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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549**

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**FORM 10-Q**

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(mark one)

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

For the quarterly period ended May 5, 2018

OR

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 1-4908

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**The TJX Companies, Inc.**

(Exact name of registrant as specified in its charter)

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**Delaware**  
(State or other jurisdiction of  
incorporation or organization)

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

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

**01701**  
(Zip Code)

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

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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  NO

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). YES  NO

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company or an "emerging growth company". See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/> (Do not check if a smaller reporting company)	Smaller reporting company	<input type="checkbox"/>
Emerging growth company	<input type="checkbox"/>		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). YES  NO

The number of shares of registrant's common stock outstanding as of May 5, 2018: 625,202,688

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**PART I - FINANCIAL INFORMATION**

**Item 1. Financial Statements.**

THE TJX COMPANIES, INC.  
CONSOLIDATED STATEMENTS OF INCOME  
(UNAUDITED)  
IN THOUSANDS EXCEPT PER SHARE AMOUNTS

	Thirteen Weeks Ended	
	May 5, 2018	April 29, 2017
Net sales	<u>\$8,688,720</u>	<u>\$7,784,024</u>
Cost of sales, including buying and occupancy costs	6,178,239	5,530,072
Selling, general and administrative expenses	1,550,775	1,411,603
Interest expense, net	<u>4,148</u>	<u>9,841</u>
Income before provision for income taxes	955,558	832,508
Provision for income taxes	<u>239,177</u>	<u>296,229</u>
Net income	<u>\$ 716,381</u>	<u>\$ 536,279</u>
Basic earnings per share:		
Net income	\$ 1.14	\$ 0.83
Weighted average common shares – basic	626,612	644,425
Diluted earnings per share:		
Net income	\$ 1.13	\$ 0.82
Weighted average common shares – diluted	634,436	654,799
Cash dividends declared per share	\$ 0.390	\$ 0.3125

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

THE TJX COMPANIES, INC.  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
(UNAUDITED)  
IN THOUSANDS

	Thirteen Weeks Ended	
	May 5, 2018	April 29, 2017
Net income	\$ 716,381	\$536,279
Additions to other comprehensive income:		
Foreign currency translation adjustments, net of related tax benefit of \$1,206 in fiscal 2019 and \$20,543 in fiscal 2018	(122,529)	(5,247)
Gain on net investment hedges, net of related tax provision of \$2,201 in fiscal 2019	6,044	—
Reclassifications from other comprehensive income to net income:		
Amortization of prior service cost and deferred gains, net of related tax provisions of \$1,328 in fiscal 2019 and \$2,543 in fiscal 2018	2,608	3,868
Amortization of loss on cash flow hedge, net of related tax provisions of \$77 in fiscal 2019 and \$112 in fiscal 2018	206	171
Other comprehensive (loss), net of tax	(113,671)	(1,208)
Total comprehensive income	<u>\$ 602,710</u>	<u>\$535,071</u>

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

THE TJX COMPANIES, INC.  
CONSOLIDATED BALANCE SHEETS  
(UNAUDITED)  
IN THOUSANDS, EXCEPT SHARE DATA

	May 5, 2018	February 3, 2018	April 29, 2017
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 2,681,105	\$ 2,758,477	\$ 2,669,495
Short-term investments	435,903	506,165	457,091
Accounts receivable, net	368,314	327,166	317,224
Merchandise inventories	4,369,893	4,187,243	3,736,114
Prepaid expenses and other current assets	567,060	706,676	368,576
Total current assets	<u>8,422,275</u>	<u>8,485,727</u>	<u>7,548,500</u>
Net property at cost	5,026,092	5,006,053	4,601,044
Non-current deferred income taxes, net	3,178	6,558	6,347
Goodwill	98,614	100,069	195,585
Other assets	456,965	459,608	412,005
<b>TOTAL ASSETS</b>	<u>\$14,007,124</u>	<u>\$14,058,015</u>	<u>\$12,763,481</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	\$ 2,509,089	\$ 2,488,373	\$ 2,174,727
Accrued expenses and other current liabilities	2,220,842	2,522,961	2,021,724
Federal, state and foreign income taxes payable	246,933	114,203	408,941
Total current liabilities	<u>4,976,864</u>	<u>5,125,537</u>	<u>4,605,392</u>
Other long-term liabilities	1,275,843	1,320,505	1,071,526
Non-current deferred income taxes, net	260,649	233,057	304,689
Long-term debt	2,231,360	2,230,607	2,228,351
Commitments and contingencies (See Note K)			
<b>SHAREHOLDERS' EQUITY</b>			
Preferred stock, authorized 5,000,000 shares, par value \$1, no shares issued	—	—	—
Common stock, authorized 1,200,000,000 shares, par value \$1, issued and outstanding 625,202,688; 628,009,022 and 643,276,269 respectively	625,203	628,009	643,276
Additional paid-in capital	—	—	—
Accumulated other comprehensive (loss)	(555,530)	(441,859)	(695,434)
Retained earnings	5,192,735	4,962,159	4,605,681
Total shareholders' equity	<u>5,262,408</u>	<u>5,148,309</u>	<u>4,553,523</u>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<u>\$14,007,124</u>	<u>\$14,058,015</u>	<u>\$12,763,481</u>

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

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

	Thirteen Weeks Ended	
	May 5, 2018	April 29, 2017
<b>Cash flows from operating activities:</b>		
Net income	\$ 716,381	\$ 536,279
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	192,295	172,485
Loss on property disposals	1,744	1,059
Deferred income tax provision	7,335	8,250
Share-based compensation	24,029	24,051
Changes in assets and liabilities:		
(Increase) in accounts receivable	(43,787)	(58,147)
(Increase) in merchandise inventories	(225,187)	(88,558)
(Increase) in taxes recoverable	(2,482)	(1,300)
Decrease in prepaid expenses and other current assets	222,014	20,587
Increase (decrease) in accounts payable	44,037	(56,968)
(Decrease) in accrued expenses and other liabilities	(318,544)	(307,228)
Increase in income taxes payable	133,663	202,811
Other	(26,613)	(4,887)
<b>Net cash provided by operating activities</b>	<b>724,885</b>	<b>448,434</b>
<b>Cash flows from investing activities:</b>		
Property additions	(264,943)	(258,515)
Purchase of investments	(148,239)	(233,166)
Sales and maturities of investments	192,690	289,924
<b>Net cash (used in) investing activities</b>	<b>(220,492)</b>	<b>(201,757)</b>
<b>Cash flows from financing activities:</b>		
Cash payments for repurchase of common stock	(395,399)	(349,999)
Proceeds from issuance of common stock	84,561	52,033
Cash dividends paid	(197,296)	(168,566)
Cash payments of employee tax withholdings for performance based stock awards	(16,015)	(16,823)
Other	(1,858)	(759)
<b>Net cash (used in) financing activities</b>	<b>(526,007)</b>	<b>(484,114)</b>
Effect of exchange rate changes on cash	(55,758)	(22,917)
<b>Net (decrease) in cash and cash equivalents</b>	<b>(77,372)</b>	<b>(260,354)</b>
Cash and cash equivalents at beginning of year	2,758,477	2,929,849
<b>Cash and cash equivalents at end of period</b>	<b>\$2,681,105</b>	<b>\$2,669,495</b>

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

THE TJX COMPANIES, INC.  
CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY  
(UNAUDITED)  
IN THOUSANDS

	Common Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Total
	Shares	Par Value \$1				
Balance, February 3, 2018	628,009	\$628,009	\$ —	\$ (441,859)	\$4,962,159	\$5,148,309
Net income	—	—	—	—	716,381	716,381
Cumulative effect of accounting change (See Note A)	—	—	—	—	58,712	58,712
Other comprehensive income (loss), net of tax	—	—	—	(113,671)	—	(113,671)
Cash dividends declared on common stock	—	—	—	—	(244,500)	(244,500)
Recognition of share-based compensation	—	—	24,029	—	—	24,029
Issuance of common stock under Stock Incentive Plan, net of shares used to pay tax withholdings	2,043	2,043	66,504	—	—	68,547
Common stock repurchased and retired	(4,849)	(4,849)	(90,533)	—	(300,017)	(395,399)
Balance, May 5, 2018	<u>625,203</u>	<u>\$625,203</u>	<u>\$ —</u>	<u>\$ (555,530)</u>	<u>\$5,192,735</u>	<u>\$5,262,408</u>

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

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THE TJX COMPANIES, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**Note A. Basis of Presentation and Summary of Significant Accounting Policies**

***Basis of Presentation***

The Consolidated Financial Statements and Notes thereto have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”) for interim financial information. These Consolidated Financial Statements and Notes are unaudited and, in the opinion of management, reflect all normal recurring adjustments, accruals and deferrals among periods required to match costs properly with the related revenue or activity, considered necessary by The TJX Companies, Inc. (together with its subsidiaries, “TJX”) for a fair statement of its financial statements for the periods reported, all in conformity with GAAP consistently applied. The Consolidated Financial Statements and Notes thereto should be read in conjunction with the audited consolidated financial statements, including the related notes, contained in TJX’s Annual Report on Form 10-K for the fiscal year ended February 3, 2018 (“fiscal 2018”).

These interim results are not necessarily indicative of results for the full fiscal year. TJX’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.

The February 3, 2018 balance sheet data was derived from audited financial statements, but does not include all disclosures required by GAAP.

***Fiscal Year***

TJX’s fiscal year ends on the Saturday nearest to the last day of January of each year. The current fiscal year ends February 2, 2019 (“fiscal 2019”) and is a 52-week fiscal year. Fiscal 2018 was a 53-week fiscal year.

***Use of Estimates***

The preparation of financial statements, in conformity with GAAP, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements as well as the reported amounts of revenues and expenses during the reporting period. TJX considers its accounting policies relating to inventory valuation, impairment of long-lived assets, goodwill and tradenames, retirement obligations, share-based compensation, casualty insurance, reserves for uncertain tax positions and loss contingencies to be the most significant accounting policies that involve management estimates and judgments. Actual amounts could differ from those estimates, and such differences could be material.

**Summary of Accounting Policies**

***Revenue Recognition***

TJX adopted *Revenue from Contracts with Customers* (referred to as “ASC 606”), on February 4, 2018 (“the adoption date”). The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. TJX adopted the new guidance under the modified retrospective approach which resulted in a \$59 million cumulative adjustment to increase retained earnings. The cumulative adjustment primarily related to revenue recognized on the value of unredeemed rewards certificates issued to customers as part of the Company’s U.S. co-branded credit card loyalty program. We will now recognize the estimated unredeemed awards when they are earned, rather than when merchandise credits expire or when the likelihood of redemption becomes remote. In addition, on-line sales are now recognized at the shipping point rather than receipt by the customer.

Other changes relate to the presentation of revenue as certain expenses previously presented as a reduction of revenue are now classified as selling, general and administrative expenses (“SG&A”). The new standard required a change in the presentation of our sales return reserve on the balance sheet, which we previously recorded net of the value of returned merchandise, but will now be presented at gross sales value with an asset established for the value of the merchandise returned. There is no change in the timing or amount of revenue recognized from point of sale at the registers in our stores, which constitutes the majority of the Company’s revenue.

Financial results for fiscal periods after the adoption date are presented under ASC 606 while results from prior periods are not adjusted and continue to be reported under the accounting standards in effect for the prior period. We applied ASC 606 only to contracts that were not completed prior to fiscal 2019. Adoption of the new guidance did not have a material impact on our financial condition or results of operations for fiscal period ended May 5, 2018 other than additional disclosure requirements.

**Net Sales**

Net sales consist primarily of merchandise sales, which are recorded net of a reserve for estimated returns, any discounts and sales taxes, related to the sales of merchandise both within our stores and online. Net sales also include an immaterial amount of other revenues that represent less than 1% of total revenues, primarily generated from TJX’s co-branded loyalty rewards credit card program offered in the United States only. Certain customers may receive discounts which are accounted for as consideration reducing the transaction price. Merchandise sales from our stores are recognized at the point of sale when TJX provides the merchandise to the customer. The performance obligation is fulfilled at this point when the customer has obtained control by paying for and leaving with the merchandise. Merchandise sales made online are recognized when the product has been shipped, which is when legal title has passed and when TJX is entitled to payment, and the customer has obtained the ability to direct the use of and obtain substantially all of the remaining benefits from the goods. Shipping and handling activities related to online sales occur after the customer obtains control of the goods. TJX’s policy is to treat shipping costs as part of our fulfillment center costs within our operating expenditures. As a result, shipping fee revenues received will be recognized when control of the goods transfer to the customer and will continue to be recorded as net sales. Shipping and handling costs incurred by TJX are included in cost of sales, including buying and occupancy costs. TJX disaggregates revenue by operating segment, see Note G—Segment Information.

**Deferred Gift Card Revenue**

Proceeds from the sale of gift cards as well as the value of store cards issued to customers as a result of a return or exchange are deferred until the customers use the cards to acquire merchandise, as TJX does not fulfill its performance obligation until the gift card has been redeemed. While gift cards have an indefinite life, substantially all are redeemed in the first year of issuance. Based on historical experience, we estimate the amount of gift cards and store cards that will not be redeemed and, to the extent allowed by local law, these amounts are amortized into income over the redemption period.

