FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

/X/ 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 29, 1994
Commission file number 1-4908

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

| | |
|---|---|
| DELAWARE | 04-2207613 |
| (State or other jurisdiction of incorporation or organization) | (I.R.S. Employer Identification No.) |

| | |
|---|---|
| 770 Cochituate Road Framingham, Massachusetts | 01701 |
| (Address of principal executive offices) | (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 .

The number of shares of Registrant's common stock outstanding as of November 26, 1994: 72,409,202



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 29, 1994 | October 30, 1993 |
| Net sales | $1,011,879 | $959,683 |

| | | |
|---|---|---|
| Cost of sales, including buying and occupancy costs | 750,927 | 697,341 |
| Selling, general and administrative expenses | 197,199 | 177,143 |
| Interest on debt and capital leases | 7,665 | 6,190 |
| Income before income taxes | 56,088 | 79,009 |
| Provision for income taxes | 23,300 | 31,288 |
| Net income | 32,788 | 47,721 |
| Preferred stock dividends | 1,789 | 1,789 |
| Net income available to common shareholders | $ 30,999 | $ 45,932 |
| Primary and fully diluted earnings per common share: | | |
| Net income | $ .42 | $ .61 |
| Cash dividends per common share | $ .14 | $ .125 |

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



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 29, 1994 | Thirty-Nine Weeks Ended October 30, 1993 |
|---|---|---|
| Net sales | $2,730,304 | $2,586,374 |
| Cost of sales, including buying and occupancy costs | 2,043,230 | 1,919,251 |
| Selling, general and administrative expenses | 546,813 | 491,162 |
| Interest on debt and capital leases | 18,868 | 15,971 |
| Income before income taxes and cumulative effect of accounting changes | 121,393 | 159,990 |
| Provision for income taxes | 50,440 | 63,627 |

| | | |
|---|---|---|
| Income before cumulative effect of accounting changes | 70,953 | 96,363 |
| Cumulative effect of accounting changes | - | (2,667) |
| Net income | 70,953 | 93,696 |
| Preferred stock dividends | 5,367 | 5,367 |
| Net income available to common shareholders | $ 65,586 | $ 88,329 |
| Primary and fully diluted earnings per common share: | | |
| Income before cumulative effect of accounting changes | $ .89 | $1.23 |
| Cumulative effect of accounting changes | - | (.04) |
| Net income | $ .89 | $1.19 |
| Cash dividends per common share | $ .42 | $.375 |

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



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

| ASSETS | October 29, 1994 | January 29, 1994 | October 30, 1993 |
|---|---|---|---|
| Current assets: | | | |
| Cash and cash equivalents | $ 26,247 | $ 58,102 | $ 47,184 |
| Accounts receivable | 68,552 | 30,639 | 50,847 |
| Merchandise inventories | 1,081,291 | 772,324 | 958,681 |
| Prepaid expenses | 24,980 | 20,791 | 28,751 |
| Total current assets | 1,201,070 | 881,856 | 1,085,463 |
| Property, at cost: | | | |
| Land and buildings | 114,423 | 110,793 | 106,993 |
| Leasehold costs and improvements | 292,954 | 256,929 | 247,670 |
| Furniture, fixtures and equipment | 440,568 | 398,106 | 376,449 |
| | 847,945 | 765,828 | 731,112 |
| Less accumulated depreciation | 371,192 | 326,685 | 311,251 |
| | 476,753 | 439,143 | 419,861 |
| Other assets | 16,607 | 13,744 | 17,152 |
| Goodwill, net of amortization | 90,624 | 92,627 | 93,286 |
| TOTAL ASSETS | $1,785,054 | $1,427,370 | $1,615,762 |
| LIABILITIES | | | |
| Current liabilities: | | | |
| Short-term debt | $ 118,970 | $ - | $ 105,000 |
| Current installments of long-term debt | 6,175 | 5,936 | 5,458 |
| Accounts payable | 494,184 | 340,578 | 421,286 |
| Accrued expenses and other current liabilities | 284,543 | 239,733 | 247,569 |
| Federal and state income taxes payable | 20,456 | 5,406 | 19,413 |

