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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549

FORM 10-Q

(mark one)

**Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**  
For the Quarterly Period Ended October 27, 2007

Or

**Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**  
For the transition period from \_\_\_\_\_ to \_\_\_\_\_

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer  Accelerated filer  Non-accelerated filer

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

YES  NO

The number of shares of registrant's common stock outstanding as of October 27, 2007: 437,017,637

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## PART I — FINANCIAL INFORMATION

## Item 1. Financial Statements

THE TJX COMPANIES, INC.  
STATEMENTS OF INCOME  
(UNAUDITED)  
AMOUNTS IN THOUSANDS EXCEPT PER SHARE AMOUNTS

	Thirteen Weeks Ended	
	October 27, 2007	October 28, 2006
Net sales	\$4,737,491	\$4,472,943
Cost of sales, including buying and occupancy costs	3,541,498	3,334,085
Selling, general and administrative expenses	792,552	756,348
Provision for Computer Intrusion related costs	—	—
Interest (income) expense, net	3,053	6,784
Income from continuing operations before provision for income taxes	400,388	375,726
Provision for income taxes	150,927	144,907
Income from continuing operations	249,461	230,819
(Loss) from discontinued operations, net of income taxes	—	(207)
Net income	\$ 249,461	\$ 230,612
Basic earnings per share:		
Income from continuing operations	\$ 0.57	\$ 0.51
(Loss) from discontinued operations, net of income taxes	\$ 0.00	\$ 0.00
Net income	\$ 0.57	\$ 0.51
Weighted average common shares — basic	439,256	452,544
Diluted earnings per share:		
Income from continuing operations	\$ 0.54	\$ 0.48
(Loss) from discontinued operations, net of income taxes	\$ 0.00	\$ 0.00
Net income	\$ 0.54	\$ 0.48
Weighted average common shares — diluted	464,534	479,491
Cash dividends declared per share	\$ 0.09	\$ 0.07

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

THE TJX COMPANIES, INC.  
STATEMENTS OF INCOME  
(UNAUDITED)  
AMOUNTS IN THOUSANDS EXCEPT PER SHARE AMOUNTS

	Thirty-Nine Weeks Ended	
	October 27, 2007	October 28, 2006
Net sales	\$ 13,158,870	\$ 12,307,858
Cost of sales, including buying and occupancy costs	9,936,410	9,291,257
Selling, general and administrative expenses	2,250,880	2,133,778
Provision for Computer Intrusion related costs	215,922	—
Interest (income) expense, net	(423)	15,956
Income from continuing operations before provision for income taxes	756,081	866,867
Provision for income taxes	285,480	333,362
Income from continuing operations	470,601	533,505
(Loss) from discontinued operations, net of income taxes	—	(928)
Net income	\$ 470,601	\$ 532,577
Basic earnings per share:		
Income from continuing operations	\$ 1.05	\$ 1.17
(Loss) from discontinued operations, net of income taxes	\$ 0.00	\$ 0.00
Net income	\$ 1.05	\$ 1.17
Weighted average common shares — basic	447,092	454,617
Diluted earnings per share:		
Income from continuing operations	\$ 1.00	\$ 1.12
(Loss) from discontinued operations, net of income taxes	\$ 0.00	\$ 0.00
Net income	\$ 1.00	\$ 1.12
Weighted average common shares — diluted	472,286	480,242
Cash dividends declared per share	\$ 0.27	\$ 0.21

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

THE TJX COMPANIES, INC.  
BALANCE SHEETS  
IN THOUSANDS, EXCEPT SHARE DATA

	October 27, 2007 <u>(unaudited)</u>	January 27, 2007 <u>(unaudited)</u>	October 28, 2006 <u>(unaudited)</u>
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 388,131	\$ 856,669	\$ 341,636
Accounts receivable, net	192,483	115,245	161,570
Merchandise inventories	3,364,500	2,581,969	3,246,287
Prepaid expenses and other current assets	243,928	159,105	173,818
Current deferred income taxes, net	96,701	35,825	16,284
Total current assets	<u>4,285,743</u>	<u>3,748,813</u>	<u>3,939,595</u>
Property at cost:			
Land and buildings	277,124	268,056	260,301
Leasehold costs and improvements	1,773,232	1,628,867	1,612,541
Furniture, fixtures and equipment	2,664,199	2,373,117	2,340,499
Total property at cost	4,714,555	4,270,040	4,213,341
Less accumulated depreciation and amortization	2,496,229	2,251,579	2,178,222
Net property at cost	<u>2,218,326</u>	<u>2,018,461</u>	<u>2,035,119</u>
Property under capital lease, net of accumulated amortization of \$14,332; \$12,657 and \$12,098, respectively	18,240	19,915	20,474
Non-current deferred income taxes, net	8,878	—	—
Other assets	228,085	115,613	127,432
Goodwill and tradename, net of amortization	182,966	182,898	183,120
<b>TOTAL ASSETS</b>	<u><b>\$ 6,942,238</b></u>	<u><b>\$ 6,085,700</b></u>	<u><b>\$ 6,305,740</b></u>
<b>LIABILITIES</b>			
Current liabilities:			
Obligation under capital lease due within one year	\$ 1,968	\$ 1,854	\$ 1,817
Accounts payable	1,819,194	1,372,352	1,717,088
Accrued expenses and other liabilities	1,310,924	1,008,774	1,013,391
Total current liabilities	<u>3,132,086</u>	<u>2,382,980</u>	<u>2,732,296</u>
Other long-term liabilities	808,306	583,047	567,943
Non-current deferred income taxes, net	—	21,525	14,089
Obligation under capital lease, less portion due within one year	20,891	22,382	22,860
Long-term debt, exclusive of current installments	839,349	785,645	794,680
Commitments and contingencies	—	—	—
<b>SHAREHOLDERS' EQUITY</b>			
Common stock, authorized 1,200,000,000 shares, par value \$1, issued and outstanding 437,017,637; 453,649,813 and 455,098,947, respectively	437,018	453,650	455,099
Additional paid-in capital	—	—	—
Accumulated other comprehensive loss	(12,864)	(33,989)	(32,773)
Retained earnings	1,717,452	1,870,460	1,751,546
Total shareholders' equity	<u>2,141,606</u>	<u>2,290,121</u>	<u>2,173,872</u>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<u><b>\$ 6,942,238</b></u>	<u><b>\$ 6,085,700</b></u>	<u><b>\$ 6,305,740</b></u>

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

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

	Thirty-Nine Weeks Ended	
	October 27, 2007	October 28, 2006
<b>Cash flows from operating activities:</b>		
Net income	\$ 470,601	\$ 532,577
<b>Adjustments to reconcile net income to net cash provided by operating activities:</b>		
Depreciation and amortization	272,340	261,570
Property disposals	13,731	5,564
Deferred income tax (benefit) provision	(71,717)	16,254
Amortization of stock compensation expense	42,292	55,689
Excess tax benefits from stock compensation expense	(6,032)	(1,372)
<b>Changes in assets and liabilities:</b>		
(Increase) in accounts receivable	(71,233)	(19,418)
(Increase) in merchandise inventories	(710,044)	(857,246)
(Increase) in prepaid expenses and other current assets	(38,894)	(13,156)
Increase in accounts payable	399,578	389,259
Increase in accrued expenses and other liabilities	246,133	81,423
Other	31,325	25,651
Net cash provided by operating activities	<u>578,080</u>	<u>476,795</u>
<b>Cash flows from investing activities:</b>		
Property additions	(406,078)	(291,838)
Proceeds from repayments on note receivable	560	520
Net cash (used in) investing activities	<u>(405,518)</u>	<u>(291,318)</u>
<b>Cash flows from financing activities:</b>		
Payments on capital lease obligation	(1,377)	(1,271)
Cash payments for repurchase of common stock	(639,259)	(428,985)
Proceeds from sale and issuance of common stock	103,519	203,878
Excess tax benefits from stock compensation expense	6,032	1,372
Cash dividends paid	(112,267)	(91,169)
Net cash (used in) financing activities	<u>(643,352)</u>	<u>(316,175)</u>
Effect of exchange rates on cash	<u>2,252</u>	<u>6,685</u>
Net (decrease) in cash and cash equivalents	(468,538)	(124,013)
Cash and cash equivalents at beginning of year	<u>856,669</u>	<u>465,649</u>
Cash and cash equivalents at end of period	<u>\$ 388,131</u>	<u>\$ 341,636</u>

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

THE TJX COMPANIES, INC.  
STATEMENT OF SHAREHOLDERS' EQUITY  
(UNAUDITED)  
IN THOUSANDS

	Common Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Total
	Shares	Par Value \$1				
Balance, January 27, 2007	453,650	\$ 453,650	\$ —	\$ (33,989)	\$ 1,870,460	\$ 2,290,121
Comprehensive income:						
Net income	—	—	—	—	470,601	470,601
Gain due to foreign currency translation adjustments	—	—	—	53,497	—	53,497
(Loss) on net investment hedge contracts	—	—	—	(30,873)	—	(30,873)
Gain on cash flow hedge contract	—	—	—	153	—	153
Amount of OCI reclassified to net income	—	—	—	(1,652)	—	(1,652)
Total comprehensive income						491,726
Cash dividends declared on common stock	—	—	—	—	(120,459)	(120,459)
Restricted stock issued	200	200	(200)	—	—	—
Amortization of stock compensation expense	—	—	42,292	—	—	42,292
Issuance of common stock under stock incentive plan and related tax effect	5,511	5,511	100,496	—	—	106,007
Common stock repurchased	(22,343)	(22,343)	(142,588)	—	(474,328)	(639,259)
Implementation of FIN 48	—	—	—	—	(27,181)	(27,181)
Implementation of SFAS 158 measurement provisions	—	—	—	—	(1,641)	(1,641)
Balance, October 27, 2007	<u>437,018</u>	<u>\$ 437,018</u>	<u>\$ —</u>	<u>\$ (12,864)</u>	<u>\$ 1,717,452</u>	<u>\$ 2,141,606</u>

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

THE TJX COMPANIES, INC.  
NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. The results for the first nine months are not necessarily indicative of results for the full fiscal year because TJX'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 consolidated interim financial statements are unaudited and, in the opinion of management, 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 TJX for a fair presentation of its financial statements for the periods reported, all in accordance with generally accepted accounting principles consistently applied. The consolidated interim financial statements should be read in conjunction with the audited consolidated financial statements, including the related notes, contained in TJX's Annual Report on Form 10-K for the fiscal year ended January 27, 2007.
3. During the fourth quarter of the fiscal year ended January 27, 2007, TJX closed 34 of its A.J. Wright stores and recorded the cost to close the stores, as well as operating results of those stores, as discontinued operations. Accordingly, the financial statements for the prior period ended October 28, 2006 have been adjusted to report the operating results of the closed stores as discontinued operations.
4. The nine months ended October 27, 2007 include after-tax charges of \$130 million (\$216 million pre-tax) with respect to the previously announced unauthorized intrusion or intrusions into portions of the Company's computer system and related theft of customer data (collectively, the "Computer Intrusion"). These charges include after-tax costs of \$23 million (\$38 million pre-tax) incurred during the first six months of the current fiscal year, as well as an after-tax accrual, recorded in the second quarter, of \$107 million (\$178 million pre-tax) for TJX's estimated exposure to potential losses related to the Computer Intrusion. This accrual reflects TJX's estimate of probable losses in accordance with generally accepted accounting principles and includes an estimation of total potential cash liabilities, from pending litigation, proceedings, investigations and other claims (including settlements), as well as legal and other costs and expenses, arising from the Computer Intrusion. We entered into a settlement agreement, which is subject to court approval and other conditions, with respect to the customer class action litigation and a settlement agreement with Visa Inc., Visa U.S.A. Inc. and our U.S. acquiring bank, which is subject to conditions, with respect to claims of eligible U.S. Visa issuers that issued payment cards potentially affected by the Computer Intrusion. We also expect to incur non-cash charges in fiscal 2009 or 2010 pursuant to the proposed settlement of the customer class action litigation. Cash charges against the reserve in the third quarter ended October 27, 2007 were \$3 million, reducing the reserve to \$175 million as of October 27, 2007. As an estimate, our accrual is subject to uncertainty, and actual costs may vary materially from this estimate. We may decrease or increase our estimate of future expenses and the amount of our reserve based on developments such as the course and resolution of litigation and investigations and new information with respect to the Computer Intrusion and amounts recoverable under insurance policies. Any such decreases or increases may be material.
5. Total stock-based compensation expense was \$12.3 million for the quarter ended October 27, 2007 and \$16.7 million for the quarter ended October 28, 2006. Total stock-based compensation expense was \$42.3 million for the nine months ended October 27, 2007 and \$55.7 million for the nine months ended October 28, 2006. These amounts include stock option expense as well as restricted stock amortization. There were options to purchase 2.9 and 5.6 million shares of common stock exercised during the third quarter and nine months ended October 27, 2007, respectively. There were options to purchase 36.8 million shares of common stock outstanding as of October 27, 2007.

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6. TJX's cash payments for interest and income taxes are as follows:

	Thirty-Nine Weeks Ended	
	October 27, 2007	October 28, 2006
	(in thousands)	
Cash paid for:		
Interest on debt	\$ 19,745	\$ 19,642
Income taxes	\$375,820	\$344,589

7. TJX has a reserve for potential future obligations of discontinued operations that relates primarily to real estate leases associated with A.J. Wright stores that were closed in the fourth quarter of fiscal 2007 as well as leases of former TJX businesses. The balance in the reserve and the activity for the nine months ended October 27, 2007 and October 28, 2006 is presented below:

	Thirty-Nine Weeks Ended	
	October 27, 2007	October 28, 2006
	(in thousands)	
Balance at beginning of year:	\$ 57,677	\$ 14,981
Additions to the reserve charged to net income:		
Lease related obligations	—	1,555
Interest accretion	1,365	300
Cash payments against the reserve:		
Lease related obligations	(8,064)	(1,290)
Termination benefits and all other	(2,149)	(5)
Balance at end of period:	<u>\$ 48,829</u>	<u>\$ 15,541</u>

The exit costs related to the closed A.J. Wright stores resulted in an addition to the reserve of \$62 million in the fourth quarter of fiscal 2007. The addition to the reserve for the nine months ended October 28, 2006 was the result of an adjustment to TJX's estimated lease obligations of its former businesses. This charge is offset in net income by creditor recoveries of a similar amount.

TJX may also be contingently liable on up to 15 leases of BJ's Wholesale Club, a former TJX business, for which BJ's Wholesale Club is primarily liable. The reserve for discontinued operations does not reflect these leases, because TJX believes that the likelihood of any future liability to TJX with respect to these leases is remote due to the current financial condition of BJ's Wholesale Club.

8. TJX's comprehensive income for the third quarter and nine months ended October 27, 2007 and October 28, 2006 is presented below:

	Thirteen Weeks Ended	
	October 27, 2007	October 28, 2006
	(in thousands)	
Net income	\$ 249,461	\$ 230,612
Other comprehensive income (loss):		
Gain due to foreign currency translation adjustments, net of related tax effects	29,092	6,043
(Loss) gain on hedge contracts, net of related tax effects	(15,323)	(3,367)
Gain (loss) on cash flow hedge contracts, net of related tax effects	(618)	1,042
Amount reclassified from other comprehensive income to net income, net of related tax effects	(1,032)	80
Comprehensive income	<u>\$ 261,580</u>	<u>\$ 234,410</u>

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	Thirty-Nine Weeks Ended	
	October 27, 2007	October 28, 2006
	(in thousands)	
Net income	\$ 470,601	\$ 532,577
Other comprehensive income (loss):		
Gain due to foreign currency translation adjustments, net of related tax effects	53,497	16,356
(Loss) gain on hedge contracts, net of related tax effects	(30,873)	(7,859)
Gain (loss) on cash flow hedge contracts, net of related tax effects	153	(2,616)
Amount reclassified from other comprehensive income to net income, net of related tax effects	(1,652)	5,642
Comprehensive income	<u>\$ 491,726</u>	<u>\$ 544,100</u>

9. The computation of TJX's basic and diluted earnings per share (EPS) is as follows:

	Thirteen Weeks Ended	
	October 27, 2007	October 28, 2006
	(in thousands, except per share data)	
<i>Basic earnings per share</i>		
Income from continuing operations	\$ 249,461	\$ 230,612
Weighted average common shares outstanding for basic EPS	439,256	452,544
Basic earnings per share	\$ 0.57	\$ 0.51
<i>Diluted earnings per share</i>		
Income from continuing operations	\$ 249,461	\$ 230,612
Add back: Interest expense on zero coupon convertible subordinated notes, net of income taxes	1,183	1,159
Income from continuing operations used for diluted EPS calculation	<u>\$ 250,644</u>	<u>\$ 231,771</u>
Shares for basic and diluted earnings per share calculations:		
Weighted average common shares outstanding for basic EPS	439,256	452,544
Assumed conversion / exercise of:		
Stock options and awards	8,373	10,042
Zero coupon convertible subordinated notes	16,905	16,905
Weighted average common shares outstanding for diluted EPS	<u>464,534</u>	<u>479,491</u>
Diluted earnings per share	\$ 0.54	\$ 0.48

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	Thirty-Nine Weeks Ended	
	October 27, 2007	October 28, 2006
(in thousands, except per share data)		
<i>Basic earnings per share</i>		
Income from continuing operations	\$ 470,601	\$ 532,577
Weighted average common shares outstanding for basic EPS	447,092	454,617
Basic earnings per share	\$ 1.05	\$ 1.17
<i>Diluted earnings per share</i>		
Income from continuing operations	\$ 470,601	\$ 532,577
Add back: Interest expense on zero coupon convertible subordinated notes, net of income taxes	3,529	3,459
Income from continuing operations used for diluted EPS calculation	<u>\$ 474,130</u>	<u>\$ 536,036</u>
Shares for basic and diluted earnings per share calculations:		
Weighted average common shares outstanding for basic EPS	447,092	454,617
Assumed conversion / exercise of:		
Stock options and awards	8,289	8,720
Zero coupon convertible subordinated notes	16,905	16,905
Weighted average common shares outstanding for diluted EPS	<u>472,286</u>	<u>480,242</u>
Diluted earnings per share	\$ 1.00	\$ 1.12

The average common shares for the diluted earnings per share calculation exclude the incremental effect related to outstanding stock options for which the exercise price of the option is in excess of the related period's average price of TJX's common stock. There were options to purchase 42,000 shares excluded for the thirteen weeks and 5.7 million shares for the thirty-nine weeks ended October 27, 2007 and options to purchase 10,000 shares excluded for the thirteen weeks and 5.7 million shares for the thirty-nine weeks ended October 28, 2006. The 16.9 million shares attributable to the zero coupon convertible subordinated notes are reflected in the diluted earnings per share calculation in all periods presented in accordance with Emerging Issues Task Force Issue No. 04-08, "The Effect of Contingently Convertible Debt on Diluted Earnings per Share."

