

AT&T INC.  
Form 10-K  
February 24, 2012

FORM 10-K

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

(Mark One)

SECTION 13 OR 15(d)

ANNUAL REPORT PURSUANT TO

OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2011

OR

SECTION 13 OR 15(d)

TRANSITION REPORT PURSUANT TO

OF THE SECURITIES EXCHANGE ACT OF 1934

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

Commission File Number: 1-8610

AT&T INC.

Incorporated under the laws of the State of Delaware  
I.R.S. Employer Identification Number 43-1301883

208 S. Akard St., Dallas, Texas, 75202  
Telephone Number 210-821-4105

Securities registered pursuant to Section 12(b) of the Act: (See attached Schedule A)

Securities registered pursuant to Section 12(g) of the Act: None.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.  
Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes  No

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

Edgar Filing: AT&T INC. - Form 10-K

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 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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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 definition 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

Smaller reporting company

(Do not check if a 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

Based on the closing price of \$31.41 per share on June 30, 2011, the aggregate market value of our voting and non-voting common stock held by non-affiliates was \$186.1 billion.

At January 31, 2012, common shares outstanding were 5,928,751,656.

DOCUMENTS INCORPORATED BY REFERENCE

- (1) Portions of AT&T Inc.'s Annual Report to Stockholders for the fiscal year ended December 31, 2011 (Parts I and II).
- (2) Portions of AT&T Inc.'s Notice of 2012 Annual Meeting and Proxy Statement dated on or about March 9, 2012 to be filed within the period permitted under General Instruction G(3) (Parts III and IV).

SCHEDULE A

Securities Registered Pursuant To Section 12(b) Of The Act:

Title of each class	Name of each exchange on which registered
Common Shares (Par Value \$1.00 Per Share)	New York Stock Exchange
6.125% AT&T Inc. Global Notes due April 2, 2015	New York Stock Exchange
5.875% AT&T Inc. Global Notes due April 28, 2017	New York Stock Exchange
7.00% AT&T Inc. Global Notes due April 30, 2040	New York Stock Exchange

## TABLE OF CONTENTS

Item		Page
PART I		
1.	Business	1
1A.	Risk Factors	8
2.	Properties	9
3.	Legal Proceedings	9
4.	Mine Safety Disclosures	9
	Executive Officers of the Registrant	10
PART II		
5.	Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities	11
6.	Selected Financial Data	11
7.	Management's Discussion and Analysis of Financial Condition and Results of Operations	11
7A.	Quantitative and Qualitative Disclosures about Market Risk	11
8.	Financial Statements and Supplementary Data	11
9.	Changes in and Disagreements with Accountants on Accounting and Financial Disclosure	11
9A.	Controls and Procedures	11
9B.	Other Information	12
PART III		
10.	Directors, Executive Officers and Corporate Governance	13
11.	Executive Compensation	13
12.	Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters	14
13.	Certain Relationships and Related Transactions, and Director Independence	15
14.	Principal Accountant Fees and Services	15
PART IV		
15.	Exhibits and Financial Statement Schedules	15



AT&T Inc.

## PART I

### ITEM 1. BUSINESS

#### GENERAL

AT&T Inc. (“AT&T,” “we” or the “Company”) is a holding company incorporated under the laws of the State of Delaware in 1983 and has its principal executive offices at 208 S. Akard St., Dallas, Texas, 75202 (telephone number 210-821-4105). We maintain an Internet website at [www.att.com](http://www.att.com). (This website address is for information only and is not intended to be an active link or to incorporate any website information into this document.) We make available, free of charge, on our website our annual report on Form 10-K, our quarterly reports on Form 10-Q, current reports on Form 8-K and all amendments to those reports as soon as reasonably practicable after such reports are electronically filed with, or furnished to, the Securities and Exchange Commission (SEC). We also make available on that website, and in print, if any stockholder or other person so requests, our code of business conduct and ethics entitled “Code of Ethics” applicable to all employees and Directors, our “Corporate Governance Guidelines,” and the charters for all committees of our Board of Directors, including Audit, Human Resources and Corporate Governance and Nominating. Any changes to our Code of Ethics or waiver of our Code of Ethics for senior financial officers, executive officers or Directors will be posted on that website.

#### History

AT&T, formerly known as SBC Communications Inc. (SBC), was formed as one of several regional holding companies created to hold AT&T Corp.’s (ATTC) local telephone companies. On January 1, 1984, we were spun-off from ATTC pursuant to an anti-trust consent decree, becoming an independent publicly traded telecommunications services provider. At formation, we primarily operated in five southwestern states. Our subsidiaries merged with Pacific Telesis Group in 1997, Southern New England Telecommunications Corporation in 1998 and Ameritech Corporation in 1999, thereby expanding our wireline operations as the incumbent local exchange carrier (ILEC) into a total of 13 states. In November 2005, one of our subsidiaries merged with ATTC, creating one of the world’s leading telecommunications providers. In connection with the merger, we changed the name of our company from “SBC Communications Inc.” to “AT&T Inc.” In December 2006, one of our subsidiaries merged with BellSouth Corporation (BellSouth) making us the ILEC in an additional nine states. With the BellSouth acquisition, we thereby acquired BellSouth’s 40% economic interest in AT&T Mobility LLC (AT&T Mobility), formerly Cingular Wireless LLC, and BellSouth’s 34% economic interest in YELLOWPAGES.COM (YPC), resulting in 100% ownership of AT&T Mobility and YPC. Our services and products are marketed under the AT&T brand name, including alliances such as AT&T Yahoo! and AT&T | DIRECT TV.

#### Scope

We are a leading provider of telecommunications services in the United States and the world. We offer our services and products to consumers in the U.S. and services and products to businesses and other providers of telecommunications services worldwide.

The services and products that we offer vary by market, and include: wireless communications, local exchange services, long-distance services, data/broadband and Internet services, video services, telecommunications equipment, managed networking, wholesale services and directory advertising and publishing. We group our operating subsidiaries as follows, corresponding to our operating segments for financial reporting purposes:

- wireless subsidiaries provide both wireless voice and data communications services across the U.S. and, through roaming agreements, in a substantial number of foreign countries.

- wireline subsidiaries provide primarily landline voice and data communication services, AT&T U-verse® TV, high-speed broadband and voice services (U-verse) and managed networking to business customers.
- advertising solutions subsidiaries publish Yellow and White Pages directories and sell directory advertising and Internet-based advertising and local search.
  - other subsidiaries provide results from customer information services and all corporate and other operations.

Our local exchange subsidiaries operate as the ILEC in 22 states: Alabama, Arkansas, California, Connecticut, Illinois, Indiana, Florida, Georgia, Kentucky, Louisiana, Kansas, Michigan, Mississippi, Missouri, Nevada, North Carolina, Ohio, Oklahoma, South Carolina, Tennessee, Texas and Wisconsin (22-state area). Our local exchange subsidiaries are subject to regulation by each state in which they operate and by the Federal Communications Commission (FCC). Wireless service providers are regulated by the FCC. Additional information relating to regulation is contained under the heading “Government Regulation” and in the Annual Report under the heading “Operating Environment and Trends of the Business,” and is incorporated herein by reference pursuant to General Instruction G(2).

## AT&T Inc.

With the expansion of our company through acquisitions and the resulting ownership consolidation of AT&T Mobility, and with continuing advances in technology, our services offerings now combine our traditional wireline and wireless services. We make our customers' lives more convenient and productive and foster competition and further innovation in the communications and entertainment industry. In 2012, we plan to focus on the areas discussed below.

### Wireless

AT&T Mobility began operations in October 2000 as a joint venture between us and BellSouth and, in 2004, acquired AT&T Wireless Services, Inc. Upon our acquisition of BellSouth in 2006, AT&T Mobility became a wholly-owned subsidiary.

We cover most major metropolitan areas of the United States with our Universal Mobile Telecommunications System/High-Speed Downlink Packet Access (HSPA) and HSPA+ network technology, with HSPA+ providing 4G speeds when combined with our upgraded backhaul. At the end of 2011, over 80% of our data traffic was carried over this enhanced backhaul. Our network provides superior mobile broadband speeds for data and video services, as well as operating efficiencies using the same spectrum and infrastructure for voice and data on an IP-based platform. Our wireless network also relies on digital transmission technologies known as GSM, General Packet Radio Services and Enhanced Data Rates for GSM Evolution for data communications. As of December 31, 2011, we served 103 million subscribers. We have also begun transitioning our network to next generation LTE technology and expect this network to cover approximately 80% of the U.S. population and to be largely complete by the end of 2013. We continue to expand the number of locations, including airports and cafés, where customers can access broadband Internet connections using wireless fidelity (local radio frequency commonly referred to as Wi-Fi) wireless technology.

As the wireless industry continues to mature, we believe that future wireless growth will increasingly depend on our ability to offer innovative data services to customers, which in turn, will depend on the availability of additional spectrum. We are facing significant spectrum and capacity constraints on our wireless network in certain markets. We expect such constraints to increase and expand to additional markets in the coming years. While we are continuing to invest significant capital in expanding our network capacity, our capacity constraints could affect the quality of existing voice and data services and our ability to launch new, advanced wireless broadband services, unless we are able to obtain more spectrum. Any spectrum solution will require that the FCC makes new spectrum available to the wireless industry and allows us to obtain the spectrum we need more immediately to meet the needs of our customers. We will continue to attempt to address spectrum and capacity constraints on a market-by-market basis.

### Business Customers

We expect to continue to strengthen the reach and sophistication of our network facilities and our ability to offer a variety of communications services, both wireless and wireline, to large businesses and wholesale customers worldwide. We expect to offer similar services to small- and medium-businesses and to increase the attractiveness of our services to governmental customers. We also expect to extend our wholesale business offerings to other service products and systems integration services.

### Data/Broadband

As the communications industry continues to move toward Internet-based technologies that are capable of blending traditional wireline and wireless services, we plan to offer services that take advantage of these new and more sophisticated technologies. In particular, we intend to continue to focus on expanding our AT&T U-verse high-speed broadband and video offerings and on developing IP-based services that allow customers to unite their home or business wireline services with their wireless service.



U-verse Services During 2011, we continued to expand our offerings of U-verse High Speed Internet and TV services.

As of December 31, 2011, we reached our deployment goal of 30 million living units and have now passed 30.3 million living units (constructed housing units as well as platted housing lots). We are marketing U-verse services to 78% of those units and had 3.8 million subscribers by year-end 2011. During 2012, we will continue our efforts to increase sales to this base.

