

Shareholder Outreach

Off-Season 2022

macy's inc



September 2022

Safe Harbor Statement

All forward-looking statements are subject to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. These forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from those in the forward-looking statements. A detailed discussion of these factors and uncertainties is contained in the company's filings with the Securities and Exchange Commission.

This presentation includes non-GAAP financial measures that exclude the impact of certain financial statement items. Additional important information regarding these non-GAAP financial measures can be found on the Investors section of our website.

Contents

- Polaris strategy to achieve long-term sustainable top and bottom line profitability
- Sustainability strategy
- Diversity, Equity & Inclusion
- Compensation
- Governance profile

 **POLARIS**

Polaris Strategy Key Pillars

- 1 Win with fashion and style** Deliver fashion and style that meet core and new customer needs across all occasions
- 2 Deliver clear value** Build trust and deliver value through simple, easy-to-understand pricing and promotions
- 3 Excel in digital shopping** Provide a modern, frictionless digital shopping journey
- 4 Enhance store experience** Create a tech-enabled, connected omni-ecosystem
- 5 Modernize supply chain** Move toward a faster and more efficient customer fulfillment infrastructure
- 6 Enable transformation** Ensure we have the right technology infrastructure and data and analytics, and ensure colleagues have the support, development and tools they need

Macy's, Inc. is a Transformed Organization

More agile, more profitable and more relevant to customers

FY2019



Digital team worked as a siloed organization



Store strategy was largely focused on the highest quality A and B malls while accelerating the closure of stores in C and D malls



Over-indexed on occasion-based apparel, had less disciplined buying behavior and approach to promotions was overly complicated, which all drove high levels of markdowns and low inventory productivity



Spread between customer acquisition levels and customer attrition levels was narrow



Created a new, integrated team to reimagine the supply chain that previously separated out store and digital inventories and relied on a distribution network that lacked efficiency



Invested in advanced technology and data science throughout operations, enabling increased productivity and profitability of the entire business

FY2021



Scaled platform and fully integrated team, operating a leading, scaled website in our categories



Delayed closures to maintain physical presence in markets while scaling off-mall format stores. Stores act as fulfillment hubs and support digital through BOPS, curbside pickup, and same-day delivery



Balanced, curated merchandise assortment reflects disciplined purchasing behavior, with new categories, products and brands that inspire customers' style with simple and clear pricing. Leveraging pricing science to make strategic markdown decisions



Accelerated rate of customer acquisition that far outweighs attrition. Full year 2021 new customers increased 26% over 2019 to 19.4 million. 44 million active customers in full-year 2021, exceeding 2019 by 1%



Modern supply chain network is more agile, data driven and increasingly automated. Increased speed of delivery as well as efficiencies in both operations and inventory utilization



Successfully built a new Enterprise Data and Analytics Organization that embeds data and analytics into all operations

Spring Season 2022 Omnichannel Performance Highlights

+4.9%

COMPARABLE-OWNED-PLUS-LICENSED SALES VS. 2021

+5.7%

NET SALES VS 2021

\$1,299M

ADJUSTED EBITDA

\$2.08

ADJUSTED DILUTED EPS

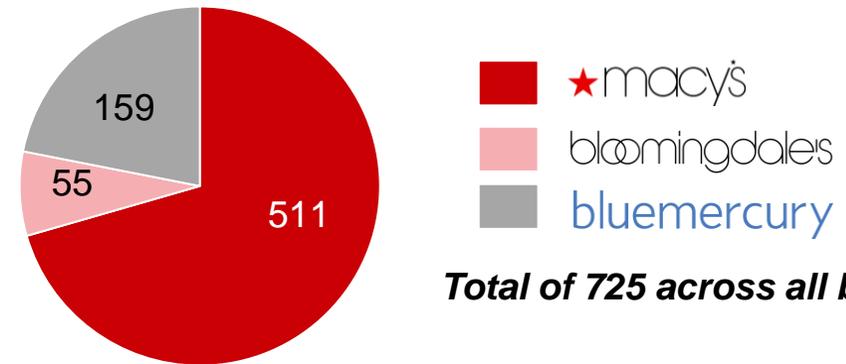
+7.3%

INVENTORY VS 2021

\$1,304M

FREE CASH FLOW (TRAILING TWELVE MONTHS)

Store Locations by Banner



Total of 725 across all banners

Digital Highlights

- Consumers returned to in-store shopping in the first half of 2022, as a result:
 - Digital sales **decreased 2%** vs. 2021
 - Digital sales penetration of **32%** (down from 34% in 2021)

The Company's second quarter 2022 earnings release and related financial information are available on its website, www.macysinc.com. Also available on the website is an investor presentation. This presentation includes non-GAAP financial measures that exclude the impact of certain financial statement items as described in the second quarter 2022 press release.

Targeting long-term low single digit compound annual net sales growth rate and low double digit Adjusted EBITDA margin

Omnichannel Ecosystem Highlights

Committed to delivering a dynamic integration of physical stores and digital shopping which is the most effective way to meet the needs of an omnichannel customer

We are continuing to invest in the business both in high-return opportunities that benefit our omnichannel Polaris strategy and our colleagues.

