

FOOT LOCKER, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS

	2018	2017	2016
	(in millions, except per share amounts)		
Sales	\$ 7,939	\$ 7,782	\$ 7,766
Cost of sales	5,411	5,326	5,130
Selling, general and administrative expenses	1,614	1,501	1,472
Depreciation and amortization	178	173	158
Litigation and other charges	37	211	6
Income from operations	699	571	1,000
Interest (income) / expense, net	(9)	(2)	2
Other income	(5)	(5)	(6)
Income before income taxes	713	578	1,004
Income tax expense	172	294	340
Net income	\$ 541	\$ 284	\$ 664
Basic earnings per share	\$ 4.68	\$ 2.23	\$ 4.95
Weighted-average shares outstanding	115.6	127.2	134.0
Diluted earnings per share	\$ 4.66	\$ 2.22	\$ 4.91
Weighted-average shares outstanding, assuming dilution	116.1	127.9	135.1

See Accompanying Notes to Consolidated Financial Statements.

FOOT LOCKER, INC.
CONSOLIDATED BALANCE SHEETS

	2018	2017
	(\$ in millions)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 891	\$ 849
Merchandise inventories	1,269	1,278
Other current assets	358	424
	2,518	2,551
Property and equipment, net	836	866
Deferred taxes	87	48
Goodwill	157	160
Other intangible assets, net	24	46
Other assets	198	290
	\$ 3,820	\$ 3,961
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 387	\$ 258
Accrued and other liabilities	377	358
	764	616
Long-term debt	124	125
Other liabilities	426	701
Total liabilities	1,314	1,442
Shareholders' equity	2,506	2,519
	\$ 3,820	\$ 3,961

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FOOT LOCKER, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

	2018	2017	2016
	(\$ in millions)		
From operating activities:			
Net income	\$ 541	\$ 284	\$ 664
Adjustments to reconcile net income to net cash provided by operating activities:			
Non-cash impairment charges	19	20	6
Depreciation and amortization	178	173	158
Deferred income taxes	9	105	(1)
Share-based compensation expense	22	15	22
Qualified pension plan contributions	(128)	(25)	(36)
Change in assets and liabilities:			
Merchandise inventories	(16)	69	(25)
Accounts payable	135	—	(31)
Accrued and other liabilities	39	(30)	27
Pension litigation accrual	13	178	—
Class counsel fees paid in connection with pension litigation	(97)	—	—
Other, net	66	24	60
Net cash provided by operating activities	781	813	844
From investing activities:			
Capital expenditures	(187)	(274)	(266)
Minority investments	(89)	(15)	—
Insurance proceeds related to loss on property and equipment	2	—	—
Net cash used in investing activities	(274)	(289)	(266)
From financing activities:			
Purchase of treasury shares	(375)	(467)	(432)
Dividends paid on common stock	(158)	(157)	(147)
Proceeds from exercise of stock options	5	13	29
Treasury stock reissued under employee stock plan	2	5	4
Shares of common stock repurchased to satisfy tax withholding obligations	(1)	(10)	(7)
Payment of revolving credit agreement costs	—	—	(2)
Reduction in obligations under capital leases	—	—	(1)
Net cash used in financing activities	(527)	(616)	(556)
Effect of exchange rate fluctuations on cash, cash equivalents, and restricted cash	(30)	50	3
Net change in cash, cash equivalents, and restricted cash	(50)	(42)	25
Cash, cash equivalents, and restricted cash at beginning of year	1,031	1,073	1,048
Cash, cash equivalents, and restricted cash at end of year	\$ 981	\$ 1,031	\$ 1,073
Cash paid during the year:			
Interest	\$ 11	\$ 11	\$ 11
Income taxes	\$ 184	\$ 237	\$ 341

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