

## FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549

☒ Quarterly Report Under Section 13 and 15(d) of the Securities Exchange Act of 1934

or

☐ Transition Report Pursuant to Section 13 and 15(d) of the Securities Exchange Act of 1934

For Quarter Ended July 26, 1997  
Commission file number 1-4908

The TJX Companies, Inc.  
(Exact name of registrant as specified in its charter)

DELAWARE  
(State or other jurisdiction of  
incorporation or organization)

04-2207613  
(I.R.S. Employer  
Identification No.)

770 Cochituate Road  
Framingham, Massachusetts  
(Address of principal executive offices)

01701  
(Zip Code)

(508)390-1000  
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ . No ☐ .  
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The number of shares of Registrant's Common Stock outstanding as of August 23, 1997: 163,267,591.

PART I FINANCIAL INFORMATION  
THE TJX COMPANIES, INC. AND CONSOLIDATED SUBSIDIARIES  
STATEMENTS OF INCOME  
(UNAUDITED)  
DOLLARS IN THOUSANDS EXCEPT PER SHARE AMOUNTS

|   | Thirteen Weeks Ended |                  |
|---|----------------------|------------------|
|   | July 26,<br>1997     | July 27,<br>1996 |
| Net sales   | \$1,698,372          | \$1,548,259      |
| Cost of sales, including buying and<br>occupancy costs      | 1,323,261            | 1,222,190        |
| Selling, general and administrative expenses                | 283,788              | 257,914          |
| Interest expense, net                                       | 1,545                | 10,968           |
| Income from continuing operations before<br>income taxes    | 89,778               | 57,187           |
| Provision for income taxes                                  | 37,200               | 23,497           |
| Income from continuing operations                           | 52,578               | 33,690           |
| Income from discontinued operations,<br>net of income taxes | --                   | 2,364            |
| Net income  | 52,578               | 36,054           |
| Preferred stock dividends                                   | 4,601                | 4,260            |
| Net income attributable to common shareholders              | \$ 47,977            | \$ 31,794        |
| Primary and fully diluted earnings<br>per common share:     |                      |                  |
| Continuing operations                                       | \$ .29               | \$ .19           |
| Net income  | \$ .29               | \$ .20           |
| Cash dividends per common share                             | \$ .05               | \$ .035          |

The accompanying notes are an integral part of the financial statements.

PART I FINANCIAL INFORMATION  
THE TJX COMPANIES, INC. AND CONSOLIDATED SUBSIDIARIES  
STATEMENTS OF INCOME  
(UNAUDITED)  
DOLLARS IN THOUSANDS EXCEPT PER SHARE AMOUNTS

|   | July 26,<br>1997 | July 27,<br>1996 |
|---|------------------|------------------|
| Net sales   | \$3,258,522      | \$3,020,506      |
| Cost of sales, including buying and<br>occupancy costs      | 2,525,880        | 2,389,549        |
| Selling, general and administrative expenses                | 557,526          | 509,065          |
| Interest expense, net                                       | 2,400            | 25,330           |
| Income from continuing operations before<br>income taxes    | 172,716          | 96,562           |
| Provision for income taxes                                  | 71,677           | 39,848           |
| Income from continuing operations                           | 101,039          | 56,714           |
| Income from discontinued operations,<br>net of income taxes | --               | 9,426            |
| Net income  | 101,039          | 66,140           |
| Preferred stock dividends                                   | 7,226            | 8,788            |
| Net income attributable to common shareholders              | \$ 93,813        | \$ 57,352        |
| Primary and fully diluted earnings<br>per common share:     |                  |                  |
| Continuing operations                                       | \$ .56           | \$ .31           |
| Net income  | \$ .56           | \$ .37           |
| Cash dividends per common share                             | \$ .10           | \$ .07           |

The accompanying notes are an integral part of the financial statements.

THE TJX COMPANIES, INC. AND CONSOLIDATED SUBSIDIARIES  
BALANCE SHEETS  
(UNAUDITED)  
IN THOUSANDS

|                 | July 26,<br>1997 | January 25,<br>1997 | July 27,<br>1996 |
|-----------------|------------------|---------------------|------------------|
| ASSETS          |                  |                     |                  |
| Current assets: |                  |                     |                  |

|  |             |             |             |
|--|-------------|-------------|-------------|
| Cash and cash equivalents                            | \$ 138,232  | \$ 474,732  | \$ 245,342  |
| Accounts receivable and<br>income taxes recoverable  | 75,691      | 57,275      | 77,049      |
| Merchandise inventories                              | 1,421,529   | 1,059,505   | 1,328,039   |
| Prepaid expenses                                     | 17,208      | 16,379      | 18,461      |
| Net current assets of<br>discontinued operations     | --          | 54,451      | 82,764      |
|  | -----       | -----       | -----       |
| Total current assets                                 | 1,652,660   | 1,662,342   | 1,751,655   |
|  | -----       | -----       | -----       |
| Property, at cost:                                   |             |             |             |
| Land and buildings                                   | 103,542     | 103,067     | 110,437     |
| Leasehold costs and improvements                     | 456,091     | 428,836     | 437,911     |
| Furniture, fixtures and equipment                    | 572,360     | 527,710     | 566,882     |
|  | -----       | -----       | -----       |
|  | 1,131,993   | 1,059,613   | 1,115,230   |
| Less accumulated depreciation<br>and amortization    | 471,070     | 419,129     | 393,403     |
|  | -----       | -----       | -----       |
|  | 660,923     | 640,484     | 721,827     |
| Other assets   | 47,330      | 42,259      | 35,680      |
| Goodwill and tradename,<br>net of amortization       | 213,079     | 216,127     | 232,879     |
| Net noncurrent assets of<br>discontinued operations  | --          | --          | 49,801      |
|  | -----       | -----       | -----       |
| TOTAL ASSETS   | \$2,573,992 | \$2,561,212 | \$2,791,842 |
|  | =====       | =====       | =====       |
| LIABILITIES  |             |             |             |
| Current liabilities:                                 |             |             |             |
| Short-term debt                                      | \$ 7,966    | \$ --       | \$ 403      |
| Current installments of<br>long-term debt            | 17,716      | 27,140      | 103,211     |
| Accounts payable                                     | 576,964     | 533,945     | 579,616     |
| Accrued expenses and other<br>current liabilities    | 542,631     | 577,046     | 608,561     |
| Federal and state income taxes<br>payable            | 4,020       | 44,165      | --          |
|  | -----       | -----       | -----       |
| Total current liabilities                            | 1,149,297   | 1,182,296   | 1,291,791   |
|  | -----       | -----       | -----       |
| Long-term debt exclusive of current<br>installments: |             |             |             |
| Real estate mortgages                                | 21,827      | 22,391      | 24,402      |
| Equipment notes                                      | 1,544       | 2,135       | 2,662       |
| General corporate debt                               | 219,891     | 219,884     | 635,807     |
| Deferred income taxes                                | 12,541      | 7,320       | 21,478      |

## SHAREHOLDERS' EQUITY

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|   |         |         |         |
|---|---------|---------|---------|
| Preferred stock at face value,<br>authorized 5,000,000 shares, par<br>value \$1, issued and outstanding                                   |         |         |         |
| cumulative convertible stock of:  |         |         |         |
| 1,650,000 shares of 6.25% Series C  | --      | --      | 82,500  |
| 250,000 shares of 1.81% Series D  | --      | --      | 25,000  |
| 1,204,100 shares of 7% Series E   | 120,410 | 150,000 | 150,000 |
| Common stock, authorized 300,000,000<br>shares, par value \$1, issued and<br>outstanding 161,218,420; 79,576,438<br>and 74,132,470 shares | 161,218 | 79,576  | 74,132  |
| Additional paid-in capital  | 340,920 | 429,017 | 296,496 |
| Retained earnings   | 546,344 | 468,593 | 187,574 |

|   |                             |                             |                           |
|---|-----------------------------|-----------------------------|---------------------------|
| Total shareholders' equity                    | -----<br>1,168,892<br>----- | -----<br>1,127,186<br>----- | -----<br>815,702<br>----- |
| TOTAL LIABILITIES AND<br>SHAREHOLDERS' EQUITY | \$2,573,992<br>=====        | \$2,561,212<br>=====        | \$2,791,842<br>=====      |

The accompanying notes are an integral part of the financial statements.

