

Macy's, Inc.
Return on Invested Capital (ROIC)
(\$ in millions)
2/23/2010

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>Quarter 4 2009</u>	<u>Quarter 3 2009</u>	<u>Quarter 2 2009</u>	<u>Quarter 1 2009</u>	<u>Quarter 4 2008</u>	<u>Quarter 3 2008</u>	<u>Quarter 2 2008</u>	<u>Quarter 1 2008</u>	<u>Quarter 4 2007</u>	<u>Quarter 3 2007</u>	<u>Quarter 2 2007</u>	<u>Quarter 1 2007</u>	<u>Quarter 4 2006</u>
Most Comparable GAAP Ratio:																
Operating income (loss)	\$ 1,063	\$ (4,378)	\$ 1,863													
Property and equipment - net	\$ 9,975	\$ 10,717	\$ 11,232	9,507				10,442				10,991				11,473
	10.7%	-40.9%	16.6%													
Non-GAAP Ratio:																
Operating income (loss)	\$ 1,063	\$ (4,378)	\$ 1,863													
Add back division consolidation costs and store closing related costs	276	187	-													
Add back asset impairment charges	115	211	-													
Add back goodwill impairment charges	-	5,382	-													
Add back May integration costs	-	-	219													
Add back depreciation and amortization	1,210	1,278	1,304													
Add back rent expense, net:																
Real estate	229	232	226													
Personal property	12	19	15													
Deferred rent amortization	7	6	6													
Operating income, excluding impact of division consolidation costs and store closing related costs, asset impairment charges, goodwill impairment charges, May integration costs, depreciation and amortization and net rent expense	\$ 2,912	\$ 2,937	\$ 3,633													
Property and equipment - net	\$ 9,975	\$ 10,717	\$ 11,232	9,507				10,442				10,991				11,473
Add back accumulated depreciation and amortization	5,620	5,299	4,855	5,782				5,458				5,139				4,571
Add capitalized value of non-capitalized leases	1,984	2,056	1,976													
Add (deduct) selected balance sheet components:																
Receivables	305	276	357	358	282	324	254	360	267	247	230	370	325	387	346	
Merchandise inventories	5,170	5,494	5,693	4,615	6,406	4,634	5,026	4,769	6,915	5,008	5,284	5,060	7,012	5,200	5,499	
Supplies and prepaid expenses	231	241	257	223	216	231	253	226	246	243	249	218	261	267	281	
Other assets	497	531	555	490	507	494	496	501	547	537	539	510	609	561	541	
Merchandise accounts payable	(1,978)	(2,074)	(2,119)	(1,312)	(3,109)	(1,683)	(1,809)	(1,282)	(3,156)	(1,843)	(2,014)	(1,398)	(3,242)	(1,858)	(1,976)	
Accounts payable and accrued liabilities	(2,320)	(2,438)	(2,508)	(2,626)	(2,359)	(2,071)	(2,223)	(2,628)	(2,531)	(2,251)	(2,343)	(2,729)	(2,515)	(2,408)	(2,378)	
Total Average Invested Capital	\$ 19,484	\$ 20,102	\$ 20,298													
	14.9%	14.6%	17.9%													

Management believes that return on invested capital (ROIC), as defined as operating income (loss), excluding the impact of division consolidation costs and store closing related costs, asset impairment charges, goodwill impairment charges, May integration costs, depreciation and amortization and net rent expense, as a percentage to its average invested capital is a useful measure in evaluating how efficiently the Company employs its capital. As computed above, the total average invested capital is comprised of a two-point (i.e., end of period presented and the immediately preceding year) average of gross property and equipment, a rent factor equal to periodic net rent expense multiplied by a factor of eight and a four-point (i.e., end of each quarter within the period presented) average of certain other assets and liabilities.

Certain reclassifications were made to prior period amounts to conform with the classifications of such amounts for the most recent period.