

Shareholder Outreach

Off-Season 2020

October 2020



SAFE HARBOR STATEMENT

All forward-looking statements are subject to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. These forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from the expectations and assumptions. A detailed discussion of these factors and uncertainties is contained in the company's filings with the Securities and Exchange Commission.

This presentation includes non-GAAP financial measures that exclude the impact of certain financial statement items. Additional important information regarding these non-GAAP financial measures can be found on the Investors section of our website.

CONTENTS

- Polaris strategy to stabilize the business and accelerate growth
- Sustainability strategy and its integration into the company's Polaris strategy
- Diversity & Inclusion
- Health & Safety strategy in the face of the current health pandemic
- Governance profile
- Key features of our executive compensation plan

Polaris Strategy

OUR VISION IS TO BE THE LEADING MULTI-BRANDED FASHION RETAILER

FROM OFF-PRICE TO LUXURY, FROM ONLINE TO OFFLINE, FROM ON-MALL TO OFF-MALL
WE WILL OFFER CONVENIENT ACCESS TO THE FULLNESS OF OUR BRANDS



Our customers want great fashion and brands.



Our customers are omni-shoppers.

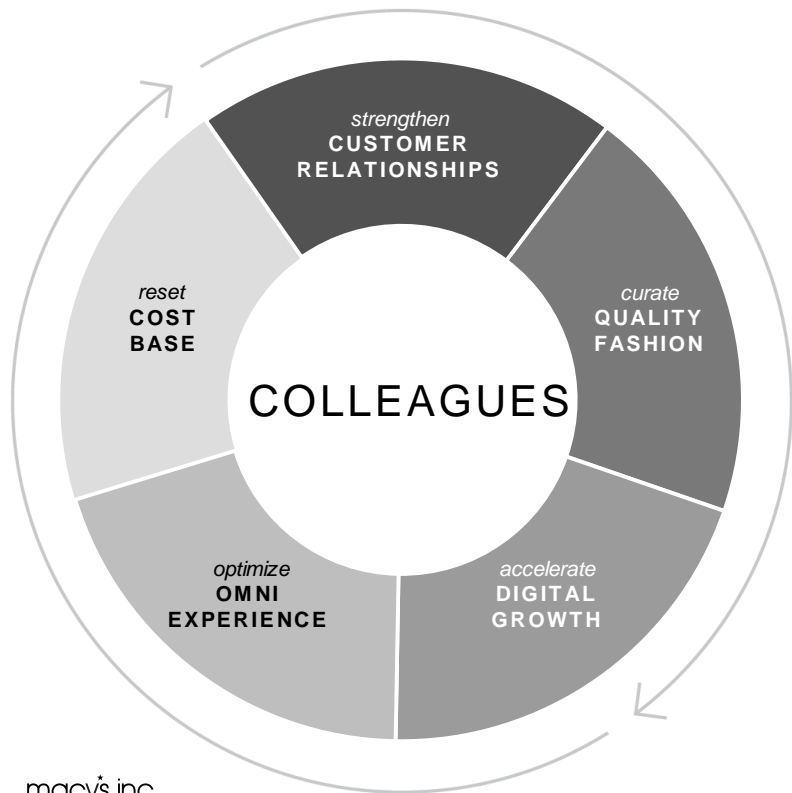


Our customers come to us for the special moments of life.



We are committed to ensuring that Macy's, Inc. will be a great place to work and shop.

OUR POLARIS STRATEGIES WILL STRENGTHEN AND REINFORCE EACH OTHER



CUSTOMER

We will develop a high engagement **customer ecosystem** that is designed to build strong **profitable lifetime relationships** one customer at a time.

FASHION

We will build on our fashion authority by **curating** the best national and private **brands** to support our customer's **self-expression** from off-price to luxury.

DIGITAL

We will strategically invest across the enterprise to **improve** the digital **experience** building customer lifetime value and driving **profitable digital growth**.

OMNI EXPERIENCE

We will **innovate** and **optimize** our **stores, supply chain**, and **call centers** to ensure every customer can shop when, where and how they choose.

COST BASE

We will show **discipline** on **cost management** and create a culture of continuous assessment to derive the **greatest ROI** on every dollar spent.

COLLEAGUES

Our colleagues bring a **strong commitment and drive** to all aspects of their work, inspired by an **inclusive culture**, a **shared purpose** and the **opportunity to thrive**.

