Board, Mr. Schlesinger received a grant of 10,000 non-statutory stock options in 2009. No other stock options were granted to non-employee directors during fiscal 2009. The value reflected in this column is the aggregate grant date fair value of option awards granted during the fiscal year, computed in accordance with FASB ASC Topic 718 (formerly FAS 123R). These amounts do not reflect any estimate of forfeitures related to service-based vesting. Instead, it assumes that the director will perform requisite service to vest in the stock options. The assumptions used in valuing the stock options we granted during 2006-2009 are described under the caption Stock Incentive Plans in Note 7 to our consolidated financial statements that are contained in our Annual Report on Form 10-K for the fiscal year ended January 30, 2010. As of January 30, 2010, each non-employee director had the following aggregate number of stock options outstanding: S. James Coppersmith, 15,000; Christine M. Cournoyer, 10,000; Paul Danos, 20,000; Edmond J. English, 10,000; Helen Frame Peters, 20,000; Leonard A. Schlesinger, 10,000; Michael J. Sheehan, 10,000; and Thomas J. Shields, 30,000.

(3) Dr. Danos and Mr. Sheehan deferred the receipt of all of the fees they earned as directors in fiscal 2009 under our General Deferred Compensation Plan. Dr. Danos has also deferred his restricted stock award. See page 39 for a description of this plan. Mr. Shields has deferred 2,200 of his restricted shares.

Policies on Business Ethics and Conduct

All of BJ s employees, including its Chief Executive Officer and Chief Financial Officer, as well as the directors, are required to abide by the Company s Statement on Commercial Bribery, Conflict 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 Investor Relations section of our website, at *www.bjsinvestor.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;

the purpose of, and the potential benefits to BJ s 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 BJ s 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 SEC s 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 2009, Gerald and Norman Zarkin, brothers of Herbert J Zarkin, BJ s Chairman of the Board had an interest in the following business transactions involving BJ s.

BJ s purchases merchandise from Tee s Plus Corporation (Tee s Plus), a division of Edh, Inc., where Gerald Zarkin is an employee and manages BJ s business with Tee s Plus. Such purchases totaled approximately $283,000 during fiscal 2009. In addition, BJ s has an arrangement with Tee s Plus for the sale of embroidered apparel, and BJ s receives a percentage of the sales made by Tee s Plus to BJ s members. The total amount of sales by Tee s Plus to BJ s members was approximately $104,000 in fiscal 2009, of which BJ s received approximately $10,500 pursuant to this arrangement. Gerald Zarkin earned approximately $75,000 in fiscal 2009 in salary and commissions from Tee s Plus with respect to these purchases by BJ s, including salary of $60,000 in fiscal 2009 as Vice President Sales of Tee s Plus. In addition, BJ s has a consignment arrangement with Universal Supply MC, LLC (Universal), which operates as a division of Edh, Inc., for the sale of specialty caps, college sweatshirts, towels and blankets and also purchases certain merchandise from Universal. BJ s provides space in its clubs for the display of Universal s inventory and BJ s receives a percentage of the sales made by Universal to BJ s members. During fiscal 2009 the total amount of such purchases was approximately $880,000 and the total amount of consignment sales was approximately $3.2 million, of which BJ s received approximately $742,000 from Universal. Gerald Zarkin received approximately $98,500 in fiscal 2009 in commissions related to the Universal transactions.

Norman Zarkin is the sole shareholder of The Zarkin Group, Inc. In fiscal 2009, The Zarkin Group, Inc. received approximately $99,100 in commissions for service as a broker in connection with sales made to BJ s by Alimed, Arlee Home Fashions, Audio Technology, Cutie Pie Baby, Inc., Design & Factory, Flaghouse, Handi Foil, Inc., Harve Benard, Ltd and EB Brands, each of which is a vendor of BJ s. In the aggregate, BJ s purchased approximately $4,636,764 of merchandise from these vendors.

