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FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

☒ Quarterly Report under Section 13 and 15(d)
Of the Securities Exchange Act of 1934
Or
☐ Transition Report Pursuant to Section 13 and 15(d)
Of the Securities Exchange Act of 1934

For Quarter Ended October 28, 2000
Commission file number 1-4908

THE TJX COMPANIES, INC.
(Exact name of registrant as specified in its charter)

DELAWARE
(State or other jurisdiction of
incorporation or organization)

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

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

01701
(Zip Code)

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X . No .
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The number of shares of Registrant's common stock outstanding as of November 25, 2000: 279,582,780

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

	THIRTEEN WEEKS ENDED	
	OCTOBER 28, 2000	OCTOBER 30, 1999
	-----	-----
		(As Restated)
Net sales	\$2,461,411	\$2,235,054
	-----	-----

Cost of sales, including buying and occupancy costs	1,807,748	1,646,270
Selling, general and administrative expenses	385,666	338,319
Interest expense, net	9,379	4,274
	-----	-----
Income before income taxes	258,618	246,191
Provision for income taxes	100,344	94,474
	-----	-----
Net income	\$ 158,274	\$ 151,717
	=====	=====

Earnings per share:

Net income:		
Basic	\$.56	\$.48
Diluted	\$.56	\$.48
Cash dividends declared per share	\$.04	\$.035

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

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

	THIRTY-NINE WEEKS ENDED	
	OCTOBER 28, 2000	OCTOBER 30, 1999
	-----	-----
		(As Restated)
Net sales	\$6,827,701	\$6,268,411
	-----	-----
Cost of sales, including buying and occupancy costs	5,064,086	4,650,310
Selling, general and administrative expenses	1,088,097	979,476
Interest expense, net	17,206	5,504
	-----	-----
Income before income taxes and cumulative effect of accounting change	658,312	633,121
Provision for income taxes	255,425	243,249
	-----	-----
Income before cumulative effect of accounting change	402,887	389,872
Cumulative effect of accounting change, net of income taxes	--	(5,154)
	-----	-----
Net income	\$ 402,887	\$ 384,718
	=====	=====

Earnings per share:

Income before cumulative effect of accounting change:

Basic	\$1.39	\$1.23
Diluted	\$1.38	\$1.22
Net income:		
Basic	\$1.39	\$1.21
Diluted	\$1.38	\$1.20
Cash dividends declared per share	\$.12	\$.105

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

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

	OCTOBER 28, 2000 -----	JANUARY 29, 2000 -----	OCTOBER 30, 1999 ----- (As Restated)
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 55,481	\$ 371,759	\$ 24,561
Accounts receivable	70,719	55,461	60,725
Merchandise inventories	1,949,730	1,229,587	1,677,584
Prepaid expenses and other current assets	47,923	43,758	75,001
	-----	-----	-----
Total current assets	2,123,853	1,700,565	1,837,871
	-----	-----	-----
Property at cost:			
Land and buildings	133,575	116,005	115,757
Leasehold costs and improvements	684,499	622,962	612,367
Furniture, fixtures and equipment	935,536	849,932	819,213
	-----	-----	-----
	1,753,610	1,588,899	1,547,337
Less accumulated depreciation and amortization	875,348	754,314	723,397
	-----	-----	-----
	878,262	834,585	823,940
	-----	-----	-----
Other assets	93,802	55,826	50,335
Deferred income taxes, net	40,955	23,143	32,428
Goodwill and tradename, net of amortization	186,411	190,844	193,981
	-----	-----	-----
TOTAL ASSETS	\$ 3,323,283	\$ 2,804,963	\$ 2,938,555
	=====	=====	=====
LIABILITIES			
Current liabilities:			
Short-term debt	\$ 311,000	\$ --	\$ 108,000
Current installments of long-term debt	155	100,359	100,510
Accounts payable	881,224	615,671	747,043
Accrued expenses and other current liabilities	625,834	607,348	609,023
Federal and state income taxes payable	88,633	42,990	66,481
	-----	-----	-----
Total current liabilities	1,906,846	1,366,368	1,631,057
	-----	-----	-----
Long-term debt exclusive of current installments	319,357	319,367	120,081
Commitments and contingencies			

SHAREHOLDERS' EQUITY

Common stock, authorized 1,200,000,000 shares, par value \$1, issued and outstanding 279,772,945; 299,979,363 and 310,080,847 shares	279,773	299,979	310,081
Accumulated other comprehensive income (loss)	(1,929)	(1,433)	(1,480)
Additional paid-in capital	--	--	--
Retained earnings	819,236	820,682	878,816
	-----	-----	-----
Total shareholders' equity	1,097,080	1,119,228	1,187,417
	-----	-----	-----
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 3,323,283	\$ 2,804,963	\$ 2,938,555
	=====	=====	=====

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

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

	THIRTY-NINE WEEKS ENDED	
	October 28, 2000	October 30, 1999
	-----	-----
		(As Restated)
Cash flows from operating activities:		
Net income	\$402,887	\$384,718
Adjustments to reconcile net income to net cash provided by operating activities:		
Cumulative effect of accounting change	--	5,154
Depreciation and amortization	131,074	115,811
(Gain) on sale of other assets	(722)	--
Loss on property disposals	858	5,776
Other, net	(8,834)	(20,425)
Changes in assets and liabilities:		
(Increase) in accounts receivable	(15,258)	(16,605)
(Increase) in merchandise inventories	(720,143)	(476,882)
(Increase) in prepaid expenses and other current assets	(12,404)	(46,650)
(Increase) in deferred income taxes	(17,901)	(7,425)
Increase in accounts payable	265,553	129,884
Increase (decrease) in accrued expenses and other current liabilities	21,650	(4,393)
Increase in income taxes payable	46,695	14,798
	-----	-----
Net cash provided by operating activities	93,455	83,761
	-----	-----
Cash flows from investing activities:		
Property additions	(181,319)	(182,470)
Issuance of note receivable	(18,524)	(4,146)
Proceeds from sale of other assets	9,183	--
	-----	-----
Net cash (used in) investing activities	(190,660)	(186,616)
	-----	-----
Cash flows from financing activities:		
Proceeds from borrowings of short-term debt	311,000	108,000
Principal payments on long-term debt	(100,273)	(458)
Cash payments for repurchase of common stock	(400,355)	(418,159)
Proceeds from sale and issuance of common stock, net	4,051	8,676
Cash dividends paid	(33,496)	(31,887)
	-----	-----
Net cash (used in) financing activities	(219,073)	(333,828)
	-----	-----

Net (decrease) in cash and cash equivalents	(316,278)	(436,683)
Cash and cash equivalents at beginning of year	371,759	461,244
	-----	-----
Cash and cash equivalents at end of period	\$ 55,481	\$ 24,561
	=====	=====

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. The results for the first nine months are not necessarily indicative of results for the full fiscal year, because the Company's business, in common with the businesses of retailers generally, is subject to seasonal influences, with higher levels of sales and income generally realized in the second half of the year.
2. The preceding data are unaudited and reflect all normal recurring adjustments, the use of retail statistics, and accruals and deferrals among periods required to match costs properly with the related revenue or activity, considered necessary by the Company for a fair presentation of its financial statements for the periods reported, all in accordance with generally accepted accounting principles and practices consistently applied.
3. On February 11, 2000, the Company adopted the provisions of the SEC's Staff Accounting Bulletin No. 101 related to layaway sales effective as of January 31, 1999. Accordingly, the Company restated its earnings for the first three quarters of the fiscal year ended January 29, 2000. The Company recorded a one-time, non-cash, after-tax charge of \$5.2 million in the first quarter of fiscal 2000 for the cumulative effect of the accounting change. The prior periods presented in these Financial Statements have been restated and include the impact of the accounting change.
4. The Company's cash payments for interest and income taxes are as follows:

	THIRTY-NINE WEEKS ENDED	
	OCTOBER 28, 2000	OCTOBER 30, 1999
	-----	-----
	(In Thousands)	
Cash paid for:		
Interest on debt	\$ 20,669	\$ 9,983
Income taxes	\$225,558	\$235,812

5. 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. 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 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.

The Company is also contingently liable on several leases of its former Hit or Miss division which was sold by the Company in September 1995. On November 17, 2000, the Hit or Miss store chain filed for bankruptcy under Chapter 11. TJX believes it has adequate reserves relating to its contingent liabilities associated with Hit or Miss and that these liabilities and future cash flow requirements are not material to the Company.

