

TJX COMPANIES INC /DE/
Form DEF 14A
April 26, 2002

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SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities

Exchange Act of 1934 (Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-11(c) or §240.14a-12

- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

The TJX Companies, Inc.

(Name of Registrant as Specified In Its Charter)

The TJX Companies, Inc.

(Name of Person(s) Filing Proxy Statement)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

- 1) Title of each class of securities to which transaction applies:
- 2) Aggregate number of securities to which transaction applies:
- 3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it was determined):
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- Fee paid previously with preliminary materials.

- Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

- 1) Amount Previously Paid:
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770 Cochituate Road

Framingham, Massachusetts 01701

April 26, 2002

Dear Stockholder:

We cordially invite you to attend our 2002 Annual Meeting on Tuesday, June 4, 2002, at 11:00 a.m., to be held in The Ben Cammarata Auditorium, located at our offices, 770 Cochituate Road, Framingham, Massachusetts. Please enter our offices through the Northeast Entrance.

The proxy statement accompanying this letter describes the business we will consider at the meeting. Your vote is important regardless of the number of shares you own. Please read the proxy statement and complete, sign and return your proxy promptly in the enclosed envelope.

We hope that you will be able to join us on June 4th.

Sincerely,

BERNARD CAMMARATA
Chairman of the Board

EDMOND J. ENGLISH
President and Chief Executive Officer

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The TJX Companies, Inc.

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
JUNE 4, 2002**

The Annual Meeting of Stockholders of The TJX Companies, Inc. will be held at our offices, 770 Cochituate Road, Framingham, Massachusetts, on Tuesday, June 4, 2002, at 11:00 a.m. to vote on:

Election of directors.

Approval of material terms of executive officer performance goals.

Three shareholder proposals if presented at the meeting.

Any other business properly brought before the meeting.

Stockholders of record at the close of business on April 15, 2002 are entitled to notice of and to vote at the Annual Meeting and any adjournments.

By Order of the Board of Directors

JAY H. MELTZER

Secretary

Framingham, Massachusetts
April 26, 2002

PLEASE SIGN AND DATE THE ENCLOSED PROXY AND RETURN IT PROMPTLY IN THE ENCLOSED ENVELOPE.

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The TJX Companies, Inc.

ANNUAL MEETING OF STOCKHOLDERS

June 4, 2002

PROXY STATEMENT

The Board of Directors of The TJX Companies, Inc., or TJX, is soliciting your proxy for the 2002 Annual Meeting. A majority of the shares outstanding and entitled to vote at the meeting is required for a quorum for the meeting.

The four nominees receiving a plurality of votes properly cast at the meeting will be elected directors.

All other matters require the approval of the majority of votes properly cast.

If you sign and return your proxy, the shares represented by your proxy will be voted in accordance with your directions. If you do not indicate specific choices, your proxy will be voted for the election of the four director nominees, for Proposal 2 and against the Shareholder Proposals. If your shares are held in the name of a broker or nominee and you do not instruct the broker or nominee how to vote with respect to the Shareholder Proposals or if you abstain or withhold authority to vote on any matter, your shares will not be counted as having been voted on that matter but will be counted as in attendance at the meeting for purposes of a quorum.

You may revoke your proxy at any time before it is voted. You can revoke your proxy by:

returning another signed proxy to TJX bearing a later date;

delivering a written revocation to the Secretary of TJX; or

attending the meeting, notifying the Secretary at the meeting that you are revoking your proxy and voting the shares represented by the proxy in person.

You are entitled to receive notice of and to vote at the meeting if you are a stockholder of record at the close of business on April 15, 2002. Each share of common stock outstanding on the record date is entitled to one vote. There were 269,667,259 shares of common stock outstanding and entitled to vote at the record date.

This proxy statement, the enclosed proxy and the annual report for our fiscal year ended January 26, 2002 are being first mailed to stockholders on or about the date of the notice of meeting. Our address is 770 Cochituate Road, Framingham, Massachusetts 01701.

