

**Macy's, Inc.**

Consolidated Statements of Cash Flows (Unaudited)

(millions)

	<u>26 Weeks Ended</u> <u>July 29, 2017</u>	<u>26 Weeks Ended</u> <u>July 30, 2016</u>
Cash flows from operating activities:		
Net income	\$ 183	\$ 124
Adjustments to reconcile net income to net cash provided by operating activities:		
Impairment and other costs	-	249
Settlement charges	51	19
Depreciation and amortization	487	520
Stock-based compensation expense	31	37
Gains on sale of real estate	(111)	(35)
Amortization of financing costs and premium on acquired debt	(10)	(1)
Changes in assets and liabilities:		
Decrease in receivables	119	99
Decrease in merchandise inventories	419	184
Increase in prepaid expenses and other current assets	(13)	(40)
Increase in merchandise accounts payable	261	307
Decrease in accounts payable, accrued liabilities and other items not separately identified	(540)	(634)
Decrease in current income taxes	(301)	(204)
Increase (decrease) in deferred income taxes	24	(26)
Decrease in other liabilities not separately identified	(64)	(39)
Net cash provided by operating activities	<u>536</u>	<u>560</u>
Cash flows from investing activities:		
Purchase of property and equipment	(247)	(293)
Capitalized software	(125)	(151)
Disposition of property and equipment	150	67
Other, net	9	39
Net cash used by investing activities	<u>(213)</u>	<u>(338)</u>
Cash flows from financing activities:		
Debt repaid	(550)	(3)
Financing costs	-	(3)
Dividends paid	(230)	(228)
Increase (decrease) in outstanding checks	(64)	2
Acquisition of treasury stock	(1)	(130)
Issuance of common stock	2	27
Proceeds from noncontrolling interest	6	4
Net cash used by financing activities	<u>(837)</u>	<u>(331)</u>
Net decrease in cash and cash equivalents	(514)	(109)
Cash and cash equivalents at beginning of period	<u>1,297</u>	<u>1,109</u>
Cash and cash equivalents at end of period	<u>\$ 783</u>	<u>\$ 1,000</u>

Note: Certain reclassifications were made to prior year's amounts to conform with the classifications of such amounts in the most recent fiscal period.