In millions	May 5, 2018
Balance beginning of period	\$ 406.6
Deferred revenue	330.5
Effect of exchange rates changes on deferred revenue	(3.2)
Revenue recognized	(371.8)
Balance end of period	\$ 362.1

TJX recognized \$372 million in gift card revenue in the first quarter fiscal 2019. Gift cards are combined in one homogeneous pool and are not separately identifiable. As such, the revenue recognized consists of gift cards that were part of the deferred revenue balance at the beginning of the period as well as gift cards that were issued during the period.

### Sales Return Reserve

Our products are generally sold with a right of return and we may provide other credits or incentives, which are accounted for as variable consideration when estimating the amount of revenue to recognize. We have elected to apply the portfolio practical expedient and will estimate the variable consideration using the expected value method when calculating the returns reserve, as the difference to applying it to the individual contract would not differ materially. Returns will continue to be estimated based on historical experience and will be required to be established and presented at the gross sales value with an asset established for the estimated value of the merchandise returned separate from the refund liability. Liabilities for return allowances are included in "Accrued expenses and other current liabilities" and the offsetting receivable is included in "Prepaid expenses and other current assets" on our consolidated balance sheets.

### Goodwill

Goodwill includes the excess of the purchase price paid over the carrying value of the minority interest acquired in fiscal 1990 in TJX's former 83%-owned subsidiary and represents goodwill associated with the T.J. Maxx chain, as well as the excess of cost over the estimated fair market value of the net assets acquired by TJX in the purchase of Winners in fiscal 1991, the purchase of Sierra Trading Post ("STP") in fiscal 2013, and the purchase of Trade Secret in fiscal 2016, which was re-branded under the T.K. Maxx name during fiscal 2018. The following is a roll forward of goodwill by component:

Amounts in thousands	Marmaxx	Winners	Sierra Trading Post	T.K. Maxx in Australia	Total
Balance, January 31, 2017	\$70,027	\$1,686	\$ 97,254	\$ 26,904	\$195,871
Impairment	—	—	(97,254)	—	(97,254)
Effect of exchange rate changes on goodwill	—	98	—	1,354	1,452
Balance, February 3, 2018	70,027	1,784	—	28,258	100,069
Effect of exchange rate changes on goodwill	—	(58)	—	(1,397)	(1,455)
Balance, May 5, 2018	<u>\$70,027</u>	<u>\$1,726</u>	<u>\$ —</u>	<u>\$ 26,861</u>	<u>\$ 98,614</u>

Goodwill is considered to have an indefinite life and accordingly is not amortized. In the fourth quarter of fiscal 2018, the Company recorded an impairment charge of \$99.3 million, which included \$97.3 million of STP goodwill and \$2.0 million for certain long-lived assets of STP, as the estimated fair value of the STP business fell below its carrying value due to a decrease in projected revenue growth rates. The impairment charge is included within the Marmaxx segment results. Goodwill, and the related impairments if any, are included in the respective operating segment to which they relate.

### Future Adoption of New Accounting Standards

#### Leases

In February 2016, the Financial Accounting Standards Board ("FASB") issued updated guidance on leases that aims to increase transparency and comparability among organizations by requiring lessees to recognize lease assets and lease liabilities on the balance sheet and requiring disclosure of key information about leasing arrangements. The new standard is effective for annual periods beginning after December 15, 2018, and interim periods within those annual periods; early adoption is permitted and modified retrospective application is required. We plan to adopt this standard in the first quarter of the fiscal year ending February 1, 2020. The Company is in the process of implementing a new lease accounting system and has established a cross-functional team to implement the updated lease guidance. This team is in the process of evaluating our lease portfolio to assess the impact this standard will have on our Consolidated Financial Statements and Notes thereto. The Company expects this standard to have a material impact on its statement of financial condition as it will record a significant asset and liability associated with its more than 4,100 leased locations. We plan to implement the transition package of three practical expedients permitted within the standard, which among other things, allows for the carryforward of historical lease classifications. We expect to make an accounting policy election that will keep leases with a term of 12 months or less off the balance sheet and result in recognizing those lease payments on a straight-line basis over the lease term. As our leases do not provide an implicit rate, we plan to use our incremental borrowing rate based on information available at commencement date to determine the present value of future payments. The Company has determined that the initial lease term will not differ under the new standard versus current accounting practice, and therefore the income statement impact of the new standard is not expected to be material.

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### ***Hedging Activities***

In August 2017, the FASB issued updated guidance on hedge accounting. The updates allow hedge accounting for new types of interest rate hedges of financial instruments and simplify the documentation requirements to qualify for hedge accounting. In addition, any gain or loss from hedge ineffectiveness will be reported in the same income statement line with the effective hedge results and the hedged transaction. The updated guidance is effective for annual reporting periods beginning after December 15, 2018, and early adoption is permitted. The Company has not yet determined the timing for adoption or estimated the effect on the Company's consolidated financial statements.

### ***Income Statement – Reporting Comprehensive Income***

In February 2018, the FASB issued updated guidance related to reporting comprehensive income. The updated guidance allows for a one-time reclassification from accumulated other comprehensive income to retained earnings for stranded tax effect resulting from the enactment of the Tax Cuts and Jobs Act of 2017 (the "2017 Tax Act"). The updated guidance is effective for all entities for fiscal years beginning after December 15, 2018, and interim periods within those fiscal years. Early adoption is permitted, including adoption in any interim period for reporting periods for which financial statements have not yet been issued. The updated guidance should be applied either in the period of adoption or retrospectively to each period (or periods) in which the effect of the change in the 2017 Tax Act is recognized. The Company has not yet determined the timing of adoption or estimated the effect on the Company's consolidated financial statements.

### ***Recently Adopted Accounting Standards***

#### ***Revenue Recognition***

See Revenue Recognition in this Note A for the impact upon adoption.

#### ***Cash Flows***

In the first quarter of fiscal 2019, TJX adopted a pronouncement that addresses differences in the way certain cash receipts and cash payments are presented in the statement of cash flows. The new guidance provides clarity around the cash flow classification for eight specific issues in an effort to reduce the current and potential future differences in practice. The standard did not have a material impact on our consolidated statements of cash flows.

#### ***Retirement Benefits***

In the first quarter of fiscal 2019, TJX adopted a pronouncement related to retirement benefits, which requires that an employer report the service cost component of net periodic pension and net periodic post retirement cost in the same line item as other compensation costs arising from services rendered by the employees during the period. It also requires the other components of net periodic pension and net periodic postretirement benefit cost to be presented in the income statement separately from the service cost component and outside a subtotal of income from operations, if such a subtotal is presented. The amendments in this update were applied retrospectively for the presentation of the service cost component and the other components of net periodic pension cost and net periodic postretirement benefit cost in the income statement. The impact to prior periods was immaterial. As a result of the adoption, for the three months ended May 5, 2018, service costs are recorded in the same line items as other compensation costs and non-service costs are recorded in SG&A in our income statement.

## Income Taxes

In the first quarter of fiscal 2019, TJX adopted ASU 2018-05 "Income Taxes (Topic 740): Amendments to SEC Paragraphs Pursuant to SEC Staff Accounting Bulletin No. 118", which provides guidance on accounting for the tax effects of the 2017 Tax Act. This guidance allows a company to record a provisional amount when it does not have the necessary information available, prepared, or analyzed in reasonable detail to complete its accounting for the change in the tax law during the measurement period. The measurement period ends when the company has obtained, prepared, and analyzed the information necessary to finalize its accounting, but cannot extend beyond one year. We will continue to assess our provision for income taxes as future guidance is issued.

## Note B. Property at Cost

The following table presents the components of property at cost:

In thousands	May 5, 2018	February 3, 2018	April 29, 2017
Land and buildings	\$ 1,377,854	\$1,355,777	\$1,255,710
Leasehold costs and improvements	3,245,902	3,254,830	2,962,697
Furniture, fixtures and equipment	5,455,039	5,357,701	5,019,753
Total property at cost	\$10,078,795	\$9,968,308	\$9,238,160
Less accumulated depreciation and amortization	5,052,703	4,962,255	4,637,116
Net property at cost	\$ 5,026,092	\$5,006,053	\$4,601,044

Depreciation expense was \$193.7 million for the three months ended May 5, 2018 and \$172.6 for the three months ended April 29, 2017. Depreciation expense was \$726.0 million for the twelve months ended February 3, 2018.

## Note C. Accumulated Other Comprehensive Income (Loss)

Amounts included in accumulated other comprehensive income (loss) are recorded net of taxes. The following table details the changes in accumulated other comprehensive income (loss) for the three months ended May 5, 2018:

In thousands	Foreign Currency Translation	Deferred Benefit Costs	Cash Flow Hedge on Debt	Net Investment Hedges	Accumulated Other Comprehensive Income (Loss)
<b>Balance, January 28, 2017</b>	<b>\$(491,803)</b>	<b>\$(199,481)</b>	<b>\$(2,942)</b>	<b>\$ —</b>	<b>\$ (694,226)</b>
Foreign currency translation adjustments (net of taxes of \$36,929)	211,752	—	—	—	211,752
Recognition of net gains/losses on benefit obligations (net of taxes of \$8,989)	—	24,691	—	—	24,691
Amortization of loss on cash flow hedge (net of taxes of \$438)	—	—	696	—	696
Amortization of prior service cost and deferred gains/losses (net of taxes of \$9,592)	—	15,228	—	—	15,228
<b>Balance, February 3, 2018</b>	<b>\$(280,051)</b>	<b>\$(159,562)</b>	<b>\$(2,246)</b>	<b>\$ —</b>	<b>\$ (441,859)</b>
Additions to other comprehensive income:					
Foreign currency translation adjustments (net of tax benefit of \$1,206)	(122,529)	—	—	—	(122,529)
Net investment hedges (net of taxes of \$2,201)	—	—	—	6,044	6,044
Reclassifications from other comprehensive income to net income:					
Amortization of prior service cost and deferred gains (net of taxes of \$1,328)	—	2,608	—	—	2,608
Amortization of loss on cash flow hedge (net of taxes of \$77)	—	—	206	—	206
<b>Balance, May 5, 2018</b>	<b>\$(402,580)</b>	<b>\$(156,954)</b>	<b>\$(2,040)</b>	<b>\$ 6,044</b>	<b>\$ (555,530)</b>

## Note D. Capital Stock and Earnings Per Share

### Capital Stock

TJX repurchased and retired 4.9 million shares of its common stock at a cost of \$400.0 million during the quarter ended May 5, 2018, on a "trade date" basis. TJX reflects stock repurchases in its financial statements on a "settlement date" or cash basis. TJX had cash expenditures under repurchase programs of \$395.4 million for the three months ended May 5, 2018, and \$350.0 million for the three months ended April 29, 2017. These expenditures were funded by cash generated from operations.

In February 2018, TJX announced that its Board of Directors had approved an additional stock repurchase program that authorized the repurchase of up to \$3.0 billion of TJX common stock from time to time, all of which remained available at May 5, 2018.

In February 2017, TJX announced that its Board of Directors had approved an additional stock repurchase program that authorized the repurchase of up to \$1.0 billion of TJX common stock from time to time. Under this program, on a "trade date" basis through May 5, 2018, TJX repurchased 3.2 million shares of common stock at a cost of \$264.2 million.

As of May 5, 2018, TJX had \$3.7 billion available under previously announced stock repurchase programs.

All shares repurchased under the stock repurchase programs have been retired.

### Earnings Per Share

The following tables present the calculation of basic and diluted earnings per share ("EPS") for net income:

In thousands, except per share data	Thirteen Weeks Ended	
	May 5, 2018	April 29, 2017
<i>Basic earnings per share</i>		
Net income	\$716,381	\$536,279
Weighted average common shares outstanding for basic EPS	626,612	644,425
Basic earnings per share	\$ 1.14	\$ 0.83
<i>Diluted earnings per share</i>		
Net income	\$716,381	\$536,279
Shares for basic and diluted earnings per share calculations:		
Weighted average common shares outstanding for basic EPS	626,612	644,425
Assumed exercise/vesting of:		
Stock options and awards	7,824	10,374
Weighted average common shares outstanding for diluted EPS	634,436	654,799
Diluted earnings per share	\$ 1.13	\$ 0.82

The weighted average common shares for the diluted earnings per share calculation exclude the impact of outstanding stock options if the assumed proceeds per share of the option is in excess of the average price of TJX's common stock for the related fiscal periods. Such options are excluded because they would have an antidilutive effect. There were 8.6 million such options excluded for the thirteen weeks ended May 5, 2018. There were 8.0 million such options excluded for the thirteen weeks ended April 29, 2017.

