

BJS WHOLESALE CLUB INC
Form DEF 14A
April 20, 2004

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

SCHEDULE 14A

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

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

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

Definitive Proxy Statement

- .. Definitive Additional Materials
- .. Soliciting Material Pursuant to §240.14a-12

BJ s Wholesale Club, Inc.

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- .. Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

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

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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 22, 2004

Dear Stockholder:

We invite you to attend our 2004 Annual Meeting of Stockholders on Thursday, May 20, 2004, at 11:00 a.m. at the Crowne Plaza Hotel, 1360 Worcester Street (Route 9), Natick, Massachusetts. At this meeting, you are being asked to elect three directors, to amend the Company's 1997 Stock Incentive Plan and to ratify the audit committee's selection of the Company's independent auditors.

We hope that you will join us on May 20 and would like to take this opportunity to remind you that your vote is important.

Sincerely,

Michael T. Wedge

President and Chief Executive Officer

Herbert J. Zarkin

Chairman of the Board

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

May 20, 2004

The Annual Meeting of Stockholders of BJS Wholesale Club, Inc. will be held at the Crowne Plaza Hotel, 1360 Worcester Street (Route 9), Natick, Massachusetts, on Thursday, May 20, 2004, at 11:00 a.m. At the meeting, stockholders will consider and vote on the following matters:

1. Election of three directors to serve until the 2007 Annual Meeting of Stockholders;
2. Approval of an amendment of the Company's 1997 Stock Incentive Plan, as amended (the "1997 Stock Incentive Plan"), to increase the number of shares authorized for issuance thereunder and to make the other changes described herein; and
3. Ratification of the audit committee's selection of PricewaterhouseCoopers LLP as the Company's independent auditors for the fiscal year ending January 29, 2005.

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

Stockholders of record at the close of business on April 5, 2004, may vote at the meeting.

By Order of the Board of Directors

KELLYE L. WALKER

Secretary

Natick, Massachusetts

April 22, 2004

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 STOCKHOLDERS

May 20, 2004

PROXY STATEMENT

We sent you this proxy statement and the enclosed proxy card because the Board of Directors of BJ's Wholesale Club, Inc. ("BJ's" or the "Company") is soliciting your proxy to vote your shares at the annual meeting. Unless you give different instructions, shares represented by properly executed proxies will be voted FOR the election of the three nominees set forth below, FOR the amendment of the 1997 Stock Incentive Plan and FOR the ratification of auditors. 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.

Stockholders of record at the close of business on April 5, 2004 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. As of the close of business on April 5, 2004, there were outstanding and entitled to vote 69,873,728 shares of common stock.

This proxy statement, the enclosed proxy card and the Annual Report of the Company for the fiscal year ended January 31, 2004, were first mailed to stockholders on or about April 22, 2004.

A copy of the Company's Annual Report on Form 10-K for the fiscal year ended January 31, 2004 as filed with the Securities and Exchange Commission, except for exhibits, will be furnished without charge to any stockholder 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.

The Company's fiscal year ends on the Saturday closest to January 31 of each year. Fiscal year references apply to the Company's fiscal year which ended on the Saturday closest to January 31 of the following year. For example, the fiscal year ended January 31, 2004, is referred to as 2003 or fiscal 2003.

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, votes withheld, abstentions and broker non-votes

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(where a broker or nominee does not exercise discretionary authority to vote on a matter) will be counted as present.

Under the Company's by-laws, so long as a quorum is present at the meeting, the election of directors will require a plurality of votes cast at the meeting. This means that the three nominees for director with the most votes will be elected whether or not such nominees receive a majority of the votes cast. The affirmative vote of the holders of a majority of the votes cast at the meeting is needed to approve the amendment of the 1997 Stock Incentive Plan and the ratification of auditors. Shares which abstain from voting on a particular matter and broker non-votes will not be counted as votes in favor of such matter and will also not be counted as votes cast or shares voting on such matter. In addition, in order for the proposal regarding the amendment of the 1997 Stock Incentive Plan (Proposal Two) to be approved, the New York Stock Exchange requires that (1) a majority of the common stock issued, outstanding and entitled to vote at the annual meeting must actually vote on the matter (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).

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

If you participate in either the BJS Wholesale Club, Inc. 401(k) Savings Plan for Salaried Employees or the BJS Wholesale Club, Inc. 401(k) Savings Plan for Hourly Employees and hold Company stock in your account, you may vote an amount of shares of common stock equivalent to the interest in the Company's common stock credited to your account as of the record date. Fidelity Management Trust Company (Fidelity) will have a proxy card sent to you that you may use to direct Fidelity to vote your shares on your behalf. The proxy card should be signed and returned in the provided envelope to The Bank of New York, the Company's transfer agent and registrar, or you may authorize the voting of these shares over the Internet or by telephone by following the instructions on the provided proxy card. The Bank of New York will notify only Fidelity of the manner in which you have voted your shares. Fidelity will vote the shares in the manner directed on the proxy card (or as authorized over the Internet or by telephone). If The Bank of New York does not receive a signed proxy card or the authorization of the voting of your shares over the Internet or by telephone from you by 5:00 p.m. eastern standard time on May 19, 2004, there can be no assurance that Fidelity will be able to follow your instructions. If you fail to timely submit your instruction to The Bank of New York, Fidelity will vote your shares of common stock held in the BJS Common Stock Fund as of the record date in the same manner, proportionally, as it votes the other shares of common stock for which proper and timely voting instructions of other plan participants have been received by Fidelity.

PROPOSAL ONE

ELECTION OF DIRECTORS

BJ's Amended and Restated Certificate of Incorporation and by-laws provide for the classification of the Board of Directors into three classes, as nearly equal in number as possible, with the term of office of one class expiring each year. Your proxy will be voted to elect the three nominees named below, unless otherwise instructed, as directors for a term of three years expiring at the 2007 Annual Meeting of Stockholders and until their respective successors are duly elected and qualified. The Board has voted to fix the number of directors at eight. There is currently one vacancy on the Board of Directors in the class of directors with terms expiring in 2005. 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.

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 NOMINEES FOR ELECTION AS DIRECTORS WITH TERMS EXPIRING IN 2007.

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

Nominees for Election Terms Expiring 2007

S. James Coppersmith, 71, has been a director of the Company since July 1997. He was a director of Waban Inc. (Waban) from December 1993 to July 1997. Mr. Coppersmith is a director and Vice Chairman of the board of directors of Rasky Baerlein Group, a public relations firm. Mr. Coppersmith is also a member of the Board of Governors of the Boston Stock Exchange. Mr. Coppersmith is a member of the Audit Committee, the Executive Compensation Committee and the Special Committee.

Thomas J. Shields, 57, has been a director of the Company since July 1997. He was a director of Waban from June 1992 to July 1997. He has served as President and Managing Director of Shields & Company, Inc., a Boston-based investment banking firm, since 1991. Mr. Shields is also a director of Clean Harbors, Inc. Mr. Shields is Chairman of the Audit Committee and a member of the Executive Committee, the Finance Committee and the Corporate Governance Committee.

Herbert J. Zarkin, 65, has been a director of the Company since November 1996 and Chairman of the Board of Directors of the Company since July 1997. 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. (House2Home), and was President and Chief Executive Officer of House2Home from March 2000 to September 2001. He was a director, President and Chief Executive Officer of Waban (now known as House2Home) from May 1993 to July 1997. House2Home filed for bankruptcy under Chapter 11 of the United States Bankruptcy Code on November 7, 2001 (see Relationship with House2Home; Conflicts of Interest on page 28). Mr. Zarkin is Chairman of the Executive Committee and a member of the Finance Committee.

Incumbent Directors Terms Expiring 2006

Bert N. Mitchell, 66, has been a director of the Company since May 1998. In 1974, Mr. Mitchell founded Mitchell & Titus, LLP, the nation's largest minority-owned CPA firm, and serves as its Chairman and Chief

Executive Officer. He is also Chairman of the Board of the Ariel Investment Trust, which includes membership on the board of four individual funds. In addition, he is a director of The Rouse Company. Mr. Mitchell is a member of the Audit Committee, the Executive Compensation Committee and the Special Committee.

Michael T. Wedge, 50, has been a director, President and Chief Executive Officer of the Company since September 2002. He was Executive Vice President, Club Operations of the Company from July 1997 to September 2002; Executive Vice President, Sales Operations of the BJs Wholesale Club division of Waban from February 1997 to July 1997; and Senior Vice President, Sales Operations of the BJs Wholesale Club division of Waban from 1993 to 1997. Mr. Wedge is a member of the Executive Committee and the Finance Committee.

Incumbent Directors Terms Expiring 2005

Ronald R. Dion, 58, has been a director of the Company since September 1999. Mr. Dion has been Chairman and Chief Executive Officer of R.M. Bradley & Co., Inc., a real estate firm, since 1997. From 1989 to 1997 he was President of R.M. Bradley & Co., Inc. Mr. Dion is a trustee of John Hancock Funds and Chairman of the Investment Committee of John Hancock Funds and a member of the Board of Governors of the Boston Stock Exchange. He also serves as a director of the New England Council and the Massachusetts Business Roundtable. Mr. Dion is a member of the Corporate Governance Committee, Chairman of the Executive Compensation Committee, and Chairman of the Special Committee.

Lorne R. Waxlax, 70, has been a director of the Company since July 1997. He was a director of Waban from January 1990 to July 1997 and Chairman of the Board of Directors of Waban from June 1996 to July 1997. He was an Executive Vice President of The Gillette Company from 1985 to 1993. Mr. Waxlax is also a director of Clean Harbors, Inc. From July 1997 to March 2002, Mr. Waxlax was a director of House2Home, which filed for bankruptcy under Chapter 11 of the United States Bankruptcy Code on November 7, 2001 (see Relationship with House2Home; Conflicts of Interest on page 28). Mr. Waxlax is Chairman of the Corporate Governance Committee and is a member the Executive Committee and the Executive Compensation Committee.

CORPORATE GOVERNANCE

BJs Board of Directors believes that good corporate governance practices are important to ensure that BJs is managed for the long-term benefit of its stockholders. The Company's Board of Directors recognizes that maintaining and ensuring good corporate governance is a continuous process and that the long-term interests of stockholders are advanced by responsibly considering the concerns of other stakeholders and interested parties including employees/team members, customers, suppliers, the communities in which the Company does business, and the public at large. During the past year, the Board reviewed its governance practices in light of the Sarbanes-Oxley Act of 2002, new Securities and Exchange Commission rules and regulations and the new listing standards of the New York Stock Exchange. This section describes key corporate governance guidelines and practices that the Company has adopted. Complete copies of the corporate governance guidelines; charters of the Audit, Corporate Governance and Executive Compensation Committees; and the Statement on Commercial Bribery, Conflicts of Interest and Business Ethics described below are available on the Corporate Governance section of the Company's website, www.bjs.com. Alternatively, you can request a copy of any of these documents by writing to the Corporate Secretary, BJs Wholesale Club, Inc., One Mercer Road, Natick, Massachusetts 01760.

Corporate Governance Guidelines

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The Board has adopted corporate governance guidelines to assist the Board in the exercise of its duties and responsibilities and to serve the best interests of the Company and its stockholders. These guidelines, which,

along with the charters and key practices of the Board's committees, provide a framework for the governance of BJS, include that:

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

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

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

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

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

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

Board Determination of Independence

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

is an executive officer of another company which is indebted to BJS, or to which BJS is indebted, and the total amount of either company's indebtedness to the other is more 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 charitable organization and BJS discretionary charitable contributions to the organization are more than the greater of \$1 million or 2% of that organization's total annual charitable receipts.

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

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

The Board of Directors has determined that none of Messrs. Coppersmith, Dion, Mitchell, Shields or Waxlax has a material relationship with BJS and that each of these directors is independent as determined under Section 303A.02 of the NYSE Listed Company Manual.

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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 new rules of the NYSE that become applicable to the Company on the date of the annual meeting, including, in the case of all members of the Audit Committee, the independence requirements contemplated by Rule 10A-3 under the Exchange Act. In addition, all of the members of the Audit Committee are independent as defined by the rules of the NYSE that apply to the Company until the date of the annual meeting.

The Board of Directors and its Committees

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

Audit Committee. The Audit Committee's responsibilities include:

appointing, approving the compensation of, and assessing the qualifications and independence of the Company's independent auditor;

overseeing the work of the Company's independent auditor, including through the receipt and consideration of certain reports from independent auditors;

reviewing and discussing with management and the independent auditors the Company's annual and quarterly financial statements and related disclosures;

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

overseeing the Company's internal audit function;

discussing the Company's risk management policies;

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

meeting independently with the Company's internal auditing staff, independent auditors and management; and

preparing the audit committee report required by SEC rules (which is included on page 31 of this proxy statement).

The current members of the Audit Committee are Thomas J. Shields (Chairman), S. James Coppersmith and Bert N. Mitchell. The Audit Committee held 11 meetings during 2003.

The Board of Directors has determined that each of Bert N. Mitchell and Thomas J. Shields is an audit committee financial expert as defined in Item 401(h) of Regulation S-K.

A copy of the Audit Committee charter, as in effect on the date of this proxy statement, is attached as Appendix A.

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

identifying individuals qualified to become Board members;

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recommending to the Board the persons to be nominated for election as directors and to each of the Board's committees;

reviewing the new director orientation program;

reviewing and recommending changes to director compensation;

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

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

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

The current members of the Corporate Governance Committee are Lorne R. Waxlax (Chairman), Ronald R. Dion and Thomas J. Shields. The Corporate Governance Committee held six meetings during 2003.

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

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

recommending the Chairman's compensation;

determining the CEO's compensation;

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

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 an evaluation of the Company's CEO; and

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

The current members of the Executive Compensation Committee are Ronald R. Dion (Chairman), S. James Coppersmith, Bert N. Mitchell and Lorne R. Waxlax. The Executive Compensation Committee held 15 meetings in 2003.

The ERISA Committee, which held nine meetings during 2003, oversees the Company's 401(k) savings plans.

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 Executive Committee did not meet during 2003.

The Board of Directors has a Finance Committee, which did not meet during 2003. This Committee 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.

In October 2001, the Board appointed a Special Committee to act for the Board on matters pertaining to House2Home, as described in more detail under "Relationship with House2Home; Conflicts of Interest" on page 28. The current members of the Special Committee are Ronald R. Dion (Chairman), S. James Coppersmith and Bert N. Mitchell. This Committee met seven times during 2003.

Board and Stockholder Meetings and Attendance

The Board of Directors held 14 meetings during 2003, including eight telephone meetings, and took action by written consent two times. Each director attended at least 75% of the aggregate of the number of Board meetings and the number of meetings held by all committees on which he then served.

The Company's corporate governance guidelines provide that directors are expected to attend the annual meeting of stockholders. All directors attended the 2003 annual meeting of stockholders.

Director Candidates

The process followed by the Corporate Governance Committee to identify and evaluate director candidates includes requests to Board members and others for recommendations, meetings from time to time to evaluate biographical information and background material relating to potential candidates and interviews of selected candidates by members of the Committee and the Board.

In considering whether to recommend any particular candidate for inclusion in the Board's slate of recommended director nominees, the Corporate Governance Committee will apply the criteria set forth in the Company's corporate governance guidelines. Under these criteria, a candidate should have substantial experience which is of relevance to the Company; 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. The Company believes 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.

Stockholders 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 stockholder or group of stockholders 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, MA 01760. Assuming that appropriate biographical and background material has been provided on a timely basis, the Committee will evaluate stockholder-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 stockholder-recommended candidate and recommends his or her election, then his or her name will be included in the proxy card for the next annual meeting of stockholders.

Stockholders also have the right under the Company's 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 in the second paragraph under Stockholder Proposals below. Candidates nominated by stockholders in accordance with the procedures set forth in the Company's by-laws will not be included in the proxy card for the next annual meeting of stockholders.

Communicating with the Independent Directors

The Board will give appropriate attention to written communications that are submitted by stockholders and other interested parties, and will respond if and as appropriate. All stockholder communications will be reviewed by the Company's General Counsel and if they are relevant to the Company's operations, policies and philosophies, they will be forwarded to the Chairman of the Corporate Governance Committee, who serves as the presiding director at meetings of non-management and independent directors. The presiding director will provide to the Board copies or summaries of any such stockholder communications as he or she considers appropriate.

