SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934

Filed by the Registrant ☑ Filed by a Party other than the Registrant ☐

Check the appropriate box:

☐ Preliminary Proxy Statement

☐ Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

☒ Definitive Proxy Statement

☐ Definitive Additional Materials

☐ Soliciting Material Pursuant to §240.14a-12

Macy's, Inc.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement if Other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

☒ No fee required

☐ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

1) Title of each class of securities to which transaction applies:

2) Aggregate number of securities to which transaction applies:

3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it was determined):

4) Proposed maximum aggregate value of transaction:

5) Total fee paid:

☐ Fee paid previously with preliminary materials

☐ Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

1) Amount Previously Paid:

2) Form, Schedule or Registration Statement No.:

3) Filing Party:

4) Date Filed:

MACY'S, INC.

7 West Seventh Street, Cincinnati, Ohio 45202
and
151 West 34th Street, New York, New York 10001

March 31, 2017

To the Shareholders:

I invite you to join me, our Board of Directors, senior management team and your fellow shareholders at Macy's 2017 Annual Meeting of Shareholders. Our annual meeting is scheduled for Friday, May 19, 2017, at 11:00 a.m., Eastern Time, at Macy's offices located at 7 West Seventh Street, Cincinnati, Ohio 45202. We are enclosing the official notice of meeting, proxy statement and form of proxy with this letter. The matters listed in the notice of meeting are described in the proxy statement.

Once again, we are pleased to save costs and help protect the environment by using the "Notice and Access" method of delivery of proxy materials. Instead of receiving paper copies of our proxy materials, many of you will receive a Notice Regarding the Availability of Proxy Materials, which provides an Internet website address where you can access electronic copies of the proxy statement and our Annual Report on Form 10-K for the fiscal year ended January 28, 2017 and vote your shares. This website also has instructions for voting by phone and for requesting paper copies of the proxy materials and proxy card.

Your vote is important and we want your shares to be represented at the meeting. Regardless of whether you plan to attend the annual meeting, we hope you will vote as soon as possible. Accordingly, we encourage you to read the proxy statement and cast your vote promptly. You may vote by telephone or over the Internet, or by completing, signing, dating and returning the enclosed proxy card or voting instruction card if you requested or received printed proxy materials.

We appreciate your continued confidence in and support of Macy's, Inc.

Sincerely,

JEFF GENNETTE
President and Chief Executive officer

**WHETHER OR NOT YOU PLAN TO ATTEND THE MEETING,
PLEASE CAST YOUR VOTE PROMPTLY.**

MACY'S, INC.

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

May 19, 2017	Macy's, Inc. Corporate Office
11:00 a.m. (Eastern Time)	7 West Seventh Street
	Cincinnati, Ohio 45202

Items of Business

1. To elect 12 members of Macy's board of directors named and for the term described in this Proxy Statement;
2. To ratify our Audit Committee's appointment of KPMG LLP as Macy's independent registered public accounting firm for the fiscal year ending February 3, 2018;
3. To hold an advisory vote approving the compensation of our named executive officers;
4. To hold an advisory vote on frequency of the shareholder vote on executive compensation;
5. To approve Macy's Senior Executive Incentive Compensation Plan; and
6. To transact any other business as may properly come before the meeting or any postponement or adjournment of the meeting.

Record Date You must have owned Macy's voting securities as of the close of business on March 23, 2017 to attend and vote at our Annual Meeting of Shareholders and any adjournment thereof.

Proxy Voting You may vote your shares in one of the following ways: (1) in person at the Annual Meeting; (2) by voting electronically using a touch-tone telephone at 1-800-690-6903; (3) by using the Internet to vote your shares at www.proxyvote.com; (4) by mailing your completed proxy to Macy's, Inc. c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717. If your shares are held in "street name" with a broker or similar party, you have a right to direct that organization on how to vote the shares held in your account. You will need to contact your broker to determine whether you will be able to vote using one of these alternative methods.

Whether or not you plan to attend the Annual Meeting, we urge you to vote your shares by completing and returning the proxy card as promptly as possible, or by voting by telephone or via the Internet, prior to the Annual Meeting to ensure that your shares will be represented at the Annual Meeting if you are unable to attend.

By Order of the Board of Directors,

Elisa D. Garcia
Secretary

March 31, 2017

Please note that for security reasons, we will require that you present a picture identification if you attend our Annual Meeting. We reserve the right to exclude any person whose name does not appear on our official shareholder list as of our Record Date of March 23, 2017. If you hold shares in "street name," you must bring a letter from your broker, or a current brokerage statement, to indicate that the broker is holding shares for your benefit. We also reserve the right to request any person leave the Annual Meeting who is disruptive, refuses to follow the rules established for our meeting or for any other reason. Cameras, recording devices and other electronic devices, signs and placards will NOT be permitted at the meeting.

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE SHAREHOLDER MEETING TO BE HELD ON MAY 19, 2017.
The Notice of Annual Meeting, Proxy Statement and Annual Report on Form 10-K for the year ended January 28, 2017 are available at www.proxyvote.com and www.macysinc.com.

MACY'S, INC.

7 West Seventh Street, Cincinnati, Ohio 45202
and
151 West 34th Street, New York, New York 10001

PROXY STATEMENT

Macy's, Inc. board of directors (the "Board") has made available to you the Notice of Annual Meeting of Shareholders, this proxy statement, our Annual Report on Form 10-K for the fiscal year ended January 28, 2017 and a proxy card or voting instruction card (collectively, the "Proxy Solicitation Materials") either on the Internet or by mail in connection with soliciting your proxy for the 2017 Annual Meeting of Macy's Shareholders. The meeting is scheduled to be held at 11:00 a.m., Eastern Time, on Friday, May 19, 2017, at our offices located at 7 West Seventh Street, Cincinnati, Ohio 45202. This proxy statement describes the matters on which you are asked to vote and provides information about those matters so that you can make an informed decision. The proxies we receive will be used at the meeting and at any postponements or adjournments of the meeting for the purposes set forth in the accompanying notice of meeting. The Proxy Solicitation Materials are being mailed to, or can be accessed online by, shareholders on or about April 7, 2017.

OUR BOARD OF DIRECTORS RECOMMENDS:

- that you vote FOR its nominees for Directors of the Company as described in Item 1;
- that you vote FOR the ratification of our Audit Committee's appointment of KPMG LLP as Macy's independent registered public accounting firm for the fiscal year ending February 3, 2018, as described in Item 2;
- that you vote FOR, on an advisory basis, the approval of compensation of our named executive officers, as described in Item 3;
- that you vote FOR ANNUAL frequency of the shareholder vote on executive compensation, as described in Item 4; and
- that you vote FOR re-approval of the Senior Executive Incentive Compensation Plan, as described in Item 5.

