

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 31, 1998 Commission file number 1-4908

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

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

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

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

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

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, 1998 was \$7,266,662,979.

There were 159,691,679 shares of the Registrant's Common Stock, \$1 par value, outstanding as of March 31, 1998.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Annual Report to Stockholders for the fiscal year ended January 31, 1998 (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 2, 1998 (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 the world. The Company operates 580 T.J. Maxx stores, 461 Marshalls stores, and Winners Apparel Ltd., a Canadian off-price family apparel chain with 76 stores. TJX also operates HomeGoods, a U.S. off-price home fashion chain with 23 stores, and T.K. Maxx, an off-price family apparel concept in the United Kingdom and the Republic of Ireland, which has 31 stores. The Company has announced plans for a new United States chain of off-price family apparel stores targeted to moderate income customers.

The Company acquired Marshalls, an off-price family apparel chain, from Melville Corporation on November 17, 1995. 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 compelling prices. During the fiscal year ended January 31, 1998 ("fiscal 1998"), the Company's stores derived 33.0% of its sales from the Northeast, 17.7% from the Midwest, 28.2% from the South, 1.1% from the Central States, 13.6% from the West, 4.4% from Canada and 2.0% from the United Kingdom and Ireland.

As a result of the Marshalls acquisition, the Company has continued 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, all of which have allowed the Company to provide improved values to its customers. The Company has retained the separate identities of the T.J. Maxx and Marshalls stores, including certain elements of merchandising, product assortment, marketing and store appearance. As a result of the acquisition, the Company initiated a store closing program in an effort to reduce excess retail space. Through the end of fiscal 1998, the Company closed a total of 32 T.J. Maxx stores and 70 Marshalls stores under this plan. In total, over the past five years T.J. Maxx has opened 162 stores and closed 61, while Marshalls, since the date of the acquisition, has opened 30 stores and closed 74.

The majority of the Company's sales volume is achieved through the Company's T.J. Maxx and Marshalls stores. T.J. Maxx operates 580 stores in 47 states, with an average store size of 29,000 gross square feet, while Marshalls operates 461 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 76 stores in Canada. HomeGoods, an off-price business that the Company began testing in fiscal 1993, sells domestics, giftware and other home fashions and operates a total of 23 stores. T.K. Maxx operates 31 off-price family apparel stores in the United Kingdom and Republic of Ireland. Unless otherwise indicated, all figures herein relating to numbers of stores are as of January 31, 1998.

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 31, 1998:

	T.J. Maxx	Marshalls	HomeGoods
Alabama.....	9	2	-
Arizona.....	8	4	-
Arkansas.....	4	-	-
California.....	45	65	-
Colorado.....	8	3	-
Connecticut.....	24	19	2
Delaware.....	3	2	-
District of Columbia.....	1	-	-
Florida.....	40	41	1
Georgia.....	21	19	-
Idaho.....	1	-	-
Illinois.....	31	32	3
Indiana.....	8	4	-
Iowa.....	4	1	-
Kansas.....	4	2	-
Kentucky.....	7	1	1
Louisiana.....	4	5	-
Maine.....	5	1	-
Maryland.....	7	13	-
Massachusetts.....	40	38	7
Michigan.....	27	6	-
Minnesota.....	12	9	-
Mississippi.....	2	-	-
Missouri.....	6	7	-
Montana.....	1	-	-
Nebraska.....	2	1	-
Nevada.....	3	3	-
New Hampshire.....	9	6	2
New Jersey.....	16	27	-
New Mexico.....	1	-	-
New York.....	39	35	1
North Carolina.....	18	10	-
North Dakota.....	3	-	-
Ohio.....	33	7	2
Oklahoma.....	3	1	-
Oregon.....	5	3	-
Pennsylvania.....	29	16	-
Puerto Rico.....	-	12	-
Rhode Island.....	5	3	-
South Carolina.....	10	4	-
South Dakota.....	1	-	-
Tennessee.....	13	7	-
Texas.....	23	29	-
Utah.....	4	-	-
Vermont.....	2	-	-
Virginia.....	21	18	-
Washington.....	7	4	-
West Virginia.....	1	-	-
Wisconsin.....	10	1	4
Total Stores	580	461	23
	===	===	==

Winners Apparel Ltd. operates 76 stores in Canada: 10 in Alberta, 3 in Manitoba, 42 in Ontario, 11 in Quebec, 2 in Nova Scotia, 1 in Saskatchewan, 5 in British Columbia and 2 in New Brunswick. T.K. Maxx operates 30 stores in the United Kingdom and 1 store in the Republic of Ireland.

T.J. MAXX AND MARSHALLS

T.J. Maxx, the largest off-price family apparel chain in the United States, was founded by the Company in 1976 and operates 580 stores in 47 states. Marshalls (acquired by the Company in November 1995), is the second largest off-price family apparel retailer in the United States, and operates 461 stores in 37 states and Puerto Rico.

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. 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; however, Marshalls offers its customers a full-line shoe department, a larger men's department and costume, rather than fine, jewelry.

The T.J. Maxx and Marshalls operations have a common buying and merchandising organization. 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 quality brand-name merchandise at substantial 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 11,000 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, 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. The Company has 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. Other administrative functions that have been consolidated include finance, real estate, human resources and systems.

T.J. MAXX STORES

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 1998, 18 stores were opened, including 11 of the new larger prototype, and 16 were closed, including 3 of the larger prototype. In addition, 22 existing stores were expanded or relocated to the larger

format, bringing the total number of T.J. Maxx stores in the larger format to 274. In fiscal 1999, approximately 26 new stores are planned, most of which are expected to be larger stores, along with the planned expansion of about 6 existing locations, the relocation of approximately 14 existing stores, and the closing of approximately 6 stores. 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.

MARSHALLS STORES

Marshalls stores average approximately 32,000 gross square feet. During fiscal 1998, 18 Marshalls stores were opened and 11 were closed. In fiscal 1999, approximately 16 new stores are planned, along with approximately 5 closings.

The operations and strategies of T.J. Maxx and Marshalls have historically been very similar. 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 continued profitability and performance in fiscal 1998. Each Marshalls store is currently serviced by one of four main distribution centers located in Woburn, Massachusetts; Decatur, Georgia; Bridgewater, Virginia; and Chatsworth, California.

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 76.

Winners' merchandising concept is substantially similar to that of T.J. Maxx. Winners' stores average 26,000 square feet, and emphasize off-price designer and brand name women's apparel and shoes, lingerie, accessories, domestics, giftware, menswear and children's clothing. In fiscal 1998, Winners expanded certain merchandise categories, including ladies footwear, special sizes, giftware and domestics. In addition, Winners opened 11 stores and expects to open approximately 12 stores in fiscal 1999.

HOMEGOODS

HomeGoods is a chain of off-price home fashion stores opened in 1992 to expand the Company's off-price presence in the home fashions market. The Company is continuing to develop this business and, during fiscal 1998, store layouts were revamped, inventory levels were reduced to allow more opportunistic buying, and categories such as specialty and seasonal merchandise were refined to help generate repeat business. In addition, the concept of coupling this business with the T.J. Maxx and Marshalls formats was expanded by adding an additional T.J. Maxx N' More store in Massachusetts to the three existing stores in Chicago, and by opening two Marshalls Mega-Stores, one in Florida and one in New York. 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' stand-alone stores currently average approximately 38,000 square feet. HomeGoods occupies approximately 21,000 square feet in the superstore combination formats with T.J. Maxx and Marshalls. HomeGoods opened 3 superstores and closed 1 stand-alone store in fiscal 1998. At fiscal 1998 year end, HomeGoods operated a total of 23 stores, including 6 superstore combinations with the T.J. Maxx and Marshalls formats. For fiscal 1999, approximately 5 new stand-alone stores and 7 additional superstore combinations are planned, along with 1 store closing.

T.K. MAXX

During fiscal 1995, the Company began testing the off-price family apparel concept in Europe by opening 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 1998, the Company had a total of 31 stores in the United Kingdom and Ireland and has plans to open approximately 10 stores in fiscal 1999, including 2 stores in the Netherlands.

EMPLOYEES

At January 31, 1998, the Company had approximately 59,000 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 3,900 employees in its distribution facilities in Worcester and Mansfield, Massachusetts; Evansville, Indiana; Las Vegas, Nevada; Charlotte, North Carolina; Decatur, Georgia; and Bridgewater, Virginia. New three year agreements, effective January 1, 1998, were ratified by the union workers in Worcester and Las Vegas. Negotiations are currently being conducted with UNITE for an agreement covering Mansfield union workers. 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 in an effort to increase their sales volume. 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 generally 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.

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

Certain statements contained in this 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 Europe, particularly 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, including economic and political problems in countries from which merchandise is imported; currency and exchange rate factors in the Company's foreign operations; risks in the development of new businesses and application of the Company's off-price strategies in foreign countries; acquisition and divestment activities; and other factors that may be described in the Company's filings with the Securities and Exchange Commission. 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.

ITEM 2. PROPERTIES

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 26,000 square feet on average and T.K. Maxx stores average approximately 26,000 square feet. HomeGoods' stand-alone stores currently average approximately 38,000 square feet and a HomeGoods' portion of a superstore combination format with a T.J. Maxx or Marshalls averages approximately 21,000 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 802,000 square foot facility in Decatur, Georgia. In addition, Marshalls leases its other three main distribution facilities - a 824,000 square foot facility in Woburn, Massachusetts; a 190,000 square foot facility in Chatsworth, California; and a 850,000 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 158,000 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 192,000 square feet of office space in the Framingham area.

The table below indicates the approximate gross square footage of stores and distribution center facilities, by division, in operation as of January 31, 1998.

	(Sq. Ft. in Thousands)		
	Stores	Distribution Centers	
	-----	-----	-----
		Leased	Owned
	-----	-----	-----
T.J. Maxx	16,873	-	2,509
Marshalls	14,569	1,864	802
Winners	1,998	391	-
HomeGoods	779	205	-
T.K. Maxx	798	158	-
	-----	-----	-----
Total	35,017	2,618	3,311
	=====	=====	=====

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 1998.

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	58	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	46	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	63	Executive Vice President of the Company since 1991, Chief Operating Officer of the Company since 1994 and Director of the Company 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 1997. All officers hold office until the next annual meeting of the Board in June 1998 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 36 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 36 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 37 through 41 of the Annual Report, under the caption "Management's Discussion and Analysis of Results of Operations and Financial Condition."

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

The information required by this Item is incorporated herein by reference from the last two paragraphs on page 41 of the Annual Report.

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 34 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 31, 1998 (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 filed as part of this report are listed and indexed at Page F-1.

(b) REPORTS ON FORM 8-K

The Company did not file any reports on Form 8-K with the Securities and Exchange Commission during the quarter ended January 31, 1998.

(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 NO.	DESCRIPTION OF EXHIBIT
3(i).1	Third Restated Certificate of Incorporation is incorporated herein by reference to Exhibit 4.2 of the Company's Registration Statement on Form S-8 No. 333-35073.
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 September 18, 1997, together with Amendment and Waiver Number 1 dated as of December 17, 1997, among the financial institutions as lenders, The First National

Bank of Chicago, Bank of America National Trust and Savings Association, The Bank of New York, BankBoston, N.A., certain parties as co-agents, and the Company is filed herewith.

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 incorporated herein by reference to Exhibit 10.2 to the Form 10-K filed for the fiscal year ended January 25, 1997. The Amendment dated as of January 26, 1998 and the Amendment dated as of April 8, 1998 to such Employment Agreement are filed herewith. *
- 10.3 The Amended and Restated Employment Agreement dated as of January 31, 1998 with Richard Lesser is filed herewith. *
- 10.4 The Amended and Restated Employment Agreement dated as of January 31, 1998 with Donald G. Campbell is filed herewith. *
- 10.5 The TJX Companies, Inc. Management Incentive Plan, as amended, is incorporated herein by reference to Exhibit 10.2 to the Form 10-Q filed for the quarter ended July 26, 1997. *
- 10.6 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, is incorporated herein by reference to Exhibit 4.1 of the Company's Registration Statement on Form S-8 No. 333-35073. *
- 10.8 The TJX Companies, Inc. Long Range Performance Incentive Plan, as amended, is incorporated herein by reference to Exhibit 10.3 to the Form 10-Q filed for the quarter ended July 26, 1997. *
- 10.9 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(1) 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, as amended, is filed herewith. *
- 10.12 The Deferred Stock Plan for Non-Employee Directors effective January 1, 1998 is filed herewith. *
- 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 Fleet Bank (formerly Shawmut Bank of Boston, N.A.) is incorporated herein by reference to Exhibit 10(z) to the Form 10-K filed for the fiscal year ended January 30, 1988. *
- 10.16 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 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.
- 10.19 The Distribution Agreement dated as of May 1, 1989 between the Company and HomeBase, Inc. (formerly 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 HomeBase, Inc. (formerly Waban Inc.) is incorporated herein by reference to Exhibit 10.22 to the Form 10-K filed for the fiscal year ended January 25, 1997.
- 10.20 The Indemnification Agreement dated as of April 18, 1997 by and between the Company and BJ's Wholesale Club, Inc. is incorporated herein by reference to Exhibit 10.23 to the Form 10-K filed for the fiscal year ended January 25, 1997.

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 31, 1998 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-2 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 29, 1998

/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*

Phyllis B. Davis, Director

JOHN F. O'BRIEN*

John F. O'Brien, Director

DENNIS F. HIGHTOWER*

Dennis F. Hightower, Director

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*

John M. Nelson, Director

* BY /s/ DONALD G. CAMPBELL

Donald G. Campbell
as attorney-in-fact

Dated: April 29, 1998

SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

THE TJX COMPANIES, INC.

FORM 10-K
ANNUAL REPORT

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

For the Fiscal Years Ended
January 31, 1998, January 25, 1997
and January 27, 1996

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

For Fiscal Years Ended January 31, 1998, January 25, 1997 and
January 27, 1996

Report of Independent Accountants	35*
Consent of Independent Accountants	F-2
Selected Quarterly Financial Data (Unaudited)	42*
Consolidated Financial Statements:	
Consolidated Statements of Income for the fiscal years ended January 31, 1998, January 25, 1997 and January 27, 1996	16*
Consolidated Balance Sheets as of January 31, 1998 and January 25, 1997	17*
Consolidated Statements of Cash Flows for the fiscal years ended January 31, 1998, January 25, 1997 and January 27, 1996	18*
Consolidated Statements of Shareholders' Equity for the fiscal years ended January 31, 1998, January 25, 1997 and January 27, 1996	19*
Notes to Consolidated Financial Statements	21-34*

* Refers to page numbers in the Company's Annual Report to Stockholders for the fiscal year ended January 31, 1998, certain portions of which pages are incorporated by reference in Part II, Item 8 of this report as indicated.

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. 333-23613, 33-49747, 33-12220 and 333-35073) of our report dated March 3, 1998 on our audits of the consolidated financial statements of The TJX Companies, Inc. as of January 31, 1998 and January 25, 1997 and for the years ended January 31, 1998, January 25, 1997 and January 27, 1996 which report is incorporated by reference in this Annual Report on Form 10-K.

Boston, Massachusetts
April 29, 1998

Coopers & Lybrand L.L.P.

Exhibit Index

Exhibit No.	Description of Exhibit
-----	-----
3(i).1	Third Restated Certificate of Incorporation is incorporated herein by reference to Exhibit 4.2 of the Company's Registration Statement on Form S-8 No. 333-35073.
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 September 18, 1997, together with Amendment and Waiver Number 1 dated as of December 17, 1997, among the financial institutions as lenders, The First National Bank of Chicago, Bank of America National Trust and Savings Association, The Bank of New York, BankBoston, N.A., certain parties as co-agents, and the Company is filed herewith.
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 incorporated herein by reference to Exhibit 10.2 to the Form 10-K filed for the fiscal year ended January 25, 1997. The amendment dated January 26, 1998 and the amendment dated as of April 8, 1998 to such Employment Agreement are filed herewith. *
10.3	The Amended and Restated Employment Agreement dated as of January 31, 1998 with Richard Lesser is filed herewith. *
10.4	The Amended and Restated Employment Agreement dated as of January 31, 1998 with Donald G. Campbell is filed herewith. *
10.5	The TJX Companies, Inc. Management Incentive Plan, as amended, is incorporated herein by reference to Exhibit 10.2 to the Form 10-Q filed for the quarter ended July 26, 1997. *
10.6	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, is incorporated herein by reference to Exhibit 4.1 of the Company's Registration Statement on Form S-8 No. 333-35073.
10.8	The TJX Companies, Inc. Long Range Performance Incentive Plan, as amended, is incorporated herein by reference to Exhibit 10.3 to the Form 10-Q filed for the quarter ended July 26, 1997. *
10.9	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. *

- 23
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, as amended, is filed herewith.*
- 10.12 The Deferred Stock Plan for Non-Employee Directors effective January 1, 1998 is filed herewith. *
- 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 Fleet Bank (formerly Shawmut Bank of Boston, N.A.) is incorporated herein by reference to Exhibit 10(z) to the Form 10-K filed for the fiscal year ended January 30, 1988. *
- 10.16 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 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.
- 10.19 The Distribution Agreement dated as of May 1, 1989 between the Company and HomeBase, Inc. (formerly 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 HomeBase, Inc. (formerly Waban Inc.) is incorporated herein by reference to Exhibit 10.22 to the Form 10-K filed for the fiscal year ended January 25, 1997.
- 10.20 The Indemnification Agreement dated as of April 18, 1997 by and between the Company and BJ's Wholesale Club, Inc. is incorporated herein by reference to Exhibit 10.23 to the Form 10-K filed for the fiscal year ended January 25, 1997.

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 31, 1998 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-2 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.

AMENDMENT AND WAIVER NO. 1
DATED AS OF DECEMBER 17, 1997
TO CREDIT AGREEMENT
DATED AS OF SEPTEMBER 18, 1997

THIS AMENDMENT AND WAIVER NO. 1 TO CREDIT AGREEMENT ("AMENDMENT") is made as of this 17th day of December, 1997 by and among THE TJX COMPANIES, INC., (the "BORROWER"), the financial institutions parties thereto as lenders (the "LENDERS"), THE FIRST NATIONAL BANK OF CHICAGO, as Administrative Agent (the "ADMINISTRATIVE AGENT"), BANK OF AMERICA NATIONAL TRUST AND SAVINGS ASSOCIATION, as Syndication Agent, THE BANK OF NEW YORK, as Documentation Agent, BANKBOSTON, N.A., as Managing Agent and CIBC, INC., DEUTSCHE BANK AG, NEW YORK BRANCH AND/OR CAYMAN ISLANDS BRANCH, FLEET NATIONAL BANK, MELLON BANK, N.A. AND PNC BANK, NATIONAL ASSOCIATION, as Co-Agents under that certain Credit Agreement dated as of September 18, 1997 by and among the Borrower, the Lenders, the Administrative Agent, the Syndication Agent, the Documentation Agent, the Managing Agent and the Co-Agents (the "CREDIT AGREEMENT"). Capitalized terms used herein and not otherwise defined herein shall have the meaning given to them in the Credit Agreement.

WITNESSETH

WHEREAS, the Borrower, the Lenders, and the Administrative Agent are parties to the Credit Agreement; and

WHEREAS, the Borrower has requested that the Credit Agreement be amended;

WHEREAS, the Borrower, the Lenders and the Administrative Agent have agreed to amend the Credit Agreement on the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the premises set forth above, the terms and conditions contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Borrower, the Lenders and the Administrative Agent have agreed to the following amendment to the Credit Agreement.

1. AMENDMENT TO CREDIT AGREEMENT. Effective as of the date hereof and subject to the satisfaction of the conditions precedent set forth in Section 3 below, SECTION 6.13 of the Credit Agreement is amended to add a new clause (g) which reads in its entirety as follows:

- (g) Loans, capital contributions and other Investments made by any Subsidiary in the Borrower.

2. WAIVER. UPON THE EFFECTIVENESS OF THIS AMENDMENT AND WAIVER IN ACCORDANCE WITH THE PROVISIONS OF SECTION 3 BELOW, THE LENDERS HEREBY WAIVE ANY DEFAULT OR UNMATURED DEFAULT WHICH MAY HAVE OCCURRED AS A RESULT OF ANY LOAN, CAPITAL CONTRIBUTION OR OTHER INVESTMENT MADE BY ANY SUBSIDIARY IN THE BORROWER PRIOR TO THE EFFECTIVE DATE HEREOF.

3. CONDITIONS OF EFFECTIVENESS. This Amendment shall not become effective unless this Amendment shall have been executed by the Borrower, the Administrative Agent and the Required Lenders on or before December 17, 1997.

4. REPRESENTATIONS AND WARRANTIES OF THE BORROWER. The Borrower hereby represents and warrants as follows:

(a) This Amendment and the Credit Agreement as previously executed and as amended hereby, constitute legal, valid and binding obligations of the Borrower, enforceable against it in accordance with their terms (except as enforceability may be limited by bankruptcy, insolvency or similar laws affecting the enforcement of creditor's rights generally).

(b) Upon the effectiveness of this Amendment, the Borrower hereby reaffirms all covenants, representations and warranties made in the Credit Agreement and the other Transaction Documents to the extent the same are not amended hereby, agrees that all such covenants, representations and warranties shall be deemed to have been remade as of the effective date of this Amendment.

(c) Upon the effectiveness of this Amendment, there exists no Default or Unmatured Default.

5. REFERENCE TO THE EFFECT ON THE CREDIT AGREEMENT.

(a) Upon the effectiveness of Section 1 hereof, on and after the date hereof, each reference in the Credit Agreement to "this Credit Agreement," "hereunder," "hereof," "herein" or words of like import shall mean and be a reference to the Credit Agreement as amended hereby.

(b) Except as specifically amended above, the Credit Agreement and all other documents, instruments and agreements executed and/or delivered in connection therewith, shall remain in full force and effect, and are hereby ratified and confirmed.

(c) The execution, delivery and effectiveness of this Amendment shall not, except as expressly provided herein, operate as a waiver of any right, power of remedy of the Agent or the Lenders, nor constitute a waiver of any provision of the Credit Agreement or any other documents, instruments and agreements executed and/or delivered in connection therewith.

6. GOVERNING LAW. This Amendment shall be governed by and construed in accordance with the internal laws (as opposed to the conflict of law provisions) of the State of Illinois.

7. HEADINGS. Section headings in this Amendment are included herein for convenience of reference only and shall not constitute a part of this Amendment for any other purpose.

8. COUNTERPARTS. This Amendment may be executed in any number of counterparts, all of which taken together shall constitute one agreement, and any of the parties hereto may execute this Agreement by signing any such counterpart. This Agreement shall be effective when it has been executed by the Borrower, the Administrative Agent and the Required Lenders and each such party has notified the Administrative Agent by facsimile or telephone that it has taken such action.

- - - Remainder of this page intentionally blank - - -

IN WITNESS WHEREOF, this Amendment has been duly executed as of the day and year first above written.

THE TJX COMPANIES, INC.

By: /s/ Steven Wishner

Name: Steven Wishner
Title: Vice President, Finance-Treasurer

THE FIRST NATIONAL BANK OF CHICAGO

By: /s/ John Runger

Name: John Runger
Title: Manager Director

BANK OF AMERICA NATIONAL TRUST
AND SAVINGS ASSOCIATION

By: /s/ Sandra S. Ober

Name: Sandra S. Ober
Title: Managing Director

THE BANK OF NEW YORK

By: /s/ Howard F. Bascom, Jr.

Name: Howard F. Bascom, Jr.
Title: Vice President

BANKBOSTON, N.A.

By: /s/ Linda H. Thomas

Name: Linda H. Thomas
Title: Managing Director

CIBC, INC.

By: /s/ Christopher P. Kleczkowski

Name: Christopher P. Kleczkowski
Title: Executive Director, CIBC
Oppenheimer Corp., as Agent

DEUTSCHE BANK AG, NEW YORK BRANCH
AND/OR CAYMAN ISLANDS BRANCH

By: /s/ Susan M. O'Connor

Name: Susan M. O'Connor
Title: Director

By: /s/ Joel D. Makowsky

Name: Joel D. Makowsky
Title: Assistant Vice President

MELLON BANK, N.A.

By: /s/ Maribeth Donnelly

Name: Maribeth Donnelly
Title: Vice President

FLEET NATIONAL BANK

By: /s/ Richard M. Seufert

Name: Richard M. Seufert
Title: Vice President

PNC BANK, NATIONAL ASSOCIATION

By: /s/ Mark Williams

Name: Mark Williams
Title: Vice President

ABN AMRO BANK N.V.

By: /s/ Carol A. Levine

Name: Carol A. Levine
Title: SVP

By: /s/ James E. Davis

Name: James E. Davis
Title: GVP

BARNETT BANK, N.A.

By: /s/ Scott M. Hesketh

Name: Scott M. Hesketh
Title: VP - US Banking

FIRST AMERICAN NATIONAL BANK

By: /s/ Andrew S. Zimberg

Name: Andrew S. Zimberg
Title: Vice President

STANDARD CHARTERED BANK

By: /s/ Leonardo A. Tee

Name: Leonardo A. Tee
Title: V.P.

By: /s/ Kristina McDavid

Name: Kristina McDavid
Title: V.P.

STATE STREET BANK AND TRUST COMPANY

By: /s/ F. Andrew Beise

Name: F. Andrew Beise
Title: Vice President

THE TOYO TRUST & BANKING CO., LTD.,
NEW YORK BRANCH

By: /s/ T. Mikumo

Name: T. Mikumo
Title: Vice President

UNION BANK OF CALIFORNIA, N.A.

By: /s/ Dana C. Fenwick

Name: Dana C. Fenwick
Title: Vice President

=====

U.S. \$500,000,000

CREDIT AGREEMENT

Dated as of September 18, 1997

Among

THE TJX COMPANIES, INC.,

as the Borrower,

THE FINANCIAL INSTITUTIONS NAMED HEREIN,

as the Lenders,

THE FIRST NATIONAL BANK OF CHICAGO,

as Administrative Agent,

BANK OF AMERICA NATIONAL TRUST AND SAVINGS ASSOCIATION,

as Syndication Agent,

THE BANK OF NEW YORK,

as Documentation Agent,

BANKBOSTON, N.A.,

as Managing Agent,

and

CIBC, INC.,
DEUTSCHE BANK AG, NEW YORK BRANCH AND/OR
CAYMAN ISLANDS BRANCH,
FLEET NATIONAL BANK,
MELLON BANK, N.A., and
PNC BANK, NATIONAL ASSOCIATION,

as Co-Agents.

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TABLE OF CONTENTS

Section -----	Page -----
ARTICLE I	
DEFINITIONS	
1.1. Certain Defined Terms	1
ARTICLE II	
THE CREDITS	
2.1. The Syndicated Loans	15
2.2. Repayment of the Syndicated Loans	15
2.3. Ratable Loans; Types of Syndicated Advances	15
2.4. Minimum Amount of Each Syndicated Advance	16
2.5. Optional Prepayments of Syndicated Loans	16
2.6. Method of Selecting Types and Interest Periods for New Syndicated Advances	16
2.7. Conversion and Continuation of Outstanding Syndicated Advances	17
2.8. Payment of Interest on Syndicated Advances; Changes in Interest Rate	17
2.9. Swing Line Loans	18
2.10. The Bid Rate Advances	19
2.11. Facility Fee; Reductions in Aggregate Commitment	22
2.12. Rates Applicable After Default	23
2.13. Method of Payment	23
2.14. Notes; Telephonic Notices	23
2.15. Notification of Advances, Interest Rates, Prepayments and Commitment Reductions	23
2.16. Lending Installations	24
2.17. Non-Receipt of Funds by the Administrative Agent	24
2.18. Withholding Tax Exemption	24
2.19. Termination	25
2.20. Letter of Credit Facility.	25
2.20.1. Obligation to Issue.	25
2.20.2. Types and Amounts	25
2.20.3. Conditions.	25
2.20.4. Procedure for Issuance of Letters of Credit	26
2.20.5. Letter of Credit Participation	26
2.20.6. Reimbursement Obligation	27
2.20.7. Letter of Credit Fees	27
2.20.8. Issuing Lender Reporting Requirements.	27
2.20.9. Indemnification; Exoneration	28
2.20.10. Cash Collateral	29
2.21. Pricing.	29

ARTICLE III
CHANGE IN CIRCUMSTANCES

3.1. Yield Protection 30
3.2. Changes in Capital Adequacy Regulations 31
3.3. Availability of Types of Syndicated Advances 31
3.4. Funding Indemnification 32
3.5. Mitigation; Lender Statements; Survival of Indemnity 32

ARTICLE IV
CONDITIONS PRECEDENT

4.1. Effectiveness; Initial Advance 33
4.2. Each Advance and Letter of Credit 34

ARTICLE V
REPRESENTATIONS AND WARRANTIES

5.1. Corporate Existence and Standing 35
5.2. Authorization and Validity 35
5.3. No Conflict; Government Consent 36
5.4. Financial Statements 37
5.5. Material Adverse Change 37
5.6. Taxes 37
5.7. Litigation and Contingent Obligations 37
5.8. Subsidiaries 37
5.9. ERISA 38
5.10. Accuracy of Information 38
5.11. Regulations G, T, U and X 38
5.12. Material Agreements 38
5.13. Compliance With Laws 38
5.14. Ownership of Property 39
5.15. Labor Matters 39
5.16. Investment Company Act 39
5.17. Public Utility Holding Company Act 39

ARTICLE VI
COVENANTS

6. Covenants 40
6.1. Financial Reporting 40
6.2. Use of Proceeds 41
6.3. Other Notices 42
6.4. Conduct of Business 42
6.5. Taxes 42

12 Section -----	Page -----
6.6. Insurance	42
6.7. Compliance with Laws	42
6.8. Maintenance of Properties	43
6.9. Inspection	43
6.10. Merger	43
6.11. Sale of Assets	43
6.12. Affiliates	44
6.13. Investments	45
6.14. Contingent Obligations	45
6.15. Liens	46
6.16. Maximum Leverage Ratio	48
6.17. Minimum Fixed Charge Coverage	48
6.18. Acquisitions	48
6.19. Rate Hedging Obligations.	49
6.20. Material Subsidiaries	49
6.21. Subsidiary Indebtedness.	49
6.22. Subordination of Intercompany Indebtedness.	50
 ARTICLE VII	
DEFAULTS	50
 7. Defaults	
7.1. Breach of Representation or Warranty.	50
7.2. Payment Default.	50
7.3. Breach of Certain Covenants.	50
7.4. Breach of Other Provisions.	50
7.5. Default on Material Indebtedness.	51
7.6. Voluntary Insolvency Proceedings.	51
7.7. Involuntary Insolvency Proceedings.	51
7.8. Condemnation.	51
7.9. Judgments.	52
7.10. ERISA Matters.	52
7.11. Environmental Matters.	52
7.12. Change of Control.	52
7.13. Change of Subsidiary Ownership; Guaranty Defaults.	52
 ARTICLE VIII	
ACCELERATION, WAIVERS, AMENDMENTS AND REMEDIES	
8.1. Acceleration	53
8.2. Amendments	53
8.3. Preservation of Rights	54

ARTICLE IX
GENERAL PROVISIONS

9.1. Survival of Representations 54
9.2. Governmental Regulation 54
9.3. Taxes; Stamp Duties 54
9.4. Headings 55
9.5. Entire Agreement 55
9.6. Several Obligations; Benefits of this Agreement 55
9.7. Expenses; Indemnification 55
9.8. Numbers of Documents 57
9.9. Accounting 57
9.10. Severability of Provisions 57
9.11. Nonliability of Lenders 57
9.12. Governing Law 58
9.13. Consent to Jurisdiction; Service of Process; Jury Trial 58
9.14. Confidentiality 60
9.15. Facility Guaranty Releases 60

ARTICLE X
THE ADMINISTRATIVE AGENT

10.1. Appointment; Nature of Relationship 60
10.2. Powers 61
10.3. General Immunity 61
10.4. No Responsibility for Loans, Creditworthiness,
Collateral, Recitals, Etc. 61
10.5. Action on Instructions of Lenders 62
10.6. Employment of Agents and Counsel 62
10.7. Reliance on Documents; Counsel 62
10.8. The Administrative Agent's Reimbursement and
Indemnification 63
10.9. Rights as a Lender 63
10.10. Lender Credit Decision 63
10.11. Successor Administrative Agent 63
10.12. Administrative Agent's Fee 64

ARTICLE XI
SETOFF; RATABLE PAYMENTS

11.1. Setoff 64
11.2. Ratable Payments 64
11.3. Application of Payments 65

ARTICLE XII

BENEFIT OF AGREEMENT; ASSIGNMENTS; PARTICIPATIONS

12.1. Successors and Assigns 66
12.2. Participations 66
12.3. Assignments 67
12.4. Dissemination of Information 68
12.5. Tax Treatment 68

ARTICLE XIII

NOTICES

13.1. Giving Notice 68
13.2. Change of Address 69

ARTICLE XIV

COUNTERPARTS

SCHEDULES

Schedule 1	Disclosure Schedule
Schedule 2.20	Issuing Lender's Maximum Amounts
Schedule 5.3	Governmental Authorizations
Schedule 5.6	Tax Liens
Schedule 5.7	Litigation
Schedule 5.8	Subsidiaries
Schedule 5.13	Environmental, Health or Safety Requirements of Law
Schedule 5.14	Liens and Encumbrances
Schedule 6.11	Asset Sales
Schedule 6.13	Investments
Schedule 6.14	Contingent Obligations
Schedule 6.21	Subsidiary Indebtedness
Schedule 6.22	Subordination

EXHIBITS

Exhibit A-1	Form of Syndicated Note
Exhibit A-2	Form of Bid Rate Note
Exhibit A-3	Form of Swing Line Note
Exhibit B	Required Opinions
Exhibit C	Form of Compliance Certificate
Exhibit D	Form of Assignment Agreement
Exhibit E	Form of Loan/Credit Related Money Transfer Instruction
Exhibit F-1	Form of Syndicated Advance Borrowing Notice
Exhibit F-2	Form of Bid Rate Advance Borrowing Notice
Exhibit G	Form of Prepayment Notice
Exhibit H	Form of Conversion/Continuation Notice
Exhibit I	Form of Facility Guaranty

THIS CREDIT AGREEMENT, dated as of September 18, 1997, is among THE TJX COMPANIES, INC., as the Borrower, THE FINANCIAL INSTITUTIONS NAMED HEREIN, as the Lenders, and THE FIRST NATIONAL BANK OF CHICAGO, as the Administrative Agent, BANK OF AMERICA NATIONAL TRUST AND SAVINGS ASSOCIATION, as Syndication Agent, THE BANK OF NEW YORK, as Documentation Agent, and BANKBOSTON, N.A., as Managing Agent. The parties hereto agree as follows:

ARTICLE I
DEFINITIONS

1.1. CERTAIN DEFINED TERMS. As used in this Agreement the following terms shall have the following meanings, such meanings being equally applicable to both the singular and plural forms of the terms defined:

"ABSOLUTE RATE AUCTION" has the meaning specified in SECTION 2.10(b)(i).

"ACCOUNTING CHANGES" has the meaning specified in SECTION 9.9.

"ACQUISITION" means any transaction, or any series of related transactions, by which the Borrower or any of its Subsidiaries (a) acquires any going business or all or substantially all of the assets of any firm, corporation or division thereof which constitutes a going business, whether through purchase of assets, merger or otherwise or (b) directly or indirectly acquires (in one transaction or as the most recent transaction in a series of transactions) at least a majority (in number of votes) of the securities of a corporation which have ordinary voting power for the election of directors (other than securities having such power only by reason of the happening of a contingency), or a majority (by percentage or voting power) of the outstanding partnership interests of a partnership or a majority (by percentage or voting power) of the outstanding ownership interests of a limited liability company.

"ADMINISTRATIVE AGENT" means First Chicago in its capacity as contractual representative for the Lenders pursuant to ARTICLE X, and not in its capacity as a Lender, and any successor Administrative Agent appointed pursuant to ARTICLE X.

"ADVANCE" means a Syndicated Advance or a Bid Rate Advance.

"AFFILIATE" of any Person means any other Person directly or indirectly controlling, controlled by or under common control with such Person. A Person shall be deemed to control another Person if the controlling Person owns 20% or more of any class of voting securities (or other ownership interests) of the controlled Person or possesses, directly or indirectly, the power to direct or cause the direction of the management or policies of the controlled Person, whether through ownership of stock, by contract or otherwise; PROVIDED THAT no individual shall be an Affiliate solely by reason of being, or actions taken as, a director, officer or employee.

"AGGREGATE COMMITMENT" means the aggregate of the Commitments of all the Lenders, as reduced from time to time pursuant to the terms hereof.

"AGREEMENT" means this Credit Agreement, as it may from time to time be amended, restated, supplemented or otherwise modified.

"AGREEMENT ACCOUNTING PRINCIPLES" means generally accepted accounting principles as in effect as of the date of this Agreement, applied in a manner consistent with that used in preparing the financial statements referred to in Section 5.4. An Affiliate of the Borrower which is consolidated with the accounts of the Borrower in accordance with Agreement Accounting Principles shall for all accounting and financial tests contained in this Agreement be treated as a Subsidiary hereunder.

"ALTERNATE BASE RATE" means, for any day, a rate of interest per annum equal to the higher of (a) the Corporate Base Rate for such day and (b) the sum of Federal Funds Effective Rate for such day plus 0.50% per annum.

"APPLICABLE FACILITY FEE RATE" means, from time to time, the Applicable Facility Fee Rate set forth in SECTION 2.21.

"ARTICLE" means an article of this Agreement unless another document is specifically referenced.

"AUTHORIZED OFFICER" means any of the President, the Chief Executive Officer, the Chief Financial Officer, the Chief Operating Officer, the Controller or the Treasurer of the Borrower, acting singly.

"BID RATE ADVANCE" means a borrowing consisting of simultaneous Bid Rate Loans to the Borrower from each of the Lenders whose offer to make a Bid Rate Loan as part of such borrowing has been accepted by the Borrower under the applicable auction bidding procedure described in SECTION 2.10.

"BID RATE ADVANCE BORROWING NOTICE" has the meaning specified in SECTION 2.10(b)(i).

"BID RATE LOAN" means a loan by a Lender to the Borrower as part of a Bid Rate Advance resulting from the applicable auction bidding procedure described in SECTION 2.10.

"BID RATE NOTE" means a promissory note of the Borrower payable to the order of any Lender, in substantially the form of EXHIBIT A-2 hereto, evidencing the indebtedness of the Borrower to such Lender resulting from the Bid Rate Loans made by such Lender to the Borrower.

"BID RATE REDUCTION" has the meaning specified in SECTION 2.1.

"BORROWER" means The TJX Companies, Inc., a Delaware corporation, and its successors and assigns.

"BORROWING DATE" means a date on which an Advance or a Swing Line Loan is made hereunder.

"BORROWING NOTICE" means a Syndicated Advance Borrowing Notice or a Bid Rate Advance Borrowing Notice.

"BUSINESS DAY" means (a) with respect to any borrowing, payment or rate selection of Eurodollar Advances, a day (other than a Saturday or Sunday) on which banks generally are open

in Chicago, Pittsburgh, New York City and London for the conduct of substantially all of their commercial lending activities and (b) for all other purposes, a day (other than a Saturday or Sunday) on which banks generally are open in Chicago for the conduct of substantially all of their commercial lending activities.

"CAPITALIZED LEASE" of a Person means any lease of Property by such Person as lessee which would be capitalized on a balance sheet of such Person prepared in accordance with Agreement Accounting Principles.

"CAPITALIZED LEASE OBLIGATIONS" of a Person means the amount of the obligations of such Person under Capitalized Leases which would be shown as a liability on a balance sheet of such Person prepared in accordance with Agreement Accounting Principles.

"CHANGE" has the meaning specified in SECTION 3.2.

"CHANGE IN CONTROL" means:

(a) the acquisition by any Person, or "group" (within the meaning of Sections 13(d) and 14(d)(2) of the Securities Exchange Act of 1934, as amended) of Persons acting in concert, of beneficial ownership (within the meaning of Rule 13d-3 of the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended), directly or indirectly, of 50% or more of the outstanding shares of voting stock of the Borrower; or

(b) during any period of twelve (12) consecutive calendar months, individuals:

(i) who were directors of the Borrower on the first day of such period; or

(ii) whose election or nomination for election to the board of directors of the Borrower was recommended or approved by at least a majority of the directors then still in office who were directors of the Borrower on the first day of such period, or whose election or nomination for election was so approved,

shall cease to constitute a majority of the board of directors of the Borrower.

"CHIEF FINANCIAL OFFICER" means, at any time, the Person who reports to the board of directors of the Borrower on the financial affairs of the Borrower and its Subsidiaries.

"CODE" means the Internal Revenue Code of 1986, as amended, reformed or otherwise modified from time to time.

"COMMITMENT" means, for each Lender, the obligation of such Lender to make Syndicated Loans and to purchase participations in Letters of Credit and in Swing Line Loans not exceeding, in the aggregate, the amount set forth opposite its signature below or as set forth in any Notice of Assignment relating to any assignment that has become effective pursuant to SECTION 12.3.2, as such amount may be modified from time to time pursuant to the terms hereof.

"CONDEMNATION" has the meaning specified in SECTION 7.8.

"CONSOLIDATED FIXED CHARGES" for any period means, on a consolidated basis for the Borrower and all of its Subsidiaries for such period, the sum of (a) Consolidated Interest Expense (net of consolidated interest income) and (b) all payments of Consolidated Rentals by the Borrower or any of its Subsidiaries, all as determined in accordance with Agreement Accounting Principles.

"CONSOLIDATED INTEREST EXPENSE" means, for any period, the aggregate amount of interest, including payments in the nature of interest under Capitalized Lease Obligations, paid in cash by the Borrower and its Subsidiaries on a consolidated basis in accordance with Agreement Accounting Principles.

"CONSOLIDATED NET INCOME" means, for any period, the consolidated net income (or loss) of the Borrower and its Subsidiaries for such period determined in accordance with Agreement Accounting Principles; provided, that there shall be excluded (i) the income (or loss) of any Affiliate of the Borrower or other Person (other than a Subsidiary of the Borrower) in which any Person (other than the Borrower or any of its Subsidiaries) has a joint interest, except to the extent of the amount of dividends or other distributions actually paid to the Borrower or any of its Subsidiaries by such Affiliate or other Person during such period and (ii) the income (or loss) of any Person accrued prior to the date it becomes a Subsidiary of the Borrower or is merged into or consolidated with the Borrower or any of its Subsidiaries or that Person's assets are acquired by the Borrower or any of its Subsidiaries.

"CONSOLIDATED NET WORTH" means, as of the date of any determination thereof, the consolidated shareholders' equity of the Borrower and its Subsidiaries determined in accordance with Agreement Accounting Principles.

"CONSOLIDATED RENTALS" means, for any period, the aggregate rental amounts payable by the Borrower and its Subsidiaries for such period under any lease of Property having an original term (including any required renewals or any renewals at the option of the lessor or lessee) of one year or more (but does not include any amounts payable under Capitalized Leases), determined in accordance with Agreement Accounting Principles; provided, however, that there shall be excluded from such calculation rentals in respect of discontinued operations and other store closings reflected in the Borrower's consolidated financial statements (or the footnotes thereto) to the extent such rentals relate to operations for which a charge has been taken and/or reserve established in accordance with Agreement Accounting Principles and which do not exceed the amount of such charge and/or reserve, the amount of which charge and/or reserve has been established consistent with Agreement Accounting Principles.

"CONTINGENT OBLIGATION" of a Person means any agreement, written undertaking or contractual arrangement by which such Person assumes, guarantees, endorses, contingently agrees to purchase or provide funds for the payment of, or otherwise becomes or is contingently liable upon, the financial or monetary obligation or financial or monetary liability of any other Person (excluding customary indemnification obligations arising from a purchase and sale agreement negotiated at arm's length and typical for transactions of a similar nature), or agrees in writing to maintain the net worth or working capital or other financial condition of any other Person, or otherwise assures any creditor of such other Person in writing against loss, including, without limitation, any operating agreement,

take-or-pay contract or application for or reimbursement agreement with respect to a letter of credit (including any Letter of Credit).

"CONTROLLED GROUP" means all members of a controlled group of corporations and all trades or businesses (whether or not incorporated) under common control which, together with the Borrower or any of its Subsidiaries, are treated as a single employer under SECTION 414 of the Code.