THE TJX COMPANIES, INC. AND CONSOLIDATED SUBSIDIARIES  
STATEMENTS OF CASH FLOWS  
(UNAUDITED)  
IN THOUSANDS

|   | Twenty-Six Weeks Ended    |                           |
|---|---------------------------|---------------------------|
|   | July 26,<br>1997<br>----- | July 27,<br>1996<br>----- |
| Cash flows from operating activities:   |                           |                           |
| Net income  | \$ 101,039                | \$ 66,140                 |
| Adjustments to reconcile net income<br>to net cash provided by (used in)<br>operating activities: |                           |                           |
| Depreciation and amortization   | 60,633                    | 61,821                    |
| (Income) from discontinued operations   | --                        | (9,426)                   |
| Property disposals  | 5,036                     | 4,346                     |
| Other   | (100)                     | --                        |
| Changes in assets and liabilities:  |                           |                           |
| (Increase) in accounts receivable and<br>income taxes recoverable                                 | (18,416)                  | (6,735)                   |
| (Increase) in merchandise inventories   | (362,024)                 | (69,551)                  |
| (Increase) in prepaid expenses  | (829)                     | (2,055)                   |
| Increase in accounts payable  | 43,019                    | 142,982                   |
| (Decrease) in accrued expenses and other<br>current liabilities                                   | (5,610)                   | (50,703)                  |
| (Decrease) in income taxes payable  | (40,145)                  | (2,548)                   |
| Increase in deferred income taxes   | 2,730                     | 8,814                     |
|   | -----                     | -----                     |
| Net cash provided by (used in) operating activities   | (214,667)                 | 143,085                   |
|   | -----                     | -----                     |
| Cash flows from investing activities:   |                           |                           |
| Property additions  | (80,966)                  | (49,083)                  |
| Contingent payment for acquisition of Marshalls   | --                        | (49,327)                  |
| Proceeds adjustment for sale of Chadwick's  | (28,805)                  | --                        |
|   | -----                     | -----                     |
| Net cash (used in) investing activities   | (109,771)                 | (98,410)                  |
|   | -----                     | -----                     |
| Cash flows from financing activities:   |                           |                           |
| Proceeds from borrowings of short-term debt   | 7,966                     | 403                       |

|  |            |            |
|--|------------|------------|
| Principal payments on long-term debt                 | (10,579)   | (3,305)    |
| Stock repurchase                                     | (45,580)   | --         |
| Proceeds from sale and issuance of common stock, net | 4,469      | 7,952      |
| Cash dividends                                       | (22,789)   | (19,055)   |
|  | -----      | -----      |
| Net cash (used in) financing activities              | (66,513)   | (14,005)   |
|  | -----      | -----      |
| Net cash provided by (used in) continuing operations | (390,951)  | 30,670     |
| Net cash provided by discontinued operations         | 54,451     | 5,446      |
|  | -----      | -----      |
| Net increase (decrease) in cash and cash equivalents | (336,500)  | 36,116     |
| Cash and cash equivalents at beginning of year       | 474,732    | 209,226    |
|  | -----      | -----      |
| Cash and cash equivalents at end of period           | \$ 138,232 | \$ 245,342 |
|  | =====      | =====      |

The accompanying notes are an integral part of the financial statements.

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS  
OF OPERATIONS AND FINANCIAL CONDITION

Thirteen Weeks (Second Quarter) and Twenty-Six Weeks Ended July 26, 1997  
Versus Thirteen Weeks and Twenty-Six Weeks Ended July 27, 1996

Effective December 7, 1996, the Company sold its Chadwick's of Boston mail order operation to Brylane, L.P. This transaction was accounted for in the Company's fourth quarter for the fiscal year ended January 25, 1997. The operating results for Chadwick's for all periods prior to the sale have been presented as discontinued operations.

Net sales from continuing operations for the second quarter were \$1,698.4 million, up 10% from \$1,548.3 million last year. For the six months, net sales from continuing operations were \$3,258.5 million, up 8% from \$3,020.5 million for the same period last year. The increase in sales is primarily attributable to an increase in same store sales. Same store sales for the second quarter increased by 7% at T.J. Maxx, 8% at Marshalls, 15% at Winners, 14% at HomeGoods and 15% at T.K. Maxx. Same store sales for the six months increased by 5% at T.J. Maxx, 8% at Marshalls, 17% at Winners, 12% at HomeGoods and 19% at T.K. Maxx.

Income from continuing operations for the second quarter was \$52.6 million, or \$.29 per common share versus \$33.7 million, or \$.19 per common share. For the six months, income from continuing operations was \$101 million, or \$.56 per common share versus \$56.7 million, or \$.31 per common share. For the periods ended July 27, 1996, the Company recorded net income of \$36.1 million, or \$.20 per common share, and \$66.1 million, or \$.37 per common share, including the results of its discontinued operation Chadwick's of Boston, for the second quarter and six months, respectively.

The following table sets forth operating results expressed as a percentage of net sales (continuing operations):

| Percentage of Net Sales |                |
|-------------------------|----------------|
| -----                   |                |
| 13 Weeks Ended          | 26 Weeks Ended |

|   | 7/26/97 | 7/27/96 | 7/26/97 | 7/27/96 |
|---|---------|---------|---------|---------|
| Net sales   | 100.0%  | 100.0%  | 100.0%  | 100.0%  |
| Cost of sales, including buying and occupancy costs   | 77.9    | 78.9    | 77.5    | 79.1    |
| Selling, general and administrative expenses          | 16.7    | 16.7    | 17.1    | 16.9    |
| Interest expense, net                                 | .1      | .7      | .1      | .8      |
| Income from continuing operations before income taxes | 5.3%    | 3.7%    | 5.3%    | 3.2%    |

Cost of sales, including buying and occupancy costs as a percent of net sales, decreased in both periods from the prior year. This improvement reflects the benefits of the Marshalls acquisition. Enhanced purchasing power has allowed the Company to pass on better values to its customers and has improved merchandise margins. The improvement in the quarter is less significant as the prior year results also reflect the trend of margin enhancement associated with the Marshalls acquisition.

Selling, general and administrative expenses, as a percentage of net sales, was flat for the second quarter and increased for the six months. Selling, general and administrative expenses include a charge of \$10 million for the six months in connection with a deferred shares award granted under a new five year employment contract with the Company's Chief Executive Officer. For the second quarter and six months, an additional charge of \$3 million was recorded as compensation expense associated with the increase in market value associated with the deferred shares award described above. In addition, the second quarter and the six months included a charge of \$5.0 million for the estimated cost of closing certain HomeGoods stores. These charges more than offset additional expense savings the Company had realized through the consolidation of certain administrative functions as a result of the Marshalls acquisition. Selling, general and administrative expenses, as a percent of net sales, excluding the above items, would have been 16.2% for the quarter ended July 1997 versus 16.7% last year and 16.5% for the six months ended July 1997 versus 16.9% last year.

Interest expense, net, decreased in the second quarter and six months. The decrease is the result of the Company's prepayments on its 9 1/2% sinking fund debentures during the third quarter of fiscal 1997 and the \$375 million term loan, incurred for the acquisition of Marshalls, during the fourth quarter of fiscal 1997. In addition, as a result of the Company's strong cash position, interest expense, net includes interest income of \$5.3 million and \$11.4 million versus \$3.9 and \$4.6 million last year for the second quarter and six months, respectively.

