

TJX COMPANIES INC /DE/
Form 10-Q
May 25, 2012

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

FORM 10-Q

(mark one)

Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the quarterly period ended April 28, 2012

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

The TJX Companies, Inc.

(Exact name of registrant as specified in its charter)

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DELAWARE
(State or other jurisdiction of

04-2207613
(I.R.S. Employer

incorporation or organization)

Identification No.)

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

01701
(Zip Code)

(508) 390-1000

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES 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 or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer, and smaller reporting company in Rule 12b-2 of the Exchange Act:

Large Accelerated Filer

Accelerated Filer

Non-Accelerated Filer (Do not check if a smaller reporting company)

Smaller Reporting Company

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 April 28, 2012: 740,952,103

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements.

THE TJX COMPANIES, INC.

STATEMENTS OF INCOME

(UNAUDITED)

AMOUNTS IN THOUSANDS EXCEPT PER SHARE AMOUNTS

	Thirteen Weeks Ended	
	April 28, 2012	April 30, 2011
Net sales	\$ 5,798,086	\$ 5,220,295
Cost of sales, including buying and occupancy costs	4,165,728	3,827,258
Selling, general and administrative expenses	942,126	954,474
Interest expense, net	8,827	8,917
Income before provision for income taxes	681,405	429,646
Provision for income taxes	262,205	163,695
Net income	\$ 419,200	\$ 265,951
Basic earnings per share:		
Net income	\$ 0.56	\$ 0.34
Weighted average common shares basic	742,233	775,956
Diluted earnings per share:		
Net income	\$ 0.55	\$ 0.34
Weighted average common shares diluted	756,016	788,009
Cash dividends declared per share	\$ 0.115	\$ 0.095

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

THE TJX COMPANIES, INC.

STATEMENTS OF OTHER COMPREHENSIVE INCOME

(UNAUDITED)

AMOUNTS IN THOUSANDS

	Thirteen Weeks Ended	
	April 28, 2012	April 30, 2011
Net income	\$ 419,200	\$ 265,951
Other comprehensive income, net of related tax effects:		
Foreign currency translation adjustments	35,255	59,963
Recognition of prior service cost and deferred gains/losses	4,025	992
Total comprehensive income	\$ 458,480	\$ 326,906

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

THE TJX COMPANIES, INC.

BALANCE SHEETS

IN THOUSANDS, EXCEPT SHARE DATA

	April 28, 2012 (unaudited)	January 28, 2012	April 30, 2011 (unaudited)
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 1,563,691	\$ 1,507,112	\$ 1,377,146
Short-term investments	174,872	94,691	85,349
Accounts receivable, net	232,884	204,304	231,119
Merchandise inventories	2,909,805	2,950,523	3,014,809
Prepaid expenses and other current assets	242,069	270,133	227,066
Current deferred income taxes, net	108,495	105,869	72,932
Total current assets	5,231,816	5,132,632	5,008,421
Property at cost:			
Land and buildings	412,540	349,778	337,049
Leasehold costs and improvements	2,385,736	2,311,813	2,214,031
Furniture, fixtures and equipment	3,528,969	3,426,966	3,398,233
Total property at cost	6,327,245	6,088,557	5,949,313
Less accumulated depreciation and amortization	3,507,706	3,382,180	3,384,840
Net property at cost	2,819,539	2,706,377	2,564,473
Property under capital lease, net of accumulated amortization of \$24,383; \$23,824 and \$22,149, respectively	8,189	8,748	10,423
Other assets	263,552	253,913	221,085
Goodwill and tradename, net of amortization	179,983	179,935	180,068
TOTAL ASSETS	\$ 8,503,079	\$ 8,281,605	\$ 7,984,470
LIABILITIES			
Current liabilities:			
Obligation under capital lease due within one year	\$ 3,030	\$ 2,970	\$ 2,798
Accounts payable	1,757,871	1,645,324	1,786,417
Accrued expenses and other current liabilities	1,215,651	1,364,705	1,216,546
Federal, foreign and state income taxes payable	175,164	50,424	96,094
Total current liabilities	3,151,716	3,063,423	3,101,855
Other long-term liabilities	852,760	861,768	716,329
Non-current deferred income taxes, net	382,928	362,501	256,076
Obligation under capital lease, less portion due within one year	9,367	10,147	12,397
Long-term debt, exclusive of current installments	774,495	774,476	774,419
SHAREHOLDERS' EQUITY			
Common stock, authorized 1,200,000,000 shares, par value \$1, issued and outstanding 740,952,103; 746,702,028 and 386,107,203, respectively	740,952	746,702	386,107
Additional paid-in capital			

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Accumulated other comprehensive (loss)	(153,295)	(192,575)	(30,800)
Retained earnings	2,744,156	2,655,163	2,768,087
Total shareholders' equity	3,331,813	3,209,290	3,123,394
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 8,503,079	\$ 8,281,605	\$ 7,984,470