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**Note E. Financial Instruments**

As a result of its operating and financing activities, TJX is exposed to market risks from changes in interest and foreign currency exchange rates and fuel costs. These market risks may adversely affect TJX's operating results and financial position. TJX seeks to minimize risk from changes in interest and foreign currency exchange rates and fuel costs through the use of derivative financial instruments when and to the extent deemed appropriate. TJX does not use derivative financial instruments for trading or other speculative purposes and does not use any leveraged derivative financial instruments. TJX recognizes all derivative instruments as either assets or liabilities in the statements of financial position and measures those instruments at fair value. The fair values of the derivatives are classified as assets or liabilities, current or non-current, based upon valuation results and settlement dates of the individual contracts. Changes to the fair value of derivative contracts that do not qualify for hedge accounting are reported in earnings in the period of the change. For derivatives that qualify for hedge accounting, changes in the fair value of the derivatives are either recorded in shareholders' equity as a component of other comprehensive income or are recognized currently in earnings, along with an offsetting adjustment against the basis of the item being hedged.

***Diesel Fuel Contracts***

TJX hedges portions of its estimated notional diesel requirements based on the diesel fuel expected to be consumed by independent freight carriers transporting TJX's inventory. Independent freight carriers transporting TJX's inventory charge TJX a mileage surcharge based on the price of diesel fuel. The hedge agreements are designed to mitigate the volatility of diesel fuel pricing (and the resulting per mile surcharges payable by TJX) by setting a fixed price per gallon for the period being hedged. During fiscal 2018, TJX entered into agreements to hedge a portion of its estimated notional diesel requirements for fiscal 2019, and during the first three months of fiscal 2019, TJX entered into agreements to hedge a portion of its estimated notional diesel requirements for the first three months of fiscal 2020. The hedge agreements outstanding at May 5, 2018 relate to approximately 50% of TJX's estimated notional diesel requirements for the remainder of fiscal 2019 and approximately 45% of TJX's estimated notional diesel requirements for the first three months of fiscal 2020. These diesel fuel hedge agreements will settle throughout the remainder of fiscal 2019 and throughout the first four months of fiscal 2020. TJX elected not to apply hedge accounting rules to these contracts.

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### ***Foreign Currency Contracts***

TJX enters into forward foreign currency exchange contracts to obtain economic hedges on portions of merchandise purchases made and anticipated to be made by the Company's operations in TJX International (United Kingdom, Ireland, Germany, Poland, Austria, The Netherlands and Australia), TJX Canada (Canada), Marmaxx (U.S.) and HomeGoods (U.S.) in currencies other than their respective functional currencies. These contracts typically have a term of twelve months or less. The contracts outstanding at May 5, 2018 cover a portion of such actual and anticipated merchandise purchases throughout the remainder of fiscal 2019 and throughout the first quarter of fiscal 2020. Additionally, TJX's operations in Europe are subject to foreign currency exposure as a result of their buying function being centralized in the United Kingdom. All merchandise is purchased centrally in the U.K. and then shipped and billed to the retail entities in other countries. This intercompany billing to TJX's European businesses' Euro denominated operations creates exposure to the central buying entity for changes in the exchange rate between the Euro and British Pound. The inflow of Euros to the central buying entity provides a natural hedge for merchandise purchased from third-party vendors that is denominated in Euros. However, with the growth of TJX's Euro denominated retail operations, the intercompany billings committed to the Euro denominated operations is generating Euros in excess of those needed to meet merchandise commitments to outside vendors. TJX calculates this excess Euro exposure each month and enters into forward contracts of approximately 30 days duration to mitigate the exposure. TJX elected not to apply hedge accounting rules to these contracts.

TJX also enters into derivative contracts, generally designated as fair value hedges, to hedge intercompany debt and intercompany interest payable. The changes in fair value of these contracts are recorded in selling, general and administrative expenses and are offset by marking the underlying item to fair value in the same period. Upon settlement, the realized gains and losses on these contracts are offset by the realized gains and losses of the underlying item in selling, general and administrative expenses.

TJX periodically reviews its net investments in foreign subsidiaries. During the fiscal quarter ended May 5, 2018, TJX entered into net investment hedge contracts related to a portion of its investment in TJX Canada. These contracts will settle throughout the second quarter of fiscal 2019. TJX elected to apply hedge accounting rules to these contracts.

The following is a summary of TJX's derivative financial instruments, related fair value and balance sheet classification at May 5, 2018:

In thousands	Pay	Receive	Blended Contract Rate	Balance Sheet Location	Current Asset U.S.\$	Current (Liability) U.S.\$	Net Fair Value in U.S.\$ at May 5, 2018
<b>Fair value hedges:</b>							
Intercompany balances, primarily debt and related interest							
	zł 67,000	£ 14,035	0.2095	Prepaid Exp	\$ 247	\$ —	\$ 247
	€ 53,950	£ 47,868	0.8873	(Accrued Exp)	—	(252)	(252)
	£ 30,000	C\$ 54,038	1.8013	Prepaid Exp	1,256	—	1,256
	U.S.\$ 77,079	£ 55,000	0.7136	(Accrued Exp)	—	(1,771)	(1,771)
<b>Net Investment Hedges:</b>							
	C\$ 1,710,000	U.S.\$ 1,341,426	0.7845	Prepaid Exp / (Accrued Exp)	9,808	(1,563)	8,245
<b>Economic hedges for which hedge accounting was not elected:</b>							
Diesel contracts							
	Fixed on 2.2M – 3.0M gal per month	Float on 2.2M – 3.0M gal per month	N/A	Prepaid Exp	10,249	—	10,249
Intercompany billings in Europe, primarily merchandise related							
	€ 50,000	£ 43,340	0.8668	(Accrued Exp)	—	(1,205)	(1,205)
Merchandise purchase commitments							
	C\$ 518,624	U.S.\$ 409,350	0.7893	Prepaid Exp / (Accrued Exp)	5,322	(422)	4,900
	C\$ 25,760	€ 16,500	0.6405	Prepaid Exp / (Accrued Exp)	82	(360)	(278)
	£ 333,666	U.S.\$ 469,400	1.4068	Prepaid Exp / (Accrued Exp)	15,418	(594)	14,824
	A\$ 30,728	U.S.\$ 23,772	0.7736	Prepaid Exp / (Accrued Exp)	602	(30)	572
	zł 299,988	£ 62,531	0.2084	Prepaid Exp / (Accrued Exp)	560	(235)	325
	U.S.\$ 41,644	€ 33,611	0.8071	Prepaid Exp / (Accrued Exp)	23	(1,243)	(1,220)
<b>Total fair value of derivative financial instruments</b>					<b>\$ 43,567</b>	<b>\$ (7,675)</b>	<b>\$ 35,892</b>

The following is a summary of TJX's derivative financial instruments, related fair value and balance sheet classification at February 3, 2018:

In thousands	Pay	Receive	Blended Contract Rate	Balance Sheet Location	Current Asset U.S.\$	Current (Liability) U.S.\$	Net Fair Value in U.S.\$ at February 3, 2018
<b>Fair value hedges:</b>							
Intercompany balances, primarily debt and related interest							
	zł 67,000	£ 14,035	0.2095	(Accrued Exp)	\$ —	\$ (45)	\$ (45)
	€ 51,950	£ 46,095	0.8873	(Accrued Exp)	—	(318)	(318)
	U.S.\$ 77,079	£ 55,000	0.7136	Prepaid Exp	1,636	—	1,636
Economic hedges for which hedge accounting was not elected:							
Diesel contracts							
	Fixed on 2.2M – 3.0M gal per month	Float on 2.2M– 3.0M gal per month	N/A	Prepaid Exp	7,854	—	7,854
Intercompany billings in TJX Europe, primarily merchandise related							
	€ 26,000	£ 22,948	0.8826	(Accrued Exp)	—	(2)	(2)
Merchandise purchase commitments							
	C\$ 462,464	U.S.\$ 367,200	0.7940	Prepaid Exp / (Accrued Exp)	49	(5,478)	(5,429)
	C\$ 22,562	€ 15,000	0.6648	Prepaid Exp / (Accrued Exp)	557	—	557
	£ 176,911	U.S.\$ 238,000	1.3453	Prepaid Exp / (Accrued Exp)	173	(12,838)	(12,665)
	zł 288,646	£ 60,023	0.2079	Prepaid Exp / (Accrued Exp)	—	(1,303)	(1,303)
	A\$ 28,635	U.S.\$ 22,230	0.7763	Prepaid Exp / (Accrued Exp)	43	(573)	(530)
	U.S.\$ 44,223	€ 36,950	0.8355	Prepaid Exp	1,905	—	1,905
Total fair value of financial instruments					<u>\$12,217</u>	<u>\$(20,557)</u>	<u>\$ (8,340)</u>

The following is a summary of TJX's derivative financial instruments, related fair value and balance sheet classification at April 29, 2017:

In thousands	Pay	Receive	Blended Contract Rate	Balance Sheet Location	Current Asset U.S.\$	Current (Liability) U.S.\$	Net Fair Value in U.S.\$ at April 29, 2017
<b>Fair value hedges:</b>							
Intercompany balances, primarily debt and related interest							
zł	67,000	£ 13,000	0.1940	(Accrued Exp)	\$ —	\$ (292)	\$ (292)
€	66,000	£ 57,048	0.8644	Prepaid Exp	1,565	—	1,565
U.S.\$	68,445	£ 55,000	0.8036	Prepaid Exp	3,319	—	3,319
A\$	10,000	\$ 5,799	0.5799	Prepaid Exp	60	—	60
<b>Economic hedges for which hedge accounting was not elected:</b>							
Diesel contracts							
	Fixed on 2.1M – 2.5M gal per month	Float on 2.1M – 2.5M gal per month	N/A	(Accrued Exp)	—	(1,585)	(1,585)
Intercompany billings in Europe, primarily merchandise related							
€	85,000	£ 72,765	0.8561	Prepaid Exp	1,546	—	1,546
Merchandise purchase commitments							
C\$	521,997	U.S.\$394,800	0.7563	Prepaid Exp	11,755	—	11,755
C\$	24,743	€ 17,500	0.7073	Prepaid Exp	953	—	953
£	209,383	U.S.\$263,000	1.2561	(Accrued Exp)	—	(8,919)	(8,919)
A\$	17,940	U.S.\$ 13,573	0.7566	Prepaid Exp / (Accrued Exp)	162	(19)	143
zł	269,048	£ 52,774	0.1962	Prepaid Exp / (Accrued Exp)	411	(1,243)	(832)
U.S.\$	36,314	€ 33,862	0.9325	Prepaid Exp	683	—	683
<b>Total fair value of financial instruments</b>					<b>\$20,454</b>	<b>\$(12,058)</b>	<b>\$ 8,396</b>

Presented below is the impact of derivative financial instruments on the statements of income for the periods shown:

In thousands	Location of Gain (Loss) Recognized in Income by Derivative	Amount of Gain (Loss) Recognized in Income by Derivative	
		Thirteen Weeks Ended	
		May 5, 2018	April 29, 2017
<b>Fair value hedges:</b>			
Intercompany balances, primarily debt and related interest	Selling, general and administrative expenses	\$(1,792)	\$3,225
<b>Economic hedges for which hedge accounting was not elected:</b>			
Diesel fuel contracts	Cost of sales, including buying and occupancy costs	4,953	(3,323)
Intercompany billings in Europe, primarily merchandise related	Cost of sales, including buying and occupancy costs	(118)	1,601
Merchandise purchase commitments	Cost of sales, including buying and occupancy costs	31,457	9,933
<b>Gain recognized in income</b>		<b>\$34,500</b>	<b>\$11,436</b>

## Note F. Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date or "exit price." The inputs used to measure fair value are generally classified into the following hierarchy:

- Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities
- Level 2: Unadjusted quoted prices in active markets for similar assets or liabilities, or unadjusted quoted prices for identical or similar assets or liabilities in markets that are not active, or inputs other than quoted prices that are observable for the asset or liability
- Level 3: Unobservable inputs for the asset or liability

The following table sets forth TJX's financial assets and liabilities that are accounted for at fair value on a recurring basis:

In thousands	May 5, 2018	February 3, 2018	April 29, 2017
<b>Level 1</b>			
Assets:			
Executive Savings Plan investments	\$248,640	\$ 249,045	\$213,260
<b>Level 2</b>			
Assets:			
Short-term investments	\$435,903	\$ 506,165	\$457,091
Foreign currency exchange contracts	33,318	4,363	20,454
Diesel fuel contracts	10,249	7,854	—
Liabilities:			
Foreign currency exchange contracts	\$ 7,675	\$ 20,557	\$ 10,473
Diesel fuel contracts	—	—	1,585

Investments designed to meet obligations under the Executive Savings Plan are invested in registered investment companies traded in active markets and are recorded at unadjusted quoted prices.

Short-term investments, foreign currency exchange contracts and diesel fuel contracts are valued using broker quotations, which include observable market information. TJX's investments are primarily high-grade commercial paper, institutional money market funds and time deposits with major banks. TJX does not make adjustments to quotes or prices obtained from brokers or pricing services but does assess the credit risk of counterparties and will adjust final valuations when appropriate. Where independent pricing services provide fair values, TJX obtains an understanding of the methods used in pricing. As such, these instruments are classified within Level 2.

