

BIG LOTS INC
Form 10-Q
June 12, 2013
Table of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

☐ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended May 4, 2013
or

○ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number 1-8897

BIG LOTS, INC.

(Exact name of registrant as specified in its charter)

Ohio

(State or other jurisdiction of incorporation or
organization)

06-1119097

(I.R.S. Employer Identification No.)

300 Phillipi Road, P.O. Box 28512, Columbus, Ohio

(Address of principal executive offices)

(614) 278-6800

(Registrant's telephone number, including area code)

43228-5311

(Zip Code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes☐ No☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes☐ No☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting

Edgar Filing: BIG LOTS INC - Form 10-Q

company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

The number of the registrant’s common shares, \$0.01 par value, outstanding as of June 7, 2013, was 58,304,832.

Table of Contents

BIG LOTS, INC.
 FORM 10-Q
 FOR THE FISCAL QUARTER ENDED MAY 4, 2013

TABLE OF CONTENTS

	Page
<u>Part I. Financial Information</u>	<u>2</u>
Item 1. <u>Financial Statements</u>	<u>2</u>
a) <u>Consolidated Statements of Operations for the Thirteen Weeks Ended May 4, 2013 (Unaudited) and April 28, 2012 (Unaudited)</u>	<u>2</u>
b) <u>Consolidated Statements of Comprehensive Income for the Thirteen Weeks Ended May 4, 2013 (Unaudited) and April 28, 2012 (Unaudited)</u>	<u>3</u>
c) <u>Consolidated Balance Sheets at May 4, 2013 (Unaudited) and February 2, 2013</u>	<u>4</u>
d) <u>Consolidated Statements of Shareholders' Equity for the Thirteen Weeks Ended May 4, 2013 (Unaudited) and April 28, 2012 (Unaudited)</u>	<u>5</u>
e) <u>Consolidated Statements of Cash Flows for the Thirteen Weeks Ended May 4, 2013 (Unaudited) and April 28, 2012 (Unaudited)</u>	<u>6</u>
f) <u>Notes to Consolidated Financial Statements (Unaudited)</u>	<u>7</u>
Item 2. <u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>17</u>
Item 3. <u>Quantitative and Qualitative Disclosures About Market Risk</u>	<u>23</u>
Item 4. <u>Controls and Procedures</u>	<u>23</u>
<u>Part II. Other Information</u>	<u>24</u>
Item 1. <u>Legal Proceedings</u>	<u>24</u>
Item 1A. <u>Risk Factors</u>	<u>24</u>
Item 2. <u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	<u>24</u>
Item 3. <u>Defaults Upon Senior Securities</u>	<u>24</u>
Item 4. <u>Mine Safety Disclosures</u>	<u>24</u>
Item 5. <u>Other Information</u>	<u>24</u>
Item 6. <u>Exhibits</u>	<u>25</u>

Signature

25

1

Table of Contents

Part I. Financial Information

Item 1. Financial Statements

BIG LOTS, INC. AND SUBSIDIARIES

Consolidated Statements of Operations (Unaudited)

(In thousands, except per share amounts)

	Thirteen Weeks Ended	
	May 4, 2013	April 28, 2012
Net sales	\$1,311,338	\$1,294,481
Cost of sales (exclusive of depreciation expense shown separately below)	794,709	782,032
Gross margin	516,629	512,449
Selling and administrative expenses	432,467	418,319
Depreciation expense	27,470	25,288
Operating profit	56,692	68,842
Interest expense	(726)(336
Other income (expense)	(146) 37
Income from continuing operations before income taxes	55,820	68,543
Income tax expense	23,487	27,763
Income from continuing operations	32,333	40,780
Loss from discontinued operations, net of tax benefit of \$0 and \$22, respectively	—	(34
Net income	\$32,333	\$40,746
Earnings per common share - basic		
Continuing operations	\$0.56	\$0.64
Discontinued operations	—	—
	\$0.56	\$0.64
Earnings per common share - diluted		
Continuing operations	\$0.56	\$0.63
Discontinued operations	—	—
	\$0.56	\$0.63
Weighted-average common shares outstanding:		
Basic	57,305	64,119
Dilutive effect of share-based awards	538	1,046
Diluted	57,843	65,165

