

SECURITIES AND EXCHANGE COMMISSION  
Washington, DC 20549

## FORM 10-K

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 25, 1997 Commission file number 1-4908

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

Delaware 04-2207613  
(State or other jurisdiction of (IRS Employer  
incorporation or organization) Identification No.)

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

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

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

Title of each class	Name of each exchange on which registered
Common Stock, par value \$1.00	New York Stock Exchange
Series E Cumulative Convertible Preferred 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, 1997 was \$3,403,391,026.

There were 79,683,329 shares of the Registrant's Common Stock, \$1 par value, outstanding as of March 31, 1997.

## DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Annual Report to Stockholders for the fiscal year ended January 25, 1997 (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 3, 1997 (Part III).

## ITEM 1. Business

The TJX Companies, Inc., (together with its wholly-owned subsidiaries, hereinafter referred to as the "Company"), is the largest off-price apparel retailer in North America. The Company operates 578 T.J. Maxx stores, 454 Marshalls stores, and Winners Apparel Ltd., a Canadian off-price family apparel chain with 65 stores. TJX also operates HomeGoods, a U.S. off-price home fashion chain with 21 stores, and T.K. Maxx, an off-price family apparel concept in the United Kingdom, which has 18 stores.

The Company acquired Marshalls, an off-price family apparel chain, from Melville Corporation on November 17, 1995 having paid \$424.3 million in cash, plus \$175 million in TJX convertible preferred stock. The total purchase price of Marshalls, including acquisition costs, was \$606 million. The results of Marshalls are included in the Company's consolidated results from the date of acquisition.

The Company strives to provide value to its customers by delivering brand names, fashion, quality and price. During the fiscal year ended January 25, 1997 ("fiscal 1997"), the Company's stores derived 34.0% of its sales from the Northeast, 18.3% from the Midwest, 28.7% from the South, 1.1% from the Central States, 14.1% from the West and 3.8% from Canada.

As a result of the Marshalls acquisition, the Company has started to realize improved operating efficiencies for the combined T.J. Maxx/Marshalls entity through the integration of many administrative and operational functions as well as through increased purchasing leverage allowing the Company to provide increased values to its customers. In addition, the Company has been able to decrease the amount of excess retail square footage by the closure of 30 T.J. Maxx stores and 63 Marshalls stores from the date of acquisition through the end of fiscal 1997. The Company expects to close another 50 Marshalls stores during fiscal 1998. The Company has retained the independent identities of the T.J. Maxx and Marshalls stores, including certain elements of merchandising, product assortment and store appearance.

The majority of the Company's sales volume is done through the Company's T.J. Maxx and Marshalls stores. T.J. Maxx operates 578 stores in 47 states, with an average store size of 29,000 gross square feet, while Marshalls operates 454 stores in 37 states and Puerto Rico, with an average store size of 32,000 gross square feet. T.J. Maxx and Marshalls sell a broad range of brand name family apparel, accessories, shoes, domestics, giftware and jewelry at prices generally 20% to 60% below department and specialty store regular prices. Winners Apparel Ltd. is an off-price family apparel retailer, which operates 65 stores in Canada. HomeGoods, an off-price business the Company began testing in fiscal 1993, sells domestics, giftware and other home fashions and operates a total of 21 stores. T.K. Maxx, the Company's newest venture, operates 18 off-price family apparel stores in the United Kingdom. Unless otherwise indicated, all figures herein relating to numbers of stores are as of January 25, 1997.

In common with the business of apparel retailers generally, the Company's business is subject to seasonal influences, with higher levels of sales and income generally realized in the second half of the year.

In December 1996, the Company sold its Chadwick's of Boston catalog division and in September 1995, the Company sold its Hit or Miss chain of off-price women's specialty apparel stores. The Company will continue to evaluate its existing operations and that of other retailers and review opportunities that would strengthen its position in the apparel retail industry.

Set forth in the following table are the locations of stores operated by the Company's United States operations as of January 25, 1997:

	T.J. Maxx -----	Marshalls -----	HomeGoods -----
Alabama .....	9	2	--
Arizona .....	8	3	--
Arkansas .....	3	--	--
California .....	48	67	--
Colorado .....	8	3	--
Connecticut .....	24	19	2
Delaware .....	2	2	--
District of Columbia .....	1	--	--
Florida .....	40	40	--
Georgia .....	20	18	--
Idaho .....	1	--	--
Illinois .....	33	29	3
Indiana .....	7	4	--
Iowa .....	4	1	--
Kansas .....	4	1	--
Kentucky .....	6	1	1
Louisiana .....	4	5	--
Maine .....	5	1	--
Maryland .....	9	13	--
Massachusetts .....	39	36	6
Michigan .....	25	7	--
Minnesota .....	12	10	--
Mississippi .....	2	--	--
Missouri .....	7	8	--
Montana .....	1	--	--
Nebraska .....	2	1	--
Nevada .....	3	3	--
New Hampshire .....	9	6	2
New Jersey .....	16	26	--
New Mexico .....	2	--	--
New York .....	35	33	--
North Carolina .....	18	10	--
North Dakota .....	3	--	--
Ohio .....	31	8	3
Oklahoma .....	3	1	--
Oregon .....	4	2	--
Pennsylvania .....	30	16	--
Puerto Rico .....	--	12	--
Rhode Island .....	5	3	--
South Carolina .....	9	4	--
South Dakota .....	1	--	--
Tennessee .....	13	6	--
Texas .....	26	29	--
Utah .....	4	--	--
Vermont .....	2	--	--
Virginia .....	22	18	--
Washington .....	7	5	--
West Virginia .....	1	--	--
Wisconsin .....	10	1	4
	---	---	--
Total Stores	578	454	21
	===	===	==

Winners Apparel Ltd. operates 65 stores in Canada: 9 in Alberta, 3 in Manitoba, 35 in Ontario, 11 in Quebec, 2 in Nova Scotia, 1 in Saskatchewan, 2 in British Columbia and 2 in New Brunswick.

T.K. Maxx operates 18 stores in the United Kingdom.

## T.J. MAXX AND MARSHALLS

## T.J. Maxx Stores

T.J. Maxx, the largest off-price family apparel chain in the United States, was founded by the Company in 1976 and operates 578 stores in 47 states.

T.J. Maxx sells brand name family apparel, accessories, giftware, domestics, women's shoes and fine jewelry at prices generally 20% to 60% below department and specialty store regular prices. T.J. Maxx's target customers are women between the ages of 25 to 50, who typically have families with middle and upper-middle incomes and who generally fit the profile of a department store shopper.

T.J. Maxx stores are generally located in suburban community shopping centers and average approximately 29,000 gross square feet in size. In recent years, T.J. Maxx has enlarged a number of stores to a larger format, approximately 30,000-40,000 square feet in size, and plans to continue its program of enlarging other successful stores. This larger format allows T.J. Maxx to expand all of its departments, with particular emphasis on its giftware and housewares departments and other non-apparel categories. During fiscal 1997, 21 stores were opened, including 13 of the new larger prototype, and 30 were closed, including 4 of the larger prototype. In addition, 21 existing stores were expanded to the larger format, bringing the total of T.J. Maxx stores in the larger format to 247. In fiscal 1998, approximately 25 new stores are planned, of which approximately 10 are expected to be larger stores, along with the planned expansion of about 20 existing locations.

## Marshalls Stores

Marshalls, the second largest off-price family apparel retailer in the United States, operates 454 stores in 37 states and Puerto Rico. Marshalls target customers fit a profile similar to those of T.J. Maxx. Marshalls merchandise is also similar to that carried by T.J. Maxx, except that Marshalls offers its customers a full-line shoe department, a larger men's department and costume, rather than fine, jewelry. Marshalls stores average approximately 32,000 gross square feet. During fiscal 1997, 11 Marshalls stores were opened and 53 were closed and in fiscal 1998, approximately 15 new stores are planned along with approximately 50 closings.

The operations and strategies of T.J. Maxx and Marshalls have been very similar historically. Prior to the acquisition of Marshalls by TJX, Marshalls had deviated from some of its key strategies, such as everyday low prices, in favor of other marketing ideas, including frequent promotional pricing. The Company believes that restoring Marshalls historical strategies and effecting other improvements, were significant factors in increasing Marshalls level of profitability and performance in fiscal 1997.

## Buying and Distribution

During fiscal 1997, the Company combined a number of administrative functions of the T.J. Maxx and Marshalls operations with one of the most significant being the buying and merchandising function. The ability to

purchase merchandise at favorable prices and operate with a low cost structure is essential to T.J. Maxx's and Marshalls off-price mission which emphasizes providing quality brand-name merchandise at great values to its customers. These chains use opportunistic buying strategies to purchase large quantities of merchandise at significant discounts from initial wholesale prices. Those strategies include special situation purchases, closeouts of current season fashions and out-of-season purchases of basic seasonal items for warehousing until the appropriate selling season. These buying strategies rely heavily on inventory controls that permit a virtually continuous "open-to-buy" position. In addition, highly automated storage and distribution systems track, allocate and deliver an average of 10,000 items per week to each store. T.J. Maxx's computerized warehouse storage, handling and shipping systems permit a continuous evaluation and replenishment of store inventory requirements and the breakdown of manufacturers' bulk shipments into computer-determined individual store allotments by style, size and quantity. Pricing and markdown decisions and store inventory replenishment requirements are determined centrally, using satellite-transmitted information provided by point-of-sale computer terminals; this ensures that substantially all merchandise is sold within targeted selling periods. During fiscal 1997, the Company developed a plan for the realignment of the Marshalls and T.J. Maxx distribution facilities which is expected to be implemented over the next several years. Each T.J. Maxx store is currently serviced by one of the chain's four distribution centers in Worcester, Massachusetts; Evansville, Indiana; Las Vegas, Nevada; and Charlotte, North Carolina. Each Marshalls store is currently serviced by one of four main distribution centers located in Woburn, Massachusetts; Decatur, Georgia; Bridgewater, Virginia; and Chatsworth, California. Other administrative functions that have been consolidated include finance, real estate, human resources and systems.

#### WINNERS APPAREL LTD.

The Company acquired the Winners chain in 1990. The Winners acquisition has provided the Company with the opportunity to introduce the concept of off-price apparel retailing to the Canadian market. Since the acquisition, Winners has increased its number of stores from 5 to 65.

Winners' apparel merchandising concept is substantially similar to that of T.J. Maxx. Winners' stores average 25,000 square feet, and emphasize off-price designer and brand name misses sportswear, dresses, women's shoes, lingerie, accessories and giftware, as well as menswear and clothing for children, including infants and toddlers. In fiscal 1997, Winners opened 13 stores in new and existing Canadian markets and expects to open a similar amount of stores in fiscal 1998.

#### HOMEGOODS

HomeGoods is a chain of off-price home fashion stores started by the Company in 1992 and designed to expand the Company's off-price presence in the home fashions market. The Company is continuing efforts to develop this business and during fiscal 1997 tested a new advertising campaign and a new signage package. The HomeGoods stores offer a broad and deep range of home fashion products, including giftware, domestics, rugs, bath accessories, lamps and seasonal merchandise in a no-frills, multi-department format.

HomeGoods' stores currently average approximately 37,000 square feet. HomeGoods has been moving to a smaller 35,000 square foot prototype for new openings and downsizing existing locations. HomeGoods opened 1 store and closed 2 stores in fiscal 1997 and now operates a total of 21 stores. HomeGoods and T.J. Maxx have experimented with a new format that combines T.J. Maxx and HomeGoods in one store and currently operates 3 such locations.

#### T.K. MAXX

During fiscal 1995, the Company began testing the off-price family apparel concept in Europe by opening its first 5 T.K. Maxx stores in the United Kingdom. T.K. Maxx utilizes the same off-price strategy employed by T.J. Maxx, Marshalls and Winners. At the end of fiscal 1997, the Company had a total of 18 stores and has plans to open approximately 15 stores in fiscal 1998. Most of these openings will be in the United Kingdom with several openings anticipated in other European countries.

#### EMPLOYEES

At January 25, 1997, the Company had approximately 56,000 employees, many of whom work less than 40 hours per week. In addition, temporary employees are hired during the peak back-to-school and holiday seasons. The Company has collective bargaining agreements with the Union of Needletrades and Textile Employees ("UNITE"), formerly the International Ladies' Garment Workers' Union, covering approximately 3,200 employees in its distribution facilities in Worcester and Mansfield, Massachusetts; Evansville, Indiana; Las Vegas, Nevada; Charlotte, North Carolina; and Decatur, Georgia. A new three year agreement, effective January 1, 1997, was ratified by the union workers in Charlotte. Negotiations are currently being conducted with UNITE for an agreement covering Decatur, Georgia union workers, and negotiations for union workers at the Worcester, Mansfield and Las Vegas facilities will be scheduled prior to the December 31, 1997, expiration of current contracts. The Company considers its labor/management relations and overall employee relations to be good.

#### COMPETITION

The retail apparel business is highly competitive. The Company generally competes for customers with a variety of conventional and discount retail stores, including national, regional and local independent department and specialty stores, as well as with catalog operations, factory outlet stores and other off-price stores. In recent years, the Company has encountered increased competition from department stores which have become more focused on promotions to increase sales. Competitive factors important to the Company's customers include fashion, value, merchandise selection, brand name recognition and, to a lesser degree, store location. In addition, because the Company purchases much of its inventory opportunistically, the Company competes for merchandise with other national and regional off-price apparel and other discount outlets. Also, many of the Company's competitors handle identical or similar lines of merchandise and have comparable locations, and some have greater financial resources than the Company. The Company believes that the Marshalls acquisition has enhanced its competitiveness.



## CREDIT

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

## BUYING AND DISTRIBUTION

The T.J. Maxx and Marshalls chains are serviced by a single centralized buying organization while each of the other chains has its own centralized buying organization. All of the Company's chains are serviced through their own distribution network. Each T.J. Maxx store is serviced by one of the chain's four distribution centers in Worcester, Massachusetts, Evansville, Indiana, Las Vegas, Nevada and Charlotte, North Carolina. Shipments are made twice a week by contract carrier to each store. Each Marshalls store is serviced by one of the chain's four main distribution centers in Woburn, Massachusetts; Decatur, Georgia; Chatsworth, California; and Bridgewater, Virginia. Winners Apparel Ltd. stores are serviced from a distribution center in Brampton, Ontario, HomeGoods stores are serviced from a distribution center in Mansfield, Massachusetts, and T.K. Maxx stores are serviced from a distribution center in Milton Keynes, England.

## ITEM 2. Properties

All of the Company's chains lease virtually all of their store locations. Leases are generally for 10 years with options to extend for one or more 5 year periods. The Company has the right to terminate certain leases before the expiration date under certain circumstances and for a specified payment.

The approximate average size of a T.J. Maxx store is 29,000 square feet, Marshalls stores average approximately 32,000 square feet, Winners stores are approximately 25,000 square feet on average, HomeGoods stores currently average approximately 37,000 square feet and T.K. Maxx stores average approximately 27,000 square feet. The Company owns four T.J. Maxx distribution facilities - a 526,000 square foot facility in Worcester, Massachusetts; a 983,000 square foot facility in Evansville, Indiana; a 400,000 square foot facility in Las Vegas, Nevada; and a 600,000 square foot facility in Charlotte, North Carolina. The Company owns one of the Marshalls distribution facilities, a 856,000 square foot facility in Decatur, Georgia. In addition, Marshalls leases its other three main distribution facilities - a 837,000 square foot facility in Woburn, Massachusetts; a 183,000 square foot facility in Chatsworth, California; and a 700,000 square foot facility in Bridgewater, Virginia. Winners leases a 391,000 square foot distribution center in Brampton, Ontario and 56,000 square feet of office space in Mississauga, Ontario. HomeGoods leases a 205,000 square foot distribution center in Mansfield, Massachusetts. T.K. Maxx in the United Kingdom has leased a 108,000 square foot office and distribution facility in Milton Keynes, England and a 16,500 square foot office space in Watford, England. The Company's, T.J. Maxx's, Marshalls' and HomeGoods' executive and administrative offices are located in a 517,000 square foot office facility, which the Company leases in Framingham, Massachusetts along with an additional 100,000 square feet of office space in the Framingham area.

The table below indicates the approximate gross square footage of stores and distribution centers, by division, in operation as of January 25, 1997.

	Stores	(In Thousands)	
		Distribution Centers	
		Leased	Owned
	-----	-----	-----
T.J. Maxx	16,606	--	2,466
Marshalls	14,383	1,737	801
Winners	1,638	391	--
HomeGoods	773	205	--
T.K. Maxx	494	100	--
	-----	-----	-----
Total	33,894	2,433	3,267
	=====	=====	=====

ITEM 3. Legal Proceedings

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

ITEM 4. Submission of Matters to a Vote of Security Holders

There was no matter submitted to a vote of the Company's security holders during the fourth quarter of fiscal 1997.

## ITEM 4A. Executive Officers of the Registrant

The following persons are the executive officers of the Company as of the date hereof:

Name	Age	Office and Employment During Last Five Years
- - - - -	- - -	-----
Bernard Cammarata	57	President, Chief Executive Officer and Director since 1989, Chairman of the Company's T.J. Maxx Division from 1986 to 1995 and of the Company's T.J. Maxx and Marshalls Division ("The Marmaxx Group") since 1995. Executive Vice President of the Company from 1986 to 1989. President, Chief Executive Officer and Director of the Company's former TJX subsidiary from 1987 to 1989; President of T.J. Maxx, 1976 to 1986.
Donald G. Campbell	45	Executive Vice President - Finance since 1996 and Chief Financial Officer of the Company since 1989. Senior Vice President - Finance, from 1989 to 1996. Senior Financial Executive of the Company, 1988 to 1989; Senior Vice President - Finance and Administration Zayre Stores Division 1987-1988; Vice President and Corporate Controller of the Company prior to 1987.
Richard Lesser	62	Executive Vice President of the Company since 1991 and Chief Operating Officer of the Company since 1994 and President of The Marmaxx Group since 1995. Senior Vice President of the Company 1989-1991 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.

The foregoing were elected to their current Company offices by the Board of Directors in June 1996. All officers hold office until the next annual meeting of the Board in June 1997 and until their successors are elected and qualified.

## PART II

## 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 34 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 34 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 35 through 37 of the Annual Report, under the caption "Management's Discussion and Analysis of Results of Operations and Financial Condition."

## 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 16 through 32 of the Annual Report, under the captions; "Consolidated Statements of Income," "Consolidated Balance Sheets," "Consolidated Statements of Cash Flows," "Consolidated Statements of Shareholders' Equity," "Selected Information by Major Business Segment" and "Notes to Consolidated Financial Statements."

## ITEM 9. Disagreements on Accounting and Financial Disclosure

Not applicable.

## PART III

## ITEM 10. Directors and Executive Officers of the Registrant

The Company 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 25, 1997 (the "Proxy Statement"). The information required by this Item and not given in Item 4A, Executive Officers of the Registrant, is incorporated by reference to the Proxy Statement. However, information under the captions "Executive Compensation Committee Report" and "Performance Graph" in the Proxy Statement is not so incorporated.

## ITEM 11. Executive Compensation

The information required by this Item is incorporated by reference to the Proxy Statement.

## ITEM 12. Security Ownership of Certain Beneficial Owners and Management

The information required by this Item is incorporated by reference to the Proxy Statement.

## ITEM 13. Certain Relationships and Related Transactions

The information required by this Item is incorporated by reference to the Proxy Statement.

## PART IV

## ITEM 14. Exhibits, Financial Statement Schedules, and Reports on Form 8-K

## (a) Financial Statement Schedules

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

## (b) Reports on Form 8-K

The Company filed a Current Report on Form 8-K dated as of October 18, 1996 regarding the Asset Purchase Agreement dated as of October 18, 1996 entered into by the Company and Brylane, L.P. (Brylane) regarding the sale of the Chadwick's division by the Company to Brylane. This Form 8-K also included the Company's statement of cautionary factors relating to forward-looking information.

The Company filed a Current Report on Form 8-K dated as of December 7, 1996 relating to the consummation of the sale of Chadwick's by the Company to Brylane.

## (c) Exhibits

Listed below are all Exhibits filed as part of this report. Certain Exhibits are incorporated by reference to documents previously 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

Exhibit No.	Description of Exhibit
3(i).1	Second Restated Certificate of Incorporation filed June 5, 1985 is incorporated herein by reference to Exhibit (3i)(a) to the Form 10-K filed for the fiscal year ended January 28, 1995.
3(i).2	Certificate of Amendment of Second Restated Certificate of Incorporation filed June 3, 1986 is incorporated herein by reference to Exhibit (3i)(b) to the Form 10-K filed for the fiscal year ended January 28, 1995.
3(i).3	Certificate of Amendment of Second Restated Certificate of Incorporation filed June 2, 1987 is incorporated herein by reference to Exhibit (3i)(c) to the Form 10-K filed for the fiscal year ended January 28, 1995.

- 3(i).4 Certificate of Amendment of Second Restated Certificate of Incorporation filed June 20, 1989 is incorporated herein by reference to Exhibit (3i)(d) to the Form 10-K filed for the fiscal year ended January 28, 1995.
- 3(i).5 Certificate of Designations, Preferences and Rights of Series E Cumulative Convertible Preferred Stock is incorporated herein by reference to Exhibit 10.2 of the Form 8-K dated November 17, 1995.
- 3(ii).1 The by-laws of the Company, as amended, are incorporated herein by reference to Exhibit (3ii)(a) to the Form 10-K filed for the fiscal year ended January 28, 1995.
- 4.1 Credit Agreement dated as of November 17, 1995 among The First National Bank of Chicago, Bank of America Illinois, The Bank of New York, and Pearl Street L.P., as co-arrangers, the other financial institution parties thereto, and the Company is incorporated by reference to the Current Report on Form 8-K dated November 17, 1995.

Each other instrument relates to securities the total amount of which does not exceed 10% of the total assets of the Company and its subsidiaries on a consolidated basis. The Company agrees to furnish to the Securities and Exchange Commission copies of each such instrument not otherwise filed herewith or incorporated herein by reference.

- 10.2 The Employment Agreement dated as of January 26, 1997 with Bernard Cammarata is filed herewith. \*
- 10.3 The Amended and Restated Employment Agreement dated as of February 1, 1995 with Richard Lesser is incorporated herein by reference to Exhibit (10)(e) to the Form 10-K for the fiscal year ended January 28, 1995. The Amendment dated as of April 7, 1997 to the Amended and Restated Employment Agreement dated as of February 1, 1995 with Richard Lesser is filed herewith. \*
- 10.4 The Amended and Restated Employment Agreement dated as of February 1, 1995 with Donald G. Campbell is incorporated herein by reference to Exhibit (10)(f) to the Form 10-K filed for the fiscal year ended January 28, 1995. The Amendment dated as of April 7, 1997 to the Amended and Restated Employment Agreement dated as of February 1, 1995 with Donald G. Campbell is filed herewith. \*
- 10.5 The Management Incentive Plan, as amended, is incorporated herein by reference to Exhibit 10(g) to the Form 10-K filed for the fiscal year ended January 29, 1994. \*
- 10.6 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. \*
- 10.7 The 1986 Stock Incentive Plan as amended through April 9, 1997 is filed herewith. \*

- 10.8 The TJX Companies, Inc. Long Range Performance Incentive Plan, as amended, is incorporated herein by reference to Exhibit 10(j) to the Form 10-K filed for the fiscal year ended January 29, 1994. \*
- 10.9 The General Deferred Compensation Plan, as amended, is incorporated herein by reference to Exhibit 10(n) to the Form 10-K filed for the fiscal year ended January 27, 1990. \*
- 10.10 The Supplemental Executive Retirement Plan, as amended, is incorporated herein by reference to Exhibit 10(l) to the Form 10-K filed for the fiscal year ended January 25, 1992. \*
- 10.11 The 1993 Stock Option Plan for Non-Employee Directors is incorporated herein by reference to Exhibit 10.1 to the Form 10-Q filed for the quarter ended May 1, 1993. \*
- 10.12 The Retirement Plan for Directors, as amended, is incorporated herein by reference to Exhibit 10.2 to the Form 10-Q filed for the quarter ended May 1, 1993. \*
- 10.13 The form of Indemnification Agreement between the Company 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. \*
- 10.14 The Trust Agreement dated as of April 8, 1988 between the Company 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. \*
- 10.15 The Trust Agreement dated as of April 8, 1988 between the Company and 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. \*
- 10.16 Stock Purchase Agreement dated as of October 14, 1995 between the Company and Melville Corporation is incorporated herein by reference to the Current Report on Form 8-K dated October 14, 1995.
- 10.17 Amendment Number One dated as of November 17, 1995 to the Stock Purchase Agreement dated as of October 14, 1995 between the Company and Melville Corporation is incorporated herein by reference to the Current Report on Form 8-K dated November 17, 1995.
- 10.18 Transitional Services Agreement dated as of November 17, 1995 between the Company and Melville Corporation is incorporated herein by reference to the Current Report on Form 8-K dated November 17, 1995.
- 10.19 Amendment Number Two dated as of February 1, 1996 to Stock Purchase Agreement and Transitional Services Agreement between the Company and Melville Corporation is incorporated herein by reference to the Form 10-K filed for the fiscal year ended January 27, 1996.

- 10.20 Standstill and Registration Rights Agreement dated as of November 17, 1995 between the Company and Melville Corporation is incorporated herein by reference to the Form 10-K filed for the fiscal year ended January 27, 1996.
- 10.21 Asset Purchase Agreement dated as of October 18, 1996 between the Company and Brylane, L.P. is incorporated herein by reference to the Current Report on Form 8-K dated October 18, 1996.
- 10.22 The Distribution Agreement dated as of May 1, 1989 between the Company and Waban Inc. is incorporated herein by reference to Exhibit 3 to the Company's Current Report on Form 8-K dated June 21, 1989. The First Amendment to Distribution Agreement dated as of April 18, 1997 between the Company and Waban Inc. is filed herewith.
- 10.23 The Indemnification Agreement dated as of April 18, 1997 by and between the Company and BJ's Wholesale Club, Inc. is filed herewith.
- 11 Statement re computation of per share earnings.  
This statement is filed herewith.
- 13 Annual Report to security holders.  
Portions of the Annual Report to Stockholders for the fiscal year ended January 25, 1997 are filed herewith.
- 21 Subsidiaries.  
A list of the Registrant's subsidiaries is filed herewith.
- 23 Consents of experts and counsel.  
The Consent of Coopers & Lybrand L.L.P. is contained on Page F-3 of the Financial Statements filed herewith.
- 24 Power of Attorney.  
The Power of Attorney given by the Directors and certain Executive Officers of the Company is filed herewith.
- \* Management contract or compensatory plan or arrangement.



## SIGNATURES

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, 1997

/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/ BERNARD CAMMARATA

-----  
Bernard Cammarata, President  
and Principal Executive Officer  
and Director

/s/ DONALD G. CAMPBELL

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

PHYLLIS B. DAVIS\*

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Phyllis B. Davis, Director

JOHN F. O'BRIEN\*

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

DENNIS F. HIGHTOWER\*

-----  
Dennis F. Hightower

ROBERT F. SHAPIRO\*

-----  
Robert F. Shapiro, Director

RICHARD LESSER\*

-----  
Richard Lesser, Director

WILLOW B. SHIRE\*

-----  
Willow B. Shire, Director

ARTHUR F. LOEWY\*

-----  
Arthur F. Loewy, Director

FLETCHER H. WILEY\*

-----  
Fletcher H. Wiley, Director

JOHN M. NELSON\*

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John M. Nelson, Director

\* By /s/ DONALD G. CAMPBELL

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Donald G. Campbell  
as attorney-in-fact

Dated: April 25, 1997

SECURITIES AND EXCHANGE COMMISSION  
Washington, DC 20549

THE TJX COMPANIES, INC.

FORM 10-K  
ANNUAL REPORT

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS  
AND  
FINANCIAL STATEMENT SCHEDULES

For the Fiscal Years Ended  
January 25, 1997, January 27, 1996  
and January 28, 1995

## THE TJX COMPANIES, INC. AND SUBSIDIARIES

## INDEX TO CONSOLIDATED FINANCIAL STATEMENTS AND SCHEDULES

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January 28, 1995

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\* Refers to page numbers in the Company's Annual Report to Stockholders for the fiscal year ended January 25, 1997, certain portions of which pages are incorporated by reference in Part II, Item 8 of this report as indicated.

## REPORT OF INDEPENDENT ACCOUNTANTS

Our report on the consolidated financial statements of The TJX Companies, Inc. has been incorporated by reference in this Form 10-K from page 33 of the 1996 Annual Report to Shareholders of The TJX Companies, Inc. In connection with our audits of such financial statements, we have also audited the related financial statement schedules listed in the index on page F-1 of this Form 10-K.

In our opinion, the financial statement schedules referred to above, when considered in relation to the basic financial statements taken as a whole, present fairly, in all material respects, the information required to be included therein.

Boston, Massachusetts  
February 25, 1997

Coopers & Lybrand L.L.P.

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## CONSENT OF INDEPENDENT ACCOUNTANTS

We consent to the incorporation by reference in the Registration Statements of The TJX Companies, Inc. on Form S-3 (File Nos. 333-5501 and 33-60059) and on Forms S-8 (File Nos. 33-23613, 33-49747 and 33-12220) of our report dated February 25, 1997 on our audits of the consolidated financial statements of The TJX Companies, Inc. as of January 25, 1997 and January 27, 1996 and for the years ended January 25, 1997, January 27, 1996 and January 28, 1995 which report is incorporated by reference in this Annual Report on Form 10-K.

Boston, Massachusetts  
April 22, 1997

Coopers & Lybrand L.L.P.

## THE TJX COMPANIES, INC.

## SCHEDULE II - VALUATION AND QUALIFYING ACCOUNTS

Column A Description -----	Column B Balance at Beginning of Period -----	Column C Additions		Column D Deductions -----	Column E Balance at End of Period -----
		(1) Charged to Costs and Expenses -----	(2) Charges to Other Accounts -----		
Reserves for Discontinued Operations:					
Fiscal year ended January 25, 1997	25,253,000	10,709,000(A)	--	12,312,000(D)	23,650,000
Fiscal year ended January 27, 1996	13,085,000	23,025,000(A)	--	10,857,000(D)	25,253,000
Fiscal year ended January 28, 1995	17,618,000	--	--	4,533,000(D)	13,085,000
Store Closing and Restructuring Reserves:					
Fiscal year ended January 25, 1997	251,566,000	3,071,000(B)	--	158,770,000(E)	95,867,000
Fiscal year ended January 27, 1996	--	38,800,000(B)	244,095,000(C)	31,329,000(E)	251,566,000

(A) Additions are primarily for the estimated costs associated with the sale of Chadwick's in the fiscal year ended January 25, 1997. Additions for the fiscal year ended January 27, 1996 are primarily for estimated costs associated with the sale of the Hit or Miss Division including costs to close 69 stores and to settle or otherwise dispose of related leases.

(B) Additions for fiscal 1997 are for certain restructuring costs of HomeGoods. Additions for fiscal 1996, include \$35 million for estimated cost of closing approximately 30 T.J. Maxx stores in connection with the acquisition of Marshalls and \$3.8 million for certain restructuring costs of HomeGoods operation.

(C) Represents the initial reserve established in the allocation of the purchase price of Marshalls relating primarily to the anticipated closing of approximately 170 Marshalls stores. The reserve also includes a reserve for markdowns on inventory acquired, legal and professional fees and the cost associated with the closing of other non-store facilities.

(D) Deductions relate primarily to ongoing lease obligations, net of sublease income, as well as settlement costs on certain leases.

(E) Deductions for fiscal 1997 include reserve adjustments of \$8 million for reduced costs associated with the T.J. Maxx store closings and a reduction of \$85.9 million to the Marshalls store closing reserve due to fewer planned closings and the reduced cost of those closings. Expenditures and charges against the reserve totalled \$64.9 million which included \$21.3 million for lease disposal and settlement costs with the balance primarily for inventory markdowns, severance and the net book value of property writeoffs. Deductions for fiscal 1996 are primarily for inventory markdowns and for HomeGoods restructuring costs including one store closing and downsizing expenditures.

EMPLOYMENT AGREEMENT

DATED AS OF JANUARY 26, 1997

BETWEEN BERNARD CAMMARATA AND THE TJX COMPANIES, INC.



