



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 February 21, 2012 to discuss the Company's financial condition and results of operations as of and for the 13 and 52 weeks ended January 28, 2012. 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 January 28, 2012	13 Weeks Ended January 29, 2011	Increase
Most comparable GAAP Measure:			
Diluted earnings per share	\$1.74	\$1.55	
Non-GAAP measure:			
Diluted earnings per share	\$1.74	\$1.55	
Deduct the impact of gain on the sale of store leases	(0.08)	-	
Add back the impact of impairments and store closing costs	0.04	0.40	
Diluted earnings per share, excluding the impact of gain on the sale of store leases, impairments and store closing costs	\$1.70	\$1.59	7%

Management believes that providing a measure of diluted earnings per share excluding the impact of gain on the sale of store leases, 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 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.

Diluted earnings per share, excluding certain items

52 Weeks	52 Weeks	
Ended	Ended	
January	January	
28	29	Increase
2012	2011	

Most comparable GAAP measure:

Diluted earnings per share	\$2.92	\$1.98	
Non-GAAP measure:			
Diluted earnings per share	\$2.92	\$1.98	
Deduct the impact of gain on the sale of store leases	(0.08)	-	
Add back the impact of impairments and store closing costs	0.04	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 gain on the sale of store leases, impairments and store closing costs, and expenses associated with the early retirement of debt	\$2.88	\$2.11	36%

Management believes that providing a measure of diluted earnings per share excluding the impact of 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 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.

Operating income and operating income as a percent to net sales, excluding certain items

13 Weeks Ended January 28 2012 13 Weeks Ended January 29 2011

Most comparable GAAP measure:

Net sales	\$8,724	\$8,269
Operating income	\$1,284	\$1,144
	14.7%	13.8%

Non-GAAP measure:

Net sales	\$8,724	\$8,269
Operating income	\$1,284	\$1,144
Deduct the impact of gain on the sale of store leases	(54)	-
Add back the impact of impairments and store closing costs	29	25
Operating income, excluding impact of gain on the sale of store leases, impairments and store closing costs	\$1,259	\$1,169
	14.4%	14.1%

Management believes that operating income and operating income as a percent to net sales, excluding the impact of gain on the sale of store leases, impairments and store closing costs are useful measures in evaluating the Company's ability to leverage sales. Management believes that excluding the impact of gain on the sale of store leases, impairments and store closing costs from the calculation of these measures is particularly useful where the amounts of such items are not consistent in the periods presented.

Operating income and operating income as a percent to net sales, excluding certain items

52 Weeks Ended January 28 2012 52 Weeks Ended January 29 2011

Most comparable GAAP measure:

Net sales	\$26,405	\$25,003
Operating income	\$2,411	\$1,894
	9.1%	7.6%

Non-GAAP measure:

Net sales	\$26,405	\$25,003
Operating income	\$2,411	\$1,894

Deduct the impact of gain on the sale of store leases	(54)	-
Add back the impact of impairments and store closing costs	29	25
Operating income, excluding impact of gain on the sale of store leases, impairments and store closing costs	\$2,386	\$1,919
	9.0%	7.7%

Management believes that operating income and operating income as a percent to net sales, excluding the impact of gain on the sale of store leases, impairments and store closing costs are useful measures in evaluating the Company's ability to leverage sales. Management believes that excluding the impact of gain on the sale of store leases, impairments and store closing costs from the calculation of these measures is particularly useful where the amounts of such items are not consistent in the periods presented.

Cash flow before financing activities

	52 Weeks Ended January 28 2012	52 Weeks Ended January 29 2011	Increase
Most comparable GAAP measure:			
Net cash provided by operating activities	\$2,093	\$1,506	
Non-GAAP measure:			
Net cash provided by operating activities	\$2,093	\$1,506	
Net cash used by investing activities	(617)	(465)	
Net cash flow before financing activities	\$1,476	\$1,041	\$435

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.

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

	52 Weeks Ended January 28 2012	52 Weeks Ended January 29 2011	52 Weeks Ended January 30 2010
Most comparable GAAP measure:			
Net sales	\$26,405	\$25,003	\$23,489
Net income	\$1,256	\$847	\$329
	4.8%	3.4%	1.4%
Non-GAAP measure:			
Net sales	\$26,405	\$25,003	\$23,489
Net income	\$1,256	\$847	\$329
Add back interest expense - net	443	574	556
Add back federal, state and local income tax expense	712	473	178
Deduct the impact of gain on the sale of store leases	(54)	-	-
Add back impairments, store closing costs and division consolidation costs	29	25	391
Add back depreciation and amortization	1,085	1,150	1,210
Adjusted EBITDA	\$3,471	\$3,069	\$2,664
	13.1%	12.3%	11.3%
Basis point increase from prior year	80	100	

Adjusted EBITDA represents earnings before interest, taxes, depreciation and amortization, adjusted to exclude the effect of gain on the sale of store leases, impairments, store closing costs and division consolidation 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.

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