We believe that our U-verse TV service is a “video service” under the Federal Communications Act. However, some cable providers and municipalities have claimed that certain IP services should be treated as a traditional cable service and therefore subject to the applicable state and local cable regulation. Certain municipalities have delayed our requests to offer this service or have refused us permission to use our existing or new right-of-ways to deploy or activate our U-verse-related equipment, services and products, resulting in litigation. Petitions have been filed at the FCC alleging that the manner in which we provision “public, educational and governmental” (PEG) programming over our U-verse TV service conflicts with federal law, and a lawsuit has been filed in a California state superior court raising similar allegations under California law. If courts having jurisdiction where we have significant deployments of our U-verse services were to decide that federal, state and/or local cable regulation were applicable to our U-verse services, or if the FCC, state agencies or the courts were to rule that we must deliver PEG programming in a manner substantially different from the way we do today or in ways that are inconsistent with our current network architecture, it could have a material adverse effect on the cost and extent of our U-verse offerings.

AT&T Inc.

Voice over Internet Protocol (VoIP) VoIP is generally used to describe the transmission of voice using IP-based technology rather than a traditional wire and switch-based telephone network. A company using this technology can often provide voice services at a lower cost because this technology uses bandwidth more efficiently than a traditional network and because this technology has not been subject to traditional telephone industry regulation. While the development of VoIP has resulted in increased competition for our wireless and wireline voice services, it also presents growth opportunities for us to develop new products for our customers.

## BUSINESS OPERATIONS

### OPERATING SEGMENTS

Our segments are strategic business units that offer different products and services over various technology platforms and are managed accordingly. We analyze our various operating segments based on segment income before income taxes. We make our capital allocations decisions based on our strategic direction of the business, needs of the network (wireless or wireline) providing services and other assets needed to provide emerging services to our customers. Actuarial gains and losses from pension and other postretirement benefits, interest expense and other income (expense) – net, are managed only on a total company basis and are, accordingly, reflected only in consolidated results. Therefore, these items are not included in the calculation of each segment's percentage of our total segment income. Each segment's percentage of total segment operating revenue and income calculations is derived from our segment results, and income percentage may total more than 100 percent due to losses in one or more segments. We have four reportable segments: (1) Wireless; (2) Wireline; (3) Advertising Solutions; and (4) Other.

Additional information about our segments, including financial information, is included under the heading "Segment Results" on pages 32 through 40 and in Note 4 of the Annual Report and is incorporated herein by reference pursuant to General Instruction G(2).

### WIRELESS

Wireless consists of our subsidiary, AT&T Mobility, which operates as a wireless provider to both business and consumer customers. Our Wireless segment provided approximately 50% of 2011 total segment operating revenues and 94% of our 2011 total segment income. At December 31, 2011, we had more than 103 million wireless subscribers. We classify our customers as either postpaid, prepaid, connected device or reseller.

#### Services and Products

We offer a comprehensive range of high-quality nationwide wireless voice and data communications services in a variety of pricing plans, including postpaid and prepaid service plans. Our offerings are tailored to meet the communications needs of targeted customer segments, including youth, family, active professionals, small businesses, government and major national corporate accounts.

Service – Our voice service is generally offered on a contract basis for one- or two-year periods, referred to as postpaid. Under the terms of these contracts, service is billed and provided on a monthly basis according to the applicable rate plan chosen. Our wireless services include basic local wireless communications service, long-distance service and roaming services. Roaming services enable our subscribers to utilize other carriers' networks when they are "roaming" outside our network footprint. We also charge fees to other carriers for providing roaming services to their customers when their customers utilize our network. We also offer prepaid voice service to certain customers who prefer to control usage or pay in advance.

Wireless data revenues continue to be a growing area of our business, representing an increasing share of our overall subscriber revenue. We are experiencing solid growth from both consumer and enterprise wireless data services, as an increasing number of our subscribers have upgraded their handsets to more advanced integrated devices. We are also seeing rapid growth in demand for new data-centric devices such as notebooks, tablets, eReaders, direction and navigation aids and monitoring devices. Customers in our “connected device” category (e.g., users of eReaders and navigation aids) purchase those devices from third-party suppliers which buy data access supported by our network. Other data-centric device users are classified as either postpaid customers (primarily netbook and notebook users) or prepaid customers (primarily tablet users) since they purchase service directly from us. We continue to upgrade our network and coordinate with equipment manufacturers and applications developers in order to further capitalize on the continued growth in the demand for wireless data services. As of December 31, 2011, we were a leading provider of wireless data in the U.S. wireless industry based on subscribers.

3

---

AT&T Inc.

Equipment – We sell a wide variety of handsets, wirelessly enabled computers (i.e., notebooks and tablets) and personal computer wireless data cards manufactured by various suppliers for use with our voice and data services. We sell through our own company-owned stores or through agents or third-party retail stores. We also sell accessories, such as carrying cases, hands-free devices, batteries, battery chargers and other items, to consumers, as well as to agents and other third-party distributors for resale. Like other wireless service providers, we often provide postpaid contract subscribers substantial equipment subsidies to initiate or upgrade service.

Additional information on our Wireless segment is contained in the Annual Report in the “Operating Environment Overview” section under the heading “Expected Growth Areas,” “Wireless” beginning on page 41 and is incorporated herein by reference pursuant to General Instruction G(2).

#### WIRESLINE

Our Wireline subsidiaries provide both retail and wholesale communication services domestically and internationally. Our Wireline segment provided approximately 47% of 2011 segment operating revenues and 45% of our 2011 total segment income. We divide our wireline services into three product-based categories: voice, data and other. Revenues from our traditional voice services have been declining as customers have been switching to wireless, cable and other Internet-based providers. In addition, the continuing weak economy has caused wireline customers to terminate their residential or business phone service as individuals have lost jobs or otherwise combined households and businesses have closed or reduced operations. We have responded by offering packages of combined voice and data services, including broadband and video, and intend to continue this strategy during 2012.

#### Services and Products

Data – We provide data services that rely on IP-based technology and data services that rely on older, circuit-based technology. We provide businesses voice applications over IP-based networks (i.e., Enhanced Virtual Private Networks or “EVPN”). Over the past several years, we have built out our new multi-protocol label switching/asynchronous transfer mode, or MPLS/ATM network, to supplement, and eventually replace, our other extensive global networks. These products allow us to provide highly complex global data networks. Additional IP-based services include Internet access and network integration, dedicated Internet and enterprise networking services, U-verse services and related data equipment sales.

Our circuit-based, traditional data products include switched and dedicated transport that allow business customers to transport data at high speeds, as well as DSL and dial-up Internet access. Our private line offering uses high-capacity digital circuits to transmit from point-to-point in multiple configurations and allows customers to create internal data networks and to access external data networks. Switched Transport services transmit data using switching equipment to transfer the data between multiple lines before reaching its destination. Dedicated Transport services use a single direct line to transmit data between destinations. DSL is a digital modem technology that converts existing twisted-pair telephone lines into access paths for multimedia and high-speed data communications to the Internet or private networks. DSL allows customers to simultaneously make a phone call and access information via the Internet or an office local area network. Digital Services use dedicated digital circuits to transmit digital data at various high rates of speed.

Network integration services include installation of business data systems, local area networking and other data networking offerings. Internet access services include a wide range of products for residences and businesses including basic dial-up access service, dedicated access, web hosting, managed services, e-mail and high-speed access services. Our managed web-hosting services for businesses provide network, server and security infrastructure as well

as built-in data storage and include application performance management, database management, hardware and operating system management. Our hosting services also provide customers with secure access to detailed reporting information about their infrastructure and applications.

Packet services consist of data networks using packet switching and transmission technologies, including traditional circuit-based, and IP connectivity services. Packet services enable customers to transmit large volumes of data economically and securely and are used for local area network (LAN) interconnection, remote site, point of sale and branch office communications. High-speed packet services are used extensively by enterprise (large business) customers.

4

---

AT&T Inc.

Enterprise networking services provide comprehensive support from network design, implementation and installation to ongoing network operations and management for networks of varying scales, including LANs, wide area networks, and virtual private networks. These services include applications such as e-mail, order entry systems, employee directories, human resource transactions and other database applications.

We also offer Wi-Fi services (local radio frequency commonly known as wireless fidelity).

We provide local, interstate and international wholesale networking capacity to other service providers. We offer a combination of high-volume transmission capacity and conventional dedicated line services on a regional, national and international basis to wireless carriers, interexchange carriers, Internet service providers (ISPs) and facility-based and switchless resellers. Our wholesale customers are primarily large ISPs, wireless carriers, competitive local exchange carriers (CLECs), regional phone companies, interexchange carriers, cable companies and systems integrators.

Voice – Voice includes traditional local and long-distance service provided to retail customers and wholesale access to our network and individual network elements provided to competitors. At December 31, 2011, our wireline subsidiaries served approximately 19 million retail consumer access lines, 16 million retail business access lines and 2 million wholesale access lines. We also have a number of integrated voice and data services, such as integrated network connections, that provide customers the ability to integrate access for their voice and data services, the data component of which is included in the data category. Additionally, voice revenues do not include any of our VoIP revenues, which are included in data revenues.

Long distance consists of traditional long distance and international long distance for customers that select us as their primary long-distance carrier. Long distance also includes services provided by calling card, 1-800 services and conference calling. These services are used in a wide variety of business applications, including sales, reservation centers or customer service centers. We also provide wholesale switched access service to other service providers.

Voice also includes calling features, fees to maintain wire located inside customer premises and other miscellaneous voice products. Calling features are enhanced telephone services available to retail customers such as Caller ID, Call Waiting and voice mail. These calling features services are generally more profitable than basic local phone service.

Other – Other includes application management, security service, integration services, customer premises equipment, outsourcing, government-related services, and satellite video services. Security services include business continuity and disaster recovery services as well as premise and network based security products.

Customer premises equipment and other equipment sales range from single-line and cordless telephones to sophisticated digital Private Branch Exchange (PBX) systems. PBX is a private telephone switching system, typically used by businesses and usually located on a customer's premises, which provides intra-premise telephone services as well as access to our network.

#### ADVERTISING SOLUTIONS

Advertising Solutions includes our directory operations, which publish Yellow and White Pages directories and sell directory advertising and Internet-based advertising and local search. The Advertising Solutions segment provided approximately 3% of total segment operating revenues in 2011. In 2011, segment operating expenses exceeded revenues due to a recorded impairment of goodwill and a trade name. This segment sells advertising services throughout the United States, with our print directory operations primarily covering our 22-state area.



AT&T Inc.

#### OTHER

Our Other segment includes customer information services (i.e., operator services) and corporate and other operations, as well as impacts from corporate-wide decisions for which the individual operating segments are not being evaluated, including interest cost and expected return on pension and postretirement benefits. The Other segment provided less than 1% of total segment operating revenues in 2011. In 2011, segment operating expenses exceeded revenues. We also include in this segment the equity income (loss) from our investments in Telefonos de México, S.A. de C.V. and América Móvil, S.A. de C.V.