The following table sets forth the operating results of the Company's major business segments: (unaudited)

(In Thousands)

|                                 | Thirteen Weeks Ended |               | Twenty-Six Weeks Ended |               |
|---------------------------------|----------------------|---------------|------------------------|---------------|
|                                 | July 26, 1997        | July 27, 1996 | July 26, 1997          | July 27, 1996 |
| Net sales:                      |                      |               |                        |               |
| Off-price family apparel stores | \$1,677,034          | \$1,528,177   | \$3,216,791            | \$2,981,041   |
| Off-price home fashion stores   | 21,338               | 20,082        | 41,731                 | 39,465        |
|                                 | \$1,698,372          | \$1,548,259   | \$3,258,522            | \$3,020,506   |

|   | =====      | =====     | =====      | =====      |
|---|------------|-----------|------------|------------|
| Operating income (loss):                              |            |           |            |            |
| Off-price family apparel stores                       | \$ 110,369 | \$ 82,197 | \$ 216,572 | \$ 149,254 |
| Off-price home fashion stores                         | (3,706)    | (3,056)   | (6,539)    | (5,626)    |
|   | -----      | -----     | -----      | -----      |
|   | 106,663    | 79,141    | 210,033    | 143,628    |
| General corporate expense                             | 14,686     | 10,332    | 33,610     | 20,429     |
| Goodwill amortization                                 | 654        | 654       | 1,307      | 1,307      |
| Interest expense, net                                 | 1,545      | 10,968    | 2,400      | 25,330     |
|   | -----      | -----     | -----      | -----      |
| Income from continuing operations before income taxes | \$ 89,778  | \$ 57,187 | \$ 172,716 | \$ 96,562  |
|   | =====      | =====     | =====      | =====      |

The off-price family apparel stores segment, T.J. Maxx, Marshalls, Winners and T.K. Maxx significantly increased its operating income for both the second quarter and six months. This segment's increased operating results reflect the combined buying power of T.J. Maxx and Marshalls, as well as the expense savings resulting from the consolidation of Marshalls. Winners had significant increases in operating income in both periods. General corporate expense for the quarter and six months was impacted by the charge associated with a deferred shares award granted under a new five year employment contract with the Company's Chief Executive Officer as well as reserves for certain HomeGoods store closings.

Stores in operation at the end of the period are as follows:

|           | July 26, 1997 | July 27, 1996 |
|-----------|---------------|---------------|
|           | -----         | -----         |
| T.J. Maxx | 578           | 582           |
| Marshalls | 453           | 464           |
| Winners   | 68            | 57            |
| HomeGoods | 21            | 23            |
| T.K. Maxx | 21            | 11            |

#### Financial Condition

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Cash flows from operating activities for the six months reflect increases in inventories and accounts payable that are primarily due to normal seasonal requirements. Comparisons to fiscal 1997's six months are impacted by the Company's movement to a leaner inventory position during fiscal 1997.

On April 9, 1997, the Company approved a two-for-one stock split to be effected in the form of a 100% stock dividend which was subject to approval by the shareholders of an increase in the number of authorized shares of the Company's common stock. On June 3, 1997, the Company's shareholders approved an increase in the number of authorized shares of common stock making the two-for-one stock split effective. The split was paid on June 26, 1997 to shareholders of record on June 11, 1997 and resulted in the issuance of 79.8 million shares of common stock along with a corresponding decrease of \$79.8 million in additional paid in capital. All historical earnings per share amounts have been restated to reflect the two-for-one stock split.

On June 25, 1997, the Company announced a program to purchase up to an aggregate of \$250 million of the Company's common stock and Series E preferred stock to be accomplished through open market purchases or other transactions. Through July 26, 1997, the Company has purchased 1,616,645 shares of common stock and 2,500



shares of Series E preferred stock at a cost of \$45.6 million. The Company is no longer seeking to purchase its Series E preferred stock. The average price of the common shares repurchased was \$27.75 per share. Subsequent to the end of the quarter through September 5, 1997, the Company has purchased an additional 3,466,500 shares of common stock for \$94.7 million.

Through July 26, 1997, shareholders converted 293,400 shares of Series E preferred stock into 3,167,611 shares of common stock. The Company paid \$1.7 million to induce conversion of the preferred shares. Subsequent to the end of the quarter through September 5, 1997, an additional 441,000 shares of the Series E preferred stock were converted into 4,761,131 shares of common stock and the Company paid \$2.0 million to induce conversion of these preferred shares.

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The following table sets forth the shareholders' equity transactions for the six months ended July 26, 1997: (unaudited)

|   | (In Millions)                           |  |                                      |                               |                    |
|---|---|--|--------------------------------------|-------------------------------|--------------------|
|   | Prfd<br>Stock<br>Face<br>Value<br>----- | Common<br>Stock<br>Par<br>Value<br>----- | Add'l<br>Paid-In<br>Capital<br>----- | Retained<br>Earnings<br>----- | Total<br>-----     |
| Balance, January 25, 1997   | \$150.0                                 | \$79.6                                   | \$429.0                              | \$468.6                       | \$1,127.2          |
| Net income  | --                                      | --                                       | --                                   | 101.0                         | 101.0              |
| Cash dividends:   |   |  |                                      |                               |                    |
| Preferred   | --                                      | --                                       | --                                   | (5.1)                         | (5.1)              |
| Common  | --                                      | --                                       | --                                   | (16.0)                        | (16.0)             |
| Conversion of cumulative<br>Series E Preferred<br>stock into common | (29.3)                                  | 3.1                                      | 26.2                                 | (1.7)                         | (1.7)              |
| Stock repurchase  |   |  |                                      |                               |                    |
| Preferred   | (.3)                                    | --                                       | --                                   | (.5)                          | (.8)               |
| Common  | --                                      | (1.6)                                    | (43.2)                               | --                            | (44.8)             |
| Stock split   | --                                      | 79.8                                     | (79.8)                               | --                            | --                 |
| Issuance of common<br>stock under stock<br>incentive plan           | --                                      | .3                                       | 4.9                                  | --                            | 5.2                |
| Other   | --                                      | --                                       | 3.9                                  | --                            | 3.9                |
|   | -----                                   | -----                                    | -----                                | -----                         | -----              |
| Balance, July 26, 1997  | \$120.4<br>=====                        | \$161.2<br>=====                         | \$341.0<br>=====                     | \$546.3<br>=====              | \$1,168.9<br>===== |

During the fourth quarter of fiscal 1997, the Company completed the sale of its Chadwick's of Boston catalog division to Brylane, L.P. Total proceeds from the sale estimated at \$300 million included cash, a 10-year \$20 million Convertible Subordinated Note at 6% interest and Chadwick's consumer credit card receivables. During the second quarter of fiscal 1998, the Company paid Brylane \$28.8 million as an estimated adjustment of the cash proceeds based on the closing balance sheet of Chadwick's as of December 7, 1996 as prepared by the Company. The cash proceeds may be further adjusted upon agreement regarding the closing balance sheet of Chadwick's as of December 7, 1996. The results of Chadwick's for all periods prior to December 7, 1996 have been reclassified to discontinued operations. The cash provided by discontinued operations represents the collection of the remaining balance of the Chadwick's consumer credit card receivables outstanding as of January 1997.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. The results for the first six months are not necessarily indicative of results for the full fiscal year, because the Company's business, in common with the businesses of retailers generally, is subject to seasonal influences, with higher levels of sales and income generally realized in the second half of the year.
2. The preceding data are unaudited and reflect all normal recurring adjustments, the use of retail statistics, and accruals and deferrals among periods required to match costs properly with the related revenue or activity, considered necessary by the Company for a fair presentation of its financial statements for the periods reported, all in accordance with generally accepted accounting principles and practices consistently applied.
3. The Company's cash payments for interest expense and income taxes are as follows: (in thousands)

|                  | Twenty-Six Weeks Ended |                  |
|------------------|------------------------|------------------|
|                  | July 26,<br>1997       | July 27,<br>1996 |
| Cash paid for:   |                        |                  |
| Interest expense | \$ 14,259              | \$26,534         |
| Income taxes     | 109,524                | 79,619           |

4. In October 1988, the Company completed the sale of its former Zayre stores division to Ames Department Stores, Inc. ("Ames"). In April 1990, Ames filed for protection under Chapter 11 of the Federal Bankruptcy Code and in December 1992, Ames emerged from bankruptcy under a plan of reorganization. The Company is liable for certain amounts to be distributed under the plan for certain unassigned landlord claims under certain former Zayre store leases on which the Company was liable as of the date of the sale and which Ames has rejected.

The Company remains contingently liable for the leases of most of the former Zayre stores still operated by Ames. In addition, the Company is contingently liable on a number of leases of the Hit or Miss division, the Company's former off-price women's specialty stores, sold in September 1995. The Company believes that in view of the nature of the leases and the fact that Ames and Hit or Miss are primarily liable, the Company's contingent liability on these leases will not have a material effect on the Company's financial condition. Accordingly, the Company believes its available reserves should be adequate to cover all reasonably expected liabilities associated with discontinued operations that it may incur.