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PROXY STATEMENT SUMMARY

This summary highlights information contained elsewhere in our proxy statement. This summary does not contain all of the information you should consider. You should read the entire proxy statement carefully before voting.

ANNUAL MEETING OF SHAREHOLDERS

Time and date:	11:00 a.m., Eastern Time, on May 19, 2017
Place:	Macy's, Inc., 7 West Seventh Street, Cincinnati, OH 45202
Record date:	March 23, 2017
How to vote:	In general, you may vote either in person at the annual meeting, by telephone at 1-800-690-6903, the Internet at www.proxyvote.com, or by mail addressed to Macy's, Inc. c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717.
Common shares outstanding as of record date:	305,186,743 shares

VOTING MATTERS

Proposal		Board Voting Recommendation	Page
Item 1.	Election of 12 directors	FOR each nominee	15
Item 2.	Ratification of our Audit Committee's appointment of KPMG LLP as our independent registered public accounting firm for fiscal 2017	FOR	36
Item 3.	Advisory vote to approve our named executive officer compensation	FOR	37
Item 4.	Advisory vote on frequency of the shareholder vote on executive compensation	FOR ANNUAL	38
Item 5.	Re-Approval of the Senior Executive Incentive Compensation Plan	FOR	39

CORPORATE GOVERNANCE HIGHLIGHTS

We believe that good governance is integral to achieving long-term shareholder value. We are committed to governance policies and practices that serve the interests of the Company and its shareholders. The Board monitors developments in governance best practices to assure that it continues to meet its commitment to thoughtful and independent representation of shareholder interests. The following table summarizes certain corporate governance matters:

	Page		Page
✓ 10 of 12 Director Nominees are Independent	22	✓ Lead Independent Director	23
✓ Annual Board and Committee Evaluations	27	✓ Majority Voting in Uncontested Director Elections	11
✓ Annual Election of All Directors	15	✓ No Shareholder Rights Plan	n/a
✓ Board and Committee Oversight of Risk	24	✓ Policy Prohibiting Pledging and Hedging Ownership of Macy's Stock	35; 61
✓ Confidential Voting	10	✓ Proxy Access	32
✓ Director Resignation Policy	32	✓ Regular Executive Session of Independent Directors	23
✓ Director Retirement Policy	32	✓ Share Ownership Guidelines for Directors and Executive Officers	35; 61
✓ Diverse Board in Terms of Gender, Ethnicity, Experience and Skills	5	✓ Single Voting Policy	10
✓ Independent Board Committees	25		

NOMINEES FOR DIRECTOR (page 15)

Name	Age	Director Since	Independent	Principal Occupation	Committee Memberships	Other Public Directorships
Francis S. Blake	67	2015	✓	Former Chairman and CEO of The Home Depot, Inc.	• Compensation and Management Development • Nominating and Corporate Governance	• Delta Airlines • The Procter & Gamble Company
John A. Bryant	51	2015	✓	Chairman, President and CEO of Kellogg Company	• Audit (Chair) • Finance	• Kellogg Company
Deirdre P. Connelly	56	2008	✓	Former President, North American Pharmaceuticals of GlaxoSmithKline	• Compensation and Management Development • Nominating and Corporate Governance	• Lincoln National Corporation
Jeff Gennette	55	2016		President and CEO of Macy's, Inc.		
Leslie D. Hale	44	2015	✓	COO, CFO and Executive Vice President of RLJ Lodging Trust	• Audit • Finance	
William H. Lenehan	40	2016	✓	President and CEO of Four Corners Property Trust, Inc.	• Finance	• Four Corners Property Trust, Inc.
Sara Levinson	66	1997	✓	Co-Founder and Director of Katapult	• Compensation and Management Development • Nominating and Corporate Governance	• Harley Davidson, Inc.
Terry J. Lundgren	65	1997		Executive Chairman and Chairman of the Board of Macy's, Inc.		• The Procter & Gamble Company • Federal Reserve Bank of New York
Joyce M. Roché	70	2006	✓	Former President and CEO of Girls Incorporated	• Audit • Nominating and Corporate Governance (Chair)	• AT&T, Inc. • Dr. Pepper Snapple Group • Tupperware Corporation
Paul C. Varga	53	2012	✓	Chairman and CEO of Brown-Forman Corporation	• Compensation and Management Development (Chair) • Finance	• Brown-Forman Corporation
Marna C. Whittington	69	1993	✓	Former CEO of Allianz Global Investors Capital	• Audit • Finance (Chair)	• Oaktree Capital Group, LLC • Phillips 66
Annie Young-Scrivner	48	2014	✓	Executive Vice President, Starbucks Corporation	• Compensation and Management Development • Nominating and Corporate Governance	

Our director nominees provide an effective mix of experience and fresh ideas, as well as gender, age and ethnic diversity.

TENURE (# years)			
<5	5 to <10	10 to <20	≥20
Blake	Connelly	Levinson	Whittington
Bryant	Varga	Lundgren	
Gennette		Roché	
Hale			
Lenehan			
Young-Scrivner			

AGES (# years)			
<50	50 to <60	60 to <70	≥70
Hale	Bryant	Blake	Roché
Lenehan	Connelly	Levinson	
Young-Scrivner	Gennette	Lundgren	
	Varga	Whittington	

ETHNIC DIVERSITY	
African-American:	2
Asian-American:	1
Hispanic:	1

GENDER	
Female	Male
6	6

AUDITORS (page 36)

We are asking shareholders to ratify the selection by our Audit Committee of KPMG LLP as our independent registered public accounting firm for the 2017 fiscal year. Set forth below is a summary of the fees paid to KPMG in fiscal 2016 and fiscal 2015.

Year	Audit Fees ($)	Audit-Related Fees ($)	Tax Fees ($)	All Other Fees ($)	Total ($)
2016	4,655,000	826,080	58,840	0	5,539,920
2015	4,805,000	1,135,950	148,799	0	6,089,749

EXECUTIVE COMPENSATION ADVISORY VOTE (page 37)

We are asking shareholders to approve on an advisory basis our named executive officer compensation. The Board of Directors recommends a FOR vote because it believes that our executive compensation program is competitive, strongly focused on pay-for-performance principles and appropriately balanced between risk and rewards.

FREQUENCY OF SHAREHOLDER VOTE ON EXECUTIVE COMPENSATION ADVISORY VOTE (page 38)

We are asking shareholders to approve on an advisory basis how frequently advisory votes on executive compensation will occur. The Board of Directors recommends a FOR ANNUAL vote as the Company believes that an annual say-on-pay vote provides the highest level of accountability and communication.

RE-APPROVAL OF SENIOR EXECUTIVE INCENTIVE COMPENSATION PLAN (page 39)

We are asking shareholders to approve the amendments to the Senior Executive Incentive Compensation Plan. The Board of Directors recommends a FOR vote for the Senior Executive Incentive Compensation Plan.