#### MAJOR CLASSES OF SERVICE

The following table sets forth the percentage of total consolidated reported operating revenues by any class of service that accounted for 10% or more of our consolidated total operating revenues in any of the last three fiscal years:

	Percentage of Total Consolidated Operating Revenues		
	2011	2010	2009
<b>Wireless Segment</b>			
Wireless service	45%	43%	40%
<b>Wireline Segment</b>			
Data	23%	22%	21%
Voice	20%	23%	26%

#### GOVERNMENT REGULATION

Wireless communications providers must be licensed by the FCC to provide communications services at specified spectrum frequencies within specified geographic areas and must comply with the rules and policies governing the use of the spectrum as adopted by the FCC. The FCC's rules have a direct impact on whether the wireless industry has sufficient spectrum available to support the high quality, innovative services our customers demand. Wireless licenses are issued for a fixed time period, typically ten years, and we must seek renewal of these licenses. While the FCC has generally renewed licenses given to operating companies such as us, the FCC has authority to both revoke a license for cause and to deny a license renewal if a renewal is not in the public interest. Additionally, while wireless communications providers' prices and service offerings are generally not subject to regulation, the federal government and an increasing number of states are considering new regulations and legislation relating to various aspects of wireless services.

Our wireline subsidiaries are subject to regulation by state commissions which have the power to regulate intrastate rates and services, including local, long-distance and network access services, provided such state regulation is consistent with federal law. These subsidiaries are also subject to the jurisdiction of the FCC with respect to intercarrier compensation, interconnection, and interstate and international rates and services, including interstate access charges. Access charges are a form of intercarrier compensation designed to compensate our wireline subsidiaries for the use of their networks by other carriers.

Our subsidiaries operating outside the United States are subject to the jurisdiction of national and supranational regulatory authorities in the market where service is provided. Regulation is generally limited to operational licensing authority for the provision of enterprise services.



Additional information relating to regulation of our subsidiaries is contained in the Annual Report under the headings “Operating Environment Overview” beginning on page 40 and “Regulatory Developments” beginning on page 42 and are incorporated herein by reference pursuant to General Instruction G(2).

6

---

AT&T Inc.

#### IMPORTANCE, DURATION AND EFFECT OF LICENSES

Certain of our subsidiaries own or have licenses to various patents, copyrights, trademarks and other intellectual property necessary to conduct business. Many of our subsidiaries also hold government-issued licenses or franchises to provide wireline or wireless services and regulation affecting those rights is contained in the Annual Report under the heading "Operating Environment Overview" beginning on page 40 and is incorporated herein by reference pursuant to General Instruction G(2). We actively pursue patents, trademarks and service marks to protect our intellectual property within the U.S. and abroad. We maintain a significant global portfolio of patents, trademarks and service mark registrations. We have also entered into agreements that permit other companies, in exchange for fees and subject to appropriate safeguards and restrictions, to utilize certain of our trademarks and service marks. We periodically receive offers from third parties to obtain licenses for patent and other intellectual rights in exchange for royalties or other payments. We also receive notices asserting that our products or services infringe on their patents and other intellectual property rights. These claims, whether against us directly or against third-party suppliers of products or services that we, in turn, sell to our customers, such as wireless handsets, could require us to pay damages, royalties, stop offering the relevant products or services and/or cease other activities. While the outcome of any litigation is uncertain, we do not believe that the resolution of any of these infringement claims or the expiration or non-renewal of any of our intellectual property rights would have a material adverse effect on our results of operations.

#### MAJOR CUSTOMER

No customer accounted for 10% or more of our consolidated revenues in 2011, 2010 or 2009.

#### COMPETITION

Information relating to competition in each of our operating segments is contained in the Annual Report under the heading "Competition" beginning on page 42, and is incorporated herein by reference pursuant to General Instruction G(2).

#### RESEARCH AND DEVELOPMENT

AT&T Labs' scientists and engineers conduct research in a variety of areas, including IP; advanced network design and architecture; network operations support systems; data mining technologies and advanced speech technologies. The majority of the development activities are performed by AT&T Services. The developers within AT&T Services work with our business units and AT&T Labs to create new services and invent tools and systems to manage secure and reliable networks for us and our customers. We also have a research agreement with Telcordia Technologies, formerly Bell Communications Research, Inc. Research and development expenses were \$1,197 in 2011, \$1,280 in 2010, and \$993 million in 2009.

#### EMPLOYEES

As of January 31, 2012, we employed approximately 256,000 persons. Approximately 55% of our employees are represented by the Communications Workers of America, the International Brotherhood of Electrical Workers or other unions. Contracts covering approximately 120,000 employees will expire during 2012. For contracts covering approximately 80,000 (mainly wireline) employees, the union is entitled to call a work stoppage in the absence of a new contract being reached.

At December 31, 2011, we had approximately 335,000 retirees who, along with their dependents, were eligible to receive retiree benefits.

7

---

AT&T Inc.

## ITEM 1A. RISK FACTORS

Information required by this Item is included in the Annual Report under the heading “Risk Factors” on pages 53 through 55 which is incorporated herein by reference pursuant to General Instruction G(2).

### CAUTIONARY LANGUAGE CONCERNING FORWARD-LOOKING STATEMENTS

The following factors could cause our future results to differ materially from those expressed in the forward-looking statements:

- Adverse economic and/or capital access changes in the markets served by us or in countries in which we have significant investments, including the impact on customer demand and our ability and our suppliers’ ability to access financial markets at favorable rates.
- Changes in available technology and the effects of such changes, including product substitutions and deployment costs.
- Increases in our benefit plans’ costs, including increases due to adverse changes in the U.S. and foreign securities markets, resulting in worse-than-assumed investment returns and discount rates and adverse medical cost trends and unfavorable healthcare legislation and regulations.
- The final outcome of FCC and other federal agency proceedings and reopenings of such proceedings and judicial reviews, if any, of such proceedings, including issues relating to access charges, universal service, broadband deployment, E911 services, competition, net neutrality, unbundled loop and transport elements, availability of new spectrum from the FCC on fair and balanced terms, wireless license awards and renewals and wireless services, including data roaming agreements.
- The final outcome of regulatory proceedings in the states in which we operate and reopenings of such proceedings and judicial reviews, if any, of such proceedings, including proceedings relating to Interconnection terms, access charges, universal service, unbundled network elements and resale and wholesale rates; broadband deployment including our U-verse services; net neutrality; performance measurement plans; service standards; and traffic compensation.
- Enactment of additional state, federal and/or foreign regulatory and tax laws and regulations pertaining to our subsidiaries and foreign investments, including laws and regulations that reduce our incentive to invest in our networks, resulting in lower revenue growth and/or higher operating costs.

• 674,370      \$                      \$ (536,947)      \$ 4,138,644      \$ 4,276,067

The accompanying notes are an integral part of the unaudited consolidated 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, accruals and deferrals among periods required to match costs properly with the related revenue or activity, considered necessary by The TJX Companies, Inc. (together with its subsidiaries, "TJX") for a fair statement of its financial statements for the periods reported, all in conformity with 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 31, 2015 ("fiscal 2015").

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 31, 2015 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 January 30, 2016 ("fiscal 2016") and is a 52-week fiscal year. Fiscal 2015 was also a 52-week fiscal year.

*Share-Based Compensation:* TJX accounts for share-based compensation by estimating the fair value of each award on the date of grant. TJX uses the Black-Scholes option pricing model for stock options awarded and uses the market price on the grant date for performance-based restricted stock awards. Total share-based compensation expense was \$22.6 million for the quarter ended August 1, 2015 and \$22.2 million for the quarter ended August 2, 2014. Total share-based compensation expense was \$43.8 million for the six months ended August 1, 2015 and \$42.0 million for the six months ended August 2, 2014. These amounts include stock option expense as well as restricted and deferred stock amortization. There were options to purchase 0.5 million shares of common stock exercised during the quarter ended August 1, 2015 and options to purchase 2.2 million shares of common stock exercised during the six months ended August 1, 2015. There were options outstanding to purchase 27.7 million shares of common stock as of August 1, 2015. As of August 1, 2015, there was \$112.8 million of total unrecognized compensation cost related to nonvested share-based compensation arrangements granted under TJX's stock incentive plan.

*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. As of August 1, 2015, TJX's cash and cash equivalents held by its foreign subsidiaries were \$1,100.3 million, of which \$327.0 million was held in countries where TJX has the intention to reinvest any undistributed earnings indefinitely.

*Investments:* Investments with maturities greater than 90 days but less than one year at the date of purchase are included in short-term investments. These investments are classified as trading securities and are stated at fair value. Investments are classified as either short- or long-term based on their original maturities. 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 at all of its divisions, except at Sierra Trading Post ("STP"). 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 includes an accrual for in-transit inventory of \$638.2 million at August 1, 2015, \$495.2 million at January 31, 2015 and \$472.6 million at August 2, 2014. Comparable amounts were reflected in accounts payable at those dates.

*Leases:* Construction of TJX Canada's new home office has been completed and TJX is precluded from derecognizing the asset due to continuing involvement beyond a normal leaseback.

Therefore, the lease is accounted for as a financing transaction and the asset and related financing obligation recorded at January 31, 2015 remain on the consolidated balance sheet at August 1, 2015.

*New Accounting Standards:* In May 2014, a pronouncement was issued that creates common revenue recognition guidance for U.S. GAAP and International Financial Reporting Standards. The new guidance supersedes most preexisting revenue recognition guidance. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The new standard was originally scheduled to be effective for annual reporting periods beginning after December 15, 2016, including interim periods within that reporting period. In April 2015, the Financial Accounting Standards Board proposed an update to this rule which would defer its effective date for one year. The proposed update stipulates the new standard would be effective for annual reporting periods beginning after December 15, 2017, and interim periods therein, with an option to adopt the standard on the originally scheduled effective date. The standard shall be applied either retrospectively to each period presented or as a cumulative-effect adjustment as of the date of adoption. For TJX, the standard will be effective in the first quarter of the year ending January 26, 2019. TJX is currently evaluating the impact of the new pronouncement on its consolidated financial statements.

In April 2015, a pronouncement was issued that allows employers with fiscal year ends that do not coincide with a calendar month end to make an accounting policy election to measure defined benefit plan assets and obligations as of the end of the month closest to their fiscal year end. This update is effective for interim and annual reporting periods beginning after December 15, 2015. TJX is currently evaluating the impact of the new pronouncement.

In April 2015, a pronouncement was issued that requires debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. The guidance is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2015. For TJX, the standard will be effective in the first quarter of fiscal 2017. TJX is currently evaluating the impact of the new pronouncement on its consolidated financial statements.

