

The TJX Companies, Inc.

Financial Reconciliations

Explanation of Non-GAAP Financial Measures

The Company reports its financial results in accordance with generally accepted accounting principles in the U.S. (GAAP). However, management believes that certain non-GAAP financial measures used in managing the business may provide users of this financial information additional meaningful comparisons between current results and results in prior operating periods and between results in prior periods and expectations for future periods. Management believes that these non-GAAP financial measures can provide additional meaningful reflection of underlying trends of the business because they provide a comparison of historical information that excludes certain items that impact the overall comparability. Management also uses these non-GAAP financial measures in making financial, operating and planning decisions and in evaluating the Company's performance.

The tables below provide supplemental non-GAAP financial data and corresponding reconciliations to GAAP financial measures. Non-GAAP financial measures should be viewed in addition to, and not as an alternative for, the Company's reported results prepared in accordance with GAAP.

Table 1: Reconciliation of Reported Earnings Per Share from Continuing Operations

| | FY | |
|--|----------------------|----------------------|
| | <u>FY16</u> | <u>FY17</u> |
| EPS from continuing operations | \$3.33 | \$3.46 |
| <i>Y/Y EPS Growth</i> | | <i>4%</i> |
| <u>Adjustments for items impacting comparability</u> | | |
| Debt extinguishment charge ⁽¹⁾ | | <i>\$0.05</i> |
| Pension settlement charge ⁽²⁾ | | <i>\$0.03</i> |
| Adjusted EPS excluding charges | <u>\$3.33</u> | <u>\$3.53</u> |
| <i>Adjusted Y/Y EPS Growth</i> | | <i>6%</i> |

Note: Figures may not foot due to rounding.

(1) On October 12, 2016 the Company redeemed its \$375 million 6.95% notes prior to their scheduled maturity of April 15, 2019 and recorded a pre-tax loss on the early extinguishment of this debt of \$52 million.

(2) During FY17 the Company offered eligible, former TJX Associates who had not yet commenced receiving their pension benefit an opportunity to receive a lump sum payout of their vested pension benefit. The payment and settlement of these pension benefits to participants who accepted this offer resulted in a non-cash settlement charge which reduced Fiscal 2017 pre-tax income by \$31 million.

Table 2: Reconciliation of Q4 FY16 to Q4 FY17 Margins ⁽¹⁾

| <u>FY16 Q4:</u> | Total TJX | Marmaxx | HomeGoods | TJX Canada | TJX International |
|---|--------------|--------------|--------------|--------------|-------------------|
| FY16 Q4 profit margin on a GAAP basis | 11.9% | 14.2% | 15.4% | 12.5% | 9.7% |
| <i>Less impact of foreign currency ⁽²⁾</i> | <u>(0.2)</u> | - | - | <u>(0.9)</u> | <u>(0.9)</u> |
| FY16 Q4 adjusted profit margin ex-fx | <u>11.7%</u> | <u>14.2%</u> | <u>15.4%</u> | <u>11.6%</u> | <u>8.8%</u> |
| | | | | | |
| <u>FY17 Q4:</u> | | | | | |
| FY17 Q4 profit margin on a GAAP basis | 11.6% | 13.9% | 14.9% | 10.5% | 7.3% |
| <i>Less impact of foreign currency ⁽²⁾</i> | <u>0.2</u> | - | - | <u>1.6</u> | <u>1.0</u> |
| FY17 Q4 adjusted profit margin ex-fx | <u>11.7%</u> | <u>13.9%</u> | <u>14.9%</u> | <u>12.0%</u> | <u>8.3%</u> |

Note: Figures may not foot due to rounding.

(1) Profit margin is pre-tax profit margin for total TJX and segment profit margin for each of our business segments.

(2) Foreign currency includes the impact of translation as well as the mark-to-market adjustment of our inventory derivatives. Foreign currency translation only impacts year over year comparisons, therefore Q4 FY16 does not include an adjustment for translation.