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 presiding director 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.

Stockholders 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, MA 01760.

Compensation of Directors

Non-employee directors are paid an annual retainer of \$40,000 and fees of \$2,500 for each Board meeting attended, \$1,000 for each Committee meeting attended and \$1,000 for certain telephone meetings. In addition, the Chairman of the Audit Committee, the Chairman of the Corporate Governance Committee, the Chairman of the ERISA Committee, the Chairman of the Executive Compensation Committee and the Chairman of the House2Home Special Committee each are paid \$5,000 per annum for their services as such. Other members of the Audit Committee, the Corporate Governance Committee, the Executive Compensation Committee, and the House2Home Special Committee each are paid \$2,500 per annum for their services as such. All directors are reimbursed for their expenses related to attendance at meetings.

In December 2003, each non-employee director was granted an option to purchase 7,500 shares of common stock under the 1997 Stock Incentive Plan at an exercise price of \$23.14 per share, which was equal to the closing price of common stock on the date of grant. Each such option expires ten years after the date of grant and becomes exercisable in three equal annual installments beginning on the first anniversary of the date of grant. If the director ceases to be a director prior to the date the option becomes fully exercisable, the unvested portion of the option will immediately expire. Any vested options will remain exercisable for a period of one year following cessation of service as a director of the Company. All unexercised options will become exercisable in full beginning 20 days prior to the consummation of a merger or consolidation, acquisition, reorganization or liquidation and, to the extent not exercised, shall terminate immediately after the consummation of such merger, consolidation, acquisition, reorganization or liquidation. Except as the Board may otherwise determine, options granted to non-employee directors are not transferable.

As discussed below under Proposal Two Amendment to the 1997 Stock Incentive Plan, if the stockholders approve Proposal Two, non-employee directors will receive automatic grants of options under the 1997 Stock Incentive Plan.

Policies on Business Ethics and Conduct

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

Employees 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 has established procedures to receive, retain and treat complaints received regarding accounting, internal accounting controls or auditing matters and to allow for the confidential and anonymous submission by employees of concerns regarding questionable accounting or auditing matters.

The full text of the Company's Code of Conduct is posted on the Corporate Governance section of the Company's website, at www.bjs.com. In addition, the Company intends to 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.

BENEFICIAL OWNERSHIP OF COMMON STOCK

The following table sets forth certain information regarding the beneficial ownership of common stock as of March 1, 2004 (unless otherwise indicated) by (i) each person known to the Company to beneficially own more than 5% of the outstanding shares of common stock, (ii) each director of the Company, (iii) each executive officer of the Company named in the Summary Compensation Table set forth on page 16, 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 BJS Wholesale Club, Inc., One Mercer Road, Natick, MA 01760.

<u>Name and Address of Beneficial Owner</u>	<u>Number of Shares(1)</u>	<u>Percentage of Outstanding Common Stock(1)</u>
FMR Corp.	8,925,700(2)	12.78%
Fidelity Management & Research Company		
Edward C. Johnson 3d		
Abigail P. Johnson		
82 Devonshire Street		
Boston, MA 02109		
Barclays Global Investors, NA	5,916,212(3)	8.47%
45 Fremont Street		
San Francisco, CA 94105		
Mellon Financial Corporation	4,098,887(4)	5.87%
One Mellon Center		
Pittsburgh, PA 15258		
S. James Coppersmith	15,152	*
Ronald R. Dion	11,020	*
Bert N. Mitchell	15,020	*
Thomas J. Shields	20,950	*
Lorne R. Waxlax	45,170(5)	*
Herbert J. Zarkin	658,783	*
Michael T. Wedge	277,926	*
Frank D. Forward	212,876	*
Edward F. Giles	39,250	*
Kellye L. Walker	2,500	*
All directors and executive officers as of April 12, 2004, as a group (10 persons)	1,298,647	1.8%

* 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 March 1, 2004, or within 60 days thereafter: Mr. Coppersmith, 14,152 shares; Mr. Dion, 10,020 shares; Mr. Mitchell, 13,520 shares; Mr. Shields, 20,050 shares; Mr. Waxlax, 16,520 shares; Mr. Zarkin, 617,500 shares; Mr. Wedge, 250,862 shares; Mr. Forward, 176,250 shares; Mr. Giles, 29,250 shares; Ms. Walker, 2,500 shares; all current directors and executive officers as a group, 1,150,624 shares.

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- (2) Information is as of December 31, 2003, and is based on a Schedule 13G/A (Amendment No. 5) filed with the Securities and Exchange Commission (SEC) on February 16, 2004, by FMR Corp., a holding company. FMR Corp. reported that (a) it (directly or indirectly) has sole dispositive power over all these shares; (b) it has sole voting power over 652,300 of these shares and no shared voting power; (c) these shares are held principally by Fidelity Management & Research Company, a wholly-owned investment adviser, and other investment companies and institutional accounts managed by subsidiaries of FMR Corp.; and (d) the family of Edward C. Johnson 3d, including Mr. Johnson, the Chairman of FMR Corp., and his

daughter Abigail P. Johnson, a director, and trusts for the family members benefit may be deemed to form a controlling group with respect to FMR Corp.

- (3) Information is as of December 31, 2003, and is based on a Schedule 13G filed with the SEC on February 13, 2004, by Barclays Global Investors, NA (BGI), and its affiliates Barclays Global Fund Advisors (BGFA) and Barclays Bank PLC (Barclays Bank). BGI reported that it directly has sole voting and dispositive power over 4,514,692 of these shares, and BGFA reported that it has sole voting and dispositive power over 902,695 of these shares and Barclays Bank reported that it has sole voting and dispositive power over 8,200 of these shares.
- (4) Information is based on a Schedule 13G filed with the SEC on January 30, 2004, by Mellon Financial Corporation, a holding company. Mellon Financial Corporation reported that (a) it (directly or indirectly) has sole dispositive power over 3,917,919 of these shares and shared dispositive power over 87,518 of these shares; (b) it (directly or indirectly) has sole voting power over 3,182,111 of these shares and shared voting power over 48,718 of these shares; and (c) these shares are held by the following direct or indirect subsidiaries of Mellon Financial Corporation, and other investment companies and institutional accounts managed by the subsidiaries of Mellon Financial Corporation: Mellon Trust of New England, National Association; Mellon Bank DE National Association; Mellon Bank, N.A.; Mellon Trust of California; Mellon Trust of New York, LLC; Mellon Private Trust Company, National Association; and Mellon Trust of Washington.
- (5) Includes 27,000 shares held in trust for the benefit of Mr. Waxlax and 1,650 shares as to which Mr. Waxlax disclaims beneficial ownership and which are held in trust for the benefit of Mr. Waxlax's children.

Jennison Associates LLC (Jennison) filed a Schedule 13G/A (Amendment No. 2) with the SEC on February 17, 2004, reporting that it had sole voting power with respect to 10,773,044 shares of the Company's common stock and shared dispositive power with respect to 11,351,044 shares. Jennison has informed the Company that the Schedule 13G/A was filed in error and that it does not beneficially own more than 5% of the Company's common stock.

PERFORMANCE GRAPH

Set forth below is a line graph comparing the cumulative total stockholder return on the Company's common stock, based on the market price of the common stock, with the cumulative total return of companies in the Standard & Poor's 500 Stock Index and the Dow Jones Industry Group Index RTB-Retail, Broadline from January 29, 1999, to January 30, 2004 (the last trading day of fiscal 2003). The Dow Jones Industry Group Index RTB-Retail, Broadline is comprised currently of 25 specialty retail companies, including the Company. The graph assumes that the value of the investment at January 29, 1999, was \$100 and that all dividends were reinvested. The values of investments in the companies in the Standard & Poor's 500 Stock Index and the Dow Jones Industry Group Index RTB-Retail, Broadline were measured as of the date nearest to the end of the indicated period for which index data is readily available.

	1/29/99	1/28/00	2/2/01	2/1/02	1/31/03	1/31/04
BJ's Wholesale Club, Inc. Dow Jones Industry Group	\$ 100.00	\$ 159.71	\$ 189.67	\$ 218.06	\$ 70.40	\$98.97
Index RTB-Retail, Broadline Standard & Poor's 500	\$ 100.00	\$ 115.13	\$ 117.80	\$ 130.15	\$ 98.62	\$ 121.70
Stock Index	\$ 100.00	\$ 110.35	\$ 109.35	\$91.70	\$ 70.59	\$95.00

EXECUTIVE COMPENSATION

EXECUTIVE COMPENSATION COMMITTEE REPORT ON EXECUTIVE COMPENSATION

The following report has been submitted to the Board of Directors by its Executive Compensation Committee, in compliance with requirements of the SEC:

As members of the Executive Compensation Committee (the "ECC"), it is our responsibility annually to review and approve corporate goals and objectives relevant to the compensation of the Chief Executive Officer ("CEO"), determine the CEO's compensation, review and approve, or make recommendations to the Board with respect to, compensation for the Company's other executive officers, oversee the evaluation of the Company's senior executives, and oversee and administer the Company's incentive plans. All of the members of the ECC are independent, non-employee directors.

Executive Compensation Principles

The Company's executive compensation program is designed to provide competitive levels of compensation that:

Integrate compensation with the achievement of the Company's annual and long-term performance goals and business strategies,

Link management's long-term interests with stockholders' interests through stock-based awards,

Recognize management initiatives and achievements,

Reward outstanding corporate performance, and

Attract and retain key executives critical to the long-term success of the Company.

Section 162(m) of the Internal Revenue Code of 1986, as amended (the "Code"), generally disallows a tax deduction to public companies for certain compensation in excess of \$1 million paid to the Company's Chief Executive Officer and the four other most highly compensated executive officers. Certain compensation, including qualified performance-based compensation, will not be subject to the deduction limit if certain requirements are met. The ECC reviews the potential effect of Section 162(m) periodically and, in general, the Company structures and administers its stock incentive plans, its Management Incentive Plan ("MIP") and its Growth Incentive Plan ("BJGIP") in a manner intended to comply with the performance-based compensation exception to Section 162(m). Nevertheless, there can be no assurance that compensation attributable to awards granted under the Company's incentive plans will be treated as qualified performance-based compensation under Section 162(m). In addition, the ECC reserves the right to use its judgment to authorize compensation payments that may be subject to the limit when the ECC believes such payments are appropriate and in the best interests of the Company and its stockholders, after taking into consideration changing business conditions and the performance of its executives.

Compensation Policies for Executive Officers

The total compensation program for all executive officers, including executive officers named in the Summary Compensation Table, consists of both cash and equity-based compensation and takes into account applicable provisions of employment agreements of such officers. Through stock options and stock grants available under the Company's stock incentive plan, the ECC seeks to align executive officers' long-range interests with those of stockholders by providing executive officers with the opportunity to participate in the growth of the Company's stock value.

The ECC reviews market data information provided by Towers Perrin, compensation consultants, concerning salary competitiveness and the design of the Company's compensation programs. The services

provided by Towers Perrin are billed at hourly rates on an as requested basis. Neither the Company nor the ECC has a retainer agreement with Towers Perrin.

Base Salary. Base salaries for the Company's executive officers, including Mr. Wedge, are set within ranges that are determined based upon a review of publicly available information concerning compensation paid to executives with similar responsibilities at certain peer companies. The ECC utilizes its compensation consultant to assist in the compilation and interpretation of this information. The peer companies selected for these purposes are retailing companies, including major competitors of the Company. Not all of these peer companies are included in the Dow Jones Industry Group Index RTB-Retail, Broadline which appears in the Performance Graph on page 12. While the ECC's overall objective is to set base salaries at approximately the midpoint of competitive ranges, an individual executive's placement within a range and salary adjustments are based upon the ECC's subjective evaluation of the executive's performance and value to the Company.

Annual Incentive Program. Under the MIP, executive officers and other members of management are eligible to receive incentive cash awards based upon the level of achievement of pre-established annual performance goals. Mr. Zarkin is not eligible to earn awards under the MIP. At the beginning of each year, the ECC establishes the MIP performance goals and corresponding target awards, based on one or more of the following objective performance 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, return on equity, and return on investment. Such goals, criteria and target awards may vary among participants. The ECC reviews the payout calculations after the year's financial results have been audited. Target awards for executive officers range from 25% to 75% of salary, but if targets are not met, there would be either no MIP award or a reduced award based on a percentage of the target realized. If results exceed goal(s), an executive officer could earn an additional award, depending upon the extent to which goals are exceeded. No executive officer may receive a MIP award in excess of \$1,000,000 in any calendar year or, if less, 100% of base salary earned for the applicable performance period. MIP awards for 2003 for the Company's executive officers, including Mr. Wedge, were based on the Company's net income and sales goals. MIP goals for 2003 were exceeded, resulting in payouts to Mr. Wedge and to the other executive officers equal to 124.11% of the target awards. MIP performance goals for 2004 for the Company's executive officers, including Mr. Wedge, are based on the Company's net income and sales goals.

Long-Term Incentive Program. The BJGIP is intended to provide high-level executives of the Company, as selected by the ECC, with cash awards based upon the growth and performance of the Company. Mr. Zarkin does not participate in the BJGIP. All other executive officers, including Mr. Wedge, currently participate in the BJGIP, as do approximately 50 other employees of the Company. Awards are earned based on one or more of the following objective measures of performance or growth, as selected by the ECC at the beginning of the award period: operating income, pre-tax income, net income, costs, any of the preceding measures as a percent of sales, earnings per share, sales, return on equity, and return on investment. All relevant factors upon which the cash award is based (e.g., performance measurement, length of award period, relation between performance and cash award) are determined at the beginning of the award period by the ECC. Awards granted to the Company's executive officers in 2000 were based on cumulative net income for the Company for the three-year period ended February 1, 2003 and were paid in cash 50% in each of April 2003 and April 2004. Awards granted to the Company's executive officers in 2002 were based on cumulative net income for the Company for the three-year period ending January 29, 2005. Payments based on the awards granted under the BJGIP in 2002 will be payable, if at all, in cash 100% in April 2005, contingent on employment continuing through March 31, 2005. Awards granted to the Company's executive officers in 2003 were based on cumulative net income for the Company for the three-year period ending January 28, 2006. Payments based on awards granted under the BJGIP in 2003 will be payable, if at all, in cash 100% in April 2006, contingent on employment continuing through March 31, 2006. Awards granted to the Company's executive officers in 2004 were based on cumulative net income for the Company for the three-year period ending February 3, 2007. Payments based on awards granted under the BJGIP in 2004 will be payable, if at all, in cash 100% in April 2007, contingent on employment continuing through February 3, 2007. There is no target amount for each award.

However, there is a threshold amount based on the Company's cumulative net income, and the value of each award increases as achievement of the performance measurement increases. No individual award payment under the BJJIP can exceed \$2,000,000 in any calendar year.

The Company has made it a practice to provide incentives to its executive officers and other senior executives to achieve long-range goals that are typically expressed as either a compounded rate of earnings growth or three-year cumulative earnings. In determining the level of long-term incentive awards, the ECC takes into account a survey of the same peer companies referred to above, but does not target a specific percentile.

Stock-Based Incentives. Stock options are awarded to the Company's key employees, including Mr. Wedge and other executive officers, by the ECC, based on its subjective assessment of the following factors: the compensation level and responsibility of the particular employee, the employee's contribution towards Company performance, and a survey of competitive compensation data of the same group of peer companies referred to previously in this report. The ECC generally targets awards to the median of such survey. The options are designed to reward recipients to the extent that the Company's stock value is enhanced. Because of the vesting provisions of such grants, the options also provide an incentive for the employee to remain with the Company. Because the ECC does not grant options on a cumulative basis, the size of previous grants is not a factor in making current grants.