During fiscal 2009, BJ s had an agreement with Fidelity Management Trust Company (FMTC) to provide 401(k) plan administration. FMTC also serves as trustee with respect to the assets of the Company s 401(k) plans. BJ s paid fees for these services totaling approximately $307,180 in fiscal 2009. Additionally, fees are paid by plan participants in the form of investment management services fees generated on various transactions including loan setup and related fees. FMTC is a subsidiary of FMR LLC, which holds more than 5% of our stock.

BJ s believes that each of the transactions described above was carried out on terms that were no less favorable to the Company than those that would have been obtained from unaffiliated third parties. Each of the above transactions was reviewed, and as necessary approved, under our related person transaction policy.

BENEFICIAL OWNERSHIP OF COMMON STOCK

The following table sets forth information regarding the beneficial ownership of our common stock as of April 9, 2010 (unless otherwise indicated) by (i) each person known to the Company to beneficially own more than 5% of the outstanding shares of our common stock, (ii) each director of the Company, (iii) each executive officer of the Company named in the Summary Compensation Table on page 36, and (iv) all of the Company s current directors and executive officers as a group. Unless otherwise indicated, the address of each person listed in the table is c/o BJ s Wholesale Club, Inc., One Mercer Road, Natick, Massachusetts 01760.

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership(1)	Percent of Class(1)
FMR LLC 82 Devonshire Street Boston, Massachusetts 02109	7,587,610(2)	13.9
BlackRock, Inc. 40 East 52nd Street New York, New York 10022	4,286,929(3)	7.9
Shapiro Capital Management LLC 3060 Peachtree Road Suite 1555 N.W. Atlanta, Georgia 30305	3,173,315(4)	5.8
LSV Asset Management 1 N. Wacker Drive, Suite 4000 Chicago, Illinois 60606	2,840,030(5)	5.2
S. James Coppersmith	8,200	*
Christine M. Cournoyer	6,451	*
Paul Danos	26,600	*
Edmond J. English	16,600	*
Helen Frame Peters	26,600	*
Leonard A. Schlesinger	1,467	*
Michael J. Sheehan	11,067	*
Thomas J. Shields	37,500	*
Herbert J Zarkin	500,000	*
Laura J. Sen	240,121	*
Frank D. Forward	365,700	*
Thomas F. Gallagher	114,254	*
Christina M. Neppl	107,504	*
Lon F. Povich	85,004	*
All directors and executive officers as a group (14 persons)	1,547,068	2.8

* Less than 1%.

(1) Includes, for the persons indicated, the following shares of common stock that may be acquired upon exercise of outstanding stock options which were exercisable on April 9, 2010, or within 60 days thereafter: Mr. Coppersmith, 5,000 shares; Ms. Cournoyer, 3,334; Dr. Danos, 20,000 shares; Mr. English, 10,000 shares; Dr. Peters, 20,000 shares; Mr. Sheehan, 6,667 shares; Mr. Shields, 30,000 shares; Mr. Zarkin, 250,000 shares; Ms. Sen, 75,000 shares; Mr. Forward, 270,000 shares; Mr. Gallagher, 59,250 shares; Ms. Neppl, 55,500 shares; Mr. Povich, 37,500 shares; all current directors and executive officers as a group, 842,251 shares.

(2) Information is as of February 12, 2010 and is based on a Schedule 13G (Amendment No. 3) filed with the SEC on February 16, 2010 by FMR LLC (FMR), a holding company. FMR reported that (a) it (directly or indirectly) has sole dispositive power over all these shares; (b) it has sole voting power over 929,700 of

these shares and no shared voting power; (c) 6,459,730 of these shares are held by Fidelity Management & Research Company (Fidelity), a wholly owned subsidiary of FMR and an investment company registered under the Investment Company Act of 1940, and Edward C. Johnson 3d and FMR through its control of Fidelity each has sole power to dispose of all of such 6,459,730 shares, (d) certain of these shares are held by investment companies and institutional accounts managed by subsidiaries of FMR; and (e) the family of Edward C. Johnson 3d, may be deemed to form a controlling group with respect to FMR.

