

MACY'S, INC.

Consolidated Statements of Cash Flows (Unaudited)

(millions)

	26 Weeks Ended August 4, 2018	26 Weeks Ended July 29, 2017
Cash flows from operating activities:		
Net income	\$ 296	\$ 185
Adjustments to reconcile net income to net cash provided by operating activities:		
Impairment and other costs	36	—
Settlement charges	50	51
Depreciation and amortization	470	487
Stock-based compensation expense	31	31
Gains on sale of real estate	(70)	(111)
Amortization of financing costs and premium on acquired debt	(5)	(10)
Changes in assets and liabilities:		
Decrease in receivables	88	119
Decrease in merchandise inventories	221	419
Decrease in prepaid expenses and other current assets	29	59
Increase in merchandise accounts payable	219	261
Decrease in accounts payable, accrued liabilities and other items not separately identified	(492)	(604)
Decrease in current income taxes	(271)	(302)
Increase in deferred income taxes	36	26
Change in other assets and liabilities not separately identified	(94)	(65)
Net cash provided by operating activities	<u>544</u>	<u>546</u>
Cash flows from investing activities:		
Purchase of property and equipment	(275)	(247)
Capitalized software	(133)	(125)
Disposition of property and equipment	88	150
Other, net	8	12
Net cash used by investing activities	<u>(312)</u>	<u>(210)</u>
Cash flows from financing activities:		
Debt repaid	(357)	(560)
Dividends paid	(232)	(230)
Decrease in outstanding checks	(90)	(64)
Acquisition of treasury stock	—	(1)
Issuance of common stock	38	2
Proceeds from noncontrolling interest	5	6
Net cash used by financing activities	<u>(636)</u>	<u>(847)</u>
Net decrease in cash, cash equivalents and restricted cash	(404)	(511)
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>\$ 1,109</u>	<u>\$ 823</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 \$41 million and \$40 million have been included with cash and cash equivalents above for the 26 weeks ended August 4, 2018 and July 29, 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.