FISCAL 2016 BUSINESS AND COMPENSATION HIGHLIGHTS

To assist you in reviewing the proposals to be acted upon at the annual meeting, including the election of directors and the non-binding advisory vote to approve named executive officer compensation, we call your attention to the following information about our fiscal 2016 financial performance and key executive compensation actions and decisions. The following discussion is only a summary. For more complete information about these topics, please review our Annual Report on Form 10-K (including important information on pages 20 to 23 regarding the Company's non-GAAP financial measures) and the complete Proxy Statement.

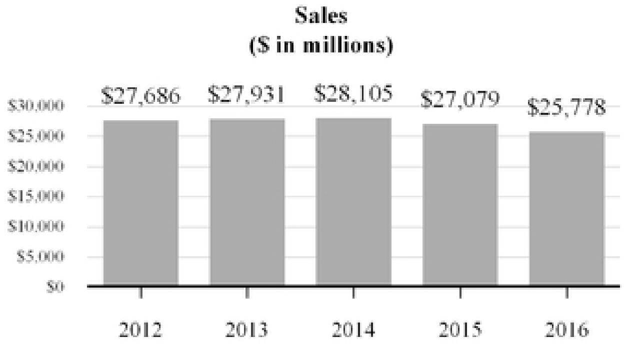
BUSINESS HIGHLIGHTS (page 45)

Selected results of our fiscal 2016 financial performance include:

Sales

Total sales for fiscal 2016 were $25,778 million, down 4.8% from fiscal 2015.

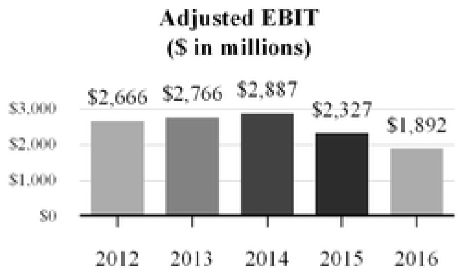
- Comparable sales on an owned basis in fiscal 2016 were down 3.5%.
- Comparable sales on an owned plus licensed basis for fiscal 2016 were down 2.9% compared to fiscal 2015.



	2012	2013	2014	2015	2016
Change in Comparable Sales:					
On an owned basis	3.7%	1.9%	0.7%	(3.0)%	(3.5)%
On an owned plus licensed basis	4.0%	2.8%	1.4%	(2.5)%	(2.9)%

Adjusted EBIT

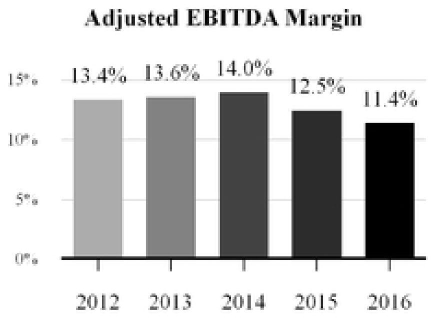
Adjusted EBIT (earnings before interest and taxes, or operating income) for fiscal 2016 totaled $1.9 billion, or 7.3% of sales, a decline of 18.7% and 130 basis points as a percent of sales over fiscal 2015 on a comparable basis. These amounts exclude impairments, store closing and other costs and settlement charges.

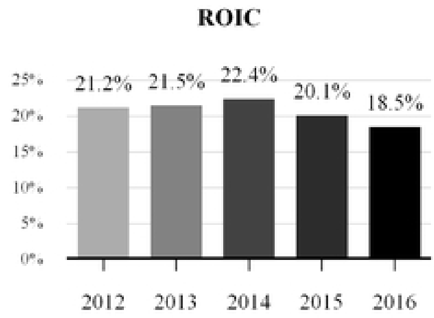


Adjusted EBITDA Margin / ROIC

Adjusted EBITDA (earnings before interest, taxes, depreciation and amortization, excluding impairments, store closing and other costs and settlement charges) margin was 11.4% in fiscal 2016, compared to an Adjusted EBITDA margin of 12.5% in fiscal 2015.

Return on Invested Capital (ROIC) - a key measure of operating productivity - declined in fiscal 2016. ROIC was 18.5% in fiscal 2016, compared to 20.1% in fiscal 2015.



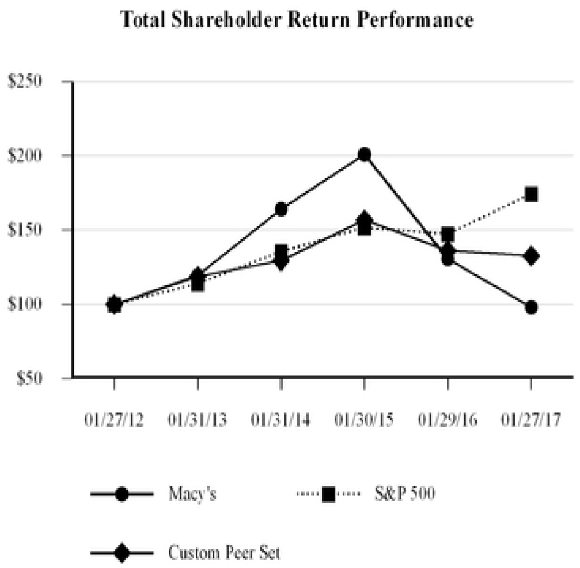


Adjusted Earnings per Share

Fiscal 2016 Adjusted EPS (earnings per diluted share, excluding impairments, store closing and other costs and settlement charges) were $3.11, down 17.5% from fiscal 2015 on a comparable basis.

Shareholder Return

The following chart compares the cumulative total shareholder return (TSR) on our common stock with the Standard & Poor's 500 Composite Index, and our peer group for the period from January 28, 2012 through January 28, 2017, assuming an initial investment of $100 and the reinvestment of dividends, if any. The peer group includes our 12-company executive compensation peer group.



Other Fiscal 2016 Information

- Our 1-Year, 3-Year and 5-Year Cumulative TSR was (25.0%), (40.3%) and (2.1%), respectively.
- The price of our Common Stock decreased by 28.0% over the fiscal 2015 year-end price.
- We returned $775 million to shareholders through dividends and share repurchases during fiscal 2016.
- We increased our cash dividend by 5% in fiscal 2016.

EXECUTIVE COMPENSATION HIGHLIGHTS

The fiscal 2016 pay packages for our named executive officers consisted of salary, short and long-term incentive opportunities and other benefits discussed in the Compensation Discussion & Analysis (CD&A) section of this proxy statement.