- **Mobile App:** Redesigned to make it even easier for customers to shop their personal style, price check in-store, build favorites lists, manage their Star Rewards, and track orders
 - Macy's app active customers increased ~17% YOY to 7.6 million*
- **Personalization:** Growth engine for the company in early development. Through enhanced capabilities, expect to increase engagement that drives positive brand perception, additional visits and purchases
 - Testing and iterating to find the best communication channels, frequency, messages, and offers
- **Digital Marketplace:** In the process of launching in 3Q22 with the expectation to scale it over 2H22. Will provide a wide range of categories including pets, home, kids, baby and maternity, beauty and health, and toys and electronics.
- **Reimagining Private Brands:** Early stages of reimagining private brand portfolio that is differentiated, defensible and durable
 - Will begin to take shape in 2023, and scale over 2024 and into 2025. It will act as an important component of the company's customer retention and acquisition priorities
- **Macy's Media Network:** In-house media agency that enables B2B monetization of advertising partnerships
 - Generated ~\$30 million in net revenue in 2Q22, +60% vs 2Q21
 - Anticipate that vendor and campaign count will continue to grow as the company expands its vendor base with the upcoming launch of marketplace
- **Full-line Stores:** Building new capabilities to ensure the shopping experience is as convenient and compelling as possible
 - Adding *Toys 'R' Us* store within store in every Macy's store by mid-October
- **Off-Mall Small Format:** Potential to expand market share is enhanced by Market by Macy's and Bloomie's - targeting to open 5-6 off-mall locations in 2022, a mix of Market by Macy's, Freestanding Backstage, Bloomie's and Bloomingdale's the Outlet
- **Distribution Centers:** Building a faster, more efficient and flexible network: includes market-based fulfillment centers in select stores and new DC being built in China Grove, NC

*An app active customer is defined as an app user that had 1+ purchase with Macy's on any app platform, pulled on a trailing twelve-month basis

Strategically deploying capital

Strengthening our capital structure, investing in the highest return projects and returning capital to shareholders

Capital Structure

- Best-positioned for access to bank and capital market funding under all economic scenarios
- Maintain investment grade credit metrics with well-laddered debt maturities
- Target Adjusted Debt-to-Adjusted EBITDAR ratio of 2.0x or below

Value-enhancing Investments

- Further strengthen digitally-led capabilities across enterprise
- Targeting capital expenditures of approximately \$1 billion annually

Strategic Investments

- As needed, value creating investments to further accelerate Polaris strategy and drive returns

Capital Returned to Shareholders

Dividends

- Targeted increase of dividend by approximately 5% annually

Stock Repurchase

- Absent more attractive investment alternatives, take advantage of share valuation
- \$1.4 billion of our \$2 billion authorization available as of the end of 2Q22

Social Purpose

Mission Every One

Macy's, Inc. social purpose platform

Consumers have a **rising expectation** that how companies do business is as important as what they sell.

And so do we.

Our social purpose is a strategy and framework that supports our business **transformation** taking us from a position of **legacy to leadership**.

It empowers **more voice, choice and ownership** for our colleagues, customers, and communities.

MISSION EVERY ONE

Creating a brighter future with bold representation for all

Our signature commitment:

\$5B

directed to **our people, partners, products and programs by 2025** to create a more equitable and sustainable future of style.

Our commitment pillars:



PEOPLE

We recognize and reward our diverse community of colleagues and partners to **fuel mutual growth, innovation, and impact**



PLANET

We curate and create **sustainable products and services** so people and planet can thrive together



COMMUNITY

We **empower the curiosity and confidence** of young people on their journey to become the **leaders of tomorrow**

This work is brought to life by initiatives across **diversity, equity & inclusion, sustainability, and corporate giving**

Sustainability

Sustainability at Macy's, Inc.

A center of excellence, working with partners across the organization

The Sustainability team continues to make progress on guiding Macy's, Inc. on how to profitably grow, now and in the future, by improving the company's environmental, social and governance (ESG) performance

Be the leader in **sustainable product offerings**, elevating sustainability for new audiences

Shape policies that protect people, the planet and the Macy's, Inc. brands

Develop programs to **improve the environmental and social impact** of Macy's, Inc. business operations

Design governance frameworks that **embed sustainability throughout the enterprise**, driving accountability and results

Collect relevant, reliable data to support efforts and **share information inside and outside** the organization

Will commit to develop **GHG emissions reduction targets** in accordance with Science Based Targets initiative protocol this year

Sustainability Center of Excellence

The Sustainability team is organized around four pillars



Products

Private Brand and
Market Brand product
sustainability

This includes:

- Traceability & Transparency
- Market Brand Engagement
- Circularity
- On-Product Labeling



Human Rights

Human Rights and
Social Compliance
policies and practices

This includes:

- Supplier Social Performance
- Workers' Well-Being



Environment

Operational
environmental
management and
compliance

This includes:

- GHG Emissions Management
(Scope 1, 2, and 3 emissions and
energy management)
- Regulatory Compliance



Governance

Disclosure, data
analytics, reporting, and
colleague engagement

This includes:

- Embedding Sustainability
- Colleague Engagement
- KPIs & Accountability
- Reporting & Disclosure

Progress on Key Focus Areas

Published updates to Macy's, Inc. [Sustainability Website](#) in September 2022



Products

Focusing on increasing customer sales of sustainable products while expanding the sustainable programs within private brands

- Expanded the assortment of sustainable products on [macys.com](https://www.macys.com) and [bloomingdales.com](https://www.bloomingdales.com)
 - Launching Circularity Pillar in Fall with refillable beauty
- Furthered commitment of Private Brands to Sustainability:
 - Joined Better Cotton and Ellen MacArthur Foundation
 - Launched Restricted Substance List and testing protocol
 - Published Cotton and Wood-Based Material Policies



Human Rights

Raising the bar on our social compliance program and investing in our factory workers

- Improved monthly social compliance reporting for internal use to monitor continuous improvement of suppliers
 - Published list of Tier 1 Private Brand Vendors in Fall 2022
- Invested in our female factory workers by rolling out 10 Worker Well Being programs in private brand factories with HERProject



Environment

Disclosing our environmental performance and managing programs to reduce our carbon emissions impact

- Submitted FY21 CDP Disclosure in July including the following highlights:
 - Installed LED lighting at 15 locations in 2021, reducing electric power consumption by 5.2M kWh and avoiding 3,538 metric tons of CO₂e
 - Expanded free electric vehicle charging to 49 locations for a total of 114 stations, powered 2.6M electric miles, avoiding 540 metric tons of CO₂ in FY21
- Will commit to develop GHG emissions reduction targets in accordance with Science Based Targets initiative protocol this year

Diversity, Equity & Inclusion

DIVERSITY, EQUITY & INCLUSION

OUR VISION is to be the beacon of diversity, equity and inclusion for our colleagues, customers, and communities

OUR MISSION is to embed diversity, equity and inclusion into how we think, act, and operate

OUR FOCUS areas are colleague, customer, supplier, community, and marketing



Commitment to support diverse owned businesses, provide funding to advance rights, justice, and equality, and represent 30% ethnically diverse leadership by 2025

We ensure our DE&I efforts touch every part of our business



Colleague: Reflect the full spectrum of diversity **at all levels** of our organization



Customer: Ensure every customer is **welcomed, accepted, and respected**



Supplier: Drive growth with **underrepresented suppliers**

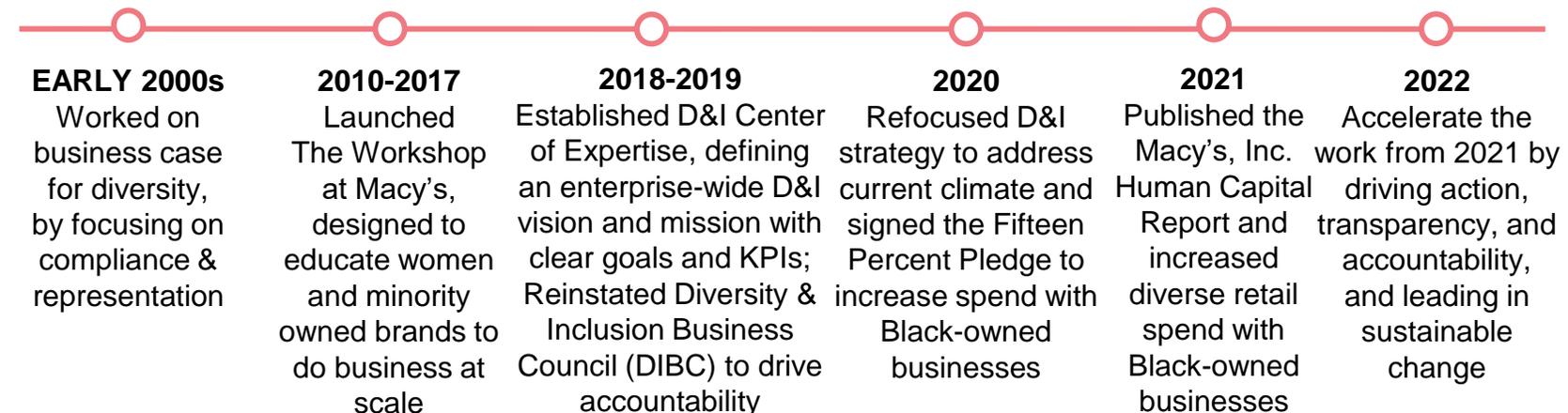


Community: Drive impact through relationships that **reflect our goals and values**



Marketing: **Consistently and genuinely reflect** the full spectrum of our customers