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

Table of Contents

BIG LOTS, INC. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income (Unaudited)

(In thousands)

	Thirteen Weeks Ended	
	May 4, 2013	April 28, 2012
Net income	\$32,333	\$40,746
Other comprehensive income (loss):		
Foreign currency translation	(575) 659
Amortization of pension, net of tax \$(166) and \$(265), respectively	251	412
Total other comprehensive (loss) income	(324) 1,071
Comprehensive income	\$32,009	\$41,817

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

Table of Contents

BIG LOTS, INC. AND SUBSIDIARIES

Consolidated Balance Sheets

(In thousands, except par value)

	(Unaudited) May 4, 2013	February 2, 2013
ASSETS		
Current assets:		
Cash and cash equivalents	\$71,669	\$60,581
Inventories	884,846	918,023
Deferred income taxes	43,148	37,696
Other current assets	75,078	74,330
Total current assets	1,074,741	1,090,630
Property and equipment - net	583,496	593,562
Deferred income taxes	8,716	—
Goodwill	13,385	13,522
Other assets	56,425	55,912
Total assets	\$1,736,763	\$1,753,626
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$362,421	\$393,652
Property, payroll, and other taxes	74,937	74,973
Accrued operating expenses	67,309	53,788
Insurance reserves	36,414	36,861
KB bankruptcy lease obligation	3,069	3,069
Accrued salaries and wages	27,194	26,753
Income taxes payable	36,129	40,538
Total current liabilities	607,473	629,634
Long-term obligations	137,200	171,200
Deferred income taxes	—	2,693
Deferred rent	76,400	73,658
Insurance reserves	63,447	63,332
Unrecognized tax benefits	16,845	16,335
Other liabilities	39,485	38,632
Shareholders' equity:		
Preferred shares - authorized 2,000 shares; \$0.01 par value; none issued	—	—
Common shares - authorized 298,000 shares; \$0.01 par value; issued 117,495 shares; outstanding 57,325 shares and 57,269 shares, respectively	1,175	1,175
Treasury shares - 60,170 shares and 60,226 shares, respectively, at cost	(1,676,066) (1,677,610
Additional paid-in capital	556,063	551,845
Retained earnings	1,928,395	1,896,062
Accumulated other comprehensive loss	(13,654) (13,330
Total shareholders' equity	795,913	758,142
Total liabilities and shareholders' equity	\$1,736,763	\$1,753,626

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

Table of Contents

BIG LOTS, INC. AND SUBSIDIARIES

Consolidated Statements of Shareholders' Equity (Unaudited)

(In thousands)

	Common		Treasury		Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total
	Shares	Amount	Shares	Amount				
Balance - January 28, 2012	63,609	\$1,175	53,886	\$(1,423,524)	\$542,160	\$1,718,941	\$(15,519)	\$823,233
Comprehensive income	—	—	—	—	—	40,746	1,071	41,817
Purchases of common shares	(2,624)	—	2,624	(104,038)	—	—	—	(104,038)
Exercise of stock options	1,346	—	(1,346)	35,584	(3,334)	—	—	32,250
Restricted shares vested	455	—	(455)	12,031	(12,031)	—	—	—
Tax benefit from share-based awards	—	—	—	—	7,765	—	—	7,765
Share activity related to deferred compensation plan	7	—	(7)	32	282	—	—	314
Share-based employee compensation expense	—	—	—	—	8,086	—	—	8,086
Balance - April 28, 2012	62,793	1,175	54,702	(1,479,915)	542,928	1,759,687	(14,448)	809,427
Comprehensive income	—	—	—	—	—	136,375	1,118	137,493
Purchases of common shares	(5,608)	—	5,608	(200,000)	—	—	—	(200,000)
Exercise of stock options	60	—	(60)	1,682	(644)	—	—	1,038
Restricted shares vested	23	—	(23)	618	(618)	—	—	—
Tax benefit from share-based awards	—	—	—	—	352	—	—	352
Share activity related to deferred compensation plan	1	—	(1)	5	34	—	—	39
Share-based employee compensation expense	—	—	—	—	9,793	—	—	9,793
Balance - February 2, 2013	57,269	1,175	60,226	(1,677,610)	551,845	1,896,062	(13,330)	758,142
Comprehensive income (loss)	—	—	—	—	—	32,333	(324)	32,009
Purchases of common shares	—	—	—	—	—	—	—	—
Exercise of stock options	56	—	(56)	1,544	(644)	—	—	900
Restricted shares vested	—	—	—	—	—	—	—	—
Tax benefit from share-based awards	—	—	—	—	246	—	—	246
Share activity related to deferred compensation plan	—	—	—	—	—	—	—	—
	—	—	—	—	4,616	—	—	4,616