(3) Information is as of January 20, 2010 and is based on a Schedule 13G filed with the SEC on January 29, 2010, by BlackRock, Inc. (BlackRock). BlackRock reported that it has sole voting and sole dispositive power over all of these reported shares. These shares are held by various investment advisor subsidiaries of BlackRock.

(4) Information is as of December 31, 2009 and is based on a Schedule 13G filed with the SEC on February 10, 2010 by Shapiro Capital Management LLC (Shapiro). Shapiro reported that it has sole voting power over 2,605,145 of these shares, shared voting power over 568,170 of these shares and sole dispositive power over 3,173,315 of these shares.

(5) Information is as of February 10, 2010 and is based on a Schedule 13G filed with the SEC on February 11, 2010. LSV has reported that it has sole voting and sole dispositive power over all such shares.

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

In this section, we provide an overview and analysis of BJ s executive compensation program. Our discussion is divided into four sections: an Executive Summary, a description of BJ s Compensation Program, an analysis of the Compensation Actions Related to 2009, and Closing Comments.

I. Executive Summary

BJ s priority for 2009 was to continue our growth after disappointing financial performance in 2006 and prior years. In particular, we sought to continue to increase our membership and sales in a macro-economic environment that while generally difficult, was well suited for our value proposition. A key strategic imperative for our Board of Directors and the Executive Compensation Committee (the ECC) was incenting and retaining the management team hired during the last several years and experienced in the wholesale club business model. Employing our longstanding mix of compensation elements, our compensation program for 2009 was designed to continue this strategic imperative.

In 2009 we continued with the same mix of compensation elements as in the prior year. BJ s executive compensation program is based on a pay for performance philosophy. As such, our primary objectives are to align compensation with the annual and long-term performance of BJ s and with the creation of shareholder value, while providing compensation packages targeting the 50^{th} to 75^{th} percentile of a peer group. In 2009 we created target compensation packages at or below the lower end of this range, and our leadership team delivered a strong performance in a very challenging retail and macroeconomic environment, earning bonuses above target. (In addition, and explained in more detail at page 33, we paid four of our five Named Executive Officers, or NEOs, one-time bonuses to recognize changes to the calculations under our long-term and short-term bonus plans approved by the shareholders in 2009, but not retroactively applicable to the plans payable in this year.)

Management (through the CEO) provides the ECC annually with recommendations as to the appropriate compensation for our executive officers. Those recommendations are the result of a process involving the CEO, BJ s Chief People Officer (the CPO), and management s compensation consultant, Watson Wyatt, and are designed to create market-based packages. The ECC reviews the recommendations put forth by the CEO and CPO with the assistance of its independent compensation consultant, at the time, Towers Perrin. The CPO and the Chairman, without input from the CEO, makes recommendations as to the CEO s compensation.

On January 1, 2010, after they had completed the work referenced in this report, Towers Perrin and Watson Wyatt combined their businesses. Towers Perrin did not perform any work for the Company on behalf of management prior to the combination on January 1, 2010, and the ECC terminated its relationship with Towers Perrin prior to January 1, 2010. The ECC selected Mercer Consulting to be its independent compensation consultant in late 2009.

As in the past, our 2009 compensation program consisted of the following three guaranteed elements and two incentive elements from which the ECC has structured the NEOs compensation:

Guaranteed Elements

1. Base Salary;

2. Retirement Benefits (a 401(k) plan and an Executive Retirement Plan); and

3. Additional Benefits and Perquisites (auto allowance, tax preparation, financial consulting, estate planning, deferred compensation, insurance, and payments and benefits in the case of an occurrence of a change of control).

Incentive Elements

1. Annual Cash Incentives (paid under our Management Incentive Plan, which we refer to as the MIP, and which establishes a cash payout on the basis of the achievement of annual performance goals); and

2. Long-term Incentives (paid under (i) our Growth Incentive Plan, which we refer to as the GIP, and which establishes a cash payout on the basis of the achievement of three-year cumulative financial performance goals; and (ii) our Stock Incentive Plan, which provides for grants of equity awards, including options and restricted shares). As explained below, we may vary the mix of these long-term incentives from year to year, selecting the vehicles and amounts which we believe will fairly compensate and appropriately motivate and measure the success of our NEOs.

