

SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM 10-K

/X/ Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

or

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

For the fiscal year ended January 27, 2001 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 (IRS Employer Identification No.)

770 Cochituate Road Framingham, Massachusetts (Address of principal executive offices) 01701 (Zip Code)

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

Securities registered pursuant to Section 12(b) of the Act:

Table with 2 columns: Title of each class, Name of each exchange on which registered. Row: Common Stock, par value \$1.00, New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:

NONE

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 [X] NO

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [X]

The aggregate market value of the voting stock held by non-affiliates of the Registrant on March 31, 2001 was \$8,895,049,824.

There were 278,811,087 shares of the Registrant's Common Stock, \$1 par value, outstanding as of March 31, 2001.

## DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Annual Report to Stockholders for the fiscal year ended January 27, 2001 (certain parts as indicated herein) (Parts I and II).

Portions of the Proxy Statement for the Annual Meeting of Stockholders to be held on June 5, 2001 (Part III).

## PART I

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## ITEM 1. BUSINESS

We are the leading off-price retailer of apparel and home fashions in the United States and worldwide. We have positioned ourselves as a synergistic group of off-price businesses and have expanded our off-price concept to new geographic areas, new product lines and new demographic markets.

We offer off-price family apparel and home fashions through 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 primarily in the United Kingdom. We also operate HomeGoods in the United States, a chain that focuses exclusively on off-price home fashions, and we are opening a Canadian home fashions chain called HomeSense in fiscal 2002. The target customer for all of our 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 a more moderate income customer.

Our mission is to deliver an exciting, fresh and rapidly changing assortment of brand-name merchandise at excellent values to our customers. We define value as the combination of quality, fashion and price. With approximately 300 buyers worldwide and over 9,000 vendors, we believe we are well positioned to accomplish this goal. Our key strengths include:

- - expertise in off-price buying;
- - substantial buying power;
- - relationships with many manufacturers; and
- - inventory management systems and distribution networks.

As an off-price retailer, we offer first-quality, in-season, name brand and designer family apparel and home fashions every day at substantial savings from comparable department and specialty store regular prices. We can offer these every day savings as a result of our opportunistic buying strategies, rapid inventory turns and low expense structure.

Due to the unpredictable nature of consumer demand in the marketplace, we are routinely able to buy excess merchandise from manufacturers and others at significant discounts from initial wholesale prices. We purchase merchandise to sell in the current selling season as well as a limited quantity of packaway merchandise that is stored before sale in another selling season. We are willing to purchase less than a full assortment of styles and sizes. We pay promptly and do not ask for typical retail concessions such as promotional and markdown allowances and return privileges. Our financial strength, strong reputation and ability to sell large quantities of merchandise through a geographically diverse network of stores gives us unparalleled access to many leading consumer brands.

We rely heavily on sophisticated, internally developed inventory controls that permit a virtually continuous flow of merchandise into our stores. For example, highly automated storage and distribution systems track, allocate and deliver an average of 12,000 items per week to each T.J. Maxx and Marshalls store. In addition, specialized computer inventory planning, purchasing

and monitoring systems, coupled with warehouse storage, processing, handling and shipping systems, permit a continuous evaluation and rapid replenishment of store inventory. Pricing, markdown decisions and store inventory replenishment requirements are determined centrally, using satellite-transmitted information provided by point-of-sale computer terminals. This process is designed to achieve rapid in-store inventory turnover and sell substantially all merchandise within targeted selling periods.

During the fiscal year ended January 27, 2001, we derived 90.0% of our sales from the United States (31.4% from the Northeast, 16.6% from the Midwest, 27.9% from the South, 1.0% from the Central Plains, 13.1% from the West), 5.9% from Canada and 4.1% from Europe (primarily the United Kingdom).

Unless otherwise indicated, all store information is as of January 27, 2001. All references to store square footage are to gross square feet. Fiscal 2001 means the fiscal year ended January 27, 2001. Fiscal 2002 means the fiscal year ending January 26, 2002. Our business is subject to seasonal influences, which causes us generally to realize higher levels of sales and income in the second half of the year. This is common in the apparel retail business.

#### T.J. MAXX AND MARSHALLS

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T.J. Maxx is the largest off-price retailer in the United States, with 661 stores in 47 states. Marshalls is the second-largest off-price retailer in the United States, with 522 stores in 38 states as well as 13 stores in Puerto Rico. We have successfully maintained the separate identities of the T.J. Maxx and Marshalls stores through merchandising, marketing and store appearance. This has encouraged our customers to shop at both chains.

T.J. Maxx and Marshalls sell quality brand name merchandise at prices generally 20%-60% below department and specialty store regular prices. Both chains offer family apparel, accessories, giftware and domestics. While T.J. Maxx also offers women's shoes and fine jewelry, Marshalls also offers a full-line shoe department and a larger men's department. T.J. Maxx and Marshalls primarily target female customers who have families with middle to upper-middle incomes and who generally fit the profile of a department or specialty store shopper.

T.J. Maxx and Marshalls operate with a common buying and merchandising organization and have consolidated administrative functions, including finance, real estate, human resources and systems. The combined organization, known as The Marmaxx Group, offers us increased leverage to purchase merchandise at favorable prices and allows us to operate with a lower cost structure. These advantages are key to our ability to sell quality, brand name merchandise at substantial discounts from department and specialty store prices.

T.J. Maxx and Marshalls stores are generally located in suburban community shopping centers. T.J. Maxx stores average approximately 29,000 square feet. Marshalls stores average approximately 31,000 square feet. We currently expect to add a net of 75 stores in fiscal 2002. Ultimately, we believe that T.J. Maxx and Marshalls together can operate approximately 1,800 stores in the United States.

WINNERS  
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Winners is the leading off-price retailer in Canada, offering off-price designer and brand name women's apparel and shoes, lingerie, accessories, domestics, giftware, menswear and children's clothing. In fiscal 2001, selected stores added fine jewelry departments. Winners stores average approximately 27,000 square feet. Winners expects to add 15 stores in fiscal 2002. Ultimately, we believe the Canadian market can support approximately 180 Winners stores.

Winners anticipates opening our first seven HomeSense stores, in Canada, in fiscal 2002. HomeSense, a concept dedicated to home fashions, capitalizes on the wide customer acceptance of Winners as well as our strength in home product. We believe that Canada could support 60 to 80 HomeSense stores in the long term.

T.K. MAXX  
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T.K. Maxx is the only major off-price retailer in any European country. T.K. Maxx utilizes the same off-price strategies employed by T.J. Maxx, Marshalls and Winners and offers the same type of merchandise. The average size of a T.K. Maxx store is approximately 26,000 square feet. T.K. Maxx opened 20 stores in fiscal 2001, ending the year with 74 stores in the United Kingdom, Ireland and the Netherlands. Although our T.K. Maxx stores have performed strongly in the U.K. and Ireland, our stores in the Netherlands have not met our expectations. As a result, we will be closing our three Netherlands stores in early fiscal 2002. This will allow T.K. Maxx to focus on growth in the U.K. and Ireland. We currently expect to add a total of 30 stores in these countries in fiscal 2002. We believe that the U.K. and Ireland can support approximately 250 stores in the long term. We also continue to see the European continent as a viable longer-term growth opportunity for T.K. Maxx that could ultimately support as many as 300 additional stores.

HomeGoods  
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HomeGoods was the first off-price retail chain to focus exclusively on the home fashions market. HomeGoods offers a broad array of giftware, accent furniture, lamps, rugs, accessories and seasonal merchandise for the home. Many of the HomeGoods stores are stand-alone stores. We also combine HomeGoods stores with a T.J. Maxx or Marshalls store in a superstore format that we call T.J. Maxx 'N More or Marshalls Mega-Stores. Stand-alone HomeGoods stores average approximately 30,000 square feet. In superstores, which average approximately 53,000 square feet, we dedicate approximately 22,000 square feet to HomeGoods. The 81 stores open at year-end included 45 stand-alone stores and 36 superstores. In fiscal 2002, we anticipate adding a total of 30 HomeGoods stores, including superstores. We believe that the U.S. market could support approximately 500 freestanding HomeGoods stores and 150 superstores in the long term.

A.J. WRIGHT  
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A.J. Wright, a young chain launched in fiscal 1999, brings our off-price concept to a different demographic customer, the moderate income shopper. A.J. Wright stores offer branded family

apparel, accessories, shoes, domestics, giftware and special situation purchases. We opened 10 A.J. Wright stores in fiscal 2001 and operated 25 stores at fiscal year end. A.J. Wright stores average approximately 27,000 square feet. We currently expect to open 20 A.J. Wright stores in fiscal 2002. We believe this developing business offers us the long-term opportunity to open over 1,000 stores throughout the United States.

We operated stores in the following locations as of January 27, 2001:

	T.J. Maxx	Marshalls	HomeGoods	A.J.Wright
Alabama	12	4	-	-
Arizona	9	5	-	-
Arkansas	5	-	-	-
California	48	74	3	-
Colorado	10	6	-	-
Connecticut	24	20	6	2
Delaware	3	3	-	-
District of Columbia	1	-	-	-
Florida	50	42	8	-
Georgia	28	20	2	-
Idaho	1	-	-	-
Illinois	33	36	7	-
Indiana	9	4	-	-
Iowa	4	1	-	-
Kansas	4	3	-	-
Kentucky	9	2	2	-
Louisiana	6	5	-	-
Maine	5	1	2	-
Maryland	9	15	1	2
Massachusetts	43	40	14	9
Michigan	30	11	2	3
Minnesota	12	10	1	-
Mississippi	5	-	-	-
Missouri	9	7	-	-
Montana	1	-	-	-
Nebraska	2	1	-	-
Nevada	4	4	-	-
New Hampshire	11	7	3	-
New Jersey	16	31	4	1
New Mexico	2	-	-	-
New York	41	39	5	-
North Carolina	20	15	1	-
North Dakota	3	-	-	-
Ohio	35	10	5	-
Oklahoma	3	1	-	-
Oregon	5	3	-	-
Pennsylvania	33	20	3	3
Puerto Rico	-	13	2	-
Rhode Island	5	3	2	2
South Carolina	11	7	1	-
South Dakota	1	-	-	-
Tennessee	17	8	-	-
Texas	29	34	-	-
Utah	5	-	-	-
Vermont	2	-	1	-
Virginia	25	20	1	3
Washington	9	4	-	-
West Virginia	1	1	1	-
Wisconsin	11	5	4	-
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Total Stores	661	535	81	25
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Winners operated 117 stores in Canada: 16 in Alberta, 4 in Manitoba, 59 in Ontario, 17 in Quebec, 2 in Nova Scotia, 2 in Saskatchewan, 12 in British Columbia, 3 in New Brunswick, 1 in Newfoundland and 1 on Prince Edward Island.

T.K. Maxx operated 69 stores in the United Kingdom, 2 stores in the Republic of Ireland, and 3 in the Netherlands.

The HomeGoods store locations include the HomeGoods portion of a T.J. Maxx 'N More or a Marshalls Mega-Store.

## EMPLOYEES

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At January 27, 2001, we had approximately 77,000 employees, many of whom work less than 40 hours per week. In addition, we hire temporary employees during the peak back-to-school and holiday seasons.

## COMPETITION

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The retail apparel and home fashion business is highly competitive. Our customers focus upon fashion, value, merchandise selection, brand name recognition and, to a lesser degree, store location. In general, we compete to some degree with any retailer that sells apparel and home fashions. This includes warehouse clubs, home fashion specialty stores, catalog operations, and factory outlet stores. We primarily compete with local, regional and national department stores, specialty stores and off-price chains. In addition, we purchase much of our inventory opportunistically and compete for that merchandise with other national and regional off-price apparel and outlet stores. Many of our competitors handle identical or similar lines of merchandise and have comparable locations.

## CREDIT

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Our stores operate primarily on a cash-and-carry basis. Each chain accepts credit sales through programs offered by banks and others.

## BUYING AND DISTRIBUTION

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We operate a single centralized buying organization that services the T.J. Maxx and Marshalls chains while each of our other chains has its own centralized buying organization. All of our chains are serviced through their own distribution networks.

SAFE HARBOR STATEMENTS UNDER THE  
PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995

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Various statements made in this annual report, including some of the statements made under Item 1, "Business," Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations," and Item 8, "Financial Statements and Supplementary Data," 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 are forward-looking statements. The following are some of the factors that could cause actual results to differ materially from the forward-looking statements:

- - general economic conditions and consumer demand and preferences;
- - weather patterns in areas where we have concentrations of stores;
- - competitive factors, including pressure from pricing and promotional activities of competitors;
- - the impact of excess retail capacity and the availability of desirable store and distribution center locations on suitable terms;
- - recruiting quality sales associates;
- - the availability, selection and purchasing of attractive merchandise on favorable terms;



- - potential disruptions in supply and duties, tariffs and quotas on imported merchandise, as well as economic and political problems in countries from which merchandise is imported;
- - currency and exchange rate factors in foreign operations;
- - expansion of our store base, development of new businesses and application of our off-price strategies in foreign countries; our acquisition and divestiture activities.

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 therein will not be realized.

## ITEM 2. PROPERTIES

We lease virtually all of our store locations, generally for 10 years with an option to extend the lease for one or more 5 year periods. We have the right to terminate some of these leases before the expiration date under specified circumstances and for a specified payment.

The following is a summary of our primary distribution centers and administration office locations as of January 27, 2001. Square footage information for the distribution centers represents total "ground cover" of the facility. Square footage information for office space represents total space occupied:

### DISTRIBUTION CENTERS

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T.J. Maxx	Worcester, Massachusetts	(500,000 s.f. - owned)
	Evansville, Indiana	(983,000 s.f. - owned)
	Las Vegas, Nevada	(713,000 s.f. shared with Marshalls - owned)
	Charlotte, North Carolina	(600,000 s.f. - owned)
Marshalls	Decatur, Georgia	(780,000 s.f. - owned and 189,000 s.f. - leased)
	Woburn, Massachusetts	(474,000 s.f. - leased)
	Bridgewater, Virginia	(546,000 s.f. - leased)
Winners	Brampton, Ontario	(506,000 s.f. - leased)
	Mississauga, Ontario	(329,000 s.f. - leased)
HomeGoods	Mansfield, Massachusetts	(204,000 s.f. - leased)
T.K. Maxx	Milton Keynes, England	(108,000 s.f. - leased)
	Wakefield, England	(140,000 s.f. - leased)
A.J. Wright	Fall River, Massachusetts	(301,000 s.f. - owned)
OFFICE SPACE		
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TJX, T.J. Maxx, Marshalls, HomeGoods, A.J. Wright	Framingham, Massachusetts	(862,000 s.f. - leased in several buildings)
Winners	Mississauga, Ontario	(77,000 s.f. - leased)
T.K. Maxx	Watford, England	(41,000 s.f. - leased)

Subsequent to fiscal year-end, Marmaxx signed leases for 86,000 square feet of additional space near its Woburn, Massachusetts facility and 126,000 square feet of additional space near its Bridgewater, Virginia facility. HomeGoods signed a lease for 140,000 square feet of additional space in Mansfield, Massachusetts. In addition, during fiscal 2002, Marmaxx expects to open a 1,000,000 square foot leased facility in Philadelphia and HomeGoods expects to open an 800,000 square foot leased facility in Indianapolis.

The table below indicates the approximate average store size as well as the gross square footage of stores and distribution centers, by division, as of January 27, 2001.

	Total Square Feet		
	Average Store Size	Stores	Distribution Centers
T.J. Maxx	29,000	19,397	2,796
Marshalls	31,000	16,668	1,989
Winners	27,000	3,195	835
HomeGoods*	26,000	2,135	204
T.K. Maxx	26,000	1,917	248
A.J. Wright	27,000	667	301
<b>Total</b>		<b>43,979</b>	<b>6,373</b>

\* A HomeGoods stand-alone store averages 30,000 square feet, while the HomeGoods portion of a superstore format averages 22,000 square feet.

ITEM 3. LEGAL PROCEEDINGS

There is no litigation pending against TJX or any of its subsidiaries which TJX believes is material.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

There was no matter submitted to a vote of TJX's security holders during the fourth quarter of fiscal 2001.

ITEM 4A. EXECUTIVE OFFICERS OF THE REGISTRANT

Name	Age	Office and Employment During Last Five Years
Arnold Barron	53	Executive Vice President, Chief Operating Officer of The Marmaxx Group since 2000. Senior Vice President, Group Executive of TJX from 1996 to 2000. Senior Vice President, General Merchandise Manager of the T.J. Maxx Division from 1993 to 1996; Senior Vice President, Director of Stores, 1984 to 1993; various store operation positions with TJX, 1979 to 1984.

Bernard Cammarata 61 Chairman of the Board since June 1999 and Chief Executive Officer of TJX from 1989 to April 2000. President of TJX 1989 to 1999 and Chairman of TJX's T.J. Maxx Division from 1986 to 1995 and of The Marmaxx Group from 1995 to April 2000. Executive Vice President of TJX from 1986 to 1989; President, Chief Executive Officer and a Director of TJX's former TJX subsidiary from 1987 to 1989 and President of TJX's T.J. Maxx Division from 1976 to 1986.