6. The Company's comprehensive income for the periods ended October 28, 2000 and October 30, 1999 is presented below:

	THIRTEEN WEEKS ENDED		THIRTY-NINE WEEKS ENDED	
	OCTOBER 28, 2000	OCTOBER 30, 1999	OCTOBER 28, 2000	OCTOBER 30, 1999
	(As Restated)		(As Restated)	
	(In Thousands)		(In Thousands)	
Net income	\$158,274	\$151,717	\$402,887	\$384,718
Other comprehensive income (loss):				
Foreign currency translation				
adjustment, net of hedging activity	14	(154)	(629)	107
Unrealized (loss) on marketable securities	--	(58)	--	(58)
Reclassification adjustment of				
unrealized loss on marketable				
securities	--	--	133	--
Comprehensive income	\$158,288	\$151,505	\$402,391	\$384,767

7. The computation of basic and diluted earnings per share is as follows:

	THIRTEEN WEEKS ENDED	
	October 28, 2000	October 30, 1999
	(As Restated)	
	(Dollars in thousands)	
	(except per share amounts)	
Net income (numerator in earnings per share calculation)	\$158,274	\$151,717
Shares for basic and diluted earnings per share calculations:		
Average common shares outstanding for basic EPS	280,987,221	313,297,756
Dilutive effect of stock options and awards	1,946,497	3,015,253
Average common shares outstanding for diluted EPS	282,933,718	316,313,009
Net income:		
Basic earnings per share	\$.56	\$.48
Diluted earnings per share	\$.56	\$.48

THIRTY-NINE WEEKS ENDED		
	OCTOBER 28, 2000	OCTOBER 30, 1999
		(As Restated)
		(Dollars in thousands)
		(except per share amounts)
Income before cumulative effect of accounting change (numerator in earnings per share calculation)	\$402,887	\$389,872
Net income (numerator in earnings per share calculation)	\$402,887	\$384,718
Shares for basic and diluted earnings per share calculations:		
Average common shares outstanding for basic EPS	290,051,195	317,390,461
Dilutive effect of stock options and awards	1,860,134	3,441,890
	-----	-----
Average common shares outstanding for diluted EPS	291,911,329	320,832,351
	=====	=====
Income before cumulative effect of accounting change:		
Basic earnings per share	\$1.39	\$1.23
Diluted earnings per share	\$1.38	\$1.22
Net income:		
Basic earnings per share	\$1.39	\$1.21
Diluted earnings per share	\$1.38	\$1.20

8. During October 1999, the Company received 693,537 common shares of Manulife Financial. The shares issued reflected ownership interest in the demutualized insurer due to policies held by the Company. These securities were recorded at market value upon receipt resulting in an \$8.5 million pre-tax gain in the third quarter of fiscal 2000. Subsequent to the receipt of the shares, unrealized gains and losses were recognized as a component of comprehensive income (loss), net of income taxes. The shares were sold during the first quarter of fiscal 2001 for \$9.2 million.
9. During March 2000, the Company completed its \$750 million stock repurchase program and announced its intention to repurchase an additional \$1 billion of common stock over several years. During the nine months ended October 28, 2000, the Company repurchased 20.7 million shares at a cost of \$396.1 million. Since the inception of the \$1 billion stock repurchase program, the Company has repurchased 18.0 million shares at a cost of \$342.9 million.
10. During July 2000, the Company entered into a \$250 million, 364-day revolving credit agreement. This is in addition to the Company's existing \$500 million revolving credit facility. The terms of the new agreement are substantially the same as those of the existing \$500 million agreement, as amended. The additional facility is available for general corporate purposes, including the Company's stock repurchase program.
11. The Company historically aggregated several of its store chains in the "Off-price family apparel stores" segment. This segment included the Company's largest division, Marmaxx that operates the T.J. Maxx and Marshalls store chains in the United States. This segment also included the other store chains of Winners in Canada, T.K. Maxx in Europe and A.J. Wright in the United States. The Company's only other store chain, HomeGoods in the United States, was reported separately as the "Off-price home fashion stores" segment. Due to the growth of the Company's Winners and T.K. Maxx store chains, the Company has decided to no longer aggregate them with Marmaxx and A.J. Wright. Thus, going forward the Company will report each of its operating divisions as a separate segment.

The Company evaluates the performance of its segments based on pre-tax income before general corporate expense, goodwill amortization and interest. Presented below is financial information on the Company's business segments for the periods ending October 28, 2000 and October 30, 1999.

	THIRTEEN WEEKS ENDED		THIRTY-NINE WEEKS ENDED	
	OCTOBER 28, 2000	OCTOBER 30, 1999	OCTOBER 28, 2000	OCTOBER 30, 1999
	(As Restated)		(As Restated)	
Net sales:				
Marmaxx	\$ 2,107,248	\$ 1,965,553	\$ 5,909,129	\$ 5,585,694
Winners	161,019	131,472	409,417	329,665
T.K. Maxx	96,239	74,401	254,225	192,153
A.J. Wright	19,867	10,674	51,605	26,745
HomeGoods	77,038	52,954	203,325	134,154
	<u>\$ 2,461,411</u>	<u>\$ 2,235,054</u>	<u>\$ 6,827,701</u>	<u>\$ 6,268,411</u>
Operating income (loss):				
Marmaxx	\$ 248,992	\$ 234,605	\$ 658,250	\$ 635,917
Winners	26,018	19,222	54,569	40,070
T.K. Maxx	5,646	2,750	4,683	147
A.J. Wright	(4,002)	(3,777)	(11,549)	(10,516)
HomeGoods	1,211	2,041	1,854	386
	<u>277,865</u>	<u>254,841</u>	<u>707,807</u>	<u>666,004</u>
General corporate expense	9,216	3,724	30,332	25,422
Goodwill amortization	652	652	1,957	1,957
Interest expense, net	9,379	4,274	17,206	5,504
	<u></u>	<u></u>	<u></u>	<u></u>
Income before income taxes and cumulative effect of accounting change	<u>\$ 258,618</u>	<u>\$ 246,191</u>	<u>\$ 658,312</u>	<u>\$ 633,121</u>

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	October 28, 2000	October 30, 1999
	(As Restated)	
Identifiable assets:		
Marmaxx	\$2,538,758	\$2,355,835
Winners	137,181	123,395
T.K. Maxx	183,499	154,349
A.J. Wright	57,308	23,315
HomeGoods	119,211	70,869
Corporate, primarily cash, goodwill and deferred taxes	287,326	210,792
	<u>\$3,323,283</u>	<u>\$2,938,555</u>
	<u>=====</u>	<u>=====</u>
	Thirty-Nine Weeks Ended	
	October 28, 2000	October 30, 1999
Capital expenditures:		
Marmaxx	\$ 106,910	\$ 132,821
Winners	12,150	8,953
T.K. Maxx	20,271	26,215
A.J. Wright	21,237	6,561
HomeGoods	20,751	7,920
	<u>\$ 181,319</u>	<u>\$ 182,470</u>
	<u>=====</u>	<u>=====</u>
Depreciation and amortization:		
Marmaxx	\$ 109,603	\$ 99,473
Winners	5,579	4,523
T.K. Maxx	7,395	5,856

A.J. Wright	1,849	1,004
HomeGoods	3,843	2,774
Corporate, including goodwill	2,805	2,181
	-----	-----
	\$ 131,074	\$ 115,811
	=====	=====

12. Certain amounts in the prior period financial statements have been reclassified for comparative purposes.

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

Thirty-Nine Weeks Ended
October 28, 2000
VERSUS THIRTY-NINE WEEKS ENDED OCTOBER 30, 1999

All reference to earnings per share amounts are diluted earnings per share unless otherwise indicated. Results for the thirty-nine weeks ended October 30, 1999 have been restated to reflect the change in accounting for layaway sales.

Net sales for the third quarter were \$2,461.4 million, up 10% from \$2,235.1 million for the third quarter last year. For the thirty-nine week period net sales were \$6,827.7 million, up 9% from \$6,268.4 million for the same period last year. The increase in sales for both periods is attributable to an increase in same store sales and new stores. Consolidated same store sales increased 3% and 2% for the thirteen and thirty-nine week periods ended October 28, 2000, respectively. Consolidated store count was up 10%, year over year, as of October 28, 2000. Same store sales for the thirteen weeks were up 3% at Marmaxx (T.J. Maxx and Marshalls), 9% at Winners and 10% at T.K. Maxx; were flat at HomeGoods; and increased 16% at A.J. Wright. Same store sales for the thirty-nine week period increased 2% at Marmaxx, 10% at Winners, 9% at T.K. Maxx, 5% at HomeGoods and 19% at A.J. Wright.

Net income for the third quarter was \$158.3 million, or \$.56 per share, versus \$151.7 million, or \$.48 per share last year. For the thirty-nine week period, income before cumulative effect of accounting change was \$402.9 million, or \$1.38 per share, versus \$389.9 million, or \$1.22 per share. After a \$5.2 million after-tax charge for the cumulative effect of accounting change, net income for the thirty-nine weeks ended October 30, 1999 was \$384.7 million or \$1.20 per share.

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

	PERCENTAGE OF NET SALES			
	THIRTEEN WEEKS ENDED		THIRTY-NINE WEEKS ENDED	
	October 28, 2000	October 30, 1999	October 28, 2000	October 30, 1999
	----- (As Restated)	----- (As Restated)	----- (As Restated)	----- (As Restated)
Net sales	100.0%	100.0%	100.0%	100.0%
	-----	-----	-----	-----
Cost of sales, including buying and occupancy costs	73.4	73.7	74.2	74.2
Selling, general and administrative expenses	15.7	15.1	15.9	15.6
Interest expense, net	.4	.2	.3	.1
	-----	-----	-----	-----
Income before income taxes and cumulative effect of accounting change	10.5%	11.0%	9.6%	10.1%
	=====	=====	=====	=====

Cost of sales including buying and occupancy costs as a percentage of net sales, decreased slightly for the quarter and remained constant for the year-to-date period as compared to the comparable periods last year. This trend is largely driven by the Marmaxx division where strong merchandise margins and good expense control helped offset the impact of higher freight and distribution costs.