10. During the quarter ended October 27, 2007, TJX repurchased and retired 10.3 million shares of its common stock at a cost of \$300.0 million. For the nine months ended October 27, 2007, TJX repurchased and retired 22.7 million shares of its common stock outstanding at a cost of \$650.4 million. TJX reflects stock repurchases in its financial statements on a "settlement" basis which amounted to \$639.3 million for the nine months ended October 27, 2007, compared to \$429.0 million for the same period last year. Of the \$300 million of repurchases made during this year's third quarter, \$85.8 million completed a \$1 billion stock repurchase program initially approved by the Board of Directors in October 2005 and \$214.2 million of these stock repurchases were made under the \$1 billion stock repurchase program approved by the Board of Directors in January 2007.

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11. TJX evaluates the performance of its segments based on “segment profit or loss,” which TJX defines as pre-tax income before general corporate expense and interest. “Segment profit or loss” as defined by TJX may not be comparable to similarly titled measures used by other entities. In addition, this measure of performance should not be considered an alternative to net income or cash flows from operating activities as an indicator of TJX’s performance or as a measure of liquidity. The Provision for Computer Intrusion related costs is not allocated to the segments. These charges are not directly attributable to any of the segments and are not considered when assessing performance of the segment or allocating resources to the segment. Presented below is financial information on TJX’s business segments:

	Thirteen Weeks Ended	
	October 27, 2007	October 28, 2006
	(in thousands)	
<b>Net sales:</b>		
Marmaxx	\$ 3,008,842	\$ 2,947,106
Winners and HomeSense	558,903	477,334
T.K. Maxx	567,924	481,131
HomeGoods	371,775	335,972
A.J. Wright	151,274	148,499
Bob’s Stores	78,773	82,901
	<u>\$ 4,737,491</u>	<u>\$ 4,472,943</u>
<b>Segment profit (loss):</b>		
Marmaxx	\$ 309,413	\$ 313,799
Winners and HomeSense	68,493	60,700
T.K. Maxx	39,883	36,838
HomeGoods	25,088	17,601
A.J. Wright	(2,272)	(2,286)
Bob’s Stores	(2,933)	(1,178)
	<u>437,672</u>	<u>425,474</u>
General corporate expenses	34,231	42,964
Provision for Computer Intrusion related costs	—	—
Interest (income) expense, net	3,053	6,784
Income from continuing operations before provision for income taxes	<u>\$ 400,388</u>	<u>\$ 375,726</u>

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	Thirty-Nine Weeks Ended	
	October 27, 2007	October 28, 2006
	(in thousands)	
<b>Net sales:</b>		
Marmaxx	\$ 8,553,973	\$ 8,252,311
Winners and HomeSense	1,419,707	1,246,680
T.K. Maxx	1,495,032	1,235,891
HomeGoods	1,032,181	943,151
A.J. Wright	443,957	419,245
Bob's Stores	214,020	210,580
	<u>\$13,158,870</u>	<u>\$12,307,858</u>
<b>Segment profit (loss):</b>		
Marmaxx	\$ 834,042	\$ 791,583
Winners and HomeSense	142,884	130,263
T.K. Maxx	60,709	54,608
HomeGoods	44,174	30,333
A.J. Wright	(6,968)	(9,070)
Bob's Stores	(12,978)	(11,444)
	<u>1,061,863</u>	<u>986,273</u>
General corporate expenses	90,283	103,450
Provision for Computer Intrusion related costs	215,922	—
Interest (income) expense, net	(423)	15,956
Income from continuing operations before provision for income taxes	<u>\$ 756,081</u>	<u>\$ 866,867</u>

12. The following represents the net periodic pension cost and related components for the thirteen weeks ended October 27, 2007 and October 28, 2006:

	Pension (Funded Plan)		Pension (Unfunded Plan)	
	October 27, 2007	October 28, 2006	October 27, 2007	October 28, 2006
	(in thousands)		(in thousands)	
Service cost	\$ 6,870	\$ 8,891	\$ 349	\$ 173
Interest cost	6,123	5,390	733	930
Expected return on plan assets	(8,013)	(7,549)	—	—
Amortization of prior service cost	14	14	31	(144)
Estimated settlement cost	—	—	—	1,421
Recognized actuarial losses	—	908	252	610
<b>Total expense</b>	<u>\$ 4,994</u>	<u>\$ 7,654</u>	<u>\$ 1,365</u>	<u>\$ 2,990</u>

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The following represents the net periodic pension cost and related components for the thirty-nine weeks ended October 27, 2007 and October 28, 2006:

	Pension (Funded Plan)		Pension (Unfunded Plan)	
	October 27, 2007	October 28, 2006	October 27, 2007	October 28, 2006
	(in thousands)		(in thousands)	
Service cost	\$ 26,028	\$ 28,247	\$ 745	\$ 783
Interest cost	18,474	16,445	2,150	2,197
Expected return on plan assets	(24,194)	(22,046)	—	—
Amortization of prior service cost	43	43	93	93
Recognized actuarial losses	—	4,222	592	1,264
Special termination benefit/settlement costs	—	—	168	1,421
Total expense	<u>\$ 20,351</u>	<u>\$ 26,911</u>	<u>\$ 3,748</u>	<u>\$ 5,758</u>

As a result of voluntary funding contributions made to its funded pension plan in fiscal 2006 and prior years, there was no required funding in fiscal 2007 and TJX does not anticipate any funding requirements for fiscal 2008.

Effective January 1, 2006, TJX amended its postretirement medical plan to eliminate all plan benefits for anyone retiring after January 1, 2006. For retirees enrolled in the plan as of that date and who enroll in Medicare Part D within specified timeframes, the amended plan provides a \$35.00 monthly benefit, which is intended to cover the cost of the retiree's monthly premium payment for Medicare coverage. The reduction in the liability related to this plan amendment is being amortized over the remaining lives of the current participants. The postretirement medical plan generated benefit credits of \$2.5 million for the nine months ended October 27, 2007, compared to \$2.5 million for the nine months ended October 28, 2006.

13. At October 27, 2007, TJX had interest rate swap agreements outstanding with a notional amount of \$100 million. The agreements entitle TJX to receive biannual payments of interest at a fixed rate of 7.45% and pay a floating rate of interest indexed to the six-month LIBOR rate with no exchange of the underlying notional amounts. The interest rate swap agreements converted a portion of TJX's long-term debt from a fixed-rate obligation to a floating-rate obligation. TJX designated the interest rate swaps as a fair value hedge of the related long-term debt. The fair value of the swap agreements outstanding at October 27, 2007, excluding the estimated net interest receivable, was a liability of \$1.6 million. The valuation of the derivative instruments results in an offsetting fair value adjustment to the debt hedged; accordingly, long-term debt has been reduced by \$1.6 million.

Also at October 27, 2007, TJX had an interest rate swap on the principal amount of its C\$235 million three-year note, converting the interest on the note from floating to a fixed rate of interest at approximately 4.136%. The interest rate swap is designated as a cash flow hedge of the underlying debt. The fair value of the contract, excluding the net interest accrual, amounted to an asset of \$1.2 million (C\$1.2 million) as of October 27, 2007. The valuation of the swap results in an offsetting adjustment to other comprehensive income.

14. TJX has a \$500 million revolving credit facility maturing May 5, 2010 and a \$500 million revolving credit facility maturing May 5, 2011. These agreements have no compensating balance requirements and have various covenants including a requirement of a specified ratio of debt to earnings. These agreements serve as back up to TJX's commercial paper program. TJX had no outstanding short-term borrowings at October 27, 2007 and October 28, 2006. The availability under revolving credit facilities at October 27, 2007 and October 28, 2006 was \$1 billion.
15. TJX accrues for inventory purchase obligations at the time of shipment by the vendor. As a result, merchandise inventories on TJX's balance sheets include an accrual for in-transit inventory of \$396 million at October 27,

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2007 and \$327 million at October 28, 2006. A liability for a comparable amount is included in accounts payable for the respective period.

16. TJX adopted the provisions of Financial Accounting Standards Board (“FASB”) Interpretation 48, Accounting for Uncertainty in Income Taxes (“FIN 48”), in the first quarter of fiscal year 2008. FIN 48 clarifies the accounting for income taxes by prescribing a minimum threshold for benefit recognition of a tax position for financial reporting purposes. FIN 48 also establishes tax accounting rules for measurement, classification, interest and penalties, disclosure and interim period accounting. As a result of the adoption, TJX recognized a charge of approximately \$27.2 million to the retained earnings balance at the beginning of fiscal 2008 and certain amounts that were historically netted within other liabilities were reclassified to other assets. As of the adoption date TJX had \$124.6 million of unrecognized tax benefits, all of which would impact the effective tax rate if recognized. As of October 27, 2007, TJX had \$136.9 million of unrecognized tax benefits.

TJX is subject to U.S federal income tax as well as income tax in multiple state, local and foreign jurisdictions. In nearly all jurisdictions, the tax years through fiscal 2001 are no longer subject to examination.

TJX’s continuing accounting policy classifies interest and penalties related to income tax matters as part of income tax expense. The accrued amounts for interest and penalties were \$42.0 million as of October 27, 2007 and \$36.3 million as of January 27, 2007.

Based on the outcome of tax examinations, or as a result of the expiration of statute of limitations in specific jurisdictions, it is reasonably possible that unrecognized tax benefits for certain tax positions taken on previously filed tax returns may change materially from those recorded in the financial statements as of January 27, 2007. However, based on the status of current audits and the protocol of finalizing audits, which may include formal legal proceedings, it is not possible to estimate the impact of such changes, if any, to previously recorded uncertain tax positions. There have been no significant changes to the status of these items as of October 27, 2007.

17. In September 2006, the FASB issued Statement of Financial Accounting Standards No. 158, “Employers’ Accounting for Defined Benefit Pension and Other Postretirement Plans -An amendment of FASB Statements No. 87, 88, 106 and 132 (R)” (SFAS No. 158). SFAS No. 158 requires the recognition of the funded status of a benefit plan in the balance sheet; the recognition in other comprehensive income of gains or losses and prior service costs or credits arising during the period but which are not included as components of periodic benefit cost; the measurement of defined benefit plan assets and obligations as of the balance sheet date; and disclosure of additional information about the effects on periodic benefit cost for the following fiscal year arising from delayed recognition in the current period. The recognition provisions of SFAS No. 158 were adopted by TJX during its fiscal year ended January 27, 2007. TJX deferred the implementation of the measurement provisions of SFAS No. 158 until fiscal 2008. The impact of adopting the measurement provisions was to increase our post retirement liabilities by \$2.7 million resulting in an after-tax charge of \$1.6 million to retained earnings during the first quarter of this fiscal year.

In September 2006, the FASB issued SFAS No. 157, “Fair Value Measurements” (SFAS No. 157). SFAS No. 157 defines fair value, establishes a framework for measuring fair value and requires enhanced disclosures about fair value measurements. SFAS No. 157 requires companies to disclose the fair value of their financial instruments according to a fair value hierarchy as defined in the standard. Additionally, companies are required to provide enhanced disclosure regarding financial instruments in one of the categories, including a reconciliation of the beginning and ending balances separately for each major category of assets and liabilities. SFAS No. 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years. TJX believes the adoption of SFAS No. 157 will not have a material impact on its results of operations or financial condition.

**Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations.**

The Thirteen Weeks (third quarter) and Thirty-Nine Weeks (nine months) Ended October 27, 2007  
Compared to  
The Thirteen Weeks (third quarter) and Thirty-Nine Weeks (nine months) Ended October 28, 2006

**Business Overview**

We are the leading off-price retailer of apparel and home fashions in the United States and worldwide. Our T.J. Maxx, Marshalls and A.J. Wright chains in the United States, our Winners chain in Canada, and our T.K. Maxx chain in Europe sell off-price family apparel and home fashions. Our HomeGoods chain in the United States and our HomeSense chain, operated by Winners in Canada, sell off-price home fashions. The target customer for all of our off-price chains, except A.J. Wright, is the middle- to upper-middle income shopper, with the same profile as a department or specialty store customer. A.J. Wright targets the moderate-income customer. Our seven off-price chains are synergistic in their philosophies and operating platforms. Our eighth chain, Bob’s Stores, was acquired in December 2003 and is a value-oriented, branded apparel chain based in the Northeastern United States that offers casual, family apparel and footwear. Bob’s Stores’ target customer demographic spans the moderate- to upper-middle income bracket.

In November 2006, we announced our decision to close 34 A.J. Wright stores as part of a repositioning of the chain. The following discussion reviews our results from continuing operations, which excludes the results of the closed A.J. Wright stores. The cost to close these stores was recorded as a discontinued operation in the fourth quarter of fiscal 2007 and the operating income or loss from these stores is also presented as a discontinued operation for all periods presented. All references in the following discussion are to continuing operations unless otherwise indicated.

We suffered an unauthorized intrusion or intrusions into portions of our computer system, discovered during the fourth quarter of fiscal 2007, and the related theft of customer data (collectively, the “Computer Intrusion”). See “Provision for Computer Intrusion related costs” below.

**Results of Operations**

Highlights of our financial performance for the third quarter and nine months ended October 27, 2007 include the following:

- Net sales increased 6% to \$4.7 billion for the third quarter and 7% to \$13.2 billion for the nine-month period over last year’s comparable periods. We continued to grow our business, with stores in operation as of October 28, 2007 and total selling square footage each up 4% from a year ago.
- Consolidated same store sales increased 3% for the third quarter and 3% on a year-to-date basis. Same store sales growth was favorably impacted by currency exchange rates, which contributed approximately two percentage points of growth to both the third quarter and year-to-date periods. Same store sales growth for both the quarter and year-to-date was unfavorably impacted by weakness in apparel sales, particularly outerwear, largely due to the unseasonably warm weather during much of the third quarter.
- During this year’s second quarter ended July 28, 2007, TJX recorded a \$178.1 million pre-tax charge for estimated losses in connection with the Computer Intrusion. This charge was in addition to pre-tax costs incurred of \$37.8 million during the first and second quarter of the current fiscal year. Thus, for the nine months ended October 27, 2008, pre-tax income was reduced by \$215.9 million for the Provision for Computer Intrusion related costs.
- Our third quarter pre-tax margin (the ratio of pre-tax income to net sales) was 8.5% as compared to 8.4% for the same period last year. Year-to-date, our pre-tax margin was 5.7% as compared to 7.0% for the same period last year. The Provision for Computer Intrusion related costs, which was 1.6% of net sales for the year-to-date period, more than offset what would otherwise have been an increase in our pre-tax margin.

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- Our cost of sales ratios increased by 0.2 percentage points in the third quarter as compared to last year's third quarter and, on a year-to-date basis, this ratio remained essentially the same as the prior year. Merchandise margins improved during the third quarter reflecting disciplined inventory management, and were on top of strong merchandise margins recorded in the prior year. This improvement, however, was more than offset by a mark-to-market adjustment on inventory related foreign currency hedge contracts (described in more detail below) as well as the de-levering impact on occupancy costs of the low single digit same store sales growth.
- Selling, general and administrative expense ratios improved for both the quarter and year-to-date period primarily due to our cost containment initiatives, partially offset by a planned increase in marketing expense.
- We recorded income from continuing operations for this year's third quarter of \$249.5 million, or \$0.54 per diluted share, a 13% increase over diluted earnings per share of \$0.48 per share in last year's third quarter.
- Income from continuing operations for the nine months ended October 27, 2007 was \$470.6 million, or \$1.00 per diluted share, (which was reduced by an after-tax charge of \$130.2 million, or \$0.28 per diluted share, for the charges relating to the Computer Intrusion) and compares to income from continuing operations of \$533.5 million, or \$1.12 per diluted share, for the same period last year.
- During the third quarter ended October 27, 2007, we repurchased 10.3 million shares of our common stock at a cost of \$300 million and for the first nine months we have repurchased 22.7 million shares at a cost of \$650 million. Repurchases were suspended during most of the first quarter as a result of the discovery of the Computer Intrusion. We continue to expect to repurchase approximately \$900 million of TJX stock during fiscal 2008.
- Consolidated average per store inventories, including inventory on hand at our distribution centers, as of October 27, 2007 were down 1% from the prior year, versus an increase of 5% as of October 28, 2006 from the comparable prior year period. The decrease of 1% in average per store inventories as of October 27, 2007 would have been greater had it not been offset by an increase of 2% due to foreign currency exchange rates.

The following is a discussion of our consolidated operating results, followed by a discussion of our segment operating results. All references to earnings per share are diluted earnings per share unless otherwise indicated.

