

Non-GAAP Net Income and Earnings Per Share Reconciliation

(in thousands, except per share data):

	Fiscal 2015		
	13 Weeks Ended October 31, 2015		
	As Reported	Litigation Settlement Charge	Non-GAAP Total
Net sales	\$ 1,642,627	\$ -	\$ 1,642,627
Cost of goods sold, including occupancy and distribution costs	1,154,251	-	1,154,251
GROSS PROFIT	488,376	-	488,376
Selling, general and administrative expenses	395,015	(7,884)	387,131
Pre-opening expenses	16,280	-	16,280
INCOME FROM OPERATIONS	77,081	7,884	84,965
Interest expense	1,076	-	1,076
Other income	1,185	-	1,185
INCOME BEFORE INCOME TAXES	74,820	7,884	82,704
Provision for income taxes	27,605	3,154	30,759
NET INCOME	\$ 47,215	\$ 4,730	\$ 51,945
EARNINGS PER COMMON SHARE:			
Basic	\$ 0.41		\$ 0.45
Diluted	\$ 0.41		\$ 0.45
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING:			
Basic	114,978		114,978
Diluted	116,506		116,506

During the third quarter of 2015, the Company recorded a pre-tax litigation settlement charge of \$7.9 million. The provision for income taxes was calculated at 40%, which approximates the Company's blended tax rate.

Non-GAAP Net Income and Earnings Per Share Reconciliation

(in thousands, except per share data):

	Fiscal 2015		
	52 Weeks Ended January 30, 2016		
	As Reported	Litigation Settlement Charge	Non-GAAP Total
Net sales	\$ 7,270,965	\$ -	\$ 7,270,965
Cost of goods sold, including occupancy and distribution costs	5,088,078	-	5,088,078
GROSS PROFIT	2,182,887	-	2,182,887
Selling, general and administrative expenses	1,613,075	(7,884)	1,605,191
Pre-opening expenses	34,620	-	34,620
INCOME FROM OPERATIONS	535,192	7,884	543,076
Interest expense	4,012	-	4,012
Other expense	305	-	305
INCOME BEFORE INCOME TAXES	530,875	7,884	538,759
Provision for income taxes	200,484	3,154	203,638
NET INCOME	\$ 330,391	\$ 4,730	\$ 335,121
EARNINGS PER COMMON SHARE:			
Basic	\$ 2.87		\$ 2.91
Diluted	\$ 2.83		\$ 2.87
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING:			
Basic	115,230		115,230
Diluted	116,794		116,794

During the third quarter of 2015, the Company recorded a pre-tax litigation settlement charge of \$7.9 million. The provision for income taxes was calculated at 40%, which approximates the Company's blended tax rate.

EBITDA

EBITDA is a key metric that provides a measurement of profitability that eliminates the effect of changes resulting from financing decisions, tax regulations and capital investments. EBITDA should not be considered as an alternative to net income or any other generally accepted accounting principles measure of performance or liquidity and may not be comparable to similarly titled measures reported by other companies.

	13 Weeks Ended	
	July 30, 2016	August 1, 2015
	(dollars in thousands)	
Net income	\$ 91,417	\$ 90,839
Provision for income taxes	56,065	56,575
Interest expense	1,618	840
Depreciation and amortization	48,541	48,020
EBITDA	<u>\$ 197,641</u>	<u>\$ 196,274</u>
% increase in EBITDA	1%	

	26 Weeks Ended	
	July 30, 2016	August 1, 2015
	(dollars in thousands)	
Net income	\$ 148,294	\$ 154,184
Provision for income taxes	90,834	96,657
Interest expense	2,749	1,474
Depreciation and amortization	96,531	90,596
EBITDA	<u>\$ 338,408</u>	<u>\$ 342,911</u>
% decrease in EBITDA	(1%)	

Reconciliation of Gross Capital Expenditures to Net Capital Expenditures

The following table represents a reconciliation of the Company's gross capital expenditures to its capital expenditures, net of tenant allowances.

	26 Weeks Ended	
	July 30, 2016	August 1, 2015
	(dollars in thousands)	
Gross capital expenditures	\$ (208,449)	\$ (154,785)
Proceeds from sale-leaseback transactions	-	-
Deferred construction allowances	68,311	75,082
Construction allowance receipts	-	-
Net capital expenditures	<u>\$ (140,138)</u>	<u>\$ (79,703)</u>