Selling, general and administrative expenses as a percentage of net sales has increased over the comparable periods last year. This increase is due, in part, to a pre-tax gain of \$8.5 million included in selling, general and administrative expenses for the periods ended October 30, 1999, resulting from the demutualization of Manulife Financial. In addition this ratio reflects an increase in store payroll costs at Marmaxx for the thirteen and thirty-nine weeks ended October 28, 2000.

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Interest expense, net, for the thirty-nine weeks ended this year includes interest income of \$9.1 million versus \$8.5 million of interest income last year. For the thirteen weeks ended, interest income was \$.9 million this year versus \$.5 million last year. The increase in interest expense, net, over the comparable periods last year, is primarily due to interest on the \$200 million of 7.45% notes issued in December 1999.

The Company's effective income tax rate is 38.8% for both the three months and the nine months ended October 28, 2000 versus 38.4% for comparable periods last year. Last year's effective tax rate included tax benefits associated with the Company's Puerto Rico net operating loss carryforward.

Due to the growth of the Company's Winners and T.K. Maxx store chains, the Company has decided to present each of its operating divisions as a separate segment. See Note 11 of the Notes to Consolidated Financial Statements for more information. The following table sets forth the operating results of the Company's major business segments: (unaudited)

	THIRTEEN WEEKS ENDED		THIRTY-NINE WEEKS ENDED	
	OCTOBER 28, 2000	OCTOBER 30, 1999	OCTOBER 28, 2000	OCTOBER 30, 1999
	-----	-----	-----	-----
		(As Restated)		(As Restated)
Net sales:				
Marmaxx	\$ 2,107,248	\$ 1,965,553	\$ 5,909,129	\$ 5,585,694
Winners	161,019	131,472	409,417	329,665
T.K. Maxx	96,239	74,401	254,225	192,153
A.J. Wright	19,867	10,674	51,605	26,745
HomeGoods	77,038	52,954	203,325	134,154
	-----	-----	-----	-----
	\$ 2,461,411	\$ 2,235,054	\$ 6,827,701	\$ 6,268,411
	=====	=====	=====	=====
Operating income (loss):				
Marmaxx	\$ 248,992	\$ 234,605	\$ 658,250	\$ 635,917
Winners	26,018	19,222	54,569	40,070
T.K. Maxx	5,646	2,750	4,683	147
A.J. Wright	(4,002)	(3,777)	(11,549)	(10,516)
HomeGoods	1,211	2,041	1,854	386
	-----	-----	-----	-----
	277,865	254,841	707,807	666,004
General corporate expense	9,216	3,724	30,332	25,422
Goodwill amortization	652	652	1,957	1,957
Interest expense, net	9,379	4,274	17,206	5,504
	-----	-----	-----	-----
Income before income taxes and cumulative effect of accounting change	\$ 258,618	\$ 246,191	\$ 658,312	\$ 633,121

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OPERATING MARGIN:	THIRTEEN WEEKS ENDED		THIRTY-NINE WEEKS ENDED	
	October 28, 2000	October 30, 1999	October 28, 2000	October 30, 1999
		(As Restated)		(As Restated)
TJX Consolidated	11.3 %	11.4 %	10.4 %	10.6 %
Marmaxx	11.8 %	11.9 %	11.1 %	11.4 %
Winners	16.2 %	14.6 %	13.3 %	12.2 %
T.K. Maxx	5.9 %	3.7 %	1.8 %	.1 %
A.J. Wright	(20.1)%	(35.4)%	(22.4)%	(39.3)%
HomeGoods	1.6 %	3.9 %	.9 %	.3 %

Winners and T.K. Maxx operating results reflect the strong growth in their comparable store sales. HomeGoods posted flat comparable store sales for the quarter, the impact of which was partially offset by the strong performance of its new stores. HomeGoods is experiencing increases in pressure on its distribution capacity which has affected its inventory flow to stores. TJX is seeking additional permanent distribution capacity for HomeGoods and is adding to its third party processor capacity for this chain.

General corporate expense as compared to the prior periods is affected by the pre-tax gain of \$8.5 million included in the periods ended October 1999 relating to Manulife Financial.

Stores in operation at the end of the periods presented are as follows:

	OCTOBER 28, 2000	OCTOBER 30, 1999
	-----	-----
T.J. Maxx	654	625
Marshalls	533	498
Winners	116	99
HomeGoods	69	46
T.K. Maxx	72	53
A.J. Wright	22	11
	-----	-----
Total stores	1,466	1,332
	=====	=====

FINANCIAL CONDITION

Cash flows from operating activities for the nine months ended October 28, 2000 reflect increases in inventories and accounts payable that are primarily due to normal seasonal requirements and are largely influenced by the change in inventory from year-end levels. Inventory levels also reflect an increase at Marmaxx due to the earlier receipt of merchandise to support its new holiday gift-giving initiative.

Investing activities for the thirty-nine weeks ended October 28, 2000 include proceeds of \$9.2 million from the sale of all of the shares of common stock of Manulife Financial. Investing activities also include \$18.5 million of advances made by the Company under a construction loan agreement in connection with the expansion of TJX's leased home office facility.

During July 2000, TJX entered into a \$250 million 364-day revolving credit agreement. This is in addition to the Company's existing \$500 million revolving credit agreement. The additional credit facility is available for general corporate purposes, including the stock repurchase program. As of October 28, 2000, the Company had

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aggregate short-term borrowings of \$311.0 million under all of its credit lines. Financing activities also include principal payments of \$100 million due to the maturity of the 6 5/8% unsecured notes.

During March 2000, TJX completed its \$750 million stock repurchase program and announced its intention to repurchase an additional \$1 billion of common stock over several years. During the nine months ended October 28, 2000, TJX repurchased 20.7 million shares at a total cost of \$396.1 million. Since the inception of the \$1 billion stock repurchase program, the Company has repurchased 18.0 million shares at a total cost of \$342.9 million.

On November 17, 2000, the Company's former Hit or Miss store chain filed for bankruptcy under Chapter 11. TJX believes it has adequate reserves relating to its contingent liabilities associated with Hit or Miss and that these liabilities and future cash flow requirements are not material to the Company.

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PART II. OTHER INFORMATION

Item 6(a) Exhibits

10.1 The Employment Agreement dated as of January 31, 2000 with Arnold Barron is filed herewith.

10.2 The 1986 Stock Incentive Plan as amended through September 5, 2000, is filed herewith.

Item 6(b) REPORTS ON FORM 8-K

The Company did not file a current report on Form 8-K during the quarter ended October 28, 2000.

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SIGNATURE

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

THE TJX COMPANIES, INC.

(Registrant)

Date: December 12, 2000

/s/ Donald G. Campbell

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

EMPLOYMENT AGREEMENT

DATED AS OF JANUARY 31, 2000

BETWEEN ARNOLD BARRON AND THE TJX COMPANIES, INC.

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EXHIBIT C

Change of Control Benefits..... C-1

ARNOLD BARRON

EMPLOYMENT AGREEMENT

AGREEMENT dated as of January 31, 2000 between ARNOLD BARRON of 4 Seneca Road, Canton, MA 02021 ("Executive") and The TJX Companies, Inc., a Delaware corporation whose principal office is in Framingham, Massachusetts 01701 (the "Company").

RECITALS

The Company and Executive intend that Executive shall serve the Company as a Senior Vice President of the Company and as Executive Vice President, Chief Operating Officer of the Marmaxx Group of the Company (the "Group") on the terms set forth below and, to that end, deem it desirable and appropriate to enter into this Agreement.

AGREEMENT

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

1. EFFECTIVE DATE; TERM OF AGREEMENT. This Agreement shall become effective as of January 31, 2000 (the "Effective Date"). Executive's employment shall continue on the terms provided herein until January 31, 2004 (the "End Date"), 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 responsibilities of Executive Vice President, Chief Operating Officer of the

Group and of Senior Vice President 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 Chairman of the Group.

(b) EXTENT OF SERVICES. Except for illnesses and vacation periods, Executive shall devote substantially all his working time and attention and his best efforts to the performance of his duties and responsibilities under this Agreement. However, Executive may (i) make any

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passive investments where he is not obligated or required to, and shall not in fact, devote any managerial efforts, (ii) participate in charitable or community activities or in trade or professional organizations, or (iii) subject to Board approval (which approval shall not be unreasonably withheld or withdrawn), hold directorships in public companies, except only that the Board shall have the right to limit such services as a director or such participation whenever the Board shall believe that the time spent on such activities infringes in any material respect upon the time required by Executive for the performance of his duties under this Agreement or is otherwise incompatible with those duties.

3. COMPENSATION AND BENEFITS.

(a) BASE SALARY. Executive shall be paid a base salary of not less than \$9,615.30 per week (\$500,000.28 per year). Executive's base salary shall be reviewed by May 28, 2001 and thereafter at least annually and may be increased but not decreased. Executive's base salary shall be paid in the same manner and at the same times as the Company shall pay base salary to other executive employees.