The fair value of TJX's general corporate debt was estimated by obtaining market quotes given the trading levels of other bonds of the same general issuer type and market perceived credit quality. These inputs are considered to be Level 2. The fair value of long-term debt as of May 5, 2018 was \$2.12 billion compared to a carrying value of \$2.23 billion. The fair value of long-term debt as of February 3, 2018 was \$2.16 billion compared to a carrying value of \$2.23 billion. The fair value of long-term debt as of April 29, 2017 was \$2.20 billion compared to a carrying value of \$2.23 billion. These estimates do not necessarily reflect provisions or restrictions in the various debt agreements that might affect TJX's ability to settle these obligations.

TJX's cash equivalents are stated at cost, which approximates fair value due to the short maturities of these instruments.

## Note G. Segment Information

TJX operates four main business segments. The Marmaxx segment (T.J. Maxx, Marshalls and tjmaxx.com) and the HomeGoods segment (HomeGoods and Homesense) both operate in the United States, the TJX Canada segment operates Winners, HomeSense and Marshalls in Canada, and the TJX International segment operates T.K. Maxx, Homesense and tkmaxx.com in Europe and T.K. Maxx in Australia. TJX also operates STP, an off-price Internet retailer that operates sierratradingpost.com and retail stores in the U.S. The results of STP are included in the Marmaxx segment.

All of TJX's stores, with the exception of HomeGoods and Homesense, sell family apparel and home fashions. HomeGoods and Homesense offer home fashions.

TJX evaluates the performance of its segments based on "segment profit or loss," which it defines as pre-tax income or loss before general corporate expense and interest expense, net. "Segment profit or loss," as defined by TJX, may not be comparable to similarly titled measures used by other entities. The terms "segment margin" or "segment profit margin" are used to describe segment profit or loss as a percentage of net sales. These measures of performance should not be considered alternatives to net income or cash flows from operating activities as an indicator of TJX's performance or as a measure of liquidity.

Presented below is financial information with respect to TJX's business segments:

In thousands	Thirteen Weeks Ended	
	May 5, 2018	April 29, 2017
<b>Net sales:</b>		
<b>In the United States:</b>		
Marmaxx	\$5,380,918	\$4,967,135
HomeGoods	1,269,331	1,121,269
TJX Canada	853,836	738,771
TJX International	1,184,635	956,849
	<u>\$8,688,720</u>	<u>\$7,784,024</u>
<b>Segment profit:</b>		
<b>In the United States:</b>		
Marmaxx	\$ 750,456	\$ 687,165
HomeGoods	147,360	152,092
TJX Canada	125,184	102,880
TJX International	40,826	6,860
	1,063,826	948,997
General corporate expense	104,120	106,648
Interest expense, net	4,148	9,841
Income before provision for income taxes	<u>\$ 955,558</u>	<u>\$ 832,508</u>

## Note H. Pension Plans and Other Retirement Benefits

Presented below is financial information relating to TJX's funded defined benefit pension plan ("qualified pension plan" or "funded plan") and its unfunded supplemental pension plan ("unfunded plan") for the periods shown:

In thousands	Funded Plan		Unfunded Plan	
	Thirteen Weeks Ended May 5, 2018	Thirteen Weeks Ended April 29, 2017	Thirteen Weeks Ended May 5, 2018	Thirteen Weeks Ended April 29, 2017
Service cost	\$ 11,613	\$ 11,805	\$ 611	\$ 588
Interest cost	13,965	13,759	853	843
Expected return on plan assets	(20,962)	(17,382)	—	—
Recognized actuarial losses	3,114	5,580	821	831
<b>Total expense</b>	<b>\$ 7,730</b>	<b>\$ 13,762</b>	<b>\$ 2,285</b>	<b>\$ 2,262</b>

TJX's policy with respect to the funded plan is to fund, at a minimum, the amount required to maintain a funded status of 80% of the applicable pension liability (the Funding Target pursuant to the Internal Revenue Code section 430) or such other amount as is sufficient to avoid restrictions with respect to the funding of nonqualified plans under the Internal Revenue Code. We do not anticipate any required funding in fiscal 2019 for the funded plan. We anticipate making contributions of \$2.5 million to provide current benefits coming due under the unfunded plan in fiscal 2019.

The amounts included in recognized actuarial losses in the table above have been reclassified in their entirety from other comprehensive income to the statements of income, net of related tax effects, for the periods presented.

## Note I. Long-Term Debt and Credit Lines

The table below presents long-term debt, exclusive of current installments, as of May 5, 2018, February 3, 2018 and April 29, 2017. All amounts are net of unamortized debt discounts.

In thousands	May 5, 2018	February 3, 2018	April 29, 2017
<b>General corporate debt:</b>			
2.50% senior unsecured notes, maturing May 15, 2023 (effective interest rate of 2.51% after reduction of unamortized debt discount of \$223 at May 5, 2018, \$234 at February 3, 2018 and \$267 at April 29, 2017)	\$ 499,777	\$ 499,766	\$ 499,733
2.75% senior unsecured notes, maturing June 15, 2021 (effective interest rate of 2.76% after reduction of unamortized debt discount of \$231 at May 5, 2018, \$250 at February 3, 2018 and \$306 at April 29, 2017)	749,769	749,750	749,694
2.25% senior unsecured notes, maturing September 15, 2026 (effective interest rate of 2.32% after reduction of unamortized debt discount of \$6,217 at May 5, 2018, \$6,403 at February 3, 2018 and \$6,963 at April 29, 2017)	993,783	993,597	993,037
Debt issuance cost	(11,969)	(12,506)	(14,113)
<b>Long-term debt</b>	<b>\$2,231,360</b>	<b>\$2,230,607</b>	<b>\$2,228,351</b>

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As of May 5, 2018, February 3, 2018 and April 29, 2017, TJX had two \$500 million revolving credit facilities, one which matures in March 2020 and one which matures in March 2022.

The terms and covenants under the revolving credit facilities require quarterly payments of 6.0 basis points per annum on the committed amounts for both agreements. This rate is based on the credit ratings of TJX's long-term debt and will vary with specified changes in the credit ratings. These agreements have no compensating balance requirements and have various covenants. Each of these facilities require TJX to maintain a ratio of funded debt and four-times consolidated rentals to consolidated earnings before interest, taxes, consolidated rentals, depreciation and amortization (EBITDAR) of not more than 2.75 to 1.00 on a rolling four-quarter basis. TJX was in compliance with all covenants related to its credit facilities at the end of all periods presented. As of May 5, 2018, February 3, 2018 and April 29, 2017, and during the quarters then ended, there were no amounts outstanding under these facilities.

As of May 5, 2018, February 3, 2018 and April 29, 2017, TJX Canada had two uncommitted credit lines, a C\$10 million facility for operating expenses and a C\$10 million letter of credit facility. As of May 5, 2018, February 3, 2018 and April 29, 2017, there were no amounts outstanding on the Canadian credit line for operating expenses. As of May 5, 2018, February 3, 2018 and April 29, 2017, our European business at TJX International had an uncommitted credit line of £5 million. As of May 5, 2018, February 3, 2018 and April 29, 2017, and during the quarters and year then ended, there were no amounts outstanding on the European credit line.

#### **Note J. Income Taxes**

The effective income tax rate was 25.0% for the first quarter of fiscal 2019 and 35.6% for the fiscal 2018 first quarter. The decrease in the effective income tax rate was primarily due to the reduction of the U.S. federal corporate tax rate to 21% as a result of the 2017 Tax Act and the jurisdictional mix of income.

Under ASU 2018-05, we have accounted for the impacts of the 2017 Tax Act to the extent a reasonable estimate could be made and we recognized provisional amounts related to the deemed repatriation tax, offset by the re-measurement of our deferred tax assets and liabilities to record the effects of the tax law change in the period of enactment. This guidance allows a company to record a provisional amount when it does not have the necessary information available, prepared, or analyzed in reasonable detail to complete its accounting for the change in the tax law during the measurement period. The measurement period ends when the company has obtained, prepared, and analyzed the information necessary to finalize its accounting, but cannot extend beyond one year. During the first quarter of fiscal year 2019, the Internal Revenue Service issued additional guidance providing clarification on certain aspects of the deemed repatriation tax calculation. The additional guidance did not result in an adjustment to the provisional amounts recorded as of February 3, 2018. We will continue to monitor for new guidance related to provisional amounts recorded.

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TJX had net unrecognized tax benefits of \$58.7 million as of May 5, 2018, \$57.3 million as of February 3, 2018 and \$39.0 million as of April 29, 2017.

TJX is subject to U.S. federal income tax as well as income tax in multiple state, local and foreign jurisdictions. In the U.S., fiscal years through 2010 are no longer subject to examination. In Canada, fiscal years through 2008 are no longer subject to examination. In all other jurisdictions, fiscal years through 2009 are no longer subject to examination.

TJX's accounting policy classifies interest and penalties related to income tax matters as part of income tax expense. The total accrued amount on the balance sheets for interest and penalties was \$12.5 million as of May 5, 2018, \$11.9 million as of February 3, 2018 and \$8.0 million as of April 29, 2017.

Based on the outcome of tax examinations or judicial or administrative proceedings, or as a result of the expiration of statute of limitations in specific jurisdictions, it is reasonably possible that unrecognized tax benefits for certain tax positions taken on previously filed tax returns may change materially from those presented in the financial statements. During the next 12 months, it is reasonably possible that tax examinations of prior years' tax returns or judicial or administrative proceedings that reflect such positions taken by TJX may be finalized. As a result, the total net amount of unrecognized tax benefits may decrease, which would reduce the provision for taxes on earnings, by a range of zero to \$22 million.

## **Note K. Contingent Obligations and Contingencies**

### ***Contingent Obligations***

TJX has contingent obligations on leases, for which it was a lessee or guarantor, which were assigned to third parties without TJX being released by the landlords. Over many years, TJX has assigned numerous leases that it had originally leased or guaranteed to a significant number of third parties. With the exception of leases of former businesses for which TJX has reserved, the Company has rarely had a claim with respect to assigned leases, and accordingly, the Company does not expect that such leases will have a material adverse impact on its financial condition, results of operations or cash flows. TJX does not generally have sufficient information about these leases to estimate our potential contingent obligations under them, which could be triggered in the event that one or more of the current tenants does not fulfill their obligations related to one or more of these leases.

TJX may also be contingently liable on up to eight leases of former TJX businesses, for which we believe the likelihood of future liability to TJX is remote, and has contingent obligations in connection with certain assigned or sublet properties that TJX is able to estimate. We estimate that the undiscounted obligations of (i) leases of former operations not included in our reserve for former operations and (ii) properties of our former operations if the subtenants do not fulfill their obligations, are approximately \$46.4 million as of May 5, 2018. We believe that most or all of these contingent obligations will not revert to us and, to the extent they do, will be resolved for substantially less due to mitigating factors including our expectation to further sublet.

TJX is a party to various agreements under which it may be obligated to indemnify the other party with respect to certain losses related to matters such as title to assets sold, specified environmental matters or certain income taxes. These obligations are often limited in time and amount. There are no amounts reflected in our balance sheets with respect to these contingent obligations.

### ***Contingencies***

TJX is subject to certain legal proceedings, lawsuits, disputes and claims that arise from time to time in the ordinary course of our business. In addition, TJX is a defendant in several lawsuits filed in federal and state courts brought as putative class or collective actions on behalf of various groups of current and former salaried and hourly associates in the U.S. The lawsuits allege violations of the Fair Labor Standards Act and of state wage and hour and other labor statutes. TJX is also a defendant in a putative class action on behalf of customers relating to TJX's compare at pricing. The lawsuits are in various procedural stages and seek monetary damages, injunctive relief and attorneys' fees. In connection with ongoing litigation, an immaterial amount has been accrued in the accompanying financial statements.

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## Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The Thirteen Weeks (first quarter) Ended May 5, 2018  
Compared to  
The Thirteen Weeks (first quarter) Ended April 29, 2017

### Overview

We are the leading off-price apparel and home fashions retailer in the U.S. and worldwide. We sell a rapidly changing assortment of apparel, home fashions and other merchandise at prices generally 20% to 60% below full-price retailers' (including department, specialty and major online retailers) regular prices on comparable merchandise, every day. We operate over 4,100 stores through our four main segments: in the U.S., Marmaxx (which operates T.J. Maxx, Marshalls and tjmaxx.com) and HomeGoods (which operates HomeGoods and Homesense); TJX Canada (which operates Winners, HomeSense and Marshalls in Canada); and TJX International (which operates T.K. Maxx, Homesense and tkmaxx.com in Europe, and T.K. Maxx in Australia). We also operate Sierra Trading Post ("STP"), an off-price Internet retailer that operates sierratradingpost.com and retail stores in the U.S. The results of STP are reported in our Marmaxx segment.