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BERNARD CAMMARATA

## EMPLOYMENT AGREEMENT

AGREEMENT dated as of January 26, 1997 between BERNARD CAMMARATA of One Thornton Lane, Concord, Massachusetts 01742 ("Executive") and The TJX Companies, Inc., a Delaware corporation whose principal office is in Framingham, Massachusetts 01701.

## RECITALS

Executive has been employed by The TJX Companies, Inc. (the "Company") as its President and Chief Executive Officer, most recently pursuant to an employment agreement dated as of January 30, 1994 (the "Prior Agreement"). The Company and Executive intend that Executive should continue to serve the Company on the terms set forth below and, to that end, deem it desirable and appropriate to enter into this Agreement.

## AGREEMENT

The parties hereto, in consideration of the mutual agreements hereinafter contained, agree as follows:

1. EFFECTIVE DATE; TERM OF AGREEMENT. This Agreement shall become effective as of January 26, 1997 (the "Effective Date") and, as of that date, shall supersede the Prior Agreement. Executive's employment shall continue on the terms provided herein until January 26, 2002, subject to earlier termination as provided herein (such period of employment hereinafter called the "Employment Period").

## 2. SCOPE OF EMPLOYMENT.

(a) Nature of Services. Executive shall diligently perform the duties and assume the responsibilities of President and Chief Executive Officer of the Company and such additional executive duties and responsibilities as shall from time to time be assigned to him by the Board.

(b) Extent of Services. Except for illnesses and vacation periods, Executive shall devote substantially all his working time and attention and his best efforts to the performance

of his duties and responsibilities under this Agreement. However, Executive may (i) make any passive investments where he is not obligated or required to, and shall not in fact, devote any managerial efforts, (ii) participate in charitable or community activities or in trade or professional organizations, or (iii) subject to Board approval (which approval shall not be unreasonably withheld or withdrawn), hold directorships in public companies, except only that the Board shall have the right to limit such services as a director or such participation whenever the Board shall believe that the time spent on such activities infringes in any material respect upon the time required by Executive for the performance of his duties under this Agreement or is otherwise incompatible with those duties. The parties hereto acknowledge that Executive's involvement as an investor in and director of the Sterling Country Club constitutes a passive investment that does not involve managerial effort within the meaning of (i) above.

### 3. COMPENSATION AND BENEFITS.

(a) Base Salary. Executive shall be paid a base salary at the rate hereinafter specified, such Base Salary to be paid in the same manner and at the same times as the Company shall pay base salary to other executive employees. The rate at which Executive's Base Salary shall be paid shall be \$1,200,000 per year or such other rate (not less than \$1,200,000 per year) as the Board may determine after Board review at the beginning of the Company's FYE 2000 and FYE 2002; provided, that so much of Executive's Base Salary for any fiscal year of the Company as exceeds the Section 162(m) Current Salary Maximum shall be credited to the Account described at Section 9 below and paid out in accordance with Section 9(f) below.

(b) Existing Awards Under 1986 Stock Incentive Plan (Including LRPIP). Reference is made to the following awards previously made to Executive under the Company's 1986 Stock Incentive Plan (including any successor, the "1986 Plan"), including awards under the Long Range Performance Incentive Plan:

(i) PARS: The award for 100,000 shares referenced in Section 3(d) of the employment agreement between Executive and the Company dated as of June 1, 1989 (the "1989 Agreement"), and the award dated September 17, 1990;

(ii) PBDS: The award for a maximum of 150,000 shares referenced in Section 3(c) of the Prior Agreement;

(iii) Existing Options: Grant Nos. 86-40, 86-42, 86-46, and 86-48; and

(iv) LRPIP: Awards made prior to the date of this Agreement under the terms of LRPIP.

Each of the above-referenced awards shall continue for such period or periods and in accordance with such terms as are set out in the grant and other governing documents relating to such awards (including for this purpose the Prior Agreement and the 1989 Agreement insofar as they relate to any such awards), and shall not be affected by the terms of this Agreement except as otherwise expressly provided herein; provided, that by executing this Agreement, Executive waives any and all right to receive any shares under Section A.2(e) of Schedule A of the Prior Agreement and acknowledges that all references hereunder to his PBDS award under the Prior Agreement shall exclude amounts, if any, determined under said Section A.2(e).

(c) Additional Awards under 1986 Plan. The Committee has determined to grant to Executive the following additional awards under the 1986 Plan:

(i) Effective upon execution of this Agreement, Executive shall be awarded a bonus of 75,000 shares of Deferred Stock on the terms and conditions set forth in Exhibit A to this Agreement. This Agreement, including Exhibit A, shall constitute the Award Agreement in respect of such shares required by the 1986 Plan.

(ii) Also effective upon execution of this Agreement, Executive shall be awarded an additional 150,000 shares of Deferred Stock on the terms and conditions set forth in Exhibit B to this Agreement. This Agreement, including Exhibit B, shall constitute the Award Agreement in respect of such shares required by the 1986 Plan.

(iii) Also effective upon execution of this Agreement, Executive shall be awarded two stock options under the 1986 Plan for an aggregate of 350,000 shares of Stock: one option (the "First New Option") to purchase 100,000 shares of Stock and the second (the "Second New Option") to purchase 250,000 shares of Stock. The First and Second New Options shall be identical in their terms except that the First New Option shall vest (become exercisable) on a cumulative basis at the rate of 33 1/3% per year beginning on June 4, 1997, subject to acceleration in accordance with the 1986 Plan and this Agreement, and the Second New Option shall vest (become exercisable) on a cumulative basis at the rate of 33 1/3% per year beginning on the first anniversary of the date of grant, subject to acceleration in accordance with the 1986 Plan and this Agreement. The exercise price for each New Option shall be the fair market value of the Stock on the date of grant, and each New Option shall have a term of ten years, subject to earlier termination in accordance with the 1986 Plan and this Agreement. Executive shall also be eligible to receive normal annual awards of non-statutory stock options (including any such awards made in the Company's fiscal year ending in 1998), but only if at the time of such award Executive is still serving as Chief Executive Officer (such additional option awards, if any, together with the First New Option and the Second New Option being hereinafter referred to as the "New Options"). If prior

to January 26, 2002 (A) Executive dies or becomes Disabled, or (B) a Change of Control occurs while Executive is employed by the Company, or (C) Executive voluntarily terminates the Employment Period for Valid Reason, or (D) Executive's employment is terminated by the Company other than for Cause, then all of Executive's previously granted stock options (including but not limited to the New Options) ("Options") then outstanding, to the extent not already vested, shall be immediately vested. If Executive dies or becomes Disabled while employed by the Company, all his Options shall remain exercisable for a period of three years or, if less, the remainder of the original option term, and shall then terminate. In the event Executive retires under the terms of the 1986 Plan, all his Options shall remain exercisable (to the extent they were exercisable immediately prior to such retirement) for a period of three years or, if less, the remainder of the original option term, and then shall terminate. Upon any other termination of employment the Options shall remain exercisable (to the extent they were exercisable immediately prior to such termination, taking into account any applicable accelerated vesting as described above) for a period equal to the lesser of (i) three months, or (ii) the remainder of their original term, and then shall terminate. However, if Executive is terminated for Cause all the Options shall immediately terminate.

(d) LRPPIP. During the Employment Period, Executive will be eligible to participate in annual grants under LRPPIP. To the extent provided in Section 162(m) of the Code, the terms of any such award shall be established by the Committee. Subject to the foregoing, Executive shall be entitled with respect to each award cycle (beginning with the FYE 1998 to FYE 2000 cycle) to earn up to 70% of his Base Salary as in effect at the beginning of the cycle if the target established by the Committee is met and up to 105% of such Base Salary if such target is exceeded, with the payment potential ranging from 0% to 105% of Executive's Base Salary as established by the terms of the award. To the extent the material terms of LRPPIP are required to be approved by stockholders, Executive's eligibility to receive awards under LRPPIP for any cycle to which such stockholder vote pertains shall be subject to such stockholder approval.

(e) MIP. During the Employment Period, Executive shall be eligible to receive annual awards under the Company's Management Incentive Plan ("MIP"). To the extent provided in Section 162(m) of the Code, the goals, scope and conditions of any award shall be established annually by the Committee. Subject to the foregoing, Executive shall be entitled to earn up to 60% of his Base Salary if the target established by the Committee is met and up to 120% of his Base Salary if such target is exceeded, with the payment potential ranging from 0% to 120% of Executive's Base Salary as established by the terms of the award. To the extent the material terms of MIP are required to be approved by stockholders, Executive's eligibility to receive annual awards under MIP for any year to which such stockholder vote pertains shall be subject to such stockholder approval.

(f) Additional Bonus Awards. The following additional awards shall be made and shall be credited to Executive's Account under Section 9:

(i) Subject to the provisions of this paragraph (f)(i), Executive shall be entitled to a deferred award equal to (i) the positive excess, if any, of the closing price of a share of Stock on each vesting date of the First New Option described in paragraph (c)(iii) above (each, a "vesting determination date"), taking into account any accelerated vesting of such Option (or the closing price of a share of Stock on the first day prior to the vesting determination date on which the Stock is traded if the Stock is not traded on the vesting determination date), over \$34.875 (provided, that in no event shall such positive excess exceed \$7.875), multiplied by (B) the number of shares of Stock as to which the First New Option vests on such vesting determination date, subject in each case to appropriate adjustment (as to dollar amounts and number of shares) for stock splits, stock dividends and similar transactions occurring after June 4, 1996. The portion of the award described in this paragraph that is determined on any vesting determination date shall be credited to Executive's Account under Section 9 as of such date, regardless of whether the First New Option is exercised or remains exercisable.

(ii) On the date in 1999 on which LRPPI awards, if any, for the FYE 1997-1999 cycle are determined and paid, there shall be credited to Executive's Account under Section 9, if Executive is then still employed by the Company and its Subsidiaries, an amount equal to the award, if any, to which Executive would have been entitled if he had participated in the LRPPI FYE 1997-1999 cycle.

(g) SERP. Except as provided in Exhibit E ("Change of Control Benefits") and this subsection (g), Executive is entitled to Category B benefits determined and made payable in accordance with the generally applicable provisions of the Company's Supplemental Executive Retirement Plan.

(i) Benefits vested to the extent accrued. Subject to the provisions of Section 6 below, Executive has a fully vested right to his accrued benefit under SERP based (except as provided in Exhibit E) on his actual years of service. Executive shall continue to be fully vested in any future accruals (if any) under SERP.

(ii) Death benefit. If Executive should die unmarried during the Employment Period, the Company shall pay a lump sum death benefit to his designated beneficiary, or if none to his estate. The lump sum death benefit payable in accordance with this paragraph shall be paid as soon as practicable following the date of Executive's death (the "benefit determination date") and shall be in lieu of any other death benefit then payable under SERP. The

amount of such lump sum death benefit shall be determined by assuming that Executive:

(A) was married to a spouse of the same age as himself;

(B) retired on the benefit determination date and deferred receipt of his SERP benefit until age 65;

(C) commenced receiving his SERP benefit at age 65 in the form of a reduced joint and survivor annuity with a 50% continuance to such spouse if she survived him; and

(D) died immediately after commencement of that annuity.

The lump sum death benefit described in this subsection (g) shall be the actuarial present value, determined as of the benefit determination date, of the hypothetical survivor-spouse annuity determined in accordance with the assumptions described in (A) through (D) above. For purposes of making this actuarial present-value determination, the same interest rate and mortality assumptions shall be applied as would apply in determining a Category B SERP participant's retirement lump sum benefit payable as of the benefit determination date.

For purposes of this subsection (g), Executive's designated beneficiary shall be such person (including a trust) as Executive shall have specified by a written notice delivered to the Company in accordance with Section 11. Executive may change his beneficiary designation at any time by a subsequent written notice delivered in the same manner. If no beneficiary designation under this subsection (g) is in effect at the time of Executive's death, the death benefit, if any, payable under this subsection (g) shall be paid to Executive's estate.

(h) Qualified Plans. Executive shall be entitled during the Employment Period to participate in the Company's tax-qualified retirement and profit-sharing plans in accordance with the terms of those plans.

(i) Policies and Fringe Benefits. Executive shall be subject to Company policies applicable to its executives generally and shall be entitled to receive all such fringe benefits as the Company shall from time to time make available to other executives generally (subject to the terms of any applicable fringe benefit plan).



## 4. TERMINATION OF EMPLOYMENT; IN GENERAL.

(a) The Company shall have the right to end Executive's employment at any time and for any reason, with or without Cause.

(b) The Employment Period shall terminate when Executive becomes Disabled. In addition, if by reason of Incapacity Executive is unable to perform his duties for at least six continuous months, upon written notice by the Company to Executive the Employment Period will be terminated for Incapacity.

(c) Whenever the Employment Period shall terminate, Executive shall resign all offices or other positions he shall hold with the Company and any affiliated corporations, including any position on the Board.

## 5. BENEFITS UPON NON-VOLUNTARY TERMINATION OF EMPLOYMENT OR UPON EXPIRATION OF THE AGREEMENT.

(a) Certain Terminations Prior to January 26, 2002. If the Employment Period shall have terminated prior to January 26, 2002 by reason of (i) death, Disability or Incapacity of Executive, (ii) termination by the Company for any reason other than Cause or (iii) termination by Executive in the event that either (A) Executive shall be removed from or fail to be reelected to the offices of Chief Executive Officer, a Director and a member of any Executive Committee of the Board, or (B) Executive is relocated more than 40 miles from the current corporate headquarters of the Company, in either case without his prior written consent (a "Constructive Termination"), then all compensation and benefits for Executive shall be as follows:

(i) For the longer of twelve (12) months after such termination or until January 26, 2002 (the "termination period"), the Company will pay to Executive or his legal representative continued Base Salary at the rate in effect at termination of employment, subject to the following:

(A) If Executive is eligible for long-term disability compensation benefits under the Company's long-term disability plan or any successor Company long-term disability plan, the amount payable under this clause shall be paid at a rate equal to the excess of (I) the rate of Base Salary in effect at termination of employment, over (II) the long-term disability compensation benefits for which Executive is eligible under such plan.

(B) Payments pursuant to this clause (a)(i) shall be paid for the first twelve months of the termination period without reduction for compensation

earned from other employment or self-employment, and shall thereafter be reduced by such compensation received by Executive from other employment or self-employment.

(ii) Until the expiration of the termination period as defined at (a)(i) above and subject to such minimum coverage-continuation requirements as may be required by law, the Company will provide (except to the extent that Executive shall obtain the same from another employer or from self-employment) such medical and hospital insurance, long-term disability insurance and term life insurance for Executive and his family, comparable to the insurance provided for executives generally, as the Company shall determine, and upon the same terms and conditions as the same shall be provided for other Company executives generally; provided, however, that in no event shall such benefits or the terms and conditions thereof be less favorable to Executive than those afforded to him as of the date of termination.

(iii) The Company will pay to Executive or his legal representative, without offset for compensation earned from other employment or self-employment, (A) any amounts to which Executive is entitled under MIP for the fiscal year of the Company ended immediately prior to Executive's termination of employment, plus (B) any unpaid amounts owing with respect to LRPIP cycles in which Executive participated and which were completed prior to termination, plus (C) if the LRPIP FYE 1997-1999 cycle has been completed, any bonus to which Executive is entitled under Section 3(f)(ii), unless such bonus has already been credited to Executive's Account under Section 9. These amounts will be paid at the same time as other awards for such prior year or cycle are paid.

(iv) The Company will pay to Executive or his legal representative, without offset for compensation earned from other employment or self-employment, an amount in the nature of severance equal to the sum of (A) Executive's MIP Target Award, if any, for the year of termination, multiplied by a fraction, the numerator of which is three hundred and sixty-five (365) plus the number of days during such year prior to termination, and the denominator of which is seven hundred and thirty (730), plus (B) with respect to each LRPIP cycle in which Executive participated and which had not ended prior to termination of employment, 1/36 of an amount equal to Executive's LRPIP Target Award for such cycle multiplied by the number of full months in such cycle completed prior to termination of employment, plus (C) with respect to the bonus described in Section 3(f)(ii) (if the LRPIP FYE 1997-1999 cycle has not yet been completed), an amount equal to \$70,000 for each month in the FYE 1997-1999 LRPIP cycle ended prior to termination of employment. The severance component described in clause (a)(iv)(A) above will be paid not later than MIP awards for the year of termination are paid. The severance component described in clause (a)(iv)(B) above, to

the extent measured by the LRPIP Target Award for any cycle, will be paid not later than the date on which LRPIP awards for such cycle are paid or would have been paid. The severance component described in clause (a)(iv)(C) above will be paid not later than the date in 1999 on which LRPIP awards for the FYE 1997-1999 cycle are paid or would have been paid. In no event shall the severance described in this paragraph be treated as paid under MIP or LRPIP.

(v) In addition, the Company (A) will pay to Executive or his legal representative such vested amounts as shall have been deferred for Executive's account (but not received) under the GDCP in accordance with its terms plus such amounts, if any, as shall then remain credited to Executive's Account under Section 9; and (B) shall deliver to Executive or his legal representative any shares of Stock which Executive shall have earned but deferred in respect of his PBDS award referred to in Section 3(b)(ii).

(vi) Executive or his legal representative shall be entitled to the benefits described in Sections 3(b)(i) (PARS), 3(b)(ii) (PBDS) (other than those referenced under Section 6(a)(v) above), 3(b)(iii) (Existing Options), Section 3(c)(iii) (New Options), 3(g) (SERP), and 3(h) (Qualified Plans).

(vii) If termination occurs by reason of Incapacity or Disability, Executive shall be entitled to such compensation, if any, as is payable pursuant to the Company's long-term disability plan or any successor Company disability plan. If for any period Executive receives long-term disability compensation payments under a long-term disability plan of the Company as well as payments under (a)(i) above, and if the sum of such payments (the "combined salary/disability benefit") exceeds the payment for such period to which Executive is entitled under (a)(i) above (determined without regard to paragraph (A) thereof), he shall promptly pay such excess in reimbursement to the Company; provided, that in no event shall application of this sentence result in reduction of Executive's combined salary/disability benefit below the level of long-term disability compensation payments to which Executive is entitled under the long-term disability plan or plans of the Company.

(b) Terminations after January 25, 2002. Unless earlier terminated or except as otherwise mutually agreed by Executive and the Company, Executive's employment with the Company shall terminate on January 26, 2002. Unless the Company in connection with such termination shall offer to Executive continued service in a position acceptable to Executive and upon mutually and reasonably agreeable terms, Executive shall be entitled upon such termination to receive, for the period beginning on such termination and ending on the date of the annual meeting of stockholders occurring in 2003, continuation of Base Salary at the rate in effect at termination of employment plus medical, dental, life-insurance and disability

coverage (but not including continued participation in the Company's retirement or 401(k) plan(s) or continued participation in SERP or any other fringe benefit, other than a Company provided automobile or automobile allowance) comparable to the benefits of such type to which he was entitled at time of termination; provided, that to the extent it is impossible or impracticable to provide any such benefits to Executive under the Company's then existing employee benefit plans or arrangements, the Company shall arrange for alternative comparable coverage or, if such alternative coverage is not available, shall pay to Executive the cost of such coverage, all as reasonably determined by the Committee. If the Company in connection with such termination offers to Executive continued service in a position acceptable to Executive and upon mutually and reasonably agreeable terms, and Executive declines such service, he shall be treated for all purposes of this Agreement as having terminated his employment voluntarily (other than for Valid Reason) on January 26, 2002 and he shall be entitled only to those benefits to which he would be entitled under Section 6(a) ("Voluntary termination of employment"). For purposes of the two preceding sentences, "service in a position acceptable to Executive" shall mean service as Chief Executive Officer of the Company or service as Chairman of the Board, or service in such other position, if any, as may be acceptable to Executive.

#### 6. OTHER TERMINATION; VIOLATION OF CERTAIN AGREEMENTS.

(a) Voluntary termination of employment. If Executive terminates his employment voluntarily, Executive or his legal representative shall be entitled to: (i) such vested amounts as shall have been deferred for Executive's account (but not received) under the GDCP in accordance with its terms and such amounts, if any, as shall then remain credited to Executive's Account under Section 9; (ii) any shares of Stock which Executive shall have earned but deferred in respect of his PBDS award referred to in Section 3(b)(ii); and (iii) the benefits described in Sections 3(b)(i) (PARS), 3(b)(ii) (PBDS) (other than those referenced under Section 6(a)(ii) above), 3(b)(iii) (Existing Options), Section 3(c)(iii) (New Options), 3(g) (SERP), and 3(h) (Qualified Plans). No other benefits shall be paid under this Agreement upon a voluntary termination of employment.

(b) Termination for Cause; violation of certain agreements. If the Company should end Executive's employment for Cause, or, notwithstanding Section 5 and Section 6(a) above, if Executive should violate the protected persons or noncompetition provisions of Section 8, all compensation and benefits otherwise payable pursuant to this Agreement shall cease, other than (w) such amounts as Executive shall have deferred (but not received) under the GDCP in accordance with its terms and such amounts as are credited to Executive's Account under Section 9, (x) any shares which Executive has earned but deferred in respect of his PBDS award referred to in Section 3(b)(ii); (y) any benefits to which Executive may be entitled under SERP (provided,

that if Executive should end his employment voluntarily, such benefits shall be payable only if Executive does not violate the provisions of Section 8), and (z) benefits, if any, to which Executive may be entitled under Sections 3(b)(i) (PARS), 3(b)(ii) (PBDS) (other than those referenced under (x) above), 3(b)(iii) (Existing Options), 3(c)(iii) (New Stock Options), and 3(h) (Qualified Plans). The Company does not waive any rights it may have for damages or for injunctive relief.

7. BENEFITS UPON CHANGE IN CONTROL. Notwithstanding any other provision of this Agreement, in the event of a Change of Control, the determination and payment of any benefits payable thereafter with respect to Executive shall be governed exclusively by the provisions of Exhibit E.

8. AGREEMENT NOT TO SOLICIT OR COMPETE.

(a) Upon the termination of employment at any time, then for a period of two years after the termination of the Employment Period, Executive shall not under any circumstances employ, solicit the employment of, or accept unsolicited the services of, any "protected person" or recommend the employment of any "protected person" to any other business organization. A "protected person" shall be a person known by Executive to be employed by the Company or its Subsidiaries or to have been employed by Company or its Subsidiaries within six months prior to the commencement of conversations with such person with respect to employment.

As to (i) each "protected person" to whom the foregoing applies, (ii) each subcategory of "protected person" as defined above, (iii) each limitation on (A) employment, (B) solicitation and (C) unsolicited acceptance of services, of each "protected person" and (iv) each month of the period during which the provisions of this subsection (a) apply to each of the foregoing, the provisions set forth in this subsection (a) are deemed to be separate and independent agreements and in the events of unenforceability of any such agreement, such unenforceable agreement shall be deemed automatically deleted from the provisions hereof and such deletion shall not affect the enforceability of any other provision of this subsection (a) or any other term of this Agreement.

(b) During the course of his employment, Executive will have learned many trade secrets of the Company and will have access to confidential information and business plans for the Company. Therefore, upon automatic termination of the Employment Period on January 26, 2002, or if Executive should end his employment voluntarily at any time, including by reason of retirement or disability but not including a voluntary termination for Valid Reason, or if the Company should end Executive's employment at any time for Cause, then for a period of two years thereafter, Executive will not engage, either as a principal, employee, partner, consultant or investor (other than a less-than-1% stock interest in a

corporation), in a business which is a competitor of the Company. A business shall be deemed a competitor of the Company if and only if it shall then be so regarded by retailers generally or if it shall operate a promotional off-price family apparel store within 10 miles of any "then existing T.J. Maxx or Marshalls store." The term "then existing" in the previous sentence shall refer to any such store that is, at the time of termination of the Employment Period, operated by the Company or any wholly-owned subsidiary of the Company or under lease for operation as aforesaid. Nothing herein shall restrict the right of Executive to engage in a business that operates a conventional or full mark-up department store. Executive agrees that if, at any time, pursuant to action of any court, administrative or governmental body or other arbitral tribunal, the operation of any part of this paragraph shall be determined to be unlawful or otherwise unenforceable, then the coverage of this paragraph shall be deemed to be restricted as to duration, geographical scope or otherwise, to the extent, and only to the extent, necessary to make this paragraph lawful and enforceable in the particular jurisdiction in which such determination is made.

(c) If the Employment Period terminates, Executive agrees (i) to notify the Company immediately upon his securing employment or becoming self-employed during any period when Executive's compensation from the Company shall be subject to reduction or his benefits provided by the Company shall be subject to termination as provided in Section 6 and (ii) to furnish to the Company written evidence of his compensation earned from any such employment or self-employment as the Company shall from time to time request. In addition, upon termination of the Employment Period for any reason other than the death of Executive, Executive shall immediately return all written trade secrets, confidential information and business plans of the Company and shall execute a certificate certifying that he has returned all such items in his possession or under his control.

#### 9. SPECIAL DEFERRAL ACCOUNT; TRUST.

(a) The Company shall maintain on its books a special memorandum Account reflecting the following deferred compensation obligations of the Company to Executive: (i) an opening balance of \$55,000, which shall be credited to the Account as of the date of execution of this Agreement; (ii) the Deferred Stock award described in Exhibit A, which shall be credited to the Account as of the date of execution of this Agreement; (iii) the Deferred Stock award described in Exhibit B, which shall be credited to the Account as of the date of this Agreement; (iv) any Base Salary deferred under Section 3(a), which shall be credited to the Account as of the date such deferred Base Salary would have been paid had it not been deferred; (v) the amounts, if any, described in Section 3(f)(i) above, which shall be credited to the Account as of the date(s) such amounts, if any, are earned under Section 3(f)(i); (v) the amount, if any, described in Section 3(f)(ii) above, which shall be credited to the Account as of the date

awards (if any) for the LRPIP FYE 1997-1999 cycle are paid; and (vi) notional investment experience with respect to such deferrals, as hereinafter described.

(b) The Company's obligations with respect to the Account represent an unsecured and unfunded promise by the Company to pay or deliver cash or property in the future, and Executive's rights to amounts credited to the Account shall be those of an unsecured general creditor of the Company.

(c) Amounts credited to the Account shall be adjusted for notional investment experience determined under this paragraph. For purposes of determining the amount of the Company's unfunded obligation to Executive hereunder, all amounts initially credited to the Account under (a)(ii) or (a)(iii) above shall be deemed invested in Stock and all other amounts initially credited to the Account, except as the same may be notionally invested or reinvested as described below, shall bear interest at the rate specified in the GDCP until such time as the Company shall have established a brokerage account (either directly or under the trust described in (e) below) to make "hedging investments" (as that term is defined in (d) below) and thereafter at the rate of return earned on uninvested cash in such brokerage account. Executive shall have the right, at any time and from time to time from and after the date any amount is credited to the Account, to specify by advance written notice to the Treasurer's Office of the Company the Authorized Investment(s) in which such amount shall be notionally invested; provided, that except as the Committee may otherwise authorize, no such specification with respect to the Account shall result in any one notional transaction that involves an amount less than \$50,000; and further provided, that any such specification involving a notional sale of Stock shall be effective under this paragraph only (i) to the extent the Company could sell an equivalent number of shares of Stock pursuant to an effective Registration Statement under the Securities Act of 1933 (it being the agreement of the parties hereto that the Company shall cause a Registration Statement to be filed with the Securities and Exchange Commission as soon as practicable following execution of this Agreement) and in compliance with all applicable federal and state securities laws, and (ii) at such times as an executive officer of the Company would be free under applicable securities laws and Company practices applicable to executive officers generally to sell an equivalent number of shares of Stock. Any notional sale or purchase hereunder shall be effective on such date as Executive may specify (but not earlier than the first business day following the business day on which Executive provides to the Treasurer's Office written notice of such transaction) and shall be treated as having been effected, in the case of a security listed on an exchange or Nasdaq, at the closing price of such security on such effective date as reasonably determined by the Company based on reported third-party sources (such as, but not limited to, quotations in The Wall Street Journal); provided, that if Executive specifies a notional transaction subject to a minimum sale price, maximum

purchase price or similar limitation, such limitation shall be taken into account to the extent practicable in the Company's reasonable determination as to whether, when and at what price the notional transaction specification is to be given effect; and further provided, that in the case of any transaction as to which the Company makes (or causes to be made) a "hedging transaction" as that term is defined in paragraph (d) below, the provisions of paragraph (d) below shall apply in determining the amount, price and other terms of notional transactions. Subject to paragraph (d) below, the Account shall be adjusted for income, gain, loss and expenses associated with the Authorized Investments specified by Executive in the same manner as if the Account had actually been invested in such Investments. In the case of any portion of the Account notionally invested in Stock, any deemed cash dividends shall be treated as having been notionally reinvested in Authorized Investments other than Stock, and any deemed distributions of property other than Stock shall continue to be treated as notionally invested in such property until Executive shall specify another notional investment.

(d) Notional investment experience under (c) above shall be determined net of brokerage commissions, loads and other transaction costs as provided in this paragraph. The Company in its discretion may cause assets of the Company (including assets held in the trust described at (e) below) to be invested in Authorized Investments matching those specified by Executive as the measure of notional investment experience under the Account (a "hedging investment"). If the Company chooses to make any such hedging investments for its own account, and so notifies Executive in writing, the notional investment experience under the Account related to any investment specification by Executive that is so hedged shall be determined after taking into account the Company's actual investment-related expenses (other than expenses associated with the preparation and filing of the registration statement or other compliance measures referred to at (c) above) and any actual loads or surrender charges with respect to such investment. If the Company notifies Executive in writing that it intends to hedge a notional investment, Executive's notional investment specifications shall take effect only at such time or times and to such extent as the Company's hedging investments are made. If the Company does not choose to hedge any notional investment specification made by Executive or does so without notifying Executive in writing (an "unhedged notional transaction"), the notional investment experience under the Account related to any such unhedged notional transaction shall be determined after taking into account deemed brokerage commissions equal to the Fidelity discount brokerage commission rates then in effect and such loads or surrender charges, if any, as would have been borne with respect to comparable investments, as reasonably determined by the Committee.

(e) As soon as practicable following execution of this Agreement, the Company shall cause a trust (of the type commonly referred to as a "rabbi trust") (the "Trust") to



be established. As of each date that a credit described in (a)(i) through (a)(v) above is credited to the Account, the Company shall cause to be contributed to the Trust an amount equal to such credit. In the case of the credits described in (a)(ii) and (a)(iii) above, such contributions shall be made in shares of Stock; otherwise, all such contributions shall be made in cash. The Trust shall be irrevocable, subject only to the rights of the Company's general creditors to reach Trust assets in the event of the Company's insolvency or bankruptcy (as determined in a manner consistent with continued treatment of the Trust as a "grantor trust" under I.R.S. Revenue Procedure 92-64 and other applicable I.R.S. guidance) and subject to the remaining provisions of this paragraph. To the extent of any payment to Executive in respect of the Company's obligations under the Account, the Company may either make such payment directly and cause itself to be reimbursed for such payment out of the Trust, or may cause the trustee of the Trust to make the payment directly out of the Trust. Any payment from the Trust to Executive shall be treated to the extent of such payment as a discharge of the Company's obligations hereunder. If, after full payment of all amounts owing hereunder to Executive in respect of the Account, there remain any assets in the Trust, the Company shall have the right to recover such assets from the Trust and to terminate the Trust. Prior to termination of the Trust, not less frequently than once each calendar quarter the value of the assets held in the Trust shall be determined and compared to the balance then standing to the Account. If the balance in the Trust as of any such measurement date is more than the balance standing to the Account as of such date, the excess over such Account balance shall be paid to the Company at its request. If the balance in the Trust as of any measurement date is less than the balance standing to the Account as of such date, the Company shall promptly contribute to the Trust funds sufficient to cause the Trust balance to equal the Account balance as so determined.

(f) Distribution to Executive of amounts credited to the Account described at (a) above shall be made as soon as practicable following termination of Executive's status as an employee for any reason; provided, that if the Committee determines that because of a change in law or circumstances the deduction associated with an earlier distribution would not be limited by Section 162(m) of the Internal Revenue Code and the regulations thereunder, the Committee shall cause such distribution to be made at or as soon as practicable after the first date on which such limitation on deductions would not apply.