Donald G. Campbell 49 Executive Vice President - Finance since 1996 and Chief Financial Officer of TJX since 1989. Senior Vice President - Finance, from 1989 to 1996. Senior Financial Executive of TJX, 1988 to 1989; Senior Vice President - Finance and Administration, Zayre Stores Division, 1987 to 1988; Vice President and Corporate Controller of TJX, 1985 to 1987; various financial positions with TJX, 1973 to 1985.

Edmond J. English 48 Chief Executive Officer of TJX effective April 2000 and President and Director of TJX since June 1999. Chairman of The Marmaxx Group from 2000 to 2001. Chief Operating Officer from 1999 to 2000, Senior Vice President and Group Executive from 1998 to 1999; Executive Vice President, Merchandising, Planning and Allocation of The Marmaxx Group from 1997 to 1998; Senior Vice President, Merchandising from 1995 to 1997; Vice President, Senior Merchandise Manager of the T.J. Maxx Division from 1991 to 1995; and has held various merchandising positions with TJX, from 1983 to 1991.

Richard Lesser 66 Executive Vice President of TJX since 1991, Chief Operating Officer of TJX from 1994 to 1999, Director of TJX since 1995, Chairman of The Marmaxx Group since 2001, President of The Marmaxx Group 1995 to 2001, Senior Vice President of TJX 1989 to 1991 and President of the T.J. Maxx Division from 1986 to 1994. Senior Executive Vice President - Merchandising and Distribution 1986; Executive Vice President - General Merchandise Manager 1984 to 1986; Senior Vice President - General Merchandise Manager 1981 to 1984.

Peter A. Maich 53 Executive Vice President, Group Executive of TJX since 2000. Executive Vice President, Merchandising, The Marmaxx Group from 1996 to 2000; President of the T.J. Maxx Division, 1994 to 1996; various senior merchandising and operations positions at T.J. Maxx from 1985 to 1994.

Carol Meyrowitz 46 Executive Vice President of TJX and President of The Marmaxx Group since 2001. Executive Vice President, Merchandising, The Marmaxx Group 2000 to 2001 and Senior Vice President, Merchandising 1999 to 2000. Executive Vice President, Merchandising, Chadwick's of Boston, Ltd. from 1996 to 1999; Senior Vice President,

Merchandising from 1991 to 1996 and Vice President, Merchandising from 1989 to 1991. Vice President, Division Merchandise Manager, Hit or Miss from 1987 to 1989.

Alex Smith                    48    Executive Vice President, Group Executive, International, of TJX since 2001. Managing Director of T.K. Maxx from 1995 to 2001. Managing Director of Lane Crawford from 1994 to 1995. Managing Director of Owen Owen plc from 1990 to 1993 and Merchandise Director from 1987 to 1990.

All officers hold office until the next annual meeting of the Board in June 2001 and until their successors are elected, or appointed, and qualified.

## PART II

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## ITEM 5. MARKET FOR THE REGISTRANT'S COMMON STOCK AND RELATED SECURITY HOLDER MATTERS

The information required by this Item is incorporated herein by reference from page 44 of the Annual Report, under the caption "Price Range of Common Stock," and from inside the back-cover of the Annual Report, under the caption "Shareholder Information."

## ITEM 6. SELECTED FINANCIAL DATA

The information required by this Item is incorporated herein by reference from page 17 of the Annual Report, under the caption "Selected Financial Data."

## ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The information required by this Item is incorporated herein by reference from pages 38 through 44 of the Annual Report, under the caption "Management's Discussion and Analysis of Results of Operations and Financial Condition."

## ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

TJX is exposed to foreign currency exchange rate risk on its investment in its Canadian (Winners) and European (T.K. Maxx) operations. As more fully described in the notes to the consolidated financial statements, we hedge a significant portion of our net investment and certain merchandise commitments in these operations with derivative financial instruments. TJX enters into derivative contracts only when there is an underlying economic exposure. TJX utilizes currency forward and swap contracts, designed to offset the gains or losses in the underlying exposures, most of which are recorded directly in shareholders' equity. The contracts are executed with creditworthy banks and are denominated in currencies of major industrial countries. We have performed a sensitivity analysis assuming a hypothetical 10% adverse movement in foreign exchange rates applied to the hedging contracts and the underlying exposures described above. As of January 27, 2001 the analysis indicated that such market movements would not have a material effect on our consolidated financial position, results of operations or cash flows.

## ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The information required by this Item and not filed with this report as Financial Statement Schedules is incorporated herein by reference from pages 18 through 36 of the Annual Report, under the captions; "Consolidated Statements of Income," "Consolidated Balance Sheets," "Consolidated Statements of Cash Flows," "Consolidated Statements of Shareholders' Equity," and "Notes to Consolidated Financial Statements."

## ITEM 9. DISAGREEMENTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Not applicable.

## PART III

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## ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

TJX will file with the Securities and Exchange Commission a definitive proxy statement no later than 120 days after the close of its fiscal year ended January 27, 2001. The information required by this Item and not given in Item 4A, under the caption "Executive Officers of the Registrant," is incorporated by reference from pages 2 through 4 of the Proxy Statement, under the caption "Election of Directors."

## ITEM 11. EXECUTIVE COMPENSATION

The information required by this Item is incorporated by reference from pages 15 through 23 of the Proxy Statement, under the caption "Executive Compensation."

## ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The information required by this Item is incorporated by reference from pages 7 through 8 of the Proxy Statement, under the caption "Beneficial Ownership."

## ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Not Applicable.

## PART IV

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## ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K

## (a) FINANCIAL STATEMENT SCHEDULES

The Financial Statements filed as part of this report are listed and indexed at Page F-1.

## (b) REPORTS ON FORM 8-K

TJX did not file any Current Reports on Form 8-K during the fourth quarter of fiscal 2001.

## (c) EXHIBITS

Listed below are all exhibits filed as part of this report. Some exhibits are filed by the Registrant with the Securities and Exchange Commission pursuant to Rule 12b-32 under the Securities Exchange Act of 1934, as amended.

Exhibit No.	Description of Exhibit
3(i).1	Fourth Restated Certificate of Incorporation is incorporated herein by reference to Exhibit 99.1 to the Form 8-A/A filed September 9, 1999.
3(ii).1	The by-laws of TJX, as amended, are incorporated herein by reference to Exhibit 99.2 to the Form 8-A/A filed September 9, 1999.
4.1	Credit Agreement dated as of September 18, 1997, together with Amendment and Waiver Number 1 dated as of December 17, 1997, among the financial institutions as lenders, The First National Bank of Chicago, Bank of America National Trust and Savings Association, The Bank of New York, BankBoston, N.A., certain parties as co-agents, and TJX is incorporated herein by reference to Exhibit 4.1 to the Form 10-K filed for the fiscal year ended January 31, 1998. Amendment No. 2 (entered into as of June 23, 2000) to the Credit Agreement dated as of September 18, 1997 is incorporated herein by reference to Exhibit 10.1 to the Form 10Q filed for the quarter ended July 29, 2000.  Each other instrument relates to securities the total amount of which does not exceed 10% of the total assets of TJX and its subsidiaries on a consolidated basis. TJX agrees to furnish to the Securities and Exchange Commission copies of each such instrument not otherwise filed herewith or incorporated herein by reference.
10.1	The Employment Agreement dated as of April 17, 2000 between Edmond J. English and TJX is incorporated herein by reference to Exhibit 10.1 to the Form 10Q filed for the quarter ended April 29, 2000. *
10.2	The Employment Agreement dated as of April 17, 2000 between Bernard Cammarata and TJX is incorporated herein by reference to Exhibit 10.2 to the Form 10Q filed for the quarter ended April 29, 2000. *
10.3	The Amended and Restated Employment Agreement dated as of January 31, 1998 with Richard Lesser is incorporated herein by reference to Exhibit 10.3 to the Form 10-K filed for the fiscal year ended January 31, 1998. *
10.4	The Amended and Restated Employment Agreement dated as of January 31, 1998 with Donald G. Campbell is incorporated herein by reference to Exhibit 10.4 to the Form 10-K filed for the fiscal year ended January 31, 1998. *
10.5	The Employment Agreement and the Change of Control Severance Agreement dated as of April 9, 1999 with Carol Meyrowitz is incorporated herein by reference to Exhibit 10.5 to the Form 10-K filed for the fiscal year ended January 29, 2000. *
10.6	The TJX Companies, Inc. Management Incentive Plan, as amended, is incorporated herein by reference to Exhibit 10.2 to the Form 10-Q filed for the quarter ended July 26, 1997. *
10.7	The 1982 Long Range Management Incentive Plan, as amended, is incorporated herein by reference to Exhibit 10(h) to the Form 10-K filed for the fiscal year ended January 29, 1994. *

- 10.8 The 1986 Stock Incentive Plan, as amended through September 5, 2000, is incorporated herein by reference to Exhibit 10.2 to the Form 10-Q filed for the quarter ended October 28, 2000. \*
- 10.9 The TJX Companies, Inc. Long Range Performance Incentive Plan, as amended, is incorporated herein by reference to Exhibit 10.3 to the Form 10-Q filed for the quarter ended July 26, 1997. \*
- 10.10 The General Deferred Compensation Plan (1998 Restatement) and related First Amendment, effective January 1, 1999, are incorporated herein by reference to Exhibit 10.9 to the Form 10-K for the fiscal year ended January 30, 1999. The related Second Amendment, effective January 1, 2000, is incorporated herein by reference to Exhibit 10.10 to the Form 10-K filed for the fiscal year ended January 29, 2000. \*
- 10.11 The Supplemental Executive Retirement Plan, as amended, is incorporated herein by reference to Exhibit 10(1) to the Form 10-K filed for the fiscal year ended January 25, 1992. \*
- 10.12 The Executive Savings Plan and related Amendments No. 1 and No. 2, effective as of October 1, 1998, is incorporated herein by reference to Exhibit 10.12 to the Form 10-K filed for the fiscal year ended January 30, 1999. \*
- 10.13 The 1993 Stock Option Plan for Non-Employee Directors, as amended on April 13, 1999, is incorporated herein by reference to Exhibit 10.12 to the Form 10-K filed for the fiscal year ended January 30, 1999. \*
- 10.14 The Deferred Stock Plan for Non-Employee Directors effective January 1, 1998 is incorporated herein by reference to Exhibit 10.2 to the Form 10-K filed for the fiscal year ended January 31, 1998. \*
- 10.15 The Agreement and the Form of the related Split Dollar Agreements dated October 28, 1999 between TJX and Bernard Cammarata are incorporated herein by reference to Exhibit 10.1 to the Form 10-Q filed for the quarter ended October 31, 1999.\*
- 10.16 The Agreement and the Form of the related Split Dollar Agreements dated February 29, 2000 between TJX and Richard Lesser are incorporated herein by reference to Exhibit 10.16 to the Form 10-K filed for the fiscal year ended January 29, 2000. \*
- 10.17 The form of Indemnification Agreement between TJX and each of its officers and directors is incorporated herein by reference to Exhibit 10(r) to the Form 10-K filed for the fiscal year ended January 27, 1990. \*
- 10.18 The Trust Agreement dated as of April 8, 1988 between TJX and State Street Bank and Trust Company is incorporated herein by reference to Exhibit 10(y) to the Form 10-K filed for the fiscal year ended January 30, 1988. \*
- 10.19 The Trust Agreement dated as of April 8, 1988 between TJX and Fleet Bank (formerly Shawmut Bank of Boston, N.A.) is incorporated herein by reference to Exhibit 10(z) to the Form 10-K filed for the fiscal year ended January 30, 1988. \*
- 10.20 The TJX Rabbi Trust, dated as of April 9, 1997 between TJX and State Street Bank and Trust Company is incorporated herein by reference to Exhibit 10.17 to the Form 10-K filed for the fiscal year ended January 30, 1999. \*



- 10.21 The Trust Agreement for Executive Savings Plan dated as of October 6, 1998 between TJX and Fleet Financial Bank is incorporated herein by reference to Exhibit 10.21 to the Form 10-K filed for the fiscal year ended January 29, 2000. \*
- 10.22 The Distribution Agreement dated as of May 1, 1989 between TJX and HomeBase, Inc. (formerly Waban Inc.) is incorporated herein by reference to Exhibit 3 to TJX's Current Report on Form 8-K dated June 21, 1989. The First Amendment to Distribution Agreement dated as of April 18, 1997 between TJX and HomeBase, Inc. (formerly Waban Inc.) is incorporated herein by reference to Exhibit 10.22 to the Form 10-K filed for the fiscal year ended January 25, 1997.
- 10.23 The Indemnification Agreement dated as of April 18, 1997 by and between TJX and BJ's Wholesale Club, Inc. is incorporated herein by reference to Exhibit 10.23 to the Form 10-K filed for the fiscal year ended January 25, 1997.
- 13 ANNUAL REPORT TO SECURITY HOLDERS:
- Portions of the Annual Report to Stockholders for the fiscal year ended January 27, 2001 are filed herewith.
- 21 SUBSIDIARIES:
- A list of the Registrant's subsidiaries is filed herewith.
- 23 CONSENTS OF EXPERTS AND COUNSEL:
- The Consent of PricewaterhouseCoopers LLP is contained on Page F-2 of the Financial Statements filed herewith.
- 24 POWER OF ATTORNEY:
- The Power of Attorney given by the Directors and certain Executive Officers of TJX is filed herewith.

\* Management contract or compensatory plan or arrangement.

SIGNATURES  
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Pursuant to the requirements of Section 13 or 15(d) 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.

Dated: April 25, 2001

/s/ DONALD G. CAMPBELL  
-----  
Donald G. Campbell  
Executive Vice President - Finance

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the date indicated.

/s/ EDMOND J. ENGLISH  
-----  
Edmond J. English, President  
and Principal Executive Officer  
and Director

/s/ DONALD G. CAMPBELL  
-----  
Donald G. Campbell, Executive  
Vice President - Finance,  
Principal Financial and  
Accounting Officer

BERNARD CAMMARATA\*  
-----  
Bernard Cammarata, Director

JOHN M. NELSON\*  
-----  
John M. Nelson, Director

GARY L. CRITTENDEN\*  
-----  
Gary L. Crittenden, Director

JOHN F. O'BRIEN\*  
-----  
John F. O'Brien, Director

GAIL DEEGAN\*  
-----  
Gail Deegan, Director

ROBERT F. SHAPIRO\*  
-----  
Robert F. Shapiro, Director

DENNIS F. HIGHTOWER\*  
-----  
Dennis F. Hightower, Director

WILLOW B. SHIRE\*  
-----  
Willow B. Shire, Director

RICHARD LESSER\*  
-----  
Richard Lesser, Director

FLETCHER H. WILEY\*  
-----  
Fletcher H. Wiley, Director

ARTHUR F. LOEWY\*  
-----  
Arthur F. Loewy, Director

\* By /s/ DONALD G. CAMPBELL  
-----  
Donald G. Campbell  
as attorney-in-fact

Dated: April 25, 2001

SECURITIES AND EXCHANGE COMMISSION  
Washington, DC 20549

THE TJX COMPANIES, INC.

FORM 10-K  
ANNUAL REPORT

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

For the Fiscal Years Ended  
January 27, 2001, January 29, 2000  
and January 30, 1999

THE TJX COMPANIES, INC. AND SUBSIDIARIES  
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

For Fiscal Years Ended January 27, 2001, January 29, 2000 and  
January 30, 1999

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\* Refers to page numbers in TJX's Annual Report to Stockholders for the fiscal year ended January 27, 2001, certain portions of which pages are incorporated by reference in Part II, Item 8 of this report as indicated.

## CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the incorporation by reference in the Registration Statement on Form S-3 (No. 333-5501) and on Forms S-8 (Nos. 333-63293, 333-23613, 33-49747, and 333-35073) of The TJX Companies, Inc. of our report dated February 27, 2001 relating to the financial statements, which appears in the Annual Report to Shareholders, which is incorporated in this Annual Report on Form 10-K.

Boston, Massachusetts  
April 25, 2001

PricewaterhouseCoopers LLP

## EXHIBIT INDEX

Exhibit No. -----	Description of Exhibit -----
13	Portions of the Annual Report to Stockholders for the fiscal year ended January 27, 2001 are filed herewith.
21	A list of the Registrant's subsidiaries is filed herewith.
23	The Consent of PricewaterhouseCoopers LLP is contained on Page F-2 of the Financial Statements filed herewith.
24	The Power of Attorney given by the Directors and certain Executive Officers of the Company is filed herewith.