**Net sales:** Consolidated net sales for the quarter ended October 27, 2007 were \$4.7 billion, up 6% from \$4.5 billion in last year's third quarter. The increase in net sales for this year's third quarter included 3% from same store sales and 3% from new stores. The same store sales increase for this year's third quarter was favorably impacted by approximately two percentage points from foreign currency exchange rates as compared to a benefit in last year's third quarter of approximately one percentage point.

Consolidated net sales for the nine months ended October 27, 2007 were \$13.2 billion, up 7% over \$12.3 billion in last year's comparable period. The increase in net sales for the nine months ended October 27, 2007 includes 3% from same store sales and 4% from new stores. Foreign currency exchange rates favorably impacted same store sales by approximately one percentage point in both the current and prior year nine-month periods.

Same store sales increases for both the quarter and nine months ended October 27, 2007, were driven by strong sales of dresses, footwear and accessories, partially offset by softer sales in the balance of the women's apparel category, particularly outerwear, (in part due to unseasonably warm weather during much of the third quarter). Overall, during the third quarter, transaction volume was slightly down, more than offset by an increase in average ticket. Throughout fiscal 2008, we solidly executed our off-price fundamentals, buying close to need and taking advantage of opportunities in the market place. As a result, our third quarter merchandise margin improved slightly over the prior year despite increased markdowns.

Net sales for the third quarter and nine months ended October 27, 2007 reflected strong same store sales increases at our international businesses with sales in Canada and the United Kingdom above the consolidated average, while sales in most regions of the United States trailed the consolidated average.

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We define same store sales to be sales of those stores that have been in operation for all or a portion of two consecutive fiscal years, or in other words, stores that are starting their third fiscal year of operation. We classify a store as a new store until it meets the same store criteria. We determine which stores are included in the same store sales calculation at the beginning of a fiscal year and the classification remains constant throughout that year, unless a store is closed. We calculate same store sales results by comparing the current and prior year weekly periods that are most closely aligned. Relocated stores and stores that are expanded in size are generally classified in the same way as the original store, and we believe that the impact of these stores on the consolidated same store percentage is immaterial. Consolidated and divisional same store sales are calculated in U.S. dollars. We also provide divisional same store sales in local currency for our foreign divisions because this removes the effect of changes in currency exchange rates, and we believe it is a more appropriate measure of the divisional operating performance.

The following table sets forth our consolidated operating results expressed as a percentage of net sales:

	Percentage of Net Sales Thirteen Weeks Ended		Percentage of Net Sales Thirty-Nine Weeks Ended	
	October 27, 2007	October 28, 2006	October 27, 2007	October 28, 2006
Net sales	100.0%	100.0%	100.0%	100.0%
Cost of sales, including buying and occupancy costs	74.7	74.5	75.5	75.5
Selling, general and administrative expenses	16.7	16.9	17.1	17.3
Provision for Computer Intrusion related costs	—	—	1.6	—
Interest (income) expense, net	0.1	0.2	0.0	0.1
Income from continuing operations before provision for income taxes	<u>8.5%</u>	<u>8.4%</u>	<u>5.7%</u>	<u>7.0%</u>

**Cost of sales, including buying and occupancy costs:** Cost of sales, including buying and occupancy costs, as a percentage of net sales, increased 0.2 percentage points for the quarter ended October 27, 2007 as compared to the same period last year. Consolidated merchandise margins improved by 0.2 percentage points, which was more than offset by a \$12 million mark-to-market adjustment on inventory related foreign currency hedges and the de-levering impact on occupancy costs as a percentage of net sales due to the low single digit same store sales growth (net of foreign currency impacts) in the quarter. The improvement in merchandise margin in the quarter was driven by a higher mark-on which more than offset increased markdowns taken on weather-sensitive apparel categories.

On a year-to-date basis, cost of sales, including buying and occupancy costs, as a percentage of net sales, remained consistent with the prior year. A year-to-date improvement in merchandise margin was essentially offset by the mark-to-market adjustment on inventory related foreign currency hedge contracts and a slight increase in occupancy costs as a percentage of net sales. All other buying and occupancy costs remained relatively flat as compared to the same period last year.

**Inventory related foreign currency hedge contracts** — The charge related to our inventory hedge contracts reflects the change in the fair value of hedge contracts on Winners' U.S. dollar denominated merchandise purchases, as a result of the increase in the value of the Canadian dollar. We routinely enter into these contracts to lock in the cost of merchandise purchased by Winners and T.K. Maxx that are denominated in U.S. dollars. The gain or loss on these contracts is ultimately offset by a similar gain or loss on the merchandise purchased. Because we do not elect "hedge accounting" treatment under SFAS No. 133, the gain or loss on the value of these contracts is recorded in a different period than the currency gain or loss on the related merchandise purchased. The increase in the value of the Canadian dollar during the third quarter resulted in a \$12 million third quarter charge on Winners' U.S. denominated purchases which will be offset by a similar gain in the fourth quarter when the related merchandise is sold.

**Selling, general and administrative expenses:** Selling, general and administrative expenses, as a percentage of net sales, decreased 0.2 percentage points for the third quarter and nine months ended October 27, 2007, as compared to the same periods last year. These ratios improved due to our continued focus on expense management, as well as, on a year-to-date basis, leverage on our same store sales. We experienced expense leverage in benefit costs, insurance and

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administrative expenses. These improvements were partially offset by a planned increase in advertising costs as well as store relocation costs incurred at T.K. Maxx.

**Provision for Computer Intrusion related costs:** We face potential liabilities to customers, banks, payment card companies, governmental entities and shareholders with respect to the Computer Intrusion. Certain banks have sought, and other banks and payment card companies may seek, either directly against us or through claims against our acquiring banks as to which we may have indemnity obligations, payment of or reimbursement for fraudulent payment card charges and operating expenses (such as costs of replacing and/or monitoring payment cards thought by them to have been placed at risk by the Computer Intrusion) that they believe they have incurred by reason of the Computer Intrusion. Each of our acquiring banks has asserted a right to be indemnified by us for any losses it incurs by reason of claims by issuing banks. In addition, payment card companies and associations have imposed, and others may seek to impose, fines by reason of the Computer Intrusion. Various litigation and claims have been, and additional litigation and claims may be, asserted against us and/or our acquiring banks on behalf of customers, banks and payment card companies and shareholders seeking damages allegedly arising out of the Computer Intrusion and other relief related to the Computer Intrusion. We entered into a settlement agreement, which is subject to court approval and other conditions, with respect to the customer class action litigation and a settlement agreement with Visa Inc., Visa U.S.A. Inc. and our U.S. acquiring bank, which is subject to conditions, with respect to claims of eligible U.S. Visa issuers that issued payment cards potentially affected by the Computer Intrusion. We intend to defend pending litigation and claims vigorously, although we cannot predict the outcome of any such litigation and claims. Canadian privacy officials have completed their investigation and U.K. privacy officials determined not to investigate. Various other governmental agencies are investigating the Computer Intrusion, and although we are cooperating in such investigations, we may be subject to fines or other obligations as a result of those investigations.

The nine months ended October 27, 2007 include after-tax charges of \$130 million (\$216 million pre-tax) with respect to the Computer Intrusion. These charges include after-tax costs of \$23 million (\$38 million pre-tax) incurred during the first six months of the current fiscal year, as well as an after-tax charge of \$107 million (\$178 million pre-tax) recorded in the second quarter for TJX's estimated exposure to potential losses related to the Computer Intrusion. This accrual reflects TJX's estimate of probable losses in accordance with generally accepted accounting principles and includes an estimation of total potential cash liabilities, from pending litigation, proceedings, investigations and other claims (including settlements), as well as legal and other costs and expenses, arising from the Computer Intrusion. Cash charges against the reserve in the third quarter ended October 27, 2007 were \$3 million, reducing the reserve to \$175 million as of October 27, 2007. We also expect to incur non-cash charges in fiscal 2009 or 2010 pursuant to the customer class action settlement. As an estimate, our reserve is subject to uncertainty, and actual costs may vary materially from this estimate. We may decrease or increase our estimate of future expenses and the amount of our reserve based on developments such as the course and resolution of litigation and investigations and new information with respect to the Computer Intrusion and amounts recoverable under insurance policies. Any such decreases or increases may be material.

**Interest (income) expense, net:** Interest (income) expense, net amounted to expense of \$3.1 million for the third quarter of fiscal 2008 compared to expense of \$6.8 million for the same period last year. Interest (income) expense, net, amounted to income of \$0.4 million for the nine-months ended October 27, 2007 compared to expense of \$16.0 million for the same period last year. These changes were the result of interest income totaling \$7.3 million in the third quarter this year versus \$3.4 million for the same period last year and \$30.4 million for the nine month period this year versus \$13.6 million for the same period last year. The additional interest income this year was due to higher cash balances available for investment, partly the result of the temporary suspension of our stock buyback program for most of the fiscal 2008 first quarter, as well as higher interest rates earned on our investments.

**Income taxes:** The effective income tax rate was 37.7% for the third quarter ended October 27, 2007 compared to 38.6% for last year's third quarter, and 37.8% for the current year-to-date period as compared to 38.5% for last year's comparable period. The reduction in the effective income tax rates for the fiscal 2008 third quarter and year-to-date period as compared to comparable prior periods results largely from TJX's change in assertion regarding the undistributed earnings of one of its Puerto Rico subsidiaries. Beginning in this year's third quarter, TJX concluded that the undistributed earnings of its Puerto Rico subsidiary that operates Marshalls stores would not be permanently reinvested. As a result, we recorded a deferred tax liability for the effect of the undistributed income and, in addition, we were able to fully recognize the benefit of accumulated foreign tax credits that had been earned at the subsidiary level. The net impact of this change in assertion was a reduction in our third quarter and year-to-date

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effective income tax rates. Prior to this period the earnings of this Puerto Rico subsidiary were deemed to be indefinitely reinvested. In addition the tax impact on the Provision for Computer Intrusion related costs is recorded at a marginal tax rate which is slightly higher than the effective income tax rate on all other earnings resulting in a reduction in the fiscal 2008 effective income tax rate.

**Income from continuing operations:** Income from continuing operations for this year's third quarter was \$249.5 million, or \$0.54 per diluted share versus income from continuing operations of \$230.8 million, or \$0.48 per diluted share, in last year's third quarter. Income from continuing operations for the nine months ended October 27, 2007 was \$470.6 million, or \$1.00 per diluted share, (which includes an after-tax charge of \$130.2 million, or \$0.28 per diluted share, relating to the Computer Intrusion) and compares to income from continuing operations of \$533.5 million, or \$1.12 per diluted share, for the same period last year. Changes in currency exchange rates (including the impact of the mark-to-market adjustment of inventory hedge contracts) did not have a significant impact on our third quarter or year-to-date consolidated earnings.

**Discontinued operations and net income:** During the fourth quarter of the fiscal year ended January 27, 2007, we closed 34 A.J. Wright stores and recorded the cost to close the stores, as well as operating results of the stores, as discontinued operations. Accordingly, the financial statements for the prior periods ended October 28, 2006 have been adjusted to reflect the operating results of the closed stores as discontinued operations. The loss related to the discontinued operations and included in net income for the periods ended October 28, 2006 is immaterial.

**Segment information:** The following is a discussion of the operating results of our business segments. We consider each of our operating divisions to be a segment. We evaluate the performance of our segments based on "segment profit or loss," which we define as pre-tax income before general corporate expense, Provision for Computer Intrusion related costs and interest. "Segment profit or loss" as we define the term may not be comparable to similarly titled measures used by other entities. In addition, this measure of performance should not be considered an alternative to net income or cash flows from operating activities as an indicator of our performance or as a measure of liquidity. Presented below is selected financial information related to our business segments (U.S. dollars in millions):

### **Marmaxx**

	Thirteen Weeks Ended		Thirty-Nine Weeks Ended	
	October 27, 2007	October 28, 2006	October 27, 2007	October 28, 2006
Net sales	\$3,008.8	\$2,947.1	\$8,554.0	\$8,252.3
Segment profit	\$ 309.4	\$ 313.8	\$ 834.0	\$ 791.6
Segment profit as a percentage of net sales	10.3%	10.6%	9.8%	9.6%
Percent (decrease) increase in same store sales	(1)%	5%	1%	2%
Stores in operation at end of period			1,628	1,575
Selling square footage at end of period (in thousands)			39,881	38,559

Net sales for Marmaxx increased 2% for the third quarter of fiscal 2008 as compared to the same period last year and increased 4% for the nine months ended October 27, 2007 as compared to the same period last year. Same store sales for Marmaxx decreased 1% for the quarter and increased 1% for the year-to-date period. Unseasonably warm weather during the quarter negatively impacted cold-weather apparel sales. In addition, home fashions underperformed. Sales at Marmaxx for both the third quarter and nine-month periods reflected strong same store sales increases in less weather sensitive categories such as dresses, footwear and accessories. During the nine months ended October 27, 2007 we added 238 expanded footwear departments to Marshalls stores with the expansions planned for fiscal 2008 now virtually complete. Geographically, same store sales for the third quarter in most regions were consistent with the chain average with the Southwest and West Coast recording same store sales increases. On a year-to-date basis, same store sales for the Northeast, Southwest and West Coast were above the chain average, while same store sales in Florida and the Midwest were below the chain average.

Segment profit for the quarter ended October 27, 2007 was \$309.4 million, down slightly compared to last year's third quarter. Third quarter segment profit as a percentage of net sales ("segment profit margin" or "segment margin") was 10.3%, down from 10.6% last year. We executed our off-price fundamentals well during the third quarter, and despite being aggressive with markdowns, we were able to maintain merchandise margins.

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Merchandise margins were essentially flat with the prior year as a strong mark-on largely offset increased markdowns taken due to the unseasonably warm weather in the quarter. Segment margin was reduced by the de-levering impact of a decrease in same store sales, as well as a planned increase in advertising expense which increased 0.1 percentage points as a percentage of net sales. The de-levering impact on expense ratios due to the same store sales decrease was partly offset by our cost containment initiatives.

Segment profit for the nine months ended October 27, 2007 increased 5% to \$834.0 million, compared to the same period last year. Segment profit margin was 9.8% for the nine-month period in fiscal 2008 versus 9.6% last year. Segment margin was favorably impacted by merchandise margins, which increased 0.2 percentage points due to higher mark-on, as well as some expense leverage due to our cost containment measures. These year-to-date improvements in segment margin were partly offset by a planned increase in advertising expense which increased 0.1 percentage points as a percentage of net sales.

As of October 27, 2007, Marmaxx's average per store inventories, including inventory on hand at its distribution centers, were down 6% as compared to average per store inventories at the same time last year. This compares to a 5% increase in average per store inventories at October 28, 2006 from the end of the prior year period. As of October 27, 2007, Marmaxx's total inventory commitment, which includes inventory in our stores and distribution centers as well as merchandise on order, was down versus last year on a per-store basis.

### **Winners and HomeSense**

	Thirteen Weeks Ended		Thirty-Nine Weeks Ended	
	October 27, 2007	October 28, 2006	October 27, 2007	October 28, 2006
Net sales	\$ 558.9	\$ 477.3	\$ 1,419.7	\$ 1,246.7
Segment profit	\$ 68.5	\$ 60.7	\$ 142.9	\$ 130.3
Segment profit as a percentage of net sales	12.3%	12.7%	10.1%	10.4%
Percent increase in same store sales:				
U.S. currency	15%	11%	10%	12%
Local currency	5%	5%	5%	4%
Stores in operation at end of period				
Winners			190	184
HomeSense			71	68
Total Winners and HomeSense			<u>261</u>	<u>252</u>
Selling square footage at end of period (in thousands)				
Winners			4,364	4,214
HomeSense			1,358	1,280
Total Winners and HomeSense			<u>5,722</u>	<u>5,494</u>

Net sales for Winners and HomeSense increased 17% for the third quarter ended October 27, 2007 over last year's third quarter and increased 14% for the nine-month period over the same period last year. Currency exchange accounted for approximately 60% of the sales increase in the quarter and nearly 40% of the sales increase in the year-to-date period. In local currency, which we believe better reflects our operating performance, same store sales increased 5% in both the third quarter this year and last year. On a year-to-date basis, same store sales increased 5% this year compared to a 4% same store sales increase for the year-to-date period last year. Same store sales for the periods ended October 27, 2007 were positively impacted by sales of home fashions, footwear, jewelry and accessories. HomeSense continued to perform well, favorably impacting same store sales in fiscal 2008. These positive factors were partially offset by the impact of unseasonably warm weather in this year's third quarter apparel sales.

Segment profit for the current year's second quarter increased 13% to \$68.5 million, while segment margin decreased slightly from last year to 12.3%. Segment profit for the nine months ended October 27, 2007 increased 10% to \$142.9 million, while segment margin decreased 0.3 percentage points to 10.1%. Currency exchange rates reduced segment profit by \$5 million for the third quarter and \$4 million for the year-to-date period, which includes a \$12 million charge for the mark-to-market adjustment of inventory hedge contracts designed to lock in the cost of merchandise purchases that are denominated in U.S. dollars. This charge, which will be offset by a similar gain in the fourth quarter when the

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related merchandise is sold, reduced third quarter segment margin by 2.1 percentage points and year-to-date segment margin by 0.8 percentage points. This reduction in third quarter segment margin was partially offset by an increase in merchandise margin, primarily due to increased mark-on, as well as a reduction in advertising as a percentage of net sales. The third quarter and year-to-date segment margin also reflect the favorable impact of cost containment initiatives and strong same store sales results on expense ratios.