10. ASSIGNMENT. The rights and obligations of the Company shall enure to the benefit of and shall be binding upon the successors and assigns of the Company. The rights and obligations of Executive are not assignable except only that payments payable to him after his death shall be made by devise or descent.

11. NOTICES. All notices and other communications required hereunder shall be in writing and shall be given by mailing the same by certified or registered mail, return receipt requested, postage prepaid. If sent to the Company the same shall be mailed to the Company at 770 Cochituate Road, Framingham, Massachusetts 01701, Attention: Chairman of the Executive Compensation Committee, or other such address as the Company may hereafter designate by notice to Executive; and if sent to the Executive, the same shall be mailed to Executive at One Thornton Lane, Concord, Massachusetts 01742 or at such other address as Executive may hereafter designate by notice to the Company.

12. CERTAIN EXPENSES. The Company shall bear the reasonable fees and costs of Executive's legal and financial advisors (not to exceed \$35,000 in the aggregate) incurred in negotiating this Agreement.

13. WITHHOLDING. Anything to the contrary notwithstanding, all payments required to be made by the Company hereunder to executive shall be subject to the withholding of such amounts, if any, relating to tax and other payroll deductions as the Company may reasonably determine it should withhold pursuant to any applicable law or regulation.

14. GOVERNING LAW. This Agreement and the rights and obligations of the parties hereunder shall be governed by the laws of the Commonwealth of Massachusetts.

15. ARBITRATION. In the event that there is any claim or dispute arising out of or relating to this Agreement, or the breach thereof, and the parties hereto shall not have resolved such claim or dispute within 60 days after written notice from one party to the other setting forth the nature of such claim or dispute, then such claim or dispute shall be settled exclusively by binding arbitration in Boston, Massachusetts in accordance with the Commercial Arbitration Rules of the American Arbitration Association by an arbitrator mutually agreed upon by the parties hereto or, in the absence of such agreement, by an arbitrator selected according to such Rules. Notwithstanding the foregoing, if either the Company or Executive shall request, such arbitration shall be conducted by a panel of three arbitrators, one selected by the Company, one selected by Executive and the third selected by agreement of the first two, or, in the absence of such agreement, in accordance with such Rules. Judgment upon the award rendered by such arbitrator(s) shall be entered in any Court having jurisdiction thereof upon the application of either party.

16. ENTIRE AGREEMENT. This Agreement, including Exhibits, represents the entire agreement between the parties relating to the terms of Executive's employment by the Company and supersedes all prior written or oral agreements between them.

/s/ Bernard Cammarata  
-----  
Executive

THE TJX COMPANIES, INC.

By /s/ Robert Shapiro  
-----  
Chairman of the Executive Compensation Committee

## EXHIBIT A

## Terms of 75,000 Share Deferred Stock Award Under Section 3(c)(i)

The following terms shall govern the award of Deferred Stock under the 1986 Plan described at Section 3(c)(i) of the Agreement (the "Section 3(c)(i) Award"):

A.1. Number of Shares. The number of shares of Stock subject to the Section 3(c)(i) Award shall be 75,000. An amount representing such shares shall be credited to the Account described at Section 9 of the Agreement as of the date of execution of the Agreement, and shall thereafter be notionally invested or reinvested, and otherwise adjusted, pursuant to Section 9.

A.2. Transfer of Shares. To the extent that, as of the date of distribution of the Account described at Section 9 of the Agreement, that portion of the Account attributable to the Section 3(c)(i) Award remains notionally invested in Stock, there shall be transferred to Executive in satisfaction of the Company's obligation with respect to that portion of the Account shares of Stock equal in number to the number of such notionally invested shares; provided, that if the total number of shares to be distributed pursuant to this A.2. plus the total number of shares (if any) to be distributed pursuant to Section B.2. of Exhibit B includes a fractional share, the total such number shall be rounded down to the nearest whole number and the fractional share amount shall be distributed in cash.

A.3. Voting. Executive shall be entitled to vote only those shares of Stock subject to the Section 3(c)(i) Award that have actually been transferred to him.

## EXHIBIT B

## Terms of 150,000 Share Deferred Stock Award Under Section 3(c)(ii)

The following terms shall govern the award of Deferred Stock under the 1986 Plan described at Section 3(c)(ii) of the Agreement (the "Section 3(c)(ii) Award"):

B.1. Number of Shares. The number of shares of Stock subject to the Section 3(c)(ii) Award shall be 150,000. An amount representing such shares shall be credited to the Account described at Section 9 of the Agreement as of the date of execution of the Agreement, and shall thereafter be notionally invested or reinvested, and otherwise adjusted, pursuant to Section 9.

B.2. Transfer of Shares. To the extent that, as of the date of distribution of the Account described at Section 9 of the Agreement, that portion of the Account attributable to the Section 3(c)(ii) Award remains notionally invested in Stock, there shall be transferred to Executive in satisfaction of the Company's obligation with respect to that portion of the Account shares of Stock equal in number to the number of such notionally invested shares; provided, that if the total number of shares to be distributed pursuant to this B.2. plus the total number of shares (if any) to be distributed pursuant to Section A.2. of Exhibit A includes a fractional share, the total such number shall be rounded down to the nearest whole number and the fractional share amount shall be distributed in cash.

B.3. Voting. Executive shall be entitled to vote only those shares of Stock subject to the Section 3(c)(ii) Award that have actually been transferred to him.

B.4. Noncompetition, etc. In consideration of the Section 3(c)(ii) Award, Executive agrees that upon automatic termination of the Employment Period on January 26, 2002, or if Executive should end his employment voluntarily at any time, including by reason of retirement or disability but not including a voluntary termination for Valid Reason, or if the Company should end Executive's employment at any time for Cause, then for a period of five years thereafter (instead of the two years specified in Section 8 of the Agreement) Executive shall be bound by the terms and conditions of Section 8 of the Agreement. The Company does not waive any rights it may have for damages or for injunctive relief in respect of the noncompetition agreement described in this Section.

## EXHIBIT C

## Certain Definitions

In this Agreement, the following terms shall have the following meanings:

(a) "Account" shall mean the deferred compensation memorandum account described at Section 9 of the Agreement.

(b) "Authorized Investment" means cash, shares in investment companies registered under the Investment Company Act of 1940, investments permitted as an investment for current contributions under the Company's 401(k) plan or plans, bank obligations, commercial paper rated A-1, A-2 or A-3 or their equivalent, direct or guaranteed federal or state governmental obligations, and freely tradeable shares of common stock in companies listed on the New York Stock Exchange, the American Stock Exchange, or Nasdaq; provided, that Stock shall be considered an Authorized Investment only with respect to amounts initially credited to the Account under Section 9(a)(ii) or Section 9(a)(iii) and, with respect to any such amount, only until such time, as any, as Executive specifies that such amount be notionally reinvested in another Authorized Investment. An investment shall not constitute an Authorized Investment if it (i) represents five percent (5%) or more of the outstanding shares of any class of stock of the issuer, or (ii) if made by the Company or by Executive, would be illegal or require registration, consent or reporting with, from or to any governmental agency or other person, or (iii) would be subject to any restriction on transfer.

(c) "Base Salary" means, for any period, the amount described in Section 3(a).

(d) "Board" means the Board of Directors of the Company.

(e) "Committee" means the Executive Compensation Committee of the Board.

(f) "Cause" means dishonesty by Executive in the performance of his duties, conviction of a felony (other than a conviction arising solely under a statutory provision imposing criminal liability upon Executive on a per se basis due to the Company offices held by Executive, so long as any act or omission of Executive with respect to such matter was not taken or omitted in contravention of any applicable policy or directive of the Board), gross neglect of duties (other than as a result of Disability or death), or conflict of interest which conflict shall continue for 30 days after the Company gives written notice to Executive requesting the cessation of such conflict.

In respect of any termination during a Standstill Period, Executive shall not be deemed to have been terminated for Cause until the later to occur of (i) the 30th day after notice of termination is given and (ii) the delivery to Executive of a copy of a resolution duly adopted by the affirmative vote of not less than a majority of the Company's directors at a meeting called and held for that purpose (after reasonable notice to Executive), and at which Executive together with his counsel was given an opportunity to be heard, finding that the Executive was guilty of conduct described in the definition of "Cause" above, and specifying the particulars thereof in detail; provided, however, that the Company may suspend Executive and withhold payment of his Base Salary from the date that notice of termination is given until the earliest to occur of (A) termination of Executive for Cause (in which case Executive shall not be entitled to his Base Salary for such period), (B) a determination by a majority of the Company's directors that Executive was not guilty of the conduct described in the definition of "Cause" above (in which case Executive shall be reinstated and paid any of his previously unpaid Base Salary for such period), or (C) 90 days after notice of termination is given (in which case Executive shall then be reinstated and paid any of his previously unpaid Base Salary for such period). If Base Salary is withheld and then paid pursuant to clauses (B) and (C) of the preceding sentence, the amount thereof shall be accompanied by simple interest, calculated on a daily basis, at a rate per annum equal to the prime or base lending rate, as in effect at the time, of the Company's principal commercial bank.

(g) "Change of Control" has the meaning given it in Exhibit D.

(h) "Change of Control Termination" means the termination of Executive's employment during a Standstill Period (1) by the Company other than for Cause, or (2) by Executive for good reason, or (3) by reason of death, Incapacity or Disability.

For purposes of this definition, termination for "good reason" shall mean the voluntary termination by Executive of his employment (A) within 120 days after the occurrence without Executive's express written consent of any one of the events described in clauses (I), (II), (III), (IV), (V) or (VI) below, provided that Executive gives notice to the Company at least 30 days in advance requesting that the pertinent situation described therein be remedied, and the situation remains unremedied upon expiration of such 30-day period; (B) within 120 days after the occurrence without Executive's express written consent of the event described in clause (VII), provided that Executive gives notice to the Company at least 30 days in advance of his intent to terminate his employment in respect of such event; or (C) under the circumstances described in clause (VIII) below, provided that Executive gives notice to the Company at least 30 days in advance:

- (I) the assignment to him of any duties inconsistent with his positions, duties, responsibilities, reporting requirements, and status with the Company immediately prior to the Change of Control, or any removal of Executive from or any failure to reelect him to such positions, except in connection with the termination of Executive's employment by the Company for Cause or by Executive other than for good reason, or any other action by the Company which results in a diminishment in such position, authority, duties or responsibilities, other than an insubstantial and inadvertent action which is remedied by the Company promptly after receipt of notice thereof given by Executive; or
- (II) if Executive's rate of Base Salary for any fiscal year is less than 100 percent of the rate of Base Salary paid to Executive in the completed fiscal year immediately preceding the Change of Control or if Executive's total cash compensation opportunities, including salary and incentives, for any fiscal year are less than 100 percent of the total cash compensation opportunities made available to Executive in the completed fiscal year immediately preceding the Change of Control; or
- (III) the failure of the Company to continue in effect any benefits or perquisites, or any pension, life insurance, medical insurance or disability plan in which Executive was participating immediately prior to the Change of Control unless the Company provides Executive with a plan or plans that provide substantially similar benefits, or the taking of any action by the Company that would adversely affect Executive's benefits under any of such plans or deprive Executive of any material fringe benefit enjoyed by Executive immediately prior to the Change of Control; or
- (IV) any purported termination of Executive's employment by the Company for Cause during a Standstill Period which is not effected in compliance with paragraph (d) above; or
- (V) any relocation of Executive of more than 40 miles from the place where Executive was located at the time of the Change of Control; or
- (VI) any other breach by the Company of any provision of this Agreement; or
- (VII) the Company sells or otherwise disposes of, in one transaction or a series of related transactions, assets or earning power aggregating more than 30 percent of the assets (taken at asset value as stated on the books



of the Company determined in accordance with generally accepted accounting principles consistently applied) or earning power of the Company (on an individual basis) or the Company and its Subsidiaries (on a consolidated basis) to any other Person or Persons (as those terms are defined in Exhibit D); or

(VIII) The voluntary termination by Executive of his employment at any time within one year after the Change of Control. Notwithstanding the foregoing, the Board may expressly waive the application of this clause (VIII) if it waives the applicability of substantially similar provisions with respect to all persons with whom the Company has a written severance agreement (or may condition its application on any additional requirements or employee agreements which the Board shall in its discretion deem appropriate in the circumstances). The determination of whether to waive or impose conditions on the application of this clause (VIII) shall be within the complete discretion of the Board but shall be made prior to the Change of Control.

(i) "Date of Termination" means the date on which Executive's employment terminates.

(j) "Disability" has the meaning given it in the Company's long-term disability plan. Executive's employment shall be deemed to be terminated for Disability on the date on which Executive is entitled to receive long-term disability compensation pursuant to such long-term disability plan.

(k) "GDGP" means the Company's General Deferred Compensation Plan, or, if the General Deferred Compensation Plan is no longer maintained by the Company, a nonqualified deferred compensation plan or arrangement the terms of which are not less favorable to Executive than the terms of the General Deferred Compensation Plan as in effect on the Effective Date.

(l) "Incapacity" means a disability (other than Disability within the meaning of (j) above) or other impairment of health that renders Executive unable to perform his duties to the reasonable satisfaction of the Committee.

(m) "Section 162(m) Current Salary Maximum" means, for any fiscal year of the Company, \$1,000,000 plus that portion of Executive's Base Salary as is deferred by salary reduction into the Company's 401(k) plan or plans, minus the sum of taxable fringe benefits provided to Executive for which the Company would be entitled to a deduction (determined without regard to Section 162(m) of the Code).

(n) "Standstill Period" means the period commencing on the date of a Change of Control and continuing until the close of business on the earlier of January 26, 2002 or the last business day of the 24th calendar month following such Change of Control.

(o) "Stock" means the common stock, \$1.00 par value, of the Company.

(p) "Subsidiary" means any corporation in which the Company owns, directly or indirectly, 50 percent or more of the total combined voting power of all classes of stock.

(q) "Valid Reason" means the voluntary termination by Executive of his employment (A) within 120 days after the occurrence without Executive's express written consent of any one of the events described in clauses (I), (II), (III), (IV), or (V) below, provided that Executive gives notice to the Company at least 30 days in advance requesting that the pertinent situation described therein be remedied, and the situation remains unremedied upon expiration of such 30-day period; or (B) within 120 days after the occurrence without Executive's express written consent of the event described in clause (VI) below:

- (I) the assignment to him of any duties inconsistent with his positions, duties, responsibilities, reporting requirements, and status with the Company immediately prior to such assignment, or a substantive change in Executive's titles or offices as in effect immediately prior to such assignment, or any removal of Executive from or any failure to reelect him to such positions, except in connection with the termination of Executive's employment by the Company for Cause or by Executive other than for Valid Reason, or any other action by the Company which results in a diminishment in such position, authority, duties or responsibilities, other than an insubstantial and inadvertent action which is remedied by the Company promptly after receipt of notice thereof given by Executive; or
- (II) the failure of the Company to continue in effect any benefits or perquisites, or any pension, life insurance, medical insurance or disability plan in which Executive was participating immediately prior to such failure unless the Company provides Executive with a plan or plans that provide substantially similar benefits, or the taking of any action by the Company that would adversely affect Executive's benefits under any of such plans or deprive Executive of any material fringe benefit enjoyed by Executive immediately prior to such action, unless the elimination or reduction of any such benefit, perquisite or plan affects all other

executives in the same organizational level (it being the Company's burden to establish this fact); or

- (III) any purported termination of Executive's employment by the Company for Cause which is not effected in compliance with paragraph (d) above; or
- (IV) any relocation of Executive of more than 40 miles from the place where Executive was located at the time of such relocation; or
- (V) any other breach by the Company of any provision of this Agreement; or
- (VI) the Company sells or otherwise disposes of, in one transaction or a series of related transactions, assets or earning power aggregating more than 30 percent of the assets (taken at asset value as stated on the books of the Company determined in accordance with generally accepted accounting principles consistently applied) or earning power of the Company (on an individual basis) or the Company and its Subsidiaries (on a consolidated basis) to any other Person or Persons (as those terms are defined in Exhibit D).

## EXHIBIT D

## Definition of "Change of Control"

"Change of Control" shall mean the occurrence of any one of the following events:

(a) there occurs a change of control of the Company of a nature that would be required to be reported in response to Item 1(a) of the Current Report on Form 8-K pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 (the "Exchange Act") or in any other filing under the Exchange Act; provided, however, that no transaction shall be deemed to be a Change of Control (i) if the person or each member of a group of persons acquiring control is excluded from the definition of the term "Person" hereunder or (ii) unless the Committee shall otherwise determine prior to such occurrence, if Executive or an Executive Related Party is the Person or a member of a group constituting the Person acquiring control; or

(b) any Person other than the Company, any wholly-owned subsidiary of the Company, or any employee benefit plan of the Company or such a subsidiary becomes the owner of 20% or more of the Company's Common Stock and thereafter individuals who were not directors of the Company prior to the date such Person became a 20% owner are elected as directors pursuant to an arrangement or understanding with, or upon the request of or nomination by, such Person and constitute at least 1/4 of the Company's Board of Directors; provided, however, that unless the Committee shall otherwise determine prior to the acquisition of such 20% ownership, such acquisition of ownership shall not constitute a Change of Control if Executive or an Executive Related Party is the Person or a member of a group constituting the Person acquiring such ownership; or

(c) there occurs any solicitation or series of solicitations of proxies by or on behalf of any Person other than the Company's Board of Directors and thereafter individuals who were not directors of the Company prior to the commencement of such solicitation or series of solicitations are elected as directors pursuant to an arrangement or understanding with, or upon the request of or nomination by, such Person and constitute at least 1/4 of the Company's Board of Directors; or

(d) the Company executes an agreement of acquisition, merger or consolidation which contemplates that (i) after the effective date provided for in the agreement, all or substantially all of the business and/or assets of the Company shall be owned, leased or otherwise controlled by another Person and (ii) individuals who are directors of the Company when such agreement is executed shall not constitute a majority of the board of directors of the survivor or successor entity immediately after the effective date

provided for in such agreement; provided, however, that unless otherwise determined by the Committee, no transaction shall constitute a Change of Control if, immediately after such transaction, Executive or any Executive Related Party shall own equity securities of any surviving corporation ("Surviving Entity") having a fair value as a percentage of the fair value of the equity securities of such Surviving Entity greater than 125% of the fair value of the equity securities of the Company owned by Executive and any Executive Related Party immediately prior to such transaction, expressed as a percentage of the fair value of all equity securities of the Company immediately prior to such transaction (for purposes of this paragraph ownership of equity securities shall be determined in the same manner as ownership of Common Stock); and provided, further, that, for purposes of this paragraph (d), if such agreement requires as a condition precedent approval by the Company's shareholders of the agreement or transaction, a Change of Control shall not be deemed to have taken place unless and until such approval is secured (but upon any such approval, a Change of Control shall be deemed to have occurred on the date of execution of such agreement).

In addition, for purposes of this Exhibit D the following terms have the meanings set forth below:

"Common Stock" shall mean the then outstanding Common Stock of the Company plus, for purposes of determining the stock ownership of any Person, the number of unissued shares of Common Stock which such Person has the right to acquire (whether such right is exercisable immediately or only after the passage of time) upon the exercise of conversion rights, exchange rights, warrants or options or otherwise. Notwithstanding the foregoing, the term Common Stock shall not include shares of Preferred Stock or convertible debt or options or warrants to acquire shares of Common Stock (including any shares of Common Stock issued or issuable upon the conversion or exercise thereof) to the extent that the Board of Directors of the Company shall expressly so determine in any future transaction or transactions.

A Person shall be deemed to be the "owner" of any Common Stock:

(i) of which such Person would be the "beneficial owner," as such term is defined in Rule 13d-3 promulgated by the Securities and Exchange Commission (the "Commission") under the Exchange Act, as in effect on March 1, 1989; or

(ii) of which such Person would be the "beneficial owner" for purposes of Section 16 of the Exchange Act and the rules of the Commission promulgated thereunder, as in effect on March 1, 1989; or

(iii) which such Person or any of its affiliates or associates (as such terms are defined in Rule 12b-2 promulgated by the Commission under the Exchange Act, as in effect on March 1, 1989), has the right to acquire (whether such right is exercisable immediately or only after the passage of time) pursuant to any agreement, arrangement or understanding or upon the exercise of conversion rights, exchange rights, warrants or options or otherwise.

"Person" shall have the meaning used in Section 13(d) of the Exchange Act, as in effect on March 1, 1989.

An "Executive Related Party" shall mean any affiliate or associate of Executive other than the Company or a majority-owned subsidiary of the Company. The terms "affiliate" and "associate" shall have the meanings ascribed thereto in Rule 12b-2 under the Exchange Act (the term "registrant" in the definition of "associate" meaning, in this case, the Company).

## EXHIBIT E

## Change of Control Benefits

## E.1. Benefits Upon a Change of Control Termination.

(a) The Company shall pay the following to Executive in a lump sum within 30 days following a Change of Control Termination:

(i) an amount equal to (A) two times his Base Salary for one year at the rate in effect immediately prior to the Date of Termination or the Change of Control, whichever is higher, plus (B) the accrued and unpaid portion of his Base Salary through the Date of Termination, subject to the following. If Executive is eligible for long term disability compensation benefits under the Company's long-term disability plan or any successor Company long-term disability plan, the amount payable under (A) shall be reduced by the annual long-term disability compensation benefit for which Executive is eligible under such plan for the two-year period over which the amount payable under (A) is measured. If for any period Executive receives long-term disability compensation payments under a long-term disability plan of the Company as well as payments under the first sentence of this clause (i), and if the sum of such payments (the "combined Change of Control/disability benefit") exceeds the payment for such period to which Executive is entitled under the first sentence of this clause (i) (determined without regard to the second sentence of this clause (i)), he shall promptly pay such excess in reimbursement to the Company; provided, that in no event shall application of this sentence result in reduction of Executive's combined Change of Control/disability benefit below the level of long-term disability compensation payments to which Executive is entitled under the long-term disability plan or plans of the Company.

(ii) in lieu of any other benefits under SERP, an amount equal to the present value of the payments that Executive would have been entitled to receive under SERP as a Category B participant, applying the following rules and assumptions:

(A) Executive's Primary Social Security Benefit (as that term is defined in SERP) shall mean the annual primary insurance amount to which the Executive is entitled or would, upon application therefor, become entitled at age 65 under the provisions of the Federal Social Security Act as in effect on the Date of Termination assuming that Executive received annual income at the rate of his Base Salary from the Date of Termination until his 65th birthdate which would be treated as wages for purposes of the Social Security Act;

(B) the monthly benefit under SERP determined using the foregoing criteria shall be multiplied by 12 to determine an annual benefit; and

(C) the present value of such annual benefit shall be determined by multiplying the result in (B) by the appropriate actuarial factor, using the most recently published interest and mortality rates published by the Pension Benefit Guaranty Corporation which are effective for plan terminations occurring on the Date of Termination, using Executive's age to the nearest year determined as of that date. If, as of the Date of Termination, the Executive has previously satisfied the eligibility requirements for Early Retirement under The TJX Companies, Inc. Retirement Plan, then the appropriate factor shall be that based on the most recently published "PBGC Actuarial Value of \$1.00 Per Year Deferred to Age 60 and Payable for Life Thereafter -- Healthy Lives," except that if the Executive's age to the nearest year is more than 60, then such higher age shall be substituted for 60. If, as of the Date of Termination, the Executive has not satisfied the eligibility requirements for Early Retirement under The TJX Companies, Inc. Retirement Plan, then the appropriate factor shall be based on the most recently published "PBGC Actuarial Value of \$1.00 Per Year Deferred To Age 65 And Payable For Life Thereafter -- Healthy Lives."

(D) the benefit determined under (E) above shall be reduced by the value of any portion of Executive's SERP benefit already paid or provided to him in cash or through the transfer of an annuity contract.

(b) Until the second anniversary of the Date of Termination, the Company shall maintain in full force and effect for the continued benefit of Executive and his family all life insurance, medical insurance and disability plans and programs in which Executive was entitled to participate immediately prior to the Change of Control, provided that Executive's continued participation is possible under the general terms and provisions of such plans and programs. In the event that Executive is ineligible to participate in such plans or programs, the Company shall arrange upon comparable terms to provide Executive with benefits substantially similar to those which he is entitled to receive under such plans and programs. Notwithstanding the foregoing, the Company's obligations hereunder with respect to life, medical or disability coverage or benefits shall be deemed satisfied to the extent (but only to the extent) of any such coverage or benefits provided by another employer.

(c) For a period of two years after the Date of Termination, the Company shall make available to Executive the use of any automobile that was made available to Executive prior to the Date of Termination, including ordinary replacement thereof in accordance with the Company's automobile policy in effect immediately prior to the Change of Control (or, in lieu



of making such automobile available, the Company may at its option pay to Executive the present value of its cost of providing such automobile).

E.2. Incentive Benefits Upon a Change of Control. Within 30 days following a Change of Control, whether or not Executive's employment has terminated or been terminated, the Company shall pay to the Executive, in a lump sum, the sum of (i) and (ii), where:

(i) is the sum of (A) the "Target Award" under the Company's Management Incentive Plan or any other annual incentive plan which is applicable to Executive for the fiscal year in which the Change of Control occurs, plus (B) an amount equal to such Target Award prorated for the period of active employment during such fiscal year through the Change of Control; and

(ii) the sum of (A) for Performance Cycles not completed prior to the Change of Control, an amount with respect to each such cycle equal to the maximum Award under LRPIP specified for Executive for such cycle, plus (B) if the Change of Control occurs prior to the close of the fiscal year ended in 1999, \$1,260,000 in lieu of any award under Section 3(f)(ii) of the Agreement, plus (C) any unpaid amounts owing with respect to cycles completed prior to the Change of Control (and, if the Change of Control occurs after the close of the fiscal year ended in 1999, any unpaid amount owing with respect to the award described in Section 3(f)(ii) of the Agreement).

E.3. Payments under Section E.1. and Section E.2. of this Exhibit shall be made without regard to whether the deductibility of such payments (or any other payments to or for the benefit of Executive) would be limited or precluded by Internal Revenue Code Section 280G and without regard to whether such payments (or any other payments) would subject Executive to the federal excise tax levied on certain "excess parachute payments" under Internal Revenue Code Section 4999; provided, that if the total of all payments to or for the benefit of Executive, after reduction for all federal taxes (including the tax described in Internal Revenue Code Section 4999, if applicable) with respect to such payments ("Executive's total after-tax payments"), would be increased by the limitation or elimination of any payment under Section E.1. or Section E.2., amounts payable under Section E.1. and Section E.2. shall be reduced to the extent, and only to the extent, necessary to maximize Executive's total after-tax payments. The determination as to whether and to what extent payments under Section E.1. or Section E.2. are required to be reduced in accordance with the preceding sentence shall be made at the Company's expense by Coopers & Lybrand or by such other certified public accounting firm as the Committee may designate prior to a Change of Control. In the event of any underpayment or overpayment under Section E.1. or Section E.2., as determined by Coopers & Lybrand (or such other firm as may have been designated in accordance with the preceding sentence), the amount of such underpayment or overpayment

shall forthwith be paid to Executive or refunded to the Company, as the case may be, with interest at the applicable Federal rate provided for in Section 7872(f)(2) of the Internal Revenue Code.

E.4. Other Benefits. In addition to the amounts described in Sections E.1. and E.2., Executive shall be entitled to his benefits, if any, under Sections 3(b)(i) (PARS), 3(b)(ii) (PBDS), 3(b)(iii) (Existing Options), 3(c) (Additional Awards), 3(f) (Additional Bonus Awards), and 3(h) (Qualified Plans).

5. Noncompetition; No Mitigation of Damages; etc.

(a) Noncompetition. Upon a Change of Control, any agreement by Executive not to engage in competition with the Company subsequent to the termination of his employment, whether contained in an employment contract or other agreement, shall no longer be effective.

(b) No Duty to Mitigate Damages. Executive's benefits under this Exhibit E shall be considered severance pay in consideration of his past service and his continued service from the date of this Agreement, and his entitlement thereto shall neither be governed by any duty to mitigate his damages by seeking further employment nor offset by any compensation which he may receive from future employment.

(c) Legal Fees and Expenses. The Company shall pay all legal fees and expenses, including but not limited to counsel fees, stenographer fees, printing costs, etc. reasonably incurred by Executive in contesting or disputing that the termination of his employment during a Standstill Period is for Cause or other than for good reason (as defined in the definition of Change of Control Termination) or obtaining any right or benefit to which Executive is entitled under this Agreement following a Change of Control. Any amount payable under this Agreement that is not paid when due shall accrue interest at the prime rate as from time to time in effect at the First National Bank of Boston, until paid in full.

(e) Notice of Termination. During a Standstill Period, executive's employment may be terminated by the Company only upon 30 days' written notice to Executive.

## EMPLOYMENT AGREEMENT AMENDMENT

This Amendment dated as of April 7, 1997 amends the Amended and Restated Employment Agreement dated as of February 1, 1995 (the "Agreement") between RICHARD LESSER ("Executive") and The TJX Companies, Inc., a Delaware corporation, whose principal office is in Framingham, Massachusetts 01701.

The parties hereto, in consideration of the mutual agreements contained in the Agreement, agree that, effective April 7, 1997, the Agreement is amended by deleting Section 3(c) thereof and substituting the following new Section 3(c) therefor:

"(c) MIP. During the Employment Period, Executive shall be eligible to receive annual awards under MIP. To the extent provided in Section 162(m) of the Code, the goals, scope and conditions of any award shall be established annually by the Committee. Subject to the foregoing, (i) for fiscal 1996 Executive shall be entitled to earn up to 45% of his Base Salary if the target established by the Committee is met and up to 90% of his Base Salary if such target is exceeded, with the payment potential ranging from 0% to 90% of Executive's Base Salary as established by the terms of the award, and (ii) commencing with fiscal 1997 Executive shall be entitled to earn up to 50% of his Base Salary if the target established by the Committee is met and up to 100% of his Base Salary if such target is exceeded, with the payment potential ranging from 0% to 100% of Executive's Base Salary as established by the terms of the award."

/s/ Richard Lesser

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Executive - Richard Lesser

THE TJX COMPANIES, INC.

By: /s/ Bernard Cammarata

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Bernard Cammarata  
President and  
Chief Executive Officer

## EMPLOYMENT AGREEMENT AMENDMENT

This Amendment dated as of April 7, 1997 amends the Amended and Restated Employment Agreement dated as of February 1, 1995 (the "Agreement") between DONALD G. CAMPBELL ("Executive") and The TJX Companies, Inc., a Delaware corporation, whose principal office is in Framingham, Massachusetts 01701.

The parties hereto, in consideration of the mutual agreements contained in the Agreement, agree that, effective April 7, 1997, the Agreement is amended by deleting Section 3(c) thereof and substituting the following new Section 3(c) therefore:

"(c) MIP. During the Employment Period, Executive shall be eligible to receive annual awards under MIP. To the extent provided in Section 162(m) of the Code, the goals, scope and conditions of any award shall be established annually by the Committee. Subject to the foregoing, (i) for fiscal 1996 Executive shall be entitled to earn up to 35% of his Base Salary if the target established by the Committee is met and up to 70% of his Base Salary if such target is exceeded, with the payment potential ranging from 0% to 70% of Executive's Base Salary as established by the terms of the award, and (ii) commencing with fiscal 1997 Executive shall be entitled to earn up to 42.5% of his Base Salary if the target established by the Committee is met and up to 85% of his Base Salary if such target is exceeded, with the payment potential ranging from 0% to 85% of Executive's Base Salary as established by the terms of the award."

/s/ Donald G. Campbell

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Executive - Donald G. Campbell

THE TJX COMPANIES, INC.

By: /s/ Bernard Cammarata

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Bernard Cammarata  
President and  
Chief Executive Officer

(As amended through April 9, 1997)

THE TJX COMPANIES, INC.  
1986 STOCK INCENTIVE PLAN

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THE TJX COMPANIES, INC.  
1986 STOCK INCENTIVE PLAN

SECTION 1. GENERAL PURPOSE OF THE PLAN.