## THE TJX COMPANIES, INC.

## Selected Financial Data (Continuing Operations)

Dollars In Thousands Except Per Share Amounts	Fiscal Year Ended January				
	2001	2000	1999	1998	1997
	(53 weeks)				
<b>INCOME STATEMENT AND PER SHARE DATA:</b>					
Net sales	\$ 9,579,006	\$ 8,795,347	\$ 7,949,101	\$ 7,389,069	\$ 6,689,410
Income from continuing operations before extraordinary item and cumulative effect of accounting change	\$ 538,066	\$ 526,822	\$ 433,202	\$ 306,592	\$ 213,826
Weighted average common shares for diluted earnings per share calculation	289,196,228	317,790,764	334,647,950	349,612,184	350,650,100
Diluted earnings per share from continuing operations before extraordinary item and cumulative effect of accounting change	\$ 1.86	\$ 1.66	\$ 1.29	\$ .88	\$ .61
Cash dividends declared per share	\$ .16	\$ .14	\$ .12	\$ .10	\$ .07
<b>BALANCE SHEET DATA:</b>					
Cash and cash equivalents	\$ 132,535	\$ 371,759	\$ 461,244	\$ 404,369	\$ 474,732
Working capital	493,188	513,376	629,247	622,240	588,868
Total assets	2,932,283	2,804,963	2,747,846	2,609,632	2,506,761
Capital expenditures	257,005	238,569	207,742	192,382	119,153
Long-term debt	319,372	319,367	220,344	221,024	244,410
Shareholders' equity	1,218,712	1,119,228	1,220,656	1,164,092	1,127,186
<b>OTHER FINANCIAL DATA:</b>					
After-tax return on average shareholders' equity	46.0%	45.0%	36.3%	26.8%	22.6%
Total debt as a percentage of total capitalization (1)	22.7%	27.3%	15.3%	17.3%	19.4%
<b>STORES IN OPERATION AT YEAR-END:</b>					
T.J. Maxx	661	632	604	580	578
Marshalls	535	505	475	461	454
Winners	117	100	87	76	65
T.K. Maxx	74	54	39	31	18
HomeGoods	81	51	35	23	21
A.J. Wright	25	15	6	--	--
Total	1,493	1,357	1,246	1,171	1,136

(1) Total capitalization includes shareholders' equity and short and long-term debt, including current installments.



## Consolidated Statements of Income

Dollars In Thousands Except Per Share Amounts	Fiscal Year Ended		
	January 27, 2001	January 29, 2000	January 30, 1999
Net sales	\$ 9,579,006	\$ 8,795,347	\$ 7,949,101
Cost of sales, including buying and occupancy costs	7,188,124	6,579,400	5,957,415
Selling, general and administrative expenses	1,503,036	1,354,665	1,285,988
Interest expense, net	22,904	7,345	1,686
Income from continuing operations before income taxes and cumulative effect of accounting change	864,942	853,937	704,012
Provision for income taxes	326,876	327,115	270,810
Income from continuing operations before cumulative effect of accounting change	538,066	526,822	433,202
(Loss) from discontinued operations, net of income taxes	--	--	(9,048)
Income before cumulative effect of accounting change	538,066	526,822	424,154
Cumulative effect of accounting change, net of income taxes	--	(5,154)	--
Net income	538,066	521,668	424,154
Preferred stock dividends	--	--	3,523
Net income available to common shareholders	\$ 538,066	\$ 521,668	\$ 420,631
BASIC EARNINGS PER SHARE:			
Income from continuing operations before cumulative effect of accounting change	\$ 1.87	\$ 1.67	\$ 1.35
Net income	\$ 1.87	\$ 1.66	\$ 1.32
Weighted average common shares -- basic	287,440,637	314,577,145	318,073,081
DILUTED EARNINGS PER SHARE:			
Income from continuing operations before cumulative effect of accounting change	\$ 1.86	\$ 1.66	\$ 1.29
Net income	\$ 1.86	\$ 1.64	\$ 1.27
Weighted average common shares -- diluted	289,196,228	317,790,764	334,647,950
Cash dividends declared per share	\$ .16	\$ .14	\$ .12

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

## Consolidated Balance Sheets

In Thousands	January 27, 2001	January 29, 2000
<hr/>		
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 132,535	\$ 371,759
Accounts receivable	61,845	55,461
Merchandise inventories	1,452,877	1,229,587
Prepaid expenses and other current assets	74,690	43,758
	<hr/>	<hr/>
Total current assets	1,721,947	1,700,565
	<hr/>	<hr/>
Property at cost:		
Land and buildings	133,714	116,005
Leasehold costs and improvements	704,011	622,962
Furniture, fixtures and equipment	984,848	849,932
	<hr/>	<hr/>
	1,822,573	1,588,899
Less accumulated depreciation and amortization	914,590	754,314
	<hr/>	<hr/>
	907,983	834,585
	<hr/>	<hr/>
Other assets		
Deferred income taxes, net	69,976	55,826
Goodwill and tradename, net of amortization	47,391	23,143
	184,986	190,844
	<hr/>	<hr/>
Total Assets	\$ 2,932,283	\$ 2,804,963
	=====	=====
LIABILITIES		
Current liabilities:		
Current installments of long-term debt	\$ 73	\$ 100,359
Short-term debt	39,000	--
Accounts payable	645,672	615,671
Accrued expenses and other current liabilities	544,014	471,159
	<hr/>	<hr/>
Total current liabilities	1,228,759	1,187,189
	<hr/>	<hr/>
Other long-term liabilities		
Long-term debt, exclusive of current installments	165,440	179,179
Commitments and contingencies	319,372	319,367
	--	--
SHAREHOLDERS' EQUITY		
Common stock, authorized 1,200,000,000 shares, par value \$1, issued and outstanding 280,378,675 and 299,979,363 shares, respectively	280,379	299,979
Additional paid-in capital	--	--
Accumulated other comprehensive income (loss)	(3,288)	(1,433)
Retained earnings	941,621	820,682
	<hr/>	<hr/>
Total shareholders' equity	1,218,712	1,119,228
	<hr/>	<hr/>
Total Liabilities and Shareholders' Equity	\$ 2,932,283	\$ 2,804,963
	=====	=====

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

## Consolidated Statements of Cash Flows

In Thousands	Fiscal Year Ended		
	January 27, 2001	January 29, 2000	January 30, 1999
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Net income	\$ 538,066	\$ 521,668	\$ 424,154
Adjustments to reconcile net income to net cash provided by operating activities:			
Loss from discontinued operations	--	--	9,048
Cumulative effect of accounting change	--	5,154	--
Depreciation and amortization	175,781	160,466	136,469
Property disposals and impairments	4,559	4,624	6,037
Tax benefit of employee stock options	15,941	11,736	13,821
Deferred income tax (benefit) provision	(24,235)	1,790	(19,902)
Changes in assets and liabilities:			
(Increase) in accounts receivable	(6,501)	(8,137)	(6,639)
(Increase) decrease in merchandise inventories	(232,031)	(26,856)	2,340
(Increase) in prepaid expenses and other current assets	(12,083)	(15,519)	(1,130)
Increase (decrease) in accounts payable	34,158	(2,747)	35,528
Increase (decrease) in accrued expenses and other liabilities	69,134	(35,673)	49,174
Other, net	(6,026)	(21,282)	(6,451)
Net cash provided by operating activities	556,763	595,224	642,449
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Property additions	(257,005)	(238,569)	(207,742)
Issuance of note receivable	(23,100)	(5,848)	--
Proceeds from sale of other assets	9,183	--	9,421
Net cash (used in) investing activities	(270,922)	(244,417)	(198,321)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Proceeds from borrowings of short-term debt, net	39,000	--	--
Proceeds from borrowings of long-term debt	--	198,060	--
Principal payments on long-term debt	(100,203)	(695)	(23,360)
Proceeds from sale and issuance of common stock, net	26,101	9,312	13,942
Cash payments for repurchase of common stock	(444,105)	(604,560)	(337,744)
Cash dividends paid	(44,693)	(42,739)	(40,411)
Net cash (used in) financing activities	(523,900)	(440,622)	(387,573)
Effect of exchange rate changes on cash	(1,165)	330	320
Net (decrease) increase in cash and cash equivalents	(239,224)	(89,485)	56,875
Cash and cash equivalents at beginning of year	371,759	461,244	404,369
Cash and cash equivalents at end of year	\$ 132,535	\$ 371,759	\$ 461,244

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

## Consolidated Statements of Shareholders' Equity

In Thousands	Preferred Stock Face Value	Common Stock, Par Value \$1	Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Total
BALANCE, JANUARY 31, 1998	\$ 72,730	\$ 159,901	\$ 198,736	\$ 3,317	\$ 729,408	\$ 1,164,092
Comprehensive income:						
Net income	--	--	--	--	424,154	424,154
Foreign currency translation	--	--	--	152	--	152
Reclassification of prior unrealized gain on securities	--	--	--	(4,998)	--	(4,998)
Total comprehensive income						419,308
Cash dividends declared:						
Preferred stock	--	--	--	--	(3,523)	(3,523)
Common stock	--	--	--	--	(38,134)	(38,134)
Conversion of Series E cumulative convertible preferred stock into common stock	(72,730)	14,682	58,048	--	--	--
Common stock repurchased	--	(12,998)	(187,859)	--	(149,462)	(350,319)
Stock split, two - for - one	--	158,954	(96,555)	--	(62,399)	--
Issuance of common stock under stock incentive plans and related tax benefits	--	1,602	27,630	--	--	29,232
BALANCE, JANUARY 30, 1999	--	322,141	--	(1,529)	900,044	1,220,656
Comprehensive income:						
Net income	--	--	--	--	521,668	521,668
Foreign currency translation	--	--	--	229	--	229
Unrealized (loss) on securities	--	--	--	(133)	--	(133)
Total comprehensive income						521,764
Cash dividends declared on common stock	--	--	--	--	(43,716)	(43,716)
Common stock repurchased	--	(23,578)	(20,368)	--	(557,314)	(601,260)
Issuance of common stock under stock incentive plans and related tax benefits	--	1,416	20,368	--	--	21,784
BALANCE, JANUARY 29, 2000	--	299,979	--	(1,433)	820,682	1,119,228
Comprehensive income:						
Net income	--	--	--	--	538,066	538,066
Foreign currency translation	--	--	--	(313)	--	(313)
Minimum pension liability adjustment	--	--	--	(1,675)	--	(1,675)
Reclassification of prior unrealized loss on securities	--	--	--	133	--	133
Total comprehensive income						536,211
Cash dividends declared on common stock	--	--	--	--	(45,266)	(45,266)
Common stock repurchased	--	(22,233)	(40,736)	--	(371,861)	(434,830)
Issuance of common stock under stock incentive plans and related tax benefits	--	2,633	40,736	--	--	43,369
BALANCE, JANUARY 27, 2001	\$ --	\$ 280,379	\$ --	\$ (3,288)	\$ 941,621	\$ 1,218,712

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

## Notes to Consolidated Financial Statements

## SUMMARY OF ACCOUNTING POLICIES

**BASIS OF PRESENTATION:** The consolidated financial statements of The TJX Companies, Inc. (TJX) include the financial statements of all TJX's wholly owned subsidiaries, including its foreign subsidiaries. All intercompany transactions have been eliminated in consolidation. The notes pertain to continuing operations except where otherwise noted.

**FISCAL YEAR:** TJX's fiscal year ends on the last Saturday in January. The fiscal years ended January 27, 2001, January 29, 2000 and January 30, 1999 each included 52 weeks.

**USE OF ESTIMATES:** The preparation of the financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent liabilities, at the date of the financial statements as well as the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**REVENUE RECOGNITION:** TJX records revenue at the time of sale and delivery of merchandise to the customer, net of a reserve for estimated returns.

**CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS:** TJX generally considers highly liquid investments with an initial maturity of three months or less to be cash equivalents. TJX's investments are primarily high-grade commercial paper, institutional money market funds and time deposits with major banks. The fair value of cash equivalents approximates carrying value. During September 1999, TJX received 693,537 common shares of Manulife Financial Corporation (Manulife). The shares reflect ownership interest in the demutualized insurer due to policies held by TJX. These securities were recorded at market value upon receipt resulting in an \$8.5 million pre-tax gain. TJX classified the Manulife common shares as available-for-sale at January 29, 2000 and included them in other current assets on the balance sheets. During fiscal 2001, TJX sold the Manulife shares for \$9.2 million and realized a gain of \$722,000. In years prior to fiscal 2000, TJX also held available-for-sale marketable securities received as proceeds from the sale of its former Chadwick's of Boston division (see Note B). Available-for-sale securities are stated at fair market value with unrealized gains or losses, net of income taxes, included as a component of accumulated other comprehensive income (loss). Realized gains or losses are included in net income when the securities are sold or disposed of, resulting in a related reclassification adjustment to accumulated other comprehensive income (loss).

**MERCHANDISE INVENTORIES:** Inventories are stated at the lower of cost or market. TJX uses the retail method for valuing inventories on the first-in first-out basis.

**CAPITALIZED INTEREST:** TJX capitalizes interest on borrowings during the active construction period of major capital projects. Capitalized interest is added to the cost of the related assets. TJX capitalized interest of \$311,000 in fiscal 2001 and \$483,000 in fiscal 1999. No interest was capitalized in fiscal 2000.

**DEPRECIATION AND AMORTIZATION:** For financial reporting purposes, TJX provides for depreciation and amortization of property by the use of the straight-line method over the estimated useful lives of the assets. Buildings are depreciated over 33 years, leasehold costs and improvements are generally amortized over the lease term or their estimated useful life, whichever is shorter, and furniture, fixtures and equipment are depreciated over 3 to 10 years. Depreciation and amortization expense for property was \$169.1 million for fiscal year 2001, \$154.2 million for fiscal year 2000 and \$130.4 million for fiscal year 1999. Maintenance and repairs are charged to expense as incurred. Significant costs incurred for internally developed software are capitalized and depreciated over three to five years. Upon retirement or sale, the cost of disposed assets and the related accumulated depreciation are eliminated and any gain or loss is included in net income. Debt discount and related issue expenses are amortized to interest expense over the lives of the related debt issues. Pre-opening costs are expensed as incurred.

**GOODWILL AND TRADENAME:** Goodwill is primarily the excess of the purchase price incurred over the carrying value of the minority interest in TJX's former 83%-owned subsidiary. The minority interest was acquired pursuant to TJX's fiscal 1990 restructuring. In addition, goodwill includes the excess of cost over the estimated fair market value of the net assets of Winners acquired by TJX in fiscal 1991. Goodwill, net of amortization, totaled \$74.1 million and \$76.8 million as of January 27, 2001 and January 29, 2000, respectively, and is being

amortized over 40 years on a straight-line basis. Annual amortization of goodwill was \$2.6 million in fiscal years 2001, 2000 and 1999. Cumulative amortization as of January 27, 2001 and January 29, 2000 was \$30.3 million and \$27.7 million, respectively.

Tradenname is the value assigned to the name "Marshalls" as a result of TJX's acquisition of the Marshalls chain on November 17, 1995. The value of the tradenname was determined by the discounted present value of assumed after-tax royalty payments, offset by a reduction for its pro-rata share of the total negative goodwill acquired. The final purchase price allocated to the tradenname, including a reduction for a pro-rata share of reserve adjustments recorded in fiscal 2000 and fiscal 1998, amounted to \$128.3 million. The tradenname is being amortized over 40 years. Amortization expense was \$3.2 million for fiscal years 2001, 2000 and 1999. Cumulative amortization was \$17.4 million as of January 27, 2001 and \$14.2 million as of January 29, 2000.

**IMPAIRMENT OF LONG-LIVED ASSETS:** TJX periodically reviews the value of its property and intangible assets in relation to the current and expected operating results of the related business segments in order to assess whether there has been a permanent impairment of their carrying values. An impairment exists when the undiscounted cash flow of an asset is less than the carrying cost of that asset. TJX recorded an impairment loss of \$3.1 million in fiscal 2001 as a component of the \$6.3 million estimated cost of closing its three T.K. Maxx stores in the Netherlands.

**ADVERTISING COSTS:** TJX expenses advertising costs as incurred. Advertising expense was \$121.8 million for fiscal year 2001, \$114.7 million for fiscal year 2000, and \$106.4 million for fiscal year 1999.

**EARNINGS PER SHARE:** All earnings per share amounts discussed refer to diluted earnings per share unless otherwise indicated. All historical earnings per share amounts reflect the June 1998 two-for-one stock split.

**FOREIGN CURRENCY TRANSLATION:** TJX's foreign assets and liabilities are translated at the year-end exchange rate. Activity of the foreign operations that impact the statements of income and cash flows are translated at the average exchange rates prevailing during the year. A large portion of TJX's net investment in foreign operations is hedged with foreign currency swap agreements and forward contracts. The translation adjustments associated with the foreign operations and the related hedging instruments are included in shareholders' equity as a component of accumulated other comprehensive income (loss). Cumulative foreign currency translation adjustments, net, included in shareholders' equity amounted to losses of \$1.6 million as of January 27, 2001 and \$1.3 million as of January 29, 2000.