Cash payments under the MIP and the GIP are tied directly to the performance of BJ s. While the size of the potential awards under those programs differs among the NEOs, reflecting both the scope of responsibility of the position and market-based compensation, there are no individual performance criteria under these plans. This structure emphasizes a team approach for our senior executives, and eliminates any individual incentive for one NEO to strive to meet an individual incentive target that is not in the overall best interest of BJ s. With respect to equity awards, while the number of options or restricted shares granted may differ among the NEOs based on their position and market norms, the ultimate value of those awards is tied directly to the performance of BJ s stock. We believe that this mix of elements, closely tied to the annual and long-term performance of BJ s, provides management with incentives similar to those of the shareholders and as such is another manner in which we can limit to an appropriate level the risk which the executives will take as they manage the company.

The ECC believes that by using the available compensation elements and the process and benchmarks outlined above and explained in more detail below, the Board has put in place an appropriately compensated executive team, well-positioned to continue to manage BJ s into the future.

II. BJ s Compensation Program

This section reviews:

A. The Parties involved in the design of our Compensation Program;

B. The Elements of that Program;

C. The Relationship among the Program Elements;

D. The Competitive Frames of Reference (benchmarks) that we have reviewed in designing our Compensation Program; and

E. The Tax and Accounting Considerations affecting our Compensation Program.

A. The Parties

During fiscal 2009, three sets of participants, the ECC, BJ s management, and the outside consultants, contributed to the design of our executive compensation program. The role of each of these parties is discussed in this section:

1. BJ s Executive Compensation Committee

The ECC meets regularly to address compensation matters throughout the year. BJ s CEO and CPO regularly attend ECC meetings to present compensation proposals and to provide input to the ECC. The ECC meets in executive session, without management present, when reaching final decisions on the individual elements of executive compensation. A more detailed description of the responsibilities of the ECC is set forth under the caption The Board of Directors and its Committees Executive Compensation Committee on pages 10 to 11.

2. BJ s Management

On an annual or semi-annual basis, BJ s CPO commissions a competitive analysis by management s compensation consultant, at the time, Watson Wyatt, as described in more detail on pages 27 to 28. The CPO makes recommendations to BJ s CEO based on the report findings and other factors such as performance, tenure, and fairness among the NEOs. The CEO in turn makes recommendations to the ECC on specific salary levels for the NEOs (other than for the CEO).

From time to time, the CEO recommends to the ECC modifications to BJ s short-term and long-term incentive compensation programs, including recommendations relating to equity-based compensation programs for the NEOs to achieve better alignment with BJ s business goals or with BJ s peer group.

3. Outside Compensation Consultants Watson Wyatt and Towers Perrin

Watson Wyatt serves as the consultant to management. In this capacity, they:

- Provide management with comparable market data to assess the competitiveness of BJ s compensation program;
- Apprise management of regulatory changes that may have an impact on design and/or administration of plans; and
- Review management s recommendations regarding program design in the context of market practice and regulatory compliance.

The ECC retained the services of Towers Perrin as the compensation consultant to the ECC. In this capacity, they:

- Assist in the compilation and interpretation of marketplace CEO and director compensation information;
- Provide input to the ECC on peer group selection for compensation benchmarking purposes;
- Counsel the ECC on competitive market practices with respect to senior management plan design and market trends; and
- Perform analyses and provide compensation consulting advice on an as needed basis, at the request of the ECC, including for example in 2009, review of Chief Executive Officer equity awards, Chairman of the Board compensation practices and CD&A disclosure review.

B. Compensation Elements

Our NEOs are eligible to receive: a base salary; annual cash incentives under the MIP; long-term cash incentives under the GIP; long-term equity incentives, including both options and restricted shares, under our 2007 Stock Incentive Plan; retirement benefits; additional benefits and perquisites; and payments and benefits in the case of an occurrence of a change of control.

