

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Consolidated Statements of Earnings

(\$000, except per share data)	Year Ended February 1, 2020	Year Ended February 2, 2019	Year Ended February 3, 2018
Sales	\$ 16,039,073	\$ 14,983,541	\$ 14,134,732
Costs and Expenses			
Cost of goods sold	11,536,187	10,726,277	10,042,638
Selling, general and administrative	2,356,704	2,216,550	2,043,698
Interest (income) expense, net	(18,106)	(10,162)	7,676
Total costs and expenses	13,874,785	12,932,665	12,094,012
Earnings before taxes	2,164,288	2,050,876	2,040,720
Provision for taxes on earnings	503,360	463,419	677,967
Net earnings	\$ 1,660,928	\$ 1,587,457	\$ 1,362,753
Earnings per share			
Basic	\$ 4.63	\$ 4.30	\$ 3.58
Diluted	\$ 4.60	\$ 4.26	\$ 3.55
Weighted-average shares outstanding (000)			
Basic	358,462	369,533	381,174
Diluted	361,182	372,678	384,329

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Comprehensive Income

(\$000)	Year Ended February 1, 2020		Year Ended February 2, 2019		Year Ended February 3, 2018
Net earnings	\$	1,660,928	\$	1,587,457	\$ 1,362,753
Other comprehensive income (loss):					
Change in unrealized gain (loss) on investments, net of tax		—		(27)	(64)
Comprehensive income	\$	1,660,928	\$	1,587,430	\$ 1,362,689

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Consolidated Balance Sheets

(\$000, except share data)	February 1, 2020		February 2, 2019	
Assets				
Current Assets				
Cash and cash equivalents	\$	1,351,205	\$	1,412,912
Accounts receivable		102,236		96,711
Merchandise inventory		1,832,339		1,750,442
Prepaid expenses and other		147,048		143,954
Total current assets		3,432,828		3,404,019
Property and Equipment				
Land and buildings		1,177,262		1,126,051
Fixtures and equipment		3,115,003		2,783,198
Leasehold improvements		1,219,736		1,175,921
Construction-in-progress		189,536		171,538
		5,701,537		5,256,708
Less accumulated depreciation and amortization		3,048,101		2,781,507
Property and equipment, net		2,653,436		2,475,201
Operating lease assets		3,053,782		—
Other long-term assets		208,321		194,471
Total assets	\$	9,348,367	\$	6,073,691
Liabilities and Stockholders' Equity				
Current Liabilities				
Accounts payable	\$	1,296,482	\$	1,177,104
Accrued expenses and other		462,111		431,596
Current operating lease liabilities		564,481		—
Accrued payroll and benefits		364,435		363,035
Income taxes payable		14,425		37,749
Total current liabilities		2,701,934		2,009,484
Long-term debt		312,891		312,440
Non-current operating lease liabilities		2,610,528		—
Other long-term liabilities		214,086		321,713
Deferred income taxes		149,679		124,308
Commitments and contingencies				
Stockholders' Equity				
Common stock, par value \$0.01 per share Authorized 1,000,000,000 shares Issued and outstanding 356,775,000 and 368,242,000 shares, respectively		3,568		3,682
Additional paid-in capital		1,458,307		1,375,965
Treasury stock		(433,328)		(372,663)
Retained earnings		2,330,702		2,298,762
Total stockholders' equity		3,359,249		3,305,746
Total liabilities and stockholders' equity	\$	9,348,367	\$	6,073,691