**NEW ACCOUNTING STANDARDS (UNAUDITED):** During 1998, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No. 133, "Accounting for Derivative Instruments and Hedging Activities." This Statement, as amended, established accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts, and for hedging activities. This Statement requires that an entity recognize all derivatives as either assets or liabilities in the statements of financial position and measure those instruments at fair value. This Statement also requires that companies recognize adjustments to the fair value of derivatives in earnings when they occur, if they do not qualify for hedge accounting. For derivatives that qualify for hedge accounting, changes in the fair value of the derivatives can be recognized currently in earnings, along with an offsetting adjustment against the basis of the underlying hedged item, or can be deferred in accumulated other comprehensive income.

This Statement will affect the accounting for TJX's hedging contracts as described in Note D to the consolidated financial statements. As described in Note D, TJX periodically enters into forward foreign currency exchange contracts to hedge certain merchandise purchase commitments and to hedge its net investment in foreign subsidiaries. Through January 27, 2001, TJX applied hedge accounting to these contracts. TJX adopted SFAS No. 133 at the beginning of its first quarter for fiscal 2002. Upon adoption of SFAS No. 133 TJX elected not to apply the hedge accounting rules to its merchandise related contracts even though these contracts effectively function as an economic hedge of the underlying exposure. Thus, the changes in fair value of the inventory related contracts will impact earnings in the period of change. TJX will continue to apply hedge accounting on its net investment hedge contracts and changes in fair value of these contracts will continue to be recorded in accumulated other comprehensive income.

In accordance with SFAS No. 133, the fair value of all of TJX's hedge contracts amounted to a net asset of \$10 million, most of which are for the net investment hedge contracts. The carrying value of all its hedging contracts, before adoption, was \$12 million and thus TJX recorded a charge to accumulated other comprehensive income for the cumulative effect of an accounting change of \$2 million effective January 28, 2001.

**RECLASSIFICATIONS:** Certain amounts in prior years' financial statements have been reclassified for comparative purposes. Significant reclassifications include certain liabilities on the balance sheets and the cash flow presentation of the tax benefit from exercise of stock options as well as the effect on cash of foreign currency exchange rate changes.

## A. CHANGE IN ACCOUNTING PRINCIPLE

Effective January 31, 1999, TJX changed its method of accounting for layaway sales in compliance with Staff Accounting Bulletin No. 101 "Revenue Recognition in Financial Statements," issued by the Securities and Exchange Commission during the fourth quarter of fiscal 2000. Under the new accounting method, TJX defers recognition of a layaway sale and its related profit to the accounting period when the customer picks up layaway merchandise. The cumulative effect of this change for periods prior to January 31, 1999 of \$5.2 million (net of income taxes of \$3.4 million), or \$.02 per share, is shown as the cumulative effect of accounting change in the consolidated statements of income. The accounting change has virtually no impact on annual sales and earnings (before cumulative effect). However, due to the seasonal influences of the business, the accounting change results in a shift of sales and earnings among quarterly periods.

## B. DISPOSITIONS AND ACQUISITIONS

**SALE OF CHADWICK'S OF BOSTON:** TJX sold its former Chadwick's division in fiscal 1997 to Brylane, Inc. As part of the proceeds from the sale, TJX received a \$20 million convertible note. During fiscal 1998, TJX converted a portion of the Brylane note into 352,908 shares of Brylane, Inc. common stock which it sold for \$15.7 million. This sale resulted in an after-tax gain of \$3.6 million. During fiscal 1999, the balance of the note was converted into shares of Brylane common stock. A portion of the shares were donated to TJX's charitable foundation, and the remaining shares were sold. The net pre-tax impact of these transactions was immaterial. Pursuant to the disposition, TJX agreed to purchase certain amounts of excess inventory from Chadwick's. This arrangement has been extended through fiscal 2002.

**SALE OF HIT OR MISS:** Effective September 30, 1995, TJX sold its Hit or Miss division to members of Hit or Miss management and outside investors. TJX received \$3.0 million in cash and a seven-year \$10 million note with interest at 10%. During fiscal 1998, TJX forgave a portion of this note and was released from certain obligations and guarantees which reduced the note to \$5.5 million. During fiscal 1999, TJX settled the note for \$2.0 million, and the balance of \$3.5 million was charged to selling, general and administrative expenses.

**ACQUISITION OF MARSHALLS:** On November 17, 1995, TJX acquired Marshalls from Melville Corporation. TJX paid \$424.3 million in cash and \$175 million in junior convertible preferred stock. The total purchase price of Marshalls, including acquisition costs of \$6.7 million, was \$606 million.

## C. LONG-TERM DEBT AND CREDIT LINES

At January 27, 2001 and January 29, 2000, long-term debt, exclusive of current installments, consisted of the following:

In Thousands Except Unamortized Debt Discount Amounts	January 27, 2001	January 29, 2000
-----		
Equipment notes, interest at 11.25% maturing December 30, 2001	\$ --	\$ 73
	-----	-----
General corporate debt:		
Medium term notes, interest at 5.87% to 7.97%, \$15 million maturing October 21, 2003 and \$5 million maturing September 20, 2004	20,000	20,000
7% unsecured notes, maturing June 15, 2005 (effective interest rate of 7.02% after reduction of the unamortized debt discount of \$61,000 and \$75,000 in fiscal 2001 and 2000, respectively)	99,939	99,925
7.45% unsecured notes, maturing December 15, 2009 (effective interest rate of 7.50% after reduction of unamortized debt discount of \$567,000 and \$631,000 in fiscal 2001 and 2000, respectively)	199,433	199,369
	-----	-----
Total general corporate debt	319,372	319,294
	-----	-----
Long-term debt, exclusive of current installments	\$319,372	\$319,367
	=====	=====

The aggregate maturities of long-term debt, exclusive of current installments, at January 27, 2001 are as follows:

In Thousands	General Corporate Debt
-----	
Fiscal Year	
2003	\$ --
2004	15,000
2005	5,000
2006	99,939
Later years	199,433
	-----
Aggregate maturities of long - term debt, exclusive of current installments	\$ 319,372
	-----

In December 1999, TJX issued \$200 million of 7.45% ten-year notes. The proceeds were used for general corporate purposes, including TJX's ongoing stock repurchase program.

TJX periodically enters into financial instruments to manage its cost of borrowing. In December 1999, TJX entered into a rate-lock agreement to hedge the underlying treasury rate of the \$200 million ten-year notes, prior to their issuance. The cost of this agreement has been deferred and is being amortized to interest expense over the term of the notes and results in an effective rate of 7.60% on the debt.

In September 1997, TJX entered into a five-year \$500 million revolving credit facility. In addition, in July 2000, TJX entered into a \$250 million, 364-day revolving credit agreement. The agreements have similar terms which include certain financial covenants requiring that TJX maintain specified fixed charge coverage and leverage ratios. The revolving credit facilities are used as backup to TJX's commercial paper program. As of January 27, 2001, \$711 million of the revolving credit facilities were available for use. Interest is payable on borrowings at rates equal to or less than prime. The maximum amount of TJX's U.S. short-term borrowings was \$330 million in fiscal 2001 and \$108 million in fiscal 2000, with no borrowings during fiscal 1999. The weighted average interest rate on TJX's U.S. short-term borrowings was 6.82% in fiscal 2001 and 6.06% in fiscal 2000. TJX does not have any compensating balance requirements under these arrangements.

TJX also has C\$40 million of credit lines for its Canadian subsidiary, all of which were available as of January 27, 2001. The maximum amount outstanding under TJX's Canadian credit lines was C\$15.2 million during fiscal 2001, C\$19.2 million in fiscal 2000 and C\$15.6 million during fiscal 1999.

In February 2001, TJX raised gross proceeds of \$347.6 million through the issuance of twenty-year zero coupon convertible subordinated notes. See Note 0 to the consolidated financial statements for further information.

#### D. FINANCIAL INSTRUMENTS

TJX periodically enters into forward foreign currency exchange contracts to hedge firm U.S. dollar and Euro merchandise purchase commitments made by its foreign subsidiaries. As of January 27, 2001, TJX had \$26.6 million of such contracts outstanding for its Canadian subsidiary and \$5.6 million and 4.8 million Euro for its subsidiary in the United Kingdom. The contracts cover certain commitments for the first quarter of fiscal 2002. Through January 27, 2001 gains and losses on such contracts were included as a component of the item being hedged.

TJX also has entered into several foreign currency swap and forward contracts in both Canadian dollars and British pounds sterling. Both the swap and forward agreements are accounted for as a hedge against TJX's investment in its foreign subsidiaries. Foreign exchange gains and losses on the agreements are recognized in shareholders' equity, thereby offsetting translation adjustments associated with TJX's investment in its foreign subsidiaries.

The Canadian swap and forward agreements will require TJX to pay C\$94.3 million in exchange for \$65.9 million in U.S. currency between January 2002 and January 2005. The British pounds sterling swap and forward agreements will require TJX to pay 75.0 million sterling between January 2002 and January 2003 in exchange for \$117.5 million in U.S. currency.

The agreements contain rights of offset which minimize TJX's exposure to credit loss in the event of nonperformance by one of the counterparties. The interest rates payable on the foreign currency swap agreements are slightly higher than the interest rates receivable on the currency exchanged, resulting in deferred interest costs which are being amortized to interest expense over the term of the related agreements. The premium costs or discounts associated with the forward contracts are being amortized over the term of the related agreements and are included with the gains or losses of the hedging instrument. The unamortized balance of the net deferred costs was \$1.5 million and \$2.1 million as of January 27, 2001 and January 29, 2000, respectively.

The counterparties to the forward exchange contracts and swap agreements are major international financial institutions. TJX periodically monitors its position and the credit ratings of the counterparties and does not anticipate



losses resulting from the nonperformance of these institutions.

The fair value of TJX's long-term debt, including current installments, is estimated using discounted cash flow analysis based upon TJX's current incremental borrowing rates for similar types of borrowing arrangements. The fair value of long-term debt, including current installments, at January 27, 2001 approximates the carrying value of \$319.4 million. These estimates do not necessarily reflect certain provisions or restrictions in the various debt agreements which might affect TJX's ability to settle these obligations.

#### E. COMMITMENTS

TJX is committed under long-term leases related to its continuing operations for the rental of real estate and fixtures and equipment. Most of TJX's leases are for a ten-year initial term with options to extend for one or more five-year periods. Certain Marshalls leases, acquired in fiscal 1996, had remaining terms ranging up to twenty-five years. Leases for T.K. Maxx are generally for fifteen to twenty-five years with ten-year kick-out options. Many of the leases contain escalation clauses and early termination penalties. In addition, TJX is generally required to pay insurance, real estate taxes and other operating expenses including, in some cases, rentals based on a percentage of sales.

Following is a schedule of future minimum lease payments for continuing operations as of January 27, 2001:

In Thousands	Capital Leases	Operating Leases
Fiscal Year		
2002	\$ 2,794	\$ 415,696
2003	3,726	391,925
2004	3,726	360,157
2005	3,726	324,268
2006	3,726	281,485
Later years	37,848	1,250,644
Total future minimum lease payments	\$55,546 =====	\$3,024,175 =====

The capital lease commitments relate to a 283,000 square foot addition to TJX's home office facility. Construction of the addition is in progress, with completion currently scheduled for the spring of fiscal 2002. At the time rental payments are to commence, TJX will recognize a capital lease asset and related obligation equal to the present value of the lease payments, of approximately \$34 million.

The rental expense under operating leases for continuing operations amounted to \$390.6 million, \$352.6 million and \$318.1 million for fiscal years 2001, 2000 and 1999, respectively. The present value of TJX's operating lease obligations approximates \$2,147.6 million as of January 27, 2001, including \$265.6 million payable on operating lease obligations in fiscal 2002.

TJX had outstanding letters of credit in the amounts of \$31.6 million as of January 27, 2001 and \$37.6 million as of January 29, 2000. Letters of credit are issued by TJX primarily for the purchase of inventory.

#### F. STOCK COMPENSATION PLANS

In the following note, all references to historical awards, outstanding awards and availability of shares for future grants under TJX's stock incentive plans and related prices per share have been restated, for comparability purposes, for historical stock splits.

TJX has a stock incentive plan under which options and other stock awards may be granted to officers and key employees. The Stock Incentive Plan, as amended, provides for the issuance of up to 42 million shares with 8.7 million shares available for future grants as of January 27, 2001. TJX also has a Directors' Stock Option Plan under which stock options are granted to directors who are not otherwise employed by TJX. This plan provides for the issuance of up to 200,000 shares. There were 38,000 shares available for future grants under this plan as of January 27, 2001.

Under its stock option plans, TJX has granted options for the purchase of common stock, generally within ten years from the grant date at option prices of 100% of market price on the grant date. Most options outstanding are exercisable at various percentages starting one year after the grant, and are exercisable in their entirety three years after the grant date. Options granted to directors become fully exercisable one year after the date of grant.

A summary of the status of TJX's stock options and related Weighted Average Exercise Prices (WAEP), adjusted for historical stock splits, is presented below (shares in thousands):

	Fiscal Year Ended					
	January 27, 2001		January 29, 2000		January 30, 1999	
	Shares	WAEP	Shares	WAEP	Shares	WAEP
Outstanding at beginning of year	11,832	\$17.06	10,105	\$12.04	10,507	\$ 9.04
Granted	5,178	20.75	3,164	29.26	1,964	21.77
Exercised	(2,724)	9.85	(1,275)	7.13	(2,215)	6.31
Canceled	(249)	24.59	(162)	20.52	(151)	13.35
Outstanding at end of year	14,037	19.69	11,832	17.06	10,105	12.04
Options exercisable at end of year	5,880	\$15.98	5,980	\$10.77	4,796	\$ 8.01

Virtually all canceled options are forfeitures. TJX realizes an income tax benefit from the exercise of stock options which results in a decrease in current income taxes payable and an increase in additional paid-in capital. Such benefits amounted to \$15.9 million, \$11.7 million and \$13.8 million for the fiscal years ended January 27, 2001, January 29, 2000 and January 30, 1999, respectively.

TJX has adopted the disclosure-only provisions of Statement of Financial Accounting Standards (SFAS) No. 123, "Accounting for Stock-Based Compensation," and continues to apply the provisions of Accounting Principles Board (APB) Opinion No. 25, "Accounting for Stock Issued to Employees," in accounting for compensation expense under its stock option plans. TJX grants options at fair market value on the date of the grant; accordingly, no compensation expense has been recognized for the stock options issued during fiscal years 2001, 2000 or 1999. Compensation expense determined in accordance with SFAS No. 123, net of related income taxes, would have amounted to \$19.2 million, \$12.9 million and \$8.7 million for fiscal 2001, fiscal 2000 and fiscal 1999, respectively. Income from continuing operations, net income and related earnings per share amounts, presented on a pro forma basis, are as follows:

Dollars In Thousands Except Per Share Amounts	Unaudited Pro Forma Fiscal Year Ended		
	January 27, 2001	January 29, 2000	January 30, 1999
Income from continuing operations before cumulative effect of accounting change	\$ 518,837	\$ 513,862	\$ 424,512
Per diluted share	\$ 1.79	\$ 1.62	\$ 1.27
Net income	\$ 518,837	\$ 508,708	\$ 415,464
Per diluted share	\$ 1.79	\$ 1.60	\$ 1.24

For purposes of applying the provisions of SFAS No. 123 for the pro forma calculations, the fair value of each option grant issued during fiscal 2001, 2000 and 1999 is estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions: dividend yield of 1% in each fiscal year, expected volatility of 48%, 46% and 40% in fiscal 2001, 2000 and 1999, respectively, a risk-free interest rate of 5.2% in fiscal 2001, 6.4% in fiscal 2000 and 5.0% in fiscal 1999, and expected holding periods of six years in all fiscal periods. The weighted average fair value of options granted during fiscal 2001, 2000 and 1999 was \$10.07, \$14.38 and \$9.28 per share, respectively.

The effects of applying SFAS No. 123 in this pro forma disclosure are not indicative of future amounts. SFAS No. 123 does not apply to awards prior to 1995 and additional awards in future years are anticipated.

The following table summarizes information about stock options outstanding as of January 27, 2001 (shares in thousands):

Range of Exercise Prices	Options Outstanding			Options Exercisable	
	Shares	Weighted Average Remaining Contract Life	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
\$ 2.5625 - \$ 6.3125	652	3.4 Years	\$ 4.71	652	\$ 4.71
\$ 6.3126 - \$10.6875	1,661	5.9 Years	9.90	1,661	9.90
\$10.6876 - \$14.4688	1,973	6.5 Years	13.85	1,473	14.45
\$14.4689 - \$21.7500	6,729	9.1 Years	20.98	1,065	21.75
\$21.7501 - \$30.5000	3,022	8.6 Years	29.22	1,029	29.16

Total

14,037  
=====

8.0 Years

\$19.69

5,880  
=====

\$15.98

TJX was subject to income statement charges for changes in the fair market value of its common stock due to a special executive deferred compensation award, granted in fiscal 1998, that was initially denominated in shares of TJX common stock. TJX recorded compensation expense of \$1.1 million and \$6.3 million in fiscal 2000 and 1999, respectively, due to the increase in market value of the shares of TJX stock from date of grant. During fiscal 2000 and 1999, all of the shares were denominated into other investments. TJX separately transferred funds to a trust in an amount equal to the value of the new investment elections at the time such elections were made by the executive. The trust assets are included in other current assets on the balance sheet as of January 27, 2001 and in other assets for all prior periods. The trust assets are invested in a manner that matches the elections made by the executive. Thus, deferred compensation adjustments due to the change in the executive's deferred compensation account are offset by similar amounts due to gains or losses on the trust assets. TJX anticipates that the assets will be distributed to the executive in fiscal 2002 in settlement of the deferred obligation.