You can read about our Compensation and Management Development (CMD) Committee's methodology for setting pay opportunities and approving actual payouts, and learn more about our compensation plans and programs, in the CD&A, beginning on page 42. In summary, please note that in determining the amount of compensation paid to our named executive officers, the CMD Committee focuses on aligning pay and performance. Ms. Garcia was excluded from the pay-for-performance information below, as she was hired mid-year.

Pay-for-Performance Compensation Mix (page 53). Under our executive compensation program, a majority (89%, and 74%, respectively) of the CEO's and other named executive officers' annual targeted total direct compensation (salary, annual incentive and grant date value of long-term incentive awards) for fiscal 2016 was variable (i.e., not fixed) and tied to financial performance, corporate objectives and/or stock price performance.

CEO Targeted Pay Mix	Salary	Annual Incentive	Performance Restricted Stock Units	Stock Options	Total
% of Total Compensation	11.2%	19.0%	41.9%	27.9%	100%
Short-Term Cash vs. Long-Term Equity	30.2%		69.8%		100%
Fixed vs. Performance-Based	11.2%	88.8%			100%

Other Named Executives Targeted Pay Mix (average)	Salary	Annual Incentive	Performance Restricted Stock Units	Stock Options	Total
% of Total Compensation	25.6%	23.8%	30.4%	20.2%	100%
Short-Term Cash vs. Long-Term Equity	49.4%		50.6%		100%
Fixed vs. Performance-Based	25.6%	74.4%			100%

Pay-for-Performance Alignment. In making decisions regarding the compensation opportunities and amounts earned by our named executive officers in fiscal 2016, the CMD Committee took into account our performance results for fiscal 2016, including the results versus our internal goals and relative to industry competitors, as well as the broad economic climate in which the Company operated.

Compensation actions with respect to fiscal 2016 include the following:

- *Fiscal 2016 annual incentive award*. The annual incentive award payouts for fiscal 2016 performance were subject to achievement of pre-determined targeted levels of financial results with respect to three key performance metrics included in our annual business plan (sales, Adjusted EBIT and cash flow). The CMD Committee determined that the Company achieved performance between target and outstanding levels for the cash flow metric and that performance with respect to sales and Adjusted EBIT metrics fell below the threshold level. This resulted in incentive award payments to the named executive officers of approximately 13.7% of their targeted annual incentive opportunity (see page 56).
- *Vesting of PRSUs*. With respect to performance-based restricted stock units (PRSUs) granted in fiscal 2014, our financial performance over the three-year (fiscal 2014-2016) performance period with respect to cumulative Adjusted EBITDA, average Adjusted EBITDA margin, average ROIC and relative total shareholder return (TSR) performance metrics fell below the threshold levels. This resulted in 0% of the targeted number of PRSUs being earned and therefore forfeited (see page 58).
- *PRSU grants*. The CMD Committee granted PRSUs to the named executive officers with a three-year (fiscal 2016-2018) performance period. These awards have cumulative Adjusted EBITDA, average Adjusted EBITDA margin, average ROIC and relative TSR performance metrics (see page 57).

Overall, the fiscal 2016 compensation of our named executive officers (as set forth below and in the 2016 Summary Compensation Table on page 63) reflects both our performance for the fiscal year, our compensation philosophy of aligning pay and performance and special actions related to the hiring of Ms. Garcia, our new Chief Legal Officer, and the involuntary termination of Mr. Sachse, our former Chief Growth Officer (see page 43).

Named Executive Officer	Salary ($)	Bonus ($)	Stock Awards ($)	Option Awards ($)	Non-Equity Incentive Plan Compensation ($)	Changes in Pension Value and Nonqualified Deferred Compensation Earnings ($)	All Other Compensation ($)	Total ($)
Terry J. Lundgren	1,600,000	0	6,040,895	3,999,996	370,700	1,355,655	116,360	13,483,606
Karen M. Hoguet	900,000	0	854,779	565,993	92,300	309,039	31,500	2,753,611
Jeff Gennette	1,000,000	0	1,631,000	1,079,996	170,200	264,058	17,000	4,162,254
Elisa D. Garcia	291,099	1,612,800	749,997	749,994	31,000	0	430,899	3,865,789
Peter R. Sachse	896,875	0	1,235,791	987,630	92,300	297,978	4,694,706	8,205,280

Executive Compensation Best Practices. Our executive compensation program incentivizes superior performance and does not reward inappropriate risk taking.

WHAT WE DO AND DON'T DO	
We align executive compensation with the interests of our shareholders	✓ Focus on performance-based compensation (page 53) ✓ Pay well-aligned with performance (pages 44-48) ✓ Annual risk assessment of executive compensation program (page 24) ✓ Robust stock ownership guidelines for directors and executive officers (pages 35 and 61)
Our executive compensation program is designed to avoid excessive risk taking	✓ Use multiple performance objectives for both annual and long-term incentive plans (pages 56 and 58) ✓ Measure performance against both annual and multi-year standards (pages 54 and 57) ✓ Set performance goals at levels high enough to encourage strong performance, but within reasonably attainable parameters to discourage excessive risk taking (pages 56 and 58) ✓ Cap on performance-based compensation (pages 54 and 57)
We adhere to executive compensation best practices	✓ Provide modest perquisites with reasonable business rationale (page 59) ✓ Annual say-on-pay vote (page 37) ✓ CMD Committee comprised of independent directors (page 26) ✓ Include a relative-to-peer TSR metric for performance-based restricted stock units (page 58) ✓ Provide for recoupment of cash and equity incentive compensation in certain circumstances (page 60) ✓ Prohibit hedging and pledging transactions by directors and executive officers (pages 35 and 61) ✓ Utilize a compensation consultant that is independent of management (page 50) ✓ Provide a reasonable post-employment change-in-control plan (page 60) X Do not provide excise tax gross ups upon a change in control X Do not provide individual employment contracts (page 74) X Do not reprice or buyout for cash underwater stock options (page 66) X Do not provide individual change-in-control agreements (page 74)

GENERAL

The record date for the annual meeting was March 23, 2017. If you were a holder of record of shares of Macy's common stock at the close of business on the record date, you are entitled to vote those shares at the meeting. You are entitled to one vote for each share of Macy's common stock you owned on the record date on each of the matters listed in the notice of meeting. As of the record date, 305,186,743 shares of Macy's common stock were outstanding. This number excludes shares held in the treasury of Macy's.

Confidential Voting Policy

The Board has adopted a policy under which all voting materials that identify the votes of specific shareholders will be kept confidential and will not be disclosed to our officers, directors or employees or to third parties except as described below. Voting information may be disclosed in any of the following circumstances:

- if required by applicable law;
- to persons engaged in the receipt, counting, tabulation or solicitation of proxies who have agreed to maintain shareholder confidentiality as provided in the policy;
- in those instances in which shareholders write comments on their proxy cards or otherwise consent to the disclosure of their vote to Macy's management;
- in the event of a proxy contest or a solicitation of proxies in opposition to the voting recommendations of the Board of Directors;
- in respect of a shareholder proposal that the Nominating and Corporate Governance Committee of the Board, referred to as the NCG Committee, after having allowed the proponent of the proposal an opportunity to present its views, determines is not in the best interests of Macy's and its shareholders; and
- in the event that representatives of Macy's determine in good faith that a bona fide dispute exists as to the authenticity or tabulation of voting materials.