Chief Executive Officer Compensation

Pursuant to Mr. Wedge's employment agreement with the Company, his base salary is \$675,000, effective June 1, 2003, and is reviewed annually. Mr. Wedge's salary and the number of options (250,000) granted to him in 2003 were subjectively determined to provide a fully competitive compensation opportunity based on Mr. Wedge's success in providing leadership to the Company and after a review of competitive compensation data of the same group of peer companies referred to previously in this report without targeting a specific percentile range. The ECC believes stock option grants encourage long-term performance and promote management retention while further aligning stockholders' and management's common interest in enhancing the value of the Company's common stock.

Mr. Wedge's MIP award provides a target opportunity equal to 75% of base salary if performance goals are met; the actual payout can vary between 0% and 100% of base salary for the performance period, subject to a maximum annual award limitation of \$1,000,000. As discussed above, based on a target award of 50% of base salary, Mr. Wedge received a MIP payout of \$393,508 for 2003.

Executive Compensation Committee

Ronald R. Dion, *Chairman*

S. James Coppersmith

Bert N. Mitchell

Lorne R. Waxlax

Compensation Committee Interlocks and Insider Participation

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During 2003, none of the members of the ECC is or was an officer or employee of the Company. None of the Company's executive officers has served as a director or member of the compensation committee (or other committee serving an equivalent function) of any other entity whose executive officers served as a Director or member of BJS ECC.

Compensation of Executives

The following table sets forth certain information concerning the annual and long-term compensation paid for fiscal 2003, 2002 and 2001 to (i) the Company's Chief Executive Officer and (ii) the Company's four other most highly compensated executive officers who were serving as executive officers of the Company on January 31, 2004 (collectively, the Named Executive Officers).

Summary Compensation Table

Name and Principal Position	Year(1)	Annual Compensation			Long-Term Compensation		All Other Compensation(5)
		Salary	Bonus	Other Annual Compensation(2)	Awards	Payouts	
					Securities Underlying Options(3)	LTIP Payouts(4)	
Michael T. Wedge <i>President and Chief Executive Officer</i>	2003	\$ 634,135	\$ 393,508	\$ 21,988	250,000	\$ 157,095	\$ 36,850
	2002	404,712		16,199	150,000	157,095	25,048
	2001	288,462	93,038	14,407	25,000	303,160	19,435
Herbert J. Zarkin <i>Chairman of the Board</i>	2003	467,788		177,856	250,000		29,389
	2002	350,000		14,009			22,764
	2001	350,000		21,767			20,900
Frank D. Forward <i>Executive Vice President, Chief Financial Officer</i>	2003	368,462	137,189	12,776	100,000	157,095	24,413
	2002	316,058		12,650	50,000	157,095	21,303
	2001	273,462	88,200	13,395	25,000	303,160	18,773
Edward F. Giles(6) <i>Executive Vice President, Club Operations</i>	2003	286,923	106,829	9,949	50,000	109,967	19,489
	2002	208,058		8,327	35,000	109,967	15,117
Kellye L. Walker(7) <i>Senior Vice President, General Counsel & Secretary</i>	2003	210,097	65,187		10,000		

Counsel & Secretary

- (1) 2003 refers to the 52-week year ended January 31, 2004. 2002 refers to the 52-week year ended February 1, 2003. 2001 refers to the 52-week year ended February 2, 2002.
- (2) Includes reimbursement for tax liabilities related to the Company's Executive Retirement Plan (BJERP) (see Retirement Benefits). Excludes perquisites having an aggregate value less than the lesser of \$50,000 or 10% of salary plus bonus, except in the case of Mr. Zarkin, where the reported amount includes an aggregate of \$177,856 of perquisites, \$141,818 of which relate to Company-paid air travel (valued based on the cost to the Company of providing such air travel).
- (3) Reflects the grant of options to purchase common stock. The Company has never granted stock appreciation rights.
- (4) Payouts for 2003 and 2002 each represent 50% of the BJGIP award earned by the Named Executive Officers for the three-year performance period ended February 1, 2003. Payouts for 2001 represent the remaining 50% of the BJGIP award earned by the Named Executive Officers for the three-year performance period ended February 3, 2001.

- (5) For 2003, represents the Company's contributions under the BJS 401(k) Savings Plan for Salaried Employees and the BJERP (see Retirement Benefits) as presented below:

	2003 Company Contributions	
	401(k)	
	Savings Plan	BJERP
Michael T. Wedge	\$ 5,143	\$ 31,707
Herbert J. Zarkin	6,000	23,389
Frank D. Forward	5,990	18,423
Edward F. Giles	5,143	14,346
Kellye L. Walker		

- (6) Mr. Giles was elected Executive Vice President, Club Operations in September 2002. Immediately prior to the election, Mr. Giles served as Senior Vice President, Club Operations.
- (7) Ms. Walker was elected Senior Vice President, General Counsel and Secretary in February 2003.

Stock Option Grants

The following table sets forth the stock option grants made by the Company to each of the Named Executive Officers during 2003:

Option Grants in Last Fiscal Year

Name	Individual Grants				Potential Realizable Value at Assumed Annual Rates of Stock Price Appreciation		
	Number of Securities Underlying Options Granted(1)	Percent of Total Options Granted to Employees in Fiscal Year	Exercise or Base Price Per Share(1)	Expiration Date	For Option Term(2)		
					0%(3)	5%	10%
	Granted(1)	Year	Share(1)	Date	0%(3)	5%	10%
Michael T. Wedge	250,000	10.8%	\$ 15.01	5/22/13	\$0	\$ 2,359,927	\$ 5,980,519
Herbert J. Zarkin	250,000	10.8%	15.01	5/22/13	0	2,359,927	5,980,519
Frank D. Forward	100,000	4.3%	15.01	5/22/13	0	943,971	2,392,207
Edward F. Giles	50,000	2.2%	15.01	5/22/13	0	471,985	1,196,104
Kellye L. Walker	10,000	0.4%	14.39	2/06/13	0	90,498	229,340

- (1) All options granted in 2003 were granted with an exercise price equal to the closing price of the common stock on the New York Stock Exchange on the date of grant. These options expire ten years from the grant date and vest in equal annual installments over four years. All options vest upon a change of control (as defined in the 1997 Stock Incentive Plan).
- (2) The dollar amounts in these columns are the result of calculations at 0% and the arbitrary appreciation rates of 5% and 10% set by the SEC and are not intended to forecast possible future appreciation, if any, of the Company's stock price.
- (3)

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No gain to the optionees is possible without an appreciation in stock price, which will benefit all stockholders commensurately. A zero percent stock price appreciation will result in zero gain for the optionee.

Aggregated Option Exercises and Valuation

The following table sets forth, on an aggregated basis, the exercise of stock options during fiscal 2003 by each of the Named Executive Officers and the fiscal year-end value of unexercised options held by such officers:

**Aggregated Option Exercises in Last Fiscal Year
and Fiscal Year-End Option Values**

	Number of Shares Acquired on Exercise	Value Realized	Number of Securities Underlying Unexercised Options at Fiscal Year-End		Value of Unexercised In-The-Money Options at Fiscal Year-End(1)	
			Exercisable	Unexercisable	Exercisable	Unexercisable
Michael T. Wedge		\$	250,862	381,250	\$ 661,815	\$ 1,660,000
Herbert J. Zarkin			617,500	312,500	5,124,150	1,660,000
Frank D. Forward			176,250	156,250	276,344	664,000
Edward F. Giles			29,250	85,250	8,725	332,000
Kellye L. Walker				10,000		72,600

(1) Based on the fair market value of the common stock on January 30, 2004 (\$21.65 per share), less the option exercise price.

Long-Term Incentive Plans Awards in Last Fiscal Year

The following table sets forth information related to long-term incentive awards granted to the Named Executive Officers during fiscal 2003 pursuant to the BJGIP:

Name	Number of Shares, Units of Other Rights	Performance or Other Period Until Maturation or Payout	Estimated Future Payouts under Non-Stock Price-Based Plans		
			Threshold	Target	Maximum
Michael T. Wedge	15 Units	fiscal 2003-fiscal 2005	\$ 300,000	\$ 300,000	\$ 2,000,000
Herbert J. Zarkin (1)	0 Units	fiscal 2003-fiscal 2005			
Frank D. Forward	10 Units	fiscal 2003-fiscal 2005	200,000	200,000	2,000,000
Edward F. Giles	10 Units	fiscal 2003-fiscal 2005	200,000	200,000	2,000,000
Kellye L. Walker	7 Units	fiscal 2003-fiscal 2005	140,000	140,000	2,000,000

(1) Mr. Zarkin does not participate in the BJGIP.

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Employees in high-level management positions in the Company, as selected by the ECC, were awarded units under the BJGIP during fiscal 2003. The threshold and target amounts in the table above would be earned upon achievement of a minimum cumulative three-year net income goal equal to planned net income in fiscal 2003 plus 10% compounded growth over planned fiscal 2003 net income in fiscal 2004 and fiscal 2005. The minimum value of each unit awarded is \$20,000 only if the minimum cumulative three-year net income goal is achieved. No payment will be made if the goal is not achieved. The value of each unit would increase by a designated percentage of net income achieved in excess of the goal. No individual award payment can exceed \$2,000,000 in any calendar year. This limit is reflected in the maximum amount column of the table above. The dollar amounts in the table are not intended to forecast future payments, if any, under the BJGIP.

The cash award, if any, earned under the BJGIP for the three-year award period ending January 28, 2006 will be paid in April 2006 to participants employed through March 31, 2006. No payment will be made unless the minimum three-year net income goal is achieved.

Equity Compensation Plan Information

The following table provides information about the securities authorized for issuance under the Company's equity compensation plans as of January 31, 2004:

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders	6,029,744	\$ 22.75	459,443(1)
Equity compensation plans not approved by security holders (2)			
Total	6,029,744	\$ 22.75	459,443

- (1) The number of securities remaining for future issuance consists of 459,443 shares issuable under the Company's 1997 Stock Incentive Plan, which was approved by the Company's stockholders. Awards under the 1997 Stock Incentive Plan may include restricted stock, unrestricted stock, stock appreciation rights, performance shares or other equity-based awards, as the Board of Directors may determine. This number excludes the additional 4,000,000 shares that would be available for issuance if Proposal Two is adopted.
- (2) The Company has no equity compensation plans not approved by security holders.

Retirement Benefits

Under the BJERP, employees in high-level management positions in the Company, including all executive officers, as selected by the ECC, are eligible to receive annual cash retirement contributions in an amount determined by the ECC; provided that the annual retirement contribution shall equal, on an after-tax basis, at least three percent of the participant's base salary. All amounts paid under the BJERP are to be used exclusively to fund an investment vehicle, selected by the ECC, which is appropriate to provide retirement income, such as an insurance policy.

The Company made retirement contributions after the end of 2003 equal to 5% (net of taxes) of each participant's base salary during 2003. If a participant terminates employment prior to the end of the fiscal year in which the participant is credited with four years of service, the participant forfeits the right to any benefit under the BJERP. As of January 31, 2004, all executive officers except Ms. Walker were credited with at least four years of service.

Employment and Severance Agreements

Pursuant to his employment agreement, Mr. Wedge receives an annual base salary of \$675,000 and participates in specified incentive and other benefit plans. The Company is entitled to terminate Mr. Wedge's employment at any time with or without cause (as defined). If Mr. Wedge's employment is terminated by the Company other than for cause, the Company is required to pay certain cash compensation amounts and to continue payment of Mr. Wedge's base salary and certain benefits for 12 months after termination at the rate in effect upon termination. The

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continuing base salary payments are subject to reduction after three months for compensation earned by Mr. Wedge from other employment, and the continuing benefits are subject to reduction at any time for comparable benefits received by Mr. Wedge from other employment.

Pursuant to his employment agreement, Mr. Zarkin receives an annual base salary of \$525,000 and participates in specified incentive and other benefit plans. Mr. Zarkin's employment agreement continues in effect until such time as either party terminates the agreement. Mr. Zarkin does not participate in BJGIP or MIP.

Mr. Zarkin must generally devote approximately one-half of his working time and attention to the performance of his duties and responsibilities under his employment agreement. The Company is entitled to terminate Mr. Zarkin's employment at any time with or without cause (as defined). If his employment terminates by reason of death, disability, incapacity or termination by the Company other than for cause, or if Mr. Zarkin resigns as a result of his being removed from his position with the Company or as result of being relocated more than 40 miles from the Company's current headquarters, Mr. Zarkin is entitled to payment of certain cash compensation amounts and continuation of base salary and certain benefits for a period of 12 months after termination at the rate in effect upon termination. Any stock options or other stock-based awards held by Mr. Zarkin on the date of termination will continue to vest for three years, when they will expire, unless they expire earlier by their terms. The continuing base salary payments are subject to reduction after three months for compensation earned by Mr. Zarkin from other employment, and the continuing benefits are subject to reduction at any time for comparable benefits received by Mr. Zarkin from other employment.

The Company has an employment agreement with each of Messrs. Forward and Giles and Ms. Walker under which they receive annual base salaries of \$375,000, \$300,000, and \$215,000, respectively, and participate in specified incentive and other benefit plans. If employment is terminated by the Company other than for cause, each such executive is entitled to payment of certain cash compensation amounts and to certain benefits and continuation of base salary for 12 months after termination at the rate in effect upon termination. The continuing base salary payments to Messrs. Forward and Giles are subject to reduction after three months for compensation earned by the executive from other employment. The continuing base salary payments to Ms. Walker are payable and are not subject to reduction provided that at the time of termination, Ms. Walker executes a suitable release agreement for the benefit of the Company. The continuing base salary payments to Ms. Walker do, however, cease if she becomes employed by certain organizations that compete against the Company. The continuing benefits to each of Messrs. Forward and Giles and Ms. Walker are subject to reduction at any time for comparable benefits received by the executive from other employment.

Change of Control Severance Benefits

The Company provides change of control severance benefits to its executive officers under individual agreements. Under the agreements, in general, upon the earlier of a Change of Control or a Potential Change of Control (as such terms are defined in the agreements) of the Company, the executive would be entitled to accelerated lump-sum payments of the MIP target award prorated for the year in which the change of control occurs. If, during the Standstill Period (which is 24 months after a Change of Control, except that if a Change of Control does not occur within 12 months of the Potential Change of Control, the Standstill Period will end 12 months after the Potential Change of Control), the Company were to terminate the executive's employment other than for cause (as defined) or the executive were to terminate employment for reasons specified in the agreement, or if employment were to terminate by reason of death, disability or incapacity, the executive would be entitled to receive an amount equal to, in the case of Ms. Walker, two times her base salary and MIP, in the case of Messrs. Forward and Giles, two and one-half times their base salaries and MIP, and in the case of Mr. Wedge, three times his base salary and MIP, unless the executive's termination occurs between eight and twelve months after a Change of Control and is voluntary, in which event the executive would be entitled to receive an amount equal to the executive's annual salary and MIP. For up to two years following termination in the case of Ms. Walker, two and one-half years in the case of each of Messrs. Forward and Giles, and three years in the case of Mr. Wedge, the Company would also be obligated to provide specified benefits, including continued medical and life insurance benefits, unless the executive's termination occurs between eight and twelve months after a Change of Control and is voluntary, in which event the executive would be entitled to receive such benefits for up to one year. In the event of a Change of Control, the Company may reduce any payments to the executive to the extent necessary to preserve the tax deductibility of such payments under the Code. The Company would also be obligated to pay all legal fees and expenses reasonably incurred by the executive in seeking enforcement of contractual rights to which the executive becomes entitled during the Standstill Period. In addition, upon involuntary termination within the Standstill Period, any agreement by the executive not to compete with the Company following termination of the executive's employment would cease to be effective.

Indemnification Agreements

The Company has entered into agreements with each of its directors and executive officers indemnifying them against expenses, settlements, judgments and fines incurred in connection with any threatened, pending or completed action, suit, arbitration or proceeding, where the individual's involvement is by reason of the fact that he or she is or was a director or officer of the Company or served at the Company's request as a director of another organization (except that indemnification is not provided against judgments and fines in a derivative suit unless permitted by Delaware law). An individual may not be indemnified if he or she is found not to have acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the Company, except to the extent Delaware law permits broader contractual indemnification. The indemnification agreements provide procedures, presumptions and remedies designed to substantially strengthen the indemnity rights beyond those provided by the Company's Amended and Restated Certificate of Incorporation and by Delaware law.