The Company is also contingently liable on certain leases of HomeBase, Inc. (previously named Waban Inc)., which was spun off by the Company in fiscal 1990. HomeBase, Inc. is primarily liable and has indemnified the Company for any amounts the Company may have to pay with respect to such leases. HomeBase, Inc. recently consummated a spin-off of BJ's Wholesale Club, Inc. HomeBase, Inc., BJ's Wholesale Club, Inc., and the Company have entered into agreements under which BJ's Wholesale Club, Inc. has substantial indemnification responsibility with respect to such HomeBase

leases. The Company is also contingently liable on certain leases of BJ's Wholesale Club, Inc. for which both BJ's Wholesale Club, Inc. and HomeBase, Inc. remain liable. As a result of the foregoing, the Company believes that its contingent liability on the HomeBase, Inc. and BJ's Wholesale Club, Inc. leases will not have a material effect on the Company's financial condition.

5. During 1996, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards No. 128 "Earnings per Share." This statement specifies the computation, presentation and disclosures for basic and dilutive earnings per share. The Company will implement the standard in its fourth quarter period for the fiscal year ended January 31, 1998. Using the new method for computing earnings per share, basic earnings per share and dilutive earnings per share would be as follows:

|                                    | 13 Weeks Ended   |                  | 26 Weeks Ended   |                  |
|------------------------------------|------------------|------------------|------------------|------------------|
|                                    | July 26,<br>1997 | July 27,<br>1996 | July 26,<br>1997 | July 27,<br>1996 |
| Income from continuing operations: |                  |                  |                  |                  |
| Basic                              | \$ .30           | \$ .20           | \$ .59           | \$ .33           |
| Dilutive                           | .30              | .19              | .57              | .32              |
| Net income:                        |                  |                  |                  |                  |
| Basic                              | .30              | .22              | .59              | .39              |
| Dilutive                           | .30              | .21              | .57              | .38              |

6. On April 9, 1997, the Company approved a two-for-one stock split to be effected in the form of a 100% stock dividend which was subject to approval by the shareholders of an increase in the number of authorized shares of the Company's common stock. On June 3, 1997, the shareholders approved an increase in the number of authorized shares of common stock making the two-for-one stock split effective. The split was paid on June 26, 1997 to shareholders of record on June 11, 1997 and resulted in the issuance of 79.8 million shares of common stock along with a corresponding decrease of \$79.8 million in additional paid-in capital. All historical earnings per share amounts have been restated to reflect the two-for-one stock split.
7. On June 25, 1997, the Company announced a program to purchase up to an aggregate of \$250 million of the Company's common stock and Series E preferred stock to be accomplished through open market purchases or other transactions. Through July 26, 1997, the Company has purchased 1,616,645 shares of common stock and 2,500 shares of Series E preferred stock at a cost of \$45.6 million. The Company is no longer seeking to purchase its Series E preferred stock. The average price of the common shares repurchased was \$27.75 per share. Subsequent to the end of the quarter through September 5, 1997, the Company has purchased an additional 3,466,500 shares of common stock for \$94.7 million.

Through July 26, 1997, the shareholders converted 293,400 shares of Series E preferred stock into 3,167,611 shares of common stock. The Company paid \$1.7 million to induce conversion of the preferred shares. Subsequent to the end of the quarter through September 5, 1997, an additional 441,000 shares of the Series E preferred stock were converted into 4,761,131 shares of common stock and the Company paid \$2.0 million to induce conversion of these preferred shares.

PART II. Other Information  
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Item 4 Submission of Matters to a Vote of Security Holders  
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Information with respect to matters voted on at the Company's Annual Meeting of Stockholders on June 3, 1997 (during the period covered by this report) was provided in the Company's Quarterly Report on Form 10-Q for the quarter ended April 26, 1997.

Item 6(a) Exhibits  
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- 10.1 The 1993 Stock Option Plan for Non-Employee Directors as amended through June 3, 1997 is filed herewith.
- 10.2 The TJX Companies, Inc. Management Incentive Plan as amended through June 3, 1997 is filed herewith.
- 10.3 The TJX Companies, Inc. Long Range Performance Incentive Plan as amended through June 3, 1997 is filed herewith.
- 11 Statement re Computation of Per Share Earnings.

Item 6(b) Reports on Form 8-K  
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N/A

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SIGNATURE

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

THE TJX COMPANIES, INC.

-----  
(Registrant)

Date: September 9, 1997

/s/ Donald G. Campbell  
-----

Donald G. Campbell, Executive Vice  
President - Finance, on behalf  
of The TJX Companies, Inc. and as  
Principal Financial and Accounting  
Officer of The TJX Companies, Inc.



(As amended through June 3, 1997.  
Reflects 2 for 1 stock split effective June, 1997.)

THE TJX COMPANIES, INC.

1993 STOCK OPTION PLAN FOR NON-EMPLOYEE DIRECTORS

1. PURPOSE

The purpose of this 1993 Stock Option Plan for Non-Employee Directors (the "Plan") is to advance the interests of The TJX Companies, Inc. (the "Company") by increasing the proprietary interest in the Company of non-employee members of the Company's Board of Directors by providing a portion of their compensation in options to acquire shares ("Shares") of the Company's common stock ("Common Stock").

2. ADMINISTRATION

The Plan shall be administered by a committee (the "Committee") of the Board of Directors (the "Board") of the Company designated by the Board for that purpose. The Committee shall have authority, not inconsistent with the express provisions of the Plan, (a) to administer the issuance of options granted in accordance with the formula set forth in this Plan to such directors as are eligible to receive options; (b) to prescribe the form or forms of instruments evidencing options and any other instruments required under the Plan and to change such forms from time to time; (c) to adopt, amend and rescind rules and regulations for the administration of the Plan; and (d) to interpret the Plan and to decide any questions and settle all controversies and disputes that may arise in connection with the Plan. Such determinations of the Committee shall be conclusive and shall bind all parties. Transactions under this plan are intended to comply with all applicable conditions of Rule 16b-3 or its successors under Section 16 of the Securities Exchange Act of 1934 ("Rule 16b-3"). To the extent any provision of the Plan or action by the Committee fails to so comply, it shall be deemed null and void, to the extent permitted by law and deemed advisable by the Committee.

3. EFFECTIVE DATE AND TERM OF PLAN

The Plan shall become effective on the date approved by the shareholders of the Company. No option shall be granted under the Plan after the day of the annual meeting of stockholders held in 2002, but options previously granted may extend beyond that date.

4. SHARES SUBJECT TO THE PLAN

(a) NUMBER OF SHARES. The maximum number of Shares that may be delivered upon the exercise of options granted under the Plan shall be 100,000. If any option granted under the Plan terminates without having been exercised in full, the number of Shares as to which such option was not exercised shall be available for future grants within the foregoing limit.

(b) SHARES TO BE DELIVERED. Shares delivered under the Plan shall be authorized but unissued Shares or, if the Board so decides in its sole discretion, previously issued Shares acquired by the Company and held in treasury. No fractional Shares shall be delivered under the Plan.

(c) CHANGES IN STOCK; RESTRUCTURING, ETC. In the event of a stock dividend, stock split or combination of shares, the number and kind of shares of stock or securities of the Company subject to options then outstanding or subsequently granted under the Plan, the maximum number of shares or securities that may be delivered under the Plan, the exercise price, and other relevant provisions

shall be appropriately adjusted by the Committee. In the event of any other recapitalization, reorganization, extraordinary dividend or distribution or restructuring transaction affecting the Common Stock, the number of shares issuable under this Plan shall be subject to such adjustment as the Committee may deem appropriate, and the number of shares issuable pursuant to any option theretofore granted (whether or not then exercisable) and/or the option price per share of such option shall be subject to such adjustment as the Committee may deem appropriate with a view toward preserving the value of such option.

5. ELIGIBILITY FOR OPTIONS

Directors eligible to receive options under the Plan ("Non-Employee Directors") shall be those directors who are not present or former employees of the Company or of any subsidiary of the Company.

6. TERMS AND CONDITIONS OF OPTIONS

(a) NUMBER OF OPTIONS (REFLECTS 2 FOR 1 STOCK SPLIT EFFECTIVE JUNE, 1997).

On June 8, 1993, each Non-Employee Director continuing in office and each newly elected Non-Employee Director was awarded an option covering 2,000 Shares. On the date of each subsequent annual meeting, each Non-Employee Director who has served since at least the previous annual meeting and is continuing in office shall be awarded an option covering 1,000 Shares and each newly elected Non-Employee Director shall be awarded an option covering 2,000 Shares. For purposes of this paragraph, each Non-Employee Director elected to office by the Board since the then last annual meeting shall be treated as a newly elected Non-Employee Director.