*Revisions:* The cash flow impact of purchases and sales of investments designed to meet obligations under TJX's Executive Savings Plan of approximately \$12.4 million in the August 2, 2014 statement of cash flows has been adjusted to correct the presentation from Other, in operating activity, to Purchase of investments or Sales and maturities of investments in cash flows from investing activity. These revisions to the statement of cash flows represent errors that are not deemed to be material, individually or in the aggregate, to the prior period financial statements.

## Note B. Reserves Related to Former Operations

*Reserves Related to Former Operations:* TJX has a reserve for its estimate of future obligations related to former business operations that TJX has either closed or sold. The reserve activity is presented below:

In thousands	Twenty-Six Weeks Ended	
	August 1, 2015	August 2, 2014
Balance at beginning of year	\$ 14,574	\$ 31,363
Additions (reductions) to the reserve charged to net income:		
Adjustments to lease-related obligations		(6,500)
Interest accretion		415
Charges against the reserve:		

Edgar Filing: AT&T INC. - Form 10-K

Lease-related obligations	(1,150)	(3,232)
Other	(388)	(34)
Balance at end of period	\$ 13,036	\$ 22,012

The lease-related obligations included in the reserve reflect TJX's estimation of lease costs, net of estimated assignee/subtenant income, and the cost of probable claims against TJX for liability, as an original lessee and/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. During the first six months of fiscal 2015, TJX decreased this reserve by \$6.5 million to reflect a change in the Company's estimate of the subtenant income. 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 two 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 12 leases of former TJX businesses, 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. Accumulated Other Comprehensive Income (Loss)

Amounts included in accumulated other comprehensive income (loss) are recorded net of the related income tax effects. The following table details the changes in accumulated other comprehensive income (loss) for the related periods:

In thousands	Foreign Currency Translation	Deferred Benefit Costs	Cash Flow Hedge on Debt	Accumulated Other Comprehensive Income (Loss)
<b>Balance, January 31, 2015</b>	\$ (295,269)	\$ (254,806)	\$ (4,310)	\$ (554,385)
Foreign currency translation adjustments (net of taxes of \$13,033)	6,164			6,164
Amortization of prior service cost and deferred gains/losses (net of taxes of \$7,191)		10,932		10,932
Amortization of loss on cash flow hedge (net of taxes of \$225)			342	342
<b>Balance, August 1, 2015</b>	\$ (289,105)	\$ (243,874)	\$ (3,968)	\$ (536,947)

### Note D. Capital Stock and Earnings Per Share

*Capital Stock:* TJX repurchased and retired 6.6 million shares of its common stock at a cost of \$440.0 million during the quarter ended August 1, 2015, on a trade date basis. During the six months ended August 1, 2015, TJX repurchased and retired 12.7 million shares of its common stock at a cost of \$855.0 million, on a trade date basis. TJX reflects stock repurchases in its financial statements on a settlement date or cash basis. TJX had cash expenditures under repurchase programs of \$851.1 million for the six months ended August 1, 2015 and \$799.8 million for the six months ended August 2, 2014.

In February 2014, TJX's Board of Directors announced a stock repurchase program that authorized the repurchase of up to an additional \$2.0 billion of TJX common stock from time to time. Under this program, on a trade date basis through August 1, 2015, TJX repurchased 23.5 million shares of common stock at a cost of \$1.5 billion. At August 1, 2015, \$459.2 million remained available for purchase under this program.

In February 2015, TJX's Board of Directors announced another stock repurchase program that authorized the repurchase of up to an additional \$2.0 billion of TJX common stock from time to time, all of which remained

available at August 1, 2015.

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	
	August 1, 2015	August 2, 2014
<i>Basic earnings per share</i>		
Net income	\$ 549,335	\$ 517,624
Weighted average common shares outstanding for basic EPS	676,082	694,217
Basic earnings per share	\$ 0.81	\$ 0.75
<i>Diluted earnings per share</i>		
Net income	\$ 549,335	\$ 517,624
Shares for basic and diluted earnings per share calculations:		
Weighted average common shares outstanding for basic EPS	676,082	694,217
Assumed exercise/vesting of:		
Stock options and awards	9,240	10,983
Weighted average common shares outstanding for diluted EPS	685,322	705,200
Diluted earnings per share	\$ 0.80	\$ 0.73
In thousands, except per share data	Twenty-Six Weeks Ended	
	August 1, 2015	August 2, 2014
<i>Basic earnings per share</i>		
Net income	\$ 1,023,936	\$ 971,941
Weighted average common shares outstanding for basic EPS	678,735	697,622
Basic earnings per share	\$ 1.51	\$ 1.39
<i>Diluted earnings per share</i>		
Net income	\$ 1,023,936	\$ 971,941
Shares for basic and diluted earnings per share calculations:		
Weighted average common shares outstanding for basic EPS	678,735	697,622
Assumed exercise/vesting of:		
Stock options and awards	9,844	11,598
Weighted average common shares outstanding for diluted EPS	688,579	709,220
Diluted earnings per share	\$ 1.49	\$ 1.37

The weighted average common shares for the diluted earnings per share calculation excludes the impact of outstanding stock options if the assumed proceeds per share of the option is 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 excluded for either the thirteen weeks or the twenty-six weeks ended August 1, 2015. There were 4.6 million such options excluded for the thirteen weeks ended August 2, 2014 and 4.2 million such options excluded for the twenty-six weeks ended August 2, 2014.

---

**Note E. Financial Instruments**

As a result of its operating and financing activities, TJX is exposed to market risks from changes in interest and foreign currency exchange rates and fuel costs. These market risks may adversely affect TJX's operating results and financial position. When and to the extent deemed appropriate, TJX seeks to minimize risk from changes in interest rates 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:* TJX hedges portions of its estimated notional diesel requirements, based on the diesel fuel expected to be consumed by independent freight carriers transporting TJX's inventory. Independent freight carriers transporting TJX's inventory charge TJX a mileage surcharge 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. During fiscal 2015 and the first six months of fiscal 2016, TJX entered into agreements to hedge a portion of its estimated notional diesel requirements for fiscal 2016. In addition, during fiscal 2016, TJX entered into agreements to hedge a portion of its estimated notional diesel requirements for the first half of fiscal 2017. The hedge agreements outstanding at August 1, 2015 relate to approximately 56% of TJX's estimated notional diesel requirements for the remainder of fiscal 2016 and approximately 40% of TJX's estimated notional diesel requirements for the first six months of the fiscal year ending January 28, 2017 (fiscal 2017). These diesel fuel hedge agreements will settle throughout the remainder of fiscal 2016 and the first seven months of fiscal 2017. TJX elected not to apply hedge accounting rules to these contracts.

*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, Poland and Austria), TJX Canada (Canada), Marmaxx (U.S.) and HomeGoods (U.S.) in currencies other than their respective functional currencies. These contracts typically have a term of twelve months or less. The contracts outstanding at August 1, 2015 cover a portion of such actual and anticipated merchandise purchases throughout the remainder of fiscal 2016 and the first quarter of fiscal 2017. 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 August 1, 2015:

In thousands	Pay		Receive	Blended Contract Rate	Balance Sheet Location	Current Asset U.S.\$	Current (Liability) U.S.\$	Net Fair Value in U.S.\$ at August 1, 2015
Fair value hedges:								
Intercompany balances, primarily debt and related interest								
	zł	87,073	C\$	29,560	0.3395	(Accrued Exp) \$	\$ (440)	\$ (440)
	zł	25,000	£	4,547	0.1819	Prepaid Exp	496	496
		39,000	£	28,873	0.7403	Prepaid Exp	2,075	2,075
		19,850	U.S.\$	22,647	1.1409	Prepaid Exp	777	777
	U.S.\$	83,400	£	55,000	0.6595	Prepaid Exp	2,423	2,423
Economic hedges for which hedge accounting was not elected:								
Diesel contracts								
		Fixed on 1.2M 3.0M gal per month		Float on 1.2M 3.0M gal per month	N/A	(Accrued Exp)	(12,414)	(12,414)
Merchandise purchase commitments								
	C\$	454,974	U.S.\$	364,410	0.8009	Prepaid Exp	16,976	16,976
	C\$	18,935		13,700	0.7235	Prepaid Exp	592	592
	£	192,482	U.S.\$	297,000	1.5430	Prepaid Exp / (Accrued Exp)	493 (4,087)	(3,594)
	U.S.\$	929	£	605	0.6512	Prepaid Exp	16	16
	zł	230,328	£	40,405	0.1754	Prepaid Exp	2,170	2,170
	U.S.\$	30,473		27,486	0.9020	Prepaid Exp / (Accrued Exp)	185 (448)	(263)
Total fair value of financial instruments						\$ 26,203	\$ (17,389)	\$ 8,814

The following is a summary of TJX's derivative financial instruments, related fair value and balance sheet classification at August 2, 2014:

In thousands	Pay		Receive	Blended Contract Rate	Balance Sheet Location	Current Assets U.S.\$	Current (Liability) U.S.\$	Net Fair Value in U.S.\$ at August 2, 2014	
Fair value hedges:									
Intercompany balances, primarily debt and related interest									
					Prepaid Exp /				
	zł	87,073	C\$	30,585	0.3513	(Accrued Exp) \$ 375	\$ (192)	\$ 183	
		39,000	£	31,968	0.8197	Prepaid Exp	1,191	1,191	
		44,850	U.S.\$	61,842	1.3789	Prepaid Exp	1,576	1,576	
	U.S.\$	90,309	£	55,000	0.6090	Prepaid Exp	2,041	2,041	
Economic hedges for which hedge accounting was not elected:									
Diesel contracts	Fixed on 525K		Float on 525K						
	-1.8M gal per month		-1.8M gal per month	N/A	Prepaid Exp	273		273	
Merchandise purchase commitments									
	C\$	360,131	U.S.\$	327,800	0.9102	Prepaid Exp / (Accrued Exp)	1,171	(2,870)	(1,699)
	C\$	16,255		10,800	0.6644	Prepaid Exp / (Accrued Exp)	18	(398)	(380)
	£	105,657	U.S.\$	174,000	1.6468	Prepaid Exp / (Accrued Exp)	554	(4,207)	(3,653)
	zł	168,860	£	32,535	0.1927	Prepaid Exp / (Accrued Exp)	724	(20)	704
	U.S.\$	28,980		21,243	0.7330	(Accrued Exp)	(453)	(453)	
	U.S.\$	113	¥	691	6.1216	(Accrued Exp)	(1)	(1)	
Total fair value of financial instruments						\$ 7,923	\$ (8,141)	\$ (218)	

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

In thousands	Location of Gain (Loss) Recognized in Income by Derivative	Amount of Gain (Loss) Recognized in Income by Derivative Thirteen Weeks Ended	
		August 1, 2015	August 2, 2014
<b>Fair value hedges:</b>			
Intercompany balances, primarily debt and related interest	Selling, general and administrative expenses	\$ 5,664	\$ 3,936
<b>Economic hedges for which hedge accounting was not elected:</b>			
Diesel fuel contracts	Cost of sales, including buying and occupancy costs	(11,491)	(321)
Merchandise purchase commitments	Cost of sales, including buying and occupancy costs	21,195	(3,378)
Gain / (loss) recognized in income		\$ 15,368	\$ 237