POLARIS STRATEGIES DRIVE COMPETITIVE ADVANTAGE & DIFFERENTIATION

TO FIRST RECOVER THE BUSINESS THEN DRIVE BOTH TOP- AND BOTTOM-LINE GROWTH

<i>strengthen</i> CUSTOMER RELATIONSHIPS	<i>curate</i> QUALITY FASHION	<i>accelerate</i> DIGITAL GROWTH	<i>optimize</i> OMNI NETWORK	<i>reset</i> COST BASE	With our COLLEAGUES <i>at the center</i>
<ul style="list-style-type: none"> ✓ Maximize customer lifetime value (CLV) ✓ Continue to grow Star Rewards loyalty program ✓ Increase conversion thru personalized recommendation on site and off site tactics ✓ Pursue on-site and off-site monetization as a future growth driver. 	<ul style="list-style-type: none"> ✓ Curate national & private brands from off-price to luxury ✓ Grow Backstage while reducing cost base ✓ Create ideal experience in Fine Jewelry and Beauty ✓ Maximize the return to home trend and amplify Bloomingdale's status as the destination for textiles from private brand to luxury 	<ul style="list-style-type: none"> ✓ Improve end-to-end Digital experience ✓ Deliver profitable omnichannel growth ✓ Provide an intuitive, engaging, and inspiring product discovery experience by improving search, browse, and product detail pages on macys.com and bloomingdales.com ✓ Deliver a user-friendly mobile app that optimizes the omnichannel shopping experience at Macy's and Bloomingdale's 	<ul style="list-style-type: none"> ✓ Evolve role of the store ✓ Market ecosystem/ small-format, off-mall store test ✓ Supply chain redesign with an early emphasis on capacity planning and centralized fulfillment. ✓ Strengthen Bloomingdale's The Outlet sales and margin by better leveraging Bloomingdale's Department Store merchandise and opportunities in the market while also driving operating efficiencies 	<ul style="list-style-type: none"> ✓ Rewire organization cost base to support profitable growth ✓ Maximize sales flex dollars through identification and reset of variable cost drivers ✓ Increase negotiated contract savings with a focus on rate ✓ Continuously prioritize and allocate payroll dollars as turnover occurs ✓ Gross Margin and SG&A expense targets of \$2.1 billion by 2022 	<ul style="list-style-type: none"> ✓ Our colleagues are integral to achieving priorities with their leadership, talent and diverse thinking ✓ A culture of belonging, continuous learning, and clear incentives makes our success possible

MAINTAINING FINANCIAL FLEXIBILITY DURING COVID-19 PANDEMIC

- **Temporarily closed all stores** on March 18 and continued to serve customers through our e-commerce sites
 - Q1 comparable sales (owned + licensed) down **~45% year-over-year**; adjusted EBITDA declined by more than **\$1.1 billion**
- Temporarily **extended payment terms to 120 days** and worked with vendors to cancel orders where possible
- Suspended the shareholder dividend
- **Furloughed** majority of colleagues **and temporarily reduced pay** for senior management
 - CEO and board of directors **did not receive cash compensation** from 4/1/2020 to 6/30/2020
- **Reduced planned 2020 capital expenditures** and discretionary operating expenses
- Drew down **\$1.5 billion of outstanding availability** under unsecured credit facility in March
- **Reopened stores on a staggered basis** May through July
 - Q2 comparable sales (owned + licensed) down **~35% year-over-year**; adjusted EBITDA declined by **~\$544 million**
- Completed approximately **\$4.5 billion** of new financing during the second quarter of 2020
 - Included **\$1.3 billion** of senior secured notes, as well as a new **\$3.2 billion** asset-based credit facility. Proceeds of the notes offering were used, along with cash on hand, to repay the outstanding borrowings under our previously existing **\$1.5 billion** unsecured credit facility
 - Successfully executed an exchange offer and consent solicitation for **\$465 million** of notes issued under our 1996 indenture
 - Expect to have more than enough liquidity to address the needs of the business over the next few years as well as the repayment of upcoming debt maturities in fiscal 2020 and fiscal 2021
- Finished Q2 in a strong liquidity position with approximately **\$1.4 billion** in cash and approximately **\$3 billion** of untapped capacity in the new asset-based credit facility

MAINTAINING BUSINESS CONTINUITY DURING COVID-19 PANDEMIC

- **Macy's Business Continuity team began monitoring the pandemic in December** and supported our Hong Kong office with additional safety equipment.
- The team boosted VPN licensing and access capabilities early on to permit colleagues to work remotely and activated a **Crisis Management Team to support rapid decision making** and synchronization across all business functions.
- We developed a **COVID-19 response procedure** to prepare for a nationwide surge and managed **gradual reopening of stores in compliance with government orders and CDC guidance**.
- We presently have a **process in place to project geographic risk areas with a corresponding action plan** to prepare stores in advance for potential spikes.