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(b) EXERCISE PRICE. The exercise price of each option shall be 100% of the fair market value per Share at the time the option is granted. In no event, however, shall the option price be less, in the case of an original issue of authorized stock, than par value per share. For purposes of this paragraph, the fair market value of a Share on any date shall be the last sale price of a share of Common Stock on such day as reflected in the New York Stock Exchange Composite Transactions Index or, if there was no such reported price on such day, the latest day prior thereto on which there was such a reported price.

(c) DURATION OF OPTIONS. The latest date on which an option may be exercised (the "Final Exercise Date") shall be the date which is ten years from the date the option was granted.

(d) EXERCISE OF OPTIONS.

(1) Each option shall become exercisable to the full extent of all Shares covered thereby one year after the date of the grant.

(2) Any exercise of an option shall be in writing, signed by the proper person and delivered or mailed to the Company, accompanied by (i) any documentation required by the Committee and (ii) payment in full for the number of Shares for which the option is exercised.

(3) If tax withholding is required under applicable federal, state or local tax laws, the Committee may withhold from the number of Shares otherwise issuable to the individual upon exercise a number of Shares with a fair market value equal to any federal, state or local withholding tax requirements due upon the exercise of the option.

(4) If an option is exercised by the executor or administrator of a deceased director, or by the person or persons to whom the option has been transferred by the director's will or the applicable laws of descent and distribution, the Company shall be under no obligation to deliver Shares pursuant to such exercise until the Company is satisfied as to the authority of the person or persons exercising the option.

(e) PAYMENT FOR AND DELIVERY OF SHARES. Shares purchased under the Plan shall be paid for as follows: (i) by certified or bank check or other instrument

or means acceptable to the Committee (in accordance with guidelines established for this purpose), (ii) through the delivery of shares of Company common stock (which, in the case of shares acquired from the Company, have been outstanding for at least six months) having a fair market value on the last business day preceding the date of exercise equal to the purchase price, (iii) by delivery of an unconditional and irrevocable undertaking by a broker to deliver promptly to the Company

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sufficient funds to pay the exercise price or (iv) by any combination of the permissible forms of payment.

An option holder shall not have the rights of a shareholder with regard to awards under the Plan except as to Stock actually received by him or her under the Plan.

The Company shall not be obligated to deliver any Shares (1) until, in the opinion of the Company's counsel, all applicable federal, state and foreign laws and regulations have been complied with, and (2) if the Company's common stock outstanding is at the time listed on any stock exchange, until the Shares to be delivered have been listed or authorized to be listed on such exchange upon official notice of issuance, and (3) until all other legal matters in connection with the issuance and delivery of such Shares have been approved by the Company's counsel. If the sale of Stock has not been registered under the Securities Act of 1933, as amended, the Company may require, as a condition to exercise of the option, such representations or agreements as counsel for the Company may consider appropriate to avoid violation of such Act and may require that the certificates evidencing such Shares bear an appropriate legend restricting transfer.

(f) NONTRANSFERABILITY OF OPTIONS. No option may be transferred other than by will or by the laws of descent and distribution, and during a director's lifetime an option may be exercised only by him or her.

(g) DEATH, RETIREMENT AND DISABILITY OF A DIRECTOR. Upon the death, retirement from the Board after attaining age 65 with at least 10 years of service as a director or after attaining age 70, 71 or 72 with 9, 8 or 7 years of service, respectively, or disability (as determined by the Committee) of any director granted options under this Plan, all options not then exercisable shall terminate. All options held by the director that are exercisable immediately prior to such event may be exercised by such director or by his or her executor or administrator, or by the person or persons to whom the option is transferred by will or the applicable laws of descent and distribution, at any time within three years after such event. After completion of that three-year period, such options shall terminate to the extent not previously exercised. Notwithstanding the foregoing, options held by a director who dies in the third year following such retirement or disability shall remain exercisable for one year following death. In no event shall any option referred to in this paragraph 6(g) be exercisable beyond its stated term, if earlier.

(h) OTHER TERMINATION OF STATUS OF DIRECTOR. If a director's service with the Company terminates for any reason other than death, retirement or disability as specified in paragraph 6(g), all options held by the director that are not then exercisable shall terminate. Options that are exercisable on the date of termination shall continue to be exercisable for a period of three months (but not beyond their stated term if earlier). After completion of that three-month period, such options shall terminate to the extent not previously exercised, expired or terminated.

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(i) MERGERS, ETC. In the event of a consolidation or merger in which the Company is not the surviving corporation or which results in the acquisition of substantially all the Company's outstanding Stock by a single person or entity or by a group of persons and/or entities acting in concert, or in the event of a sale of all or substantially all assets or a dissolution or liquidation of the Company, all options hereunder will terminate; provided, that 20 days prior to



the effective date of any such merger, consolidation, sale, dissolution, or liquidation, all options outstanding hereunder that are not otherwise exercisable shall become immediately exercisable.

7. EFFECT, TERMINATION AND AMENDMENT

The Committee may at any time terminate the Plan as to any further grants of options. The Board may at any time or times amend the Plan for any purpose which may at the time be permitted by law; provided, that except to the extent expressly required or permitted by the Plan, no such amendment will, without the approval of the stockholders of the Company, effectuate a change for which stockholder approval is required in order for the Plan to continue to qualify under Rule 16b-3.

THE TJX COMPANIES, INC.  
MANAGEMENT INCENTIVE PLAN  
  
(AS AMENDED THROUGH JUNE 3, 1997)

THE TJX COMPANIES, INC. MANAGEMENT INCENTIVE PLAN  
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THE TJX COMPANIES, INC.  
MANAGEMENT INCENTIVE PLAN

1. Purpose  
-----

The purpose of The TJX Companies, Inc. ("TJX") Management Incentive Plan (the "Plan") is to provide officers and other employees who are key to the annual growth and profitability of TJX with reward opportunities commensurate with their performance relative to annual objectives.

2. Definitions  
-----

Unless the context requires otherwise, the following expressions as used in the Plan shall have the meanings ascribed to each below, it being understood that masculine, feminine, and neuter pronouns are used interchangeably, and that each comprehends the others.

- (a) "Change of Control" shall have the meaning set forth in the Company's 1986 Stock Incentive Plan, as in effect from time to time.
- (b) "Company" shall mean TJX and its subsidiaries.
- (c) "E.C.C." shall mean the Executive Compensation Committee of the Board of Directors of TJX. A member of the E.C.C. shall not be eligible to participate in the Plan while serving as a member of the E.C.C. or one year prior to becoming a member of the E.C.C.
- (d) "Fiscal Year" shall mean the fifty-two or fifty-three week period ending on the last Saturday in January, and commencing on the Sunday following the last Saturday in January of the preceding calendar year.
- (e) "Participant" shall mean any officer or other employee of TJX or any subsidiary of TJX who is designated a Participant pursuant to Section 5 below.
- (f) "Performance Criteria" shall mean the standards of measurement of performance by the Company, performance by any division or subsidiary of the Company, and/or individual performance for each Performance Period as established by the E.C.C. pursuant to paragraph (a) of

Section 6 below.

- (g) "Performance Goal" shall mean the level of performance with respect to each Performance Criterion at which awards are payable pursuant to this Plan.

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Performance Goals are established by the E.C.C. pursuant to paragraph (b) of Section 6 below.

- (h) "Performance Period" shall mean one Fiscal Year.
- (i) "Section 162(m)" shall mean Section 162(m) of the Internal Revenue Code of 1986, as amended, and the regulations thereunder.

3. Effective Date  
-----

The effective date of the Plan shall be January 28, 1979. The effective date of this amendment and restatement of the Plan shall be June 3, 1997.

4. Administration  
-----

This Plan shall be administered by the E.C.C. The E.C.C. shall have full authority to interpret the Plan; to establish, amend, and rescind rules for carrying out the Plan; to administer the Plan; to determine the terms and provisions of any agreements pertaining to the Plan; and to make all other determinations necessary or advisable for its administration. The E.C.C. shall not be bound to any standards of uniformity or similarity of action, interpretation, or conduct in the discharge of its duties hereunder, regardless of the apparent similarity of the matters coming before it. Its determination shall be binding on all parties.