We discuss each of these components in this section, and then outline how the ECC views the interrelationship among the elements. For a discussion and analysis of how these elements of compensation were awarded to our NEOs with respect to 2009, see the section below entitled Compensation Actions Relating to Fiscal 2009 beginning on page 29.

1. Base Salary

Each NEO receives a base salary to attract and retain management talent to BJ s with the experience and skills necessary to succeed in our business model. The ECC makes the final decision as to an individual s initial salary within the competitive range based upon a variety of factors, most notably the executive s skills and experience level.

Thereafter, changes to base salary levels are driven primarily by individual performance and/or changes to the scope of the position, while remaining consistent with market peers:

Named Executive Officers (Other than the CEO): The CEO discusses the performance of each NEO with the ECC and, after consultation with the CPO, makes annual salary increase recommendations. These recommendations are at the CEO s discretion and are based on her overall subjective evaluation of the individual s performance, as well as the NEOs base pay and total compensation relative to competitive market information as provided by Watson Wyatt. The ECC considers the input from the CEO, may review relevant data from Towers Perrin on an as needed basis, and has final approval for all NEO salary increases.

Chief Executive Officer: In conjunction with the Chairman and the CPO, and with input from Towers Perrin as needed, the ECC sets the annual compensation for the CEO.

2. Annual Incentive the Management Incentive Plan

Under the MIP, NEOs and other members of management are eligible to receive annual cash awards based upon the achievement of annual financial performance goals.

At the beginning of each year, the ECC establishes the MIP performance goals and corresponding target awards. In recent years, including 2009, the ECC has established the target for NEOs based on year-over-year increases in sales and net income (adjusted for greater than historic levels of investment in the business). We believe these metrics most closely tie the compensation of our NEOs to the performance of our business on an annual basis.

There is additional flexibility to set targets under the MIP plan document. The goals may be based on one or more objective criteria: operating income, pre-tax income, net income, gross profit dollars, costs, any of the preceding measures as a percent of sales, earnings per share, sales, net assets, return on assets or net assets, return on equity, return on investment, return on invested capital, cash flow, total shareholder return, gross margin, earnings before interest, taxes, depreciation and/or amortization and market share. Targets may include or exclude income or loss from, or other effects of, sales of gasoline. Such goals, criteria and target awards may (i) be absolute or relative in their terms or measured against or in relationship to other companies or a market index, (ii) vary among participants and (iii) be particular to a participant or the department, branch, line of business, subsidiary or other unit in which the participant works. The MIP allows the ECC to determine in its sole discretion any adjustments deemed appropriate to increase or decrease the value of a payout in response to unusual and nonrecurring events. However, the ECC cannot make any adjustments for the sole purpose of increasing the incentive award payout to the CEO and other NEOs at the end of an award period, other than in the case of certain identified events. As discussed below, at page 33, the shareholders amended this list of identified events in 2009. No executive officer may receive a MIP award payout in a calendar year in excess of $1,500,000.

There is no individual performance component of the MIP. In establishing the performance targets the ECC holds discussions with the CEO to gain her perspective on achievable goals, and reviews the previous year s performance and the reasonableness of the performance standard set for the coming year or cycle.

We seek to set the level of target award in the context of the market for our executives services and to be competitive (generally targeted at the 50th to 75th percentile) with BJ s peer group. In the recent past, the annual target award for the CEO is 75% of base salary, with a maximum payment of 100% of salary. Other NEOs annual targets awards are 30% of base salary, with a maximum of 60% of base salary. The targets for the CEO exceeds that of the other NEOs to recognize both her leadership role at BJ s and market norms.

MIP awards at target reward the executive team for BJ s annual achievement of key strategic objectives. The ECC reviews the payout calculations after the year s financial results have been audited. Incentive award payments above target reward the executive team for delivering results above plan. MIP payments are scaled from target down to zero when financial results are below plan.

The history of payments under the MIP for the last five years is set out in the table below.

