

**Macy's, Inc.**  
**Return on Invested Capital (ROIC)**  
(\$ in millions)

	Trailing Four Quarters		Quarter 4	Quarter 3	Quarter 2	Quarter 1	Quarter 4	Quarter 3	Quarter 2	Quarter 1	Quarter 4
	January 30, 2016	January 31, 2015	2015	2015	2015	2015	2014	2014	2014	2014	2013
Most Comparable GAAP Ratio:											
Operating income	\$ 2,039	\$ 2,800	936	258	436	409	1,364	422	571	443	1,349
Property and equipment - net	\$ 7,708	\$ 7,865	7,616				7,800				7,930
	26.5%	35.6%									
Non-GAAP Ratio:											
Operating income	\$ 2,039	\$ 2,800	936	258	436	409	1,364	422	571	443	1,349
Exclude impairments, store closing and other costs	288	87	177	111	-	-	87	-	-	-	88
Add back depreciation and amortization	1,061	1,036	270	271	261	259	266	263	254	253	259
Add back rent expense, net											
Real estate	301	279									
Personal property	12	12									
Deferred rent amortization	8	7									
Operating income, excluding impact of impairments, store closing and other costs, depreciation and amortization and net rent expense	\$ 3,709	\$ 4,221									
Property and equipment - net	\$ 7,708	\$ 7,865	7,616				7,800				7,930
Add back accumulated depreciation and amortization	5,457	5,830	5,319				5,594				6,066
Add capitalized value of non-capitalized leases	2,568	2,384									
Add (deduct) selected balance sheet components:											
Receivables	338	336	558	200	334	259	424	292	352	275	438
Merchandise inventories	6,226	6,155	5,506	7,971	5,496	5,929	5,516	7,789	5,416	5,897	5,557
Prepaid expenses and other current assets	453	443	479	426	437	471	493	424	399	454	420
Other assets	775	784	897	768	725	710	743	838	796	760	732
Merchandise accounts payable	(2,366)	(2,472)	(1,526)	(3,608)	(1,942)	(2,386)	(1,693)	(3,814)	(1,990)	(2,390)	(1,691)
Accounts payable and accrued liabilities	(2,677)	(2,511)	(3,333)	(2,687)	(2,276)	(2,410)	(3,109)	(2,563)	(2,150)	(2,220)	(2,810)
Total Average Invested Capital	\$ 18,482	\$ 18,814									
	20.1%	22.4%									

Management believes that return on invested capital (ROIC), as defined as operating income, excluding the impact of impairments, store closing and other costs, depreciation and amortization and net rent expense, as a percentage of its average invested capital is a useful measure in evaluating how efficiently the Company employs its capital. As computed above, the total average invested capital is comprised of an annual two-point (i.e., end of the previous year and the immediately preceding year) average of gross property and equipment, a capitalized value of non-capitalized leases equal to periodic annual reported net rent expense multiplied by a factor of eight and a four-point (i.e., end of each quarter within the period presented) average of other selected assets and liabilities. The calculation of the capitalized value of non-capitalized leases is consistent with industry and credit rating agency practice and the specified assets are subject to a four-point average to compensate for seasonal fluctuations.

Certain reclassifications have been made to fiscal year 2015 amounts to conform with the classifications of such amounts as of the fourth quarter of 2015. Fiscal year 2014 amounts have not been reclassified.