"CONVERSION/CONTINUATION NOTICE" has the meaning specified in SECTION 2.7.

"CORPORATE BASE RATE" means a rate per annum equal to the corporate base rate of interest announced by First Chicago from time to time, changing when and as said corporate base rate changes.

"CREDIT RATINGS" has the meaning specified in SECTION 2.21.

"DEFAULT" means an event described in ARTICLE VII.

"DOLLARS" and "\$" mean the lawful money of the United States.

"EBITDAR" for any period means the sum, without duplication, of (a) Consolidated Net Income during such period, PLUS (to the extent deducted in determining Consolidated Net Income) (b) all provisions for any foreign, federal, state and local taxes paid or accrued by the Borrower or any of its Subsidiaries during such period, PLUS (to the extent deducted in determining Consolidated Net Income) (c) Consolidated Interest Expense of the Borrower or any of its Subsidiaries during such period, MINUS (to the extent included in determining Consolidated Net Income) (d) extraordinary gains (and any unusual gains whether or not arising in the ordinary course of business not included in extraordinary gains) to the extent not included in income from continuing operations, PLUS (to the extent deducted in determining Consolidated Net Income) (e) consolidated depreciation, PLUS (to the extent deducted in determining Consolidated Net Income) (f) consolidated amortization expense, including without limitation, amortization of goodwill and other intangible assets and other non-cash charges but excluding reserves, PLUS (to the extent deducted in determining Consolidated Net Income) (g) Consolidated Rentals; (to the extent deducted in determining Consolidated Net Income) PLUS (h) extraordinary losses (but only to the extent such losses do not exceed extraordinary gains); all of such items as determined in accordance with Agreement Accounting Principles.

"ELIGIBLE PARTICIPANT" means (i) a Lender or any Affiliate thereof which is a commercial bank or (ii) any other commercial bank having capital and surplus in excess of \$100,000,000.

"ENVIRONMENTAL, HEALTH OR SAFETY REQUIREMENTS OF LAW" means all Requirements of Law derived from or relating to federal, state and local laws or regulations relating to or addressing pollution or protection of the environment, or protection of worker health or safety, including, but not limited to, the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C.ss 9601 ET SEQ., the Occupational Safety and Health Act of 1970, 29 U.S.C.ss 651 et seq., and the Resource Conservation and Recovery Act of 1976, 42 U.S.C.ss 6901 ET SEQ., in each case including any amendments thereto, any successor statutes, and any regulations or guidance promulgated thereunder, and any state or local equivalent thereof.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time, and any rule or regulation issued thereunder.

"EURODOLLAR ADVANCE" means a Syndicated Advance denominated in Dollars that bears interest at a Eurodollar Rate.

"EURODOLLAR APPLICABLE MARGIN" means, from time to time, the Eurodollar Applicable Margin set forth in SECTION 2.21.

"EURODOLLAR BASE RATE" means, with respect to a Eurodollar Advance for the relevant Eurodollar Interest Period, or a Bid Rate Advance priced based on the Eurodollar Base Rate for an interest period designated by the Borrower, the applicable London interbank offered rate for deposits in U.S. dollars appearing on Dow Jones Markets (Telerate) Page 3750 as of 11:00 a.m. (London time) two Business Days prior to the first day of such Interest Period, and having a maturity approximately equal to such Eurodollar Interest Period or, in the event of a Bid Rate Advance, approximately equal to the interest period designated by the Borrower. If no London interbank offered rate of such maturity then appears on Dow Jones Markets (Telerate) Page 3750, then the Eurodollar Base Rate shall be equal to the London interbank offered rate for deposits in U.S. dollars maturing immediately before or immediately after such maturity, whichever is higher, as determined by the Administrative Agent from Dow Jones Markets (Telerate) Page 3750. If Dow Jones Markets (Telerate) Page 3750 is not available, the applicable Eurodollar Base Rate for the relevant Eurodollar Interest Period or interest period designated by the Borrower, as applicable, shall be the rate determined by the Administrative Agent to be the rate at which First Chicago offers to place deposits in U.S. dollars with first-class banks in the London interbank market at approximately 11:00 a.m. (London time) two Business Days prior to the first day of such Eurodollar Interest Period or interest period designated by the Borrower, as applicable, in the approximate amount of First Chicago's relevant portion of the Eurodollar Advance or Bid Rate Advance, as applicable, and having a maturity approximately equal to such Eurodollar Interest Period or interest period designated by the Borrower, as applicable.

"EURODOLLAR INTEREST PERIOD" means, with respect to a Eurodollar Advance, a period of one, two, three or six months commencing on a Business Day selected by the Borrower pursuant to this Agreement. Such Eurodollar Interest Period shall end on (but exclude) the day which corresponds numerically to such date one, two, three or six months thereafter, unless there is no such numerically corresponding day in such next, second, third or sixth succeeding month, in which case such Eurodollar Interest Period shall end on the last Business Day of such next, second, third or sixth succeeding month. If a Eurodollar Interest Period would otherwise end on a day which is not a Business Day, such Eurodollar Interest Period shall end on the next succeeding Business Day, unless said next succeeding Business Day falls in a new calendar month, in which case such Eurodollar Interest Period shall end on the immediately preceding Business Day.

"EURODOLLAR LOAN" means a Syndicated Loan or Bid Rate Loan denominated in Dollars which bears interest at a Eurodollar Rate.

"EURODOLLAR RATE" means, with respect to a Eurodollar Advance for the relevant Eurodollar Interest Period, the sum of (a) the quotient of (i) the Eurodollar Base Rate applicable to such Eurodollar Interest Period, divided by (ii) one minus the Reserves (expressed as a decimal) applicable to such Eurodollar Interest Period, plus (b) the Eurodollar Applicable Margin in effect

from time to time during such Eurodollar Interest Period. The Eurodollar Rate shall be rounded to the next higher multiple of 1/16 of 1% if the rate is not such a multiple.

"FACILITY GUARANTY" means a Guaranty, substantially in the form of EXHIBIT I hereto, duly executed and delivered by a Material Subsidiary of the Borrower to and in favor of the Administrative Agent for the benefit of itself, the Issuing Lenders, the Swing Line Lender, and the Lenders, as the same may from time to time be amended, restated, supplemented or otherwise modified.

"FACILITY TERMINATION DATE" means September 18, 2002.

"FAIR VALUE" means the value of the relevant asset determined in an arm's-length transaction conducted in good faith between an informed and willing buyer and an informed and willing seller under no compulsion to buy or sell.

"FEDERAL FUNDS EFFECTIVE RATE" means, for any day, an interest rate per annum equal to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers on such day, as published for such day (or, if such day is not a Business Day, for the immediately preceding Business Day) by the Federal Reserve Bank of New York, or, if such rate is not so published for any day which is a Business Day, the average of the quotations at approximately 10:00 a.m. (Chicago time) on such day on such transactions received by the Administrative Agent from three Federal funds brokers of recognized standing selected by the Administrative Agent in its sole discretion.

"FIRST CHICAGO" means The First National Bank of Chicago in its individual capacity, and its successors.

"FIXED CHARGE COVERAGE RATIO" means the ratio of (a) EBITDAR to (b) Consolidated Fixed Charges.

"FLOATING RATE" means, for any day, a rate per annum equal to the Alternate Base Rate for such day, changing when and as the Alternate Base Rate changes.

"FLOATING RATE ADVANCE" means a Syndicated Advance denominated in Dollars which bears interest at the Floating Rate.

"FLOATING RATE LOAN" means a Syndicated Loan denominated in Dollars which bears interest at the Floating Rate.

"FUNDED DEBT" of any Person means, without duplication, all obligations of such Person for money borrowed which in accordance with Agreement Accounting Principles shall be classified upon a balance sheet of such Person as liabilities of such Person, and in any event shall include (a) all Capitalized Lease Obligations of such Person and (b) all Contingent Obligations of such Person with respect to money borrowed, but shall exclude (i) notes, bills and checks presented in the ordinary course of business by such Person to banks for collection or deposit, (ii) with reference to the Borrower and its Subsidiaries, all obligations of the Borrower and its Subsidiaries of the character referred to in this definition to the extent owing to the Borrower or any Subsidiary, (iii) bankers acceptances which, in accordance with Agreement Accounting Principles, are classified as accounts

payable and (iv) Contingent Obligations set forth on Schedule 6.14. Without in any way limiting the foregoing, Funded Debt of the Borrower shall include all Loans outstanding under this Agreement and the Notes.

"GAAP" means the generally accepted accounting principles as generally applied by the Borrower as at the end of its fiscal year ending January 25, 1997.

"GOVERNMENTAL ACTS" has the meaning specified in SECTION 2.20.9.

"GOVERNMENTAL AUTHORITY" means any country or nation, any political subdivision of such country or nation, and any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government of any country or nation or political subdivision thereof.

"GROSS NEGLIGENCE" means either recklessness or actions taken or omitted with conscious indifference to or the complete disregard of consequences. Gross Negligence does not mean the absence of ordinary care or diligence, or an inadvertent act or inadvertent failure to act. If the term "gross negligence" is used with respect to the Administrative Agent or any Lender or any indemnitee in any of the other Loan Documents, it shall have the meaning set forth herein.

"INDEBTEDNESS" of a Person means, without duplication, such Person's (a) obligations for borrowed money, (b) obligations representing the deferred purchase price of Property or services (other than (i) accounts payable and (ii) bankers acceptances classified in accordance with Agreement Accounting Principles as accounts payable, in each case arising in the ordinary course of such Person's business payable on terms customary in the trade), (c) obligations, whether or not assumed, secured by Liens or payable out of the proceeds or production from Property now or hereafter owned or acquired by such Person, (d) obligations which are evidenced by notes, acceptances (to the extent not classified as accounts payable in accordance with Agreement Accounting Principles), or other similar instruments, (e) Capitalized Lease Obligations, (f) obligations of such Person to purchase securities or other property arising out of or in connection with the sale of the same or substantially similar securities or property, and (g) any other obligation in writing for borrowed money or financial accommodation with respect to other items included in the definition of Indebtedness above which in accordance with Agreement Accounting Principles would be shown as a liability on the consolidated balance sheet of such Person. but excluding, in any event, (i) amounts payable by such Person in respect of covenants not to compete, and (ii) with reference to the Borrower and its Subsidiaries, all obligations of the Borrower and its Subsidiaries of the character referred to in this definition to the extent owing to the Borrower or any Subsidiary of the Borrower.

"INDEMNIFIED MATTERS" has the meaning specified in SECTION 9.7(b).

"INDEMNITEES" has the meaning specified in SECTION 9.7(b).

"INDEXED RATE AUCTION" has the meaning specified in SECTION 2.10(b)(i).

"INTELLECTUAL PROPERTY" means (i) any and all intangible personal property consisting of intellectual property, whether or not registered with any governmental entity, including, without limitation, franchises, licenses, patents, technology and know-how, copyrights, trademarks, trade secrets, service marks, logos and trade names and (ii) any and all contract rights (including, without

limitation, applications for governmental registrations, license agreements, trust agreements and assignment agreements) creating, evidencing or conveying an interest or right in or to any of the intellectual property described in the preceding clause (i).

"INTEREST PERIOD" means a Eurodollar Interest Period.

"INVESTMENT" of a Person means any loan, advance (other than commission, travel and other loans, credits and advances to officers and employees made in the ordinary course of business), extension of credit (other than accounts receivable arising in the ordinary course of business on terms customary in the trade), deposit account or contribution of capital by such Person to any other Person or any investment in, or purchase or other acquisition of, the stock, partnership interests, ownership interests in any limited liability company, notes, debentures or other securities of any other Person made by such Person (other than anticipatory prepayments to vendors in the ordinary course of business consistent with past practice).

"ISSUING LENDER" means First Chicago and any other Lender which, at the Borrower's request, agrees, in each such Lender's sole discretion, to become an Issuing Lender for the purpose of issuing Letters of Credit, and their respective successors and assigns, in each case in such Lender's separate capacity as an issuer of Letters of Credit pursuant to SECTION 2.20. The designation of any Lender as an Issuing Lender after the date hereof shall be subject to the prior written consent of the Administrative Agent which consent shall not be unreasonably withheld.

"L/C DRAFT" means a draft drawn on an Issuing Lender pursuant to any of the Letters of Credit.

"L/C INTEREST" has the meaning specified in SECTION 2.20.5.

"L/C OBLIGATIONS" means an amount equal to the sum (without duplication) of (i) the aggregate of the amount then available for drawing under each of the Letters of Credit, (ii) the face amounts of all outstanding L/C Drafts corresponding to the Letters of Credit, which L/C Drafts have been accepted by the Issuing Lenders and (iii) the aggregate outstanding amount of Reimbursement Obligations at such time.

"LENDERS" means the lending institutions listed on the signature pages of this Agreement and their respective successors and assigns.

"LENDING INSTALLATION" means, with respect to a Lender, any office, branch, subsidiary or affiliate of such Lender.

"LETTER OF CREDIT" means any standby or commercial letter of credit issued pursuant to SECTION 2.20.

"LEVERAGE RATIO" means the ratio of:

- (i) the sum of (a) Funded Debt of the Borrower and its Subsidiaries on a consolidated basis, PLUS (b) an amount equal to the product of four (4) multiplied by Consolidated Rentals for such period to

- (ii) the sum of (a) Funded Debt of the Borrower and its Subsidiaries on a consolidated basis, plus (b) an amount equal to the product of four (4) multiplied by Consolidated Rentals for such period plus (c) Consolidated Net Worth.

"LIEN" means any lien (statutory or other), mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance or preference, priority or other security agreement or preferential arrangement of any kind or nature whatsoever (including, without limitation, the interest of a vendor or lessor under any conditional sale, Capitalized Lease or other title retention agreement).

"LOAN" means a Syndicated Loan, a Bid Rate Loan or a Swing Line Loan.

"LOAN DOCUMENTS" means this Agreement, the Notes, the Facility Guaranties and the applications, reimbursement agreements and other instruments and agreements related to the Letters of Credit and L/C Interests.

"MATERIAL ADVERSE EFFECT" means a material adverse effect on (a) the business, financial condition, operations, performance or Property of the Borrower and its Subsidiaries on a consolidated basis, (b) the ability of the Borrower to perform its obligations under the Loan Documents, or (c) the validity or enforceability of any of the Loan Documents or any material rights or remedies of the Administrative Agent or the Lenders thereunder.

"MATERIAL INDEBTEDNESS" means any Indebtedness, or group of different Indebtedness, in an aggregate principal amount of at least \$10,000,000.

"MATERIAL SUBSIDIARY" means (a) Marshalls of MA, Inc., Marmaxx Operating Corp., NBC Fourth Realty Corp., Marshall's of Nevada, Inc.; (b) any domestic Subsidiary of the Borrower which owns, directly or indirectly, greater than ten percent (10%) of the total consolidated assets of the Borrower and its Subsidiaries; and (c) any other domestic Subsidiary in connection with which the Borrower shall provide written notice to the Agent designating such entity to be a Material Subsidiary and which shall become a party to the Facility Guaranty pursuant to the terms of SECTION 6.20.

"MONEY MARKET RATE" is defined in SECTION 2.9(a).

"MONEY MARKET RATE LOAN" is means a Swing Line Loan which bears interest at a Money Market Rate.

"MOODY'S" means Moody's Investors Service, Inc.

"MULTIEMPLOYER PLAN" means a Plan, if any, maintained pursuant to a collective bargaining agreement or any other arrangement to which the Borrower or any member of the Controlled Group is a party to which more than one non-Affiliated employer is obligated to make contributions.

"1995 CREDIT AGREEMENT" has the meaning specified in SECTION 4.1(g).

"NOTE" means a Syndicated Note, a Bid Rate Note or a Swing Line Note.

"NOTICE OF ASSIGNMENT" has the meaning specified in SECTION 12.3.2.

"OBLIGATIONS" means all unpaid principal of and accrued and unpaid interest on the Notes, all L/C Obligations, all accrued and unpaid fees and all expenses, reimbursements, indemnities and other obligations of the Borrower to the Lenders or to any Lender, the Administrative Agent or any indemnified party hereunder arising under the Loan Documents.

"PARTICIPANT" has the meaning specified in SECTION 12.2.1.

"PAYMENT OFFICE" means the principal office of the Administrative Agent in Chicago, Illinois, located on the date hereof at One First National Plaza, Chicago, Illinois 60670 or such other office of the Administrative Agent as the Administrative Agent may from time to time designate by written notice to the Borrower and the Lenders.

"PBG" means the Pension Benefit Guaranty Corporation, or any successor thereto.

"PERMITTED ACQUISITION" means any Acquisition made by the Borrower or any of its Subsidiaries provided that upon giving effect to each such Acquisition (a) the Person so acquired by the Borrower shall have either been merged into the Borrower or a Subsidiary (with the Borrower or the Subsidiary as the surviving entity) or such Person shall have become a Subsidiary of the Borrower; (b) no Default or Unmatured Default shall exist; (c) the Acquisition is consummated pursuant to a negotiated acquisition agreement on a non-hostile basis approved by a majority of the board of directors of all Persons parties thereto; and (d) involves the purchase of a business line similar, related, complementary or incidental to that of the Borrower and its Subsidiaries as of the date of this Agreement.

"PERSON" means any natural person, corporation, firm, joint venture, partnership, limited liability company, association, enterprise, trust or other entity or organization, or any government or political subdivision or any agency, department or instrumentality thereof.

"PLAN" means an employee pension benefit plan which is covered by Title IV of ERISA or subject to the minimum funding standards under Section 412 of the Code as to which the Borrower or any member of the Controlled Group may have any liability.

"PREPAYMENT NOTICE" has the meaning specified in SECTION 2.5.

"PRO RATA SHARE" means, with respect to any Lender, the percentage obtained by dividing (A) such Lender's Commitment at such time (as adjusted from time to time in accordance with the provisions of this Agreement) by (B) the sum of the Aggregate Commitments at such time; PROVIDED, that if the Commitments are terminated pursuant to the terms of this Agreement, then "Pro Rata Share" means the percentage obtained by dividing (x) the sum of each Lender's L/C Obligations, Loans and Swing Line Loans by (y) the aggregate amount of all Loans, Swing Line Loans and L/C Obligations.

"PROPERTY" of a Person means any and all property, whether real, personal, tangible, intangible, or mixed, of such Person, or other assets owned, leased or operated by such Person.

"PURCHASERS" has the meaning specified in SECTION 12.3.1.

"RATED DEBT" means the Borrower's senior unsecured non-credit-enhanced long-term Indebtedness, which Indebtedness does not benefit from guaranties or other credit enhancement provided by any of the Borrower's Subsidiaries.

"REGULATION D" means Regulation D of the Board of Governors of the Federal Reserve System as from time to time in effect and any successor thereto or other regulation or official interpretation of said Board of Governors relating to reserve requirements applicable to member banks of the Federal Reserve System.

"REGULATION U" means Regulation U of the Board of Governors of the Federal Reserve System as from time to time in effect and any successor or other regulation or official interpretation of said Board of Governors relating to the extension of credit by banks for the purpose of purchasing or carrying margin stocks applicable to member banks of the Federal Reserve System.

"REIMBURSEMENT OBLIGATION" is defined in SECTION 2.20.6.

"REPORTABLE EVENT" means a reportable event as defined in Section 4043 of ERISA and the regulations issued under such section, with respect to a Plan, excluding, however, such events as to which the PBGC by regulation waived the requirement of Section 4043(a) of ERISA that it be notified within 30 days of the occurrence of such event; provided, however, that a failure to meet the minimum funding standard of Section 412 of the Code and of SECTION 302 of ERISA shall be a Reportable Event regardless of the issuance of any such waiver of the notice requirement in accordance with either Section 4043(a) of ERISA or Section 412(d) of the Code.

"REQUIRED LENDERS" means Lenders having, in the aggregate, at least 51% of the Aggregate Commitment; provided, however, that in the event any of the Lenders shall have failed to fund a portion of any Syndicated Advance requested by the Borrower, any participation in any Letter of Credit or any refunding of or participation in any Swing Line Loan which such Lenders are obligated to fund under the terms of this Agreement and any such failure has not been cured, then for so long as such failure continues, "Required Lenders" means Lenders (excluding all such defaulting Lenders) having, in the aggregate, at least 51% of the aggregate Commitments of such non-defaulting Lenders; provided, further, however, that, if the Aggregate Commitment has been terminated pursuant to the terms of this Agreement, "Required Lenders" means Lenders (without regard to such Lenders' performance of their respective obligations hereunder) whose aggregate outstanding principal balance of all Syndicated Loans and L/C Obligations is equal to or greater than 51%; provided, further, however, if the Aggregate Commitment has been terminated at a time when only Bid Rate Loans are outstanding, "Required Lenders" means Lenders whose aggregate outstanding principal balance of all Bid Rate Loans is equal to or greater than 51%.

"REQUIREMENTS OF LAW" means, as to any Person, the charter and by-laws or other organizational or governing documents of such Person, and any law, rule or regulation, or determination of an arbitrator or a court or other Governmental Authority, in each case applicable to or binding upon such Person or any of its property or to which such Person or any of its property is subject including, without limitation, the Securities Act of 1933, as amended, the Securities Exchange Act of 1934, as amended, Regulations G, T, U and X, ERISA, the Fair Labor Standards Act, the Worker Adjustment and Retraining Notification Act, Americans with Disabilities Act of

1990, and any certificate of occupancy, zoning ordinance, building, environmental or land use requirement or permit or environmental, labor, employment, occupational safety or health law, rule or regulation, including Environmental, Health or Safety Requirements of Law.

"RESERVES" means, with respect to a Eurodollar Interest Period, the maximum aggregate reserves (including all basic, supplemental, marginal and other reserves) imposed under Regulation D on Eurocurrency liabilities.

"RISK-BASED CAPITAL GUIDELINES" has the meaning specified in SECTION 3.2.

"S&P" means S&P Ratings Group, a division of McGraw-Hill, Inc.

"SALE AND LEASEBACK TRANSACTION" means any sale or other transfer of Property by any Person with intent to lease such Property as lessee pursuant to a Capitalized Lease.

"SECTION" means a numbered section of this Agreement, unless another document is specifically referenced.

"SINGLE EMPLOYER PLAN" means a Plan, if any, maintained by the Borrower or any member of the Controlled Group for employees of the Borrower or any member of the Controlled Group. The term "Single Employer Plan" does not include any Multiemployer Plan.

"SPECIFIED REMITTANCE TIME" means (a) if the relevant Payment Office is located in Chicago, 1:00 p.m. (Chicago time) and (b) if the relevant Payment Office is located elsewhere, such time as the Administrative Agent shall specify after consultation with the Lenders and the consent of the Borrower, which consent shall not be unreasonably withheld.

"SUBSIDIARY" of a Person means (a) any corporation more than 50% of the outstanding securities having ordinary voting power of which shall at the time be owned or controlled, directly or indirectly, by such Person or by one or more of its Subsidiaries or by such Person and one or more of its Subsidiaries, or (b) any partnership, limited liability company, association, joint venture or similar business organization more than 50% of the ownership interests having ordinary voting power of which shall at the time be so owned or controlled. Unless otherwise expressly provided, all references herein to a "Subsidiary" shall mean a Subsidiary of the Borrower.

"SUBSTANTIAL PORTION" means, with respect to the Property of any Person and its Subsidiaries, Property which:

(a) when aggregated with all other Property in accordance with SECTION 6.11 (i) represents more than 15% of the consolidated assets of such Person and its Subsidiaries as would be shown in the consolidated financial statements of such Person and its Subsidiaries as at the beginning of the fiscal year in which such determination is made, or (ii) is responsible for more than 15% of the consolidated net sales of such Person and its Subsidiaries as reflected in the financial statements referred to in clause (i) above or

(b) in any individual transaction or series of related transactions (i) represents more than 10% of the consolidated assets of such Person and its Subsidiaries as

would be shown in the consolidated financial statements of such Person and its Subsidiaries as at the beginning of the fiscal year in which such determination is made, or (ii) is responsible for more than 10% of the consolidated net sales of such Person and its Subsidiaries as reflected in the financial statements referred to in clause (i) above.

"SWING LINE COMMITMENT" means the obligation of the Swing Line Lender to make Swing Line Loans up to a maximum principal amount of \$25,000,000 at any one time outstanding.

"SWING LINE LENDER" means First Chicago or any other Lender as a successor Swing Line Lender.

"SWING LINE LOAN" means a loan made available to the Borrower by the Swing Line Lender pursuant to SECTION 2.9.

"SWING LINE NOTE" means a Note in substantially the form of Exhibit A-3 hereto duly executed by the Borrower and payable to the order of the Swing Line Lender in the amount of its Swing Line Commitment.

"SYNDICATED ADVANCE" means a borrowing consisting of simultaneous Syndicated Loans of the same Type made to the Borrower by each of the Lenders pursuant to SECTION 2.1, and, in the case of Eurodollar Advances, for the same Interest Period.

"SYNDICATED ADVANCE BORROWING NOTICE" has the meaning specified in SECTION 2.6.

"SYNDICATED LOAN" means a loan by a Lender to the Borrower as part of a Syndicated Advance.

"SYNDICATED NOTE" means a promissory note of the Borrower payable to the order of any Lender, in substantially the form of Exhibit A-1 hereto, evidencing the aggregate indebtedness of the Borrower to such Lender resulting from the Syndicated Loans made by such Lender to the Borrower.

"TRANSFEREE" has the meaning specified in SECTION 12.4.

"TYPE" means, (a) with respect to any Syndicated Loan, its nature as a Floating Rate Loan or a Eurodollar Loan and (b) with respect to any Syndicated Advance, its nature as a Floating Rate Advance or a Eurodollar Advance.

"UNFUNDED LIABILITIES" means the amount (if any) by which the present actuarial value of all vested nonforfeitable benefits under all Single Employer Plans (based on the actuarial assumptions for each such plan) exceeds the Fair Value of all such Plan assets allocable to such benefits, all determined as of the then most recent valuation date for such Plans.

"UNITED STATES" and "U.S." mean the United States of America.

"UNMATURED DEFAULT" means an event which but for the lapse of time or the giving of notice, or both, would constitute a Default.

"WHOLLY-OWNED SUBSIDIARY" of a Person means (a) any Subsidiary all of the outstanding voting securities of which (other than directors qualifying shares and shares required by applicable corporate law to be owned by foreign nationals) shall at the time be owned or controlled, directly or indirectly, by such Person or one or more Wholly-Owned Subsidiaries of such Person, or by such Person and one or more Wholly-Owned Subsidiaries of such Person, or (b) any partnership, association, joint venture or similar business organization 100% of the ownership interests having ordinary voting power of which (other than directors qualifying shares and shares required by applicable corporate law to be owned by foreign nationals) shall at the time be so owned or controlled.

ARTICLE II
THE CREDITS

2.1. THE SYNDICATED LOANS. From and including the date of this Agreement and prior to the Facility Termination Date, each Lender severally agrees, on the terms and conditions set forth in this Agreement (including, without limitation, the terms and conditions of SECTION 2.11 and SECTION 8.1 relating to the reduction, suspension or termination of the Aggregate Commitment), to make Syndicated Loans to the Borrower from time to time in an aggregate amount not to exceed at any one time outstanding the amount of such Lender's Commitment; PROVIDED, HOWEVER, that the Aggregate Commitment shall be deemed used from time to time to the extent of (a) the aggregate amount of the Bid Rate Loans then outstanding, and such deemed use of the Aggregate Commitment shall be applied to the Lenders ratably according to their respective Commitments (such deemed use of the aggregate amount of the Commitments being a "BID RATE REDUCTION"), (b) the aggregate L/C Obligations then outstanding, and such deemed use of the Aggregate Commitment shall be applied to the Lenders ratably according to their respective Commitments and (c) the aggregate amount of the Swing Line Loans then outstanding, and such deemed use of the Aggregate Commitment shall be applied to the Lenders ratably according to their respective Commitments. Subject to the terms of this Agreement (including, without limitation, the terms and conditions of SECTION 2.11 and SECTION 8.1 relating to the reduction, suspension or termination of the Aggregate Commitment), the Borrower may borrow, repay and reborrow Syndicated Loans at any time prior to the Facility Termination Date. Unless earlier terminated in accordance with the terms and conditions of this Agreement, the Commitments of the Lenders to lend hereunder shall expire on the Facility Termination Date. Notwithstanding anything herein to the contrary, each of the Lenders shall be required to fund its ratable share of any Advance made in connection with any L/C Drafts notwithstanding that such Advance may be made on or after the date of any reduction, suspension or termination of the Aggregate Commitment pursuant to SECTION 2.11(b) or SECTION 8.1 of this Agreement.

2.2. REPAYMENT OF THE SYNDICATED LOANS. Any outstanding Syndicated Loans shall be paid in full by the Borrower on the Facility Termination Date; PROVIDED, HOWEVER, that (a) all Syndicated Loans made in connection with any of the Letters of Credit shall be paid in full by the Borrower on the later of the Facility Termination Date and the Business Day immediately following the date the relevant Syndicated Loan is made, and (b) nothing in this SECTION 2.2 shall be construed as limiting or modifying the obligation of the Borrower to repay any or all of the outstanding Syndicated Loans at any earlier time in accordance with the terms of this Agreement.

2.3. RATABLE LOANS; TYPES OF SYNDICATED ADVANCES. Each Syndicated Advance hereunder shall consist of Syndicated Loans made from the several Lenders ratably in proportion to the ratio that their respective Commitments bear to the Aggregate Commitment. Any Syndicated

Advance may be a Floating Rate Advance or a Eurodollar Advance, as the Borrower shall select in accordance with SECTIONS 2.6 and 2.7.

2.4. MINIMUM AMOUNT OF EACH SYNDICATED ADVANCE. Each Eurodollar Advance shall be in the minimum amount of \$15,000,000 (and an integral multiple of \$5,000,000 if in excess thereof) and each Floating Rate Advance shall be in the minimum amount of \$10,000,000 (and an integral multiple of \$1,000,000 if in excess thereof); provided, however, that any Syndicated Advance may be in the amount of the unused Aggregate Commitment.

2.5. OPTIONAL PREPAYMENTS OF SYNDICATED LOANS. Subject to Section 3.4 and the requirements of Section 2.4, the Borrower may (a) following notice given to the Administrative Agent by the Borrower, in the form attached hereto as EXHIBIT G (a "Prepayment Notice") by not later than 1:00 p.m. (Chicago time) on the date of the proposed prepayment, such notice specifying the aggregate principal amount of and the proposed date of the prepayment, and if such notice is given the Borrower shall, prepay the outstanding principal amounts of the Floating Rate Loans comprising part of the same Syndicated Advance in whole or ratably in part, together with accrued interest to the date of such prepayment on the principal amount prepaid and (b) following a Prepayment Notice given to the Administrative Agent by the Borrower by not later than 1:00 p.m. (Chicago time) on, if the Advance to be prepaid is a Eurodollar Advance, the third Business Day preceding the date of the proposed prepayment, such notice specifying the Advance to be prepaid and the proposed date of the prepayment, and, if such notice is given, such Borrower shall, prepay the outstanding principal amounts of the Eurodollar Loans comprising a Eurodollar Advance in whole (and not in part), together with accrued interest to the date of such prepayment on the principal amount prepaid. In the case of a Floating Rate Advance, each partial prepayment shall be in an aggregate principal amount not less than \$10,000,000 (and an integral multiple of \$1,000,000 if in excess thereof).

2.6. METHOD OF SELECTING TYPES AND INTEREST PERIODS FOR NEW SYNDICATED ADVANCES. The Borrower shall select the Type of each Syndicated Advance and, in the case of a Eurodollar Advance, the Interest Period applicable to such Syndicated Advance from time to time. The Borrower shall give the Administrative Agent irrevocable notice, in the form attached hereto as EXHIBIT F-1 (a "Syndicated Advance Borrowing Notice"), not later than 11:00 a.m. (Chicago time) (i) on the Borrowing Date for each Floating Rate Advance and (ii) at least three Business Days before the Borrowing Date for each Eurodollar Advance, specifying:

- (a) the Borrowing Date, which shall be a Business Day, of such Advance,
- (b) the aggregate amount of such Advance,
- (c) the Type of such Advance, and
- (d) in the case of each Eurodollar Advance, the Interest Period applicable thereto.

Not later than the Specified Remittance Time on each Borrowing Date, each Lender shall make available its Syndicated Loan or Syndicated Loans to the Administrative Agent in immediately available funds at the relevant Payment Office. To the extent that the Administrative Agent has received funds from the Lenders as specified in the preceding sentence and the applicable conditions set forth in Article IV have been fulfilled, the Administrative Agent will make such funds available to the Borrower at the relevant Payment Office promptly following the Specified Remittance Time,

it being understood that if the relevant Payment Office is located in Chicago, the Administrative Agent will make the applicable funds available to the Borrower by depositing such funds to such account with First Chicago as the Borrower shall designate.

2.7. CONVERSION AND CONTINUATION OF OUTSTANDING SYNDICATED ADVANCES. Floating Rate Advances shall continue as Floating Rate Advances unless and until such Floating Rate Advances are converted into Eurodollar Advances or prepaid pursuant to SECTION 2.5. Each Eurodollar Advance shall continue as a Eurodollar Advance until the end of the then applicable Interest Period therefor, at which time such Eurodollar Advance shall be automatically converted into a Floating Rate Advance unless the Borrower shall have given the Administrative Agent a Conversion/Continuation Notice requesting that, at the end of such Interest Period, such Eurodollar Advance either continue as a Eurodollar Advance for the same or another Interest Period or be converted into an Advance of another Type. Subject to the terms of SECTION 2.6, the Borrower may elect from time to time to convert all or any part of a Syndicated Advance of any Type into any other Type or Types of Syndicated Advances; provided that any conversion of any Eurodollar Advance shall be made on, and only on, the last day of the Interest Period applicable thereto. The Borrower shall give the Administrative Agent irrevocable notice in the form of EXHIBIT H hereto (a "CONVERSION/CONTINUATION NOTICE") of each conversion of an Advance or continuation of a Eurodollar Advance not later than 11:00 a.m. (Chicago time) (i) in the case of a conversion into a Floating Rate Advance on the date of such conversion and (ii) in the case of a conversion into or continuation of a Eurodollar Advance, at least three Business Days before the date of such conversion or continuation, specifying:

(a) the requested date, which shall be a Business Day, of such conversion or continuation;

(b) the aggregate amount and Type of the Syndicated Advance which is to be converted or continued; and

(c) the amount and Type(s) of Syndicated Advance(s) into which such Advance is to be converted or continued and, in the case of a conversion into or continuation of a Eurodollar Advance, the duration of the Interest Period applicable thereto.

2.8. PAYMENT OF INTEREST ON SYNDICATED ADVANCES; CHANGES IN INTEREST RATE. (a) Interest accrued on each Floating Rate Advance shall be payable in arrears on the last Business Day of each fiscal quarter and on the earliest of the Facility Termination Date, the date of the reduction to zero of the Aggregate Commitment pursuant to SECTION 2.11 and the date of the acceleration of the Obligations pursuant to SECTION 8.1. Interest accrued on each Eurodollar Advance shall be payable in arrears on the last day of its applicable Interest Period, on any date on which the Eurodollar Advance is prepaid, whether by acceleration or otherwise, and at maturity. Interest accrued on each Eurodollar Advance having an Interest Period longer than three months shall also be payable on the last day of each three-month interval during such Interest Period. Interest on Floating Rate Advances shall be calculated for actual days elapsed on the basis of a 365/366 -day year. Interest on Eurodollar Advances shall be calculated for actual days elapsed on the basis of a 360-day year. Interest shall be payable for the day a Syndicated Advance is made but not for the day of any payment on the amount paid if payment is received prior to 1:00 p.m. (local time) at the place of payment. If any payment of principal of or interest on a Syndicated Advance shall become due on a day which is not a Business Day, such payment shall be made on the next succeeding Business Day

and, in the case of a principal payment, such extension of time shall be included in computing interest in connection with such payment.

(b) Each Floating Rate Advance shall bear interest on the outstanding principal amount thereof, for each day from and including the date such Advance is made or is converted from a Eurodollar Advance into a Floating Rate Advance pursuant to SECTION 2.7(b) to but excluding the date it becomes due or is converted into a Eurodollar Advance pursuant to SECTION 2.7(b), at a rate per annum equal to the Floating Rate for such day. Changes in the rate of interest on each Syndicated Advance maintained as a Floating Rate Advance will take effect simultaneously with each change in the Alternate Base Rate. Each Eurodollar Advance shall bear interest from and including the first day of the Interest Period applicable thereto to (but not including) the last day of such Interest Period at the Eurodollar Rate determined as applicable to such Eurodollar Advance. No Interest Period may end after the Facility Termination Date.

2.9. SWING LINE LOANS. (a) Amount of Swing Line Loans. Upon the satisfaction of the conditions precedent set forth in Sections 4.1 and 4.2, from and including the date of this Agreement and prior to the Facility Termination Date, the Swing Line Lender agrees, on the terms and conditions set forth in this Agreement, to make Swing Line Loans to the Borrower from time to time in an amount not to exceed the least of (i) \$25,000,000, (ii) the amount by which the Aggregate Commitment exceeds the sum of the outstanding principal amount of Syndicated Advances, Bid Rate Advances and L/C Obligations, or (iii) the available amount of the Swing Line Lender's Commitment. Each Swing Line Loan shall be in a minimum amount of \$1,000,000 and increments of \$1,000,000 in excess thereof and all interest payable on the Swing Line Loans shall be payable to the Swing Line Lender for the account of such Swing Line Lender. In no event shall the number of Swing Line Loans outstanding at any time be greater than five. The Swing Line Lender agrees, upon the Borrower's request therefor, promptly to provide information regarding the applicable interest rate at which the Swing Line Lender will make Swing Line Loans to the Borrower on the Business Day of such request or the immediately following Business Day if such request is received after 1:00 p.m. (Chicago time) (the "Money Market Rate"), which Money Market Rate, in any event, shall not exceed the Floating Rate then applicable to Floating Rate Advances.

(b) Borrowing Notice. The Borrower shall deliver to the Administrative Agent and the Swing Line Lender a Borrowing Notice signed by it not later than 11:00 a.m. (Chicago time) on the Borrowing Date of each Swing Line Loan specifying (i) the applicable Borrowing Date (which shall be a Business Day) and (ii) the aggregate amount of the requested Swing Line Loan. The Swing Line Loans shall at all times be Money Market Rate Loans.

(c) Making of Swing Line Loans. Promptly after receipt of the Borrowing Notice under Section 2.9(b), the Administrative Agent shall notify each Lender of the requested Swing Line Loan. Promptly on the applicable Borrowing Date, the Swing Line Lender shall make available its Swing Line Loan in funds immediately available in Chicago to the Administrative Agent at the address specified by the Administrative Agent. The Administrative Agent will promptly make such funds available to the Borrower.

(d) Repayment of Swing Line Loans. The Swing Line Loans shall be evidenced by the Swing Line Note and each Swing Line Loan shall be paid in full by the Borrower on or before the fifth Business Day after the Borrowing Date for such Swing Line Loan. Outstanding Swing Line Loans may be repaid from the proceeds of Syndicated Advances, Bid Rate Advances or Swing Line

Loans. Any repayment of a Swing Line Loan shall be accompanied by accrued interest thereon and shall be in the minimum amount of \$500,000 and in increments of \$100,000 in excess thereof or the full amount of such Swing Line Loan. If the Borrower at any time fails to repay a Swing Line Loan on the applicable date when due, the Borrower shall be deemed to have elected to borrow a Floating Rate Advance under SECTION 2.1 as of such date equal in amount to the unpaid amount of the Swing Line Loan and interest thereon (notwithstanding the minimum amount of Syndicated Advances as provided in SECTION 2.4). The proceeds of any such Advance shall be used to repay the Swing Line Loan and interest thereon. Unless the Required Lenders shall have notified the Swing Line Lender prior to its making any Swing Line Loan, that the applicable conditions precedent set forth in Article IV have not then been satisfied, each Lender's obligation to make Loans pursuant to SECTION 2.1 and this SECTION 2.9(d) to repay Swing Line Loans shall be unconditional, continuing, irrevocable and absolute and shall not be affected by any circumstances, including the occurrence or continuance of a Default. In the event that any Lender fails to make payment to the Administrative Agent of any amount due under this SECTION 2.9(d), the Administrative Agent shall be entitled to receive, retain and apply against such obligation the principal and interest otherwise payable to such Lender hereunder until the Administrative Agent receives such payment from such Lender or such obligation is otherwise fully satisfied. In addition to the foregoing, if for any reason any Lender fails to make payment to the Administrative Agent of any amount due under this SECTION 2.9(d), such Lender shall be deemed, at the option of the Administrative Agent, to have unconditionally and irrevocably purchased from the Swing Line Lender, without recourse or warranty, an undivided interest in and participation in the applicable Swing Line Loan in the amount of the Loan such Lender was required to make pursuant to this SECTION 2.9(d) and such interest and participation may be recovered from such Lender together with interest thereon at the Federal Funds Effective Rate for each day during the period commencing on the date of demand by the Administrative Agent and ending on the date such obligation is fully satisfied.

2.10. THE BID RATE ADVANCES. (a) Each Lender severally agrees that, on the terms and conditions set forth in this Agreement, the Borrower may request and receive Bid Rate Advances under this SECTION 2.10 from time to time on any Business Day during the period from the date hereof until the date occurring 30 days prior to the Facility Termination Date in the manner set forth below; PROVIDED, HOWEVER, that, following the making of each Bid Rate Advance, the aggregate amount of the Advances then outstanding plus the aggregate amount of the Swing Line Loans then outstanding plus the aggregate amount of the L/C Obligations then outstanding shall not exceed the Aggregate Commitment of the Lenders (computed without regard to any Bid Rate Reduction) and the aggregate amount of Bid Rate Advances then outstanding shall not exceed fifty percent (50%) of the Aggregate Commitment of the Lenders (computed without regard to any Bid Rate Reduction).

(b) The procedures for the solicitation and acceptance of Bid Rate Loans are set forth below:

(i) The Borrower may request a Bid Rate Advance under this SECTION 2.10(b) by giving the Administrative Agent irrevocable notice, in the form attached hereto as EXHIBIT F-2 (a "BID RATE ADVANCE BORROWING NOTICE"), specifying the date and aggregate amount of the proposed Bid Rate Advance, the maturity date for repayment of each Bid Rate Loan to be made as part of such Bid Rate Advance (which maturity date may not be earlier than in the case of an Absolute Rate Auction, the date occurring one day, and in the case of an Indexed Rate Auction, the date occurring one month after the date of the related Bid Rate Advance or later than, in either case, the

earlier of the day occurring 180 days after the date of such Bid Rate Advance and the Facility Termination Date and, in the case of an Indexed Rate Auction, the earlier of the day occurring six months after the date of such Bid Rate Advance and the Facility Termination Date), and any other terms to be applicable to such Bid Rate Advance, not later than 11:00 a.m. (Chicago time) (A) one Business Day prior to the date of the proposed Bid Rate Advance, if the Borrower shall specify in the Bid Rate Advance Borrowing Notice that the rates of interest to be offered by the Lenders shall be absolute rates per annum (such type of solicitation being an "Absolute Rate Auction"), and (B) five Business Days prior to the date of the proposed Bid Rate Advance, if the Borrower shall specify in the Bid Rate Advance Borrowing Notice that the rates of interest to be offered by the Lenders shall be rates per annum at a margin greater than or less than the Eurodollar Base Rate (such type of solicitation being an "Indexed Rate Auction"). The Administrative Agent shall, promptly following its receipt of a Bid Rate Advance Borrowing Notice under this Section 2.10(b), notify each Lender of such request by sending such Lender a copy of such Bid Rate Advance Borrowing Notice.

(ii) Each Lender may, if, in its sole discretion, it elects to do so, irrevocably offer to make one or more Bid Rate Loans to the Borrower as part of such proposed Bid Rate Advance at a rate or rates of interest specified by such Lender in its sole discretion, by notifying the Administrative Agent (which shall give prompt notice thereof to the Borrower), before 10:00 a.m. (Chicago time) (or if such Lender is the Administrative Agent, before 9:45 a.m. (Chicago time)) (A) on the date of such proposed Bid Rate Advance, in the case of an Absolute Rate Auction, and (B) four Business Days before the date of such proposed Bid Rate Advance, in the case of an Indexed Rate Auction of the minimum amount and maximum amount of each Bid Rate Loan which such Lender would be willing to make as part of such proposed Bid Rate Advance (which amounts may, subject to the proviso to the first sentence of Section 2.10(a), exceed such Lender's Commitment), the rate or rates of interest therefor and such Lender's Lending Installation with respect to such Bid Rate Loan.