The policy described above will apply to the annual meeting.

Quorum

Under our By-Laws, a majority of the votes that can be cast must be present in person or by proxy to hold the annual meeting. Abstentions and shares represented by "broker non-votes," as described below, will be counted as present and entitled to vote for purposes of determining the presence of a quorum. If there is not a quorum, we may adjourn the meeting to a subsequent date in order to solicit additional votes for the purpose of obtaining a quorum.

Vote Required for Each Proposal and Board Recommendation

Voting Item	Voting Standard	Treatment of Abstentions and Broker Non-Votes	Board Recommendation
Election of directors	Majority of votes cast	Not counted as votes cast and therefore no effect	FOR each nominee
Ratification of our Audit Committee's appointment of KPMG LLP	Majority of votes cast	Abstentions not counted as votes cast and therefore no effect; broker discretionary voting allowed	FOR
Approval of named executive officer compensation	Majority of votes cast	Not counted as votes cast and therefore no effect	FOR
Frequency vote on executive compensation	Number of votes cast for one of three alternatives	Not counted as votes cast and therefore no effect	FOR ANNUAL
Re-Approval of the Senior Executive Incentive Compensation Plan	Majority of votes cast	Not counted as votes cast and therefore no effect	FOR

All shares of our common stock represented at the annual meeting by proxies properly submitted prior to or at the meeting will be voted at the annual meeting in accordance with the instructions on the proxies, unless such proxies previously have been revoked. If no instructions are indicated, such shares will be voted in accordance with the Board's recommendation.

Majority Vote Standard for Director Elections

Any incumbent nominee for director who receives a greater number of votes cast "against" than votes cast "for" shall continue to serve on the Board as a holdover director pursuant to Delaware law, but, pursuant to our director resignation policy, shall tender his or her resignation for consideration by the NCG Committee. The NCG Committee will promptly consider such resignation and recommend to the Board the action to be taken with respect to the tendered resignation. The Board will publicly disclose its decision within 90 days after the certification of the election results. Any director who tenders his or her resignation pursuant to this policy would not participate in the NCG Committee's recommendation or the Board's consideration regarding whether or not to accept the tendered resignation.

Broker Non-Votes

"Broker non-votes" are shares held by a broker, bank or other nominee that are represented at the meeting, but with respect to which the beneficial owner of such shares has not instructed the broker, bank or nominee on how to vote on a particular proposal, and with respect to which the broker, bank or nominee does not have discretionary voting power on such proposal.

Methods of Voting Your Proxy

Registered Shareholders. You may vote in person at the annual meeting or by proxy. We recommend that you vote by proxy even if you plan to attend the annual meeting. You have three options for voting by proxy:

- Internet: You can vote over the Internet at the Web address shown on your Notice Regarding the Availability of Proxy Materials or your proxy card, if you received a proxy card, up until 11:59 p.m., Eastern Time, on May 18, 2017. Internet voting is available 24 hours a day, seven days a week. When you vote over the Internet, you should not return your proxy card.

- Telephone: You can vote by telephone by calling 1-800-690-6903 until 11:59 p.m., Eastern Time, on May 18, 2017. Telephone voting is available 24 hours a day, seven days a week. Easy-to-follow voice prompts allow you to vote your shares and confirm that your instructions have been properly recorded. When you vote by telephone, you should not return your proxy card.

- Mail: If you received a proxy card, you can vote by mail by simply signing, dating and mailing your proxy card in the postage-paid envelope included with this proxy statement. Your proxy card must be received prior to 11:59 p.m., Eastern Time, on May 18, 2017.

Voting Shares Held in Street Name. A number of banks and brokerage firms participate in a program that also permits shareholders whose shares are held in street name to direct their vote over the Internet or by telephone. If your bank or brokerage firm gives you this opportunity, the voting instructions from your bank or brokerage firm that accompany this proxy statement will tell you how to use the Internet or telephone to direct the vote of shares held in your account. The Internet and telephone proxy procedures are designed to authenticate your identity, to allow you to give your proxy voting instructions and to confirm that those instructions have been properly recorded. Votes directed over the Internet or by telephone through such a program must be received by 11:59 p.m., Eastern Time, on Thursday, May 18, 2017. Requesting a proxy prior to the deadline described above will automatically cancel any voting directions you have previously given over the Internet or by telephone with respect to your shares.

Directing the voting of your shares will not affect your right to vote in person if you decide to attend the meeting; however, you must first obtain a signed and properly executed proxy from your bank, broker or other nominee to vote your shares held in street name at the meeting. Without your instructions, your broker or brokerage firm is permitted to use its own discretion and vote your shares on certain routine matters (such as Item 2), but is not permitted to use discretion and vote your uninstructed shares on non-routine matters (such as Items 1, 3, 4 and 5). Therefore, the Company encourages you to give voting instructions to your broker or brokerage firm on all matters being considered at the meeting.

Voting Shares Held in 401(k) Plan. If you participate in our 401(k) Retirement Investment Plan, you will receive a voting instruction card for the Macy's common stock allocated to your account in the plan. You may instruct the plan trustee on how to vote your proportional interest in any Macy's shares held by the plan by following the instructions on the enclosed voting instruction card. The plan trustee must receive your voting instructions by 11:59 p.m., Eastern Time, on Tuesday, May 16, 2017.

The plan trustee will submit one proxy to vote all shares of Macy's common stock in the plan. The trustee will vote the shares of participants who submitted voting instructions in accordance with their instructions and will vote the shares of Macy's common stock in the plan for which no voting instructions were received in the same proportion as the final votes of all participants who actually voted. If you do not submit voting instructions for the shares of Macy's common stock allocated to your account by the voting deadline, those shares will be included with the other undirected shares and voted by the plan trustee as described above. Because the plan trustee submits one proxy to vote all shares of Macy's common stock in the plan, you may not vote plan shares in person at the annual meeting.

Revoking Your Proxy

If you are a registered shareholder, you may revoke your proxy at any time by:

- submitting evidence of your revocation to the Company's Corporate Secretary;
- voting again over the Internet or by telephone prior to 11:59 p.m., Eastern Time, on May 18, 2017;
- signing another proxy card bearing a later date and mailing it so that it is received prior to 11:59 p.m., Eastern Time, on May 18, 2017; or
- voting in person at the annual meeting, although attendance at the annual meeting will not, in itself, revoke a proxy.