Table 3: Reconciliation of FY16 to FY17 Margins ⁽¹⁾

| <u>FY16:</u> | Total TJX | Marmaxx | HomeGoods | TJX Canada | TJX International |
|---|------------|---------|-----------|------------|-------------------|
| FY16 profit margin on a GAAP basis | 11.8% | 14.3% | 14.0% | 13.1% | 7.5% |
| <i>Less impact of foreign currency ⁽²⁾</i> | <u>0.0</u> | - | - | <u>0.4</u> | <u>(0.2)</u> |
| FY16 adjusted profit margin ex-fx | 11.8% | 14.3% | 14.0% | 13.6% | 7.3% |
| <u>FY17:</u> | | | | | |
| FY17 profit margin on a GAAP basis | 11.2% | 14.1% | 13.9% | 13.0% | 5.4% |
| <i>Debt extinguishment charge ⁽³⁾</i> | 0.2 | | | | |
| <i>Pension settlement charge ⁽⁴⁾</i> | <u>0.1</u> | | | | |
| FY17 adjusted profit margin excluding Q3 charges | 11.5% | | | | |
| <i>Less impact of foreign currency ⁽²⁾</i> | <u>0.1</u> | - | - | <u>0.4</u> | <u>0.6</u> |
| FY17 adjusted profit margin ex-fx | 11.5% | 14.1% | 13.9% | 13.5% | 6.0% |

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(1) Profit margin is pre-tax profit margin for total TJX and segment profit margin for each of our business segments.

(2) Foreign currency includes the impact of translation as well as the mark-to-market adjustment of our inventory derivatives. Foreign currency translation only impacts year over year comparisons, therefore FY16 does not include an adjustment for translation.

(3) On October 12, 2016 the Company redeemed its \$375 million 6.95% notes prior to their scheduled maturity of April 15, 2019 and recorded a pre-tax loss on the early extinguishment of this debt of \$52 million.

(4) During FY17 the Company offered eligible, former TJX Associates who had not yet commenced receiving their pension benefit an opportunity to receive a lump sum payout of their vested pension benefit. The payment and settlement of these pension benefits to participants who accepted this offer resulted in a non-cash settlement charge which reduced Fiscal 2017 pre-tax income by \$31 million.

Table 4: Reconciliation of FY17 to FY18 Estimated Margins ^{(1), (2)}

| FY17 Full Year Actual: | Total TJX | Marmaxx | HomeGoods | TJX Canada | TJX International |
|---|---------------|---------------|---------------|---------------|-------------------|
| FY17 profit margin on a GAAP basis | 11.2% | 14.1% | 13.9% | 13.0% | 5.4% |
| <i>Debt extinguishment charge</i> ⁽³⁾ | 0.2 | | | | |
| <i>Pension settlement charge</i> ⁽⁴⁾ | <u>0.1</u> | | | | |
| FY17 profit margin on a GAAP basis | 11.5% | | | | |
| <i>Less impact of foreign currency</i> ⁽⁵⁾ | <u>0.1</u> | - | - | <u>0.4</u> | <u>0.3</u> |
| FY17 adjusted profit margin ex-fx | 11.5% | 14.1% | 13.9% | 13.4% | 5.7% |
| FY18 Full Year Guidance: | | | | | |
| FY18 estimated profit margin on a GAAP basis | 11.1% - 11.3% | 13.7% - 13.9% | 13.1% - 13.3% | 13.9%- 14.1% | 4.4% - 4.6% |
| <i>Less estimated impact of foreign currency</i> ⁽⁵⁾ | <u>(0.1)</u> | - | - | <u>(0.1)</u> | <u>(0.1)</u> |
| FY18 estimated adjusted profit margin ex-fx | 11.0% - 11.2% | 13.7% - 13.9% | 13.1% - 13.3% | 13.8% - 14.0% | 4.3% - 4.5% |

Note: Figures may not foot due to rounding.

(1) Profit margin is pre-tax profit margin for total TJX and segment profit margin for each of our business segments.

(2) FY18 figures are stated on a 53 week basis.

(3) On October 12, 2016 the Company redeemed its \$375 million 6.95% notes prior to their scheduled maturity of April 15, 2019 and recorded a pre-tax loss on the early extinguishment of this debt of \$52 million.

(4) During FY17 the Company offered eligible, former TJX Associates who had not yet commenced receiving their pension benefit an opportunity to receive a lump sum payout of their vested pension benefit. The payment and settlement of these pension benefits to participants who accepted this offer resulted in a non-cash settlement charge which reduced Fiscal 2017 pre-tax income by \$31 million.

(5) Foreign currency includes the impact of translation as well as the mark-to-market adjustment of our inventory derivatives. Foreign currency translation only impacts year over year comparisons, therefore FY17 does not include an adjustment for translation.