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ELECTION OF DIRECTORS

The Board of Directors has voted to fix the number of directors at eleven. The Board of Directors is classified into three classes, as nearly equal in number as possible, with the term of office of one class expiring each year. The enclosed proxy will be voted to elect the nominees named below, unless otherwise instructed, as Class II directors for a term of three years expiring at the 2005 Annual Meeting of Stockholders and until their respective successors are duly elected and qualified. If any nominee should become unavailable, such proxy will be voted either for a substitute nominee designated by the Board of Directors or a lesser number of directors designated by the Board of Directors, unless otherwise instructed. We do not anticipate that any of the nominees will become unavailable. All Directors were elected by stockholders other than Mr. Brandon and Ms. Deegan who were elected by the Board. The nominees as Class II directors, and the incumbent Class I and Class III directors, are as follows:

Nominees as Class II Directors Terms Expire 2005

Gail Deegan, 55.

Director since 2001.

Member of the Audit and Finance Committees.

Ms. Deegan has been an Executive in Residence at Babson College and Simmons School of Management since January 2002. She previously served as an Executive Vice President and the Chief Financial Officer of Houghton Mifflin Co., a publishing company, from 1996 to September 2001. She was previously employed by NYNEX (New England), a telecommunications provider, as Vice President, Chief Financial Officer and as Senior Vice President, Regulatory and Government Affairs.

Dennis F. Hightower, 60.

Director since 1996.

Member of the Audit and Executive Compensation Committees.

Mr. Hightower served as Chief Executive Officer of Europe Online Networks, S.A., a broadband interactive entertainment provider, from June 2000 to February 2001. He was Professor of Management at the Harvard Business School from July 1997 to June 2000 and a Senior Lecturer from July 1996 to July 1997. He was previously employed by The Walt Disney Company, serving as President of Walt Disney Television & Telecommunications, President-Disney Consumer Products (Europe, Middle East and Africa), and related executive positions in Europe. He is a director of BriteSmile, Inc., The Gillette Company, Northwest Airlines, Inc., PanAmSat Corporation and Phillips-Van Heusen Corporation.

John F. O'Brien, 59.

Director since 1996.

Lead Director, member of the Executive Committee and ex-officio member of all other Board Committees.

Mr. O'Brien has been Chief Executive Officer, President and a director of Allmerica Financial Corporation (holding company) since 1995; Chief Executive Officer, President and a director of First Allmerica Financial Life Insurance Company (insurance company) since 1989; Chairman of the Board and director of Allmerica Financial Life Insurance and Annuity Company (insurance company) since 1989; Chairman of the Board and Trustee of Allmerica Investment Trust (investment company) since 1989; and Chairman of the Board and Trustee of Allmerica Securities Trust (investment company) since 1989. Mr. O'Brien is also a director of ABIOMED, Inc. and Cabot Corporation.

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Willow B. Shire, 54.

Director since 1995.

Chairperson of the Committee on Directors and Corporate Governance and member of the Executive Compensation Committee.

Ms. Shire has been an executive consultant with Orchard Consulting Group since 1994. She was previously employed by Digital Equipment Corporation, holding various positions including Vice President and Officer, Health Industries Business Unit.

Class III Directors Terms Expire 2003

David Brandon, 49.

Director since 2001.

Member of the Audit and Finance Committees.

Mr. Brandon has been the Chairman of the Board and Chief Executive Officer of Domino's, Inc. and its operating subsidiary, Domino's Pizza LLC, a pizza delivery and carry-out restaurant chain, since 1999. From 1979 to 1998, Mr. Brandon was employed by Valassis Communications, Inc., a sales promotion company, serving as its President and Chief Executive Officer from 1989 to 1998 and Chairman of the Board from 1997 to 1998. Mr. Brandon is also a director of Entertainment Publications, Inc.

Bernard Cammarata, 62.

Director since 1989.

Chairman of the Board and Chairman of the Executive Committee.

Mr. Cammarata has been Chairman of the Board of TJX since 1999 and was Chief Executive Officer from 1989 to April 2000. Mr. Cammarata led TJX and its former TJX subsidiary and T.J. Maxx Division since the business was organized in 1976 to 2000 including serving as President of TJX, Chairman and President of TJX's T.J. Maxx Division and of The Marmaxx Group and President and Chief Executive Officer of our former TJX subsidiary.

Robert F. Shapiro, 67.

Director since 1974.

Chairman of the Executive Compensation Committee and member of the Executive Committee and the Committee on Directors and Corporate Governance.

