

**Macy's, Inc.**

Consolidated Statements of Cash Flows (Unaudited)

(millions)

	<u>53 Weeks Ended</u> <u>February 3, 2018</u>	<u>52 Weeks Ended</u> <u>January 28, 2017</u>
Cash flows from operating activities:		
Net income	\$ 1,536	\$ 611
Adjustments to reconcile net income to net cash provided by operating activities:		
Restructuring, impairment, store closing and other costs	186	479
Settlement charges	105	98
Depreciation and amortization	991	1,058
Stock-based compensation expense	58	61
Gains on sale of real estate	(544)	(209)
Amortization of financing costs and premium on acquired debt	(45)	(14)
Changes in assets and liabilities:		
(Increase) decrease in receivables	120	(1)
Decrease in merchandise inventories	221	107
Increase in prepaid expenses and other current assets	(14)	(8)
Increase (decrease) in merchandise accounts payable	162	(132)
Decrease in accounts payable, accrued liabilities and other items not separately identified	(179)	(127)
Increase (decrease) in current income taxes	(114)	125
Decrease in deferred income taxes	(412)	(139)
Change in other assets and liabilities not separately identified	(127)	(108)
Net cash provided by operating activities	<u>1,944</u>	<u>1,801</u>
Cash flows from investing activities:		
Purchase of property and equipment	(487)	(596)
Capitalized software	(273)	(316)
Disposition of property and equipment	411	673
Other, net	(24)	52
Net cash used by investing activities	<u>(373)</u>	<u>(187)</u>
Cash flows from financing activities:		
Debt repaid	(954)	(751)
Dividends paid	(461)	(459)
Increase (decrease) in outstanding checks	(15)	61
Acquisition of treasury stock	(1)	(316)
Issuance of common stock	6	36
Financing costs	(1)	(3)
Proceeds from noncontrolling interest	13	6
Net cash used by financing activities	<u>(1,413)</u>	<u>(1,426)</u>
Net increase in cash and cash equivalents	158	188
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>\$ 1,455</u>	<u>\$ 1,297</u>

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