No member or former member of the E.C.C. or the Board of Directors of TJX shall be liable for any action or determination made in good faith with respect to the Plan or any award or payment made under the Plan.

5. Eligibility  
-----

For each Performance Period, the E.C.C. shall designate those Participants who may be entitled to receive annual management incentive awards, subject to the terms and conditions of the Plan.

6. Description of Awards  
-----

(a) Designation of Performance Criteria  
-----

At the commencement of each Performance Period, the E.C.C. shall determine the Performance Criteria for said Performance Period and the relative weight to be given to each Performance Criterion. Performance Criteria and the weighing thereof may vary by Participant and may be different for different Performance Periods. Such Performance Criteria may include, but shall not be limited to,

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measures such as pre-tax income, pre-tax income as a percentage of sales, return on investment, or other measures specific to a Participant's annual performance objectives. These criteria may be based on Company, divisional, subsidiary and/or individual performance

as designated by the E.C.C.

(b) Performance Goals

-----

At the commencement of each Performance Period, the E.C.C. shall determine a range of Performance Goals from minimum to target to maximum for each Performance Criterion for said Performance Period, based upon the Company, divisional or subsidiary Business Plan for said Fiscal Year. Performance Goals are subject to the approval of the President of TJX. Performance Goals may vary by Participant and may be different for different Performance Periods.

At any time designated by the E.C.C. during a Performance Period or thereafter, but prior to award payment, appropriate adjustments in the Performance Goals may be made to avoid undue windfalls or hardships due to external conditions outside the control of management, changes in method of accounting, nonrecurring or abnormal items, or other matters as the E.C.C. shall, in its sole discretion, determine.

(c) Award Opportunity

-----

At the commencement of each Performance Period, the E.C.C. shall assign to each Participant the minimum, target and maximum opportunity to be earned for said Performance Period, based upon the Participant's position and ability to affect annual performance relative to goals during the Performance Period. Award opportunity may be expressed as a fixed amount or as a percentage of the Participant's actual base salary earned for the Performance Period.

From time to time, discretionary awards, in addition to the annual management incentive awards, may be made by the E.C.C. to any Participant in recognition of outstanding performance or extraordinary circumstances which occur during the Performance Period. Recommendations of Participants to receive discretionary awards shall be made by the President of TJX.

7. Determination of Awards

-----

- (a) Upon completion of each Performance Period and certification of the Company's financial statements by the Company's independent public accountants for the Fiscal Year included in such Performance Period, the E.C.C. shall review performance relative to Performance Goals, as adjusted from time to time in accordance with paragraph (b) of Section 6 above, and

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determine the value of the awards for each Performance Period, subject to the approval of the President of TJX and/or the Chairman of the E.C.C.

Achievement of Performance Goals shall result in payment of the target award. Failure to achieve Performance Goals will result in a decrease or elimination of the Participant's award. Exceeding Performance Goals will result in an increased award.

Performance Goal awards may be adjusted upward or downward by the E.C.C. due to special circumstances or individual performance review. Without limiting the generality of the foregoing, the E.C.C. may reduce or eliminate awards to Participants receiving "Needs Improvement" performance ratings.

- (b) If an employee becomes a Participant after the beginning of a Performance Period, the award payable to him or her shall be prorated in accordance with the portion of the Performance Period in which he or she is a Participant.

- (c) In the event of termination of employment of a Participant for any reason prior to the last day of the Performance Period, a Participant thereafter shall have no further rights under the Plan and shall not be entitled to payment of any award.

If termination of employment occurs (i) by reason of death, (ii) by reason of normal retirement under a retirement plan of the Company, or (iii) with the consent of the Company, the E.C.C. may, in its sole discretion, value and direct that all or some portion of the award be deemed earned and payable, taking into account the duration of employment during the Performance Period, the Participant's performance, and other matters as the E.C.C. shall deem appropriate. In the event of termination of employment for cause, as defined and determined by the E.C.C. in its sole discretion, no payment shall be made with regard to any prior or current Performance Period.

- (d) If a Participant shall be actively employed by the Company less than a full Performance Period because of an accident or illness but completes 26 weeks of active employment during said Performance Period, the award otherwise payable to said Participant for said Performance Period shall not be reduced because of a failure of active employment due to such accident or illness.

If a Participant shall be actively employed by the Company less than a full Performance Period because of an accident or illness and does not complete 26 weeks of active employment during said Performance period, said Participant shall receive such award, if any, for said Performance Period as the E.C.C. shall determine.

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Any time for which a Participant receives sick leave and/or vacation payments shall be deemed active employment time. Any time for which a Participant received short-term income protection, short-term disability and/or long-term disability payments shall not be deemed active employment time.

The provisions in this Section 7 are subject to the terms of any employment agreement, severance agreement or severance plan applicable to any one or more participants and in the event of any conflict, such terms shall control payment.

8. Payment of Awards

-----

As soon as practicable after valuation of the award for each Performance Period, payment shall be made in cash with respect to the award earned by each Participant.

9. Deferral of Award

-----

Participants who are designated by the E.C.C. as being eligible to participate in the TJX General Deferred Compensation Plan may elect to defer all or a portion of their awards in accordance with the terms of such General Deferred Compensation Plan.

10. Designation of Beneficiary

-----

- (a) Subject to applicable law, each Participant shall have the right to file with the E.C.C., to the attention of the Vice President, Human Services Director of TJX, a written designation of one or more persons as the beneficiary(ies) who shall be entitled to receive the amount, if any, payable under the Plan upon his or her death. A Participant may from time to time revoke or change his or her beneficiary by filing a new designation with the E.C.C. The last such designation received by the E.C.C. shall be controlling, provided, however, that not designation change or revocation thereof shall be effective unless received by the E.C.C. prior to the Participant's death and in no

event shall it be effective as of date prior to receipt.

- (b) If no such beneficiary designation is in effect at the time of a Participant's death, or if no designated beneficiary survives the Participant, or if such designation conflicts with law, the payment of the amount, if any, payable under the Plan upon his or her death shall be made to the Participant's estate. If the E.C.C. is in doubt as to the right of any person to receive any amount, the E.C.C. may retain such amount, without liability for any interest thereon, until the rights thereto are determined, or the E.C.C. may pay such amount into any court of appropriate jurisdiction, and such payment shall be a complete discharge of the liability of the Plan, the Company, and the E.C.C. therefor.

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#### 11. Notices

-----

Each Participant whose employment relationship with the Company has terminated, either voluntarily or involuntarily, shall be responsible for furnishing the Vice President, Human Services Director of TJX, with the current and proper address for the mailing of notices and the delivery of agreements and payments. Any notice required or permitted to be given shall be deemed given if directed to the person to whom addressed at such address and mailed by regular United States mail, first-class and prepaid. If any item mailed to such address is returned as undeliverable to the addressee, mailing shall be suspended until the Participant furnishes the proper address.

#### 12. Rights of Participants

-----

Nothing contained in the Plan and no action taken pursuant to the Plan shall create or be construed to create a trust of any kind, or a fiduciary relationship between the Company and any Participant or his or her legal representative or designated beneficiary, or other persons.

If and to the extent that any Participant or his or her legal representative or designated beneficiary, as the case may be, acquires a right to receive any payment from the Company pursuant to the Plan, such right shall be no greater than the right of an unsecured general creditor of the Company.

#### 13. No Employment Rights

-----

Nothing in this Plan or any other document describing or referring to this Plan shall be deemed to confer on any Participant the right to continue in the employ of the Company or his or her respective employer or affect the right of such employer to terminate the employment of any such person with or without cause.

#### 14. Certain Payments Upon a Change of Control

-----

If, upon a Change of Control of TJX, amounts payable or that would or might be payable in respect of an individual under the Plan instead are paid to such individual or his or her estate or beneficiary pursuant to any change of control severance plan or agreement, or any similar plan, agreement or arrangement, to which the Company is a party, payments in respect of such individual hereunder shall be reduced PRO TANTO.

#### 15. Nonalienation of Award

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No amounts or other rights under the Plan shall be sold, transferred, assigned, pledged, or otherwise disposed of or encumbered by a Participant, except as provided herein,

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and shall not be subject to attachment, garnishment, execution, or other creditor's processes.