| | | | |
|---|---|---|---|
| Total current liabilities | 924,328 | 591,653 | 798,726 |
| Long-term debt exclusive of current installments: | | | |
| Real estate mortgages | 39,614 | 42,823 | 44,320 |
| Equipment notes | 5,244 | 6,031 | 6,642 |
| General corporate debt | 182,330 | 162,000 | 162,000 |
| Deferred income taxes | 27,993 | 33,963 | 36,135 |
| SHAREHOLDERS' EQUITY | | | |
| Preferred stock at face value, authorized 5,000,000 shares, par value $1, issued and outstanding cumulative convertible stock of: | | | |
| - 250,000 shares of 8% Series A | 25,000 | 25,000 | 25,000 |
| - 1,650,000 shares of 6.25% Series C | 82,500 | 82,500 | 82,500 |
| Common stock, par value $1, authorized 150,000,000 shares, issued and outstanding 72,409,433, 73,430,615 and 73,411,697 shares | 72,409 | 73,431 | 73,412 |
| Additional paid-in capital | 266,412 | 284,744 | 281,534 |
| Retained earnings | 159,224 | 125,225 | 105,493 |
| Total shareholders' equity | 605,545 | 590,900 | 567,939 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | $1,785,054 | $1,427,370 | $1,615,762 |

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

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

| | Thirty-Nine Weeks Ended October 29, 1994 | Thirty-Nine Weeks Ended October 30, 1993 |
|---|---|---|
| Cash flows from operating activities: | | |
| Income before cumulative effect of accounting changes | $ 70,953 | $ 96,363 |
| Adjustments to reconcile income before cumulative effect of accounting changes to net cash (used in) operating activities: | | |
| Depreciation and amortization | 56,240 | 49,673 |
| Loss on property disposals | 3,276 | 1,487 |
| Other | (2,660) | (6,026) |
| Changes in assets and liabilities: | | |
| (Increase) in accounts receivable | (37,913) | (26,726) |
| (Increase) in merchandise inventories | (308,967) | (286,327) |
| (Increase) in prepaid expenses | (4,189) | (10,858) |
| Increase in accounts payable | 153,606 | 95,508 |
| Increase in accrued expenses and other current liabilities | 43,153 | 5,374 |
| Increase in income taxes payable | 15,050 | 2,476 |
| (Decrease) in deferred income taxes | (5,970) | (828) |
| Net cash (used in) operating activities | (17,421) | (79,884) |
| Cash flows from investing activities: | | |
| Property additions | (94,482) | (89,334) |
| Cash flows from financing activities: | | |
| Proceeds from borrowings of short-term debt | 118,970 | 105,000 |
| Proceeds from borrowings of long-term debt | 20,500 | 37,000 |
| Principal payments on long-term debt | (3,927) | (2,571) |
| Proceeds from sale and issuance of common stock, net | 720 | 3,147 |
| Common stock repurchased | (19,261) | - |
| Cash dividends | (36,954) | (32,865) |
| Net cash provided by financing activities | 80,048 | 109,711 |
| Net (decrease) in cash and cash equivalents | (31,855) | (59,507) |
| Cash and cash equivalents at beginning of year | 58,102 | 106,691 |
| Cash and cash equivalents at end of period | $ 26,247 | $ 47,184 |