Certain Transactions

During fiscal 2003, Messrs. Gerald and Norman Zarkin, brothers of Mr. Zarkin, the Company's Chairman of the Board, had an interest in the following business transactions involving the Company.

In fiscal 2003, the Company purchased approximately \$77,000 in merchandise from Tee's Plus Corporation (Tee's Plus), where Mr. Gerald Zarkin is an employee. Mr. Gerald Zarkin earned approximately \$2,300 in commissions and other payments from Tee's Plus with respect to these purchases by the Company. In addition, the Company has a consignment arrangement with Universal Supply MC, LLC (Universal) for the sale of specialty caps and also purchases certain merchandise from Universal. The Company provides space in its clubs for the display of Universal's cap inventory and the Company receives a percentage of the sales made by Universal to the Company's members. In fiscal 2003, the total amount of consignment sales was approximately \$170,000, of which the Company received approximately \$28,000 from Universal pursuant to this arrangement. In addition, the Company paid approximately \$75,000 for merchandise purchased from Universal. Mr. Gerald Zarkin has a ten percent interest in Universal and received approximately \$6,400 in commissions related to these transactions.

Mr. Norman Zarkin is the sole shareholder of The Zarkin Group, Inc. The Zarkin Group, Inc. serves as a consultant for Wireless Retail, Inc. (WRI), which provides direct sales of wireless services and equipment to the Company's members. Pursuant to an arrangement between the Company and WRI, the Company provides WRI with space in the Company's clubs and the Company receives a flat fee calculated based on sales volume plus a percentage of the sales made by WRI to the Company's members. In fiscal 2003, the Company received approximately \$3 million from WRI pursuant to this arrangement and The Zarkin Group, Inc. was paid approximately \$112,500 in consulting fees and commissions by WRI with respect to sales by WRI to the Company's members. In addition, in fiscal 2003, The Zarkin Group, Inc. received approximately \$17,700, in the aggregate, in commissions for sales made to the Company by The Stratis Group, Inc., RK Tex, Inc. and Cutie Pie Baby, Inc., each of which is a vendor of the Company. In the aggregate, the Company purchased approximately \$4.2 million of merchandise from these vendors.

The Company 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.

During fiscal 2003, the Company 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. The Company paid fees for these services totaling approximately \$78,300 in fiscal 2003. 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 Corp. and, as of December 31, 2003, FMR Corp. beneficially owned more than five percent of the Company's common stock.

PROPOSAL TWO

AMENDMENT TO THE 1997 STOCK INCENTIVE PLAN

On April 6, 2004, the Board of Directors adopted, subject to stockholder approval, amendments to the Company's 1997 Stock Incentive Plan increasing by 4,000,000 the maximum number of shares of common stock issuable under the plan and making the other changes described below.

As of April 12, 2004, awards with respect to an aggregate of 6,772,484 shares (net of cancellations and forfeitures) had been granted under the 1997 Stock Incentive Plan and 528,068 shares remained available for future awards.

The Board of Directors believes that the proposed increase in the number of shares issuable under the 1997 Stock Incentive Plan and the other changes described below will facilitate the purposes of the 1997 Stock Incentive Plan, which are to advance the interests of the Company's stockholders by enhancing the Company's ability to attract, retain and motivate persons who make (or are expected to make) important contributions to the Company by providing such persons with equity ownership opportunities and performance-based incentives and thereby better aligning the interests of such persons with those of the Company's stockholders. The Board of Directors believes that the continued grant of options and stock-based awards is an important element in attracting and retaining key employees who are expected to contribute to the Company's growth and success.

**THE COMPANY'S BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE
ADOPTION OF THE AMENDMENT TO THE 1997 STOCK INCENTIVE PLAN**

Proposed Amendments to the 1997 Stock Incentive Plan

In addition to increasing by 4,000,000 the number of shares available under the 1997 Stock Incentive Plan, the proposed amendments make the following material changes to the plan:

Stock Appreciation Rights (SARs). SARs are awards entitling the holder, upon exercise, to receive an amount in cash or common stock determined in whole or in part by reference to appreciation, from and after the date of grant, in the fair market value of a share of common stock. Although the 1997 Stock Incentive Plan currently authorizes the granting of SARs, the plan does not contain provisions describing the nature and terms of such awards. The proposed amendments add provisions, which are described below, specifically addressing the exercisability and exercise of SARs.

Deferred Stock Awards and Deferred Delivery. The proposed amendments specifically permit the deferred delivery of stock issuable upon exercise of options and other awards and the grant of restricted stock units and deferred stock units, which are awards that provide for future issuance of stock at such time or times and on such conditions as the Board shall specify.

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Performance-based Awards. The proposed amendments authorize the use of performance criteria for specified restricted stock awards or other stock-based awards. A Committee of the Board consisting of outside directors as defined under Section 162(m) of the Internal Revenue Code could grant restricted stock awards or other stock-based awards that vest solely upon satisfaction of certain performance criteria and are subject to other restrictions necessary to ensure that such awards satisfy all requirements for qualified performance-based compensation within the meaning of Section 162(m)(4)(C) of the Code. The performance criteria for each award that vests solely upon satisfaction of performance criteria will be based on the relative or absolute attainment of one or more of the following measures: 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, return on equity, and return on investment. The Committee may not make any adjustments to the performance criteria to increase the incentive payment to

executive officers except to make appropriate adjustments in the event of certain specified types of transactions, provided that in no case shall any such adjustment be made if it would cause an award to no longer qualify as performance-based compensation under Section 162(m) of the Code.

Increase in Section 162(m) Per-Participant Limit. The proposed amendments increase from 500,000 per calendar year to 1,000,000 per fiscal year the maximum number of shares with respect to which awards may be granted to any participant under the plan.

Sublimits for Certain Types of Awards. The 1997 Stock Incentive Plan does not currently place any limit on the number of shares authorized under the plan that may be issued for certain types of awards. The proposed amendments set the maximum number of shares with respect to which awards other than options or SARs may be granted from and after the date of the 2004 annual meeting at 1,000,000 and set the maximum number of shares with respect to which awards may be granted from and after the date of the 2004 annual meeting to directors who are not employees of the Company at the time of grant at 300,000.

Automatic Grants of Options to Directors. The proposed amendments provide for automatic grants of options to directors. Initially, upon the commencement of service on the Board by any individual who is not then an employee of the Company or any subsidiary of the Company, the Company would grant to such person an option to purchase 10,000 shares of common stock. Thereafter, on the date of each annual meeting of stockholders of the Company, the Company would grant to each member of the Board who is both serving as a director of the Company immediately prior to and immediately following such annual meeting and who is not then an employee of the Company or any of its subsidiaries, an option to purchase 5,000 shares of common stock, provided, however, that a director would not be eligible to receive such annual option grant until he or she has served on the Board for at least six months. Such options would have an exercise price equal to the closing sale price of the Company's common stock on the date of grant, would vest on a cumulative basis as to one-third of the shares subject to the option on the first day of the month of each of the first three anniversaries of the date of grant of such option (provided that no additional vesting will take place after the participant ceases to serve as a director and further provided that 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), and would expire on the earlier of 10 years from the date of grant or one year following cessation of service on the Board. The Board may from time to time increase or decrease the number of shares that will automatically be granted.

Repricing of Options. The proposed amendments prohibit the repricing of options without shareholder approval.

Tax Withholding. The proposed amendments extend the plan's existing broker-assisted exercise procedures to encompass the payment of any required tax withholding, limit the total tax withholding where stock is being used to satisfy withholding obligations to the Company's minimum statutory withholding obligations (except as otherwise provided by the Board) and provide that shares surrendered to satisfy tax withholding requirements cannot be subject to any repurchase, forfeiture, unfulfilled vesting or other similar requirements.

Share Counting. The proposed amendments clarify that shares of common stock repurchased by the Company at the original issue price pursuant to a contractual repurchase right and shares of common stock that are not issued as a result of an award being settled for cash will again be available for grant under the plan. The proposed amendments further provide that shares of common stock tendered to the Company by a participant to exercise an award will be added to the number of shares available for grant under the plan. Each of the following provisions is subject, in the case of incentive stock options, to any limitations of the Code.

Description of the 1997 Stock Incentive Plan (as proposed to be amended)

The following is a summary of the 1997 Stock Incentive Plan (as proposed to be amended), a copy of which is attached as Appendix B. The following summary is qualified in its entirety by reference to the plan.

General

The 1997 Stock Incentive Plan provides for the grant of incentive stock options, nonstatutory stock options, stock appreciation rights, restricted stock awards and other stock-based awards, including the grant of shares based upon certain conditions and the grant of securities convertible into common stock, which the Company collectively refers to as awards. Awards may be made under the plan for shares of the Company's common stock up to the sum of (i) 10,000,000 plus (ii) such number (up to 4,000,000) equal to the sum of (x) the number of shares that remained available for grant under the Company's 1997 Replacement Stock Incentive Plan upon its expiration in January 1998 plus (y) the number of shares subject to awards under the 1997 Replacement Stock Incentive Plan which are not actually issued pursuant to such awards because such awards expire or are terminated, surrendered or cancelled without having been fully exercised or are forfeited in whole or in part or otherwise result in any common stock not being issued.

Types of Awards

Incentive stock options and nonstatutory stock options. Optionees receive the right to purchase a specified number of shares of common stock at a specified option price and subject to such other terms and conditions as are specified in connection with the option grant. Options may not be granted at an exercise price which is less than 100% of the fair market value of the Company's common stock on the date of grant and may not be granted for a term in excess of ten years. Incentive stock options granted to any employee who owns more than 10% of the Company's common stock (or stock of the Company's subsidiaries) have additional restrictions. The 1997 Stock Incentive Plan permits the Board of Directors to determine the manner of payment of the exercise price of options, including through payment by cash, check or, in connection with a cashless exercise through a broker, by surrender to the Company of shares of common stock, by delivery to the Company of a promissory note, or by any other lawful means. The Board may provide for the deferred delivery of shares issuable upon exercise of an option.

Stock appreciation rights. SARs may be based solely on appreciation in the fair market value Company's common stock or on a comparison of such appreciation with some other measure of market growth such as (but not limited to) appreciation in a recognized market index. SARs may be granted in tandem with, or independently of, options granted under the plan. When a SAR is granted in tandem with options, the SAR is generally exercisable only at such time, and to the extent, that the related option is exercisable, the SAR will generally terminate upon the termination or exercise of the related option, the related option will terminate and no longer be exercisable upon the exercise of the related SAR, and the SAR will be transferable only with the related Option. The Board may designate other provisions in connection with an acquisition event or a change in control event (as such terms are defined in the plan).

Restricted stock awards. Restricted stock awards entitle recipients to acquire shares of common stock, subject to the Company's right to repurchase all or part of such shares from the recipient in the event that the conditions specified in the applicable award are not satisfied prior to the end of the applicable restriction period established for such award. At the time any restricted stock award is granted, the Board of Directors may provide that at the time common stock would otherwise be delivered pursuant to the award, the participant shall instead receive an instrument evidencing the right to future delivery of such shares and upon such conditions as the Board may specify.

Other stock-based awards. Under the 1997 Stock Incentive Plan, the Board of Directors has the right to grant other awards based upon the common stock having such terms and conditions as the Board of Directors may determine, including the grant of shares based upon certain conditions and the grant of securities convertible into common stock. At the time any such award is granted, the

Board of Directors

may provide that at the time common stock would otherwise be delivered pursuant to the award, the participant shall instead receive an instrument evidencing the right to future delivery of such shares upon such conditions as the Board may specify. As of the date of this proxy statement, the Company has never granted such other stock-based awards under the 1997 Stock Incentive Plan.

Eligibility to receive awards

All of the Company's employees, officers, directors, consultants and advisors are eligible to receive awards under the 1997 Stock Incentive Plan. The maximum number of shares with respect to which an award may be granted to any participant under the 1997 Stock Incentive Plan may not exceed 1,000,000 shares of common stock per fiscal year. For purposes of this limit, the combination of an option in tandem with an SAR is treated as a single award. For the purposes of the 1997 Stock Incentive Plan, Company includes any present or future subsidiary of the Company.

The 1997 Stock Incentive Plan limits the number of shares with respect to which awards other than options or SARs may be granted from and after the date of the 2004 annual meeting to 1,000,000 and limits number of shares with respect to which awards may be granted from and after the date of the 2004 annual meeting to directors who are not employees of the Company at the time of grant to 300,000.

Since the original adoption of the 1997 Stock Incentive Plan, awards for the following number of shares of common stock have been granted under the plan to the following persons and groups: Michael T. Wedge, President and Chief Executive Officer (620,000); Herbert J. Zarkin, Chairman of the Board (500,000); Frank D. Forward, Executive Vice President, Chief Financial Officer (370,000); Edward F. Giles, Executive Vice President, Club Operations (157,000); Kellye L. Walker, Senior Vice President, General Counsel and Secretary (10,000); all current executive officers as a group (1,657,000); all current directors who are not executive officers as a group (37,500); S. James Coppersmith, nominee for director (7,500); Thomas J. Shields, nominee for director (7,500); and all BJS employees other than executive officers as a group (7,030,338).

On April 12, 2004, the closing sale price of the Company's common stock on the NYSE was \$25.14.

New Plan Benefits

As of April 12, 2004, the Company had approximately 18,500 employees and five non-employee directors, all of whom were eligible to participate in the 1997 Stock Incentive Plan. The granting of awards under the 1997 Stock Incentive Plan is discretionary, and, other than as described above with respect to automatic grants to directors, the Company cannot now determine the number or type of awards to be granted in the future to any particular person or group.

The following table indicates the benefits that will be received by each Named Executive Officer and the indicated groups under the 1997 Stock Incentive Plan, to the extent such amounts are known as of the date of this proxy statement:

(.27)	(0.30)	(.04)	18.06	16.24
			Nuveen Investments	
			20	

	Ratios/Supplemental Data								
	Total Returns		Ratios to Average Net Assets Before Income Taxes/ Tax Benefit (Expense)(c)			Ratios to Average Net Assets(c)(d)		Current and Deferred Tax Benefit (Expense)	Port Turn Ra
	Based on Market Value(b)	Based on Net Asset Value(b)	Ending Net Assets (000)	Expenses	Net Investment Income (Loss)	Expenses	Net Investment Income (Loss)		
Year Ended 10/31:									
2011	(.82)%	7.25%	\$ 262,851	(1.20)%	(1.20)%	(4.93)%	(1.17)%	(3.73)%	3
2010	26.91	36.28	258,158	(1.31)	(1.31)	(8.36)	(.86)	(7.05)	16
2009	20.47	25.04	198,284	(1.35)	(1.32)	(1.35)	(1.32)		38
2008	(12.82)	(29.45)	170,399	(1.33)	(.62)	(1.33)	(.62)		5
2007(e)	(17.37)	(3.77)	262,603	(1.35)*	.62*	(1.35)*	.62*		

(a) Per share Net Investment (Loss) is calculated using the average daily shares method.

(b) For the fiscal years ended subsequent to October 31, 2009, Total Return Based on Market Value is the combination of changes in the market price per share and the effect of reinvested dividend income and reinvested capital gains distributions, if any, at the average price paid per share at the time of reinvestment. The last dividend declared in the period, which is typically paid on the first business day of the following month, is assumed to be reinvested at the ending market price. The actual reinvestment for the last dividend declared in the period may take place over several days, and in some instances may not be based on the market price, so the actual reinvestment price may be different from the price used in the calculation. Total returns are not annualized.

For the fiscal years ended subsequent to October 31, 2009, Total Return Based on Net Asset Value is the combination of changes in net asset value, reinvested dividend income at net asset value and reinvested capital gains distributions at net asset value, if any. The last dividend declared in the period, which is typically paid on the first business day of the following month, is assumed to be reinvested at the ending net asset value. The actual reinvest price for the last dividend declared in the period may often be based on the Fund's market price (and not its net asset value), and therefore may be different from the price used in the calculation. Total returns are not annualized.

For the period June 29, 2007, (commencement of operations) through October 31, 2009, Total Returns Based on Market Value and Net Asset Value reflect the performance of the Fund based on a calculation approved by Fund management of IQ Advisors. Total returns based on the calculations described above may have produced substantially different results. Total returns are not annualized.