(b) EXISTING AWARDS UNDER 1986 STOCK INCENTIVE PLAN (INCLUDING LRPIP). Reference is made to the following awards previously made to Executive under the Company's 1986 Stock Incentive Plan (including any successor, the "1986 Plan"), including awards under the Long Range Performance Incentive Plan:

(i) EXISTING OPTIONS: Grant Nos. 86-49, 86-53, 86-55 and 86-56 (also Grant Nos. 86-57 and 86-58 awarded in September 2000); and

(ii) EXISTING RESTRICTED STOCK: 25,000 shares granted in September 1999, scheduled to vest over three years; and

(iii) LRPIP: Awards made prior to the date of this Agreement under the terms of LRPIP. For the avoidance of doubt, the parties hereto acknowledge and agree that (i) for the FYE 1998-2000 cycle, the performance measures applicable to Executive's award were based on Corporate TJX performance; (ii) for the FYE 1999-2001 cycle (total target bonus \$160,000), the performance measures applicable to Executive's award are based on Corporate TJX performance; and (iii) for the FYE 2000-2002 cycle, performance for the first year of the cycle is based on Corporate TJX performance and performance for the second and third years of the cycle will be based on Group performance.

Each of the above-referenced awards shall continue for such period or periods and in accordance with such terms as are set out in the grant and other governing documents relating to such awards and shall not be affected by the terms of this Agreement except as otherwise expressly provided herein.

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(c) NEW STOCK AWARDS. Consistent with the terms of the 1986 Plan, Executive will be entitled to awards under the 1986 Plan at levels commensurate with his position and responsibilities but not less than 50,000 stock options annually, beginning in 2000 (FYE 2001).

(d) LRPIP. During the Employment Period, Executive will be eligible to

participate in annual grants under LRPIP. To the extent provided in Section 162(m) of the Internal Revenue Code of 1986, as amended (the "Code"), the terms of any such award shall be established by the Committee. Subject to the foregoing, Executive's target award for the FYE 2001-2003 cycle under LRPIP will be \$225,000 with a maximum award opportunity equal to \$337,500, with the payment potential ranging from zero dollars to \$337,500; and Executive's target award for subsequent LRPIP cycles will be not less than 45% of his Base Salary as in effect at the beginning of the cycle and his maximum award opportunity for such cycle will be not less than 67.5% of such Base Salary, with the payment potential ranging from 0% to not less than 67.5% of such Base Salary. Payments, if any, under LRPIP awards under this subsection will be based on Group performance measures. To the extent the material terms of LRPIP are required to be approved by stockholders, Executive's eligibility to receive awards under LRPIP for any cycle to which such stockholder vote pertains shall be subject to such stockholder approval.

(e) MIP. During the Employment Period, Executive shall be eligible to receive annual awards under the Company's Management Incentive Plan ("MIP"). To the extent provided in Section 162(m) of the Code, the goals, scope and conditions of any award shall be established annually by the Committee. Subject to the foregoing, Executive's target award for each such award will be not less than 45% of Executive's Base Salary for the year with a maximum award opportunity of not less than 90% of such Base Salary, with the payment potential ranging from 0% to not less than 90% of such Base Salary. Payments, if any, under MIP awards under this subsection will be based on Group performance measures. To the extent the material terms of MIP are required to be approved by stockholders, Executive's eligibility to receive annual awards under MIP for any year to which such stockholder vote pertains shall be subject to such stockholder approval.

(f) SERP. Except as provided in Exhibit C ("Change of Control Benefits") and this subsection (f), Executive is entitled to Category B benefits determined and made payable in accordance with the generally applicable provisions of the Company's Supplemental Executive Retirement Plan; provided, that Executive shall at all times have a fully vested right to his accrued benefit, including any future accruals, under SERP based on his actual years of service.

(g) ESP. Executive shall be entitled to participate in the Company's Executive Savings Plan ("ESP") subject to the terms thereof; provided, that Executive shall not be eligible to share in any matching credit amounts under the ESP.

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

(i) POLICIES AND FRINGE BENEFITS. Executive shall be subject to Company policies applicable to its executives generally and shall be entitled to receive all such fringe benefits as the Company shall from time to time make available to other executives generally (subject to the terms of any applicable fringe benefit plan). Without limiting the foregoing, Executive shall be entitled during the Employment Period and thereafter to the extent provided herein to a Level 5 leased automobile.

4. TERMINATION OF EMPLOYMENT; IN GENERAL.

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

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

(c) Whenever the Employment Period terminates, 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 OR UPON EXPIRATION OF THE AGREEMENT.

(a) CERTAIN TERMINATIONS PRIOR TO THE END DATE. If the Employment Period shall have terminated prior to the End Date by reason of (i) death, Disability or Incapacity of Executive, (ii) termination by the Company for any reason other than Cause or (iii) termination by Executive in the event that Executive is required to report other than to the President or the Chairman of the Group or is relocated more than 40 miles from the current corporate headquarters of the Company, in either case without his prior written consent (a "Constructive Termination"), then all compensation and benefits for Executive shall be as follows:

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

(A) If Executive is eligible for long-term disability compensation benefits under the Company's long-term disability plan or any successor Company long-term disability plan, the amount payable under this clause shall

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be paid at a rate equal to the excess of (I) the rate of Base Salary in effect at termination of employment, over (II) the long-term disability compensation benefits for which Executive is eligible under such plan.

(B) Payments pursuant to this clause (a)(i) shall be paid for the first twelve months of the termination period without reduction for compensation earned from other employment or self-employment, and shall thereafter be reduced by such compensation received by Executive from other employment or self-employment.

(ii) Until the expiration of the termination period as defined at (a)(i) above and subject to such minimum coverage-continuation requirements as may be required by law, the Company will provide (except to the extent that Executive shall obtain the same from another employer or from self-employment) such medical and hospital insurance, long-term disability insurance and term life insurance for Executive and his family, comparable to the insurance provided for executives generally, as the Company shall determine, and upon the same terms and conditions as the same shall be provided for other Company executives generally; provided, however, that in no event shall such benefits or the terms and conditions thereof be less favorable to Executive than those afforded to him as of the date of termination. To the extent reasonably practicable under the Company's group health plans, the period of any so-called "COBRA" coverage continuation under such plans to which Executive may be entitled by reason of a termination described in this Section 5(a) shall commence at the expiration of the termination period as defined at (a)(i) above rather than upon termination of Executive's employment with the Company; but nothing herein shall be construed as requiring the Company to defer the date as of which Executive ceases to be an employee.

(iii) The Company will pay to Executive or his legal representative, without offset for compensation earned from other employment or self-employment, (A) any amounts to which Executive is entitled under MIP for the fiscal year of the Company ended immediately prior to Executive's termination of employment, plus (B) any unpaid amounts owing with respect to LRPIP cycles in which Executive participated and which were completed prior to termination. These amounts will be paid at the same time as other awards for such prior year or cycle are paid.

(iv) The Company will pay to Executive or his legal representative, without offset for compensation earned from other employment or self-employment, an amount in the nature of severance equal to the sum of (A) Executive's MIP Target Award, if any, for the year of termination,

prorated for Executive's service during such year prior to termination, plus (B) in the event of a termination by reason of death, Disability, or Incapacity (but not in any other case), an additional amount equal to Executive's MIP Target Award for the year of termination, without proration, plus (C) with respect to each LRPIP cycle in which Executive participated and which had not ended prior to

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termination of employment, 1/36 of an amount equal to Executive's LRPIP Target Award for such cycle multiplied by the number of full months in such cycle completed prior to termination of employment. The severance component described in clauses (a)(iv)(A) and (if applicable) (a)(iv)(B) above will be paid not later than MIP awards for the year of termination are paid. The severance component described in clause (a)(iv)(C) above, to the extent measured by the LRPIP Target Award for any cycle, will be paid not later than the date on which LRPIP awards for such cycle are paid or would have been paid. In no event shall the severance described in this paragraph be treated as paid under MIP or LRPIP.

(v) In addition, the Company will pay to Executive or his legal representative such vested amounts as shall have been deferred for Executive's account (but not received) under GDCP in accordance with its terms plus such amounts, if any, as shall then remain credited to Executive's account under ESP.

(vi) Executive or his legal representative shall be entitled to the benefits described in Sections 3(b)(i) (Existing Options), Section 3(c) (New Stock Awards), 3(f) (SERP), and 3(h) (Qualified Plans).

