



Other Non-GAAP Data

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 9, 2011 to discuss the Company's financial condition and results of operations as of and for the 13 and 39 weeks ended October 29, 2011. An audio archive of the conference call and the text of the related press release can be accessed at 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.

Diluted earnings per share, excluding certain items

	13 Weeks Ended October 29, 2011	13 Weeks Ended October 30, 2010
Most comparable GAAP measure:		
Diluted earnings per share	\$0.32	\$0.02
Non-GAAP measure:		
Diluted earnings per share	\$0.32	\$0.02
Add back the impact of expenses associated with the early retirement of debt	-	0.06
Diluted earnings per share, excluding the impact of expenses associated with the early retirement of debt	\$0.32	\$0.08

Management believes that providing a measure of diluted earnings per share excluding expenses associated with the early retirement of debt 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 expenses associated with the early retirement of debt from the calculation of this measure is particularly useful where the amounts of such items are not consistent in the periods presented.

Diluted earnings per share, excluding certain items

	39 Weeks Ended October 29, 2011	39 Weeks Ended October 30, 2010
Most comparable GAAP measure:		
Diluted earnings per share	\$1.18	\$0.42
Non-GAAP measure:		

Diluted earnings per share	\$1.18	\$0.42
Add back the impact of expenses associated with the early retirement of debt	-	0.10
Diluted earnings per share, excluding the impact of expenses associated with the early retirement of debt	\$1.18	\$0.52

Management believes that providing a measure of diluted earnings per share excluding expenses associated with the early retirement of debt 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 expenses associated with the early retirement of debt from the calculation of this measure is particularly useful where the amounts of such items are not consistent in the periods presented.

Inventory, net of merchandise accounts payable

	October 29 2011	October 30 2010	Increase
Most comparable GAAP measure:			
Inventory	\$7,158	\$6,530	9.6%
Non-GAAP measure:			
Inventory	\$7,158	\$6,530	
Adjust for merchandise accounts payable	(3,576)	(3,165)	
Inventory net of merchandise accounts payable	\$3,582	\$3,365	6%

Beginning with the first quarter of 2011, the Company executed a strategy to have new merchandise arrive in stores across the country closer to the same day than happened previously. The result of this accelerated receipts strategy also includes a large increase of merchandise in transit at the end of a month. Management believes that inventory growth, net of merchandise accounts payable, is a useful measure in evaluating the Company's inventory position with regards to the newly implemented receipts strategy.

Interest expense, excluding certain items

	13 Weeks Ended October 29, 2011	13 Weeks Ended October 30, 2010	Decrease
Most comparable GAAP measure:			
Interest expense - net	\$108	\$164	\$ (56)
Non-GAAP measure:			
Interest expense - net	\$108	\$164	
Deduct the impact of expenses associated with the early retirement of debt	-	(39)	
Interest expense - net, excluding the impact of expenses associated with the early retirement of debt	\$108	\$125	\$ (17)

Management believes that providing a measure of interest expense - net, excluding expenses associated with the early retirement of debt 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 expenses associated with the early retirement of debt from the calculation of this measure is particularly useful where the amounts of such items are not consistent in the periods presented.

Cash flow before financing activities

	39 Weeks Ended October 29, 2011	39 Weeks Ended October 30, 2010	Increase
Most comparable GAAP measure:			
Net cash provided by operating activities	\$627	\$346	
Non-GAAP measure:			
Net cash provided by operating activities	\$627	\$346	
Net cash used by investing activities	(472)	(285)	

Net cash flow before financing activities	\$155	\$61	\$94
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Management believes cash flow before financing activities, defined as cash provided by 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.

Diluted earnings per share, excluding certain items

**52 Weeks
Ended
January 29,
2011**

Most comparable GAAP measure:

Diluted earnings per share	\$1.98
Non-GAAP measure:	
Diluted earnings per share	\$1.98
Add back the impact of impairments and store closing costs	0.04
Add back the impact of expenses associated with the early retirement of debt	0.09
Diluted earnings per share, excluding the impact of expenses associated with the early retirement of debt and the impact of impairments and store closing costs	\$2.11

Management believes that providing a measure of diluted earnings per share excluding impairments and store closing costs and expenses associated with the early retirement of debt 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 impairments and store closing costs and the impact of expenses associated with the early retirement of debt from the calculation of this measure is particularly useful where the amounts of such items are not consistent in the periods presented.

Diluted earnings per share, adjusted tax rate assumption

**13 Weeks
Ended
January 29,
2011**

Decrease

Most comparable GAAP measure:

Income before income taxes	\$1,026	
Effective tax rate	35%	
Tax expense	\$359	
Net income	\$667	
Average diluted shares	429.1	
Diluted earnings per share	\$1.55	
Non-GAAP measure:		
Income before income taxes	\$1,026	
Assumed effective tax rate	38%	
Tax expense	\$390	
Net income	\$636	
Average diluted shares	429.1	
Diluted earnings per share	\$1.48	\$ (0.07)

Management believes that providing a measure of diluted earnings per share adjusted for a different assumed effective tax rate 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 adjusting the assumed effective tax rate is particularly useful where the amounts of such items are not consistent in the periods presented.

Adjusted EBITDA (Earnings before interest, taxes, depreciation and amortization) as a percent to sales

52 Weeks
Ended
January 29,
2011

Most comparable GAAP measure:

Net sales	\$25,003
Net income	\$847
	3.4%

Non-GAAP measure:

Net sales	\$25,003
Net income	\$847
Add back interest expense	579
Deduct interest income	(5)
Add back federal, state and local income tax expense	473
Add back impairments and store closing costs	25
Add back depreciation and amortization	1,150
Adjusted EBITDA	\$3,069
	12.3%

Adjusted EBITDA represents earnings before interest, taxes, depreciation and amortization, adjusted to exclude the effect of impairments and store closing costs. Management believes that adjusted EBITDA as a percent to net sales is a useful measure in evaluating the Company's ability to generate cash flow from its operations.