Your Health Comes First

This store has made changes to how we maintain cleanliness & how we interact in an effort to protect our customers & colleagues.

Sustainability

THE SUSTAINABILITY TEAM: WHAT WE DO

WE ARE A CENTER OF EXCELLENCE, WORKING WITH PARTNERS ACROSS MACY'S, INC.

The Sustainability team guides Macy's, Inc. on how to profitably grow – now and in the future – by improving the company's environmental, social and governance (ESG) performance

We identify sources of risk and growth opportunities

We shape policies that protect people, the planet and the Macy's, Inc. brands

We share best practices and guide programs that improve our ESG performance, aligned with our Polaris Strategy

We design governance frameworks that drive accountability and winning results

We collect relevant, reliable data for smarter business decisions and sharing our story in public disclosures

By helping our business do what's best for people and the planet, our work strengthens Macy's lifetime relationships with customers and colleagues, as well as our suppliers, the workers and communities in our global supply chain, our investors, and other groups advocating for a thriving society and environment.

OUR NEXT STEPS WILL INTEGRATE ESG WITH POLARIS STRATEGY

Early 2000s



Mid- to late-2000s



2018 – 2019



2020



2021



Launched Social Compliance Program

- Focused on **upstream supply chain risk** for Macy's Private Brands
- Established **Supplier Code of Conduct** and factory audit program to ensure safe and fairly paid conditions for workers in private brands and supply chain

Supported Localized Innovation and Key Disclosures

- Applied third-party certifications for **environmentally friendly** home textile collections
- Launched **solar energy** program for stores
- Disclosed to CDP, DJSI, CHRB
- Supported GoGreen **Employee Resource Group**

Added Best Practices for Advancing Sustainable Business

- Published first **sustainability report**, using SASB standards
- Joined **Sustainable Apparel Coalition and NIRAPON** to protect chain factory workers
- Started **supply chain traceability** program
- **Banned fur** from products
- Joined **Fashion Makes Change**

Formalized Sustainability Function

- **Hired VP of Sustainability**, staffed with team of 4
- Defined **organizational role and priorities**
- Currently capturing **baseline KPIs**
- Oversee **Social Compliance and Issues Management**; support disclosure

Develop and Execute Strategy

- Prioritize activities to align with Polaris Strategy, **focused on growth opportunities and risk management**
- **Assess** climate risk
- Develop enterprise-wide **Human Rights** policy
- Develop plan to **scale Social Compliance** for business growth
- **Sustainability Report**

Reactive, ad-hoc

Strategic, Board-led

Diversity & Inclusion

STRATEGY HAS EVOLVED FROM REACTIVE TO BEING EMBEDDED IN DNA AND CULTURE WITH RESPECT TO HOW WE THINK, ACT AND OPERATE

Early 2000s



Mid- to late-2000s



2018 – 2019



2020



2021



Business Case for Diversity

- Focused on **compliance & representation**
- Managed **brand reputation** through relationships with influential community leaders
- Established **Security Monitor** role to mitigate risk
- Launched **Customer Bill of Rights in NY**

Launched Workshop @ Macy's

- Established **retail & nonretail supplier diversity offices**
- Launched **Workshop @ Macy's** designed to educate Women- and Minority-owned brands to do business at scale
- Understood the **meaningful change in demographics** across U.S. & spending power
- Developed **merchandising strategies** to address emerging markets
- Organized **Diversity & Inclusion Business Council (DIBC)** to drive accountability

Established Diversity & Inclusion Center of Expertise

- Launched holistic, **enterprise-wide diversity & inclusion vision and mission**
- Defined clear **goals and KPIs** leveraging global benchmarking
- Utilized **DIBC** to drive accountability
- **Published goals externally** to increase transparency

Racial Injustice & Need for Systemic Change

- Refocus diversity & inclusion Strategy to **address current climate**
- **Drive change** through five focus areas:
 - **Colleague**
 - **Customer**
 - **Supplier**
 - **Community**
 - **Marketing**

Accelerate Progress on Diversity & Inclusion

- Drive **change and accountability** of diversity & inclusion through five focus areas:
 - **Colleague**
 - **Customer**
 - **Supplier**
 - **Community**
 - **Marketing**
- **Deliver** on published diversity & inclusion goals

IN 2018, ESTABLISHED A DIVERSITY & INCLUSION CENTER OF EXPERTISE WITH ENTERPRISE-WIDE VISION, MISSION AND GOALS

VISION:

Be a beacon of diversity & inclusion for our colleagues, customers and communities

MISSION:

Embed diversity & inclusion into how we think, act and operate

COLLEAGUE: Reflect the full spectrum of diversity at all levels of our workforce

CUSTOMER: Welcome, accept, and respect every one of our customers

SUPPLIERS: Drive growth with underrepresented suppliers

COMMUNITY: Drive impact through community relationships that reflect our goals and values

MARKETING: Consistently and genuinely reflect all our customers

IN 2020, WE ARE EXPANDING OUR STRATEGY TO BECOME A PROMINENT LEADER IN DIVERSITY & INCLUSION BY DRIVING SYSTEMIC CHANGE EXTERNALLY

1



Publish Macy's, Inc. Diversity & Inclusion Report:

- **Drive transparency and accountability** throughout the industry by publishing annual Diversity & Inclusion goals and KPIs (*February/March 2021*)
- **Develop Diversity & Inclusion standards** to encourage others toward similar actions and behaviors

2



Increase our diverse retail spend with Black-owned businesses

- **Transparency** - Publish supplier diversity spend (*November 2020*)
- **Action** - Take the 15% Pledge to increase the diverse vendor pipeline and amplify The Workshop @ Macy's (*workshop April 2021*)
- **Innovation** - Feature black designer collaborations within our Private Brands (*March 2021*)

3



Serve on CEO Action for Racial Equity Task Force Steering Committee

- **1 of 20 companies** selected to join **steering committee** (*June 2020*)
- 1,200 companies invited to participate in the program with **goal of advancing change in public policy related to racial equity**
- Macy's will select an individual to serve for two years as a **company fellow to drive CEO Action projects forward** (*October 2020*)

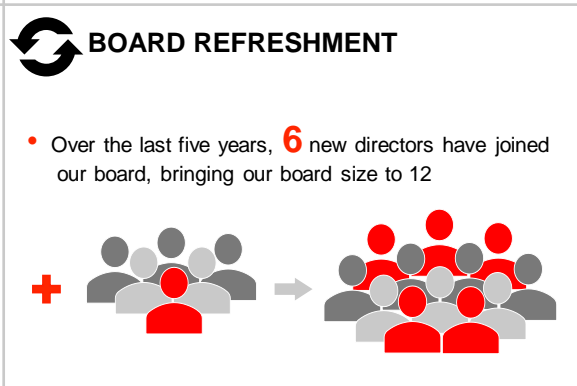
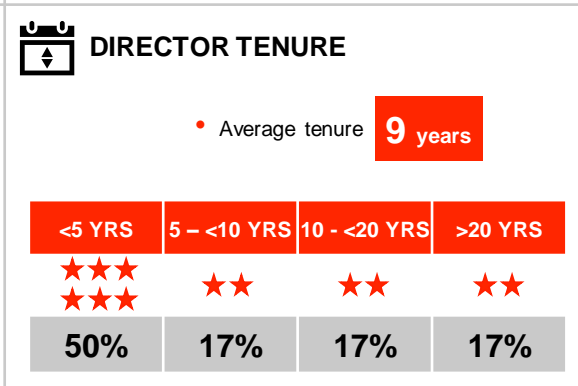
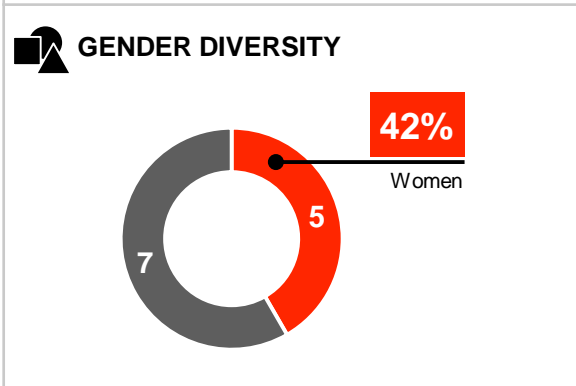
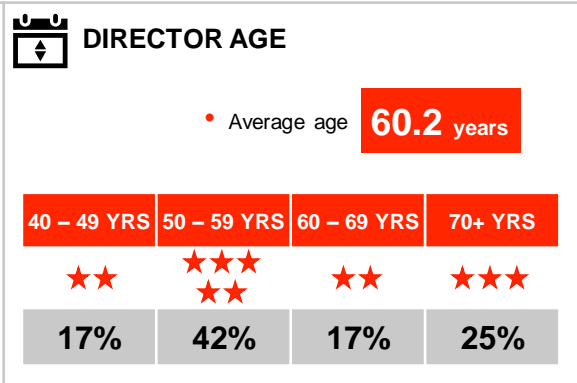
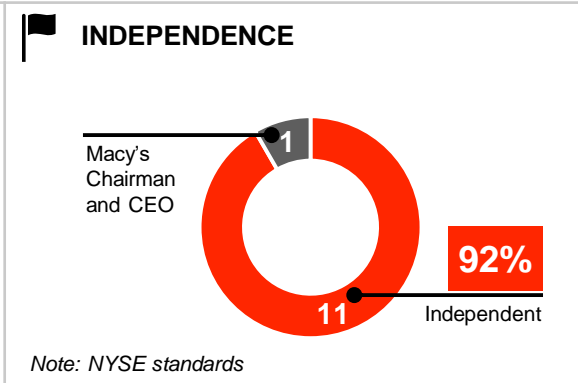
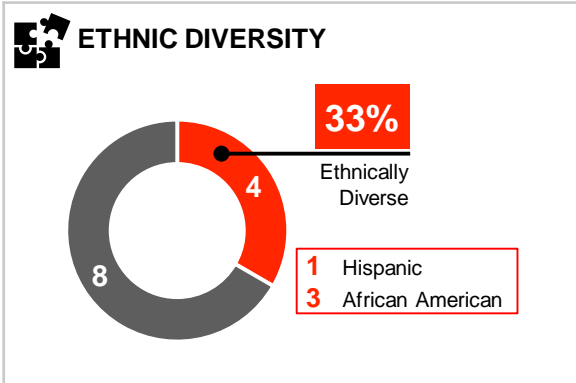
Governance