Share-based employee
compensation expense

Balance - May 4, 2013 57,325 \$1,175 60,170 \$(1,676,066) \$556,063 \$1,928,395 \$(13,654) \$795,913

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

5

Table of Contents

BIG LOTS, INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows (Unaudited)

(In thousands)

	Thirteen Weeks Ended	
	May 4, 2013	April 28, 2012
Operating activities:		
Net income	\$32,333	\$40,746
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization expense	24,851	22,892
Deferred income taxes	(17,027)	(338)
Gain on disposition of equipment	(2)	(111)
Non-cash share-based compensation expense	4,616	8,086
Excess tax benefit from share-based awards	(246)	(7,772)
Pension expense, net of contributions	743	1,372
Change in assets and liabilities, excluding effects of foreign currency adjustments:		
Inventories	32,532	(21,918)
Accounts payable	(30,895)	83,101
Current income taxes	(3,225)	(11,641)
Other current assets	(1,424)	1,437
Other current liabilities	12,145	6,143
Other assets	(1,075)	(4,079)
Other liabilities	6,857	7,664
Net cash provided by operating activities	60,183	125,582
Investing activities:		
Capital expenditures	(17,281)	(18,288)
Cash proceeds from sale of property and equipment	1,471	309
Other	(13)	(10)
Net cash used in investing activities	(15,823)	(17,989)
Financing activities:		
Net repayments of borrowings under bank credit facility	(34,000)	(65,900)
Payment of capital lease obligations	(310)	(441)
Proceeds from the exercise of stock options	900	32,250
Excess tax benefit from share-based awards	246	7,772
Payment for treasury shares acquired	—	(67,643)
Other	—	314
Net cash used in financing activities	(33,164)	(93,648)
Impact of foreign currency on cash	(108)	79
Increase in cash and cash equivalents	11,088	14,024
Cash and cash equivalents:		
Beginning of period	60,581	68,547
End of period	\$71,669	\$82,571

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

Table of Contents

BIG LOTS, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Unaudited)

NOTE 1 – BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

All references in this report to “we,” “us,” or “our” are to Big Lots, Inc. and its subsidiaries. We are North America’s largest broadline closeout retailer. At May 4, 2013, we operated 1,585 stores in two countries: the United States of America (“U.S.”) and Canada. We make available, free of charge, through the “Investor Relations” section of our website (www.biglots.com) under the “SEC Filings” caption, our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended (“Exchange Act”), as soon as reasonably practicable after we file such material with, or furnish it to, the Securities and Exchange Commission (“SEC”). The contents of our websites are not part of this report.

The accompanying consolidated financial statements and these notes have been prepared in accordance with the rules and regulations of the SEC for interim financial information. The consolidated financial statements reflect all normal recurring adjustments which management believes are necessary to present fairly our financial condition, results of operations, and cash flows for all periods presented. These consolidated financial statements, however, do not include all information necessary for a complete presentation of financial condition, results of operations, and cash flows in conformity with accounting principles generally accepted in the United States of America (“GAAP”). Interim results may not necessarily be indicative of results that may be expected for, or actually result during, any other interim period or for the year as a whole. We have historically experienced, and expect to continue to experience, seasonal fluctuations, with a larger percentage of our net sales and operating profit realized in our fourth fiscal quarter. The accompanying consolidated financial statements and these notes should be read in conjunction with the audited consolidated financial statements and notes included in our Annual Report on Form 10-K for the fiscal year ended February 2, 2013 (“2012 Form 10-K”).