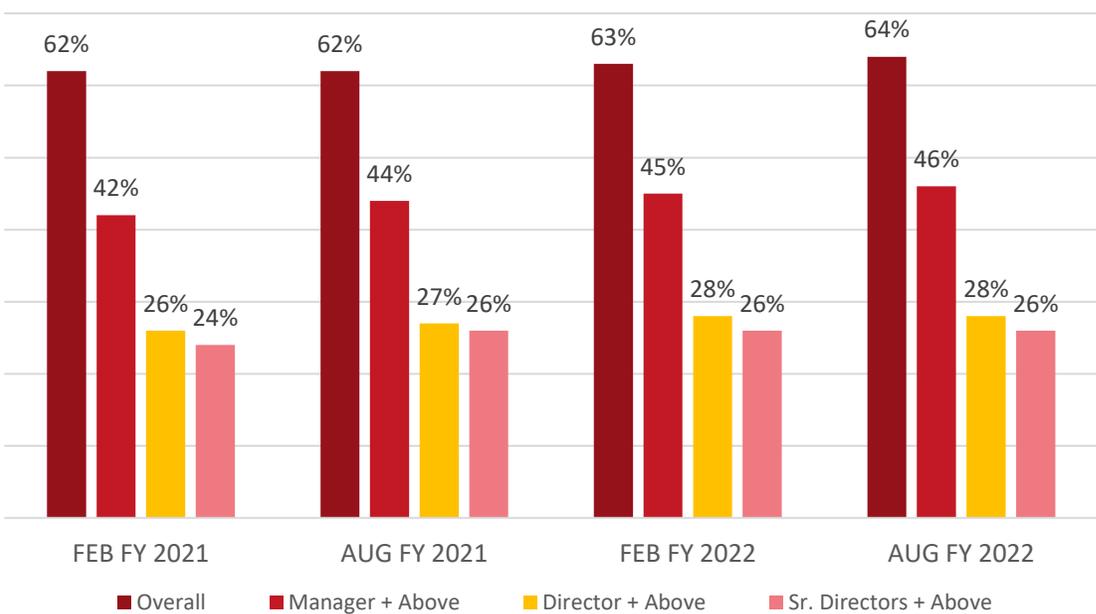
Our DE&I journey:



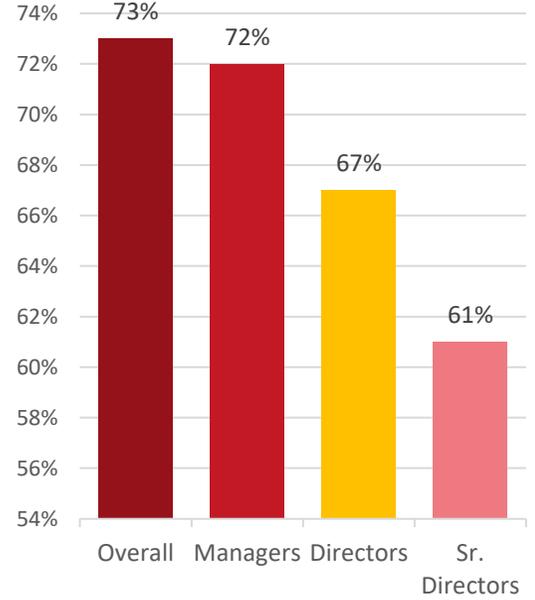
Diversity, Equity & Inclusion

Increased Ethnic Diverse Representation at all Levels

% Ethnic Diversity by Job Level



% Female Aug FY 2022



- Led a concerted effort to improve ethnic representation through retention, internal promotions, and external hiring
- Improved ethnically diverse representation at VP Level through focused efforts to develop internal talent at the Director+ level
- Maintained trend for external hiring at Director+ levels
- Diverse turnover is lower than non-diverse turnover at the Manager level
- Representation in female leadership grew at the Director and Sr. Director levels
- On track to achieve 30% ethnic diversity enterprise goal by 2025

- Reflects percentages of colleague diversity as of the end of fiscal month reflected above
- Overall results reflective of all hourly and professional colleagues across Macy's, Inc. excluding Bluemercury

[Click here for EEO-1 Report \(2021\)](#)

Diversity, Equity & Inclusion

2022 Key Accomplishments

COLLEAGUE

Invested in enterprise-wide programming and learning opportunities for all colleagues to experience deeper connections, professional growth, holistic well-being and greater flexibility

Leveraged Employee Resource Groups to support the members and enterprise in response to societal issues

Included ethnic leadership representation goals in the Culture Index, a key metric for Macy's, Inc. short-term incentives

CUSTOMER

Created and launched DE&I training to refine, enhance, and benchmark key DE&I skills

Increased bias mitigation strategies for Asset Protection colleagues to ensure an inclusive customer experience in Stores

SUPPLIER

Hosted first Vendor Pitch Competition and awarded \$250k+ grants to graduates of this year's The Workshop at Macy's program.

