

## MACY'S, INC.

Consolidated Statements of Cash Flows (Unaudited)

(millions)

	13 weeks ended May 5, 2018	13 weeks ended April 29, 2017
Cash flows from operating activities:		
Net income	\$ 131	\$ 77
Adjustments to reconcile net income to net cash provided by operating activities:		
Impairment and other costs	19	—
Depreciation and amortization	235	243
Stock-based compensation expense	17	13
Gains on sale of real estate	(24)	(68)
Changes in assets and liabilities:		
Decrease in receivables	105	170
Increase in merchandise inventories	(115)	(227)
Increase in prepaid expenses and other current assets	(20)	(16)
Increase in merchandise accounts payable	415	573
Decrease in accounts payable, accrued liabilities and other items not separately identified	(444)	(545)
Increase in current income taxes	25	3
Increase in deferred income taxes	19	41
Change in other assets and liabilities not separately identified	(41)	(27)
Net cash provided by operating activities	<u>322</u>	<u>237</u>
Cash flows from investing activities:		
Purchase of property and equipment	(132)	(117)
Capitalized software	(58)	(60)
Disposition of property and equipment	23	96
Other, net	11	21
Net cash used by investing activities	<u>(156)</u>	<u>(60)</u>
Cash flows from financing activities:		
Debt repaid	(3)	(152)
Dividends paid	(116)	(115)
Decrease in outstanding checks	(10)	(10)
Acquisition of treasury stock	—	(1)
Issuance of common stock	28	2
Proceeds from noncontrolling interest	2	3
Net cash used by financing activities	<u>(99)</u>	<u>(273)</u>
Net increase (decrease) in cash, cash equivalents and restricted cash	67	(96)
Cash, cash equivalents and restricted cash beginning of period	<u>1,513</u>	<u>1,334</u>
Cash, cash equivalents and restricted cash end of period	<u>\$ 1,580</u>	<u>\$ 1,238</u>

Note: The prior period's amounts reflect the retrospective adoption of ASU 2014-09, ASU 2016-18 (ASU 2016-18), *Restricted Cash*, and ASU 2016-15, *Classification of Certain Cash Receipts and Cash Payments*, on February 4, 2018. As a result of the adoption of ASU 2016-18, restricted cash of \$49 million and \$37 million have been included with cash and cash equivalents above for the first quarters of 2018 and 2017, respectively. Further, certain reclassifications were made to the prior period's amounts to conform with the classifications of such amounts in the most recent period.