Fiscal Periods

Our fiscal year ends on the Saturday nearest to January 31, which results in fiscal years consisting of 52 or 53 weeks. Unless otherwise stated, references to years in this report relate to fiscal years rather than calendar years. Fiscal year 2013 (“2013”) is comprised of the 52 weeks that began on February 3, 2013 and will end on February 1, 2014. Fiscal year 2012 (“2012”) was comprised of the 53 weeks that began on January 29, 2012 and ended on February 2, 2013. The fiscal quarters ended May 4, 2013 (“first quarter of 2013”) and April 28, 2012 (“first quarter of 2012”) were both comprised of 13 weeks.

Merchandise Inventories

We assign cost to merchandise inventories using the average cost retail inventory method. Under our previous inventory management system which was used through the end of 2011, we calculated average cost at the department level which constituted approximately 50 inventory cost pools. As previously disclosed, we have been implementing new inventory management systems. On January 29, 2012, the first day of 2012, we completed the implementation of new inventory management systems, which has allowed us to more precisely determine our inventory cost under the retail method. Since the beginning of 2012, we have calculated average cost at the class level which constitutes approximately 350 inventory cost pools.

As the impact of the accounting change on inventory for the first quarter of 2012 was immaterial, we recognized the cumulative effect of the change in accounting principle as a current period expense by recording a reduction in inventory and a corresponding increase to cost of sales of approximately \$5.6 million in the first quarter of 2012. This non-cash charge reduced the first quarter of 2012 income from continuing operations and net income by approximately \$3.4 million and reduced the first quarter of 2012 basic and diluted earnings per share from continuing

operations by \$0.05.

Selling and Administrative Expenses

Selling and administrative expenses include store expenses (such as payroll and occupancy costs) and costs related to warehousing, distribution, outbound transportation to our stores, advertising, purchasing, insurance, non-income taxes, and overhead. Our selling and administrative expense rates may not be comparable to those of other retailers that include warehousing, distribution and outbound transportation costs in cost of sales. Distribution and outbound transportation costs included in selling and administrative expenses were \$42.4 million and \$41.7 million for the first quarter of 2013 and the first quarter of 2012, respectively.

Table of Contents

Advertising Expense

Advertising costs, which are expensed as incurred, consist primarily of television and print advertising, internet marketing and advertising, and in-store point-of-purchase presentations. Advertising expenses are included in selling and administrative expenses. Advertising expenses were \$23.6 million and \$24.4 million for the first quarter of 2013 and the first quarter of 2012, respectively.

Foreign Currency Translation

The functional currency of our international subsidiary is the local currency of the country in which the subsidiary is located. We have one foreign subsidiary domiciled and operating in Canada. Foreign currency denominated assets and liabilities are translated into U.S. Dollars using the exchange rate in effect at the consolidated balance sheet date. Results of operations and cash flows are translated using the average exchange rates throughout the period. The effect of exchange rate fluctuations on translation of assets and liabilities is included as a component of shareholders' equity in accumulated other comprehensive loss. Gains and losses from foreign currency transactions, which are included in other income (expense), were a loss of \$(0.2) million for the first quarter of 2013 and immaterial for the first quarter of 2012.

Supplemental Cash Flow Disclosures

The following table provides supplemental cash flow information for the first quarter of 2013 and 2012:

(in thousands)	Thirteen Weeks Ended	
	May 4, 2013	April 28, 2012
Supplemental disclosure of cash flow information:		
Cash paid for interest, including capital leases	\$589	\$193
Cash paid for income taxes, excluding impact of refunds	\$43,911	\$40,570
Non-cash activity:		
Accrued property and equipment	\$8,473	\$9,909
Share repurchases payable	\$—	\$36,395

During the first quarter of 2013 and the first quarter of 2012, our gross proceeds from borrowings under the bank credit facility (as defined in note 2) were \$297.5 million and \$83.6 million, respectively, and our gross repayments of borrowings under the bank credit facility were \$331.5 million and \$149.5 million, respectively.