(iii) The Borrower shall, in turn, before (A) 11:00 a.m. (Chicago time) on the date of such proposed Bid Rate Advance, in the case of an Absolute Rate Auction, and (B) 10:00 a.m. (Chicago time) three Business Days before the date of such proposed Bid Rate Advance, in the case of an Indexed Rate Auction for a Bid Rate Advance, either:

- (x) cancel such Bid Rate Advance by giving the Administrative Agent notice to that effect, or
- (y) accept, subject to Section 2.10(d), one or more of the offers made by any Lender or Lenders pursuant to SECTION 2.10(b)(ii) above, in its sole discretion, by giving notice to the Administrative Agent of the amount of each Bid Rate Loan (which amount shall be equal to or greater than the minimum amount, and equal to or less than the maximum amount, notified to the Borrower by the Administrative Agent on behalf of such Lender for such Bid Rate Loan pursuant to SECTION 2.10(b)(ii)) to be made by each Lender as part of such Bid Rate Advance, and reject any remaining offers made by Lenders

pursuant to SECTION 2.10(b)(ii) by giving the Administrative Agent notice to that effect.

(iv) If the Borrower notifies the Administrative Agent that such Bid Rate Advance is canceled pursuant to SECTION 2.10(b)(iii)(x) above, the Administrative Agent shall give prompt notice thereof to the Lenders and such Bid Rate Advance shall not be made.

(v) If the Borrower accepts one or more of the offers made by any Lender or Lenders pursuant to SECTION 2.10(b)(iii)(y) above, the Administrative Agent shall in turn promptly notify (A) each Lender that has made an offer as described in SECTION 2.10(b)(ii) of the date, and aggregate amount of such Bid Rate Advance and whether or not any offer or offers made by such Lender pursuant to SECTION 2.10(b)(ii) have been accepted by the Borrower and (B) each Lender that is to make a Bid Rate Loan as part of such Bid Rate Advance, of the amount of each Bid Rate Loan to be made by such Lender as part of such Bid Rate Advance. Each Lender that is to make a Bid Rate Loan as part of such Bid Rate Advance shall, not later than the Specified Remittance Time on the date of such Bid Rate Advance specified in the notice received from the Administrative Agent pursuant to clause (A) of the preceding sentence, make available for the account of its Lending Installation to the Administrative Agent at the relevant Payment Office such Lender's portion of such Bid Rate Advance, in same day funds. Upon fulfillment of the applicable conditions set forth in ARTICLE IV and after receipt by the Administrative Agent of such funds, the Administrative Agent will make such funds available to the Borrower at the Administrative Agent's address specified pursuant to ARTICLE XIII. Promptly after each Bid Rate Advance the Administrative Agent will notify each Lender of the amount of the Bid Rate Advance, the consequent Bid Rate Reduction and the dates upon which such Bid Rate Reduction commenced and will terminate.

(vi) Notwithstanding the other provisions of this SECTION 2.10(b), the Borrower may elect at its own discretion to assume the responsibilities of the Administrative Agent in connection with the solicitation and acceptance of Bid Rate Loans as described in this section. In the event that the Borrower makes the election described in this subsection, all notices to be given by the Borrower to the Administrative Agent pursuant to this SECTION 2.10(b) shall be given by the Borrower directly to the Administrative Agent and the Lenders, all notices to be given by the Administrative Agent to the Lenders pursuant to this SECTION 2.10(b) shall be given by the Borrower to the Lenders, and all notices to be given by the Lenders to the Administrative Agent pursuant to this SECTION 2.10(b) shall be given by the Lenders to the Borrower and the Administrative Agent.

(c) Each Bid Rate Advance shall be in an aggregate amount not less than \$10,000,000 or an integral multiple of \$1,000,000 in excess thereof, and, following the making of each Bid Rate Advance, the Borrower shall be in compliance with the limitation set forth in the proviso to the first sentence of SECTION 2.10(a).

(d) Each acceptance by the Borrower pursuant to SECTION 2.10(b)(iii)(y) of the offers made in response to a Bid Rate Advance Borrowing Notice shall be treated as an acceptance of such offers in ascending order of the rates or margins, as applicable, at which the same were made but if,

as a result thereof, two or more offers at the same such rate or margin would be partially accepted, then the amounts of the Bid Rate Loans in respect of which such offers are accepted shall be treated as being the amounts which bear the same proportion to one another as the respective amounts of the Bid Rate Loans so offered bear to one another but, in each case, rounded as the Administrative Agent (or the Borrower in the event the Borrower runs the bid rate process under clause (b)(vi) above) may consider necessary to ensure that the amount of each such Bid Rate Loan is \$5,000,000 or an integral multiple thereof.

(e) Within the limits and on the conditions set forth in this Section 2.10, the Borrower may from time to time borrow under this SECTION 2.10, repay pursuant to SECTION 2.10(f) below, and reborrow under this SECTION 2.10.

(f) The Borrower shall repay to the Administrative Agent for the account of each Lender which has made a Bid Rate Loan to it, on the maturity date of such Bid Rate Loan (such maturity date being that specified by the Borrower for repayment of such Bid Rate Loan in the related Bid Rate Advance Borrowing Notice), or, if earlier, the acceleration of the Obligations pursuant to SECTION 8.1, the then unpaid principal amount of such Bid Rate Loan. The Borrower shall have no right to prepay any principal amount of any Bid Rate Loan unless, and then only on the terms, specified by the Borrower for such Bid Rate Loan in the related Bid Rate Advance Borrowing Notice and subject to SECTION 3.4.

(g) The Borrower shall pay interest on the unpaid principal amount of each Bid Rate Loan made to it, from the date of such Bid Rate Loan to the date the principal amount of such Bid Rate Loan is repaid in full, at the rate of interest for such Bid Rate Loan specified by the Lender making such Bid Rate Loan in the related notice submitted by such Lender pursuant to SECTION 2.10(b)(ii), payable on the interest payment date or dates specified by the Borrower for such Bid Rate Loan in the related Bid Rate Advance Borrowing Notice and on any date on which such Bid Rate Loan is prepaid, whether by acceleration or otherwise, and at maturity. In the event the term of any Bid Rate Loan shall be longer than three months, interest thereon shall be payable not less frequently than once each three-month period during such term. Interest on Bid Rate Advances shall be calculated for actual days elapsed on the basis of a 360-day year.

2.11. FACILITY FEE; REDUCTIONS IN AGGREGATE COMMITMENT. (a)

The Borrower agrees to pay to the Administrative Agent for the account of each Lender a facility fee at a rate per annum equal to the Applicable Facility Fee Rate in effect from time to time on such Lender's Commitment (determined without giving effect to any Bid Rate Reduction or any other usage of the Commitments) from the date hereof to but excluding the earliest of the Facility Termination Date, the date of the reduction to zero of the Aggregate Commitment pursuant to SECTION 2.11 and the date of the termination of the Aggregate Commitment pursuant to Section 8.1. Such facility fees shall be payable in arrears on the last Business Day of each March, June, September and December, and on the earliest of the Facility Termination Date, the date of the reduction to zero of the Aggregate Commitment pursuant to SECTION 2.11 and the date of the termination of the Aggregate Commitment pursuant to Section 8.1. Facility fees shall be calculated for actual days elapsed on the basis of a 360-day year.

(b) The Borrower may permanently reduce the Aggregate Commitment in whole or in part ratably among the Lenders in integral multiples of \$15,000,000, upon at least two Business Days' written notice to the Administrative Agent, which notice shall specify the amount of any such reduction; provided, however, that the amount of the Aggregate Commitment may not be reduced

below the sum of the aggregate principal amount of the outstanding Advances and the aggregate outstanding L/C Obligations and Swing Line Loans.

2.12. RATES APPLICABLE AFTER DEFAULT. Notwithstanding anything to the contrary contained in Section 2.8, during the continuance of a Default or Unmatured Default no Syndicated Advance may be made as, converted into or continued past the end of the applicable Interest Period as a Eurodollar Advance. During the continuance of a Default upon notice given to the Borrower, (a) each Advance shall bear interest until paid in full at a rate per annum equal to the Floating Rate or Eurodollar Rate, as the case may be, plus 2% per annum and (b) the letter of credit fees payable under SECTION 2.20.5 shall be increased by two percent (2.0%) per annum.

2.13. METHOD OF PAYMENT. All payments of the Obligations hereunder shall be made, without setoff, deduction, or counterclaim, in immediately available funds to the Administrative Agent at the Administrative Agent's address specified pursuant to ARTICLE XIII, or at any other Lending Installation of the Administrative Agent specified in writing by the Administrative Agent to the Borrower, by 1:00 p.m. (local time) on the date when due and shall be remitted by the Administrative Agent to the Lenders according to their respective interests therein. Each payment delivered to the Administrative Agent for the account of any Lender shall be delivered promptly by the Administrative Agent to such Lender in the same type of funds that the Administrative Agent received at its address specified pursuant to ARTICLE XIII or at any Lending Installation specified in a notice received by the Administrative Agent from such Lender. The Administrative Agent is hereby authorized, but is not obligated, to charge the accounts of the Borrower maintained with First Chicago into which proceeds of Advances are remitted pursuant to SECTION 2.6 for each payment of interest and fees as it becomes due hereunder, for each payment of principal, in accordance with the applicable Prepayment Notice or when otherwise due and payable in accordance with the terms hereof, and for each payment of Reimbursement Obligations when due and payable in accordance with the terms hereof.

2.14. NOTES; TELEPHONIC NOTICES. Each Lender is hereby authorized to record the date and principal amount of each of its Syndicated Loans and the date and amount of each repayment on the schedule attached to its Syndicated Note; PROVIDED, HOWEVER, that the failure to so record shall not affect the Borrower's obligations under such Syndicated Note. Each Lender making a Bid Rate Loan is hereby authorized to record the principal amount, interest rate, maturity date and other terms of such Bid Rate Loan, as specified in the relevant Bid Rate Advance Borrowing Notice and the related notice submitted by such Lender pursuant to SECTION 2.10(b)(ii), on the schedule attached to its Bid Rate Note; PROVIDED, HOWEVER, that the failure to so record shall not affect the Borrower's obligations under such Bid Rate Note. The Borrower hereby authorizes the Lenders and the Administrative Agent to extend, convert or continue Advances and effect selections of Types of Syndicated Advances based on telephonic notices made by any person or persons the Administrative Agent in good faith believes to be acting on behalf of the Borrower. The Borrower agrees to deliver promptly to the Administrative Agent a written confirmation, if such confirmation is requested by the Administrative Agent or any Lender, of each telephonic notice signed by an Authorized Officer. If the written confirmation differs in any material respect from the action taken by the Administrative Agent and the Lenders, the records of the Administrative Agent of the relevant telephonic notice shall govern absent manifest error.

2.15. NOTIFICATION OF ADVANCES, INTEREST RATES, PREPAYMENTS AND COMMITMENT REDUCTIONS. Promptly after receipt thereof, the Administrative Agent will notify each Lender of the contents of each Aggregate Commitment reduction notice, Borrowing Notice,

Conversion/Continuati on Notice, and Prepayment Notice received by it hereunder. The Administrative Agent will notify each Lender of the interest rate applicable to each Eurodollar Advance promptly upon determination of such interest rate and will give each Lender prompt notice of each change in the Alternate Base Rate.

2.16. LENDING INSTALLATIONS. Each Lender may book its Loans at any one or more Lending Installations selected by such Lender and may change any such Lending Installation from time to time. All terms of this Agreement shall apply to any such Lending Installation and the Notes shall be deemed held by each Lender for the benefit of such Lending Installation. Each Lender may, by written or telex notice to the Administrative Agent and the Borrower, designate a Lending Installation through which Loans will be made by it and for whose account Loan payments are to be made.

2.17. NON-RECEIPT OF FUNDS BY THE ADMINISTRATIVE AGENT. Unless the Borrower or a Lender, as the case may be, notifies the Administrative Agent prior to the date on which it is scheduled to make payment to the Administrative Agent of (a) in the case of a Lender, the proceeds of a Loan or (b) in the case of the Borrower, a payment of principal, interest or fees to the Administrative Agent for the account of the Lenders, that it does not intend to make such payment, the Administrative Agent may assume that such payment has been made. The Administrative Agent may, but shall not be obligated to, make the amount of such payment available to the intended recipient in reliance upon such assumption. If such Lender or the Borrower, as the case may be, has not in fact made such payment to the Administrative Agent, the recipient of such payment shall, on demand by the Administrative Agent, repay to the Administrative Agent the amount so made available together with interest thereon in respect of each day during the period commencing on the date such amount was so made available by the Administrative Agent until the date the Administrative Agent recovers such amount at a rate per annum equal to (a) in the case of repayment by a Lender, the Federal Funds Effective Rate for such day or (b) in the case of repayment by the Borrower, the interest rate applicable to the relevant Loan.

2.18. WITHHOLDING TAX EXEMPTION. At least five Business Days prior to the first date on which interest or fees are payable hereunder for the account of any Lender, each Lender that is not incorporated under the laws of the United States of America, or a state thereof, agrees that it will deliver to each of the Borrower and the Administrative Agent two duly completed copies of United States Internal Revenue Service Form 1001 or 4224, certifying in either case that such Lender is entitled to receive payments under this Agreement and the Notes without deduction or withholding of any United States federal income taxes. Each Lender which so delivers a Form 1001 or 4224 further undertakes to deliver to each of the Borrower and the Administrative Agent two additional copies of such form (or any successor form or related form as may from time to time be required under applicable law) on or before the date that such form expires (currently, three successive calendar years for Form 1001 and one calendar year for Form 4224) or becomes obsolete or after the occurrence of any event requiring a change in the most recent forms so delivered by it, and such amendments thereto or extensions or renewals thereof as may be reasonably requested by the Borrower or the Administrative Agent, in each case certifying that such Lender is entitled to receive payments under this Agreement and the Notes without deduction or withholding of any United States federal income taxes, unless an event (including without limitation any change in treaty, law or regulation) has occurred prior to the date on which any such delivery would otherwise be required which renders all such forms inapplicable or which would prevent such Lender from duly completing and delivering any such form with respect to it and such Lender advises the Borrower and the

Administrative Agent that it is not capable of receiving payments without any deduction or withholding of United States federal income tax.

2.19. TERMINATION. All unpaid Obligations shall be paid in full by the Borrower on the Facility Termination Date; PROVIDED, HOWEVER, that (a) all Syndicated Loans made in connection with any of the Letters of Credit shall be paid in full by the Borrower on the later of the Facility Termination Date and the Business Day immediately following the date the relevant Syndicated Loan is made, and (b) nothing in this SECTION 2.19 shall be construed as limiting or modifying the obligation of the Borrower to repay any or all of the outstanding Obligations at any earlier time in accordance with the terms of this Agreement.

2.20. LETTER OF CREDIT FACILITY.

2.20.1. OBLIGATION TO ISSUE. Subject to the terms and conditions of this Agreement and in reliance upon the representations, warranties and covenants of the Borrower herein set forth, each Issuing Lender hereby agrees to issue for the account of the Borrower through such Issuing Lender's branches as it and the Borrower may jointly agree, one or more Letters of Credit in accordance with this SECTION 2.20, from time to time during the period, commencing on the date hereof and ending on the third Business Day prior to the Facility Termination Date; PROVIDED, HOWEVER, no Issuing Lender shall have any obligation to issue any Letter of Credit if, after taking into account such issuance, the aggregate L/C Obligations outstanding under Letters of Credit issued by it would exceed the amount specified on SCHEDULE 2.20 next to its name. SCHEDULE 2.20 may be updated from time to time by the Administrative Agent in connection with the addition of any Issuing Lender.

2.20.2. TYPES AND AMOUNTS. No Issuing Lender shall have any obligation to and no Issuing Lender shall:

(i) issue any Letter of Credit if on the date of issuance, before or after giving effect to the Letter of Credit requested hereunder, (a) the amount of the Advances, the L/C Obligations and the Swing Line Loans outstanding at such time would exceed the Aggregate Commitment or (b) the aggregate outstanding amount of the L/C Obligations would exceed \$100,000,000; or

(ii) issue any Letter of Credit which has an expiration date later than the date which is the earlier of one (1) year after the date of issuance thereof or three (3) Business Days immediately preceding the Facility Termination Date.

2.20.3. CONDITIONS. In addition to being subject to the satisfaction of the conditions contained in SECTIONS 4.1 and 4.2, the obligation of an Issuing Lender to issue any Letter of Credit is subject to the satisfaction in full of the following conditions:

(i) the Borrower shall have delivered to the applicable Issuing Lender at such times and in such manner as such Issuing Lender may reasonably prescribe, a written request for issuance of such Letter of Credit, duly executed applications for such Letter of Credit, and such other documents, instructions and agreements as may be reasonably required pursuant to the terms thereof, and the proposed Letter of Credit shall be reasonably satisfactory to such Issuing Lender as to form and content; and

(ii) as of the date of issuance no order, judgment or decree of any court, arbitrator or Governmental Authority shall purport by its terms to enjoin or restrain the applicable Issuing Lender from issuing such Letter of Credit and no law, rule or regulation applicable to such Issuing Lender and no request or directive (whether or not having the force of law) from a Governmental Authority with jurisdiction over such Issuing Lender shall prohibit or request that such Issuing Lender refrain from the issuance of Letters of Credit generally or the issuance of that Letter of Credit.

If any provision in a letter of credit application delivered in connection with the foregoing is inconsistent with or more restrictive than a provision contained in this Agreement, the provisions contained in this Agreement shall control.

2.20.4. PROCEDURE FOR ISSUANCE OF LETTERS OF CREDIT.

(a) Subject to the terms and conditions of this Section 2.20 and provided that the applicable conditions set forth in SECTIONS 4.1 and 4.2 hereof have been satisfied, the applicable Issuing Lender shall, on the requested date, issue a Letter of Credit on behalf of the Borrower in accordance with such Issuing Lender's usual and customary business practices and, in this connection, such Issuing Lender may assume that the applicable conditions set forth in SECTION 4.2 hereof have been satisfied unless it shall have received notice to the contrary from the Administrative Agent or a Lender or has knowledge that the applicable conditions have not been met.

(b) The applicable Issuing Lender shall give the Administrative Agent written or telex notice, or telephonic notice confirmed promptly thereafter in writing, of the issuance of a Letter of Credit, provided, however, that the failure to provide such notice shall not result in any liability on the part of such Issuing Lender.

(c) No Issuing Lender shall extend or amend any Letter of Credit unless the requirements of this Section 2.20 are met as though a new Letter of Credit was being requested and issued.

2.20.5. LETTER OF CREDIT PARTICIPATION. Unless a Lender shall have notified the Issuing Lender, prior to its issuance of a Letter of Credit, that any applicable condition precedent set forth in SECTIONS 4.1 and 4.2 had not then been satisfied immediately upon the issuance of each Letter of Credit hereunder, each Lender shall be deemed to have automatically, irrevocably and unconditionally purchased and received from the applicable Issuing Lender an undivided interest and participation in and to such Letter of Credit, the obligations of the Borrower in respect thereof, and the liability of such Issuing Lender thereunder (collectively, an "L/C Interest") in an amount equal to the amount available for drawing under such Letter of Credit multiplied by such Lender's Pro Rata Share. Each Issuing Lender will notify each Lender promptly upon presentation to it of an L/C Draft or upon any other draw under a Letter of Credit. On or before the Business Day on which an Issuing Lender makes payment of each such L/C Draft or, in the case of any other draw on a Letter of Credit, on demand by the Administrative Agent, each Lender shall make payment to the Administrative Agent, for the account of the applicable Issuing Lender, in immediately available funds in an amount equal to such Lender's Pro Rata Share of the amount of such payment or draw. The obligation of each Lender to reimburse the Issuing Lenders under this SECTION 2.20.5 shall be unconditional, continuing, irrevocable and absolute. In the event that any Lender fails to make payment to the Administrative Agent of any amount due under this SECTION 2.20.5, the Administrative Agent shall be entitled to receive, retain and apply against such obligation the principal and interest otherwise payable to such Lender hereunder until the Administrative Agent receives such payment from such Lender or such

obligation is otherwise fully satisfied; PROVIDED, HOWEVER, that nothing contained in this sentence shall relieve such Lender of its obligation to reimburse the applicable Issuing Lender for such amount in accordance with this Section 2.20.5.

2.20.6. REIMBURSEMENT OBLIGATION. The Borrower agrees unconditionally, irrevocably and absolutely to pay immediately to the Administrative Agent, for the account of the Lenders, the amount of each advance which may be drawn under or pursuant to a Letter of Credit or an L/C Draft related thereto (such obligation of the Borrower to reimburse the Administrative Agent for an advance made under a Letter of Credit or L/C Draft being hereinafter referred to as a "REIMBURSEMENT OBLIGATION" with respect to such Letter of Credit or L/C Draft). If the Borrower at any time fails to repay a Reimbursement Obligation pursuant to this SECTION 2.20.6, the Borrower shall be deemed to have elected to borrow Floating Rate Loans from the Lenders, as of the date of the advance giving rise to the Reimbursement Obligation, equal in amount to the amount of the unpaid Reimbursement Obligation. Such Floating Rate Loans shall be made as of the date of the payment giving rise to such Reimbursement Obligation, automatically, without notice and without any requirement to satisfy the conditions precedent otherwise applicable to an Advance of Floating Rate Loans. Such Floating Rate Loans shall constitute a Floating Rate Advance, the proceeds of which Advance shall be used to repay such Reimbursement Obligation. If, for any reason, the Borrower fails to repay a Reimbursement Obligation on the day such Reimbursement Obligation arises and, for any reason, the Lenders are unable to make or have no obligation to make Floating Rate Loans, then such Reimbursement Obligation shall bear interest from and after such day, until paid in full, at the interest rate applicable to a Floating Rate Advance.

2.20.7. LETTER OF CREDIT FEES. The Borrower agrees to pay (a) to the Administrative Agent for the ratable benefit of the Lenders, a letter of credit fee equal to (i) for standby Letters of Credit, the Eurodollar Applicable Margin in effect from time to time on the aggregate daily amount available for drawing under the outstanding standby Letters of Credit and (ii) for commercial Letters of Credit, fifty percent (50%) of the Eurodollar Applicable Margin in effect from time to time on the aggregate daily amount available for drawing under the outstanding commercial Letters of Credit, such fee to be paid in arrears on the last Business Day of each calendar quarter and on the Facility Termination Date and (b) to the Administrative Agent for the benefit of the Issuing Lenders, a fronting fee of 0.125% and all customary fees and other issuance, amendment, negotiation and presentment expenses and related charges in connection with the issuance, amendment, presentation of L/C Drafts, and the like customarily charged by the applicable Issuing Lender with respect to standby letters of credit and commercial letters of credit, including, without limitation, standard commissions with respect to commercial letters of credit, payable at the time of invoice of such amounts.

2.20.8. ISSUING LENDER REPORTING REQUIREMENTS. In addition to the notices required by Section 2.20.4, each Issuing Lender shall, no later than the tenth Business Day following the last day of each month, provide to the Administrative Agent, upon the Administrative Agent's request, schedules, in form and substance reasonably satisfactory to the Administrative Agent, showing the date of issue, account party, amount, expiration date and the reference number of each Letter of Credit issued by it outstanding at any time during such month and the aggregate amount payable by the Borrower during such month. In addition, upon the request of the Administrative Agent, each Issuing Lender shall furnish to the Administrative Agent copies of any Letter of Credit and any application for or reimbursement agreement with respect to a Letter of Credit to which such Issuing Lender is party and such other documentation as may reasonably be requested by the Administrative

Agent. Upon the request of any Lender, the Administrative Agent will provide to such Lender information concerning such Letters of Credit.

2.20.9. INDEMNIFICATION; EXONERATION. (a) In addition to amounts payable as elsewhere provided in this Section 2.20, the Borrower hereby agrees to protect, indemnify, pay and save harmless the Administrative Agent, each Issuing Lender and each Lender from and against any and all liabilities and costs which the Administrative Agent, such Issuing Lender or such Lender may incur or be subject to as a consequence, direct or indirect, of (i) the issuance of any Letter of Credit other than, in the case of the applicable Issuing Lender, as a result of its Gross Negligence or willful misconduct, as determined by the final judgment of a court of competent jurisdiction, or (ii) the failure of the applicable Issuing Lender to honor a drawing under a Letter of Credit as a result of any act or omission, whether rightful or wrongful, of any present or future de jure or de facto Governmental Authority (all such acts or omissions herein called "Governmental Acts").

(b) As among the Borrower, the Lenders, the Administrative Agent and the Issuing Lenders, the Borrower assumes all risks of the acts and omissions of, or misuse of such Letter of Credit by, the beneficiary of any Letters of Credit. In furtherance and not in limitation of the foregoing, subject to the provisions of the Letter of Credit applications and Letter of Credit reimbursement agreements executed by the Borrower at the time of request for any Letter of Credit, neither the Administrative Agent, any Issuing Lender nor any Lender shall be responsible (in the absence of Gross Negligence or willful misconduct in connection therewith, as determined by the final judgment of a court of competent jurisdiction): (i) for the form, validity, sufficiency, accuracy, genuineness or legal effect of any document submitted by any party in connection with the application for and issuance of the Letters of Credit that appears on its face to comply in all material respects with the requirements of the Letter of Credit, even if it should in fact prove to be in any or all respects invalid, insufficient, inaccurate, fraudulent or forged; (ii) for the validity or sufficiency of any instrument that appears on its face to comply in all material respects with the requirements of the Letter of Credit transferring or assigning or purporting to transfer or assign a Letter of Credit or the rights or benefits thereunder or proceeds thereof, in whole or in part, which may prove to be invalid or ineffective for any reason; (iii) for failure of the beneficiary of a Letter of Credit to comply duly with conditions required in order to draw upon such Letter of Credit; (iv) for errors, omissions, interruptions or delays in transmission or delivery of any messages, by mail, cable, telegraph, telex, or other similar form of teletransmission or otherwise; (v) for errors in interpretation of technical trade terms; (vi) for any loss or delay in the transmission or otherwise of any document required in order to make a drawing under any Letter of Credit or of the proceeds thereof; (vii) for the misapplication by the beneficiary of a Letter of Credit of the proceeds of any drawing under such Letter of Credit; and (viii) for any consequences arising from causes beyond the control of the Administrative Agent, the Issuing Lenders and the Lenders, including, without limitation, any Governmental Acts. None of the above shall affect, impair, or prevent the vesting of any Issuing Lender's rights or powers under this SECTION 2.20.9.

(c) In furtherance and extension and not in limitation of the specific provisions hereinabove set forth, any action taken or omitted by any Issuing Lender under or in connection with the Letters of Credit or any related certificates shall not, in the absence of Gross Negligence or willful misconduct, as determined by the final judgment of a court of competent jurisdiction, put the applicable Issuing Lender, the Administrative Agent or any Lender under any resulting liability to the Borrower or relieve the Borrower of any of its obligations hereunder to any such Person.

(d) Without prejudice to the survival of any other agreement of the Borrower hereunder, the agreements and obligations of the Borrower contained in this Section 2.20 shall survive the payment in full of principal and interest hereunder, the termination of the Letters of Credit and the termination of this Agreement.

2.20.10. CASH COLLATERAL. Notwithstanding anything to the contrary herein or in any application for a Letter of Credit, after the occurrence and during the continuance of Default, the Borrower shall, upon the Administrative Agent's demand, deliver to the Administrative Agent for the benefit of the Lenders and the Issuing Lenders, cash, or other collateral of a type satisfactory to the Required Lenders, having a value, as determined by such Lenders, equal to the aggregate outstanding L/C Obligations. In addition, if the available Aggregate Commitment is at any time less than the amount of contingent L/C Obligations outstanding at any time, the Borrower shall deposit cash collateral with the Administrative Agent in an amount equal to the amount by which such L/C Obligations exceed such available Aggregate Commitment. Any such collateral shall be held by the Administrative Agent in a separate interest-bearing account appropriately designated as a cash collateral account in relation to this Agreement and the Letters of Credit and retained by the Administrative Agent for the benefit of the Lenders and the Issuing Lenders as collateral security for the Borrower's obligations in respect of this Agreement and each of the Letters of Credit and L/C Drafts. Such amounts shall be applied to reimburse the Issuing Lenders for drawings or payments under or pursuant to Letters of Credit or L/C Drafts, or if no such reimbursement is required, to payment of such of the other Obligations as the Administrative Agent shall determine. If no Default shall be continuing, amounts remaining in any cash collateral account established pursuant to this SECTION 2.20.10 which are not to be applied to reimburse an Issuing Lender for amounts actually paid or to be paid by such Issuing Lender in respect of a Letter of Credit or L/C Draft, shall be returned to the Borrower (after deduction of the Administrative Agent's expenses incurred in connection with such cash collateral account).

2.21. PRICING. The Eurodollar Applicable Margin and the Applicable Facility Fee Rate for any period shall be determined on the basis of the publicly announced ratings ("CREDIT RATINGS") by Moody's and S&P on the Borrower's Rated Debt during such period, in each case in accordance with the table set forth below, to change when and as such Credit Ratings change. For purposes of determining the Applicable Margin and the Applicable Facility Fee Rate with respect to any period:

- (i) Any change in the Credit Rating shall be deemed to become effective on the date of public announcement thereof and shall remain in effect until the date of public announcement that such Credit Rating shall no longer be in effect. If any change in Credit Rating occurs during an Interest Period, the new Eurodollar Applicable Margin and Applicable Facility Fee Rate shall become effective from the date of the public announcement.
- (ii) If, during any period, either Moody's or S&P shall not have a publicly-announced Credit Rating with respect to the Borrower's Rated Debt, the Credit Rating announced by the other rating agency with respect thereto shall be used.
- (iii) Except as provided below, in the event that the Credit Ratings publicly announced by Moody's and S&P with respect to the Borrower's Rated Debt appear in more than one column of the table, the Eurodollar Applicable Margin and the Applicable Facility Fee Rate will be based on the column which includes the highest rating; PROVIDED,

HOWEVER, that if there exists a differential of two or more levels between the Credit Rating publicly announced by Moody's and the Credit Rating publicly announced by S & P, then the Credit Rating which is one level below the higher announced Credit Rating will determine the Eurodollar Applicable Margin and the Applicable Facility Fee Rate.

- (iv) If, during any period, neither Moody's nor S&P shall have publicly announced a Credit Rating with respect to the Borrower's Rated Debt, the Eurodollar Applicable Margin and the Applicable Facility Fee Rate shall be the margins set forth under the column entitled "No Other Pricing Level Applies."

EURODOLLAR APPLICABLE MARGINS AND APPLICABLE FACILITY FEE RATES (Basis Points)	Eurodollar Applicable Margin -----	Applicable Facility Fee -----
CREDIT RATINGS		
At Least A From S&P or A2 or Above From Moody's	13.5	6.5
At Least A- From S&P from or A3 From Moody's	15.0	7.5
At Least BBB+ From S&P or Baa1 From Moody's	17.0	9.0
At Least BBB from S&P or Baa2 From Moody's	19.0	11.0
At Least BBB- From S&P or Baa3 From Moody's	27.5	12.5
No Other Pricing Level Applies	35.0	20.0

ARTICLE III
CHANGE IN CIRCUMSTANCES

3.1. Yield Protection. If any law or any governmental or quasi-governmental rule, regulation, policy, guideline or directive (whether or not having the force of law), or any interpretation thereof, or the compliance by any Lender therewith,

(a) subjects any Lender or any applicable Lending Installation to any tax, duty, charge or withholding on or from payments due from the Borrower (excluding federal taxation of the overall net income of any Lender, franchise taxes and branch profit taxes), or changes the basis of taxation of payments to any Lender or any applicable Lending Installation in respect of its Loans, L/C Interests or other amounts due it hereunder, or

(b) imposes or increases or deems applicable any reserve, assessment, insurance charge, special deposit or similar requirement against assets of, deposits with or for the account of, or credit extended by, any Lender or any applicable Lending Installation (other

than reserves and assessments taken into account in determining the interest rate applicable to Eurodollar Advances), or

(c) imposes any other condition, in each case, the result of which is to increase the cost to any Lender or any applicable Lending Installation of making, funding or maintaining Loans or issuing or participating in Letters of Credit or reduces any amount receivable by any Lender or any applicable Lending Installation in connection with Loans or Letters of Credit, or requires any Lender or any applicable Lending Installation to make any payment calculated by reference to the amount of Loans or Letters of Credit held, or interest received by it, by an amount deemed material by such Lender,

then, within 15 days of demand by such Lender, the Borrower shall pay such Lender that portion of such increased expense incurred or reduction in an amount received which such Lender reasonably determines is attributable to making, funding and maintaining its Loans, its L/C Interests, the Letters of Credit and its Commitment.

3.2. Changes in Capital Adequacy Regulations. If a Lender determines that the amount of capital required or expected to be maintained by such Lender, any Lending Installation of such Lender or any corporation controlling such Lender is increased as a result of a Change (as defined below in this SECTION 3.2), then, within 15 days of demand by such Lender, the Borrower shall pay such Lender the amount necessary to compensate for any shortfall in the rate of return on the portion of such increased capital which such Lender reasonably determines is attributable to this Agreement, its Loans, its L/C Interests, the Letters of Credit or its obligation to make Loans or participate in Letters of Credit hereunder (after taking into account such Lender's or such controlling corporation's policies as to capital adequacy). "CHANGE" means (a) any change after the date of this Agreement in the Risk-Based Capital Guidelines (as defined below in this SECTION 3.2) or (b) any adoption of or change in any other law, governmental or quasi-governmental rule, regulation, policy, guideline, interpretation, or directive (whether or not having the force of law) after the date of this Agreement which affects the amount of capital required or expected to be maintained by any Lender or any Lending Installation or any corporation controlling any Lender. "RISK-BASED CAPITAL GUIDELINES" means (a) the risk-based capital guidelines in effect in the United States on the date of this Agreement, including transition rules, and (b) the corresponding capital regulations promulgated by regulatory authorities outside the United States implementing the July 1988 report of the Basle Committee on Banking Regulation and Supervisory Practices Entitled "International Convergence of Capital Measurements and Capital Standards," including transition rules, and any amendments to such regulations adopted prior to the date of this Agreement. Each Lender agrees promptly to notify the Borrower and the Administrative Agent of any circumstances that would cause the Borrower to pay additional amounts pursuant to this SECTION 3.2, PROVIDED that, except as set forth in SECTION 3.5(b), the failure to give such notice shall not affect the Borrower's obligation to pay such additional amounts hereunder.

3.3. AVAILABILITY OF TYPES OF SYNDICATED ADVANCES. If any Lender reasonably determines that maintenance of its Eurodollar Loans at a suitable Lending Installation would violate

any applicable law, rule, regulation, or directive, whether or not having the force of law, or if the Required Lenders reasonably determine that (a) deposits of a type and maturity appropriate to match fund Eurodollar Advances are not available or (b) the interest rate applicable to a Type of Syndicated Advance does not accurately reflect the cost of making or maintaining such Advance, then the Administrative Agent shall suspend the availability of the affected Type of Syndicated Advance.

3.4. FUNDING INDEMNIFICATION. If any payment of a Eurodollar Advance or a Bid Rate Advance occurs on a date which is not the last day of the applicable Interest Period in the case of a Eurodollar Advance, or the applicable maturity date in the case of a Bid Rate Advance, whether because of acceleration, prepayment, conversion or otherwise, or a Eurodollar Advance or a Bid Rate Advance is not made (whether by borrowing, continuation or conversion) on the date specified by the Borrower for any reason other than default by the Lenders, or an optional prepayment, notice of which has been given in accordance with SECTION 2.5, is not made on the date specified therefor in such notice, the Borrower will indemnify each Lender for any loss or cost incurred by it resulting therefrom, including, without limitation, any loss or cost in liquidating or employing deposits acquired to fund or maintain the Eurodollar Advance or Bid Rate Advance, as the case may be.

3.5. MITIGATION; LENDER STATEMENTS; SURVIVAL OF INDEMNITY. (a) To the extent reasonably possible, each Lender shall designate an alternate Lending Installation with respect to its Eurodollar Loans to reduce any liability of the Borrower to such Lender under SECTIONS 3.1 and 3.2 or to avoid the unavailability of a Type of Syndicated Advance under SECTION 3.3, so long as such designation is not disadvantageous to such Lender in its reasonable determination. If the obligation of the Lenders to make Eurodollar Advances has been suspended pursuant to SECTION 3.3 as a consequence of a determination by any Lender that maintenance of its Eurodollar Loans at a suitable Lending Installation would violate any applicable law or any Lender has demanded compensation under Section 3.1 or 3.2, the Borrower may elect (i) subject to SECTION 3.4, to prepay any outstanding Syndicated Advances to the extent necessary to mitigate its liability under SECTION 3.1 or 3.2, or (ii) to require the applicable Lender to assign its outstanding Syndicated Loans, L/C Interests and Commitment hereunder to another financial institution designated by the Borrower and reasonably acceptable to the Administrative Agent. The obligation of a Lender to assign its rights and obligations hereunder as contemplated by this SECTION 3.5(a) is subject to the requirements that (x) all amounts owing to that Lender under the Loan Documents are paid in full upon the completion of such assignment and (y) any assignment is effected in accordance with the terms of Section 12.3 and on terms otherwise satisfactory to that Lender (it being understood that the Borrower or the replacement Lender shall pay the processing fee payable to the Administrative Agent pursuant to SECTION 12.3.2 in connection with any such assignment).

(b) In determining the amounts payable under SECTIONS 3.1, 3.2 or 3.4, each Lender shall use its reasonable efforts to make its allocations and computations, to the extent readily determinable, consistent with the allocations and computations applied generally by such Lender to other customers of similar size and credit quality and under similar circumstances. Each Lender shall deliver a written statement of such Lender as to the amount due, if any, under SECTION 3.1, 3.2 or 3.4. Such written statement shall set forth in reasonable detail the calculations upon which such Lender

determined such amount and shall be final, conclusive and binding on the Borrower in the absence of manifest error. Determination of amounts payable under such Sections in connection with a Eurodollar Loan or Bid Rate Loan made pursuant to an Indexed Rate Auction shall be calculated as though each Lender funded such Loan through the purchase of a deposit of the type and maturity corresponding to the deposit used as a reference in determining the interest rate applicable to such Loan, whether in fact that is the case or not. Unless otherwise provided herein, the amount specified in the written statement shall be payable not later than fifteen (15) days after receipt by the Borrower of the written statement. The Borrower shall not be liable for any amounts under SECTIONS 3.1, 3.2 or 3.4 accruing more than 120 days prior to the receipt of a demand for payment therefor. The obligations of the Borrower under SECTIONS 3.1, 3.2 and 3.4 shall survive payment of the Obligations and termination of this Agreement.

ARTICLE IV
CONDITIONS PRECEDENT

4.1. EFFECTIVENESS; INITIAL ADVANCE. This Agreement shall become effective and the Lenders shall be obligated to make the initial Advance or Swing Line Loan or purchase participations in the Letters of Credit or Swing Line Loans hereunder only after the Administrative Agent shall have received from the Borrower, with sufficient copies (other than in the case of the Notes) for each of the Lenders, each of the following items in form and substance satisfactory to the Administrative Agent:

(a) copies of the certificates of incorporation of the Borrower and each of the Material Subsidiaries, together with all amendments thereto and a certificate of good standing, certified by the appropriate governmental officer of its jurisdiction of incorporation and by the Secretary, Assistant Secretary, or other appropriate officer of the Borrower or the Material Subsidiary, as applicable;

(b) copies, certified by the Secretary, Assistant Secretary or other appropriate officer of the Borrower and each of the Material Subsidiaries of its by-laws (or any comparable constitutive laws, rules or regulations) and of its board of directors' resolutions (and resolutions of other bodies, if any are deemed necessary by counsel for any Lender) authorizing the execution of the relevant Loan Documents;

(c) incumbency certificates, executed by the Secretary or Assistant Secretary or other appropriate officer of the Borrower and each of the Material Subsidiaries, which shall identify by name and title and bear the signature of the officers of the Borrower and each of the Material Subsidiaries authorized to sign the relevant Loan Documents and to make borrowings hereunder, as applicable, upon which certificate the Administrative Agent, the Issuing Lenders, the Swing Line Lender and the Lenders shall be entitled to rely until informed of any change in writing by the Borrower;

(d) a certificate, signed by the Chief Financial Officer, stating that on the date hereof no Default or Unmatured Default has occurred and is continuing;

(e) opinions of Ropes & Gray, counsel to the Borrower and the Material Subsidiaries initially parties to the Guaranty, Jay Meltzer, General Counsel to the Borrower and the Material Subsidiaries initially parties to the Guaranty, and Nevada counsel to certain of such Material Subsidiaries;

(f) the Syndicated Notes and the Bid Rate Notes payable to the order of each of the Lenders and the Swing Line Note payable to the order of the Swing Line Lender;

(g) written money transfer instructions, in substantially the form of Exhibit E hereto, addressed to the Administrative Agent and signed by an Authorized Officer, together with such other related money transfer authorizations as the Administrative Agent may have reasonably requested, which instructions shall, among other things, direct the Administrative Agent to repay in full (i) the loans and advances outstanding under that certain Credit Agreement dated as of November 17, 1995 between the Borrower and The First National Bank of Chicago, as administrative agent, and the Co-Agents and Lenders parties thereto (as amended, modified, restated or supplemented from time to time, the "1995 Credit Agreement") as of the effective date of this Agreement, together with all accrued and unpaid interest thereon and all breakage fees and other amounts payable with respect thereto and (ii) all commitment or other fees accrued and unpaid under the 1995 Credit Agreement as of the effective date of this Agreement;

(h) evidence of termination of the 1995 Credit Agreement;

(i) a supplemental fee letter dated as of the date hereof;

(j) a Facility Guaranty executed by each of the Material Subsidiaries; and

(k) such other documents as any Lender or its counsel may have reasonably requested.

4.2. EACH ADVANCE AND LETTER OF CREDIT. No Lender shall be required to make any Loan or purchase participations in any Letter of Credit or Swing Line Loan, nor shall the Administrative Agent shall be required to issue any Letter of Credit hereunder unless on the applicable Borrowing Date or date for issuance of such Letter of Credit:

(a) there exists no Default or Unmatured Default;

(b) the representations and warranties contained in Article V are true and correct as of such Borrowing Date or date for issuance of such Letter of Credit except to the extent any such representation or warranty is stated to relate solely to an earlier date, in which case

such representation or warranty shall be true and correct on and as of such earlier date;

(c) after giving effect to such Loan and the other Loans being made as a part of such Advance or the issuance of such Letter of Credit, the aggregate outstanding principal amount of all Advances and outstanding L/C Obligations and Swing Line Loans does not exceed the Aggregate Commitment; and

(d) all legal matters incident to the making of such Advance or the issuance of such Letter of Credit shall be reasonably satisfactory to the Lenders and their counsel.

Each Borrowing Notice and each Conversion/Continuation Notice with respect to a Loan or application with respect to a Letter of Credit shall constitute a representation and warranty by the Borrower that the conditions contained in SECTIONS 4.2(a), (b) and (c) have been satisfied.

ARTICLE V REPRESENTATIONS AND WARRANTIES

In order to induce the Administrative Agent, the Swing Line Lender, the Issuing Lenders and the Lenders to enter into this Agreement and to make the Loans and the other financial accommodations to the Borrower and to issue the Letters of Credit described herein, the Borrower represents and warrants to the Administrative Agent, the Swing Line Lender, the Issuing Lenders and each Lender as follows as of the date of this Agreement, the date of the initial extension of credit hereunder and thereafter on each date as required by SECTION 4.2 that:

5.1. CORPORATE EXISTENCE AND STANDING. Each of the Borrower and its Subsidiaries (other than Subsidiaries which in the aggregate own, directly or indirectly, less than ten percent (10%) of the total consolidated assets of the Borrower and its Subsidiaries) (i) is a corporation duly incorporated, validly existing and in good standing under the laws of its jurisdiction of incorporation, (ii) is duly qualified to do business as a foreign corporation and is in good standing under the laws of each jurisdiction in which it owns or leases real property or in which the nature of its business requires it to be so qualified, except those jurisdictions where the failure to be in good standing or to so qualify is not reasonably likely to have a Material Adverse Effect, and (iii) has all requisite corporate power and authority to own, lease and operate its property and assets and to conduct its business as presently conducted and as proposed to be conducted.

