

Macy's, Inc.  
Form 10-Q  
June 09, 2014

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM 10-Q

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934

For the quarterly period ended May 3, 2014

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934

For the transition period from    to

Commission file number: 1-13536

Incorporated in Delaware

I.R.S. Employer Identification No.  
13-3324058

7 West Seventh Street  
Cincinnati, Ohio 45202  
(513) 579-7000  
and  
151 West 34th Street  
New York, New York 10001  
(212) 494-1602

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (Section 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☐  
(Do not check if a smaller reporting company)

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Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding at May 30, 2014
Common Stock, \$0.01 par value per share	360,432,076 shares

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

MACY'S, INC.

CONSOLIDATED STATEMENTS OF INCOME

(Unaudited)

(millions, except per share figures)

	13 Weeks Ended	
	May 3, 2014	May 4, 2013
Net sales	\$6,279	\$6,387
Cost of sales	(3,836 )	(3,911 )
Gross margin	2,443	2,476
Selling, general and administrative expenses	(2,000 )	(2,041 )
Operating income	443	435
Interest expense	(100 )	(97 )
Interest income	—	—
Income before income taxes	343	338
Federal, state and local income tax expense	(119 )	(121 )
Net income	\$224	\$217
Basic earnings per share	\$.61	\$.56
Diluted earnings per share	\$.60	\$.55

The accompanying notes are an integral part of these Consolidated Financial Statements.

MACY'S, INC.  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
(Unaudited)

(millions)

	13 Weeks Ended	
	May 3, 2014	May 4, 2013
Net income	\$224	\$217
Other comprehensive income:		
Amortization of net actuarial loss on post employment and postretirement benefit plans included in net income, before tax	6	38
Tax effect related to items of other comprehensive income	(2 )	(14 )
Total other comprehensive income, net of tax effect	4	24
Comprehensive income	\$228	\$241

The accompanying notes are an integral part of these Consolidated Financial Statements.

MACY'S, INC.  
CONSOLIDATED BALANCE SHEETS  
(Unaudited)

(millions)

	May 3, 2014	February 1, 2014	May 4, 2013
<b>ASSETS</b>			
Current Assets:			
Cash and cash equivalents	\$1,878	\$2,273	\$1,752
Receivables	275	438	295
Merchandise inventories	5,897	5,557	5,631
Prepaid expenses and other current assets	454	420	388
Total Current Assets	8,504	8,688	8,066
Property and Equipment - net of accumulated depreciation and amortization of \$6,261, \$6,066 and \$6,148	7,792	7,930	8,063
Goodwill	3,743	3,743	3,743
Other Intangible Assets – net	519	527	552
Other Assets	760	746	616
Total Assets	\$21,318	\$21,634	\$21,040
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
Current Liabilities:			
Short-term debt	\$8	\$463	\$124
Merchandise accounts payable	2,390	1,691	2,426
Accounts payable and accrued liabilities	2,220	2,810	2,134
Income taxes	105	362	91
Deferred income taxes	381	400	426
Total Current Liabilities	5,104	5,726	5,201
Long-Term Debt	7,175	6,728	6,797
Deferred Income Taxes	1,304	1,273	1,240
Other Liabilities	1,635	1,658	1,831
Shareholders' Equity	6,100	6,249	5,971
Total Liabilities and Shareholders' Equity	\$21,318	\$21,634	\$21,040

The accompanying notes are an integral part of these Consolidated Financial Statements.

MACY'S, INC.  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
(Unaudited)

(millions)

	13 Weeks Ended	
	May 3, 2014	May 4, 2013
Cash flows from operating activities:		
Net income	\$224	\$217
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	253	251
Stock-based compensation expense	21	17
Amortization of financing costs and premium on acquired debt	(2 )	(2 )
Changes in assets and liabilities:		
Decrease in receivables	163	78
Increase in merchandise inventories	(340 )	(323 )
Increase in prepaid expenses and o		