

## MACY'S, INC.

### RELATED PERSON TRANSACTIONS POLICY

(adopted March 21, 2008)

The Board of Directors of Macy's, Inc. (the "Company") has adopted the following policy related to the review, approval or ratification of Related Person Transactions in order to avoid potential conflicts of interest and improper benefit to Related Persons. The Nominating and Corporate Governance Committee of the Board of Directors (the "Committee") will have the responsibility for overseeing this policy and may review and amend this policy from time to time.

#### **A. Definitions.**

"Related Person Transaction" means:

- any transaction, or series of similar transactions, which is currently proposed or has been in effect at any time since the beginning of the last fiscal year,
  - in which the Company was, or is proposed to be, a participant,
  - in which a Related Person had, has or will have a direct or indirect material interest, and
  - where the amount involved exceeds or may be expected to exceed \$120,000 in the fiscal year; and
- any material amendment or modification to the foregoing regardless of whether such transaction has previously been approved in accordance with this policy.

"Related Person" means any of the following:

- any person who is, or at any time since the beginning of the last fiscal year was, a director or executive officer of the Company, or is a nominee to become a director of the Company;
- any person known by the Company to be the beneficial owner of more than 5% of the Company's common stock (a "5% stockholder"); or
- a person known by the Company to be an Immediate Family Member of any of the foregoing.

"Immediate Family Member" of a person means a child, stepchild, parent, stepparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law of the person, and any other person (other than a tenant or employee) sharing the household of such person.

## **B. Notice of Potential Related Person Transactions.**

Each executive officer, director, director nominee or 5% stockholder shall notify the General Counsel of the Company or his designee as soon as reasonably practicable about any plan or proposal to engage in or continue any transaction that could be a Related Person Transaction (or, to the extent known to them, any Related Person Transaction in which any of their Immediate Family Members is involved), whether or not the individual believes that his or her interest in the transaction is material. Although this policy requires notice of all potential Related Person Transactions, executive officers or directors should pay particular attention to relationships that are outside the ordinary course of business, such as employment of Immediate Family Members, transactions that would be considered unusual for one or both of the parties, and transactions that are provided on terms that would be more favorable than those available to the general public.

## **C. Determination of Related Person Transactions.**

The General Counsel of the Company or his designee, in consultation with outside counsel as appropriate, shall determine whether a potential transaction or relationship constitutes a Related Person Transaction that (i) requires compliance with this policy and/or disclosure as a Related Person Transaction under applicable Securities and Exchange Commission (“SEC”) rules and (ii) does not fall under one of the exclusions listed in Section F below.

If the General Counsel or his designee determines that the transaction or relationship constitutes a non-excluded Related Person Transaction, the transaction will be referred to the Committee for review and consideration at the next Committee meeting.

## **D. Review and Approval or Ratification of Non-Excluded Related Person Transactions.**

At each of its meetings, the Committee will be provided with the details of each new, existing or proposed non-excluded Related Person Transaction, including:

- the terms of the transaction, including the aggregate value;
- the business purpose of the transaction; and
- the benefits to the Company and to the relevant Related Person.

In determining whether to approve a non-excluded Related Person Transaction, the Committee will consider, among other things, the following factors to the extent relevant to the transaction:

- whether the terms of the Related Person Transaction are fair to the Company and are comparable to the terms that would exist in a similar transaction with an unaffiliated third party;
- whether there are business reasons for the Company to enter into the Related Person Transaction;

- whether the Related Person Transaction would impair the independence of a non-management director;
- whether the Related Person Transaction would present an improper conflict of interest for any director or executive officer, taking into account:
  - the size of the transaction,
  - the overall financial position of the director or executive officer,
  - the direct or indirect nature of the director's or executive officer's interest in the transaction, and
  - any other factors deemed relevant; and
- whether the Related Person Transaction is material, taking into account:
  - the importance of the interest to the Related Person,
  - the relationship of the Related Person to the transaction and of Related Persons to each other,
  - the dollar amount involved, and
  - the significance of the transaction to the Company's investors in light of all of the circumstances.

Any member of the Committee who has an interest in the transaction under discussion will abstain from voting on the approval of the Related Person Transaction, but may, if so requested by the Chair of the Committee, participate in some or all of the Committee's discussions of the Related Person Transaction. Upon completion of its review of the transaction, the Committee may determine to permit or to prohibit the Related Person Transaction.