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

(b) TERMINATIONS ON OR AFTER THE END DATE. Unless earlier terminated or except as otherwise mutually agreed by Executive and the Company, Executive's employment with the Company shall terminate on the End Date. Unless the Company in connection with such termination shall offer to Executive continued service in a position acceptable to Executive and upon mutually and reasonably agreeable terms, Executive shall be entitled upon such termination to receive, for the one-year period following such termination, continuation of Base Salary at the rate in effect at termination of employment plus medical, dental, life-insurance and disability coverage (but not including continued participation in the Company's retirement or 401(k) plan(s) or continued participation in SERP or any other fringe benefit, other than a Company-provided automobile or automobile allowance) comparable to the benefits of such type to which he was entitled at time of termination; provided, that to the

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extent it is impossible or impracticable to provide any such benefits to Executive under the Company's then existing employee benefit plans or arrangements, the Company shall arrange for alternative comparable coverage or, if such alternative coverage is not available, shall pay to Executive the cost of such coverage, all as reasonably determined by the Committee. If the Company in connection with such termination offers to Executive continued service in a position acceptable to Executive and upon mutually and reasonably agreeable

terms, and Executive declines such service, he shall be treated for all purposes of this Agreement as having terminated his employment voluntarily (other than for Valid Reason) on the End Date and he shall be entitled only to those benefits to which he would be entitled under Section 6(a) ("Voluntary termination of employment"). For purposes of the two preceding sentences, "service in a position acceptable to Executive" shall be deemed to mean service as Executive Vice President, Chief Operating Officer of the Group or service in such other position, if any, as may be acceptable to Executive.

6. OTHER TERMINATION; VIOLATION OF CERTAIN AGREEMENTS.

(a) VOLUNTARY TERMINATION OF EMPLOYMENT. If Executive terminates his employment voluntarily, Executive or his legal representative shall be entitled (in each case in accordance with and subject to the terms of the applicable arrangement) to the following: such vested amounts as are credited to Executive's account (but not received) under GDCP and ESP and any benefits described in Sections 3(b)(i) (Existing Options), Section 3(c) (New Stock Awards), 3(f) (SERP), and 3(h) (Qualified Plans). No other benefits shall be paid under this Agreement upon a voluntary termination of employment.

(b) TERMINATION FOR CAUSE; VIOLATION OF CERTAIN AGREEMENTS. If the Company should end Executive's employment for Cause, or, notwithstanding Section 5 and Section 6(a) above, if Executive should violate the protected persons or noncompetition provisions of Section 8, all compensation and benefits otherwise payable pursuant to this Agreement shall cease, other than (x) such vested amounts as are credited to Executive's account (but not received) under GDCP and ESP in accordance with the terms of those programs; (y) any benefits to which Executive may be entitled under SERP (provided, that if Executive should end his employment voluntarily, such benefits shall be payable only if Executive does not violate the provisions of Section 8), and (z) benefits, if any, to which Executive may be entitled under Sections 3(b)(i) (Existing Options), 3(c) (New Stock Awards), and 3(h) (Qualified Plans). The Company does not waive any rights it may have for damages or for injunctive relief.

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

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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 services of, any "protected person" or recommend the employment of any "protected person" to any other business organization. A "protected person" shall be a person known by Executive to be employed by the Company or its Subsidiaries or to have been employed by Company or its Subsidiaries within six months prior to the commencement of conversations with such person with respect to employment.

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

(b) During the course of his employment, Executive will have learned many trade secrets of the Company and will have access to confidential information

and business plans for the Company. Therefore, upon termination of the Employment Period on the End Date or if Executive should end his employment voluntarily at any time, including by reason of retirement or disability but not including a voluntary termination for Valid Reason, or if the Company should end Executive's employment at any time for Cause, then for a period of two years thereafter, Executive will not engage, either as a principal, employee, partner, consultant or investor (other than a less-than-1% stock interest in a corporation), in a business which is a competitor of the Company. A business shall be deemed a competitor of the Company if and only (i) if it shall then be so regarded by retailers generally or (ii) if it shall operate a promotional off-price family apparel store within 10 miles of any "then existing T.J. Maxx or Marshalls store" or (iii) if it shall operate an on-line, "e-commerce" or other internet-based off-price family apparel business; provided, that a business shall be deemed a competitor of the Company under clause (iii) only if the Company is then also operating an on-line, "e-commerce" or other internet-based off-price family apparel business. 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

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shall be deemed to be restricted as to duration, geographical scope or otherwise, to the extent, and only to the extent, necessary to make this paragraph lawful and enforceable in the particular jurisdiction in which such determination is made.

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

9. 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: Mark Jacobson, or other such address as the Company may hereafter designate by notice to Executive; and if sent to the Executive, the same shall be mailed to Executive at 4 Seneca Road, Canton, MA 02021 or at such other address as Executive may hereafter designate by notice to the Company.

11. CERTAIN EXPENSES. The Company shall bear the reasonable fees and costs of Executive's legal and financial advisors (not to exceed \$15,000 in the aggregate) incurred in negotiating this Agreement.

12. 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.

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

14. 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

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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 National Rules for the Resolution of Employment Disputes of the American Arbitration Association by an arbitrator mutually agreed upon by the parties hereto or, in the absence of such agreement, by an arbitrator selected according to such Rules. Notwithstanding the foregoing, if either the Company or Executive shall request, such arbitration shall be conducted by a panel of three arbitrators, one selected by the Company, one selected by Executive and the third selected by agreement of the first two, or, in the absence of such agreement, in accordance with such Rules. Judgment upon the award rendered by such arbitrator(s) shall be entered in any Court having jurisdiction thereof upon the application of either party.

15. 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/ Arnold Barron

Executive

THE TJX COMPANIES, INC.

By /s/ Edmond J. English

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EXHIBIT A

CERTAIN DEFINITIONS

(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 by Executive in the performance of his duties, conviction of a felony (other than a conviction arising solely under a statutory provision imposing criminal liability upon Executive on a per se basis due to the Company offices held by Executive, so long as any act or omission of Executive with respect to such matter was not taken or omitted in contravention

of any applicable policy or directive of the Board), gross neglect of duties (other than as a result of Disability or death), or conflict of interest which conflict shall continue for 30 days after the Company gives written notice to Executive requesting the cessation of such conflict.

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

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

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

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

- (I) the assignment to him of any duties inconsistent with his positions, duties, responsibilities, reporting requirements, and status with the Company immediately prior to the Change of Control, or any removal of Executive from or any failure to reelect him to such positions, except in connection with the termination of Executive's employment by the Company for Cause or by Executive other than for good reason, or any other action by the Company which results in a diminishment in such position, authority, duties or responsibilities, other than an insubstantial and inadvertent action which is remedied by the Company promptly after receipt of notice thereof given by Executive; or
- (II) if Executive's rate of Base Salary for any fiscal year is less than 100 percent of the rate of Base Salary paid to Executive in the completed fiscal year immediately preceding the Change of Control or if Executive's total cash compensation opportunities,

including salary and incentives, for any fiscal year are less than 100 percent of the total cash compensation opportunities made available to Executive in the completed fiscal year immediately preceding the Change of Control; or

- (III) the failure of the Company to continue in effect any benefits or perquisites, or any pension, life insurance, medical insurance or disability plan in which Executive was participating immediately prior to the Change of Control unless the Company provides Executive with a plan or plans that provide substantially similar benefits, or the taking of any action by the Company that would adversely affect Executive's benefits under any of such plans or deprive Executive of any material

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fringe benefit enjoyed by Executive immediately prior to the Change of Control; or

- (IV) any purported termination of Executive's employment by the Company for Cause during a Standstill Period which is not effected in compliance with paragraph (d) above; or
- (V) any relocation of Executive of more than 40 miles from the place where Executive was located at the time of the Change of Control; or
- (VI) any other breach by the Company of any provision of this Agreement; or
- (VII) the Company sells or otherwise disposes of, in one transaction or a series of related transactions, assets or earning power aggregating more than 30 percent of the assets (taken at asset value as stated on the books of the Company determined in accordance with generally accepted accounting principles consistently applied) or earning power of the Company (on an individual basis) or the Company and its Subsidiaries (on a consolidated basis) to any other Person or Persons (as those terms are defined in Exhibit B); or
- (VIII) The voluntary termination by Executive of his employment at any time within one year after the Change of Control. Notwithstanding the foregoing, the Board may expressly waive the application of this clause (VIII) if it waives the applicability of substantially similar provisions with respect to all persons with whom the Company has a written severance agreement (or may condition its application on any additional requirements or employee agreements which the Board shall in its discretion deem appropriate in the circumstances). The determination of whether to waive or impose conditions on the application of this clause (VIII) shall be within the complete discretion of the Board but shall be made prior to the Change of Control.

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

(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) "End Date" has the meaning set forth in Section 1 of the Agreement.

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(j) "GDGP" means the Company's General Deferred Compensation Plan, or, if

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

(k) "ESP" means the Company's Executive Savings Plan.

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

(m) "Standstill Period" means the period commencing on the date of a Change of Control and continuing until the close of business on the earlier of the day immediately preceding the End Date or the last business day of the 24th calendar month following such Change of Control.

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

(o) "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.

