

MACY'S, INC.

Consolidated Statements of Income (Unaudited)

(All amounts in millions except percentages and per share figures)

	39 weeks ended November 3, 2018		39 weeks ended October 28, 2017	
	\$	% to Net sales	\$	% to Net sales
Net sales	\$ 16,516		\$ 16,267	
Credit card revenues, net	528	3.2 %	473	2.9%
Cost of sales	(9,927)	(60.1%)	(9,858)	(60.6%)
Selling, general and administrative expenses	(6,501)	(39.4%)	(6,406)	(39.4%)
Gains on sale of real estate	111	0.7%	176	1.1%
Impairment, restructuring and other costs	(39)	(0.2%)	(33)	(0.2%)
Operating income	688	4.2%	619	3.8%
Benefit plan income, net	31		42	
Settlement charges	(73)		(73)	
Interest expense, net	(187)		(237)	
Losses on early retirement of debt	(5)		(1)	
Income before income taxes	454		350	
Federal, state and local income tax expense	(96)		(138)	
Net income	358		212	
Net loss attributable to noncontrolling interest	10		7	
Net income attributable to Macy's, Inc. shareholders	\$ 368		\$ 219	
Basic earnings per share attributable to Macy's, Inc. shareholders	\$ 1.20		\$ 0.72	
Diluted earnings per share attributable to Macy's, Inc. shareholders	\$ 1.18		\$ 0.71	
Average common shares:				
Basic	307.5		305.3	
Diluted	311.2		306.6	
End of period common shares outstanding	307.2		304.6	
Supplemental Financial Measures:				
Gross Margin (Note 1)	\$ 6,589	39.9 %	\$ 6,409	39.4 %
Depreciation and amortization expense	\$ 718		\$ 741	

Note 1: Gross margin is defined as net sales less cost of sales.