A Related Person Transaction entered into without pre-approval of the Committee shall not be deemed to violate this policy, or be invalid or unenforceable, so long as the transaction is brought to the Committee for ratification as promptly as reasonably practicable after it is entered into or after it becomes reasonably apparent that the transaction is covered by this policy.

The Committee may impose conditions or guidelines on any approved Related Person Transaction, including, but not limited to: (i) conditions relating to on-going reporting to the Committee and other internal reporting, (ii) limitations on the dollar amount of the transaction, (iii) limitations on the duration of the transaction or the Committee's approval of the transaction, or (iv) other conditions for the protection of the Company and to avoid conferring an improper benefit, or creating the appearance of a conflict of interest.

#### **E. Disclosure.**

All Related Person Transactions that are required under applicable securities laws, rules and regulations to be disclosed in the Company's filings with the SEC shall be so disclosed. This policy shall be posted on the Company's website, and, as required by applicable laws, rules and regulations, the material features of this policy shall be described in the Company's annual report on Form 10-K or proxy statement.

## F. Excluded Transactions.

The Committee has (i) reviewed the categories of transactions that the SEC specifically excludes from the definition of Related Person Transactions (indicated below) and (ii) identified certain other categories of transactions for which it has determined, in its discretion, that any interest held by a Related Person in any such transactions would not constitute a direct material interest or an indirect material interest with a potential for improper benefit to the Related Person for the purpose of this policy, even if the amount involved exceeds \$120,000. Such transactions are deemed to be excluded transactions and are not Related Person Transactions. The General Counsel or his designee shall assess whether any proposed transaction is an excluded transaction under this section, in which case, the Committee shall not be required to review and consider such transactions.

- *Ordinary course transactions with other entities.* Any transaction or a series of similar transactions between the Company and another entity with which a Related Person is affiliated, including as a director, if the transactions occur in the ordinary course of business and are consistent with other transactions in which the Company has engaged with third parties, unless:
  - the Related Person is an executive officer or beneficial owner of an equity interest of 10% or more in the other entity, and
  - the transaction or series of transactions, in the aggregate, represent more than the greater of (i) \$1,000,000 or (ii) 2% of the other company's consolidated gross revenues for the prior fiscal year.
- *Charitable contributions.* Any charitable contribution, grant or endowment or a series of such contributions, grants or endowments to an established non-profit entity with which a Related Person is affiliated, unless
  - The Related Person is an executive officer of the non-profit entity, and
  - The Company's contributions (not including any matching of employee contributions) represent, or are expected to represent, for the most recent fiscal year more than the greater of (i) \$1,000,000 or (ii) 2% of the non-profit entity's gross revenues for the prior fiscal year.
- *Executive compensation (SEC exclusion).* Any compensation arrangement for an executive officer, if (i) the executive officer is not an Immediate Family Member of another executive officer or director of the Company, (ii) such compensation would be reported in the Company's proxy statement if the executive officer was a "named executive officer" under the SEC's compensation disclosure rules, and (iii) the Compensation and Management Development Committee of the Board of Directors approved (or recommended that the Board of Directors approve) such compensation.
- *Director compensation (SEC exclusion).* Any compensation paid to a director if the SEC's compensation disclosure rules require that the compensation be reported in the Company's proxy statement.

- *Transactions where all shareholders receive proportional benefits* (SEC exclusion). Any transaction where the Related Person's interest arises solely from the ownership of Company common stock and all holders of the Company's common stock received the same benefit on a pro rata basis (e.g., dividends).
- *Transactions involving competitive bids* (SEC exclusion). Any transaction involving a Related Person where the rates or charges involved are determined by competitive bids.
- *Regulated transactions* (SEC Exclusion). Any transaction with a Related Person involved the rendering of services as a common or contract carrier, or public utility, at rates or charges fixed in conformity with law or governmental authority.
- *Certain banking-related services* (SEC exclusion). Any transaction with a Related Person involving services as a bank depository of funds, transfer agent, registrar, trustee under a trust indenture, or similar services.
- *Ordinary course transactions with Related Persons* (SEC exclusion). Any ordinary course business travel and expenses, advances and reimbursements.
- *Other*. Other categories of transactions that may be identified by the Committee from time to time as having no significant potential for an actual or other appearance of a conflict of interest or improper benefit to a Related Person.