5.2. AUTHORIZATION AND VALIDITY.

(a) Each of the Borrower and its Subsidiaries has the requisite corporate power and authority to execute, deliver and perform each of the Loan Documents which have been or are to be executed by it.

(b) The execution, delivery, performance and filing, as the case may be, of each of the Loan Documents executed or filed by the Borrower or any of its Subsidiaries and to which the Borrower or any of its Subsidiaries is a party, and the consummation of the transactions contemplated thereby, have been duly approved by the respective boards of directors and, if necessary, the shareholders of the Borrower and its Subsidiaries, and such approvals have not been rescinded. No other corporate action or proceedings on the part of the Borrower or its Subsidiaries are necessary to consummate such transactions.

(c) Each of the Loan Documents to which the Borrower or any of its Subsidiaries is a party has been duly executed, delivered or filed, as the case may be, by it and constitutes its legal, valid and binding obligation, enforceable against it in accordance with its terms (except as enforceability may be limited by bankruptcy, insolvency or similar laws affecting the enforcement of creditor's rights generally), is in full force and effect and no material term or condition thereof has been amended, modified or waived without the prior written consent of the Required Lenders (or all of the Lenders if so required under Section 8.2), and the Borrower and its Subsidiaries have performed and complied with all the terms, provisions, agreements and conditions set forth therein and required to be performed or complied with by such parties and no unmatured default, default or breach of any covenant by any such party exists thereunder. As of the date of the initial extension of credit hereunder, to the best of the Borrower's and its Subsidiaries' knowledge, all parties (other than the Borrower and its Subsidiaries) have performed and complied with all the terms, provisions, agreements and conditions set forth in the Loan Documents and required to be performed or complied with by such parties and no unmatured default, default or breach of any covenant by any such party exists thereunder.

5.3. NO CONFLICT; GOVERNMENT CONSENT. Neither the execution and delivery by the Borrower or any of its Subsidiaries of the Loan Documents, nor the consummation of the transactions therein contemplated, nor compliance with the provisions thereof will violate any law, rule, regulation, order, writ, judgment, injunction, decree or award binding on the Borrower or any of its Subsidiaries or the Borrower's or any Subsidiary's articles of incorporation or by-laws or the provisions of any material indenture, instrument or material agreement to which the Borrower or any of its Subsidiaries is a party or is subject, or by which it, or its Property, is bound, or conflict with or constitute a default thereunder, or result in the creation or imposition of any Lien in, of or on the Property of the Borrower or a Subsidiary pursuant to the terms of any such material indenture, instrument or agreement. No order, consent, approval, license, authorization or validation of, or filing, recording or registration with, or exemption by, any Governmental Authority is required to authorize, or is required in connection with the execution, delivery and performance of, or the legality, validity, binding effect or enforceability of, any of the Loan Documents, except (i) such as have been made or obtained as set forth on SCHEDULE 5.3 or (ii) such as set forth on Schedule 5.3 hereto which have not been obtained or made and which are immaterial.

5.4. FINANCIAL STATEMENTS. The January 25, 1997 audited consolidated financial statements of the Borrower and its Subsidiaries heretofore delivered to the Administrative Agent and the Lenders were prepared in accordance with generally accepted accounting principles in effect on the respective dates such statements were prepared and fairly present in all material respects the consolidated financial condition and operations of the Borrower and its Subsidiaries at such dates and the consolidated results of their operations for the respective periods then ended.

5.5. MATERIAL ADVERSE CHANGE. As of the date of this Agreement and as of the initial extension of credit hereunder, since January 25, 1997 with respect to the Borrower and its Subsidiaries, there has been no material adverse change in the business, financial condition, operations, performance or Property of the Borrower and its Subsidiaries on a consolidated basis.

5.6. TAXES. The Borrower and its Subsidiaries have filed all United States federal tax returns and all other tax returns which are required to be filed and have paid all taxes due pursuant to said returns or pursuant to any assessment received by the Borrower or any of its Subsidiaries, except such taxes, if any, as are being contested in good faith, as to which adequate reserves have been provided in accordance with Agreement Accounting Principles and as to which no tax lien has been filed. The United States income tax returns of the Borrower and its Subsidiaries have been audited by the Internal Revenue Service through the fiscal year ended January 25, 1992. No tax liens have been filed and, except as set forth on SCHEDULE 5.6 hereto, no written claims are being made and no other claims are, to the knowledge of the executive officers of the Borrower, asserted with respect to any such taxes except for liens and claims which, in the aggregate, are not reasonably expected to exceed \$25,000,000. The charges, accruals and reserves on the books of the Borrower and its Subsidiaries in respect of any taxes or other governmental charges have been established in accordance with Agreement Accounting Principles and, to the knowledge of the executive officers of the Borrower, are adequate.

5.7. LITIGATION AND CONTINGENT OBLIGATIONS. Except as set forth on SCHEDULE 5.7 hereto, there is no litigation, arbitration, governmental investigation, proceeding or inquiry pending or, to the knowledge of any of their executive officers, threatened against or affecting the Borrower or any of its Subsidiaries which, if adversely determined, could reasonably be expected to result in a Material Adverse Effect. Other than any liability incident to such litigation, arbitration or proceedings, the Borrower and its Subsidiaries have no material contingent obligations not provided for or disclosed in the financial statements referred to in SECTION 5.4.

5.8. SUBSIDIARIES. SCHEDULE 5.8 hereto contains an accurate list of all of the presently existing Subsidiaries of the Borrower, setting forth their respective jurisdictions of incorporation and the percentage of their respective capital stock owned by the Borrower or

other Subsidiaries. All of the issued and outstanding shares of capital stock of such Subsidiaries have been duly authorized and issued and are fully paid and non-assessable.

5.9. ERISA. The Unfunded Liabilities of all Single Employer Plans do not in the aggregate exceed \$40,000,000. Neither the Borrower nor any other member of the Controlled Group has failed to make any required installment or any other required payment under Section 412 of the Code on or before the due date for such installment or other payment with respect to a Single Employer Plan, or has failed to make a required contribution or payment to a Multiemployer Plan. Neither the Borrower nor any other member of the Controlled Group has any potential liability, whether direct or indirect, contingent or otherwise, under SECTION 4069, 4204 or 4212(c) of ERISA. Each Plan complies in all material respects with all applicable requirements of law and regulations and has been administered in all material respects in accordance with its terms. No Reportable Event has occurred with respect to any Plan, neither the Borrower nor any other member of the Controlled Group has withdrawn from any Plan or initiated steps to do so, no steps have been taken to reorganize or terminate any Plan, no event has occurred which imposes an obligation on the Borrower or any member of the Controlled Group under SECTION 4041 of ERISA to provide affected parties written notice of intent to terminate a Plan in a distress termination described in SECTION 4041(c) of ERISA; no event or condition has occurred which is reasonably likely to constitute grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Plan, in any such case where such event could reasonably be expected to have a Material Adverse Effect.

5.10. ACCURACY OF INFORMATION. No written information, exhibit or report furnished by the Borrower or any of its Subsidiaries to the Administrative Agent, the Swing Line Lender, any Issuing Lender or the Lenders contained any material misstatement of fact or omitted to state a material fact or any fact necessary to make the statements contained therein not misleading in light of the circumstances under which they were made.

5.11. REGULATIONS G, T, U AND X. Margin stock (as defined in Regulation U) constitutes less than 25% of those assets of the Borrower and its Subsidiaries which are subject to any limitation on sale, pledge, or other restriction hereunder. Neither the Borrower nor any of its Subsidiaries is engaged in the business of purchasing or carrying margin stock.

5.12. MATERIAL AGREEMENTS. Neither the Borrower nor any Subsidiary is in default in the performance, observance or fulfillment of any of the obligations, covenants or conditions contained in (i) any agreement to which it is a party, which default could reasonably be expected to have a Material Adverse Effect or (ii) any agreement or instrument evidencing or governing Material Indebtedness.

5.13. COMPLIANCE WITH LAWS. The Borrower and its Subsidiaries have complied with all applicable statutes, rules, regulations, orders and restrictions of any Governmental

Authority having jurisdiction over the conduct of their respective businesses or the ownership of their respective Property except where the failure to so comply could not reasonably be expected to result in a Material Adverse Effect. Except as set forth in SCHEDULE 5.13 hereto, neither the Borrower nor any Subsidiary has received any notice to the effect that its operations are not in material compliance with any Environmental, Health or Safety Requirements of Law or the subject of any federal or state investigation evaluating whether any remedial action is needed to respond to a release of any petroleum, toxic or hazardous waste or substance into the environment, which non-compliance or remedial action could reasonably be expected to have a Material Adverse Effect.

5.14. OWNERSHIP OF PROPERTY. Except as set forth on SCHEDULE 5.14 hereto, on the date of this Agreement, the Borrower and its Subsidiaries have good title, free of all Liens other than those permitted by SECTION 6.15, to all of the Property and assets reflected in the financial statements referred to in SECTION 5.4 as owned by it. The Borrower and each of its Subsidiaries owns (or is licensed to use) all Intellectual Property which is necessary or appropriate in any material respect for the conduct of its respective business as conducted on the date of this Agreement, without any material conflict with the rights of any other Person. Neither the Borrower nor any Subsidiary is aware of (i) any material existing or threatened infringement or misappropriation of any of its Intellectual Property by any third party or (ii) any material third party claim that any aspect of the business of the Borrower or any Subsidiary (as conducted on the date of this Agreement) infringes or will infringe upon, any Intellectual Property or other property right of any other Person, in each case that could reasonably be expected to have a Material Adverse Effect.

5.15. LABOR MATTERS. There are no labor controversies pending or, to the best of the Borrower's and its Subsidiaries' knowledge, threatened against the Borrower or any Subsidiary, which, if adversely determined, could reasonably be expected to have a Material Adverse Effect. The Borrower and each of its Subsidiaries are in substantial compliance in all material respects with the Fair Labor Standards Act, as amended.

5.16. INVESTMENT COMPANY ACT. Neither the Borrower nor any Subsidiary thereof is an "investment company" or a company "controlled" by an "investment company", within the meaning of the Investment Company Act of 1940, as amended.

5.17. PUBLIC UTILITY HOLDING COMPANY ACT. Neither the Borrower nor any Subsidiary is a "holding company" or a "subsidiary company" of a "holding company", or an "affiliate" of a "holding company" or of a "subsidiary company" of a "holding company", within the meaning of the Public Utility Holding Company Act of 1935, as amended.

ARTICLE VI
COVENANTS

6. COVENANTS. During the term of this Agreement, unless the Required Lenders shall otherwise consent in writing:

6.1. FINANCIAL REPORTING. The Borrower will maintain, for itself and its Subsidiaries, a system of accounting established and administered in accordance with generally accepted accounting principles, and will furnish or cause to be furnished to the Administrative Agent with sufficient copies for each of the Lenders:

(a) As soon as practicable but in any event within 105 days after the close of each of its fiscal years, an audit report (which audit report shall be unqualified or shall be otherwise reasonably acceptable to the Required Lenders; PROVIDED that such report may set forth qualifications to the extent such qualifications pertain solely to changes in generally accepted accounting principles from the Agreement Accounting Principles applied during earlier accounting periods, the implementation of which changes (with the concurrence of such accountants) is reflected in the financial statements accompanying such report), certified by independent certified public accountants who are reasonably acceptable to the Required Lenders, prepared in accordance with Agreement Accounting Principles on a consolidated basis for itself and its Subsidiaries, including balance sheets as of the end of such period and the related statements of income, and consolidated stockholder's equity and cash flows, accompanied by a certificate of said accountants that, in the course of their examination necessary for their certification of the foregoing, they have obtained no knowledge of any Default or Unmatured Default, or if, in the opinion of such accountants, any Default or Unmatured Default shall exist, stating the nature and status thereof.

(b) As soon as practicable but in any event within 60 days after the close of each of the first three quarterly periods of each of its fiscal years, for itself and its Subsidiaries on a consolidated basis, balance sheets as of the end of such period and the related statements of income, and consolidated stockholder's equity and cash flows for the period from the beginning of such fiscal year to the end of such quarter, all certified by its Chief Financial Officer, Controller or Treasurer as to fairness of presentation and prepared, with respect to such consolidated statements, in accordance with Agreement Accounting Principles (subject to normal year end adjustments).

(c) Together with the financial statements required hereunder, a compliance certificate in substantially the form of EXHIBIT "C" hereto signed by its Chief Financial Officer, Controller or Treasurer showing the calculations necessary to determine compliance with SECTIONS 6.16 and 6.17 and stating that no Default or Unmatured Default exists, or if any Default or Unmatured Default exists, stating the nature and status thereof and the Borrower's plans with respect thereto.

(d) As soon as possible and in any event within 10 days after an executive officer of the Borrower knows that any Reportable Event or any other event described in Section 5.9 has occurred with respect to any Plan, a statement, signed by the Chief Financial Officer or Treasurer of the Borrower, describing said Reportable Event or other event and the action which the Borrower proposes to take with respect thereto.

(e) As soon as possible and in any event within 10 days after receipt by the Borrower or any Subsidiary, a copy of (a) any notice or claim to the effect that the Borrower or any of its Subsidiaries is or may be liable to any Person as a result of the release by the Borrower, any of its Subsidiaries, or any other Person of any petroleum, toxic or hazardous waste or substance into the environment, and (b) any notice alleging any violation of any Environmental, Health or Safety Requirements of Law by the Borrower or any of its Subsidiaries, which, in either case, could reasonably be expected to have a Material Adverse Effect or subject the Borrower and its Subsidiaries to liability, individually or in the aggregate, in excess of \$10,000,000 (in each case, determined after giving effect to claims which the Borrower has demonstrated to the reasonable satisfaction of the Administrative Agent are covered by applicable third-party insurance policies (other than retro-premium insurance or other policies with similar self-insurance attributes) of the Borrower or any of its Subsidiaries unless the insurers of such claims have disclaimed coverage or reserved the right to disclaim coverage).

(f) Promptly upon the furnishing thereof to the shareholders of the Borrower, copies of all financial statements, reports and proxy statements so furnished.

(g) Promptly upon the filing thereof, copies of all final registration statements, proxy statements and annual, quarterly, monthly or other reports which the Borrower or any of its Subsidiaries files with the Securities and Exchange Commission (provided the Borrower shall not be obligated to provide copies of routine reports which are required to be filed concerning the management of employee benefit plans, including, without limitation, stock purchases or the exercise of stock options made under any such employee benefit plan).

(h) Except to the extent that such items are redundant with reports or information otherwise provided pursuant to this Section 6.1, promptly upon the furnishing thereof to the holders thereof, copies of all financial statements and reports furnished to the holders of (or trustee or other representative for the holders of) any Indebtedness for money borrowed of the Borrower or its Subsidiaries.

(i) Such other information (including non-financial information) as any Lender through the Administrative Agent may from time to time reasonably request.

6.2. USE OF PROCEEDS. The Borrower will, and will cause each of its Subsidiaries to, use the proceeds of the Advances and the Swing Line Loans to repay outstanding loans and advances made under the 1995 Credit Agreement, to repay Advances, Reimbursement

Obligations and the Swing Line Loans or for general corporate or working capital purposes. The Borrower will not, nor will it permit any Subsidiary, to use proceeds of the Advances and the Swing Line Loans other than as contemplated in this SECTION 6.2.

6.3. OTHER NOTICES. Promptly after the Borrower or relevant subsidiary becomes aware of such occurrence, the Borrower will, and will cause each of its Subsidiaries to, give notice in writing to the Lenders of the occurrence of: (a) any Default or Unmatured Default; and (b) any other development, financial or otherwise, which could reasonably be expected to have a Material Adverse Effect; PROVIDED, no separate notice of the occurrence of any such development under this CLAUSE (b) needs to be given to the extent such item has been disclosed in the Borrower's annual, quarterly or other reports (i.e., 10-K, 10-Q or 8-K) filed with the Securities and Exchange Commission and delivered pursuant to SECTION 6.1(g) or in a press release issued by the Borrower or one of its Subsidiaries. Any such notice shall state the nature and status of the occurrence and any and all actions taken with respect thereto.

6.4. CONDUCT OF BUSINESS. The Borrower will, and will cause each of its Subsidiaries to, carry on and conduct its business in substantially the same manner and in substantially the same or complementary fields of enterprise as it is presently conducted and to do all things necessary to remain duly incorporated, validly existing and in good standing as a domestic corporation in its jurisdiction of incorporation and maintain all requisite authority to conduct its business in each jurisdiction in which its business is conducted except for transactions permitted under SECTIONS 6.10, 6.11, 6.13, or 6.18 or where the failure to maintain such authority could not reasonably be expected to have a Material Adverse Effect.

6.5. TAXES. The Borrower will, and will cause each of its Subsidiaries to, pay when due all material taxes, assessments and governmental charges and levies upon it or its income, profits or Property, except those which are being contested in good faith by appropriate proceedings and with respect to which adequate reserves have been set aside in accordance with Agreement Accounting Principles and in connection with which no tax Lien has been filed.

6.6. INSURANCE. The Borrower will, and will cause each of its Subsidiaries to, maintain with financially sound and reputable insurance companies insurance on all their Property in such amounts and covering such risks as is consistent with sound business practice, and the Borrower will furnish to the Administrative Agent upon request of any Lender full information as to the insurance carried.

6.7. COMPLIANCE WITH LAWS. The Borrower will, and will cause each of its Subsidiaries to, comply in all material respects with all laws (including, without limitation, all environmental laws), rules, regulations, orders, writs, judgments, injunctions, decrees or awards to which it may be subject, except where the failure to so comply could not reasonably be expected to have a Material Adverse Effect.

6.8. MAINTENANCE OF PROPERTIES. The Borrower will, and will cause each of its Subsidiaries to, do all things necessary to maintain, preserve, protect and keep its material Property in good repair, working order and condition, ordinary wear and tear excepted, and make all necessary and proper repairs, renewals and replacements so that its business carried on in connection therewith may be properly conducted at all times. The Borrower will, and will cause each Subsidiary to, do all things necessary to maintain, preserve and protect all of its material Intellectual Property including, without limitation, perform each of its respective obligations under any and all license agreements and other contracts and agreements evidencing or relating to Intellectual Property, using the same in interstate or foreign commerce, properly marking such Intellectual Property and maintaining all necessary and appropriate governmental registrations (both domestic and foreign) except where the failure to do so could not reasonably be expected to have a Material Adverse Effect.

6.9. INSPECTION. The Borrower will, and will cause each of its Subsidiaries to, permit the Administrative Agent and any or each Lender, by its respective representatives and agents, to inspect any of the Property, corporate books and financial records of the Borrower and each of its Subsidiaries, to examine and make copies of the books of accounts and other financial records of the Borrower and each of its Subsidiaries, and to discuss the affairs, finances and accounts of the Borrower and each of its Subsidiaries with, and to be advised as to the same by, their respective officers at such reasonable times and intervals as the Administrative Agent or such Lender may designate. Prior to the occurrence of a Default or Unmatured Default, the Lenders will use reasonable efforts to coordinate their inspection through the Administrative Agent so as to minimize any disruption to the business of the Borrower and its Subsidiaries.

6.10. MERGER. The Borrower will not, nor will it permit any of its Subsidiaries to, merge, amalgamate or consolidate with or into any other Person, except that a Wholly-Owned Subsidiary may merge with the Borrower or a Wholly-Owned Subsidiary of the Borrower, subject to the further conditions that (a) if the Borrower is a party to any such permitted merger, the Borrower shall be the surviving corporation and (b) if any Material Subsidiary is a party to any such permitted merger, the surviving corporation shall either be or become a party to the Facility Guaranty pursuant to the terms of Section 6.21. Nothing herein shall prohibit a transaction otherwise in compliance with Section 6.11, 6.13, or 6.18.

6.11. Sale of Assets. Except as disclosed in Schedule 6.11, the Borrower will not, nor will it permit any of its Subsidiaries to, lease, sell or otherwise dispose of its Property, to any other Person except for:

(a) Sales of inventory in the ordinary course of business (which in the business of the Borrower and its Subsidiaries may include sales of larger quantities of inventory other than to consumers provided such sales are consistent with the Borrower's and its Subsidiaries' past practices and which are not extraordinary transactions under Agreement Accounting Principles);

(b) The sale, discount, or transfer of delinquent accounts receivable in the ordinary course of business for purposes of collection only;

(c) Occasional sales, leases or other dispositions of immaterial assets for cash consideration and for not less than fair market value;

(d) Sales, leases or other dispositions of assets that are obsolete or have negligible fair market value;

(e) Sales of equipment for cash consideration and for fair market value (but if replacement equipment is necessary for the proper operation of the business of the seller, the seller must promptly replace the sold equipment);

(f) Leases, sales or other dispositions of its Property to the Borrower or a Wholly-Owned Subsidiary of the Borrower;

(g) Other leases, sales or other dispositions of its Property subject to the requirement that the net proceeds of each such lease, sale or other disposition of Property are reinvested in the business of the Borrower and the Subsidiaries as conducted in accordance with the requirements of SECTION 6.4 or are used for other general corporate purposes;

(h) Sales of assets in the ordinary course of business and consistent with past practices for not less than fair market value, including store closings.

Notwithstanding anything herein to the contrary, the aggregate amount of Property of the Borrower and its Subsidiaries leased, sold or disposed of pursuant to CLAUSES (g) and (h) (excluding any equipment which has been promptly replaced) during the twelve-month period ending with the month in which any such lease, sale or other disposition occurs shall not: (1) in any single transaction or series of related transactions constitute a Substantial Portion of the Property of the Borrower and its Subsidiaries under clause (b) of the definition of Substantial Portion or (2) in the aggregate constitute a Substantial Portion of the Property of the Borrower and its Subsidiaries under CLAUSE (a) of the definition of Substantial Portion. Notwithstanding anything herein to the contrary, after consummation of any transaction permitted under this SECTION 6.11, the Borrower shall own not less than eighty percent (80%) of the outstanding capital stock of Material Subsidiaries the domestic assets of which Material Subsidiaries together with the domestic assets of the Borrower represent at least eighty-five percent (85%) of the total domestic consolidated assets of the Borrower and its Subsidiaries immediately after the consummation of such transaction.

6.12. AFFILIATES. Except in connection with transactions otherwise permitted pursuant to the terms of this Article VI, the Borrower will not, nor will it permit any of its Subsidiaries

to, enter into any transaction (including, without limitation, the purchase or sale of any Property or service) with, or make any payment or transfer to, any Affiliate except in the ordinary course of business and pursuant to the reasonable requirements of the Borrower's or such Subsidiary's business and upon fair and reasonable terms no less favorable to the Borrower or such Subsidiary than the Borrower or such Subsidiary would obtain in a comparable arm's-length transaction; provided, however, that these provisions shall not be applicable with respect to transactions among the Borrower and its Subsidiaries which are in the ordinary course of business and consistent with past practice.

6.13. INVESTMENTS. The Borrower will not, nor will it permit any of its Subsidiaries to, make or suffer to exist any Investments, or commitments therefor, except:

(a) Investments by the Borrower or any of its Subsidiaries in and to any domestic Subsidiary;

(b) Investments by the Borrower or any of its Subsidiaries in and to any foreign Subsidiary in an aggregate amount at any time not to exceed 20% of Consolidated Net Worth;

(c) Investments in existence as of the close of business on the date hereof and which are described in Schedule 6.13 hereto;

(d) Subject to the proviso set forth below, investments made in connection with Acquisitions permitted under Section 6.18;

(e) Investments consisting of cash and cash equivalents; and

(f) Other Investments in any other Persons in an aggregate amount at any time not to exceed 10% of Consolidated Net Worth;

provided, however, notwithstanding anything in this Section 6.13 or Section 6.18 to the contrary, the aggregate amount of Investments made in connection with Acquisitions made pursuant to clause (b) of Section 6.18 and pursuant to clause (f) above shall not exceed 10% of Consolidated Net Worth.

6.14. Contingent Obligations. The Borrower will not, nor will it permit any of its Subsidiaries to, make or suffer to exist any Contingent Obligation, except:

(a) by endorsement of instruments for deposit or collection in the ordinary course of business;

(b) Contingent Obligations of the Borrower and any of its Subsidiaries existing as of the close of business on the date hereof which are described on SCHEDULE 6.14;

(c) Contingent Obligations in respect of the obligations of any domestic Subsidiary;

(d) Reimbursement Obligations in connection with Letters of Credit;

(e) Reimbursement Obligations in connection with letters of credit not issued by the Issuing Lenders (provided the issuance thereof is not violative of any other provision of this ARTICLE VI);

(f) Contingent Obligations consisting of the Borrower's guaranty of reimbursement obligations of any Subsidiary in connection with letters of credit not issued by the Issuing Lenders (provided the issuance thereof is not violative of any other provision of this ARTICLE VI);

(g) Contingent Obligations of any Subsidiary to the extent such Contingent Obligations constitute Indebtedness permitted under this Article VI;

(h) Guaranties of the Loans hereunder;

(i) Contingent Obligations of the Borrower to the extent such Contingent Obligations are included in the calculation of Funded Debt; and

(j) Contingent Obligations in an additional aggregate amount not to exceed \$100,000,000 at any one time outstanding.

6.15. LIENS. (a) The Borrower will not, nor will it permit any of its Subsidiaries to, create, incur, or suffer to exist any Lien in, of or on the Property of the Borrower or such Subsidiary, as applicable, except:

(i) Liens for taxes, assessments or governmental charges or levies on its Property if the same shall not at the time be delinquent or thereafter can be paid without penalty, or are being contested in good faith and by appropriate proceedings and for which adequate reserves in accordance with Agreement Accounting Principles shall have been set aside on its books;

(ii) Liens imposed by law, such as carriers', warehousemen's and mechanics' liens and other similar liens arising in the ordinary course of business which secure payment of obligations not more than 60 days past due or which are being contested in good faith by appropriate proceedings and for which adequate reserves in

accordance with Agreement Accounting Principles shall have been set aside on its books;

(iii) Liens arising out of pledges or deposits under worker's compensation laws, unemployment insurance, old age pensions, or other social security or retirement benefits, or similar legislation;

(iv) utility easements, building restrictions and such other encumbrances or charges against real property as are of a nature generally existing with respect to properties of a similar character and which do not in any material way affect the same or interfere with the use thereof in the business of the Borrower or any Subsidiary of the Borrower;

(v) Liens existing as of the close of business on the date hereof and which are described in Schedule 5.14;

(vi) Liens created or incurred after the date hereof, given to secure the Indebtedness incurred or assumed in connection with the acquisition or construction of property or assets useful and intended to be used in carrying on the business of the Borrower or any Subsidiary of the Borrower, including Liens existing on such property or assets at the time of acquisition or construction thereof or at the time of acquisition or construction by the Borrower or such Subsidiary, as applicable, of an interest in any business entity then owning such property or assets, whether or not such existing Liens were given to secure the consideration for the property or assets to which they attach, subject to the requirement that the Lien shall attach solely to the assets acquired or purchased;

(vii) secured or unsecured purchase money Indebtedness (including Capitalized Leases) incurred in the ordinary course of business to finance the acquisition of fixed assets or equipment used in the business of such Subsidiary if such Indebtedness does not exceed the lower of the fair market value or the cost of the applicable fixed assets or equipment on the date acquired;

(viii) Liens on real property with respect to Indebtedness the proceeds of which are used (a) for the construction or improvement of the real property securing such Indebtedness or (b) to finance the cost of construction or improvement of such real property provided such financing occurs within one hundred eighty (180) days of receipt of the certificate of occupancy with respect to such construction or improvement (other than with respect to a refinancing under clause (x) below);

(ix) other Liens (a) securing Indebtedness or other obligations not exceeding \$50,000,000 at any one time outstanding or (b) on property having in the aggregate

a fair market value at the time of incurrence of the Lien not exceeding \$50,000,000 at any one time outstanding, whichever is greater;

(x) any extension, renewal or replacement of any Lien permitted by the preceding clauses (vi), (vii), (viii) or (ix) hereof in respect of the same property or assets theretofore subject to such Lien in connection with the extension, renewal or refunding of the Indebtedness secured thereby; provided that (x) such Lien shall attach solely to the same property or assets, and (y) such extension, renewal or refunding of such Indebtedness shall be without increase in the principal remaining unpaid as of the date of such extension, renewal or refunding; and

(xi) Liens on the shares of capital stock of the Borrower's foreign Subsidiaries securing Indebtedness in an amount which shall not exceed twenty-five percent (25%) of the assets of all foreign Subsidiaries.

6.16. MAXIMUM LEVERAGE RATIO. The Borrower shall not permit its Leverage Ratio to be greater than the ratio set forth below at the end of the fiscal quarter ending on or about the corresponding date set forth below:

Fiscal Quarters Ending On or About the Dates Set Forth Below: -----	Maximum Ratio -----
On or prior to July 31, 1998	70%
After August 1, 1998 but prior to or including July 31, 1999	67%
Thereafter	65%

The Leverage Ratio shall be calculated, in each case, determined as of the last day of each fiscal quarter based upon (A) for Funded Debt and Consolidated Net Worth, Funded Debt and Consolidated Net Worth as of the last day of each such fiscal quarter and (B) for Consolidated Rentals, the actual amount for the four-quarter period ending on such day.

6.17. MINIMUM FIXED CHARGE COVERAGE. The Borrower will, at all times in which (a) the Rated Debt of the Borrower is rated less than BBB- by S&P or is rated less than Baa3 by Moody's or (b) the Borrower's Leverage Ratio is greater than 60%, maintain a Fixed Charge Coverage Ratio for the most recently ended period of four consecutive fiscal quarters of at least 1.5 to 1.

6.18. ACQUISITIONS. The Borrower will not, nor will it permit any of its Subsidiaries to, make any Acquisition other than (a) a Permitted Acquisition; and (b) other Acquisitions

- (i) made at a time when no Default or Unmatured Default exists;
- (ii) consummated pursuant to a negotiated acquisition agreement on a non-hostile basis approved by a majority of the board of directors of all Persons parties thereto,
- (iii) the aggregate consideration for which, individually or when aggregated with the aggregate consideration for other Acquisitions made under this clause (b) does not exceed 10% of Consolidated Net Worth, and (iv) the aggregate consideration for all such Acquisitions plus the aggregate amount of Investments made pursuant to SECTION 6.13(f) does not exceed 10% of Consolidated Net Worth.

6.19. RATE HEDGING OBLIGATIONS. The Borrower shall not and shall not permit any of its Subsidiaries to enter into any interest rate, commodity or foreign currency exchange, swap, collar, cap or similar agreements other than interest rate, foreign currency or commodity exchange, swap, collar, cap, leveraged derivative or similar agreements entered into by the Borrower pursuant to which the Borrower or such Subsidiary has hedged its actual interest rate, foreign currency or commodity exposure.

6.20. MATERIAL SUBSIDIARIES. The Borrower will cause each Person that becomes a Material Subsidiary of the Borrower after the date of this Agreement (whether as the result of an Acquisition, creation or otherwise and whether under clause (b) of the definition of Material Subsidiary or as a result of a designation under clause (c) of the definition of Material Subsidiary) to execute and deliver a supplement to the Facility Guaranty in substantially the form set forth in Exhibit I hereto to and in favor of the Administrative Agent for the benefit of itself, the Issuing Lenders, the Swing Line Lender and the Lenders, together with an opinion of counsel, corporate resolutions and such other corporate documentation as the Administrative Agent may reasonably request, all in form and substance satisfactory to the Administrative Agent and in each case (a) within 30 days after becoming a Material Subsidiary of the Borrower, for a Material Subsidiary under clause (b) of the definition thereof and (b) at the time of designation, for a Material Subsidiary under clause (c) of the definition thereof. In addition, the Borrower will designate an additional Subsidiary or Subsidiaries as "Material Subsidiaries" under clause (c) of the definition of Material Subsidiary such that at the end of each fiscal quarter ending on or prior to the Facility Termination Date the Borrower and its Material Subsidiaries in the aggregate shall own at least eighty-five percent (85%) of the total consolidated domestic assets of the Borrower and its Subsidiaries.

6.21. SUBSIDIARY INDEBTEDNESS. The Borrower will not permit any Subsidiary to create, incur, assume or suffer to exist any Indebtedness, except:

- (a) Indebtedness existing on the date hereof or proposed to be incurred, each as described in Schedule 6.21 hereto;
- (b) Indebtedness of any Subsidiary to third parties, which Indebtedness for all such Subsidiaries does not exceed 20% of Consolidated Net Worth; and

(c) Indebtedness of any Subsidiary to the Borrower or to any other Subsidiary.

6.22. SUBORDINATION OF INTERCOMPANY INDEBTEDNESS. The Borrower will not and will not permit any of its domestic Subsidiaries to create, incur, assume or suffer to exist any intercompany Indebtedness where the obligor on such Indebtedness is the Borrower or any Subsidiary which is a party to the Guaranty, unless such indebtedness is subordinated to the Obligations hereunder on the terms described in SCHEDULE 6.22.

ARTICLE VII
DEFAULTS

7. DEFAULTS. The occurrence of any one or more of the following events shall constitute a Default:

7.1. BREACH OF REPRESENTATION OR WARRANTY. Any representation or warranty made or deemed made by or on behalf of the Borrower or any of its Subsidiaries to the Lenders, the Swing Line Lender, the Issuing Lenders or the Administrative Agent under or in connection with this Agreement, any Loan, any Letter of Credit or any certificate or information delivered in connection with this Agreement or any other Loan Document shall be materially false on the date as of which made or deemed made.

7.2. PAYMENT DEFAULT. Nonpayment of principal of any Loan, Note or L/C Obligations when due, or nonpayment of interest upon any Loan or Note or of any fee or other obligations under any of the Loan Documents within five Business Days after the same becomes due.

7.3. BREACH OF CERTAIN COVENANTS. The breach by the Borrower of (a) any of the terms or provisions of SECTIONS 6.2, and 6.4, CLAUSE (a) of SECTION 6.3, any of SECTIONS 6.10 through 6.13, SECTION 6.15, SECTIONS 6.18 through 6.19 or (b) any of the terms of SECTIONS 6.16 or 6.17 and such breach under this clause (b) continues for 10 days after the first to occur of (i) the date an executive officer of the Borrower first knows of or should have known of such breach or (ii) the date the Borrower receives written notice from any Lender (acting through the Administrative Agent) of such breach.

7.4. BREACH OF OTHER PROVISIONS. The breach by the Borrower (other than a breach which constitutes a Default under SECTION 7.1, 7.2 or 7.3) of any of the terms or provisions of this Agreement, and such breach continues for 30 days after the first to occur of (i) the date an executive officer of the Borrower first knows of or should have known of such breach or (ii) the date the Borrower receives written notice from any Lender (acting through the Administrative Agent) of such breach.

7.5. DEFAULT ON MATERIAL INDEBTEDNESS. Failure of the Borrower or any of its Subsidiaries to make a payment on Material Indebtedness when due (after giving effect to any applicable grace period); or the default by the Borrower or any of its Subsidiaries in the performance of any term, provision or condition contained in any agreement or agreements under which any Material Indebtedness was created or is governed (and any applicable grace period(s) shall have expired), or any other event shall occur or condition exist, the effect of which is to cause, or to permit the holder or holders of such Material Indebtedness to cause, such Material Indebtedness to become due prior to its stated maturity; or any Indebtedness of the Borrower or any of its Subsidiaries equal to or exceeding \$10,000,000 in the aggregate shall be declared to be due and payable or required to be prepaid (other than by a regularly scheduled payment) prior to the stated maturity thereof; or the Borrower or any of its Subsidiaries shall not pay, or shall admit in writing its inability to pay, its debts generally as they become due.

7.6. VOLUNTARY INSOLVENCY PROCEEDINGS. The Borrower or any of its Subsidiaries shall (a) have an order for relief entered with respect to it under the United States bankruptcy laws as now or hereafter in effect or cause or allow any similar event to occur under any bankruptcy or similar law or laws for the relief of debtors as now or hereafter in effect in any other jurisdiction, (b) make an assignment for the benefit of creditors, (c) apply for, seek, consent to, or acquiesce in, the appointment of a receiver, custodian, trustee, examiner, liquidator, monitor or similar official for it or any Substantial Portion of its Property, (d) institute any proceeding seeking an order for relief under the United States bankruptcy laws as now or hereafter in effect or seeking to adjudicate it a bankrupt or insolvent, or seeking dissolution, winding up, liquidation, reorganization, arrangement, adjustment or composition of it or any of its property or its debts under any law relating to bankruptcy, insolvency or reorganization or compromise of debt or relief of debtors as now or hereafter in effect in any jurisdiction, or any organization, arrangement or compromise of debt under the laws of its jurisdiction of incorporation or fail to promptly file an answer or other pleading denying the material allegations of any such proceeding filed against it, (e) take any corporate action to authorize or effect any of the foregoing actions set forth in this SECTION 7.6 or (f) fail to contest in good faith, or consent to or acquiesce in, any appointment or proceeding described in SECTION 7.7.

7.7. INVOLUNTARY INSOLVENCY PROCEEDINGS. Without the application, approval or consent of the Borrower or any of its Subsidiaries, a receiver, custodian, trustee, examiner, liquidator or similar official shall be appointed (either privately or by a court) for the Borrower or any of its Subsidiaries or any Substantial Portion of its Property, or a proceeding described in SECTION 7.6(d) shall be instituted against the Borrower or any of its Subsidiaries and such appointment continues undischarged or such proceeding continues undismitted or unstayed for a period of 60 consecutive days.

7.8. CONDEMNATION. Any court, government or governmental agency shall condemn, seize or otherwise appropriate, or take custody or control of (each a "Condemnation"), all or

any portion of the Property of the Borrower and its Subsidiaries which, when taken together with all other Property of the Borrower and its Subsidiaries so condemned, seized, appropriated, or taken custody or control of, during the twelve-month period ending with the month in which any such Condemnation occurs, constitutes a Substantial Portion of the consolidated Property of the Borrower and its Subsidiaries.

7.9. JUDGMENTS. The Borrower or any of its Subsidiaries shall fail within 30 days to pay, bond or otherwise discharge any one or more judgments or orders for the payment of money in excess of \$10,000,000 in the aggregate (determined after giving effect to claims which the Borrower has demonstrated to the reasonable satisfaction of the Administrative Agent are covered by applicable third-party insurance policies (other than retro-premium insurance or other policies with similar self-insurance attributes) of the Borrower or any of its Subsidiaries unless the insurers of such claims have disclaimed coverage or reserved the right to disclaim coverage), which are judgments are not stayed on appeal with adequate reserves set aside on its books in accordance with Agreement Accounting Principles of the Borrower or any of its Subsidiaries.

7.10. ERISA Matters. Any Reportable Event, the occurrence which may reasonably be expected to give rise to Material Adverse Effect, shall occur in connection with any Plan.

7.11. ENVIRONMENTAL MATTERS. The Borrower or any of its Subsidiaries shall be the subject of any proceeding or investigation pertaining to the release by the Borrower or any of its Subsidiaries or any other Person of any petroleum, toxic or hazardous waste or substance into the environment, or any violation of any Environmental, Health or Safety Requirements of Law which, in either case, could reasonably be expected to have a Material Adverse Effect or subject the Borrower and its Subsidiaries to liability, individually or in the aggregate, in excess of \$20,000,000 (in each case, determined after giving effect to claims which the Borrower has demonstrated to the reasonable satisfaction of the Administrative Agent are covered by applicable third-party insurance policies (other than retro-premium insurance or other policies with similar self-insurance attributes) of the Borrower or any of its Subsidiaries unless the insurers of such claims have disclaimed coverage or reserved the right to disclaim coverage).

7.12. CHANGE OF CONTROL. Any Change in Control shall occur.

7.13. CHANGE OF SUBSIDIARY OWNERSHIP; GUARANTY DEFAULTS. The Borrower shall cease to own 80% of the outstanding capital stock of any Material Subsidiary which has executed a Facility Guaranty except in connection with a transaction expressly permitted under the terms of SECTIONS 6.10, 6.11, 6.13 or 6.14; or any Facility Guaranty shall fail to remain in full force or effect or any party thereto shall so assert; or any action shall be taken to discontinue, revoke or to assert the invalidity or unenforce ability of any Facility Guaranty; or any Material Subsidiary shall fail to comply in any material respect with any of the terms or provisions of any Facility Guaranty to which it is a party; or any Material Subsidiary shall deny that it has

any further liability under any Facility Guaranty to which it is a party, or shall give notice to such effect.

ARTICLE VIII
ACCELERATION, WAIVERS, AMENDMENTS AND REMEDIES

8.1. ACCELERATION. If any Default described in Section 7.6 or 7.7 occurs, the obligations of the Lenders to make Loans or purchase participations in Letters of Credit or Swing Line Loans hereunder and the obligation of the Issuing Lenders to issue Letters of Credit hereunder shall automatically terminate and the Obligations shall immediately become due and payable without any election or action on the part of the Administrative Agent or any Lender, and without presentment, demand, protest or notice of any kind, all of which the Borrower hereby expressly waives. If any other Default occurs and is continuing (which Default has not been waived under the terms of Section 8.2) the Required Lenders may (a) terminate or suspend the obligations of the Lenders to make Loans and purchase participations in Letters of Credit or Swing Line Loans hereunder, whereupon the obligation of the Issuing Lenders to issue Letters of Credit hereunder shall also terminate or be suspended, or (b) declare the Obligations to be due and payable, whereupon the Obligations shall become immediately due and payable, without presentment, demand, protest or notice of any kind, all of which the Borrower hereby expressly waives, or (c) take the action described in both the preceding clause (a) and the preceding clause (b).

If, within 30 days after acceleration of the maturity of the Obligations or termination of the obligations of the Lenders to make Loans hereunder as a result of any Default (other than any Default as described in Section 7.6 or 7.7) and before any judgment or decree for the payment of the Obligations due shall have been obtained or entered, the Required Lenders (in their sole discretion) shall so direct, the Administrative Agent shall, by notice to the Borrower, rescind and annul such acceleration and/or termination.

8.2. AMENDMENTS. Subject to the provisions of this Article VIII, the Required Lenders (or the Administrative Agent with the consent in writing of the Required Lenders) and the Borrower may enter into agreements supplemental hereto for the purpose of adding or modifying any provisions to the Loan Documents or changing in any manner the rights of the Lenders or the Borrower hereunder or waiving any Default or Unmatured Default hereunder; provided, however, that no such supplemental agreement shall, without the consent of each Lender affected thereby:

(a) extend the maturity of any Loan, Note or Reimbursement Obligation or forgive all or any portion of the principal amount thereof, any interest thereon or any fees or other amounts payable hereunder, or reduce the rate or extend the time of payment of interest, fees or other amounts payable hereunder;

(b) reduce the percentage specified in the definition of Required Lenders;

(c) increase the amount of the Commitment of any Lender hereunder, or permit the Borrower to assign its rights or obligations under this Agreement; or

(d) amend this SECTION 8.2.

No amendment of any provision of this Agreement relating in any way to the Administrative Agent or any or all of the Letters of Credit shall be effective without the written consent of the Administrative Agent and each Issuing Lender. No amendment of any provision of this Agreement relating to Swing Line Loans shall be effective without the written consent of the Swing Line Lender. The Administrative Agent may waive payment of the fee required under SECTION 12.3.2 without obtaining the consent of any other party to this Agreement.

8.3. Preservation of Rights. No delay or omission of the Lenders or any of them or the Administrative Agent to exercise any right under the Loan Documents shall impair such right or be construed to be a waiver of any Default or an acquiescence therein, and the making of a Loan notwithstanding the existence of a Default or the inability of the Borrower to satisfy the conditions precedent to such Loan shall not constitute any waiver or acquiescence. Any single or partial exercise of any such right shall not preclude any other or further exercise thereof or the exercise of any other right, and no waiver, amendment or other variation of the terms, conditions or provisions of the Loan Documents whatsoever shall be valid unless in writing signed by (or with the consent of) the Lenders required pursuant to SECTION 8.2, and then only to the extent specifically set forth in such writing. All remedies contained in the Loan Documents or afforded by law shall be cumulative and all shall be available to the Administrative Agent and the Lenders until the Obligations have been paid in full.

ARTICLE IX GENERAL PROVISIONS

9.1. SURVIVAL OF REPRESENTATIONS. All representations and warranties of the Borrower contained in this Agreement shall survive delivery of the Notes and the making of the Loans herein contemplated.

9.2. GOVERNMENTAL REGULATION. Anything contained in this Agreement to the contrary notwithstanding, no Lender shall be obligated to extend credit to the Borrower in violation of any limitation or prohibition provided by any applicable statute or regulation.