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



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

Thirteen Weeks (Third Quarter) and Thirty-Nine Weeks Ended October 29, 1994

Versus Thirteen Weeks and Thirty-Nine Weeks Ended October 30, 1993

Net sales for the third quarter increased 5% to $1,011.9 million up from $959.7 million last year. For the nine months, net sales increased 6% to $2,730.3 million up from $2,586.4 million for the same period last year. The increase in sales for both periods is primarily attributable to new stores. Same store sales for the third quarter decreased by 1% and 10% for T.J. Maxx and Hit or Miss, respectively, and increased by 11% for Winners. For the nine months, same store sales were flat for T.J. Maxx, decreased 6% for Hit or Miss and increased 11% for Winners. In general, sales comparisons were impacted by unseasonably warm weather during the third quarter and by a general softness, industrywide, in apparel sales during both periods. Chadwick's sales increased by 8% and 1% for the third quarter and nine months, respectively. During the third quarter, Chadwick's experienced strong demand for its winter catalogs, however, year-to-date results reflect a poor performance by the spring catalog as well as a reduction in fulfillment rates on certain items from the summer catalog.

Net income for the third quarter was $32.8 million, or $.42 per common share versus last year's $47.7 million, or $.61 per common share. For the nine months, net income was $71.0 million, or $.89 per common share versus $96.4 million, or $1.23 per common share before the cumulative effect of accounting changes of $2.7 million recorded in that period. Net income in the prior period, after the one-time charge for accounting changes, was $93.7 million, or $1.19 per common share.

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

| | Percentage of Net Sales | | | |
|---|---|---|---|---|
| | 13 Weeks Ended | | 39 Weeks Ended | |
| | 10/29/94 | 10/30/93 | 10/29/94 | 10/30/93 |
| Net sales | 100.0% | 100.0% | 100.0% | 100.0% |
| Cost of sales, including buying and occupancy costs | 74.2 | 72.7 | 74.8 | 74.2 |
| Selling, general and administrative expenses | 19.5 | 18.5 | 20.0 | 19.0 |
| Interest on debt and capital leases | .8 | .6 | .7 | .6 |
| Income before income taxes and cumulative effect of accounting changes | 5.5% | 8.2% | 4.5% | 6.2% |

Consolidated cost of sales, including buying and occupancy costs, as a percentage of net sales increased in both periods as compared to last year due to weak sales performance of apparel in the U.S. divisions. In addition, during the third quarter T.J. Maxx recorded increased markdowns versus the prior year.



Selling, general and administrative expenses as a percentage of net sales increased in both periods, which reflects the weak sales performance. In addition, this percentage is impacted by the net operating results of T.K. Maxx, the Company's start-up United Kingdom venture.

The following table sets forth the operating results of the Company's major business segments: (unaudited)

| | (In Thousands) | | | |
|---|---|---|---|---|
| | Thirteen Weeks Ended | | Thirty-Nine Weeks Ended | |
| | October 29, 1994 | October 30, 1993 | October 29, 1994 | October 30, 1993 |
| Net sales: | | | | |

| | | | | |
|---|---|---|---|---|
| Off-price family apparel stores | $ 803,653 | $752,953 | $2,146,930 | $1,996,116 |
| Off-price women's specialty stores | 87,273 | 94,939 | 268,198 | 279,728 |
| Off-price catalog operation | 120,953 | 111,791 | 315,176 | 310,530 |
| | $1,011,879 | $959,683 | $2,730,304 | $2,586,374 |
| Operating income (loss): | | | | |
| Off-price family apparel stores | $ 71,377 | $ 86,577 | $ 164,980 | $ 174,775 |
| Off-price women's specialty stores | (2,383) | 3,068 | (3,311) | 6,794 |
| Off-price catalog operation | 3,798 | 5,141 | 8,881 | 18,736 |
| | 72,792 | 94,786 | 170,550 | 200,305 |
| General corporate expense* | 8,386 | 8,933 | 28,329 | 22,381 |
| Goodwill amortization | 653 | 654 | 1,960 | 1,963 |
| Interest expense | 7,665 | 6,190 | 18,868 | 15,971 |
| Income before income taxes and cumulative effect of accounting changes | $ 56,088 | $ 79,009 | $ 121,393 | $ 159,990 |

* The periods ended October 30, 1993 include the net operating results of HomeGoods and Value Mart. The periods ended October 29, 1994 include the operating results of HomeGoods and T.K. Maxx. In addition, the 39 weeks ended October 29, 1994 include a reserve for the closing of the Value Mart operation.