YEAR	MIP PAYMENT AS PERCENT OF TARGET
2005	63.5%
2006	5.3%
2007	140.6%
2008	150.1%
2009	132.7%/110.7%*

(*) The 132.7% is Mr. Forward s MIP Payment as a percent of target and the 110.7% is the MIP Payment as a percent of target for our other NEOs. For a further explanation of the difference in these percentages see pages 30 to 33.

Long-term Incentives General Comments

BJ s long-term incentive program includes both equity and cash components. Long-term incentives are designed to enhance the ability of BJ s: (i) to hire and retain individuals of exceptional managerial talent necessary to manage optimally BJ s warehouse club retail format, (ii) to align rewards with shareholder gains, and (iii) to be competitive with the market benchmarks that we target. The awards to the NEOs are generally based on the level of responsibility, the contribution towards BJ s performance, and a survey of competitive compensation data provided by management s consultant, Watson Wyatt.

While our 2007 Stock Incentive Plan authorizes the grant of a range of equity awards, the ECC has made only grants of options and/or restricted shares in recent years and granted only restricted shares in 2009. In determining the size of an equity grant, normally made in May of each year, except in the case of a mid-year promotion, the ECC considers the performance of BJ s during the previous year (which by May is supported by audited financials), the plan for the current year and the competitive equity awards being granted in the marketplace. The grant price is normally the closing price on the date of grant. The ECC generally has not made equity grants during black-out periods under BJ s insider trading policy.

3. Stock Options

Stock options are primarily awarded to align executive interests with those of BJ s shareholders. The vesting of awards over time provides significant retention value, particularly when the value of the stock has increased relative to the price of the option when initially granted. Options are granted with a strike price equal to the closing price of BJ s shares as of the grant date, generally vest pro-rata over a three or four-year period and have a ten-year term. This design is common among our peer companies, as well as the broader market.

4. Restricted Stock

The ECC believes restricted stock provides a direct link to shareholder value creation, financial and operational performance, provides an appropriate balance of risk and reward, and is consistent with market best practices. Under our 2007 Stock Incentive Plan, restricted shares that vest solely based on the passage of time must vest over a period of 36 months, unless they are part of a designated and limited pool of shares. Restricted stock may contain a performance hurdle to become vested.

5. BJ s Growth Incentive Plan

The GIP is intended to provide executives of BJ s with cash awards based upon BJ s growth and performance and to encourage retention of executives. However, as set out in more detail below, we did not make a GIP grant award in 2009 and do not anticipate making such awards in 2010.

As with the MIP, GIP awards may be based on one or more objective measures of performance. The applicable measure is selected by the ECC at the beginning of each three-year award period. The GIP allows the ECC to determine, in its sole discretion, any adjustments deemed appropriate to increase or decrease the value of a payout in response to specified events. However, the ECC cannot make any adjustments for the sole purpose of increasing the incentive award payout to the CEO and other NEOs at the end of an award period, other than in the case of certain identified events. As discussed below, at page 33, the shareholders amended this list of identified events in 2009. No individual award payment under the GIP can exceed $2,500,000 in any calendar year.

All NEOs are eligible to participate in the GIP, and in years when awards were made, we have awarded a specific number of performance units based on the historical awards provided to our NEOs.

In each of 2006 and prior years, the ECC established new three-year GIP grants. The awards had performance targets that generally required compound annual growth in net income of 8-10%. Each award was expressed in units, with the target value of one unit ranging from .020% to .025% of the cumulative incremental income improvement for the performance period over the base year, with the base year defined as the year immediately preceding the three-year performance period. For the 2007-2009 cycle of the GIP, the ECC authorized the use of a slightly different formula, to set a high, but achievable, bar. Specifically, the target was set as a sum of net income in 2007, 2008 and 2009, where the net income for 2007 was that year s plan income and the net income for 2008 and 2009 were 8% compound increases year over year. If the target was met, the target incentive was to be paid. Payments scaled up for performance above target, and down for performance below target, reaching zero at 93.75% of target. Payments based on awards granted in 2007 under the GIP 2007-2009 cycle were paid in cash in March 2010. The target payment for each GIP point in the 2007-2009 cycle was $20,000. The calculated value of each GIP point under the 2007-2009 cycle was $33,832 for Mr. Forward, and as discussed in more detail below at pages 31 to 32, was $31,789 for our other NEOs.

