

MACY'S, INC.

Consolidated Statements of Cash Flows (Unaudited)
(millions)

	39 Weeks Ended November 3, 2018	39 Weeks Ended October 28, 2017
	<u> </u>	<u> </u>
Cash flows from operating activities:		
Net income	\$ 358	\$ 212
Adjustments to reconcile net income to net cash provided by operating activities:		
Impairment, restructuring and other costs	39	33
Settlement charges	73	73
Depreciation and amortization	718	741
Stock-based compensation expense	48	46
Gains on sale of real estate	(111)	(176)
Amortization of financing costs and premium on acquired debt	(5)	(10)
Changes in assets and liabilities:		
Decrease in receivables	163	274
Increase in merchandise inventories	(1,969)	(1,665)
Decrease in prepaid expenses and other current assets	16	34
Increase in merchandise accounts payable	1,664	1,630
Decrease in accounts payable, accrued liabilities and other items not separately identified	(196)	(412)
Decrease in current income taxes	(301)	(321)
Increase in deferred income taxes	62	47
Change in other assets and liabilities not separately identified	(130)	(107)
Net cash provided by operating activities	<u>429</u>	<u>399</u>
Cash flows from investing activities:		
Purchase of property and equipment	(468)	(359)
Capitalized software	(209)	(191)
Disposition of property and equipment	121	212
Other, net	7	9
Net cash used by investing activities	<u>(549)</u>	<u>(329)</u>
Cash flows from financing activities:		
Debt repaid	(361)	(564)
Dividends paid	(347)	(346)
Increase in outstanding checks	44	80
Acquisition of treasury stock	—	(1)
Issuance of common stock	41	3
Proceeds from noncontrolling interest	7	12
Net cash used by financing activities	<u>(616)</u>	<u>(816)</u>
Net decrease in cash, cash equivalents and restricted cash	(736)	(746)
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>\$ 777</u>	<u>\$ 588</u>

Note: The prior period's amounts reflect the retrospective adoption of 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 \$54 million have been included with cash and cash equivalents above for the 39 weeks ended November 3, 2018 and October 28, 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.