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

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

	Thirteen Weeks Ended	
	April 28, 2012	April 30, 2011
Cash flows from operating activities:		
Net income	\$ 419,200	\$ 265,951
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	120,638	116,228
Loss on property disposals	835	985
Deferred income tax provision (benefit)	10,908	(8,452)
Share-based compensation	14,271	15,448
Excess tax benefits from share-based compensation expense	(8,600)	(17,460)
Changes in assets and liabilities:		
(Increase) in accounts receivable	(27,536)	(28,522)
(Increase) decrease in merchandise inventories	57,521	(209,293)
Decrease in prepaid expenses and other current assets	33,600	32,141
Increase in accounts payable	100,850	80,623
(Decrease) in accrued expenses and other liabilities	(15,254)	(134,987)
Other	(1,875)	30,432
Net cash provided by operating activities	704,558	143,094
Cash flows from investing activities:		
Property additions	(254,261)	(226,053)
Purchase of short-term investments	(92,919)	(27,498)
Sales and maturities of short-term investments	15,362	22,923
Proceeds from repayments on note receivable	263	244
Net cash (used in) investing activities	(331,555)	(230,384)
Cash flows from financing activities:		
Cash payments for debt issuance expenses		(72)
Payments on capital lease obligation	(721)	(650)
Cash payments for repurchase of common stock	(297,259)	(338,324)
Proceeds from issuance of common stock	28,315	79,987
Excess tax benefits from share-based compensation expense	8,600	17,460
Cash dividends paid	(70,760)	(58,614)
Net cash (used in) financing activities	(331,825)	(300,213)
Effect of exchange rate changes on cash	15,401	22,898
Net increase (decrease) in cash and cash equivalents	56,579	(364,605)
Cash and cash equivalents at beginning of year	1,507,112	1,741,751

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Cash and cash equivalents at end of period	\$ 1,563,691	\$ 1,377,146
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The accompanying notes are an integral part of the financial statements.

THE TJX COMPANIES, INC.
STATEMENT OF SHAREHOLDERS' EQUITY

(UNAUDITED)

IN THOUSANDS

	Common Stock Shares	Common Stock Par Value \$1	Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Total
Balance, January 28, 2012	746,702	\$ 746,702	\$	\$ (192,575)	\$ 2,655,163	\$ 3,209,290
Comprehensive income:						
Net income					419,200	419,200
Foreign currency translation adjustments				35,255		35,255
Recognition of prior service cost and deferred gains/losses				4,025		4,025
Total comprehensive income						458,480
Cash dividends declared on common stock					(85,368)	(85,368)
Share-based compensation			14,271			14,271
Adjustment to actual shares issued to effect two-for-one stock split	(983)	(983)			983	
Issuance of common stock under stock incentive plan and related tax effect	2,181	2,181	30,218			32,399
Common stock repurchased	(6,948)	(6,948)	(44,489)		(245,822)	(297,259)
Balance, April 28, 2012	740,952	\$ 740,952	\$	\$ (153,295)	\$ 2,744,156	\$ 3,331,813

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

THE TJX COMPANIES, INC.

NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Note A. Summary of Significant Accounting Policies

Basis of Presentation: The consolidated interim financial statements are unaudited and, in the opinion of management, reflect all normal recurring adjustments, the use of retail statistics, and accruals and deferrals among periods required to match costs properly with the related revenue or activity, considered necessary by The TJX Companies, Inc. (together with its subsidiaries, TJX) for a fair presentation of its financial statements for the periods reported, all in conformity with accounting principles generally accepted in the United States of America (GAAP) consistently applied. The consolidated interim financial statements 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 January 28, 2012 (fiscal 2012).

These interim results are not necessarily indicative of results for the full fiscal year, because 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 January 28, 2012 condensed 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, 2013 (fiscal 2013) and is a 53-week fiscal year. Fiscal 2012 was a 52-week fiscal year.

Share-Based Compensation: Total share-based compensation expense was \$14.3 million for the quarter ended April 28, 2012 and \$15.5 million for the quarter ended April 30, 2011. These amounts include stock option expense as well as restricted and deferred stock amortization. There were options to purchase 1.9 million shares of common stock exercised during the quarter ended April 28, 2012, leaving options to purchase 38.6 million shares of common stock outstanding as of April 28, 2012.

Cash and Cash Equivalents: TJX generally considers highly liquid investments with a maturity of 90 days or less at the date of purchase to be cash equivalents. Investments with maturities greater than 90 days but less than one year at the date of purchase are included in short-term investments. TJX's investments are primarily high-grade commercial paper, institutional money market funds and time deposits with major banks.