### Results of Operations

Highlights of our financial performance for the quarter ended May 5, 2018 include the following:

- Net sales increased 12% to \$8.7 billion for the first quarter of fiscal 2019 over last year's first quarter sales of \$7.8 billion. At May 5, 2018, stores in operation increased 7% and selling square footage increased 5% compared to the end of the fiscal 2018 first quarter.
- Comp sales (defined below) increased 3% for the first quarter of fiscal 2019 over the comparable period last year ending May 6, 2017. Customer traffic was the primary driver of the comp sales increase.
- Diluted earnings per share for the first quarter of fiscal 2019 were \$1.13 versus \$0.82 per share in the first quarter of fiscal 2018. The first quarter of fiscal 2019 earnings per share includes an approximate \$0.17 benefit from the 2017 Tax Act. The overall net impact of foreign currency exchange rates had a \$0.04 positive impact on earnings per share for the first quarter of fiscal 2019 compared with a \$0.01 positive impact on earnings per share for the first quarter of fiscal 2018.
- Our pre-tax margin (the ratio of pre-tax income to net sales) for the first quarter of fiscal 2019 was 11.0%, a 0.3 percentage point increase compared with 10.7% in the first quarter of fiscal 2018. The increase was primarily attributable to better than expected flow-through on higher comp sales, a one-time gain related to a lease buyout in Canada, and the favorable impact of mark-to-market of inventory derivatives. These benefits were partially offset by higher supply chain costs, a decrease in merchandise margin and wage increases.
- Our cost of sales, including buying and occupancy costs, ratio for the first quarter of fiscal 2019 was 71.1%, up 0.1 percentage point compared to the 71.0% in the first quarter last year. This increase was driven by higher supply chain costs and a decrease in merchandise margin, partially offset by the favorable impact of mark-to-market of inventory derivatives and fuel cost derivatives as well as occupancy expense leverage.
- Our selling, general and administrative ("SG&A") expense ratio for the first quarter of fiscal 2019 was 17.8%, a decrease of 0.3 percentage points compared to the prior year's 18.1% first quarter ratio. The decrease in the ratio was primarily due to expense savings and a one-time gain related to a lease buyout in Canada.
- Our consolidated average per store inventories, including inventory on hand at our distribution centers (which excludes inventory in transit) and excluding our e-commerce businesses, increased 7% on a reported basis and 6% on a constant currency basis at the end of the first quarter of fiscal 2019 as compared to the decline in inventory in the prior year's first quarter.

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- During the first quarter, we returned \$597 million to our shareholders through share repurchases and dividends.

The following is a discussion of our consolidated operating results, followed by a discussion of our segment operating results.

**Net sales:** Consolidated net sales for the quarter ended May 5, 2018 totaled \$8.7 billion, a 12% increase over last year's consolidated first quarter net sales of \$7.8 billion. The increase reflected a 6% increase from new store sales, a 3% increase from comp sales, and a 3% positive impact from foreign currency exchange rates. This increase compares to sales growth of 3% in last year's first quarter, which reflected a 1% increase from comp sales, a 4% increase in new store sales, offset by a 2% negative impact from foreign currency exchange rates.

As of May 5, 2018, our consolidated store count increased 7% and selling square footage increased 5% compared to the end of the first quarter last year.

Consolidated comp sales for the quarter ended May 5, 2018 reflects an increase in the customer traffic across all divisions offset by a slight decrease in the value of the average transaction. The decline in the value of the average transaction reflects a decrease in the average ticket that was partially offset by an increase in units sold. On a consolidated basis, home and apparel categories both performed in line with the consolidated average.

For the quarter ended May 5, 2018, comp sales in the U.S. were strong throughout most of the country with the Southwest and Pacific regions particularly strong and the Mid Atlantic was below the consolidated average. In Canada, comp sales growth was in line with the consolidated average, whereas comp sales growth for our International segment was below the consolidated average.

We define comparable store sales ("comp sales"), to be sales of stores that have been in operation for all or a portion of two consecutive fiscal years, or in other words, stores that are starting their third fiscal year of operation. We calculate comp sales on a 52-week basis by comparing the current and prior year weekly periods that are most closely aligned. Relocated stores and stores that have changed in size are generally classified in the same way as the original store, and we believe that the impact of these stores on the consolidated comp percentage is immaterial.

We define customer traffic to be the number of transactions in stores included in the comp sales calculation and average ticket to be the average retail price of the units sold. We define average transaction or average basket to be the average dollar value of transactions included in the comp sales calculation.

Sales excluded from comp sales ("non-comp sales") consists of sales from:

- New stores, meaning stores that have not yet met the comp sales criteria
- Stores that are closed permanently or for an extended period of time
- Our e-commerce businesses, meaning STP (including stores), tjmaxx.com and tkmaxx.com

We determine which stores are included in the comp sales calculation at the beginning of a fiscal year and the classification remains constant throughout that year unless a store is closed permanently or for an extended period during that fiscal year. For the first quarter of fiscal 2019, comp sales are based on a shifted fiscal 2018 calendar so that they are calculated on a comparable week basis.

Comp sales of our foreign segments are calculated by translating the current year's comp sales of our foreign segments at the same exchange rates used in the prior year. This removes the effect of changes in currency exchange rates, which we believe is a more accurate measure of segment operating performance.

Comp sales may be referred to as "same store" sales by other retail companies. The method for calculating comp sales varies across the retail industry, therefore our measure of comp sales may not be comparable to other retail companies.

The following table sets forth certain information about our consolidated operating results as a percentage of net sales for the following periods:

	Percentage of Net Sales Thirteen Weeks Ended May 5, 2018	Percentage of Net Sales Thirteen Weeks Ended April 29, 2017
Net sales	100.0%	100.0%
Cost of sales, including buying and occupancy costs	71.1	71.0
Selling, general and administrative expenses	17.8	18.1
Interest expense, net	0.0	0.1
Income before provision for income taxes*	<u>11.0%</u>	<u>10.7%</u>

\* Figures may not foot due to rounding

**Impact of foreign currency exchange rates:** Our operating results are affected by foreign currency exchange rates as a result of changes in the value of the U.S. dollar or a division's local currency in relation to other currencies. Two ways in which foreign currency exchange rates affect our reported results are as follows:

- *Translation of foreign operating results into U.S. dollars:* In our financial statements, we translate the operations of TJX Canada and TJX International from local currencies into U.S. dollars using currency rates in effect at different points in time. Significant changes in foreign exchange rates between comparable prior periods can result in meaningful variations in consolidated net sales, net income and earnings per share growth as well as the net sales and operating results of these segments. Currency translation generally does not affect operating margins, or affects them only slightly, as sales and expenses of the foreign operations are translated at approximately the same rates within a given period.
- *Inventory-related derivatives:* We routinely enter into inventory-related hedging instruments to mitigate the impact on earnings of changes in foreign currency exchange rates on merchandise purchases denominated in currencies other than the local currencies of our divisions, principally TJX Canada and TJX International. As we have not elected "hedge accounting" for these instruments, as defined by U.S. generally accepted accounting principles ("GAAP"), we record a mark-to-market gain or loss on the derivative instruments in our results of operations at the end of each reporting period. In subsequent periods, the income statement impact of the mark-to-market adjustment is effectively offset when the inventory being hedged is received and paid for. While these effects occur every reporting period, they are of much greater magnitude when there are sudden and significant changes in currency exchange rates during a short period of time. The mark-to-market adjustment on these derivatives does not affect net sales, but it does affect the cost of sales, operating margins and earnings we report.

We refer to the impact of the above two items throughout our discussion as "foreign currency." This does not include the impact currency exchange rates can have on various transactions that are denominated in a currency other than an operating division's local currency. When discussing the impact on our results of the effect of currency exchange rates on such transactions we refer to it as "transactional foreign exchange."

**Cost of sales, including buying and occupancy costs:** Cost of sales, including buying and occupancy costs, as a percentage of net sales was 71.1% for the first quarter of fiscal 2019, an increase of 0.1 percentage points from 71.0% for the first quarter of fiscal 2018. This increase was driven by higher freight and supply chain costs and a decrease in merchandise margin, partially offset by the favorable impact of mark-to-market of inventory and fuel cost derivatives as well as expense leverage on occupancy costs.

**Selling, general and administrative expenses:** SG&A expenses, as a percentage of net sales, were 17.8% in the first quarter of fiscal 2019, a decrease of 0.3 percentage point over last year's first quarter ratio of 18.1%. The decrease for the first quarter was primarily due to expense savings and a one-time gain related to a lease buyout in Canada, partially offset by wage increases.

**Interest expense, net:** The components of interest expense, net are summarized below:

Dollars in thousands	Thirteen Weeks Ended	
	May 5, 2018	April 29, 2017
Interest expense	\$ 17,365	\$17,253
Capitalized interest	(1,648)	(1,221)
Interest (income)	(11,569)	(6,191)
Interest expense, net	\$ 4,148	\$ 9,841

The decrease in net interest expense for the first quarter of fiscal 2019 compared to the first quarter of fiscal 2018 was driven by additional interest income, primarily due to an increase in invested balances and higher return rates.

**Income taxes:** The effective income tax rate was 25.0% for the first quarter of fiscal 2019 and 35.6% for the first quarter of fiscal 2018. The decrease in the effective income tax rate was primarily due to the decrease of the U.S. federal corporate tax rate from 35% to 21% as a result of the 2017 Tax Act and the jurisdictional mix of income.

Under ASU 2018-05, we have accounted for the impacts of the 2017 Tax Act to the extent a reasonable estimate could be made and we recognized provisional amounts related to the deemed repatriation tax, offset by the re-measurement of our deferred tax assets and liabilities to record the effects of the tax law change in the period of enactment. This guidance allows a company to record a provisional amount when it does not have the necessary information available, prepared, or analyzed in reasonable detail to complete its accounting for the change in the tax law during the measurement period. The measurement period ends when the company has obtained, prepared, and analyzed the information necessary to finalize its accounting, but cannot extend beyond one year. During the first quarter of fiscal year 2019, the Internal Revenue Service issued additional guidance providing clarification on certain aspects of the deemed repatriation tax calculation. The additional guidance did not result in an adjustment to the provisional amounts recorded as of February 3, 2018. We will continue to monitor for new guidance related to provisional amounts recorded.

**Net income and diluted earnings per share:** Net income for the first quarter of fiscal 2019 was \$716.4 million, or \$1.13 per diluted share, versus \$536.3 million, or \$0.82 per diluted share, in last year's first quarter. The lower effective tax rate realized due to the 2017 Tax Act resulted in an estimated net benefit to diluted earnings per share of approximately \$0.17 per share. Foreign currency had a \$0.04 positive impact on earnings per share for the first quarter of fiscal 2019 compared to a \$0.01 positive impact on earnings per share for the first quarter of fiscal 2018. The benefit in the tax provision due to the change in accounting for share-based compensation increased earnings per share by \$0.03 per share in the first quarter of fiscal 2019 and fiscal 2018.

Our stock repurchase programs, which reduce our weighted average diluted shares outstanding, benefited our earnings per share growth by approximately four percent in the first quarter of fiscal 2019.

**Segment information:** We operate four main business segments. Our Marmaxx segment (T.J. Maxx, Marshalls and tjmaxx.com) and the HomeGoods segment (HomeGoods and Homesense) both operate in the United States. Our TJX Canada segment operates Winners, HomeSense and Marshalls in Canada, and our TJX International segment operates T.K. Maxx, Homesense and tkmaxx.com in Europe and T.K. Maxx in Australia. We also operate STP, an off-price Internet retailer that operates sierratradingpost.com and retail stores in the U.S. The results of STP have been included in our Marmaxx segment.

We evaluate the performance of our segments based on "segment profit or loss," which we define as pre-tax income or loss before general corporate expense and interest expense, net. "Segment profit or loss," as we define the term, may not be comparable to similarly titled measures used by other entities. The terms "segment margin" or "segment profit margin" are used to describe segment profit or loss as a percentage of net sales. These measures of performance should not be considered an alternative to net income or cash flows from operating activities as an indicator of our performance or as a measure of liquidity.

**U.S. Segments:*****Marmaxx***

Dollars in millions	Thirteen Weeks Ended	
	May 5, 2018	April 29, 2017
Net sales	\$5,380.9	\$4,967.1
Segment profit	\$ 750.5	\$ 687.2
Segment profit as a percentage of net sales	13.9%	13.8%
Increase in comp sales	4%	0%
Stores in operation at end of period		
T.J. Maxx	1,231	1,191
Marshalls	1,073	1,039
Sierra Trading Post	32	12
Total	2,336	2,242
Selling square footage at end of period (in thousands)		
T.J. Maxx	27,203	26,686
Marshalls	25,114	24,721
Sierra Trading Post	550	227
Total	52,867	51,634

Net sales for Marmaxx increased 8% for the first quarter of fiscal 2019 as compared to the same period last year. The quarterly increase reflects a 4% increase from comp sales and a 4% increase from new store sales. The increase in comp sales was driven by an increase in customer traffic. Home fashions and apparel categories both performed at the segment average for the period.

Segment profit margin increased to 13.9% for the first quarter of fiscal 2019 compared to 13.8% for the same period last year. Marmaxx's increase in segment profit margin for the quarter was primarily due to expense leverage on the higher comp sales offset by wage increases and a decrease in margin primarily due to higher markdown and freight costs. Our U.S. e-commerce businesses, which represent approximately 2% of Marmaxx's net sales, did not have a significant impact on year-over-year segment margin comparisons for the first quarter.

