

Macy's, Inc.

Consolidated Statements of Cash Flows (Unaudited)

(millions)

	<u>39 Weeks Ended October 28, 2017</u>	<u>39 Weeks Ended October 29, 2016</u>
Cash flows from operating activities:		
Net income	\$ 216	\$ 139
Adjustments to reconcile net income to net cash provided by operating activities:		
Impairments, restructuring and other costs	33	249
Settlement charges	73	81
Depreciation and amortization	741	787
Stock-based compensation expense	46	56
Gains on sale of real estate	(176)	(76)
Amortization of financing costs and premium on acquired debt	(10)	(14)
Changes in assets and liabilities:		
Decrease in receivables	274	237
Increase in merchandise inventories	(1,665)	(2,081)
Increase in prepaid expenses and other current assets	(20)	(37)
Increase in merchandise accounts payable	1,630	1,665
Decrease in accounts payable, accrued liabilities and other items not separately identified	(375)	(380)
Decrease in current income taxes	(318)	(287)
Increase in deferred income taxes	49	45
Change in other assets and liabilities not separately identified	(109)	(76)
Net cash provided by operating activities	<u>389</u>	<u>308</u>
Cash flows from investing activities:		
Purchase of property and equipment	(359)	(451)
Capitalized software	(191)	(230)
Disposition of property and equipment	212	138
Other, net	(8)	52
Net cash used by investing activities	<u>(346)</u>	<u>(491)</u>
Cash flows from financing activities:		
Debt issued	-	51
Financing costs	(1)	(3)
Debt repaid	(554)	(174)
Dividends paid	(346)	(344)
Increase in outstanding checks	80	193
Acquisition of treasury stock	(1)	(230)
Issuance of common stock	3	31
Proceeds from noncontrolling interest	13	7
Net cash used by financing activities	<u>(806)</u>	<u>(469)</u>
Net decrease in cash and cash equivalents	(763)	(652)
Cash and cash equivalents at beginning of period	<u>1,297</u>	<u>1,109</u>
Cash and cash equivalents at end of period	<u>\$ 534</u>	<u>\$ 457</u>

Note: Certain reclassifications were made to prior year's amounts to conform with the classifications of such amounts in the most recent years.