Merchandise Inventories: Inventories are stated at the lower of cost or market. TJX uses the retail method for valuing inventories which results in a weighted average cost. TJX utilizes a permanent markdown strategy and lowers the cost value of the inventory that is subject to markdown at the time the retail prices are lowered in the stores. TJX accrues for inventory obligations at the time inventory is shipped. As a result, merchandise inventories on TJX's balance sheet include an accrual for in-transit inventory of \$401.1 million at April 28, 2012, \$395.9 million at January 28, 2012 and \$423.9 million at April 30, 2011. Comparable amounts were reflected in accounts payable at those dates.

New Accounting Standards: There were no new accounting standards issued during the first quarter ended April 28, 2012 that are expected to have a material impact on TJX's financial condition, results of operations or cash flows.

Note B. Dispositions and Reserves related to Former Operations

Consolidation of A.J. Wright: On December 8, 2010, the Board of Directors approved the consolidation of the A.J. Wright division whereby TJX would convert 90 A.J. Wright stores into T.J. Maxx, Marshalls or HomeGoods stores and close A.J. Wright's remaining 72 stores, two distribution centers and home office. The liquidation process commenced in the fourth quarter of fiscal 2011 and was completed during the first quarter of fiscal 2012.

The A.J. Wright consolidation was not classified as a discontinued operation due to TJX's expectation that a significant portion of the sales of the A.J. Wright stores would migrate to other TJX stores. Thus the costs incurred in fiscal 2012 relating to the A.J. Wright consolidation were reflected in continuing operations as part of the A.J. Wright segment. The first quarter of fiscal 2012 included a \$49 million A.J. Wright segment loss which includes operating losses and the cost to close the remaining stores.

Reserves Related to Former Operations: TJX has a reserve for its estimate of future obligations of business operations it has closed, sold or otherwise disposed of. The reserve activity is presented below:

In thousands	Thirteen Weeks Ended	
	April 28, 2012	April 30, 2011
Balance at beginning of year	\$ 45,381	\$ 54,695
Additions to the reserve charged to net income:		
A.J. Wright closing costs		32,686
Interest accretion	215	215
Charges against the reserve:		
Lease-related obligations	(3,516)	(4,882)
Termination benefits and all other	(1,047)	(8,928)
Balance at end of period	\$ 41,033	\$ 73,786

In the first quarter of fiscal 2012, TJX increased the reserve by \$33 million for the estimated cost of closing the A.J. Wright stores that remained open in fiscal 2012 and were not converted to other banners.

The lease-related obligations included in the reserve reflect TJX's estimation of lease costs, net of estimated subtenant income, and the cost of probable claims against TJX for liability, as an original lessee or guarantor of the leases of A.J. Wright and other former TJX businesses, after mitigation of the number and cost of these lease obligations. The actual net cost of these lease-related obligations may differ from TJX's estimate. TJX estimates that the majority of the former operations reserve will be paid in the next three to five years. The actual timing of cash outflows will vary depending on how the remaining lease obligations are actually settled.

TJX may also be contingently liable on up to 13 leases of BJ's Wholesale Club, a former TJX business, and up to five leases of Bob's Stores, also a former TJX business, in addition to leases included in the reserve. The reserve for former operations does not reflect these leases because TJX believes that the likelihood of future liability to TJX is remote.

Note C. Capital Stock and Earnings Per Share

Capital Stock: On January 5, 2012, TJX announced that its Board of Directors approved a two-for-one stock split of its common stock in the form of a stock dividend. One additional share was paid for each share held by holders of record as of the close of business on January 17, 2012. The shares were distributed on February 2, 2012 and resulted in the issuance of 372 million shares of common stock. The balance sheet as of January 28, 2012 has been adjusted to retroactively present the two-for-one stock split. Also, all historical per share amounts and references to common stock activity, as well as basic and diluted share amounts utilized in the calculation of earnings per share, have been adjusted to reflect the split.

During the quarter ended April 28, 2012, TJX repurchased and retired 6.5 million shares of its common stock at a cost of \$250.0 million. TJX reflects stock repurchases in its financial statements on a settlement basis. TJX had cash expenditures under its stock repurchase programs of \$297.3 million for the quarter ended April 28, 2012 and \$338.3 million for the quarter ended April 30, 2011. These expenditures were funded primarily by cash generated from operations.

In February 2012, TJX announced that its Board of Directors approved a stock repurchase program that authorizes the repurchase of up to an additional \$2 billion of TJX common stock from time to time. On a trade date basis, TJX repurchased 0.6 million shares of common stock at a cost of \$25.4 million during the quarter ended April 28, 2012, and \$1,974.6 million remained available at April 28, 2012 under this program. In April 2012, TJX completed the \$1 billion stock repurchase program authorized in February 2011 under which TJX repurchased 32.3 million shares of common stock. All shares repurchased under the stock repurchase programs have been retired.

TJX has five million shares of authorized but unissued preferred stock, \$1 par value.