9.3. TAXES; STAMP DUTIES. Any taxes (excluding taxes (including income taxes, franchise taxes and branch profit taxes) as are imposed on or measured by such Lender's, Swing Line Lender's or Issuing Lender's, as the case may be, income by the United States of America or any Governmental Authority of the jurisdiction under the laws of which such Lender, Swing Line Lender or Issuing Lender, as the case may be, is organized or maintains its Lending Installation) or other similar assessments or charges made by any Governmental Authority or revenue authority in respect of the Loan Documents shall be paid by the Borrower, together with interest and penalties, if any, as

provided in Section 3.1. The Borrower shall pay and forthwith on demand indemnify each of the Administrative Agent and each Lender against any liability it incurs in respect of any stamp, registration and similar tax which is or becomes payable in connection with the entry into, performance or enforcement of any Loan Document.

9.4. HEADINGS. Section headings in the Loan Documents are for convenience of reference only and shall not govern the interpretation of any of the provisions of the Loan Documents.

9.5. ENTIRE AGREEMENT. The Loan Documents embody the entire agreement and understanding among the Borrower, the Administrative Agent and the Lenders and supersede all prior agreements and understandings among the Borrower, the Administrative Agent and the Lenders relating to the subject matter thereof.

9.6. SEVERAL OBLIGATIONS; BENEFITS OF THIS AGREEMENT. The respective obligations of the Lenders hereunder are several and not joint and no Lender shall be the partner or agent of any other (except to the extent to which the Administrative Agent is authorized to act as such). The failure of any Lender to perform any of its obligations hereunder shall not relieve any other Lender from any of its obligations hereunder. This Agreement shall not be construed so as to confer any right or benefit upon any Person other than the parties (and their directors, officers and employees with respect to Section 9.7 to this Agreement) and their respective successors and assigns.

9.7. EXPENSES; INDEMNIFICATION. (a) The Borrower shall reimburse the Administrative Agent for any reasonable costs, internal charges and out-of-pocket expenses (including reasonable attorneys' fees and time charges of attorneys for the Administrative Agent; which attorneys may be employees of the Administrative Agent or of one outside counsel, but not both) paid or incurred by the Administrative Agent in connection with the preparation, negotiation, execution, delivery, syndication, review, amendment, modification, and administration of the Loan Documents. The Borrower also agrees to reimburse the Administrative Agent, the Issuing Lenders, the Swing Line Lender and the Lenders for any reasonable costs, internal charges and out-of-pocket expenses (including reasonable attorneys' fees and time charges not more than three firms of attorneys for the Administrative Agent and the Lenders, which attorneys may be employees of such persons) paid or incurred by the Administrative Agent or any Lender in connection with the collection and enforcement of the Loan Documents.

(b) The Borrower further agrees to defend, protect, indemnify, and hold harmless the Administrative Agent, the Swing Line Lender and each and all of the Issuing Lenders and Lenders and each of their respective Affiliates, and each of such Person's respective officers, directors, employees, partners, managers, shareholders, attorneys and agents (collectively, the "Indemnitees") from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, claims, costs and expenses of any kind or nature whatsoever (including, without limitation, the reasonable fees and disbursements of attorneys and paralegals for such Indemnitees in connection with any investigative, administrative or judicial proceeding, whether or not such Indemnitees shall

be designated a party thereto), imposed on, incurred by or asserted against such Indemnitees in any manner relating to or arising out of:

- (i) this Agreement, the other Loan Documents or any act, event or transaction related or attendant thereto or to the making of the Loans, and the issuance or modification of and participation in Letters of Credit hereunder, the management of such Loans or Letters of Credit, the use or intended use of the proceeds of the Loans or Letters of Credit hereunder, or any of the other transactions contemplated by the Loan Documents; or
- (ii) any liabilities, obligations, responsibilities, losses, damages, personal injury, death, punitive damages, economic damages, consequential damages, treble damages, intentional, willful or wanton injury, damage or threat to the environment, natural resources or public health or welfare, costs and expenses (including, without limitation, attorney, expert and consulting fees and costs of investigation, feasibility or remedial action studies), fines, penalties and monetary sanctions and interest, direct or indirect, known or unknown, absolute or contingent, past, present or future relating to violation of any Environmental, Health or Safety Requirements of Law arising from or in connection with the past, present or future operations of the Borrower, its Subsidiaries or any of their respective predecessors in interest, or, the past, present or future environmental, health or safety condition of any respective Property of the Borrower or its Subsidiaries, the presence of asbestos-containing materials at any respective property of the Borrower or its Subsidiaries or the release or threatened release of any petroleum, toxic or hazardous waste or substance into the environment (collectively, the "INDEMNIFIED MATTERS");

PROVIDED, HOWEVER, the Borrower shall have no obligation to an Indemnitee hereunder with respect to Indemnified Matters caused solely by or resulting solely from the willful misconduct or Gross Negligence of such Indemnitee as determined by the final non-appealable judgment of a court of competent jurisdiction. If the undertaking to indemnify, pay and hold harmless set forth in the preceding sentence may be unenforceable because it is violative of any law or public policy, the Borrower shall contribute the maximum portion which it is permitted to pay and satisfy under applicable law, to the payment and satisfaction of all Indemnified Matters incurred by the Indemnitees.

(c) The Borrower further agrees to assert no claim against any of the Indemnitees on any theory of liability for consequential, special, indirect, exemplary or punitive damages. No settlement shall be entered into by the Borrower or any of its Subsidiaries with respect to any claim, litigation, arbitration or other proceeding relating to or arising out of the transaction evidenced by this Agreement or the other Loan Documents (whether or not the Administrative Agent or any Lender or any other Indemnitee is a party thereto) unless such settlement releases all Indemnitees

from any and all liability with respect thereto. After submission of a written request to an Indemnatee from the Borrower detailing the nature of any claim, litigation, arbitration or other proceeding which relates to or arises out of the transaction evidenced by this Agreement or the other Loan Documents, such Indemnatee shall inform the Borrower as to whether it will require compliance with the provisions of this clause (c) or whether it will waive such compliance, any waiver of which shall be applicable only for such Indemnatee.

(d) The obligations of the Borrower under this Section shall survive the termination of this Agreement.

9.8. NUMBERS OF DOCUMENTS. All statements, notices, closing documents, and requests hereunder shall be furnished to the Administrative Agent with sufficient counterparts so that the Administrative Agent may furnish one to each of the Lenders.

9.9. ACCOUNTING. Except as provided to the contrary herein, all accounting terms used herein shall be interpreted and all accounting determinations hereunder shall be made in accordance with Agreement Accounting Principles. If any changes in generally accepted accounting principles are hereafter required or permitted and are adopted by the Borrower or any of its Subsidiaries with the agreement of its independent certified public accountants and such changes result in a change in the method of calculation of any of the financial covenants, restrictions or standards herein or in the related definitions or terms used therein ("Accounting Changes"), the parties hereto agree, at the Borrower's request, to enter into negotiations, in good faith, in order to amend such provisions in a credit neutral manner so as to reflect equitably such Accounting Changes with the desired result that the criteria for evaluating the Borrower's and its Subsidiaries' financial condition shall be the same after such Accounting Changes as if such Accounting Changes had not been made; provided, however, until such provisions are amended in a manner reasonably satisfactory to the Administrative Agent and the Required Lenders, no Accounting Change shall be given effect in such calculations and all financial statements and reports required to be delivered hereunder shall be prepared in accordance with Agreement Accounting Principles without taking into account such Accounting Changes. In the event such amendment is entered into, all references in this Agreement to Agreement Accounting Principles shall mean generally accepted accounting principles in effect as of the date of such amendment.

9.10. SEVERABILITY OF PROVISIONS. Any provision in any Loan Document that is held to be inoperative, unenforceable, or invalid in any jurisdiction shall, as to that jurisdiction, be inoperative, unenforceable, or invalid without affecting the remaining provisions in that jurisdiction or the operation, enforceability, or validity of that provision in any other jurisdiction, and to this end the provisions of all Loan Documents are declared to be severable.

9.11. NONLIABILITY OF LENDERS. The relationship between the Borrower, on the one hand, and the Lenders and the Administrative Agent, on the other hand, shall be solely that of borrower and lender. Neither the Administrative Agent nor any Lender shall have any fiduciary responsibilities to the Borrower or any of its Subsidiaries. Neither the Administrative Agent nor any

Lender undertakes any responsibility to the Borrower or any of its Subsidiaries to review or inform the Borrower or any of its Subsidiaries of any matter in connection with any phase of the business or operations of the Borrower or any of its Subsidiaries.

9.12. GOVERNING LAW. THE ADMINISTRATIVE AGENT ACCEPTS THIS AGREEMENT, ON BEHALF OF ITSELF, THE ISSUING LENDERS, THE SWING LINE LENDER AND THE LENDERS, AT CHICAGO, ILLINOIS BY ACKNOWLEDGING AND AGREEING TO IT THERE. ANY DISPUTE BETWEEN THE BORROWER AND ANY OF THE ADMINISTRATIVE AGENT, ANY ISSUING LENDER, THE SWING LINE LENDER OR ANY LENDER, OR ANY OTHER HOLDER OF THE OBLIGATIONS ARISING OUT OF, CONNECTED WITH, RELATED TO OR INCIDENTAL TO THE RELATIONSHIP ESTABLISHED BETWEEN THEM IN CONNECTION WITH THIS AGREEMENT OR ANY OF THE OTHER LOAN DOCUMENTS, AND WHETHER ARISING IN CONTRACT, TORT, EQUITY OR OTHERWISE, SHALL BE RESOLVED IN ACCORDANCE WITH THE INTERNAL LAWS (WITHOUT REGARD TO THE CONFLICTS OF LAWS PROVISIONS) OF THE STATE OF ILLINOIS, BUT GIVING EFFECT TO FEDERAL LAWS APPLICABLE TO NATIONAL BANKS.

9.13. CONSENT TO JURISDICTION; SERVICE OF PROCESS; JURY TRIAL.

(A) JURISDICTION. THE BORROWER HEREBY IRREVOCABLY SUBMITS TO THE NON-EXCLUSIVE JURISDICTION OF ANY UNITED STATES FEDERAL OR ILLINOIS STATE COURT SITTING IN CHICAGO IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO ANY LOAN DOCUMENTS AND THE BORROWER HEREBY IRREVOCABLY AGREES THAT ALL CLAIMS IN RESPECT OF SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN ANY SUCH COURT AND IRREVOCABLY WAIVES ANY OBJECTION IT MAY NOW OR HEREAFTER HAVE AS TO THE VENUE OF ANY SUCH SUIT, ACTION OR PROCEEDING BROUGHT IN SUCH A COURT OR THAT SUCH COURT IS AN INCONVENIENT FORUM, BUT THE BORROWER ACKNOWLEDGES THAT ANY APPEALS FROM THOSE COURTS MAY HAVE TO BE HEARD BY A COURT LOCATED OUTSIDE OF CHICAGO, ILLINOIS. EXCEPT AS SET FORTH IN CLAUSE (B) BELOW, ANY JUDICIAL PROCEEDING BY THE ADMINISTRATIVE AGENT, THE SWING LINE LENDER, ANY ISSUING LENDER OR ANY LENDER ARISING OUT OF OR RELATING TO THIS CREDIT AGREEMENT OR ANY OF THE OTHER LOAN DOCUMENTS IF BROUGHT OTHER THAN IN ANY UNITED STATES FEDERAL OR ILLINOIS STATE COURT SITTING IN CHICAGO, ILLINOIS, SHALL BE BROUGHT ONLY IN A COURT IN BOSTON, MASSACHUSETTS OR NEW YORK, NEW YORK. ANY JUDICIAL PROCEEDING BY THE BORROWER AGAINST THE ADMINISTRATIVE AGENT, THE SWING LINE LENDER, ANY ISSUING LENDER OR ANY LENDER OR ANY AFFILIATE OF ANY SUCH PERSON INVOLVING, DIRECTLY OR INDIRECTLY, ANY MATTER IN ANY WAY ARISING OUT OF, RELATED TO OR CONNECTED WITH THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT SHALL BE BROUGHT ONLY IN A COURT IN CHICAGO, ILLINOIS, BOSTON, MASSACHUSETTS OR

NEW YORK, NEW YORK, TO THE EXTENT THAT JURISDICTION CAN BE OBTAINED AGAINST SUCH PERSONS IN ANY SUCH JURISDICTION, BUT THE PARTIES HERETO ACKNOWLEDGE THAT ANY APPEALS FROM THOSE COURTS MAY HAVE TO BE HEARD BY A COURT LOCATED OUTSIDE OF CHICAGO, ILLINOIS, BOSTON, MASSACHUSETTS OR NEW YORK, NEW YORK. EACH OF THE PARTIES HERETO WAIVES IN ALL DISPUTES BROUGHT IN THE JURISDICTIONS IDENTIFIED IN THIS SUBSECTION (A) ANY OBJECTION THAT IT MAY HAVE TO THE LOCATION OF THE COURT CONSIDERING THE DISPUTE PROVIDED, WITH RESPECT TO THE ADMINISTRATIVE AGENT OR ANY LENDER, PERSONAL JURISDICTION WITH RESPECT TO SUCH PARTY MAY BE OBTAINED IN SUCH JURISDICTION.

(B) OTHER JURISDICTIONS. NOTHING HEREIN SHALL LIMIT THE RIGHT OF ANY PERSON TO BRING ANY ACTION HEREUNDER IN A COURT IN ANY LOCATION TO ENABLE SUCH PERSON TO OBTAIN PERSONAL JURISDICTION OVER ANY OTHER PERSON WITH RESPECT HERETO. THE BORROWER AGREES THAT THE ADMINISTRATIVE AGENT, ANY ISSUING LENDER, ANY SWING LINE LENDER, ANY LENDER OR ANY OTHER HOLDER OF THE OBLIGATIONS SHALL HAVE THE RIGHT TO PROCEED AGAINST THE BORROWER OR ITS PROPERTY IN A COURT IN ANY LOCATION TO ENABLE SUCH PERSON TO ENFORCE A JUDGMENT OR OTHER COURT ORDER ENTERED IN FAVOR OF SUCH PERSON. THE BORROWER AGREES THAT IT WILL NOT ASSERT ANY PERMISSIVE COUNTERCLAIMS IN ANY PROCEEDING BROUGHT UNDER THIS CLAUSE (B) BY SUCH PERSON TO ENFORCE A JUDGMENT OR OTHER COURT ORDER IN FAVOR OF SUCH PERSON, ALL OF WHICH PERMISSIVE COUNTERCLAIMS SHALL BE BROUGHT BY THE BORROWER IN THE JURISDICTIONS IDENTIFIED IN CLAUSE (A) ABOVE. THE BORROWER WAIVES ANY OBJECTION THAT IT MAY HAVE TO THE LOCATION OF THE COURT IN WHICH SUCH PERSON HAS COMMENCED A PROCEEDING DESCRIBED IN THIS SUBSECTION (B).

(C) SERVICE OF PROCESS; INCONVENIENT FORUM. THE BORROWER WAIVES PERSONAL SERVICE OF ANY PROCESS UPON IT AND AGREES THAT ANY SUCH PROCESS MAY BE SERVED BY REGISTERED MAIL TO THE BORROWER AT ITS ADDRESS FOR NOTICES PURSUANT TO SECTION 13.1. THE BORROWER IRREVOCABLY WAIVES ANY OBJECTION (INCLUDING, WITHOUT LIMITATION, ANY OBJECTION OF THE LAYING OF VENUE OR BASED ON THE GROUNDS OF FORUM NON CONVENIENS) WHICH IT MAY NOW OR HEREAFTER HAVE TO THE BRINGING OF ANY SUCH ACTION OR PROCEEDING WITH RESPECT TO THIS AGREEMENT OR ANY OTHER INSTRUMENT, DOCUMENT OR AGREEMENT EXECUTED OR DELIVERED IN CONNECTION HEREWITH IN ANY JURISDICTION SET FORTH ABOVE.

(D) WAIVER OF JURY TRIAL. TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, EACH OF THE PARTIES HERETO IRREVOCABLY WAIVES ANY RIGHT TO HAVE A JURY PARTICIPATE IN RESOLVING ANY DISPUTE, WHETHER SOUNDING IN CONTRACT, TORT OR OTHERWISE, ARISING OUT OF, CONNECTED

WITH, RELATED TO OR INCIDENTAL TO THE RELATIONSHIP ESTABLISHED AMONG THEM IN CONNECTION WITH THIS AGREEMENT OR ANY OTHER INSTRUMENT, DOCUMENT OR AGREEMENT EXECUTED OR DELIVERED IN CONNECTION HEREWITH. EACH OF THE PARTIES HERETO AGREES AND CONSENTS THAT ANY SUCH CLAIM, DEMAND, ACTION OR CAUSE OF ACTION SHALL BE DECIDED BY COURT TRIAL WITHOUT A JURY AND THAT ANY PARTY HERETO MAY FILE AN ORIGINAL COUNTERPART OR A COPY OF THIS AGREEMENT WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF THE PARTIES HERETO TO THE WAIVER OF THEIR RIGHT TO TRIAL BY JURY.

(E) ADVICE OF COUNSEL. EACH OF THE PARTIES REPRESENTS TO EACH OTHER PARTY HERETO THAT IT HAS DISCUSSED THIS AGREEMENT AND, SPECIFICALLY, THE PROVISIONS OF THIS SECTION 9.13 WITH ITS COUNSEL.

9.14. CONFIDENTIALITY. Each Lender agrees to hold any confidential information which it may receive from the Borrower pursuant to this Agreement in confidence, except for disclosure (i) to other Lenders and its and their respective Affiliates, Transferees and prospective Transferees, (ii) in confidence to legal counsel, accountants and other professional advisors to that Lender or to Transferees or prospective Transferees pursuant to SECTION 12.4, (iii) to regulatory officials, (iv) to any Person as requested (which request such Lender reasonably believes could give rise to mandatory disclosure) or pursuant to or as required by law, regulation or legal process, (v) to any Person in connection with any legal proceeding to which that Lender is a party with respect to any claim, litigation, arbitration or other proceeding relating to or arising out of the transaction evidenced by this Agreement or the other Loan Documents, (vi) to any Person in connection with any other legal proceeding to which that Lender is a party provided such Lender uses reasonable efforts to give the Borrower notice of any disclosure thereunder, provided any failure in such regard shall not result in any liability on the part of such Lender, and (vii) permitted by SECTION 12.4.

9.15. FACILITY GUARANTY RELEASES. Each of the Lenders, the Swing Line Lender, the Issuing Lenders and the Administrative Agent agrees that upon the consummation of any transaction involving a merger permitted under the last sentence of Section 6.10 or the sale of all or substantially all of the assets of a Material Subsidiary, which sale is permitted pursuant to the terms of Section 6.11, the Administrative Agent, for itself and on behalf of the Lenders, the Swing Line Lender and the Issuing Lenders, shall release and terminate the Facility Guaranty with respect to the Material Subsidiary which is the subject of such transaction.

ARTICLE X
THE ADMINISTRATIVE AGENT

10.1. APPOINTMENT; NATURE OF RELATIONSHIP. The First National Bank of Chicago is appointed by the Issuing Lenders, Swing Line Lender and Lenders as the Administrative Agent hereunder and under each other Loan Document, and each of the Issuing Lenders, the Swing Line Lender and the Lenders irrevocably authorizes the Administrative Agent to act as the contractual

representative of such Person with the rights and duties expressly set forth herein and in the other Loan Documents. The Administrative Agent agrees to act as such contractual representative upon the express conditions contained in this ARTICLE X. Notwithstanding the use of the defined term "Administrative Agent" or "agent" in reference to The First National Bank of Chicago, it is expressly understood and agreed that the Administrative Agent shall not have any fiduciary responsibilities to any Issuing Lender, Swing Line Lender or Lender by reason of this Agreement and that the Administrative Agent is merely acting as the representative of the Issuing Lenders, Swing Line Lender and Lenders with only those duties as are expressly set forth in this Agreement and the other Loan Documents. In its capacity as such contractual representative, the Administrative Agent (i) does not assume any fiduciary duties to any of the Issuing Lenders, Swing Line Lender or Lenders, (ii) is a "representative" of the Issuing Lenders, Swing Line Lender and Lenders within the meaning of SECTION 9-105 of the Uniform Commercial Code and (iii) is acting as an independent contractor, the rights and duties of which are limited to those expressly set forth in this Agreement and the other Loan Documents. Each of the Issuing Lenders, Swing Line Lender and Lenders agrees to assert no claim against the Administrative Agent on any agency theory or any other theory of liability for breach of fiduciary duty, all of which claims each Issuing Lender, Swing Line Lender and Lender waives.

10.2. POWERS. The Administrative Agent shall have and may exercise such powers under the Loan Documents as are specifically delegated to the Administrative Agent by the terms of each thereof, together with such powers as are reasonably incidental thereto. The Administrative Agent shall have no implied duties or fiduciary duties to the Issuing Lenders, Swing Line Lender or Lenders, or any obligation to the Issuing Lenders, Swing Line Lender or Lenders to take any action hereunder or under any of the other Loan Documents except any action specifically provided by the Loan Documents required to be taken by the Administrative Agent.

10.3. GENERAL IMMUNITY. Neither the Administrative Agent nor any of its directors, officers, agents or employees shall be liable to the Borrower or any Issuing Lender, Swing Line Lender or Lender for any action taken or omitted to be taken by it or them hereunder or under any other Loan Document or in connection herewith or therewith except to the extent such action or inaction is found in a final judgment by a court of competent jurisdiction to have arisen solely from the Gross Negligence or willful misconduct of such Person.

10.4. NO RESPONSIBILITY FOR LOANS, CREDITWORTHINESS, COLLATERAL, RECITALS, ETC. Neither the Administrative Agent nor any of its directors, officers, agents or employees shall be responsible for or have any duty to ascertain, inquire into or verify (i) any statement, warranty or representation made in connection with any Loan Document or any extension of credit hereunder; (ii) the performance or observance of any of the covenants or agreements of the Borrower, any Subsidiary or any other obligor under any Loan Document; (iii) the satisfaction of any condition specified in Article IV, except receipt of items required to be delivered solely to the Administrative Agent; (iv) the existence or possible existence of any Default or (v) the validity, effectiveness or genuineness of any Loan Document or any other instrument or writing furnished in connection therewith. The Administrative Agent shall not be responsible to any Issuing Lender, Swing Line Lender or Lender for any recitals, statements, representations or warranties herein or in any of the

other Loan Documents or for the execution, effectiveness, genuineness, validity, legality, enforceability, collectibility or sufficiency of this Agreement or any of the other Loan Documents or the transactions contemplated thereby, or for the financial condition of the Borrower or any of its Subsidiaries. The Administrative Agent will use its reasonable efforts to distribute to each of the Lenders, in a timely fashion, a copy of all written reports, certificates and information required to be supplied by the Borrower or any of its Subsidiaries to the Administrative Agent pursuant to the terms of this Agreement or any of the other Loan Documents; provided that any failure in such regard shall not result in any liability on the part of the Administrative Agent and PROVIDED FURTHER that the Administrative Agent shall have no duty to disclose to the Lenders information that is not required to be furnished by the Borrower to the Administrative Agent at such time, but is voluntarily furnished by the Borrower to the Administrative Agent (either in its capacity as Administrative Agent or in its individual capacity).

10.5. ACTION ON INSTRUCTIONS OF LENDERS. The Administrative Agent shall in all cases be fully protected in acting, or in refraining from acting, hereunder and under any other Loan Document in accordance with written instructions signed by the Required Lenders or all of the Lenders (as applicable under SECTION 8.2), and such instructions and any action taken or failure to act pursuant thereto shall be binding on all of the Issuing Lenders, Swing Line Lender, Lenders and any other holders of the Notes or Obligations. The Administrative Agent shall be fully justified in failing or refusing to take any action hereunder and under any other Loan Document unless it shall first be indemnified to its satisfaction (which shall not include any requirement that it be indemnified for its willful misconduct or Gross Negligence) by the Lenders pro rata against any and all liability, cost and expense that it may incur by reason of taking or continuing to take any such action.

10.6. EMPLOYMENT OF AGENTS AND COUNSEL. The Administrative Agent may execute any of its duties as the Administrative Agent hereunder and under any other Loan Document by or through employees, agents and attorney-in-fact and shall not be answerable to the Issuing Lenders, Swing Line Lender or Lenders, except as to money or securities received by it or its authorized agents, for the default or misconduct of any such agents or attorneys-in-fact selected by it with reasonable care. The Administrative Agent shall be entitled to advice of counsel concerning the contractual arrangement between the Administrative Agent and the Issuing Lenders, Swing Line Lender and Lenders and all matters pertaining to the Administrative Agent's duties hereunder and under any other Loan Document.

10.7. RELIANCE ON DOCUMENTS; COUNSEL. The Administrative Agent shall be entitled to rely upon any Note, notice, consent, certificate, affidavit, letter, telegram, statement, paper or document believed by it to be genuine and correct and to have been signed or sent by the proper person or persons, and, in respect of legal matters, upon the opinion of counsel selected by the Administrative Agent, which counsel may be employees of the Administrative Agent and which counsel may have acted as counsel for the Administrative Agent in connection with the negotiation and execution of this Agreement and the other Loan Documents.

10.8. THE ADMINISTRATIVE AGENT'S REIMBURSEMENT AND

INDEMNIFICATION. The Lenders agree to reimburse and indemnify the Administrative Agent ratably in proportion to their respective Percentage (i) for any amounts not reimbursed by the Borrower for which the Administrative Agent is entitled to reimbursement by the Borrower under the Loan Documents, (ii) for any other expenses incurred by the Administrative Agent on behalf of the Issuing Lenders, Swing Line Lender or Lenders, in connection with the preparation, execution, delivery, administration and enforcement of the Loan Documents (including with respect to any disagreement between or among any of the Administrative Agent, Issuing Lenders, Swing Line Lender or Lenders) and (iii) for any liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind and nature whatsoever which may be imposed on, incurred by or asserted against the Administrative Agent in any way relating to or arising out of the Loan Documents or any other document delivered in connection therewith or the transactions contemplated thereby, or the enforcement of any of the terms thereof or of any such other documents, provided that no Lender shall be liable for any of the foregoing to the extent any of the foregoing is found in a final non-appealable judgment by a court of competent jurisdiction to have arisen solely from the Gross Negligence or willful misconduct of the Administrative Agent.

10.9. RIGHTS AS A LENDER. With respect to its Commitment,

Loans made by it, Letters of Credit issued by it and Notes issued to it, First Chicago (or any other Person succeeding it as the Administrative Agent) shall have the same rights and powers hereunder and under any other Loan Document as any Lender, Issuing Lender or Swing Line Lender, as applicable, and may exercise the same as though it were not the Administrative Agent, and the terms "Lender," "Lenders," "Issuing Lender," "Issuing Lenders," "Swing Line Lender," and "Swing Line Lenders" shall, unless the context otherwise indicates, include First Chicago (or any other Person succeeding it as the Administrative Agent) in its individual capacity. First Chicago (or any other Person succeeding it as the Administrative Agent) may accept deposits from, lend money to, and generally engage in any kind of trust, debt, equity or other transaction, in addition to those contemplated by this Agreement or any other Loan Document, with the Borrower or any of its Subsidiaries in which such Person is not prohibited hereby from engaging with any other Person.

10.10. LENDER CREDIT DECISION. Each Lender acknowledges that

it has, independently and without reliance upon the Administrative Agent or any other Issuing Lender, Swing Line Lender or Lender and based on the financial statements prepared by the Borrower and its Subsidiaries and such other documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement and the other Loan Documents. Each Lender also acknowledges that it will, independently and without reliance upon the Administrative Agent or any other Issuing Lender, Swing Line Lender or Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Agreement and the other Loan Documents.

10.11. SUCCESSOR ADMINISTRATIVE AGENT. The Administrative

Agent may resign at any time by giving written notice thereof to the Lenders and the Borrower, and the Administrative Agent may be removed at any time with or without cause by written notice received by the Administrative

Agent from the Required Lenders. Upon any such resignation or removal, the Required Lenders shall have the right to appoint, without the consent of the Borrower and on behalf of the Swing Line Lender, Issuing Lenders and Lenders, a successor Administrative Agent. If no successor Administrative Agent shall have been so appointed by the Required Lenders and shall have accepted such appointment within thirty days after the retiring Administrative Agent's giving notice of resignation, then the retiring Administrative Agent may appoint, without the consent of the Borrower and on behalf of the Issuing Lenders, Swing Line Lender and Lenders, a successor Administrative Agent, which successor Administrative Agent shall be a Lender unless no Lender shall so agree in which event such successor Administrative Agent may be a Person of the Administrative Agent's choosing. Notwithstanding anything herein to the contrary, so long as no Default has occurred and is continuing, each such successor Administrative Agent shall be subject to approval by the Borrower, which approval shall not be unreasonably withheld. Such successor Administrative Agent shall be a commercial bank having capital and retained earnings of at least \$100,000,000. Upon the acceptance of any appointment as the Administrative Agent hereunder by a successor Administrative Agent, such successor Administrative Agent shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the retiring Administrative Agent, and the retiring Administrative Agent shall be discharged from its duties and obligations hereunder and under the other Loan Documents. After any retiring Administrative Agent's resignation hereunder as Administrative Agent, the provisions of this Article X shall continue in effect for its benefit in respect of any actions taken or omitted to be taken by it while it was acting as the Administrative Agent hereunder and under the other Loan Documents.

10.12. ADMINISTRATIVE AGENT'S FEE. The Borrower agrees to pay to the Administrative Agent, for its own account, the fees agreed to by the Borrower and the Administrative Agent by separate letter agreement, or as otherwise agreed from time to time.

ARTICLE XI
SETOFF; RATABLE PAYMENTS

11.1. SETOFF. In addition to, and without limitation of, any rights of the Lenders under applicable law, if the Borrower becomes insolvent, however evidenced, or any Default or Unmatured Default occurs and is continuing, any and all deposits (including all account balances, whether provisional or final and whether or not collected or available) and any other Indebtedness at any time held or owing by any Lender to or for the credit or account of the Borrower may be offset and applied toward the payment of the Obligations owing to such Lender, whether or not the Obligations, or any part hereof, shall then be due.

11.2. RATABLE PAYMENTS. If any Lender, whether by setoff or otherwise, has payment made to it upon its Syndicated Loans (other than payments received pursuant to SECTION 3.1, 3.2 or 3.4) in a greater proportion than that received by any other Lender, such Lender agrees, promptly upon demand, to purchase a portion of the Syndicated Loans held by the other Lenders so that after such purchase each Lender will hold its ratable proportion of Syndicated Loans. If any Lender,

whether in connection with setoff or amounts which might be subject to setoff or otherwise, receives collateral or other protection for its Obligations or such amounts which may be subject to setoff, such Lender agrees, promptly upon demand, to take such action necessary such that all Lenders share in the benefits of such collateral ratably in proportion to their Syndicated Loans. In case any such payment is disturbed by legal process, or otherwise, appropriate further adjustments shall be made.

11.3. APPLICATION OF PAYMENTS. The Administrative Agent shall, unless otherwise specified at the direction of the Required Lenders which direction shall be consistent with the last sentence of this Section 11.3, apply all payments and prepayments in respect of any Obligations in the following order:

(a) first, to pay interest on and then principal of any portion of the Loans which the Administrative Agent may have advanced on behalf of any Lender for which the Administrative Agent has not then been reimbursed by such Lender or Borrower;

(b) second, to pay Obligations in respect of any fees, expense reimbursements or indemnities then due to the Administrative Agent;

(c) third, to pay interest on and then principal outstanding on the Swing Line Loans, applied ratably to all outstanding Swing Line Loans;

(d) fourth, to the ratable payment of Obligations in respect of any fees, expenses, reimbursements or indemnities then due to the Lenders, Swing Line Lender and Issuing Lenders;

(e) fifth, to pay interest due in respect of Loans (other than Swing Line Loans) and L/C Obligations;

(f) sixth, to the ratable payment or prepayment of principal outstanding on Loans (other than Swing Line Loans) and Reimbursement Obligations in such order as the Administrative Agent may determine in its sole discretion;

(g) seventh, to provide required cash collateral, if any, pursuant to Section 2.20.10; and

(h) eighth, to the ratable payment of all other Obligations.

Unless otherwise designated (which designation shall only be applicable if no Default has occurred and is continuing) by the Borrower or unless otherwise mandated by the terms of this Agreement, all principal payments in respect of Loans shall be applied first, to repay outstanding Money Market Rate Loans, second to repay other outstanding Floating Rate Loans, and then to repay outstanding Eurodollar Loans with those Eurodollar Loans which have earlier expiring Interest Periods being repaid prior to those which have later expiring Interest Periods. The order of priority set forth in this

SECTION 11.3 and the related provisions of this Agreement are set forth solely to determine the rights and priorities of the Administrative Agent, the Lenders, the Swing Line Lender and the Issuing Lenders as among themselves. The order of priority set forth in CLAUSES (d) through (h) of this SECTION 11.3 may at any time and from time to time be changed by the Required Lenders without necessity of notice to or consent of or approval by Borrower or any other Person. The order of priority set forth in CLAUSES (a) and (b) of this SECTION 11.3 may be changed only with the prior written consent of the Administrative Agent and the order of priority set forth in CLAUSE (c) may be changed only with the prior written consent of the Swing Line Lender.

ARTICLE XII
BENEFIT OF AGREEMENT; ASSIGNMENTS; PARTICIPATIONS

12.1. SUCCESSORS AND ASSIGNS. The terms and provisions of the Loan Documents shall be binding upon and inure to the benefit of the Borrower, the Administrative Agent and the Lenders and their respective successors and assigns, except that (a) the Borrower shall not have the right to assign its rights or obligations under the Loan Documents without the consent of all of the Lenders and (b) any assignment by any Lender must be made in compliance with SECTION 12.3. Notwithstanding clause (b) of the preceding sentence, any Lender may at any time, without the consent of the Borrower or the Administrative Agent, assign all or any portion of its rights under this Agreement and its Notes to a Federal Reserve Bank; PROVIDED, HOWEVER, that no such assignment shall release the transferor Lender from its obligations hereunder. The Administrative Agent may treat the payee of any Note as the owner thereof for all purposes hereof unless and until such payee complies with SECTION 12.3 in the case of an assignment thereof or, in the case of any other transfer, a written notice of the transfer is filed with the Administrative Agent. Any assignee or transferee of a Note agrees by acceptance thereof to be bound by all the terms and provisions of the Loan Documents. Any request, authority or consent of any Person, who at the time of making such request or giving such authority or consent is the holder of any Note, shall be conclusive and binding on any subsequent holder, transferee or assignee of such Note or of any Note or Notes issued in exchange therefor.

12.2. PARTICIPATIONS.

12.2.1. PERMITTED PARTICIPANTS; EFFECT. Any Lender may, in the ordinary course of its business and in accordance with applicable law, at any time sell to one or more banks or other Eligible Participants (a "PARTICIPANT") participating interests in any Loan owing to such Lender, any Note held by such Lender, any L/C Interest held by such Lender, the Commitment of such Lender or any other interest of such Lender under the Loan Documents. In the event of any such sale by a Lender of participating interests to a Participant, such Lender's obligations under the Loan Documents shall remain unchanged, such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations, such Lender shall remain the holder of any such Note for all purposes under the Loan Documents, all amounts payable by the Borrower under this Agreement shall be determined as if such Lender had not sold such participating interests, and the Borrower and the

Administrative Agent shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under the Loan Documents. The participation agreement effecting the sale of any participating interest shall contain a representation by the Participant to the effect that none of the consideration used to make the purchase of the participating interest in the Commitment, Loans and L/C Interests under such participation agreement are "plan assets" as defined under ERISA and that the rights and interests of the Participant in and under the Loan Documents will not be "plan assets" under ERISA.

12.2.2. VOTING RIGHTS. Each Lender shall retain the sole right to approve, without the consent of any Participant, any amendment, modification or waiver of any provision of the Loan Documents other than any amendment, modification or waiver with respect to any Loan, L/C Interest or Commitment in which such Participant has an interest which would require the consent of such Participant under SECTION 8.2 if such Participant were a Lender.

12.2.3. BENEFIT OF SETOFF. The Borrower agrees that to the extent permitted by law each Participant shall be deemed to have the right of setoff provided in SECTION 11.1 in respect of its participating interest in amounts owing under the Loan Documents to the same extent as if the amount of its participating interest were owing directly to it as a Lender under the Loan Documents, provided that each Lender shall retain the right of setoff provided in SECTION 11.1 with respect to the amount of participating interests sold to each Participant. The Lenders agree to share with each Participant, and each Participant, by exercising the right of setoff provided in SECTION 11.1, agrees to share with each Lender, any amount received pursuant to the exercise of its right of setoff, such amounts to be shared in accordance with SECTION 11.2 as if each Participant were a Lender.

12.3. ASSIGNMENTS.

12.3.1. PERMITTED ASSIGNMENTS. Any Lender may, in the ordinary course of its business and in accordance with applicable law, at any time assign to one or more commercial banks ("Purchasers") all or any part of its Commitment and outstanding Loans and L/C Interests, together with its rights and obligations under the Loan Documents with respect thereto; provided, however, that (a) the amount of the Commitment of the assigning Lender being assigned pursuant to each such assignment (determined as of the date of such assignment) may be in the amount of such Lender's entire Commitment but otherwise shall not be less than \$15,000,000 or an integral multiple of \$1,000,000 in excess of that amount. Such assignment shall be substantially in the form of Exhibit D hereto or in such other form as may be agreed to by the parties thereto. The consent of the Borrower and the Administrative Agent shall be required prior to an assignment becoming effective with respect to a Purchaser which is not a Lender (neither of which consents may be unreasonably withheld or delayed); provided, however, that if a Default has occurred and is continuing, the consent of the Borrower shall not be required.

12.3.2. EFFECT; EFFECTIVE DATE. Upon (a) delivery to the Administrative Agent of a notice of assignment, substantially in the form attached to EXHIBIT D hereto (a "NOTICE OF ASSIGNMENT"), together with any consents required by SECTION 12.3.1, and (b) payment of a \$3,500 fee to the Administrative Agent for processing such assignment, such assignment shall become effective on the effective date specified in such Notice of Assignment. The Notice of Assignment shall contain a representation by the Purchaser to the effect that none of the consideration used to make the purchase of the Commitment and Loans under the applicable assignment agreement are "plan assets" as defined under ERISA and that the rights and interests of the Purchaser in and under the Loan Documents will not be "plan assets" under ERISA. On and after the effective date of such assignment, such Purchaser shall for all purposes be a Lender party to this Agreement and any other Loan Document executed by the Lenders and shall have all the rights and obligations of a Lender under the Loan Documents, to the same extent as if it were an original party hereto and thereto, and no further consent or action by the Borrower, the Lenders or the Administrative Agent shall be required to release the transferor Lender with respect to the percentage of the Aggregate Commitment and Loans assigned to such Purchaser. Upon the consummation of any assignment to a Purchaser pursuant to this SECTION 12.3.2, the transferor Lender, the Administrative Agent, and the Borrower shall make appropriate arrangements so that replacement Notes are issued to such transferor Lender and new Notes or, as appropriate, replacement Notes, are issued to such Purchaser, in each case in principal amounts reflecting its Commitment, as adjusted pursuant to such assignment.

12.4. DISSEMINATION OF INFORMATION. The Borrower authorizes each Lender to disclose to any Participant or Purchaser or any other Person acquiring an interest in the Loan Documents by operation of law (each a "TRANSFeree") and any prospective Transferee any and all information in such Lender's possession concerning the creditworthiness of the Borrower and its Subsidiaries; provided that each Transferee and prospective Transferee agrees to be bound by Section 9.14 of this Agreement.

12.5. TAX TREATMENT. If any interest in any Loan Document is transferred to any Transferee which is organized under the laws of any jurisdiction other than the United States or any State thereof, the transferor Lender shall cause such Transferee, concurrently with the effectiveness of such transfer, to comply with the provisions of SECTION 2.18.

ARTICLE XIII NOTICES

13.1. GIVING NOTICE. Except as otherwise permitted by SECTION 2.14 with respect to telephonic notices, all notices and other communications provided to any party hereto under this Agreement or any other Loan Document shall be in writing or by telex or by facsimile and addressed or delivered to such party at its address set forth below its signature hereto or at such other address as may be designated by such party in a notice to the other parties. Any notice, if mailed and properly

addressed with postage prepaid, shall be deemed given when received; any notice, if transmitted by telex or facsimile, shall be deemed given when transmitted (answerback confirmed in the case of telexes).

13.2. CHANGE OF ADDRESS. The Borrower, the Administrative Agent and any Lender may each change the address for service of notice upon it by a notice in writing to the other parties hereto.

ARTICLE XIV
COUNTERPARTS

This Agreement may be executed in any number of counterparts, all of which taken together shall constitute one agreement, and any of the parties hereto may execute this Agreement by signing any such counterpart. Subject to Section 4.1, this Agreement shall be effective when it has been executed by the Borrower, the Administrative Agent and the Lenders and each party has notified the Administrative Agent by telex or telephone that it has taken such action.

[Remainder of this Page Intentionally Blank]

IN WITNESS WHEREOF, the Borrower, the Lenders and the Administrative Agent have executed this Agreement as of the date first above written.

THE TJX COMPANIES, INC.

By: /s/ Steven Wishner

Name: STEVEN WISHNER
Title: Vice President, Finance
Treasurer

Address:

770 Cochituate Road
Framingham, Massachusetts 01701
Attn: Don Campbell, Chief Financial Officer
Facsimile No. (508) 390-2199

COMMITMENT:

\$60,000,000.00

THE FIRST NATIONAL BANK OF CHICAGO,
as a Lender, as Administrative Agent, as Swing
Line Lender and as an Issuing Lender

By: /s/ John D. Runger

Name: John D. Runger

Title:

Address:

One First National Plaza
Chicago, Illinois 60670
Attention: John D. Runger
Facsimile No.: (312)

COMMITMENT:

\$55,000,000.00

BANK OF AMERICA NATIONAL TRUST
AND SAVINGS ASSOCIATION,
as a Lender, as Syndication Agent and as an
Issuing Lender

By: /s/ Jody Pritchard

Name: Jody Pritchard
Title: Assistant Vice President

Address:

231 South LaSalle Street
9th Floor
Chicago, Illinois 60697
Attention: Jody A. Pritchard
Facsimile: 312/987-7384

COMMITMENT:

\$55,000,000.00

THE BANK OF NEW YORK,
as a Lender, as Documentation Agent and as
an Issuing Lender

By: /s/ Howard Bascom, Jr.