TJX has also issued restricted stock and performance-based stock awards under the Stock Incentive Plan. Restricted stock awards are issued at par value, or at no cost, and have restrictions which generally lapse over three years from date of grant. Performance-based shares have restrictions that generally lapse over one to three years once specified criteria are met. The market value in excess of cost is charged to income ratably over the period during which these awards vest. Such pre-tax charges amounted to \$1.4 million, \$1.1 million and \$619,000 in fiscal years 2001, 2000 and 1999, respectively. The market value of the awards is determined at date of grant for restricted stock awards, and at the date shares are earned for performance-based awards.

There has been a combined total of 135,000 shares, 131,480 shares and 4,000 shares for deferred, restricted and performance-based awards issued in the fiscal years ended January 2001, 2000 and 1999, respectively. There were 33,000 and 3,000 shares forfeited for the fiscal years ended January 2001 and 2000, respectively. There were no shares forfeited during the fiscal year ended January 1999. The weighted average market value per share of these stock awards at grant date was \$29.60, \$29.55 and \$18.03 for fiscal 2001, 2000 and 1999, respectively.

During fiscal 1998, TJX created a deferred stock compensation plan for its outside directors replacing TJX's retirement plan for directors, which was terminated. The deferred stock account of each director who had an accrued retirement benefit was credited with deferred stock to compensate for the value of that benefit. Additional share awards valued at \$10,000 are issued annually to each eligible director. Currently, there are 23,026 deferred shares outstanding; actual shares will be issued at retirement. TJX has 92,029 shares held in treasury from which such shares will be issued.

#### G. CAPITAL STOCK AND EARNINGS PER SHARE

**CAPITAL STOCK:** TJX distributed a two-for-one stock split, effected in the form of a 100% stock dividend, on June 25, 1998 to shareholders of record on June 11, 1998, which resulted in the issuance of 158.9 million shares of common stock and corresponding decreases of \$96.5 million in additional paid-in capital and \$62.4 million in retained earnings. All historical earnings per share amounts have been restated to reflect the two-for-one stock split. Reference to common stock activity before the distribution of the related stock split has not been restated unless otherwise noted. All activity after the distribution date reflects the two-for-one stock split.

During fiscal 1999, 357,300 shares of the outstanding Series E cumulative convertible preferred stock, initially issued in fiscal 1996, were voluntarily converted into 6.7 million shares of common stock. On November 18, 1998, the then remaining 370,000 shares of the Series E preferred stock were mandatorily converted into 8.0 million shares of common stock in accordance with its terms. Inducement fees of \$130,000 were paid on the Series E voluntary conversion in fiscal 1999, and TJX recorded aggregate dividends, including inducement fees, on its preferred stock of \$3.5 million in fiscal 1999. The preferred dividends reduce net income in computing net income available to common shareholders. As of January 27, 2001, TJX has authorization for the issuance of up to 5 million shares of preferred stock, par value \$1, with none issued or outstanding at January 27, 2001.

During fiscal 2001, TJX completed a \$750 million stock repurchase program and announced a new multi-year, \$1 billion stock repurchase program. These stock repurchase programs followed two separate \$250 million stock repurchase programs used by TJX in fiscal 1999 and 1998. TJX has had cash expenditures, under all of its programs, of \$444.1 million, \$604.6 million and \$337.7 million in fiscal 2001, 2000 and 1999, respectively, funded primarily by excess cash generated from operations. The total common shares repurchased and retired (adjusted for stock split) amounted to 22.2 million shares in fiscal 2001, 23.6 million in fiscal 2000 and 15.6 million in fiscal 1999. As of January 27, 2001 TJX has repurchased and retired 19.6 million shares of its common stock at a cost of \$381.6 million under the current \$1 billion stock repurchase program.

EARNINGS PER SHARE: The following schedule presents the calculation of basic and diluted earnings per share for income from continuing operations:

Dollars In Thousands Except Per Share Amounts	Fiscal Year Ended		
	January 27, 2001	January 29, 2000	January 30, 1999
<b>BASIC EARNINGS PER SHARE:</b>			
Income from continuing operations before cumulative effect of accounting change	\$ 538,066	\$ 526,822	\$ 433,202
Less preferred stock dividends	--	--	3,523
Income from continuing operations before cumulative effect of accounting change available to common shareholders	\$ 538,066	\$ 526,822	\$ 429,679
Weighted average common stock outstanding for basic earnings per share calculation	287,440,637	314,577,145	318,073,081
Basic earnings per share	\$ 1.87	\$ 1.67	\$ 1.35
<b>DILUTED EARNINGS PER SHARE:</b>			
Income from continuing operations before cumulative effect of accounting change available to common shareholders	\$ 538,066	\$ 526,822	\$ 429,679
Add preferred stock dividends	--	--	3,523
Income from continuing operations before cumulative effect of accounting change for diluted earnings per share calculation	\$ 538,066	\$ 526,822	\$ 433,202
Weighted average common stock outstanding for basic earnings per share calculation	287,440,637	314,577,145	318,073,081
Assumed conversion/exercise of:			
Convertible preferred stock	--	--	10,914,354
Stock options and awards	1,755,591	3,213,619	5,660,515
Weighted average common shares for diluted earnings per share calculation	289,196,228	317,790,764	334,647,950
Diluted earnings per share	\$ 1.86	\$ 1.66	\$ 1.29

The weighted average common shares for the diluted earnings per share calculation exclude the incremental effect related to outstanding stock options whose exercise price is in excess of the average price of TJX's common stock. Such options are excluded because they would have an antidilutive affect. These options amounted to 4.6 million as of January 27, 2001 and 3.1 million as of January 29, 2000. There were 28,000 antidilutive options excluded from the calculation at January 30, 1999.

#### H. INCOME TAXES

The provision for income taxes includes the following:

In Thousands	Fiscal Year Ended		
	January 27, 2001	January 29, 2000	January 30, 1999
<b>CURRENT:</b>			
Federal	\$ 272,075	\$ 255,277	\$ 231,811
State	51,217	49,836	45,117
Foreign	27,819	20,212	13,784
<b>DEFERRED:</b>			
Federal	(22,359)	3,885	(13,084)
State	(2,269)	1,984	(2,306)
Foreign	393	(4,079)	(4,512)
Provision for income taxes	\$ 326,876	\$ 327,115	\$ 270,810

TJX had a net deferred tax asset as follows:

In Thousands	January 27, 2001	January 29, 2000
-----		
DEFERRED TAX ASSETS:		
Loss on investment in foreign subsidiary	\$ 7,013	\$ --
Foreign net operating loss carryforward	17,998	30,107
Reserve for discontinued operations	10,129	10,900
Reserve for closed store and restructuring costs	6,443	11,569
Pension, postretirement and employee benefits	53,487	46,468
Leases	19,455	15,596
Other	29,111	28,234
Valuation allowance	(3,396)	(15,678)
	-----	-----
Total deferred tax assets	140,240	127,196
	=====	=====
DEFERRED TAX LIABILITIES:		
Property, plant and equipment	17,211	19,240
Safe harbor leases	16,274	24,450
Tradenname	44,140	45,408
Other	15,224	14,955
	-----	-----
Total deferred tax liabilities	92,849	104,053
	-----	-----
Net deferred tax asset	\$ 47,391	\$ 23,143
	=====	=====

TJX has elected to repatriate the earnings of its Canadian subsidiary after fiscal 1998. The majority of the fiscal 2001, 2000 and 1999 earnings from its Canadian subsidiary were repatriated and deferred foreign tax credits have been provided for on the undistributed portions for these years. Earnings prior to fiscal 1999 of its Canadian subsidiary and all the earnings of TJX's other foreign subsidiaries are indefinitely reinvested and no deferred taxes have been provided for on those earnings.

TJX has a United Kingdom net operating loss carryforward of approximately \$39 million for both tax and financial reporting purposes. TJX recognized a deferred tax benefit of \$7.0 million in fiscal 2001 due to the anticipated utilization of the balance of T.K. Maxx's net operating loss carryforward. The United Kingdom net operating loss does not expire under current tax law. Due to TJX's decision to close its Netherlands operation, TJX does not expect to be able to utilize net operating losses of that operation. TJX, however, did recognize U.S. tax benefits associated with the write-off of its total investment in the Netherlands operation. TJX also has a Puerto Rico net operating loss carryforward of approximately \$16 million, for tax and financial reporting purposes, which was acquired in the Marshalls acquisition and expires in fiscal years 2002 through 2003. TJX recognized a deferred tax asset of \$8.0 million and \$3.4 million, in fiscal years 2000 and 1999, respectively, for the estimated future utilization of the Puerto Rico net operating loss carryforward. In fiscal 2001 a portion of the deferred tax asset was reversed due to lower than anticipated earnings of the Puerto Rico operations. The valuation allowance relates to TJX's Puerto Rico net operating losses that have not yet been recognized or are likely to expire. Additional utilization of these net operating loss carryforwards is dependent upon the level of future earnings in Puerto Rico.

TJX's worldwide effective income tax rate was 37.8% for the fiscal year ended January 27, 2001, 38.3% for the fiscal year ended January 29, 2000, and 38.5% for the fiscal year ended January 30, 1999. The difference between the U.S. federal statutory income tax rate and TJX's worldwide effective income tax rate is reconciled below:

	Fiscal Year Ended		
	January 27, 2001	January 29, 2000	January 30, 1999
-----			
U.S. federal statutory income tax rate	35.0%	35.0%	35.0%
Effective state income tax rate	4.0	4.2	4.1
Impact of foreign operations	(1.0)	(1.0)	(.4)
All other	(.2)	.1	(.2)
	-----	-----	-----
Worldwide effective income tax rate	37.8%	38.3%	38.5%
	-----	-----	-----

## I. PENSION PLANS AND OTHER RETIREMENT BENEFITS

TJX has a non-contributory defined benefit retirement plan covering the majority of its full-time U.S. employees. Employees who have attained twenty-one years of age and have completed one year of service are covered under the plan. Benefits are based on compensation earned in each year of service. TJX also has an unfunded supplemental retirement plan which covers key employees of TJX and provides additional retirement benefits based on average compensation; and an unfunded postretirement medical plan which provides limited postretirement medical and life insurance benefits to associates who participate in TJX's retirement plan and who retire at age fifty-five or older with ten or more years of service.

Presented below is financial information relating to TJX's retirement plans for the fiscal years indicated:

Dollars In Thousands	Pension Fiscal Year Ended		Postretirement Medical Fiscal Year Ended	
	January 27, 2001	January 29, 2000	January 27, 2001	January 29, 2000
<b>CHANGE IN BENEFIT OBLIGATION:</b>				
Benefit obligation at beginning of year	\$ 140,010	\$ 152,047	\$ 18,529	\$ 24,992
Service cost	10,734	11,781	1,353	1,366
Interest cost	11,560	10,768	1,624	1,430
Participants' contributions	--	--	42	14
Amendments	1,080	--	--	--
Actuarial (gains) losses	22,564	(20,393)	4,376	(8,165)
Settlement	(1,141)	(7,434)	--	--
Benefits paid	(6,616)	(6,039)	(1,162)	(1,108)
Expenses paid	(830)	(720)	--	--
Benefit obligation at end of year	\$ 177,361	\$ 140,010	\$ 24,762	\$ 18,529
<b>CHANGE IN PLAN ASSETS:</b>				
Fair value of plan assets at beginning of year	\$ 140,191	\$ 123,191	\$ --	\$ --
Actual return on plan assets	1,665	15,024	--	--
Employer contribution	15,532	8,735	1,120	1,094
Participants' contributions	--	--	42	14
Benefits paid	(6,616)	(6,039)	(1,162)	(1,108)
Expenses paid	(830)	(720)	--	--
Fair value of plan assets at end of year	\$ 149,942	\$ 140,191	\$ --	\$ --
<b>RECONCILIATION OF FUNDED STATUS:</b>				
Benefit obligation at end of year	\$ 177,361	\$ 140,010	\$ 24,762	\$ 18,529
Fair value of plan assets at end of year	149,942	140,191	--	--
Funded status - excess (assets) obligations	27,419	(181)	24,762	18,529
Unrecognized transition obligation	--	447	--	--
Unrecognized prior service cost	218	685	946	1,278
Unrecognized actuarial (gains) losses	11,554	(21,282)	394	(4,167)
Net amount recognized	\$ 15,647	\$ 19,969	\$ 23,422	\$ 21,418
<b>AMOUNT RECOGNIZED IN THE STATEMENT OF FINANCIAL POSITION CONSISTS OF:</b>				
Net accrued liability	\$ 12,215	\$ 19,969	\$ 23,422	\$ 21,418
Intangible asset	1,757	--	--	--
Reduction to accumulated other comprehensive income	1,675	--	--	--
Net amount recognized	\$ 15,647	\$ 19,969	\$ 23,422	\$ 21,418
<b>WEIGHTED AVERAGE ASSUMPTIONS:</b>				
Discount rate	7.41%	7.66%	7.50%	7.75%
Expected return on plan assets	9.00%	9.00%	N/A	N/A
Rate of compensation increase	4.00%	4.00%	4.00%	4.00%



The projected benefit obligation and accumulated benefit obligation of TJX's unfunded supplemental retirement plan was \$23.8 million and \$18.2 million, respectively, as of January 27, 2001 and \$18.6 million and \$14.3 million, respectively, as of January 29, 2000. The increase in the projected benefit obligation as of January 27, 2001 reflects actuarial losses due to a change in the assumptions regarding mortality and a decrease in the discount rate for valuation purposes.

The portion of the net accrued liability attributable to TJX's unfunded supplemental retirement plan amounted to \$14.8 million at January 27, 2001 and \$14.0 million at January 29, 2000 and is included in other long-term liabilities on the balance sheet. The balance of the net accrued liability is attributable to TJX's non-contributory defined benefit retirement plan and is included in current assets as of January 27, 2001 and in accrued expenses and other current liabilities as of January 29, 2000.

For purposes of measuring the postretirement medical plan, a 3.41% annual rate of increase in the per capita cost of covered health care benefits was assumed and is gradually reduced to zero. The impact of medical inflation eventually diminishes because of the \$3,000 per capita annual limit on medical benefits. An increase in the assumed health care cost trend rate of one percentage point for all future years would increase the accumulated postretirement benefit obligation at January 27, 2001 by about \$3,409,000 and the total of the service cost and interest cost components of net periodic postretirement cost for fiscal 2001, by about \$477,000. Similarly, decreasing the trend rate by one percentage point for all future years would decrease the accumulated postretirement benefit obligation at January 27, 2001 by about \$2,908,000 as well as the total of the service cost and interest cost components of net periodic postretirement cost for fiscal 2001, by about \$404,000.

Following are the components of net periodic benefit cost:

In Thousands	Pension Fiscal Year Ended			Postretirement Medical Fiscal Year Ended		
	January 27, 2001	January 29, 2000	January 30, 1999	January 27, 2001	January 29, 2000	January 30, 1999
	-----	-----	-----	-----	-----	-----
Service cost	\$ 10,734	\$ 11,781	\$ 10,538	\$ 1,353	\$ 1,366	\$ 1,405
Interest cost	11,560	10,768	9,647	1,624	1,430	1,610
Expected return on plan assets	(12,783)	(11,060)	(9,991)	--	--	--
Amortization of transition obligation	75	75	75	--	--	--
Amortization of prior service cost	164	87	87	332	332	338
Recognized actuarial (gains) losses	(1,085)	415	2,702	(185)	--	103
	-----	-----	-----	-----	-----	-----
Net periodic benefit cost	\$ 8,665	\$ 12,066	\$ 13,058	\$ 3,124	\$ 3,128	\$ 3,456
	=====	=====	=====	=====	=====	=====

Net pension expense reflects amortization of unrecognized actuarial losses for the unfunded plan in fiscal 1999 and amortization of unrecognized gains on the defined benefit plan in fiscal 2001. The change in assumption regarding mortality will increase the net pension expense in future years.

