

CONSOLIDATED STATEMENTS OF OPERATIONS
(In millions, except per share data)

	2019	2018	2017
Total net sales	\$ 10,716	\$ 11,664	\$ 12,554
Credit income and other	451	355	319
Total revenues	11,167	12,019	12,873
Costs and expenses/(income):			
Cost of goods sold (exclusive of depreciation and amortization shown separately below)	7,013	7,870	8,208
Selling, general and administrative (SG&A)	3,585	3,596	3,845
Depreciation and amortization	544	556	570
Real estate and other, net	(15)	(19)	(146)
Restructuring and management transition	48	22	184
Total costs and expenses	11,175	12,025	12,661
Operating income/(loss)	(8)	(6)	212
Other components of net periodic pension and postretirement benefit cost/(income)	(35)	(71)	98
(Gain)/loss on extinguishment of debt	(1)	23	33
Net interest expense	293	313	325
Income/(loss) before income taxes	(265)	(271)	(244)
Income tax expense/(benefit)	3	(16)	(126)
Net income/(loss)	\$ (268)	\$ (255)	\$ (118)
Earnings/(loss) per share:			
Basic	\$ (0.84)	\$ (0.81)	\$ (0.38)
Diluted	(0.84)	(0.81)	(0.38)
Weighted average shares – basic	320.2	315.7	311.1
Weighted average shares – diluted	320.2	315.7	311.1

See the accompanying notes to the Consolidated Financial Statements.

CONSOLIDATED BALANCE SHEETS
(\$ in millions, except per share data)

	2019	2018
Assets		
Current assets:		
Cash in banks and in transit	\$ 108	\$ 109
Cash short-term investments	278	224
Cash and cash equivalents	386	333
Merchandise inventory	2,166	2,437
Prepaid expenses and other	174	189
Total current assets	2,726	2,959
Property and equipment, net	3,488	3,938
Operating lease assets	998	—
Prepaid pension	120	147
Other assets	657	677
Total Assets	\$ 7,989	\$ 7,721
Liabilities and Stockholders' Equity		
Current liabilities:		
Merchandise accounts payable	\$ 786	\$ 847
Other accounts payable and accrued expenses	931	995
Current operating lease liabilities	67	—
Current portion of finance leases and note payable	1	8
Current maturities of long-term debt	147	92
Total current liabilities	1,932	1,942
Noncurrent operating lease liabilities	1,108	—
Long-term finance leases and note payable	—	204
Long-term debt	3,574	3,716
Deferred taxes	116	131
Other liabilities	430	558
Total Liabilities	7,160	6,551
Stockholders' Equity		
Common stock ⁽¹⁾	160	158
Additional paid-in capital	4,723	4,713
Reinvested earnings/(accumulated deficit)	(3,667)	(3,373)
Accumulated other comprehensive income/(loss)	(387)	(328)
Total Stockholders' Equity	829	1,170
Total Liabilities and Stockholders' Equity	\$ 7,989	\$ 7,721

(1) 1.25 billion shares of common stock are authorized with a par value of \$0.50 per share. The total shares issued and outstanding were 320.5 million and 316.1 million as of February 1, 2020 and February 2, 2019, respectively.

See the accompanying notes to the Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(\$ in millions)	2019	2018	2017
Cash flows from operating activities			
Net income/(loss)	\$ (268)	\$ (255)	\$ (118)
Adjustments to reconcile net income/(loss) to net cash provided by/(used in) operating activities:			
Restructuring and management transition	23	(3)	74
Asset impairments and other charges	—	56	6
Net gain on sale of non-operating assets	(1)	—	—
Net gain on sale of operating assets	(8)	(67)	(119)
(Gain)/loss on extinguishment of debt	(1)	23	33
Depreciation and amortization	544	556	570
Benefit plans	(37)	(65)	106
Stock-based compensation	11	10	25
Other comprehensive income tax benefits	—	(11)	(60)
Deferred taxes	(6)	(13)	(63)
Change in cash from:			
Inventory	271	366	93
Prepaid expenses and other assets	(9)	1	(15)
Merchandise accounts payable	(61)	(126)	(4)
Income taxes	—	—	(12)
Accrued expenses and other	(30)	(113)	(62)
Net cash provided by/(used in) operating activities	428	359	454
Cash flows from investing activities			
Capital expenditures	(309)	(392)	(395)
Proceeds from sale of non-operating assets	1	—	—
Proceeds from sale of operating assets	26	144	154
Joint venture return of investment	—	3	9
Insurance proceeds received for damage to property and equipment	6	1	3
Net cash provided by/(used in) investing activities	(276)	(244)	(229)
Cash flows from financing activities			
Proceeds from issuance of long-term debt	—	400	—
Proceeds from borrowings under the credit facility	2,645	3,895	804
Payments of borrowings under the credit facility	(2,645)	(3,895)	(804)
Premium on early retirement of debt	—	(20)	(30)
Payments of finance leases and note payable	(3)	(6)	(16)
Payments of long-term debt	(97)	(607)	(599)
Financing costs	—	(7)	(9)
Proceeds from stock issued under stock plans	2	3	5
Tax withholding payments for vested restricted stock	(1)	(3)	(5)
Net cash provided by/(used in) financing activities	(99)	(240)	(654)
Net increase/(decrease) in cash and cash equivalents	53	(125)	(429)
Cash and cash equivalents at beginning of period	333	458	887
Cash and cash equivalents at end of period	\$ 386	\$ 333	\$ 458

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