The name of the plan is The TJX Companies, Inc. 1986 Stock Incentive Plan (the "Plan"). The purpose of the Plan is to secure for The TJX Companies, Inc. (the "Company") and its stockholders the benefit of the incentives inherent in Common Stock ownership and the receipt of incentive awards by selected key employees of the Company and its Subsidiaries who contribute to and will be responsible for its continued long term growth. The Plan is intended to stimulate the efforts of such key employees by providing an opportunity for capital appreciation and giving suitable recognition for services which contribute materially to the success of the Company.

SECTION 2. PLAN ADMINISTRATION.

The Plan shall be administered by a Committee of not less than two Non-Employee Directors, who shall be appointed by the Board and who shall serve at the pleasure of the Board.

The Committee shall have the power and authority to grant Awards consistent with the terms of the Plan, including the power and authority:

- (i) to select the officers and other key employees of the Company and its Subsidiaries to whom Awards may from time to time be granted;
- (ii) to determine the time or times of grant, and the extent, if any, of Incentive Stock Options, Non-Qualified Stock Options, Stock Appreciation Rights, Restricted Stock, Unrestricted Stock, Deferred Stock, Performance Awards and any Other Stock-based Awards, or any combination of the foregoing, granted to any one or more participants;
- (iii) to determine the number of shares to be covered by any Award;
- (iv) to determine the terms and conditions, including restrictions, not inconsistent with the terms of the Plan, of any Award, which terms and conditions may differ among individual Awards and participants;
- (v) to determine whether, to what extent, and under what circumstances Stock and other amounts payable with respect to an Award shall be deferred either automatically or at the election of the participant and whether and to what extent the Company shall pay or credit amounts equal to interest (at

rates determined by the Committee) or dividends or deemed dividends on such deferrals; and

- (vi) to adopt, alter and repeal such rules, guidelines and practices for administration of the Plan and for its own acts and proceedings as it shall deem advisable; to interpret the terms and provisions of the Plan and any Award (including related Award Agreements); to make all determinations it deems advisable for the administration of the Plan; to decide all disputes arising in connection with the Plan; and to otherwise supervise the administration of the Plan.

All decisions and interpretations of the Committee shall be binding on all persons, including the Company and Plan participants.

SECTION 3. SHARES ISSUABLE UNDER THE PLAN; MERGERS; SUBSTITUTION.

(a) Shares Issuable. The maximum number of shares of Stock reserved and available for issuance under the Plan shall be 6,000,000, including shares issued in lieu of or upon reinvestment of dividends arising from Awards. For purposes of this limitation, Awards and Stock which are forfeited, reacquired by the Company or satisfied without the issuance of Stock shall not be counted and such limitation shall apply only to shares which have become free of any restrictions under the Plan, except that shares of Restricted Stock reacquired by the Company, and shares withheld by the Company to satisfy tax withholding requirements shall be counted to the extent required under Rule 16b-3 under the Act or any successor rule. Subject to such overall limitation, shares may be issued up to such maximum pursuant to any type or types of Award, including Incentive Stock Options. Shares issued under the Plan may be authorized but unissued shares or shares reacquired by the Company.

No Stock Option or Stock Options shall be awarded in any calendar year to any one "covered associate" (as that term is defined in Section 162(m) of the Code, as amended by the Revenue Reconciliation Act of 1993) covering shares, in the aggregate for such year, in excess of the applicable limit. For purposes of the preceding sentence, the term "applicable limit" shall mean (a) for any calendar year ending on or prior to December 31, 1993, 300,000 shares, and (b) for any calendar year beginning on or after January 1, 1994, the number of shares available generally for awards under the Plan, determined under the first paragraph of this Section 3(a) as of the close of the immediately preceding year, or such smaller number of shares as the Committee may determine consistent with Section 162(m) of the Code.



(b) Stock Dividends, Mergers, etc. In the event of a stock dividend, stock split or similar change in capitalization, or extraordinary dividend or distribution or restructuring transaction affecting the Stock, the Committee shall make appropriate adjustments in the number and kind of shares of stock or securities on which Awards may thereafter be granted and shall make such adjustments in the number and kind of shares remaining subject to outstanding Awards, and the option or purchase price in respect of such shares as it may deem appropriate with a view toward preserving the value of outstanding awards. In the event of any merger, consolidation, dissolution or liquidation of the Company, the Committee in its sole discretion may, as to any outstanding Awards, make such substitution or adjustment in the aggregate number of shares reserved for issuance under the Plan and in the number and purchase price (if any) of shares subject to such Awards as it may determine, or accelerate, amend or terminate such Awards upon such terms and conditions as it shall provide (which, in the case of the termination of the vested portion of any Award, shall require payment or other consideration which the Committee deems equitable in the circumstances), subject, however, to the provisions of Section 15.

(c) Substitute Awards. The Company may grant Awards under the Plan in substitution for stock and stock based awards held by employees of another corporation who concurrently become employees of the Company or a Subsidiary as the result of a merger or consolidation of the employing corporation with the Company or a Subsidiary or the acquisition by the Company or a Subsidiary of property or stock of the employing corporation. The Committee may direct that the substitute awards be granted on such terms and conditions as the Committee considers appropriate in the circumstances. The shares which may be delivered under such substitute Awards shall be in addition to the maximum number of shares provided for in Section 3(a).

#### SECTION 4. ELIGIBILITY.

Participants in the Plan will be such full or part time officers and other key employees of the Company and its Subsidiaries (excluding any director who is not a full time employee) who are responsible for or contribute to the management, growth or profitability of the Company and its Subsidiaries and who are selected from time to time by the Committee, in its sole discretion. Persons who are not employees of the Company or a subsidiary (within the meaning of Section 424 of the Code) shall not be eligible to receive grants of Incentive Stock Options.

#### SECTION 5. LIMITATIONS ON TERM AND DATES OF AWARDS.

(a) Duration of Awards. Subject to Sections 16(a) and 16(c) below, no restrictions or limitations on Awards shall extend beyond 10 years (or 10 years and one

day in the case of Non-Qualified Stock Options) from the grant date, except that deferrals elected by participants of the receipt of Stock or other benefits under the Plan may extend beyond such date.

(b) Latest Grant Date. No Award shall be granted after April 7, 2003, but then outstanding Awards may extend beyond such date.

#### SECTION 6. STOCK OPTIONS.

Any Stock Option granted under the Plan shall be in such form as the Committee may from time to time approve.

Stock Options granted under the Plan may be either Incentive Stock Options or Non-Qualified Stock Options. To the extent that any option does not qualify as an Incentive Stock Option, it shall constitute a Non-Qualified Stock Option.

Anything in the Plan to the contrary notwithstanding, no term of this Plan relating to Incentive Stock Options shall be interpreted, amended or altered, nor shall any discretion or authority granted to the Committee under the Plan be so exercised, so as to disqualify the Plan or, without the consent of the optionee, any Incentive Stock Option under Section 422 of the Code.

Stock Options granted under the Plan shall be subject to the following terms and conditions and shall contain such additional terms and conditions, not inconsistent with the terms of the Plan, as the Committee shall deem desirable:

(a) Option Price. The option price per share of Stock purchasable under a Stock Option shall be determined by the Committee at the time of grant but shall be not less than 100% of Fair Market Value on the date of grant.

(b) Option Term. The term of each Stock Option shall be fixed by the Committee, but no Incentive Stock Option shall be exercisable more than ten years after the date the option is granted and no Non-Qualified Stock Option shall be exercisable more than ten years and one day after the date the option is granted.

(c) Exercisability. Stock Options shall be exercisable at such future time or times, whether or not in installments, as shall be determined by the Committee at or after the grant date. The Committee may at any time accelerate the exercisability of all or any portion of any Stock Option.

(d) Intentionally omitted.

(e) Method of Exercise. Stock Options may be exercised in whole or in part, by giving written notice of exercise to the Company specifying the number of shares to be purchased. Such notice shall be accompanied by payment in full of the purchase price, either by certified or bank check or other instrument or means acceptable to the Committee or by delivery of an unconditional and irrevocable undertaking by a broker to deliver promptly to the Company sufficient funds to pay the exercise price. As determined by the Committee, in its discretion, at (or, in the case of Non-Qualified Stock Options, after) grant, payment in full or in part of the exercise price or to pay withholding taxes (as provided in Section 16(c)) may also be made in the form of shares of Stock not then subject to restrictions under any Company plan. An optionee shall have the rights of a shareholder only as to shares acquired upon the exercise of a Stock Option and not as to unexercised Stock Options. Notwithstanding anything to the contrary contained herein, this Plan does not permit the exercise of an option in successive stages using as payment at each stage shares which have been acquired under the option in preceding stages.

(f) Non-transferability of Options. No Stock Option shall be transferable by the optionee otherwise than by will or by the laws of descent and distribution, and all Stock Options shall be exercisable, during the optionee's lifetime, only by the optionee.

(g) Termination by Death. If an optionee's employment by the Company and its Subsidiaries terminates by reason of death, the Stock Option may thereafter be exercised, to the extent then exercisable (or on such accelerated basis as the Committee shall at any time determine prior to death), by the legal representative or legatee of the optionee, for a period of three years (or such shorter period as the Committee shall specify at time of grant) from the date of death or until the expiration of the stated term of the option, if earlier.

(h) Termination by Reason of Disability. Any Stock Option held by an optionee whose employment by the Company and its Subsidiaries has terminated, or who has been designated an inactive employee, by reason of Disability may thereafter be exercised to the extent it was exercisable at the time of the earlier of such termination or such designation (or on such accelerated basis as the Committee shall at any time determine prior to such termination or designation) for a period of three years (or such shorter period as the Committee shall specify at time of grant) from the date of such termination of employment or designation or until the expiration of the stated term of the option, if earlier. Except as otherwise provided by the Committee at the time of grant, the death of an optionee during the final year of such exercise period shall extend such period for one year following death, subject to termination on the expiration of the stated term of the option, if earlier. The Committee shall have the authority to determine whether a

participant has been terminated or designated an inactive employee by reason of Disability.

(i) Termination by Reason of Normal Retirement. If an optionee's employment by the Company and its Subsidiaries terminates by reason of Normal Retirement, any Stock Option held by such optionee may thereafter be exercised to the extent that it was then exercisable (or on such accelerated basis as the Committee shall at any time determine) for a period of three years (or such shorter period as the Committee shall specify at time of grant) from the date of Normal Retirement or until the expiration of the stated term of the option, if earlier. Except as otherwise provided by the Committee at the time of grant, the death of an optionee during the final year of such exercise period shall extend such period for one year following death, subject to earlier termination on the expiration of the stated term of the option, if earlier.

(j) Other Termination. Unless otherwise determined by the Committee, if an optionee's employment by the Company and its Subsidiaries terminates for any reason other than death, Disability, Normal Retirement, or for Cause, any Stock Option held by such optionee may thereafter be exercised to the extent it was exercisable on the date of termination of employment (or on such accelerated basis as the Committee shall determine at or after grant) for a period of three months (or such longer period up to three years as the Committee shall specify at or after grant) from the date of termination of employment or until the expiration of the stated term of the option, if earlier. If an optionee's employment terminates for Cause, the unexercised portion of any Stock Option then held by the optionee shall immediately terminate.

(k) Form of Settlement. Subject to Section 16(a) and Section 16(c) below, shares of Stock issued upon exercise of a Stock Option shall be free of all restrictions under the Plan, except as provided in the following sentence. The Committee may provide at time of grant that the shares to be issued upon the exercise of a Stock Option shall be in the form of Restricted Stock or Deferred Stock, or may reserve the right to so provide after time of grant.

#### SECTION 7. STOCK APPRECIATION RIGHTS; DISCRETIONARY PAYMENTS.

(a) Nature of Stock Appreciation Right. A Stock Appreciation Right is an Award entitling the recipient to receive an amount in cash or shares of Stock (or in a form of payment permitted under paragraph (e) below) or a combination thereof having a value equal to (or if the Committee shall so determine at time of grant, less than) the excess of the Fair Market Value of a share of Stock on the date of exercise over the Fair Market Value of a share of Stock on the date of grant (or over the option exercise price, if the Stock Appreciation Right was granted in tandem with a Stock Option) multiplied

by the number of shares with respect to which the Stock Appreciation Right shall have been exercised, with the Committee having the right to determine the form of payment.

(b) Grant and Exercise of Stock Appreciation Rights. Stock Appreciation Rights may be granted in tandem with, or independently of, any Stock Option granted under the Plan. In the case of a Stock Appreciation Right granted in tandem with a Non-Qualified Stock Option, such Right may be granted either at or after the time of the grant of such option. In the case of a Stock Appreciation Right granted in tandem with an Incentive Stock Option, such Right may be granted only at the time of the grant of the option.

A Stock Appreciation Right or applicable portion thereof granted in tandem with a given Stock Option shall terminate and no longer be exercisable upon the termination or exercise of the related Stock Option, except that a Stock Appreciation Right granted with respect to less than the full number of shares covered by a related Stock Option shall not be reduced until the exercise or termination of the related Stock Option exceeds the number of shares not covered by the Stock Appreciation Right.

(c) Terms and Conditions of Stock Appreciation Rights. Stock Appreciation Rights shall be subject to such terms and conditions as shall be determined from time to time by the Committee, subject to the following:

- (i) Stock Appreciation Rights granted in tandem with Stock Options shall be exercisable only at such time or times and to the extent that the related Stock Options shall be exercisable.
- (ii) Upon the exercise of a Stock Appreciation Right, the applicable portion of any related Stock Option shall be surrendered.
- (iii) Stock Appreciation Rights granted in tandem with a Stock Option shall be transferable only with such Stock Option. Other Stock Appreciation Rights shall not be transferable otherwise than by will or the laws of descent and distribution. All Stock Appreciation Rights shall be exercisable during the participant's lifetime only by the participant or the participant's legal representative.

(d) Discretionary Payments. Notwithstanding that a Stock Option at the time of exercise shall not be accompanied by a related Stock Appreciation Right, if the market price of the shares subject to such Stock Option exceeds the exercise price of such Stock Option at the time of its exercise, the Committee may, in its discretion, cancel such Stock Option, in which event the Company shall pay to the person exercising such Stock Option an amount equal to the difference between the Fair Market Value of the Stock to

have been purchased pursuant to such exercise of such Stock Option (determined on the date the Stock Option is cancelled) and the aggregate consideration to have been paid by such person upon such exercise. Such payment shall be by check, bank draft or in Stock (or in a form of payment permitted under paragraph (e) below) having a Fair Market Value (determined on the date the payment is to be made) equal to the amount of such payments or any combination thereof, as determined by the Committee. The Committee may exercise its discretion under the first sentence of this paragraph (d) only in the event of a written request of the person exercising the option, which request shall not be binding on the Committee.

(e) Settlement in the Form of Restricted Shares or Rights to Receive Deferred Stock. Subject to Sections 16(a) and 16(c) below, shares of Stock issued upon exercise of a Stock Appreciation Right or as a Discretionary Payment shall be free of all restrictions under the Plan, except as provided in the following sentence. The Committee may provide at the time of grant in the case of a Stock Appreciation Right (and at the time of payment in the case of a Discretionary Payment) that such shares shall be in the form of shares of Restricted Stock or rights to acquire Deferred Stock, or in the case of a Stock Appreciation Right may reserve the right to so provide at any time after the time of grant. Any such shares and any shares subject to rights to acquire Deferred Stock shall be valued at Fair Market Value on the date of exercise of the Stock Appreciation Right or the date the Stock Option is cancelled in the case of Discretionary Payments.

#### SECTION 8. RESTRICTED STOCK; UNRESTRICTED STOCK.

(a) Nature of Restricted Stock Award. A Restricted Stock Award is an Award entitling the recipient to acquire shares of Stock for a purchase price (which may be zero), subject to such conditions, including a Company right during a specified period or periods to repurchase such shares at their original purchase price (or to require forfeiture of such shares, if the purchase price was zero) upon participant's termination of employment, as the Committee may determine at the time of grant.

(b) Award Agreement. Unless the Committee shall otherwise determine, a participant who is granted a Restricted Stock Award shall have no rights with respect to such Award unless the participant shall have accepted the Award within 60 days (or such shorter date as the Committee may specify) following the award date by making payment to the Company by certified or bank check or other instrument acceptable to the Committee in an amount equal to the specified purchase price, if any, of the shares covered by the Award and by executing and delivering to the Company a Restricted Stock Award Agreement in such form as the Committee shall determine.

(c) Rights as a Shareholder. Upon complying with paragraph (b) above, a participant shall have all the rights of a shareholder with respect to the Restricted Stock including voting and dividend rights, subject to nontransferability restrictions and Company repurchase or forfeiture rights described in this Section and subject to any other conditions contained in the Award Agreement. Unless the Committee shall otherwise determine, certificates evidencing shares of Restricted Stock shall remain in the possession of the Company until such shares are free of any restrictions under the Plan.

(d) Restrictions. Shares of Restricted Stock may not be sold, assigned, transferred, pledged or otherwise encumbered or disposed of except as specifically provided herein. In the event of termination of employment with the Company and its subsidiaries for any reason such shares shall be resold to the Company at their purchase price, or forfeited to the Company if the purchase price was zero, except as set forth below.

- (i) The Committee at the time of grant shall specify the date or dates (which may depend upon or be related to the attainment of performance goals and other conditions) on which the nontransferability of the Restricted Stock and the obligation to resell such shares to the Company shall lapse. However, no grants of Restricted Stock made after September 8, 1993 shall specify such a date which is less than three years from the date of grant, except that (i) such a date may be one year or greater in the case of Restricted Stock granted subject to the attainment of performance goals, (ii) future shares of Restricted Stock may be granted which specify full vesting in no less than three years and partial vesting at a rate no faster than equal annual installments each of one-third of such shares, and (iii) shares of Restricted Stock may be granted which specify any vesting date provided that on a cumulative basis such shares granted after September 8, 1993, when no longer subject to restrictions under the Plan, do not exceed 200,000 shares. The Committee at any time may accelerate such date or dates and otherwise waive or, subject to Section 13, amend any conditions of the Award.
- (ii) Except as may otherwise be provided in the Award Agreement, in the event of termination of employment by the Company and its Subsidiaries for any reason (including death), a participant or the participant's legal representative shall offer to resell to the Company, at the price paid therefor, all Restricted Stock, and the Company shall have the right to purchase the same at such price, or if the price was zero to require forfeiture of the same, provided that except as provided in the Award

Agreement, the Company must exercise such right of repurchase or forfeiture not later than the 60th day following such termination of employment.

(e) Waiver, Deferral and Reinvestment of Dividends. The Restricted Stock Award Agreement may require or permit the immediate payment, waiver, deferral or investment of dividends paid on the Restricted Stock.

(f) Unrestricted Stock. The Committee may, in its sole discretion, grant or sell to any participant shares of Stock free of restrictions under the Plan ("Unrestricted Stock"). Shares of Unrestricted Stock may be granted or sold as described in the preceding sentence in respect of past services or other valid consideration.

#### SECTION 9. DEFERRED STOCK AWARDS.

(a) Nature of Deferred Stock Award. A Deferred Stock Award is an award entitling the recipient to acquire shares of Stock without payment in one or more installments at a future date or dates, all as determined by the Committee. The Committee may also condition such acquisition on the attainment of specified performance goals.

(b) Award Agreement. Unless the Committee shall otherwise determine, a participant who is granted a Deferred Stock Award shall have no rights with respect to a such Award unless within 60 days of the grant of such Award or such shorter period as the Committee may specify, the participant shall have accepted the Award by executing and delivering to the Company a Deferred Stock Award Agreement.

(c) Restrictions on Transfer. Deferred Stock Awards and all rights with respect to such Awards may not be sold, assigned, transferred, pledged or otherwise encumbered. Rights with respect to such Awards shall be exercisable during the participant's lifetime only by the participant or the participant's legal representative.

(d) Rights as a Shareholder. A participant receiving a Deferred Stock Award will have rights of a shareholder only as to shares actually received by the participant under the Plan and not with respect to shares subject to the Award but not actually received by the participant. A participant shall be entitled to receive a stock certificate for shares of Deferred Stock only upon satisfaction of all conditions therefor specified in the Deferred Stock Award Agreement.

(e) Termination. Except as may otherwise be provided by the Committee at any time prior to termination of employment, a participant's rights in all Deferred Stock



Awards shall automatically terminate upon the participant's termination of employment by the Company and its Subsidiaries for any reason (including death).

(f) Acceleration, Waiver, etc. At any time prior to the participant's termination of employment the Committee may in its discretion accelerate, waive, or, subject to Section 13, amend any or all of the restrictions or conditions imposed under any Deferred Stock Award.

(g) Payments in Respect of Deferred Stock. Without limiting the right of the Committee to specify different terms, the Deferred Stock Award Agreement may either make no provisions for, or may require or permit the immediate payment, deferral or investment of amounts equal to, or less than, any cash dividends which would have been payable on the Deferred Stock had such Stock been outstanding, all as determined by the Committee in its sole discretion.

#### SECTION 10. PERFORMANCE AWARDS.

(a) Nature of Performance Awards. A Performance Award is an award entitling the recipient to acquire cash or shares of Stock, or a combination of cash and Stock, upon the attainment of specified performance goals. If the grant, vesting, or exercisability of a Stock Option, SAR, Restricted Stock, Deferred Stock or Other Stock-Based Award is conditioned upon attainment of a specified performance goal or goals, it shall be treated as a Performance Award for purposes of this Section and shall be subject to the provisions of this Section in addition to the provisions of the Plan applicable to such form of Award.

(b) Qualifying and Nonqualifying Performance Awards. Performance Awards may include Awards intended to qualify for the performance-based compensation exception under Section 162(m)(4)(C) of the Code ("Qualifying Awards") and Awards not intended so to qualify ("Nonqualifying Awards").

(c) Terms of Performance Awards. The Committee in its sole discretion shall determine whether and to whom Performance Awards are to be granted, the performance goals applicable under each such Award, the periods during which performance is to be measured, and all other limitations and conditions applicable to the Award. Performance Awards may be granted independently or in connection with the granting of other Awards. In the case of a Qualifying Award (other than a Stock Option or SAR), the following special rules shall apply: (i) the Committee shall preestablish the performance goals and other material terms of the Award not later than the latest date permitted under Section 162(m) of the Code; (ii) the performance goal or goals fixed by the Committee in connection with the Award shall be based exclusively on one or more Approved

Performance Criteria; (iii) no payment (including, for this purpose, vesting or exercisability where vesting or exercisability, rather than the grant of the award, is linked to satisfaction of performance goals) shall be made unless the preestablished performance goals have been satisfied and the Committee has certified (pursuant to Section 162(m) of the Code) that they have been satisfied; (iv) no payment shall be made in lieu or in substitution for the Award if the preestablished performance goals are not satisfied (but this clause shall not limit the ability of the Committee or the Company to provide other remuneration to the affected Participant, whether or not under the Plan, so long as the payment of such remuneration would not cause the Award to fail to be treated as having been contingent on the preestablished performance goals) and (v) in all other respects the Award shall be construed and administered consistent with the intent that any compensation under the Award be treated as performance-based compensation under Section 162(m)(4)(C) of the Code.

(d) Award Agreement. Unless the Committee shall otherwise determine, a participant shall have no rights with respect to a Performance Award unless within 60 days of the grant of such Award or such shorter period as the Committee may specify, the participant shall have accepted the Award by executing and delivering to the Company a Performance Award Agreement.

(e) Rights as a Shareholder. A participant receiving a Performance Award will have rights of a shareholder only as to shares actually received by the participant under the Plan and not with respect to shares subject to the Award but not actually received by the participant. A participant shall be entitled to receive a stock certificate evidencing the acquisition of shares of Stock under a Performance Award (to the extent the Award provides for the delivery of shares of Stock) only upon satisfaction of all conditions therefor specified in the Performance Award Agreement.

(f) Termination. Except as may otherwise be provided by the Committee (consistent with Section 162(m), in the case of a Qualifying Award) at any time prior to termination of employment, a participant's rights in all Performance Awards shall automatically terminate upon the participant's termination of employment by the Company and its Subsidiaries for any reason (including death).

(g) Acceleration, Waiver, etc.. At any time prior to the participant's termination of employment by the Company and its Subsidiaries, the Committee may in its sole discretion (but subject to Section 162(m), in the case of a Qualifying Award) accelerate, waive or, subject to Section 13, amend any or all of the goals, restrictions or conditions imposed under any Performance Award.

## SECTION 11. OTHER STOCK-BASED AWARDS.

(a) Nature of Awards. The Committee may grant other Awards under which Stock is or may in the future be acquired ("Other Stock-based Awards").

(b) Purchase Price; Form of Payment. The Committee may determine the consideration, if any, payable upon the issuance or exercise of an Other Stock-based Award. The Committee may permit payment by certified check or bank check or other instrument acceptable to the Committee or by surrender of other shares of Stock (excluding shares then subject to restrictions under the Plan).

(c) Forfeiture of Awards; Repurchase of Stock; Acceleration or Waiver of Restrictions. The Committee may determine the conditions under which an Other Stock-based Award shall be forfeited or, in the case of an Award involving a payment by the recipient, the conditions under which the Company may or must repurchase such Award or related Stock. At any time the Committee may in its sole discretion accelerate, waive or, subject to Section 13, amend any or all of the limitations or conditions imposed under any Other Stock-based Award.

(d) Award Agreements. Unless the Committee shall otherwise determine, a participant shall have no rights with respect to any Other Stock-based Award unless within 60 days after the grant of such Award (or such shorter period as the Committee may specify) the participant shall have accepted the Award by executing and delivering to the Company an Other Stock-based Award Agreement.

(e) Nontransferability. Other Stock-based Awards may not be sold, assigned, transferred, pledged or encumbered except as may be provided in the Other Stock-based Award Agreement. However, in no event shall any Other Stock-based Award be transferred other than by will or by the laws of descent and distribution or be exercisable during the participant's lifetime by other than the participant or the participant's legal representative.

(f) Rights as a Shareholder. A recipient of any Other Stock-based Award will have rights of a shareholder only at the time and to the extent, if any, specified by the Committee in the Other Stock-based Award Agreement.

(g) Deemed Dividend Payments; Deferrals. Without limiting the right of the Committee to specify different terms at or after grant, an Other Stock-based Award Agreement may require or permit the immediate payment, waiver, deferral or investment of dividends or deemed dividends payable or deemed payable on Stock subject to the Award.

## SECTION 12. TRANSFER, LEAVE OF ABSENCE.

For purposes of the Plan, the following events shall not be deemed a termination of employment:

- (a) a transfer to the employment of the Company from a Subsidiary or from the Company to a Subsidiary, or from one Subsidiary to another;
- (b) an approved leave of absence for military service or sickness, or for any other purpose approved by the Company, if the employee's right to reemployment is guaranteed either by a statute or by contract or under the policy pursuant to which the leave of absence was granted or if the Committee otherwise so provides in writing.

For purposes of the Plan, the employees of a Subsidiary of the Company shall be deemed to have terminated their employment on the date on which such Subsidiary ceases to be a Subsidiary of the Company.

## SECTION 13. AMENDMENTS AND TERMINATION.

The Board may at any time amend or discontinue the Plan and the Committee may at any time amend or cancel any outstanding Award for the purpose of satisfying changes in law or for any other lawful purpose, but no such action shall adversely affect rights under any outstanding Award without the holder's consent. However, no such amendment shall be effective if it would cause the Plan to fail to satisfy the incentive stock option requirements of the Code or the requirements of Rule 16b-3 or any successor rule under the Act as in effect on the date of such amendment. Notwithstanding any provision of this Plan, the Board or the Committee may at any time adopt any subplan or otherwise grant Stock Options or other Awards under this Plan having terms consistent with applicable foreign tax or other foreign regulatory requirements or laws; provided, however, that no person subject to the restrictions of Section 16(b) of the Act may be eligible for or be granted any such Stock Options or other Awards if such eligibility or grant would cause the Plan to fail to satisfy the requirements of Rule 16b-3 or any successor rule under the Act as in effect on the applicable date.

## SECTION 14. STATUS OF PLAN.

With respect to the portion of any Award which has not been exercised and any payments in cash, stock or other consideration not received by a participant, a participant shall have no rights greater than those of a general creditor of the Company

unless the Committee shall otherwise expressly determine in connection with any Award or Awards. In its sole discretion, the Committee may authorize the creation of trusts or other arrangements to meet the Company's obligations to deliver Stock or make payments with respect to awards hereunder, provided that the existence of such trusts or other arrangements is consistent with the provision of the foregoing sentence.

#### SECTION 15. CHANGE OF CONTROL PROVISIONS.

As used herein, a Change of Control and related definitions shall have the meanings set forth in Exhibit A to this Plan.

Upon the occurrence of a Change of Control:

- (i) Each Stock Option and Stock Appreciation Right shall automatically become fully exercisable unless the Committee shall otherwise expressly provide at the time of grant.
- (ii) Restrictions and conditions on Restricted Stock, Deferred Stock, Performance Units and Other Stock-based Awards shall automatically be deemed waived only if and to the extent, if any, specified (whether at or after time of grant) by the Committee.

The Committee may at any time prior to or after a Change of Control accelerate the exercisability of any Stock Options and Stock Appreciation Rights and may waive restrictions, limitations and conditions on Restricted Stock, Deferred Stock, Performance Units and Other Stock-based Awards to the extent it shall in its sole discretion determine.

#### SECTION 16. GENERAL PROVISIONS.

(a) No Distribution; Compliance with Legal Requirements, etc. The Committee may require each person acquiring shares pursuant to an Award to represent to and agree with the Company in writing that such person is acquiring the shares without a view to distribution thereof.

No shares of Stock shall be issued pursuant to an Award until all applicable securities law and other legal and stock exchange requirements have been satisfied. The Committee may require the placing of such stop-orders and restrictive legends on certificates for Stock and Awards as it deems appropriate.

(b) Other Compensation Arrangements; No Employment Rights. Nothing contained in this Plan shall prevent the Board of Directors from adopting other or additional compensation arrangements, subject to stockholder approval if such approval is required; and such arrangements may be either generally applicable or applicable only in specific cases. The adoption of the Plan does not confer upon any employee any right to continued employment with the Company or a Subsidiary, nor does it interfere in any way with the right of the Company or a Subsidiary to terminate the employment of any of its employees at any time.

(c) Tax Withholding, etc. Each participant shall, no later than the date as of which the value of an Award or of any Stock or other amounts received thereunder first becomes includable in the gross income of the participant for Federal income tax purposes, pay to the Company, or make arrangements satisfactory to the Committee regarding payment of, any Federal, state, or local taxes of any kind required by law to be withheld with respect to such income. The Company and its Subsidiaries shall, to the extent permitted by law, have the right to deduct any such taxes from any payment of any kind otherwise due to the participant. The Company may withhold or otherwise administer the Plan to comply with tax obligations under any applicable foreign laws.

The Committee may provide, in respect of any transfer of Stock under an Award, that if and to the extent withholding of any Federal, state or local tax is required in respect of such transfer or vesting, the participant may elect, at such time and in such manner as the Committee shall prescribe, to (i) surrender to the Company Stock not then subject to restrictions under any Company plan or (ii) have the Company hold back from the transfer or vesting Stock having a value calculated to satisfy such withholding obligation.

(d) Deferral of Awards. Participants may elect to defer receipt of Awards or vesting of Awards only in such cases and to the extent that the Committee shall determine at or after the grant date.

#### SECTION 17. DEFINITIONS.

The following terms shall be defined as set forth below:

- (a) "Act" means the Securities Exchange Act of 1934.
- (b) "Award" or "Awards" except where referring to a particular category of grant under the Plan shall include Incentive Stock Options, Non-Qualified Stock Options, Stock Appreciation Rights, Restricted Stock Awards,

Unrestricted Stock Awards, Deferred Stock Awards, Performance Awards and Other Stock-based Awards.

- (c) "Board" means the Board of Directors of the Company.
- (d) "Cause" means a felony conviction of a participant or the failure of a participant to contest prosecution for a felony, or a participant's willful misconduct or dishonesty, any of which is directly harmful to the business or reputation of the Company or any Subsidiary.
- (e) "Code" means the Internal Revenue Code of 1986, as amended, and any successor Code, and related rules, regulations and interpretations.
- (f) "Committee" means the Committee referred to in Section 2. If at any time no Committee shall be in office, the functions of the Committee shall be exercised by the Board.
- (g) "Deferred Stock Award" is defined in Section 9(a).
- (h) "Disability" means disability as determined in accordance with standards and procedures similar to those used under the Company's long term disability program.
- (i) "Fair Market Value" on any given date means the last sale price regular way at which Stock is traded on such date as reflected in the New York Stock Exchange Composite Transactions Index or, where applicable, the value of a share of Stock as determined by the Committee in accordance with the applicable provisions of the Code.
- (j) "Incentive Stock Option" means any Stock Option intended to be and designated as an "incentive stock option" as defined in the Code.
- (k) "Non-Employee Director" shall have the meaning set forth in Rule 16b-3(b)(3) promulgated under the Act, or any successor definition under the Act.
- (l) "Non-Qualified Stock Option" means any Stock Option that is not an Incentive Stock Option.