### **T.K. Maxx**

	Thirteen Weeks Ended		Thirty-Nine Weeks Ended	
	October 27, 2007	October 28, 2006	October 27, 2007	October 28, 2006
Net sales	\$567.9	\$481.1	\$1,495.0	\$1,235.9
Segment profit	\$ 39.9	\$ 36.8	\$ 60.7	\$ 54.6
Segment profit as a percentage of net sales	7.0%	7.7%	4.1%	4.4%
Percent increase in same store sales:				
U.S. currency	13%	17%	16%	9%
Local currency	6%	11%	7%	9%
Stores in operation at end of period			225	210
Selling square footage at end of period (in thousands)			5,045	4,605

T.K. Maxx's net sales for the third quarter ended October 27, 2007 increased 18% compared to the same period last year and year-to-date net sales increased 21% over the same period last year. Currency exchange rates accounted for nearly one-half of the sales growth for both periods of fiscal 2008. In local currency, T.K. Maxx's same store sales increased 6% for the third quarter this year compared to a same store sales increase of 11% for last year's third quarter. On a year-to-date basis, in local currency, same store sales increased 7% this year, versus 9% last year. Same store sales for home fashions, footwear and accessories, and dresses performed above the chain average, while other apparel categories were generally below the chain average.

Segment profit for the current year's third quarter increased 8% to \$39.9 million, and segment margin decreased 0.7 percentage points compared to last year's third quarter. Segment profit for the nine-month period increased 11% to \$60.7 million, while segment margin decreased slightly to 4.1% compared to the same period last year. Currency exchange rates favorably impacted segment profit by approximately \$2 million in the third quarter and approximately \$5 million in the year-to-date period. During this year's third quarter T.K. Maxx opened its first five stores in Germany which reduced segment profit for this year's third quarter and year-to-date periods by \$5 million and reduced third quarter segment margin by 0.9 percentage points and the year-to-date segment margin by 0.3 percentage points. T.K. Maxx's segment margins for both the quarter and year-to-date also reflect lower merchandise margins, primarily from higher markdowns, as well as lease termination costs related to store relocations. These reductions in segment margin were partially offset by the favorable impact of same store sales growth on expense ratios, as well as the division's cost containment efforts.

### **HomeGoods**

	Thirteen Weeks Ended		Thirty-Nine Weeks Ended	
	October 27, 2007	October 28, 2006	October 27, 2007	October 28, 2006
Net sales	\$371.8	\$336.0	\$1,032.2	\$943.2
Segment profit	\$ 25.1	\$ 17.6	\$ 44.2	\$ 30.3
Segment profit as a percentage of net sales	6.7%	5.2%	4.3%	3.2%
Percent increase in same store sales:				
4%		5%	4%	4%
Stores in operation at end of period			287	270
Selling square footage at end of period (in thousands)			5,526	5,207

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HomeGoods' net sales for the third quarter of fiscal 2008 increased 11% compared to the same period last year, and on a year-to-date basis net sales increased 9% over the same period last year. Same store sales increased 4% for the third quarter of fiscal 2008, versus an increase of 5% for the same period last year. Same store sales increased 4% for the year-to-date periods of both fiscal years. Segment margin for the quarter and year-to-date period improved over last year's comparable periods primarily due to improved merchandise margins and the leveraging of expenses, particularly in occupancy and administrative costs. These segment margin improvements were offset in part by an increase in advertising expenses as a percentage of net sales in both the quarter and year-to-date periods. We attribute this division's strong performance to solid execution of off-price buying and flow of product, with same store sales increases across most categories.

### **A.J. Wright**

	Thirteen Weeks Ended		Thirty-Nine Weeks Ended	
	October 27, 2007	October 28, 2006	October 27, 2007	October 28, 2006
Net sales	\$151.3	\$148.5	\$444.0	\$419.2
Segment loss	\$ (2.3)	\$ (2.3)	\$ (7.0)	\$ (9.1)
Segment loss as a percentage of net sales	(1.5)%	(1.5)%	(1.6)%	(2.2)%
Percent increase in same store sales:	0%	4%	2%	3%
Stores in operation at end of period — continuing operations*			130	128
Selling square footage at end of period (in thousands) — continuing operations*			2,600	2,558

\* Stores in operation and square footage as of October 28, 2006 have been adjusted for store closings accounted for as discontinued operations.

The table above presents A.J. Wright's operating results from continuing operations. The operating results of the stores classified as discontinued operations for the periods ended October 28, 2006 were immaterial.

A.J. Wright's net sales increased 2% for the third quarter ended October 27, 2007 over the same quarter in the prior year and increased 6% for the year-to-date period compared to the same period last year. The unseasonably warm weather in this year's third quarter in the Northeast and Midwest, where A.J. Wright stores are concentrated, led to same store sales that were flat in the quarter compared to last year's third quarter and up 2% on a year-to-date basis. A.J. Wright's third quarter segment loss was comparable to last year with an increase in merchandise margin offsetting the impact of weak sales. On a year-to-date basis, A.J. Wright's segment loss decreased from the comparable prior year period, primarily due to improved expense ratios, partially offset by a decrease in merchandise margin.

### **Bob's Stores**

	Thirteen Weeks Ended		Thirty-Nine Weeks Ended	
	October 27, 2007	October 28, 2006	October 27, 2007	October 28, 2006
Net sales	\$78.8	\$82.9	\$214.0	\$210.6
Segment loss	\$ (2.9)	\$ (1.2)	\$ (13.0)	\$ (11.4)
Segment loss as a percentage of net sales	(3.7)%	(1.4)%	(6.1)%	(5.4)%
Percent (decrease) increase in same store sales:	(2)%	2%	2%	3%
Stores in operation at end of period			34	36
Selling square footage at end of period (in thousands)			1,242	1,306

Bob's Stores' third quarter net sales decreased 5% as compared to the same period in the prior year, and increased 2% for the nine months ended October 27, 2007 as compared to the same period last year. Same store sales decreased 2% in the third quarter and increased 2% for the nine months ended October 27, 2007. Bob's Stores third quarter sales were negatively impacted by unseasonably warm weather, as this division's stores are concentrated in

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the Northeastern United States. Bob's Stores segment loss for the quarter and year-to-date periods increased over the prior year, with improved merchandise margins more than offset by the de-levering impact of same store sales results on expense ratios as well as higher advertising costs as a percentage of sales.

### **General corporate expense**

	Thirteen Weeks Ended		Thirty-Nine Weeks Ended	
	October 27, 2007	October 28, 2006	October 27, 2007	October 28, 2006
General corporate expense	\$34.2	\$43.0	\$90.3	\$103.5

General corporate expense for segment reporting purposes refers to those costs not specifically related to the operations of our business segments and is included in selling, general and administrative expenses. The decrease in general corporate expense for the third quarter compared to last year's third quarter reflects a prior year contribution to our charitable foundation of \$10 million partially offset by an increase in corporate support costs for this year's third quarter. On a year-to-date basis, general corporate expenses declined as last year's general corporate expense included the contribution to our charitable foundation of \$10 million, as well as a \$4 million charge for a portion of the cost of a workforce reduction in the first quarter of fiscal 2007.

### **Analysis of Financial Condition**

#### *Liquidity and Capital Resources*

Net cash provided by operating activities was \$578 million for the nine months ended October 27, 2007, compared to \$477 million for the nine months ended October 28, 2006. Net income, after adjusting for the non-cash charge of \$107 million for the Provision for Computer Intrusion related costs, provided cash of \$578 million in fiscal 2008, compared to \$533 million last year. The change in merchandise inventory, net of the related change in accounts payable, resulted in a use of cash of \$310 million in fiscal 2008, compared to \$468 million last year. These favorable changes in cash provided are offset by the unfavorable impact of an increase in accounts receivable and all other current assets of \$110 million this year compared to an increase of \$33 million last year.

Investing activities relate primarily to property additions for new stores, store improvements and renovations and investment in our distribution network. Cash outlays for property additions amounted to \$406 million in the nine months ended October 27, 2007, compared to \$292 million in the same period last year. We anticipate that capital spending for fiscal 2008 will be approximately \$575 million.

Cash flows from financing activities consist primarily of our share repurchase program. During the nine months ended October 27, 2007, we repurchased and retired 22.7 million shares of our common stock at a cost of \$650 million. We reflect stock repurchases in our financial statements on a "settlement" basis, which amounted to \$639 million for the nine-month period ended October 27, 2007 versus \$429 million for the nine months ended October 28, 2006. During the third quarter ended October 27, 2007, we repurchased 10.3 million shares of our common stock at a cost of \$300 million. Of the \$300 million of repurchases made during the third quarter, \$86 million completed a \$1 billion stock repurchase program approved in October 2005 and \$214 million of our stock repurchases were made under the \$1 billion stock repurchase program approved in January 2007.

We traditionally have funded our seasonal merchandise requirements through cash generated from operations, short-term bank borrowings and the issuance of short-term commercial paper. We have a commercial paper program pursuant to which we issue commercial paper from time to time. Our \$500 million revolving credit facility maturing May 2010 and our \$500 million revolving credit facility maturing May 2011 serve as back up to our commercial paper program. These credit facilities have no compensating balance requirements and have various covenants including a requirement of a specified ratio of debt to earnings. As of October 27, 2007 and October 28, 2006 we had no short-term borrowings outstanding. The availability under our revolving credit facilities was \$1 billion at October 27, 2007 and October 28, 2006. We believe internally generated funds and our revolving credit facilities are more than adequate to meet our operating needs.

**Recently Issued Accounting Pronouncements**

We adopted the provisions of FASB Interpretation 48, Accounting for Uncertainty in Income Taxes (“FIN 48”), in the first quarter of fiscal year 2008. FIN 48 clarifies the accounting for income taxes by prescribing a minimum threshold for benefit recognition of a tax position for financial statement purposes. FIN 48 also establishes tax accounting rules for measurement, classification, interest and penalties, disclosure and interim period accounting. As a result of the adoption, we recognized a charge of approximately \$27.2 million to the retained earnings balance at the beginning of fiscal 2008. In addition, as a result of the adoption, certain amounts that were historically netted within other liabilities were reclassified to other assets. As of the adoption date we had \$124.6 million of unrecognized tax benefits, all of which would impact the effective tax rate if recognized. As of October 27, 2007, we have \$136.9 million of unrecognized tax benefits.

In September 2006, FASB issued Statement of Financial Accounting Standards No. 158, “Employers’ Accounting for Defined Benefit Pension and Other Postretirement Plans -An amendment of FASB Statements No. 87, 88, 106 and 132 (R)” (SFAS No. 158). SFAS No. 158 requires the recognition of the funded status of a benefit plan in the balance sheet; the recognition in other comprehensive income of gains or losses and prior service costs or credits arising during the period but which are not included as components of periodic benefit cost; the measurement of defined benefit plan assets and obligations as of the balance sheet date; and disclosure of additional information about the effects on periodic benefit cost for the following fiscal year arising from delayed recognition in the current period. The recognition provisions of SFAS No. 158 were adopted by TJX during its fiscal year ended January 27, 2007. TJX deferred the implementation of the measurement provisions of SFAS No. 158 until the current fiscal year (fiscal 2008). The impact of adopting the measurement provisions was to increase our post retirement liabilities by \$2.7 million resulting in an after-tax charge of \$1.6 million to retained earnings during the first quarter of this fiscal year.

In September 2006, the FASB issued SFAS No. 157, “Fair Value Measurements” (SFAS No. 157). SFAS No. 157 defines fair value, establishes a framework for measuring fair value and requires enhanced disclosures about fair value measurements. SFAS No. 157 requires companies to disclose the fair value of their financial instruments according to a fair value hierarchy as defined in the standard. Additionally, companies are required to provide enhanced disclosure regarding financial instruments in one of the categories, including a reconciliation of the beginning and ending balances separately for each major category of assets and liabilities. SFAS No. 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years. We believe the adoption of SFAS No. 157 will not have a material impact on our results of operations or financial condition.

**Forward-looking Statements**

Various statements made in this Quarterly Report on Form 10-Q are forward-looking and involve a number of risks and uncertainties. All statements that address activities, events or developments that we intend, expect or believe may occur in the future, including estimates of losses from the Computer Intrusion and projections of earnings per share and same store sales, are forward-looking statements. The following are some of the factors that could cause actual results to differ materially from the forward-looking statements: the results and effects of the Computer Intrusion including the losses and expenses we may incur (which may be different from the amount we reserved and estimated and which differences may be material) and consequences to our business (including potential effects on our reputation and our sales) and to the value of our company and value of our stock; the terms and completion of the settlement of the customer class actions and completion of the Visa settlement; our ability to successfully expand our store base and increase same store sales; fluctuations in quarterly operating results; risks of expansion and costs of contraction; our ability to successfully implement our opportunistic inventory strategies and to effectively manage our inventories; successful advertising and promotion; consumer confidence, demand, spending habits and buying preferences; risks associated with the seasonality of our business, particularly the effects of a decrease in sales or margins during the second half of the year; effects of unseasonable weather; competitive factors; factors affecting availability of store and distribution center locations on suitable terms; factors affecting our recruitment and employment of associates; factors affecting expenses; success of our acquisition and divestiture activities; our ability to successfully implement technologies and systems and protect data; our ability to continue to generate adequate cash flows; our ability to execute the share repurchase program; availability and cost of financing; general economic conditions, including gasoline prices; potential disruptions due to wars, natural disasters and other events beyond our control; changes in currency and exchange rates; import risks; risks inherent in foreign operations; adverse outcomes for any significant litigation; changes in laws and regulations and accounting rules and principles; adequacy of reserves; closing adjustments; effectiveness of internal controls; and other factors that may be described in our filings with the Securities and Exchange Commission. These risks and uncertainties are discussed in Item 1A, "Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended January 27, 2007 and in this and our other filings with the Securities and Exchange Commission. We do not undertake to publicly update or revise our forward-looking statements even if experience or future changes make it clear that any projected results expressed or implied in such statements will not be realized.

### **Item 3. Quantitative and Qualitative Disclosures about Market Risk**

We do not enter into derivatives for speculative or trading purposes.

#### Foreign Currency Exchange Rate Risk

We are exposed to foreign currency exchange rate risk on our investment in our Canadian (Winners and HomeSense) and European (T.K. Maxx) operations. As more fully described in Notes A and E to the consolidated financial statements, on pages F-13 through F-17 of the Annual Report on Form 10-K for the fiscal year ended January 27, 2007, we hedge with derivative financial instruments a significant portion of our net investment in foreign operations, intercompany transactions with these operations, and some merchandise purchase commitments incurred by these operations. We enter into derivative contracts only when there is an underlying economic exposure. We utilize currency forward and swap contracts designed to offset the gains or losses in the underlying exposures; most of these gains and losses are recorded directly in shareholders' equity. The contracts are executed with banks we believe are creditworthy and are denominated in currencies of major industrial countries. We have performed a sensitivity analysis assuming a hypothetical 10% adverse movement in foreign currency exchange rates applied to the hedging contracts and the underlying exposures described above. As of October 27, 2007, the analysis indicated that such an adverse movement would not have a material effect on our consolidated financial position, results of operations or cash flows.

#### Interest Rate Risk

Our cash equivalents and short-term investments and certain lines of credit bear variable interest rates. Changes in interest rates affect interest we earned and paid. In addition, changes in the gross amount of our borrowings will affect the impact on our future interest expense of future changes in interest rates. We have some financial instruments to manage our cost of borrowing; however, we believe that the use of primarily fixed rate debt minimizes our exposure to market conditions. We performed a sensitivity analysis assuming a hypothetical 10% adverse movement in interest rates applied to the maximum variable rate debt outstanding during the previous year. As of October 27, 2007, the analysis indicated that such an adverse movement would not have a material effect on our consolidated financial position, results of operations or cash flows.

#### Market Risk

The assets of our qualified pension plan, a large portion of which is invested in equity securities, are subject to the risks and uncertainties of the public stock market. We allocate the pension assets in a manner that attempts to minimize and control our exposure to these market uncertainties.

### **Item 4. Controls and Procedures**

We have carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures as of October 27, 2007 pursuant to Rules 13a-15(b) and 15d-15(b) of the Securities Exchange Act of 1934, as amended (the "Act"). Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures are effective in ensuring that information required to be disclosed by us in the reports that we file or submit under the Act is (i) recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms; and (ii) accumulated and communicated to our management, including our principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosures. There were no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Act) during the fiscal quarter ended October 27, 2007 identified in connection with the evaluation by our management, including our Chief Executive Officer and Chief Financial Officer, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## PART II — OTHER INFORMATION

### Item 1. Legal Proceedings

**Computer Intrusion Related Litigation.** Putative class actions were filed against TJX and consolidated in the District of Massachusetts in *In re TJX Companies Retail Security Breach Litigation*, 07-cv-10162, putatively on behalf of customers, including all customers in the United States, Puerto Rico and Canada, whose transaction data were allegedly compromised by the Computer Intrusion, and putatively on behalf of all financial institutions that received alerts from MasterCard or Visa related to the Computer Intrusion identifying payment cards issued by such financial institutions, and who thereafter suffered damages from actual reissuance costs, monitoring expenses or fraud loss. These putative class actions asserted claims for negligence and related common-law and/or statutory causes of action stemming from the Computer Intrusion, and seek various forms of relief including damages, related injunctive or equitable remedies, multiple or punitive damages, and attorneys' fees. On September 21, 2007, TJX entered into a settlement agreement with respect to the consolidated class action litigation, amended November 14, 2007, which remains subject to various conditions and to court approval. On October 12, 2007, the Court dismissed the plaintiffs' claims in the consolidated financial institution class action other than claims of negligent misrepresentation and a state statutory claim based on the same claims of negligent misrepresentation. On November 29, 2007 the Court denied the plaintiffs' motions for class certification in the consolidated financial institution class action.