Continued to partner with National Advocacy Organizations to support diverse business development

Developed Business Diversity ecosystem with strategic partnerships focused greater access to education, customers and capital

Expanded merchant education and support

COMMUNITY

Deepened relationships with existing partners aligned with Mission Every One and CEO Action for Racial Equity; elevated two organizations to national roundup campaigns for greater impact

Maintained \$1M commitment to organizations advancing social justice and racial equity causes

Committed \$1M to various Divine Nine Sorority education and research foundations

MARKETING

Increased diverse representation in advertising to reflect our customer, with focus on body shape/size, age and differently-abled

Deepened partnership with JOY Collective to influence marketing activities and multicultural fluency

Ensured media targets ethnically diverse audiences by vehicle and reach

Diversity, Equity & Inclusion

What's Ahead

Deliver on Social Purpose Commitments by 2025

- Diversify Leadership: achieve 30% ethnic representation at Director+ levels that more closely reflects our customer base
- Diverse Spend: direct \$5 billion of the company's spend to the partners, products, people and programs that help create a more equitable and sustainable future
- Community Impact: realign philanthropic priorities to empower more voice, choice and ownership for underrepresented communities

Advance Equity and Lead Sustainable Change

- Leverage customer and colleague research, plus data-driven insights, to guide our efforts
- Continue to highlight underrepresented suppliers and communities within site, store and brand event experiences
- Champion Growth & Innovation through Diverse Corporate Contracting and Procurement in partnership with CEO Action for Racial Equity's Business Diversity Initiative
- Evolve from Supplier Diversity to Business Diversity, building a holistic ecosystem to provide access to education, customers and capital

Compensation

Total Reward Strategies for Attraction and Retention

Our goal is to build a rewards strategy that encourages and recognizes performance. Here are some recent highlights:

- Minimum wage raised to \$15/hour for all colleagues; average base pay is above \$17/hour and average total pay above \$20/hour
- Path to Growth: Every job matters, and the Path to Growth Incentive plan recognizes the role our frontline colleagues play in driving our success. The quarterly incentive is tied directly to measurable goals and 76%+ of locations have received this reward in 2022 spring season
- Annual incentive plan for 7,600+ professional colleagues tied to company performance; long-term incentive eligible population expanded
- Career Expo, Compensation Education and Transparency: Company-wide initiative to engage on career growth, increase transparency around pay; pay zones will be included in all internal and external job postings beginning later in fall 2022
- Flexible work model: Approximately 70% of our salaried colleagues will work in a flexible model splitting time on a regular basis between working at home and in office. And about 25% of our salaried corporate colleagues will work on a fully remote basis
- Debt-free education: Investing approximately \$35 million over 4 years. The program was launched in 2022 and is available to all U.S.-based, regular, salaried and hourly colleagues. It covers 100% of tuition, books and fees
- Spot Bonus: Cash rewards for colleagues who go above and beyond in living our behaviors
- Macy's Make Magic Awards and Bloomingdale's Golden B & Best of the Best: These annual and bi-annual awards recognize individuals and teams who exhibit extraordinary effort and achieve extraordinary results

We believe pay equity is fundamental to our culture, diversity and inclusion strategy. Starting in 2021, Macy's, Inc. has achieved greater than 99% pay equity across gender and race.

Compensation Programs Grounded in Strong Governance Practices

- ✓ Align pay with company performance
- ✓ Incentive plans use multiple metrics to reward performance for driving company strategy and align to stock price performance
- ✓ Leverage relative total shareholder return metric within our long-term incentive (LTI) Plan, with a cap at target if company performance is not positive and a maximum-value cap that limits payout to 400% of the target grant date value
- ✓ No dividend equivalents on unvested performance-based or time-based restricted stock (PRSUs or RSUs)
- ✓ Stock ownership guidelines
- ✓ Recoupment policy
- ✓ Double trigger vesting of equity awards
- ✓ No excise tax gross ups
- ✓ No option repricing/cash buyouts without shareholder approval
- ✓ Anti-pledging and hedging policies



2022 Context for Incentive Plan Designs

The CMD Committee designed 2022 incentive plans to reflect a return to a more normalized business environment