(c) Ratios do not reflect the effect of custodian fee credits earned on the Fund's net cash on deposit with the custodian bank, where applicable.

(d) Expenses ratios include current and deferred tax benefit (expense) allocated to net investment income (loss) and deferred tax expense allocated to realized and unrealized gain (loss). Net Investment Income (Loss) ratios exclude deferred tax expense allocated to realized and unrealized gain (loss).

(e) For the period June 29, 2007 (commencement of operations) through October 31, 2007.

* Annualized.

See accompanying notes to financial statements.

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Notes to

FINANCIAL STATEMENTS

1. General Information and Significant Accounting Policies

General Information

MLP & Strategic Equity Fund Inc. (the "Fund") is a closed-end management investment company registered under the Investment Company Act of 1940, as amended. The Fund's shares are listed on the New York Stock Exchange ("NYSE") under the symbol "MTP." After the close of business on October 6, 2010, Nuveen Asset Management, a wholly-owned subsidiary of Nuveen Investments, Inc. ("Nuveen"), assumed the role of investment adviser for the Fund from IQ Investment Advisers LLC ("IQ Advisors") following a vote by Fund shareholders on September 30, 2010. The transition from IQ Advisors to the Advisor did not result in any change to the Fund's investment objective or principal investment strategies.

Effective January 1, 2011, the Fund's adviser, Nuveen Asset Management, changed its name to Nuveen Fund Advisors, Inc. (the "Adviser").

The Fund's investment objective is to provide a high level of after-tax total return. The Fund pursues its investment objective by investing substantially all of its net assets in publicly traded master limited partnerships ("MLPs") operating in the energy infrastructure sector of the market.

Significant Accounting Policies

The following is a summary of significant accounting policies followed by the Fund in the preparation of its financial statements in accordance with accounting principles generally accepted in the United States ("U.S. GAAP").

Investment Valuation

Common stocks and other equity-type securities, such as MLPs, are valued at the last sales price on the securities exchange on which such securities are primarily traded and are generally classified as Level 1 for fair value measurement purposes. Securities primarily traded on the NASDAQ National Market ("NASDAQ") are valued, except as indicated below, at the NASDAQ Official Closing Price and are generally classified as Level 1. However, securities traded on a securities exchange or NASDAQ for which there were no transactions on a given day or securities not listed on a securities exchange or NASDAQ are valued at the quoted bid price. Investments in open-end funds are valued at their respective net asset values on the valuation date. These investment vehicles are generally classified as Level 1.

Certain securities may not be able to be priced by the pre-established pricing methods as described above. Such securities may be valued by the Fund's Board of Directors or its designee at fair value. These securities generally include, but are not limited to, restricted securities (securities which may not be publicly sold without registration under the Securities Act of 1933, as amended) for which a pricing service is unable to provide a market price; securities whose trading has been formally suspended; debt securities that have gone into default and for which there is no current market quotation; a security whose market price is not available from a pre-established pricing source; a security with respect to which an event has occurred that is likely to materially affect the value of the security after the market has closed but before the calculation of

the Fund's net asset value (as may be the case in non-U.S. markets on which the security is primarily traded) or make it difficult or impossible to obtain a reliable market quotation; and a security whose price, as provided by the pricing service, is not deemed to reflect the security's fair value. As a general principle, the fair value of a security would appear to be the amount that the owner might reasonably expect to receive for it in a current sale. A variety of factors may be considered in determining the fair value of such securities, which may include consideration of the following: yields or prices of investments of comparable quality, type of issue, coupon, maturity and rating, market quotes or indications of value from security dealers, evaluations of anticipated cash flows or collateral, general market conditions and other information and analysis, including the obligor's credit characteristics considered relevant. These securities are generally classified as Level 2 or Level 3 depending on the priority of the significant inputs. Regardless of the method employed to value a particular security, all valuations are subject to review by the Fund's Board of Directors or its designee.

Refer to Footnote 2 Fair Value Measurements for further details on the leveling of securities held by the Fund as of the end of the reporting period.

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Master Limited Partnerships

The Fund may purchase both domestic and international MLPs. The Fund's investment in MLPs may include ownership of MLP common units and MLP subordinated units. The Fund also may purchase MLP I-Shares (together with the MLPs, the "MLP Entities"). MLP I-Shares are pay-in-kind securities created as a means to facilitate institutional ownership of MLPs by simplifying the tax and administrative implications of the MLP structure. Generally, when an MLP pays its quarterly cash distribution to unitholders, holders of I-Shares do not receive a cash distribution; rather, they receive a dividend of additional I-Shares from the MLP of comparable value to the cash distribution paid to each unitholder. The Fund may purchase interests in MLP Entities on an exchange or may utilize non-public market transactions to obtain its holdings, including but not limited to privately negotiated purchases of securities from the issuers themselves, broker-dealers, or other qualified institutional buyers.

Investment Transactions

Investment transactions are recorded on a trade date basis. Realized gains and losses from investment transactions are determined on the specific identification method, which is the same basis used for federal income tax purposes.

Investment Income

Dividend income is recorded on the ex-dividend date, or for foreign securities, when information is available. Interest income is recognized on the accrual basis.

The Fund records the character of distributions received from MLPs based on estimates made at the time such distributions are received. These estimates are based upon a historical review of information available from each MLP and other industry sources. The Fund's characterization of the estimates may subsequently be revised based on information received from MLPs after their tax reporting periods conclude. Distributions, recognized as "Distributions from master limited partnerships" on the Statement of Operations, are offset by amounts characterized as return of capital from the MLP entities. For the fiscal year ended October 31, 2011, the Fund estimated and characterized 100% of its distributions from MLPs as return of capital. No adjustments were made to the Fund's prior year return of capital estimate based on the 2010 tax reporting information received by the Fund subsequent to the end of the fiscal period.

Income Taxes

The Fund is treated as a regular corporation, or "C" corporation, for U.S. federal income tax purposes. Accordingly, the Fund is generally subject to U.S. federal income tax on its taxable income at statutory rates applicable to corporations (currently at a maximum rate of 35%). The estimated effective state income tax rate is (1.12)%. The Fund may be subject to a 20% federal alternative minimum tax on its federal alternative minimum taxable income to the extent that its alternative minimum tax exceeds its regular federal income tax.

The Fund's income tax provision consists of the following as of October 31, 2011, the Fund's tax year end:

Current tax expense (benefit):	
Federal	\$ 795
State	604,475
Total current tax expense (benefit)	\$ 605,270

Deferred tax expense (benefit):	
Federal	\$ 9,580,165
State	(388,458)
Total deferred tax expense (benefit)	\$ 9,191,707

The reconciliation between the federal statutory income tax rate of 35% and the effective tax rate on net investment income (loss) and realized and unrealized gain (loss) follows:

Description	Amount	Rate
Application of statutory income tax rate	\$ 9,826,277	35.00%
State income taxes net of federal benefit	(314,111)	(1.12)
Effect of permanent differences	10,201	.04
Effect of valuation allowance	318,562	1.13
Effect of other items	(43,952)	(.16)
Total income tax expense (benefit)	\$ 9,796,977	34.89%

The Fund invests its assets primarily in MLPs, which generally are treated as partnerships for Federal income tax purposes. As a limited partner in the MLPs, the Fund includes its allocable share of the MLPs' taxable income in computing its own taxable income. The Fund's tax expense or benefit is recognized on the Statement of Operations based on the component of income or gains (losses) to which such expense or benefit relates. Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Such temporary differences are

Notes to

FINANCIAL STATEMENTS (continued)

principally: (i) taxes on unrealized gains/(losses), which are attributable to the temporary difference between fair market value and tax basis, (ii) the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting and income tax purposes and (iii) the net tax benefit of accumulated net operating losses and capital loss carryforwards. Deferred tax assets and liabilities are measured using effective tax rates expected to apply to taxable income in the years such temporary differences are realized or otherwise settled. To the extent the Fund has a deferred tax asset, consideration is given to whether or not a valuation allowance is required. The determination of whether a valuation allowance is required is based on the evaluation criterion provided by ASC 740, Income Taxes ("ASC 740") that it is more-likely-than-not that some portion or all of the deferred tax asset will not be realized. Among the factors considered in assessing the Fund's valuation allowance: the nature, frequency and severity of current and cumulative losses, forecasts of future profitability, the duration of statutory carryforward periods and the associated risk that operating and capital loss carryforwards may expire unused.

Components of the Fund's deferred tax assets and liabilities as of October 31, 2011, the Fund's tax year end, are as follows:

Description	Deferred Benefit (Liability)
Deferred tax assets:	
Net operating loss carryforward (tax basis)	\$ 10,020,124
Capital loss carryforward (tax basis)	16,969,501
	\$ 26,989,625
Deferred tax liabilities:	
Accumulated net unrealized gain on investments (tax basis)	\$ (51,581,225)
Net deferred taxes before valuation allowance	\$ (51,581,225)
Less: valuation allowance	(1,203,835)
Net deferred tax assets (liabilities)	\$ (25,795,435)

Changes in the valuation allowance were as follows:

Balance, October 31, 2010	\$ 885,273
Provision to return	(42,361)
Change in state tax deferred rate	360,923
Balance, October 31, 2011	\$ 1,203,835

For all open tax years and all major taxing jurisdictions, management of the Fund has concluded that there are no significant uncertain tax positions that would require recognition in the financial statements. Open tax years are those that are open for examination by taxing authorities (i.e., generally the last four tax year ends and the interim tax period since then). Furthermore, management of the Fund is also not aware of any

tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefits will significantly change in the next twelve months.

At October 31, 2011, the cost and unrealized appreciation (depreciation) of investments, as determined on a federal income tax basis, were as follows:

Cost of investments	\$ 153,903,487
Gross unrealized:	
Appreciation	\$ 137,881,699
Depreciation	(12,514)
Net unrealized appreciation (depreciation) of investments	\$ 137,869,185

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As of the tax year ended October 31, 2011, the Fund had a net operating loss carryforward of \$25,094,589 of which \$8,390,692 expires in 2028, \$13,309,618 expires in 2029, \$1,440,597 expires in 2030 and \$1,953,682 expires in 2031.

As of the tax year ended October 31, 2011, the Fund had a net capital loss carryforward of \$45,327,694 of which \$21,869,195 expires in 2013, \$23,422,123 expires in 2014 and \$36,376 expires in 2015.

The net operating loss and capital loss expiration dates detailed above will be affected by the Fund's change to a November 30 tax year end, effective November 30, 2011. The change in tax year will result in the dates of expiry being accelerated by approximately one year.

Dividends and Distributions to Shareholders

Distributions to shareholders are recorded on the ex-dividend. The amount and timing of distributions are determined in accordance with federal income tax regulations, which may differ from U.S. GAAP.

During the period November 1, 2010 through January 31, 2011, distributions were declared and paid by the Fund on a monthly basis. Effective February 1, 2011, the Fund makes quarterly cash distributions of a stated dollar amount per share. Subject to approval and oversight by the Fund's Board of Directors, the Fund seeks to maintain a stable distribution level designed to deliver the long-term return potential of the Fund's investment strategy through regular quarterly distributions (a "Managed Distribution Program"). Total distributions during the fiscal year generally will be made from the Fund's net investment income, net realized capital gains and net unrealized capital gains in the Fund's portfolio, if any. The portion of distributions paid attributed to net unrealized gains, if any, is distributed from the Fund's assets and is treated by shareholders as a non-taxable distribution ("Return of Capital") for tax purposes. In the event that total distributions during the fiscal year exceed the Fund's total return on net asset value, the difference will reduce net asset value per share. If the Fund's total return on net asset value exceeds total distributions during the fiscal year, the excess will be reflected as an increase in net asset value per share. The final determination of the source and character of all distributions for the fiscal year are made after the end of the fiscal year and are reflected in the financial statements contained in the annual report as of October 31 each year.

Derivative Financial Instruments

The Fund is authorized to invest in certain derivative instruments, including futures, options and swap contracts. Although the Fund is authorized to invest in such derivative instruments, and may do so in the future, it did not invest in any such investments during the fiscal year ended October 31, 2011.

Custodian Fee Credit

The Fund has an arrangement with the custodian bank whereby certain custodian fees and expenses are reduced by net credits earned on the Fund's cash on deposit with the bank. Such deposit arrangements are an alternative to overnight investments. Credits for cash balances may be offset by charges for any days on which the Fund overdraws its account at the custodian bank.

Indemnifications

Under the Fund's organizational documents, its officers and directors are indemnified against certain liabilities arising out of the performance of their duties to the Fund. In addition, in the normal course of

business, the Fund enters into contracts that provide general indemnifications to other parties. The Fund's maximum exposure under these arrangements is unknown as this would involve future claims that may be made against the Fund that have not yet occurred. However, the Fund has not had prior claims or losses pursuant to these contracts and expects the risk of loss to be remote.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of increases and decreases in net assets from operations during the reporting period. Actual results may differ from those estimates.

2. Fair Value Measurements

Fair value is defined as the price that the Fund would receive upon selling an investment or transferring a liability in an orderly transaction to an independent buyer in the principal or most advantageous market for the investment. A three-tier hierarchy is used to maximize the use of observable market data and minimize the use of unobservable inputs and to establish classification of fair value measurements for disclosure purposes. Observable inputs reflect the assumptions market participants would use in pricing the asset or liability. Observable inputs are based on market data obtained from sources independent of the reporting entity. Unobservable inputs reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability. Unobservable inputs are based on the best information available in the circumstances. The three-tier hierarchy of inputs is summarized in the three broad levels listed below:

Level 1 Quoted prices in active markets for identical securities.

Level 2 Other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, credit risk, etc.).

Level 3 Significant unobservable inputs (including management's assumptions in determining the fair value of investments).

Nuveen Investments

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Notes to

FINANCIAL STATEMENTS (continued)

The inputs or methodologies used for valuing securities are not an indication of the risk associated with investing in those securities. The following is a summary of the Fund's fair value measurements as of October 31, 2011:

	Level 1	Level 2	Level 3	Total
Investments:				
Master Limited Partnerships & MLP Affiliates*	\$ 280,350,621	\$ 11,422,051	\$	\$ 291,772,672

* Refer to the Fund's Portfolio of Investments for industry breakdown of Master Limited Partnerships & MLP Affiliates classified as Level 2.

During the fiscal year ended October 31, 2011, the Fund recognized no significant transfers to or from Level 1, Level 2 or Level 3.

3. Derivative Instruments and Hedging Activities

The Fund records derivative instruments at fair value, with changes in fair value recognized on the Statement of Operations, when applicable. Even though the Fund's investments in derivatives may represent economic hedges, they are not considered to be hedge transactions for financial reporting purposes. The Fund did not invest in derivative instruments during the fiscal year ended October 31, 2011.

4. Fund Shares

During the fiscal year ended October 31, 2011, the Fund's Board of Directors approved a share repurchase program allowing the Fund to repurchase up to 10% of its outstanding shares. The Fund has not repurchased any of its outstanding shares since the inception of its share repurchase program.

Transactions in shares were as follows:

	Year Ended 10/31/11	Year Ended 10/31/10
Shares issued to shareholders due to reinvestment of distributions	10,620	82,529

5. Investments Transactions

Purchases and sales (excluding short-term investments) during the fiscal year ended October 31, 2011, aggregated \$109,023,566 and \$106,405,272, respectively.

6. Management Fees and Other Transactions with Affiliates

The Fund's management fee consists of two components a fund-level fee, based only on the amount of assets within the Fund, and a complex-level fee, based on the aggregate amount of all fund assets managed by the Adviser. This pricing structure enables Fund shareholders to benefit from growth in the assets within the Fund as well as from growth in the amount of complex-wide assets managed by the Adviser.

