

**Macy's, Inc.**  
**Return on Invested Capital (ROIC)**  
(\$ in millions)

	Trailing Four Quarters		Quarter 4 2014	Quarter 3 2014	Quarter 2 2014	Quarter 1 2014	Quarter 4 2013	Quarter 3 2013	Quarter 2 2013	Quarter 1 2013	Quarter 4 2012
	January 31, 2015	February 1, 2014									
Most Comparable GAAP Ratio:											
Operating income	\$ 2,800	\$ 2,678	1,364	422	571	443	1,349	360	534	435	1,391
Property and equipment - net	\$ 7,865	\$ 8,063	7,800				7,930				8,196
	35.6%	33.2%									
Non-GAAP Ratio:											
Operating income	\$ 2,800	\$ 2,678	1,364	422	571	443	1,349	360	534	435	1,391
Exclude impairments, store closing and other costs	87	88	87	-	-	-	88	-	-	-	5
Add back depreciation and amortization	1,036	1,020	266	263	254	253	259	257	253	251	267
Add back rent expense, net											
Real estate	279	268									
Personal property	12	11									
Deferred rent amortization	7	8									
Operating income, excluding impact of impairments, store closing and other costs, depreciation and amortization and net rent expense	\$ 4,221	\$ 4,073									
Property and equipment - net	\$ 7,865	\$ 8,063	7,800				7,930				8,196
Add back accumulated depreciation and amortization	5,830	6,007	5,594				6,066				5,947
Add capitalized value of non-capitalized leases	2,384	2,296									
Add (deduct) selected balance sheet components:											
Receivables	336	339	424	292	352	275	438	276	347	295	371
Merchandise inventories	6,155	6,065	5,516	7,789	5,416	5,897	5,557	7,716	5,357	5,631	5,308
Prepaid expenses and other current assets	443	398	493	424	399	454	420	397	387	388	361
Other assets	784	659	743	838	796	760	732	658	629	616	615
Merchandise accounts payable	(2,472)	(2,520)	(1,693)	(3,814)	(1,990)	(2,390)	(1,691)	(3,897)	(2,064)	(2,426)	(1,579)
Accounts payable and accrued liabilities	(2,511)	(2,328)	(3,109)	(2,563)	(2,150)	(2,220)	(2,810)	(2,323)	(2,043)	(2,134)	(2,610)
Total Average Invested Capital	\$ 18,814	\$ 18,979									
	22.4%	21.5%									

Management believes that return on invested capital (ROIC), as defined as operating income, excluding the impact of impairments, store closing and other costs, depreciation and amortization and net rent expense, as a percentage to its average invested capital is a useful measure in evaluating how efficiently the Company employs its capital. As computed above, the total average invested capital is comprised of an annual two-point (i.e., end of the previous year and the immediately preceding year) average of gross property and equipment, a capitalized value of non-capitalized leases equal to periodic annual reported net rent expense multiplied by a factor of eight and a four-point (i.e., end of each quarter within the period presented) average of other selected assets and liabilities. The calculation of the capitalized value of non-capitalized leases is consistent with industry and credit rating agency practice and the specified assets are subject to a four-point average to compensate for seasonal fluctuations.