If your shares are held in street name, you should contact your broker, bank or other holder of record about revoking your voting instructions and changing your vote prior to the annual meeting. For shares held in the 401(k) Plan, you may not revoke your proxy after 11:59 p.m., Eastern Time, on Tuesday, May 16, 2017.

Electronic Delivery of Proxy Statement and Annual Report

You can elect to view future proxy statements and annual reports over the Internet instead of receiving copies in the mail. You can choose this option and save the Company the cost of producing and mailing these documents by:

- following the instructions provided on your proxy card, voting instruction card or Notice Regarding the Availability of Proxy Materials; or
- going to www.proxyvote.com and following the instructions provided.

If you choose to receive future proxy statements and annual reports over the Internet, you will receive an email message next year containing the Internet address to access future proxy statements and annual reports. This email will include instructions for voting over the Internet. If you have not elected electronic delivery, you will receive either printed materials in the mail or a notice indicating that the Proxy Solicitation Materials are available at www.proxyvote.com.

STOCK OWNERSHIP

Certain Beneficial Owners. The following table sets forth information as to the beneficial ownership of each person known to Macy's to own more than 5% of Macy's outstanding common stock as of March 23, 2017 based on ownership reports filed by such persons with the SEC prior to that date.

Name and Address	Date of Most Recent Schedule 13G Filing	Number of Shares	Percent of Class
The Vanguard Group ("Vanguard") (1) 100 Vanguard Blvd. Malvern, PA 19355	February 10, 2017	29,169,058	9.5%
BlackRock, Inc. ("BlackRock") (2) 55 East 52nd Street New York, NY 10055	January 25, 2017	19,992,826	6.5%

(1) Based on a Schedule 13G/A dated February 9, 2017 and filed with the SEC by Vanguard on February 10, 2017. The Schedule 13G/A reports that, as of December 31, 2016, Vanguard had sole voting power over 485,248 shares, shared voting power over 56,322 shares, sole dispositive power over 28,633,465 shares and shared dispositive power over 535,593 shares of Macy's common stock. The Schedule 13G/A also reports that Vanguard Fiduciary Trust Company, a wholly-owned subsidiary of Vanguard, is the beneficial owner of 397,295 of the shares as a result of its serving as investment manager of collective trust accounts, and Vanguard Investments Australia, Ltd., a wholly-owned subsidiary of Vanguard, is the beneficial owner of 226,251 of the shares as a result of its serving as investment manager of Australian investment offerings.

(2) Based on a Schedule 13G/A dated January 24, 2017 and filed with the SEC by BlackRock on January 25, 2017. The Schedule 13G/A reports that, as of December 31, 2016, BlackRock had sole voting power over 16,830,197 shares and sole dispositive power over 19,992,826 shares of Macy's common stock.

Stock Ownership of Directors and Executive Officers. The following table sets forth the shares of Macy's common stock beneficially owned (or deemed to be beneficially owned pursuant to the rules of the SEC), as of March 23, 2017 by each director who is not an employee of Macy's, referred to as a Non-Employee Director, by each executive named in the 2016 Summary Compensation Table, referred to as a Named Executive, and by our directors and executive officers as a group. The business address of each of the individuals named in the table is 7 West Seventh Street, Cincinnati, Ohio 45202.

	Number of Shares		
Name	(1)	(2)	Percent of Class
Francis S. Blake	0	0	less than 1%
John A. Bryant	0	0	less than 1%
Deirdre P. Connelly	26,184	20,000	less than 1%
Leslie D. Hale	0	0	less than 1%
William H. Lenehan	1,578	0	less than 1%
Sara Levinson	0	0	less than 1%
Joyce M. Roché	31,992	30,000	less than 1%
Paul C. Varga	850	0	less than 1%
Marna C. Whittington	54,834	20,000	less than 1%
Annie Young-Scrivner	0	0	less than 1%
Terry J. Lundgren	2,754,476	2,309,762	less than 1%
Jeff Gennette	242,569	163,212	less than 1%
Karen M. Hoguet	466,430	274,894	less than 1%
Elisa D. Garcia	0	0	less than 1%
Peter R. Sachse	200,905	132,941	less than 1%
All directors and executive officers as a group (20 persons)	4,328,385	3,405,491	1.4%

(1) Aggregate number of shares of Macy's common stock currently held or which may be acquired within 60 days after March 23, 2017 through the exercise of options granted under our Amended and Restated 2009 Omnibus Incentive Compensation Plan, referred to as the 2009 Omnibus Plan, our 1995 Executive Equity Incentive Plan, referred to as the 1995 Equity Plan, or our 1994 Stock Incentive Plan, referred to as the 1994 Stock Plan.

(2) Number of shares of Macy's common stock which may be acquired within 60 days after March 23, 2017 through the exercise of options granted under the 2009 Omnibus Plan, the 1995 Equity Plan and the 1994 Stock Plan.

Securities Authorized for Issuance Under Equity Compensation Plans. The following table presents certain aggregate information, as of January 28, 2017, with respect to the 2009 Omnibus Plan, the 1995 Equity Plan and the 1994 Stock Plan (included on the line captioned "Equity compensation plans approved by security holders").

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights ($) (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
	(thousands)		(thousands)
Equity compensation plans approved by security holders	20,478	42.18	15,954
Equity compensation plans not approved by security holders	0	0	0
Total	20,478	42.18	15,954

The foregoing table does not reflect stock credits issued under our Executive Deferred Compensation Plan or the Director Deferred Compensation Plan. The Executive Deferred Compensation Plan has not been approved by our shareholders. Pursuant to the Executive Deferred Compensation Plan, eligible executives may elect to receive a portion of their cash compensation in the form of stock credits. Pursuant to the Director Deferred Compensation Plan, Non-Employee Directors may elect to receive a portion of their cash compensation in the form of stock credits.

Under these deferred compensation plans, entitlements due to participants are expressed as dollar amounts and then converted to stock credits in amounts equal to the number of shares of Macy's common stock that could be purchased by the applicable plan at current market prices with the cash that otherwise would have been payable to the participant. Each stock credit, other than a stock credit payable in cash, entitles the holder to receive one share of Macy's common stock upon the termination of the holder's employment or service with Macy's. Payments include dividend equivalents on the stock credits equal to any dividends paid to shareholders on shares of Macy's common stock.

ITEM 1. ELECTION OF DIRECTORS

In accordance with the recommendation of the NCG Committee, the Board has nominated Francis S. Blake, John A. Bryant, Deirdre P. Connelly, Jeff Gennette, Leslie D. Hale, William H. Lenehan, Sara Levinson, Terry J. Lundgren, Joyce M. Roché, Paul C. Varga, Marna C. Whittington and Annie Young-Scrivner for election as directors. Each nominee is a current member of the Board. If elected, each of these nominees will serve for a one-year term that will expire at our annual meeting of shareholders in 2018 or until his or her successor is duly elected and qualified.