- (m) "Normal Retirement" means retirement from active employment with the Company and its Subsidiaries on or after the normal retirement date specified in The TJX Companies, Inc. Retirement Plan.
- (n) "Other Stock-based Award" is defined in Section 11(a).
- (o) "Performance Award" is defined in Section 10(a).
- (p) "Restricted Stock Award" is defined in Section 8(a).
- (q) "Stock" means the Common Stock, \$1.00 par value, of the Company, subject to adjustments pursuant to Section 3.
- (r) "Stock Appreciation Right" means a right described in Section 7(a) and granted, either independently of other Awards or in tandem with the grant of a Stock Option.
- (s) "Stock Option" means any option to purchase shares of Stock granted pursuant to Section 6.
- (t) "Subsidiary" means any corporation or other entity (other than the Company) in an unbroken chain beginning with the Company if each of the entities (other than the last entity in the unbroken chain) owns stock or other interests possessing 50% or more of the total combined voting power of all classes of stock or other interest in one of the other corporations or other entities in the chain.
- (u) "Unrestricted Stock Award" is defined in Section 8(b).



## DEFINITION OF "CHANGE OF CONTROL"

"Change of Control" shall mean the occurrence of any one of the following events:

(a) there occurs a change of control of the Company of a nature that would be required to be reported in response to Item 1(a) of the Current Report on Form 8-K pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 (the "Exchange Act") or in any other filing under the Exchange Act; provided, however, that if the Participant or a Participant Related Party is the Person or a member of a group constituting the Person acquiring control, a transaction shall not be deemed to be a Change of Control as to a Participant unless the Committee shall otherwise determine prior to such occurrence; or

(b) any Person other than the Company, any wholly-owned subsidiary of the Company, or any employee benefit plan of the Company or such a subsidiary becomes the owner of 20% or more of the Company's Common Stock and thereafter individuals who were not directors of the Company prior to the date such Person became a 20% owner are elected as directors pursuant to an arrangement or understanding with, or upon the request of or nomination by, such Person and constitute at least 1/4 of the Company's Board of Directors; provided, however, that unless the Committee shall otherwise determine prior to the acquisition of such 20% ownership, such acquisition of ownership shall not constitute a Change of Control as to a Participant if the Participant or a Participant Related Party is the Person or a member of a group constituting the Person acquiring such ownership; or

(c) there occurs any solicitation or series of solicitations of proxies by or on behalf of any Person other than the Company's Board of Directors and thereafter individuals who were not directors of the Company prior to the commencement of such solicitation or series of solicitations are elected as directors pursuant to an arrangement or understanding with, or upon the request of or nomination by, such Person and constitute at least 1/4 of the Company's Board of Directors; or

(d) the Company executes an agreement of acquisition, merger or consolidation which contemplates that (i) after the effective date provided for in such agreement, all or substantially all of the business and/or assets of the Company shall be owned, leased or otherwise controlled by another Person and (ii) individuals who are directors of the Company when such agreement is executed shall not constitute a majority of the board of directors of the survivor or successor entity immediately after the effective date provided for in such agreement; provided, however, that unless otherwise determined by the Committee, no transaction shall constitute a Change of Control as to a Participant if, immediately after such transaction, the Participant or any Participant Related Party shall own equity securities of any surviving corporation ("Surviving Entity") having a fair value as a percentage of the fair value of the equity securities of such Surviving Entity greater than 125% of the fair value of the equity securities of the Company owned by the Participant and any Participant Related Party immediately prior to such transaction, expressed as a percentage of the fair value of all equity securities of the Company immediately prior to such transaction (for purposes of this paragraph ownership of equity securities shall be determined in the same manner as ownership of Common Stock); and provided, further, that, for purposes of this paragraph (d), if such agreement requires as a condition precedent approval by the Company's shareholders of the agreement or transaction, a Change of Control shall not be deemed to have taken place unless and until such approval is secured (but upon any such approval, a Change of Control shall be deemed to have occurred on the date of execution of such agreement).

In addition, for purposes of this Exhibit A the following terms have the meanings set forth below:

"Common Stock" shall mean the then outstanding Common Stock of the Company plus, for purposes of determining the stock ownership of any Person, the number of unissued shares of Common Stock which such Person has the right to acquire (whether such right is exercisable immediately or only after the passage of time) upon the exercise of conversion rights, exchange rights, warrants or options or otherwise. Notwithstanding the foregoing, the term Common Stock shall not include shares of Preferred Stock or convertible debt or options or warrants to acquire shares of Common Stock (including any shares of Common Stock issued or issuable upon the conversion or exercise thereof) to the extent that the Board of Directors of the Company shall expressly so determine in any future transaction or transactions.

A Person shall be deemed to be the "owner" of any Common Stock:

(i) of which such Person would be the "beneficial owner," as such term is defined in Rule 13d-3 promulgated by the Securities and Exchange Commission (the "Commission") under the Exchange Act, as in effect on March 1, 1989; or

(ii) of which such Person would be the "beneficial owner" for purposes of Section 16 of the Exchange Act and the rules of the Commission promulgated thereunder, as in effect on March 1, 1989; or

(iii) which such Person or any of its affiliates or associates (as such terms are defined in Rule 12b-2 promulgated by the Commission under the Exchange Act, as in effect on March 1, 1989) has the right to acquire (whether such right is exercisable immediately or only after the passage of time) pursuant to any agreement, arrangement or understanding or upon the exercise of conversion rights, exchange rights, warrants or options or otherwise.

"Person" shall have the meaning used in Section 13(d) of the Exchange Act, as in effect on March 1, 1989.

A "Participant Related Party" shall mean, with respect to a Participant, any affiliate or associate of the Participant other than the Company or a Subsidiary of the Company. The terms "affiliate" and "associate" shall have the meanings ascribed thereto in Rule 12b-2 under the Exchange Act (the term "registrant" in the definition of "associate" meaning, in this case, the Company).

"Participant" means a participant in the Plan.

## FIRST AMENDMENT TO DISTRIBUTION AGREEMENT

First Amendment to Distribution Agreement dated as of April 18, 1997 by and between The TJX Companies, Inc., a Delaware corporation (f/k/a Zayre Corp.)("TJX"), and Waban Inc., a Delaware corporation ("Waban"). TJX and Waban are referred to collectively herein as the "Parties."

WHEREAS, the Parties are signatories to a Distribution Agreement dated as of May 1, 1989 (the "Distribution Agreement") pursuant to which, among other things, Waban agreed to indemnify TJX for certain Waban Liabilities.

WHEREAS, Waban has stated its intention of consummating a transaction providing for (i) the transfer by Waban of the assets of its BJ's Wholesale Club division to a newly-formed subsidiary, BJ's Wholesale Club, Inc. ("BJ's"), and (ii) the subsequent transfer, through a special dividend (the "Distribution"), of the stock of BJ's to the stockholders of Waban (the "Spinoff").

WHEREAS, the Parties desire to modify the Distribution Agreement to reflect the change in circumstances caused by the consummation of the Spinoff.

Now, therefore, in consideration of the premises and the mutual promises and covenants contained herein, the Parties agree as follows.

1. Definitions. Capitalized terms not defined herein shall have the meanings ascribed to them in the Distribution Agreement. Any references to Waban shall be construed to include HomeBase, Inc. on and after the date on which the Distribution is made to the stockholders of Waban (the "Effective Date").

1.01 "BJ's" shall have the meaning set forth in the recitals hereof.

1.02 "BJ's Lease" shall mean any lease or sub-lease of property ever used in connection with the Waban Businesses for which TJX or any Affiliate thereof may be liable as a tenant, surety, sub-lessee or guarantor, other than (i) a HomeBase Lease and (ii) the One Mercer Road, Natick, Massachusetts lease, to the extent (and only to the extent) provided in the letter, dated April 18, 1997, from Mark G. Borden, counsel for Waban, to Luc A. Despins, counsel for TJX.

1.03 "Distribution Agreement" shall have the meaning set forth in the recitals hereof.

1.04 "HomeBase Lease" shall mean any of the leases or sub-leases of property listed on the Schedule of Leases for

which TJX or any Affiliate thereof may be liable as a tenant, sub-lessee, surety or guarantor.

1.05 "Indemnification Agreement" shall have the meaning set forth in section 4.02 hereof.

1.06 "Parties" shall have the meaning set forth in the recitals hereof.

1.07 "Schedule of Leases" shall mean the schedule of leases initialed by the parties, provided as of the date hereof and setting forth the HomeBase Leases.

1.08 "Spinoff" shall have the meaning set forth in the recitals hereof.

1.09 "TJX" shall have the meaning set forth in the recitals hereof.

1.10 "Waban" shall have the meaning set forth in the recitals hereof.

2. Covenants Regarding Extension or Renewal of HomeBase Leases. Waban hereby covenants that it shall not increase the amount of base rent scheduled to come due under, extend the term of, or exercise any option to renew or extend any HomeBase Lease without first securing from the Person holding the landlord's interest and from any mortgagee with respect to the HomeBase Lease in question (if the consent of such Person or mortgagee is required to release any Liability of TJX and its Affiliates on such HomeBase Lease), a full and complete release of Liability of TJX and its Affiliates on any such HomeBase Lease, in a form reasonably satisfactory to TJX. Waban shall not transfer or assign any HomeBase Lease unless the transferee or assignee shall execute and deliver an agreement to be bound by terms equivalent to the terms of this section 2 (which would also condition subsequent transfers or assignments upon an equivalent transfer restriction) and Waban will be liable to TJX for any breach thereof.

3. Reporting Obligations and Access to Information. Waban shall provide TJX with 30 days prior written notice of its intention to extend or renew, transfer or assign any HomeBase Lease, and Waban shall provide TJX with any document (including releases) executed in satisfaction of Waban's obligations under section 2 hereof. Moreover, Waban shall afford TJX and its authorized accountants, counsel and other designated representatives reasonable access (including using reasonable efforts to give access to third parties possessing Information) and duplicating rights during normal business hours to Information within Waban's possession relating to the HomeBase Leases insofar as such access is reasonably required by TJX.

#### 4. Reaffirmation.

4.01 Each Party hereby acknowledges and represents to each other that the Distribution Agreement is presently, and upon giving effect to this First Amendment will be, valid and enforceable in accordance with its terms, not subject to any defenses, counterclaims or right of set-off whatsoever.

4.02 Except as modified by this First Amendment, the Distribution Agreement shall remain in full force and effect in accordance with its terms. The fact that BJ's has entered into an Indemnification Agreement dated as of April 18, 1997 (the "Indemnification Agreement") shall not be used as a defense (other than as a defense of payment if and to the extent that BJ's has paid such Liability to a TJX Indemnitee pursuant to the Indemnification Agreement) by Waban to any claim of TJX against Waban.

5. No Third-Party Beneficiaries. This First Amendment shall not confer any rights or remedies upon any Person other than the Parties and their respective successors and assigns.

6. Entire Agreement. This First Amendment (including the documents referred to herein) constitutes the entire agreement among the Parties and supersedes any prior understandings and agreements (other than the Distribution Agreement and any other agreement between the parties that expressly so provides), by or among the Parties, written or oral, to the extent they related in any way to the subject matter hereof.

7. Succession and Assignment. This First Amendment shall be binding upon and inure to the benefit of the Parties and their respective successors and assigns.

8. Counterparts. This First Amendment is an agreement under seal and may be executed in one or more counterparts, each of which shall be deemed an original but all of which together will constitute one and the same instrument.

9. Headings. The section headings contained in this First Amendment are inserted for convenience only and shall not affect in any way the meaning or interpretation of this First Amendment.

10. Notices. All notices, requests, demands, claims, and other communications hereunder will be in writing. Any notice, request, demand, claim, or other communication hereunder shall be deemed duly given if (and then two business days after) it is sent by registered or certified mail, return receipt requested, postage prepaid, and addressed to the intended recipient as set forth below:

If to TJX:

The TJX Companies, Inc.  
770 Cochituate Road  
Framingham, Massachusetts 01701  
Telecopy No.: (508) 390-2457  
Attention: General Counsel

Copy to:

Kirkland & Ellis  
Citicorp Center  
153 East 53rd Street  
New York, New York 10022  
Telecopy No.: (212) 446-4900  
Attention: Luc A. Despina, Esq.

If to Waban:

Waban Inc.  
One Mercer Road  
Natick, Massachusetts 01760  
Telecopy No.: (508) 651-6251  
Attention: Treasurer

Copy to:

Hale and Dorr LLP  
60 State Street  
Boston, Massachusetts 02109  
Telecopy No.: (617) 526-5000  
Attention: Mark G. Borden, Esq.

Any Party may send any notice, request, demand, claim, or other communication hereunder to the intended recipient at the address set forth above using any other means (including personal delivery, expedited courier, messenger service, telecopy, telex, ordinary mail, or electronic mail), but no such notice, request, demand, claim, or other communication shall be deemed to have been duly given unless and until it actually is received by the intended recipient. Any Party may change the address to which notices, requests, demands, claims, and other communications hereunder are to be delivered by giving the other Party notice in the manner herein set forth.

11. Governing Law. This First Amendment shall be governed by and construed in accordance with the domestic laws of the Commonwealth of Massachusetts without giving effect to any choice or conflict of law provision or rule (whether of the Commonwealth of Massachusetts or any other jurisdiction) that would cause the

application of the laws of any jurisdiction other than the Commonwealth of Massachusetts.

12. Amendments and Waivers. No amendment of any provision of this First Amendment shall be valid unless the same shall be in writing and signed by TJX and Waban. No waiver by any Party of any default or breach of covenant hereunder, whether intentional or not, shall be deemed to extend to any prior or subsequent default or breach of covenant hereunder or affect in any way any rights arising by virtue of any prior or subsequent such occurrence.

13. Severability. Any term or provision of this First Amendment that is invalid or unenforceable in any situation in any jurisdiction shall not affect the validity or enforceability of the remaining terms and provisions hereof or the validity or enforceability of the offending term or provision in any other situation or in any other jurisdiction.

14. Expenses. Each Party will bear his or its own costs and expenses (including legal fees and expenses) incurred in connection with this First Amendment.

15. Construction. The Parties have participated jointly in the negotiation and drafting of this First Amendment. In the event an ambiguity or question of intent or interpretation arises, this First Amendment shall be construed as if drafted jointly by the Parties and no presumption or burden of proof shall arise favoring or disfavoring any Party by virtue of the authorship of any of the provisions of this First Amendment.

16. Specific Performance. Each Party acknowledges and agrees that the other Party would be damaged irreparably in the event any of the provisions of this First Amendment are not performed in accordance with their specific terms or otherwise are breached. Accordingly, each Party agrees that the other Party shall be entitled to an injunction or injunctions to prevent breaches of the provisions of this Agreement and to enforce specifically this First Amendment and the terms and provisions hereof in any action instituted in any court of the United States or any state thereof having jurisdiction over the Parties and the matter, in addition to any other remedy to which they may be entitled, at law or in equity.

17. Modifications to Indemnification Rights. Sections 7.4.2, 7.4.3, and 7.4.4 of the Distribution Agreement shall not apply to Third Party Claims against TJX arising out of, or in any way relating to, HomeBase Leases.

18. Indemnification Agreement. Waban shall cause BJ's to execute the Indemnification Agreement in the form attached hereto as Exhibit "A".



19. Spinoff. Waban hereby covenants that the Spinoff will only be effected by the transfer of the assets of the BJ's Wholesale Club division to BJ's, and not to any other person or entity.

20. Further Assurances. Each Party to this First Amendment shall execute such documents and take such further actions as may be reasonably required or desirable to carry out the provisions hereof and of the Distribution Agreement.

21. Authority. The Parties hereto represent and warrant to each other that the signatories to this First Amendment are authorized to execute this First Amendment; that each has full power and authority to enter into this First Amendment; that this First Amendment is duly executed and delivered, and constitutes a valid, binding agreement in accordance with its terms.

22. Effective Date. This First Amendment, and all of the rights and obligations of the Parties hereunder, shall become effective upon the Effective Date, and if the Effective Date does not occur by December 31, 1997, this First Amendment shall be null and void.

23. Waiver of Jury Trial. THE PARTIES HERETO EACH WAIVE THEIR RESPECTIVE RIGHTS TO A TRIAL BY JURY OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF OR RELATED TO THIS FIRST AMENDMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY, IN ANY ACTION, PROCEEDING OR OTHER LITIGATION OF ANY TYPE BROUGHT BY A PARTY AGAINST THE OTHER PARTY, WHETHER WITH RESPECT TO CONTRACT CLAIMS, TORT CLAIMS, OR OTHERWISE. THE PARTIES HERETO EACH AGREE THAT ANY SUCH CLAIM OR CAUSE OF ACTION SHALL BE TRIED BY A COURT TRIAL WITHOUT A JURY. WITHOUT LIMITING THE FOREGOING, THE PARTIES FURTHER AGREE THAT THEIR RESPECTIVE RIGHT TO A TRIAL BY JURY IS WAIVED BY OPERATION OF THIS SECTION 23 AS TO ANY ACTION, COUNTERCLAIM OR OTHER PROCEEDING WHICH SEEKS, IN WHOLE OR IN PART, TO CHALLENGE THE VALIDITY OR ENFORCEABILITY OF THIS FIRST AMENDMENT OR ANY PROVISION HEREOF. THIS WAIVER SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS, RENEWALS, SUPPLEMENTS OR MODIFICATIONS TO THIS FIRST AMENDMENT.

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IN WITNESS WHEREOF, the Parties hereto have executed this First Amendment as of the date first above written.

THE TJX COMPANIES, INC.

By: /s/ Donald Campbell  
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Title: Executive Vice President  
-----

WABAN INC.

By: /s/ Edward Weisberger  
-----

Title: Senior Vice President and CFO  
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EXHIBIT "A" TO  
FIRST AMENDMENT TO  
DISTRIBUTION AGREEMENT

## INDEMNIFICATION AGREEMENT

Indemnification Agreement dated as of April 18, 1997 by and between The TJX Companies, Inc., a Delaware corporation (f/k/a Zayre Corp.) ("TJX"), and BJ's Wholesale Club, Inc., a Delaware corporation ("BJ's"). TJX and BJ's are referred to collectively herein as the "Parties."

WHEREAS, Waban Inc. ("Waban") and TJX are signatories to a Distribution Agreement, dated as of May 1, 1989 (as amended on April 18, 1997, the "Distribution Agreement"), pursuant to which, among other things, Waban agreed to indemnify TJX for certain Waban Liabilities (as defined in the Distribution Agreement).

WHEREAS, Waban has stated its intention of consummating a transaction providing for (i) the transfer by Waban of the assets of its BJ's Wholesale Club division to BJ's, a newly-formed subsidiary of Waban, and (ii) the subsequent transfer, through the declaration and distribution of a special dividend (the "Distribution"), of the stock of BJ's to the stockholders of Waban (the "Spinoff").

WHEREAS, the Parties desire to enter into this indemnification agreement to provide for BJ's indemnification of TJX for certain Waban Liabilities (as defined in the Distribution Agreement), effective upon the date on which the Distribution is made to Waban's stockholders (the "Effective Date").

Now, therefore, in consideration of the premises and the mutual promises and covenants contained herein, the Parties agree as follows.

1. Definitions. Capitalized terms not defined herein shall have the meanings ascribed to them in the Distribution Agreement.

Any references on or after the Effective Date to Waban shall be construed to include HomeBase, Inc.

1.01 "Applicable Credits" shall have the meaning set forth in section 7 hereof.

1.02 "BJ's" shall have the meaning set forth in the recitals hereof.

1.03 "BJ's Control Period" shall have the meaning set forth in section 4 hereof.

1.04 "BJ's Lease" shall mean any lease or sub-lease of property ever used in connection with the Waban Businesses for which TJX or any Affiliate thereof may be liable as a tenant, surety, sub-lessee or guarantor, other than (i) a HomeBase Lease and (ii) the One Mercer Road, Natick, Massachusetts lease, to the extent (and only to the extent) provided in the letter, dated April 18, 1997, from Mark G. Borden, counsel for Waban, to Luc A. Despina, counsel for TJX.

1.05 "BJ's Lease Liability" shall mean (i) any Liability arising in connection with a BJ's Lease or a BJ's Third Party Claim and (ii) any Liability arising in connection with a HomeBase Lease or a HomeBase Third Party Claim, other than a HomeBase Lease Liability.

1.06 "BJ's Lease Liability Payment" shall mean an amount paid by BJ's (or by TJX, if BJ's breaches its obligation, pursuant to sections 3 and 5.01 hereof, to make all payments on account of such Liabilities) in satisfaction of a BJ's Lease Liability.

1.07 "BJ's Third Party Claim" shall mean a Third Party Claim arising out, or relating to, a BJ's Lease.

1.08 "Disabling Conduct" shall mean the conduct of a Person that constitutes fraud, self-dealing, willful violation of the law, bad faith or gross negligence.

1.09 "Distribution" shall have the meaning set forth in the recitals hereof.

1.10 "Distribution Agreement" shall have the meaning set forth in the recitals hereof.

1.11 "Effective Date" shall have the meaning set forth in the recitals hereof.

1.12 "First Amendment" shall mean the First Amendment to the Distribution Agreement, dated as of April 18, 1997.

1.13 "HomeBase Lease" shall mean any of the leases or sub-leases of property listed on the Schedule of Leases for which TJX or any Affiliate thereof may be liable as a tenant, sub-lessee, surety or guarantor.

1.14 "HomeBase Lease Liability" shall mean (i) any Liability arising under any HomeBase Lease, during the current term (without any extension or renewals after the date hereof) of such HomeBase Lease as set forth on the Schedule of Leases, for any of the Specified Obligations in regard to such HomeBase Lease and (ii)

any Liability arising by reason of any HomeBase Third Party Claim with respect to any Liability described in clause (i) of this section 1.14.

1.15 "HomeBase Lease Liability Payment" shall mean any amount paid by TJX or BJ's in satisfaction of any HomeBase Lease Liability.

1.16 "HomeBase Third Party Claim" shall mean a Third Party Claim arising out of, or relating to, a HomeBase Lease.

1.17 "Liability" shall mean any and all debts, liabilities and obligations, absolute or contingent, mature or unmatured, liquidated or unliquidated, accrued or unaccrued, known or unknown, whenever arising (unless otherwise specified in this Agreement), and all costs and expenses related thereto, including, without limitation, (i) those debts, liabilities and obligations arising under any law, rule, regulation, action, threatened action, order or consent decree of any governmental entity or any award of any arbitrator of any kind, and those arising under any contract, commitment or undertaking, (ii) reasonable attorneys' and accountants' fees, (iii) fees paid to real estate consultants and brokers, and (iv) amounts paid or incurred in investigating, preparing or defending against Third Party Claims or settling or mitigating such claims (including, without limitation, costs for repairs, remodeling or any other modification to premises that are incurred in connection with the letting of the premises).

1.18 "Net HomeBase Lease Liability Payments" shall have the meaning set forth in section 7 hereof.

1.19 "Parties" shall have the meaning set forth in the recitals hereof.

1.20 "Schedule of Leases" shall mean the schedule of leases initialed by the parties, provided as of the date hereof and setting forth the HomeBase Leases.

1.21 "Significant Subsidiary" shall have the meaning set forth in section 6.01(d)(i) hereof.

1.22 "Specified Obligations" shall mean, in regard to any HomeBase Lease, (i) the base rent in regard to such HomeBase Lease, provided, however, that any such base rent in excess of the annual base rent set forth with respect to such HomeBase Lease in the Schedule of Leases shall not constitute Specified Obligations except to the extent, and then only to the extent, that the amount of such excess results from the fact that the actual rate of adjustment in minimum rent exceeds that reflected in the Schedule of Leases because the actual rate of increase in the CPI (or similar inflation index) used to calculate such increase under the

current terms of such HomeBase Lease exceeds the 3% annual rate assumed in developing the Schedule of Leases; and (ii) such amounts of common area maintenance charges and property taxes and similar assessments as come due from time to time under the terms of such HomeBase Lease as such terms are currently in effect.

1.23 "Spinoff" shall have the meaning set forth in the recitals hereof.

1.24 "Third Party Claim" shall mean the assertion by a Person (other than Waban, TJX, BJ's or any of their Affiliates) of any claim or the commencement by any such Person of any Action against any TJX Indemnitee.

1.25 "TJX" shall have the meaning set forth in the recitals hereof.

1.26 "TJX Control Period" shall have the meaning set forth in section 5.04 hereof.

1.27 "TJX Indemnitees" shall mean TJX, its Affiliates and their directors, officers, employees, representatives, attorneys, accountants, and agents.

1.28 "Waban" shall have the meaning set forth in the recitals hereof.

2. Indemnification for Breach of First Amendment. BJ's shall indemnify and hold harmless the TJX Indemnitees for any and all Liability paid or satisfied by the TJX Indemnitees arising out of the non-performance by Waban or any assignee, for any reason (including bankruptcy), of the covenants contained in section 2 of the First Amendment, as such covenants existed on the date hereof, or any agreement entered into in accordance with said covenants.

3. Indemnification for BJ's Leases. BJ's shall indemnify and hold harmless the TJX Indemnitees for one hundred percent (100%) of any BJ's Lease Liability Payment.

4. Indemnification for HomeBase Leases. BJ's shall indemnify and hold harmless the TJX Indemnitees for fifty percent (50%) of any Net HomeBase Lease Liability Payment. Notwithstanding anything to the contrary contained in this Agreement, BJ's shall indemnify and hold harmless the TJX Indemnitees for one hundred percent (100%) of any HomeBase Lease Liability Payment that is made either during or with respect to the period up to and including January 31, 2003 (the "BJ's Control Period"), net of an amount equal to the fair market value of any benefit (such as by way of example, any rental income received by TJX or any Affiliate thereof from a sublease with respect to the HomeBase Lease that is the subject of the HomeBase Lease Liability Payment in question) that has inured

to TJX or any Affiliate thereof during the BJ's Control Period (i) in regard to the premises that are the subject of the HomeBase Lease as to which the HomeBase Lease Liability Payment in question was made or (ii) by reason of any claim made by TJX against any third party for reimbursement in whole or in part of the HomeBase Lease Liability Payment in question.

5. Control of Third Party Claims and Payment Mechanism.

5.01 BJ's shall have control of the defense and settlement of all BJ's Third Party Claims and shall be obligated to make all BJ's Lease Liability Payments. TJX shall have the right, at its expense, to participate with BJ's in the defense and settlement of such BJ's Third Party Claims.

5.02 During the BJ's Control Period, BJ's shall have the right to control the defense and settlement of all HomeBase Third Party Claims, and shall be obligated to make all HomeBase Lease Liability Payments with respect thereto. During the BJ's Control Period, TJX shall have the right to participate, at its expense, with BJ's in the defense and settlement of such HomeBase Third Party Claims.

5.03 During the BJ's Control Period (unless TJX has exercised its right to control under section 6 hereof), BJ's may defend against, and consent to the entry of any judgment or enter into any settlement with respect to the HomeBase Third Party Claims in any manner it may deem appropriate, and BJ's need not obtain any consent from TJX in connection therewith, provided, however, that any claim of TJX based on a Disabling Conduct on the part of BJ's in the handling of the defense or settlement of such HomeBase Third Party Claims is hereby expressly preserved.

5.04 From and after February 1, 2003 (the "TJX Control Period"), TJX shall have the right to control the defense and settlement of all pending and future HomeBase Third Party Claims. During the TJX Control Period, BJ's shall have the right to participate, at its expense, with TJX on the defense and settlement of such HomeBase Third Party Claims. During the TJX Control Period, TJX shall provide BJ's with monthly statements (with reasonable supporting documentation) of any HomeBase Lease Liability Payments and any Applicable Credits during the month in question. Except for any HomeBase Lease Liability Payment as to which TJX is one hundred percent (100%) indemnified pursuant to (and subject to the potential netting called for by) the second sentence of section 4 hereof (all of which such payments shall be 100% reimbursed by BJ's to TJX after taking into account any netting called for by said sentence), BJ's shall pay to TJX fifty percent (50%) of the Net HomeBase Lease Liability Payments within fifteen (15) days of the receipt of such statement.

5.05 During the TJX Control Period or, subject to section 6.03 hereof, after TJX has exercised its right to control pursuant to section 6.01 hereof, TJX may defend against, and consent to the entry of any judgment or enter into any settlement with respect to any Third Party Claims as to which it has control in any manner it may deem appropriate, and TJX need not obtain any consent from BJ's in connection therewith, provided, however, that any claim of BJ's based on a Disabling Conduct on the part of TJX in the handling of the defense or settlement of such Third Party Claims is hereby expressly preserved.

5.06 TJX shall provide BJ's with written notice within ten (10) business days after the receipt of a written BJ's Third Party Claim or HomeBase Third Party Claim, provided that the failure of TJX to give such notice shall not relieve BJ's of its obligations under this Agreement except to the extent BJ's is materially prejudiced by such failure to give notice. Such notice shall describe the Third Party Claim in reasonable detail. Thereafter, TJX shall deliver to BJ's within five (5) business days after TJX's receipt thereof, copies of all notices and documents (including court papers) received by TJX relating to such Third Party Claim.

5.07 Both TJX and BJ's shall make available to the other any personnel (to the extent that such tasks shall not unreasonably interfere with the performance of such employee's responsibilities) and any books, records or other documents within such Party's control or which it otherwise has the ability to make available that are reasonably necessary or appropriate for the defense, settlement or compromise, and shall otherwise cooperate in the defense, settlement or compromise of any BJ's Third Party Claim or HomeBase Third Party Claim, including pursuing any appeals of any judgments relating thereto.

5.08 During the BJ's Control Period, TJX shall assign, at BJ's request, to the extent permitted to do so under the relevant lease or guaranty, TJX's tenants' rights (if any) under the relevant lease or guaranty (including such rights, if any, under TJX guaranties of HomeBase Leases) that would enable BJ's, as sub-lessor, to enter into sub-leases with respect to the premises covered by such HomeBase Leases.

#### 6. Right of TJX To Control Third Party Claims Upon Occurrence of Control Event

6.01 TJX shall have the right at any time following the occurrence of a Control Event which is not cured within 30 days following written notice thereof to BJ's by TJX to elect to control the defense and settlement of all pending and future BJ's Third Party Claims or HomeBase Third Party Claims (or both). Control Event shall mean the occurrence of any of the following events:



(a) BJ's shall have failed to perform in a material respect any of its obligations hereunder;

(b) (i) BJ's shall have failed to maintain at the end of any fiscal quarter an actual or implied senior debt rating of at least B- by Standard & Poors or B3 by Moodys and (ii) at the end of such quarter, BJ's shall have failed to maintain on a consolidated basis as of the end of such fiscal quarter a Fixed Charge Coverage Ratio (as such term is defined in the Agreement, dated as of April 4, 1995, between Waban, The First National Bank of Boston, and the other lenders party thereto, without regard to any subsequent amendments, and interpreting such term as if BJ's were the borrower rather than Waban) greater than 1.20 to 1.0; provided, however, that, in calculating the Fixed Charge Coverage Ratio, extraordinary items and HomeBase Lease Liability Payments shall be excluded;

(c) BJ's or any of its subsidiaries shall have defaulted in the payment of any obligation for borrowed money exceeding \$10 million in principal amount which has been accelerated and is beyond any grace period provided with respect thereto; or

(d) any of the following bankruptcy events shall have occurred:

(i) any decree or order for relief in respect of BJ's or any Significant Subsidiary (as defined in SEC Regulation SX) or any other three subsidiaries is entered under any bankruptcy, reorganization, compromise, arrangement, insolvency, readjustment of debt, dissolution or liquidation or similar law (collectively, the "Bankruptcy Law"), of any jurisdiction; or

(ii) BJ's or any Significant Subsidiary or any other three subsidiaries petitions or applies to any tribunal for, or consents to, the appointment of, or the taking of possession by, a trustee, receiver, custodian, liquidator or similar official of BJ's or any Significant Subsidiary or any other three subsidiaries, or of any substantial part of the assets of BJ's or any Significant Subsidiary or any other three subsidiaries, or commences a voluntary case under the Bankruptcy Law of the United States or any similar proceedings relating to BJ's or any Significant Subsidiary or any other three subsidiaries under the Bankruptcy Law of any other jurisdiction; or

(iii) any petition or application referred to in clause (b) above is filed, or any such proceedings are commenced, against BJ's, any Significant Subsidiary or any other three subsidiaries and BJ's or such

Significant Subsidiary or such other three subsidiaries by any act indicates its or their approval thereof or acquiescence therein, or an order, judgment or decree is entered appointing any such trustee, receiver, custodian, liquidator or similar official, or approving the petition in any such proceedings, and such order, judgment or decree remains unstayed and in effect for more than 60 days.