16. Withholding Taxes  
-----

The Company shall have the right to deduct withholding taxes from any payments made pursuant to the Plan, or make such other provisions as it deems necessary or appropriate to satisfy its obligations to withhold federal, state, or local income or other taxes incurred by reason of payments pursuant to the Plan.

17. Termination, Amendment and Modification  
-----

The E.C.C. or the Board of Directors of TJX may from time to time amend, modify, or discontinue the Plan or any provision hereof. No amendment to or discontinuance or termination of the Plan, shall, without the written consent of the Participant, adversely affect any rights of such Participant that have vested. This Plan shall continue until terminated by the E.C.C. or the Board of Directors of TJX.

18. Headings and Captions  
-----

The headings and captions herein are provided for reference and convenience only, shall not be considered part of the Plan, and shall not be employed in the construction of the Plan.

19. Controlling Law  
-----

This Plan shall be construed and enforced according to the laws of the Commonwealth of Massachusetts, to the extent not preempted by Federal law, which shall otherwise control.

20. Miscellaneous Provisions  
-----

- (a) All costs and expenses involved in administering the Plan as provided herein, or incident thereto, shall be borne by the Company.
- (b) The E.C.C. may, in its sole discretion, reduce or eliminate awards granted or money payable to any Participant or all Participants if it determines that such awards or payment may cause the Company to violate any applicable law, regulation, controls, or guidelines. Such reduction or elimination may be made notwithstanding that the possible violation might be eliminated by reducing or not increasing compensation or benefits of other associates, it being the intent of the Plan not to inhibit the discretion of the Company to provide such forms and amounts of compensation and benefits to employees as it deems advisable.

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21. Awards to Certain Officers  
-----

The provisions of this Section 21 shall apply, notwithstanding any other provision of the Plan to the contrary, in the case of any award made to a person expected to be described in Section 162(m) at the time the award is to be paid, as determined by the E.C.C. at the time of the award. In the



case of any such award: (a) Performance Criteria shall be based on any one or more of the following (on a consolidated, divisional, line of business, geographical or area of executive's responsibilities basis): one or more items of or within (i) sales, revenues, assets or expenses; (ii) earnings, income or margins, before or after deduction for all or any portion of interest, taxes, depreciation, or amortization, whether or not on a continuing operations and aggregate or per share basis; (iii) return on investment, capital, assets, sales or revenues; and (iv) stock price; (b) the specific Performance Criteria established by the E.C.C. with respect to any award shall be subject to mandatory adjustment for any change in law (including tax laws and statutory rates), regulations and interpretations occurring after the grant date affecting such divisional pre-tax earnings by more than one (1%) percent; (c) the maximum amount payable under any Plan award to any such individual shall be \$2,000,000; (d) no payment shall be made under the award unless the applicable Performance Goals, which shall have been preestablished within the meaning of Section 162(m), have been met, nor shall any such payment be made until the E.C.C. certifies in accordance with Section 162(m) that such Goals have been met; and (e) those provisions of the Plan generally applicable to awards hereunder which give to the E.C.C. or any other person discretion to modify the award after the establishment and grant of the award, or which if applied to an award described in this Section 21 might otherwise cause such award to fail to qualify as a performance-based award under Section 162(m) shall be deemed inapplicable to the extent (but only to the extent) the retention of such discretion by such person or the application of such provision would be deemed inconsistent with qualification of the award as performance-based under Section 162(m).

THE TJX COMPANIES, INC.  
LONG RANGE PERFORMANCE INCENTIVE PLAN  
  
(AS AMENDED THROUGH JUNE 3, 1997)

THE TJX COMPANIES, INC. LONG RANGE PERFORMANCE INCENTIVE PLAN  
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THE TJX COMPANIES, INC.  
LONG RANGE PERFORMANCE INCENTIVE PLAN

1. Purpose  
-----

The purpose of The TJX Companies, Inc. Long Range Performance Incentive Plan (the "Plan") is to promote the long-term success of The TJX Companies, Inc. (the "Company") and its shareholders by providing competitive incentive compensation to those officers and selected employees upon whose judgment, initiative, and efforts the Company depends for its profitable growth.

2. Definitions  
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Reference is hereby made to the Company's 1986 Stock Incentive Plan (the "1986 Plan"). Terms defined in the 1986 Plan and not otherwise defined herein are used herein with the meanings so defined.

3. Term  
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The plan shall be effective as of January 25, 1992 (the start of fiscal year 1993), and the Plan shall remain in effect until terminated by the Company's Board of Directors (the "Board").

4. Plan Administration  
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The Plan shall be administered by the same Committee that administers the 1986 Plan. The Committee shall have full and exclusive power to interpret the Plan and to adopt such rules, regulations and guidelines for carrying out the Plan as it may deem necessary or proper, consistent with the 1986 Plan.

5. Eligibility and Target Award  
-----

Any key employee (an "Employee") of the Company or any of its Subsidiaries who could receive an award under the 1986 Plan shall be eligible to receive awards under the Plan.

At the commencement of each three-year performance cycle (the "Performance Cycle"), the Committee shall designate those who will participate in the Plan (the "Participants") and their target awards (the "Awards"). Subsequent to the

commencement of a Performance Cycle, the Committee may, in special circumstances, designate additional Participants and their target Awards for such Performance Cycle.

6. Award Goals

-----

At the commencement of each Performance Cycle, the Committee shall set one or more performance goals (the "Performance Goals") for such Performance Cycle, the relative weight to be given to each Performance Goal, and a schedule for determining payments if actual performance is above or below the goal. For the Performance Cycles for fiscal years 1995-1997 and thereafter, Awards shall not provide for any minimum payment; however, the Committee for each such Cycle shall establish a maximum (not to exceed 150%) of the Award which may be earned.

At any time designated by the Committee during a Performance Cycle or thereafter, but prior to Award payment, appropriate adjustments in the goals may be made by the Committee to avoid undue windfalls or hardships due to external conditions outside the control of management, nonrecurring or abnormal items, or other matters as the Committee shall, in its sole discretion, determine appropriate to avoid undue windfalls or hardships.

As soon as practicable after the end of the Performance Cycle, the Committee shall determine what portion of each Award has been earned. The Award payment shall be paid in cash.

7. Determination of Awards

-----

- a. Upon completion of each Performance Cycle and certification of the Company's financial statements by the Company's independent public accountants for the Fiscal Years included in such Performance Cycle, the Committee shall review performance relative to Performance Goals, and determine the value of the Awards for each Performance Cycle, subject to the approval of the President of TJX and/or the Chairman of the Committee.

Achievement of Performance Goals shall result in payment of the target Award. Failure to achieve Performance Goals will result in a decrease or elimination of the Participant's Award. Exceeding Performance Goals will result in an increased Award.

Performance Goal Awards may be adjusted upward or downward by the Committee due to special circumstances or individual performance review. Without limiting the generality of the foregoing, the Committee may reduce or eliminate Awards to Participants receiving "Needs Improvement" performance ratings.

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- b. If an employee becomes a Participant after the beginning of a Performance Cycle, the Award payable to him or her shall be prorated in accordance with the portion of the Performance Cycle in which he or she is a Participant.
- c. In the event of termination of employment of a Participant for any reason prior to the last day of the Performance Cycle, a Participant thereafter shall have no further rights under the Plan and shall not be entitled to payment of any Award.

If termination of employment occurs (i) by reason of death, (ii) by reason of normal retirement under a retirement plan of the Company, or (iii) with the consent of the Company, the Committee may, in its sole discretion, value and direct that all or some portion of the Award be deemed earned and payable, taking into account the duration of employment during the Performance Cycle, the Participant's performance, and other matters as the Committee shall deem appropriate. In the event of termination of employment for cause, as

defined and determined by the Committee in its sole discretion, no payment shall be made with regard to any prior or current Performance Cycle.

- d. If a Participant shall be actively employed by the Company less than a full Performance Cycle because of an accident or illness but completes 26 weeks of active employment during said Performance Cycle, the Award otherwise payable to said Participant for said Performance Cycle shall not be reduced because of a failure of active employment due to such accident or illness.

If a Participant shall be actively employed by the Company less than a full Performance Cycle because of an accident or illness and does not complete 26 weeks of active employment during said Performance Cycle, said Participant shall receive such Award, if any, for said Performance Cycle as the Committee shall determine.