The ECC did not grant GIP awards for the 2008-2010 or the 2009-2011 cycle, and we do not anticipate granting GIP awards for a 2010-2012 cycle.

6. Retirement Benefits available to NEOs and other BJ s employees

A. *401(k) Plan*: BJ s offers a 401(k) plan to all of its eligible employees through which they can defer a portion of their cash compensation. The CEO and all other NEOs who are participants in the 401(k) plan are considered highly compensated employees and are limited to deferring up to 7% of their cash compensation on a pre-tax basis, up to the annual maximum allowed under law. BJ s matches the first 5% of the participant s contributions as follows: 100% on the first 1% of contributions and 50% on the next 4% of contributions. BJ s contributions vest in equal annual installments over the first four years of employment. The plan provides the participants with diversified investments into which they may direct their contributions.

B. *Executive Retirement Plan (ERP   )*: The ERP is designed to enhance our ability to hire and retain the required executive talent by providing a program through which BJ s contributes amounts toward retirement over and above the matching contributions of the 401(k) plan. The ECC authorizes an annual contribution on an   after-tax   basis on behalf of all executives at the level of Assistant Vice President and above, and has sole discretion to determine the amount of the contribution provided that the contribution is at least 3% of the participant s eligible salary earned in the prior fiscal year. The contribution is deposited into an investment account that is part of a Group Variable Universal Life Insurance certificate. Since the ERP s inception, the ECC has voted a contribution amount equal to 5% of the base salary earned through fiscal year end. Contributions are accumulated and held in an account and vest in full at the end of the fourth full fiscal year of employment. After the vesting criterion is met, the executive can invest the account balance among a diversified investment portfolio. Withdrawal from the executive s account during the course of an executive s employment would cause future contributions to be forfeited.

7. Additional Benefits and Perquisites

BJ s provides the NEOs with a mix of benefits and perquisites as follows:

A. *Perquisites*. BJ s provides its NEOs with: auto allowance, annual tax preparation and financial counseling and periodic estate planning. As set out on the table on page 37, the value of these perquisites is relatively modest.

B. *Deferred Compensation*. BJ s allows NEOs to defer the receipt of compensation to a later date on a tax-deferred basis. This plan is described on page 39.

C. *Group Insurance Plans*. BJ s provides all eligible employees with a comprehensive mix of insurance benefits which include medical, dental, basic life (to a maximum of $100,000), supplemental life (to a maximum of $500,000), disability, for NEOs business travel accident, and accidental death and dismemberment. NEOs also receive executive life (2x the executive s base salary, up to $2.5 million).

8. Change of Control and Other Termination Benefits

The ECC recognizes that the possibility of a change of control or potential change of control of BJ s may result in the departure or distraction of management to the detriment of BJ s and its shareholders and wishes to assure the executive a fair compensation arrangement when the executive s employment is continued or involuntarily terminated following a change of control or potential change of control.

It is BJ s intention to provide severance and change of control benefits that are consistent with market practice. Management, with the assistance of Watson Wyatt, reviews severance and change of control program provisions against market trends from time to time to ensure continued alignment with peer companies, and makes recommendations to the ECC as necessary to maintain BJ s competitive position.

In January 2006, management s compensation consultant, Watson Wyatt, conducted a competitive review and assessment of BJ s Change of Control Severance Benefit Plan for Key Employees and Change of Control Severance Agreement based on then-current market practices. No additional review has been conducted since 2006. The 2006 review benchmarked our severance and change of control benefits against those of the following discount retail and large grocery companies that are similar in scope and size to BJ s: AutoZone, Circuit City, Costco Wholesale, Dillards, Dollar General, Family Dollar Stores, Kohl s, PetSmart, Publix Super Markets, Safeway, Staples, and Target.