The off-price family apparel stores segment recorded a decrease of 18% and 6% in operating profit in the third quarter and nine months, respectively. T.J. Maxx's performance was adversely affected by a continuing industrywide softness in U.S. apparel sales and by unseasonably warm weather in the third quarter, while in Canada, Winners had a strong performance in both periods. Hit or Miss, which has a narrower merchandise mix, was more directly impacted by the softness in U.S. apparel sales and recorded a decrease



in operating profit in both periods.

Chadwick's of Boston experienced a decrease in operating income for both periods. During the third quarter, Chadwick's experienced strong demand for its winter catalogs, however, due to a tightened labor market, it experienced difficulties in gearing shipping levels to meet the increased demand. Year-to-date results were also impacted by a poor performance of the spring catalog as well as a reduction in fulfillment rates on certain items from the summer catalog.

Stores in operation at the end of the period are as follows:

| | October 29, 1994 | October 30, 1993 |
|---|---|---|
| T.J. Maxx | 539 | 502 |
| Hit or Miss | 508 | 500 |
| Winners | 34 | 27 |
| HomeGoods | 12 | 10 |
| T.K. Maxx | 4 | - |

Financial Condition

Cash flows from operating and financing activities for the nine months reflect increases in inventory, accounts payable, and short-term borrowings, which are primarily due to normal seasonal requirements. In addition, cash flows for the period ended October 30, 1993, reflect higher spending against the Ames reserve as well as an increase in income taxes paid due to the Ames cash settlement received in December 1992.

On August 16, 1994, the Company announced a stock repurchase program of up to $100 million of the Company's common stock. During the third quarter, the Company purchased slightly more than 1 million of its common shares, representing approximately 1.5% of the Company's outstanding common shares. It is the Company's intention to repurchase additional shares over time through open market purchases and through other transactions.

On September 12, 1994, the Company placed two series of notes totalling $20.5 million under its Medium Term Notes (MTN) program.

A summary of the notes issued is as follows:

| | Principal | Term | Interest Rate |
|---|---|---|---|
| Series 4 | $15.5 Million | 3 Years | 6.97% |
| Series 5 | 5.0 Million | 10 Years | 7.97% |

The borrowings under this program are to support the Company's international and domestic new business development and capital expenditures. The Company simultaneously entered into foreign currency swap agreements in both Canadian dollars and British pounds sterling, in amounts equivalent to the MTN borrowings.

During the second quarter, the Company increased its unsecured committed short-term credit lines to $300 million. These lines, when needed, are



drawn upon or used as backup to the Company's commercial paper program. The Company believes that internally generated funds along with its ability to access external financing sources, will meet its needs.

The Company has available reserves for lease and other contingent liabilities associated with the 1988 sale of the Company's former Zayre Stores division to Ames Department Stores, Inc. and the Company believes that these reserves should be adequate to cover all reasonably expected liabilities that it may incur as a result of the Ames bankruptcy. On December 30, 1992, Ames emerged from bankruptcy pursuant to a plan of reorganization.

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. The Company has available reserves for lease and other contingent liabilities associated with the 1988 sale of the Company's former Zayre Stores division to Ames Department Stores, Inc. and the Company believes that these reserves should be adequate to cover all reasonably expected liabilities that it may incur as a result of the Ames bankruptcy. On December 30, 1992, Ames emerged from bankruptcy pursuant to a plan of reorganization.

4. The Company's cash payments for interest expense and income taxes are as follows: (in thousands)

| | Thirty-Nine Weeks Ended | |
|---|---|---|
| | October 29, 1994 | October 30, 1993 |
| Cash paid for: | | |
| Interest on debt and capital leases | $14,242 | $11,763 |
| Income taxes | 43,841 | 61,988 |

5. Effective January 31, 1993, the Company adopted the provisions of Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes" (SFAS No. 109). SFAS No. 109 requires the adjustment of deferred tax assets and liabilities to reflect the effect of enacted changes in tax laws or rates. In connection with the adoption of SFAS No. 109, the Company recorded as a cumulative effect of an accounting change, a gain of $3,478,000, or $.05 per share, which represents the net decrease to the net deferred tax liability as of January 31, 1993.