CORPORATE GOVERNANCE HIGHLIGHTS

 11 of 12 directors are independent	 Lead independent director
 Annual board and committee evaluation	 Majority voting in uncontested director elections
 Annual election of all directors	 No shareholder rights plan
 Board and committee oversight of risk	 Policy prohibiting pledging and hedging ownership of Macy's, Inc. stock
 Confidential shareholder voting policy	 Proxy access
 Director resignation policy	 Regular executive sessions of independent directors
 Director retirement policy	 Share ownership guidelines for directors and executive officers
 Diverse board in terms of gender, ethnicity, experience and skills	 Majority voting standard for mergers/acquisitions, charter and bylaw amendments
 Independent board committees	 Shareholder right to call special meetings

CORPORATE GOVERNANCE HIGHLIGHTS

DIRECTORS PROVIDE EFFECTIVE MIX OF EXPERIENCE, FRESH IDEAS, GENDER, AGE AND ETHNIC DIVERSITY.



Executive Compensation

COMPENSATION PROGRAMS GROUNDED IN STRONG GOVERNANCE PRACTICES

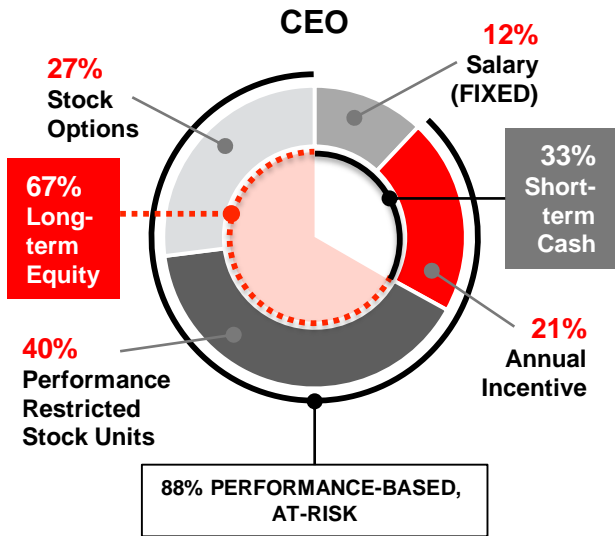
- ✓ Align pay with company performance
- ✓ Incentive plans use multiple metrics to reward performance driving company strategy and aligned to stock price performance
- ✓ Leverage relative total shareholder return metric, with a cap if company performance is not positive and a maximum-value cap that limits payout to 400% of the target grant date value
- ✓ No dividend equivalents on unvested performance-based or time-based restricted stock (PRsUs or RSUs)
- ✓ Stock ownership guidelines
- ✓ Recoupment policy
- ✓ Double trigger vesting of equity awards in change in control (CIC)
- ✓ No excise tax gross ups
- ✓ No option repricing/cash buyouts without shareholder approval
- ✓ Anti-pledging and hedging policies