As a result of that review, Watson Wyatt found the key program elements of our plan, including eligibility for participation, severance benefit levels and benefit continuation timeframes, to be within competitive market practice of the companies listed above. In addition, BJ s provision to cap certain change of control benefits to eliminate the potential for triggering excise tax is consistent with a trend away from 280G tax gross-ups.

The specific Employment and Severance Agreements and Change of Control Severance Benefits for our NEOs are discussed on pages 41 to 45.

C. Relationship among the Compensation Program Elements

There are three key objectives for our executive compensation program, and each component of the compensation program addresses one or more of those objectives and attributes, as follows:

Objective	**Base Salary**	**Annual Incentive (MIP)**	**Long-term Incentives (GIP and Equity)**	**Retirement, Perquisites, and Termination/ Change of Control Benefits**
Hire and retain key talent	Ö	Ö	Ö	Ö
Integrate compensation with the achievement of BJ s annual and long-term goals		Ö	Ö	
Link management s interests with shareholders over the long-term			Ö	

While there is no set allocation between or among the various elements, the elements of the compensation plan are interwoven, and these inter-relationships are taken into account in establishing the target compensation for our NEOs:

Base salary is the primary vehicle for providing NEOs a source of fixed income. As discussed above, the ECC evaluates market data along with the CEO s input on individual performance to provide market competitive base salary levels (along with benefits and perquisites), which are critical in attracting, retaining and motivating talented executives.

MIP awards are set as a percentage of base pay, and as such, salary decisions impact annual incentive opportunities. Taking these annual payments together, BJ s seeks to provide meaningful levels of annual incentive opportunities that would be sufficient to drive performance. Total cash compensation levels (base + target MIP) are evaluated against market benchmarks to ensure the compensation is at an appropriate level to retain a talented executive team and at our target compensation of the 50th to 75th percentile of our peer companies.

While BJ s financial performance in any given year is used to calculate the MIP for that year, each year s performance is also used to calculate multiple awards under the GIP program. As a result, there is a relationship between MIP and GIP payment levels, versus their targets, over time. In addition, given the three-year structure of the GIP program, one weak year makes it difficult to achieve the targets set for the cycle. Similarly, one strong year increases the likelihood of an eventual payout.

Long-term incentives are not directly tied to the other elements of the compensation program, but are an important component when evaluating our compensation packages against competitive benchmarks and our desired competitive range, and most directly link NEO compensation and long-term gains for our shareholders.

D. Competitive Frames of Reference

We consider a variety of internal and external criteria and data in arriving at pay decisions. Competitive frames of reference are utilized as a tool to make the following decisions:

Competitive pay opportunities for the services of our NEOs;

Alignment of incentive targets with performance;

Appropriateness of our long-term incentives, both from a structure and competitiveness standpoint; and

Appropriateness of mix of pay in terms of fixed versus variable and short-term versus long-term incentives.

Watson Wyatt

In 2009, management engaged Watson Wyatt to provide competitive market data from the group of peer organizations set out in the following table that was used in evaluating and setting NEO compensation. Watson Wyatt s market assessment for the NEOs included base salary, total cash compensation (base + annual incentives) and total direct compensation (total cash compensation + long-term incentives). The group of peer organizations was initially established in 2006 and reevaluated for continued alignment with BJ s in 2009 based on industry and financial criteria. In addition, during 2009, Watson Wyatt provided peer data related to long-term incentive practices at the peer organizations.

The peer group summary financial statistics are set out in the following table:

	Financial Statistics (for 2008)		
Peer Company	**Revenue ($M)**	**Net Income ($M)**	**Market Cap. ($M)**
Advance Auto Parts Inc.	$ 5,142	$ 238	$ 3,105
Autozone Inc.	$ 6,545	$ 642	$ 7,640
Barnes & Noble Inc.	$ 5,351	$ 136	$ 896
Big Lots Inc.	$ 4,631	$ 158	$ 1,094
Circuit City Stores Inc.*			
Dillards Inc.	$ 7,114	$ 54	$ 320
Dollar General Corp.*			
Family Dollar Stores Inc.	$ 7,054	$ 233	$ 3,885