

FOOT LOCKER, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS

	2017	2016	2015
	(in millions, except per share amounts)		
Sales	\$ 7,782	\$ 7,766	\$ 7,412
Cost of sales	5,326	5,130	4,907
Selling, general and administrative expenses	1,501	1,472	1,415
Depreciation and amortization	173	158	148
Litigation and other charges	211	6	105
Income from operations	571	1,000	837
Interest (income) / expense, net	(2)	2	4
Other income	(5)	(6)	(4)
Income before income taxes	578	1,004	837
Income tax expense	294	340	296
Net income	\$ 284	\$ 664	\$ 541
Basic earnings per share	\$ 2.23	\$ 4.95	\$ 3.89
Weighted-average shares outstanding	127.2	134.0	139.1
Diluted earnings per share	\$ 2.22	\$ 4.91	\$ 3.84
Weighted-average shares outstanding, assuming dilution	127.9	135.1	140.8

See Accompanying Notes to Consolidated Financial Statements.

FOOT LOCKER, INC.
CONSOLIDATED BALANCE SHEETS

	2017	2016
	(\$ in millions)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 849	\$ 1,046
Merchandise inventories	1,278	1,307
Other current assets	424	280
	2,551	2,633
Property and equipment, net	866	765
Deferred taxes	48	161
Goodwill	160	155
Other intangible assets, net	46	42
Other assets	290	84
	\$ 3,961	\$ 3,840
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 258	\$ 249
Accrued and other liabilities	358	363
	616	612
Long-term debt	125	127
Other liabilities	701	391
Total liabilities	1,442	1,130
Shareholders' equity	2,519	2,710
	\$ 3,961	\$ 3,840

See Accompanying Notes to Consolidated Financial Statements.

FOOT LOCKER, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

	2017	2016 *	2015 *
	(\$ in millions)		
From operating activities:			
Net income	\$ 284	\$ 664	\$ 541
Adjustments to reconcile net income to net cash provided by operating activities:			
Non-cash impairment charges	20	6	5
Depreciation and amortization	173	158	148
Deferred income taxes	105	(1)	(6)
Share-based compensation expense	15	22	22
Qualified pension plan contributions	(25)	(36)	(4)
Change in assets and liabilities:			
Merchandise inventories	69	(25)	(49)
Accounts payable	—	(31)	(17)
Accrued and other liabilities	(30)	27	—
Pension litigation accrual	178	—	100
Other, net	24	60	51
Net cash provided by operating activities	813	844	791
From investing activities:			
Capital expenditures	(274)	(266)	(228)
Cash paid for a cost method investment	(15)	—	—
Purchase of business, net of cash acquired	—	—	(2)
Net cash used in investing activities	(289)	(266)	(230)
From financing activities:			
Purchase of treasury shares	(467)	(432)	(419)
Dividends paid on common stock	(157)	(147)	(139)
Proceeds from exercise of stock options	13	29	64
Treasury stock reissued under employee stock plan	5	4	5
Shares of common stock repurchased to satisfy tax withholding	(10)	(7)	(9)
Payment of revolving credit agreement costs	—	(2)	—
Reduction in obligations under capital leases	—	(1)	(2)
Net cash used in financing activities	(616)	(556)	(500)
Effect of exchange rate fluctuations on cash, cash equivalents, and restricted cash	50	3	(6)
Net change in cash, cash equivalents, and restricted cash	(42)	25	55
Cash, cash equivalents, and restricted cash at beginning of year	1,073	1,048	993
Cash, cash equivalents, and restricted cash at end of year	\$ 1,031	\$ 1,073	\$ 1,048
Cash paid during the year:			
Interest	\$ 11	\$ 11	\$ 11
Income taxes	\$ 237	\$ 341	\$ 283

See Accompanying Notes to Consolidated Financial Statements.

* Amounts for 2016 and 2015 have been revised from previously reported amounts to reflect the adoption of new accounting standards in 2017. For additional information, see Note 1, *Summary of Significant Accounting Policies*.