Mr. Shapiro has been a Partner of Klingenstein Fields & Co., L.L.C., an investment advisory business, since June 1997 and has been President of RFS & Associates, Inc., an investment and consulting firm, since 1988. He was formerly Co-Chairman of Wertheim Schroder & Co. Incorporated, investment bankers, and President of Wertheim & Co., Inc. Mr. Shapiro is also a director of The Burnham Fund, Inc. and Genaera Corporation. He is a past Chairman of the Securities Industry Association.

Fletcher H. Wiley, 59.

Director since 1990.

Chairman of the Audit Committee and member of the Committee on Directors and Corporate Governance.

Mr. Wiley has been a principal in, and the Executive Vice President and General Counsel of, PRWT Services, Inc., a technology-oriented products and services firm, since 1996 and is of counsel with the law firm, Schnader Harrison Goldstein & Manello, the successor to the firm where he was previously a senior partner. Mr. Wiley was also a partner at the law firm Fitch, Wiley, Richlin & Tourse, P.C. and its predecessor firm. Mr. Wiley is also a director of Boston Acoustics Inc. and Moyco Technologies Inc.

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Class I Directors Terms Expire 2004

Gary L. Crittenden, 48.

Director since 2000.

Chairman of the Finance Committee.

Mr. Crittenden has been Executive Vice President and Chief Financial Officer of American Express Company, a financial services company, since June 2000. He was Senior Vice President and Chief Financial Officer of Monsanto Company, a life sciences company, from 1998 to April 2000. He had been employed by Sears Roebuck & Co., a retail chain, as Executive Vice President and Chief Financial Officer, 1998; President, Hardware Stores Division, 1996-1998; and Executive Vice President, Strategy and Business Development, 1996. Prior to that time, he was Executive Vice President and Chief Financial Officer of Melville Corp. Mr. Crittenden is also a director of Ryerson Tull, Inc. and Wilsons The Leather Experts Inc.

Edmond J. English, 49.

Director since 1999.

Member of the Executive and Finance Committees.

Mr. English has been Chief Executive Officer of TJX since April 2000 and has been TJX's President since 1999. Mr. English has been employed by TJX since 1983. He was Chairman of The Marmaxx Group from 2000 to 2001, Chief Operating Officer of TJX from 1999 to 2000, Senior Vice President and Group Executive from 1998 to 1999, Executive Vice President, Merchandising, Planning and Allocation of The Marmaxx Group from 1997 to 1998, Senior Vice President, Merchandising from 1995 to 1997, and held various merchandising positions with TJX from 1983 to 1995.

Richard G. Lesser, 67.

Director since 1995.

Mr. Lesser has been Senior Corporate Advisor to the Company since December 2001. He has been employed by TJX since 1981. Mr. Lesser served as Chairman of The Marmaxx Group for 2001, Executive Vice President of TJX from 1991 to 2001, President of The Marmaxx Group from 1995 to 2001 and Chief Operating Officer of TJX from 1994 to 1999. Previously he held various executive and merchandising positions with TJX. Mr. Lesser is also a director of Reebok International Ltd., A.C. Moore Arts & Crafts, Inc. and Dollar Tree Stores, Inc.

The Board and its Committees

The Audit Committee assists the Board in performing the following functions:

reviews with management, the internal audit group and the independent auditors TJX's quarterly and annual financial statements including the accounting principles and procedures applied in their preparation and any changes in accounting policies;

reviews TJX's system of internal control and accounting practices;

oversees the internal and external audit process, including the scope and implementation of the annual audit;

reviews matters relating to compliance with our policies, laws and regulations;

recommends to the Board the appointment of the independent auditors;

evaluates the performance and independence of the independent auditors; and

reviews other matters as the Board deems appropriate.

The Audit Committee held six meetings during fiscal 2002. The charter of the Audit Committee was approved by the Board of Directors in June 2001.

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The Executive Compensation Committee, or the ECC, performs the following functions:

reviews salary policies and compensation of officers and other members of management;

approves compensation plans and compensation of some of our officers and members of senior management; and

administers a number of our incentive plans, including our stock-based plans.

The ECC held four meetings during fiscal 2002.