Reclassifications

In the fourth quarter of 2012, we realigned select merchandise categories in our U.S. segment to be consistent with the realignment of our merchandising team and changes to our management reporting. Prior to the fourth quarter of 2012, we reported sales of our toys, books and sporting goods departments in the Play n' Wear category. We moved the toys, books and sporting goods departments out of the Play n' Wear category and repositioned them in the Hardlines & Other category. We also moved the results of certain large closeout deals that are typically acquired through our alternate product sourcing operations out of the Hardlines & Other category and repositioned them in the Play n' Wear category. We subsequently renamed our Hardlines & Other category to Hardlines and Toys and renamed our Play n' Wear category to Electronics & Other. Our Consumables category was also separated into a Food category and a Consumables category. The Consumables category now contains our health and beauty care, housekeeping supplies, household chemicals, paper products, pet, and home organization departments, while the Food category contains our various food and beverage departments. Fiscal 2012 sales results have been reclassified to reflect this realignment.

Recent Accounting Pronouncements

There are currently no new accounting pronouncements with a future effective date that are of significance, or potential significance, to us.

Table of Contents

NOTE 2 – BANK CREDIT FACILITY

On July 22, 2011, we entered into a new \$700 million five-year unsecured credit facility (“2011 Credit Agreement”). The 2011 Credit Agreement expires on July 22, 2016.

In connection with our entry into the 2011 Credit Agreement, we paid bank fees and other expenses in the aggregate amount of \$3.0 million, which are being amortized over the term of the agreement. Borrowings under the 2011 Credit Agreement are available for general corporate purposes, working capital, and to repay certain of our indebtedness. The 2011 Credit Agreement includes a \$10 million Canadian swing loan sublimit, a \$30 million U.S. swing loan sublimit, a \$150 million letter of credit sublimit and a \$200 million Canadian revolving credit loan subfacility. The interest rates, pricing and fees under the 2011 Credit Agreement fluctuate based on our debt rating. The 2011 Credit Agreement allows us to select our interest rate for each borrowing from multiple interest rate options. The interest rate options are generally derived from the prime rate, LIBOR, or CDOR. We may prepay revolving loans made under the 2011 Credit Agreement. The 2011 Credit Agreement contains financial and other covenants, including, but not limited to, limitations on indebtedness, liens and investments, as well as the maintenance of two financial ratios – a leverage ratio and a fixed charge coverage ratio. A violation of any of the covenants could result in a default under the 2011 Credit Agreement that would permit the lenders to restrict our ability to further access the 2011 Credit Agreement for loans and letters of credit and require the immediate repayment of any outstanding loans under the 2011 Credit Agreement. At May 4, 2013, we had \$137.2 million of borrowings outstanding under the 2011 Credit Agreement while \$8.7 million was committed to outstanding letters of credit, leaving \$554.1 million available under the 2011 Credit Agreement.

Subsequent to May 4, 2013, the 2011 Credit Agreement was amended. For further information on the amendment, see note 12.

NOTE 3 – FAIR VALUE MEASUREMENTS

In connection with our nonqualified deferred compensation plan, we had mutual fund investments of \$21.9 million and \$20.7 million at May 4, 2013 and February 2, 2013, respectively, which were recorded in other assets. These investments were classified as trading securities and were recorded at their fair value. The fair values of mutual fund investments were Level 1 valuations under the fair value hierarchy because each fund’s quoted market value per share was available in an active market.

The fair values of our long-term obligations are estimated based on the quoted market prices for the same or similar issues and the current interest rates offered for similar instruments. These fair value measurements are classified as Level 2 within the fair value hierarchy. Given the variable rate features and relatively short maturity of the instruments underlying our long-term obligations, the carrying value of these instruments approximates the fair value.

The carrying value of accounts receivable, accounts payable, and accrued expenses approximates fair value because of the relatively short maturity of these items.