STRONG ALIGNMENT BETWEEN PAY AND PERFORMANCE IS AT CORE OF COMPENSATION PROGRAM

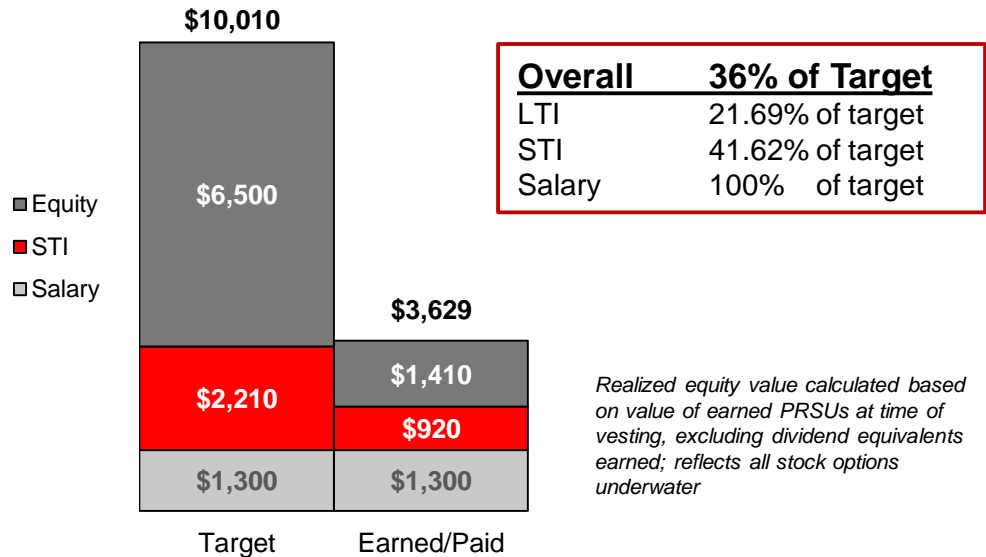
Demonstrated in the design of our programs ...

... and the outcome of our programs

2019 Program Design



CEO 2019 Realized Compensation



COMPANY STRATEGIES AND 2020 COMPENSATION PROGRAM CONSIDERATIONS

- The company has been on a **transformation journey**, executing on our multi-year Polaris strategy
 - We have been executing our plans to improve gross margin, and SG&A expense in order to counter the macro headwinds in the retail environment, fund our strategic initiatives and drive profitability
 - Metrics measuring the achievement of such critical deliverables in support of the company's transformation are reflected in our incentive plans
- The COVID-19 pandemic necessitated an **immediate shift in focus** to 1) ensure the safety of our colleagues and customers and 2) **secure the financial stability of the company**
 - The Compensation and Management Development (CMD) committee of the board took a prudent approach to delay approval of the 2020 compensation program designs that typically occur in March
 - As a “non-essential” business, the company was required to close stores and experienced a significant disruption in business that made the development of financial plans for 2020 and the longer-term extremely challenging during this time period
- In July, after the company had 1) secured re-financing, 2) was allowed to re-open our stores and 3) had developed a clear path to managing our stability, the CMD committee approved the 2020 programs
 - The programs for 2020 were designed with **consideration to the business environment** created by the COVID-19 pandemic, the **uncertainty regarding the time-horizon on business recovery** and the goal of enabling **the critical company strategies for 2020**
 - The framework of the program was constructed to **motivate, reward and retain our leaders** critical to navigating the company through this unprecedented time

2020 COMPENSATION PROGRAM IN RESPONSE TO COVID-19 PANDEMIC

Item	Key Program Development Considerations	Actions
Base Salary	<ul style="list-style-type: none"> • In alignment with other actions taken by the company to conserve cash, implemented base pay reductions for executives, including 100% for CEO <ul style="list-style-type: none"> ○ Pay was restored when the majority of business operations were restored, re-organization was complete and most furloughed colleagues returned to work • In consideration of COVID-19 impact, Management proposed no merit increases and CMD committee accepted proposal 	<ul style="list-style-type: none"> • Base salary reductions • No merit increases
Annual Incentive	<ul style="list-style-type: none"> • Aligned with key business priorities for company • CMD committee applied a measured approach when determining the performance and payout curves for each metric <ul style="list-style-type: none"> ○ In consideration of the uncertainty in the business environment, established wider than historical performance ranges and narrower payout ranges ○ Due to the volatility associated with developing performance targets during this unusual time, implemented a lower overall payout cap to show restraint 	<ul style="list-style-type: none"> • Three equally weighted metrics: Annual digital sales, holiday sales and annual SG&A savings • Reduced the payout opportunity variability from a threshold of 25% of target and a maximum of 200% of target for each metric to 50% and 150%, respectively • Reduced overall maximum payout from 200% to 125% of target

