

**Macy's, Inc.****Reconciliation of GAAP to non-GAAP Financial Measures**

(\$ in millions)

The following information relates to, and should be read in conjunction with, a conference call hosted by the management of Macy's, Inc. on November 7, 2012 to discuss the Company's financial condition and results of operations as of and for the 13 and 39 weeks ended October 27, 2012. 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 these 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.

**Cash flow from operating activities, net of cash used in investing activities**

	<b>39 Weeks Ended October 27 <u>2012</u></b>	<b>39 Weeks Ended October 29 <u>2011</u></b>	<b><u>Increase</u></b>
Most comparable GAAP measure:			
Net cash provided by operating activities	<u>\$ 889</u>	<u>\$ 627</u>	
Non-GAAP measure:			
Net cash provided by operating activities	\$ 889	\$ 627	
Net cash used by investing activities	<u>(615)</u>	<u>(472)</u>	
Net cash flow from operating activities, net of cash used in investing activities	<u>\$ 274</u>	<u>\$ 155</u>	<u>\$ 119</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.

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**Diluted earnings per share, excluding certain items**

	<b>13 Weeks Ended January 28 <u>2012</u></b>
Most comparable GAAP measure:	
Diluted earnings per share	<u>\$ 1.74</u>
Non-GAAP measure:	
Diluted earnings per share	\$ 1.74
Deduct the impact of the gain on the sale of store leases	(0.08)
Add back the impact of impairments and store closing costs	<u>0.04</u>
Diluted earnings per share, excluding the impact of gain on the sale of store leases, impairments and store closing costs	<u>\$ 1.70</u>

Management believes that providing a measure of diluted earnings per share excluding the impact of the gain on the sale of store leases and impairments and store closing costs is a useful measure to assist the reader in evaluating the Company's ability to generate earnings and that providing such a measure will allow investors to more readily compare the earnings referred to in the press release to the earnings reported by the Company in past and future periods. Management believes that excluding the impact of the gain on sale of store leases and impairments and store closing costs from the calculation of this measure is particularly useful where the amounts of such items are not consistent in the periods presented.