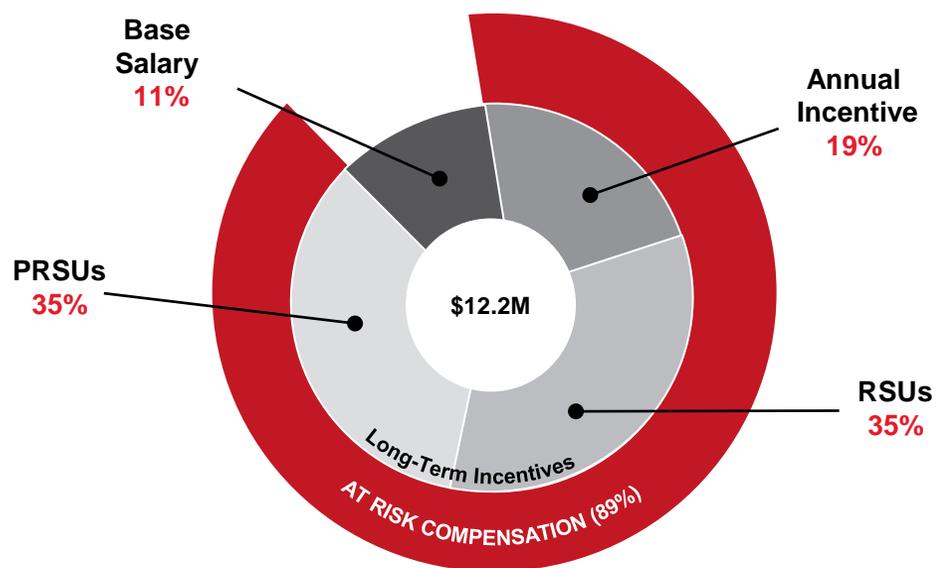
- The plans continue to showcase their purpose to motivate and engage the organization and leadership with clear linkage between strategy, business plan and incentives
- Plan design mirrors Polaris strategy of Customer, Colleague, Growth and Profit
- Balancing reward and risk; performance and payout curves reflect a return to pre-pandemic levels

Strong Alignment between Pay and Performance is at the Core of Compensation Program

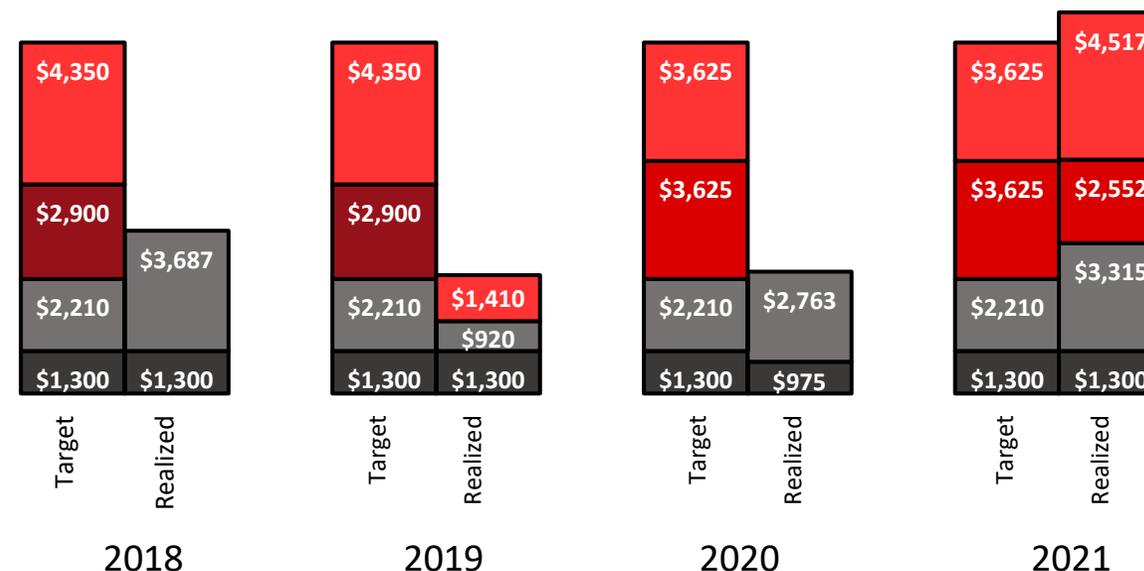
Demonstrated in the design of our programs...

...and in the outcome of our programs

CEO 2022 Program Design



CEO Realized Compensation ('000s)



■ Salary ■ Annual Incentive ■ Stock Options ■ RSUs ■ PRSUs

- CEO 2022 target compensation is positioned approximately at median of the peer group CEOs and the majority of the increase in CEO pay for 2022 is in short-and long-term at-risk compensation

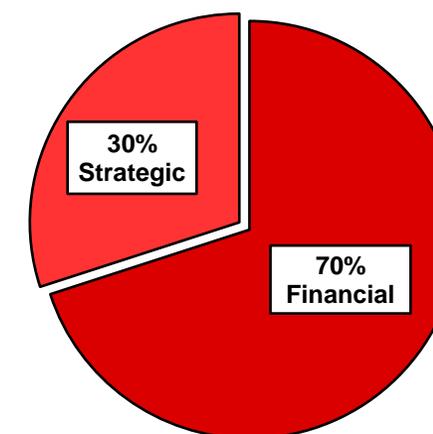


2022 Short-Term Incentive Plan

In alignment with the 2022 business plans, plan design focuses key financial metrics of Sales and EBITDA and strategic initiatives

The design of the 2022 short-term incentive (STI) plan reflects a continuity from last year, and with a focus on our key initiatives for 2022

- Equally weighted Financial metrics of **Sales** and **EBITDA** reflect a balanced approach on top and bottom-line focus
- Equally weighted Strategic metrics highlight our strategy to situate Customers and Colleagues at the center of our strategy:
 - **Conversion Index** to provide strong customer focus as they returned to the stores or continued shopping online and
 - **Culture Index** to motivate our leaders for championing the company culture in these uncertain times and driving ethnic diverse representation of 30% at the Director+ level by 2025