In thousands	Location of Gain (Loss) Recognized in Income by Derivative	Amount of Gain (Loss) Recognized in Income by Derivative Twenty-Six Weeks Ended	
		August 1, 2015	August 2, 2014
<b>Fair value hedges:</b>			
Intercompany balances, primarily debt and related interest	Selling, general and administrative expenses	\$ 7,708	\$ 3,878
<b>Economic hedges for which hedge accounting was not elected:</b>			
Diesel fuel contracts	Cost of sales, including buying and occupancy costs	(9,291)	905
Merchandise purchase commitments	Cost of sales, including buying and occupancy costs	7,543	(15,696)
Gain / (loss) recognized in income		\$ 5,960	\$ (10,913)



**Note F. Disclosures about Fair Value of Financial Instruments**

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

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities

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

Level 3: Unobservable inputs for the asset or liability

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

In thousands	August 1, 2015	January 31, 2015	August 2, 2014
<b>Level 1</b>			
<b>Assets:</b>			
Executive Savings Plan investments	\$ 167,669	\$ 151,936	\$ 150,193
<b>Level 2</b>			
<b>Assets:</b>			
Short-term investments	\$ 327,506	\$ 282,623	\$ 285,003
Foreign currency exchange contracts	26,203	39,419	7,650
Diesel fuel contracts			273
<b>Liabilities:</b>			
Foreign currency exchange contracts	\$ 4,975	\$ 1,942	\$ 8,141
Diesel fuel contracts	12,414	15,324	

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.

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

The fair value of TJX's general corporate debt was estimated by obtaining market quotes given the trading levels of other bonds of the same general issuer type and market perceived credit quality. These inputs are considered to be Level 2. The fair value of long-term debt as of August 1, 2015 was \$1.69 billion compared to a carrying value of \$1.62 billion. The fair value of long-term debt as of January 31, 2015 was \$1.73 billion compared to a carrying value of \$1.62 billion. The fair value of long-term debt as of August 2, 2014 was \$1.68 billion compared to a carrying value of \$1.62 billion. These estimates do not necessarily reflect provisions or restrictions in the various debt agreements that might affect TJX's ability to settle these obligations.

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

**Note G. Segment Information**

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

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

On July 28, 2015, TJX announced that it had signed a definitive agreement to acquire Trade Secret, an off-price retailer that operates 35 stores in Australia, from Gazal Corporation Limited for AUD \$80 million. TJX expects the transaction, which has customary conditions to closing, to be consummated by the end of calendar 2015.

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

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

In thousands	Thirteen Weeks Ended	
	August 1, 2015	August 2, 2014
Net sales:		
In the United States:		
Marmaxx	\$ 4,805,883	\$ 4,493,878
HomeGoods	895,378	773,071
TJX Canada	699,347	695,924
TJX Europe	963,123	954,339
	\$ 7,363,731	\$ 6,917,212
Segment profit:		
In the United States:		
Marmaxx	\$ 715,546	\$ 685,614
HomeGoods	112,135	94,635
TJX Canada	119,681	95,024
TJX Europe	50,874	55,614
	998,236	930,887
General corporate expense	101,234	72,289
Loss on early extinguishment of debt		16,830
Interest expense, net	10,808	11,150

Edgar Filing: AT&T INC. - Form 10-K

Income before provision for income taxes	\$ 886,194	\$ 830,618
--	------------	------------

In thousands	Twenty-Six Weeks Ended	
	August 1, 2015	August 2, 2014
Net sales:		
In the United States:		
Marmaxx	\$ 9,301,293	\$ 8,728,633
HomeGoods	1,775,571	1,530,223
TJX Canada	1,319,559	1,304,344
TJX Europe	1,832,945	1,845,188
	\$ 14,229,368	\$ 13,408,388
Segment profit:		
In the United States:		
Marmaxx	\$ 1,367,849	\$ 1,308,688
HomeGoods	233,434	192,840
TJX Canada	164,853	139,047
TJX Europe	77,229	93,875
	1,843,365	1,734,450
General corporate expense	169,624	135,726
Loss on early extinguishment of debt		16,830
Interest expense, net	22,432	20,745
Income before provision for income taxes	\$ 1,651,309	\$ 1,561,149

#### Note H. Pension Plans and Other Retirement Benefits

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

In thousands	Funded Plan		Unfunded Plan	
	Thirteen Weeks Ended		Thirteen Weeks Ended	
	August 1, 2015	August 2, 2014	August 1, 2015	August 2, 2014
Service cost	\$ 13,053	\$ 10,123	\$ 694	\$ 449
Interest cost	12,949	12,297	871	694
Expected return on plan assets	(19,493)	(16,302)		
Recognized actuarial losses	8,547	3,256	1,379	306
Total expense	\$ 15,056	\$ 9,374	\$ 2,944	\$ 1,449

In thousands	Funded Plan		Unfunded Plan	
	Twenty-Six Weeks Ended August 1, 2015	August 2, 2014	Twenty-Six Weeks Ended August 1, 2015	August 2, 2014
Service cost	\$ 26,108	\$ 20,246	\$ 1,387	\$ 899
Interest cost	25,898	24,594	1,742	1,388
Expected return on plan assets	(38,986)	(32,605)		
Amortization of prior service cost				1
Recognized actuarial losses	17,094	6,513	2,758	609
Total expense	\$ 30,114	\$ 18,748	\$ 5,887	\$ 2,897

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. TJX does not anticipate any required funding in fiscal 2016 for the funded plan. TJX anticipates making payments of \$3.3 million to provide current benefits coming due under the unfunded plan in fiscal 2016.

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

TJX also has an unfunded postretirement medical plan which was closed to new benefits in fiscal 2006. The liability as of August 1, 2015 is estimated at \$1.1 million, of which \$1.0 million is included in non-current liabilities on the balance sheet.

The amendment to the plan benefits in fiscal 2006 resulted in a negative plan amendment which is being amortized to income over the estimated average remaining life of the eligible plan participants. Amortization from other comprehensive income to net income was \$864,000 for both the quarters ended August 1, 2015 and August 2, 2014. Amortization from other comprehensive income to net income was \$1.7 million for both the twenty-six weeks ended August 1, 2015 and the twenty-six weeks ended August 2, 2014.

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

The table below presents long-term debt, exclusive of current installments, as of August 1, 2015, January 31, 2015 and August 2, 2014. All amounts are net of unamortized debt discounts.

In thousands	August 1, 2015	January 31, 2015	August 2, 2014
<b>General corporate debt:</b>			
6.95% senior unsecured notes, maturing April 15, 2019 (effective interest rate of 6.98% after reduction of unamortized debt discount of \$258 at August 1, 2015, \$294 at January 31, 2015 and \$329 at August 2, 2014)	\$ 374,742	\$ 374,706	\$ 374,671
2.50% senior unsecured notes, maturing May 15, 2023 (effective interest rate of 2.51% after reduction of unamortized debt discount of \$346 at August 1, 2015, \$367 at January 31, 2015 and \$389 at August 2, 2014)	499,654	499,633	499,611
2.75% senior unsecured notes, maturing June 15, 2021 (effective interest rate of 2.76% after reduction of unamortized debt discount of \$437 at August 1, 2015, \$475 at January 31, 2015 and \$513 at August 2, 2014)	749,563	749,525	749,487
<b>Long-term debt</b>	<b>\$ 1,623,959</b>	<b>\$ 1,623,864</b>	<b>\$ 1,623,769</b>

At August 1, 2015, TJX had outstanding \$750 million aggregate principal amount of 2.75% seven-year notes, due June 2021. TJX entered into rate-lock agreements to hedge the underlying treasury rate of all of the 2.75% notes prior to their issuance. The agreements were accounted for as cash flow hedges and the pre-tax realized loss of \$7.9 million was recorded as a component of other comprehensive income and is being amortized to interest expense over the term of the notes, resulting in an effective fixed interest rate of 2.91%.

At August 1, 2015, TJX also had outstanding \$500 million aggregate principal amount of 2.50% ten-year notes due May 2023 and \$375 million aggregate principal amount of 6.95% ten-year notes due April 2019. TJX entered into rate-lock agreements to hedge the underlying treasury rate of \$250 million of the 2.50% notes and all of the 6.95% 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 2.57% for the 2.50% notes and 7.00% for the 6.95% notes.

At August 1, 2015, January 31, 2015 and August 2, 2014, TJX had two \$500 million revolving credit facilities, one which matures in June 2017 and one which matures in May 2016. As of August 1, 2015, January 31, 2015 and August 2, 2014, and during the quarters and year then ended, there were no amounts outstanding under these facilities. At August 1, 2015, the agreements require quarterly payments on the unused committed amounts of 8.0 basis points for the agreement maturing in 2017 and 12.5 basis points for the agreement maturing in 2016. These rates are based on the credit ratings of TJX's long-term debt and would vary with specified changes in the credit ratings. These agreements have no compensating balance requirements and have various covenants. Each of these facilities requires TJX to maintain a ratio of funded debt and four-times consolidated rentals to consolidated earnings before interest, taxes, depreciation and amortization, and consolidated rentals (EBITDAR) of not more than 2.75 to 1.00 on a rolling four-quarter basis. TJX was in compliance with all covenants related to its credit facilities at August 1, 2015, January 31, 2015 and August 2, 2014.

As of August 1, 2015, January 31, 2015 and August 2, 2014, 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 August 1, 2015, January 31, 2015 and August 2, 2014, and during the quarters and year then ended, there were no amounts outstanding on the Canadian credit line for operating expenses. As of August 1, 2015, January 31, 2015 and August 2, 2014, TJX Europe had a credit line of £20 million. As of August 1, 2015, January 31, 2015, and August 2, 2014, and during the quarters and year then ended, there were no amounts outstanding on the European credit line.



## Note J. Income Taxes

The effective income tax rate was 38.0% for the fiscal 2016 second quarter and 37.7% for the fiscal 2015 second quarter. The effective income tax rate for the six months ended August 1, 2015 was 38.0% as compared to 37.7% for last year's comparable period. The increase in the effective income tax rate for the second quarter of fiscal 2016 was primarily due to the jurisdictional mix of income and the valuation allowance on operating losses in Austria and the Netherlands.

TJX had net unrecognized tax benefits of \$34.8 million as of August 1, 2015, \$32.7 million as of January 31, 2015 and \$28.1 million as of August 2, 2014.

