

MACY'S, INC.

Consolidated Statements of Income (Unaudited)

(All amounts in millions except percentages and per share figures)

	13 Weeks Ended November 3, 2018		13 Weeks Ended October 28, 2017	
	\$	% to Net sales	\$	% to Net sales
Net sales	\$ 5,404		\$ 5,281	
Credit card revenues, net	185	3.4%	145	2.7%
Cost of sales	(3,226)	(59.7%)	(3,152)	(59.7%)
Selling, general and administrative expenses	(2,255)	(41.7%)	(2,188)	(41.4%)
Gains on sale of real estate	42	0.8%	65	1.2%
Restructuring and other costs	(3)	(0.1%)	(33)	(0.6%)
Operating income	147	2.7%	118	2.2%
Benefit plan income, net	9		15	
Settlement charges	(23)		(22)	
Interest expense, net	(59)		(74)	
Income before income taxes	74		37	
Federal, state and local income tax expense	(12)		(10)	
Net income	62		27	
Net loss attributable to noncontrolling interest	—		3	
Net income attributable to Macy's, Inc. shareholders	\$ 62		\$ 30	
Basic earnings per share attributable to Macy's, Inc. shareholders	\$ 0.20		\$ 0.10	
Diluted earnings per share attributable to Macy's, Inc. shareholders	\$ 0.20		\$ 0.10	
Average common shares:				
Basic	308.1		305.5	
Diluted	312.2		306.5	
End of period common shares outstanding	307.2		304.6	
Supplemental Financial Measures:				
Gross Margin (Note 1)	\$ 2,178	40.3 %	\$ 2,129	40.3 %
Depreciation and amortization expense	\$ 248		\$ 254	

Note 1: Gross margin is defined as net sales less cost of sales.