During the fiscal year ended January 29, 2000, TJX and an executive officer entered into an agreement whereby the executive waived his right to benefits under TJX's nonqualified plan in exchange for TJX's funding of a split-dollar life insurance policy. The exchange was accounted for as a settlement and TJX incurred a \$1.5 million settlement loss, which was primarily the recognition of a portion of the deferred losses under the plan. During fiscal 2001, TJX entered into a similar arrangement with another executive who waived the right to a portion of his supplemental retirement benefit in exchange for TJX's funding of a split-dollar life insurance policy. TJX recognized a settlement loss of \$224,000 in fiscal 2001 due to this exchange. The benefit exchanges were designed so that the after-tax cash expenditures by TJX on the split-dollar policies are substantially equivalent, on a present value basis, to the after-tax cash expenditures TJX would have incurred under the nonqualified plan.

TJX also sponsors an employee savings plan under Section 401(k) of the Internal Revenue Code for all eligible U.S. employees. Employees may contribute up to 15% of eligible pay. TJX matches employee contributions, up to 5% of eligible pay, at rates ranging from 25% to 50% based upon the company's performance. TJX contributed for all 401(k) plans \$5.8 million in fiscal 2001, \$6.2 million in fiscal 2000 and \$6.4 million in fiscal 1999.

In the fourth quarter of fiscal 1999, TJX established a nonqualified savings plan for certain U.S. employees. TJX matches employee contributions at various rates which amounted to \$163,000 in fiscal 2001, \$464,000 in fiscal 2000 and \$210,000 in fiscal 1999. TJX transfers employee withholdings and the related company match to a separate trust designated to fund the future obligations. TJX includes the trust assets in other assets on the balance sheets.

In addition to the plans described above, TJX also maintains retirement/deferred savings plans for all eligible associates at its foreign subsidiaries. TJX contributed for these plans \$1.2 million, \$682,000 and \$534,000 in fiscal years 2001, 2000 and 1999, respectively.



## J. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

The major components of accrued expenses and other current liabilities are as follows:

In Thousands	January 27, 2001	January 29, 2000
Employee compensation and benefits	\$133,877	\$110,065
Rent, utilities, and occupancy, including real estate taxes	71,305	61,231
Insurance, advertising and all other	338,832	299,863
	-----	-----
Accrued expenses and other current liabilities	\$544,014	\$471,159
	=====	=====

## K. RESERVES

TJX has a reserve for store closing and restructuring costs, primarily relating to its acquisition of Marshalls, and a reserve relating to obligations in connection with certain discontinued operations. The reserve balances, discussed in more detail below, are included in other long-term liabilities on the balance sheets.

STORE CLOSING AND RESTRUCTURING RESERVE: TJX's store closing and restructuring reserve relates primarily to a restructuring plan in connection with its acquisition of Marshalls in November 1995. This reserve, which was initially established in fiscal 1996 and subsequently adjusted, included the cost of closing 32 T.J. Maxx stores and the cost of closing 70 Marshalls stores and other Marshalls facilities. The reserve also included other costs in connection with the Marshalls acquisition, primarily inventory markdowns. The T.J. Maxx closing costs were charged to operations while the costs associated with Marshalls were a component of the allocation of the purchase price. This reserve also included some activity relating to several HomeGoods store closings, the impact of which was immaterial and currently includes the estimated cost of \$3.1 million for settling the lease obligations in connection with the closure of the three T.K. Maxx stores in the Netherlands.

Following is a summary of activity in the store closing and restructuring reserve:

In Thousands	Fiscal Year Ended		
	January 27, 2001	January 29, 2000	January 30, 1999
Balance at beginning of year	\$ 15,731	\$ 44,598	\$ 57,966
Additions to the reserve	3,109	--	1,961
RESERVE ADJUSTMENTS:			
Adjust Marshalls restructuring reserve	--	(3,000)	--
Adjust T.J. Maxx store closing reserve	--	(300)	(1,800)
CHARGES AGAINST THE RESERVE:			
Lease related obligations	(1,922)	(23,734)	(12,521)
Severance and all other charges	--	--	(927)
Net activity relating to HomeGoods closings	(126)	(1,833)	(81)
	-----	-----	-----
Balance at end of year	\$ 16,792	\$ 15,731	\$ 44,598
	=====	=====	=====

The remaining balance in the store closing and restructuring reserve as of January 27, 2001 of \$16.8 million is primarily for the estimated cost of the future lease obligations of the closed stores. The estimates and assumptions used in developing the remaining reserve requirements are subject to change; however, TJX believes it has adequate reserves for these obligations. The use of the reserve will reduce operating cash flows in varying amounts over the next ten to fifteen years as the related leases reach their expiration dates or are settled. TJX believes this future spending will not have a material impact on its future cash flows or financial condition.

DISCONTINUED OPERATIONS RESERVE: TJX also has a reserve for future obligations relating to certain discontinued operations, which include the former Zayre and Hit or Miss store chains and the Chadwick's of Boston catalog operation. The reserves were established at the time of the sale of these operations and were adjusted accordingly to reflect TJX's obligations relating to guarantees on certain leases of the Zayre and Hit or Miss properties. The current balance in this reserve and the activity for the last three years as presented below, relates primarily to the lease related obligations of the Zayre and Hit or Miss locations.

In Thousands	Fiscal Year Ended		
	January 27, 2001	January 29, 2000	January 30, 1999
Balance at beginning of year	\$ 27,304	\$ 29,660	\$ 17,843
Additions to the reserve	--	--	15,000
CHARGES AGAINST THE RESERVE:			
Lease related obligations	(1,792)	(2,150)	(2,768)
All other	--	(206)	(415)
Balance at end of year	\$ 25,512	\$ 27,304	\$ 29,660

In fiscal 1999, TJX increased this reserve by \$15 million, primarily for potential liabilities relating to guarantees on leases of its former Hit or Miss division. The after-tax cost of \$9 million, or \$.02 per diluted share, was recorded as a loss from discontinued operations. On November 12, 2000, the Hit or Miss store chain filed for bankruptcy and subsequently announced that it is in the process of liquidating its assets under Chapter 11 of the Federal Bankruptcy Code. TJX believes this reserve is adequate relating to contingent obligations associated with Hit or Miss. Future spending against the discontinued operations reserve will reduce operating cash flows in varying amounts over the next ten to fifteen years, as leases reach termination dates or are settled. TJX believes this future spending will not have a material impact on future cash flows or its financial condition.

In addition to the above obligations, TJX is also contingently liable on certain other leases of the former Zayre stores as well as leases on its former warehouse club operations. See Note M to the consolidated financial statements for further information.

#### L. SUPPLEMENTAL CASH FLOWS INFORMATION

There were no cash flows attributable to the operating results of TJX's discontinued operations during the years ended January 27, 2001, January 29, 2000 or January 30, 1999. However, TJX is responsible for certain leases related to, and other obligations arising from, the sale of these operations. The cash flow impact of these obligations is reflected as a component of cash provided by operating activities in the statements of cash flows.

TJX's cash payments for interest and income taxes and its non-cash investing and financing activities are as follows:

In Thousands	Fiscal Year Ended		
	January 27, 2001	January 29, 2000	January 30, 1999
CASH PAID FOR:			
Interest on debt	\$ 34,509	\$ 19,018	\$ 22,542
Income taxes	335,265	332,622	275,538
NON-CASH INVESTING AND FINANCING ACTIVITIES:			
Conversion of Series E cumulative convertible preferred stock into common stock	\$ --	\$ --	\$ 72,730
Distribution of two-for-one stock split	--	--	158,954
CHANGE IN ACCRUED EXPENSES DUE TO:			
Stock repurchase	\$ (9,275)	\$ (3,300)	\$ 12,575
Dividends payable	573	977	1,246

Investing activities include advances TJX has made under a \$35 million construction loan agreement in connection with the expansion of its leased home office facility. The advances are classified as a note receivable in other assets on the balance sheets and amounted to \$28.9 million as of January 27, 2001 and \$5.8 million as of January 29, 2000. The note bears interest at 7.25% per year. Upon completion of the project the note will be converted into a term loan with a maturity date of December 31, 2015.

#### M. DISCONTINUED OPERATIONS AND RELATED CONTINGENT LIABILITIES

In October 1988, TJX completed the sale of its former Zayre Stores division to Ames Department Stores, Inc. (Ames). In April 1990, Ames filed for protection under Chapter 11 of the Federal Bankruptcy Code and in December 1992, Ames emerged from bankruptcy under a plan of reorganization.

TJX remains contingently liable for the leases of most of the former Zayre stores still operated by Ames. TJX believes that its contingent liability on these leases will not have a material affect on its financial condition.

TJX is also contingently liable on certain leases of its former warehouse club operations (BJ's Wholesale Club and HomeBase), which were spun-off by TJX in fiscal 1990 as Waban Inc. During fiscal 1998, Waban Inc. was renamed HomeBase, Inc. and spun-off from its BJ's Wholesale Club division (BJ's Wholesale Club, Inc.). HomeBase, Inc. and BJ's Wholesale Club, Inc. are primarily liable on their respective leases and have indemnified TJX for any amounts TJX may have to pay with respect to such leases. In addition, HomeBase, Inc., BJ's Wholesale Club, Inc. and TJX have entered into agreements under which BJ's Wholesale Club, Inc. has substantial indemnification responsibility with respect to such HomeBase, Inc. leases. TJX is also contingently liable on certain leases of BJ's Wholesale Club, Inc. for which both BJ's Wholesale Club, Inc. and HomeBase, Inc. remain liable. TJX believes that its contingent liability on the HomeBase, Inc. and BJ's Wholesale Club, Inc. leases will not have a material affect on its financial condition.

#### N. SEGMENT INFORMATION

Prior to fiscal 2001 TJX aggregated certain chains into the "off-price family apparel segment". Due to the growth of Winners and T.K. Maxx, TJX no longer aggregates them and now reports each of its operating divisions as a separate segment.

The T.J. Maxx and Marshalls store chains are managed on a combined basis and are reported as the Marmaxx segment. The Winners chain operates exclusively in Canada and T.K. Maxx operates in Europe, primarily the United Kingdom. Winners and T.K. Maxx accounted for 10% of TJX's net sales for fiscal 2001. All of TJX's other store chains do business in the United States with the exception of a limited number of stores operated in Puerto Rico by Marshalls and HomeGoods. TJX's target customer is the middle to upper-middle income shopper with the exception of the A.J. Wright stores which targets a more moderate income customer. All of TJX's stores, with the exception of HomeGoods sell apparel for the entire family with a limited offering of giftware and domestics. The HomeGoods stores are dedicated to home fashions and offer a variety of home furnishings.

TJX evaluates the performance of its segments based on pre-tax income before general corporate expense, goodwill amortization and interest (operating income). Presented below is selected financial information on TJX's business segments:

In Thousands	Fiscal Year Ended		
	January 27, 2001	January 29, 2000	January 30, 1999
<b>NET SALES:</b>			
Marmaxx	\$ 8,228,468	\$ 7,779,826	\$ 7,196,325
Winners	563,311	466,765	387,438
T. K. Maxx	389,062	298,659	222,090
HomeGoods	315,015	206,810	132,538
A. J. Wright	83,150	43,287	10,710
	-----	-----	-----
	\$ 9,579,006	\$ 8,795,347	\$ 7,949,101
	=====	=====	=====
<b>OPERATING INCOME (LOSS):</b>			
Marmaxx	\$ 858,358	\$ 849,560	\$ 753,921
Winners	71,055	54,914	39,765
T. K. Maxx (1)	10,867	6,462	(2,243)
HomeGoods (2)	4,700	4,581	(4,950)
A. J. Wright	(15,012)	(14,444)	(8,737)
	-----	-----	-----
	929,968	901,073	777,756
General corporate expense (3)	39,513	37,182	69,449
Goodwill amortization	2,609	2,609	2,609
Interest expense, net	22,904	7,345	1,686
	-----	-----	-----
Income from continuing operations before income taxes and cumulative effect of accounting change	\$ 864,942	\$ 853,937	\$ 704,012
	=====	=====	=====

(1) The period ended January 27, 2001 includes a pre-tax charge of \$6.3 million for the estimated cost of closing the three stores in the Netherlands.

(2) The period ended January 30, 1999 includes a pre-tax charge of \$2.2 million for certain store closing and other restructuring costs relating to HomeGoods.

(3) General corporate expense for the fiscal year ended January 29, 2000, includes a pre-tax gain of \$8.5 million associated with TJX's receipt of common stock resulting from the demutualization of Manulife Financial Corporation and a pre-tax charge of \$1.1 million for costs associated with a fiscal 1998 executive deferred compensation award. General corporate expense for the fiscal year ended January 30, 1999 includes a pre-tax charge of \$6.3 million for costs associated with the foregoing executive

deferred compensation award, a \$3.5 million pre-tax charge for the write-down of a note receivable from TJX's former Hit or Miss division and a \$7.5 million charitable donation to The TJX Foundation.

In Thousands	Fiscal Year Ended		
	January 27, 2001	January 29, 2000	January 30, 1999
<b>IDENTIFIABLE ASSETS:</b>			
Marmaxx	\$2,050,775	\$1,916,230	\$1,887,296
Winners	151,062	111,446	88,106
T. K. Maxx	176,916	138,914	108,154
HomeGoods	126,010	63,888	49,515
A. J. Wright	56,423	22,813	10,323
Corporate (primarily cash, goodwill and deferred taxes)	371,097	551,672	604,452
	\$2,932,283	\$2,804,963	\$2,747,846
<b>CAPITAL EXPENDITURES:</b>			
Marmaxx	\$ 152,901	\$ 175,985	\$ 164,502
Winners	18,775	11,412	11,778
T. K. Maxx	29,569	31,647	17,497
HomeGoods	30,245	10,819	5,688
A. J. Wright	25,515	8,706	8,277
	\$ 257,005	\$ 238,569	\$ 207,742
<b>DEPRECIATION AND AMORTIZATION:</b>			
Marmaxx	\$ 145,987	\$ 136,898	\$ 117,890
Winners	7,779	6,657	5,127
T. K. Maxx	10,292	8,552	6,929
HomeGoods	5,444	3,911	3,302
A. J. Wright	2,689	1,491	317
Corporate (including goodwill)	3,590	2,957	2,904
	\$ 175,781	\$ 160,466	\$ 136,469

#### 0. SUBSEQUENT EVENTS

On February 13, 2001, TJX issued \$517.5 million zero coupon convertible subordinated notes due in February 2021 and raised gross proceeds of \$347.6 million. The issue price of the notes represents a yield to maturity of 2% per year. The notes are subordinated to all existing and future senior indebtedness of TJX. The notes are convertible into 8.5 million shares of common stock of TJX if the sale price of the common stock reaches specified thresholds, if the credit rating of the notes is below investment grade, if the notes are called for redemption or if certain specified corporate transactions have occurred. The holders have the right to require TJX to purchase the notes at the end of the first, third, sixth and twelfth year following the issuance date, for the original purchase price plus accrued original issue discount. If this option is elected at the end of the first year, original issue discount accrued will be at the reduced rate of 1.5%. In addition, if a change in control of TJX occurs on or before February 13, 2007, each holder may require TJX to purchase for cash, all or a portion of such holder's notes. TJX may redeem for cash all, or a portion of, the notes at any time on or after February 13, 2007 for the original purchase price plus accrued original issue discount. TJX intends to use the proceeds to fund an accelerated store roll-out program, investment in its distribution center network, its common stock repurchase program and for general corporate purposes.

## Report of Independent Accountants

[PRICEWATERHOUSECOOPERS LOGO]

TO THE BOARD OF DIRECTORS AND SHAREHOLDERS OF THE TJX COMPANIES, INC.:

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of income, shareholders' equity and cash flows present fairly, in all material respects, the financial position of The TJX Companies, Inc. and its subsidiaries at January 27, 2001 and January 29, 2000, and the results of their operations and their cash flows for each of the three years in the period ended January 27, 2001 in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

Boston, Massachusetts  
February 27, 2001

/s/PricewaterhouseCoopers LLP

## Report of Management

The financial statements and related financial information in this annual report have been prepared by management which is responsible for their integrity, objectivity and consistency. The financial statements were prepared in accordance with generally accepted accounting principles and necessarily include amounts which are based upon judgments and estimates made by management.

TJX maintains a system of internal controls designed to provide, at appropriate cost, reasonable assurance that assets are safeguarded, transactions are executed in accordance with management's authorization and the accounting records may be relied upon for the preparation of financial statements. The system of controls includes the careful selection and training of associates, and the communication and application of formal policies and procedures that are consistent with high standards of accounting and administrative practices. The accounting and control systems are continually reviewed, evaluated and where appropriate, modified to accommodate changing business conditions and the recommendations of TJX's internal auditors and the independent public accountants.

An Audit Committee, comprised of members of the Board of Directors who are neither officers nor employees of TJX, meets periodically with management, internal auditors and the independent public accountants to review matters relating to TJX's financial reporting, the adequacy of internal accounting controls and the scope and results of audit work. The Committee is responsible for reporting the results of its activities and for recommending the selection of independent auditors to the full Board of Directors. The internal auditors and the independent public accountants have free access to the Committee and the Board of Directors.