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

- (I) the assignment to him of any duties inconsistent with his positions, duties, responsibilities, reporting requirements, and status with the Company immediately prior to such assignment, or a substantive change in Executive's titles or offices as in effect immediately prior to such assignment, or any removal of Executive from or any failure to reelect him to such positions, except in connection with the termination of Executive's employment by the Company for Cause or by Executive other than for Valid Reason, or any other action by the Company which results in a diminishment in such position, authority, duties or responsibilities, other than an insubstantial and inadvertent action which is remedied by the Company promptly after receipt of notice thereof given by Executive; or

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- (II) the failure of the Company to continue in effect any benefits or perquisites, or any pension, life insurance, medical insurance or disability plan in which Executive was participating immediately prior to such failure unless the Company provides Executive with a plan or plans that provide substantially similar benefits, or the taking of any action by the Company that would adversely affect Executive's benefits under any of such plans or deprive Executive of any material fringe benefit enjoyed by Executive immediately prior to such action, unless the elimination or reduction of any such benefit, perquisite or plan affects all other executives in the same organizational level (it being the Company's burden to establish this fact); or
- (III) any purported termination of Executive's employment by the Company for Cause which is not effected in compliance with paragraph (d) above; or
- (IV) any relocation of Executive of more than 40 miles from the place where Executive was located at the time of such relocation; or
- (V) any other breach by the Company of any provision of this Agreement; or

(VI) the Company sells or otherwise disposes of, in one transaction or a series of related transactions, assets or earning power aggregating more than 30 percent of the assets (taken at asset value as stated on the books of the Company determined in accordance with generally accepted accounting principles consistently applied) or earning power of the Company (on an individual basis) or the Company and its Subsidiaries (on a consolidated basis) to any other Person or Persons (as those terms are defined in Exhibit B).

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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 Executive or an Executive Related Party is the Person or a member of a group constituting the Person acquiring control; or

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

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

(d) the Company executes an agreement of acquisition, merger or consolidation which contemplates that (i) after the effective date provided for in the agreement, all or substantially all of the business and/or assets of the Company shall be owned, leased or otherwise controlled by another Person and (ii) individuals who are directors of the Company when such agreement is executed shall not constitute a majority of the board of directors of the survivor or successor entity immediately after the effective date provided for in such agreement; PROVIDED, HOWEVER, that unless otherwise determined by the Committee, no transaction shall constitute a Change of Control if, immediately

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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

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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

C.1. BENEFITS UPON A CHANGE OF CONTROL TERMINATION.

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

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

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

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

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

(C) the present value of such annual benefit shall be determined by multiplying the result in (B) by the appropriate actuarial factor, using the most recently published interest and mortality rates published by the Pension Benefit Guaranty Corporation which are effective for plan terminations occurring on the Date of Termination, using Executive's age to the nearest year determined as of that date. If, as of the Date of Termination, the Executive has previously satisfied the eligibility requirements for Early Retirement under The TJX Companies, Inc. Retirement Plan, then the appropriate factor shall

be that based on the most recently published "PBGC Actuarial Value of \$1.00 Per Year Deferred to Age 60 and Payable for Life Thereafter -- Healthy Lives," except that if the Executive's age to the nearest year is more than 60, then such higher age shall be substituted for 60. If, as of the Date of Termination, the Executive has not satisfied the eligibility requirements for Early Retirement under The TJX Companies, Inc. Retirement Plan, then the appropriate factor shall be based on the most recently published "PBGC Actuarial Value of \$1.00 Per Year Deferred To Age 65 And Payable For Life Thereafter -- Healthy Lives."

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

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

(c) For a period of two years after the Date of Termination, the Company shall make available to Executive the use of any automobile that was made available to Executive prior to the Date of Termination, including ordinary replacement thereof in accordance with the Company's automobile policy in effect immediately prior to the Change of Control (or, in lieu of making such automobile available, the Company may at its option pay to Executive the present value of its cost of providing such automobile).

C.2. INCENTIVE BENEFITS UPON A CHANGE OF CONTROL. Within 30 days following a Change of Control, whether or not Executive's employment has terminated or been terminated, the Company shall pay to the Executive, in a lump sum, the sum of (i) and (ii), where:

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

(ii) the sum of (A) for Performance Cycles not completed prior to the Change of Control, an amount with respect to each such cycle equal to the maximum Award under LRPIP specified for Executive for such cycle, plus (B) any unpaid amounts owing with respect to cycles completed prior to the Change of Control.

C.3. Payments under Section C.1. and Section C.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 C.1. or Section C.2., amounts payable under Section C.1. and Section C.2. shall be reduced to the extent, and only to the extent, necessary to maximize Executive's total after-tax payments.

The determination as to whether and to what extent payments under Section C.1. or Section C.2. are required to be reduced in accordance with the preceding sentence shall be made at the Company's expense by PricewaterhouseCoopers LLC 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 C.1. or Section C.2., as determined by PricewaterhouseCoopers LLC (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.

C.4. OTHER BENEFITS. In addition to the amounts described in Sections C.1. and C.2., Executive shall be entitled to his benefits, if any, under Sections 3(b)(i) (Existing Options), 3(c) (New Stock Awards), and 3(g) (Qualified Plans).

C.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.

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(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 neither be governed by any duty to mitigate his damages by seeking further employment nor offset by any compensation which he may receive from future employment.

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

(d) NOTICE OF TERMINATION. During a Standstill Period, Executive's employment may be terminated by the Company only upon 30 days' written notice to Executive.

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November 8, 2000

Dear Arnold,

I refer to the proposed employment agreement dated as of January 31, 2000 between you and The TJX Companies, Inc. (the "Company"). That draft employment agreement (the "Agreement") provides at Section 5(a)(i) for a minimum severance period of one year upon termination of your employment under certain circumstances prior to a change in control of the Company. It also provides a Section C.3 (Exhibit C) that in connection with a change in control of the Company, benefits payable to you could be subject to a cut-back if necessary to maximize your after-tax benefits after taking into account the effects of the so-called "golden parachute" excise tax, but it does not provide for any tax

"gross up" payment to reflect the effect of that excise tax.

The one-year minimum severance period for specified types of pre-change in control terminations and the absence of a golden parachute tax "gross up" provision are both also features of the employment agreement between the Company and Ted English, its Chief Executive Officer, as well as a number of other executive employment agreements. If, following execution of the Agreement and during the term of your employment under the Agreement, the Company enters into an executive employment agreement with a similarly situated executive employee that provides for either or both of (i) a longer minimum period of severance benefits upon a termination of employment under the circumstances specified in Section 5 (a) (i) of the Agreement, or (ii) a full or modified "gross up" in the event that, in connection with a change in control of the Company, benefits are subject in whole or in part to the golden parachute excise tax, the Company agrees that your Agreement will be modified, consistent with such other agreement, to include provisions for a longer minimum period of severance under Section 5(a) (i) and/or full or modified "gross up" under Section C.3 of Exhibit C, as the case may be. However, no adjustment to your Agreement pursuant to the preceding sentence will be made to the extent the resulting minimum period of severance under Section 5(a) (i) or the golden parachute provisions of Section C.3 of Exhibit C would be more favorable than the corresponding provisions then applicable to the Company's Chief Executive Officer under his agreement with the Company.

If the foregoing is agreeable to you, please sign the enclosed copy of this letter in the space indicated below and return to Mark Jacobson.

THE TJX COMPANIES, INC.

By: /s/ Edmond J. English

Agreed as of the date set forth above:

/s/ Arnold Barron

Arnold Barron

(As amended through September 5, 2000)

THE TJX COMPANIES, INC.
1986 STOCK INCENTIVE PLAN

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THE TJX COMPANIES, INC.
1986 STOCK INCENTIVE PLAN

SECTION 1. GENERAL PURPOSE OF THE PLAN.

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

SECTION 2. PLAN ADMINISTRATION.

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

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

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

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

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

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

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

(a) SHARES ISSUABLE. The maximum number of shares of Stock reserved and available for issuance under the Plan shall be 42,000,000(1), including shares issued in lieu of or upon reinvestment of dividends arising from Awards. For purposes of this limitation, Awards and Stock which are forfeited, reacquired by the Company or satisfied without the issuance of Stock shall not be counted and such limitation shall apply only to shares which have become free of any restrictions under the Plan, except that shares of Restricted Stock reacquired by the Company, and shares withheld by the Company to satisfy tax withholding requirements shall be counted to the extent required under Rule 16b-3 under the Act or any successor rule. The maximum number of shares of Stock which may be issued pursuant to awards of Restricted Stock or Performance Awards on or after June 3, 1997 shall not exceed an aggregate of 6,300,000(2) shares. Subject to the foregoing limitations in this paragraph (a), shares may be issued up to such maximums pursuant to any type or types of Award, including Incentive Stock Options. Shares issued under the Plan may be authorized but unissued shares or shares reacquired by the Company.

The number of Stock Options, Stock Appreciation Rights or Performance Awards that shall be awarded to any Participant during any consecutive three-year period

- (1) Reflects adjustments under Section 3(b) through February 2, 1999.
- (2) Reflects adjustments under Section 3(b) through February 2, 1999.

commencing after June 3, 1997 shall be limited to 4,000,000(3) shares calculated separately for each of Stock Options, Stock Appreciation Rights and Performance Awards.

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

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

SECTION 4. ELIGIBILITY.

Participants in the Plan will be such full or part time officers and other key employees of the Company and its Subsidiaries (excluding any director who is not a full time employee) who are responsible for or contribute to the management, growth or profitability of the Company and its Subsidiaries and who are selected from time to time by the Committee, in its sole discretion. Persons who are not employees of the

(3) Reflects adjustments under Section 3(b) through February 2, 1999.