6.02 From and after the end of the fourth fiscal quarter beginning from the date hereof, BJ's shall promptly report in writing to TJX any failure at any time of BJ's to comply with any of the tests set forth in paragraphs (a) through (d) of section 6.01 hereof. From and after the end of the fourth fiscal quarter beginning from the date hereof, BJ's also shall furnish to TJX, within 45 days following the end of each fiscal quarter and within 90 days following the end of each fiscal year, a certificate signed by the President or Chief Financial Officer of BJ's certifying BJ's compliance (and, with respect to paragraph (b) of section 6.01, specifying the applicable credit rating or financial ratio for such fiscal quarter or fiscal year) as of the end of such fiscal quarter or fiscal year with each of the tests set forth in paragraphs (a) through (d) of section 6.01.

6.03 From and after the end of the fourth fiscal quarter beginning from the date hereof, TJX shall promptly report in writing to BJ's any failure at any time of TJX to comply with any of the tests set forth in paragraphs (a) through (d) of section 6.01 hereof (as if such paragraphs applied to TJX). From and after the end of the fourth fiscal quarter beginning from the date hereof, TJX also shall furnish to BJ's, within 45 days following the end of each fiscal quarter and within 90 days following the end of each fiscal year, a certificate signed by the President or Chief Financial Officer of TJX certifying TJX's compliance (and, with respect to paragraph (b) of section 6.01, specifying the applicable credit rating or financial ratio for such fiscal quarter or fiscal year) as of the end of such fiscal quarter or fiscal year with each of the tests set forth in paragraphs (a) through (d) of section 6.01 (as if such paragraphs applied to TJX).

6.04 After the exercise by TJX of its right to control the HomeBase Third Party Claims pursuant to section 6.01 hereof, TJX shall provide BJ's during the remainder of the BJ's Control Period with prior written notice of any settlement agreement between TJX and the holder of a HomeBase Third Party Claim pursuant to which more than three (3) months of Liability of a HomeBase Lease is being extinguished. TJX shall not enter into any such settlement agreement without the consent of BJ's; provided, however, that such consent shall not be unreasonably withheld. BJ's shall be deemed to have consented to such settlement agreement

unless it notifies TJX in writing of its objection to such settlement agreement within 10 days of receipt of such notice.

7. Calculation of Net HomeBase Lease Liability Payments. For purposes of calculating the Net HomeBase Lease Liability Payments for which TJX is entitled to partial reimbursement from BJ's pursuant to section 5.04 hereof, (a) the "Applicable Credits" shall be an amount equal to the fair market value of any benefit (such as by way of example, any rental income received by TJX or any Affiliate thereof from a sublease with respect to a HomeBase Lease) that has inured to TJX or any Affiliate thereof during the period covered by the monthly statement in question (i) in regard to the premises that are the subject of the HomeBase Leases that are covered by such monthly statement or (ii) by reason of any claim made by TJX against any third party for reimbursement in whole or in part of any HomeBase Lease Liability Payment; and (b) the "Net HomeBase Lease Liability Payments" shall be the amount of the HomeBase Lease Liability Payments during the month in question less the amount of any Applicable Credits during such month.

8. No Set Off or Recoupment. The obligations of BJ's to indemnify the TJX Indemnitees as provided for in this Agreement shall be absolute and not subject to any set off or recoupment. Moreover, TJX shall have no obligation to prosecute any claim or right of indemnification from Waban in order to be entitled to indemnification from BJ's pursuant to the terms of this Agreement.

9. No Third-Party Beneficiaries. This Agreement shall not confer any rights or remedies upon any Person other than the Parties and their respective successors and assigns.

10. Entire Agreement. This Agreement (including the documents referred to herein) constitutes the entire agreement among the Parties and supersedes any prior understandings and agreements (unless such agreements expressly so provide), by or among the Parties, written or oral, to the extent they relate in any way to the subject matter hereof.

11. Succession and Assignment. This Agreement shall be binding upon and inure to the benefit of the Parties and their respective successors and assigns.

12. Counterparts. This Agreement is an agreement under seal and may be executed in one or more counterparts, each of which shall be deemed an original but all of which together will constitute one and the same instrument.

13. Headings. The section headings contained in this Agreement are inserted for convenience only and shall not affect in any way the meaning or interpretation of this Agreement.

14. Notices. All notices, requests, demands, claims, and other communications hereunder will be in writing. Any notice, request, demand, claim, or other communication hereunder shall be deemed duly given if (and then two business days after) it is sent by registered or certified mail, return receipt requested, postage prepaid, and addressed to the intended recipient as set forth below:

If to TJX:

The TJX Companies, Inc.  
770 Cochituate Road  
Framingham, Massachusetts 01701  
Telecopy No.: (508) 390-2457  
Attention: General Counsel

Copy to:

Kirkland & Ellis  
Citicorp Center  
153 East 53rd Street  
New York, New York 10022  
Telecopy No.: (212) 446-4900  
Attention: Luc A. Despins, Esq.

If to BJ's:

BJ's Wholesale Club, Inc.  
One Mercer Road  
Natick, Massachusetts 01760  
Telecopy No.: (508) 651-6251  
Attention: Treasurer

Copy to:

Hale and Dorr LLP  
60 State Street  
Boston, Massachusetts 02109  
Telecopy No.: (617) 526-5000  
Attention: Mark G. Borden, Esq.

Any Party may send any notice, request, demand, claim, or other communication hereunder to the intended recipient at the address set forth above using any other means (including personal delivery, expedited courier, messenger service, telecopy, telex, ordinary mail, or electronic mail), but no such notice, request, demand, claim, or other communication shall be deemed to have been duly given unless and until it actually is received by the intended recipient. Any Party may change the address to which notices, requests, demands, claims, and other communications hereunder are to be delivered by giving the other Party notice in the manner herein set forth.

15. Governing Law. This Agreement shall be governed by and construed in accordance with the domestic laws of the Commonwealth of Massachusetts without giving effect to any choice or conflict of law provision or rule (whether of the Commonwealth of Massachusetts or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the Commonwealth of Massachusetts.

16. Amendments and Waivers. No amendment of any provision of this Agreement shall be valid unless the same shall be in writing and signed by the Parties. No waiver by any Party of any default or breach of covenant hereunder, whether intentional or not, shall be deemed to extend to any prior or subsequent default or breach of covenant hereunder or affect in any way any rights arising by virtue of any prior or subsequent such occurrence.

17. Severability. Any term or provision of this Agreement that is invalid or unenforceable in any situation in any jurisdiction shall not affect the validity or enforceability of the remaining terms and provisions hereof or the validity or enforceability of the offending term or provision in any other situation or in any other jurisdiction.

18. Expenses. Each Party will bear his or its own costs and expenses (including legal fees and expenses) incurred in connection with this Agreement.

19. Construction. The Parties have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the Parties and no presumption or burden of proof shall arise favoring or disfavoring any Party by virtue of the authorship of any of the provisions of this Agreement.

20. Specific Performance. Each Party acknowledges and agrees that the other Party would be damaged irreparably in the event any of the provisions of this Agreement are not performed in accordance with their specific terms or otherwise are breached. Accordingly, each Party agrees that the other Party shall be entitled to an injunction or injunctions to prevent breaches of the provisions of this Agreement and to enforce specifically this Agreement and the terms and provisions hereof in any action instituted in any court of the United States or any State thereof having jurisdiction over the Parties and the matter, in addition to any other remedy to which they may be entitled, at law or in equity.

21. Further Assurances. Each Party to this Agreement shall execute such documents and take such further actions as may be reasonably required or desirable to carry out the provisions hereof.

22. Authority. The Parties hereto represent and warrant to each other that the signatories to this Agreement are authorized to execute this Agreement; that each has full power and authority to enter into this Agreement; that this Agreement is duly executed and delivered, and constitutes a valid, binding agreement in accordance with its terms.

23. Effective Date. This Agreement, and all of the rights and obligations of the parties hereunder, shall become effective upon the Effective Date, and if the Effective Date does not occur by December 31, 1997, this Agreement shall be null and void.

24. Waiver of Jury Trial. THE PARTIES HERETO EACH WAIVE THEIR RESPECTIVE RIGHTS TO A TRIAL BY JURY OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF OR RELATED TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY, IN ANY ACTION, PROCEEDING OR OTHER LITIGATION OF ANY TYPE BROUGHT BY A PARTY AGAINST THE OTHER PARTY, WHETHER WITH RESPECT TO CONTRACT CLAIMS, TORT CLAIMS, OR OTHERWISE. THE PARTIES HERETO EACH AGREE THAT ANY SUCH CLAIM OR CAUSE OF ACTION SHALL BE TRIED BY A COURT TRIAL WITHOUT A JURY. WITHOUT LIMITING THE FOREGOING, THE PARTIES FURTHER AGREE THAT THEIR RESPECTIVE RIGHT TO A TRIAL BY JURY IS WAIVED BY OPERATION OF THIS SECTION 24 AS TO ANY ACTION, COUNTERCLAIM OR OTHER PROCEEDING WHICH SEEKS, IN WHOLE OR IN PART, TO CHALLENGE THE VALIDITY OR ENFORCEABILITY OF THIS AGREEMENT OR ANY PROVISION HEREOF. THIS WAIVER SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS, RENEWALS, SUPPLEMENTS OR MODIFICATIONS TO THIS AGREEMENT.

25. TJX Representation. TJX hereby represents that it has no Knowledge of the existence of a lease or sub-lease of property that is (i) currently used by the HomeBase division for which TJX or any Affiliate thereof may be liable as a tenant, sub-lessee, surety or guarantor and (ii) not listed on the Schedule of Leases. For the purposes of this Agreement, "Knowledge" shall mean the actual present knowledge of Donald G. Campbell, without investigation; provided, however, that the fact that Mr. Campbell may have executed a guaranty with respect to such lease shall not be deemed to be actual knowledge of Mr. Campbell unless such guaranty was executed by Mr. Campbell on or after January 18, 1997.

26. Subrogation. In the event of any payment by BJ's to a TJX Indemnatee in connection with any Third Party Claim, BJ's shall be subrogated to and shall stand in the place of such TJX Indemnatee as to any events or circumstances for which such TJX Indemnatee may have any right or claim relating to such Third Party Claim against any claimant or plaintiff asserting such Third Party Claim or as against any other Person; provided, however, that BJ's shall have no such right of subrogation in regard to any HomeBase Lease Liability or any BJ's Lease Liability if the TJX Indemnitees have not been fully discharged and exonerated from any and all Liability in respect of the HomeBase Lease or BJ's Lease in

question. If BJ's is entitled to subrogation under this section 26, the TJX Indemniteses shall cooperate with BJ's in a reasonable manner, at the cost and expense of BJ's, in prosecuting any subrogated right or claim.

\*\*\*\*\*

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the date first above written.

THE TJX COMPANIES, INC.

By: /s/ Donald Campbell  
-----

Title: Executive Vice President  
-----

BJ'S WHOLESALE CLUB, INC.

By: /s/ Edward Weisberger  
-----

Title: Senior Vice President  
-----



THE TJX COMPANIES, INC.  
 DETAILED COMPUTATIONS OF NET INCOME PER COMMON SHARE  
 PRIMARY AND FULLY DILUTED  
 (\$000's)

	Fiscal Year Ended				
	January 25, 1997 ----	January 27, 1996 ----	January 28, 1995 ----	January 29, 1994 ----	January 30, 1993 ----
The computation of net income available and adjusted shares outstanding follows:					
Net income	\$ 363,123	\$ 26,261	\$ 82,619	\$ 124,379	\$ 102,846
Add (where dilutive):					
Tax effected interest and amortization of debt expense on convertible debt	--	--	--	--	3,069
Less:					
Preferred stock dividends	--	(9,314)	(7,156)	(7,156)	(3,939)
	-----	-----	-----	-----	-----
Net income used for primary and fully diluted earnings per share computation	\$ 363,123	\$ 16,947	\$ 75,463	\$ 117,223	\$ 101,976
	=====	=====	=====	=====	=====
Weighted average number of common shares outstanding	76,090,958	72,480,593	73,150,681	73,458,973	70,234,156
Add:					
Actual and assumed exercise of options that are common stock equivalents, net of treasury shares deemed to have been repurchased	798,140	253,521	316,322	733,385	659,896
Assumed exercise of convertible preferred stock for the period outstanding	13,735,911	399,235	--	--	--
Assumed exercise of convertible subordinated debentures for the period outstanding	--	--	--	--	2,979,224
	-----	-----	-----	-----	-----
Weighted average number of common and common equivalent shares outstanding, used for primary and fully diluted earnings per share calculation	90,625,009	73,133,349	73,467,003	74,192,358	73,873,276
	=====	=====	=====	=====	=====

## CONSOLIDATED STATEMENTS OF INCOME

The TJX Companies, Inc.

Fiscal Year Ended	January 25, 1997	January 27, 1996	January 28, 1995
	----- Dollars in Thousands Except Per Share Amounts -----		
Net sales	\$ 6,689,410	\$ 3,975,115	\$ 3,055,573
	-----	-----	-----
Cost of sales, including buying and occupancy costs	5,198,783	3,143,257	2,370,715
Selling, general and administrative expenses	1,087,137	669,876	517,449
Store closing costs	--	35,000	--
Interest expense, net	37,350	38,186	22,171
	-----	-----	-----
Income from continuing operations before income taxes and extraordinary item	366,140	88,796	145,238
Provision for income taxes	152,314	37,207	60,758
	-----	-----	-----
Income from continuing operations before extraordinary item	213,826	51,589	84,480
Discontinued operations:			
Income (loss) from discontinued operations, net of income taxes	29,361	9,710	(1,861)
Gain (loss) on disposal of discontinued operations, net of income taxes	125,556	(31,700)	--
	-----	-----	-----
Income before extraordinary item	368,743	29,599	82,619
Extraordinary (charge), net of income taxes	(5,620)	(3,338)	--
	-----	-----	-----
Net income	363,123	26,261	82,619
Preferred stock dividends	13,741	9,407	7,156
	-----	-----	-----
Net income available to common shareholders	\$ 349,382	\$ 16,854	\$ 75,463
	=====	=====	=====
Number of common shares for primary and fully diluted earnings per share computations	90,625,009	73,133,349	73,467,003
Primary and fully diluted earnings per common share:			
Income from continuing operations	\$ 2.36	\$ .58	\$ 1.05
Income before extraordinary item	\$ 4.07	\$ .28	\$ 1.03
Net income	\$ 4.01	\$ .23	\$ 1.03
Cash dividends per common share	\$ .28	\$ .49	\$ .56

The accompanying notes are an integral part of the financial statements

	January 25, 1997	January 27, 1996
-----		
ASSETS	In Thousands	
Current assets:		
Cash and cash equivalents	\$ 474,732	\$ 209,226
Accounts receivable	57,275	55,144
Merchandise inventories	1,059,505	1,258,488
Prepaid expenses	16,379	16,406
Net current assets of discontinued operations	54,451	76,287
	-----	-----
Total current assets	1,662,342	1,615,551
	-----	-----
Property at cost:		
Land and buildings	103,067	110,446
Leasehold costs and improvements	428,836	423,842
Furniture, fixtures and equipment	527,710	539,504
	-----	-----
	1,059,613	1,073,792
Less accumulated depreciation and amortization	419,129	340,599
	-----	-----
	640,484	733,193
Other assets	42,259	37,325
Goodwill and tradename, net of amortization	216,127	236,043
Net noncurrent assets of discontinued operations	--	52,299
	-----	-----
Total Assets	\$2,561,212	\$2,674,411
	=====	=====
LIABILITIES		
Current liabilities:		
Current installments of long-term debt	\$ 27,140	\$ 78,670
Accounts payable	533,945	436,634
Accrued expenses and other current liabilities	621,211	691,096
	-----	-----
Total current liabilities	1,182,296	1,206,400
	-----	-----
Long-term debt, exclusive of current installments	244,410	690,713
Deferred income taxes	7,320	12,664
SHAREHOLDERS' EQUITY		
Preferred stock at face value, authorized 5,000,000 shares, par value \$1, issued and outstanding cumulative convertible stock of:		
250,000 shares of 8% Series A	--	25,000
1,650,000 shares of 6.25% Series C	--	82,500
250,000 shares of 1.81% Series D	--	25,000
1,500,000 shares of 7% Series E	150,000	150,000
Common stock, authorized 150,000,000 shares, par value \$1, issued and outstanding 79,576,438 and 72,485,776 shares	79,576	72,486
Additional paid-in capital	429,017	269,159
Retained earnings	468,593	140,489
	-----	-----
Total shareholders' equity	1,127,186	764,634
	-----	-----
Total Liabilities and Shareholders' Equity	\$2,561,212	\$2,674,411
	=====	=====

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

	Preferred Stock, Face Value	Common Stock, Par Value \$1	Additional Paid-in Capital	Retained Earnings	Total
----- In Thousands -----					
Balance, January 29, 1994	\$ 107,500	\$ 73,431	\$ 284,744	\$ 125,225	\$ 590,900
Net income	--	--	--	82,619	82,619
Cash dividends:					
Preferred stock	--	--	--	(7,156)	(7,156)
Common stock	--	--	--	(41,574)	(41,574)
Issuance of common stock under stock incentive plans and related tax benefits	--	29	807	--	836
Common stock repurchased	--	(1,059)	(18,202)	--	(19,261)
Other	--	--	588	--	588
	-----	-----	-----	-----	-----
Balance, January 28, 1995	107,500	72,401	267,937	159,114	606,952
Net income	--	--	--	26,261	26,261
Cash dividends:					
Preferred stock	--	--	--	(9,407)	(9,407)
Common stock	--	--	--	(35,479)	(35,479)
Issuance of cumulative convertible preferred stock					
Series D	25,000	--	--	--	25,000
Series E	150,000	--	--	--	150,000
Issuance of common stock under stock incentive plans and related tax benefits	--	85	754	--	839
Other	--	--	468	--	468
	-----	-----	-----	-----	-----
Balance, January 27, 1996	282,500	72,486	269,159	140,489	764,634
Net income	--	--	--	363,123	363,123
Cash dividends:					
Preferred stock	--	--	--	(13,741)	(13,741)
Common stock	--	--	--	(21,278)	(21,278)
Conversion of cumulative preferred stock into common stock					
Series A	(25,000)	1,190	23,810	--	--
Series C	(82,500)	3,178	79,322	--	--
Series D	(25,000)	1,350	23,650	--	--
Issuance of common stock under stock incentive plans and related tax benefits	--	1,372	32,786	--	34,158
Other	--	--	290	--	290
	-----	-----	-----	-----	-----
Balance, January 25, 1997	\$ 150,000	\$ 79,576	\$ 429,017	\$ 468,593	\$ 1,127,186
	=====	=====	=====	=====	=====

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

Fiscal Year Ended	January 25, 1997	January 27, 1996	January 28, 1995
-----			
In Thousands			
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	\$ 363,123	\$ 26,261	\$ 82,619
Adjustments to reconcile net income to net cash provided by operating activities:			
(Income) loss from discontinued operations	(29,361)	(9,710)	1,861
(Income) loss on disposal of discontinued operations	(125,556)	31,700	--
Extraordinary charge	5,620	3,338	--
Depreciation and amortization	126,830	79,232	60,582
Property disposals and asset write-downs	25,399	3,489	5,157
Other, net	(732)	(382)	912
Changes in assets and liabilities, net of effect of acquisition and dispositions:			
(Increase) in accounts receivable	(2,131)	(233)	(8,302)
(Increase) decrease in merchandise inventories	198,983	211,168	(163,898)
(Increase) decrease in prepaid expenses	27	6,872	(1,760)
Increase (decrease) in accounts payable	95,677	(147,013)	93,693
Increase in accrued expenses and other current liabilities	11,928	63,975	13,384
(Decrease) in deferred income taxes	(5,344)	(14,143)	(440)
	-----	-----	-----
Net cash provided by operating activities	664,463	254,554	83,808
	-----	-----	-----
CASH FLOWS FROM INVESTING ACTIVITIES:			
Property additions	(119,153)	(105,864)	(109,436)
Acquisition of Marshalls, net of cash acquired	(49,327)	(378,733)	--
Proceeds from sale of discontinued operations	222,800	3,000	--
	-----	-----	-----
Net cash provided by (used in) investing activities	54,320	(481,597)	(109,436)
	-----	-----	-----
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from (payments on) short- term debt	--	(20,000)	20,000
Proceeds from borrowings of long-term debt	--	574,861	20,500
Principal payments on long-term debt	(46,506)	(31,271)	(6,025)
Prepayment of long-term debt	(455,560)	--	--
Payment of debt issue expenses	--	(14,776)	--
Proceeds from sale and issuance of common stock, net	34,395	1,040	741
Common stock repurchased	--	--	(19,261)
Cash dividends paid	(35,019)	(44,886)	(48,730)
	-----	-----	-----

Net cash provided by (used in) financing activities	(502,690)	464,968	(32,775)
	-----	-----	-----
Net cash provided by (used in) continuing operations	216,093	237,925	(58,403)
Net cash provided by (used in) discontinued operations	49,413	(70,268)	41,870
	-----	-----	-----
Net increase (decrease) in cash and cash equivalents	265,506	167,657	(16,533)
Cash and cash equivalents at beginning of year	209,226	41,569	58,102
	-----	-----	-----
Cash and cash equivalents at end of year	<u>\$ 474,732</u>	<u>\$ 209,226</u>	<u>\$ 41,569</u>
	=====	=====	=====

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

The following selected information by major business segment reflects the results of Marshalls in the off-price family apparel segment for the periods following its acquisition on November 17, 1995. Prior year data has been restated to reflect Chadwick's of Boston and Hit or Miss as discontinued operations.

Fiscal Year Ended	January 25, 1997	January 27, 1996	January 28, 1995
-----			
In Thousands			
Net sales:			
Off-price family apparel stores	\$ 6,602,391	\$ 3,896,710	\$3,055,573
Off-price home fashion stores	87,019	78,405	--
	-----	-----	-----
	\$ 6,689,410	\$ 3,975,115	\$3,055,573
	=====	=====	=====
Operating income (loss):			
Off-price family apparel stores (1)	\$ 463,419	\$ 187,974	\$ 208,648
Off-price home fashion stores (2)	(14,018)	(13,375)	--
	-----	-----	-----
	449,401	174,599	208,648
General corporate expense (3)	43,297	45,003	38,625
Goodwill amortization	2,614	2,614	2,614
Interest expense, net	37,350	38,186	22,171
	-----	-----	-----
Income from continuing operations before income taxes and extra- ordinary item	\$ 366,140	\$ 88,796	\$ 145,238
	=====	=====	=====
Identifiable assets:			
Off-price family apparel stores	\$ 1,801,779	\$ 2,116,127	\$1,154,258
Off-price home fashion stores	36,493	46,861	--
Corporate, primarily cash and goodwill	668,489	382,137	219,706
	-----	-----	-----
	\$ 2,506,761	\$ 2,545,125	\$1,373,964
	=====	=====	=====
Capital expenditures:			
Off-price family apparel stores	\$ 104,955	\$ 87,037	\$ 91,801
Off-price home fashion stores	731	7,932	--
Corporate	13,467	10,895	17,635
	-----	-----	-----
	\$ 119,153	\$ 105,864	\$ 109,436
	=====	=====	=====
Depreciation and amortization:			
Off-price family apparel stores	\$ 113,479	\$ 69,596	\$ 53,601
Off-price home fashion stores	2,104	1,777	--
Corporate, including goodwill	11,247	7,859	6,981
	-----	-----	-----
	\$ 126,830	\$ 79,232	\$ 60,582
	=====	=====	=====

- (1) The period ended January 27, 1996 includes a charge of \$35 million relating to the closing of approximately 30 T.J. Maxx stores.
- (2) The periods ended January 25, 1997 and January 27, 1996 include a charge of \$3.1 million and \$3.8 million, respectively, for certain store closings and other restructuring costs relating to HomeGoods.
- (3) General corporate expense for the fiscal years ended January 25, 1997, January 27, 1996 and January 28, 1995 include the net operating results of T.K. Maxx. General corporate expense for the fiscal year ended January 27, 1996 includes the net operating results of the Cosmopolitan catalog, which ceased catalog operations in the fourth quarter of fiscal

1996, and for the fiscal year ended January 28, 1995 general corporate expense includes the net operating results of HomeGoods.



## SUMMARY OF ACCOUNTING POLICIES

FISCAL YEAR: The Company's fiscal year ends on the last Saturday in January.

BASIS OF PRESENTATION: The consolidated financial statements of The TJX Companies, Inc. include the financial statements of all the Company's wholly-owned subsidiaries, including its foreign subsidiaries. The financial statements for the applicable periods present the Company's former Chadwick's and Hit or Miss divisions as discontinued operations. The notes pertain to continuing operations except where otherwise noted.

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 and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

CASH EQUIVALENTS: The Company generally considers highly liquid investments with an initial maturity of three months or less to be cash equivalents. The Company's investments are primarily high grade commercial paper or time deposits with major banks. The fair value of cash equivalents approximates carrying value.

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

DEPRECIATION AND AMORTIZATION: For financial reporting purposes, the Company provides for depreciation and amortization of property principally 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. Maintenance and repairs are charged to expense as incurred. Upon retirement or sale, the cost of disposed assets and the related depreciation are eliminated and any gain or loss is included in net income. Debt discount and related issue expenses are amortized over the lives of the related debt issues. Pre-opening costs are charged to operations within the fiscal year that a new store or facility opens.

GOODWILL AND TRADENAME: Goodwill is primarily the excess of the purchase price incurred over the carrying value of the minority interest in the Company's former 83%-owned subsidiary. The minority interest was acquired pursuant to the Company's fiscal 1990 restructuring. In addition, goodwill includes the excess of cost over the estimated fair market value of the net assets of Winners Apparel Ltd., acquired by the Company effective May 31, 1990. Goodwill totalled \$84.7 million, net of amortization, as of January

25, 1997 and is being amortized over 40 years. Annual amortization of goodwill was \$2.6 million in fiscal years 1997, 1996 and 1995. Cumulative amortization as of January 25, 1997 and January 27, 1996 was \$19.9 million and \$17.3 million, respectively.

Tradenname is the value assigned to the name "Marshalls" as a result of the Company's acquisition of the Marshalls chain on November 17, 1995. The final allocation of the purchase price of Marshalls, pursuant to the purchase accounting method, resulted in \$135.8 million being allocated to the tradenname. 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 (see Note A). The tradenname is deemed to have an indefinite life and accordingly is being amortized over 40 years. Amortization expense was \$3.7 million and \$.7 million for fiscal years 1997 and 1996, respectively. Cumulative amortization as of January 25, 1997 and January 27, 1996 was \$4.4 million and \$.7 million, respectively.

**IMPAIRMENT OF LONG-LIVED ASSETS:** During fiscal 1997, the Company adopted the Financial Accounting Standards Board (FASB) Statement No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of." The Company 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.

As a result of the acquisition of Marshalls, and the development of a plan for the realignment of the distribution center facilities at T.J. Maxx and Marshalls, certain distribution center assets have been written down to their net estimated realizable value in anticipation of their sale or disposal. The plan is expected to be implemented over the next several years. The amounts impacting Marshalls have been reflected in the final allocation of purchase price (see Note A) and those related to T.J. Maxx have been reflected as a \$12.2 million impairment charge which has been recorded in selling, general and administrative expenses for fiscal 1997.

**ADVERTISING COSTS:** The Company expenses advertising costs as incurred.

**EARNINGS PER COMMON SHARE:** Primary and fully diluted earnings per common share is based upon the weighted average number of common and common equivalent shares and other dilutive securities outstanding in each year. In computing earnings per common share, income is adjusted for preferred dividends paid unless the assumed conversion of the outstanding convertible preferred stock is more dilutive. Income for earnings per share calculations has been adjusted for preferred stock dividends of \$9.3 million in fiscal 1996 and \$7.2 million in fiscal 1995.

**FOREIGN CURRENCY TRANSLATION:** The Company's foreign assets and liabilities are translated at the year-end exchange rate and the income statement items are translated at the average exchange rates prevailing during the year. A portion of the Company's net investment in foreign operations is hedged with foreign currency swap agreements. The translation adjustment associated with the foreign operations and the currency swap agreements are included in

shareholders' equity as a component of additional paid-in-capital. Cumulative foreign currency translation adjustments included in shareholders' equity, amounted to losses of \$1.0 million as of January 25, 1997 and \$1.7 million as of January 27, 1996.

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

	Fiscal Year Ended January		
	1997	1996	1995
Income from continuing operations:			
Basic	\$2.66	\$ .58	\$1.06
Dilutive	2.44	.58	1.05
Net income			
Basic	\$4.64	\$ .23	\$1.03
Dilutive	4.14	.23	1.03

OTHER: Certain amounts in prior years' financial statements have been reclassified for comparative purposes.

#### A. DISPOSITIONS AND ACQUISITIONS

SALE OF CHADWICK'S OF BOSTON: Effective December 7, 1996, the Company sold its Chadwick's of Boston catalog division to Brylane, L.P. Total proceeds from the sale are estimated at \$300 million and include cash, a 10-year \$20 million Convertible Subordinated Note at 6% interest and Chadwick's consumer credit card receivables. The estimated cash proceeds received at closing will be adjusted to reflect the actual closing balance sheet of Chadwick's as of December 7, 1996. The Company assumes approximately \$30 million will be paid to Brylane L.P. during the first quarter of fiscal 1998 and has reflected this estimated payable in accrued expenses and in the calculation of the gain on the sale of Chadwick's. The net current assets of discontinued operations of \$54.5 million as of January 25, 1997 reflect the remaining consumer credit card receivables to be collected in the first quarter of fiscal 1998. Pursuant to the agreement, the Company agreed to purchase certain amounts of excess inventory from Chadwick's through fiscal 2000.

The Chadwick's of Boston catalog division had net sales of \$464.8 million and recorded income from operations of \$29.4 million, net of income taxes of \$20.9 million, for the fiscal year ended January 25, 1997, which represents the results through December 7, 1996, effective date of the transaction. The results of Chadwick's for all periods prior to December 7, 1996 have been reclassified to discontinued operations. The sale of the division resulted in a gain on disposal of \$125.6 million (net of income taxes of \$15.2 million), or \$1.39 per common share. This gain includes utilization of \$125.8 million of a capital loss carryforward, providing tax benefits of \$44 million (see Note G). Interest expense was allocated to discontinued operations based on their respective proportion of assets to total assets.

Net sales for Chadwick's for fiscal 1996 and 1995 were \$472.4 million and \$433.6 million, respectively. Income from operations for Chadwick's was \$12.0 million, net income taxes of \$8.1 million, for fiscal 1996 and \$2.1 million, net of income taxes of \$.8 million, for fiscal 1995.

SALE OF HIT OR MISS DIVISION: Effective September 30, 1995, the Company sold its Hit or Miss division to members of Hit or Miss management and outside investors. The Company received \$3 million in cash and a 7-year, \$10 million note with interest at 10%. Prior to October 2, 1997, interest may be paid-in-kind at the election of Hit or Miss.