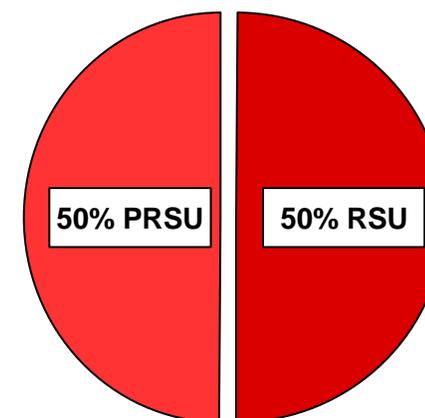


2022 Long-Term Incentive Plan

Plan design focuses on both stock price performance and achievement of a key long-term strategic metric

Taking a longer view and as we get beyond the pandemic and business normalizes, we are focused on delivering on metrics that will cement our position as a digitally led omnichannel retailer

- For achievement of the above long-term strategic objective and to drive shareholder value, we focus on the following PRSU metrics:
 - **rTSR** focuses on long-term shareholder value and accountability for performance relative to the broader retail sector with target set at the 55th percentile, as shared in the proxy
 - As a digitally led omnichannel retailer we are committed to delivering a dynamic integration of physical stores and digital shopping experience. Hence, **2024 digital sales metric** is included in the 2022 – 2024 LTI plan.



Corporate Governance

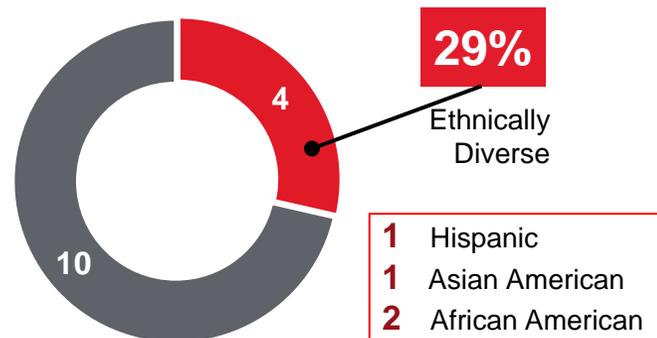
Corporate Governance Highlights

 13 of 14 directors are independent	 Lead independent director
 Annual board and committee evaluation	 Majority voting in uncontested director elections
 Annual election of all directors	 No Poison Pill plan
 Board and committee oversight of risk	 Policy prohibiting pledging and hedging ownership of Macy's, Inc. stock
 Confidential shareholder voting policy	 Proxy access
 Director resignation policy	 Regular non-executive sessions of independent directors
 Director retirement policy	 Share ownership guidelines for directors and executive officers
 Diverse board in terms of gender, ethnicity, experience and skills	 Single voting policy
 Independent board committees	

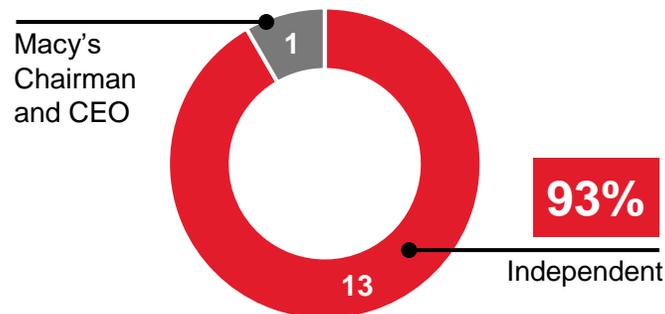
Corporate Governance Highlights

Directors provide effective mix of experience, fresh ideas, gender, age and racial/ethnic diversity

RACIAL/ETHNIC DIVERSITY



INDEPENDENCE



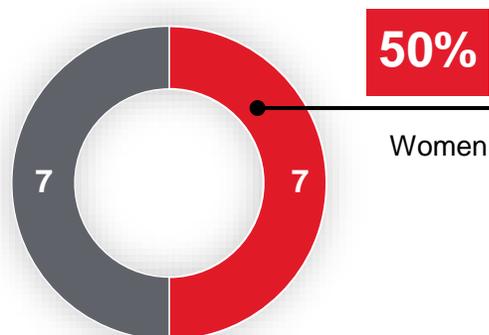
Note: NYSE standards

DIRECTOR AGE

• Average age **56.3 years**



GENDER DIVERSITY



DIRECTOR TENURE

• Average tenure **6.4 years**



Note: Includes the election of new director in August 2022.