Table 4a: Reconciliation of FY18 53 Week to 52 Week Margin Guidance

FY18 profit margin guidance:

| | Total TJX | |
|--|-------------------------|--------------|
| | FY18 Full Year Guidance | |
| | <u>Low</u> | <u>High</u> |
| FY18 profit margin on a 53 week basis | 11.1% | 11.3% |
| <i>53rd week impact</i> | <u>(0.2)</u> | <u>(0.2)</u> |
| FY18 adjusted profit margin on a 52 week basis | 10.9% | 11.1% |

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Table 5: Reconciliation of Net Cash Provided by Operating Activities to Free Cash Flow

| | <u>Full Year</u> | |
|---|---------------------|---------------------|
| | <u>FY16</u> | <u>FY17</u> |
| Net cash provided by operating activities | \$ 2,937 | \$ 3,602 |
| Capital spending | (889) | (1,025) |
| Free cash flow | <u>2,048</u> | <u>2,577</u> |

Note: Figures may not foot due to rounding.

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Although ROIC is a standard financial measure, numerous methods exist for calculating a company's ROIC. The method used by management to calculate our ROIC may differ from the methods used by other companies to calculate their ROIC. As a result, for industry benchmarking purposes, we have relied on a ROIC definition commonly used by third party analysts, defined as the tax effected earnings before interest and tax (EBIT), assuming a normalized tax rate of 37.5%, divided by average invested capital during that period. The average invested capital was considered to be average of total common equity, short-term borrowings, current portion of long-term debt, long-term debt, and capital leases.

This is different from the method of calculating ROIC shown below that we use for internal purposes and have reported in the past.

Table 6: Calculation of Return on Invested Capital

| Calculation of Return on Invested Capital | Full Year | |
|--|----------------|----------------|
| | FY16 | FY17 |
| Numerator | | |
| Adjusted pre-tax income | \$ 3,658 | \$ 3,806 |
| Add interest expense | 46 | 44 |
| Add rent expense | 1,366 | 1,435 |
| Tax rate | 37.7% | 38.3% |
| Adjusted Operating Income | 3,157 | 3,262 |
| Denominator | | |
| Average long term debt | 1,614 | 1,921 |
| Average shareholder's equity | 4,286 | 4,413 |
| Average 8x rent | 10,749 | 11,203 |
| Average ending cash and short term investments | (2,612) | (2,960) |
| Average Invested Capital | 14,036 | 14,577 |
| Return on Invested Capital (ROIC) | 22% | 22% |
| | | |
| Calculation for Adjusted Pre-Tax Income | | |
| | Full Year | |
| | FY16 | FY17 |
| Pre-tax income | \$3,658 | \$3,723 |
| Debt extinguishment charge ⁽¹⁾ | | \$52 |
| Pension settlement charge ⁽²⁾ | | \$31 |
| Adjusted Pre-tax income excluding charges | \$3,658 | \$3,806 |

Note: Figures may not foot due to rounding.

(1) On October 12, 2016 the Company redeemed its \$375 million 6.95% notes prior to their scheduled maturity of April 15, 2019 and recorded a pre-tax loss on the early extinguishment of this debt of \$52 million.

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Table 7: Reconciliation of FY17 to FY18 Estimated Earnings per Share

| | FY | | |
|--|----------------------|--------------------------------|----------------------|
| | <u>FY17</u> | FY18 Full Year Guidance | |
| | | <u>Low</u> | <u>High</u> |
| EPS from continuing operations | \$3.46 | \$3.80 | \$3.89 |
| <i>Y/Y EPS Growth</i> | | 10% | 12% |
| <u>Adjustments for items impacting comparability</u> | | | |
| Debt extinguishment charge ⁽¹⁾ | \$0.05 | | |
| Pension settlement charge ⁽²⁾ | \$0.03 | | |
| 53 rd week Impact | | (0.11) | (0.11) |
| Adjusted EPS | <u>\$3.53</u> | <u>\$3.69</u> | <u>\$3.78</u> |
| <i>Adjusted Y/Y EPS Growth</i> | | 5% | 7% |

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(1) On October 12, 2016 the Company redeemed its \$375 million 6.95% notes prior to their scheduled maturity of April 15, 2019 and recorded a pre-tax loss on the early extinguishment of this debt of \$52 million.

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