Name: Howard Bascom, Jr.
Title:

Address:

One Wall Street
8th Floor
New York, New York 10286
Attention: Howard Bascom, Jr.
Facsimile: 212/635-1483

COMMITMENT:

\$55,000,000.00

BANKBOSTON, N.A.,
as a Lender, as Managing Agent and as an
Issuing Lender

By: /s/ Linda H. Thomas

Name: LINDA H. THOMAS
Title: MANAGING DIRECTOR

Address:

100 Federal Street
Mail Stop 01-09-05
Boston, Massachusetts 02110
Attention: Linda Thomas
Facsimile: 617/434-0816

COMMITMENT:

\$34,000,000.00

CIBC, INC.,
as a Lender

By: /s/ CHRISTOPHER P. KLECZKOWSKI

Name: Christopher P. Kleczkowski
Title:

Address (Credit Issues):

425 Lexington Avenue
New York, NY 10017
Attention: Chris Kleczkowski
Facsimile: 212/856-3991

Address (Operations Issues):

2727 Paces Ferry Road, Suite 1200
2 Paces West
Atlanta, Georgia 30339
Attention: Vickie Summey
Facsimile: 770/319-4950

COMMITMENT:

\$34,000,000.00

DEUTSCHE BANK AG, NEW YORK BRANCH
AND/OR CAYMAN ISLANDS BRANCH,
as a Lender

By: /s/ Susan M. O'Connor

Name: Susan M. O'Connor
Title: Director

By: /s/ Joel D. Makowsky

Name: Joel D. Makowsky
Title: Assistant Vice President

Address:

31 West 52nd Street
New York, New York 10019
Attention: Susan O'Connor
Facsimile: 212/469-7936

COMMITMENT:

\$34,000,000.00

MELLON BANK, N.A.,
as a Lender

By: /s/ Manuel Burgueno

Name: Manuel Burgueno
Title:

Address:

One Mellon Bank Center
Room 4535
Pittsburgh, Pennsylvania 15258-0001
Attention: Manuel Burgueno
Facsimile: 412/236-1914

COMMITMENT:

\$34,000,000.00

FLEET NATIONAL BANK,
as a Lender

By: /s/ Richard Seufert

Name: Richard Seufert
Title: Vice President

Address:

One Federal Street
Mail Code MA-0F-0320
Boston, Massachusetts 02110-2010
Attention: Richard Seufert
Facsimile: 617/346-0689

COMMITMENT:

\$34,000,000.00

PNC BANK, NATIONAL ASSOCIATION,
as a Lender

By: /s/ Mark Williams

Name: Mark Williams
Title:

Address:

345 Park Avenue
10th Floor
New York, New York 10154-1099
Attention: Mark Williams
Facsimile: 212/557-5461

COMMITMENT:

\$15,000,000.00

ABN AMRO BANK N.V.,
as a Lender

By: /s/ Carol A. Levine

Name: Carol A. Levine
Title: Senior Vice President

By: /s/ James E. Davis

Name: James E. Davis
Title: Group Vice President

Address:

One Post Office Square
39th Floor
Boston, Massachusetts 02109
Attention: 617/988-7910

COMMITMENT:

\$15,000,000.00

BARNETT BANK, N.A.,
as a Lender

By: /s/ Scott Hesketh

Name: Scott Hesketh
Title:

Address:

50 North Laura Street
P.O. Box 4078
Jacksonville, Florida 32202
Attention: Scott Hesketh
Facsimile: 904/791-7063

COMMITMENT:

\$15,000,000.00

FIRST AMERICAN NATIONAL BANK,
as a Lender

By: /s/ Andrew S. Zimberg

Name: Andrew S. Zimberg
Title: Vice President

Address:

4th and Union Streets
3rd Floor
Nashville, Tennessee 37237-0310
Attention: Andy Zimberg
Facsimile: 615/748-6072

COMMITMENT:

\$15,000,000.00

STANDARD CHARTERED BANK,
as a Lender

By: /s/ Kristina M. David

Name: Kristina M. David
Title: Vice President

Address:

7 World Trade Center
27th Floor
New York, New York 10048
Attention: Leonardo Tee
Facsimile: 212/667-0225

COMMITMENT:

\$15,000,000.00

STATE STREET BANK AND TRUST COMPANY,
as a Lender

By: /s/ F. Andrew Beise

Name: F. Andrew Beise
Title: Vice President

Address:

225 Franklin Street
Boston, Massachusetts 02110
Attention: F. Andrew Beise
Facsimile: 617/664-6527

COMMITMENT:

\$15,000,000.00

THE TOYO TRUST & BANKING CO., LTD.,
NEW YORK BRANCH,
as a Lender

By: /s/ Takishi Mikumo

Name: Takishi Mikumo
Title:

Address:

666 Fifth Avenue
33rd Floor
New York, New York 10103-3395
Attention: Nicholas A. Fiore
Facsimile: 212/307-3498

COMMITMENT:

\$15,000,000.00

UNION BANK OF CALIFORNIA, N.A.,
as a Lender

By: /s/ Dana C. Fenwick

Name: Dana C. Fenwick
Title: Vice President

Address:

350 California Street
6th Floor
San Francisco, California 94104
Attention: Terry Rocha
Facsimile: 415/705-5093

AMENDMENT

Amendment dated as of April 8, 1998 to the Employment Agreement dated as of January 26, 1997 between Bernard Cammarata ("Executive") and the TJX Companies, Inc. ("Employer") (the "Agreement").

For valuable consideration, receipt of which is acknowledged by the parties hereto, the parties agree that the final two sentences of Section 3(c)(iii) of the Agreement are hereby amended in their entirety to read as follows:

"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 (six months, in the case of any Option granted after April 8, 1998), 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."

Section 3(e) of the Agreement pertaining to MIP is amended as follows:

"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 75% of his Base Salary if the target established by the Committee is met and up to 150% of his Base Salary if such target is exceeded, with the payment potential ranging from 0% to 150% of Executive's Base Salary as established by the terms of the award."

In witness whereof the parties have duly executed this amendment as of the date first above written.

/s/ Bernard Cammarata

Bernard Cammarata

THE TJX COMPANIES, INC.

By: /s/ John Nelson

Title:

January 26, 1998

Mr. Bernard Cammarata
President and Chief Executive Officer
The TJX Companies, Inc.
770 Cochituate Road
Framingham, MA 01701

Re: Employment Agreement

Dear Mr. Cammarata:

Reference is made to the Employment Agreement dated as of January 26, 1997 between you and The TJX Companies, Inc. (the "Employment Agreement"). This letter sets forth certain clarifications and amendments to the terms of the Employment Agreement.

1. Section 3(a) of the Employment Agreement (relating to the deferral of certain portions of the Base Salary payable to you) is hereby amended, effective as of the Effective Date of the Employment Agreement, by adding at the end thereof the following sentence: "Notwithstanding the foregoing, the parties acknowledge that for the fiscal year of the Company ending in 1998, \$53,085.00 of that portion of Executive's Base Salary which is in excess of the Section 162(m) Current Salary Maximum has been deferred under the GDCP and only the balance of Executive's Base Salary in excess of the Section 162(m) Current Salary Maximum, commencing with amounts deferred as of May 23, 1997, shall be credited to the Account described at Section 9 below and paid out in accordance with Section 9(f) below."

2. Section 9(a)(iii) of the Employment Agreement (relating to the crediting of your Deferred Stock award) is hereby amended, effective as of the Effective Date of the Employment Agreement, by substituting the words "date of execution of this Agreement" for the words "the date of this Agreement."

3. Section 9(e) of the Employment Agreement (relating to the establishment of a so-called "rabbi trust") is hereby amended, effective as of the Effective Date of the Employment Agreement, by deleting the third sentence thereof (begins: "In the case of the credits...") and replacing it with the following sentence: "In the case of the credits described in (a)(ii) and (a)(iii) above, the Company shall contribute cash in an amount not less than par value per share and shall instruct the trust to apply such cash to the purchase from the Company of shares of Stock equal in number to the shares to be credited under those clauses; and in the case of the credits described in (a)(i), (a)(iv) and (a)(v) above, the Company shall contribute cash in an amount equal to the amount to be credited (including any notional interest, if applicable, through the date of the contribution)."

4. The definition of "Section 162(m) Current Salary Maximum" in Exhibit C of the Employment Agreement is hereby amended, effective as of the Effective Date of the Employment Agreement, by adding the words "and deferrals by Executive under any cafeteria plan as described at Section 125 of the Code."

If you agree with the foregoing, please so indicate by signing the enclosed copy of this letter in the space indicated below and returning it to Mark Jacobson, Vice President, Human Services Director.

THE TJX COMPANIES, INC.

By: /s/ John Nelson

Agreed:

/s/ Bernard Cammarata

Bernard Cammarata

AMENDED AND RESTATED EMPLOYMENT AGREEMENT
DATED AS OF JANUARY 31, 1998
BETWEEN RICHARD LESSER AND THE TJX COMPANIES, INC.

INDEX

	PAGE

1. EFFECTIVE DATE; TERM OF AGREEMENT	1
2. SCOPE OF EMPLOYMENT	1
3. COMPENSATION AND BENEFITS	2
4. TERMINATION OF EMPLOYMENT; IN GENERAL	3
5. BENEFITS UPON NON-VOLUNTARY TERMINATION OF EMPLOYMENT	3
6. VOLUNTARY TERMINATION; TERMINATION FOR CAUSE; VIOLATION OF CERTAIN AGREEMENTS	6
7. BENEFITS UPON CHANGE OF CONTROL	6
8. AGREEMENT NOT TO SOLICIT OR COMPETE	6
9. ASSIGNMENT	7
10. NOTICES	7
11. WITHHOLDING	8
12. GOVERNING LAW	8
13. ARBITRATION	8
14. ENTIRE AGREEMENT	8

EXHIBITS

EXHIBIT A - Certain Definitions	A-1
EXHIBIT B - Definition of "Change of Control"	B-1
EXHIBIT C - Change of Control Benefits	C-1

EMPLOYMENT AGREEMENT

This Amended and Restated Agreement dated as of January 31, 1998 amends and restates the Agreement dated as of February 1, 1995, as amended (the "Prior Agreement"), between RICHARD LESSER ("Executive") and The TJX Companies, Inc., a Delaware corporation, whose principal office is in Framingham, Massachusetts, 01701 ("the Company").

RECITALS

Executive has for a number of years been employed by the Company or a subsidiary of the Company and has served in a number of capacities with the Company and such subsidiary. The Company and Executive 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 amended and restated agreement ("Agreement") shall become effective as of January 31, 1998 (the "Effective Date"). The employment shall continue on the terms provided herein until February 1, 2001 and thereafter until terminated by either Executive or the Company, 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 Executive Vice President and Chief Operating officer of the Company and such additional Executive duties and responsibilities as shall from time to time be assigned to him by the President or the Board.

(b) EXTENT OF SERVICES. Except for illnesses and vacation periods, Executive shall continue to devote his present level of activity to the performance of his duties and responsibilities under this Agreement. However, Executive may (a) make any passive investments where he is not obligated or required to, and shall not in fact, devote any managerial efforts or (b) serve as a director on the boards of other companies or participate in charitable or community activities or in trade or professional organizations, except only that the President or the Board shall have the right to limit such services as a director or such participation whenever the President or the Board shall believe that the time spent on such activities infringes upon the time required by Executive for the performance of his duties under this Agreement or is otherwise incompatible with those duties.

3. COMPENSATION AND BENEFITS.

(a) BASE SALARY. Executive shall be paid a base salary at a rate not less than \$900,000 per year, subject to annual review. Base Salary shall be payable in such manner and at such times as the Company shall pay base salary to other Executive employees.

(b) LRPIP. During the Employment Period, Executive will be entitled to participate in annual grants awarded through Fiscal 2000 under the Company's Long Range Performance Incentive Plan (LRPIP) at a level commensurate with his position in the Company. The terms of such awards shall be established by the Committee.

(c) 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.

(d) STOCK OPTIONS; RESTRICTED STOCK. The following terms govern stock options granted to Executive under the 1986 Plan from February 1, 1995 through January 30, 1998, except for Grant 86-52 referred to below (the "Options"). If on or prior to February 1, 2001 Executive dies or becomes Disabled or a Change of Control occurs while Executive is employed by the Company, then all Executive's Options then outstanding shall be immediately vested (exercisable). If Executive dies or becomes Disabled while employed by the Company, all his Options shall remain exercisable for a period of three years, but in no event beyond their original term. Upon the expiration of such three-year term, the Options shall 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 options shall immediately terminate.

Notwithstanding the foregoing provisions of this paragraph (d), the terms of Executive option grant (post split) 86-52 granted June 3, 1997 shall govern the terms of such grant. Executive has also received a grant (post split) of 50,000 shares of restricted stock of the Company which is governed by the terms of a June 3, 1997 grant.

(e) SERP. Executive is fully vested in his accrued benefit under the Company's Supplemental Executive Retirement Plan ("SERP"). As of July 7, 1994, Executive had 20 years of service credited under SERP. Upon attaining age 65, Executive shall be deemed to have retired under SERP and shall thereupon be entitled to payment of SERP benefits in a form specified in his SERP payment election. Executive agrees that so much of his SERP payment in any fiscal year of the Company as, together with Base Salary, exceeds the Section 162(m) Current Salary Maximum shall be credited to his account in the Company's General Deferred Compensation Plan and paid out at the earliest time which will avoid such excess. Executive shall not receive any service or other SERP credit for his continued employment after age 65.

(f) 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,

(g) POLICIES AND FRINGE BENEFITS. Executive shall be subject to Company policies applicable to its Executives generally and Executive 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 months in any 12-month period, 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.

5. BENEFITS UPON NON-VOLUNTARY TERMINATION OF EMPLOYMENT.

(a) TERMINATION FOR DEATH, DISABILITY OR INCAPACITY OR BY THE COMPANY OTHER THAN FOR CAUSE ON OR PRIOR TO FEBRUARY 1, 2001. If the Employment Period shall have terminated on or prior to February 1, 2001 by reason of death, Disability or Incapacity of Executive or by termination by the Company for any reason other than Cause, all compensation and benefits for Executive shall be as follows:

(i) (A) In the case of termination by reason of death, Disability or Incapacity, for a period of 12 months after such termination, the Company will pay to Executive or his legal representative continued Base Salary at the rate in effect

at termination of employment, without reduction for compensation earned from other employment or self-employment.

(B) In the case of termination by the Company for any reason other than Cause, for the longer of 12 months after such termination or until February 1, 2001, the Company will pay to Executive continued Base Salary at the rate in effect at termination of employment. Base Salary shall be paid for the first twelve months of the period without reduction for compensation earned from other employment or self-employment, and shall thereafter be reduced by such compensation received from other employment or self-employment.

If termination occurs by reason of Incapacity or Disability, Executive shall also be entitled to such compensation, if any, as is payable pursuant to the Company's group and any individual long-term disability plan or any successor Company disability plan. Any payments made to Executive under any long-term disability plan of the Company with respect to the salary continuation period in clause (i) above shall be offset against such salary continuation payments and to the extent not so offset, Executive shall promptly make reimbursement payments to the Company of such disability payments.

(ii) Until the expiration of the applicable Base Salary continuation period under clause (i) 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 no less favorable coverage from another employer or from self-employment) such medical and hospital insurance and long term disability insurance, for Executive and his family, comparable to the insurance provided for Company 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, without offset for compensation earned from other employment or self-employment, the following amounts under the Company's MIP applicable to Executive:

First, if not already paid, 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. These amounts will be paid at the same time as other awards for such prior year are paid.

Second, an amount in the nature of severance equal to Executive's MIP Target Award for the year of termination, prorated for Executive's period of service during such year prior to termination. This amount will be paid at the same time as other MIP awards for the year of termination are paid.

Third, in addition, but only in case of termination by reason of death, Disability or Incapacity, an amount equal to Executive's MIP Target Award for the year of termination, without proration. This amount will be paid at the same time as the amount payable under the preceding paragraph.

In addition, the Company will also pay to Executive or his legal representative such amounts as Executive shall have deferred (but not received) under the Company's General Deferred Compensation Plan in accordance with the provisions of that Plan.

(iv) Executive shall be entitled to the benefits described in Sections 3(d) (Stock Options; Restricted Stock), 3(e) (SERP), and 3(f) (Qualified Plans), in each case to the extent, if any, provided in the provisions of the relevant plan or award agreement (including the pertinent provisions of this Agreement). In addition, with respect to each three-year performance cycle not completed prior to termination, the Company will pay to Executive an amount in the nature of severance equal to 1/36 of his LRPIP Target Award for each month in such cycle prior to termination. Such amounts will be paid at the same time as other LRPIP awards payable for the cycle first ending after termination are paid. Executive will also be entitled to payment (at the same time as other LRPIP awards for the applicable cycle are paid) of any unpaid amounts owing with respect to cycles completed prior to termination. Executive will also be entitled to such rights, if any, under any stock option and other grants not specifically referred to in Section 3 of this Agreement as shall be provided by the terms of such options and other grants.

(b) RETIREMENT. Upon the termination of the Employment Period for any reason on or after February 1, 2001, Executive shall be deemed to have retired from employment and shall be entitled to the benefits provided under the terms of his then outstanding options, restricted stock and any other applicable Company awards and plans, including the benefits described in Sections 3(d) (Stock Options; Restricted Stock, 3(e) (SERP) and 3(f) (Qualified Plans, in each case to the extent, if any, provided in the provisions of the relevant plan or award agreement, including this Agreement.

In addition, with respect to each three-year Performance Cycle not completed prior to termination, the Company will pay to Executive an amount in the nature of severance equal to 1/36 of his LRPIP Target Award for each month in such cycle prior to termination. Such amounts will be paid at the same time as other LRPIP awards payable for the cycle first ending after termination are paid. Executive will also be entitled to payment (at the same time as other LRPIP awards for the applicable cycle are paid) of any unpaid amounts owing with respect to cycles completed prior to termination. In addition, the Company will also pay to Executive or his legal representative such amounts as Executive shall have deferred (but not received) under the Company's General Deferred Compensation Plan in accordance with the provisions of that Plan.

6. VOLUNTARY TERMINATION; TERMINATION FOR CAUSE; VIOLATION OF CERTAIN AGREEMENTS.

If Executive should end his employment voluntarily or if the Company should end Executive's employment for Cause, or, notwithstanding (a) or (b) of Section 5 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 (x) such amounts as Executive shall have deferred (but not received) under the Company's General Deferred Compensation Plan in accordance with the provisions of that Plan and (y) any benefits to which Executive may be entitled under Sections 3(d) (Stock Options; Restricted Stock), 3(e) (SERP) and 3(f) (Qualified Plans). Executive will also be entitled to such rights, if any, under stock options and other grants not specifically referred to in Section 3 of this Agreement as shall be provided by the terms of such other options and other grants. In addition, the Company will pay to Executive such amounts as Executive shall have deferred (but not received) under the Company's General Deferred Compensation Plan in accordance with the provisions of that Plan. The Company does not waive any rights it may have for damages or for injunctive relief.

7. BENEFITS UPON CHANGE OF CONTROL.

Notwithstanding any other provisions 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 C.

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 event 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, if Executive should end his employment voluntarily at any time, including by reason of retirement or disability, 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% equity interest in an entity), in a business which is a competitor of the Company. A business shall be deemed a competitor of the Company if it shall then be so regarded by retailers generally or if it shall operate a promotional off-price family apparel store (such as T.J. Maxx or Marshalls) within ten 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, as the case may be, 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 to (i) 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 5 and (ii) 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. 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.

10. 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: General Counsel, or such other address as the Company may hereafter designate by notice

to Executive; and if sent to Executive, the same shall be mailed to Executive at 358 Cartwright Road, Wellesley, MA 02181 or at such other address as Executive may hereafter designate by notice to the Company.

11. 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.

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

13. 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, and judgment upon the award rendered by the arbitrator shall be entered in any Court having jurisdiction thereof upon the application of either party.

14. 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/ Richard Lesser

Richard Lesser

THE TJX COMPANIES, INC.

By: /s/ Bernard Cammarata

Bernard Cammarata
President and
Chief Executive Officer

EXHIBIT A

CERTAIN DEFINITIONS

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

- (a) "Base Salary" means, for any period, the amount described in Section 3(a).
- (b) "Board" means the Board of Directors of the Company.
- (c) "Committee" means the Executive Compensation Committee of the Board.
- (d) "Cause" means dishonesty, conviction of a felony, 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 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 effected in accordance with the foregoing procedures (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) or (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.

- (e) "Change of Control" has the meaning given it in Exhibit B.

(f) "Change of Control Termination" means the termination of Executive's employment during a Standstill Period by (1) 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 (1) 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 situation described in those clauses be remedied, and the situation remains unremedied upon expiration of such 30-day period; (2) within 120 days after the occurrence without Executive's express written consent of the event described in clauses (VII) or (VIII) below, provided that Executive gives notice to the Company at least 30 days in advance; or (3) upon the occurrence of the events described in clause (IX) 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 a substantive change in Executive's titles or offices as in effect immediately prior to a Change of Control, or any removal of Executive from or any failure to re-elect 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 Base Salary for any fiscal year is less than 100 percent of the 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, unless any such reduction represents an overall reduction in the Base Salary paid or cash compensation opportunities made available, as the case may be, to executives in the same organizational level (it being the Company's burden to establish this fact); 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 participation in or materially reduce 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, 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

- (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 B); or
- (VIII) if Executive is employed by a Subsidiary of the Company, such Subsidiary either ceases to be a Subsidiary of the Company or 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 Subsidiary determined in accordance with generally accepted accounting principles consistently applied) or earning power of such Subsidiary (on an individual basis) or such Subsidiary and its subsidiaries (on a consolidated basis) to any other Person or Persons (as those terms are defined in Exhibit B); or
- (IX) the voluntary termination by Executive of his employment (i) at any time within one year after the Change of Control or (ii) at any time during the second year after the Change of Control unless the Company offers Executive an employment contract having a minimum two-year duration which provides Executive with substantially the same title, responsibilities, annual and long-range compensation, benefits and perquisites that he had immediately prior to the Standstill Period. Notwithstanding the foregoing, the Board may expressly waive the application of this clause (IX) 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 (IX) shall be within the complete discretion of the Board, but shall be made prior to the occurrence of a Change of Control.

(g) "Date of Termination" means the date on which Executive's employment is terminated.

(h) "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.

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

(j) "Standstill Period" means the period commencing on the date of a Change of Control and continuing until the close of business on the last business day of the 24th calendar month following such Change of Control.

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

(l) "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.

EXHIBIT B

"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 the 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 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 an 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 B 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 C

CHANGE OF CONTROL BENEFITS

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 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 (or, if Executive's title was diminished within 180 days before the commencement of the Standstill Period, the rate in effect immediately prior to such change), whichever is highest, plus the accrued and unpaid portion of his Base Salary through the Date of Termination. Any payments made to Executive under any long term disability plan of the Company with respect to the two years following termination of employment shall be offset against such two times Base Salary payment. Executive shall promptly make reimbursement payments to the Company to the extent any such disability payments are received after the Base Salary payment.

(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) a credit equal to the number of Years of Service (as that term is defined in SERP) that Executive has been employed by the Company or a predecessor at the Date of Termination shall be added to his Years of Service in determining Executive's total Years of Service; PROVIDED, HOWEVER, that the total Years of Service determined hereunder shall not exceed the lesser of (x) 20 or (y) the Years of Service that Executive would have had if he had retired at the age of 65;

(B) Executive's Average Compensation (as that term is defined in SERP) shall be determined as of the Date of Termination;

(C) Executive's Primary Social Security Benefit (as that term is defined in SERP) shall mean the annual primary insurance amount to which 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 birth date which would be treated as wages for purposes of the Social Security Act;

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

(E) the present value of such annual benefit shall be determined by multiplying the result in (D) 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."

(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 (or, if Executive's title was diminished within 180 days before the commencement of the Standstill Period, all such plans and programs in which Executive was entitled to participate immediately prior to such change, to the extent that such benefits thereunder are greater), 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, if Executive's title was diminished within 180 days before the commencement of a Standstill Period, the Company shall make available to the Executive the use of an automobile of a type that was made available to him immediately prior to such change (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).

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 the following in a lump sum:

(i) an amount equal to the "Target Award" under the MIP or any other annual incentive plan which is applicable to Executive for the fiscal year in which the Change of Control occurs (or, if Executive's title was diminished within 180 days before the commencement of the Standstill Period, the "Target Bonus" applicable to Executive for the fiscal year in which such change occurred as if he continued to hold such prior title, if such Target Bonus is higher). In addition, the Company will pay to Executive 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) 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, unless Executive shall already have received payment of such amounts. Executive shall also be entitled to payment of unpaid amounts owing with respect to cycles completed prior to the Change of Control.

3. Payments under Section 1 and Section 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 1 or Section 2, amounts payable under Section 1 and Section 2 above 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 1 or Section 2 above 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 1 or Section 2 above, 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.

4. OTHER BENEFITS. In addition to the amounts described in Sections 1 and 2, Executive shall be entitled to his benefits, if any, under Sections 3(d) (Stock Options;

Restricted Stock) and 3(f) (Qualified Plans). Executive will also be entitled to such rights under any stock options and other grants not specifically referred to in Section 3 of this Agreement as shall be provided by the terms of such other options and other grants.

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 C 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 be neither (x) governed by any duty to mitigate his damages by seeking further employment nor (y) (except as expressly provided in this Exhibit C) offset by any compensation which he may receive from future employment.

(c) OTHER SEVERANCE PAYMENTS. Benefits hereunder shall be in lieu of any benefits to which Executive would otherwise be entitled under any severance pay plan of the Company or its Subsidiaries, and shall be reduced by any severance payments from the Company or its Subsidiaries to which Executive is entitled under applicable federal or state law (for example, under a so-called "tin parachute" or plant closing law).

(d) 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 base rate of interest 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.

AMENDED AND RESTATED EMPLOYMENT AGREEMENT
DATED AS OF JANUARY 31, 1998
BETWEEN DONALD G. CAMPBELL AND THE TJX COMPANIES, INC.

INDEX

Page

1.	EFFECTIVE DATE; TERM OF AGREEMENT	-1-
2.	SCOPE OF EMPLOYMENT	-1-
3.	COMPENSATION AND BENEFITS	-2-
4.	TERMINATION OF EMPLOYMENT; IN GENERAL	-3-
5.	BENEFITS UPON NON-VOLUNTARY TERMINATION OF EMPLOYMENT.	-3-
6.	VOLUNTARY TERMINATION; TERMINATION FOR CAUSE; VIOLATION OF CERTAIN AGREEMENTS	-8-
7.	BENEFITS UPON CHANGE OF CONTROL	-8-
8.	AGREEMENT NOT TO SOLICIT OR COMPETE	-8-
9.	ASSIGNMENT	-10-
10.	NOTICES	-10-
11.	WITHHOLDING	-10-
12.	GOVERNING LAW	-10-
13.	ARBITRATION	-10-
14.	ENTIRE AGREEMENT	10

EXHIBIT A A-1

EXHIBIT B B-1

EXHIBIT C C-1

EMPLOYMENT AGREEMENT

This Amended and Restated Agreement dated as of January 31, 1998 amends and restates the Agreement dated as of February 1, 1995, as amended (the "Prior Agreement"), between DONALD G. CAMPBELL ("Executive") and The TJX Companies, Inc., a Delaware corporation, whose principal office is in Framingham, Massachusetts, 01701 (the "Company").

RECITALS

Executive has for a number of years been employed by the Company, and has served in a number of capacities with the Company. The Company and Executive 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:

I. EFFECTIVE DATE; TERM OF AGREEMENT. This amended and restated agreement ("Agreement") shall become effective as of January 31, 1998 (the "Effective Date"). The employment shall continue on the terms provided herein until January 27, 2001 and thereafter until terminated by either Executive or the Company, subject to earlier termination as provided herein (such period of employment hereinafter called the "Employment Period").

II. SCOPE OF EMPLOYMENT.

A. NATURE OF SERVICES. Executive shall diligently perform the duties and assume the responsibilities of Executive Vice President-Finance and Chief Financial Officer of the Company and such additional Executive duties and responsibilities as shall from time to time be assigned to him by the President or 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 (a) make any passive investments where he is not obligated or required to, and shall not in fact, devote any managerial efforts or (b) serve as a director on the boards of other companies or participate in charitable or community activities or in trade or professional organizations, except only that the President or the Board shall have the right to limit such services as a director or such participation whenever the President or the

Board shall believe that the time spent on such activities infringes upon the time required by Executive for the performance of his duties under this Agreement or is otherwise incompatible with those duties.

III. COMPENSATION AND BENEFITS.

A. BASE SALARY. Executive shall be paid a base salary at a rate not less than \$560,000 per year (or any increased Base Salary), subject to annual review. Base Salary shall be payable in such manner and at such times as the Company shall pay base salary to other Executive employees.

B. LRPIP. During the Employment Period, Executive will be entitled to participate in annual grants made under the Company's Long Range Performance Incentive Plan (LRPIP) at a level commensurate with his position in the Company. To the extent provided in Section 162(m) of the Code, the terms of such awards shall be established by the Committee.

C. 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 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.

D. STOCK OPTIONS. The Committee has determined to grant annually to Executive during the Employment Period nonstatutory stock options under the 1986 Plan, (the "Options"). Such awards and grants will be subject to the discretion of the Committee. If on or prior to January 27, 2001 Executive dies or becomes Disabled or a Change of Control occurs while Executive is employed by the Company, then all Executive's Options then outstanding shall be immediately vested (exercisable). If Executive dies or becomes Disabled while employed by the Company, all his Options shall remain exercisable for a period of three years, but in no event beyond their original term. Upon the expiration of such three-year term, the options shall 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 (six months, in the case of Options granted after

March 31, 1998), or (ii) the remainder of their original term, and then shall terminate. However, if Executive is terminated for Cause all options shall immediately terminate.

E. SERP. Except as provided in Exhibit C ("Change of Control Benefits"), Executive will be entitled to the greater of Category B or C benefits determined and made payable in accordance with the generally applicable provisions of the Company's Supplemental Executive Retirement Plan ("SERP"), including vesting requirements.

F. 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.

G. POLICIES AND FRINGE BENEFITS. Executive shall be subject to Company policies applicable to its Executives generally and Executive 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).

IV. 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 months in any 12-month period, 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.

V. BENEFITS UPON NON-VOLUNTARY TERMINATION OF EMPLOYMENT.

A. TERMINATION FOR DEATH, DISABILITY OR INCAPACITY, TERMINATION BY THE COMPANY OTHER THAN FOR CAUSE OR A TERMINATION DESCRIBED IN SECTION 5 (a) (i) (C) ON OR PRIOR TO JANUARY 27, 2001. If the Employment Period shall have terminated on or prior to January 27, 2001 by reason of death, Disability or Incapacity of Executive, by termination by the Company for any reason other than Cause, or a termination described in clause (i) (C) below, all compensation and benefits for Executive shall be as follows:

1. (A) In the case of termination by reason of death, Disability or Incapacity, for a period of 12 months after such termination, the Company will pay to Executive or his legal representative continued Base Salary at the rate in effect at termination of employment, without reduction for compensation earned from other employment or self-employment.

(B) In the case of termination by the Company for any reason other than Cause, other than a termination described in paragraph (C) below, for the longer of 12 months after such termination or until January 27, 2001, the Company will pay to Executive continued Base Salary at the rate in effect at the termination of employment. Base Salary shall be paid for the first twelve months of the period without reduction for compensation earned from other employment or self-employment, and shall thereafter be reduced by such compensation received from other employment or self-employment.

(C) In the case of a termination described in this paragraph (C), for the longer of 24 months after such termination or until January 27, 2001, the Company will pay to Executive continued Base Salary at the rate in effect at the termination of employment. Base Salary shall be paid for the first twelve months of the period without reduction for compensation earned from other employment or self-employment, and shall thereafter be reduced by such compensation received from other employment or self-employment. Executive shall be deemed to have suffered a termination of employment described in this paragraph (C) only if, upon or following the appointment of a new Chief Executive Officer of the Company, (1) Executive is terminated by the Company other than for Cause, or (2) Executive terminates his employment with the Company by reason of a change in reporting relationship to the Chief Executive Officer or a change in duties resulting in Executive's ceasing to have the responsibilities and authority of a Chief Financial officer.

If termination occurs by reason of Incapacity or Disability, Executive shall also be entitled to such compensation, if any, as is payable pursuant to the Company's group and any individual long-term disability plan or any successor Company disability plan. Any payments made to Executive under any long-term disability plan of the Company with respect to the salary continuation period in clause (i) above shall be offset against such salary continuation payments and to the extent not so offset, Executive shall promptly make reimbursement payments to the Company of such disability payments.

2. Until the expiration of the applicable Base Salary continuation period under clause (i) 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 no less favorable coverage from another employer or from self-employment) such medical and hospital insurance, long term disability insurance and group life insurance (excluding life insurance for which a waiver for Executive is in effect) 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.

3. The Company will pay to Executive, without offset for compensation earned from other employment or self-employment, the following amounts under the Company's MIP applicable to Executive:

First, if not already paid, 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. These amounts will be paid at the same time as other awards for such prior year are paid.

Second, an amount in the nature of severance equal to Executive's MIP Target Award for the year of termination, prorated for Executive's period of service during such year prior to termination. This amount will be paid at the same time as other MIP awards for the year of termination are paid.

Third, in addition, but only in case of termination by reason of death, Disability or Incapacity, an amount equal to Executive's MIP Target Award for the year of termination, without proration. This amount will be paid at the same time as the amount payable under the preceding paragraph.

In addition, the Company will also pay to Executive or his legal representative such amounts as Executive shall have deferred (but not received) under the Company's General Deferred Compensation Plan in accordance with the provisions of that Plan.

4. Executive shall be entitled to the benefits described in Sections 3(d) (Stock Options), 3(e) (SERP), and 3(f) (Qualified Plans), in each case to the extent, if any, provided in the provisions of the relevant plan or award agreement (including the pertinent provisions of this Agreement). In addition, with respect to each three-year performance cycle not completed prior to termination, the Company will pay to Executive an amount in the nature of severance equal to 1/36 of his LRPIP Target Award for each month in such cycle

prior to termination. Such amounts will be paid at the same time as other LRPIP awards payable for the cycle first ending after termination are paid. Executive will also be entitled to payment (at the same time as other LRPIP awards for the applicable cycle are paid) of any unpaid amounts owing with respect to cycles completed prior to termination. Executive will also be entitled to such rights, if any, under any stock option and other grants not specifically referred to in Section 3 of this Agreement as shall be provided by the terms of such options and other grants.

B. TERMINATION FOR DEATH, DISABILITY OR INCAPACITY, TERMINATION BY THE COMPANY OTHER THAN FOR CAUSE OR A TERMINATION DESCRIBED IN SECTION 5(b)(i)(B) AFTER JANUARY 27, 2001. If the Employment Period shall have terminated after January 27, 2001 by reason of death, Disability or Incapacity of Executive, by termination by the Company for any reason other than Cause, or a termination described in clause (i)(B) below, all compensation and benefits for Executive shall be as follows:

1. (A) In the case of termination by reason of death, Disability or Incapacity or termination of Executive by the Company for any reason other than Cause, other than a termination described in paragraph (B) below, the Company will pay to Executive (or his legal representative in the case of death, Disability or Incapacity) his then Base Salary for a period of twelve months from the Date of Termination, which Base Salary shall be reduced after six months for compensation earned from other employment or self-employment.

(i) (B) In the case of a termination after January 27, 2001 described in this paragraph (B), the Company will pay to Executive his then Base Salary for the period commencing with the Date of Termination and ending a) twenty-four months after the Date of Termination, if termination occurs less than six months after a new Chief Executive Officer is appointed, or b) eighteen months after the Date of Termination, if termination occurs six to twelve months after a new Chief Executive Officer is appointed, or c) twelve months after the Date of Termination, if termination occurs more than twelve months after a new Chief Executive Officer is appointed. Base Salary payments under this paragraph (B) shall be reduced after six months for compensation earned from other employment or self-employment. Executive shall be deemed to have suffered a termination of employment described in this paragraph (B) only if, upon or following the appointment of a new Chief Executive Officer of the Company, (1) Executive is terminated by the Company other than for Cause, or (2) Executive terminates his employment with the Company by reason of a change in reporting relationship to the Chief Executive Officer or a change in his duties resulting in Executive's ceasing to have the responsibilities and authority of a Chief Financial Officer.

If termination occurs by reason of Incapacity or Disability, Executive shall also be entitled to such compensation, if any, as is payable pursuant to the Company's group and any individual long-term disability plan or any successor Company disability plan. Any payments made to Executive under any long-term disability plan of the Company with respect to the salary continuation period in clause (i) above shall be offset against such salary continuation payments and to the extent not so offset, Executive shall promptly make reimbursement payments to the Company of such disability payments.

2. The Company will pay to Executive, without offset for compensation earned from other employment or self-employment, the following amounts under the Company's MIP applicable to Executive:

First, if not already paid, any amount to which Executive is entitled under MIP for the fiscal year of the Company ended immediately prior to Executive's termination of employment. These amounts will be paid at the same time as other awards for such prior year are paid.

Second, an amount in the nature of severance equal to Executive's MIP Target Award for the year of termination, prorated for Executive's period of service during such year prior to termination. This amount will be paid at the same time as other MIP awards for the year of termination are paid.

Third, in addition, but only in the case of termination by reason of death, Disability or Incapacity, an amount equal to Executive's MIP Target Award for the year of termination, without proration. This amount will be paid at the same time as the amount payable under the preceding paragraph.

In addition, the company will also pay to Executive or his legal representative such amounts as Executive shall have deferred (but not received) under the Company's General Deferred Compensation Plan in accordance with the provisions of that Plan.

3. Until the expiration of the applicable Base Salary continuation period under Clause (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 no less favorable coverage from another employer or from self-employment) such medical and hospital insurance, long-term disability insurance and group life insurance (excluding life insurance for which a waiver for Executive is in effect) 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.

4. Executive shall be entitled to the benefits described in Sections 3(d) (Stock Options), 3(e) (SERP), and 3(f) (Qualified Plans), in each case to the extent, if any, provided in the provisions of the relevant plan or award agreement (including the pertinent provisions of this Agreement). In addition, with respect to each three-year Performance Cycle not completed prior to termination, the Company will pay to Executive an amount in the nature of severance equal to 1/36 of his LRPPI Target Award for each month in such cycle prior to termination. Such amounts will be paid at the same time as other LRPPI awards payable for the cycle first ending after termination are paid. Executive will also be entitled to payment (at the same time as other LRPPI awards for the applicable cycle are paid) of any unpaid amounts owing with respect to cycles completed prior to termination. Executive will also be entitled to such rights, if any, under any stock option and other grants not specifically referred to in Section 3 of this Agreement as shall be provided by the terms of such options and other grants.

C. EMPLOYMENT PERIOD NOT EXTENDED. If the Company determines not to extend the Employment Period beyond its original term (January 27, 2001) or any extension thereof, or offers to extend the Employment Period on terms less favorable to Executive than those set forth herein, and Executive declines, it shall be deemed a termination of the Employment Period by the Company pursuant to (b) above. If Executive should choose not to continue his employment beyond January 27, 2001 or any extension of the Employment Period, other than in response to an offer by the Company to extend the Employment Period on terms less favorable to Executive than those set forth herein, it shall be deemed a voluntary termination by Executive and the provisions of Section 6 shall apply.

VI. VOLUNTARY TERMINATION; TERMINATION FOR CAUSE; VIOLATION OF CERTAIN AGREEMENTS.

If Executive should end his employment voluntarily (other than in the case of a termination described at Section 5 (a) (i) (C) or Section 5(b) (i) (B)) or if the Company should end Executive's employment for Cause, or, notwithstanding (a) or (b) of Section 5 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 (x) such amounts as Executive shall have deferred (but not received) under the Company's General Deferred Compensation Plan in accordance with the provisions of that Plan and (y) any benefits to which Executive may be entitled under Sections 3(d) (Stock Options), 3(e) (SERP) and 3(f) (Qualified Plans). Executive will also be entitled to such rights, if any, under stock options and other grants not specifically referred to in Section 3 of this Agreement as shall be provided by the terms of such other options and other grants. In addition, the Company will pay to Executive such amounts as Executive shall have deferred (but not received) under the Company's General Deferred Compensation Plan in accordance with the provisions of that Plan. The Company does not waive any rights it may have for damages or for injunctive relief.

VII. BENEFITS UPON CHANGE OF 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 C.

VIII. 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 event 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, if Executive should end his employment

voluntarily at any time, including by reason of retirement or disability, 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% equity interest in an entity), in a business which is a competitor of the Company. A business shall be deemed a competitor of the Company if it shall then be so regarded by retailers generally or if it shall operate a promotional off-price family apparel store (such as T.J. Maxx or Marshalls) within ten miles of any "then existing T.J. Maxx or Marshalls store". The term "then existing" in the previous sentence 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, as the case may be, 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 to (i) 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 5 and (ii) 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.

IX. 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.

X. 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: General Counsel, or such other address as the Company may hereafter designate by notice to Executive; and if sent to Executive, the same shall be mailed to Executive at P.O. Box 451, Brimfield, Massachusetts, 01010 or at such other address as Executive may hereafter designate by notice to the Company.

XI. 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.

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

XIII. 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, and judgment upon the award rendered by the arbitrator shall be entered in any Court having jurisdiction thereof upon the application of either party.

XIV. 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/ Donald G. Campbell

Donald G. Campbell

THE TJX COMPANIES, INC.

/s/ Bernard Cammarata

By Bernard Cammarata
President and Chief Executive Officer

EXHIBIT A

CERTAIN DEFINITIONS

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

- (a) "Base Salary" means, for any period, the amount described in Section 3(a).
- (b) "Board" means the Board of Directors of the Company.
- (c) "Committee" means the Executive Compensation Committee of the Board.
- (d) "Cause" means dishonesty, conviction of a felony, 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 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 effected in accordance with the foregoing procedures (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) or (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.

- (e) "Change of Control" has the meaning given it in Exhibit B.

(f) "Change of Control Termination" means the termination of Executive's employment during a Standstill Period by (1) 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 (1) 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 situation described in those clauses be remedied, and the situation remains unremedied upon expiration of such 30- day period; (2) within 120 days after the occurrence without Executive's express written consent of the event described in clauses (VII) or (VIII) below, provided that Executive gives notice to the Company at least 30 days in advance; or (3) upon the occurrence of the events described in clause (IX) 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 a substantive change in Executive's titles or offices as in effect immediately prior to a Change of Control, or any removal of Executive from or any failure to re-elect 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 Base Salary for any fiscal year is less than 100 percent of the 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, unless any such reduction represents an overall reduction in the Base Salary paid or cash compensation opportunities made available, as the case may be, to Executives in the same organizational level (it being the Company's burden to establish this fact); 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 participation in or materially reduce 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, 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

- (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 B); or
- (VIII) if Executive is employed by a subsidiary of the Company, such Subsidiary either ceases to be a Subsidiary of the Company or 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 Subsidiary determined in accordance with generally accepted accounting principles consistently applied) or earning power of such subsidiary (on an individual basis) or such Subsidiary and its subsidiaries (on a consolidated basis) to any other Person or Persons (as those terms are defined in Exhibit B); or
- (IX) the voluntary termination by Executive of his employment (i) at any time within one year after the Change of Control or (ii) at any time during the second year after the Change of Control unless the Company offers Executive an employment contract having a minimum two-year duration

which provides Executive with substantially the same title, responsibilities, annual and long-range compensation, benefits and perquisites that he had. immediately prior to the Standstill Period. Notwithstanding the foregoing, the Board may expressly waive the application of this clause (IX) 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 (IX) shall be within the complete discretion of the Board, but shall be made prior to the occurrence of a Change of Control.

(g) "Date of Termination" means the date on which Executive's employment is terminated.

(h) "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.

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

(j) "Standstill Period" means the period commencing on the date of a Change of Control and continuing until the close of business on the last business day of the 24th calendar month following such Change of Control.

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

(l) "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.

EXHIBIT 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 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 the 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 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 an 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 B 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 C

CHANGE OF CONTROL BENEFITS

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 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 (or, if Executive's title was diminished within 180 days before the commencement of the Standstill Period, the rate in effect immediately prior to such change), whichever is highest, plus the accrued and unpaid portion of his Base Salary through the Date of Termination. Any payments made to Executive under any long term disability plan of the Company with respect to the two years following termination of employment shall be offset against such two times Base Salary payment. Executive shall promptly make reimbursement payments to the Company to the extent any such disability payments are received after the Base Salary payment.

(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 or C participant, whichever is greater, applying the following rules and assumptions:

(A) a credit equal to the number of Years of Service (as that term is defined in SERP) that Executive has been employed by the Company or a predecessor at the Date of Termination shall be added to his Years of Service in determining Executive's total Years of Service; PROVIDED, HOWEVER, that the total Years of Service determined hereunder shall not exceed the lesser of (x) 20 or (y) the Years of Service that Executive would have had if he had retired at the age of 65;

(B) Executive's Average Compensation (as that term is defined in SERP) shall be determined as of the Date of Termination;

(C) Executive's Primary Social Security Benefit (as that term is defined in SERP) shall mean the annual primary insurance amount to which 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 birth date which would be treated as wages for purposes of the Social Security Act;

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

(E) the present value of such annual benefit shall be determined by multiplying the result in (D) by the appropriate actuarial factor using the most recently published interest and mortality rates published by the Pension Benefit Guaranty Corporation and 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."

(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 (or, if Executive's title was diminished within 180 days before the commencement of the Standstill Period, all such plans and programs in which Executive was entitled to participate immediately prior to such change, to the extent that such benefits thereunder are greater), 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, if Executive's title was diminished within 180 days before the commencement of a Standstill Period, the Company shall make available to the Executive the use of an automobile of a type that was made available to him immediately prior to such change (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).

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 the following in a lump sum:

(i) an amount equal to the "Target Award" under MIP or any other annual incentive plan which is applicable to Executive for the fiscal year in which the Change of Control occurs (or, if Executive's title was diminished within 180 days before the commencement of the standstill Period, the "Target Bonus" applicable to Executive for the fiscal year in which such change occurred as if he continued to hold such prior title, if such Target Bonus is higher). In addition, the Company will pay to Executive 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) 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 LRPPI specified for Executive for such cycle, unless Executive shall already have received payment of such amounts. Executive shall also be entitled to payment of unpaid amounts owing with respect to cycles completed prior to the Change of Control.