The Arkansas Carpenters Pension Fund, the purported beneficial holder of 4,500 shares of TJX common stock, brought an action seeking the right to inspect TJX's books and records dating back to 2003, as well as its attorneys' fees and costs.

**Computer Intrusion Related Government Investigations.** A number of government agencies are conducting investigations as to whether TJX as a result of the Computer Intrusion may have violated laws regarding consumer protection and related matters. TJX has been cooperating in each of the government investigations. On September 25, 2007, the Office of the Privacy Commissioner of Canada and the Office of the Information and Privacy Commissioner of Alberta completed an Investigation into Security, Collection and Retention of Personal Information with respect to the Computer Intrusion and issued a Report of their joint findings, and TJX is implementing their recommendations. TJX has been advised that the U.K. Information Commissioner's Office will not be pursuing the matter further.

**Other Litigation.** Putative class actions have been filed against TJX and consolidated in the United States District Court for the District of Kansas in *In re: The TJX Companies, Inc. Fair and Accurate Credit Transactions Act (FACTA) Litigation*, MDL Docket No. 1853, putatively on behalf of persons in the United States to whom TJX provided credit card or debit card receipts in alleged violation of the Fair and Accurate Credit Transactions Act, 15 U.S.C. § 1681 et seq. The plaintiffs in these actions seek statutory damages, punitive damages, injunctive relief, and costs and attorneys' fees.

A putative class action captioned *Mason Lee v. Marshalls of California, Inc.* (Case No. RG07337021) was filed in Alameda County, California, Superior Court on July 23, 2007 for alleged violations of certain sections of the California Labor Code, principally Section 212 (prohibiting issuance of out-of-state paychecks), Section 226.7 (requiring paid rest periods) and Section 226 (requiring certain information on paychecks). The Complaint seeks unspecified actual damages, penalties of \$100 for each aggrieved employee for the initial violation and \$200 for each aggrieved employee for each subsequent violation, together with attorneys' fees and costs.

TJX intends to defend all pending litigation and investigations vigorously.

**Item 1A. Risk Factors**

There have been no material changes from the risk factors disclosed in Part 1, Item 1A, of our Annual Report on Form 10-K for the fiscal year ended January 27, 2007 other than the changes previously disclosed on Form 10-Q for the period ended July 28, 2007, previously filed with the Securities and Exchange Commission on August 24, 2007.

**Item 2. Unregistered Sales of Equity Securities and Use of Proceeds***Information on Share Repurchases*

The number of shares of common stock we repurchased (on a "trade-date" basis) during the third quarter of fiscal 2008 and the average price per share we paid is as follows:

	(a) Total Number of Shares Purchased	(b) Average Price Paid Per Share(1)	(c) Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs(2)	(d) Maximum Number (or Approximate Dollar Value) of Shares that May Yet Be Purchased Under Plans or Programs
July 29, 2007 through August 25, 2007	4,424,494	28.25	4,424,494	\$960,811,692
August 26, 2007 through September 29, 2007	3,308,518	30.23	3,308,518	\$860,798,613
September 30, 2007 through October 27, 2007	<u>2,551,480</u>	<u>29.39</u>	<u>2,551,480</u>	<u>\$785,798,622</u>
Total:	<u>10,284,492</u>		<u>10,284,492</u>	

(1) Average price paid per share includes commissions and is rounded to the nearest two decimal places.

(2) In August 2007 we completed our \$1 billion share repurchase program announced in October 2005, and in January 2007, our Board of Directors approved a new repurchase program to repurchase up to \$1 billion of TJX common stock from time to time. Through October 27, 2007, we had repurchased 7.2 million shares at a cost of \$214.2 million under our \$1 billion share repurchase program announced in January 2007.

**Item 6. Exhibits**

- 3(i).1 The Fourth Restated Certificate of Incorporation is incorporated herein by reference to Exhibit 99.1 to the Form 8-A/A filed September 9, 1999. Certificate of Amendment of Fourth Restated Certificate of Incorporation is incorporated herein by reference to Exhibit 3(i) to the Form 10-Q for the quarter ended July 28, 2005.
- 3(ii).1 The by-laws of TJX, as amended, are incorporated herein by reference to Exhibit 3(ii) to the Form 10-Q for the quarter ended July 28, 2005.
- 10.1 The Settlement Agreement between ACohen Marketing & Public Relations, LLC, Julie Buckley, Anne Cohen, LaQuita Kearney, Laura Lerner, Robert Mann, Jitka Parmet, Deborah Wilson, Kathleen Robinson, Shannon Kidd, and Mary Robb Farley, individually and on behalf of the Settlement Class, The TJX Companies, Inc. and Fifth Third Bancorp dated September 21, 2007, is incorporated herein by reference to Exhibit 10.1 to the Form 8-K filed September 21, 2007. The Amended Settlement Agreement, dated as of November 14, 2007, by and among ACohen Marketing & Public Relations, LLC, Julie Buckley, Anne Cohen, LaQuita Kearney, Laura Lerner, Robert Mann, Jitka Parmet, Deborah Wilson, Kathleen Robinson, Shannon Kidd and Mary Robb Farley, individually and on behalf of the Settlement Class, The TJX Companies, Inc. and Fifth Third Bancorp is filed herewith.
- 10.2 Settlement Agreement among The TJX Companies, Inc., Visa U.S.A. Inc. and Visa Inc. and Fifth Third Bank, dated November 29, 2007 is incorporated herein by reference to Exhibit 10.1 to the Form 8-K filed November 30, 2007.
- 31.1 Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 31.2 Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 32.1 Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
- 32.2 Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

**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: December 5, 2007

/s/ Nirmal K. Tripathy

Nirmal K. Tripathy, Chief Financial Officer, on  
behalf of The TJX Companies, Inc. and as Principal  
Financial and Accounting Officer of The TJX Companies,  
Inc.

EXHIBIT INDEX

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**UNITED STATES DISTRICT COURT  
DISTRICT OF MASSACHUSETTS**

IN RE TJX COMPANIES RETAIL  
SECURITY BREACH LITIGATION  
(including cases transferred  
pursuant to:  
THE TJX COMPANIES, INC.,  
CUSTOMER DATA SECURITY BREACH  
LITIGATION)

MASTER DOCKET  
Civil Action No. 07-10162  
(Lead Case)

MDL Docket No. 1838

THIS DOCUMENT RELATES TO:  
CONSUMER TRACK ACTIONS

AMENDED SETTLEMENT AGREEMENT

This Amended Settlement Agreement, dated as of November 14, 2007 (the "Settlement Agreement"), is made and entered into by and among the following Settling Parties (as defined below) to the above-captioned consolidated action: (i) ACohen Marketing & Public Relations, LLC, Julie Buckley, Anne Cohen, LaQuita Kearney, Laura Lerner, Robert Mann, Jitka Parmet, Deborah Wilson, Kathleen Robinson, Shannon Kidd and Mary Robb Farley, (the "Representative Plaintiffs"), individually and on behalf of the Settlement Class (as defined below), by and through (in alphabetical order) Ben Barnow, Barnow and Associates, P.C.; Lester L. Levy, Wolf Popper LLP; and Sherrie R. Savett, Berger & Montague, P.C. (together, "Settlement Class Co-Lead Counsel"); (ii) The TJX Companies, Inc. ("TJX"), by and through its counsel of record, Harvey J. Wolkoff and Mark P. Szpak, Ropes & Gray LLP, and (iii) Fifth Third Bancorp ("Fifth Third"), by and through its counsel of record, W. Breck Weigel, Vorys Sater Seymour and Pease LLP. The Settlement Agreement is intended by the Settling Parties fully, finally, and forever to resolve, discharge, and settle the Released Claims (as defined below), upon and subject to the terms and conditions hereof.

## I. THE LITIGATION

On January 17, 2007, and February 21, 2007, TJX issued press releases disclosing that it had suffered an unauthorized intrusion or intrusions (hereinafter, “the Intrusion”) into the portion of its computer system that processes and stores information related to customer transactions. Beginning thereafter, in January 2007, and continuing through June 2007, lawsuits were filed in various state and federal jurisdictions in the United States, as well as in Canada, asserting claims against TJX in relation to the Intrusion. In April 2007, those actions pending in the United States District Court for the District of Massachusetts (“the Court”) were consolidated (“Consolidated Class Action”). The consolidated Massachusetts proceedings were divided into a “consumer track,” comprising all actions asserting putative class claims on behalf of TJX customers (“Consolidated Consumer Class Action”),<sup>1</sup> and a “financial institution track,” comprising all actions asserting putative class claims on behalf of financial institutions.

On May 9, 2007, in the Consolidated Consumer Class Action, a Consolidated Class Action Complaint (“the Complaint”) was filed alleging five counts, *i.e.*, negligence, breach of contract, breach of implied contract, violation of Massachusetts General Laws, Chapter 93A Section 9, and Massachusetts General Laws, Chapter 93A, Section 11, and identifying ACohen Marketing & Public Relations, LLC, Julie Buckley, Anne Cohen, LaQuita Kearney, Laura Lerner, Robert Mann, Kimberly Myck-Rawson, Jitka Parmet, and Deborah Wilson, as the named representative plaintiffs.

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<sup>1</sup> *Mace v. TJX Companies, Inc.*, Civ. No. 1:07-cv-10162 (D. Mass.); *Buckley et al. v. TJX Companies, Inc., et al.*, Civ. No. 1:07-cv-10209 (D. Mass.); *Gaydos v. TJX Companies, Inc., et al.*, Civ. No. 1:07-cv-10217 (D. Mass.); *Cohen et al. v. TJX Companies, Inc., et al.*, Civ. No. 1:07-cv-10280 (D. Mass.); *Rivas et al. v. TJX Companies, Inc.*, Civ. No. 1:07-cv-10565 (D. Mass.); *McMorris et al. v. TJX Companies, Inc., et al.*, Civ. No. 1:07-cv-10682 (D. Mass.); *Arians et al. v. TJX Companies, Inc., et al.*, Civ. No. 1:07-cv-10754 (D. Mass.); *Mascolo-Brown et al. v. TJX Companies, Inc., et al.*, Civ. No. 1:07-cv-10769 (D. Mass.).

The Complaint named, as defendants, TJX and Fifth Third. On June 12, 2007, TJX and Fifth Third each filed motions to dismiss the Complaint, which motions were opposed on July 13, 2007.

Pursuant to orders by the Judicial Panel on Multi-District Litigation dated June 28, 2007 and July 18, 2007, actions pending in other federal district courts across the United States asserting claims against TJX in relation to the Intrusion (“the Tag-along Actions”) were designated to be, or by the time of the execution of this Settlement Agreement will have been, transferred to and made a part of the consolidated proceedings pending in the United States District Court for the District of Massachusetts.<sup>2</sup> In conjunction with the filing of this Settlement Agreement, an Amended Consolidated Class Action Complaint (the “Amended Consolidated Complaint”) is being filed in the Consolidated Consumer Class Action on behalf of the Settlement Class alleging the same or similar claims as are alleged in the Complaint and in the complaints in the Tag-along Actions and Canadian Actions, adding Kathleen Robinson as a Representative Plaintiff, and also adding Shannon Kidd, a resident of Canada, and Mary Robb Farley, a resident of Puerto Rico, as Representative Plaintiffs.

Pursuant to the terms set out below, this Settlement Agreement resolves all actions and proceedings asserted or that could be asserted against TJX and Fifth Third and their respective Related Parties in relation to the Intrusion by and on behalf of putative classes of TJX customers in the United States (including the District of Columbia), Puerto Rico and Canada, including the

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<sup>2</sup> *Wood et al. v. TJX Companies, Inc., et al.*, Civ. No. 2:07-cv-00147 (N.D. Ala.); *Lemley v. TJX Companies, Inc., et al.*, Civ. No. 2:07-cv-02168 (C.D. Cal.); *Miranda v. TJX Companies, Inc., et al.*, Civ. No. 3:07-cv-01075 (D. P.R.); *Tennent v. TJX Companies, Inc., et al.*, Civ. No. 3:07-cv-00484 (S.D. Cal.); *Salinas et al. v. TJX Companies, Inc., et al.*, Civ. No. 2:07-cv-02172 (C.D. Cal.); *Pickering v. TJX Companies, Inc., et al.*, Civ. No. 2:07-cv-02172 (C.D. Cal.); *Robinson v. TJX Companies, Inc., et al.*, Civ. No. 1:07-cv-02139 (N.D. Ill.); *Wardrop v. TJX Companies, Inc.*, Civ. No. 1:07-cv-00430 (W.D. Mich.); *Taliaferro et al. v. TJX Companies, Inc., et al.*, Civ. No. 1:07-cv-00388 (S.D. Ohio); *Lack et al. v. TJX Companies, Inc., et al.*, Civ. No. 6:07-cv-00233 (E.D. Tex.); *Lamb v. TJX Companies, Inc., et al.*, Civ. No. 4:07-cv-00379 (W.D. Mo.); *Roberts v. TJX Companies, Inc., et al.*, Civ. No. 1:07-cv-02887 (N.D. Ill.); *Hamilton Griffin v. TJX Companies, Inc., et al.*, Civ. No. 4:07-cv-01113 (E.D. Mo.); *Dundon et al. v. TJX Companies, Inc., et al.*, Civ. No. 4:07-cv-00078 (S.D. Ga.); *Hill et al. v. TJX Companies, Inc., et al.*, Civ. No. 4:07-cv-00276 (N.D. Fla.); *Sharkey v. TJX Companies, Inc., et al.*, Civ. No. 2:07-cv-00389 (M.D. Fla.); *Agnelly v. TJX Companies, Inc., et al.*, Civ. No. 2:07-cv-03271 (E.D. La.); *Gutierrez v. TJX Companies, Inc., et al.*, Civ. No. 1:07-cv-03533 (N.D. Ill.).

Consolidated Consumer Class Action, the Tag-along Actions and any other such actions by and on behalf of putative classes of TJX customers originating or that may originate in jurisdictions in the United States (including the District of Columbia), Puerto Rico, and Canada (collectively, “the Litigation”).

## **II. CLAIMS OF THE REPRESENTATIVE PLAINTIFFS AND BENEFITS OF SETTLEMENT**

The Representative Plaintiffs believe that the claims asserted in the Litigation as set forth in the Amended Consolidated Complaint have merit. Representative Plaintiffs and Settlement Class Co-Lead Counsel, however, recognize and acknowledge the expense and length of continued proceedings necessary to prosecute the Litigation against TJX, Fifth Third and their respective Related Parties through motion practice, trial, and potential appeals. Settlement Class Co-Lead Counsel also have taken into account the uncertain outcome and the risk of further litigation, as well as the difficulties and delays inherent in such litigation. Settlement Class Co-Lead Counsel are also mindful of the inherent problems of proof and possible defenses to the claims asserted in the Litigation. Settlement Class Co-Lead Counsel believe that the settlement set forth in this Settlement Agreement confers substantial benefits upon the Settlement Class (as defined below). Settlement Class Co-Lead Counsel have determined that the settlement set forth in this Settlement Agreement is fair, reasonable, and adequate, and in the best interests of the Settlement Class.

## **III. DENIAL OF WRONGDOING AND LIABILITY**

TJX denies each and all of the claims and contentions alleged against it and its Related Parties in the Litigation, including as set forth in the Amended Consolidated Complaint, and believes that these claims and contentions are totally without merit. Specifically, TJX denies all charges of wrongdoing or liability as alleged against it and its Related Parties in the Litigation. Nonetheless, TJX has concluded that further conduct of the Litigation would be protracted and expensive, and that

it is desirable that the Litigation be fully and finally settled in the manner and upon the terms and conditions set forth in this Settlement Agreement. TJX also has taken into account the uncertainty and risks inherent in any litigation, especially in class action cases such as this Litigation. TJX has, therefore, determined that it is desirable and beneficial that the Litigation be settled in the manner and upon the terms and conditions set forth in this Settlement Agreement. Fifth Third denies each and all of the claims and contentions alleged against it and its Related Parties in the Litigation, including as set forth in the Amended Consolidated Complaint, and believes that these claims and contentions are totally without merit. Specifically, Fifth Third denies all charges of wrongdoing or liability as alleged against it and its Related Parties in the Litigation.

#### **IV. TERMS OF SETTLEMENT**

NOW, THEREFORE, IT IS HEREBY STIPULATED AND AGREED, by and among the Representative Plaintiffs, individually and on behalf of the Settlement Class, by and through Settlement Class Co-Lead Counsel, and each of TJX and Fifth Third that, subject to the approval of the Court, the Litigation and the Released Claims shall be finally and fully compromised, settled, and released, and the Litigation shall be dismissed with prejudice as to all Settling Parties, upon and subject to the terms and conditions of this Settlement Agreement, as follows.

##### **1. Definitions**

As used in the Settlement Agreement, the following terms have the meanings specified below:

1.1 “Claims” means known claims and Unknown Claims, actions, allegations, demands, rights, liabilities, and causes of action of every nature and description whatsoever, whether contingent or non-contingent, and whether at law or equity.

1.2 “Claims Administration” means the processing of claims received from Settlement Class Members by the Claims Administrator, and “Costs of Claims Administration” means all actual costs associated with or arising from Claims Administration.

1.3 “Claims Administrator” means such claims administrator as may be selected by TJX and agreed to by Settlement Class Co-Lead Counsel, with preference to the Garden City Group, Inc. if its overall price is equal to or lower than a comparable entity.

