

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

	<b>2017</b>	<b>2016</b>	<b>2015</b>
Total net sales	\$ 12,506	\$ 12,547	\$ 12,625
Costs and expenses/(income):			
Cost of goods sold (exclusive of depreciation and amortization shown separately below)	8,174	8,071	8,074
Selling, general and administrative (SG&A)	3,468	3,538	3,775
Pension	21	19	162
Depreciation and amortization	570	609	616
Real estate and other, net	(146)	(111)	3
Restructuring and management transition	303	26	84
Total costs and expenses	12,390	12,152	12,714
Operating income/(loss)	116	395	(89)
Loss on extinguishment of debt	33	30	10
Net interest expense	325	363	405
Income/(loss) before income taxes	(242)	2	(504)
Income tax expense/(benefit)	(126)	1	9
Net income/(loss)	\$ (116)	\$ 1	\$ (513)
Earnings/(loss) per share:			
Basic	\$ (0.37)	\$ —	\$ (1.68)
Diluted	(0.37)	—	(1.68)
Weighted average shares – basic	311.1	308.1	305.9
Weighted average shares – diluted	311.1	313.0	305.9

*See the accompanying notes to the Consolidated Financial Statements.*

**CONSOLIDATED BALANCE SHEETS**
*(In millions, except per share data)*

	2017	2016
<b>Assets</b>		
Current assets:		
Cash in banks and in transit	\$ 116	\$ 125
Cash short-term investments	342	762
Cash and cash equivalents	458	887
Merchandise inventory	2,762	2,854
Prepaid expenses and other	190	160
Total current assets	3,410	3,901
Property and equipment	4,281	4,599
Prepaid pension	61	—
Other assets	661	618
<b>Total Assets</b>	<b>\$ 8,413</b>	<b>\$ 9,118</b>
<b>Liabilities and Stockholders' Equity</b>		
Current liabilities:		
Merchandise accounts payable	\$ 973	\$ 977
Other accounts payable and accrued expenses	1,119	1,164
Current portion of capital leases, financing obligation and note payable	8	15
Current maturities of long-term debt	232	263
Total current liabilities	2,332	2,419
Long-term capital leases, financing obligation and note payable	212	219
Long-term debt	3,780	4,339
Deferred taxes	143	204
Other liabilities	567	583
<b>Total Liabilities</b>	<b>7,034</b>	<b>7,764</b>
<b>Stockholders' Equity</b>		
Common stock <sup>(1)</sup>	156	154
Additional paid-in capital	4,705	4,679
Reinvested earnings/(accumulated deficit)	(3,122)	(3,006)
Accumulated other comprehensive income/(loss)	(360)	(473)
<b>Total Stockholders' Equity</b>	<b>1,379</b>	<b>1,354</b>
<b>Total Liabilities and Stockholders' Equity</b>	<b>\$ 8,413</b>	<b>\$ 9,118</b>

(1) 1,250 million shares of common stock are authorized with a par value of \$0.50 per share. The total shares issued and outstanding were 312.0 million and 308.3 million as of February 3, 2018 and January 28, 2017, respectively.

See the accompanying notes to the Consolidated Financial Statements.

**CONSOLIDATED STATEMENTS OF CASH FLOWS**
*(\$ in millions)*

	2017	2016	2015
<b>Cash flows from operating activities</b>			
Net income/(loss)	\$ (116)	\$ 1	\$ (513)
Adjustments to reconcile net income/(loss) to net cash provided by/(used in) operating activities:			
Restructuring and management transition	74	(1)	10
Asset impairments and other charges	6	3	25
Net gain on sale of non-operating assets	—	(5)	(9)
Net gain on sale of operating assets	(119)	(73)	(9)
Loss on extinguishment of debt	33	30	10
Depreciation and amortization	570	609	616
Benefit plans	106	(39)	127
Stock-based compensation	25	35	44
Other comprehensive income tax benefits	(60)	(12)	—
Deferred taxes	(63)	9	—
Change in cash from:			
Inventory	92	(133)	(69)
Prepaid expenses and other assets	(15)	11	19
Merchandise accounts payable	(4)	52	(72)
Income taxes	(12)	(6)	4
Accrued expenses and other	(63)	(147)	257
<b>Net cash provided by/(used in) operating activities</b>	<b>454</b>	<b>334</b>	<b>440</b>
<b>Cash flows from investing activities</b>			
Capital expenditures	(395)	(427)	(320)
Proceeds from sale of non-operating assets	—	2	13
Proceeds from sale of operating assets	154	96	11
Joint venture return of investment	9	13	—
Insurance proceeds received for damage to property and equipment	3	—	—
<b>Net cash provided by/(used in) investing activities</b>	<b>(229)</b>	<b>(316)</b>	<b>(296)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issuance of long-term debt	—	2,188	—
Proceeds from borrowings under the credit facility	804	667	—
Payments of borrowings under the credit facility	(804)	(667)	—
Net proceeds from financing obligation	—	216	—
Premium on early retirement of debt	(30)	—	—
Payments of capital leases, financing obligation and note payable	(16)	(29)	(33)
Payments of long-term debt	(599)	(2,349)	(520)
Financing costs	(9)	(49)	(4)
Proceeds from stock issued under stock plans	5	2	—
Tax withholding payments for vested restricted stock	(5)	(10)	(5)
<b>Net cash provided by/(used in) financing activities</b>	<b>(654)</b>	<b>(31)</b>	<b>(562)</b>
Net increase/(decrease) in cash and cash equivalents	(429)	(13)	(418)
Cash and cash equivalents at beginning of period	887	900	1,318
<b>Cash and cash equivalents at end of period</b>	<b>\$ 458</b>	<b>\$ 887</b>	<b>\$ 900</b>

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