The Committee on Directors and Corporate Governance, or the Governance Committee, reviews with the Board our practices and policies with respect to directors, including retirement policies and compensation for non-employee directors, the size of the Board, the ratio of employee directors to non-employee directors, the meeting frequency of the Board and the structure of Board meetings. The Governance Committee also performs the following functions:

reviews the functions, duties and composition of Board committees and compensation for committee members;

reviews policies with respect to significant issues of corporate public responsibility;

recommends to the Board processes for evaluating the performance of the Board, the Chairman of the Board and the Chief Executive Officer;

oversees the maintenance and presentation to the Board of management's plans for succession to senior management positions; and

recommends qualified candidates to the Board for election as directors.

The Governance Committee will consider nominees for directors who are recommended by stockholders if the recommendation is in writing and is filed with our Secretary on a timely basis in accordance with our by-laws. The Governance Committee held three meetings during fiscal 2002.

The Executive Committee has the authority to act for the Board of Directors on most matters during the intervals between meetings of the Board. The Executive Committee did not meet during fiscal 2002.

The Finance Committee reviews and makes recommendations to the Board regarding financial matters, including:

our financial condition, financing plans, borrowing and investment policies, financial strategies, capital investment criteria, dividend policy and capital structure;

tax liabilities and payments;

the sale and pricing of our securities;

our pension and benefit plans;

our insurance program; and

our foreign exchange policies.

The Finance Committee held three meetings during fiscal 2002.

The Board of Directors held seven meetings during fiscal 2002. Each director attended at least 75% of all meetings of the Board and committees of which he or she is a member.

Audit Committee Report

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We operate in accordance with a written charter adopted by the Board of Directors. We assist the Board in fulfilling its responsibility for oversight of the quality and integrity of TJX's accounting, auditing and financial reporting practices. Our committee is composed solely of members who are independent, as defined by the New York Stock Exchange, and who have no relationship to TJX that may interfere with the exercise of our independence from TJX and its management. Further, all of our members possess financial literacy, and some of our members possess accounting or related financial management expertise.

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The committee met six times during fiscal 2002. In addition, our chairman, acting as our representative, met with TJX's chief financial officer, corporate controller and independent auditors prior to the public release of each of TJX's quarterly earnings announcements in order to discuss the interim financial information contained in the announcement.

We took numerous actions in order to discharge our oversight responsibility with respect to the audit process. We obtained from the independent auditors a formal written statement describing all relationships between the auditors and TJX that might bear on the auditors' independence, consistent with Independence Standards Board Standard No. 1, Independence Discussions with Audit Committees. We also discussed with the auditors any relationships that may affect their objectivity and independence, and concluded that their provision of non-audit services was compatible with their independence. We also discussed with management, the internal auditors, and the independent auditors TJX's internal controls and the internal audit function's organization, responsibilities, budget and staffing. We reviewed with both the independent and internal auditors their audit plans, audit scope and identification of audit risks.

We discussed and reviewed with the independent auditors communications required by generally accepted auditing standards, as described in Statement on Auditing Standards No. 61, as amended, Communication with Audit Committees, and, with and without management present, discussed and reviewed the results of the independent auditors' examination of the financial statements. We also discussed the results of the internal audit examinations.

We received the following information concerning the fees of the independent auditors for the fiscal year ended January 26, 2002:

Audit Fees. PricewaterhouseCoopers fees for our fiscal 2002 annual audit (including review of Form 10-Qs) were \$1,031,000.

All Other Fees. PricewaterhouseCoopers fees for all other non-audit services rendered to TJX during fiscal 2002 were \$3,207,000.

Non-audit services included fees for international tax consulting and compliance, consulting support related to merchandise transportation logistics and fees related to accounting research and contract programming.

We do not use the independent auditors to provide any services relating to bookkeeping, financial information systems design and implementation, appraisal or valuation services, fairness opinions, actuarial services, any management function, legal or investment advice or human resource consulting. In addition, we evaluate whether TJX's use of the independent auditors for non-audit services is compatible with maintaining the independence of the independent auditors.

We reviewed the audited financial statements of TJX as of and for the fiscal year ended January 26, 2002 with management and the independent auditors. Management has the responsibility for the preparation of TJX's financial statements, and the independent auditors have the responsibility for the examination of those statements.

