

## TJX Sells Bob's Stores Unit To Focus on Core Operations

ASHLEY M. HEHER AP Business Writer

TJX Cos. Inc. said Tuesday that it's selling the Bob's Stores chain to a pair of private equity firms as it tries to better focus its strategies. Terms of the sale to Versa Capital Management and Crystal Capital weren't disclosed. But the Framingham, Mass.-based discount fashion retailer said the deal will result in a \$15 million, or 3-cent-per-share charge, in the third quarter. "While we continue to believe Bob's Stores has great potential and an excellent organization, our decision to sell the business reflects our vision to grow TJX as a global, off-price company," TJX President and Chief Executive Carol Meyrowitz said in a statement. "We believe that focusing on the significant opportunities to expand the domestic and international presence of our core, off-price concepts is the right strategy for us at this time."

TJX acquired Bob's in 2003 and the chain of nearly three-dozen stores is its smallest unit.

The chain, which sells casual clothing and footwear, has 34 stores clustered in northeastern states.

Last year, the chain had sales of about \$310 million - about 2 percent of the company's \$18.6 billion total sales.

Same-store sales - which measures growth at more established stores - grew about 5 percent during the last fiscal year. But the chain's operating loss was expected to grow this year, from a loss of \$17.4 million to a loss of about \$18 million, analysts said.

Citigroup analyst Kimberly Greenberger told investors in a research note that the sale removes a "distractor" for TJX.

"We believe TJX's sale of Bob's will help (management) maintain focus on its core off-price business model as Bob's was the only non-off-price division in TJX's portfolio of brands and was not a strategic fit in our view," she wrote.

Separately Tuesday, TJX, which operates T.J. Maxx, Marshalls and other discount retailers, updated its full-year guidance because of the sale.

Now the company expects its Fiscal 2009 full-year earnings per share from continuing operations to be between \$2.30 and \$2.35.

Excluding one-time charges, the company's adjusted earnings per share from continuing operations is forecast to fall between \$2.19 and \$2.24.

Analysts surveyed by Thomson Reuters expect the company to earn \$2.30 per share on revenue of \$20.2 billion for the 2009 fiscal year. Those estimates typically exclude one-time charges.

Earlier this month, the company raised its third-quarter and full-year outlook, saying more shoppers were turning to discount retailers as the economy sours.

TJX shares fell 82 cents, or 2.3 percent, to \$34.77 in regular trading Tuesday. The stock was unchanged in aftermarket electronic activity.