NOTE 4 – SHAREHOLDERS’ EQUITY

Earnings per Share

There were no adjustments required to be made to the weighted-average common shares outstanding for purposes of computing basic and diluted earnings per share and there were no securities outstanding at May 4, 2013 or April 28, 2012, which were excluded from the computation of earnings per share other than antidilutive stock options and restricted stock awards. For the first quarter of 2013 and the first quarter of 2012, 2.7 million and 1.5 million, respectively, of the stock options outstanding were antidilutive and excluded from the computation of diluted earnings

per share. Antidilutive stock options generally consist of outstanding stock options where the exercise price per share is greater than the weighted-average market price per share for our common shares for each period. Antidilutive stock options and restricted stock awards are excluded from the calculation because they decrease the number of diluted shares outstanding under the treasury stock method. The restricted stock awards that were antidilutive, as determined under the treasury stock method, were immaterial for all periods presented.

Table of Contents

NOTE 5 – SHARE-BASED PLANS

We have issued nonqualified stock options and restricted stock awards under our shareholder-approved equity compensation plans. Our restricted stock awards, as described below and in note 7 to the consolidated financial statements in our 2012 Form 10-K, are expensed and reported as nonvested shares. We recognized share-based compensation expense of \$4.6 million and \$8.1 million in the first quarter of 2013 and the first quarter of 2012, respectively.

The weighted-average fair value of stock options granted and assumptions used in the model to estimate the fair value of stock options granted during each of the respective periods were as follows:

	First Quarter		
	2013	2012	
Weighted-average fair value of stock options granted	\$ 12.14	\$ 15.28	
Risk-free interest rate	0.7	% 0.7	%
Expected life (years)	4.2	4.2	
Expected volatility	42.5	% 40.9	%
Expected annual forfeiture rate	3.0	% 3.0	%

The following table summarizes stock option activity for the first quarter of 2013:

	Number of Options	Weighted Average Exercise Price Per Share	Weighted Average Remaining Contractual Term (years)	Aggregate Intrinsic Value (000's)
Outstanding stock options at February 2, 2013	3,029,086	\$ 34.49		
Granted	851,000	35.72		
Exercised	(55,420)) 16.24		
Forfeited	(78,675)) 37.72		
Outstanding stock options at May 4, 2013	3,745,991	\$ 34.97	4.8	\$ 15,650
Vested or expected to vest at May 4, 2013	3,573,069	\$ 34.77	4.8	\$ 15,527
Exercisable at May 4, 2013	1,718,489	\$ 30.33	3.6	\$ 14,110

The stock options granted in the first quarter of 2013 vest in equal amounts on the first four anniversaries of the grant date and have a contractual term of seven years. The number of stock options expected to vest was based on our annual forfeiture rate assumption.

The following table summarizes the nonvested restricted stock awards activity for the first quarter of 2013:

	Number of Shares	Weighted Average Grant-Date Fair Value Per Share
Outstanding nonvested restricted stock at February 2, 2013	783,609	\$ 42.25
Granted	339,500	35.54
Vested	—	—
Forfeited	(248,300)) 43.75
Outstanding nonvested restricted stock at May 4, 2013	874,809	\$ 39.22

Table of Contents

The nonvested restricted stock awards granted in the first quarter of 2013 vest if certain financial performance objectives are achieved. If we meet a threshold financial performance objective and the grantee remains employed by us, the restricted stock will vest on the opening of our first trading window five years after the grant date of the award. If we meet a higher financial performance objective and the grantee remains employed by us, the restricted stock will vest on the first trading day after we file our Annual Report on Form 10-K with the SEC for the fiscal year in which the higher objective is met.

On the grant date, we estimated a three-year period for vesting of the nonvested restricted stock awards granted in 2013 based on the projected achievement of the higher financial performance objective.

The following activity occurred under our share-based plans during the respective periods shown:

	First Quarter	
(In thousands)	2013	2012
Total intrinsic value of stock options exercised	\$ 1,040	\$ 28,122
Total fair value of restricted stock vested	—	21,103