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Stockholders' Equity

(000)	Common stock		Additional paid-in capital	Treasury stock	Accumulated other comprehensive income (loss)	Retained earnings	Total
	Shares	Amount					
Balance at January 28, 2017	391,893	\$ 3,919	\$ 1,215,715	\$ (272,846)	\$ 91	\$ 1,801,138	\$ 2,748,017
Net earnings	—	—	—	—	—	1,362,753	1,362,753
Cumulative effect of adoption of accounting standard (stock-compensation), net	—	—	1,789	—	—	(1,113)	676
Unrealized investment loss, net	—	—	—	—	(64)	—	(64)
Common stock issued under stock plans, net of shares used for tax withholding	1,214	12	18,456	(45,433)	—	—	(26,965)
Stock-based compensation	—	—	87,417	—	—	—	87,417
Common stock repurchased	(13,489)	(135)	(31,013)	—	—	(843,852)	(875,000)
Dividends declared (\$0.64 per share)	—	—	—	—	—	(247,526)	(247,526)
Balance at February 3, 2018	379,618	\$ 3,796	\$ 1,292,364	\$ (318,279)	\$ 27	\$ 2,071,400	\$ 3,049,308
Net earnings	—	—	—	—	—	1,587,457	1,587,457
Cumulative effect of adoption of accounting standard (revenue recognition), net	—	—	—	—	—	19,884	19,884
Unrealized investment loss, net	—	—	—	—	(27)	—	(27)
Common stock issued under stock plans, net of shares used for tax withholding	1,097	11	20,101	(54,384)	—	—	(34,272)
Stock-based compensation	—	—	95,585	—	—	—	95,585
Common stock repurchased	(12,473)	(125)	(32,085)	—	—	(1,042,790)	(1,075,000)
Dividends declared (\$0.90 per share)	—	—	—	—	—	(337,189)	(337,189)
Balance at February 2, 2019	368,242	\$ 3,682	\$ 1,375,965	\$ (372,663)	\$ —	\$ 2,298,762	\$ 3,305,746
Net earnings	—	—	—	—	—	1,660,928	1,660,928
Cumulative effect of adoption of accounting standard (leases), net	—	—	—	—	—	(19,614)	(19,614)
Common stock issued under stock plans, net of shares used for tax withholding	793	8	22,201	(60,665)	—	—	(38,456)
Stock-based compensation	—	—	95,438	—	—	—	95,438
Common stock repurchased	(12,260)	(122)	(35,297)	—	—	(1,239,581)	(1,275,000)
Dividends declared (\$1.02 per share)	—	—	—	—	—	(369,793)	(369,793)
Balance at February 1, 2020	356,775	\$ 3,568	\$ 1,458,307	\$ (433,328)	\$ —	\$ 2,330,702	\$ 3,359,249

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Cash Flows

(\$000)	Year Ended February 1, 2020	Year Ended February 2, 2019	Year Ended February 3, 2018 ¹
Cash Flows From Operating Activities			
Net earnings	\$ 1,660,928	\$ 1,587,457	\$ 1,362,753
Adjustments to reconcile net earnings to net cash provided by operating activities:			
Depreciation and amortization	350,892	330,357	313,163
Stock-based compensation	95,438	95,585	87,417
Gain on sale of assets	—	—	(6,328)
Deferred income taxes	32,009	31,777	(34,903)
Change in assets and liabilities:			
Merchandise inventory	(81,897)	(108,707)	(128,849)
Other current assets	(10,315)	(30,789)	(23,051)
Accounts payable	114,153	110,483	41,322
Other current liabilities	30,513	37,080	65,221
Income taxes	(35,239)	3,706	(1,740)
Operating lease assets and liabilities, net	15,631	—	—
Other long-term, net	(567)	9,728	6,333
Net cash provided by operating activities	2,171,546	2,066,677	1,681,338
Cash Flows From Investing Activities			
Additions to property and equipment	(555,483)	(413,898)	(371,423)
Proceeds from sale of property and equipment	—	—	15,981
Proceeds from investments	517	3,489	687
Net cash used in investing activities	(554,966)	(410,409)	(354,755)
Cash Flows From Financing Activities			
Payment of long-term debt	—	(85,000)	—
Issuance of common stock related to stock plans	22,209	20,112	18,468
Treasury stock purchased	(60,665)	(54,384)	(45,433)
Repurchase of common stock	(1,275,000)	(1,075,000)	(875,000)
Dividends paid	(369,793)	(337,189)	(247,526)
Net cash used in financing activities	(1,683,249)	(1,531,461)	(1,149,491)
Net (decrease) increase in cash, cash equivalents, and restricted cash and cash equivalents	(66,669)	124,807	177,092
Cash and cash equivalents, and restricted cash and cash equivalents:			
Beginning of year ¹	1,478,079	1,353,272	1,176,180
End of year	\$ 1,411,410	\$ 1,478,079	\$ 1,353,272
Supplemental Cash Flow Disclosures			
Interest paid	\$ 12,682	\$ 18,105	\$ 18,105
Income taxes paid	\$ 506,591	\$ 427,930	\$ 714,566

¹ As the result of the adoption of ASU 2016-18, *Statement of Cash Flow (Topic 230): Restricted Cash*, in fiscal 2018, the prior year amounts were retrospectively adjusted to include restricted cash and cash equivalents. See Note A.

The accompanying notes are an integral part of these consolidated financial statements.