The financial statements have been examined by PricewaterhouseCoopers LLP, whose report appears separately. Their report expresses an opinion as to the fair presentation of the consolidated financial statements and is based on an independent examination performed in accordance with generally accepted auditing standards.

/s/ Edmond J. English

/s/ Donald G. Campbell

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Edmond J. English  
President and Chief Executive Officer

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Donald G. Campbell  
Executive Vice President - Finance  
and Chief Financial Officer

February 27, 2001



Management's Discussion and Analysis of  
Results of Operations and Financial Condition

The following discussion contains forward-looking information and should be read in conjunction with the consolidated financial statements and notes thereto included elsewhere in this report. Our actual results could differ materially from the results contemplated by these forward-looking statements due to various factors, including those discussed under the "Forward-Looking Information" section of this report.

## RESULTS OF OPERATIONS

## OVERVIEW

The following is a summary of the operating results of TJX at the consolidated level. This discussion is followed by an overview of operating results by segment. All references to earnings per share are diluted earnings per share unless otherwise indicated.

Net sales for fiscal 2001 were \$9.58 billion, an increase of 8.9% over net sales of \$8.80 billion in fiscal 2000. Net sales for fiscal 2000 increased 10.6% over net sales of \$7.95 billion in fiscal 1999. Income from continuing operations before cumulative effect of accounting change ("income from continuing operations") was \$538.1 million in fiscal 2001, \$526.8 million in fiscal 2000, and \$433.2 million in fiscal 1999. Income from continuing operations per share was \$1.86 in fiscal 2001, versus \$1.66 in fiscal 2000 and \$1.29 in fiscal 1999. Net income was \$538.1 million in fiscal 2001, \$521.7 million in fiscal 2000, after a \$.02 per share charge for the cumulative effect of the change in accounting for layaway sales, and \$424.2 million in fiscal 1999, after a \$.02 per share charge relating to discontinued operations.

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

	Fiscal Year Ended January		
	2001	2000	1999
Net sales	100.0%	100.0%	100.0%
Cost of sales, including buying and occupancy costs	75.0	74.8	74.9
Selling, general and administrative expenses	15.7	15.4	16.2
Interest expense, net	.3	.1	--
Income from continuing operations before income taxes and cumulative effect of accounting change	9.0%	9.7%	8.9%

**NET SALES:** Our net sales increased 8.9% in fiscal 2001, to \$9.58 billion, over sales of \$8.80 billion in fiscal 2000. Net sales in fiscal 2000 increased 10.6% over sales of \$7.95 billion in fiscal 1999. The increase in our net sales for both years is attributable to an increase in same store sales and new stores. Consolidated same store sales increased 2% in fiscal 2001 and 5% in fiscal 2000. Our consolidated store count increased 10% in fiscal 2001 over the prior year as compared to a 9% increase in fiscal 2000 over fiscal 1999. In fiscal 2001, sales results were adversely affected by unseasonable or severe weather conditions in certain areas of the country, particularly at Marmaxx, the internal combination of T.J. Maxx and Marshalls. In both years, non-apparel sales gains generally exceeded increases in apparel sales.

**COST OF SALES, INCLUDING BUYING AND OCCUPANCY COSTS:** Cost of sales, including buying and occupancy costs, as a percentage of net sales were 75.0% in fiscal 2001, 74.8% in fiscal 2000 and 74.9% in fiscal 1999. The increase in this ratio in fiscal 2001 is primarily due to the moderation in our sales growth, distribution center capacity issues and an increase in our freight costs. The slight improvement in this ratio in fiscal 2000 versus fiscal 1999 is primarily due to improved merchandise margins at Marmaxx. We have managed our inventories tightly during both years, allowing us to take advantage of better buys in the marketplace. This ratio is expected to increase slightly in the short term due to our increased investment in our distribution center network.

**SELLING, GENERAL AND ADMINISTRATIVE EXPENSES:** Selling, general and administrative expenses as a percentage of net sales were 15.7% in fiscal 2001, 15.4% in fiscal 2000 and 16.2% in fiscal 1999. This ratio is largely influenced by corporate charges and other gains and losses included in this line over the last three years. Selling, general and administrative expenses for fiscal 2001 include a pre-tax charge of \$6.3 million for the estimated cost of closing the three T. K. Maxx stores operated in the Netherlands, while fiscal 2000 includes a pre-tax gain of \$8.5 million, due to the receipt of common stock due to the demutualization of Manulife Financial Corporation. The inclusion of these items in their respective years, along with an increase in store payroll costs at Marmaxx in fiscal 2001, is the

primary reason for the increase in this expense ratio in fiscal 2001. Selling, general and administrative expenses for fiscal 1999 include charges of \$7.5 million for a charitable cash donation to The TJX Foundation, \$3.5 million for the settlement of the Hit or Miss note receivable and \$6.3 million associated with an executive deferred compensation award. These charges in fiscal 1999, along with the pre-tax gain included in fiscal 2000, result in a reduction in the selling, general and administrative expenses as a percentage of net sales in fiscal 2000, as compared to fiscal 1999. In addition, the improvement in this ratio in fiscal 2000 also reflects the benefit of our sales growth along with the leveraging of expenses, particularly at our newer divisions. We believe this ratio will remain at or near the levels experienced over the past several years, excluding the non-recurring items.

**INTEREST EXPENSE, NET:** Interest expense, net of interest income, was \$22.9 million in fiscal 2001, \$7.3 million in fiscal 2000 and \$1.7 million in fiscal 1999. Interest income was \$11.8 million in fiscal 2001 versus \$13.1 million in fiscal 2000 and \$20.5 million in fiscal 1999. The increase in net interest expense in fiscal 2001 is due to increased borrowing levels. The increase in net interest expense for fiscal 2000 is due to the reduction in interest income. The increase in borrowing levels in fiscal 2001 and the reduction in interest income in fiscal 2000 is largely influenced by our stock repurchase activity in each of those years.

**INCOME TAXES:** Our effective annual income tax rate was 37.8% in fiscal 2001, 38.3% in fiscal 2000 and 38.5% in fiscal 1999. The reduction in the effective annual tax rate for fiscal 2001 is due to tax benefits recognized in connection with the United Kingdom net operating loss carryforward and tax benefits associated with the closing of the stores in the Netherlands. These tax benefits were all recognized in the fourth quarter of fiscal 2001 which results in an effective tax rate for the fourth quarter of fiscal 2001 of 34.6% versus 38.0% for the fourth quarter of fiscal 2000. The reduction in the effective annual tax rate in fiscal 2000 is due to recognition of tax benefits in connection with our net operating loss carryforward in Puerto Rico.

**INCOME FROM CONTINUING OPERATIONS/NET INCOME:** Income from continuing operations was \$538.1 million in fiscal 2001, \$526.8 million in fiscal 2000, and \$433.2 million in fiscal 1999. Income from continuing operations per share was \$1.86 in fiscal 2001, versus \$1.66 in fiscal 2000 and \$1.29 in fiscal 1999. Net income for fiscal 2000 includes a \$5.2 million charge, or \$.02 per share, for the cumulative effect of the accounting change for layaway sales. Net income for fiscal 1999 includes an after-tax charge to discontinued operations of \$9.0 million for lease related obligations, primarily for our former Hit or Miss stores. Net income, after reflecting the above items, was \$538.1 million, or \$1.86 per share, in fiscal 2001, \$521.7 million, or \$1.64 per share, in fiscal 2000 and \$424.2 million, or \$1.27 per share, in fiscal 1999.

**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. More detailed information about our segments can be found in Note N to the consolidated financial statements.

**MARMAXX:**

Dollars In Millions	Fiscal Year Ended January		
	2001	2000	1999
Net sales	\$8,228.5	\$7,779.8	\$7,196.3
Operating income	\$ 858.4	\$ 849.6	\$ 753.9
Operating margin	10.4%	10.9%	10.5%
Percent increase in same store sales	2%	4%	5%
Stores in operation at end of period	1,196	1,137	1,079

Marmaxx had a 2% same store sales increase in fiscal 2001, which was slightly less than our expectations and last year's 4% increase. This shortfall occurred primarily in those areas of the country that experienced unseasonable or severe weather conditions. This, along with increases in store payroll and freight costs are the prime reason for the reduction in Marmaxx's operating margin in fiscal 2001. These negatives were partially offset by maintaining strong merchandise margins and the strong performance of our new store openings. The results for fiscal 2000 versus fiscal 1999 reflect the strong sales performance in virtually all geographic regions along with good expense controls.

As a result of the success of our new stores, we have decided to increase our new store openings for fiscal 2002. Marmaxx currently expects to add a net of 75 new stores in fiscal 2002.

## WINNERS:

Dollars In Millions	Fiscal Year Ended January		
	2001	2000	1999
Net sales	\$ 563.3	\$ 466.8	\$ 387.4
Operating income	\$ 71.1	\$ 54.9	\$ 39.8
Operating margin	12.6%	11.8%	10.3%
Percent increase in same store sales (local currency)	8%	8%	13%
Stores in operation at end of period	117	100	87

Winners' same store sales were above plan with an increase of 8% on top of an 8% increase in the prior year. Operating income increased 29% in fiscal 2001 on top of a 38% increase in fiscal 2000. Winners is the leading off-price retailer in Canada which is a major factor in its growth. The growth in Winners' store base and their strong same store sales performance are the prime reasons for the improvement in Winners' operating margin in fiscal 2001 and fiscal 2000. We expect to open 15 Winners stores in fiscal 2002, increasing its store base by 13%. In addition, Winners plans to introduce our HomeSense division (a HomeGoods-like concept) to Canada with the opening of seven stores in fiscal 2002.

## T.K. MAXX:

Dollars In Millions	Fiscal Year Ended January		
	2001	2000	1999
Net sales	\$ 389.1	\$ 298.7	\$ 222.1
Operating income (loss)	\$ 10.9	\$ 6.5	\$ (2.2)
Operating margin	2.8%	2.2%	(1.0)%
Percent increase in same store sales (local currency)	8%	12%	12%
Stores in operation at end of period	74	54	39

T.K. Maxx in Europe recorded a same store sales increase of 8% on top of a 12% increase in the prior year. Operating income for fiscal 2001 includes a \$6.3 million charge for the cost of closing its three Netherlands stores as well as an operating loss of \$3.3 million for these stores. T.K. Maxx's operating income in the United Kingdom and Ireland, which excludes the Netherlands stores, is \$20.5 million in fiscal 2001, \$10.1 million in fiscal 2000 and \$3.3 million in fiscal 1999. The growth in T.K. Maxx's operating income in these two countries, for fiscal 2001 and fiscal 2000, is primarily due to the growth in their store base and their strong same store sales performance. We have increased our expansion plans for T.K. Maxx in the United Kingdom and Ireland and expect to add to its store base by a net of 27 stores in fiscal 2002.

## HOMEGOODS:

Dollars In Millions	Fiscal Year Ended January		
	2001	2000	1999
Net sales	\$ 315.0	\$ 206.8	\$ 132.5
Operating income (loss)	\$ 4.7	\$ 4.6	\$ (5.0)
Operating margin	1.5%	2.2%	(3.7)%
Percent increase in same store sales	3%	13%	9%
Stores in operation at end of period	81	51	35

HomeGoods' same store sales increased 3% in fiscal 2001 versus a 13% increase in the prior year. HomeGoods' operating income was \$4.7 million in fiscal 2001 versus \$4.6 million in fiscal 2000 and an operating loss of \$5.0 million in fiscal 1999. The growth in sales and improvement in operating results in fiscal 2000 was largely due to the success of defining the right merchandise focus for these stores. During the first half of fiscal 2001, HomeGoods continued to perform well, with new stores performing above plan. However, this increased volume, combined with many new stores opening during the peak fall shopping period, placed pressure on HomeGoods' distribution capacity which disrupted the flow of inventory to our stores. This issue was a major factor in this division's lower-than-planned performance for fiscal 2001. To deal with these issues, we are increasing our support from third party processors and we are adding additional storage space adjacent to our Mansfield, Massachusetts distribution center. Further, we will be opening an 800,000 square foot facility during fiscal 2002. We currently plan to open 30 HomeGoods stores in fiscal 2002.

A.J. WRIGHT:

Dollars In Millions	Fiscal Year Ended January		
	2001	2000	1999
Net sales	\$ 83.2	\$ 43.3	\$ 10.7
Operating (loss)	\$ (15.0)	\$ (14.4)	\$ (8.7)
Percent increase in same store sales	19%	N/A	N/A
Stores in operation at end of period	25	15	6

A.J. Wright increased its store base by 67% and achieved a 19% increase in same store sales in fiscal 2001. This chain is still in the development stages and entered new markets in the United States during fiscal 2001. During fiscal 2001 we opened a new 301,000 square foot distribution center in Fall River, Massachusetts. We currently plan to add 20 new stores in fiscal 2002.

## LIQUIDITY AND CAPITAL RESOURCES

## OPERATING ACTIVITIES

Net cash provided by operating activities was \$556.8 million in fiscal 2001, \$595.2 million in fiscal 2000 and \$642.4 million in fiscal 1999. The decrease in cash provided by operations in fiscal 2001 was primarily due to an increase in inventory levels offset, in part, by an increase in accrued expenses. Inventory levels as of January 27, 2001, as compared to the prior year, were higher primarily due to earlier buying for the spring season. Inventories as a percentage of sales were 15.2% in fiscal 2001, 14.0% in fiscal 2000 and 14.9% in fiscal 1999. The decrease in cash provided by operations in fiscal 2000 versus fiscal 1999 reflects funding of the trusts related to deferred compensation arrangements, and the reduction of certain accrued expenses, primarily insurance obligations and the store closing and restructuring reserve. Working capital was \$493.2 million in fiscal 2001, \$513.4 million in fiscal 2000 and \$629.2 million in fiscal 1999. The reduction in working capital in fiscal 2001, as compared to fiscal 2000, reflects a lower cash position offsetting increases in inventory. The reduction in working capital in fiscal 2000, as compared to fiscal 1999, reflects a lower cash position at year - end and an increase in the current installments of long - term debt. The cash balance in both years was largely influenced by activity in our stock repurchase program. The cash flows from operating activities have been reduced by \$3.8 million for fiscal 2001, \$27.9 million for fiscal 2000 and \$16.7 million for fiscal 1999, for cash expenditures charged against the store closing and restructuring reserve, and the discontinued operations reserve as discussed in more detail below.

**STORE CLOSING AND RESTRUCTURING RESERVE:** Our store closing and restructuring reserve relates primarily to a restructuring plan in connection with our acquisition of Marshalls in November 1995. This reserve, which was initially established in fiscal 1996 and subsequently adjusted, included the cost of closing 32 T. J. Maxx stores and the cost of closing 70 Marshalls stores and other Marshalls facilities. This reserve also included other costs in connection with the Marshalls acquisition, primarily inventory markdowns. The T.J. Maxx closing costs were charged to operations while the costs associated with Marshalls were a component of the allocation of the purchase price. This reserve also included some activity relating to several HomeGoods store closings, the impact of which is immaterial and currently includes the estimated cost of \$3.1 million for settling the lease obligations in connection with the closure of the three T.K. Maxx stores in the Netherlands. The following is a summary of the activity in the store closing and restructuring reserve for the last three fiscal years:

In Thousands	Fiscal Year Ended January		
	2001	2000	1999
Balance at beginning of year	\$ 15,731	\$ 44,598	\$ 57,966
Additions to the reserve	3,109	--	1,961
<b>RESERVE ADJUSTMENTS:</b>			
Adjust Marshalls restructuring reserve	--	(3,000)	--
Adjust T.J. Maxx store closing reserve	--	(300)	(1,800)
<b>CHARGES AGAINST THE RESERVE:</b>			
Lease related obligations	(1,922)	(23,734)	(12,521)
Severance and all other charges	--	--	(927)
Net activity relating to HomeGoods closings	(126)	(1,833)	(81)
Balance at end of year	\$ 16,792	\$ 15,731	\$ 44,598

The remaining balance in the store closing and restructuring reserve as of January 27, 2001 of \$16.8 million is primarily for the estimated cost of the future lease obligations of the closed stores. The estimates and assumptions used in developing the remaining reserve requirements are subject to change, however, we believe we have adequate reserves for these obligations. The use of the reserve will reduce operating cash flows in varying amounts over the next ten to fifteen years as the related leases reach their expiration dates or are settled. We believe future spending will not have a material impact on future cash flows or our financial condition.

DISCONTINUED OPERATIONS RESERVE: We also have a reserve for future obligations relating to discontinued operations for the former Zayre and Hit or Miss store chains and the Chadwick's of Boston catalog operation. The reserves were established at the time of the sale of these operations and were adjusted to reflect our obligations relating to guarantees on some leases of the Zayre and Hit or Miss properties. The current balance in this reserve and the activity for the last three fiscal years, as presented below, relates primarily to the lease related obligations of the Zayre and Hit or Miss locations.