TJX is subject to U.S. federal income tax as well as income tax in multiple states, local and foreign jurisdictions. In the U.S., fiscal years through 2010 are no longer subject to examination. In all other jurisdictions, including Canada, the tax years through fiscal 2006 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 \$10.9 million as of August 1, 2015; \$10.1 million as of January 31, 2015 and \$8.8 million as of August 2, 2014.

Based on the outcome of tax examinations or judicial or administrative proceedings, or as a result of the expiration of statute of limitations in specific jurisdictions, it is reasonably possible that unrecognized tax benefits for certain tax positions taken on previously filed tax returns may change materially from those presented in the financial statements. During the next 12 months, it is reasonably possible that tax examinations of prior years' tax returns or judicial or administrative proceedings that reflect such positions taken by TJX may be finalized. As a result, the total net amount of unrecognized tax benefits may decrease, which would reduce the provision for taxes on earnings, by a range of zero to \$15.5 million.

---

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

The Thirteen Weeks (second quarter) and Twenty-Six Weeks (six months) Ended August 1, 2015

Compared to

The Thirteen Weeks (second quarter) and Twenty-Six Weeks (six months) Ended August 2, 2014

**Overview**

We are the leading off-price apparel and home fashions retailer in the U.S. and worldwide. We sell a rapidly changing assortment of apparel, home fashions and other merchandise at prices generally 20% to 60% below department and specialty store regular prices on comparable merchandise, every day. We operate over 3,400 stores through our four main segments: in the U.S., Marmaxx (which operates T.J. Maxx, Marshalls and tjmaxx.com) and HomeGoods; TJX Canada (which operates Winners, HomeSense and Marshalls in Canada); and TJX Europe (which operates T.K. Maxx, HomeSense and tkmaxx.com in Europe). We also operate Sierra Trading Post (STP), an off-price Internet retailer, which operates a small number of stores in the U.S. and sierratradingpost.com. The results of STP have been included with the Marmaxx segment.

**Results of Operations**

Highlights of our financial performance for the second quarter ended August 1, 2015 include the following:

Same store sales increased 6% in the second quarter of fiscal 2016 over an increase of 3% in the fiscal 2015 second quarter. Same store sales increased 5% in the six-month period ending August 1, 2015 over last year's 2% increase in the six months ended August 2, 2014. The fiscal 2016 increases in same store sales were almost entirely due to an increase in customer traffic. We also had a strong increase in units sold, which was largely offset by a reduction in the average ticket.

Net sales increased 6% to \$7.4 billion for the fiscal 2016 second quarter and increased 6% to \$14.2 billion for the six-month period over last year's comparable periods. At August 1, 2015, stores in operation increased 6% and selling square footage increased 4% compared to the end of the fiscal 2015 second quarter. Overall, the growth in sales for home fashions outperformed apparel for both the second quarter and six months ended August 1, 2015.

Diluted earnings per share for the second quarter of fiscal 2016 were \$0.80, up 10% compared to \$0.73 in the second quarter of fiscal 2015. Diluted earnings per share for the six-month period ended August 1, 2015 were \$1.49, up 9% compared to \$1.37 in the same period in fiscal 2015.

Our pre-tax margin (the ratio of pre-tax income to net sales) for the second quarter of fiscal 2016 was 12.0%, flat, compared to the same period last year. For the six months ended August 1, 2015, our pre-tax margin was 11.6%, flat, compared to the same period last year. Last year's second quarter included a loss on the early extinguishment of debt due to the early repayment of our 4.20% notes. This charge reduced last year's pre-tax margin by 0.3 percentage points for the quarter and 0.2 percentage points for the first six months.

Our cost of sales ratio for the second quarter of fiscal 2016 was 70.9%, a 0.5 percentage point improvement over the second quarter last year. Our cost of sales ratio for the six-month period ended August 1, 2015 was 71.3%, a 0.4 percentage point improvement over the same period last year. The improvement in both the second quarter and six-month period was primarily due to buying and occupancy expense leverage on strong same store sales growth.

Our selling, general and administrative expense ratio for the second quarter of fiscal 2016 was 16.9%, up 0.7 percentage points compared to prior year's ratio and for the six months ended August 1, 2015, the selling, general and administrative expense ratio was 17.0%, an increase of 0.6 percentage points compared to 16.4% in the same period last year. The increase in this ratio for both the quarter and six-month period was due to a combination of higher employee payroll costs, incremental investments and pension costs, as well as contributions to TJX's charitable foundations.

Our consolidated average per store inventories, including inventory on hand at our distribution centers (which excludes inventory in transit), and excluding our e-commerce businesses, were up 1% (up 4% on a constant currency basis) at the end of the second quarter of fiscal 2016 as compared to the prior year.

During the second quarter of fiscal 2016, we repurchased 6.6 million shares of our common stock at a cost of \$440 million under our buyback program. For the six months ended August 1, 2015 we repurchased 12.7 million shares of our common stock at a cost of \$855 million.

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 second quarter ended August 1, 2015 totaled \$7.4 billion, a 6% increase over consolidated net sales of \$6.9 billion in the fiscal 2015 second quarter. The increase reflected a 6% increase in same store sales and a 4% increase from new store sales, offset by 4% negative impact of foreign currency exchange rates. This increase compares to sales growth of 7% in last year's second quarter, which reflected a 3% increase in same store sales and a 4% increase from new store sales. Foreign currency exchange rates had a neutral impact on the fiscal 2015 sales growth.

Consolidated net sales for the six months ended August 1, 2015 totaled \$14.2 billion, a 6% increase over \$13.4 billion in last year's comparable period. The increase reflected a 5% increase in same store sales and a 4% increase from new store sales, offset by a 3% negative impact of foreign currency exchange rates. This compares to sales growth of 6% in the six-month period of fiscal 2015, which reflected a 2% increase in same store sales and a 4% increase from new store sales. Foreign currency exchange had a neutral impact on the fiscal 2015 sales.

As of August 1, 2015, our consolidated store count increased 6% and selling square footage increased 4% as compared to the end of the second quarter last year.

The same store sales increase for the second quarter was driven entirely by an increase in customer traffic and for the six-month period ended August 1, 2015 was almost entirely due to an increase in customer traffic. We also had a strong increase in units sold which was largely offset by a decrease in the average ticket. On a consolidated basis, home fashions out performed apparel categories. In the U.S., virtually all regions posted strong same store sales increases. The Southeast region posted the strongest same stores sales gains for the second quarter and six-month period. In Canada, same store sales were well above the consolidated average for the second quarter and six-month period. In Europe, same store sales were slightly below the consolidated average for both periods.

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. The sales of Sierra Trading Post, tjmaxx.com and tkmaxx.com are not included in same store sales. 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 define customer traffic to be the number of transactions in stores included in the same store sales calculation and define average ticket to be the average retail price of the units sold. We define average transaction to be the average dollar value of transactions included in the same store sales calculation.



The following table sets forth certain information about our consolidated operating results from continued operations as a percentage of net sales:

	Percentage of Net Sales Thirteen Weeks Ended August 1, 2015	Percentage of Net Sales Thirteen Weeks Ended August 2, 2014
Net sales	100.0%	100.0%
Cost of sales, including buying and occupancy costs	70.9	71.4
Selling, general and administrative expenses	16.9	16.2
Loss on early extinguishment of debt		0.2
Interest expense, net	0.1	0.2
Income before provision for income taxes*	12.0%	12.0%

\* Figures may not foot due to rounding

	Percentage of Net Sales Twenty-Six Weeks Ended August 1, 2015	Percentage of Net Sales Twenty-Six Weeks Ended August 2, 2014
Net sales	100.0%	100.0%
Cost of sales, including buying and occupancy costs	71.3	71.7
Selling, general and administrative expenses	17.0	16.4
Loss on early extinguishment of debt		0.1
Interest expense, net	0.2	0.2
Income before provision for income taxes*	11.6%	11.6%

\* Figures may not foot due to rounding

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

*Translation of foreign operating results into U.S. dollars:* In our financial statements, we translate the operations of TJX Canada and TJX 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. Currency translation generally does not affect operating margins, or affects them only slightly, as sales and expenses of the foreign operations are translated at approximately the same rates within a given period.

*Inventory-related derivatives:* We routinely enter into inventory-related hedging instruments to mitigate the impact on earnings of changes in foreign currency exchange rates on merchandise purchases denominated in currencies other than the local currencies of our divisions, principally TJX Europe and TJX Canada. As we have not elected hedge accounting for these instruments, as defined by U.S. generally accepted accounting principles (GAAP), we record a mark-to-market gain or loss on the derivative instruments in our results of operations at the end of each reporting period. In subsequent periods, the income statement impact of the mark-to-market adjustment is effectively offset when the inventory being hedged is received and paid for. While these effects occur every reporting period, they are of much greater magnitude when there are sudden and significant changes in currency exchange rates during a short period of time. The mark-to-market adjustment on these derivatives does not affect net sales, but it does affect the cost of sales, operating margins and earnings we report.

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

**Cost of sales, including buying and occupancy costs:** Cost of sales, including buying and occupancy costs, as a percentage of net sales improved by 0.5 percentage points to 70.9% for the second quarter of fiscal 2016 and improved by 0.4 percentage points to 71.3% for the six months ended August 1, 2015, as compared to the same periods last year. The improvement in this ratio for both fiscal 2016 periods was primarily due to buying and occupancy expense leverage on strong same store sales. Consolidated merchandise margins were flat for the second quarter and increased by 0.1 percentage point for the six month period despite a negative impact due to transactional foreign exchange at our international divisions and increased supply chain costs due to an increase in units sold.

**Selling, general and administrative expenses:** Selling, general and administrative expenses, as a percentage of net sales, were 16.9% in the second quarter of fiscal 2016, up 0.7 percentage points over last year's ratio and increased by 0.6 percentage points to 17.0% for the six months ended August 1, 2015 as compared to the same period last year. The increase for both the second quarter and six-month period was due to a combination of higher employee payroll costs, incremental investments and pension costs as well as contributions to TJX's charitable foundations. The increase in this expense ratio for both periods was also impacted by the benefit on the fiscal 2015 ratio due to a reduction in our casualty insurance reserves in last year's second quarter.

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

	Thirteen Weeks Ended		Twenty-Six Weeks Ended	
	August 1, 2015	August 2, 2014	August 1, 2015	August 2, 2014
Dollars in thousands				
Interest expense	\$ 17,228	\$ 17,131	\$ 34,127	\$ 32,455
Capitalized interest	(2,963)	(2,265)	(4,894)	(4,406)
Interest (income)	(3,457)	(3,716)	(6,801)	(7,304)
Interest expense, net	\$ 10,808	\$ 11,150	\$ 22,432	\$ 20,745

Interest expense, net was virtually flat for the second quarter ended August 1, 2015 as compared to the same period last year and increased \$1.7 million for the fiscal 2016 year-to-date period as compared to last year. The fiscal 2016 periods reflect interest expense on the financing lease obligation related to TJX Canada's new home office of approximately \$1.1 million per quarter, which was the primary reason for the increase in net interest cost for the six months ended August 1, 2015. This additional interest cost in the fiscal 2016 second quarter was offset by lower interest costs in the fiscal 2016 second quarter due to the timing of the issuance of the \$750 million, 2.75% seven year notes and the subsequent redemption of the \$400 million 4.20% notes in last year's second quarter. See Note I to our unaudited consolidated financial statements for more information.