Earnings per share: The following schedule presents the calculation of basic and diluted earnings per share (EPS) for net income:

In thousands, except per share data	Thirteen Weeks Ended	
	April 28, 2012	April 30, 2011
<i>Basic earnings per share</i>		
Net income	\$ 419,200	\$ 265,951
Weighted average common shares outstanding for basic EPS	742,233	775,956
Basic earnings per share	\$ 0.56	\$ 0.34
<i>Diluted earnings per share</i>		
Net income	\$ 419,200	\$ 265,951
Shares for basic and diluted earnings per share calculations:		
Weighted average common shares outstanding for basic EPS	742,233	775,956
Assumed exercise/vesting of:		
Stock options and awards	13,783	12,053
Weighted average common shares outstanding for diluted EPS	756,016	788,009
Diluted earnings per share	\$ 0.55	\$ 0.34

The weighted average common shares for the diluted earnings per share calculation excludes the impact of any outstanding stock options for which the assumed proceeds per share are in excess of the related fiscal period's average price of TJX's common stock. Such options are excluded because they would have an antidilutive effect. There were no such options to exclude for the quarter ended April 28, 2012 or April 30, 2011.

Note D. 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. When deemed appropriate, TJX seeks to minimize risk from changes in interest and foreign currency exchange rates and fuel costs through the use of derivative financial instruments. 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. TJX does not hedge its net investments in foreign subsidiaries.

Diesel Fuel Contracts: During fiscal 2012 and the first quarter of fiscal 2013, TJX entered into agreements to hedge a portion of its estimated notional diesel requirements for fiscal 2013, based on the diesel fuel expected to be consumed by independent freight carriers transporting the Company's inventory. The hedge agreements outstanding at April 28, 2012 relate to 49% of TJX's estimated notional diesel requirements for the first half of fiscal 2013 and 26% of TJX's estimated notional diesel requirements for the second half of fiscal 2013. These diesel fuel hedge agreements will settle throughout fiscal 2013.

Independent freight carriers transporting the Company's inventory charge TJX a mileage surcharge for diesel fuel price increases as incurred by the carrier. 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. 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 TJX Europe (United Kingdom, Ireland, Germany and Poland), TJX Canada (Canada), Marmaxx 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 April 28, 2012 cover a portion of such actual and anticipated merchandise purchases throughout fiscal 2013. 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.

The following is a summary of TJX's derivative financial instruments, related fair value and balance sheet classification at April 28, 2012:

In thousands	Pay		Receive	Blended Contract Rate	Balance Sheet Location	Current Asset US\$	Current (Liability) US\$	Net Fair Value in US\$ at April 28, 2012
Fair value hedges:								
Intercompany balances, primarily short-term debt and related interest								
	£	40,000	C\$	63,330	1.5833	(Accrued Exp)	\$ (883)	(883)
	zł	80,000	C\$	23,874	0.2984	Prepaid Exp / (Accrued Exp)	135	(762)
		25,000	£	21,335	0.8534	Prepaid Exp	1,427	1,427
		100,292	US\$	134,506	1.3411	Prepaid Exp / (Accrued Exp)	1,411	(138)
	US\$	85,389	£	55,000	0.6441	Prepaid Exp	3,874	3,874
Economic hedges for which hedge accounting was not elected:								
Diesel contracts	Fixed on 615K 1.4M gal per month		Float on 615K 1.4M gal per month		N/A	Prepaid Exp	3,216	3,216
Merchandise purchase commitments								
	C\$	321,256	US\$	324,247	1.0093	Prepaid Exp / (Accrued Exp)	807	(3,504)
	C\$	7,850		6,000	0.7643	Prepaid Exp / (Accrued Exp)	5	(54)
	£	71,404	US\$	113,000	1.5825	(Accrued Exp)	(3,109)	(3,109)
	£	36,475		44,000	1.2063	(Accrued Exp)	(965)	(965)
	US\$	5,719		4,349	0.7604	Prepaid Exp	45	45
Total fair value of financial instruments						\$ 10,920	\$ (9,415)	\$ 1,505

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The following is a summary of TJX's derivative financial instruments, related fair value and balance sheet classification at April 30, 2011:

In thousands	Pay	Receive	Blended Contract Rate	Balance Sheet Location	Current Asset US\$	Current (Liability) US\$	Net Fair Value in US\$ at April 30, 2011
Fair value hedges:							
Intercompany balances, primarily short-term debt and related interest							
	£	C\$	1.5844	Prepaid Exp / (Accrued Exp)	\$ 471	\$ (122)	\$ 349
	70,000	110,907					
		£	0.8506	(Accrued Exp)		(1,367)	(1,367)
	25,000	21,265					
		US\$	1.3322	Prepaid Exp / (Accrued Exp)	13	(9,042)	(9,029)
	65,292	86,985					
	US\$	£	0.6403	Prepaid Exp	5,640		5,640
	85,894	55,000					
Economic hedges for which hedge accounting was not elected:							
Diesel contracts	Fixed on 5.7M gal per month	Float on 5.7M gal per month	N/A	Prepaid Exp	2,008		2,008
Merchandise purchase commitments							
	C\$	US\$	1.0065	(Accrued Exp)		(19,962)	(19,962)
	407,470	410,100					
	C\$		0.7416	Prepaid Exp	308		308
	7,821	5,800					
	£	US\$	1.6140	(Accrued Exp)		(2,876)	(2,876)
	51,736	83,500					
	£		1.2013	Prepaid Exp	620		620
	5,827	7,000					
		US\$	1.3764	(Accrued Exp)		(446)	(446)
	4,323	5,950					
		£	0.8478	(Accrued Exp)		(152)	(152)
	2,359	2,000					
	US\$		0.7247	Prepaid Exp	90		90
	1,257	911					
Total fair value of financial instruments					\$ 9,150	\$ (33,967)	\$ (24,817)

The impact of derivative financial instruments on the statements of income during the first quarter of fiscal 2013 and fiscal 2012 is as follows:

In thousands	Location of Gain (Loss) Recognized in Income by Derivative	Amount of Gain (Loss) Recognized in Income by Derivative	
		April 28, 2012	April 30, 2011
Fair value hedges:			
Intercompany balances, primarily short-term debt and related interest	Selling, general and administrative expenses	\$ 3,652	\$ (3,169)
Economic hedges for which hedge accounting was not elected:			
Diesel fuel contracts	Cost of sales, including buying and occupancy costs	1,517	1,262
Merchandise purchase commitments	Cost of sales, including buying and occupancy costs	(7,856)	(20,243)
Gain (loss) recognized in income		\$ (2,687)	\$ (22,150)

Note E. Disclosures about Fair Value of Financial Instruments

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

In thousands	April 28, 2012	January 28, 2012	April 30, 2011
Level 1			
Assets:			
Executive Savings Plan investments	\$ 91,391	\$ 81,702	\$ 82,826
Level 2			
Assets:			
Short-term investments	\$ 174,872	\$ 94,691	\$ 85,349
Foreign currency exchange contracts	7,704	6,702	7,142
Diesel fuel contracts	3,216	1,698	2,008
Liabilities:			
Foreign currency exchange contracts	\$ 9,415	\$ 4,217	\$ 33,967

The fair value of TJX's general corporate debt, including current installments, 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 April 28, 2012 was \$927.2 million versus a carrying value of \$774.5 million. The fair value of long-term debt as of April 30, 2011 was \$885.2 million versus a carrying value of \$774.4 million. 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.

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

Foreign currency exchange contracts and diesel fuel contracts are valued using broker quotations which include observable market information. 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 derivative instruments are classified within Level 2.

Note F. Segment Information

TJX operates four business segments. In the United States, TJX's two segments are Marmaxx (T.J. Maxx and Marshalls stores) and HomeGoods. The TJX Canada segment operates stores in Canada (Winners, HomeSense and Marshalls), and the TJX Europe segment operates stores in Europe (T.K. Maxx and HomeSense). A.J. Wright ceased to be a segment following its consolidation. 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.

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. In addition, this measure of performance should not be considered an alternative 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	
	April 28, 2012	April 30, 2011
Net sales:		
U.S. segments:		
Marmaxx	\$ 3,889,058	\$ 3,525,209
HomeGoods	595,722	503,283
A.J. Wright ⁽¹⁾		9,229
International segments:		
TJX Canada	640,209	592,069
TJX Europe	673,097	590,505
	\$ 5,798,086	\$ 5,220,295
Segment profit (loss):		
U.S. segments:		
Marmaxx	\$ 604,628	\$ 490,981
HomeGoods	69,433	45,459
A.J. Wright ⁽¹⁾		(49,291)
International segments:		
TJX Canada	71,065	36,083
TJX Europe	11,729	(31,315)
	756,855	491,917
General corporate expenses	66,623	53,354
Interest expense, net	8,827	8,917
Income before provision for income taxes	\$ 681,405	\$ 429,646

(1) The consolidation of the A.J. Wright segment was completed in fiscal 2012 (see Note B).

Note G. Pension Plans and Other Retirement Benefits

Presented below is financial information related to TJX's funded defined benefit retirement plan (funded plan) and its unfunded supplemental pension plan (unfunded plan) for the periods shown.