The Hit or Miss division had net sales of \$165.4 million and recorded an operating loss of \$2.3 million, net of income tax benefits of \$1.4 million, for the fiscal year end January 27, 1996, which represents results through July 29, 1995, the measurement date of the transaction. Hit or Miss' operating results for all prior periods have been reclassified to discontinued operations. The sale of the division resulted in a loss on disposal of \$31.7 million (net of income tax benefits of \$19.8 million) and includes the operating results from July 30, 1995 through the closing date, as well as the cost to the Company of closing 69 Hit or Miss stores. Interest expense was allocated to discontinued operations based on their respective proportion of assets to total assets.

For fiscal 1995, Hit or Miss had net sales of \$353.7 million and an operating loss of \$4 million, net of income tax benefits of \$2.4 million.

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

The acquisition has been accounted for using the purchase method of accounting and accordingly, the purchase price has been allocated to the assets purchased and the liabilities assumed based upon their fair values at the date of acquisition. The allocation of purchase price has been revised from last year's estimate with the fair value of the net assets acquired exceeding the purchase price and resulting in negative goodwill of \$86.4 million. The negative goodwill was allocated to the long-term assets acquired. The final allocation of purchase price is summarized below:

	In Thousands
Current assets	\$ 718,627
Property, plant and equipment	237,145
Tradenname	135,815
Current liabilities	(485,587)
	-----
	\$ 606,000
	=====

The most significant change affecting the fair value of the assets acquired and liabilities assumed in the final allocation of purchase price, was reduction of \$86 million in the reserve for store closings due to fewer planned store closings as well as the reduced cost of those closings. The fair value of property, prior to the allocation of negative goodwill, was decreased primarily for a write-down of certain distribution center assets. The fair value of tradenname, prior to the allocation of goodwill, was

increased due to fewer planned store closings. The net impact of these changes resulted in an additional \$75.6 million of negative goodwill which was allocated to long-term assets and further reduced the property and tradename values.

The operating results of Marshalls have been included in the consolidated results of the Company from the date of acquisition on November 17, 1995. Unaudited pro forma consolidated financial results, for the two fiscal years ending January 1996 and 1995, are presented below as if the acquisition had taken place at the beginning of the periods presented and have been restated to reflect the final purchase price allocation described above:

Fiscal Year Ended January	1996	1995
----- Dollars In Thousands Except Per Share Amounts		
Net sales	\$ 6,085,509	\$ 5,835,504
Income from continuing operations	\$ 20,838	\$ 156,187
Average shares outstanding for per common share calculations	74,758,406	89,579,093
Income from continuing operations per common share	\$ .04	\$ 1.74

The foregoing unaudited pro forma consolidated financial results give effect to, among other pro forma adjustments, the following:

- (i) Interest expense and amortization of the related debt expenses on debt incurred to finance the acquisition.
- (ii) Depreciation and amortization adjustments related to fair market value of assets acquired.
- (iii) Amortization of tradename acquired over 40 years.
- (iv) Adjustments to income tax expense related to the above.
- (v) Impact of preferred stock issued on earnings per common share calculations.

The foregoing unaudited pro forma consolidated financial information is provided for illustrative purposes only and does not purport to be indicative of results that actually would have been achieved had the acquisition taken place on the first day of the period presented or of future results.

## B. LONG-TERM DEBT AND CREDIT LINES

At January 25, 1997 and January 27, 1996, long-term debt, exclusive of current installments, consisted of the following (information as to interest rates and maturity dates as of January 25, 1997 only):

	January 25, 1997	January 27, 1996
----- In Thousands		
Real estate mortgages, interest at 10.48% maturing November 1, 1998	\$ 22,391	\$ 27,241
	-----	-----
Equipment notes, interest at 11% to 11.25% maturing December 12, 2000 to December 30, 2001	2,135	3,272
	-----	-----
General corporate debt:		
Sinking fund debentures	--	99,830
Medium term notes, interest at 5.87% to 7.97%, maturing October 21, 2003 to September 20, 2004	20,000	35,500
6 5/8% unsecured notes, maturing June 15, 2000	100,000	100,000
7% unsecured notes, maturing June 15, 2005 (effective interest rate of 7.02% after reduction of the unamortized debt discount of \$116,000 and \$130,000)	99,884	99,870
Term loan	--	325,000
	-----	-----
Total general corporate debt	219,884	660,200
	-----	-----
Long-term debt, exclusive of current installments	\$244,410	\$690,713
	=====	=====

The aggregate maturities of long-term debt, exclusive of current installments, outstanding at January 25, 1997 are as follows:

Fiscal Year	Real Estate Mortgages and Equipment Notes	General Corporate Debt	Total
----- In Thousands			
1999	\$23,399	\$ --	\$ 23,399
2000	697	--	697
2001	430	100,000	100,430
2002	--	--	--
Later years	--	119,884	119,884
	-----	-----	-----
Aggregate maturities of long-term debt	\$24,526	\$219,884	\$244,410
	=====	=====	=====

Real estate mortgages are collateralized by land and buildings. While the parent company is not directly obligated with respect to the real estate

mortgages, it or a wholly-owned subsidiary has either guaranteed the debt or has guaranteed a lease, if applicable, which has been assigned as collateral for such debt.

On September 16, 1996, pursuant to a call for redemption, the Company prepaid \$88.8 million of its 9 1/2% sinking fund debentures. The Company recorded an after-tax extraordinary charge of \$2.9 million, or \$.03 per common share, related to the early retirement of this debt.

In June 1995, the Company filed a shelf registration statement with the Securities and Exchange Commission which provided for the issuance of up to \$250 million of long-term debt. This shelf registration statement was replaced by a new shelf registration statement filed in fiscal 1997 (see Note F). In June 1995, the Company issued \$200 million of long-term notes under the registration statement; \$100 million of 6 5/8% Notes due June 15, 2000 and \$100 million of 7% Notes due June 15, 2005. The proceeds were used in part to repay short-term borrowings and for general corporate purposes including the repayment of scheduled maturities of other outstanding long-term debt and for new store and other capital expenditures.

On November 17, 1995, the Company entered into an unsecured \$875 million bank credit agreement under which the Company borrowed \$375 million on a term loan basis to fund the cash portion of the Marshalls purchase price and may borrow up to an additional \$500 million on a revolving loan basis to fund the working capital needs of the Company. Interest is payable on borrowings at rates equal to or less than prime. The revolving loan facility expires on November 17, 1998. The Company cancelled its former committed U.S. short-term credit lines, effective November 17, 1995. The new agreement has certain financial covenants which include a minimum net worth requirement, and certain leverage and fixed charge covenants. During the fourth quarter of the fiscal year ended January 25, 1997, the Company prepaid the outstanding balance of the \$375 million term loan and recorded an after-tax extraordinary charge of \$2.7 million, or \$.03 per common share, for the early retirement of this debt.

In connection with the \$875 million bank credit agreement, the Company prepaid its \$45 million real estate mortgage on the Chadwick's fulfillment center and incurred an extraordinary after-tax charge of \$3.3 million in fiscal 1996, on the early retirement of this debt.

Under a former shelf registration statement which provided for the issuance of up to \$75 million of Medium Term Notes, the Company issued an aggregate of \$57.5 million Series A Notes during fiscal 1995 and fiscal 1994 under five separate pricing supplements. The borrowings under this program were used to support the Company's international and domestic new business development and capital expenditures. The interest rate and maturity information of the outstanding Series A notes are as follows:

Series A Notes:	Issue Date	Principal	Interest Rate	Maturity Date
----- In Thousands				
Supplement No. 1	10/21/93	\$15,000	5.87%	10/21/03
Supplement No. 4	09/19/94	15,500	6.97	09/19/97
Supplement No. 5	09/19/94	5,000	7.97	09/20/04

The Company has the ability to borrow up to \$500 million on a revolving loan basis under its bank agreement. As of January 25, 1997, the entire \$500 million was available for use. Interest is payable on borrowings at rates equal to or less than prime. Actual short-term borrowings during the fiscal year ended January 25, 1997 were at rates below prime. The revolving loan capability is used as backup to the Company's commercial paper program. The weighted average interest rate on the Company's short-term borrowings was 5.81%, 6.25% and 4.98% in fiscal 1997, 1996 and 1995, respectively. The Company does not have any compensating balance requirements under these arrangements. The Company also has C\$20 million of committed lines for its Canadian operation, all of which were available as of January 25, 1997.

#### C. FINANCIAL INSTRUMENTS

The Company periodically enters into forward foreign exchange contracts to hedge firm U.S. dollar merchandise purchase commitments made by its Canadian subsidiary. As of January 25, 1997, the Company had \$12.1 million of such contracts outstanding. The contracts cover commitments for the first quarter of fiscal 1998 and any gain or loss on the contract will ultimately be reflected in the cost of the merchandise. Deferred gains and losses on the contracts as of January 25, 1997 were immaterial.

The Company also has entered into foreign currency swap agreements in both Canadian dollars and British pounds sterling. The Canadian swap agreements will require the Company to pay C\$26.7 million in exchange for \$20 million in U.S. currency between October 2003 and September 2004. The British pounds sterling swap agreements will require the Company to repay (pound)34.9 million between September 1997 and January 2000 in exchange for \$55.3 million in U.S. currency. The swap agreements are accounted for as a hedge against the Company's investment in foreign subsidiaries; thus foreign exchange gains and losses on the agreements are recognized in shareholders' equity, offsetting translation adjustments associated with the Company's investment in foreign operations. The gains (losses) on the swap agreements as of January 25, 1997 are immaterial. The swap agreements contain rights of offset which minimize the Company's exposure to credit loss in the event of nonperformance by one of the counterparties. The interest rate payable on the foreign currency is slightly higher than the interest received on the currency exchanged, resulting in deferred interest costs, which are being amortized to interest expense over the related terms of the swap agreements. The unamortized balance of deferred interest costs as of January 25, 1997 and January 27, 1996 amounted to \$4.1 million and \$3.4 million, respectively.

The counterparties to the exchange contracts and swap agreements are major international financial institutions. The Company periodically monitors



its position and the credit ratings of the counterparties and does not anticipate losses resulting from the nonperformance of these institutions.

Pursuant to SFAS No. 107 "Disclosures About Fair Value of Financial Instruments," the Company has estimated the fair value of its long-term debt, including current installments. The fair value of the Company's long-term debt was estimated by using the quoted market price, if available, or by using discounted cash flow analysis based upon the Company's current incremental borrowing rates for similar types of borrowing arrangements. The fair value of long-term debt, including current installments at January 25, 1997 is estimated to be \$269.8 million versus a carrying value of \$271.7 million. These estimates do not necessarily reflect certain provisions or restrictions in the various debt agreements which might affect the Company's ability to settle these obligations.

#### D. COMMITMENTS

The Company is committed under long-term leases related to its continuing operations for the rental of real estate, and fixtures and equipment. T.J. Maxx leases are generally for a 10 year initial term with options to extend for one or more 5 year periods. Marshalls leases, acquired in fiscal 1996, have remaining terms ranging up to 25 years. In addition, the Company is generally required to pay insurance, real estate taxes and other operating expenses and in some cases rentals based on a percentage of sales.

The following schedule of future minimum lease payments for continuing operations as of January 25, 1997 includes the lease commitments for Marshalls stores that the Company anticipates closing and for which reserves have been established as discussed in Note I.

Fiscal Years	Operating Leases
-----	
	In Thousands
1998	\$ 276,384
1999	262,232
2000	239,213
2001	209,417
2002	178,453
Later years	809,706
	-----
Total minimum lease payments	\$1,975,405 =====

The rental expense under operating leases for continuing operations amounted to \$293.5 million, \$162.5 million and \$117.4 million for fiscal years 1997, 1996 and 1995, respectively. The present value of the Company's operating lease obligations approximates \$1,335.9 million as of January 25, 1997, including \$168.4 million payable in fiscal 1998.

The Company had outstanding letters of credit in the amount of \$36.1 million as of January 25, 1997. The letters of credit are issued for the purchase of inventory.

## E. STOCK COMPENSATION PLANS

The Company has a Stock Incentive Plan under which options and other stock awards may be granted to certain officers and key employees. The Stock Incentive Plan provides for the issuance of up to 6 million shares with 1.1 million shares available for future grants as of January 25, 1997. The Company also has a Directors Stock Option Plan under which stock options are granted to directors who are not otherwise employed by the Company. This plan provides for the issuance of up to 50,000 shares with 34,000 shares available for future grants as of January 25, 1997.

Under its stock option plans, the Company 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, while certain options 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 the Company's stock options and related Weighted Average Exercise Prices ("WAEP") for fiscal years ended January 1997, 1996 and 1995 is presented below (shares in thousands):

Fiscal Year Ended January	1997		1996		1995	
	Shares	WAEP	Shares	WAEP	Shares	WAEP
Outstanding beginning of year	2,812	\$ 18.35	2,694	\$ 19.94	2,183	\$ 19.10
Granted	713	34.88	596	12.88	632	22.54
Exercised	(1,362)	17.77	(82)	14.08	(51)	14.69
Canceled	(115)	19.81	(396)	21.26	(70)	20.89
Outstanding end of year	<u>2,048</u>	24.40	<u>2,812</u>	18.35	<u>2,694</u>	19.94
Options exercisable end of year	<u>853</u>		<u>1,748</u>		<u>1,490</u>	

The Company realizes an income tax benefit from the exercise or early disposition of certain stock options. This benefit results in a decrease in current income taxes payable and an increase in additional paid-in capital. Such benefits amounted to \$10.2 million for the fiscal year ended January 25, 1997. Amounts for prior years were immaterial.

The Company has adopted the disclosure-only provisions of Statement of Financial Accounting Standards No. 123 (SFAS No. 123) "Accounting for Stock-Based Compensation," and continues to apply the provisions of APB Opinion No. 25 "Accounting for Stock Issued to Employees" in accounting for compensation expense under its stock option plans. Accordingly no compensation expense has been recognized for the stock options issued during fiscal years 1997 and 1996. Had compensation expense been determined in accordance with SFAS No. 123, the Company's income from continuing operations, net income and related earnings per common share amounts for the fiscal year ended January 25, 1997, would have been reduced to the unaudited pro forma amounts indicated below:

Dollars In Thousands Except Per Share Amounts	As Reported	Unaudited Pro Forma
Income from continuing operations	\$213,826	\$211,893
Primary and fully diluted earnings per common share	\$2.36	\$2.34
Net income	\$363,123	\$361,190
Primary and fully diluted earnings per common share	\$4.01	\$3.99

The pro forma impact of SFAS No. 123 for the fiscal year ended January 27, 1996 was immaterial.

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 1997 and 1996 is estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions: dividend yield 1%; expected volatility of 38%; a risk free interest rate of 6.67% and expected holding periods of 6 years. The weighted average fair value of options granted during fiscal 1997 and 1996 was \$15.51 and \$5.58, 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 25, 1997 (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
\$10.250 - \$15.375	489	8.1 Years	\$12.71	136	\$12.28
\$15.376 - \$24.375	615	6.4 Years	21.44	470	21.11
\$24.376 - \$34.875	944	8.6 Years	32.39	247	25.40
Total	2,048	7.8 Years	24.40	853	20.94

The Company 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 to five years from date of grant, with the exception of performance accelerated shares, which have, restrictions that generally lapse equally over four to eight years, with a provision for accelerated vesting depending upon the Company's earnings, or other specified criteria. There have been 17,500, 10,000 and 150,000 shares of other stock awards issued for the fiscal years ended January 1997, 1996 and 1995, respectively, and 3,500 and 2,267 shares forfeited for the fiscal years ended January 1996 and January 1995, respectively. The weighted average market value of these stock awards at grant date was \$24.00, \$12.88 and \$26.50 for fiscal 1997, 1996 and 1995, respectively.

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 \$2.5 million in fiscal 1997, \$0.4 million in fiscal 1996 and \$0.6 million in fiscal 1995.

#### F. CAPITAL STOCK

On August 16, 1994, the Company authorized the repurchase of up to \$100 million of TJX common stock. During fiscal 1995, the Company repurchased 1.1 million of its common shares, totalling \$19.3 million, representing approximately 1.5% of the Company's outstanding common shares. In connection with the Marshalls acquisition, the Company terminated the share repurchase program.

In April 1992, the Company issued 250,000 shares of Series A cumulative convertible preferred stock in a private offering. As of June 1996, pursuant to a call for redemption, the Series A preferred stock was converted into 1,190,475 shares of common stock.

In August 1992, the Company issued 1,650,000 shares of Series C cumulative convertible preferred stock in a public offering. As of September 1996, pursuant to a call for redemption, the Series C preferred stock was converted into 3,177,844 shares of common stock.

On November 17, 1995, the Company issued its Series D and Series E convertible preferred stock as part of the purchase price for Marshalls. The 250,000 shares of Series D preferred stock, with a face value of \$25 million, carried an annual dividend rate of \$1.81 per share and was automatically converted into 1,349,527 shares of common stock on November 17, 1996. The 1,500,000 shares of Series E preferred stock, with a face value of \$150 million, carries an annual dividend rate of \$7.00 per share, and is mandatorily converted into common shares on November 17, 1998 unless converted earlier. The common shares issuable on conversion will vary depending on the market price of common stock at the time of conversion and ranges from a minimum of 8.1 million shares to a maximum of 9.7 million shares of common stock. Based on the Company's market price of its common stock as of January 25, 1997, the minimum number of shares would be issued. The Series E preferred stock has an aggregate liquidation preference of \$150 million. There is an aggregate of 9,716,599 common shares reserved for the conversion of Series E preferred stock, the maximum number of shares that may be issued. The Series E preferred stock is senior to all other capital stock of the Company with respect to payment of dividends and upon liquidation. There are no voting rights for preferred stock unless dividends are in arrears for a specified number of periods.

Dividends on all of the preferred stock issued are paid quarterly on the first business day of each calendar quarter and accrue from date of issuance through conversion date. The Company accrues the dividends evenly throughout the year. The Company recorded aggregate dividends on its preferred stock of \$13.7 million in fiscal 1997 and \$9.4 million in fiscal 1996 and \$7.2 million in fiscal 1995. The preferred dividends reduce net income in computing net income available to common shareholders.

During fiscal 1997, the Company replaced the June 1995 shelf registration statement with another shelf registration statement which currently

provides for the issuance of up to \$600 million of debt, common stock or preferred stock.

#### G. INCOME TAXES

The provision for income taxes includes the following:

Fiscal Year Ended January	1997	1996	1995
----- In Thousands			
Current:			
Federal	\$ 116,848	\$ 52,306	\$ 51,347
State	27,160	12,604	8,261
Foreign	8,079	2,843	1,425
Deferred:			
Federal	33	(25,593)	(1,873)
State	462	(5,361)	61
Foreign	(268)	408	1,537
Provision for income taxes	\$ 152,314	\$ 37,207	\$ 60,758

The Company had a net deferred tax liability as follows:

	January 25, 1997	January 27, 1996
----- In Thousands		
Deferred tax assets:		
Capital loss carryforward	\$ 4,500	\$ 48,629
Foreign net operating loss carryforward	34,500	34,011
Reserves for discontinued operations	9,397	10,652
Reserve for closed stores and restructuring costs	38,421	95,020
Insurance costs not currently deductible for tax purposes	24,342	18,743
Pension, postretirement and employee benefits	23,267	17,535
Leases	6,478	3,827
Other	17,981	14,344
Valuation allowance	(39,084)	(82,727)
Total deferred tax assets	119,802	160,034
Deferred tax liabilities:		
Property, plant and equipment	20,096	47,229
Safe harbor leases	44,603	48,818
Tradename	52,302	59,179
Other	10,121	17,472
Total deferred tax liabilities	127,122	172,698
Net deferred tax liability	\$ 7,320	\$ 12,664

As a result of Chadwick's discontinued operations and sale of assets during fiscal 1997, the net deferred tax liability decreased by \$5.6 million.

The capital loss carryforward tax asset, which expires in fiscal 1998, relates to the surrendering of the Ames preferred stock upon consummation of the Ames reorganization plan. During fiscal 1997, \$125.8 million of the capital loss carryforward was utilized to offset the capital gain recognized in the sale of Chadwick's. Utilization of the remaining pre-tax capital loss of \$13.0 million is only available to the extent of future capital gains and thus this deferred tax asset is fully reserved for in the valuation allowance. The change in the valuation allowance during the year is primarily the result of the utilization of the capital loss carryforward.

The Company does not provide for U.S. deferred income taxes on the undistributed earnings of its foreign subsidiaries, as the earnings are considered to be permanently reinvested. The undistributed earnings of its foreign subsidiaries as of January 25, 1997 were immaterial.

The Company has a United Kingdom net operating loss carryforward of approximately \$36 million for tax and financial reporting purposes. The United Kingdom operating loss does not expire under current United Kingdom tax law. The Company also has a Puerto Rico net operating loss carryforward of approximately \$58 million for tax and financial reporting purposes which was acquired in the Marshalls acquisition and expires in fiscal 1998 through fiscal 2003. Future utilization of these operating loss carryforwards is dependent upon future earnings of the Company's foreign subsidiaries. Future recognition of the net operating loss in Puerto Rico will result in an adjustment to the allocation of the purchase price for Marshalls.

The Company's worldwide effective tax rate was 42% for the fiscal years ended January 25, 1997, January 27, 1996 and January 28, 1995. The difference between the U.S. federal statutory income tax rate and the Company's worldwide effective income tax rate is summarized as follows:

Fiscal Year Ended January	1997	1996	1995
U.S. federal statutory income tax rate	35%	35%	35%
Effective state income tax rate	5	5	5
Impact of foreign operations	1	3	3
All other	1	(1)	(1)
	----	----	----
Worldwide effective income tax rate	42%	42%	42%
	====	====	====

#### H. PENSION PLANS AND OTHER RETIREMENT BENEFITS

The Company has a non-contributory defined benefit retirement plan covering the majority of full-time employees, excluding Marshalls' associates through the end of fiscal 1997. Effective fiscal 1998, Marshalls' associates will be included in the plan. 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. The Company also has an unfunded supplemental retirement plan which covers certain key employees of the Company and provides additional retirement benefits based on average compensation.

Net periodic pension cost for all operations of the Company's plans includes the following components:

Fiscal Year Ended January	1997	1996	1995
-----			
In Thousands			
Service cost	\$ 4,699	\$ 3,920	\$ 4,554
Interest cost on projected benefit obligation	7,266	6,915	6,526
Actual return on assets	(16,981)	(15,215)	4,545
Net amortization and deferrals	10,879	9,384	(11,600)
	-----	-----	-----
Net periodic pension cost	\$ 5,863	\$ 5,004	\$ 4,025
	=====	=====	=====

Net pension cost includes \$0.4 million, \$0.5 million and \$0.5 million allocated to discontinued operations in fiscal years 1997, 1996 and 1995, respectively.

The following table sets forth the funded status of the Company's pension plans (including discontinued operations) and the amounts recognized in the Company's statements of financial position:

	January 25, 1997	January 27, 1996
-----		
In Thousands		
Accumulated benefit obligation, including vested benefits of \$89,533 and \$81,296	\$ 93,383	\$ 91,606
	-----	-----
Projected benefit obligation	\$ 100,465	\$ 97,891
Plan assets at fair market value	89,704	71,792
	-----	-----
Projected benefit obligation in excess of plan assets	10,761	26,099
Unrecognized net gain (loss) from past experience different from that assumed and effects of changes in assumptions	5,929	(7,563)
Prior service cost not yet recognized in net periodic pension cost	(950)	(1,035)
Unrecognized net asset (obligation) as of initial date of application of SFAS No. 87	(670)	(745)
	-----	-----
Accrued pension cost included in accrued expenses	\$ 15,070	\$ 16,756
	=====	=====

The projected benefit obligation in excess of plan assets as of January 25, 1997, is primarily the Company's unfunded supplemental retirement plan.

The weighted average discount rate used in determining the actuarial present value of the projected benefit obligation was 7.50% and 7.00% for fiscal years 1997 and 1996, respectively. The rate of increase on future compensation levels was 4.0% in each of the fiscal years 1997 and 1996, respectively, and the expected long-term rate of return on assets was 9.0% in each of the fiscal years 1997 and 1996, respectively. The Company's funding policy is to contribute annually an amount allowable for federal

income tax purposes. Pension plan assets consist primarily of fixed income and equity securities.

The Company's postretirement benefit plan is unfunded and provides limited postretirement medical and life insurance benefits to associates who participate in the Company's retirement plan and who retire at age 55 or older with 10 years or more of service.

Net periodic postretirement benefit cost of the Company's plan includes the following components:

Fiscal Year Ended January	1997	1996	1995
----- In Thousands			
Service cost	\$ 671	\$ 757	\$ 952
Interest cost on accumulated benefit obligation	1,081	1,046	963
Net amortization	55	--	88
	-----	-----	-----
Net periodic postretirement benefit cost	\$1,807	\$1,803	\$2,003
	=====	=====	=====

Net periodic postretirement benefit costs include \$0.1 million in fiscal year 1997, \$0.3 million in fiscal year 1996 and \$0.2 million in fiscal year 1995 allocated to discontinued operations.

The components of the accumulated postretirement benefit obligation (including discontinued operations) and the amount recognized in the Company's statements of financial position are as follows:

	January 25, 1997	January 27, 1996
----- In Thousands		
Accumulated postretirement obligation:		
Retired associates	\$ 7,147	\$ 6,731
Fully eligible active associates	4,653	5,140
Other active associates	3,501	3,867
	-----	-----
Accumulated postretirement obligation	15,301	15,738
Unrecognized net gain (loss) due to change in assumptions	(1,375)	(2,676)
	-----	-----
Accrued postretirement benefits included in accrued expenses	\$ 13,926	\$ 13,062
	=====	=====

Assumptions used in determining the actuarial present value of the accumulated postretirement obligation include a discount rate of 7.50% and 7.00% in fiscal years 1997 and 1996, respectively. Due to the nature of the plan, which limits the annual benefit to \$3,000, the medical inflation assumption, initially set at 5%, is gradually reduced to zero. A 1% increase in the medical inflation assumption would increase the postretirement benefit obligation as of January 25, 1997 by approximately \$0.5 million. Effective fiscal 1998, Marshalls' associates are eligible for the Company's postretirement medical plan.



The Company also sponsors an employee savings plan under Section 401(k) of the Internal Revenue Code for all eligible employees, including Marshalls' associates effective January 1, 1997. Employees may contribute up to 15% of eligible pay. The Company matches employee contributions up to 5% of eligible pay at rates ranging from 25% to 50% based upon Company performance. The Company contributed for all 401(k) plans \$6.4 million in fiscal 1997, \$2.2 million in fiscal 1996 and \$2.0 million in fiscal 1995. Prior to January 1, 1997, Marshalls' associates participated in a separate Section 401(k) savings plan.

#### I. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

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

	January 25, 1997	January 27, 1996
----- In Thousands		
Employee compensation and benefits	\$ 85,473	\$ 55,348
Reserves for discontinued operations	23,650	25,253
Store closing and restructuring reserves, continuing operations	95,867	251,566
Insurance	67,403	54,523
Rent, utilities, advertising and other	348,818	304,406
	-----	-----
Accrued expenses and other current liabilities	\$621,211	\$691,096
	=====	=====

The reserves for discontinued operations relate primarily to lease obligations associated with the Company's former Zayre, Hit or Miss and Chadwick's divisions. The reduction in the reserve balance is primarily due to payments of lease obligations, net of sublease income, as well as settlement costs on certain leases, offset by an increase for costs associated with the sale of Chadwick's.

The reserve for store closings and restructurings is primarily for costs associated with the disposition and settlement of leases for the T.J. Maxx and Marshalls closings anticipated as a result of the Marshalls acquisition. The reserve balance during fiscal 1997 was reduced by adjustments to the initial reserve established, as well as for expenditures and charges against the reserve, offset by a \$3.1 million increase for costs relating to certain restructuring costs of HomeGoods. The adjustments to the initial reserve include a reduction of \$8 million due to lower than anticipated costs to close the T.J. Maxx stores reserved for in fiscal 1996. This reduction to the reserve was recorded as a reduction to selling, general and administrative expenses. The other adjustment to the reserve relates to the final allocation of the purchase price in the acquisition of Marshalls and is a reduction of \$86 million due to fewer planned Marshalls store closings, as well as the lower estimated cost of those closings. See Note A for the impact of this change in the final allocation of the purchase price for Marshalls. Expenditures and charges against the reserve totalled \$64.9 million in fiscal 1997 which included \$21.3 million for lease disposal and settlement costs with the remainder primarily for inventory markdowns, severance and the net book value of property write-offs. Virtually all the T.J. Maxx store closings took place

during fiscal 1997 while approximately 50 Marshalls store closings included in the reserve will occur in fiscal 1998.

#### J. SUPPLEMENTAL CASH FLOW INFORMATION

The Company's cash payments for interest expense and income taxes, including discontinued operations, and its non-cash investing and financing activities are as follows:

Fiscal Year Ended	January 25, 1997	January 27, 1996	January 28, 1995
-----			
	In Thousands		
Cash paid for:			
Interest expense	\$ 44,288	\$ 41,924	\$ 25,051
Income taxes	159,245	17,275	68,940
Non-cash investing and financing activities:			
Conversion of cumulative convertible preferred stock into common stock			
Series A	25,000	--	--
Series C	82,500	--	--
Series D	25,000	--	--
Note receivable from sale of Chadwick's of Boston	20,000	--	--
Issuance of preferred stock for acquisition of Marshalls	--	175,000	--
Note receivable from sale of Hit or Miss	--	10,000	--

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

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

The Company remains contingently liable for the leases of most of the former Zayre stores still operated by Ames. In addition, the Company is contingently liable on a number of leases of the Hit or Miss division, the Company's former off-price women's specialty stores, sold on September 30, 1995. The Company believes that in view of the nature of the leases and the fact that Ames and Hit or Miss are primarily liable, the Company's contingent liability on these leases will not have a material effect on the Company's financial condition. Accordingly, the Company believes its available reserves should be adequate to cover all reasonably expected liabilities associated with these discontinued operations that it may incur.

The Company is also contingently liable on certain leases of Waban Inc., which was spun off by the Company in fiscal 1990. Since Waban is primarily liable and has indemnified the Company for any amounts the Company may have to pay with respect to such leases, the Company believes that its contingent liability on these leases will not have a material effect on the Company's financial condition. Waban announced in April 1997 that it would renew its efforts to consummate a spinoff of its BJ's Wholesale Club division. In the event of such spinoff, Waban will continue to be primarily liable on such leases. In addition, Waban, BJ's Wholesale Club, Inc., (the new corporation that would acquire the assets of Waban's BJ's Wholesale Club division) and the Company have entered into agreements under which BJ's Wholesale Club, Inc., will have substantial indemnification responsibility with respect to such leases upon consummation of the spinoff. Accordingly, the Company believes that its contingent liability on these leases upon such spinoff will not have a material effect on the Company's financial condition.

#### L. SEGMENT INFORMATION

For data on business segments for fiscal 1997, 1996 and 1995, see page 20.

## REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors of The TJX Companies, Inc.:

We have audited the accompanying consolidated balance sheets of The TJX Companies, Inc. and subsidiaries as of January 25, 1997 and January 27, 1996 and the related consolidated statements of income, shareholders' equity, and cash flows for each of the three fiscal years in the period ended January 25, 1997. 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 in accordance with generally accepted auditing standards. Those standards 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. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of The TJX Companies, Inc. and subsidiaries as of January 25, 1997 and January 27, 1996 and the consolidated results of their operations and their cash flows for each of the three fiscal years in the period ended January 25, 1997 in conformity with generally accepted accounting principles.

Coopers & Lybrand, L.L.P.

Boston, Massachusetts  
February 25, 1997

## 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.

The Company 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 the Company'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 the Company, meets periodically with management, internal auditors and the independent public accountants to review matters relating to the Company'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 Coopers & Lybrand L.L.P., 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.

Bernard Cammarata  
President and Chief Executive Officer

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

February 25, 1997

## SELECTED FINANCIAL DATA (CONTINUING OPERATIONS)

The following selected financial data includes the results of Marshalls for the periods following its acquisition on November 17, 1995. All prior year data has been restated to reflect Chadwick's and Hit or Miss as discontinued operations.