2020 COMPENSATION PROGRAM IN RESPONSE TO COVID-19 PANDEMIC

Item	Key Program Development Considerations	Actions
Long-Term Incentive	<ul style="list-style-type: none"> • Due to challenges of setting multi-year financial targets, utilized Relative Total Shareholder Return (rTSR) as the sole performance metric in the PRSU plan and reduced the portion of the LTI delivered in PRSUs <ul style="list-style-type: none"> • CMD committee intends to return to an LTI program with increased PSU weighting when the business environment normalizes • Granted RSUs for the first time instead of stock options to balance the performance-based portion of the LTI program during an unprecedented volatile period <ul style="list-style-type: none"> • Provides better alignment with prevalent peer practices and continues to focus on performance in the LTI, realized value dependent on absolute change in stock price • Showed restraint and delayed equity grants to July, after the company had stabilized, including re-opening stores and securing re-financing <ul style="list-style-type: none"> • The stock price had increased by 11% from the historic lows of March, resulting in issuance of fewer units to deliver the value than would have been required on the original planned March grant date 	<ul style="list-style-type: none"> • Mix of performance-based restricted stock units (PRSUs) and time-based restricted stock units (RSUs) • CEO grant 50% each; other NEOs 30% PRSUs and 70% RSUs • PRSU metric: rTSR compared to the S&P Retail Select Peer Group • Granted equity awards on July 9 • Reduced the payout opportunity variability from a threshold of 25% of target and a maximum of 200% of target to 50% and 150%, respectively

2020 INCENTIVE PLAN METRICS IN RESPONSE TO COVID-19 PANDEMIC

- The CMD committee selected metrics to reward performance on an **absolute** and **relative basis**
 - The metrics in the **annual incentive plan** reward for performance in alignment with the components of our Polaris Strategy

	<i>strengthen</i> CUSTOMER RELATIONSHIPS	<i>curate</i> QUALITY FASHION	<i>accelerate</i> DIGITAL GROWTH	<i>optimize</i> OMNI NETWORK	<i>reset</i> COST BASE
Digital Sales	X	X	X		
Holiday Sales	X	X	X	X	
SG&A Savings					X

- The relative Total Shareholder Return metric in the **PRSU plan** rewards for performance relative to that of companies in the S&P Retail Select Index (INDEXSP: SPSIRE)

Appendix

HEALTH & SAFETY STANDARDS

Prior to a store's reopening, colleagues were provided additional training on health and safety standards.

COLLEAGUE SAFETY

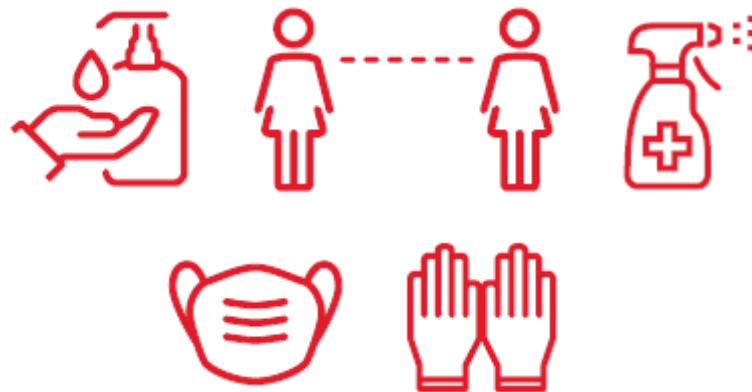
- Perform wellness checks
- Provide safety equipment
- Require protective wear

CUSTOMER SAFETY

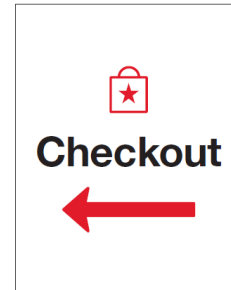
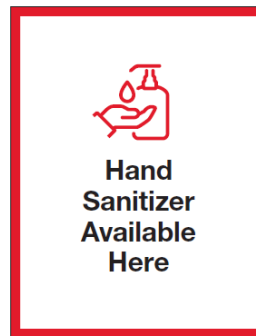
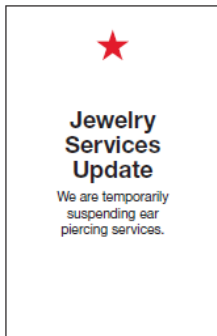
- Enforce social distancing as the new norm
- Reduce contact between customers and colleagues
- Place sanitation stations throughout stores
- As of 7/22, required use of face coverings

ENVIRONMENTAL SAFETY

- Enhance housekeeping
- Ensure colleagues follow enhanced cleaning measures
- Comply with CDC guidelines to increase ventilation, as appropriate, to ensure standards are met



CUSTOMER SAFETY



SOCIAL DISTANCING

Social distancing guidelines are visible throughout the store. Key reminders are placed in queue lines and occupancy guidelines are enforced.