**Income taxes:** The effective income tax rate was 38.0% for the second quarter and six months ended August 1, 2015, compared to 37.7% for last year's second quarter and six-month period. The increase in the effective income tax rate was primarily due to the jurisdictional mix of income and the valuation allowance on operating losses in Austria and the Netherlands.

**Net income and net income per share:** Net income for the second quarter of fiscal 2016 was \$549.3 million, or \$0.80 per diluted share, versus \$517.6 million, or \$0.73 per diluted share, in last year's second quarter. The after tax cost of \$10.2 million for the loss on early extinguishment of debt reduced earnings for the fiscal 2015 second quarter by \$0.02 per share. Foreign currency had a neutral impact on earnings per share in the second quarter of fiscal 2016 and fiscal 2015. Net income for the six months ended August 1, 2015 was \$1,023.9 million, or \$1.49 per diluted share, versus \$971.9 million, or \$1.37 per diluted share, for the same period last year. The impact of foreign currency



exchange rates reduced diluted earnings per share by \$0.04 per diluted share in fiscal 2016, compared to a reduction to diluted earnings per share of \$0.02 per diluted share in the same period last year. The after-tax cost for the loss on early extinguishment of debt reduced earnings for the first six months of fiscal 2016 by \$0.01 per share.

Our stock repurchase programs, which reduce our weighted average diluted shares outstanding, benefited our earnings per share growth by approximately three to four percent in both the second quarter and six-month periods of fiscal 2016. During the second quarter of fiscal 2016, we repurchased 6.6 million shares of our common stock at a cost of \$440 million. For the first six months of fiscal 2016, we repurchased 12.7 million shares of our common stock at a cost of \$855 million.

**Segment information:** We operate four main business segments. Marmaxx (T.J. Maxx, Marshalls and tjmaxx.com) and HomeGoods both operate in the United States. Our TJX Canada segment operates Winners, HomeSense and Marshalls in Canada, and our TJX Europe segment operates T.K. Maxx, HomeSense and tkmaxx.com in Europe. We also operate STP, an off-price Internet retailer, which operates sierratradingpost.com and a small number of stores in the U.S. The results of STP have been included with our Marmaxx segment. We evaluate the performance of our segments based on segment profit or loss, which we define as pre-tax income or loss before general corporate expense and interest expense. Segment profit or loss, as we define the term, may not be comparable to similarly titled measures used by other entities. The terms segment margin or segment profit margin are used to describe segment profit or loss as a percentage of net sales. These measures of performance should not be considered an alternative to net income or cash flows from operating activities as an indicator of our performance or as a measure of liquidity.

Presented below is selected financial information related to our business segments:

### U.S. Segments:

#### *Marmaxx*

Dollars in millions	Thirteen Weeks Ended		Twenty-Six Weeks Ended	
	August 1, 2015	August 2, 2014	August 1, 2015	August 2, 2014
Net sales	\$ 4,805.9	\$ 4,493.9	\$ 9,301.3	\$ 8,728.6
Segment profit	\$ 715.5	\$ 685.6	\$ 1,367.8	\$ 1,308.7
Segment profit as a percentage of net sales	14.9%	15.3%	14.7%	15.0%
Increase in same store sales	4%	2%	4%	1%
Stores in operation at end of period				
T.J. Maxx			1,130	1,090
Marshalls			990	956
Sierra Trading Post			6	4
<b>Total</b>			<b>2,126</b>	<b>2,050</b>
Selling square footage at end of period (in thousands)				
T.J. Maxx			25,651	24,890
Marshalls			23,994	23,366
Sierra Trading Post			122	83
<b>Total</b>			<b>49,767</b>	<b>48,339</b>

Net sales for Marmaxx increased 7% for the second quarter and the six-month period of fiscal 2016 as compared to the same periods last year. Same store sales for Marmaxx were up 4% in the second quarter of fiscal 2016 compared to 2% in the second quarter of fiscal 2015. Same stores sales were up 4% for the first six months of fiscal 2016, on top of a 1% increase for the comparable period last year.

Same store sales growth at Marmaxx for both the second quarter and six months ended August 1, 2015 was driven by an increase in customer traffic. Marmaxx sales also reflect an increase in units sold which was more than offset by a decrease in the average ticket. We continued our strategy of adjusting our pricing and merchandise mix resulting in a lower average ticket which we believe led to strong growth in customer traffic and in units sold. Geographically, same

store sales growth was widespread as most regions were near the divisional average, with the Southeast particularly strong. Home fashions outperformed apparel with both categories posting solid same stores sales growth.

Segment profit margin decreased to 14.9% for the second quarter of fiscal 2016 compared to 15.3% for the same period last year. Segment margin decreased to 14.7% for the six months ended August 1, 2015 compared to 15.0% for the same period last year. Marmaxx results for both periods reflect an increase in merchandise margin and

occupancy expense leverage on same store sales growth. However, these gains were largely offset by higher distribution costs, reflecting the increase in units processed as well as higher payroll and pension costs. The decline in the fiscal 2016 segment margins compared to the prior periods was impacted by the benefit on the fiscal 2015 segment margins due to a reduction in our casualty insurance reserves in the fiscal 2015 second quarter. In addition, tjmaxx.com and Sierra Trading Post had a negative impact on year-over-year segment margin comparisons of 0.3 percentage points for the second quarter and 0.2 percentage points for the first six months.

### *HomeGoods*

Dollars in millions	Thirteen Weeks Ended		Twenty-Six Weeks Ended	
	August 1, 2015	August 2, 2014	August 1, 2015	August 2, 2014
Net sales	\$ 895.4	\$ 773.1	\$ 1,775.6	\$ 1,530.2
Segment profit	\$ 112.1	\$ 94.6	\$ 233.4	\$ 192.8
Segment profit as a percentage of net sales	12.5%	12.2%	13.1%	12.6%
Increase in same store sales	9%	5%	9%	4%
Stores in operation at end of period			503	464
Selling square footage at end of period (in thousands)			9,828	9,106

HomeGoods net sales increased 16% in the second quarter and for the first six months of fiscal 2016 over the same periods last year. Same store sales increased 9% for both the second quarter and the six months ended August 1, 2015 over increases of 5% and 4%, respectively, in the comparable periods ended August 2, 2014. The increases in both the second quarter and six month period of fiscal 2016 were driven by increases in customer traffic as well as increases in units sold.

Segment profit margin increased to 12.5% for the second quarter of fiscal 2016 compared to 12.2% for the same period last year. Segment profit margin for the six months ended August 1, 2015 increased 0.5 percentage points to 13.1%, compared to 12.6% for the same period last year. The growth in segment margin for the fiscal 2016 second quarter and six-month period was driven by buying and occupancy expense leverage on strong same store sales growth, partially offset by an increase in distribution costs as a percentage of sales as HomeGoods brought its new distribution center into service in the third quarter of fiscal 2015. Merchandise margin for the second quarter was flat to the prior year and up slightly for the six-month period.

**International Segments:*****TJX Canada***

U.S. Dollars in millions	Thirteen Weeks Ended		Twenty-Six Weeks Ended	
	August 1, 2015	August 2, 2014	August 1, 2015	August 2, 2014
Net sales	\$ 699.3	\$ 695.9	\$ 1,319.6	\$ 1,304.3
Segment profit	\$ 119.7	\$ 95.0	\$ 164.9	\$ 139.0
Segment profit as a percentage of net sales	17.1%	13.7%	12.5%	10.7%
Increase in same store sales	12%	3%	11%	1%
<b>Stores in operation at end of period</b>				
Winners			240	230
HomeSense			97	92
Marshalls			39	33
<b>Total</b>			<b>376</b>	<b>355</b>
<b>Selling square footage at end of period (in thousands)</b>				
Winners			5,399	5,254
HomeSense			1,844	1,769
Marshalls			936	800
<b>Total</b>			<b>8,179</b>	<b>7,823</b>

Net sales for TJX Canada were flat during the second quarter and increased 1% for the six-month period ended August 1, 2015 compared to the same periods last year. Foreign currency translation negatively impacted sales growth by 15 percentage points for the fiscal 2016 second quarter and by 14 percentage points for the six-month period ended August 1, 2015. Same store sales, which are presented on a constant currency basis, increased 12% for the second quarter of fiscal 2016 and increased 11% for the six months ended August 1, 2015. These increases were driven primarily by increases in customer traffic.

Segment profit margin increased to 17.1% for the second quarter ended August 1, 2015 compared to 13.7% last year. For the six months ended August 1, 2015, segment profit margin increased to 12.5% compared to 10.7% for the same period last year. Foreign currency had a significant impact on segment margin, which favorably impacted year over year comparisons by 3.3 percentage points for the second quarter and 0.9 percentage points for the first six months. Segment margins for both periods improved due to expense leverage on strong same store sales, which were partially offset by a reduction in merchandise margins. The decrease in merchandise margins was largely due to transactional foreign exchange as the change in currency exchange rates increased TJX Canada's cost of merchandise purchased in U.S. dollars as compared to the same periods last year.

**TJX Europe**

U.S. Dollars in millions	Thirteen Weeks Ended		Twenty-Six Weeks Ended	
	August 1, 2015	August 2, 2014	August 1, 2015	August 2, 2014
Net sales	\$ 963.1	\$ 954.3	\$ 1,832.9	\$ 1,845.2
Segment profit	\$ 50.9	\$ 55.6	\$ 77.2	\$ 93.9
Segment profit as a percentage of net sales	5.3%	5.8%	4.2%	5.1%
Increase in same store sales	5%	6%	4%	7%
Stores in operation at end of period				
T.K. Maxx			423	382
HomeSense			33	28
Total			456	410
Selling square footage at end of period (in thousands)				
T.K. Maxx			9,370	8,631
HomeSense			545	464
Total			9,915	9,095

Net sales for TJX Europe increased 1% for the second quarter and decreased 1% for the six-month period ended August 1, 2015, compared to the same periods last year. Foreign currency translation negatively impacted second quarter sales growth by 12 percentage points and negatively impacted six-month sales growth by 13 percentage points. Same store sales increased 5% in the second quarter and 4% in the six months ended August 1, 2015 over increases of 6% and 7% in the same periods last year, respectively. The fiscal 2016 same store sales increases were primarily driven by increased customer traffic.