Fiscal Year Ended January	1997	1996	1995	1994	1993
-----					
Dollars in Thousands Except Per Share Amounts					
Income statement and per common share data:					
Net sales	\$ 6,689,410	\$ 3,975,115	\$ 3,055,573	\$ 2,832,070	\$ 2,588,603
Income from continuing operations before extra-ordinary item and cumulative effect of accounting changes	213,826	51,589(1)	84,480	111,266	97,880
Number of common shares for primary and fully diluted earnings per common share computations	90,625,009	73,133,349	73,467,003	74,192,358	73,873,276
Earnings per common share from continuing operations	\$ 2.36	\$ .58 (1)	\$ 1.05	\$ 1.40	\$ 1.31
Dividends per common share	.28	.49	.56	.50	.46
Balance sheet data:					
Working capital	\$ 425,595	\$ 332,864	\$ 240,646	\$ 237,358	\$ 227,223
Total assets	2,506,761	2,545,825	1,373,964	1,171,412	1,084,944
Capital expenditures	119,153	105,864	109,436	102,279	83,348
Long-term debt	244,410	690,713	194,478	205,408	174,306
Shareholders' equity	1,127,186	764,634	606,952	590,900	505,184
Stores in operation at year-end:					
T.J. Maxx	578	587	551	512	479
Marshalls	454	496	--	--	--
Winners	65	52	37	27	15
HomeGoods	21	22	15	10	6
T.K. Maxx	18	9	5	--	--

(1) Includes an after-tax charge of \$21.0 million, or \$.29 per share, for the estimated cost of closing approximately 30 T.J. Maxx stores in connection with the acquisition of Marshalls.

## PRICE RANGE OF COMMON STOCK

The common stock of the Company is listed on the New York Stock Exchange (Symbol:TJX). The quarterly high and low stock prices for fiscal 1997 and fiscal 1996 are as follows:

Quarter	Fiscal 1997		Fiscal 1996	
	High	Low	High	Low
First	\$30 3/4	\$18 1/2	\$ 14	\$11 1/8
Second	36 5/8	26 3/8	15 1/2	11 3/8
Third	43 3/8	29 1/4	15 3/4	11 1/2
Fourth	48 1/4	38 5/8	19 7/8	13 1/2

The approximate number of common shareholders at January 25, 1997 was 38,400.

The Company declared four quarterly dividends of \$.07 per share for fiscal 1997. The Company declared quarterly dividends of \$.14 per share for the first three quarters of fiscal 1996 and a quarterly dividend of \$.07 per share for the fourth quarter of fiscal 1996.

Effective December 7, 1996, the Company sold its Chadwick's of Boston mail order operation. This transaction was accounted for in the Company's fourth quarter reporting period ending January 25, 1997. The operating results for Chadwick's for all periods prior to the sale have been presented as discontinued operations for comparative purposes. Discontinued operations for the fiscal year ended January 27, 1996 and prior periods also include the results of the Hit or Miss division, which was sold by the Company effective September 30, 1995.

On November 17, 1995, the Company acquired the Marshalls off-price family apparel chain from Melville Corporation. Under the purchase method of accounting, the assets and liabilities and results of operations associated with the acquired business have been included in the Company's financial position and results of operations since the date acquired. Accordingly, the financial position as of dates subsequent to the acquisition and the results of operations for periods ending after November 17, 1995, are not directly comparable to the financial position and the results of the operations of the Company prior to the acquisition date. The following discussion should be read in conjunction with the consolidated financial statements and notes thereto contained elsewhere in this report.

#### RESULTS OF OPERATIONS

CONTINUING OPERATIONS: Income from continuing operations before extraordinary item ("income from continuing operations") was \$213.8 million in fiscal 1997 versus \$51.6 million and \$84.5 million in fiscal 1996 and 1995, respectively. Income from continuing operations per common share, on a fully diluted basis, was \$2.36 in fiscal 1997, versus \$.58 in fiscal 1996 and \$1.05 in fiscal 1995. The results for fiscal 1996 include a \$35 million pre-tax (\$21.0 million after-tax) charge for closing certain T.J. Maxx stores in connection with the acquisition of Marshalls. Excluding the \$35 million pre-tax charge, income from continuing operations for fiscal 1996 would have been \$72.6 million, or \$.87 per share.

Net sales for fiscal 1997 increased 68.3% to \$6.69 billion from \$3.98 billion in 1996. Net sales for fiscal 1996 increased 30.1% to \$3.98 billion from \$3.06 billion in fiscal 1995. These consolidated sales results include Marshalls for the post-acquisition period. Same store sales, on a consolidated basis, increased 7% in fiscal 1997 while decreasing 2% in fiscal 1996.

On a divisional basis, same store sales at T.J. Maxx increased 5% in fiscal 1997 while decreasing 2% in fiscal 1996. Same store sales for Marshalls increased 10% in fiscal 1997 while decreasing 1% in fiscal 1996 from the date of acquisition. Winners achieved same store sales increases of 13% in fiscal 1997 and 7% in fiscal 1996. The fiscal 1996 results reflect the continuation of weak apparel sales in the U.S. as well as the



highly promotional retail environment. Sales results for fiscal 1997 primarily reflect the many benefits associated with the Marshalls acquisition, along with some improvement in apparel sales industrywide. At Marshalls, the Company replaced frequent promotional activity with an everyday low price strategy and also implemented a more timely markdown policy. These changes conformed the Marshalls operation to that of the T.J. Maxx stores and were significant factors in the Marshalls same store sales performance for fiscal 1997. In addition, the enhanced buying power of the combined entities allowed the Company to offer lower prices to the consumers at both chains.

Cost of sales, including buying and occupancy costs, as a percentage of net sales, was 77.7%, 79.1% and 77.6% in fiscal 1997, 1996 and 1995, respectively. The increase in this percentage in fiscal 1996 reflects higher than planned markdowns taken as a result of the weak apparel environment and the highly promotional retail environment. The improvement in this ratio in fiscal 1997 is largely due to strong inventory management, resulting in lower markdowns despite a more aggressive markdown policy, and the benefits associated with the acquisition of Marshalls. The fiscal 1997 ratio also reflects the full impact of Marshalls cost of sales which is typically higher than that of T.J. Maxx.

Selling, general and administrative expenses as a percentage of net sales were 16.3% in fiscal 1997, 16.9% in fiscal 1996 and 16.9% in fiscal 1995. The improvement in this ratio in fiscal 1997 reflects the stronger sales performance as well as expense savings provided by the consolidation of the Marshalls and T.J. Maxx operations.

The Company recorded a pre-tax charge of \$35 million in fiscal 1996 for the closing of approximately 30 T.J. Maxx stores in connection with the acquisition of Marshalls, which consists primarily of estimated costs associated with subletting stores or otherwise disposing of store leases. During fiscal 1997, the reserve requirement was reduced by \$8 million as the actual cost of closing stores was less than anticipated. This savings, however, was more than offset by a \$12.2 million impairment charge on certain T.J. Maxx distribution center assets relating to a restructuring and realignment plan of the T.J. Maxx and Marshalls distribution facilities. The net impact of these items is reflected in selling, general and administrative expenses.

Interest expense was \$37.4 million, \$38.2 million and \$22.2 million in fiscal 1997, 1996 and 1995, respectively. The Company's strong cash position throughout fiscal 1997, as well as funds obtained from the sale of Chadwick's, allowed the Company to prepay approximately \$450 million of long-term debt. In addition to \$46.5 million of scheduled debt maturities, the Company retired the entire loan incurred to acquire Marshalls. These factors led to a fourth quarter interest expense, net of interest income, in fiscal 1997 of only \$1.7 million versus \$13.8 million in the prior year's fourth quarter. The increase in interest expense for fiscal 1996 was primarily due to additional borrowings, including the \$375 million term loan incurred in the fourth quarter to acquire Marshalls and the \$200 million of notes issued in June 1995 under the Company's shelf registration statement.

The Company's effective income tax rate was 42% in each of the fiscal years ending in 1997, 1996 and 1995. The difference in the U.S. federal statutory tax rate and the Company's worldwide effective income tax rate in each fiscal year is primarily attributable to the effective state income tax rate and the impact of foreign operations.

DISCONTINUED OPERATIONS AND NET INCOME: Net income for fiscal 1997 includes a gain on the sale of the Chadwick's discontinued operation, net of income taxes, of \$125.6 million. Net income for fiscal 1996 includes a loss on the disposal of the Hit or Miss discontinued operation, net of income taxes, of \$31.7 million. The results of both of these divisions prior to their respective sale measurement dates have been reclassified as net income (loss) from discontinued operations, net of income taxes, which amounted to income of \$29.4 million in fiscal 1997 and \$9.7 million in fiscal 1996 and a loss of \$1.9 million in fiscal 1995. In addition, in fiscal 1997 and 1996, the Company retired certain long-term debt prior to scheduled maturities resulting in extraordinary losses, net of income taxes, of \$5.6 million in fiscal 1997 and \$3.3 million in fiscal 1996.

Net income, after reflecting the above items, was \$363.1 million, or \$4.01 per common share, in fiscal 1997, \$26.3 million, or \$.23 per common share, in fiscal 1996, and \$82.6 million, or \$1.03 per common share, in fiscal 1995.

#### CAPITAL SOURCES AND LIQUIDITY

Net cash provided by operating activities was \$664.5 million, \$254.6 million and \$83.8 million in fiscal 1997, 1996 and 1995, respectively. The increase in cash provided by operating activities in fiscal 1997 versus that of fiscal 1996 reflects the increased earnings attributable to the Marshalls acquisition. The strong sales volume, coupled with tight inventory control, resulted in faster inventory turns, all of which were favorable to cash flows for fiscal 1997. The improved cash flow in fiscal 1996 versus that of fiscal 1995 is primarily attributable to the Marshalls acquisition. Although Marshalls was included only in the fourth quarter of fiscal 1996, the timing of the Marshalls acquisition allowed the Company to benefit from the favorable cash flow generated by the holiday selling season. The cash flows from operating activities for fiscal 1997 have been reduced by expenditures associated with the Company's discontinued operations and store closing and restructuring reserves. The reserve balances as of January 25, 1997 are primarily for lease obligations. Cash flows from operating activities over the next several years will be impacted by settlements and disposition of these leases. The Company is also contingently liable on certain leases of its discontinued operations. See Note I and K to the consolidated financial statements for further information.

(A bar graph is included to the left of the above paragraph entitled "Net Cash Provided by Operating Activities." The bar graph compares net cash provided by operating activities with property additions for the fiscal years ended January 1993 through January 1997. The dollar values are presented in millions with a scale on the left side of the graph. The

fiscal years are presented along the bottom of the graph. The data plotted on the graph is presented in the table below:)

Fiscal Year Ended January -----	Cash From Operating Activities -----	Property Additions -----
	(\$'s in Millions)	
1993	\$114.3	\$ 83.3
1994	87.8	102.3
1995	83.8	109.4
1996	254.6	105.9
1997	664.5	119.2

Inventories as a percentage of net sales were 15.8% in fiscal 1997, 31.6% in fiscal 1996 and 25.7% in fiscal 1995. The fiscal 1996 percentage is not comparable since Marshalls' net sales are included only from November 18, 1995. Using unaudited pro forma net sales for fiscal 1996 (see Note A to the consolidated financial statements), which assumes Marshalls was acquired at the beginning of the fiscal year, inventories as a percentage of net sales in fiscal 1996 would be 20.7%. The improvement in the unaudited pro forma percentage for fiscal 1996 versus fiscal 1995 reflects a higher warehouse inventory related to opportunistic merchandise purchases and a large percentage of spring merchandise on hand at the end of fiscal 1995. Further improvement in this ratio for fiscal 1997 reflects the strong sales performance and inventory turns experienced in fiscal 1997. Working capital was \$425.6 million in fiscal 1997, \$332.9 million in fiscal 1996 and \$240.6 million in fiscal 1995. The increase in both years reflects the acquisition of Marshalls and, additionally in fiscal year 1997, reflects the benefits of strong operating cash flows.

The Company's cash flows for investing activities include capital expenditures for the last two years as set forth in the table below:

Fiscal Year Ended January -----	1997	1996
	In Millions	
New stores	\$ 36.7	\$ 44.6
Store renovations and improvements	56.1	36.5
Office and distribution centers	26.4	24.8
	-----	-----
Capital expenditures	\$119.2	\$105.9
	=====	=====

The Company expects that capital expenditures will approximate \$200 million for fiscal 1998. This includes capital expenditures for the T.J. Maxx and Marshalls operations of \$24 million for new stores and \$93 million for improvements for existing stores. In addition, approximately \$25 million is estimated for the expansion of Winners and T.K. Maxx operations and \$55 million for all of the Company's office and distribution center facilities.

Investing activities for fiscal 1997 and 1996 include payments of \$49.3 million and \$378.7 million, respectively, relating to the acquisition of Marshalls. In addition to the cash outlay for the acquisition of Marshalls, the Company issued \$175 million of convertible junior preferred stock in fiscal 1996. See Note F to the consolidated financial statements

for further information on the preferred stock issued. The total purchase price for Marshalls, including acquisition costs, was \$606 million. The allocation of purchase price was revised during fiscal 1997 with the most significant change being a reduction of \$86 million to the reserve for store closings. See Note A to the consolidated financial statements for further information on the acquisition of Marshalls.

Fiscal 1997 investing activities include the proceeds from the sale of the Chadwick's division, which totaled \$222.8 million. The purchase price is subject to final adjustment based on the net assets of Chadwick's as of the sale date; this adjustment is estimated to be a reduction in the purchase price of approximately \$30 million which will be settled by the Company in fiscal 1998. As part of the sale of Chadwick's, the Company retained the consumer credit card receivables of the division as of the closing date which totalled approximately \$125 million, with \$54.5 million still outstanding as of January 25, 1997. The proceeds from these receivables are reflected as cash provided by discontinued operations when received. The Company also received a \$20 million convertible note due in ten years with annual interest currently at 6%. Investing activities for fiscal 1996 reflect proceeds of \$3 million for the sale of the Hit or Miss division for which the Company also received a \$10 million note, due in seven years, at 10% annual interest.

**FINANCING ACTIVITIES:** The strong cash flow from operations as well as proceeds generated from the sale of the Chadwick's division allowed the Company to prepay certain long-term debt in addition to regularly scheduled maturities. On September 16, 1996, pursuant to a call for redemption, the Company prepaid \$88.8 million of its 9 1/2% sinking fund debentures. The Company recorded an after-tax extraordinary charge of \$2.9 million, or \$.03 per common share, related to the early retirement of this debt. In addition, during the Company's fourth quarter, the Company retired the entire outstanding balance of the \$375 million term loan incurred to acquire Marshalls (see discussion below). The Company recorded an after-tax extraordinary charge of \$2.7 million, or \$.03 per common share, due to the early retirement of this debt. In total, during fiscal 1997, the Company paid a total of \$455.6 million for the prepayment of certain long-term debt and a total of \$46.5 million for regularly scheduled maturities of long-term debt.

During fiscal 1996, the Company's cash flow from financing activities includes the proceeds of \$574.9 million from additional long-term borrowings. In June 1995, the Company filed a shelf registration statement with the Securities and Exchange Commission, which provides for the issuance of up to \$250 million of long-term debt. In June 1995, the Company issued \$200 million of long-term notes under the registration statement. The proceeds were used, in part, to repay short-term borrowings and for general corporate purposes. In connection with the purchase of Marshalls, the Company entered into an \$875 million bank credit agreement under which the Company borrowed \$375 million on a long-term loan basis to fund the cash portion of the Marshalls purchase price. The agreement also includes a \$500 million revolving loan capability for the working capital needs of the Company which is discussed further below. The Company had entered into two interest rate swap agreements which effectively provided for a fixed rate of 5.9% on \$200 million of the \$375 million on a long-term loan basis to fund the cash portion of the Marshalls purchase price. The agreement also includes a \$500 million revolving loan capability for the working capital needs of the Company which is discussed further below. The Company had entered into two interest rate swap agreements which effectively provided for a fixed rate of 5.9% on \$200 million of the \$375

million term loan. The swap agreements were cancelled upon the repayment of the term loan.

The Company declared quarterly dividends on its common stock of \$.07 per share in fiscal 1997. In fiscal 1996, the Company had declared quarterly dividends on its common stock of \$.14 per share for the first three quarters which was reduced to \$.07 per common share for the fourth quarter of fiscal 1996, in connection with the acquisition of Marshalls. Annual dividends on common stock totalled \$21.3 million in fiscal 1997 and \$35.5 million in fiscal 1996. The Company also had dividend requirements on all of its outstanding preferred stock which totalled \$13.7 million in fiscal 1997, \$9.4 million in fiscal 1996 and \$7.2 million in fiscal 1995. During fiscal 1997, both the Series A Cumulative Convertible Preferred Stock and the Series C Cumulative Convertible Preferred Stock were converted into common stock pursuant to separate calls for redemption. In June 1996, the Series A converted into 1.2 million shares of common stock and in September 1996 the Series C converted into 3.2 million shares of common stock. Preferred dividends were paid through the respective conversion dates. Dividends also include the dividend requirements of the Series D and Series E Junior Preferred Stock issued in the acquisition of Marshalls. The Series D preferred stock carried an annual dividend of \$0.5 million and the Series E preferred stock carries an annual dividend of \$10.5 million. The Series D preferred stock automatically converted on November 17, 1996 into 1.3 million shares of common stock. As of January 25, 1997, the Series E Junior Preferred Stock is the only outstanding preferred issue of the Company. Financing activities for fiscal 1997 also includes proceeds of \$34.4 million from the exercise of employee stock options, including \$10.2 million for related tax benefits.

The Company has traditionally funded its seasonal merchandise requirements through short-term bank borrowings and the issuance of short-term commercial paper. The Company has the ability to borrow up to \$500 million on a revolving loan basis under the bank agreement it entered into at the time of the Marshalls acquisition. This agreement expires on November 17, 1998 and contains certain financial covenants which include a minimum net worth requirement and certain leverage and fixed charge ratios. As of January 25, 1997, the entire \$500 million was available for use. The Company's strong cash position throughout fiscal 1997 required minimal short-term borrowings during the year. The maximum amount of short-term borrowings outstanding during fiscal 1997, 1996 and 1995 was \$3 million, \$200 million and \$181.5 million, respectively. The Company also has C\$20 million of committed lines for its Canadian operations, all of which were available for use as of January 25, 1997. The maximum amount outstanding under its Canadian credit line during fiscal 1997 was C\$6 million. Management believes that its current credit facilities are more than adequate to meet its needs. See Notes B and F to the consolidated financial statements for further information regarding the Company's long-term debt, capital stock transactions and available financing sources.

## SELECTED QUARTERLY FINANCIAL DATA (UNAUDITED) The TJX Companies, Inc.

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
In Thousands Except Per Share Amounts				
Fiscal year ended January 25, 1997				
Net sales	\$ 1,472,247	\$ 1,548,259	\$ 1,722,429	\$ 1,946,475
Gross earnings*	304,888	326,069	417,158	442,512
Income from continuing operations before extraordinary item	23,024	33,690	81,590	75,522
Per common share, fully diluted	.25	.37	.90	.84
Net income	30,086	36,054	87,510	209,473
Per common share, fully diluted	.33	.40	.97	2.32
Fiscal year ended January 27, 1996				
Net sales	\$ 713,819	\$ 761,343	\$ 861,214	\$ 1,638,739
Gross earnings*	148,526	159,616	199,596	324,120
Income from continuing operations before extraordinary item	7,372	9,575	26,660	7,982
Per common share, fully diluted	.08	.11	.35	.05
Net income (loss)	8,065	(24,842)	33,877	9,161
Per common share, fully diluted	.09	(.37)	.44	.07

\* Gross earnings equal net sales less cost of sales, including buying and occupancy costs.

Net income for the fourth quarter of fiscal 1997 includes an after-tax gain on the sale of Chadwick's of \$125.6 million, or \$1.39 per common share. The operating results for Chadwick's for fiscal 1997 and 1996 have been reflected as discontinued operations. Net income for fiscal 1997 includes after-tax extraordinary charges of \$2.9 million and \$2.7 million for third and fourth quarter, respectively, for the early retirement of debt.

The financial data for the fourth quarter of fiscal 1996 includes the results of Marshalls since the date of acquisition on November 17, 1995. Income from continuing operations and net income for the fourth quarter of fiscal 1996 includes an after-tax charge of \$21.0 million, or \$.29 per common share, for the estimated cost of closing approximately 30 T.J. Maxx stores in connection with the acquisition of Marshalls. Net income for the fourth quarter of fiscal 1996 includes an after-tax extraordinary charge of \$3.3 million for the early retirement of debt.

Net income for the second quarter of fiscal 1996 includes an after-tax loss on the sale of the discontinued Hit or Miss operation of \$31.7 million, or \$.43 per common share. The operating results for Hit or Miss for fiscal 1996 have been reflected as a discontinued operation.

## FORWARD-LOOKING INFORMATION

Certain statements contained in this Annual Report are forward-looking and involve a number of risks and uncertainties. Among the factors that could cause actual results to differ materially are the following: general economic conditions and consumer demand and consumer preferences and weather patterns in the U.S., Canada and the United Kingdom; competitive factors, including continuing pressure from pricing and promotional activities of major competitors; impact of excess retail capacity and the availability of desirable store locations on suitable terms; the availability, selection and purchasing of attractive merchandise on favorable terms; import risks, including potential disruptions and duties, tariffs and quotas on imported merchandise; acquisition and divestment activities; and other factors that may be described in the Company's filings with the Securities and Exchange Commission, including without limitation Exhibit 99.2 to the Form 8-K filed November 20, 1996. The Company does not undertake to publicly update or revise its forward-looking statements even if experience or future changes make it clear that any projected results expressed or implied therein will not be realized.

## SHAREHOLDER INFORMATION

TRANSFER AGENT AND REGISTRAR,  
COMMON AND SERIES E PREFERRED STOCK  
Boston EquiServe  
Canton, Massachusetts  
1-800-426-5523

## TRUSTEES

## PUBLIC DEBENTURES

9 1/2% Sinking Fund Debentures  
Chase Manhattan Bank  
New York, New York

6 5/8% Promissory Notes

7% Promissory Notes

The First National Bank of Chicago  
Chicago, Illinois

## AUDITORS

Coopers & Lybrand L.L.P.

## INDEPENDENT COUNSEL

Ropes & Gray

## FORM 10-K

Information concerning the Company's operations and financial position is provided in this report and in the Form 10-K filed with the Securities and Exchange Commission. A copy of the 10-K may be obtained without charge by writing or calling:

The TJX Companies, Inc.  
Investor Relations  
770 Cochituate Road  
Framingham, Massachusetts 01701  
(508)390-2323

## INVESTOR RELATIONS

Analysts and investors seeking financial data about the Company are asked to contact:

Sherry Lang, Investor and Public  
Relations Director  
(508)390-2323

## ANNUAL MEETING

The 1997 annual meeting will be held at 11:00 a.m. on Tuesday, June 3, 1997 at BankBoston, Lobby Auditorium, 1st Floor, 100 Federal Street, Boston, Massachusetts.

## EXECUTIVE OFFICES

Framingham, Massachusetts 01701

## SUBSIDIARIES

Operating Subsidiaries -----	State or Jurisdiction of Incorporation or Organization -----	Name Under Which Does Business (if Different) -----
Code Blazer, 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	
T.J. Maxx of Illinois, Inc.	Illinois	T.J. Maxx
Marmaxx Operating Corp.	Delaware	T.J. Maxx/ Marshalls
Marshalls of MA, Inc.	Massachusetts	
New York Department Stores de Puerto Rico	Puerto Rico	Marshalls
Marshalls of Richfield, MN., Inc. (Owner of 39 subsidiaries operating Marshalls stores in the United States)	Minnesota	Marshalls
Marshalls of Nevada, Inc.	Nevada	
Winners Apparel Ltd.	Ontario, Canada	
Winners Investments Limited	Ontario, Canada	
Winners Merchants Ltd.	Ontario, Canada	
Strathmex Corp.	Delaware	
HomeGoods, Inc.	Delaware	
H.G. Merchants, Inc.	Massachusetts	
NBC Apparel, Inc.	Delaware	
TKM Holding Corp.	Delaware	
NBC Apparel	United Kingdom	T.K. Maxx
NBC Apparel Group	United Kingdom	
T.K. Maxx	United Kingdom	T.K. Maxx
NBC Apparel Management Limited	United Kingdom	T.K. Maxx
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	
NBC 195 Realty Corp.	New York	



## POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Bernard Cammarata 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 25, 1997 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/ Bernard Cammarata  
-----  
Bernard Cammarata, President,  
Principal Executive Officer and  
Director

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

/s/ Phyllis B. Davis  
-----  
Phyllis B. Davis, Director

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

/s/ Dennis F. Hightower  
-----  
Dennis F. Hightower, Director

/s/ Robert F. Shapiro  
-----  
Robert F. Shapiro, Director

/s/ Richard Lesser  
-----  
Richard Lesser, Director

/s/ Willow B. Shire  
-----  
Willow B. Shire, Director

/s/ Arthur F. Loewy  
-----  
Arthur F. Loewy, Director

/s/ Fletcher H. Wiley  
-----  
Fletcher H. Wiley, Director

/s/ John M. Nelson  
-----  
John M. Nelson, Director

Dated: April 9, 1997

This schedule contains summary financial information extracted from the statements of income and balance sheets and is qualified in its entirety by reference to such statements.

12-MOS	
	JAN-25-1997
	JAN-25-1997
	474,732,000
	0
	57,275,000
	0
	1,059,505,000
	1,662,342,000
	1,059,613,000
	419,129,000
	2,561,212,000
1,182,296,000	
	244,410,000
150,000,000	
	0
	79,576,000
2,561,212,000	897,610,000
	6,689,410,000
6,689,410,000	
	5,198,783,000
	5,198,783,000
1,087,137,000	
	0
	37,350,000
	366,140,000
	152,314,000
213,826,000	
	154,917,000
	(5,620,000)
	0
	363,123,000
	4.01
	4.01

## EXHIBIT INDEX

Exhibit No.	Description of Exhibit
3(i).1	Second Restated Certificate of Incorporation filed June 5, 1985 is incorporated herein by reference to Exhibit (3i)(a) to the Form 10-K filed for the fiscal year ended January 28, 1995.
3(i).2	Certificate of Amendment of Second Restated Certificate of Incorporation filed June 3, 1986 is incorporated herein by reference to Exhibit (3i)(b) to the Form 10-K filed for the fiscal year ended January 28, 1995.
3(i).3	Certificate of Amendment of Second Restated Certificate of Incorporation filed June 2, 1987 is incorporated herein by reference to Exhibit (3i)(c) to the Form 10-K filed for the fiscal year ended January 28, 1995.
3(i).4	Certificate of Amendment of Second Restated Certificate of Incorporation filed June 20, 1989 is incorporated herein by reference to Exhibit (3i)(d) to the Form 10-K filed for the fiscal year ended January 28, 1995.
3(i).5	Certificate of Designations, Preferences and Rights of Series E Cumulative Convertible Preferred Stock is incorporated herein by reference to Exhibit 10.2 of the Form 8-K dated November 17, 1995.
3(ii).1	The by-laws of the Company, as amended, are incorporated herein by reference to Exhibit (3ii)(a) to the Form 10-K filed for the fiscal year ended January 28, 1995.
4.1	Credit Agreement dated as of November 17, 1995 among The First National Bank of Chicago, Bank of America Illinois, The Bank of New York, and Pearl Street L.P., as co-arrangers, the other financial institution parties thereto, and the Company is incorporated by reference to the Current Report on Form 8-K dated November 17, 1995.

Each other instrument relates to securities the total amount of which does not exceed 10% of the total assets of the Company and its subsidiaries on a consolidated basis. The Company agrees to furnish to the Securities and Exchange Commission copies of each

such instrument not otherwise filed herewith or incorporated herein by reference.

- 10.2 The Employment Agreement dated as of January 26, 1997 with Bernard Cammarata is filed herewith. \*
- 10.3 The Amended and Restated Employment Agreement dated as of February 1, 1995 with Richard Lesser is incorporated herein by reference to Exhibit (10)(e) to the Form 10-K for the fiscal year ended January 28, 1995. The Amendment dated as of April 7, 1997 to the Amended and Restated Employment Agreement dated as of February 1, 1995 with Richard Lesser is filed herewith. \*
- 10.4 The Amended and Restated Employment Agreement dated as of February 1, 1995 with Donald G. Campbell is incorporated herein by reference to Exhibit (10)(f) to the Form 10-K filed for the fiscal year ended January 28, 1995. The Amendment dated as of April 7, 1997 to the Amended and Restated Employment Agreement dated as of February 1, 1995 with Donald G. Campbell is filed herewith. \*
- 10.5 The Management Incentive Plan, as amended, is incorporated herein by reference to Exhibit 10(g) to the Form 10-K filed for the fiscal year ended January 29, 1994. \*
- 10.6 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. \*
- 10.7 The 1986 Stock Incentive Plan as amended through April 9, 1997 is filed herewith. \*
- 10.8 The TJX Companies, Inc. Long Range Performance Incentive Plan, as amended, is incorporated herein by reference to Exhibit 10(j) to the Form 10-K filed for the fiscal year ended January 29, 1994. \*
- 10.9 The General Deferred Compensation Plan, as amended, is incorporated herein by reference to Exhibit 10(n) to the Form 10-K filed for the fiscal year ended January 27, 1990. \*
- 10.10 The Supplemental Executive Retirement Plan, as amended, is incorporated herein by reference to Exhibit 10(l) to the Form 10-K filed for the fiscal year ended January 25, 1992. \*

- 10.11 The 1993 Stock Option Plan for Non-Employee Directors is incorporated herein by reference to Exhibit 10.1 to the Form 10-Q filed for the quarter ended May 1, 1993. \*
- 10.12 The Retirement Plan for Directors, as amended, is incorporated herein by reference to Exhibit 10.2 to the Form 10-Q filed for the quarter ended May 1, 1993. \*
- 10.13 The form of Indemnification Agreement between the Company 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. \*
- 10.14 The Trust Agreement dated as of April 8, 1988 between the Company 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. \*
- 10.15 The Trust Agreement dated as of April 8, 1988 between the Company and 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. \*
- 10.16 Stock Purchase Agreement dated as of October 14, 1995 between the Company and Melville Corporation is incorporated herein by reference to the Current Report on Form 8-K dated October 14, 1995.
- 10.17 Amendment Number One dated as of November 17, 1995 to the Stock Purchase Agreement dated as of October 14, 1995 between the Company and Melville Corporation is incorporated herein by reference to the Current Report on Form 8-K dated November 17, 1995.
- 10.18 Transitional Services Agreement dated as of November 17, 1995 between the Company and Melville Corporation is incorporated herein by reference to the Current Report on Form 8-K dated November 17, 1995.
- 10.19 Amendment Number Two dated as of February 1, 1996 to Stock Purchase Agreement and Transitional Services Agreement between the Company and Melville Corporation is incorporated herein by reference to the Form 10-K filed for the fiscal year ended January 27, 1996.

- 10.20 Standstill and Registration Rights Agreement dated as of November 17, 1995 between the Company and Melville Corporation is incorporated herein by reference to the Form 10-K filed for the fiscal year ended January 27, 1996.
- 10.21 Asset Purchase Agreement dated as of October 18, 1996 between the Company and Brylane, L.P. is incorporated herein by reference to the Current Report on Form 8-K dated October 18, 1996.
- 10.22 The Distribution Agreement dated as of May 1, 1989 between the Company and Waban Inc. is incorporated herein by reference to Exhibit 3 to the Company's Current Report on Form 8-K dated June 21, 1989. The First Amendment to Distribution Agreement dated as of April 18, 1997 between the Company and Waban Inc. is filed herewith.
- 10.23 The Indemnification Agreement dated as of April 18, 1997 by and between the Company and BJ's Wholesale Club, Inc. is filed herewith.
- 11 Statement re computation of per share earnings.  
This statement is filed herewith.
- 13 Annual Report to security holders.  
Portions of the Annual Report to Stockholders for the fiscal year ended January 25, 1997 are filed herewith.
- 21 Subsidiaries.  
A list of the Registrant's subsidiaries is filed herewith.
- 23 Consents of experts and counsel.  
The Consent of Coopers & Lybrand L.L.P. is contained on Page F-3 of the Financial Statements filed herewith.
- 24 Power of Attorney.  
The Power of Attorney given by the Directors and certain Executive Officers of the Company is filed herewith.

\* Management contract or compensatory plan or arrangement.