Appendix

Reconciliation of GAAP to Non-GAAP Financial Measures

The company reports its financial results in accordance with U.S. generally accepted accounting principles (GAAP). However, management believes that certain non-GAAP financial measures provide users of the company's financial information with additional useful information in evaluating operating performance. Management believes that providing supplemental changes in comparable sales on an owned plus licensed basis, which includes adjusting for the impact of comparable sales of departments licensed to third parties, assists in evaluating the company's ability to generate sales growth, whether through owned businesses or departments licensed to third parties, and in evaluating the impact of changes in the manner in which certain departments are operated. Earnings before interest, taxes, depreciation and amortization (EBITDA) is a non-GAAP financial measure which the company believes provides meaningful information about its operational efficiency by excluding the impact of changes in tax law and structure, debt levels and capital investment. In addition, management believes that excluding certain items from EBITDA, net income and diluted earnings per share that are not associated with the company's core operations and that may vary substantially in frequency and magnitude from period-to-period provides useful supplemental measures that assist in evaluating the company's ability to generate earnings and to more readily compare these metrics between past and future periods. Management also believes free cash flow provides a better indication of the ongoing cash being generated that is ultimately available for both debt and equity holders as well as other investment opportunities. Unlike cash flow provided by operating activities, free cash flow includes the impact of capital expenditures, providing a more complete picture of cash generation. Free cash flow has certain limitations, including that it does not reflect adjustment for certain non-discretionary cash flows such as mandatory debt repayments. The amount of mandatory versus discretionary expenditures can vary significantly between periods.

The company does not provide reconciliations of the forward-looking non-GAAP measures of adjusted EBITDA, diluted earnings per share and comparable sales on an owned plus licensed basis to the most directly comparable forward-looking GAAP measures because the timing and amount of excluded items are unreasonably difficult to fully and accurately estimate. For the same reasons, the company is unable to address the probable significance of the unavailable information, which could be material to future results.

Non-GAAP financial measures should be viewed as supplementing, and not as an alternative or substitute for, the company's financial results prepared in accordance with GAAP. Certain of the items that may be excluded or included in non-GAAP financial measures may be significant items that could impact the company's financial position, results of operations or cash flows and should therefore be considered in assessing the company's actual and future financial condition and performance. Additionally, the amounts received by the company on account of sales of departments licensed to third parties are limited to commissions received on such sales. The methods used by the company to calculate its non-GAAP financial measures may differ significantly from methods used by other companies to compute similar measures. As a result, any non-GAAP financial measures presented herein may not be comparable to similar measures provided by other companies

Changes in Comparable Sales – Macy's, Inc.

Macy's, Inc.	26 weeks ended July 30, 2022
Increase in comparable sales on an owned basis (Note 1)	5.1%
Impact of growth in comparable sales of departments licensed to third parties (Note 2)	(0.2%)
Increase in comparable sales on an owned plus licensed basis	4.9%

Notes:

1. Represents the period-to-period percentage change in net sales from stores in operation during the 26 weeks ended July 30, 2022. Such calculation includes all digital sales and excludes commissions from departments licensed to third parties. Stores impacted by a natural disaster or undergoing significant expansion or shrinkage remain in the comparable sales calculation unless the store, or material portion of the store, is closed for a significant period of time. Definitions and calculations of comparable sales may differ among companies in the retail industry.
2. Represents the impact of including the sales of departments licensed to third parties occurring in stores in operation throughout the year presented and the immediately preceding year and all online sales in the calculation of comparable sales. The company licenses third parties to operate certain departments in its stores and online and receives commissions from these third parties based on a percentage of their net sales. In its financial statements prepared in conformity with GAAP, the company includes these commissions (rather than sales of the departments licensed to third parties) in its net sales. The company does not, however, include any amounts in respect of licensed department sales (or any commissions earned on such sales) in its comparable sales in accordance with GAAP (i.e., on an owned basis). The amounts of commissions earned on sales of departments licensed to third parties are not material to its net sales for the periods presented.

Earnings Before Interest, Taxes, Depreciation, and Amortization Excluding Certain Items

	In millions	26 weeks ended July 30, 2022
Most comparable GAAP measure: Net income		\$561
Net sales		10,948
Net income as a percent to net sales		5.1%
Non-GAAP measure: Net income		\$561
Interest expense, net		89
Losses on early retirement of debt		31
Federal, state and local income tax expense		195
Depreciation and amortization		413
Earnings before interest, taxes, depreciation and amortization		1,289
Impairment, restructuring and other costs		10
Settlement charges		-
Adjusted EBITDA		\$1,299
Adjusted EBITDA as a percent to net sales		11.9%

Diluted Earnings Per Share, Excluding Certain Items

	26 weeks ended July 30, 2022
Most comparable GAAP measure: Diluted earnings per share	\$1.97
Non-GAAP measure: Diluted earnings per share	\$1.97
Impairment, restructuring and other costs	0.04
Settlement charges	-
Losses on early retirement of debt	0.11
Income tax impact of certain items identified above	(0.04)
As adjusted to exclude certain items above	\$2.08

Free Cash Flow

	In millions	52 weeks ended July 30, 2022
Net cash provided by operating activities		\$2,050
Purchase of property and equipment		(590)
Capitalized software		(359)
Disposition of property and equipment		203
Free Cash Flow		\$1,304