***HomeGoods***

Dollars in millions	Thirteen Weeks Ended	
	May 5, 2018	April 29, 2017
Net sales	\$1,269.3	\$1,121.3
Segment profit	\$ 147.4	\$ 152.1
Segment profit as a percentage of net sales	11.6%	13.6%
Increase in comp sales	2%	3%
Stores in operation at end of period		
HomeGoods	690	596
Homesense	4	—
Total	694	596
Selling square footage at end of period (in thousands)		
HomeGoods	12,850	11,360
Homesense	81	—
Total	12,931	11,360

Net sales for HomeGoods increased 13% for the first quarter of fiscal 2019 as compared to the same period last year. The quarterly increase reflects an 11% increase from new store sales and a 2% increase in comp sales. The increase in comp sales for the period was driven by an increase in customer traffic offset by a decline in the value of the average transaction.

Segment profit margin decreased to 11.6% for the first quarter of fiscal 2019 compared to 13.6% for the same period last year. The decline in segment margin for the first quarter was primarily due to lower merchandise margins as a result of increased markdowns earlier in the quarter, as well as an increase in supply chain costs and higher store expenses due to an increase in new store openings.

**Foreign Segments:**

***TJX Canada***

U.S. Dollars in millions	Thirteen Weeks Ended	
	May 5, 2018	April 29, 2017
Net sales	\$ 853.8	\$ 738.8
Segment profit	\$ 125.2	\$ 102.9
Segment profit as a percentage of net sales	14.7%	13.9%
Increase in comp sales	3%	3%
Stores in operation at end of period		
Winners	269	258
HomeSense	119	109
Marshalls	78	61
Total	466	428
Selling square footage at end of period (in thousands)		
Winners	5,811	5,602
HomeSense	2,214	2,002
Marshalls	1,696	1,381
Total	9,721	8,985

Net sales for TJX Canada increased 16% for the first quarter of fiscal 2019 as compared to the same period last year. The quarterly increase reflects an 8% increase in new store sales, a 5% positive impact from currency translation, and a 3% increase from comp sales. The increase in comp sales for the period was driven by an increase in customer traffic, offset by a decline in the value of the average transaction.

Segment profit margin increased to 14.7% for the first quarter of fiscal 2019 compared to 13.9% for the same period last year. The increase in the segment margin for the quarter was favorably impacted by a one-time gain related to a lease buyout and improved merchandise margins which benefitted from favorable transactional foreign exchange. These were partially offset by wage increases and an unfavorable impact of 0.9 percentage points due to foreign currency, primarily the mark-to-market impact of the inventory derivatives.

U.S. Dollars in millions	Thirteen Weeks Ended	
	May 5, 2018	April 29, 2017
Net sales	\$1,184.6	\$ 956.8
Segment profit	\$ 40.8	\$ 6.9
Segment profit as a percentage of net sales	3.4%	0.7%
Increase in comp sales	1%	0%
Stores in operation at end of period		
T.K. Maxx	549	515
Homesense	55	46
T.K. Maxx Australia	41	35
Total	645	596
Selling square footage at end of period (in thousands)		
T.K. Maxx	11,516	10,987
Homesense	883	748
T.K. Maxx Australia	762	654
Total	13,161	12,389

Net sales for TJX International increased 24% for the first quarter of fiscal 2019 as compared to the same period last year. The quarterly increase reflects a 14% positive impact from currency translation, a 9% increase from new store sales and a 1% increase in comp sales. The increase in comp sales for the period was driven by an increase in customer traffic, and a slight increase in the value of the average transaction.

Segment profit margin increased to 3.4% for the first quarter of fiscal 2019 compared to 0.7% for the same period last year. The increase in segment margin reflects a 2.3 percentage point favorable impact due to foreign currency, primarily the mark-to-market impact of the inventory derivatives as well as operating expense leverage in T.K. Maxx Australia.

#### General corporate expense

Dollars in millions	Thirteen Weeks Ended	
	May 5, 2018	April 29, 2017
General corporate expense	\$ 104.1	\$ 106.6

General corporate expense for segment reporting purposes represents those costs not specifically related to the operations of our business segments. General corporate expenses are primarily included in SG&A expenses, except for the mark-to-market adjustment of our fuel hedges, which is included in cost of sales, including buying and occupancy costs.

General corporate expense for the quarter was relatively flat compared to the same period last year.

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## **Analysis of Financial Condition**

### *Liquidity and Capital Resources*

Our liquidity requirements have traditionally been funded through cash generated from operations, supplemented, as needed, by short-term bank borrowings and the issuance of commercial paper. As of May 5, 2018, there were no short-term bank borrowings or commercial paper outstanding.

We believe our existing cash and cash equivalents, internally generated funds and our credit facilities, described in Note I – Long Term Debt and Credit Lines of Notes to Consolidated Financial Statements, are more than adequate to meet our operating needs over the next fiscal year.

As of May 5, 2018, we held \$2.7 billion in cash and \$0.4 billion in short-term investments. Approximately \$1.5 billion of our cash was held by our foreign subsidiaries with \$0.3 billion held in countries where we provisionally intend to indefinitely reinvest any undistributed earnings. We have provided for all applicable state and foreign withholding taxes on all undistributed earnings of its foreign subsidiaries in Canada, Puerto Rico, Italy, India, Hong Kong and Vietnam through May 5, 2018. If we repatriate cash from such subsidiaries, we should not incur additional tax expense and our cash would be reduced by the amount of withholding taxes paid. We expect to repatriate more than \$1 billion in cash from our subsidiary in Canada during fiscal 2019. Additionally, as part of the 2017 Tax Act we recorded a transition tax related to the undistributed earnings of our foreign subsidiaries of \$193 million which was accrued in fiscal 2018 and is payable over 8 years.

**Operating activities:** Net cash provided by operating activities was \$0.7 billion for the three months ended May 5, 2018 and \$0.4 billion for the three months ended April 29, 2017. The cash generated from operating activities in each of these fiscal quarters was primarily due to operating earnings.

Operating cash flows for the first three months of fiscal 2019 increased by \$0.3 billion compared to the first three months of fiscal 2018 driven by increased operating earnings. Net income, adjusted for non-cash items increased operating cash flows in the first quarter of fiscal 2019 as compared to the first quarter of fiscal 2018 by \$0.4 billion. This increase in cash flows was partially offset by a \$0.1 billion decrease in cash flows related to taxes payable and merchandise inventories, net of related accounts payable.

Operating cash flows for the first three months of fiscal 2018 were flat compared to the first three months of fiscal 2017. Net income, adjusted for non-cash items for the fiscal 2018 first quarter was flat compared to the fiscal 2017 first quarter. Merchandise inventories, net of accounts payable and income taxes payable each increased cash flows by \$0.1 billion. These cash flows were fully offset by \$0.2 billion in cash flows related to accrued expenses and other liabilities driven by increased payments for incentive compensation, payroll withholdings and sales taxes during the first quarter of fiscal 2018.

**Investing activities:** Net cash used in investing activities resulted in net cash outflows of \$0.2 billion for the three months ended May 5, 2018 and \$0.2 billion for the three months ended April 29, 2017. The cash outflows for both periods were primarily driven by capital expenditures.

Investing activities in the first three months of fiscal 2019 primarily reflected property additions for new stores, store improvements and renovations and investment in our home offices and our distribution network (including buying and merchandising systems and information systems). Cash outflows for property additions were \$0.3 billion in the first three months of both fiscal 2019 and 2018. We anticipate that capital spending for fiscal 2019 will be approximately \$1.4 billion. We plan to fund these expenditures through internally generated funds.

We purchased \$0.1 billion of investments in the first three months of fiscal 2019 versus \$0.2 billion in the comparable prior year period. These cash outflows were offset by \$0.2 billion of investments that were sold or matured in the first three months of fiscal 2019 and \$0.3 billion in the prior year, respectively. This activity primarily related to short-term investments which had initial maturities in excess of 90 days and, per our policy, are not classified as cash on the consolidated balance sheets presented.

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**Financing activities:** Net cash used in financing activities resulted in net cash outflows of \$0.5 billion in the first three months of fiscal and 2019. These cash outflows were primarily driven by equity repurchases and dividend payments.

#### *Equity*

We repurchased and retired 4.9 million shares of our common stock at a cost of \$0.4 billion during the first three months of fiscal 2019, on a “trade date basis.” We reflect stock repurchases in our financial statements on a “settlement date” or cash basis. Under our stock repurchase programs, we paid \$0.4 billion to repurchase 4.8 million shares of our stock in the first three months of fiscal 2019. These outflows were partially offset by \$0.1 billion in proceeds from the exercise of employee stock options, net of shares withheld for taxes in the first three months of fiscal 2019. We paid \$0.3 billion to repurchase 4.5 million shares in the first three months of fiscal 2018. For further information regarding equity repurchases, see Note D – Capital Stock and Earnings Per Share of Notes to Consolidated Financial Statements.

In February 2018, we announced that our Board of Directors approved an additional repurchase program authorizing the repurchase of up to an additional \$3.0 billion of TJX stock. We currently plan to repurchase approximately \$2.5 billion to \$3.0 billion of stock under our stock repurchase programs in fiscal 2019. We determine the timing and amount of repurchases based on our assessment of various factors including excess cash flow, liquidity, economic and market conditions, our assessment of prospects for our business, legal requirements and other factors. The timing and amount of these purchases may change.

#### *Dividends*

We declared quarterly dividends on our common stock which totaled \$0.39 per share in the first three months of fiscal 2019 and \$0.3125 per share in the first three months of fiscal 2018. Cash payments for dividends on our common stock totaled \$0.2 million for both the first three months of fiscal 2019 and fiscal 2018.

#### **Recently Issued Accounting Pronouncements**

For a discussion of accounting standards, see Note A - Basis of Presentation and Summary of Significant Accounting Policies of Notes to Consolidated Financial Statements included in TJX’s Annual Report on Form 10-K for the fiscal year ended February 3, 2018 and Note A - Basis of Presentation and Summary of Significant Accounting Policies of Notes to Condensed Consolidated Financial Statements in this Form 10-Q.

#### **Forward-looking Statements**

Various statements made in this Quarterly Report on Form 10-Q are forward-looking and involve a number of risks and uncertainties. All statements that address activities, events or developments that we intend, expect or believe may occur in the future are forward-looking statements. The following are some of the factors that could cause actual results to differ materially from the forward-looking statements: execution of buying strategy and inventory management; operational and business expansion and management of large size and scale; customer trends and preferences; various marketing efforts; competition; personnel recruitment, training and retention; labor costs and workforce challenges; data security; information systems and implementation of new technologies; economic conditions and consumer spending; adverse or unseasonable weather; serious disruptions or catastrophic events; corporate and retail banner reputation; quality, safety and other issues with our merchandise; compliance with laws, regulations and orders and changes in laws, regulations and applicable accounting standards; expanding international operations; merchandise sourcing and transport; commodity availability and pricing; fluctuations in currency exchange rates; fluctuations in quarterly operating results and market expectations; mergers, acquisitions, or business investments and divestitures, closings or business consolidations; outcomes of litigation, legal proceedings and other legal or regulatory matters; tax matters; disproportionate impact of disruptions in the second half of the fiscal year; real estate activities; inventory or asset loss; cash flow and other factors that may be described in our filings with the Securities and Exchange Commission, including our most recent Annual Report on Form 10-K filed with the Securities and Exchange Commission. We do not undertake to publicly update or revise our forward-looking statements even if experience or future changes make it clear that any projected results expressed or implied in such statements will not be realized.

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**Item 3. Quantitative and Qualitative Disclosures about Market Risk.**

There have been no material changes in our primary risk exposures or management of market risks from those disclosed in our Form 10-K for the fiscal year ended February 3, 2018.

**Item 4. Controls and Procedures.**

We have carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures as of May 5, 2018 pursuant to Rules 13a-15(b) and 15d-15(b) of the Securities Exchange Act of 1934, as amended (the "Act"). Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures are effective at the reasonable assurance level in ensuring that information required to be disclosed by us in the reports that we file or submit under the Act is (i) recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission's rules and forms; and (ii) accumulated and communicated to our management, including our principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosures. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applies its judgment in evaluating the cost-benefit relationship of implementing controls and procedures.

There were no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Act) during the fiscal quarter ended May 5, 2018 identified in connection with the evaluation by our management, including our Chief Executive Officer and Chief Financial Officer, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

**PART II—OTHER INFORMATION****Item 1. Legal Proceedings.**

Not applicable

**Item 1A. Risk Factors.**

There have been no material changes to the risk factors disclosed in the "Risk Factors" section of our Annual Report on Form 10-K for the year ended February 3, 2018, as filed with the Securities Exchange Commission on April 4, 2018.