Any time for which a Participant receives sick leave and/or vacation payments shall be deemed active employment time. Any time for which a Participant received short-term income protection, short-term disability and/or long-term disability payments shall not be deemed active employment time.

The provisions in this Section 7 are subject to the terms of any employment agreement, severance agreement or severance plan applicable to any one or more participants and in the event of any conflict, such terms shall control payment.

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#### 8. Termination

-----

Awards are forfeited at termination of employment. However, if termination of employment occurs by reason of (i) death, (ii) disability (as determined under the 1986 Plan), (iii) normal retirement under a retirement plan of the Company, or (iv) with the consent of the Company, the Committee may, in its sole discretion, direct that all or a portion of a Participant's Award be paid, taking into account the duration of employment during the Performance Cycle, the Participant's performance, and such other matters as the Committee shall deem appropriate. This Section 8 shall not apply to the extent the rights of a Participant in such circumstances are governed by another agreement.

#### 9. Transferability

-----

Awards under the Plan will be nontransferable and shall not be assignable, alienable, saleable or otherwise transferable by the Participant other than by will or the laws of descent and distribution.

#### 10. Designation of Beneficiary

-----

- a. Subject to applicable law, each Participant shall have the right to file with the Committee, to the attention of the Vice President, Human Services Director of TJX, a written designation of one or more persons as the beneficiary(ies) who shall be entitled to receive the amount, if any, payable under the Plan upon his or her death. A Participant may from time to time revoke or change his or her beneficiary by filing a new designation with the Committee. The last such designation received by the Committee shall be controlling, provided, however, that not designation change or revocation thereof shall be effective unless received by the Committee prior to the Participant's death and in no event shall it be effective as of date prior to receipt.
- b. If no such beneficiary designation is in effect at the time of a Participant's death, or if no designated beneficiary survives the

Participant, or if such designation conflicts with law, the payment of the amount, if any, payable under the Plan upon his or her death shall be made to the Participant's estate. If the Committee is in doubt as to the right of any person to receive any amount, the Committee may retain such amount, without liability for any interest thereon, until the rights thereto are determined, or the Committee may pay such amount into any court of appropriate jurisdiction, and such payment shall be a complete discharge of the liability of the Plan, the Company, and the Committee therefor.

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11. Change of Control; Mergers, etc.  
-----

- a. In the event the Company undergoes a Change of Control as defined in the 1986 Plan, this Plan shall automatically terminate and within 30 days following such Change of Control, whether or not a Participant's employment has been terminated, the Company shall pay to the Participant the following in a lump sum in full payment of his or her Award:

An amount with respect to each Performance Cycle for which the Participant has been designated as a Plan Participant equal to 50 percent of the product of (i) the maximum Award for the Participant for such Performance Cycle and (ii) a fraction, the denominator of which is the total number of fiscal years in the Performance Cycle and the numerator of which is the number of fiscal years which have elapsed in such Performance Cycle prior to the Change of Control (for purposes of this fraction, if the Change of Control occurs during the first quarter of a fiscal year, then one-quarter of the fiscal year shall be deemed to have lapsed prior to the Change of Control, and if the Change of Control occurs after the first quarter of the fiscal year, then the full fiscal year shall be deemed to have elapsed prior to the Change of Control). For purposes of this paragraph (a), the Valuation Date shall be the day preceding the date of the Change of Control. This paragraph (a) shall not apply to any Participant whose rights under this Plan upon a Change of Control are governed by another agreement or plan.

- b. In the event of a merger or consolidation with another company or in the event of a liquidation or reorganization of the Company, other than any merger, consolidation, reorganization or other event that constitutes a Change of Control, the Committee may in its sole discretion determine whether to provide for adjustments and settlements of Awards. The Committee may make such determination at the time of the Award or at a subsequent date.

12. Amendment and Modification  
-----

The Board may from time to time amend, modify, or discontinue the Plan or any provision hereof. No such amendment to, or discontinuance, or termination of the Plan shall, without the written consent of a Participant, adversely affect any rights of such Participant under an outstanding Award.

13. Withholding Taxes  
-----

The Company shall have the right to deduct withholding taxes from any payments made pursuant to the Plan, or make such other provisions as it deems necessary or

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appropriate to satisfy its obligations for withholding federal, state, or local income or other taxes incurred by reason of payments pursuant to the Plan.

Participants may elect in a writing furnished to the Committee prior to the Valuation Date to satisfy their federal tax obligations with respect to any shares paid hereunder by directing the Company to withhold an equivalent value of shares.

14. Future Rights

-----

No person shall have any claim or rights to be granted an Award under the Plan, and no Participant shall have any rights under the Plan to be retained in the employ of the Company.

15. Controlling Law

-----

This Plan shall be construed and enforced according to the laws of the Commonwealth of Massachusetts, to the extent not preempted by Federal law, which shall otherwise control.

16. Awards to Certain Officers

-----

The provisions of this Section 16 shall apply, notwithstanding any other provision of the Plan to the contrary, in the case of any Award made to a person expected to be described in Section 162(m) of the Internal Revenue Code ("Section 162(m)") at the time the Award is to be paid, as determined by the Committee at the time of the Award. In the case of any such Award: (a) Performance Goals shall be based on any one or more of the following (on a consolidated, divisional, line of business, geographical or area of executive's responsibilities basis): one or more items of or within (i) sales, revenues, assets or expenses; (ii) earnings, income or margins, before or after deduction for all or any portion of interest, taxes, depreciation, or amortization, whether or not on a continuing operations and aggregate or per share basis; (iii) return on investment, capital, assets, sales or revenues; and (iv) stock price; (b) the specific Performance Goals established by the Committee with respect to any Award shall be subject to mandatory adjustment for any change in law (including tax laws and statutory rates), regulations and interpretations occurring after the grant date affecting such divisional pre-tax earnings by more than one (1%) percent; (c) the maximum amount payable under any Plan Award to any such individual shall be \$2,000,000; (d) no payment shall be made under the Award unless the applicable Performance Goals, which shall have been preestablished within the meaning of Section 162(m), have been met, nor shall any such payment be made until the Committee certifies in accordance with Section 162(m) that such Goals have been met; and (e) those provisions of the Plan generally applicable to Awards hereunder which give to the Committee or any other person discretion to modify the Award after the

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establishment and grant of the Award, or which if applied to an Award described in this Section 16 might otherwise cause such Award to fail to qualify as a performance-based award under Section 162(m), shall be deemed inapplicable to the extent (but only to the extent) the retention of such discretion by such person or the application of such provision would be deemed inconsistent with qualification of the Award as performance-based within the meaning of Section 162(m).

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## PAGE 1

COMPUTATION OF NET INCOME PER COMMON SHARE  
(UNAUDITED)  
DOLLARS IN THOUSANDS

|   | Thirteen Weeks Ended |                  | Twenty-Six Weeks Ended |                  |
|---|----------------------|------------------|------------------------|------------------|
|   | July 26,<br>1997     | July 27,<br>1996 | July 26,<br>1997       | July 27,<br>1996 |
| The computation of net income available and adjusted shares outstanding follows:  |                      |                  |                        |                  |
| Net income  | \$ 52,578            | \$ 36,054        | \$ 101,039             | \$ 66,140        |
| Less:   |                      |                  |                        |                  |
| Preferred stock dividends   | --                   | --               | --                     | (2,578)          |
| Net income used for primary and fully diluted computation   | \$ 52,578            | \$ 36,054        | \$ 101,039             | \$ 63,562        |
| Weighted average number of common shares outstanding  | 159,655,766          | 148,264,940      | 159,647,011            | 148,255,748      |
| Add (where dilutive):   |                      |                  |                        |                  |
| Assumed exercise of those options that are common stock equivalents, net of treasury shares deemed to have been repurchased | 2,190,955            | 1,865,386        | 2,127,811              | 1,709,860        |
| Assumed conversion of convertible preferred stock   | 19,152,269           | 29,843,228       | 19,292,235             | 23,481,782       |
| Adjusted shares outstanding, used for primary and fully diluted computation   | 180,998,990          | 179,973,554      | 181,067,057            | 173,447,390      |



<ARTICLE> 5

<LEGEND>

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE  
STATEMENTS OF INCOME AND BALANCE SHEETS AND IS QUALIFIED IN ITS ENTIRETY BY  
REFERENCE TO SUCH FINANCIAL STATEMENTS.

</LEGEND>

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