Based on these reviews and discussions with management and the independent auditors, we recommended to the Board that TJX's audited financial statements be included in its Annual Report on Form 10-K for the fiscal year ended January 26, 2002 for filing with the Securities and Exchange Commission. We also recommended the reappointment of the independent auditors; and the Board approved this recommendation.

Audit Committee
Fletcher H. Wiley, Chairman
David Brandon
Gail Deegan
Dennis F. Hightower
John F. O'Brien, *ex-officio*

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Non-employee directors receive an annual retainer of \$30,000 and fees of \$1,250 for attendance at Board meetings and \$1,000 for attendance at committee meetings (other than the Executive Committee). Committee chairs also receive an annual fee of \$5,000. Effective June 2001, Mr. O'Brien became Lead Director of the Board and is paid an annual retainer of \$100,000 (for fiscal 2002 he was paid a retainer of \$77,143). Mr. O'Brien, who sits on all Committees, does not receive a fee for Committee meeting attendance. Directors may participate in our General Deferred Compensation Plan.

Under our deferred stock plan for non-employee directors, we credit the account of each director who is not a current or former employee of TJX with deferred shares representing \$10,000 of common stock each year. We will distribute common stock for the deferred shares when the director leaves the Board.

Under the Stock Incentive Plan, non-employee directors receive annual stock option grants as determined by the Board of Directors (6,000 shares each in fiscal 2002) at fair market value on the date of grant. Each option expires after ten years and becomes fully exercisable after one year. If a director dies or otherwise ceases to be a director prior to the date the option becomes exercisable, the option will immediately expire. Vested options remain exercisable for varying periods of up to five years following termination of service as a director. In some circumstances, options continue to vest during the exercise period following retirement. Unvested options will become immediately exercisable immediately prior to, and will terminate upon the consummation of, various corporate transactions.

Beneficial Ownership

The following table shows as of March 30, 2002 the number of shares of TJX common stock beneficially owned by each director, nominee and executive officer named in the Summary Compensation Table and by all directors, nominees and executive officers as a group.

Name	Number of Shares(1)	Percentage of Outstanding Common Stock
Arnold S. Barron	41,673(2)	
David Brandon	1,000	
Bernard Cammarata	1,366,650(3)	0.5%
Donald G. Campbell	231,617(2)(4)	0.1%
Gary L. Crittenden	4,500	
Gail Deegan	2,000	
Edmond J. English	262,017(2)	0.1%
Dennis F. Hightower	2,800	
Richard G. Lesser	243,340	0.1%
Peter Maich	182,680	0.1%
Carol Meyrowitz	63,952(2)	
John F. O'Brien	26,000	
Robert F. Shapiro	68,500(5)	
Willow B. Shire	22,000	
Fletcher H. Wiley	17,600	
All Directors, Nominees and Executive Officers as a group (16 persons)	2,564,830	1.0%

- (1) All directors and officers have sole voting and investment power except as indicated below. Includes shares of common stock which each of the following persons had the right to acquire on March 30, 2002 or within sixty (60) days thereafter through the exercise of options: Mr. Barron (33,340), Mr. Cammarata (875,000), Mr. Campbell (79,001), Mr. Crittenden (4,000), Mr. English (146,681),

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Mr. Lesser (243,340), Mr. Maich (182,680), Ms. Meyrowitz (33,340), Mr. O'Brien (18,000), Mr. Shapiro (12,000), Ms. Shire (20,000), Mr. Wiley (14,000) and all directors, nominees and executive officers as a group (1,689,883). Excludes vested deferred shares payable in shares upon leaving the Board: Mr. Crittenden (794), Ms. Deegan (298), Mr. Hightower (2,595), Mr. O'Brien (2,495), Mr. Shapiro (6,030), Ms. Shire (2,834), and Mr. Wiley (5,780).

- (2) Includes shares that are subject to forfeiture restrictions: Mr. Barron (8,333), Mr. Campbell (66,667), Mr. English (66,666) and Ms. Meyrowitz (30,612).
- (3) Includes 122,846 shares owned by a charitable foundation of which Mr. Cammarata is sole trustee and excludes 804 shares owned by Mr. Cammarata's wife as to which Mr. Cammarata disclaims beneficial ownership.
- (4) Includes 5,898 shares owned by a charitable foundation of which Mr. Campbell is a trustee.
- (5) Includes 6,000 shares of common stock owned by a charitable foundation of which Mr. Shapiro is a Vice President and Chairman of the Board.