1.4 “Credit Monitoring and Identity Theft Insurance” shall mean (i) for Unreceipted Return Customer Claimants residing in the United States or Puerto Rico, the Equifax “Credit Watch™ Gold with 3-in-1 Credit Monitoring” product (including \$20,000 in identity theft insurance) that TJX previously offered in the Prior TJX Credit Monitoring/Insurance Offer, (ii) for Unreceipted Return Customer Claimants residing in Canada, the most similar credit monitoring and identity theft insurance products offered commercially by Intersections Inc. at equivalent cost to TJX, and (iii) for Unreceipted Return Customer Claimants residing in New York, where such Credit Monitoring and Identity Theft Insurance is not currently available from Equifax or other similar provider, the most similar credit monitoring and identity theft insurance products offered commercially.

1.5 “Effective Date” means the first date by which all of the events and conditions specified in ¶ 9.1 hereof have occurred and have been met.

1.6 “Final” means the occurrence of all of the following events: (i) the settlement pursuant to this Settlement Agreement is approved by the Court; (ii) the Court has entered a Judgment (as that term is defined herein); (iii) the time to appeal or seek permission to appeal from the Judgment has expired or, if appealed, the appeal has been dismissed in its entirety, or the Judgment has been affirmed in its entirety by the court of last resort to which such appeal may be taken, and such dismissal or affirmance has become no longer subject to further appeal

or review. Notwithstanding the above, any order modifying or reversing any fee award made in this case shall not affect whether the Judgment is “Final” as defined in the preceding sentence, or any other aspect of the Judgment.

1.7 “Judgment” means a judgment rendered by the Court, in the form attached hereto as Exhibit E, or a judgment substantially similar to such form in both terms and cost.

1.8 “Named Plaintiff” means each Person (as defined in ¶ 1.11 herein) who is named as a plaintiff in any pending case in the Litigation and who, prior to the execution of the Settlement Agreement by Settlement Class Co-Lead Counsel, joins in this settlement by affirming in a writing (which will be filed with the Court by the Settling Parties) that he or she, or his or her counsel, approve and join in this settlement.

1.9 “Notice Specialist” means Hilsoft Notifications, Souderton, Pennsylvania.

1.10 “Opt-Out Date” means the date by which members of the Settlement Class must mail their requests to be excluded from the Settlement Class in order for that request to be effective. The postmark date shall be the mailing date.

1.11 “Person” means an individual, corporation, partnership, limited partnership, limited liability company or partnership, association, joint stock company, estate, legal representative, trust, unincorporated association, government or any political subdivision or agency thereof, and any business or legal entity, and their respective spouses, heirs, predecessors, successors, representatives, or assignees.

1.12 “Plaintiffs’ Counsel” means Settlement Class Co-Lead Counsel, and all other attorneys who represent Named Plaintiffs who have joined in this settlement.

1.13 “Prior TJX Credit Monitoring/Insurance Offer” means the offer previously made by TJX to certain Unreceipted Return Customers of one year of the Equifax “Credit Watch™ Gold with 3-in-1 Credit Monitoring” product.

1.14 “Related Parties” means an entity’s past or present directors, officers, employees, contractors, auditors, principals, agents, attorneys, predecessors, successors, parents, subsidiaries, divisions and related or affiliated entities, and includes, without limitation, any Person related to such entity who is, was or could have been named as a defendant in any of the United States, Puerto Rico or Canadian actions in the Litigation.

1.15 “Released Acquiring Banks” means Chase Merchant Services LLC; The Chase Manhattan Bank; Chase Paymentech Solutions; Paymentech Canada; Banco Popular de Puerto Rico; First Data Loan Company, Canada; and Laurentian Bank of Canada (assignee of Toronto-Dominion Bank).

1.16 “Released Claims” shall collectively mean any and all Claims, including those arising under state or federal law of the United States or under provincial or federal law of Canada or under the law of Puerto Rico (including, without limitation, any causes of action under Mass. Gen. Laws ch. 93A, Mass. Gen. Laws ch. 214, § 1B, the California Business & Professional Code § 17200 et seq., California Civil Code § 1798.80 — 84 et seq., California Civil Code § 1798.53, Tex. Bus. & Com. § 48.001 et seq., Georgia Code § 10-1-910 et seq., and any similar statutes in effect in any other states in the United States or in Puerto Rico; the Personal Information Protection Act, the Privacy Act, the Personal Information Protection and Electronic Documents Act, the Freedom of Information and Protection of Privacy Act, and any similar statutes in effect in Canada or the provinces of Canada; negligence; negligence per se; breach of contract; breach of fiduciary duty; breach of confidence; misrepresentation (whether fraudulent, negligent or innocent); unjust enrichment; and bailment), and including, but not limited to, any and all claims in any state or federal court of the United States, or any provincial or federal court of Canada, or any court of or located in Puerto Rico, for damages, injunctive relief, disgorgement, declaratory relief, equitable relief, attorneys’ fees and expenses, pre-judgment

interest, credit monitoring services, the creation of a fund for future damages, statutory penalties, restitution, the appointment of a receiver, and any other form of relief, that either have been asserted or could have been asserted by any Settlement Class Member against any of the Released Persons or any of the Indemnified Persons (as defined below) based on, relating to, concerning or arising out of the allegations, facts, or circumstances alleged in the Litigation or any other allegations, facts or circumstances with respect to the Intrusion. Without limitation of the foregoing, Released Claims specifically include any Claim for alleged injury or loss stemming from the Intrusion as may have been or could have been asserted by any Settlement Class Member against any person or entity (such as, for example and without limitation, any entity that issued credit or debit cards to Settlement Class Members) (collectively, the “Indemnified Persons”) that could seek indemnification or contribution from any of the Released Persons in respect of such Claim, except that Released Claims shall not include Claims by any individual Settlement Class Member against any card-issuing financial institution brought on an individual, case-by-case basis for reimbursement or waiver of purportedly fraudulent card charges (or other charges by the card-issuing financial institution in connection with purportedly fraudulent card charges) that such card-issuing financial institution assertedly should have reimbursed or waived but has refused to reimburse or waive. Released Claims shall not include the right of any Settlement Class Member or any Released Person or any Indemnified Person to enforce the terms of the settlement contained in the Settlement Agreement. Further, for all Settlement Class Members who are not part of the Unreceipted Return Customers referenced in ¶ 2.1 below, and who have given their social security number, whether by driver’s license or any other means, to TJX, there shall be no waiver of any claim that they may have regarding identity theft from the Intrusion (other than credit/debit card charges) if brought within three years from the execution of this Settlement Agreement. Any such claim may be made only as an individual

claim, as the right to a class action or relief on a class basis for any such claim is released and waived, and, in the event of the assertion of any such individual claim, the parties against whom the claim is asserted shall be deemed to have retained and shall have the right to assert any responsive claims, counterclaims and defenses relating thereto, as well as any cross-claims and third-party claims and defenses relating thereto, all notwithstanding the provisions of ¶ 6.2 and ¶ 6.3 below.

1.17 “Released Persons” means TJX and its Related Parties, Fifth Third and its Related Parties, and the Released Acquiring Banks and their respective Related Parties.

1.18 “Representative Plaintiffs” means ACohen Marketing & Public Relations, LLC, Julie Buckley, Anne Cohen, LaQuita Kearney, Laura Lerner, Robert Mann, Jitka Parmet, Deborah Wilson, Kathleen Robinson, Shannon Kidd, and Mary Robb Farley.

1.19 “Settlement Class” means all Persons in the United States (including the District of Columbia), Puerto Rico or Canada who shopped at TJX Stores in the United States, Puerto Rico or Canada, made a purchase or return, have had or allege having had personal or financial data stolen or placed at risk of being stolen from TJX’s computer systems, and who were or may be damaged thereby or who allege damage therefrom. Excluded from the definition of Settlement Class are TJX, Fifth Third, and their respective officers and directors, and those Persons who timely and validly request exclusion from the Settlement Class.

1.20 “Settlement Class Co-Lead Counsel” means Ben Barnow, Barnow and Associates, P.C.; Lester L. Levy, Wolf Popper LLP; and Sherrie R. Savett, Berger & Montague, P.C.

1.21 “Settlement Class Member(s)” means a Person(s) who falls within the definition of the Settlement Class.

1.22 “Settling Parties” means, collectively, TJX, on behalf of itself and its Related Parties, Fifth Third, on behalf of itself and its Related Parties, and the Representative Plaintiffs, individually and on behalf of the Settlement Class.

1.23 “TJX Stores” means stores operated by TJX under any of the names T.J. Maxx, Marshalls, T.J. Maxx ‘n More, Marshalls MegaStore, The Maxx, HomeGoods, A.J. Wright, Winners, and HomeSense.

1.24 “Unknown Claims” means any of the Released Claims that any Settlement Class Member, including any Representative Plaintiff, does not know or suspect to exist in his favor at the time of the release of the Released Persons which, if known by him or her, might have affected his or her settlement with and release of the Released Persons, or might have affected his or her decision not to object to and/or to participate in this settlement. With respect to any and all Released Claims, the Settling Parties stipulate and agree that, upon the Effective Date, the Representative Plaintiffs expressly shall have, and each of the other Settlement Class Members shall be deemed to have, and by operation of the Judgment shall have, waived the provisions, rights, and benefits conferred by California Civil Code § 1542, and also any and all provisions, rights, and benefits conferred by any law of any state, province or territory of the United States (including, without limitation, Montana Code Ann. § 28-1-1602; North Dakota Cent. Code § 9-13-02; and South Dakota Codified Laws § 20-7-11), Puerto Rico or Canada, or principle of common law or international or foreign law, including Canadian and Puerto Rican law, which is similar, comparable, or equivalent to California Civil Code §1542, which provides:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.

The Settlement Class Members, including the Representative Plaintiffs, and any of them, may hereafter discover facts in addition to or different from those that they, and any of them, now know or believe to be true with respect to the subject matter of the Released Claims, but the Representative Plaintiffs expressly shall have, and each other Settlement Class Member shall be deemed to have, and by operation of the Judgment shall have, upon the Effective Date, fully, finally, and forever settled and released any and all Released Claims. The Settling Parties acknowledge, and the Settlement Class Members shall be deemed by operation of the Judgment to have acknowledged, that the foregoing waiver is a material element of the settlement of which this release is a part. Notwithstanding the foregoing, the Settling Parties acknowledge and incorporate here as if fully set forth here the last two sentences of ¶ 1.16 above.

1.25 “Unreceipted Return Customers” means those customers who returned merchandise to a TJX Store without receipts and who were sent a letter from TJX that TJX had specifically identified that their names and addresses, and driver’s license or military, state or tax identification numbers, were information TJX believed was stolen in the Intrusion.

1.26 “Unreceipted Return Customer Claimant” means an Unreceipted Return Customer who submits a valid claim under ¶ 2.1 below.

1.27 “Voucher” means a voucher usable for credit against the purchase of merchandise (excluding gift cards) at any TJX Store (with up to \$1.00 in cash back according to TJX’s usual procedures), which shall be valid for a period of one year from the date of transmission, have no restrictions on transferability and be freely stackable (i.e., multiple vouchers can be combined on a single transaction) and applied for credit in addition to all other sales or discounts then available, including the 15% off one day sales event provided for hereunder (for example, if the purchase price of goods equals \$100 and the balance remaining on a Voucher equals \$30, and another sale or discount amounts to 15% off, then the Settlement Class Member pays \$55 (\$100

- \$15 - \$30 = \$55)), and may be provided in paper or plastic form, at TJX's election, and may be in the form of a special gift card issued by TJX or an affiliate thereof, again at TJX's election. Settlement Class Members submitting a valid claim for any voucher under ¶ 2.2 below may elect to be sent, in lieu of such voucher, a \$15 check per voucher ("Check-in-Lieu"), by so indicating on the claim form. Vouchers provided under ¶ 2.2 below to Settlement Class Members with an address in the United States or Puerto Rico shall be issued in U.S. currency amounts and shall be usable at TJX Stores located in the United States or Puerto Rico. Vouchers provided under ¶ 2.2 below to Settlement Class Members with an address in Canada shall be issued in Canadian currency amounts and shall be usable at TJX Stores located in Canada. Checks-in-Lieu shall similarly be in the currency of the place of the Settlement Class Member's address (i.e., \$15 U.S. for Settlement Class Members with an address in the United States or Puerto Rico, and \$15 Canadian for Settlement Class Members with an address in Canada). Checks-in-Lieu shall be valid for 180 days from the date of issue.

1.28 "United States" as used in this Settlement Agreement includes the District of Columbia.

## **2. The Settlement**

2.1 (a) TJX shall make available free of charge (i) to Unreceipted Return Customer Claimants (other than those set forth in subparagraph 2.1(a)(ii)), three years of Credit Monitoring and Identity Theft Insurance from the date of subscription, and (ii) to Unreceipted Return Customer Claimants who accepted the Prior TJX Credit Monitoring/Insurance Offer, two years of Credit Monitoring and Identity Theft Insurance from the date of subscription in addition to the one year of Credit Monitoring/Insurance previously provided under the Prior TJX Credit Monitoring/Insurance Offer. Unreceipted Return Customer Claimants shall have 90 days following the Claims Administrator's mailing of written notice of the settlement benefit provided in this subparagraph

2.1(a), as set out in the form attached hereto as Exhibit D, to subscribe for the Credit Monitoring and Identity Theft Insurance made available under this subparagraph.

(b) TJX shall reimburse each Unreceipted Return Customer Claimant who submits valid documentary support to the Claims Administrator showing that he or she replaced his or her driver's license between January 17, 2007 and June 30, 2007, other than in the ordinary course, for the actual replacement cost of the driver's license in the amount charged by the motor vehicle department of the issuing state, province or territory. Unreceipted Return Customer Claimants shall have 90 days following the Claims Administrator's mailing of written notice of the settlement benefit provided in this subparagraph 2.1(b), as set out in the form attached hereto as Exhibit C-1, to submit a claim therefor. This provision compensates any such Settlement Class Member for driver's license replacement costs only, and does not preclude such Settlement Class Member from seeking any other benefit or reimbursement available to such Settlement Class Member under any other provision of this Settlement Agreement.

(c) TJX shall reimburse each Unreceipted Return Customer Claimant whose social security number is the same as his or her driver's license or military, tax or state identification number, and who did not accept the Prior TJX Credit Monitoring/Insurance Offer, for any unreimbursed loss of more than sixty dollars (\$60) resulting from identity theft from the Intrusion (other than credit/debit card charges) that occurred during the period from January 17, 2007 through the date 40 days after the Credit Monitoring and Identity Theft Insurance is first offered generally pursuant to the Settlement Agreement.

(i) Unreceipted Return Customers seeking reimbursement of losses pursuant to this subparagraph 2.1(c) must submit a written claim to TJX (through the Claims Administrator), in the form of Exhibit C-2, together with proof of such losses, within six months after the Effective Date. Following such submission of the claim, TJX shall have 30 days to accept

the claim, reject the claim, or identify, in writing to the claimant, such consents and additional information (“Claim Supplementation”) as TJX may reasonably request to investigate the claim. If TJX requests such Claim Supplementation, it shall be provided to TJX (through the Claims Administrator) by the claimant within 30 days of the request, and TJX shall have 30 days from receipt of the Claim Supplementation to accept or reject the claim.

(ii) The claimant shall have 30 days following any rejection by TJX to submit the claim, including all supporting materials previously submitted to TJX, to an independent arbitrator from JAMS/Endispute. JAMS/Endispute shall notify TJX and TJX shall have 30 days from the date of such notice to provide its reasons for rejection of the claim to JAMS/Endispute, and JAMS/Endispute shall conduct such hearing and proceedings, if any, as it deems fit. The decision of JAMS/Endispute shall be final. The fees and expenses of JAMS/Endispute shall be paid for by TJX.

(iii) Individual payments made by TJX pursuant to this subparagraph 2.1(c) shall be reduced by the amount of any Vouchers or Checks-in-Lieu received by the Unreceipted Return Customer Claimant pursuant to subparagraph 2.2 below. In any event, any such Settlement Class Member may continue to seek any other benefit or reimbursement available to such Settlement Class Member under any other provision in this agreement. For example, if a claim under this ¶ 2.1(c) exceeds the amount of any Vouchers or Checks-in-Lieu received by such Settlement Class Member pursuant to ¶ 2.2 below, then such Settlement Class Member may seek reimbursement for cash pursuant to this ¶ 2.1(c), less the amount of any Vouchers or Checks-in-Lieu received. Notwithstanding the foregoing, the total amount payable by TJX pursuant to this subparagraph 2.1(c) is limited to an aggregate of \$1 million, and in the event the value of accepted claims pursuant to this subparagraph 2.1(c) exceeds \$1 million, such claims shall be prorated. No claims under this subparagraph 2.1(c) shall be payable by TJX until 30 days after the decision by JAMS/Endispute of all claims submitted to independent arbitration.

2.2 TJX shall provide Vouchers or Checks-in-Lieu to all Settlement Class Members who submit valid claims under pains and penalties of perjury, using the claim form attached hereto as Exhibit C-3, showing that they:

(i) made a purchase with a credit card, debit card or check at a TJX Store during the period from December 31, 2002 through September 2, 2003 or the period from May 15, 2006 through December 18, 2006, and

(ii) incurred reasonable, more than *de minimis* (i.e., \$5.00 or more) out-of-pocket costs and/or lost time (calculated at \$10.00 per hour) between January 17, 2007 and June 30, 2007, as a result of the Intrusion as alleged in the Complaint (other than driver's license replacement costs reimbursed under ¶ 2.1 above), all as set forth in (a) and (b) below.