REDUCED TOUCHPOINTS

Intimate selling experiences, such as Beauty services, Fine Jewelry, and Intimate Apparel, have enhanced safety measures to help protect both colleagues and customers.

SANITATION STATIONS

Sanitizer depots are installed in frequently visited locations throughout the store. This includes entrances, escalators, elevators, and points of sale.



Health Guidelines

This store has made changes to how we maintain cleanliness & how we interact in an effort to protect our customers & colleagues.



Cover your mouth and nose when coughing or sneezing.



Keep 6-ft distance from colleagues & other customers at all times.



Don't shake hands or engage in unnecessary physical contact with others.



Stay home if you've had a cough or fever in the last 72 hours.

SIGNAGE

We have created an environment that enables our customers and colleagues to shop and work with safety, confidence and peace of mind.

- ★ Our customers and colleagues have new safety expectations when shopping or working in our buildings.

COLLEAGUE SAFETY

PROTECTIVE WEAR

Store colleagues are provided with company-issued cloth masks to wear at all times.

Colleagues processing multiple goods or interacting with customers at high traffic registers are provided gloves.

All colleagues have access to hand sanitizer throughout the store.

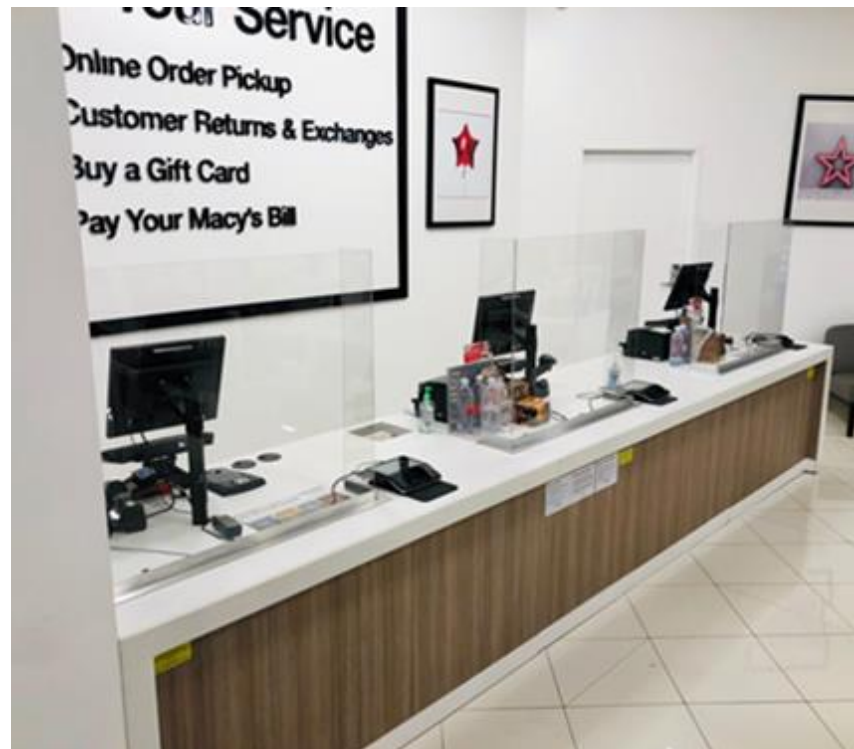
WELLNESS CHECKS

Store colleagues are asked to complete wellness checks before reporting to work.

Continue to promote safe hygiene practices.

SAFETY EQUIPMENT

Protective plexiglass is installed at points of sale within all stores to enhance the safety of both the colleague and the customer in areas where social distancing cannot occur.



STORE ENVIRONMENT SAFETY

ENHANCED HOUSEKEEPING

Frequently visited locations are cleaned more regularly and visibly. This includes elevators, escalators, bathrooms, fitting rooms, breakrooms, and frequently touched surfaces like caselines and points of sale.

FACILITY ENHANCEMENTS

All stores have received increased air circulation.

ENHANCED WORKSTATION CLEANING

New cleaning practices for colleagues have been implemented around frequently touched areas like signature pads and shared equipment including use of hand sanitizer and wipes.



Your Health Comes First

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