The annual fund-level fee, payable monthly, is calculated according to the following schedule:

Average Daily Managed Assets *	Fund-Level Fee Rate
For the first \$500 million	.9200%
For the next \$500 million	.8950
For the next \$500 million	.8700
For the next \$500 million	.8450
For managed assets over \$2 billion	.8200

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The annual complex-level fee, payable monthly, is calculated according to the following schedule:

Complex-Level Managed Asset Breakpoint Level *	Effective Rate at Breakpoint Level
\$55 billion	.2000%
\$56 billion	.1996
\$57 billion	.1989
\$60 billion	.1961
\$63 billion	.1931
\$66 billion	.1900
\$71 billion	.1851
\$76 billion	.1806
\$80 billion	.1773
\$91 billion	.1691
\$125 billion	.1599
\$200 billion	.1505
\$250 billion	.1469
\$300 billion	.1445

* For the fund-level and complex-level fees, managed assets include closed-end fund assets managed by the Adviser that are attributable to financial leverage. For these purposes, financial leverage includes the funds' use of preferred stock and borrowings and certain investments in the residual interest certificates (also called inverse floating rate securities) in tender option bond (TOB) trusts, including the portion of assets held by a TOB trust that has been effectively financed by the trust's issuance of floating rate securities, subject to an agreement by the Adviser as to certain funds to limit the amount of such assets for determining managed assets in certain circumstances. The complex-level fee is calculated based upon the aggregate daily managed assets of all Nuveen funds that constitute "eligible assets." Eligible assets do not include assets attributable to investments in other Nuveen funds or assets in excess of \$2 billion added to the Nuveen Fund complex in connection with the Adviser's assumption of the management of the former First American Funds effective January 1, 2011. As of October 31, 2011, the complex-level fee rate for the Fund was .1759%.

The management fee compensates the Adviser for overall investment advisory and administrative services and general office facilities. The Adviser is responsible for each Fund's overall strategy and asset allocation decisions. The Adviser has entered into an investment sub-advisory agreement with Fiduciary Asset Management, LLC ("FAMCO"). FAMCO is compensated for its services to the Fund from the management fee paid to the Adviser.

The Fund pays no compensation directly to those of its directors who are affiliated with the Adviser or to its officers, all of whom receive remuneration for their services to the Fund from the Adviser or its affiliates. The Board of Directors has adopted a deferred compensation plan for independent directors that enables directors to elect to defer receipt of all or a portion of the annual compensation they are entitled to receive from certain Nuveen advised funds. Under the plan, deferred amounts are treated as though equal dollar amounts had been invested in shares of select Nuveen advised funds.

7. New Accounting Pronouncements

Fair Value Measurements and Disclosures

On May 12, 2011, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2011-04 ("ASU No. 2011-04") modifying Topic 820, *Fair Value Measurements and Disclosures*. At the same time, the International Accounting Standards Board ("IASB") issued International Financial Reporting Standard ("IFRS") 13, Fair Value Measurement. The objective of the FASB and IASB is convergence of their guidance on fair value measurements and disclosures. Specifically, ASU No. 2011-04 requires reporting entities to disclose i) the amounts of any transfers between Level 1 and Level 2 and the reasons for the transfers and ii) for Level 3 fair value measurements, a) quantitative information about significant unobservable inputs used, b) a description of the valuation processes used by the reporting entity and c) a narrative description of the sensitivity of the fair value measurement to changes in unobservable inputs if a change in those inputs might result in a significantly higher or lower fair value measurement. The effective date of ASU No. 2011-04 is for interim and annual periods beginning after December 15, 2011. At this time, management is evaluating the implications of this guidance and the impact it will have on the financial statement amounts and footnote disclosures, if any.

8. Subsequent Events

Effective November 1, 2011, the Fund's fiscal and tax year ends changed from October 31 to November 30. As a result, the Fund will prepare an annual report for the one-month period ended November 30, 2011. This change in fiscal year end did not affect the objective, investment strategy or portfolio management of the Fund.

Nuveen Investments

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Board Members & Officers (Unaudited)

The management of the Funds, including general supervision of the duties performed for the Funds by the Adviser, is the responsibility of the Board Members of the Funds. The number of board members of the Fund is currently set at ten. None of the board members who are not "interested" persons of the Funds (referred to herein as "independent board members") has ever been a director or employee of, or consultant to, Nuveen or its affiliates. The names and business addresses of the board members and officers of the Funds, their principal occupations and other affiliations during the past five years, the number of portfolios each oversees and other directorships they hold are set forth below.

Name, Birthdate and Address	Position(s) Held with the Funds	Year First Elected or Appointed and Term⁽¹⁾	Principal Occupation(s) Including other Directorships During Past 5 Years	Number of Portfolios in Fund Complex Overseen by Board Member
Independent Board Members:				
g ROBERT P. BREMNER⁽²⁾				
8/22/40 333 W. Wacker Drive Chicago, IL 60606	Chairman of the Board and Board Member	1996 Class III	Private Investor and Management Consultant; Treasurer and Director, Humanities Council of Washington, D.C.; Board Member, Independent Directors Council affiliated with the Investment Company Institute.	241
g JACK B. EVANS				
10/22/48 333 W. Wacker Drive Chicago, IL 60606	Board Member	1999 Class III	President, The Hall-Perrine Foundation, a private philanthropic corporation (since 1996); Director and Chairman, United Fire Group, a publicly held company; member of the Board of Regents for the State of Iowa University System; Director, Source Media Group; Life Trustee of Coe College and the Iowa College Foundation; formerly, Director, Alliant Energy; formerly, Director, Federal Reserve Bank of Chicago; formerly, President and Chief Operating Officer, SCI Financial Group, Inc., a regional financial services firm.	241
g WILLIAM C. HUNTER				
3/6/48 333 W. Wacker Drive Chicago, IL 60606	Board Member	2004 Class I	Dean, Tippie College of Business, University of Iowa (since 2006); Director (since 2004) of Xerox Corporation; Director (since 2005), Beta Gamma Sigma International Honor Society; Director of Wellmark, Inc. (since 2009); formerly, Dean and Distinguished Professor of Finance, School of	241

Business at the University of Connecticut (2003-2006); previously, Senior Vice President and Director of Research at the Federal Reserve Bank of Chicago (1995-2003); formerly, Director (1997-2007), Credit Research Center at Georgetown University.

Nuveen Investments

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Name, Birthdate and Address	Position(s) Held with the Funds	Year First Elected or Appointed and Term⁽¹⁾	Principal Occupation(s) Including other Directorships During Past 5 Years	Number of Portfolios in Fund Complex Overseen by Board Member
Independent Board Members (continued):				
g DAVID J. KUNDERT⁽²⁾				
10/28/42 333 W. Wacker Drive Chicago, IL 60606	Board Member	2005 Class II	Director, Northwestern Mutual Wealth Management Company; retired (since 2004) as Chairman, JPMorgan Fleming Asset Management, President and CEO, Banc One Investment Advisors Corporation, and President, One Group Mutual Funds; prior thereto, Executive Vice President, Banc One Corporation and Chairman and CEO, Banc One Investment Management Group; Member, Board of Regents, Luther College; member of the Wisconsin Bar Association; member of Board of Directors, Friends of Boerner Botanical Gardens; member of Board of Directors and Chair of Investment Committee, Greater Milwaukee Foundation.	241
g WILLIAM J. SCHNEIDER⁽²⁾				
9/24/44 333 W. Wacker Drive Chicago, IL 60606	Board Member	1997 Class III	Chairman of Miller-Valentine Partners Ltd., a real estate investment company; formerly, Senior Partner and Chief Operating Officer (retired 2004) of Miller- Valentine Group; member, University of Dayton Business School Advisory Council; member, Mid-America Health System Board; formerly, member and chair, Dayton Philharmonic Orchestra Association; formerly, member, Business Advisory Council, Cleveland Federal Reserve Bank.	241
g JUDITH M. STOCKDALE				
12/29/47 333 W. Wacker Drive Chicago, IL 60606	Board Member	1997 Class I	Executive Director, Gaylord and Dorothy Donnelley Foundation (since 1994); prior thereto, Executive Director, Great Lakes Protection Fund (1990-1994).	241
g CAROLE E. STONE⁽²⁾				
6/28/47 333 W.	Board Member	2007 Class I	Director, Chicago Board Options Exchange (since 2006); Director, C2 Options Exchange,	241

Wacker
Drive
Chicago,
IL 60606

Incorporated (since 2009); formerly,
Commissioner, New York State Commission on
Public Authority Reform (2005-2010); formerly,
Chair, New York Racing Association Oversight
Board (2005-2007).

g VIRGINIA L. STRINGER

8/16/44
333 W.
Wacker
Drive
Chicago,
IL 60606

Board
Member

2011

Board Member, Mutual Fund Directors Forum;
Member, Governing Board, Investment
Company Institute's Independent Directors
Council; governance consultant and non-profit
board member; former Owner and President,
Strategic Management Resources, Inc. a
management consulting firm; previously, held
several executive positions in general
management, marketing and human resources
at IBM and The Pillsbury Company;
Independent Director, First American Fund
Complex (1987-2010) and Chair (1997-2010).

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Board Members & Officers (Unaudited) (continued)

Name, Birthdate and Address	Position(s) Held with the Funds	Year First Elected or Appointed and Term⁽¹⁾	Principal Occupation(s) Including other Directorships During Past 5 Years	Number of Portfolios in Fund Complex Overseen by Board Member
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Independent Board Members (continued):g **TERENCE J. TOTH⁽²⁾**

9/29/59 333 W. Wacker Drive Chicago, IL 60606	Board Member	2008 Class II	Director, Legal & General Investment Management America, Inc. (since 2008); Managing Partner, Promus Capital (since 2008); formerly, CEO and President, Northern Trust Global Investments (2004-2007); Executive Vice President, Quantitative Management & Securities Lending (2000-2004); prior thereto, various positions with Northern Trust Company (since 1994); member: Goodman Theatre Board (since 2004), Chicago Fellowship Board (since 2005) and Catalyst Schools of Chicago Board (since 2008); formerly, member: Northern Trust Mutual Funds Board (2005-2007), Northern Trust Global Investments Board (2004-2007), Northern Trust Japan Board (2004-2007), Northern Trust Securities Inc. Board (2003-2007) and Northern Trust Hong Kong Board (1997-2004).	241
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Interested Board Member:g **JOHN P. AMBOIAN⁽³⁾**

6/14/61 333 W. Wacker Drive Chicago, IL 60606	Board Member	2008 Class II	Chief Executive Officer and Chairman (since 2007) and Director (since 1999) of Nuveen Investments, Inc., formerly, President (1999-2007); Chief Executive Officer (since 2007) of Nuveen Investments Advisers, Inc.; Director (since 1998) formerly, Chief Executive Officer (2007-2010) of Nuveen Fund Advisors, Inc.	241
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Name, Birthdate and Address	Position(s) Held with the Funds	Year First Elected or Appointed⁽⁴⁾	Principal Occupation(s) During Past 5 Years	Number of Portfolios in Fund Complex Overseen by
------------------------------------------------	--------------------------------------------------------	--------------------------------------------------------------	--------------------------------------------------------	-----------------------------------------------------------------------------

Officer**Officers of the Funds:****g GIFFORD R. ZIMMERMAN**

<p>9/9/56 333 W. Wacker Drive Chicago, IL 60606</p>	<p>Chief Administrative Officer</p>	<p>1988</p>	<p>Managing Director (since 2002), Assistant Secretary and Associate General Counsel of Nuveen Securities, LLC; Managing Director (since 2004) and Assistant Secretary (since 1994) of Nuveen Investments, Inc.; Managing Director (since 2002), Assistant Secretary (since 1997) and Co-General Counsel (since 2011) of Nuveen Fund Advisors, Inc.; Managing Director, Assistant Secretary and Associate General Counsel of Nuveen Asset Management, LLC (since 2011); Managing Director, Associate General Counsel and Assistant Secretary, of Symphony Asset Management LLC (since 2003); Vice President and Assistant Secretary of NWQ Investment Management Company, LLC (since 2002), Nuveen Investments Advisers Inc. (since 2002), Tradewinds Global Investors LLC, and Santa Barbara Asset Management, LLC (since 2006), Nuveen HydePark Group LLC and Nuveen Investment Solutions, Inc. (since 2007) and of Winslow Capital Management Inc. (since 2010); Chief Administrative Officer and Chief Compliance Officer (since 2010) of Nuveen Commodities Asset Management, LLC; Chartered Financial Analyst.</p>	<p>241</p>
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Nuveen Investments

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Name, Birthdate and Address	Position(s) Held with the Funds	Year First Elected or Appointed⁽⁴⁾	Principal Occupation(s) During Past 5 Years	Number of Portfolios in Fund Complex Overseen by Officer
Officers of the Funds (continued):				
g WILLIAM ADAMS IV				
6/9/55 333 W. Wacker Drive Chicago, IL 60606	Vice President	2007	Senior Executive Vice President, Global Structured Products (since 2010), formerly, Executive Vice President (1999-2010) of Nuveen Securities, LLC; Co-President of Nuveen Fund Advisors, Inc. (since 2011); formerly, Managing Director (2010-2011) of Nuveen Commodities Asset Management, LLC.	133
g CEDRIC H. ANTOSIEWICZ				
1/11/62 333 W. Wacker Drive Chicago, IL 60606	Vice President	2007	Managing Director of Nuveen Securities, LLC.	133
g MARGO L. COOK				
4/11/64 333 W. Wacker Drive Chicago, IL 60606	Vice President	2009	Executive Vice President (since 2008) of Nuveen Investments, Inc. and of Nuveen Fund Advisors, Inc. (since 2011); Managing Director-Investment Services of Nuveen Commodities Asset Management, LLC (since August 2011), previously, Head of Institutional Asset Management (2007-2008) of Bear Stearns Asset Management; Head of Institutional Asset Management (1986-2007) of Bank of NY Mellon; Chartered Financial Analyst.	241
g LORNA C. FERGUSON				
10/24/45 333 W. Wacker Drive Chicago, IL 60606	Vice President	1998	Managing Director (since 2005) of Nuveen Fund Advisors, Inc. and Nuveen Securities, LLC (since 2004).	241
g STEPHEN D. FOY				
5/31/54 333 W. Wacker	Vice President and	1998	Senior Vice President (since 2010), formerly, Vice President (2005-2010) and Funds Controller of Nuveen Securities, LLC; Vice	241

Drive Controller
Chicago,
IL 60606

President of Nuveen Fund Advisors, Inc.; Chief Financial Officer of Nuveen Commodities Asset Management, LLC; (since 2010) Certified Public Accountant.

g SCOTT S. GRACE

8/20/70
333 W.
Wacker
Drive
Chicago,
IL 60606

Vice
President
and
Treasurer

2009

Managing Director, Corporate Finance & Development, Treasurer (since 2009) of Nuveen Securities, LLC; Managing Director and Treasurer (since 2009) of Nuveen Fund Advisors, Inc., Nuveen Investment Solutions, Inc., Nuveen Investments Advisers, Inc., Nuveen Investments Holdings Inc. and (since 2011) Nuveen Asset Management, LLC; Vice President and Treasurer of NWQ Investment Management Company, LLC, Tradewinds Global Investors, LLC, Symphony Asset Management LLC and Winslow Capital Management, Inc.; Vice President of Santa Barbara Asset Management, LLC; formerly, Treasurer (2006-2009), Senior Vice President (2008-2009), previously, Vice President (2006-2008) of Janus Capital Group, Inc.; formerly, Senior Associate in Morgan Stanley's Global Financial Services Group (2000-2003); Chartered Accountant Designation.