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Company or a subsidiary (within the meaning of Section 424 of the Code) shall not be eligible to receive grants of Incentive Stock Options.

SECTION 5. LIMITATIONS ON TERM AND DATES OF AWARDS.

(a) DURATION OF AWARDS . Subject to Sections 16(a) and 16(c) below, no restrictions or limitations on Awards shall extend beyond 10 years (or 10 years and one day in the case of Non-Qualified Stock Options) from the grant date, except that deferrals elected by participants of the receipt of Stock or other benefits under the Plan may extend beyond such date.

(b) LATEST GRANT DATE. No Award shall be granted after April 8, 2007, but then outstanding Awards may extend beyond such date.

SECTION 6. STOCK OPTIONS.

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

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

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

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

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

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

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

(d) Intentionally omitted.

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

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

(g) **TERMINATION BY DEATH** . If an optionee's employment by the Company and its Subsidiaries terminates by reason of death, the Stock Option may thereafter be exercised, to the extent then exercisable (or on such accelerated or other basis as the Committee shall at any time determine prior to death), by the legal representative or legatee of the optionee, for a period of three years (for options granted prior to September 5, 2000) and for a period of five years (for options granted on or after September 5, 2000), or such shorter period (as the Committee shall specify at time of grant), from the date of death or until the expiration of the stated term of the option, if earlier.

(h) **TERMINATION BY REASON OF DISABILITY** . Any Stock Option held by an optionee whose employment by the Company and its Subsidiaries has terminated, or who has been designated an inactive employee, by reason of Disability may thereafter be exercised to the extent it was exercisable at the time of the earlier of such termination or such designation (or on such accelerated or other basis as the Committee shall at any time

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determine prior to such termination or designation) for a period of three years (for options granted prior to September 5, 2000) and for a period of five years (for options granted on or after September 5, 2000), or such shorter period (as the Committee shall specify at time of grant), from the date of such termination of employment or designation or until the expiration of the stated term of the option, if earlier. Except as otherwise provided by the Committee at the time of grant, the death of an optionee during the final year of such exercise period shall extend such period for one year following death, subject to termination on the expiration of the stated term of the option, if earlier. The Committee shall have the authority to determine whether a participant has been terminated or designated an inactive employee by reason of Disability.

(i) TERMINATION BY REASON OF NORMAL RETIREMENT . If an optionee's employment by the Company and its Subsidiaries terminates by reason of Normal Retirement, any Stock Option held by such optionee may thereafter be exercised to the extent that it was then exercisable (or on such accelerated or other basis as the Committee shall at any time determine) for a period of three years (for options granted prior to September 5, 2000) and for a period of five years (for options granted on or after September 5, 2000), or such shorter period (as the Committee shall specify at time of grant), from the date of Normal Retirement or until the expiration of the stated term of the option, if earlier. Except as otherwise provided by the Committee at the time of grant, the death of an optionee during the final year of such exercise period shall extend such period for one year following death, subject to earlier termination on the expiration of the stated term of the option, if earlier.

(j) TERMINATION BY REASON OF SPECIAL SERVICE RETIREMENT . If an optionee's employment by the Company and its Subsidiaries terminates by reason of a Special Service Retirement, any Stock Option granted on or after February 2, 1999 that is held by the optionee may thereafter be exercised (to the extent exercisable from time to time during the extended exercise period as hereinafter determined) for a period of three years (for options granted between February 2, 1999 to September 5, 2000) and for a period of five years (for options granted on or after September 5, 2000), or such shorter period (as the Committee shall specify at time of grant), from the date of the Special Service Retirement or until the expiration of the stated term of the option, if earlier. Except as otherwise provided by the Committee at the time of grant, the death of an optionee during the final year of such exercise period shall extend such period for one year following death, subject to earlier termination on the expiration of the stated term of the option, if earlier. For purposes of the first sentence of this subsection (j), a Stock Option granted on or after February 2, 1999 that is held by an optionee at the optionee's Special Service Retirement and that is not then fully exercisable shall continue to vest for a period of three years after the Special Service Retirement Date, subject to the stated term

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of the option, or on such accelerated or other basis as the Committee shall at any time determine.

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

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

SECTION 7. STOCK APPRECIATION RIGHTS; DISCRETIONARY PAYMENTS.

(a) NATURE OF STOCK APPRECIATION RIGHT . A Stock Appreciation Right is an

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

(b) GRANT AND EXERCISE OF STOCK APPRECIATION RIGHTS . Stock Appreciation Rights may be granted in tandem with, or independently of, any Stock Option granted under the Plan. In the case of a Stock Appreciation Right granted in tandem with a Non-Qualified Stock Option, such Right may be granted either at or after the time of the grant of such option. In the case of a Stock Appreciation Right granted in tandem with an Incentive Stock Option, such Right may be granted only at the time of the grant of the option.

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

(c) TERMS AND CONDITIONS OF STOCK APPRECIATION RIGHTS . Stock Appreciation Rights shall be subject to such terms and conditions as shall be determined from time to time by the Committee, subject to the following:

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

(d) DISCRETIONARY PAYMENTS. Notwithstanding that a Stock Option at the time of exercise shall not be accompanied by a related Stock Appreciation Right, if the market price of the shares subject to such Stock Option exceeds the exercise price of such Stock Option at the time of its exercise, the Committee may, in its discretion, cancel such Stock Option, in which event the Company shall pay to the person exercising such Stock Option an amount equal to the difference between the Fair Market Value of the Stock to have been purchased pursuant to such exercise of such Stock Option (determined on the date the Stock Option is canceled) and the aggregate consideration to have been paid by such person upon such exercise. Such payment shall be by check, bank draft or in Stock (or in a form of payment permitted under paragraph (e) below) having a Fair Market Value (determined on the date the payment is to be made) equal to the amount of such payments or any combination thereof, as determined by the Committee. The Committee may exercise its discretion under the first sentence of this paragraph (d) only in the event of a written request of the person exercising the option, which request shall not be binding on the Committee.

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(e) SETTLEMENT IN THE FORM OF RESTRICTED SHARES OR RIGHTS TO RECEIVE DEFERRED STOCK. Subject to Sections 16(a) and 16(c) below, shares of Stock issued upon exercise of a Stock Appreciation Right or as a Discretionary Payment shall be free of all restrictions under the Plan, except as provided in the following sentence. The Committee may provide at the time of grant in the case of a Stock Appreciation Right (and at the time of payment in the case of a

Discretionary Payment) that such shares shall be in the form of shares of Restricted Stock or rights to acquire Deferred Stock, or in the case of a Stock Appreciation Right may reserve the right to so provide at any time after the time of grant. Any such shares and any shares subject to rights to acquire Deferred Stock shall be valued at Fair Market Value on the date of exercise of the Stock Appreciation Right or the date the Stock Option is cancelled in the case of Discretionary Payments.

SECTION 8. RESTRICTED STOCK; UNRESTRICTED STOCK.

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

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

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

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

- (i) The Committee at the time of grant shall specify the date or dates (which may depend upon or be related to the attainment of performance goals and other conditions) on which the nontransferability of the Restricted Stock and the obligation to resell such shares to the Company shall lapse. However, no grants of Restricted Stock made after September 8, 1993 shall specify such a date which is less than three years from the date of grant, except that (i) such a date may be one year or greater in the case of Restricted Stock granted subject to the attainment of performance goals, (ii) future shares of Restricted Stock may be granted which specify full vesting in no less than three years and partial vesting at a rate no faster than one-third of such shares each year, and (iii) shares of Restricted Stock may be granted which specify any vesting date provided that on a cumulative basis such shares granted after September 8, 1993, when no longer subject to restrictions under the Plan, do not exceed 800,000(4) shares. The Committee at any time may accelerate such date or dates and otherwise waive or, subject to Section 13, amend any conditions of the Award.
- (ii) Except as may otherwise be provided in the Award Agreement, in the event of termination of employment by the Company and its Subsidiaries for any reason (including death), a participant or the participant's legal representative shall offer to resell to the Company, at the price paid therefor, all Restricted Stock, and the Company shall have the right to purchase the same at such price, or if the price was zero to require forfeiture of the same, provided that except as provided in the Award Agreement, the Company must exercise such right of repurchase or forfeiture not later than the 60th day following such

termination of employment.

(4) Reflects adjustments under Section 3(b) through February 2, 1999.

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(e) WAIVER, DEFERRAL AND REINVESTMENT OF DIVIDENDS . The Restricted Stock Award Agreement may require or permit the immediate payment, waiver, deferral or investment of dividends paid on the Restricted Stock.

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

SECTION 9. DEFERRED STOCK AWARDS.

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

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

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

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

(e) TERMINATION . Except as may otherwise be provided by the Committee at any time prior to termination of employment, a participant's rights in all Deferred Stock Awards shall automatically terminate upon the participant's termination of employment by the Company and its Subsidiaries for any reason (including death).

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

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

SECTION 10. PERFORMANCE AWARDS.