3. Payments under Section 1 and Section 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 1 or Section 2, amounts payable under Section 1 and Section 2 above 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 1 or Section 2 above 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 1 or Section 2 above, 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.

4. OTHER BENEFITS. In addition to the amounts described in Sections 1 and 2, Executive shall be entitled to his benefits, if any, under Sections 3(d) (Stock Options) and 3(f) (Qualified Plans). Executive will also be entitled to such rights under any stock options and other grants not specifically referred to in Section 3 of this Agreement as shall be provided by the terms of such other options and other grants.

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 C 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 be neither (x) governed by any duty to mitigate his damages by seeking further employment nor (y) (except as expressly provided in this Exhibit C) offset by any compensation which he may receive from future employment.

(c) OTHER SEVERANCE PAYMENTS. Benefits hereunder shall be in lieu of any benefits to which Executive would otherwise be entitled under any severance pay plan of the Company or its Subsidiaries, and shall be reduced by any severance payments from the Company or its Subsidiaries to which Executive is entitled under applicable federal or state law (for example, under a so-called "tin parachute" or plant closing law).

(d) 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 base rate of interest 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.

As Amended on April 8, 1998

THE TJX COMPANIES, INC.

1993 STOCK OPTION PLAN FOR NON-EMPLOYEE DIRECTORS

1. PURPOSE

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

2. ADMINISTRATION

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

3. EFFECTIVE DATE AND TERM OF PLAN

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

4. SHARES SUBJECT TO THE PLAN

(a) Number of Shares. The maximum number of Shares that may be delivered upon the exercise of options granted under the Plan shall be 100,000. If any option

granted under the Plan terminates without having been exercised in full, the number of Shares as to which such option was not exercised shall be available for future grants within the foregoing limit.

(b) Shares to be Delivered. Shares delivered under the Plan after April 7, 1998 shall be previously issued Shares acquired by the Company and held in treasury. No fractional Shares shall be delivered under the Plan.

(c) Changes in Stock; Restructuring, etc. In the event of a stock dividend, stock split or combination of shares, the number and kind of shares of stock or securities of the Company subject to options then outstanding or subsequently granted under the Plan, the maximum number of shares or securities that may be delivered under the Plan, the exercise price, and other relevant provisions shall be appropriately adjusted by the Committee. In the event of any other recapitalization, reorganization, extraordinary dividend or distribution or restructuring transaction affecting the Common Stock, the number of shares issuable under this Plan shall be subject to such adjustment as the Committee may deem appropriate, and the number of shares issuable pursuant to any option theretofore granted (whether or not then exercisable) and/or the option price per share of such option shall be subject to such adjustment as the Committee may deem appropriate with a view toward preserving the value of such option.

5. ELIGIBILITY FOR OPTIONS

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

6. TERMS AND CONDITIONS OF OPTIONS

(a) Number of Options (Reflects 2 for 1 stock split effective June, 1997).

In addition to options granted prior to the amendment of the Plan on April 8, 1998, on June 8, 1993 and on the date of each subsequent annual meeting, each Non-Employee Director who has served since at least the previous annual meeting and is continuing in office and each newly elected Non-Employee Director shall be awarded an option covering 2,000 Shares. For purposes of this paragraph, each Non-Employee Director elected to office by the Board since the then last annual meeting shall be treated as a newly elected Non-Employee Director.

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

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

(d) Exercise of Options.

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

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

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

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

(e) Payment for and Delivery of Shares. Shares purchased under the Plan shall be paid for as follows: (i) by certified or bank check or other instrument or means acceptable to the Committee (in accordance with guidelines established for this purpose), (ii) through the delivery of shares of Company common stock (which, in the case of shares acquired from the Company, have been outstanding for at least six months) having a fair market value on the last business day preceding the date of exercise equal to the purchase price, (iii) by delivery of an unconditional and irrevocable undertaking by a broker to deliver promptly to the Company sufficient funds to pay the exercise price or (iv) by any combination of the permissible forms of payment.

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

The Company shall not be obligated to deliver any Shares (1) until, in the opinion of the Company's counsel, all applicable federal, state and foreign laws and regulations have been complied with, and (2) if the Company's common stock outstanding is at the time listed on any stock exchange, until the Shares to be delivered have been listed or authorized to be listed on such exchange upon official notice of issuance, and (3) until all

other legal matters in connection with the issuance and delivery of such Shares have been approved by the Company's counsel. If the sale of Stock has not been registered under the Securities Act of 1933, as amended, the Company may require, as a condition to exercise of the option, such representations or agreements as counsel for the Company may consider appropriate to avoid violation of such Act and may require that the certificates evidencing such Shares bear an appropriate legend restricting transfer.

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

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

(h) Other Termination of Status of Director. If a director's service with the Company terminates for any reason other than death, retirement or disability as specified in paragraph 6(g), all options held by the director that are not then exercisable shall terminate. Options that are exercisable on the date of termination shall continue to be exercisable for a period of three months (or six months in the case of options granted after April 8, 1998), but not beyond their stated term if earlier. After completion of such three-month or six month period, such options shall terminate to the extent not previously exercised, expired or terminated.

(i) Mergers, etc. In the event of a consolidation or merger in which the Company is not the surviving corporation or which results in the acquisition of substantially all the Company's outstanding Stock by a single person or entity or by a group of persons and/or entities acting in concert, or in the event of a sale of all or substantially all assets or a dissolution or liquidation of the Company, all options hereunder will terminate; provided, that 20 days prior to the effective date of any such merger, consolidation, sale, dissolution, or liquidation, all options outstanding hereunder that are not otherwise exercisable shall become immediately exercisable.

7. EFFECT, TERMINATION AND AMENDMENT

The Committee may at any time terminate the Plan as to any further grants of options. The Board may at any time or times amend the Plan for any purpose which may

at the time be permitted by law; provided, that except to the extent expressly required or permitted by the Plan, no such amendment will, without the approval of the stockholders of the Company, effectuate a change for which stockholder approval is required in order for the Plan to continue to qualify under Rule 16b-3.

THE TJX COMPANIES, INC.

DEFERRED STOCK PLAN FOR NON-EMPLOYEE DIRECTORS

1. INTRODUCTION. Reference is made to The TJX Companies, Inc. Retirement Plan for Directors (formerly the Zayre Corp. Retirement Plan for Directors) (the "Directors Retirement Plan"), under which non-employee members of the board of directors of The TJX Companies, Inc. (the "Company") earned benefits payable in accordance with the terms of the Directors Retirement Plan. The Deferred Stock Plan for Non-Employee Directors set forth herein (as the same may be amended, the "Plan") has been adopted (i) to replace benefits under the Directors Retirement Plan with a commitment on the part of the Company to deliver to eligible directors or their beneficiaries, upon the director's retirement or earlier termination, common stock of the Company ("Stock") in an amount and subject to the terms set forth below, and (ii) to provide for continuing awards of deferred Stock to eligible directors on the terms set forth below. A maximum of 50,000 shares of Stock (appropriately adjusted by the Administrator for mergers, consolidations, stock splits, stock dividends and similar changes in capitalization affecting the Stock that occur after January 1, 1998) are authorized for delivery under the Plan.

2. ELIGIBILITY. Participants in the Plan (each, a "Participant") shall consist of the individuals listed on Exhibit A hereto and each other individual who from time to time after January 1, 1998 serves as a member of the Board of Directors of the Company. No individual who is or at any time has been an employee of the Company or of any company while such company is a direct or indirect subsidiary of the Company shall be eligible to participate in the Plan.

3. ADMINISTRATION. The Plan shall be administered by the Executive Compensation Committee of the Board of Directors of the Company, or its delegate (the "Administrator"). The Administrator shall have full discretion, consistent with the terms of the Plan, to interpret the Plan and make all determinations hereunder.

4. CONVERSION OF EXISTING BENEFITS. Each Participant listed on Exhibit A, each of whom has accrued a benefit under the Directors Retirement Plan, shall have an initial credit under the Plan equal to the number of shares set forth opposite such Participant's name on Exhibit A. Units representing such shares shall be credited to the Participant's Account in accordance with paragraph 5 below.

5. ACCOUNT. For each Participant, there shall be maintained on the books of the Company a memorandum account (the "Account") reflecting the Participant's right to receive shares of Stock in the future. In the case of a Participant listed on Exhibit A, the Account shall have an opening balance as of January 1, 1998 equal to the number of

shares specified in Exhibit A. Thereafter, there shall be credited to the Account of each Participant who is elected a director at (or if previously elected, continues as a director after) each annual meeting of the stockholders of the Company a number of units equal to \$10,000 divided by the closing price of a share of Stock on the date of such annual meeting. The number of share units credited to a Participant's Account shall be appropriately adjusted by the Administrator for mergers, consolidations, stock splits, stock dividends and similar changes in capitalization affecting the Stock that occur after the date such share units are credited to the Account. In the case of any cash dividend for which the ex-dividend date occurs after the date share units are credited to an Account, there shall be added to the Account a number of share units equal to the dividend that would have been paid on the shares represented by the units credited to the Account (before application of this sentence) had those shares been outstanding, divided by the closing price of one share of Stock on the date the dividend is paid. The share units reflected on the books of the Company as credited to a Participant's Account shall be "phantom" or notional shares only and shall not entitle the Participant to any voting rights or to any dividend or distribution rights except as expressly set forth herein. Nothing herein shall obligate the Company to issue or set aside shares of Stock, in trust or otherwise, to meet its contractual obligations under the Plan prior to distribution of a Participant's benefit.

6. DELIVERY OF STOCK. As soon as practicable following the earlier of a Change of Control (as defined in the Company's 1986 Stock Incentive Plan as from time to time amended and in effect) or a termination for any reason (including death) of a Participant's service as a director of the Company, in each case occurring after January 1, 1998, the Company shall deliver to the Participant (or in the event of the Participant's death, to his or her designated beneficiary) a number of shares of Stock equal to the number of whole share units credited to the Participant's Account, plus cash equal to the fair market value of any fractional share units credited to the Account. The Company may withhold such required taxes (if any), as the Administrator determines as a precondition to the delivery of any shares or the payment of any cash hereunder. Shares of Stock delivered under the Plan shall consist of treasury shares.

7. DESIGNATION OF BENEFICIARY. A Participant may at any time designate a beneficiary or beneficiaries to receive any shares or cash remaining to be paid hereunder at the time of the Participant's death. Any such designation or change in designation shall be effective only if made in writing, in form acceptable to the Administrator, and received by the Administrator prior to the Participant's death. In the absence of an effective beneficiary designation hereunder, any amounts payable hereunder upon the Participant's death shall be paid to his or her estate.

8. NO ASSIGNMENT; NATURE OF RIGHTS. Rights under the Plan are not transferable or subject to assignment or alienation of any kind. The obligations of the Company under the Plan are unfunded contractual obligations only, and the rights, if any, of a Participant or beneficiary to any benefits or distributions hereunder shall be no greater than those of an unsecured general creditor of the Company.

9. BINDING ON SUCCESSORS. The obligations of the Company under the Plan shall be binding on any successor to the Company or to its business, by merger or otherwise.

10. AMENDMENT AND TERMINATION. The Company by vote of its Board of Directors may at any time terminate the Plan or at any time and from time to time amend the Plan; provided, that no such action of termination or amendment shall (except to the extent consistent with an adjustment to Accounts described in paragraph 5) reduce the number of share units credited to a Participant's Account immediately prior to the effective date of such termination or amendment. Upon termination of the Plan, the Administrator shall promptly distribute (in whole shares of Stock and cash in lieu of fractional shares) to each Participant the balance in his or her Account. In all events the Plan will terminate when the last Account is distributed.

11. GOVERNING LAW. The Plan shall be construed and administered in accordance with the laws of the State of Delaware.

EXHIBIT A

NAME OF DIRECTOR	NUMBER OF SHARES
------------------	------------------

Phyllis B. Davis	3,574.34
Dennis F. Hightower	508.60
John M. Nelson	1,537.34
John F. O'Brien	459.84
Willow B. Shire	625.63
Fletcher H. Wiley	2,065.13

EXHIBIT 11

THE TJX COMPANIES, INC.
 DETAILED COMPUTATIONS OF NET INCOME PER COMMON SHARE
 BASIC AND DILUTED

		Fiscal Year Ended				
		January 31, 1998	January 25, 1997	January 27, 1996	January 28, 1995	January 29, 1994
The computation of net income available and adjusted shares outstanding follows:						
	Net income	\$304,815,000	\$363,123,000	\$ 26,261,000	\$ 82,619,000	\$124,379,000
	Less provision for dividends on preferred stock in each year	11,668,000	13,741,000	9,407,000	7,156,000	7,156,000
A)	Net income used for basic computation	293,147,000	349,382,000	16,854,000	75,463,000	117,223,000
	Add (where dilutive):					
	Provision for preferred dividends	11,668,000	13,741,000	93,000	-	-
B)	Net income used for diluted computation	\$304,815,000	\$363,123,000	\$ 16,947,000	\$ 75,463,000	\$117,223,000
C)	Weighted average number of common shares outstanding, used for basic calculation	160,737,023	150,463,452	144,830,352	146,270,668	146,706,270
	Add (where dilutive):					
	Assumed conversion of:					
	Convertible preferred stock	12,016,086	23,165,792	532,314	-	-
	Stock options	2,052,983	1,695,806	28,284	648,232	1,554,686
D)	Adjusted shares outstanding, used for fully diluted computation	174,806,092	175,325,050	145,390,950	146,918,900	148,260,956
	Earnings per share:					
	Basic (A divided by C)	\$1.82	\$2.32	\$0.12	\$0.52	\$0.80
	Diluted (B divided by D)	\$1.74	\$2.07	\$0.12	\$0.51	\$0.79

Note: Share amounts above are presented as if the 2 for 1 stock split had been effective for each period.

PORTIONS OF THE TJX COMPANIES, INC.
1997 Annual Report

STORE LOCATIONS

	T.J. Maxx	Marshalls
Alabama	9	2
Arizona	8	4
Arkansas	4	-
California	45	65
Colorado	8	3
Connecticut	24	19
Delaware	3	2
District of Columbia	1	-
Florida	40	41
Georgia	21	19
Idaho	1	-
Illinois	31	32
Indiana	8	4
Iowa	4	1
Kansas	4	2
Kentucky	7	1
Louisiana	4	5
Maine	5	1
Maryland	7	13
Massachusetts	40	38
Michigan	27	6
Minnesota	12	9
Mississippi	2	-
Missouri	6	7
Montana	1	-
Nebraska	2	1
Nevada	3	3
New Hampshire	9	6
New Jersey	16	27
New Mexico	1	-
New York	39	35
North Carolina	18	10
North Dakota	3	-
Ohio	33	7
Oklahoma	3	1
Oregon	5	3
Pennsylvania	29	16
Puerto Rico	-	12
Rhode Island	5	3
South Carolina	10	4
South Dakota	1	-
Tennessee	13	7
Texas	23	29
Utah	4	-
Vermont	2	-
Virginia	21	18
Washington	7	4
West Virginia	1	-
Wisconsin	10	1
Total Stores	580	461

Winners Apparel Ltd. operates 76 stores in Canada.
HomeGoods operates 23 stores in the United States.
T.K. Maxx operates 30 stores in the United Kingdom,
and 1 store in the Republic of Ireland.

SHAREHOLDER INFORMATION

Transfer Agent and Registrar
Common and Series E Preferred Stock
Boston EquiServe
P.O. Box 8200
Boston, Massachusetts 02266-8200
1-800-426-5523

Trustees
Public Debentures
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

Financial information is also available on our web site
at www.tjx.com

Annual Meeting
The 1998 annual meeting will be held at 11:00 a.m. on
Tuesday, June 2, 1998 at BankBoston, Lobby Auditorium,
1st Floor, 100 Federal Street, Boston, Massachusetts

Executive Offices
Framingham, Massachusetts 01701

For the Store Nearest You, Call:
T.J. Maxx: 1-800-2-TJMAXX

Marshalls: 1-800-MARSHALLS

Winners: 1-800-646-WINN (in Canada)

HomeGoods: 1-800-614-HOME

T.K. Maxx: (01923) 475797 (in the U.K.)

The TJX Companies, Inc.
CONSOLIDATED STATEMENTS OF INCOME

Dollars in Thousands Except Per Share Amounts	Fiscal Year Ended		
	January 31, 1998	January 25, 1997	January 27, 1996
	(53 weeks)		
Net sales	\$7,389,069	\$6,689,410	\$3,975,115
Cost of sales, including buying and occupancy costs	5,676,541	5,198,783	3,143,257
Selling, general and administrative expenses	1,185,755	1,087,137	669,876
Store closing costs	-	-	35,000
Interest expense, net	4,502	37,350	38,186
Income from continuing operations before income taxes and extraordinary item	522,271	366,140	88,796
Provision for income taxes	215,679	152,314	37,207
Income from continuing operations before extraordinary item	306,592	213,826	51,589
Discontinued operations:			
Income from discontinued operations, net of income taxes	-	29,361	9,710
Gain (loss) on disposal of discontinued operations, net of income taxes	-	125,556	(31,700)
Income before extraordinary item	306,592	368,743	29,599
Extraordinary (charge), net of income taxes	(1,777)	(5,620)	(3,338)
Net income	304,815	363,123	26,261
Preferred stock dividends	11,668	13,741	9,407
Net income available to common shareholders	\$ 293,147	\$ 349,382	\$ 16,854
Basic earnings per share:			
Income from continuing operations before extraordinary item	\$1.83	\$1.33	\$.29
Net income	\$1.82	\$2.32	\$.12
Weighted average common shares - basic	160,737,023	150,463,452	144,830,352
Diluted earnings per share:			
Income from continuing operations before extraordinary item	\$1.75	\$1.22	\$.29
Net income	\$1.74	\$2.07	\$.12
Weighted average common shares - diluted	174,806,092	175,325,050	145,390,950
Cash dividends per share	\$.20	\$.14	\$.245

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

The TJX Companies, Inc.
Consolidated Balance Sheets

In Thousands	January 31, 1998	January 25, 1997
Assets		
Current assets:		
Cash and cash equivalents	\$ 404,369	\$ 474,732
Accounts receivable	60,735	57,275
Merchandise inventories	1,190,170	1,059,505
Prepaid expenses	27,357	16,379
Net current assets of discontinued operations	-	54,451
Total current assets	1,682,631	1,662,342
Property at cost:		
Land and buildings	108,729	103,067
Leasehold costs and improvements	480,964	428,836
Furniture, fixtures and equipment	611,470	527,710
Less: accumulated depreciation and amortization	1,201,163	1,059,613
	515,027	419,129
Other assets	686,136	640,484
Goodwill and tradename, net of amortization	36,645	42,259
	204,220	216,127
Total Assets	\$2,609,632	\$2,561,212
Liabilities		
Current liabilities:		
Current installments of long-term debt	\$ 23,360	\$ 27,140
Accounts payable	582,791	533,945
Accrued expenses and other current liabilities	611,506	621,211
Total current liabilities	1,217,657	1,182,296
Long-term debt, exclusive of current installments	221,024	244,410
Deferred income taxes	6,859	7,320
Shareholders' Equity		
Preferred stock at face value, authorized 5,000,000 shares, par value \$1, issued and outstanding cumulative convertible stock of: 727,300 and 1,500,000 shares of 7% Series E	72,730	150,000
Common stock, authorized 300,000,000 shares, par value \$1, issued and outstanding 159,901,247 and 79,576,438 shares	159,901	79,576
Additional paid-in capital	202,053	429,017
Retained earnings	729,408	468,593
Total shareholders' equity	1,164,092	1,127,186
Total Liabilities and Shareholders' Equity	\$2,609,632	\$2,561,212

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

The TJX Companies, Inc.
Consolidated Statements of Cash Flows

In Thousands	Fiscal Year Ended		
	January 31, 1998	January 25, 1997	January 27, 1996
	----- (53 weeks) -----		
Cash flows from operating activities:			
Net income	\$ 304,815	\$ 363,123	\$ 26,261
Adjustments to reconcile net income to net cash provided by operating activities:			
(Income) from discontinued operations, net of income taxes	-	(29,361)	(9,710)
(Gain) loss on disposal of discontinued operations	-	(125,556)	31,700
Extraordinary charge	1,777	5,620	3,338
Depreciation and amortization	124,891	126,830	79,232
(Gain) on sale of other assets	(5,992)	-	-
Property disposals and asset write-downs	18,778	25,399	3,489
Other, net	2,064	(732)	(382)
Changes in assets and liabilities, net of effect of acquisitions and dispositions:			
(Increase) in accounts receivable	(3,460)	(2,131)	(233)
(Increase) decrease in merchandise inventories	(130,665)	198,983	211,168
(Increase) decrease in prepaid expenses	(10,978)	27	6,872
Increase (decrease) in accounts payable	48,846	95,677	(147,013)
Increase in accrued expenses and other current liabilities	39,184	11,928	63,975
(Decrease) in deferred income taxes	(3,793)	(5,344)	(14,143)
Net cash provided by operating activities	385,467	664,463	254,554
Cash flows from investing activities:			
Property additions	(192,382)	(119,153)	(105,864)
Proceeds from sale of other assets	15,697	-	-
Acquisition of Marshalls, net of cash acquired	-	(49,327)	(378,733)
Proceeds from (adjustments to) sale of discontinued operations	(33,190)	222,800	3,000
Net cash provided by (used in) investing activities	(209,875)	54,320	(481,597)
Cash flows from financing activities:			
Payments on short-term debt	-	-	(20,000)
Proceeds from borrowings of long-term debt	-	-	574,861
Principal payments on long-term debt	(27,179)	(46,506)	(31,271)
Prepayment of long-term debt	-	(455,560)	-
Payment of debt issue expenses	-	-	(14,776)
Proceeds from sale and issuance of common stock, net	15,471	34,395	1,040
Stock repurchased	(245,198)	-	-
Cash dividends paid	(43,500)	(35,019)	(44,886)
Net cash provided by (used in) financing activities	(300,406)	(502,690)	464,968
Net cash provided by (used in) continuing operations	(124,814)	216,093	237,925
Net cash provided by (used in) discontinued operations	54,451	49,413	(70,268)
Net increase (decrease) in cash and cash equivalents	(70,363)	265,506	167,657
Cash and cash equivalents at beginning of year	474,732	209,226	41,569
Cash and cash equivalents at end of year	\$ 404,369	\$ 474,732	\$ 209,226

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

The TJX Companies, Inc.
Consolidated Statements of Shareholders' Equity

In Thousands	Preferred Stock, Face Value	Common Stock, Par Value \$1	Additional Paid-in Capital	Retained Earnings	Total
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
<hr/>					
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
<hr/>					
Balance, January 25, 1997	150,000	79,576	429,017	468,593	1,127,186
Net income	-	-	-	304,815	304,815
Cash dividends:					
Preferred stock	-	-	-	(11,668)	(11,668)
Common stock	-	-	-	(31,832)	(31,832)
Conversion of cumulative Series E preferred stock into common stock	(77,020)	8,315	68,705	-	-
Stock repurchase:					
Preferred	(250)	-	-	(500)	(750)
Common	-	(8,528)	(235,920)	-	(244,448)
Stock split, two-for-one	-	79,823	(79,823)	-	-
Issuance of common stock under stock incentive plans and related tax benefits	-	715	15,719	-	16,434
Other	-	-	4,355	-	4,355
<hr/>					
Balance, January 31, 1998	\$ 72,730	\$159,901	\$ 202,053	\$729,408	\$1,164,092

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

The TJX Companies, Inc.
Selected Information by Major Business Segment

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.

In Thousands	Fiscal Year Ended		
	January 31, 1998	January 25, 1997	January 27, 1996
	(53 weeks)		
Net sales:			
Off-price family apparel stores	\$7,290,959	\$6,602,391	\$3,896,710
Off-price home fashion stores	98,110	87,019	78,405
	\$7,389,069	\$6,689,410	\$3,975,115
Operating income (loss):			
Off-price family apparel stores (1)	\$ 596,908	\$ 463,419	\$ 187,974
Off-price home fashion stores (2)	(8,615)	(14,018)	(13,375)
	588,293	449,401	174,599
General corporate expense (3)	58,906	43,297	45,003
Goodwill amortization	2,614	2,614	2,614
Interest expense, net	4,502	37,350	38,186
Income from continuing operations before income taxes and extraordinary item	\$ 522,271	\$ 366,140	\$ 88,796
Identifiable assets:			
Off-price family apparel stores	\$2,033,945	\$1,801,779	\$2,116,127
Off-price home fashion stores	39,074	36,493	46,861
Corporate, primarily cash and goodwill (4)	536,613	668,489	382,137
	\$2,609,632	\$2,506,761	\$2,545,125
Capital expenditures:			
Off-price family apparel stores	\$ 190,720	\$ 104,955	\$ 87,037
Off-price home fashion stores	1,662	731	7,932
Corporate (4)	-	13,467	10,895
	\$ 192,382	\$ 119,153	\$ 105,864
Depreciation and amortization:			
Off-price family apparel stores	\$ 115,967	\$ 113,479	\$ 69,596
Off-price home fashion stores	3,186	2,104	1,777
Corporate, including goodwill (4)	5,738	11,247	7,859
	\$ 124,891	\$ 126,830	\$ 79,232

(1) The period ended January 27, 1996 includes a charge of \$35 million relating to the closing of certain T.J. Maxx stores.

(2) The periods ended January 31, 1998, January 25, 1997 and January 27, 1996 include a charge of \$1.5 million, \$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 year ended January 31, 1998, includes a pre-tax charge of \$15.2 million for costs associated with a deferred compensation arrangement with the Company's Chief Executive Officer and a pre-tax gain of \$6 million for the sale of Brylane, Inc. common stock. General corporate expense for the fiscal years ended January 25, 1997 and January 27, 1996 include the net operating results of T.K. Maxx. Fiscal year 1998 includes T.K. Maxx results in off-price family apparel stores.

(4) Periods prior to January 31, 1998 include assets and activity of T.K. Maxx. Fiscal year 1998 includes T.K. Maxx in off-price family apparel stores.

The TJX Companies, Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Summary of Accounting Policies

Fiscal Year: The Company's fiscal year ends on the last Saturday in January. The fiscal year ended January 31, 1998 (fiscal 1998) included 53 weeks. The fiscal years ended January 25, 1997 and January 27, 1996 each included 52 weeks.

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 as well as 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, institutional money market funds and 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 totaled \$82.0 million, net of amortization, as of January 31, 1998 and is being amortized over 40 years. Annual amortization of goodwill was \$2.6 million in fiscal years 1998, 1997 and 1996. Cumulative amortization as of January 31, 1998 and January 25, 1997 was \$22.5 million and \$19.9 million, respectively.

Tradename 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 \$130.0 million being allocated to the tradename. The value of the tradename 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 tradename is deemed to have an indefinite life and accordingly is being amortized over 40 years. Amortization expense was \$3.4 million and \$3.7 million for fiscal years 1998 and 1997, respectively. Cumulative amortization as of January 31, 1998 and January 25, 1997 was \$7.8 million and \$4.4 million, respectively.

Impairment of Long-Lived Assets: During fiscal 1997, the Company adopted the Statement of Financial Accounting Standards (SFAS) 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 during the fiscal year incurred.

Earnings Per Share: Beginning with the fourth quarter of fiscal 1998, the Company began to report earnings per share in accordance with Statement of Financial Accounting Standards (SFAS) No. 128 "Earnings per Share." SFAS No. 128 requires the presentation of "basic" and "diluted" earnings per share. Basic earnings per share is based on a simple weighted average of common stock outstanding. Diluted earnings per share includes the dilutive effect of convertible securities and other common stock equivalents. See Note F for a computation of basic and diluted earnings per share. All earnings per share amounts discussed refer to diluted earnings per share unless otherwise indicated.

Foreign Currency Translation: The Company's foreign assets and liabilities are translated at the year-end exchange rate and income statement items are translated at the average exchange rates prevailing during the year. A large portion of the Company's net investment in foreign operations is hedged with foreign currency swap agreements and forward contracts. The translation adjustment associated with the foreign operations and the related hedging instruments 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 \$1.7 million as of January 31, 1998 and \$1.0 million as of January 25, 1997.

New Accounting Standards: During 1997, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No. 130, "Reporting Comprehensive Income." This statement specifies the computation, presentation and disclosures for components of comprehensive income. The Company will implement the standard in its fiscal year ending January 30, 1999. The adoption of this standard will not have a material impact on the consolidated financial statements.

During 1997, the Financial Accounting Standards Board (FASB) also issued Statement of Financial Accounting Standards (SFAS) No. 131, "Disclosure about Segments of an Enterprise and Related Information." This statement changes the manner in which public companies report information about their operating segments. SFAS No. 131, which is based on the management approach to segment reporting, establishes requirements to report selected segment information quarterly and to report entity-wide disclosures about products and services, major customers, and the geographic locations in which the entity holds assets and reports revenue. The Company is currently evaluating the effects of this change on its reporting of segment information. The Company will adopt SFAS No. 131 in its fiscal year ending January 30, 1999.

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

The Company is in the process of converting all necessary systems to be year 2000 compliant. The Company expects to spend an aggregate of approximately \$10 million on conversion costs, primarily in fiscal 1998 and 1999.

A. Dispositions and Acquisitions

Sale of Chadwick's of Boston: During the fourth quarter of fiscal 1997, the Company sold its Chadwick's of Boston catalog division to Brylane, L.P. Proceeds of approximately \$300 million included cash, a 10 year \$20 million Convertible Subordinated Note at 6% interest (the "Brylane note") and Chadwick's consumer credit card receivables. During the second quarter of fiscal 1998, the Company paid Brylane \$28.8 million as an estimated adjustment to the cash proceeds based on the closing balance sheet of Chadwick's as of December 7, 1996 as prepared by the Company. During the quarter ended October 1997, the Company paid Brylane \$4.4 million upon agreement of the final closing balance sheet of Chadwick's as of December 7, 1996. The results of Chadwick's for all periods prior to December 7, 1996 have been reclassified to discontinued operations. The cash provided by discontinued operations for fiscal 1998 represents the collection of the remaining balance of the Chadwick's consumer credit card receivables outstanding as of January 25, 1997. During the quarter ended October 1997, the Company converted a portion of the Brylane note into 352,908 shares of Brylane, Inc. common stock which it sold for \$15.7 million. This sale resulted in an

after-tax gain of \$3.6 million, or \$.02 per share. Subsequent to the end of the year, the Company converted an additional portion of the Brylane note into 258,836 shares of Brylane, Inc. common stock. The Company donated 181,818 of these shares to the Company's charitable foundation and sold the remaining 77,018 shares during the first quarter of fiscal 1999. The net after-tax impact of these transactions on the Company's first quarter results is immaterial. Pursuant to the acquisition, 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, the 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 \$.72 per share. This gain allowed the Company to utilize its \$139 million capital loss carryforward (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 were \$472.4 million and income from operations was \$12.0 million, net of income taxes of \$8.1 million, for fiscal 1996.

Sale of Hit or Miss: 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%. During fiscal year ended 1998, the Company forgave a portion of this note and was released from certain obligations and guarantees which reduced the note to \$5.5 million.

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 ended 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.

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 purchase accounting method allows a one year period to finalize the fair values of the net assets acquired. No further adjustments to fair market values are made after that point. The final allocation of purchase price resulted in the fair value of the net assets acquired exceeding the purchase price, creating negative goodwill of \$86.4 million. The negative goodwill was allocated to the long-term assets acquired. During fiscal 1998, the store closing and restructuring reserve established in the final allocation of the purchase price was reduced by an additional \$15.8 million as the Company closed fewer stores than initially planned. The \$15.8 million reserve reduction was offset by a reduction of \$10.0 million to property, plant and equipment and a reduction of \$5.8 million to tradename. The final allocation of purchase price as adjusted for the reserve adjustment in fiscal 1998 is summarized below:

In Thousands

Current assets	\$ 718,627
Property, plant and equipment	227,071
Tradename	130,046
Current liabilities	(469,744)

Total purchase price	\$ 606,000
=====	

The operating results of Marshalls have been included in the consolidated results of the Company from the date of acquisition on November 17, 1995. The following unaudited pro forma consolidated financial results for the fiscal year ended January 1996, are presented as if the acquisition had taken place at the beginning of the period:

Dollars in Thousands Except Per Share Amounts

Fiscal Year Ended January 27, 1996

Net sales	\$ 6,085,509
Income from continuing operations	\$ 20,838
Average shares outstanding for diluted earnings per share calculations	147,557,961
Income from continuing operations per share, diluted	\$.02

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 over 40 years.
- (iv) Adjustments to income tax expense related to the above.
- (v) Impact of preferred stock issued on earnings per 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 31, 1998 and January 25, 1997, long-term debt, exclusive of current installments, consisted of the following:

In Thousands	January 31, 1998	January 25, 1997
Real estate mortgages, interest at 10.48% maturing November 1, 1998	\$ -	\$ 22,391
Equipment notes, interest at 11% to 11.25% maturing December 12, 2000 to December 30, 2001	1,127	2,135
General corporate debt:		
Medium term notes, interest at 5.87% to 7.97%, \$15 million maturing on October 21, 2003 and \$5 million on September 20, 2004	20,000	20,000
6 1/8% 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 \$103,000 and \$116,000 in fiscal 1998 and 1997, respectively)	99,897	99,884
Total general corporate debt	219,897	219,884
Long-term debt, exclusive of current installments	\$221,024	\$244,410

The aggregate maturities of long-term debt, exclusive of current installments, at January 31, 1998 are as follows:

In Thousands	Equipment Notes	General Corporate Debt	Total
Fiscal Year			
2000	\$ 697	\$ -	\$ 697
2001	430	100,000	100,430
2002	-	-	-
2003	-	-	-
Later years	-	119,897	119,897
Aggregate maturities of long-term debt, exclusive of current installments	\$1,127	\$219,897	\$221,024

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 \$.02 per common share, related to the early retirement of this debt. The Company paid the outstanding balance of \$8.5 million during fiscal 1998 utilizing an optional sinking fund payment under the indenture.

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 which currently provides for the issuance of up to \$600 million of debt, common stock or preferred stock. In June 1995, the Company issued \$200 million of long-term notes under the original 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. 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 \$.02 per share, for the early retirement of this debt. The agreement also allowed the Company to borrow up to an additional \$500 million on a revolving loan basis to fund the working capital needs of the Company. In September 1997, the Company replaced this \$500 million revolving credit agreement with a new five year \$500 million revolving credit facility. The Company recorded an extraordinary charge of \$1.8 million associated with the write-off of deferred financing costs of the former agreement. The new agreement provides for reduced commitment fees on the unused portion of the line, as well as lower borrowing costs and has certain financial covenants which include a minimum net worth requirement, and certain leverage and fixed charge covenants.

As of January 31, 1998, all \$500 million of the revolving credit facility was available for use. Interest is payable on borrowings at rates equal to or less than prime. The revolving credit facility capability is used as backup to the Company's commercial paper program. The Company had no short-term borrowings under this facility or its commercial paper program during fiscal 1998. Excluding the Company's foreign subsidiaries, the weighted average interest rate on the Company's short-term borrowings under the former agreement was 5.81% and 6.25% in fiscal 1997 and 1996, respectively. The Company does not have any compensating balance requirements under these arrangements. The Company also has C\$30 million of committed lines for its Canadian operation, all of which were available as of January 31, 1998.

In connection with the \$875 million bank credit agreement, during fiscal 1996 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.

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 31, 1998, the Company had \$20.2 million of such contracts outstanding. The contracts cover commitments for the first quarter of fiscal 1999 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 31, 1998 were immaterial.

The Company also has entered into several foreign currency swap and forward contracts in both Canadian dollars and British pounds sterling. Both the swap and forward agreements are accounted for as a hedge against the Company's investment in foreign subsidiaries; thus, foreign exchange gains and losses on the agreements are recognized in shareholders' equity thereby offsetting translation adjustments associated with the Company's investment in foreign operations. The gains or losses on this hedging activity as of January 31, 1998 are immaterial.

The Canadian swap and forward agreements will require the Company to pay C\$41.7 million in exchange for \$31.2 million in U.S. currency between October 2003 and September 2004. The British pounds sterling swap and forward agreements will require the Company to pay (P)59.9 million between October 1999 and September 2002 in exchange for \$94.1 million in U.S. currency.

The 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 rates payable on the foreign currency swap agreements are slightly higher than the interest rates receivable on the currency exchanged, resulting in deferred interest costs which are being amortized to interest expense over the term of the related agreements. The premium cost or discount associated with the forward contracts is being amortized over the term of the related agreements and is included with the gain or loss of the hedging instrument. The unamortized balance of the net deferred costs was \$4.3 million and \$4.1 million as of January 31, 1998 and January 25, 1997, 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.

The fair value of the Company's long-term debt, including current installments, is estimated 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 31, 1998 is estimated to be \$253 million compared to a carrying value of \$244.4 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 ten year initial term with options to extend for one or more five year periods. Marshalls leases, acquired in fiscal 1996, have remaining terms ranging up to twenty-five years. In addition, the Company is generally required to pay insurance, real estate taxes and other operating expenses including, in some cases, rentals based on a percentage of sales.

Following is a schedule of future minimum lease payments for continuing operations as of January 31, 1998:

In Thousands	Operating Leases
Fiscal Year	
1999	\$ 302,177
2000	288,603
2001	260,753
2002	233,513
2003	210,983
Later years	1,006,059
Total future minimum lease payments	\$2,302,088

The rental expense under operating leases for continuing operations amounted to \$301.9 million, \$293.5 million and \$162.5 million for fiscal years 1998, 1997 and 1996, respectively. The present value of the Company's operating lease obligations approximates \$1,547.2 million as of January 31, 1998, including \$180.0 million payable in fiscal 1999.

The Company had outstanding letters of credit in the amount of \$55.9 million as of January 31, 1998. Letters of credit are issued by the Company primarily for the purchase of inventory.

E. Stock Compensation Plans

IN THE FOLLOWING NOTE, ALL REFERENCES TO HISTORICAL AWARDS, OUTSTANDING AWARDS AND AVAILABILITY OF SHARES FOR FUTURE GRANTS UNDER THE COMPANY'S STOCK INCENTIVE PLAN AND RELATED PRICES PER SHARE HAVE BEEN RESTATED, FOR COMPARABILITY PURPOSES, FOR THE TWO-FOR-ONE STOCK SPLIT DISTRIBUTED IN JUNE 1997.

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, as amended, provides for the issuance of up to 21 million shares with 8.7 million shares available for future grants as of January 31, 1998. 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 100,000 shares. There are 61,000 shares available for future grants under this plan as of January 31, 1998.

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"), adjusted for the two-for-one stock split, for fiscal years ended January 1998, 1997 and 1996 is presented below (shares in thousands):

	Fiscal Year Ended January					
	1998		1997		1996	
	Shares	WAEP	Shares	WAEP	Shares	WAEP
Outstanding, beginning of year	4,096	\$12.20	5,624	\$ 9.18	5,389	\$ 9.97
Granted	2,169	25.93	1,426	17.44	1,193	6.44
Exercised	(878)	10.61	(2,724)	8.89	(164)	7.04
Canceled	(134)	14.61	(230)	9.90	(794)	10.63
Outstanding, end of year	5,253	\$18.07	4,096	\$12.20	5,624	\$ 9.18
Options exercisable, end of year	1,966		1,706		3,496	

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 \$6.1 million and \$10.2 million for the fiscal years ended January 31, 1998 and January 25, 1997, respectively. Amounts for fiscal 1996 were immaterial.

The Company has adopted the disclosure-only provisions of Statement of Financial Accounting Standards (SFAS) No. 123 "Accounting for Stock-Based Compensation," and continues to apply the provisions of APB Opinion No. 25 "Accounting for Stock Issued to Employees" in accounting for compensation expense under its stock option plans. The Company grants options at fair market value on the date of the grant; accordingly, no compensation expense has been recognized for the stock options issued during fiscal years 1998, 1997 or 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 share amounts for the fiscal years ended January 31, 1998 and January 25, 1997 would have been reduced to the unaudited pro forma amounts indicated below:

Dollars in Thousands Except Per Share Amounts	Fiscal Year Ended			
	As Reported		Unaudited Pro Forma	
	January 31, 1998 (53 weeks)	January 25, 1997 (53 weeks)	January 31, 1998 (53 weeks)	January 25, 1997 (53 weeks)
Income from continuing operations	\$306,592	\$213,826	\$301,129	\$211,893
Diluted earnings per share	\$ 1.75	\$ 1.22	\$ 1.72	\$ 1.21
Net income	\$304,815	\$363,123	\$299,352	\$361,190
Diluted earnings per share	\$ 1.74	\$ 2.07	\$ 1.71	\$ 2.06

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 1998 and 1997 is estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions: dividend yield 1% and expected volatility of 38% in both fiscal 1998 and 1997, a risk-free interest rate of 5.8% in fiscal 1998 and 6.67% in fiscal 1997 and expected holding periods of 6 years in both fiscal periods. The weighted average fair value of options granted during fiscal 1998 and 1997 was \$11.05 and \$7.75 per share, respectively.

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

The following table summarizes information about stock options outstanding as of January 31, 1998 (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
\$ 5.1250 - \$ 7.6875	727	7.2 Years	\$ 6.36	398	\$ 6.31
\$ 7.6876 - \$12.1875	772	5.8 Years	10.87	772	10.87
\$12.1876 - \$17.4375	1,591	7.7 Years	16.25	729	14.85
\$17.4376 - \$21.5000	700	9.2 Years	21.38	67	21.38
\$21.5001 - \$28.9375	1,463	9.5 Years	28.09	-	-
Total	5,253	8.0 Years	\$18.07	1,966	\$11.78

During fiscal 1998, a special deferred compensation award was granted to the Company's Chief Executive Officer initially denominated in 450,000 shares of the Company's stock with a fair value of \$21.375 per share at the date of grant. The shares vested at the time of the grant and the Company recorded a deferred compensation charge of \$9.6 million at the time of the grant. The executive may elect to have such grant converted into other investments. The Company does not anticipate that the shares will be issued and therefore does not consider them for diluted earnings per share calculations and adjusts the compensation charge for changes in the market value of the stock. The Company recorded an additional expense of \$5.6 million in fiscal 1998 due to the increase in market value of the shares from date of grant.

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. As of January 31, 1998, the performance based stock awards have either vested or been forfeited. 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 \$2.7 million in fiscal 1998, \$2.5 million in fiscal 1997 and \$0.4 million in fiscal 1996. The market value of the awards is determined at date of grant for restricted stock awards, and at the date shares are earned for performance based awards.

There has been a combined total of 511,917 shares, 35,000 shares and 20,000 shares for deferred, restricted and performance based awards issued for the fiscal years ended January 1998, 1997 and 1996, respectively. There were 150,000 and 7,000 shares forfeited for the fiscal years ended January 1998 and January 1996, respectively (no shares were forfeited for the fiscal year ended January 1997). The weighted average market value per share of these stock awards at grant date was \$21.79, \$12.00 and \$6.44 for fiscal 1998, 1997 and 1996, respectively.

During fiscal 1998, the Company formed a deferred stock compensation plan for its outside directors which replaced the Company's retirement plan for directors. Deferred shares were issued equal to the current obligation under the retirement plan as of December 31, 1997. Additional share awards valued at \$10,000 will be issued annually to each eligible director. Currently there are 8,771 deferred shares outstanding, actual shares will be issued at retirement. The Company has 50,000 shares held in treasury from which the Company will issue such shares.

F. Capital Stock and Earnings Per Share

Capital Stock: The Company distributed a two-for-one stock split, effected in the form of a 100% stock dividend, on June 26, 1997 to shareholders of record on June 11, 1997, which resulted in the issuance of 79.8 million shares of common stock and a corresponding decrease of \$79.8 million in additional paid-in capital. All historical earnings per share amounts have been restated to reflect the two-for-one stock split. Reference to common stock activity before the distribution of the split has not been restated unless otherwise noted. All activity after the distribution date reflects the two-for-one stock split.