Segment profit for the second quarter of fiscal 2016 was \$50.9 million compared to \$55.6 million last year and segment margin decreased 0.5 percentage points to 5.3%. For the six months ended August 1, 2015, segment profit was \$77.2 million, compared to \$93.9 million last year and segment margin decreased 0.9 percentage points to 4.2%. Foreign currency also had a significant impact on TJX Europe's segment margin, negatively impacting year-over-year comparisons by 0.8 percentage points for the fiscal 2016 second quarter and by 0.5 percentage points for the six-month period. Segment margin as compared to last year's second quarter reflects a slight increase in merchandise margin along with strong buying and occupancy expense leverage on the same stores sales increase, which was partially offset by the impact of several of our investment initiatives. These initiatives include costs associated with centralizing support areas of our business, as well as building out our infrastructure in order to leverage the organization and support our European growth plans, including our new store openings in Austria. For the six-month period, the increase in merchandise margins and expense leverage on strong same store sales, particularly buying and occupancy costs, was more than offset by our investment initiatives mentioned above as well as increased transactional foreign currency losses related to Euro denominated transactions, incurred primarily in the fiscal 2016 first quarter.

**General corporate expense**

Edgar Filing: AT&T INC. - Form 10-K

Dollars in millions	Thirteen Weeks Ended		Twenty-Six Weeks Ended	
	August 1, 2015	August 2, 2014	August 1, 2015	August 2, 2014
General corporate expense	\$ 101.2	\$ 72.3	\$ 169.6	\$ 135.7

General corporate expense for segment reporting purposes represents those costs not specifically related to the operations of our business segments. Virtually all general corporate expenses are included in selling, general and administrative expenses.

The increase in general corporate expense for the second quarter and first six months of fiscal 2016 as compared to the prior year was primarily driven by \$15 million in contributions to TJX's charitable foundations. The increase in general corporate expense also reflects increased incentive compensation accruals and pension costs, higher systems and technology costs, as well as costs in connection with our planned acquisition of Trade Secret, an off-price retailer in Australia.

### **Analysis of Financial Condition**

#### *Liquidity and Capital Resources*

Net cash provided by operating activities was \$929 million for the six months ended August 1, 2015, a decrease of \$159 million from the \$1,088 million provided in the six months ended August 2, 2014. Net income plus the non-cash impact of depreciation provided cash of \$1,322 million in the first six months of fiscal 2016, an increase of \$42 million compared to \$1,280 million in the same period last year, which also included the charge for early extinguishment of debt. This increase was offset for the most part by the change in accounts receivable and other current assets which negatively impacted year over year cash flows by \$32 million, primarily due to an increase in prepaid rent and credit card receivables. The change in merchandise inventory, net of the related change in accounts payable, resulted in a use of cash of \$276 million in the first six months of fiscal 2016 compared to a use of cash of \$40 million in fiscal 2015. This additional use of cash of \$236 million in fiscal 2016 primarily reflects an increase in inventory levels to meet increased demand as well as the earlier receipt of third quarter merchandise as compared to the same period last year. This reduction in cash flows from operations was partially offset by the favorable impact of the change in accrued expenses which resulted in a use of cash of \$18 million in the first six months of fiscal 2016 compared to use of cash of \$123 million for the same period last year, resulting in an increase in operating cash flows of \$105 million. This favorable change in cash flows was driven by a general increase in operating expense accruals at the end of the current year's second quarter as compared to the prior year as well as a lower incentive plan payment in the fiscal 2016 first quarter as compared to the comparable period last year. Lastly, the excess tax benefits from share-based compensation and the change in the deferred income tax provision had the effect of reducing operating cash flows by an additional \$38 million in fiscal 2016 as compared to the prior year.

Investing activities in the first six months of fiscal 2016 primarily reflected property additions for new stores, store improvements and renovations and investment in our home offices and our distribution network. Cash outflows for property additions amounted to \$405 million in the six months ended August 1, 2015, compared to \$425 million in the comparable period last year. We anticipate that capital spending for fiscal 2016 will be approximately \$975 million. We also purchased \$226 million of investments in the first six months of fiscal 2016 versus \$194 million in the comparable prior year period and \$160 million of investments were sold or matured in the fiscal 2016 six-month period versus \$195 million in the prior year. This activity primarily related to short-term investments which had initial maturities in excess of 90 days and, per our policy, are not classified as cash on the consolidated balance sheets presented.

Cash flows from financing activities resulted in a net cash outflow of \$1,032 million in the first six months of fiscal 2016, compared to a net cash outflow of \$654 million in the same period last year. Financing activities include the cash flows relating to our common stock and our stock incentive plan. We spent \$851 million to repurchase 12.7 million shares of our stock in the first six months of fiscal 2016 compared to \$800 million to repurchase 14.0 million shares in the same period last year. See Note D to our unaudited consolidated financial statements for more information. In February 2015, we announced an additional repurchase program authorizing the repurchase of up to an additional \$2.0 billion of TJX stock from time to time. We currently plan to repurchase approximately \$1.8 billion to \$1.9 billion of stock under our stock repurchase programs in fiscal 2016. We determine the timing and amount of repurchases based on our assessment of various factors including excess cash flow, liquidity, economic and market conditions, our assessment of prospects for our business, legal requirements and other factors. The timing and amount of these purchases may change. Financing activities also included \$82 million of proceeds, including excess



tax benefits, related to the exercise of stock options in the first six months of fiscal 2016, versus \$51 million in proceeds in the same period last year. Dividends paid on common stock in the first six months of fiscal 2016 were \$263 million, versus \$224 million in the same period last year. In addition, in June of fiscal 2015, we issued \$750 million aggregate principal amount of 2.75% seven-year notes generating proceeds, net of debt issuance expenses and fees, of \$743 million. On July 8, 2014, we used a portion of the proceeds from the 2.75% seven-year notes to redeem the 4.20% notes paying \$416.4 million to the note holders for the present value of principal and future remaining interest payments due on the notes.

We traditionally have funded our working capital requirements, including for seasonal merchandise, primarily through cash generated from operations, supplemented, as needed, by short-term bank borrowings and the issuance of commercial paper. As of August 1, 2015, approximately 58% of our cash was held by our foreign subsidiaries with \$327 million held in countries where we have the intention to reinvest any undistributed earnings indefinitely. We have provided for deferred U.S. taxes on all undistributed earnings of our subsidiaries in Canada, Puerto Rico, Italy, India, Hong Kong and Australia. If we repatriate cash from these subsidiaries, we should not incur additional tax expense, but our cash would be reduced by the amount of taxes paid. For all other foreign subsidiaries, no income taxes have been provided on the undistributed earnings because such earnings are considered to be indefinitely reinvested in the business. We have no current plans to repatriate cash balances held by such foreign subsidiaries. We believe our existing cash and cash equivalents, internally generated funds and our credit facilities, described in Note I to the unaudited consolidated financial statements, are more than adequate to meet our operating needs over the next fiscal year.

On July 28, 2015, we announced that we had signed a definitive agreement to acquire Trade Secret, an off-price retailer that operates 35 stores in Australia, from Gazal Corporation Limited for AUD \$80 million. We expect the transaction, which has customary conditions to closing, to be consummated by the end of calendar 2015.

### **Recently Issued Accounting Pronouncements**

See Note A to our unaudited consolidated financial statements included in this Quarterly Report on Form 10-Q, for recently issued accounting standards, including the dates of adoption and estimated effects on our results of operations, financial position or cash flows.

### **Forward-looking Statements**

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

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

There have been no material changes in our primary risk exposures or management of market risks from those disclosed in our Form 10-K for the fiscal year ended January 31, 2015.

**Item 4. Controls and Procedures.**

We have carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures as of August 1, 2015 pursuant to Rules 13a-15(b) and 15d-15(b) of the Securities

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

There were no changes in our internal control over financial reporting, (as defined in Rules 13a-15(f) and 15d-15(f) under the Act) during the fiscal quarter ended August 1, 2015 identified in connection with the evaluation by our management, including our Chief Executive Officer and Chief Financial Officer, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

---

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

Not applicable

**Item 1A. Risk Factors.**

There have been no material changes to the risk factors disclosed in the Risk Factors section of our Annual Report on Form 10-K for the year ended January 31, 2015, as filed with the Securities Exchange Commission on March 31, 2015.

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

The number of shares of common stock repurchased by TJX during the second quarter of fiscal 2016 and the average price paid per share are as follows:

	Total Number of Shares Repurchased <sup>(1)</sup>	Average Price Paid Per Share <sup>(2)</sup>	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs <sup>(3)</sup>	Approximate Dollar Value of Shares that May Yet be Purchased Under the Plans or Programs
May 3, 2015 through May 30, 2015	1,809,210	\$ 66.33	1,809,210	\$ 2,779,151,583
May 31, 2015 through July 4, 2015	2,674,197	\$ 65.44	2,674,197	\$ 2,604,151,606
July 5, 2015 through August 1, 2015	2,126,031	\$ 68.20	2,126,031	\$ 2,459,151,606
Total:	6,609,438		6,609,438	

(1) Consists of shares repurchased under publicly announced stock repurchase programs.

(2) Includes commissions for the shares repurchased under stock repurchase programs.

(3) In February 2014, TJX announced a \$2.0 billion stock repurchase program, under which \$459.2 million remained available as of August 1, 2015. Additionally, in February 2015, TJX announced its 16<sup>th</sup> stock repurchase program authorizing an additional \$2.0 billion in repurchases from time to time.

**Item 6. Exhibits.**

- 31.1 Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 31.2 Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 32.1 Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
- 32.2 Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
- 101 The following materials from The TJX Companies, Inc.'s Quarterly Report on Form 10-Q for the quarter ended August 1, 2015, formatted in XBRL (Extensible Business Reporting Language): (i) the Consolidated Statements of Income, (ii) the Consolidated Statements of Comprehensive Income, (iii) the Consolidated Balance Sheets, (iv) the Consolidated Statements of Cash Flows, (v) the Consolidated Statement of Shareholders' Equity, and (vi) Notes to Consolidated Financial Statements.

**SIGNATURE**

Pursuant to the requirements of the Securities Exchange Act of 1934 the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

THE TJX COMPANIES, INC.  
(Registrant)

Date: August 28, 2015

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

Exhibit Index

- 31.1 Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 31.2 Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 32.1 Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
- 32.2 Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
- 101 The following materials from The TJX Companies, Inc.'s Quarterly Report on Form 10-Q for the quarter ended August 1, 2015, formatted in XBRL (Extensible Business Reporting Language): (i) the Consolidated Statements of Income, (ii) the Consolidated Statements of Comprehensive Income, (iii) the Consolidated Balance Sheets, (iv) the Consolidated Statements of Cash Flows, (v) the Consolidated Statement of Shareholders' Equity, and (vi) Notes to Consolidated Financial Statements.