Information regarding the director nominees is set forth below. Ages are as of March 23, 2017. All directors bring to the Board a wealth of executive leadership experience derived from their service in executive or professional positions with large, complex organizations. The criteria considered and process undertaken by the NCG Committee in recommending qualified director candidates is described below under "Further Information Concerning the Board of Directors - Director Nomination and Qualifications."

Each nominee has consented to being nominated and has agreed to serve if elected. If any nominee becomes unavailable to serve as a director before the annual meeting, the Board may designate a substitute nominee and the persons named as proxies may, in their discretion, vote your shares for the substitute nominee designated by the Board. Alternatively, the Board may reduce the number of directors to be elected at the annual meeting.

The Board recommends that you vote FOR the election of each of the twelve nominees named above, and your proxy will be so voted unless you specify otherwise.

Nominees for Election as Directors:

FRANCIS S. BLAKE
Former Chairman and Chief Executive Officer of The Home Depot, Inc.

Age: 67

Director since: November 2015

Committees: CMD; NCG

Current and Past Positions:

- Chairman of The Home Depot, Inc. from January 2007 until his retirement in February 2015.
- Chief Executive Officer of The Home Depot, Inc. from January 2007 to November 2014.
- Vice Chairman of The Home Depot, Inc. from October 2006 to January 2007.
- Executive Vice President - Business Development and Corporate Operations of The Home Depot, Inc. from 2002 to January 2007. In this position, Mr. Blake was responsible for the company's real estate, store construction, credit services, strategic business development, growth initiatives, and international and home services businesses.
- Prior to his affiliation with The Home Depot, Mr. Blake served in a variety of executive positions at General Electric Company from 1992 to May 2001, including as Senior Vice President, Corporate Business Development in charge of all worldwide mergers, acquisitions and dispositions and identification of strategic growth opportunities.
- U.S. Deputy Secretary of Energy from May 2001 to March 2002.

Other Current Directorships:

- Delta Air Lines, Inc.
- The Procter & Gamble Company

Other Previous Directorships During Last Five Years:

- The Home Depot, Inc. (until 2015)

Key Qualifications, Experience and Attributes:

Mr. Blake has extensive leadership experience and expertise as a former Chief Executive Officer and senior executive of large publicly-traded companies with global operations. He has extensive background in strategy and general management of large organizations and significant knowledge of the retail consumer industry, supply chain, merchandising, customer service, growth initiatives, and evolving market practices. Mr. Blake has several years of valuable experience as a public company board member and expertise in finance, risk management, strategy and governance through his service on board committees.

JOHN A. BRYANT
Chairman, President and Chief Executive Officer of Kellogg Company

Age: 51

Director Since: March 2015

Committees: Audit (chair); Finance

Current and Past Positions:

- Chairman of the Board of Kellogg Company since July 2014 and President and Chief Executive Officer since January 2011.
- Executive Vice President and Chief Operating Officer of Kellogg Company from January 2010 to January 2011.
- Executive Vice President, Chief Operating Officer and Chief Financial Officer of Kellogg Company from August 2008 through December 2009.
- Executive Vice President and Chief Financial Officer of Kellogg Company and President, Kellogg North America from July 2007 to August 2008.
- Executive Vice President and Chief Financial Officer of Kellogg Company and President, Kellogg International from December 2006 to July 2007.
- Mr. Bryant joined Kellogg Company in 1998 and was promoted during the next eight years to a number of key financial and executive leadership roles.

Other Current Directorships:

- Kellogg Company

Key Qualifications, Experience and Attributes:

Mr. Bryant has many years of leadership experience and expertise as a Chief Executive Officer, Chief Financial Officer and senior executive of a large public company with global operations. He has extensive knowledge and expertise in accounting and financial matters, branded consumer products and consumer dynamics, crisis management, international markets, people management, the retail environment and strategy and strategic planning. In addition, Mr. Bryant has several years of valuable experience as a public company board member.

DEIRDRE P. CONNELLY
Former President, North American Pharmaceuticals of GlaxoSmithKline

Age: 56

Director since: January 2008

Committees: CMD; NCG

Current and Past Positions:

- President, North American Pharmaceuticals of GlaxoSmithKline, a global pharmaceutical company, from February 2009 until her retirement in February 2015.
- President - U.S. Operations of Eli Lilly and Company from June 2005 to January 2009.
- Senior Vice President - Human Resources of Eli Lilly and Company from October 2004 to June 2005.
- Vice President - Human Resources of Eli Lilly and Company from May 2004 to October 2004.
- Executive Director, Human Resources - U.S. Operations of Eli Lilly and Company from 2003 to May 2004.
- Leader, Women's Health Business - U.S. Operations of Eli Lilly and Company from 2001 to 2003.

Other Current Directorships:

- Lincoln National Corporation

Key Qualifications, Experience and Attributes:

Ms. Connelly has many years of leadership experience and expertise as a senior executive of large publicly-traded companies with global operations. She has extensive knowledge and expertise in strategy, operations, product development, brand marketing and merchandising. In addition, as a former Human Resources executive, Ms. Connelly also has valuable insight in managing a large-scale, diverse workforce.

JEFF GENNETTE

President and Chief Executive Officer of Macy's, Inc.

Age: 55

Director since: June 2016

Current and Past Positions:

- Chief Executive Officer of Macy's, Inc. since March 2017.
- President of Macy's, Inc. since March 2014.
- Chief Merchandising Officer from February 2009 through March 2014.
- Chairman and Chief Executive Officer of Macy's West in San Francisco from February 2008 through February 2009.
- Chairman and Chief Executive Officer of Seattle-based Macy's Northwest from February 2006 through February 2008.

Key Qualifications, Experience and Attributes:

Mr. Gennette has over three decades of experience with Macy's which gives him unique insights to Macy's strategy and operations. Mr. Gennette began his retail career in 1983 as an executive trainee at Macy's West. Mr. Gennette has deep knowledge of marketing, merchandising, risk management and e-commerce with a particular focus on the Macy's customer.