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 shares of Series E preferred stock, with 1,500,000 shares initially issued at a face value of \$150 million, carry an annual dividend rate of \$7.00 per share and is mandatorily converted into common shares on November 17, 1998 unless converted earlier. Through January 31, 1998, shareholders converted 770,200 shares of Series E preferred stock into 8.3 million shares of common stock and 2,500 shares were repurchased by the Company. The Company paid \$3.8 million to induce conversion of the preferred shares. The common shares issuable on conversion of the outstanding Series E preferred stock will vary depending on the market price of common stock at the time of conversion and ranges from a minimum of 7.9 million shares to a maximum of 9.4 million shares of common stock. Based on the market price of the common stock as of January 31, 1998, the minimum number of shares would be issued. The 727,300 shares of the Company's outstanding Series E preferred stock at January 31, 1998 has an aggregate liquidation preference of \$72.7 million. There is an aggregate of 9,422,513 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 the common 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 the outstanding Series E preferred stock are paid quarterly on the first business day of each calendar quarter, the Company accrues dividends evenly throughout the year. In addition, the inducement fees paid on the conversion of the Series E preferred stock during fiscal 1998 have been classified as preferred dividends. The Company recorded aggregate dividends on its preferred stock of \$11.7 million in fiscal 1998, \$13.7 million in fiscal 1997 and \$9.4 million in fiscal 1996. 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.

On June 25, 1997, the Company authorized the repurchase of up to \$250 million of the Company's common shares and common equivalent shares. During fiscal 1998, the Company repurchased 8.5 million shares of its stock, totaling \$245.2 million, representing approximately 5% of the Company's outstanding common shares. In February 1998, the Company completed this buy back program with a total of 8.7 million shares having been repurchased. At the same time, the Company announced its intent to repurchase an additional \$250 million of the Company's common stock.

Earnings Per Share: The Company calculates earnings per share in accordance with SFAS No. 128 which requires the presentation of basic and diluted earnings per share. The following schedule presents the calculation of basic and diluted earnings per share for income from continuing operations:

	Fiscal Year Ended		
	January 31, 1998	January 25, 1997	January 27, 1996
	(53 weeks)		
Basic earnings per share:			
Income from continuing operations before extraordinary item	\$306,592	\$213,826	\$51,589
Less: preferred stock dividends	11,668	13,741	9,407
Income from continuing operations available to common shareholders	\$294,924	\$200,085	\$42,182
Weighted average common stock outstanding for basic earnings per share	160,737,023	150,463,452	144,830,352
Basic earnings per share	\$1.83	\$1.33	\$.29
Diluted earnings per share:			
Income from continuing operations available to common shareholders	\$294,924	\$200,085	\$42,182
Add back: preferred stock dividends	11,668	13,741	93
Income from continuing operations for diluted earnings per share calculation	\$306,592	\$213,826	\$42,275
Weighted average common stock outstanding for basic earnings per share	160,737,023	150,463,452	144,830,352
Assumed conversion of:			
Convertible preferred stock	12,016,086	23,165,792	532,314
Stock options	2,052,983	1,695,806	28,284
Weighted average common shares for diluted earnings per share calculation	174,806,092	175,325,050	145,390,950
Diluted earnings per share	\$1.75	\$1.22	\$.29

G. Income Taxes

The provision for income taxes includes the following:

In thousands	Fiscal Year Ended		
	January 31, 1998	January 25, 1997	January 27, 1996
	(53 weeks)		
Current:			
Federal	\$172,026	\$116,848	\$52,306
State	39,200	27,160	12,604
Foreign	8,117	8,079	2,843
Deferred:			
Federal	(3,432)	33	(25,593)
State	(326)	462	(5,361)
Foreign	94	(268)	408
Provision for income taxes	\$215,679	\$152,314	\$37,207

The Company had a net deferred tax liability as follows:

In Thousands	January 31, 1998	January 25, 1997
Deferred tax assets:		
Capital loss carryforward	\$ -	\$ 4,500
Foreign net operating loss carryforward	34,554	34,500
Reserve for discontinued operations	6,723	9,397
Reserve for closed stores and restructuring costs	23,571	38,421
Insurance costs not currently deductible for tax purposes	15,049	24,342
Pension, postretirement and employee benefits	34,173	23,267
Leases	9,350	6,478
Other	18,789	17,981
Valuation allowance	(34,603)	(39,084)
Total deferred tax assets	\$107,606	\$119,802
Deferred tax liabilities:		
Property, plant and equipment	\$ 14,736	\$ 20,096
Safe harbor leases	37,945	44,603
Tradenname	48,659	52,302
Other	13,125	10,121
Total deferred tax liabilities	\$114,465	\$127,122
Net deferred tax liability	\$ 6,859	\$ 7,320

The Company had a capital loss carryforward of \$139 million as of January 27, 1996 which was fully utilized to offset the capital gain recognized on the sale of Chadwick's.

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 31, 1998 were immaterial.

The Company has a United Kingdom net operating loss carryforward of approximately \$50 million for tax and financial reporting purposes. The United Kingdom net operating loss does not expire under current United Kingdom tax law. The Company also has a Puerto Rico net operating loss carryforward of approximately \$49 million at January 31, 1998, for tax and financial reporting purposes, which was acquired in the Marshalls acquisition and expires in fiscal 1999 through fiscal 2003. Future utilization of these operating loss carryforwards is dependent upon future earnings of the Company's foreign subsidiaries.

The Company's worldwide effective tax rate was 41% for the fiscal year ended January 31, 1998, and 42% for fiscal years ended January 25, 1997 and January 27, 1996. 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 31, 1998	January 25, 1997	January 27, 1996
U.S. federal statutory income tax rate	35%	35%	35%
Effective state income tax rate	5	5	5
Impact of foreign operations	-	1	3
All other	1	1	(1)
Worldwide effective income tax rate	41%	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 U.S. employees. Effective in fiscal 1998, Marshalls associates are included in the plan with credit for service prior to the acquisition. 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 (including discontinued operations) of the Company's defined benefit and supplemental retirement plans includes the following components:

	Fiscal Year Ended		
	January 31, 1998	January 25, 1997	January 27, 1996
	(53 weeks)		
Service cost	\$ 8,372	\$ 4,699	\$ 3,920
Interest cost on projected benefit obligation	8,398	7,266	6,915
Actual return on assets	(22,278)	(16,981)	(15,215)
Net amortization and deferrals	15,459	10,879	9,384
Net periodic pension cost	\$ 9,951	\$ 5,863	\$ 5,004

Net pension cost includes \$0.4 million and \$0.5 million allocated to discontinued operations in fiscal years 1997 and 1996, respectively. The increase in pension cost for fiscal 1998 is primarily due to the inclusion of Marshalls associates.

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

In Thousands	January 31, 1998	January 25, 1997
Accumulated benefit obligation, including vested benefits of \$111,116 and \$89,533 in fiscal 1998 and 1997, respectively	\$ 115,250	\$ 93,383
Projected benefit obligation	\$ 127,148	\$ 100,465
Plan assets at fair market value	110,234	89,704
Projected benefit obligation in excess of plan assets	16,914	10,761
Unrecognized net gain from past experience, different from that assumed and effects of changes in assumptions	5,243	5,929
Prior service cost not yet recognized in net periodic pension cost	(861)	(950)
Unrecognized prior service cost	(596)	(670)
Accrued pension cost included in accrued expenses	\$ 20,700	\$ 15,070

The projected benefit obligation in excess of plan assets as of January 31, 1998, is due to 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 7.0% and 7.5% for fiscal years 1998 and 1997, respectively. The rate of increase on future compensation levels was 4.0% in each of the fiscal years 1998 and 1997, and the expected long-term rate of return on assets was 9.0% in each of the fiscal years 1998 and 1997. 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 fifty-five or older with ten or more years of service.

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

	Fiscal Year Ended		
	January 31, 1998	January 25, 1997	January 27, 1996
	(53 weeks)		
Service cost	\$1,366	\$ 671	\$ 757
Interest cost on accumulated benefit obligation	1,649	1,081	1,046
Net amortization	749	55	-
Net periodic postretirement benefit cost	\$3,764	\$1,807	\$1,803

Net periodic postretirement benefit costs include \$0.1 million in fiscal year 1997 and \$0.3 million in fiscal year 1996 allocated to discontinued operations. The increase in cost for fiscal 1998 is primarily due to the inclusion of Marshalls associates.

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:

In Thousands	January 31, 1998	January 25, 1997
Accumulated postretirement obligation:		
Retired associates	\$ 8,882	\$ 7,147
Fully eligible active associates	4,459	4,653
Other active associates	7,832	3,501
Accumulated postretirement obligation	21,173	15,301
Unrecognized net (loss) due to change in assumptions	(4,341)	(1,375)
Accrued postretirement benefits included in accrued expenses	\$16,832	\$13,926

Assumptions used in determining the actuarial present value of the accumulated postretirement obligation include a discount rate of 7.0% and 7.5% in fiscal years 1998 and 1997, respectively. Due to the nature of the plan, which limits the annual benefit to \$3,000, the medical inflation assumption, initially set at 4.5% in fiscal 1998 and 5% in fiscal 1997, is gradually reduced to zero. An increase of 1% in the medical inflation assumption would increase the postretirement benefit obligation as of January 31, 1998 by approximately \$1.7 million. Effective January 1, 1997, Marshalls associates were 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 U.S. 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 \$5.7 million in fiscal 1998, \$6.4 million in fiscal 1997 and \$2.2 million in fiscal 1996. Prior to January 1, 1997, Marshalls associates participated in a separate Section 401(k) savings plan consistent with the plan Marshalls associates participated in prior to acquisition.

I. Accrued Expenses and Other Current Liabilities

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

In Thousands	January 31, 1998	January 25, 1997
Employee compensation and benefits	\$142,945	\$113,855
Reserve for discontinued operations	17,843	23,650
Store closing and restructuring reserve, continuing operations	57,966	95,867
Insurance	58,070	67,403
Rent, utilities, advertising and other	334,682	320,436
Accrued expenses and other current liabilities	\$611,506	\$621,211

The Company's reserve for discontinued operations relates to obligations the Company retained or incurred in connection with the sale of its former Zayre, Hit or Miss and Chadwick's operations. During fiscal 1997, the reserve decreased by \$1.6 million. The Company added \$10.7 million to the reserve, relating to anticipated costs associated with the sale of Chadwick's, which was offset by reductions to the reserve of \$12.3 million, primarily relating to lease obligations. During fiscal 1998, the reduction to the reserve of \$5.8 million is primarily for settlement costs associated with Chadwick's and for lease related costs associated with the former Zayre and Hit or Miss properties. The combined remaining reserve balance of \$17.8 million as of January 31, 1998 is expected to be used for lease related obligations, primarily for former Zayre stores, which is expected to be paid out over the next ten to fifteen years, as leases are settled or terminated.

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 initial reserves established in fiscal 1996 were estimated at \$244.1 million for a Marshalls store closing and restructuring plan and \$35 million for the closing of certain T.J. Maxx stores.

The Marshalls reserve included \$44.1 million for inventory markdowns. The primary reduction to the reserve in fiscal 1996 was for inventory markdowns. During fiscal 1997 and 1998, the Marshalls reserve was reduced by \$85.9 million and \$15.8 million, respectively, to reflect a reduction in the number of store closings and a lower cost to settle and dispose of lease obligations. These reserve reductions resulted in adjustments to the allocation of the Marshalls purchase price as discussed in Note A to the consolidated financial statements. The adjusted reserve balance included \$70.8 million for lease related obligations for planned store and other facility closings, \$9.6 million for property write-offs, \$44.1 million for inventory

markdowns and \$17.9 million for severance, professional fees and all other costs associated with the restructuring plan. The only non-cash charge portion of the reserve was for property write-offs.

The Company also established a reserve for the closing of certain T.J. Maxx stores. The Company recorded an initial charge to income from continuing operations of \$35 million in fiscal 1996 and a credit to income from continuing operations of \$8 million in fiscal 1997 to reflect a lower than anticipated cost of the T.J. Maxx closings. The adjusted reserve balance includes \$15.6 million for lease related obligations of the closed stores, non-cash charges of \$9.8 million for property write-offs and \$2.3 million for severance, professional fees and all other costs associated with the closings.

The following is a summary of the activity in the store closing and restructuring reserve for the last two fiscal years:

In Thousands	Fiscal Year Ended	
	January 31, 1998	January 25, 1997
Balance, beginning of the year	\$ 95,867	\$ 251,566
Reserve adjustments:		
Adjust Marshalls restructuring reserve	(15,843)	(85,900)
Adjust T.J. Maxx store closing reserve	700	(8,000)
Charges against the reserve:		
Lease related obligations	(13,593)	(21,277)
Inventory markdowns	-	(15,886)
Severance and all other cash charges	(1,876)	(13,901)
Net activity relating to HomeGoods closings	(1,887)	329
Non-cash property write-offs	(5,402)	(11,064)
Balance, end of year	\$ 57,966	\$ 95,867

All the Marshalls and T.J. Maxx properties for which reserves were provided have been closed. The remaining reserve balance as of January 31, 1998 of \$58 million is almost entirely for the estimated cost of future obligations of the closed store and other facility leases. It includes estimates and assumptions as to how the leases will be disposed of and could change; however, the Company believes it has adequate reserves to deal with these obligations. The use of the reserve will reduce operating cash flows in varying amounts over the next ten to fifteen years as the related leases expire or are settled.

J. Supplemental Cash Flows Information

The Company classifies the cash flows associated with the operating results of its discontinued operations through the date of sale, as "net cash provided by (used in) discontinued operations." The following is a reconciliation of the "income from discontinued operations, net of income taxes" to the "net cash provided by (used in) discontinued operations."

	Fiscal Year Ended		
	January 31, 1998	January 25, 1997	January 27, 1996
	(53 weeks)		
Income from discontinued operations, net of income taxes	\$ -	\$ 29,361	\$ 9,710
(Increase) decrease in net assets of discontinued operations during the period:			
Net assets of discontinued operations - beginning of period	54,451	128,586	93,397
Less:			
Net assets of discontinued operations - sold during period	-	54,083	44,789
Net assets of discontinued operations - end of period	-	54,451	128,586
(Increase) decrease in net assets of discontinued operations	54,451	20,052	(79,978)
Net cash provided by (used in) discontinued operations	\$ 54,451	\$ 49,413	\$(70,268)

The Company is also responsible for certain leases related to, and other obligations arising from, the sale of these operations, for which reserves have been provided in its reserve for discontinued operations, and is included in accrued expenses. The cash flow impact of these obligations is reflected as a component of cash provided by operating activities in the statements of cash flows.

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:

In Thousands	Fiscal Year Ended		
	January 31, 1998	January 25, 1997	January 27, 1996
(53 weeks)			
Cash paid for:			
Interest	\$ 26,359	\$ 44,288	\$ 41,924
Income taxes	199,025	159,245	17,275
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	-
Series E	77,020	-	-
Distribution of two-for-one stock split	79,823	-	-
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 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 the Company's contingent liability on these leases will not have a material effect on the Company's financial condition.

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

L. Segment Information

For data on business segments for fiscal 1998, 1997 and 1996, see page 20.

The TJX Companies, Inc.
REPORT OF INDEPENDENT ACCOUNTANTS

COOPERS & LYBRAND L.L.P.

COOPERS
&LYBRAND

a professional services firm

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 31, 1998 and January 25, 1997 and the related consolidated statements of income, shareholders' equity, and cash flows for each of the three fiscal years in the period ended January 31, 1998. 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 31, 1998 and January 25, 1997 and the consolidated results of their operations and their cash flows for each of the three fiscal years in the period ended January 31, 1998 in conformity with generally accepted accounting principles.

Boston, Massachusetts
March 3, 1998

/s/ Coopers & Lybrand L.L.P.

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.

/s/ Bernard Cammarata

/s/ Donald G. Campbell

Bernard Cammarata
President and Chief Executive Officer

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

March 3, 1998

The TJX Companies, Inc.
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.

Dollars in Thousands Except Per Share Amounts	Fiscal Year Ended January				
	1998	1997	1996	1995	1994
	(53 weeks)				
Income statement and per share data:					
Net sales	\$7,389,069	\$6,689,410	\$3,975,115	\$3,055,573	\$2,832,070
Income from continuing operations before extraordinary item and cumulative effect of accounting changes	306,592	213,826	51,589 (1)	84,480	111,266
Weighted average shares for diluted earnings per share computations	174,806,092	175,325,050	145,390,950	146,918,900	148,260,956
Diluted earnings per share from continuing operations before extraordinary item	\$ 1.75	\$ 1.22	\$.29 (1)	\$.53	\$.70
Dividends per share	.20	.14	.245	.28	.25
Balance sheet data:					
Working capital	\$ 464,974	\$ 425,595	\$ 332,864	\$ 240,646	\$ 237,358
Total assets	2,609,632	2,506,761	2,545,825	1,373,964	1,171,412
Capital expenditures	192,382	119,153	105,864	109,436	102,279
Long-term debt	221,024	244,410	690,713	194,478	205,408
Shareholders' equity	1,164,092	1,127,186	764,634	606,952	590,900
Stores in operation at year-end:					
T.J. Maxx	580	578	587	551	512
Marshalls	461	454	496	-	-
Winners	76	65	52	37	27
HomeGoods	23	21	22	15	10
T.K. Maxx	31	18	9	5	-

(1) Includes an after-tax charge of \$21.0 million, or \$.14 per share, for the estimated cost of closing certain T.J. Maxx stores in connection with the acquisition of Marshalls.

Price Range of Common Stock

The following per share data reflects the two-for-one stock split distributed in June 1997.

The common stock of the Company is listed on the New York Stock Exchange (Symbol: TJX). The quarterly high and low trading stock prices for fiscal 1998 and fiscal 1997 are as follows:

Quarter	Fiscal 1998		Fiscal 1997	
	High	Low	High	Low
First	\$24 1/16	\$19 1/8	\$15 3/8	\$ 9 1/4
Second	29 15/16	22 1/2	18 5/16	13 3/16
Third	32 7/8	26 1/4	21 11/16	14 5/8
Fourth	38 9/16	26	24 1/8	19 5/16

The approximate number of common shareholders at January 31, 1998 was 43,800.

The Company declared four quarterly dividends of \$.05 per share for fiscal 1998 and \$.035 per share for fiscal 1997.

The TJX Companies, Inc.
MANAGEMENT'S DISCUSSION AND ANALYSIS OF
RESULTS OF OPERATIONS AND FINANCIAL CONDITION

During fiscal 1998, the Company declared a two-for-one stock split effected in the form of a 100% stock dividend, and, beginning with the fourth quarter of fiscal 1998, began to report earnings per share pursuant to Statement of Financial Accounting Standards (SFAS) No. 128 "Earnings per Share." SFAS No. 128 requires the presentation of "basic" and "diluted" earnings per share. All earnings per share amounts have been restated to reflect the two-for-one stock split and the impact of SFAS No. 128. All earnings per share amounts discussed refer to diluted earnings per share unless otherwise indicated.

Effective December 7, 1996, the Company sold its Chadwick's of Boston mail order operation. The gain on this transaction was accounted for as discontinued operations 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 includes the results of the Hit or Miss division prior to its sale, which was sold by the Company effective September 30, 1995, along with the loss incurred on the sale.

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 results of operations for fiscal 1998 and 1997 are not directly comparable to the financial position and the results of the operations of the Company for fiscal 1996. 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 \$306.6 million in fiscal 1998 versus \$213.8 million and \$51.6 million in fiscal 1997 and 1996, respectively. Income from continuing operations per share was \$1.75 in fiscal 1998, versus \$1.22 in fiscal 1997, and \$.29 in fiscal 1996. 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 \$.44 per share.

Net sales for fiscal 1998 increased 10.5% to \$7.39 billion from \$6.69 billion in 1997. Net sales for fiscal 1997 increased 68.3% from \$3.98 billion in fiscal 1996. These consolidated sales results include Marshalls for periods subsequent to its acquisition on November 17, 1995. Fiscal 1998 included 53 weeks while fiscal 1997 and 1996 each included 52 weeks. Consolidated same store sales, on a 52-week basis, increased 6% in fiscal 1998 and increased 7% in fiscal 1997. Percentage increases in same store sales, on a divisional basis, are as follows:

	Fiscal Year Ended	
	January 31, 1998	January 25, 1997
T.J. Maxx	+5%	+5%
Marshalls	+7%	+10%
Winners	+14%	+13%
HomeGoods	+13%	+2%
T.K. Maxx	+15%	+30%

Consolidated sales results for fiscal 1998 and 1997 primarily reflect the many benefits associated with the Marshalls acquisition, along with some improvement in apparel sales industry-wide. Following the acquisition of Marshalls, the Company replaced Marshalls 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 has allowed the Company to offer better values to consumers at both chains in fiscal 1998 and 1997 as compared to fiscal 1996.

Cost of sales, including buying and occupancy costs, as a percentage of net sales was 76.8%, 77.7% and 79.1% in fiscal 1998, 1997 and 1996, respectively. The improvement in this ratio in fiscal 1998 and 1997, as compared to fiscal 1996, is largely due to improved inventory management and the benefits associated

with the acquisition of Marshalls, as well as a reduction in occupancy and depreciation costs as a percentage of net sales due to the strong sales performance. Fiscal 1998 depreciation costs were also reduced as a result of the revised purchase price allocation for the acquisition of Marshalls. See Note A to the Consolidated Financial Statements.

Selling, general and administrative expenses as a percentage of net sales were 16.0% in fiscal 1998, 16.3% in fiscal 1997 and 16.9% in fiscal 1996. The improvement in this ratio in both fiscal 1998 and 1997 reflects the stronger sales performance as well as expense savings provided by the consolidation of the Marshalls and T.J. Maxx operations. During fiscal 1998, selling, general and administrative expenses included a pre-tax gain of \$6 million from the sale of Brylane common stock and included a charge of \$15.2 million for costs associated with a deferred compensation arrangement with the Company's Chief Executive Officer.

The Company recorded an estimated pre-tax charge of \$35 million in fiscal 1996 for the closing of certain 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 and non-cash costs associated with asset write-offs of the closed stores. 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, net of interest income, was \$4.5 million, \$37.4 million and \$38.2 million in fiscal 1998, 1997 and 1996, respectively. The Company has maintained a strong cash position throughout fiscal 1998 and 1997 as a result of cash generated from operations and funds obtained from the sale of Chadwick's. During fiscal 1997, this allowed the Company to prepay approximately \$450 million of long-term debt including the outstanding balance of the loan incurred to acquire Marshalls. The impact of this positive cash flow position throughout fiscal 1998 resulted in virtually no short-term borrowings during fiscal 1998 despite the Company's purchase of \$245.2 million of its common stock. Interest income for fiscal 1998 was \$21.6 million versus \$14.7 million and \$2.8 million in fiscal 1997 and 1996, respectively.

The Company's effective income tax rate was 41% in fiscal 1998 and 42% in both fiscal 1997 and 1996. The reduction in the fiscal 1998 effective income tax rate is primarily due to the impact of foreign operations. 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.

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 operating results of both of these divisions prior to their respective sale measurement dates have been reclassified as net income 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. In addition, in each of the fiscal years 1998, 1997 and 1996, the Company retired certain long-term debt instruments prior to scheduled maturities, resulting in extraordinary losses, net of income taxes, of \$1.8 million, \$5.6 million and \$3.3 million, respectively.

Net income, after reflecting the above items, was \$304.8 million, or \$1.74 per share, in fiscal 1998, \$363.1 million, or \$2.07 per share, in fiscal 1997 and \$26.3 million, or \$.12 per share, in fiscal 1996.

Capital Sources and Liquidity

Operating Activities: Net cash provided by operating activities was \$385.5 million, \$664.5 million and \$254.6 million in fiscal 1998, 1997 and 1996, respectively. The decrease in cash provided by operating activities in fiscal 1998 is primarily the result of an increase in merchandise inventories versus a decrease in fiscal 1997. 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, as well as the Company's movement to a leaner inventory position as compared to fiscal 1996 year-end levels. Inventories as a percentage of net sales were 16.1% in fiscal 1998, 15.8% in fiscal 1997 and 31.6% in fiscal 1996. 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 strong sales volume, coupled with tight inventory control, resulted in faster inventory turns, all of which were favorable to cash flows and the inventory ratios for fiscal 1998 and

1997. Working capital was \$465.0 million in fiscal 1998, \$425.6 million in fiscal 1997 and \$332.9 million in fiscal 1996. The increase in both years reflects the acquisition of Marshalls and the benefits of strong operating cash flows.

The cash flows from operating activities for fiscal 1998 and 1997 have been reduced by \$23.2 million and \$63.0 million, respectively for cash expenditures associated with the Company's store closing and restructuring reserves, which relate primarily to the Marshalls acquisition, and for obligations relating to the Company's discontinued operations.

The initial reserve established in the acquisition of Marshalls for the fiscal year ended January 26, 1996 was estimated at \$244.1 million and was accounted for in the allocation of purchase price under the purchase accounting method. The initial reserve included \$44.1 million for inventory markdowns and \$200 million for a store closing and restructuring program. The plan included the closing of 170 Marshalls stores during fiscal 1997 and fiscal 1998. The Company reduced the total reserve by \$85.9 million in fiscal 1997 and by an additional \$15.8 million in fiscal 1998, primarily due to fewer store closings and a reduction in the estimated cost of settling the related lease obligations. These reserve reductions were accounted for as adjustments to the purchase price allocation of Marshalls and resulted in a corresponding reduction in the value assigned to the long-term assets acquired. The adjusted final reserve balance includes \$70.8 million for lease related obligations for 70 store and other facility closings, \$9.6 million for property write-offs, \$44.1 million for inventory markdowns and \$17.9 million for severance, professional fees and all other costs associated with the restructuring plan. Property write-offs were the only non-cash charge to the reserve.

In connection with the Marshalls acquisition, the Company also established a reserve for the closing of certain T.J. Maxx stores. The Company recorded an initial pre-tax charge to income from continuing operations of \$35 million in fiscal 1996 and a pre-tax credit to income from continuing operations of \$8 million in fiscal 1997 to reflect a lower than anticipated cost of the T.J. Maxx closings. An additional charge to continuing operations of \$700,000 was recorded in fiscal 1998. The adjusted reserve balance includes \$15.6 million for lease related obligations of 32 store closings, non-cash charges of \$9.8 million for property write-offs and \$2.3 million for severance, professional fees and all other costs associated with the closings.

As of January 31, 1998, all of the Marshalls and T.J. Maxx properties reserved for have been closed. The reserve also includes some activity relating to several HomeGoods store closings, the impact of which is immaterial. Actual spending and charges against the reserve are summarized below:

	Fiscal Year Ended		
	January 1998	January 1997	January 1996
=====			
Cash charges:			
Lease related obligations	\$13,593	\$21,277	\$ 307
Inventory markdowns	-	15,886	28,209
Severance and other costs	3,763	13,572	650

Subtotal cash charges	17,356	50,735	29,166
Non-cash charges:			
Property write-offs	5,402	11,064	-

Total reserve spending	\$22,758	\$61,799	\$29,166
=====			

The remaining reserve balance as of January 31, 1998 of \$58 million is virtually all for the estimated cost of future lease obligations of the closed stores and other facilities. It includes estimates and assumptions as to how the leases will be disposed of, which could change, but the Company believes it has adequate reserves to deal with these obligations. The spending of the reserve will reduce operating cash flows in varying amounts over the next ten to fifteen years as the leases expire or are settled. The remaining reserve balance will not have a material impact on future cash flows or the Company's financial condition.

The Company also has a reserve for future obligations relating to its discontinued operations. Reductions to the reserve in fiscal 1998 of \$5.8 million are primarily for settlement costs associated with Chadwick's and for lease related costs associated with the former Zayre stores and Hit or Miss properties. During fiscal 1997, the Company added \$10.7 million to the reserve relating to anticipated costs associated with the sale of Chadwick's. Reductions to the reserve in fiscal 1997 of \$12.3 million primarily relate to lease obligations. The remaining reserve balance of \$17.8 million as of January 31, 1998 is for lease related obligations, primarily for the former Zayre stores, which is expected to reduce operating cash flows in varying amounts over the

next ten to fifteen years, as leases are settled or terminated. The remaining reserve balance will not have a material impact on future cash flows or the Company's financial condition. The Company is also contingently liable on certain leases of its discontinued operations. See Note K to the consolidated financial statements for further information.

The Company has developed plans to address issues related to the impact on its computer systems of the year 2000. Financial and operational systems have been assessed and plans have been developed to address systems modification requirements. The Company expects to spend the aggregate of approximately \$10 million on conversion costs, primarily in fiscal years 1998 and 1999. There can be no guarantee that a failure to resolve a year 2000 issue by the Company or a third party whose systems may interface with the Company, would not have a material effect on the Company.

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

In Millions	Fiscal Year Ended	
	January 1998	January 1997
New stores	\$ 53.1	\$ 36.7
Store renovations and improvements	103.3	56.1
Office and distribution centers	36.0	26.4
Capital expenditures	\$192.4	\$119.2

The Company expects that capital expenditures will approximate \$230 million for fiscal 1999. This includes \$61 million for new stores, \$108 million for store renovations and improvements and \$61 million for the Company's office and distribution centers.

Investing activities for fiscal 1998 include proceeds of \$15.7 million for the sale of 352,908 shares of Brylane Inc., common stock obtained by converting approximately half of the Brylane note received as partial consideration for the sale of Chadwick's. Fiscal 1998 also includes a payment by the Company of \$33.2 million as a final settlement of the sale proceeds from the sale of Chadwick's as described below.

Fiscal 1997 investing activities include the estimated cash sale proceeds from the sale of the Chadwick's division to Brylane, Inc., which totaled \$222.8 million. The purchase price was subject to a final adjustment based on the net assets of Chadwick's as of the sale date resulting in a payment to Brylane of \$33.2 million during 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 totaled approximately \$125 million, with \$54.5 million still outstanding as of January 25, 1997. The balance of the receivables was collected in the first quarter of fiscal 1998 and is classified as cash provided by discontinued operations. The Company also received a \$20 million convertible note due in ten years with annual interest currently at 6%. The outstanding balance of the note as of January 31, 1998 is \$10.3 million, as a portion was converted into common stock during fiscal 1998. Investing activities for fiscal 1997 also include a purchase price adjustment for the acquisition of Marshalls of \$49.3 million. Marshalls was acquired by the Company in November 1995 for a total cost of \$606 million. See Note A to the consolidated financial statements for more information regarding the Marshalls acquisition.

Financing Activities: The strong cash flows from operations as well as proceeds generated from the sale of the Chadwick's division provided adequate capital which exceeded the Company's needs in fiscal 1998 and fiscal 1997, and no additional borrowings were required. Financing activities for fiscal 1998 include principal payments on long-term debt of \$27.2 million, including \$8.5 million to fully retire the Company's 9 1/2% sinking fund debentures. As a result of its strong cash position, the Company prepaid certain long-term debt in addition to regularly scheduled maturities during fiscal 1997. On September 16, 1996, pursuant to a call for redemption, the Company prepaid \$88.8 million of its 9 1/2% sinking fund debentures. In addition, during the fourth quarter of fiscal 1997, the Company retired the entire outstanding balance of the \$375 million term loan incurred to acquire Marshalls (see discussion below). The Company recorded after-tax extraordinary charges totaling \$5.6 million, or \$.03 per share, due to the early retirement of these obligations. 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 flows from financing activities includes the proceeds of \$574.9 million from additional long-term borrowings. In June 1995, the Company issued \$200 million of long-term notes under a shelf registration statement. The proceeds were used, in part, to repay short-term

borrowings and for general corporate purposes. The Company currently has a shelf registration statement which provides for the issuance of up to \$600 million of debt or equity. 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 basis to fund the cash portion of the Marshalls purchase price. The agreement also included a \$500 million revolving loan capability which was terminated prior to its maturity, resulting in an after-tax extraordinary charge of \$1.8 million, or \$.01 per share, in fiscal 1998. The Company entered into a new revolving credit agreement in September 1997 as discussed below.

In June 1997, the Company announced a \$250 million stock buyback program. During fiscal 1998, the Company repurchased 8.5 million shares of common stock for a cost of \$245.2 million. The program was completed in February 1998 at which time the Company announced a second \$250 million stock repurchase program.

The Company declared quarterly dividends on its common stock of \$.05 per share in fiscal 1998 and \$.035 per share in fiscal 1997. Annual dividends on common stock totaled \$31.8 million in fiscal 1998 and \$21.3 million in fiscal 1997. The Company also paid dividends on all of its outstanding preferred stock, which totaled \$11.7 million in fiscal 1998, \$13.7 million in fiscal 1997 and \$9.4 million in fiscal 1996. During fiscal 1998, 770,200 shares of the Series E preferred stock were converted into 8.3 million shares of common stock and 2,500 shares were repurchased. Inducement fees of \$3.8 million were paid on the Series E conversions, which are classified as preferred dividends for fiscal 1998. The 727,300 outstanding shares of the Series E preferred stock as of January 31, 1998 will automatically convert into common stock on November 17, 1998. During fiscal 1997, both the Series A cumulative convertible preferred stock and the Series C cumulative convertible preferred stock were converted into an aggregate of 4.4 million shares of common stock pursuant to separate calls for redemption. Preferred dividends were paid through the respective conversion dates. The Series D preferred stock automatically converted on November 17, 1996 into 1.3 million shares of common stock. Financing activities for fiscal 1998 and 1997 also includes proceeds of \$15.5 million and \$34.4 million, respectively, from the exercise of employee stock options. The proceeds include \$6.1 million and \$10.2 million for related tax benefits in fiscal 1998 and fiscal 1997, respectively.

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 under a revolving credit facility it entered into in September 1997. This agreement replaced the agreement entered into at the time of the Marshalls acquisition and contains certain financial covenants which include a minimum net worth requirement and certain leverage and fixed charge coverage ratios. The Company recorded an extraordinary charge of \$1.8 million, or \$.01 per share, on the write-off of deferred financing costs associated with the former agreement. As of January 31, 1998, the entire \$500 million was available for use. The Company's strong cash position throughout fiscal 1998 and 1997 required minimal short-term borrowings. There were no U.S. short-term borrowings outstanding during fiscal 1998. The maximum amount of U.S. short-term borrowings outstanding during fiscal 1997 and 1996 was \$3 million and \$200 million, respectively. The Company also has C\$30 million of committed lines for its Canadian operations, all of which were available for use as of January 31, 1998. The maximum amount outstanding under its Canadian credit line during fiscal 1998 and 1997 was C\$12.1 million and C\$6 million, respectively. Management believes that its current credit facilities and availability under its shelf registration statement 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.

The Company is exposed to foreign currency exchange rate risk on its investment in its Canadian (Winners) and European (T.K. Maxx) operations. As more fully described in Note C to the consolidated financial statements, the Company hedges a large portion of its net investment and certain merchandise commitments in these operations with derivative financial instruments. The Company utilizes currency forwards and swaps, designed to offset the gains or losses in the underlying exposures, most of which are recorded directly in shareholders' equity. The contracts are executed with creditworthy banks and are denominated in currencies of major industrial countries. The Company does not enter into derivatives for speculative trading purposes.

The Company has performed a sensitivity analysis assuming a hypothetical 10% adverse movement in foreign exchange rates applied to the hedging contracts and the underlying exposures described above. As of January 31, 1998, the analysis indicated that such market movements would not have a material effect on the Company's consolidated financial position, results of operations or cash flows.

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

Earnings per share amounts in the following table are presented in accordance with SFAS No. 128 and reflect the effect of the two-for-one stock split distributed in June 1997.

In Thousands Except Per Share Amounts	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Fiscal year ended January 31, 1998 (53 weeks)				
Net sales	\$1,560,150	\$1,698,372	\$1,887,698	\$2,242,849
Gross earnings *	357,531	375,111	473,362	506,524
Income from continuing operations before extraordinary item	48,461	52,578	106,942	98,611
Diluted earnings per share	.27	.30	.62	.58
Net income	48,461	52,578	105,165	98,611
Diluted earnings per share	.27	.30	.61	.58
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
Diluted earnings per share	.13	.19	.46	.43
Net income	30,086	36,054	87,510	209,473
Diluted earnings per share	.17	.21	.50	1.19

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

Net income for the third quarter of fiscal 1998 includes an after-tax extraordinary charge of \$1.8 million for the write-off of deferred financing costs associated with the early termination of a revolving credit facility.

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 \$.72 per share. The operating results for Chadwick's for fiscal 1997 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 the third and fourth quarters, respectively, for the early retirement of debt.

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 Europe, particularly 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, including economic and political problems in countries from which merchandise is imported; currency and exchange rate factors in the Company's foreign operations; risks in the development of new businesses and application of the Company's off-price strategies in foreign countries; acquisition and divestment activities; and other factors that may be described in the Company's filings with the Securities and Exchange Commission. 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.

SUBSIDIARIES

	State or Jurisdiction of Incorporation or Organization -----	Name Under Which Does Business (if Different) -----
Operating Subsidiaries -----		
Newton Buying Corp.	Delaware	
NBC Distributors Inc.	Massachusetts	
NBC Merchants, Inc.	Indiana	
NBC Charlotte Merchants, Inc.	North Carolina	
NBC Nevada Merchants, Inc.	Nevada	
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.	Minnesota	
Marshalls of Novato, CA., Inc.	California	
Marshalls of Northridge-Devonshire, CA., Inc.	California	
Marshalls of Glen Burnie, MD., Inc.	Maryland	
Marshalls of Beacon, VA., Inc.	Virginia	
Marshalls of Laredo, TX., Inc.	Texas	
Marshalls of Calumet City, IL., Inc.	Illinois	
Marshalls of Chicago-Clark, IL., Inc.	Illinois	
Marshalls of Streamwood, IL., Inc.	Illinois	
Marshalls of Chicago-Brickyard, IL., Inc.	Illinois	
Marshalls of Matteson, IL., Inc.	Illinois	
Marshalls of Nevada, Inc.	Nevada	
Winners Apparel Ltd.	Ontario, Canada	
Winners Merchants Ltd.	Ontario, Canada	
Winners Investments Limited	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
TJX Netherlands B.V.	Netherlands	TK Max

SUBSIDIARIES
CONTINUED

State or Jurisdiction of Incorporation or Organization	Name Under Which Does Business (if Different)
-----	-----

Operating Subsidiaries

Concord Buying Group	Massachusetts
NBC Operating Corp.	Massachusetts
T.J. Maxx of CA, LLC	Delaware
T.J. Maxx of IL, LLC	Delaware
Marshalls of CA, LLC	Delaware
Marshalls of IL, LLC	Delaware
NYDS, LLC	Delaware

Leasing Subsidiaries

Cochituate Realty, Inc.	Massachusetts
NBC First Realty Corp.	Indiana
NBC Second Realty Corp.	Massachusetts
NBC Fourth Realty Corp.	Nevada
NBC Fifth Realty Corp.	Illinois
NBC Sixth Realty Corp.	North Carolina

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. 333-23613, 33-49747, 33-12220 and 333-35073) of our report dated March 3, 1998 on our audits of the consolidated financial statements of The TJX Companies, Inc. as of January 31, 1998 and January 25, 1997 and for the years ended January 31, 1998, January 25, 1997 and January 27, 1996 which report is incorporated by reference in this Annual Report on Form 10-K.

Boston, Massachusetts
April 29, 1998

Coopers & Lybrand L.L.P.

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 31, 1998 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 8, 1998

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

12-MOS		
	JAN-31-1998	
	JAN-26-1997	
	JAN-31-1998	
		404,369,000
		0
		60,735,000
		0
		1,190,170,000
	1,682,631,000	
		1,201,163,000
		515,027,000
		2,609,632,000
	1,217,657,000	
		221,024,000
	72,730,000	
		0
		159,901,000
		931,461,000
2,609,632,000		
		7,389,069,000
	7,389,069,000	
		5,676,541,000
		5,676,541,000
	1,185,755,000	
		0
		4,502,000
		522,271,000
		251,679,000
	306,592,000	
		0
	(1,777,000)	
		0
		304,815,000
		1.82
		1.74

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

12-MOS	
	JAN-27-1996
	JAN-27-1996
	209,226,000
	0
	55,144,000
	0
	1,258,488,000
	1,615,551,000
	1,073,792,000
	340,599,000
	2,674,411,000
	1,206,400,000
	690,713,000
	72,486,000
	175,000,000
	107,500,000
	409,648,000
2,674,411,000	
	3,975,115,000
	3,975,115,000
	3,143,257,000
	3,143,257,000
	704,876,000
	0
	38,186,000
	88,796,000
	37,207,000
	51,589,000
	(21,990,000)
	(3,338,000)
	0
	26,261,000
	0.12
	0.12

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

3-MOS	6-MOS	
	JAN-25-1997	JAN-25-1997
	APR-27-1996	JUL-27-1996
	191,413,000	245,342,000
	0	0
	75,394,000	77,049,000
	0	0
	1,300,256,000	1,328,039,000
1,663,640,000	1,087,009,000	1,751,655,000
	366,090,000	1,115,230,000
	2,706,068,000	393,403,000
		2,791,842,000
1,223,780,000	1,291,791,000	
	679,676,000	662,871,000
175,000,000	175,000,000	
	107,500,000	82,500,000
	72,554,000	74,132,000
	430,487,000	484,070,000
2,706,068,000	2,791,842,000	
	1,472,247,000	3,020,506,000
1,472,247,000	3,020,506,000	
	1,167,359,000	2,389,549,000
	1,167,359,000	2,389,549,000
	251,151,000	509,065,000
	0	0
	14,362,000	25,330,000
	39,375,000	96,562,000
	16,351,000	39,848,000
23,024,000	56,714,000	
	7,062,000	9,426,000
	0	0
	0	0
	30,086,000	66,140,000
	0.18	0.39
	0.17	0.38

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

9-MOS	12-MOS	
JAN-25-1997	JAN-25-1997	
OCT-26-1996	JAN-25-1997	
236,035,000	474,732,000	
0	0	
90,695,000	57,275,000	
0	0	
1,335,099,000	1,059,505,000	
1,796,892,000	1,662,342,000	
1,144,816,000	1,059,613,000	
420,506,000	419,129,000	
2,837,596,000	2,561,212,000	
1,364,688,000	1,182,296,000	
540,362,000	244,410,000	
175,000,000	150,000,000	
0	0	
77,725,000	79,576,000	
653,936,000	897,610,000	
2,837,596,000	2,561,212,000	
4,742,935,000	6,689,410,000	
4,742,935,000	6,689,410,000	
3,694,820,000	5,198,783,000	
3,694,820,000	5,198,783,000	
775,983,000	1,087,137,000	
0	0	
35,674,000	37,350,000	
236,458,000	366,140,000	
98,154,000	152,314,000	
138,304,000	213,826,000	
18,231,000	154,917,000	
(2,885,000)	(5,620,000)	
0	0	
153,650,000	363,123,000	
0.96	2.32	
0.87	2.07	

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

3-MOS	6-MOS	3-MOS	6-MOS
JAN-31-1998	JAN-31-1998	JAN-31-1998	JAN-31-1998
APR-26-1997	JUL-26-1997	APR-26-1997	JUL-26-1997
	397,127,000		138,232,000
	0		0
91,528,000		75,691,000	
	0		0
1,384,397,000		1,421,529,000	
1,889,538,000		1,652,660,000	
	1,088,662,000		1,131,993,000
445,415,000		471,070,000	
2,788,531,000		2,573,992,000	
1,367,588,000		1,149,297,000	
	244,263,000		243,262,000
150,000,000		120,410,000	
	0		0
	79,720,000		161,218,000
	938,275,000		887,264,000
2,788,531,000		2,573,992,000	
	1,560,150,000		3,258,522,000
1,560,150,000		3,258,522,000	
	1,202,619,000		2,525,880,000
1,202,619,000		2,525,880,000	
273,738,000		557,526,000	
	0		0
855,000		2,400,000	
82,938,000		172,716,000	
34,477,000		71,677,000	
48,461,000		101,039,000	
	0		0
	0		0
	0		0
	0		0
48,461,000		101,039,000	
0.29		0.59	
0.27		0.57	

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

9-MOS		
	JAN-31-1998	
	OCT-25-1997	
		143,602,000
		0
		110,117,000
		0
		1,459,607,000
	1,730,185,000	
		1,187,649,000
		494,847,000
		2,668,758,000
	1,282,492,000	
		243,177,000
	72,770,000	
		0
		161,752,000
		894,532,000
2,668,758,000		
		5,146,220,000
	5,146,220,000	
		3,940,216,000
		3,940,216,000
		844,731,000
		0
		6,054,000
		355,219,000
		147,238,000
	207,981,000	
		0
	(1,777,000)	
		0
		206,204,000
		1.22
		1.17