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**Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.***Information on Share Repurchases*

The number of shares of common stock repurchased by TJX during the first quarter of fiscal 2019 and the average price paid per share are as follows:

	Total Number of Shares Repurchased (1)	Average Price Paid Per Share (2)	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs(3)	Approximate Dollar Value of Shares that May Yet be Purchased Under the Plans or Programs(4)
February 4, 2018 through March 3, 2018	971,931	\$ 77.17	971,931	\$ 4,060,779,864
March 4, 2018 through April 7, 2018	2,130,812	\$ 82.25	2,127,698	\$ 3,885,779,873
April 8, 2018 through May 5, 2018	1,945,452	\$ 83.38	1,798,963	\$ 3,735,779,860
Total:	5,048,195		4,898,592	

- (1) Consists of shares repurchased under publicly announced stock repurchase programs and 149,603 shares surrendered to satisfy tax withholding obligations in connection with the vesting of restricted stock awards.
- (2) Includes commissions for the shares repurchased under stock repurchase programs.
- (3) Consists of shares repurchased under publicly announced stock repurchase programs.
- (4) In February 2018, the Company announced that its Board of Directors had approved a new stock repurchase program that authorizes the repurchase of up to an additional \$3.0 billion of TJX common stock from time to time. In February 2017, TJX announced stock repurchase programs authorizing an additional \$1.0 billion in repurchases, under which \$736 million remained available as of May 5, 2018.

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**Item 6. Exhibits.**

- 10.1 [Form of Performance Share Unit Award granted under the Stock Incentive Plan as of April 3, 2018.\\*](#)
- 10.2 [Form of Restricted Stock Unit Award granted under the Stock Incentive Plan as of April 3, 2018.\\*](#)
- 31.1 [Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.](#)
- 31.2 [Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.](#)
- 32.1 [Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.](#)
- 32.2 [Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.](#)
- 101 The following materials from The TJX Companies, Inc.'s Quarterly Report on Form 10-Q for the quarter ended May 5, 2018, formatted in XBRL (Extensible Business Reporting Language): (i) the Consolidated Statements of Income, (ii) the Consolidated Statements of Comprehensive Income, (iii) the Consolidated Balance Sheets, (iv) the Consolidated Statements of Cash Flows, (v) the Consolidated Statement of Shareholders' Equity, and (vi) Notes to Consolidated Financial Statements.

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\* Management contract or compensatory plan or arrangement.

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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: June 1, 2018

/s/ Scott Goldenberg  
\_\_\_\_\_  
Scott Goldenberg, Chief Financial Officer  
(Principal Financial and Accounting Officer)

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Exhibit Index

- 10.1 Form of Performance Share Unit Award granted under the Stock Incentive Plan as of April 3, 2018.\*
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- 32.1 Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
- 32.2 Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
- 101 The following materials from The TJX Companies, Inc.'s Quarterly Report on Form 10-Q for the quarter ended May 5, 2018, formatted in XBRL (Extensible Business Reporting Language): (i) the Consolidated Statements of Income, (ii) the Consolidated Statements of Comprehensive Income, (iii) the Consolidated Balance Sheets, (iv) the Consolidated Statements of Cash Flows, (v) the Consolidated Statement of Shareholders' Equity, and (vi) Notes to Consolidated Financial Statements.

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\* Management contract or compensatory plan or arrangement.

**THE TJX COMPANIES, INC.  
FORM OF PERFORMANCE SHARE UNIT AWARD  
GRANTED UNDER STOCK INCENTIVE PLAN**

[ ]

This certificate evidences an award (the "Award") of performance share units ("PSUs") granted to the grantee named below ("Grantee") under the Stock Incentive Plan (the "Plan") of The TJX Companies, Inc. (the "Company"). The Award is subject to the terms and conditions of the Plan, the provisions of which, as from time to time amended, are incorporated by reference in this certificate. Terms defined in the Plan are used in this certificate as so defined; terms not defined in the Plan shall have the meanings specified herein.

The Award consists of the right to receive, on the terms provided herein and in the Plan, one share of Stock with respect to each performance share unit forming part of the Award, subject to adjustment pursuant to Section 3 of the Plan.

- 1. **Grantee:** [ ]
- 2. **Target Number of PSUs Subject to the Award:** [ ]
- 3. **Date of Award:** [ ]

4. **Vesting and Settlement of Award:** Except as provided in Section 5, the Award shall become earned and shall vest, if at all, as to the target number of PSUs multiplied by the product of the percentage determined under Section 4(a) (Performance conditions) multiplied by the percentage determined under Section 4(b) (Service conditions):

[ ]

As soon as practicable and in all events within [ ] days following the applicable Settlement Date, the Company shall transfer to Grantee (or, if Grantee has died, to Grantee's Beneficiary) the shares of Stock underlying the portion of the Award that has become earned and vested hereunder.

- 5. **Change of Control:** Upon the occurrence of a Change of Control occurring while any portion of the Award is outstanding, the following provisions shall apply:
  - a) Upon consummation of the Change of Control, if the Committee does not provide for Rollover Awards as described in Section 5(b) below, the Award to the extent outstanding immediately prior to consummation of the Change of Control shall be deemed earned and vested on the basis that each of the Section 4(a) percentage and the Section 4(b) percentage was, as of immediately prior to consummation of the Change of Control, one hundred percent (100%).
  - b) The Committee in its discretion may, but shall not be required to, provide in connection with the Change of Control that, in lieu of the acceleration described in Section 5(a) above, the Award (including for purposes of this Section 5(b) any replacement award or any arrangement involving stock, cash or other property into which the Award may be converted or for which it may be exchanged in connection with the Change of Control) (the Award or any such replacement award or other arrangement, the "Rollover Award") shall be continued on such terms and conditions as the Committee considers appropriate in the circumstances to reflect the transaction, subject to the following provisions of this Section 5(b). With respect to any Rollover Award, in lieu of the application of Section 5(a) above, (i) the Section 4(a) percentage shall at all times from and after the Change of Control be deemed to be one hundred percent (100%), and (ii) Section 4(b) shall be applied without modification except that in the event of and upon the qualifying termination of Grantee's employment occurring upon or within twenty-four months following the Change of Control, the Section 4(b) percentage shall not be less than one hundred percent (100%).

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For purposes of this Section 5(b), “qualifying termination” shall mean either of the following: (i) an involuntary termination (other than for Cause) by the Company or a Subsidiary of Grantee’s employment with the Company and its Subsidiaries (including any successors thereto or affiliates of such successor) or (ii) a termination of Grantee’s employment by reason of death or Disability. If immediately prior to the Change of Control, Grantee is party to an employment, severance or similar agreement with the Company or a Subsidiary, or is eligible to participate in a Company plan, in each case that has been approved by the Committee and that provides for severance or similar benefits upon a voluntary termination for “good reason” in connection with a change of control of the Company, a “qualifying termination” for purposes of this Section 5(b) shall also include a voluntary termination by Grantee for “good reason” (as defined in the applicable agreement or plan).

As soon as practicable and in all events within [ ] days following the applicable Settlement Date the Company shall transfer to Grantee (or, if Grantee has died, to Grantee’s Beneficiary) the shares of Stock underlying the earned and vested portion of the Award; it being understood that if the Settlement Date is the Change of Control, the Company shall transfer such shares of Stock immediately prior to the consummation of such Change of Control. All references to the Committee in this Section 5 shall be construed to refer to the Committee as constituted and acting prior to consummation of the Change of Control. For the avoidance of doubt, no Committee action permitted by this Section 5 will be treated as an action requiring Grantee’s consent under Section 10 of the Plan.

6. **Termination of Employment:** Subject to the provisions of Section 5, in the event of the termination of the employment of Grantee with the Company and its Subsidiaries for any reason prior to the earlier of the Certification Date and the consummation of a Change of Control:
- a) one hundred percent (100%) of the Award, less the percentage of the Award described in Section 4(b), shall be immediately and automatically forfeited upon termination of employment; and
  - b) if greater than zero percent (0%), the percentage of the Award described in Section 4(b) shall (except in the event of termination due to death or Disability) remain eligible to be earned (and shall be earned, if at all) on the first to occur of (i) the consummation of the Change of Control, by applying one hundred percent (100%) as the relevant Section 4(a) percentage or (ii) the Certification Date, by applying as the relevant Section 4(a) percentage the percentage (if greater than zero) then certified by the Committee, provided that any such portion of the Award that is not earned on the Certification Date and that has not previously been forfeited shall be immediately and automatically forfeited on the Certification Date. In the event of the termination of the employment of Grantee with the Company and its Subsidiaries by reason of death or Disability occurring prior to the earlier of the Certification Date and the consummation of a Change of Control, the percentage of the Award described in Section 4(b) shall be earned as of immediately prior to such termination by applying one hundred percent (100%) as the relevant Section 4(a) percentage.

With respect to any Rollover Award under Section 5(b), in the event of the termination of the employment of Grantee with the Company and its Subsidiaries prior to [ ], the portion of the Rollover Award that is not then earned and vested (determined after giving effect to any vesting provided in Section 4(b) or 5(b)) shall be immediately and automatically forfeited. Notwithstanding the foregoing, upon a termination of Grantee’s employment for Cause (as defined in the Plan) all portions of the Award then outstanding, whether vested or unvested and whether or not earned, shall immediately and automatically be forfeited and cancelled in their entirety.

7. **Additional Forfeiture Conditions:**

[ ]

8. **Certain Definitions:** For purposes of this Award, the following definitions shall apply:

- 
- a) "Beneficiary": the beneficiary or beneficiaries designated by Grantee in writing, any such designation to be in such form, and delivered prior to Grantee's death to such person at the Company, as may be specified by the Company, or, in the absence of any surviving beneficiary so designated, the legal representative of Grantee's estate.
  - b) "Certification Date": as defined in Section 4(a) above
  - c) "Performance Period": [            ]
  - d) "Rollover Award": as defined in Section 5(b) above.
  - e) "Section 409A": Section 409A of the Code.
  - f) "Settlement Date": the date on or following and by reference to which any vested performance share units subject to an Award are to be settled, if at all, in whole or in part, through the delivery of shares of Stock. [            ]

For the avoidance of doubt, in determining Grantee's entitlements, if any, under this Award, all determinations related to Grantee's termination of employment (including, but not limited to, the reason therefor) shall be made in accordance with Plan terms (including, but not limited to, Section 9 of the Plan or any successor provision).

- 9. **Rights as Shareholder:** Grantee shall have no voting or other shareholder rights in respect of any share of Stock subject to the Award solely by reason of the granting or holding of the Award. Grantee shall have the rights of a shareholder, including without limitation dividend rights, only as to those shares of Stock, if any, that are actually delivered under the Award.
- 10. **Unsecured Obligation; No Transfers:** The Award is unfunded and unsecured, and Grantee's rights to any shares of Stock or other property (including cash) hereunder shall be no greater than those of an unsecured general creditor of the Company. The Award may not be assigned, transferred, pledged, hypothecated or otherwise disposed of, except for disposition at death as provided above, and will automatically lapse and be forfeited upon any attempt at any such assignment, transfer, pledge, hypothecation or other disposition.
- 11. **Section 409A:** The Award and the Dividend Equivalent Payment, if any, described in Section 13 below are intended to constitute arrangements that qualify for exemption from the requirements of Section 409A and shall be construed accordingly. Notwithstanding the foregoing, neither the Company, nor any other person acting on behalf of the Company, will be liable to Grantee or any other person by reason of any acceleration of income, or any additional tax (including any interest and penalties), asserted with respect to the Award or the Dividend Equivalent Payment by reason of the failure of the Award or the Dividend Equivalent Payment to satisfy the applicable requirements of Section 409A in form or in operation.
- 12. **Withholding:** Grantee shall, no later than the date as of which any shares of Stock or other amounts provided hereunder first become includable in the gross income of Grantee for U.S. Federal or other income tax purposes or as wages subject to employment taxes, pay to the Company, or make arrangements satisfactory to the Committee regarding payment of, any national, federal, state, or local taxes of any kind required by law to be withheld with respect to such income. The Company in its discretion may, but need not, satisfy any withholding obligation by withholding a portion of the shares of Stock to be delivered to Grantee hereunder up to the maximum extent permitted under the Plan.
- 13. **Dividend Equivalent Payment:** Upon the delivery of any shares of Stock in respect of any vested performance share units subject hereto, Grantee shall be entitled to a cash payment by the Company in an amount equal to the amount that Grantee would have received, if any, as a regular cash dividend had Grantee held such shares of Stock from the Date of Award to the date such shares of Stock are delivered hereunder, less all applicable taxes and withholding obligations. Any such

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payment shall be paid, if at all, without interest on the date such shares of Stock are delivered hereunder.

14. **Additional Provisions:** If, at or after the time of grant or vesting of the Award or while holding or selling Stock received under the Plan, Grantee resides or works in, or moves to or otherwise becomes subject to the laws of or Company policies with respect to, the countries or jurisdictions listed below, the following additional provisions, as applicable, shall apply to Grantee:

[        ]

15. **Governing Law and Forum:** Grantee acknowledges that the Plan is administered in the United States and the terms and conditions of this certificate shall be governed by and interpreted, construed, and enforced in accordance with the laws of the Commonwealth of Massachusetts without regard to its or any other jurisdiction's conflicts of laws provisions. For purposes of resolving any dispute that may arise directly or indirectly from this certificate, the parties hereby submit and consent to the exclusive jurisdiction of the Commonwealth of Massachusetts in the United States and agree that any litigation shall be conducted only in the United States District Court for the District of Massachusetts or a court of the Commonwealth of Massachusetts.

