

## **Macy's, Inc.**

### **Reconciliation of GAAP to non-GAAP Financial Measures**

The following information relates to, and should be read in conjunction with, a conference call hosted by the management of Macy's, Inc. on May 15, 2013 to discuss the Company's financial condition and results of operations as of and for the 13 weeks ended May 4, 2013. An audio archive of the conference call and the text of the related press release can be accessed at [www.macysinc.com/ir/](http://www.macysinc.com/ir/).

The Company reports its financial results in accordance with generally accepted accounting principles (GAAP). However, management believes that certain non-GAAP financial measures provide users of the Company's financial information with additional useful information. See the tables below for supplemental financial data and corresponding reconciliations to GAAP financial measures. These non-GAAP financial measures should be viewed as supplementing, and not as an alternative or substitute for, the Company's financial results prepared in accordance with GAAP. Certain of the items that may be excluded or included in non-GAAP financial measures may be significant items that could impact the Company's financial position, results of operations and cash flows and should therefore be considered in assessing the Company's actual financial condition and performance. The methods used by the Company to calculate its non-GAAP financial measures may differ significantly from methods used by other companies to compute similar measures. As a result, any non-GAAP financial measures presented herein may not be comparable to similar measures provided by other companies.

#### **Adjusted comparable sales growth**

	<b>13 Weeks Ended May 4, 2013</b>
Comparable sales growth (Note 1)	<u>3.8%</u>
Impact of growth in comparable sales from departments licensed to third parties (Note 2)	<u>0.6%</u>
Comparable sales growth including the impact of growth in comparable sales from departments licensed to third parties	<u>4.4%</u>

#### **Notes:**

(1) Represents the period-to-period change in net sales from stores in operation throughout the 13 weeks ended May 4, 2013 and the 13 weeks ended April 28, 2012 and all net Internet sales, excluding commissions from departments licensed to third parties.

(2) Represents the impact on comparable sales growth of including the sales of departments licensed to third parties occurring in stores in operation throughout the 13 weeks ended May 4, 2013 and the 13 weeks ended April 28, 2012 and via the Internet in the calculation. The Company licenses third parties to operate certain departments in its stores and receives commissions from these third parties based on a percentage of their net sales. In its financial statements prepared in conformity with GAAP, the Company includes these commissions (rather than sales of the departments licensed to third parties) in its net sales.

Macy's, Inc. believes that providing comparable sales growth including the impact of growth in comparable sales from departments licensed to third parties supplementally to its results of operations calculated in accordance with generally accepted accounting principles provides useful information to investors. In particular, Macy's, Inc. believes that this supplemental information assists in evaluating the Company's ability to generate sales growth, whether through owned or licensed businesses, on a comparable basis, and in evaluating the impact of changes in the manner in which certain departments are operated (e.g. the conversion in 2013 of most of the Company's previously owned athletic footwear business to licensed Finish Line shops).

**Macy's, Inc.****Reconciliation of GAAP to non-GAAP Financial Measures****Cash flow from operating activities, net of cash used in investing activities**

	<b>13 Weeks Ended <u>May 4, 2013</u></b>	<b>13 Weeks Ended <u>April 28, 2012</u></b>
Most comparable GAAP measure:		
Net cash provided by operating activities	<u>\$ 298</u>	<u>\$ 265</u>
Non-GAAP measure:		
Net cash provided by operating activities	\$ 298	\$ 265
Net cash used by investing activities	<u>(107)</u>	<u>(202)</u>
Net cash flow from operating activities, net of cash used in investing activities	<u>\$ 191</u>	<u>\$ 63</u>

Management believes cash flow from operating activities, net of cash used in investing activities is a useful measure in evaluating the Company's ability to generate cash from operations after giving effect to cash used by investing activities. Management believes that excluding cash flows from financing activities from the calculation of this measure is particularly useful where the amounts of such items are not consistent in the periods presented.