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Board Members & Officers (Unaudited) (continued)

Name, Birthdate and Address Officers of the Funds (continued):	Position(s) Held with the Funds	Year First Elected or Appointed⁽⁴⁾	Principal Occupation(s) During Past 5 Years	Number of Portfolios in Fund Complex Overseen by Officer
g WALTER M. KELLY				
2/24/70 333 W. Wacker Drive Chicago, IL 60606	Chief Compliance Officer and Vice President	2003	Senior Vice President (since 2008) and Assistant Secretary (since 2003) of Nuveen Fund Advisors, Inc.	241
g TINA M. LAZAR				
8/27/61 333 W. Wacker Drive Chicago, IL 60606	Vice President	2002	Senior Vice President (since 2010), formerly, Vice President (2005-2010) of Nuveen Fund Advisors, Inc.	241
g LARRY W. MARTIN				
7/27/51 333 W. Wacker Drive Chicago, IL 60606	Vice President and Assistant Secretary	1997	Senior Vice President (since 2010), formerly, Vice President (1993-2010), Assistant Secretary and Assistant General Counsel of Nuveen Securities, LLC; Senior Vice President (since 2011) of Nuveen Asset Management, LLC; Senior Vice President (since 2010), formerly, Vice President (2005-2010), and Assistant Secretary of Nuveen Investments, Inc.; Senior Vice President (since 2010), formerly Vice President (2005-2010), and Assistant Secretary (since 1997) of Nuveen Fund Advisors, Inc., Vice President and Assistant Secretary of Nuveen Investments Advisers Inc. (since 2002), NWQ Investment Management Company, LLC, Symphony Asset Management, LLC (since 2003), Tradewinds Global Investors, LLC, Santa Barbara Asset Management LLC (since 2006), Nuveen HydePark Group, LLC and Nuveen Investment Solutions, Inc. (since 2007), and of Winslow Capital Management, Inc. (since 2010); Vice President and Assistant Secretary of	241

Nuveen Commodities Asset Management, LLC
(since 2010).

g KEVIN J. MCCARTHY

<p>3/26/66 333 W. Wacker Drive Chicago, IL 60606</p>	<p>Vice President and Secretary</p>	<p>2007</p>	<p>Managing Director (since 2008), formerly, Vice President (2007-2008), Nuveen Securities, LLC; Managing Director (since 2008), Assistant Secretary (since 2007) and Co-General Counsel (since 2011) of Nuveen Fund Advisors, Inc.; Managing Director, Assistant Secretary and Associate General Counsel (since 2011) of Nuveen Asset Management, LLC; Managing Director (since 2008), and Assistant Secretary, Nuveen Investment Holdings, Inc.; Vice President (since 2007) and Assistant Secretary of Nuveen Investments Advisers Inc., NWQ Investment Management Company, LLC, Tradewinds Global Investors LLC, NWQ Holdings, LLC, Symphony Asset Management LLC, Santa Barbara Asset Management, LLC, Nuveen HydePark Group, LLC, Nuveen Investment Solutions, Inc. (since 2007) and of Winslow Capital Management, Inc. (since 2010); Vice President and Secretary (since 2010) of Nuveen Commodities Asset Management, LLC; prior thereto, Partner, Bell, Boyd & Lloyd LLP (1997-2007).</p>	<p>241</p>
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Nuveen Investments

Name, Birthdate and Address	Position(s) Held with the Funds	Year First Elected or Appointed ⁽⁴⁾	Principal Occupation(s) During Past 5 Years	Number of Portfolios in Fund Complex Overseen by Officer
Officers of the Funds (continued):				
g KATHLEEN L. PRUDHOMME				
3/30/53 901 Marquette Avenue Minneapolis, MN 55402	Vice President and Assistant Secretary	2011	Managing Director, Assistant Secretary and Co-General Counsel (since 2011) of Nuveen Fund Advisors, Inc.; Managing Director, Assistant Secretary and Associate General Counsel (since 2011) of Nuveen Asset Management, LLC; Managing Director and Assistant Secretary (since 2011) of Nuveen Securities, LLC; formerly, Deputy General Counsel, FAF Advisors, Inc. (2004-2010).	241

(1) Board Members serve three year terms. The Board of Trustees is divided into three classes. Class I, Class II, and Class III, with each being elected to serve until the third succeeding annual shareholders' meeting subsequent to its election or thereafter in each case when its respective successors are duly elected or appointed. The first year elected or appointed represents the year in which the board member was first elected or appointed to any fund in the Nuveen Complex.

(2) Also serves as a trustee of the Nuveen Diversified Commodity Fund, an exchange-traded commodity pool managed by Nuveen Commodities Asset Management, LLC, an affiliate of the Adviser.

(3) Mr. Amboian is an interested trustee because of his position with Nuveen Investments, Inc. and certain of its subsidiaries, which are affiliates of the Nuveen Funds.

(4) Officers serve one year terms through August of each year. The year first elected or appointed represents the year in which the Officer was first elected or appointed to any fund in the Nuveen Complex.

Reinvest Automatically,
Easily and Conveniently

Nuveen makes reinvesting easy. A phone call is all it takes to set up your reinvestment account.

Nuveen Closed-End Funds Automatic Reinvestment Plan

Your Nuveen Closed-End Fund allows you to conveniently reinvest distributions in additional Fund shares.

By choosing to reinvest, you'll be able to invest money regularly and automatically, and watch your investment grow through the power of compounding. Just like distributions in cash, there may be times when income or capital gains taxes may be payable on distributions that are reinvested.

It is important to note that an automatic reinvestment plan does not ensure a profit, nor does it protect you against loss in a declining market.

Easy and convenient

To make recordkeeping easy and convenient, each month you'll receive a statement showing your total distributions, the date of investment, the shares acquired and the price per share, and the total number of shares you own.

How shares are purchased

The shares you acquire by reinvesting will either be purchased on the open market or newly issued by the Fund. If the shares are trading at or above net asset value at the time of valuation, the Fund will issue new shares at the greater of the net asset value or 95% of the then-current market price. If the shares are trading at less than net asset value, shares for your account will be purchased on the open market. If the Plan Agent begins purchasing Fund shares on the open market while shares are trading below net asset value, but the Fund's shares subsequently trade at or above their net asset value before the Plan Agent is able to complete its purchases, the Plan Agent may cease open-market purchases and may invest the uninvested portion of the distribution in newly-issued Fund shares at a price equal to the greater of the shares' net asset value or 95% of the shares' market value on the last business day immediately prior to the purchase date. Distributions received to purchase shares in the open market will normally be invested shortly after the distribution payment date. No interest will be paid on distributions awaiting reinvestment. Because the market price of the shares may increase before purchases are completed, the average purchase price per share may exceed the market price at the time of valuation, resulting in the acquisition of fewer shares than if the distribution had been paid in shares issued by the Fund. A pro rata portion of any applicable brokerage commissions on open market purchases will be paid

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by Plan participants. These commissions usually will be lower than those charged on individual transactions.

Flexible

You may change your distribution option or withdraw from the Plan at any time, should your needs or situation change.

You can reinvest whether your shares are registered in your name, or in the name of a brokerage firm, bank, or other nominee. Ask your financial advisor if his or her firm will participate on your behalf. Participants whose shares are registered in the name of one firm may not be able to transfer the shares to another firm and continue to participate in the Plan.

The Fund reserves the right to amend or terminate the Plan at any time. Although the Fund reserves the right to amend the Plan to include a service charge payable by the participants, there is no direct service charge to participants in the Plan at this time.

Call today to start reinvesting distributions

For more information on the Nuveen Automatic Reinvestment Plan or to enroll in or withdraw from the Plan, speak with your financial advisor or call us at (800) 257-8787.

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Glossary of Terms
Used in this Report

- **Alerian MLP Index:** A composite of the 50 most prominent energy Master Limited Partnerships. The index, which is calculated using a float-adjusted, capitalization-weighted methodology, is disseminated real-time on a price-return basis, and the corresponding total-return index is disseminated daily. The index returns assume reinvestment of dividends, but do not reflect any applicable sales charges. You cannot invest directly in an index.
- **Average Annual Total Return:** This is a commonly used method to express an investment's performance over a particular, usually multi-year time period. It expresses the return that would have been necessary each year to equal the investment's actual cumulative performance (including change in NAV or market price and reinvested dividends and capital gains distributions, if any) over the time period being considered.
- **Current Distribution Rate:** An investment's current annualized distribution divided by its current market price.
- **Net Asset Value (NAV):** The net market value of all securities held in a portfolio.
- **Net Asset Value (NAV) Per Share:** The market value of one share of a mutual fund or closed-end fund. For a Fund, the NAV is calculated daily by taking the Fund's total assets (securities, cash, and accrued earnings), subtracting the Funds's liabilities, and dividing by the number of shares outstanding.
- **S&P 500 Index:** An unmanaged index generally considered representative of the U.S. stock market. The index returns assume reinvestment of dividends, but do not reflect any applicable sales charges. You cannot invest directly in an index.

Notes

Nuveen Investments

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Other Useful Information

Board of Directors

John P. Amboian
Robert P. Bremner
Jack B. Evans
William C. Hunter
David J. Kundert
William J. Schneider
Judith M. Stockdale
Carole E. Stone
Virginia L. Stringer
Terence J. Toth

Fund Manager

Nuveen Fund Advisors, Inc.
333 West Wacker Drive
Chicago, IL 60606

Custodian

State Street Bank & Trust Company
Boston, MA

**Transfer Agent and
Shareholder Services**

State Street Bank & Trust Company
Nuveen Funds
P.O. Box 43071
Providence, RI 02940-3071
(800) 257-8787

Legal Counsel

Chapman and Cutler LLP
Chicago, IL

**Independent Registered
Public Accounting Firm**

Pricewaterhouse/Coopers LLP
Chicago, IL

Quarterly Portfolio of Investments and Proxy Voting Information

You may obtain (i) the Fund's quarterly portfolio of investments, (ii) information regarding how the Fund voted proxies relating to portfolio securities held during the most recent twelve-month period ended June 30, and (iii) a description of the policies and procedures that the Fund used to determine how to vote proxies relating to portfolio securities without charge, upon request, by calling Nuveen Investments toll-free at (800) 257-8787 or on Nuveen's website at www.nuveen.com.

You may also obtain this and other Fund information directly from the Securities and Exchange Commission (SEC). The SEC may charge a copying fee for this information. Visit the SEC on-line at <http://www.sec.gov> or in person at the SEC's Public Reference Room in Washington, D.C. Call the SEC at (202) 942-8090 for room hours and operation. You may also request Fund information by sending an e-mail request to publicinfo@sec.gov or by writing to the SEC's Public Reference Section at 100 F Street NE, Washington, D.C. 20549.

CEO Certification Disclosure

The Fund's Chief Executive Officer has submitted to the New York Stock Exchange (NYSE) the annual CEO certification as required by Section 303A.12(a) of the NYSE Listed Company Manual.

The Fund has filed with the SEC the certification of its Chief Executive Officer and Chief Financial Officer required by Section 302 of the Sarbanes-Oxley Act.

Share Information

The Fund intends to repurchase shares of its own common stock in the future at such times and in such amounts as is deemed advisable. During the period covered by this report, the Fund repurchased shares of its common stock as shown in the accompanying table.

Common Shares Repurchased

MTP

Any future repurchases will be reported to shareholders in the next annual or semi-annual report.

Nuveen Investments makes it easy, with the ultimate online resource.

At nuveen.com/understand, you have access to comprehensive educational tools, video libraries and daily pricing for Nuveen's more than 130* closed-end funds so you can stay up to date on the latest income-investing news and information.

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ITEM 2. CODE OF ETHICS.

As of the end of the period covered by this report, the registrant has adopted a code of ethics that applies to the registrant's principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions. There were no amendments to or waivers from the Code during the period covered by this report. The registrant has posted the code of ethics on its website at www.nuveen.com/CEF/Info/Shareholder. (To view the code, click on Fund Governance and then click on Code of Conduct.)

ITEM 3. AUDIT COMMITTEE FINANCIAL EXPERT.

The registrant's Board of Directors or Trustees (Board) determined that the registrant has at least one audit committee financial expert (as defined in Item 3 of Form N-CSR) serving on its Audit Committee. The registrant's audit committee financial expert is Carol E. Stone, who is independent for purposes of Item 3 of Form N-CSR.

Ms. Stone served for five years as Director of the New York State Division of the Budget. As part of her role as Director, Ms. Stone was actively involved in overseeing the development of the State's operating, local assistance and capital budgets, its financial plan and related documents; overseeing the development of the State's bond-related disclosure documents and certifying that they fairly presented the State's financial position; reviewing audits of various State and local agencies and programs; and coordinating the State's system of internal audit and control. Prior to serving as Director, Ms Stone worked as a budget analyst/examiner with increasing levels of responsibility over a 30 year period, including approximately five years as Deputy Budget Director. Ms. Stone has also served as Chair of the New York State Racing Association Oversight Board, as Chair of the Public Authorities Control Board, as a Commissioner on the New York State Commission on Public Authority Reform and as a member of the Boards of Directors of several New York State public authorities. These positions have involved overseeing operations and finances of certain entities and assessing the adequacy of project/entity financing and financial reporting. Currently, Ms. Stone is on the Board of Directors of CBOE Holdings, Inc., of the Chicago Board Options Exchange, and of C2 Options Exchange. Ms. Stone's position on the boards of these entities and as a member of both CBOE Holdings' Audit Committee and its Finance Committee has involved, among other things, the oversight of audits, audit plans and preparation of financial statements.

ITEM 4. PRINCIPAL ACCOUNTANT FEES AND SERVICES.

MLP & Strategic Equity Fund Inc.

The following tables show the amount of fees that PricewaterhouseCoopers LLP, the Fund's auditor, billed to the Fund during the Fund's last two full fiscal years. For engagements with PricewaterhouseCoopers LLP the Audit Committee approved in advance all audit services and non-audit services that PricewaterhouseCoopers LLP provided to the Fund, except for those non-audit services that were subject to the pre-approval exception under Rule 2-01 of Regulation S-X (the pre-approval exception). The pre-approval exception for services provided directly to the Fund waives the pre-approval requirement for services other than audit, review or attest services if: (A) the aggregate amount of all such services provided constitutes no more than 5% of the total amount of revenues paid by the Fund to its accountant during the fiscal year in which the services are provided; (B) the Fund did not recognize the services as non-audit services at the time of the engagement; and (C) the services are promptly brought to the Audit Committee's attention, and the Committee (or its delegate) approves the services before the audit is completed.

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The Audit Committee has delegated certain pre-approval responsibilities to its Chairman (or, in his absence, any other member of the Audit Committee).

SERVICES THAT THE FUND'S AUDITOR BILLED TO THE FUND

Fiscal Year Ended	Audit Fees Billed to Fund (1)	Audit-Related Fees Billed to Fund (2)	Tax Fees Billed to Fund (3)	All Other Fees Billed to Fund (4)
October 31, 2011	\$ 47,653	\$ 0	\$ 17,500	\$ 0
Percentage approved pursuant to pre-approval exception	0%	0%	0%	0%
October 31, 2010 (5)	\$ 50,500	\$ 0	\$ 35,000	\$ 0
Percentage approved pursuant to pre-approval exception	0%	0%	0%	0%

(1) Audit Fees are the aggregate fees billed for professional services for the audit of the Fund's annual financial statements and services provided in connection with statutory and regulatory filings or engagements.

(2) Audit Related Fees are the aggregate fees billed for assurance and related services reasonably related to the performance of the audit or review of financial statements and are not reported under Audit Fees.

(3) Tax Fees are the aggregate fees billed for professional services for tax advice, tax compliance, and tax planning.

(4) All Other Fees are the aggregate fees billed for products and services for agreed upon procedures engagements performed for leveraged funds.

(5) The fund was acquired on October 6, 2010.

ITEM 5. AUDIT COMMITTEE OF LISTED REGISTRANTS.

The registrant's Board has a separately designated Audit Committee established in accordance with Section 3(a)(58)(A) of the Securities Exchange Act of 1934, as amended (15 U.S.C. 78c(a)(58)(A)). The members of the audit committee are Robert P. Bremner, Carol E. Stone, Terence J. Toth, William J. Schneider and David J. Kundert.

ITEM 6. SCHEDULE OF INVESTMENTS.

a) See Portfolio of Investments in Item 1.

b) Not applicable.

ITEM 7. DISCLOSURE OF PROXY VOTING POLICIES AND PROCEDURES FOR CLOSED-END MANAGEMENT INVESTMENT COMPANIES.

FIDUCIARY ASSET MANAGEMENT, LLC

The registrant has delegated the voting of proxies relating to its voting securities to its investment sub-advisor, Fiduciary Asset Management, LLC (FAMCO). FAMCO's Proxy Voting Policies and Procedures are as follows:

A. Statement of Policy

1. It is the policy of Fiduciary Asset Management, LLC (FAMCO) to vote all proxies over which it has voting authority in the best interest of FAMCO's clients.