(a) NATURE OF PERFORMANCE AWARDS . A Performance Award is an award entitling the recipient to acquire cash or shares of Stock, or a combination of

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

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

(c) TERMS OF PERFORMANCE AWARDS . The Committee in its sole discretion shall determine whether and to whom Performance Awards are to be granted, the performance goals applicable under each such Award, the periods during which performance is to be measured, and all other limitations and conditions applicable to the Award. Performance Awards may be granted independently or in connection with the granting of other Awards. In the case of a Qualifying Award (other than a Stock Option or SAR), the following special rules shall apply: (i) the Committee shall preestablish the performance goals and other material terms of the Award not later than the latest date permitted under Section 162(m) of the Code; (ii) the performance goal or goals fixed by the Committee in connection with the Award shall be based exclusively on one or more Approved Performance Criteria; (iii) no payment (including, for this purpose, vesting or exercisability where vesting or exercisability, rather than the grant of the award, is linked to satisfaction of performance goals) shall be made unless the preestablished

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

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

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

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

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

SECTION 11. OTHER STOCK-BASED AWARDS.

(a) NATURE OF AWARDS . The Committee may grant other Awards under which

Stock is or may in the future be acquired ("Other Stock-based Awards").

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

(c) FORFEITURE OF AWARDS; REPURCHASE OF STOCK; ACCELERATION OR WAIVER OF RESTRICTIONS . The Committee may determine the conditions under which an Other Stock-based Award shall be forfeited or, in the case of an Award involving a payment by the recipient, the conditions under which the Company may or must repurchase such Award or related Stock. At any time the Committee may in its sole discretion accelerate, waive or, subject to Section 13, amend any or all of the limitations or conditions imposed under any Other Stock-based Award.

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

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

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

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

SECTION 12. TRANSFER, LEAVE OF ABSENCE.

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

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

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

SECTION 13. AMENDMENTS AND TERMINATION.

The Board may at any time amend or discontinue the Plan and the Committee may at any time amend or cancel any outstanding Award for the purpose of satisfying changes in law or for any other lawful purpose, but no such action shall adversely affect rights under any outstanding Award without the holder's consent. However, no such amendment shall be effective unless approved by stockholders if it would (i) reduce the exercise price of any option previously granted hereunder or (ii) cause the Plan to fail to satisfy the incentive stock option requirements of the Code or the requirements of Rule 16b-3 or any

successor rule under the Act as in effect on the date of such amendment. Notwithstanding any provision of this Plan, the Board or the Committee may at any time adopt any subplan or otherwise grant Stock Options or other Awards under this Plan having terms consistent with applicable foreign tax or other foreign regulatory requirements or laws; provided, however, that no person subject to the restrictions of Section 16(b) of the Act may be eligible for or be granted any such Stock Options or other Awards if such eligibility or grant would cause the Plan to fail to satisfy the requirements of Rule 16b-3 or any successor rule under the Act as in effect on the applicable date.

SECTION 14. STATUS OF PLAN.

With respect to the portion of any Award which has not been exercised and any payments in cash, stock or other consideration not received by a participant, a participant shall have no rights greater than those of a general creditor of the Company unless the Committee shall otherwise expressly determine in connection with any Award or Awards. In its sole discretion, the Committee may authorize the creation of trusts or other arrangements to meet the Company's obligations to deliver Stock or make

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payments with respect to awards hereunder, provided that the existence of such trusts or other arrangements is consistent with the provision of the foregoing sentence.

SECTION 15. CHANGE OF CONTROL PROVISIONS.

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

Upon the occurrence of a Change of Control:

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

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

SECTION 16. GENERAL PROVISIONS.

(a) NO DISTRIBUTION; COMPLIANCE WITH LEGAL REQUIREMENTS, ETC. The Committee may require each person acquiring shares pursuant to an Award to represent to and agree with the Company in writing that such person is acquiring the shares without a view to distribution thereof.

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

(b) OTHER COMPENSATION ARRANGEMENTS; NO EMPLOYMENT RIGHTS. Nothing contained in this Plan shall prevent the Board of Directors from adopting other or additional compensation arrangements, subject to stockholder approval if such approval is required; and such arrangements may be either generally applicable or applicable only in specific cases. The adoption of the Plan does not confer upon any employee any right

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to continued employment with the Company or a Subsidiary, nor does it interfere

in any way with the right of the Company or a Subsidiary to terminate the employment of any of its employees at any time.

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

The Committee may provide, in respect of any transfer of Stock under an Award, that if and to the extent withholding of any Federal, state or local tax is required in respect of such transfer or vesting, the participant may elect, at such time and in such manner as the Committee shall prescribe, to (i) surrender to the Company Stock not then subject to restrictions under any Company plan or (ii) have the Company hold back from the transfer or vesting Stock having a value calculated to satisfy such withholding obligation. In no event shall Stock be surrendered under clause (i) or held back by the Company under clause (ii) in excess of the minimum amount required to be withheld for Federal, state and local taxes.

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

SECTION 17. DEFINITIONS.

The following terms shall be defined as set forth below:

- (a) "Act" means the Securities Exchange Act of 1934.
- (b) "Approved Performance Criteria" means criteria based on any one or more of the following (on a consolidated, divisional, line of business, geographical or area of executive's responsibilities basis): one or more items of or within (i) sales, revenues, assets or expenses; (ii) earnings, income or margins, before or after deduction for all or any portion of interest, taxes, depreciation, or amortization, whether or not on a

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continuing operations and aggregate or per share basis; (iii) return on investment, capital, assets, sales or revenues; and (iv) stock price.

- (c) "Award" or "Awards" except where referring to a particular category of grant under the Plan shall include Incentive Stock Options, Non-Qualified Stock Options, Stock Appreciation Rights, Restricted Stock Awards, Unrestricted Stock Awards, Deferred Stock Awards, Performance Awards and Other Stock-based Awards.
- (d) "Board" means the Board of Directors of the Company.
- (e) "Cause" means a felony conviction of a participant or the failure of a participant to contest prosecution for a felony, or a participant's willful misconduct or dishonesty, any of which is directly harmful to the business or reputation of the Company or any Subsidiary.
- (f) "Code" means the Internal Revenue Code of 1986, as amended, and any successor Code, and related rules, regulations and interpretations.
- (g) "Committee" means the Committee referred to in Section 2. If at any time no Committee shall be in office, the functions of the Committee shall be exercised by the Board.
- (h) "Deferred Stock Award" is defined in Section 9(a).
- (i) "Disability" means disability as determined in accordance with standards and procedures similar to those used under the Company's

long term disability program.

- (j) "Fair Market Value" on any given date means the last sale price regular way at which Stock is traded on such date as reflected in the New York Stock Exchange Composite Transactions Index or, where applicable, the value of a share of Stock as determined by the Committee in accordance with the applicable provisions of the Code.
- (k) "Incentive Stock Option" means any Stock Option intended to be and designated as an "incentive stock option" as defined in the Code.
- (l) "Non-Employee Director" shall have the meaning set forth in Rule 16b-3(b)(3) promulgated under the Act, or any successor definition under the Act.

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- (m) "Non-Qualified Stock Option" means any Stock Option that is not an Incentive Stock Option.
- (n) "Normal Retirement" means retirement from active employment with the Company and its Subsidiaries at or after age 65 with at least five years of service for the Company and its Subsidiaries as specified in The TJX Companies, Inc. Retirement Plan.
- (o) "Other Stock-based Award" is defined in Section 11(a).
- (p) "Performance Award" is defined in Section 10(a).
- (q) "Restricted Stock Award" is defined in Section 8(a).
- (r) "Special Service Retirement" means retirement from active employment with the Company and its Subsidiaries (i) at or after age 60 with at least twenty years of service for the Company and its Subsidiaries, or (ii) at or after age 65 with at least ten years of service for the Company and its Subsidiaries. The term "Special Service Retirement" applies only to Stock Options granted on or after February 2, 1999.
- (s) "Stock" means the Common Stock, \$1.00 par value, of the Company, subject to adjustments pursuant to Section 3.
- (t) "Stock Appreciation Right" means a right described in Section 7(a) and granted, either independently of other Awards or in tandem with the grant of a Stock Option.
- (u) "Stock Option" means any option to purchase shares of Stock granted pursuant to Section 6.
- (v) "Subsidiary" means any corporation or other entity (other than the Company) in an unbroken chain beginning with the Company if each of the entities (other than the last entity in the unbroken chain) owns stock or other interests possessing 50% or more of the total combined voting power of all classes of stock or other interest in one of the other corporations or other entities in the chain.
- (w) "Unrestricted Stock Award" is defined in Section 8(f).

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EXHIBIT A

DEFINITION OF "CHANGE OF CONTROL"

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

- (a) there occurs a change of control of the Company of a nature that would be required to be reported in response to Item 1(a) of the Current Report on Form 8-K pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 (the "Exchange Act") or in any other filing under the Exchange Act; PROVIDED, HOWEVER, that if the Participant or a Participant

Related Party is the Person or a member of a group constituting the Person acquiring control, a transaction shall not be deemed to be a Change of Control as to a Participant unless the Committee shall otherwise determine prior to such occurrence; or

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

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

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

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

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

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

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

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

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

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

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

"Participant" means a participant in the Plan.

<ARTICLE> 5

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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.

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