

MACY'S, INC.

Consolidated Statements of Cash Flows (Unaudited)
(millions)

	<u>26 Weeks Ended August 3, 2019</u>	<u>26 Weeks Ended August 4, 2018</u>
Cash flows from operating activities:		
Net income	\$ 223	\$ 296
Adjustments to reconcile net income to net cash provided by operating activities:		
Impairment and other costs	3	36
Settlement charges	—	50
Depreciation and amortization	472	470
Stock-based compensation expense	28	31
Gains on sale of real estate	(49)	(70)
Deferred income taxes	17	36
Benefit plans	15	18
Amortization of financing costs and premium on acquired debt	1	(5)
Changes in assets and liabilities:		
Decrease in receivables	160	88
Decrease in merchandise inventories	234	221
Decrease in prepaid expenses and other current assets	19	29
Increase in merchandise accounts payable	55	219
Decrease in accounts payable and accrued liabilities	(619)	(510)
Decrease in current income taxes	(149)	(271)
Change in other assets and liabilities	(60)	(94)
Net cash provided by operating activities	<u>350</u>	<u>544</u>
Cash flows from investing activities:		
Purchase of property and equipment	(378)	(275)
Capitalized software	(123)	(133)
Disposition of property and equipment	59	88
Other, net	(12)	8
Net cash used by investing activities	<u>(454)</u>	<u>(312)</u>
Cash flows from financing activities:		
Debt issuance costs	(3)	—
Debt repaid	(39)	(357)
Dividends paid	(233)	(232)
Decrease in outstanding checks	(128)	(90)
Issuance of common stock	6	38
Proceeds from noncontrolling interest	—	5
Net cash used by financing activities	<u>(397)</u>	<u>(636)</u>
Net decrease in cash, cash equivalents and restricted cash	(501)	(404)
Cash, cash equivalents and restricted cash beginning of period	<u>1,248</u>	<u>1,513</u>
Cash, cash equivalents and restricted cash end of period	<u>\$ 747</u>	<u>\$ 1,109</u>