As of March 30, 2002, based on information filed with the Securities and Exchange Commission, the persons known to us to beneficially own five percent or more of our outstanding voting stock are as follows:

Name and Address of Beneficial Owner	Number of Shares	Percentage of Class Outstanding
Putnam Investments, LLC One Post Office Square Boston, MA 02109	24,719,287(1)	9.2%
Ruane, Cunniff & Co., Inc. 767 Fifth Avenue New York, NY 10153-4798	21,025,508(2)	7.8%

- (1) Based on a filing by Putnam Investments, LLC. on behalf of itself and Marsh & McLennan Companies, Inc., Putnam Investment Management, LLC and The Putnam Advisory Company, LLC. Reflects sole voting power with respect to none of the shares, shared voting power with respect to 2,524,911 shares, and shared dispositive power with respect to all the shares.
- (2) Reflects sole voting power with respect to 12,896,260 shares, no shared voting power, sole dispositive power with respect to all shares.

PROPOSAL 2

APPROVAL OF THE MATERIAL TERMS OF EXECUTIVE OFFICER PERFORMANCE GOALS

United States tax laws do not allow a publicly-held company to obtain tax deductions for compensation of more than \$1 million paid in any year to its chief executive officer or other four most highly paid named executive officers unless the payments are performance-based for purposes of the tax law. To qualify, shareholders must approve the material terms of performance goals for such compensation every five years.

Our shareholders approved the material terms of the performance goals for executive officers under the Stock Incentive Plan, Management Incentive Plan and Long Range Performance Incentive Plan at our Annual Meeting in 1997. The maximum amounts payable to any executive officer for performance-based awards are

no more than 4,000,000 shares (other than stock options and stock appreciation rights, as to which separate limitations and rules apply) may be awarded as performance-based awards under the Stock Incentive Plan to any participant during any consecutive three-year period commencing after June 3, 1997; and

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no more than \$2,000,000 maximum amount will be payable to any participant under any award under the Management Incentive Plan or the Long Range Performance Incentive Plan.

Under each Plan, the Executive Compensation Committee, which is comprised solely of outside directors, makes performance-based awards within these maximums to employees (including executive officers) selected by the ECC. The ECC must base performance goals for awards under each of the Plans on any one or more of the following performance criteria (determined on a consolidated, divisional, line of business, geographical or area of executive responsibilities basis):

sales, revenues, assets, or expenses;

earnings, income or margins, before or after deduction for all or any portion of interest, taxes, depreciation, or amortization, whether or not on a continuing operations and aggregate or per share basis;

return on investment, capital assets, sales or revenues; or

stock price.

Performance-based awards under the Stock Incentive Plan, Management Incentive Plan and Long Range Performance Incentive Plan are an important part of our compensation system. We rely on them to attract and retain our management. In order to preserve our ability to make these tax deductible awards under these Plans to some of our executives, we need your approval of the material terms of the performance goals which are described above.

YOUR BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT YOU VOTE FOR APPROVAL OF THE MATERIAL TERMS OF THE PERFORMANCE GOALS FOR EXECUTIVE OFFICERS (PROPOSAL 2).

EXECUTIVE COMPENSATION

Executive Compensation Committee Report

The Executive Compensation Committee of the Board of Directors administers our executive compensation program. Each member of the ECC is a non-employee director. The ECC is responsible for establishing salaries and administering the incentive programs for our Chief Executive Officer, other executive officers, key associates and managers.

Compensation Philosophy

We have designed our compensation program based on the philosophy that all of our associates are important to our success, with our executive officers and senior executives setting the direction of our business and having overall responsibility for our results. Like other retailers, we operate in a highly competitive and difficult economic environment. Accordingly, we have structured our compensation to accomplish several goals:

attract and retain very talented individuals,

reward creativity in maximizing business opportunities, and

enhance shareholder value by achieving our short-term and long-term business objectives.

The ECC implements this compensation philosophy for our executives by providing:

base salaries that are competitive with salaries paid by other retailers,

short-term incentive programs tied to defined financial measures that our executives can influence, and

longer-term incentives to encourage strategic planning and execution.