In thousands	Pension (Funded Plan) Thirteen Weeks Ended		Pension (Unfunded Plan) Thirteen Weeks Ended	
	April 28, 2012	April 30, 2011	April 28, 2012	April 30, 2011
	Service cost	\$ 9,825	\$ 8,250	\$ 339
Interest cost	10,263	9,453	570	624
Expected return on plan assets	(13,926)	(12,259)		
Amortization of prior service cost			1	1
Recognized actuarial losses	7,097	2,313	475	207
Total expense	\$ 13,259	\$ 7,757	\$ 1,385	\$ 1,098

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 sufficient to avoid restrictions with respect to the funding of TJX's nonqualified plans under the Internal Revenue Code. As a result of funding in fiscal 2012, TJX does not anticipate any required funding in fiscal 2013 for the funded plan. TJX anticipates making payments of \$3.4 million to provide current benefits coming due under the unfunded plan in fiscal 2013.

Note H. Long-Term Debt and Credit Lines

At April 28, 2012, TJX had outstanding, \$375 million aggregate principal amount of 6.95% ten-year notes due April 2019 and \$400 million aggregate principal amount of 4.20% six-year notes due August 2015. TJX entered into rate-lock agreements to hedge the underlying treasury rate of all of the 6.95% notes and \$250 million of the 4.20% notes prior to the issuance of the notes. The costs of these agreements are being amortized to interest expense over the term of the respective notes, resulting in an effective fixed interest rate of 7.00% for the 6.95% notes and 4.19% for the 4.20% notes.

At April 28, 2012, TJX had two \$500 million revolving credit facilities, one which matures in May 2016 and one which matures in May 2013. The agreement maturing in 2013 requires the payment of 17.5 basis points annually on the unused committed amount. The agreement maturing in 2016 requires the payment of 12.5 basis points annually on the unused committed amount. TJX also had two \$500 million revolving credit facilities at April 30, 2011, one of which matured in May 2011 and was replaced at that time with the \$500 million credit facility maturing in 2016. As of April 28, 2012 and April 30, 2011 there were no amounts outstanding under these facilities. Also, there were no borrowings on these facilities during the quarter ended April 28, 2012 or April 30, 2011. These agreements have no compensating balance requirements and have various covenants including a requirement of a specified ratio of debt to earnings.

As of April 28, 2012 and April 30, 2011, TJX's foreign subsidiaries had uncommitted credit facilities. TJX Canada had two credit lines, a C\$10 million facility for operating expenses and a C\$10 million letter of credit facility. As of April 28, 2012 and April 30, 2011, TJX Europe had a credit line of £20 million. There were no outstanding borrowings on these Canadian or U.K. credit facilities as of April 28, 2012 or April 30, 2011.

Note I. Income Taxes

TJX had net unrecognized tax benefits of \$118.0 million as of April 28, 2012, \$116.6 million as of January 28, 2012 and \$124.1 million as of April 30, 2011. The effective income tax rate was 38.5% for the fiscal 2013 first quarter and 38.1% for last year's first quarter.

TJX is subject to U.S. federal income tax as well as income tax in multiple state, local and foreign jurisdictions. In nearly all jurisdictions, the tax years through fiscal 2001 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 \$34.0 million as of April 28, 2012, \$33.0 million as of January 28, 2012 and \$36.1 million as of April 30, 2011.

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 \$1.0 million to \$50.0 million.

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

The Thirteen Weeks (first quarter) Ended April 28, 2012

Compared to

The Thirteen Weeks (first quarter) Ended April 30, 2011

Business Overview

We are the largest off-price retailer of apparel and home fashions in the U.S. and worldwide. We sell a rapidly changing assortment of apparel, home fashions and other merchandise through our four segments: in the U.S., Marmaxx (which operates T.J. Maxx and Marshalls) and HomeGoods; TJX Canada (which operates Winners, HomeSense and Marshalls); and TJX Europe (which operates T.K. Maxx and HomeSense).

In addition to presenting our financial results in conformity with GAAP, we are also presenting certain financial measures from fiscal 2012 on an adjusted basis to exclude the A.J. Wright consolidation. These adjusted financial measures are non-GAAP financial measures. See Adjusted Financial Measures below for more information, including reconciliations.

Results of Operations

In the first quarter of fiscal 2013, our performance was very strong, with all of our segments delivering excellent results. We posted strong gains in same store sales, net sales and earnings per share. Highlights of our financial performance for the first quarter of fiscal 2013 include the following:

Same store sales increased 8% in the first quarter of fiscal 2013 over an increase of 2% in the fiscal 2012 first quarter. The fiscal 2013 increase reflected a strong increase in customer traffic as well as slight increase in the value of the average transaction.

Net sales increased to \$5.8 billion for the first quarter of fiscal 2013, up 11% over last year's comparable period. At April 28, 2012, both stores in operation and selling square footage were up 4% over the same period last year.

Earnings per share for the first quarter of fiscal 2013 were \$0.55 per diluted share, up 62% compared to \$0.34 per diluted share in fiscal 2012, or up 41% compared to \$0.39 adjusted diluted earnings per share in the same period last year. Foreign currency exchange rates, primarily related to mark-to-market adjustments on our inventory related hedges, had a positive impact on year-over-year comparisons, with a \$0.01 negative impact on earnings per share in this year's first quarter versus last year's \$0.02 negative impact.