6. Effective January 31, 1993, the Company also adopted the Statement of

Financial Accounting Standards No. 106 "Employers' Accounting for Postretirement Benefits Other Than Pensions." This standard requires accrual for the cost of postretirement health care and life insurance benefits during the years that an employee provides services to the Company. The Company has elected to recognize the transition obligation in full as of January 31, 1993, and accordingly has recorded a one-time implementation charge of $6,145,000, net of a tax benefit of $3,937,000, as a cumulative effect of an accounting change. The Company's cash flows are not impacted by the new accounting.

7. On August 16, 1994, the Company authorized the repurchase of up to $100 million of TJX common stock. During the third quarter, the Company



purchased slightly more than 1 million of its common shares, representing approximately 1.5% of the Company's outstanding common shares. It is the Company's intention to repurchase additional shares over time through open market purchases or through other transactions.

8. On September 12, 1994, the Company placed two series of notes totalling $20.5 million under its Medium Term Notes (MTN) program.

A summary of the notes issued is as follows:

| | Principal | Term | Interest Rate |
|---|---|---|---|
| Series 4 | $15.5 Million | 3 Years | 6.97% |
| Series 5 | 5.0 Million | 10 Years | 7.97% |

The borrowings under this program are to support the Company's international and domestic new business development and capital expenditures. The Company simultaneously entered into foreign currency swap agreements in both Canadian dollars and British pounds sterling, in amounts equivalent to the MTN borrowings.

Since the swap agreements are accounted for as a hedge against the Company's investment in foreign subsidiaries, foreign exchange gains and losses on the agreements are recognized in shareholders' equity, offsetting translation adjustments associated with the Company's investment in foreign operations. The swap agreements contain rights of offset designed to reduce the Company's exposure to credit loss in the event of nonperformance by one of the counterparties. The counterparties to these agreements consist of a limited number of credit-worthy international financial institutions.

PART II. Other Information

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibit 11 - Statement re Computation of Per Share Earnings

(b) The Company did not file any reports on Form 8-K with the Securities and Exchange Commission during the quarter ended October 29, 1994.

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 9, 1994

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

EXHIBIT 11



COMPUTATION OF NET INCOME PER COMMON SHARE
(UNAUDITED)
DOLLARS IN THOUSANDS

| | Thirteen Weeks Ended | | Thirty-Nine Weeks Ended | |
|---|---|---|---|---|
| | October 29, 1994 | October 30, 1993 | October 29, 1994 | October 30, 1993 |
| The computation of net income available and adjusted shares outstanding follows: | | | | |
| Net income | $32,788 | $47,721 | $70,953 | $93,696 |
| Less: | | | | |
| Preferred stock dividends | - | - | (5,367) | (5,367) |
| Net income used for primary and fully diluted computation | $32,788 | $47,721 | $65,586 | $88,329 |
| Weighted average number of common shares outstanding | 73,237,536 | 73,413,791 | 73,395,797 | 73,419,356 |
| Add (where dilutive): | | | | |
| Assumed exercise of those options that are common stock equivalents, net of treasury shares deemed to have been repurchased | 256,765 | 743,864 | 420,975 | 743,862 |
| Assumed exercise of convertible preferred stock | 4,371,199 | 4,371,199 | - | - |
| Adjusted shares outstanding, used for primary and fully diluted computation | 77,865,500 | 78,528,854 | 73,816,772 | 74,163,218 |

<ARTICLE> 5
<LEGEND>
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
</LEGEND>

| | | |
|---|---|---|
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| <PERIOD-END> | | OCT-29-1994 |
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