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The ECC uses the services of outside compensation consultants to ensure that TJX's total compensation program is competitive with those offered by other retailers. The ECC sets base salary and annual bonus targets at approximately the median level of salary and bonus of a group of peer companies, which include some of the companies included in the Dow Jones Apparel Retailers Index, as well as some companies in other industries. In addition, the outside compensation consultants review the total compensation offered by these peer companies and use this information to assist the ECC with establishing a competitive long-term compensation strategy tied to our income goal performance.

Base Salary

The ECC considers the peer data discussed above as well as individual performance when approving base salaries for executive officers. The ECC evaluates individual performance based on the achievement of corporate or divisional operating goals and subjective criteria, as well as the Chief Executive Officer's evaluation of the other executive officers. No specific weight is assigned to any particular factor. Mr. English, Ms. Meyrowitz, Mr. Campbell and Mr. Barron each have multi-year employment agreements negotiated on an arm's-length basis with the ECC that provide a minimum annual base salary. In setting Mr. English's base salary for fiscal 2002, the Board considered the contributions of Mr. English to our company in fiscal 2001, compensation paid to chief executive officers of peer companies and the advice of our outside compensation consultants.

Short-Term Incentives

Our Management Incentive Plan is designed to encourage key associates and managers, including executive officers, to achieve annual performance goals tied to pre-tax income by paying bonuses based on achievement of these goals. The ECC approves these annual goals early in each fiscal year. The ECC also approves bonus targets for participants in the plan, including executives, based on their responsibilities. The ECC set Mr. English's bonus target at 65% of his salary for fiscal 2002. If our performance exceeds the annual goals, participants can earn up to two times their bonus target based on performance above goals. If performance does not meet the annual goals, the participants will either not receive any bonuses or will receive reduced bonuses, based on the percentage of the annual goals achieved. In accordance with the plan, Mr. English's fiscal 2002 bonus payment was 48% of salary.

Long-Term Incentives

The long-term compensation program for senior management includes performance awards granted under the Long Range Performance Incentive Plan and stock options granted under the Stock Incentive Plan.

The Long Range Performance Incentive Plan is designed to:

reward executives for achieving long-term financial performance goals over a three-year period,

provide retention incentives for executives, and

tie a significant portion of an executive's total compensation to our long-term performance.

Under the plan, performance awards are paid to participants, including executive officers, if company-wide or divisional three-year, pre-tax income targets set by the ECC are met. If the targets are not met, TJX either does not pay any performance award or pays a reduced performance award, based on the percentage of the performance targets realized. The maximum performance awards are up to 150% of the target performance awards for performance exceeding target goals. Based on performance for the fiscal 2000-2002 period, Mr. English earned a performance award equal to 91% of his target award.

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Stock options for our executive officers and key associates are part of our long-term incentive program and link the enhancement of shareholder value directly to their total compensation. The ECC determines the number of stock options granted based upon several factors:

level of responsibility,

expected contribution towards our performance, and

total compensation strategy for mix of base salary, short-term incentives and long-term incentives.

We granted all stock options in fiscal 2002 under the Stock Incentive Plan. The exercise price of each stock option was equal to the fair market value of our common stock on the date the option was granted. Stock options provide value to the executive officers and key associates only when and to the extent that the fair market value of our common stock appreciates. During fiscal 2002, we granted options to purchase 180,000 shares of common stock to Mr. English. The Board considered the factors described above in granting these options to Mr. English.

Section 162(m) of the Internal Revenue Code of 1986

TJX is seeking shareholder approval in Proposal 2 of the material terms of the Stock Incentive Plan, Management Incentive Plan and Long Range Performance Incentive Plan to permit performance-based executive officer compensation under such plans to continue to qualify under Section 162(m) of the Internal Revenue Code for exemption from the \$1 million deduction limit. We take into account the provisions of Section 162(m) in establishing compensation but, to attract and retain executives, we may approve compensation that does not qualify for the exemption.

Executive Compensation Committee

Robert F. Shapiro, Chairman

Dennis F. Hightower

John F. O'Brien, *ex-officio*

Willow B. Shire

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The following table provides information concerning compensation for our Chief Executive Officer and four other most highly-paid executive officers.