Our pre-tax margin (the ratio of pre-tax income to net sales) for the first quarter of fiscal 2013 was 11.8%, a 3.6 percentage point increase from 8.2% for the same period last year, and increased 2.2 percentage points from an adjusted 9.6% for the first quarter of fiscal 2012, primarily as a result of strong flow-through of our above-plan sales as well as the positive impact of the foreign exchange comparison.

Our cost of sales ratio for the first quarter of fiscal 2013 compared to the same period last year improved 1.5 percentage points to 71.8%, or improved 1.3 percentage points against last year's adjusted ratio. The improvements over last year were primarily due to increased merchandise margins, as well as buying and occupancy expense leverage and the benefit from foreign currency exchange rates.

Our selling, general and administrative expense ratio for the first quarter of fiscal 2013 decreased 2.1 percentage points to 16.2% and, decreased 0.9 percentage points compared to last year's adjusted ratio, primarily driven by expense leverage on the above-plan same store sales.

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Our consolidated average per store inventories, including inventory on hand at our distribution centers, were down 7% at the end of the first quarter of fiscal 2013.

During the first quarter of fiscal 2013, we repurchased 6.5 million shares of our common stock at a cost of \$250 million. Earnings per share reflect the benefit of our stock repurchase programs. In the fiscal 2013 first quarter, we completed a \$1 billion stock repurchase program authorized in February 2011 and commenced our 13th stock repurchase program for up to \$2 billion. We expect to repurchase a total of approximately \$1.2 to \$1.3 billion of our common stock under these programs in fiscal 2013.

In the first quarter of fiscal 2013 we split our common stock on a two-for-one stock basis. All earnings per share data and related activity for periods prior to the two-for-one split have been adjusted to reflect the split.

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 April 28, 2012 totaled \$5.8 billion, an 11% increase over net sales of \$5.2 billion in the fiscal 2012 first quarter. The increase reflected an 8% increase from same store sales and a 4% increase from new stores, offset by a 1% decrease from the negative impact of foreign currency exchange rates. This compares to sales growth of 4% in last year's first quarter, which consisted of a 2% increase in same stores sales, a 4% increase from new stores and a 1% increase from the benefit of foreign currency exchange rates, offset in part by a 3% decrease due to the elimination of sales from stores operating under the A.J. Wright banner. (The fiscal 2012 sales from A.J. Wright stores converted to other banners are included in new stores.)

Our consolidated store count and selling square footage as of April 28, 2012 each increased 4% as compared to the same period last year.

Same store sales increases for the first quarter of fiscal 2013 reflected a significant increase in customer traffic. Same store sales of our home, men's, shoes and misses categories were particularly strong. Geographically, same store sales increases were strong throughout the U.S. Our foreign divisions both posted same store sales increases, with TJX Europe above the consolidated average and TJX Canada slightly below the consolidated average.

We define same store sales to be sales of those 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 classify a store as a new store until it meets the same store sales criteria. We determine which stores are included in the same store sales calculation at the beginning of a fiscal year and the classification remains constant throughout that year, unless a store is closed. We calculate same store sales results by comparing the current and prior year weekly periods that are most closely aligned. Relocated stores and stores that have increased 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 same store percentage is immaterial. Same store sales of our foreign segments are calculated on a constant currency basis, meaning we translate the current year's same store 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. We measure customer traffic by number of transactions at our comparable stores.

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The following table sets forth certain information about our consolidated operating results from continued operations as a percentage of net sales on an as reported and as adjusted basis:

	Percentage of Net Sales		Percentage of Net Sales	
	Thirteen Weeks		Thirteen Weeks Ended	
	Ended		April 30, 2011	
	April 28, 2012			
	As	As	As	As
	reported	reported	adjusted*	
Net sales	100.0%	100.0%	100.0%	
Cost of sales, including buying and occupancy costs	71.8	73.3	73.1	
Selling, general and administrative expenses	16.2	18.3	17.1	
Interest expense, net	0.2	0.2	0.2	
Income before provision for income taxes	11.8%	8.2%	9.6%	
Diluted Earnings per share				
Net Income	\$ 0.55	\$ 0.34	\$ 0.39	

* See Adjusted Financial Measures below.

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 in relation to other currencies. Two ways in which foreign currency affects 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 Europe 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. However, currency translation generally only affects operating margins slightly, if at all, as sales and expenses of the foreign operations are translated at essentially the same rates within a given period.

Inventory hedges: We routinely enter into inventory-related hedging instruments to mitigate the impact of foreign currency exchange rates on merchandise margins when our divisions, principally in Europe and Canada, purchase goods in currencies other than their local currencies. As we have not elected hedge accounting for these instruments as defined by GAAP, we record a mark-to-market gain or loss on the hedging 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 sold. 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 hedges does not affect net sales, but it does affect the cost of sales, operating margins and earnings we report.