Settlement Class Members submitting a claim under this ¶ 2.2 may do so under one of two categories:

(a) Self-Certification Category: Settlement Class Members may demonstrate that they satisfy both (i) and (ii) above by self-certification. TJX will provide Settlement Class Members submitting valid self-certifications in this category a Voucher in the amount of \$30.00 or a Check-in-Lieu in the amount of \$15.00. Total benefits pursuant to this subparagraph 2.2(a) shall not exceed \$10 million. Each valid claim shall be treated as a \$30 charge against such \$10 million cap whether the claimant elects to receive a \$30 Voucher or a \$15 Check-in-Lieu. In the event the total of such charges exceeds \$10 million, the dollar amount of each Voucher or Check-in-Lieu under this subparagraph 2.2(a) shall be proportionately reduced (e.g., if the total of such charges exceeds \$10 million by \$667,000 (i.e., by 1/15 of \$10,000,000), the

dollar amount of each such Voucher shall be \$28.00 and the dollar amount of each such Check-in-Lieu shall be \$14.00).

(b) Documentary Support Category: Settlement Class Members must submit a sales slip, credit or debit card account statement, or cancelled check to demonstrate that they satisfy (i) above, and reasonable documentation (other than self-certification) to demonstrate that they satisfy (ii) above. TJX will provide each Settlement Class Member submitting a valid claim in this category a Voucher in the amount of \$30.00 or a Check-in-Lieu in the amount of \$15.00. If a Settlement Class Member submits documentation to satisfy (ii) above showing (by means other than self-certification) \$5.00 or more in actual, out-of-pocket costs and that the total of out-of-pocket costs together with lost time (calculated at \$10.00 per hour) are more than \$30.00, TJX shall provide such Settlement Class Member a second Voucher in the amount of \$30.00 or a second Check-in-Lieu in the amount of \$15.00 (i.e., claimants satisfying the requirements of this sentence may receive a total of either two Vouchers or two Checks-in-Lieu, as opposed to one of each). The total amount of Vouchers under this subparagraph 2.2(b) is not subject to any cap. The total amount of Checks-in-Lieu under this subparagraph 2.2(b) is subject to a cap of \$7 million, with each Check-in-Lieu treated as a \$15 charge against such cap (claimants qualifying for two Checks-in-Lieu under this subparagraph may, in the discretion of TJX, instead be sent a single physical check for the combined amount of \$30, which shall be treated as a \$30 charge against such cap), and in the event the total of such charges exceeds \$7 million, the dollar amount of each Check-in-Lieu under this subparagraph 2.2(b) shall be proportionately reduced (e.g., if the dollar amount of

such charges exceeds \$7 million by \$467,000 (i.e., by 1/15 of \$7,000,000), the dollar amount of each such Check-in-Lieu shall be \$14.00).

Eligible Settlement Class Members submitting a claim under this ¶ 2.2 are limited to one claim per household, and must do so under category (a) or category (b), but not both. Settlement Class Members submitting a claim under this ¶ 2.2 may also submit a claim for any other benefit or reimbursement available to such Settlement Class Member under any other provision of this agreement. Settlement Class Members meeting the requirements for benefits under this ¶ 2.2 shall have until a date certain, which shall be 90 days from the first scheduled date for the Final Fairness Hearing, but if that date shall fall on a weekend or holiday, then the first business day following, to submit a claim therefor. Claims shall be submitted to, and Vouchers or Checks-in-lieu provided by TJX to valid claimants shall be distributed to such valid claimants by, the Claims Administrator.

2.3 TJX shall hold a one-time special event (the "Special Event") in which prices on all merchandise (excluding gift cards) in all TJX Stores shall be reduced by 15%. This 15% price reduction shall be applied at the check-out register and shall be in addition to all other discounts (other than employee discounts), if any, and shall be available to all customers making purchases on that day. The Special Event shall be on one day on a Thursday, Friday or Saturday in January, February or July as designated by TJX. The Special Event shall occur following the Effective Date on a date which will allow for proper commercial management of the event. TJX Stores shall have extended hours (8:00 a.m. to 10:00 p.m.) on the day of the Special Event, except as may be limited by local laws. While by necessity and practicality, the public may access this sale, the sale is provided for by this Settlement Agreement and is available to all members of the Settlement Class. The description of this settlement benefit in the Summary Notice and Notice shall be as set out in the forms attached hereto as Exhibits B and C hereto. TJX shall provide customary course of business notice of the event, to be advertised close in time to the day on which the Special Event will occur.

TJX represents that it has not had any storewide sale event in the TJX Stores systemwide in the past, to the best of senior management's recollection, and that this sale event is the direct result of this settlement, and that the 15% price reduction during the event shall be in addition to any and all other discounts, sales, and the like (other than employee discounts) available at the time of the event. No discount available to the public shall be withdrawn because of the Special Event.

2.4 TJX shall provide for an ombudsman to be available at a toll free number during normal business hours to handle questions about card cancellations, credit theft, etc., through January 19, 2008. TJX shall provide a link on its website to the website of the Federal Trade Commission (the "FTC") regarding credit or identity theft, through January 19, 2008.

2.5 By 30 days after the date of this Settlement Agreement (i.e., the Amended Settlement Agreement), an independent expert retained by TJX shall submit a written report to plaintiffs' designated independent expert, setting forth any actions taken or planned to be taken by TJX, subsequent to TJX's discovery of the Intrusion, to enhance the security of TJX's computer system (the "Enhancement Actions"). The independent expert retained by TJX shall, within 30 days of submitting such report, meet with plaintiffs' independent expert (together with counsel for TJX and plaintiffs) to discuss the report. Plaintiffs' independent expert shall within 30 days thereafter provide a responsive letter to plaintiffs stating whether the Enhancement Actions are, in the judgment of plaintiff's independent expert, a prudent and good faith attempt by TJX to minimize the likelihood of intrusions in the future. Within 15 days thereafter, Settlement Class Co-Lead Counsel shall provide TJX with a letter indicating whether they accept the report, or do not accept it, and failure to provide such letter to TJX shall be deemed acceptance. All of the foregoing terms of this ¶ 2.5 shall be subject to such confidentiality restrictions as TJX may reasonably require to protect the security of its computer system. The settlement is contingent upon Settlement Class Co-Lead Counsel's acceptance of the Enhancement Actions as set out in the report, which must in any event occur prior

to any notice to the class, and which acceptance shall not be unreasonably withheld. Unless otherwise prohibited by the FTC, and subject to such confidentiality restrictions as TJJ or the FTC may reasonably require (including, without limitation, any appropriate redactions) to protect the security of TJJ's computer system, TJJ shall provide to the Settlement Class Co-Lead Counsel reports relative to any actions taken or planned to be taken by TJJ, subsequent to TJJ's discovery of the Intrusion, to enhance the security of TJJ's computer system, that TJJ submits to the FTC upon conclusion of any resolution of the pending FTC investigation of the Intrusion.

2.6 All costs associated with notice to the Settlement Class as required herein and Claims Administration shall be paid by TJJ.

2.7 The Settling Parties agree, for purposes of this settlement only, to the certification of the Settlement Class. If the settlement set forth in this Settlement Agreement is not approved by the Court, or if the settlement is terminated or cancelled pursuant to the terms of this Settlement Agreement, then this Settlement Agreement, and the certification of the Settlement Class provided for herein, will be vacated and the Litigation shall proceed as though the Settlement Class had never been certified, without prejudice to any party's position on the issue of class certification or any other issue. The Settling Parties' agreement to the certification of the Settlement Class is also without prejudice to any position asserted by the Settling Parties in any other proceeding, case or action including, without limitation, the "financial institutions track" proceedings otherwise consolidated with the Litigation in the above-captioned civil action, as to which all of their rights are specifically preserved.

2.8 Settlement Class Co-Lead Counsel agree that TJJ's and Fifth Third's time to answer or otherwise respond to the Amended Consolidated Complaint shall be treated by them as extended without date.

### 3. Order of Preliminary Approval and Publishing of Notice of a Final Fairness Hearing

3.1 As soon as practicable after the execution of the Settlement Agreement, Settlement Class Co-Lead Counsel and counsel for TJX and Fifth Third shall jointly submit this Settlement Agreement to the Court, and, within 7 calendar days after the period for any termination of the Settlement Agreement pursuant to ¶ 10.4 has expired without Settlement Class Co-Lead Counsel having taken such action, Settlement Class Co-Lead Counsel shall file a motion for preliminary approval of the settlement with the Court and apply for entry of an order (the “Order of Preliminary Approval and Publishing of Notice of a Final Fairness Hearing”), in the form attached hereto as Exhibit A, or an order substantially similar to such form in both terms and cost, requesting, *inter alia*,

(a) certification of the Settlement Class for settlement purposes only pursuant to ¶ 2.7;

(b) preliminary approval of the settlement as set forth herein;

(c) approval of the publication of a customary form of summary notice (the “Summary Notice”) in the form attached hereto as Exhibit B (in a manner certified by the Notice Specialist to have a reach of not less than approximately 80% of the putative class, targeted to adults over 18, in the United States, Puerto Rico and Canada), and a customary long form of notice (“Notice”) in the form attached hereto as Exhibit C, which together shall include a fair summary of the parties’ respective litigation positions, the general terms of the settlement set forth in the Settlement Agreement, instructions for how to object to or opt-out of the settlement, the process and instructions for making claims to the extent contemplated herein, and the date, time, and place of the Final Fairness Hearing;

(d) appointment of Hilsoft Notifications as Notice Specialist;

(e) appointment of the Garden City Group, Inc. as Claims Administrator (as conditioned above); and

(f) approval of the Unreceipted Return Customer Notice and Proofs of Claim attached hereto as Exhibits D, C-1 and C-2; and approval of the Voucher/Check-in-Lieu Proof of Claim attached hereto as Exhibit C-3.

3.2 TJX shall pay for and shall assume the administrative responsibility of providing notice to the Settlement Class in accordance with the Order of Preliminary Approval and Publishing of Notice of a Final Fairness Hearing, and the costs of such notice, together with the Costs of Claims Administration, shall be paid by TJX. Notice shall be provided to the Unreceipted Return Customers by first-class direct mail, to the extent reasonably practicable. The notice program otherwise (including notice to those Settlement Class Members referenced in the last two sentences of ¶ 1.16 above) shall be by publication in print and shall be designed to have a reach of not less than approximately 80% of the putative class, targeted to adults over 18, in the United States, Puerto Rico and Canada through publication of a Summary Notice in the form attached hereto as Exhibit B, and which publication shall run, if approved by the Court, in a range of consumer magazines, newspapers, and/or newspaper supplements to be designated by the Notice Specialist and approved by the Court. The Claims Administrator shall establish a dedicated settlement website, and shall maintain and update the website throughout the Claim Period, with the forms of Summary Notice, Notice, and Proofs of Claim approved by the Court, as well as this Settlement Agreement. The Claims Administrator also will provide copies of the forms of Summary Notice, Notice, and Proofs of Claim approved by the Court, as well as this Settlement Agreement, upon request. Prior to the Final Fairness Hearing, the Settlement Class Co-Lead Counsel and TJX shall cause to be filed with the Court an appropriate affidavit or declaration with respect to complying with this provision of notice. At a minimum, Notice shall be provided in English, Spanish or French as appropriate for

TJX locations in accordance with the language used in TJX's usual course of business advertising, promotions and in-store displays.

3.3 The Settlement Class Co-Lead Counsel and TJX shall request that after notice is given, the Court hold a hearing (the "Final Fairness Hearing") and grant final approval of the settlement set forth herein.

3.4 The Settlement Class Co-Lead Counsel and TJX further agree that the proposed Order of Preliminary Approval and Publishing of Notice of a Final Fairness Hearing shall provide, subject to Court approval, that, pending the final determination of the fairness, reasonableness, and adequacy of the settlement set forth in the Settlement Agreement, no Settlement Class Member, either directly, representatively, or in any other capacity, shall institute, commence, or prosecute against the Released Persons any of the Released Claims in any action or proceeding in any court or tribunal.

#### **4. Opt-Out Procedures**

4.1 Each Person wishing to opt out of the Settlement Class shall individually sign and timely submit written notice of such intent to either of the designated Post Office boxes established by the Claims Administrator. The written notice must clearly manifest an intent to be excluded from the Settlement Class. To be effective, written notice must be postmarked at least 21 days prior to the date set in the Notice for the Final Fairness Hearing.

4.2 All Persons who submit valid and timely notices of their intent to be excluded from the Settlement Class, as set forth in ¶ 4.1 above, referred to herein as "Opt-Outs," shall neither receive any benefits of nor be bound by the terms of this Settlement Agreement. All Persons falling within the definition of the Settlement Class who do not request to be excluded from the Settlement Class in the manner set forth in ¶ 4.1 above shall be bound by the terms of this Settlement Agreement and Judgment entered thereon.

## **5. Objection Procedures**

5.1 Each Settlement Class Member wishing to object to the settlement shall submit a timely written notice of his objection which shall set forth the reasons for the Settlement Class Member's objection, and further state whether the objector intends to appear at the Final Fairness Hearing. The objection also must provide information identifying the objector as a Settlement Class Member, including (a) proof (*e.g.*, a sales slip, credit or debit statement, or cancelled check) of having made a purchase or return at a TJX Store, or an affidavit setting forth, in as much detail as the objector remembers, the fact of purchase(s) or return(s), the product(s) purchased or returned, the price of the product(s), the approximate date of said purchase(s) or returns, and the place of the purchase(s) or returns, and (b) documentation supporting the objector's allegation of damage. To be timely, written notice of an objection in appropriate form must be filed with the Clerk of the United States District Court for the District of Massachusetts, John Joseph Moakley U.S. Courthouse, 1 Courthouse Way, Boston, MA 02210, 21 days prior to the date set in the Notice for the Final Fairness Hearing, and served concurrently therewith upon any one of the Settlement Class Co-Lead Counsel (Ben Barnow, Barnow and Associates, P.C., One North LaSalle Street, Suite 4600, Chicago, IL 60602; Sherrie R. Savett, Berger & Montague, P.C. , 1622 Locust Street, Philadelphia, PA 19103; or Lester L. Levy, Wolf Popper LLP, 845 Third Avenue, New York, NY 10022), counsel for TJX (Harvey J. Wolkoff, Ropes & Gray LLP, One International Place, Boston, MA, 02110), and counsel for Fifth Third (W. Breck Weigel, Vorys Sater Seymour and Pease LLP, Atrium Two, Suite 2000, 221 East Fourth Street, Cincinnati, OH 45202).

## **6. Releases**

6.1 Upon the Effective Date, each Settlement Class Member, including the Representative Plaintiffs, shall be deemed to have, and by operation of the Judgment shall have, fully, finally, and forever released, relinquished, and discharged all Released Claims. Further, upon

the Effective Date of the settlement, and to the fullest extent permitted by law, each Settlement Class Member including the Representative Plaintiffs shall, either directly, indirectly, representatively, as a member of or on behalf of the general public, or in any capacity, be permanently barred and enjoined from commencing, prosecuting, or participating in any recovery in, any action in this or any other forum (other than participation in the settlement as provided herein) in which any of the Released Claims is asserted.

6.2 Upon the Effective Date, TJX and Fifth Third shall be deemed to have, and by operation of the Judgment shall have, fully, finally, and forever released, relinquished, and discharged, Representative Plaintiffs, each and all of the Settlement Class Members, Settlement Class Co-Lead Counsel, and all other Plaintiffs' Counsel who have consented to and joined in the settlement, from all claims, including Unknown Claims, based upon or arising out of the institution, prosecution, assertion, settlement or resolution of the Litigation or the Released Claims, except for enforcement of the Settlement Agreement as to such matters as pertain to each of them. Any other Claims or defenses TJX and Fifth Third may have against such Persons, including without limitation any Claims based upon or arising out of any retail, banking, debtor-creditor, contractual or other business relationship with such Persons, that are not based upon or do not arise out of the institution, prosecution, assertion, settlement or resolution of the Litigation or the Released Claims, are specifically preserved and shall not be affected by the preceding sentence.

6.3 Upon the Effective Date, Fifth Third, on behalf of itself and its subsidiaries, divisions and affiliates (including, without limitation, Fifth Third Bank), and TJX, on behalf of itself and its subsidiaries, divisions and affiliates, shall be deemed to have, and by operation of the Judgment shall have, fully, finally, and forever released, relinquished, and discharged each other, and one another's respective subsidiaries, divisions and affiliates, of and from only those Claims based upon or arising out of the institution, prosecution, assertion, settlement or resolution of the

Litigation or the Released Claims (except for the enforcement of the Settlement Agreement as to such matters as pertain to each of them), including (without limitation) any Claim for indemnification or contribution in respect of, or for attorneys' fees or costs incurred by reason of, the Litigation or the Released Claims. Any other Claims they or their respective subsidiaries, divisions and affiliates may have against one another or their respective subsidiaries, divisions and affiliates are specifically preserved, including without limitation Claims for contribution or indemnity by contract or at common law not in respect of the Litigation or the Released Claims, Claims based upon or arising out of the institution, prosecution, assertion, settlement or resolution of the Claims asserted against them or either of them in the "financial institutions track" of the consolidated proceedings in the United States District Court for the District of Massachusetts, Claims based on their respective rights and duties under existing contracts with respect to fees, charges, penalties, assessments, fines, and allocations of loss by and all other obligations to payment card associations, and Claims based upon or arising out of any precompliance or compliance or noncompliance proceedings or any other proceedings under payment card association rules.

6.4 Notwithstanding any term herein, TJX shall not have, or been deemed to have, released, relinquished, or discharged any Representative Plaintiff, Settlement Class Member, or Plaintiffs' Counsel who have consented to and joined in the settlement, from any claim based on or arising out of any act of fraud, misrepresentation, or other misconduct in connection with the submission of any claim pursuant to the settlement set forth in this Settlement Agreement, or any claim against any of them based on or arising out of any failure to abide by the terms of the Settlement Agreement.