In Thousands	Fiscal Year Ended January		
	2001	2000	1999
Balance at beginning of year	\$ 27,304	\$ 29,660	\$ 17,843
Additions to the reserve	--	--	15,000
CHARGES AGAINST THE RESERVE:			
Lease related obligations	(1,621)	(2,150)	(2,768)
All other	(171)	(206)	(415)
Balance at end of year	\$ 25,512	\$ 27,304	\$ 29,660

On November 12, 2000, the Hit or Miss store chain filed for bankruptcy and subsequently announced that it is in the process of liquidating its assets under Chapter 11 of the Federal Bankruptcy Code. We believe our reserve is adequate relating to contingent obligations associated with Hit or Miss. Future spending against the discontinued operations reserve will reduce operating cash flows in varying amounts over the next ten to fifteen years, as leases reach termination dates or are settled. We believe future spending will not have a material impact on future cash flows or our financial condition.

In addition to the above obligations, we are also contingently liable on certain other leases of the former Zayre stores as well as leases on our former warehouse club operations. See Note M to the consolidated financial statements for further information.

#### INVESTING ACTIVITIES

Our cash flows for investing activities include capital expenditures for the last two years as set forth in the table below:

In Millions	Fiscal Year Ended January	
	2001	2000
New stores	\$ 112.1	\$ 81.2
Store renovations and improvements	94.0	96.1
Office and distribution centers	50.9	61.3
Capital expenditures	\$ 257.0	\$ 238.6

We expect that capital expenditures will approximate \$470 million for fiscal year 2002. This includes \$146.2 million for new stores, \$145.3 million for store renovations and improvements and \$178.5 million for our office and distribution centers. We have increased our planned rate of new store growth from 10% to 12% per year on a consolidated basis for the next several years. This increased rate of growth, and the related investment in our distribution center network, are the major factors in our increase in planned capital expenditures. The plan also assumes that an increased portion of our distribution center capital needs will be purchased rather than leased. The most significant distribution center capital requirements for fiscal 2002 include the equipment and fixtures for the new Marmaxx facility in Philadelphia and the new HomeGoods facility in Indianapolis. These are leased facilities which will become operational during fiscal 2002.

Investing activities include \$23.1 million for fiscal 2001 and \$5.8 million for fiscal 2000 due to advances we made under a construction loan agreement, in connection with the expansion of our leased home office facility. This note receivable is included in other assets on the balance sheet. Investing activities also include proceeds of \$9.2 million in fiscal 2001 from the sale of common stock of Manulife Financial and proceeds of \$9.4 million in fiscal 1999 from the sale of shares of Brylane, Inc. common stock obtained in connection

with the sale of Chadwick's.

## FINANCING ACTIVITIES

In December 1999, we issued \$200 million of 7.45% unsecured notes resulting in net proceeds of \$198.1 million. The proceeds were used for general corporate purposes and to support our ongoing stock repurchase program. Financing activities include principal payments on long-term debt of \$100.2 million in fiscal 2001, \$695,000 in fiscal 2000 and \$23.4 million in fiscal 1999.

During fiscal 2001, we completed a \$750 million stock repurchase program and announced a new multi-year, \$1 billion stock repurchase program. These stock repurchase programs followed a \$250 million stock repurchase program in fiscal 1999. We spent \$444.1 million in fiscal 2001, \$604.6 million in fiscal 2000 and \$337.7 million in fiscal 1999, funded primarily by excess cash generated from operations. We repurchased 22.2 million shares in fiscal 2001, 23.6 million in fiscal 2000 and 15.6 million in fiscal 1999 (adjusted for stock split). As of January 27, 2001 we have repurchased 19.6 million shares of our common stock at a cost of \$381.6 million under the current \$1 billion stock repurchase program.

We declared quarterly dividends on our common stock of \$.04 per share in fiscal 2001, \$.035 per share in fiscal 2000 and \$.03 per share in fiscal 1999. Cash payments for dividends on our common stock totaled \$44.7 million in fiscal 2001, \$42.7 million in fiscal 2000 and \$36.5 million in fiscal 1999. Prior to fiscal 2000, we also had dividend requirements on all of our outstanding preferred stock that resulted in cash outlays of \$3.9 million in fiscal 1999. During fiscal 1999, 357,300 shares of Series E preferred stock were voluntarily converted into 6.7 million shares of common stock. On November 18, 1998 the remaining 370,000 outstanding shares of the Series E preferred stock were mandatorily converted into 8.0 million shares of common stock in accordance with its terms. We paid inducement fees of \$130,000 on the Series E voluntary conversions in fiscal 1999. The inducement fees are classified as preferred dividends and were paid through the respective conversion dates. Financing activities also include proceeds of \$26.1 million for fiscal 2001, \$9.3 million for fiscal 2000 and \$13.9 million for fiscal 1999 from the exercise of employee stock options. These stock option exercises provided tax benefits of \$15.9 million in fiscal 2001, \$11.7 million in fiscal 2000 and \$13.8 million in fiscal 1999, which are included in cash provided by operating activities.

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 can borrow up to \$500 million under our five-year revolving credit agreement entered in September 1997 and up to \$250 million under our 364-day revolving credit agreement entered in July 2000. The revolving credit facilities are used as backup to our commercial paper program. As of January 27, 2001 we had a total of \$711 million available under these agreements. The maximum amount of U.S. short term borrowings outstanding was \$330 million during fiscal 2001, \$108 million during fiscal 2000, with no borrowings outstanding during fiscal 1999. The weighted average interest rate on our U.S. short term borrowings was 6.82% in fiscal 2001 and 6.06% in fiscal 2000. We also have C\$40 million of credit lines for our Canadian operations, all of which were available as of January 27, 2001. The maximum amount outstanding under our Canadian credit lines was C\$15.2 million during fiscal 2001, C\$19.2 million during fiscal 2000 and C\$15.6 million during fiscal 1999.

In February 2001, we issued \$517.5 million zero coupon convertible subordinated notes due 2021 and raised gross proceeds of \$347.6 million. The issue price of the notes represents a yield to maturity of 2% per year. The notes are convertible into 8.5 million shares of our common stock if its value reaches specified thresholds, and upon the occurrence of other specified events. The holders may require us to purchase the notes at specified prices on the first, third, sixth and twelfth anniversary of their issuance. We may pay the purchase price in cash, our stock, or a combination of the two. We intend to use the proceeds for our accelerated store roll-out program, investment in our distribution center network, general corporate purposes and our common stock repurchase program.

We believe that our current credit facilities are more than adequate to meet our operating needs. See Notes C, G and O to the consolidated financial statements for further information regarding our long-term debt, capital stock transactions and available financing sources.

## RECENT ACCOUNTING PRONOUNCEMENTS

During 1998, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No. 133, "Accounting for Derivative Instruments and Hedging Activities." This Statement, as amended, established accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts, and for hedging activities. This Statement requires that an entity recognize all derivatives as either assets or liabilities in the statements of financial position and measure those instruments at fair value. This Statement also requires that companies recognize adjustments to the fair value of derivatives in earnings when they occur, if they do not qualify for hedge accounting. For derivatives that qualify for hedge accounting, changes in the fair value of the derivatives can be recognized currently in earnings, along with an offsetting adjustment against the basis of the underlying hedged item, or can be deferred in accumulated other comprehensive income.

This Statement will affect the accounting for our hedging contracts as described in Note D to the consolidated financial statements. As described in Note D, TJX periodically enters into forward foreign currency exchange contracts to hedge certain merchandise purchase commitments and to hedge our net investment in foreign subsidiaries. Through January 27, 2001, TJX applied hedge accounting to these contracts. We adopted SFAS No. 133 at the beginning of our first quarter for fiscal 2002. Upon adoption of SFAS No. 133 we elected not to

apply the hedge accounting rules to our merchandise related contracts even though these contracts effec-



tively function as an economic hedge of the underlying exposure. Thus, the changes in fair value of the inventory related contracts will impact earnings in the period of change. We will continue to apply hedge accounting on the net investment hedge contracts and changes in fair value of these contracts will continue to be recorded in accumulated other comprehensive income.

In accordance with SFAS No. 133, the fair value of all of TJX's hedge contracts amounted to a net asset of \$10 million, most of which are for the net investment hedge contracts. The carrying value of all of our hedging contracts, before adoption, was \$12 million and thus we recorded a charge to accumulated other comprehensive income for the cumulative effect of an accounting change of \$2 million effective January 28, 2001.

#### MARKET RISK

We are exposed to foreign currency exchange rate risk on our investment in our Canadian (Winners) and European (T.K. Maxx) operations. As more fully described in Note D to the consolidated financial statements, we hedge a significant portion of our net investment and certain merchandise commitments in these operations with derivative financial instruments. We utilize currency forward and swap contracts, designed to offset the gains or losses in the underlying exposures. The contracts are executed with creditworthy banks and are denominated in currencies of major industrial countries. We do not enter into derivatives for speculative trading purposes.

#### FORWARD-LOOKING INFORMATION

Some statements contained in this Annual Report are forward-looking and involve a number of risks and uncertainties. Statements that address activities, events and results that we intend, expect or believe may occur in the future are forward-looking statements. Among the factors that could cause actual results to differ materially from those expressed or implied by such forward-looking statements are the following: general economic conditions and consumer demand and consumer preferences; weather patterns in areas where we have concentrations of stores; competitive factors, including pressure from pricing and promotional activities of competitors; impact of excess retail capacity and the availability of desirable store and distribution center locations on suitable terms; recruiting quality sales associates; the availability, selection and purchasing of attractive merchandise on favorable terms; potential disruptions in supply and duties, tariffs and quotas on imported merchandise, as well as economic and political problems in countries from which merchandise is imported; currency and exchange rate factors in our foreign operations; expansion of our store base, development of new businesses and application of our off-price strategies in foreign countries; acquisition and divestment activities; and other factors that may be described in our 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 therein will not be realized.

#### Price Range of Common Stock

TJX's common stock is listed on the New York Stock Exchange (Symbol: TJX). The quarterly high and low trading stock prices for fiscal 2001 and fiscal 2000 are as follows:

Quarter	Fiscal 2001		Fiscal 2000	
	High	Low	High	Low
First	\$ 24.56	\$ 13.94	\$ 37.00	\$ 27.06
Second	22.38	16.00	35.94	28.75
Third	26.31	15.81	33.50	24.00
Fourth	31.50	22.50	27.81	16.25

The approximate number of common shareholders at January 27, 2001 was 40,300.

TJX declared four quarterly dividends of \$.04 per share for fiscal 2001 and \$.035 per share for fiscal 2000.

## Selected Quarterly Financial Data (Unaudited)

In Thousands Except Per Share Amounts	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Fiscal Year Ended January 27, 2001				
Net sales	\$2,108,116	\$2,258,174	\$2,461,411	\$2,751,305
Gross earnings (1)	554,076	555,876	653,663	627,267
Income before cumulative effect of accounting change	130,580	114,033	158,274	135,179
Diluted earnings per share	.44	.39	.56	.48
Net income	130,580	114,033	158,274	135,179
Diluted earnings per share	.44	.39	.56	.48
Fiscal year ended January 29, 2000 (2)				
Net sales	\$1,930,506	\$2,102,851	\$2,235,054	\$2,526,936
Gross earnings (1)	511,714	517,603	588,784	597,846
Income before cumulative effect of accounting change	122,274	115,881	151,717	136,950
Diluted earnings per share	.38	.36	.48	.44
Net income	117,120	115,881	151,717	136,950
Diluted earnings per share	.36	.36	.48	.44

(1) Gross earnings equal net sales less cost of sales, including buying and occupancy costs.

(2) During fiscal 2000, TJX changed its method of accounting for layaway sales (See Note A to the consolidated financial statements). The cumulative effect of this change for periods prior to January 31, 1999 of \$5.2 million, net of income taxes of \$3.4 million, is included in net income of the first quarter of fiscal 2000.

## SUBSIDIARIES

OPERATING SUBSIDIARIES	STATE OR JURISDICTION OF INCORPORATION OR ORGANIZATION	NAME UNDER WHICH DOES BUSINESS (IF DIFFERENT)
NBC Attire Inc.	Massachusetts	
Newton Buying Corp.	Delaware	
NBC Distributors Inc.	Massachusetts	
NBC Merchants, Inc.	Indiana	
NBC Charlotte Merchants, Inc.	North Carolina	
NBC Nevada Merchants, Inc.	Nevada	
NBC Philadelphia Merchants, Inc.	Pennsylvania	
Marmaxx Operating Corp.	Delaware	T.J. Maxx/Marshalls
Marshalls Atlanta Merchants, Inc.	Georgia	
Marshalls Bridgewater Merchants, Inc.	Virginia	
Marshalls Woburn Merchants, Inc.	Massachusetts	
Marshalls of MA, Inc.	Massachusetts	
New York Department Stores de Puerto Rico, Inc.	Puerto Rico	Marshalls
Marshalls of Richfield, MN, Inc.	Minnesota	
Marshalls of Northridge-Devonshire, CA, Inc.	California	
Marshalls of Glen Burnie, MD, Inc.	Maryland	
Marshalls of Beacon, VA, Inc.	Virginia	
Marshalls of Laredo, TX, Inc.	Texas	
Marshalls of Calumet City, IL, Inc.	Illinois	
Marshalls of Chicago-Clark, IL, Inc.	Illinois	
Marshalls of Streamwood, IL, Inc.	Illinois	
Marshalls of Chicago-Brickyard, IL, Inc.	Illinois	
Marshalls of Matteson, IL, Inc.	Illinois	
Marshalls of Elizabeth, NJ, Inc.	New Jersey	
Marshalls of Nevada, Inc.	Nevada	
Newton Buying Company of CA, Inc.	Delaware	Marshalls
Strathmex Corp.	Delaware	
HomeGoods, Inc.	Delaware	
H.G. Merchants, Inc.	Massachusetts	
H.G. Indiana Distributors, Inc.	Indiana	
HomeGoods of Puerto Rico, Inc.	Puerto Rico	
Winners Merchants Inc.	Ontario, Canada	
NBC Apparel, Inc.	Delaware	
NBC Apparel	United Kingdom	T.K. Maxx
NBC Apparel Group	United Kingdom	
T.K. Maxx	United Kingdom	
NBC Apparel Management Limited	United Kingdom	
TJX Netherlands B.V.	Netherlands	T.K. Max
T.K. Maxx Ireland	Ireland	
Concord Buying Group, Inc.	New Hampshire	A.J. Wright
AJW Merchants Inc.	Massachusetts	A.J. Wright
NBC Manager, LLC	Delaware	
NBC Trust	Massachusetts	
NBC Operating, LLC	Delaware	

## SUBSIDIARIES

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CONTINUED

OPERATING SUBSIDIARIES -----	STATE OR JURISDICTION OF INCORPORATION OR ORGANIZATION -----	NAME UNDER WHICH DOES BUSINESS (IF DIFFERENT) -----
T.J. Maxx of CA, LLC	Delaware	
T.J. Maxx of IL, LLC	Delaware	
Marshalls of CA, LLC	Delaware	
Marshalls of IL, LLC	Delaware	
NYDS, LLC	Delaware	
LEASING SUBSIDIARIES -----		
Cochituate Realty, Inc.	Massachusetts	
NBC First Realty Corp.	Indiana	
NBC Second Realty Corp.	Massachusetts	
NBC Fourth Realty Corp.	Nevada	
NBC Fifth Realty Corp.	Illinois	
NBC Sixth Realty Corp.	North Carolina	
AJW Realty of Fall River, Inc.	Massachusetts	
H.G. Freetown Realty Corp.	Massachusetts	
H.G. Conn. Realty Corp.	Delaware	

## POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Edmond English and Donald G. Campbell and each of them, his or her true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign the form 10-K to be filed by The TJX Companies, Inc. for the fiscal year ended January 27, 2001 and any or all amendments thereto and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or their substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

/s/ EDMOND ENGLISH

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 Edmond English, President,  
 Principal Executive Officer and  
 Director

/s/ DONALD G. CAMPBELL

-----  
 Donald G. Campbell, Executive Vice  
 President-Finance, Principal Financial  
 and Accounting Officer

/s/ BERNARD CAMMARATA

-----  
 Bernard Cammarata, Director

/s/ JOHN M. NELSON

-----  
 John M. Nelson, Director

/s/ GARY CRITTENDEN

-----  
 Gary Crittenden, Director

/s/ JOHN F. O'BRIEN

-----  
 John F. O'Brien, Director

/s/ GAIL DEEGAN

-----  
 Gail Deegan, Director

/s/ ROBERT F. SHAPIRO

-----  
 Robert F. Shapiro, Director

/s/ DENNIS F. HIGHTOWER

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 Dennis F. Hightower, Director

/s/ WILLOW B. SHIRE

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 Willow B. Shire, Director

/s/ RICHARD LESSER

-----  
 Richard Lesser, Director

/s/ FLETCHER H. WILEY

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 Fletcher H. Wiley, Director

/s/ ARTHUR F. LOEWY

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 Arthur F. Loewy, Director

Dated: April 11, 2001