B. Definitions

2. By best interest of FAMCO's clients, FAMCO means clients' best economic interest over the long term—that is, the common interest that all clients share in seeing the value of a common investment increase over time. Clients may have differing political or social interests, but their best economic interest is generally uniform.

3. By material conflict of interest, FAMCO means circumstances when FAMCO itself knowingly does business with a particular proxy issuer or closely affiliated entity, and may appear to have a significant conflict of interest between its own interests and the interests of clients in how proxies of that issuer are voted.

C. FAMCO Invests With Managements That Seek Shareholders' Best Interests

4. Under its investment philosophy, FAMCO generally invests client funds in a company only if FAMCO believes that the company's management seeks to serve shareholders' best interests. Because FAMCO has confidence in the managements of the companies in which it invests, it believes that management decisions and recommendations on issues such as proxy voting generally are likely to be in shareholders' best interests.

5. FAMCO may periodically reassess its view of company managements. If FAMCO concludes that a company's management no longer serves shareholders' best interests, FAMCO generally sells its clients' shares of the company. FAMCO believes that clients do not usually benefit from holding shares of a poorly managed company or engaging in proxy contests with management. There are times when FAMCO believes management's position on a particular proxy issue is not in the best interests of our clients but it does not warrant a sale of the client's shares. In these circumstances, FAMCO will vote contrary to management's recommendations.

D. FAMCO's Proxy Voting Procedures

6. When companies in which FAMCO has invested client funds issue proxies, FAMCO routinely votes the proxies as recommended by management, because it believes that recommendations by these companies' managements generally are in shareholders' best interests, and therefore in the best economic interest of FAMCO's clients.

7. If FAMCO has decided to sell the shares of a company, whether because of concerns about the company's management or for other reasons, FAMCO generally abstains from voting proxies issued by the company after FAMCO has made the decision to sell. FAMCO generally will not notify clients when this type of routine abstention occurs.

8. FAMCO also may abstain from voting proxies in other circumstances. FAMCO may determine, for example, that abstaining from voting is appropriate if voting may be unduly burdensome or expensive, or otherwise not in the best economic interest of clients, such as when foreign proxy issuers impose unreasonable voting or holding requirements. FAMCO generally will not notify clients when this type of routine abstention occurs.

9. The procedures in this policy apply to all proxy voting matters over which FAMCO has voting authority, including changes in corporate governance structures, the adoption or amendment of compensation plans (including stock options), and matters involving social issues or corporate responsibility.

E. Alternative Procedures for Potential Material Conflicts of Interest

10. In certain circumstances, such as when the proponent of a proxy proposal is also a client of FAMCO, an appearance might arise of a potential conflict between FAMCO's interests and the interests of affected clients in how the proxies of that issuer are voted.

11.a. When FAMCO itself knowingly does business with a particular proxy issuer and a material conflict of interest between FAMCO's interests and clients' interests may appear to exist, FAMCO generally would, to avoid any appearance concerns, follow an alternative procedure rather than vote proxies as recommended by management. Such an alternative procedure generally would involve causing the proxies to be voted in accordance with the recommendations of an independent service provider that FAMCO may use to assist in voting proxies. FAMCO generally will not notify clients if it uses this procedure to resolve an apparent material conflict of interest. FAMCO will document the identification of any material conflict of interest and its procedure for resolving the particular conflict.

11.b. In unusual cases, FAMCO may use other alternative procedures to address circumstances when a material conflict of interest may appear to exist, such as, without limitation:

(i) Notifying affected clients of the conflict of interest (if practical), and seeking a waiver of the conflict to permit FAMCO to vote the proxies under its usual policy;

(ii) Abstaining from voting the proxies; or

(iii) Forwarding the proxies to clients so that clients may vote the proxies themselves.

FAMCO generally will notify affected clients if it uses one of these alternative procedures to resolve a material conflict of interest.

F. Other Exceptions

12. On an exceptions basis, FAMCO may for other reasons choose to depart from its usual procedure of routinely voting proxies as recommended by management.

G. Voting by Client Instead of FAMCO

13. A FAMCO client may vote its own proxies instead of directing FAMCO to do so. FAMCO recommends this approach if a client believes that proxies should be voted based on political or social interests.

14. FAMCO generally will not accept proxy voting authority from a client (and will encourage the client to vote its own proxies) if the client seeks to impose client-specific voting guidelines that may be inconsistent with FAMCO's guidelines or with the client's best economic interest in FAMCO's view.

15. FAMCO generally will abstain from voting on (or otherwise participating in) the commencement of legal proceedings such as shareholder class actions or bankruptcy proceedings.

H. Persons Responsible for Implementing FAMCO's Policy

16. FAMCO's client services staff has primary responsibility for implementing FAMCO's proxy voting procedures, including ensuring that proxies are timely submitted. FAMCO also may use a service provider to assist in voting proxies, recordkeeping, and other matters.

17. FAMCO's Compliance Manager will routinely confer with FAMCO's Chief Investment Officer if there is a proxy proposal which would result in a vote against management.

I. Recordkeeping

18. FAMCO or a service provider maintains, in accordance with Rule 204-2 of the Investment Advisers Act:

(i) Copies of all proxy voting policies and procedures;

(ii) Copies of proxy statements received (unless maintained elsewhere as described below);

(iii) Records of proxy votes cast on behalf of clients;

(iv) Documents prepared by FAMCO that are material to a decision on how to vote or memorializing the basis for a decision;

(v) Written client requests for proxy voting information, and (vi) written responses by FAMCO to written or oral client requests.

20. FAMCO will obtain an undertaking from any service provider that the service provider will provide copies of proxy voting records and other documents promptly upon request if FAMCO relies on the service provider to maintain related records.

21. FAMCO or its service provider may rely on the SEC's EDGAR system to keep records of certain proxy statements if the proxy statements are maintained by issuers on that system (as is generally true in the case of larger U.S.-based issuers).

22. All proxy related records will be maintained in an easily accessible place for five years (and an appropriate office of FAMCO or a service provider for the first two years).

J. Availability of Policy and Proxy Voting Records to Clients

23. FAMCO will initially inform clients of this policy and how a client may learn of FAMCO's voting record for the client's securities through summary disclosure in Part II of FAMCO's Form ADV. Upon receipt of a client's request for more information, FAMCO will provide to the client a copy of this proxy voting policy and/or how FAMCO voted proxies for the client during the period since this policy was adopted.

ITEM 8. PORTFOLIO MANAGERS OF CLOSED-END MANAGEMENT INVESTMENT COMPANIES.

The Adviser has engaged FAMCO (also referred to as Sub-Adviser) as Sub-Adviser to provide discretionary investment advisory services. The following section provides information on the portfolio managers of the Sub-Adviser.

A. PORTFOLIO MANAGER BIOGRAPHIES

The following individuals at the Sub-Adviser (the Portfolio Managers) have primary responsibility for the day-to-day implementation of the Fund s investment strategy:

James J. Cunnane Jr., CFA Managing Director, Chief Investment Officer-MLPs

Mr. Cunnane is the Managing Director and Chief Investment Officer of FAMCO MLP. He oversees the firm s MLP and energy infrastructure product lines and chairs the Risk Management Committee. He joined FAMCO in 1996 and currently serves as a portfolio manager for three publicly traded closed-end mutual funds: the Fiduciary/Claymore MLP Opportunity Fund, the MLP & Strategic Equity Fund Inc. and the Nuveen Energy MLP Total Return Fund. He also serves as a portfolio manager for the FAMCO MLP & Energy Income Fund, an open-end mutual fund, as well as a privately offered open-end mutual fund. Mr. Cunnane has served as a Flex Core Equity portfolio manager at FAMCO. Mr. Cunnane holds a B.S. in finance from Indiana University and is a Chartered Financial Analyst (CFA) charterholder. He serves on the finance council and investment committee of the Archdiocese of St. Louis and on the Board of Directors of St. Patrick s Center.

Quinn T. Kiley Managing Director, Senior Portfolio Manager

Mr. Kiley is a Managing Director and Senior Portfolio Manager of FAMCO MLP and his responsibilities include portfolio management of various energy infrastructure assets and oversight of the energy infrastructure research process. Mr. Kiley serves as a portfolio manager for three publicly traded closed-end mutual funds: the Fiduciary/Claymore MLP Opportunity Fund, the MLP & Strategic Equity Fund Inc. and the Nuveen Energy MLP Total Return Fund. He also serves as a portfolio manager for the FAMCO MLP & Energy Income Fund, an open-end mutual fund, as well as a privately offered open-end mutual fund. Prior to joining FAMCO in 2005, Mr. Kiley served as Vice President of Corporate & Investment Banking at Banc of America Securities in New York. He was responsible for executing strategic advisory and financing transactions for clients in the Energy & Power sectors. Mr. Kiley holds a B.S. with Honors in Geology from Washington & Lee University, a M.S. in Geology from the University of Montana, a Juris Doctorate from Indiana University School of Law, and a M.B.A. from the Kelley School of Business at Indiana University. Mr. Kiley has been admitted to the New York State Bar.

B. OTHER ACCOUNTS

Other Accounts Managed by Portfolio Manager(s) or Management team member as of October 31, 2011

(i) Name of Portfolio Manager	(ii) Number of Other Accounts Managed and Assets by Account Type			(iii) Number of Other Accounts and Assets for Which Advisory Fee is Performance-Based		
	Other Registered Investment Companies	Other Pooled Investment Vehicles	Other Accounts	Other Registered Investment Companies	Other Pooled Investment Vehicles	Other Accounts
	James Cunnane	4	2	385	0	1
	\$ 1,416,184,154	\$ 71,264,891	\$ 761,014,937	\$ 0	\$ 20,444,365	\$ 0
Quinn T. Kiley	4	2	385	0	1	0
	\$ 1,416,184,154	\$ 71,264,891	\$ 761,014,937	\$ 0	\$ 20,444,365	\$ 0

C. POTENTIAL MATERIAL CONFLICTS OF INTEREST

Actual or apparent conflicts of interest may arise when a portfolio manager has day-to-day management responsibilities with respect to more than one fund or other account. More specifically, portfolio managers who manage multiple funds and/or other accounts may be presented with one or more of the following potential conflicts:

The management of multiple funds and/or other accounts may result in a portfolio manager devoting unequal time and attention to the management of each fund and/or other account. The Sub-Adviser seeks to manage such competing interests for the time and attention of a portfolio manager by having the portfolio manager focus on a particular investment discipline. Most other accounts managed by a portfolio manager are managed using the same investment models that are used in connection with the management of the Fund.

If a portfolio manager identifies a limited investment opportunity which may be suitable for more than one fund or other account, a fund may not be able to take full advantage of that opportunity due to an allocation of filled purchase or sale orders across all eligible funds and other accounts. To deal with these situations, the Sub-Adviser has adopted procedures for allocating portfolio transactions across multiple accounts. With respect to securities transactions for the Fund, the Sub-Adviser determines which broker to use to execute each order, consistent with its duty to seek best execution of the transaction. However, with respect to certain other accounts (such as pooled investment vehicles that are not registered mutual funds, and other accounts managed for organizations and individuals), the Sub-Adviser may be limited by the client with respect to the selection of brokers or may be instructed to direct trades through a particular broker. In these cases, trades for a fund in a particular security may be placed separately from, rather than aggregated with, such other accounts. Having separate transactions with respect to a security may temporarily affect the market price of the security or the execution of the transaction, or both, to the possible detriment of a fund or other account(s) involved.

The Sub-Adviser has adopted certain compliance procedures which are designed to address these types of conflicts. However, there is no guarantee that such procedures will detect each and every situation in which a conflict arises.

D. FUND MANAGER COMPENSATION

The primary portfolio managers' compensation is as follows for **James J. Cunnane, Jr.** and **Quinn T. Kiley**:

Base Salary. The primary portfolio managers are paid a base salary which is set at a level determined to be appropriate based upon the portfolio managers' experience and responsibilities through the use of independent compensation surveys of the investment management industry.

Annual Bonus. The portfolio manager's annual bonus is determined by the CEO of FAMCO pursuant to a specific company formula. It is not based on the performance of the registrant or other managed accounts. The monies paid are directly derived from a pool created from FAMCO's earnings. The bonus is payable in a combination of cash and restricted Piper Jaffray companies stock.

The portfolio managers also participate in benefit plans and programs generally available to all employees.

E. OWNERSHIP of MTP AS OF OCTOBER 31, 2011:

Name of Portfolio Manager	Dollar Range of Equity Securities in Fund
James J. Cunnane, Jr.	None
Quinn T. Kiley	\$10,001-\$50,000

ITEM 9. PURCHASES OF EQUITY SECURITIES BY CLOSED-END MANAGEMENT INVESTMENT COMPANY AND AFFILIATED PURCHASERS.

Not applicable.

ITEM 10. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

There have been no material changes to the procedures by which shareholders may recommend nominees to the registrant's Board implemented after the registrant last provided disclosure in response to this item.

ITEM 11. CONTROLS AND PROCEDURES.

- (a) The registrant's principal executive and principal financial officers, or persons performing similar functions, have concluded that the registrant's disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940, as amended (the 1940 Act) (17 CFR 270.30a-3(c))) are effective, as of a date within 90 days of the filing date of this report that includes the disclosure required by this paragraph, based on their evaluation of the controls and procedures required by Rule 30a-3(b) under the 1940 Act (17 CFR 270.30a-3(b)) and Rules 13a-15(b) or 15d-15(b) under the Securities Exchange Act of 1934, as amended (the Exchange Act) (17 CFR 240.13a-15(b) or 240.15d-15(b)).
- (b) There were no changes in the registrant's internal control over financial reporting (as defined in Rule 30a-3(d) under the 1940 Act (17 CFR 270.30a-3(d))) that occurred during the second fiscal quarter of the period covered by this report that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

ITEM 12. EXHIBITS.

File the exhibits listed below as part of this Form. Letter or number the exhibits in the sequence indicated.

(a)(1) Any code of ethics, or amendment thereto, that is the subject of the disclosure required by Item 2, to the extent that the registrant intends to satisfy the Item 2 requirements through filing of an exhibit: Not applicable because the code is posted on registrant's website at www.nuveen.com/CEF/Info/Shareholder and there were no amendments during the period covered by this report. (To view the code, click on Fund Governance and then Code of Conduct.)

(a)(2) A separate certification for each principal executive officer and principal financial officer of the registrant as required by Rule 30a-2(a) under the 1940 Act (17 CFR 270.30a-2(a)) in the exact form set forth below: Ex-99.CERT Attached

hereto.

(a)(3) Any written solicitation to purchase securities under Rule 23c-1 under the 1940 Act (17 CFR 270.23c-1) sent or given during the period covered by the report by or on behalf of the registrant to 10 or more persons. Not applicable.

(b)If the report is filed under Section 13(a) or 15(d) of the Exchange Act, provide the certifications required by Rule 30a-2(b) under the 1940 Act (17 CFR 270.30a-2(b)); Rule 13a-14(b) or Rule 15d-14(b) under the Exchange Act (17 CFR 240.13a-14(b) or 240.15d-14(b)), and Section 1350 of Chapter 63 of Title 18 of the United States Code (18 U.S.C. 1350) as an exhibit. A certification furnished pursuant to this paragraph will not be deemed filed for purposes of Section 18 of the Exchange Act (15 U.S.C. 78r), or otherwise subject to the liability of that section. Such certification will not be deemed to be incorporated by reference into any filing under the Securities Act of 1933 or the Exchange Act, except to the extent that the registrant specifically incorporates it by reference. Ex-99.906 CERT attached hereto.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

(Registrant) MLP & Strategic Equity Fund Inc.

By (Signature and Title) /s/ Kevin J. McCarthy
Kevin J. McCarthy
Vice President and Secretary

Date: January 6, 2012

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By (Signature and Title) /s/ Gifford R. Zimmerman
Gifford R. Zimmerman

Chief Administrative Officer

(principal executive officer)

Date: January 6, 2012

By (Signature and Title) /s/ Stephen D. Foy
Stephen D. Foy

Vice President and Controller

(principal financial officer)

Date: January 6, 2012