16. **Other:** By signing this Award in the space indicated below, Grantee hereby acknowledges and agrees as follows: (i) that Grantee has received the Plan text and will become a party to and be subject to the terms of the Plan; (ii) that Grantee's abovementioned participation is voluntary and that Grantee has not been induced to participate by expectation of employment or continued employment; and (iii) that Grantee has reviewed the terms and conditions set forth in this certificate and that this Award shall be deemed to satisfy fully any entitlement to receive a grant or grants of any stock options, stock awards or other equity-based awards that Grantee may have under an employment or similar agreement, including but not limited to an offer letter or other contract for employment, a restrictive covenant or similar agreement, or any other agreement with, or a policy or practice of, the Company or its Subsidiaries in effect on the Date of Award.

**THE TJX COMPANIES, INC.**

BY: \_\_\_\_\_

Agreed: \_\_\_\_\_

Date:

**THE TJX COMPANIES, INC.  
FORM OF RESTRICTED STOCK UNIT AWARD  
GRANTED UNDER STOCK INCENTIVE PLAN**

[ ]

This certificate evidences an award (the "Award") of restricted stock units granted to the grantee named below ("Grantee") under the Stock Incentive Plan (the "Plan") of The TJX Companies, Inc. (the "Company"). The Award is subject to the terms and conditions of the Plan, the provisions of which, as from time to time amended, are incorporated by reference in this certificate. Terms defined in the Plan are used in this certificate as so defined; terms not defined in the Plan shall have the meanings specified herein.

The Award consists of the right to receive, on the terms provided herein and in the Plan, one share of Stock with respect to each restricted stock unit forming part of the Award, subject to adjustment pursuant to Section 3 of the Plan.

- 1. **Grantee:** [ ]
- 2. **Number of Restricted Stock Units Subject to the Award:** [ ]
- 3. **Date of Award:** [ ]

4. **Vesting and Settlement of Award:** Except as provided in Section 5, the Award shall vest as follows:  
[ ]

As soon as practicable and in all events within [ ] days following the applicable Settlement Date, the Company shall transfer to Grantee (or, if Grantee has died, to Grantee's Beneficiary) the shares of Stock underlying the vested portion of the Award.

- 5. **Change of Control:** Upon the occurrence of a Change of Control occurring while any portion of the Award is outstanding, the provisions of this Section 5 shall apply to the Award in lieu of the provisions of Section 4:
  - a) Upon consummation of the Change of Control, if the Committee does not provide for Rollover Awards as described in Section 5(b) below, any portion of the Award that was outstanding immediately prior to consummation of the Change of Control shall be deemed vested in its entirety.
  - b) The Committee in its discretion may, but shall not be required to, provide in connection with the Change of Control that, in lieu of the acceleration described in Section 5(a) above, the Award (including for purposes of this Section 5(b) any replacement award or any arrangement involving stock, cash or other property into which the Award may be converted or for which it may be exchanged in connection with the Change of Control) (the Award or any such replacement award or other arrangement, the "Rollover Award") shall be continued on such terms and conditions as the Committee considers appropriate in the circumstances to reflect the transaction and consistent with Section 409A, subject to the following provisions of this Section 5(b). With respect to any Rollover Award, Section 4 shall be applied without modification, except that in the event of and upon the qualifying termination of Grantee's employment occurring upon or within twenty-four months following the Change of Control, the Rollover Award shall provide for accelerated vesting of any unvested portion of the Rollover Award.

For purposes of this Section 5(b), "qualifying termination" shall mean either of the following: (i) an involuntary termination (other than for Cause) by the Company or a Subsidiary of Grantee's employment with the Company and its Subsidiaries (including any successors thereto or affiliates of such successor) or (ii) a termination of Grantee's employment by

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reason of death or Disability. If immediately prior to the Change of Control Grantee is party to an employment, severance or similar agreement with the Company or a Subsidiary, or is eligible to participate in a Company plan, in each case that has been approved by the Committee and that provides for severance or similar benefits upon a voluntary termination for “good reason” in connection with a change of control of the Company, a “qualifying termination” for purposes of this Section 5(b) shall also include a voluntary termination by Grantee for “good reason” (as defined in the applicable agreement or plan).

As soon as practicable and in all events within [ ] days following the applicable Settlement Date the Company shall transfer to Grantee (or, if Grantee has died, to Grantee’s Beneficiary) the shares of Stock underlying the vested portion of the Award; it being understood that if the Settlement Date is the Change of Control, the Company shall transfer such shares of Stock immediately prior to the consummation of such Change of Control. All references to the Committee in this Section 5 shall be construed to refer to the Committee as constituted and acting prior to consummation of the Change of Control. For the avoidance of doubt, no Committee action permitted by this Section 5 will be treated as an action requiring Grantee’s consent under Section 10 of the Plan.

6. **Termination of Employment:** In the event of the termination of the employment of Grantee with the Company and its Subsidiaries for any reason prior to [ ], the Award, to the extent not then vested (taking into account any vesting by reason of the application of Section 4(b) or Section 5) and to the extent not previously forfeited, shall immediately and automatically be forfeited. Notwithstanding the foregoing, upon a termination of Grantee’s employment for Cause (as defined in the Plan) all portions of the Award then outstanding, whether vested or unvested, shall immediately and automatically be forfeited and cancelled in their entirety.

7. **Additional Forfeiture Conditions:**

[ ]

8. **Certain Definitions:** For purposes of this Award, the following definitions shall apply:

- a) “409A Award Portion”: any portion of the Award that at the relevant time is subject to (and not exempt from) the applicable requirements of Section 409A.
- b) “Beneficiary”: the beneficiary or beneficiaries designated by Grantee in writing, any such designation to be in such form, and delivered prior to Grantee’s death to such person at the Company, as may be specified by the Company, or, in the absence of any surviving beneficiary so designated, the legal representative of Grantee’s estate.
- c) “Non-409A Award Portion”: any portion of the Award that at the relevant time is exempt from the requirements of Section 409A.
- d) “Required Delay: a delay in the Settlement Date of six months and one day (or until death if earlier) in any case where settlement of the 409A Award Portion is due to separation from service (as defined below), if Grantee at the relevant time is a “specified employee” as determined in accordance with Section 409A and Company policy.
- e) “Rollover Award”: as defined in Section 5(b) above.
- f) “Section 409A”: Section 409A of the Code.
- g) “Settlement Date”: the date on or following and by reference to which any vested restricted stock units subject to an Award are to be settled, if at all, in whole or in part, through the delivery of shares of Stock. [ ]

For the avoidance of doubt, in determining Grantee’s entitlements, if any, under this Award, all determinations related to Grantee’s termination of employment (including, but not limited to, the

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reason therefor) shall be made in accordance with Plan terms (including, but not limited to, Section 9 of the Plan or any successor provision).

9. **Rights as Shareholder:** Grantee shall have no voting or other shareholder rights in respect of any share of Stock subject to the Award solely by reason of the granting or holding of the Award. Grantee shall have the rights of a shareholder, including without limitation dividend rights, only as to those shares of Stock, if any, that are actually delivered under the Award.
10. **Unsecured Obligation; No Transfers:** The Award is unfunded and unsecured, and Grantee's rights to any shares of Stock or other property (including cash) hereunder shall be no greater than those of an unsecured general creditor of the Company. The Award may not be assigned, transferred, pledged, hypothecated or otherwise disposed of, except for disposition at death as provided above, and will automatically lapse and be forfeited upon any attempt at any such assignment, transfer, pledge, hypothecation or other disposition.
11. **Section 409A:** The Award and the Dividend Equivalent Payment, if any, described in Section 13 below are intended to constitute arrangements that qualify for exemption from, or otherwise comply with, the requirements of Section 409A and shall be construed accordingly. For this purpose any termination of employment, retirement or correlative term applicable to a 409A Award Portion shall require a separation from service as defined in Section 409A. Notwithstanding the foregoing, neither the Company, nor any other person acting on behalf of the Company, will be liable to Grantee or any other person by reason of any acceleration of income, or any additional tax (including any interest and penalties), asserted with respect to the Award or the Dividend Equivalent Payment by reason of the failure of the Award or the Dividend Equivalent Payment to satisfy the applicable requirements of Section 409A in form or in operation.
12. **Withholding:** Grantee shall, no later than the date as of which any shares of Stock or other amounts provided hereunder first become includable in the gross income of Grantee for U.S. Federal or other income tax purposes or as wages subject to employment taxes, pay to the Company, or make arrangements satisfactory to the Committee regarding payment of, any national, federal, state, or local taxes of any kind required by law to be withheld with respect to such income. The Company in its discretion may, but need not, satisfy any withholding obligation by withholding a portion of the shares of Stock to be delivered to Grantee hereunder up to the maximum extent permitted under the Plan.
13. **Dividend Equivalent Payment:** Upon the delivery of any shares of Stock in respect of any vested restricted stock units subject hereto, Grantee shall be entitled to a cash payment by the Company in an amount equal to the amount that Grantee would have received, if any, as a regular cash dividend had Grantee held such shares of Stock from the Date of Award to the date such shares of Stock are delivered hereunder, less all applicable taxes and withholding obligations. Any such payment shall be paid, if at all, without interest on the date such shares of Stock are delivered hereunder.
14. **Additional Provisions:** If, at or after the time of grant or vesting of the Award or while holding or selling Stock received under the Plan, Grantee resides or works in, or moves to or otherwise becomes subject to the laws of or Company policies with respect to, the countries or jurisdictions listed below, the following additional provisions, as applicable, shall apply to Grantee:  
[            ]
15. **Governing Law and Forum:** Grantee acknowledges that the Plan is administered in the United States and the terms and conditions of this certificate shall be governed by and interpreted, construed, and enforced in accordance with the laws of the Commonwealth of Massachusetts without regard to its or any other jurisdiction's conflicts of laws provisions. For purposes of resolving any dispute that may arise directly or indirectly from this certificate, the parties hereby submit and consent to the exclusive jurisdiction of the Commonwealth of Massachusetts in the United States and agree that any litigation shall be conducted only in the United States District Court for the District of Massachusetts or a court of the Commonwealth of Massachusetts.

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16. **Other:** By signing this Award in the space indicated below, Grantee hereby acknowledges and agrees as follows: (i) that Grantee has received the Plan text and will become a party to and be subject to the terms of the Plan; (ii) that Grantee's abovementioned participation is voluntary and that Grantee has not been induced to participate by expectation of employment or continued employment; and (iii) that Grantee has reviewed the terms and conditions set forth in this certificate and that this Award shall be deemed to satisfy fully any entitlement to receive a grant or grants of any stock options, stock awards or other equity-based awards that Grantee may have under an employment or similar agreement, including but not limited to an offer letter or other contract for employment, a restrictive covenant or similar agreement, or any other agreement with, or a policy or practice of, the Company or its Subsidiaries in effect on the Date of Award.

**THE TJX COMPANIES, INC.**

BY: \_\_\_\_\_

Agreed: \_\_\_\_\_

Date:

## Section 302 Certification

CERTIFICATION

I, Ernie Herrman, certify that:

1. I have reviewed this quarterly report on Form 10-Q of The TJX Companies, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: June 1, 2018

/s/ Ernie Herrman

Name: Ernie Herrman

Title: Chief Executive Officer and President

## Section 302 Certification

CERTIFICATION

I, Scott Goldenberg, certify that:

1. I have reviewed this quarterly report on Form 10-Q of The TJX Companies, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: June 1, 2018

/s/ Scott Goldenberg

Name: Scott Goldenberg

Title: Chief Financial Officer

**CERTIFICATION PURSUANT TO  
SECTION 1350, CHAPTER 63 OF TITLE 18, UNITED STATES CODE,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

Pursuant to Section 1350, Chapter 63 of Title 18, United States Code, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned, as Chief Executive Officer of The TJX Companies, Inc. (the "Company"), does hereby certify that to my knowledge:

1. the Company's Form 10-Q for the fiscal quarter ended May 5, 2018 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. the information contained in the Company's Form 10-Q for the fiscal quarter ended May 5, 2018 fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Ernie Herrman

Name: Ernie Herrman

Title: Chief Executive Officer and President

Dated: June 1, 2018

**CERTIFICATION PURSUANT TO  
SECTION 1350, CHAPTER 63 OF TITLE 18, UNITED STATES CODE,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

Pursuant to Section 1350, Chapter 63 of Title 18, United States Code, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned, as Chief Financial Officer of The TJX Companies, Inc. (the "Company"), does hereby certify that to my knowledge:

1. the Company's Form 10-Q for the fiscal quarter ended May 5, 2018 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. the information contained in the Company's Form 10-Q for the fiscal quarter ended May 5, 2018 fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Scott Goldenberg

Name: Scott Goldenberg

Title: Chief Financial Officer

Dated: June 1, 2018