Name and Principal Position	Fiscal Year	Annual Compensation			Long-Term Compensation			
		Salary	Bonus(1)	Other Annual Compensation (2)	Awards Granted		Payouts	
					Restricted Stock Awards \$(3)	Securities Underlying Options	Long-Term Incentive Plan Payouts	All Other Compensation (4)
Edmond J. English	2002	\$934,615	\$446,270	\$9,620	\$3,623,750	180,000	\$205,178	\$5,066
President and Chief	2001	\$768,269	\$370,337	\$5,990		240,000	\$204,080	\$5,066
Executive Officer	2000	\$540,385	\$340,099	\$5,529	\$487,510	100,000	\$60,000	\$5,316
Arnold S. Barron	2002	\$533,654	\$217,211	\$8,294		70,000	\$197,680	\$5,066
Executive Vice President,	2001	\$500,000	\$170,663	\$8,025		84,000	\$204,080	\$5,066
Chief Operating Officer of	2000	\$400,481	\$207,017	\$5,059	\$731,250	50,000	\$156,750	\$5,316
The Marmaxx Group								
Donald G. Campbell	2002	\$684,212	\$251,311	\$6,078	\$3,126,000	150,000	\$287,249	\$5,066
Executive Vice President-	2001	\$651,539	\$261,723	\$5,765		132,000	\$382,650	\$5,066
Finance and Chief	2000	\$618,558	\$359,713	\$5,617		90,000	\$399,000	\$5,316
Financial Officer								
Peter A. Maich	2002	\$638,558	\$211,088	\$6,000		81,000	\$243,499	\$5,066
Executive Vice President,	2001	\$615,000	\$222,341	\$6,500		108,000	\$333,840	\$5,066
Group Executive								
Carol Meyrowitz	2002	\$700,000	\$348,233	\$6,413		150,000	\$216,900	\$5,066
Executive Vice President,	2001	\$525,000	\$179,196	\$7,647		84,000	\$208,650	\$5,066
President of								
The Marmaxx Group								

- (1) Bonus consists of amounts paid pursuant to the Management Incentive Plan.
- (2) Other Annual Compensation consists of tax reimbursements associated with car allowances.
- (3) This column indicates the market value on the date of grant. In fiscal 2002, Mr. English and Mr. Campbell each received restricted stock grants. Upon the ECC's certification that predetermined performance goals had been achieved in fiscal 2001, Mr. English received a grant of 125,000 shares of time-based restricted stock, 58,334 of which vested during fiscal 2002 with the balance scheduled to vest in September 2002 and 2003. Mr. Campbell received a 30,000 share grant of time-based restricted stock, of which 10,000 shares vested in February 2002 with the balance vesting in February 2003 and 2004, and a 70,000 share grant of performance-based restricted stock that will vest upon achievement of specified performance goals in one-third installments in April 2002, 2003 and 2004. The aggregate holdings and market value of restricted stock on January 26, 2002, by the individuals listed in this table, are: Mr. English (66,666 shares/\$2,666,640), Mr. Barron (8,333 shares/\$333,320), Mr. Campbell (100,000 shares/\$4,000,000), and Ms. Meyrowitz (30,612 shares/\$1,224,480). Restricted stock generally vests over three years after the date of grant based on the passage of time or the achievement of performance goals. Restricted shares also vest on death, disability, change of control and some retirement situations. Regular dividends are paid on restricted stock.
- (4) All Other Compensation includes company contributions to TJX's General Savings/ Profit Sharing Plan of \$2,550 for calendar years 2001 and 2000 and \$2,800 for calendar year 1999 for each of the named executive officers and company-paid amounts for life insurance in the amount of \$2,516 for calendar years 2001, 2000 and 1999 for each of the named executive officers.

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Option Grants in Fiscal 2002

The following table reports stock option grants awarded between January 28, 2001 and January 26, 2002 to the named executive officers:

Name	Individual Grants				Potential Realizable Value at Assumed Annual Rates of Stock Price Appreciation for Option Term(2)		
	Number of Securities Underlying Options Granted(1)	Percent of Total Options Granted to Employees in Fiscal Year	Exercise or Base Price (Per Share)(1)	Expiration Date	0%	5%	10%
Edmond J. English	180,000						