6.5 Notwithstanding any term herein, neither TJX nor Fifth Third nor their respective subsidiaries, divisions or affiliates shall have or shall be deemed to have released, relinquished or discharged any Claim or defense against any Person other than each other, their respective

subsidiaries, divisions and affiliates, Representative Plaintiffs, each and all of the Settlement Class Members, Settlement Class Co-Lead Counsel, and all other Plaintiffs' Counsel who have consented to and joined in the settlement. Persons not released by TJX or Fifth Third or their respective subsidiaries, divisions or affiliates of any Claim or defense include, without limitation, the Released Acquiring Banks and their respective Related Parties.

#### **7. Plaintiffs' Counsel's Attorneys' Fees, Costs, and Expenses**

7.1 The Settling Parties did not discuss attorneys' fees, costs, and expenses, as provided for in ¶ 7.2, until after the substantive terms of the settlement had been agreed upon, other than that TJX would pay reasonable attorneys' fees and expenses as may be agreed to by TJX and Settlement Class Co-Lead Counsel, and/or as ordered by the Court, or in the event of no agreement, then as ordered by the Court. TJX and Settlement Class Co-Lead Counsel then negotiated and agreed as follows:

7.2 TJX has agreed to pay, subject to Court approval, up to the amount of \$6,500,000.00 to Settlement Class Co-Lead Counsel for attorneys' fees, and up to \$150,000.00 to Settlement Class Co-Lead Counsel for reasonable costs and expenses, subject to reasonable documentation. Settlement Class Co-Lead Counsel, in their sole discretion, to be exercised reasonably, shall allocate and distribute the amount of attorneys' fees, costs, and expenses awarded by the Court among Plaintiffs' Counsel. If any Plaintiff's Counsel disagrees with the allocation of fees and/or costs he or she has been awarded, they may after 14 days of the receipt of said award file a motion with the Court seeking an adjustment in said award. Settlement Class Co-Lead Counsel shall have 14 days to file a response to any such motion.

7.3 Within 10 days of the Effective Date, TJX shall pay the attorneys' fees, costs, and expenses, as set forth above in ¶ 7.2, to an account established by Settlement Class Co-Lead

Counsel. Settlement Class Co-Lead Counsel shall thereafter distribute the award of attorneys' fees, costs, and expenses consistent with ¶ 7.2.

7.4 The amount(s) of any award of attorneys' fees, costs, and expenses is intended to be considered by the Court separately from the Court's consideration of the fairness, reasonableness, and adequacy of the settlement. No order of the Court or modification or reversal or appeal of any order of the Court concerning the amount(s) of any attorneys' fees, costs, or expenses awarded by the Court to Settlement Class Co-Lead Counsel shall affect whether the Judgment is Final or constitute grounds for cancellation or termination of this Settlement Agreement.

#### **8. Administration of Claims**

8.1 The Claims Administrator shall administer and calculate the claims submitted by Settlement Class Members under ¶ 2.1 and ¶ 2.2, except as provided otherwise therein. Settlement Class Co-Lead Counsel and TJX shall be given reports as to both claims and distribution, and have the right to review and obtain supporting documentation and challenge such reports if they believe them to be inaccurate or inadequate. The Claims Administrator's determination of the validity or invalidity of any such claims shall be binding.

8.2 Except as otherwise ordered by the Court, all Settlement Class Members who fail to timely submit a proof of claim for any benefits hereunder within the time frames set forth herein, or such other period as may be ordered by the Court, or otherwise allowed, shall be forever barred from receiving any payments or benefits pursuant to the settlement set forth herein, but will in all other respects be subject to and bound by the provisions of the Settlement Agreement, the releases contained herein, and the Judgment.

8.3 No Person shall have any claim against the Claims Administrator, TJX, or Settlement Class Co-Lead Counsel based on distributions of benefits made substantially in

accordance with the Settlement Agreement and the settlement contained herein, or further order(s) of the Court.

8.4 All payments and distributions (including Voucher or Check-in-Lieu distributions) hereunder, unless expressly provided otherwise, shall be made within 90 days of the deadline for filing claims, or 90 days of the Effective Date, whichever is later.

**9. Conditions of Settlement, Effect of Disapproval, Cancellation or Termination**

9.1 The Effective Date of the settlement shall be conditioned on the occurrence of all of the following events:

- (a) the Court has entered the Order of Preliminary Approval and Publishing of Notice of a Final Fairness Hearing, as required by ¶ 3.1, hereof;
- (b) TJX has not exercised its option to terminate the Settlement Agreement pursuant to ¶ 9.3 hereof;
- (c) the Court has entered the Judgment granting final approval to the settlement as set forth herein; and
- (d) the Judgment has become Final, as defined in ¶ 1.6, hereof.

9.2 If all of the conditions specified in ¶ 9.1 hereof are not satisfied, then the Settlement Agreement shall be canceled and terminated subject to ¶ 9.4 hereof, unless Settlement Class Co-Lead Counsel and counsel for TJX mutually agree in writing to proceed with the Settlement Agreement.

9.3 Within 7 days after the deadline established by the Court for Persons to request exclusion from the Settlement Class, Settlement Class Co-Lead Counsel shall furnish to counsel for TJX a complete list of all timely and valid requests for exclusion (the "Opt-Out List"). TJX, in its sole discretion, shall have the option to terminate this Settlement Agreement if the aggregate number

of Persons who submit valid and timely requests for exclusion from the Settlement Class exceeds 10,000 Persons eligible to be Settlement Class Members.

9.4 In the event that the Settlement Agreement is not approved by the Court or the settlement set forth in the Settlement Agreement is terminated in accordance with its terms, (a) the Settling Parties shall be restored to their respective positions in the Litigation, and shall jointly request that all scheduled litigation deadlines shall be reasonably extended by the Court so as to avoid prejudice to any Settling Party or litigant, which extension shall be subject to the decision of the Court, and (b) the terms and provisions of the Settlement Agreement shall have no further force and effect with respect to the Settling Parties and shall not be used in the Litigation or in any other proceeding for any purpose, and any judgment or order entered by the Court in accordance with the terms of the Settlement Agreement shall be treated as vacated, *nunc pro tunc*. Notwithstanding any statement in this Settlement Agreement to the contrary, no order of the Court or modification or reversal on appeal of any order reducing the amount of attorneys' fees, costs, and expenses awarded to Settlement Class Co-Lead Counsel shall constitute grounds for cancellation or termination of the Settlement Agreement.

9.5 Settlement Class Co-Lead Counsel and TJX acknowledge that the Litigation includes six pending lawsuits filed against TJX as putative class actions in Canada (the "Canadian Actions").<sup>3</sup> Each Plaintiff in each of those actions (the "Canadian Plaintiffs") agrees to the terms of the settlement set forth in this Settlement Agreement, including, without limitation, ¶ 6.1

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<sup>3</sup> *Copithorn v. TJX Companies, Inc., et al.*, Q.B.G. No. 100 of A.D. 2007 (Court of Queen's Bench of Saskatchewan, Judicial Centre of Regina); *Churchman et al. v. TJX Companies, Inc., et al.*, Civ. No. 0701-000964 (Court of Queen's Bench of Alberta, Judicial District of Calgary); *Ryley v. TJX Companies, Inc., et al.*, Civ. No. 07 0278 Victoria (Supreme Court of British Columbia); *Howick v. TJX Companies, Inc., et al.*, Civ. No. 06-000382-073 (Province of Quebec, District of Montreal); *Churchman et al. v. TJX Companies, Inc., et al.*, Civ. No. 07-50449 (Court of Queen's Bench of Manitoba, Winnipeg Centre); *Wong et al. v. TJX Companies, Inc., et al.*, Civ. No. 07-ct-000272CP (Ontario Superior Court of Justice).

hereinabove and this ¶ 9.5, as signified by the signature of their counsel herein below. Settlement Class Co-Lead Counsel and TJX, with the Canadian Plaintiffs and the Canadian counsel signing this agreement on their behalf, stipulate and agree to a stay of the Canadian Actions pending implementation of the settlement contained in this Settlement Agreement through the Effective Date, and further stipulate and agree to secure in advance of the Effective Date such orders from the Canadian courts as may be necessary to implement the foregoing stay and further obtain, prior to the Effective Date, all orders necessary to dismiss the Canadian Actions with prejudice effective as of and no later than the Effective Date.

#### **10. Miscellaneous Provisions**

10.1 The Settling Parties: (a) acknowledge that it is their intent to consummate this agreement; and (b) agree to cooperate to the extent reasonably necessary to effectuate and implement all terms and conditions of this Settlement Agreement, and any applicable requirements under the Class Action Fairness Act of 2005, and to exercise their best efforts to accomplish the terms and conditions of this Settlement Agreement.

10.2 The parties intend this settlement to be a final and complete resolution of all disputes between them with respect to the Litigation. The settlement compromises claims which are contested and shall not be deemed an admission by any Settling Party as to the merits of any claim or defense. The Settling Parties each agree that the settlement was negotiated in good faith by the Settling Parties, and reflects a settlement that was reached voluntarily after consultation with competent legal counsel. The Settling Parties reserve their right to rebut, in a manner that such party determines to be appropriate, any contention made in any public forum that the Litigation was brought or defended in bad faith or without a reasonable basis.

10.3 Neither the Settlement Agreement nor the settlement contained therein, nor any act performed or document executed pursuant to or in furtherance of the Settlement Agreement or

the settlement: (a) is or may be deemed to be or may be used as an admission of, or evidence of, the validity or lack thereof of any Released Claim, or of any wrongdoing or liability of any of the Released Persons; or (b) is or may be deemed to be or may be used as an admission of, or evidence of, any fault or omission of any of the Released Persons, in any civil, criminal, or administrative proceeding in any court, administrative agency, or other tribunal. Any of the Released Persons may file the Settlement Agreement and/or the Judgment in any action that may be brought against them in order to support a defense or counterclaim based on principles of *res judicata*, collateral estoppel, release, good faith settlement, judgment bar or reduction or any other theory of claim preclusion or issue preclusion or similar defense or counterclaim.

10.4 Representative Plaintiffs shall be entitled to reasonable confirmatory discovery from TJX to be conducted by Settlement Class Co-Lead Counsel. The period for confirmatory discovery shall begin as of the date of this Settlement Agreement (i.e., the Amended Settlement Agreement) and shall last for a period until November 30, 2007. Defendants shall cooperate in good faith to make such confirmatory discovery possible. At the conclusion of confirmatory discovery, Settlement Class Co-Lead Counsel shall, based upon all facts known to them, determine in good faith whether in their opinion the settlement is fair, reasonable and adequate. If Settlement Class Co-Lead Counsel determine that the settlement is not in their opinion fair, reasonable and adequate, Settlement Class Co-Lead Counsel shall terminate the Settlement and give notice to defendants of such termination within 10 days after confirmatory discovery concludes. In such case, the settlement shall be null and void, and the parties shall return to their original positions. TJX may defer incurring costs for notice under ¶ 3.2, and/or providing such notice under ¶ 3.2, until the period for Settlement Class Co-Lead Counsel to terminate the settlement pursuant to this paragraph has expired without Settlement Class Co-Lead Counsel taking such action.

10.5 All documents and materials provided by TJX in confirmatory discovery shall be returned to TJX, pursuant to ¶ 21 of the Stipulated Protective Order entered by the Court on July 2, 2007, within 60 days of the Effective Date.

10.6 The Settlement Agreement may be amended or modified only by a written instrument signed by or on behalf of all Settling Parties or their respective successors-in-interest.

10.7 This Settlement Agreement, together with the Exhibits attached hereto, constitutes the entire agreement among the parties hereto (and supersedes, in all respects, the Settlement Agreement entered into by and among the Settling Parties dated as of September 21, 2007, together with the Exhibits attached thereto) and no representations, warranties, or inducements have been made to any party concerning the Settlement Agreement other than the representations, warranties, and covenants contained and memorialized in such document. Except as otherwise provided herein, each party shall bear its own costs.

10.8 Settlement Class Co-Lead Counsel, on behalf of the Settlement Class, are expressly authorized by the Representative Plaintiffs to take all appropriate actions required or permitted to be taken by the Settlement Class pursuant to the Settlement Agreement to effectuate its terms and also are expressly authorized to enter into any modifications or amendments to the Settlement Agreement on behalf of the Settlement Class which they deem appropriate.

10.9 Each counsel or other Person executing the Settlement Agreement on behalf of any party hereto hereby warrants that such Person has the full authority to do so.

10.10 The Settlement Agreement may be executed in one or more counterparts. All executed counterparts and each of them shall be deemed to be one and the same instrument. A complete set of original executed counterparts shall be filed with the Court.

10.11 The Settlement Agreement shall be binding upon, and inure to the benefit of, the successors and assigns of the parties hereto.

10.12 The Court shall retain jurisdiction with respect to implementation and enforcement of the terms of the Settlement Agreement, and all parties hereto submit to the jurisdiction of the Court for purposes of implementing and enforcing the settlement embodied in the Settlement Agreement.

10.13 This Settlement Agreement shall be considered to have been negotiated, executed and delivered, and to be wholly performed, in the Commonwealth of Massachusetts, and the rights and obligations of the parties to the Settlement Agreement shall be construed and enforced in accordance with, and governed by, the internal, substantive laws of the Commonwealth of Massachusetts without giving effect to that State's choice of law principles.

10.14 As used herein, "he" means "he, she, or it;" "his" means "his, hers, or its," and "him" means "him, her, or it."

10.15 All dollar amounts are in United States dollars, unless otherwise expressly stated.

10.16 All agreements made and orders entered during the course of the Litigation relating to the confidentiality of information shall survive this Settlement Agreement.

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IN WITNESS WHEREOF, the parties hereto have caused the Settlement Agreement to be executed, by their duly authorized attorneys.

*Counsel for The TJX Companies, Inc.*

/s/ Harvey J. Wolkoff

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Harvey J. Wolkoff  
Mark P. Szpak  
ROPES & GRAY LLP  
One International Place  
Boston, MA 02110-2624  
(617) 951-7000  
hwolkoff@ropesgray.com  
mszpak@ropesgray.com

*Counsel for Fifth Third Bancorp*

/s/ W. Breck Weigel

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W. Breck Weigel  
VORYS SATER SEYMOUR AND PEASE LLP  
Atrium Two, Suite 2000  
221 East Fourth Street  
Cincinnati, OH 45202  
(513) 723-4078  
wbweigel@vssp.com

Robert N. Webner  
VORYS SATER SEYMOUR AND PEASE LLP  
52 E. Gay Street  
P.O. Box 1008  
Columbus, OH 43215  
(614) 464-8243  
rnwebner@vssp.com

/s/ James R. Carroll

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James R. Carroll  
SKADDEN, ARPS, SLATE, MEAGHER &  
FLOM, LLP  
One Beacon Street  
Boston, Massachusetts  
(617) 573-4800  
jcarroll@skadden.com

*Settlement Class Co-Lead Counsel  
(in alphabetical order)*

/s/ Ben Barnow

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Ben Barnow  
BARNOW AND ASSOCIATES, P.C.  
1 North LaSalle, Suite 4600  
Chicago, IL 60602  
(312) 621-2000  
b.barnow@barnowlaw.com

/s/ Lester L. Levy

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Lester L. Levy  
WOLF POPPER LLP  
845 Third Avenue  
New York, NY 10022  
(212) 759-4600  
llevy@wolfpopper.com

/s/ Sherrie R. Savett

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Sherrie R. Savett  
BERGER & MONTAGUE, P.C.  
1622 Locust Street  
Philadelphia, PA 19103  
(215) 875-3000  
ssavett@bm.net

*Counsel for Canadian Plaintiffs,  
pursuant to ¶ 9.5 hereinabove*

/s/ E.F. Anthony Merchant

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E.F. Anthony Merchant, Q.C.  
MERCHANT LAW GROUP LLP  
2401 Saskatchewan Drive  
Regina, Canada S4P 4H8  
(306) 359-7777  
tmerchant@merchantlaw.com

## Section 302 Certification

CERTIFICATION

I, Carol Meyrowitz, certify that:

1. I have reviewed this quarterly report on Form 10-Q of The TJX Companies, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: December 5, 2007

/s/ Carol Meyrowitz

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Name: Carol Meyrowitz

Title: President and Chief Executive Officer

## Section 302 Certification

CERTIFICATION

I, Nirmal K. Tripathy, certify that:

1. I have reviewed this quarterly report on Form 10-Q of The TJX Companies, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: December 5, 2007

/s/ Nirmal K. Tripathy

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Name: Nirmal K. Tripathy

Title: Chief Financial Officer

**CERTIFICATION PURSUANT TO  
SECTION 1350, CHAPTER 63 OF TITLE 18, UNITED STATES CODE,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

Pursuant to Section 1350, Chapter 63 of Title 18, United States Code, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned, as President and Chief Executive Officer of The TJX Companies, Inc. (the "Company"), does hereby certify that to my knowledge:

1. the Company's Form 10-Q for the fiscal quarter ended October 27, 2007 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. the information contained in the Company's Form 10-Q for the fiscal quarter ended October 27, 2007 fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Carol Meyrowitz

Name: Carol Meyrowitz

Title: President and Chief Executive Officer

Dated: December 5, 2007

**CERTIFICATION PURSUANT TO  
SECTION 1350, CHAPTER 63 OF TITLE 18, UNITED STATES CODE,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

Pursuant to Section 1350, Chapter 63 of Title 18, United States Code, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned, as Chief Financial Officer of The TJX Companies, Inc. (the "Company"), does hereby certify that to my knowledge:

1. the Company's Form 10-Q for the fiscal quarter ended October 27, 2007 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. the information contained in the Company's Form 10-Q for the fiscal quarter ended October 27, 2007 fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Nirmal K. Tripathy

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Name: Nirmal K. Tripathy

Title: Chief Financial Officer

Dated: December 5, 2007