Cost of sales, including buying and occupancy costs: Cost of sales, including buying and occupancy costs, as a percentage of net sales improved 1.5 percentage points to 71.8% for the first quarter of fiscal 2013 as compared to the same period last year. The improvement in this ratio for fiscal 2013 was driven by an increase in merchandise margin of 0.8 percentage points, primarily at TJX Canada and TJX Europe. This ratio also reflects the favorable impact of 0.3 percentage points due to the year-over-year change in the mark-to-market adjustment of inventory hedges as well as expense leverage on buying and occupancy costs partially offset by increased administrative costs. On an adjusted basis, the cost of sales ratio improved 1.3 percentage points as compared to the first quarter of fiscal 2012.

Selling, general and administrative expenses: Selling, general and administrative expenses as a percentage of net sales, improved 2.1 percentage points to 16.2% for the quarter ended April 28, 2012 as compared to the same period last year. The A.J. Wright consolidation had a significant impact on this ratio in the first quarter of fiscal 2012, increasing the ratio by 1.2 percentage points. Excluding the impact of the A.J. Wright consolidation, adjusted selling, general and administrative expenses as a percentage of net sales, improved 0.9 percentage points. The improvement in the fiscal 2013 selling, general and administrative expense ratio was primarily due to expense leverage on our strong same store

sales increase, particularly store payroll costs. This ratio improvement also reflects the absence in fiscal

2013 of certain costs we incurred in last year's first quarter, primarily talent and other costs from our former A.J. Wright division, which had the effect of offsetting increased costs this year related to our growth initiatives. We anticipate general corporate expenses, which were up significantly in the fiscal 2013 first quarter, to increase substantially in the fiscal 2013 second quarter, but then to moderate in the remainder of the fiscal year on a year-over-year basis due to timing of our planned growth-related investment spending.

Interest expense, net: Interest expense, net was \$8.8 million for the first quarter of fiscal 2013 compared to \$8.9 million for the same period last year. The components of interest expense, net are summarized below:

Dollars in thousands	Thirteen Weeks Ended	
	April 28, 2012	April 30, 2011
Interest expense	\$ 12,335	\$ 12,121
Capitalized interest	(743)	(659)
Interest (income)	(2,765)	(2,545)
Interest expense, net	\$ 8,827	\$ 8,917

Gross interest expense for the first quarter of fiscal 2013 was flat compared to the same period last year.

Income taxes: The effective income tax rate was 38.5% for the first quarter this year, an increase compared to the 38.1% effective income tax rate for last year's first quarter. The increase was primarily due to the expiration of the legislation allowing for the U.S. Work Opportunity Tax credit.

Net income and diluted earnings per share from net income: Net income for the quarter ended April 28, 2012 was \$419.2 million, or \$0.55 per diluted share, versus \$266.0 million, or \$0.34 per diluted share, for last year's first quarter. Foreign currency exchange rates negatively impacted first quarter fiscal 2013 earnings per share by \$0.01 per share, compared with a \$0.02 per share negative impact in the first quarter of fiscal 2012. Also, the fiscal 2012 earnings per share include a \$0.04 negative impact of closing the A.J. Wright stores as well as a \$0.02 negative impact of the costs associated with converting the A.J. Wright stores to other banners and grand re-opening costs for those stores.

Our weighted average diluted shares outstanding affect the comparability of earnings per share. Our stock repurchases benefit our earnings per share. We repurchased 6.5 million shares of our stock at a cost of \$250 million in the first quarter of fiscal 2013, and we repurchased 14.3 million shares at a cost of \$361 million in the first quarter of fiscal 2012.

Adjusted Financial Measures: In addition to presenting certain fiscal 2012 first quarter financial measures in conformity with GAAP, we are also presenting them on an adjusted basis. We adjusted them to exclude the A.J. Wright consolidation, including closing costs and additional operating losses related to the A.J. Wright stores closed in fiscal 2012 and the costs incurred by the Marmaxx and HomeGoods segments in that quarter to convert former A.J. Wright stores to their banners and hold grand re-opening events for these stores.

These adjusted financial measures are non-GAAP financial measures. We believe that the presentation of adjusted financial measures provides additional information on comparisons between periods including underlying trends of our business by excluding these items that affect overall comparability. We use these adjusted measures in making financial, operating and planning decisions and in evaluating our performance, and our Board of Directors uses them in assessing our business and making compensation decisions. Non-GAAP financial measures should be considered in addition to, and not as an alternative for, our reported results prepared in accordance with GAAP.

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Reconciliations of each of the adjusted financial measures to the financial measures in accordance with GAAP are provided below.

	Thirteen weeks ended April 30, 2011 As reported	Thirteen weeks ended April 30, 2011 As adjusted
Dollars in millions, except per share data		