LESLIE D. HALE

Chief Operating Officer, Chief Financial Officer and Executive Vice President of RLJ Lodging Trust

Age: 44

Director since: January 2015

Committees: Audit; Finance

Current and Past Positions:

- Executive Vice President, Chief Operating Officer and Chief Financial Officer of RLJ Lodging Trust, a publicly-traded lodging real estate investment trust, since August 2016.
- Chief Financial Officer, Treasurer and Executive Vice President of RLJ Lodging Trust, from February 2013 to July 2016.
- Chief Financial Officer, Treasurer and Senior Vice President of RLJ Lodging Trust from May 2011 through January 2013.
- Chief Financial Officer and Senior Vice President of Real Estate and Finance of RLJ Development from September 2007 until the formation of RLJ Lodging Trust in 2011.
- Vice President of Real Estate and Finance for RLJ Development from 2006 to September 2007.
- Director of Real Estate and Finance of RLJ Development from 2005 to 2006.
- From 2002 to 2005, Mrs. Hale held several positions within the global financial services divisions of General Electric Corp., including as a Vice President in the business development group of GE Commercial Finance, and as an Associate Director in the GE Real Estate strategic capital group. Prior to that, she was an investment banker at Goldman, Sachs & Co.

Key Qualifications, Experience and Attributes:

Mrs. Hale has many years of leadership experience and expertise as a senior executive of large public companies. She has extensive knowledge and experience in a wide range of financial disciplines, including corporate finance, treasury, real estate and business development. In addition, through her positions with RLJ Lodging Trust, General Electric and Goldman Sachs, Mrs. Hale also has expertise in investor relations, risk management, long-term strategic planning and mergers and acquisitions.

WILLIAM H. LENEHAN

President and Chief Executive Officer of Four Corners Property Trust, Inc.

Age: 40

Director since: April 1, 2016

Committees: Finance

Current and Past Positions:

- President and Chief Executive Officer of Four Corners Property Trust, Inc., a real estate investment trust, since August 2015.
- Special Advisor to the Board of Directors of EVOQ Properties, Inc., an owner of a substantial portfolio of development assets in downtown Los Angeles, California, from June 2012 to 2014.
- Interim Chief Executive Officer of MI Developments, Inc. (now known as Granite Real Estate Investment Trust), a real estate operating company with a global net lease portfolio, from June 2011 to December 2011.
- Investment Professional at Farallon Capital Management LLC, a global institutional asset management firm, from August 2001 to February 2011. At Farallon Capital Management, Mr. Lenehan was involved with numerous public and private equity investments in the real estate sector.

Other Current Directorships:

- Four Corners Property Trust, Inc.

Other Previous Directorships During Last Five Years:

- Darden Restaurants, Inc. (until 2015)
- Gramercy Property Trust Inc. (until 2015)
- Stratus Properties, Inc. (until 2015)
- Granite Real Estate Investment Trust (until 2011)

Key Qualifications, Experience and Attributes:

Mr. Lenehan has many years of investment and leadership experience in the real estate industry, both in public companies and private assets. Specifically, Mr. Lenehan has relevant experience in monetizing real estate held by operating companies. Mr. Lenehan has several years of valuable experience as a public company executive and board member and expertise in strategy, finance and corporate governance through his service on board committees.

SARA LEVINSON

Co-Founder and a Director of Katapult

Age: 66

Director since: May 1997

Committees: CMD; NCG

Current and Past Positions:

- Co-Founder and a Director of Katapult (formerly known as Kandu), a digital entertainment company making products for today's creative generation, since April 2013.
- Non-Executive Chairman of ClubMom, Inc., an online social networking community for mothers, from October 2002 until February 2008.
- Chairman and Chief Executive Officer of ClubMom from May 2000 through September 2002.
- President of the Women's Group of publisher Rodale, Inc. from October 2002 until June 2005.
- President of NFL Properties, Inc. from September 1994 through April 2000, where she oversaw a $2 billion consumer products and e-commerce division, corporate sponsorship, marketing, special events, club services and publishing.

Other Current Directorships:

- Harley Davidson, Inc.

Key Qualifications, Experience and Attributes:

Ms. Levinson has many years of leadership experience and expertise as a former senior executive of several major consumer-oriented companies in the publishing, entertainment, and sports licensing industries. She has extensive knowledge and expertise in marketing, merchandising and trademark licensing. In addition, she has expertise in social networking, e-commerce and technology innovation. Ms. Levinson has several years of valuable experience as a public company board member and expertise in strategy, governance and executive compensation through her service on board committees.

TERRY J. LUNDGREN

Executive Chairman and Chairman of the Board of Macy's, Inc.

Age: 65
Director since: May 1997

Current and Past Positions:

- Executive Chairman and Chairman of the Board of Macy's, Inc. since March 2017.
- Chairman of Macy's, Inc. from January 2004 to March 2017 and Chief Executive Officer of Macy's, Inc. from February 2003 to March 2017.
- President of Macy's, Inc. from February 2003 through March 2014.
- President/Chief Operating Officer and Chief Merchandising Officer of Macy's, Inc. from April 2002 until February 2003.
- President and Chief Merchandising Officer of Macy's, Inc. from May 1997 until April 2002.

Other Current Directorships:

- The Procter & Gamble Company
- Federal Reserve Bank of New York

Other Previous Directorships During Last Five Years:

- Kraft Foods Group, Inc. (until 2015)

Key Qualifications, Experience and Attributes:

Mr. Lundgren has extensive leadership experience and consumer products and retail industry knowledge as the Company's former Chief Executive Officer. With more than thirty years with the Company, he has significant knowledge of the Company's strategy and operations and expertise in brand marketing, merchandising, e-commerce, including digital marketing, and risk management. In addition, Mr. Lundgren has several years of valuable experience as a public company board member and expertise in governance and executive compensation through his service on board committees.

JOYCE M. ROCHÉ

Former President and Chief Executive Officer of Girls Incorporated

Age: 70
Director since: February 2006

Committees: Audit; NCG (chair)

Current and Past Positions:

- President and Chief Executive Officer of Girls Incorporated, a national non-profit research, education and advocacy organization, from September 2000 through May 2010.
- Independent marketing consultant from 1998 to August 2000.
- President and Chief Operating Officer of Carson, Inc. from 1996 to 1998.
- Ms. Roché also held senior marketing positions with Carson, Inc., Revlon, Inc. and Avon, Inc.

Other Current Directorships:

- AT&T, Inc.
- Dr. Pepper Snapple Group
- Tupperware Corporation

Key Qualifications, Experience and Attributes:

Ms. Roché has extensive leadership experience and expertise as the former Chief Executive Officer of a national nonprofit organization and former senior executive of several consumer products companies. She has extensive knowledge and experience in general management and in the marketing and merchandising areas, as well as financial acumen developed from her executive officer positions. Ms. Roché has several years of valuable experience as a public company board member and expertise in risk, accounting, executive compensation and governance through her service on board committees.

PAUL C. VARGA

Chairman and Chief Executive Officer of Brown-Forman Corporation

Age: 53

Director since: March 2012

Committees: CMD (chair); Finance

Current and Past Positions:

- Chairman of Brown-Forman Corporation, a spirits and wine company, since August 2007 and Chief Executive Officer since 2005.
- President and Chief Executive Officer of Brown-Forman Beverages (a division of Brown-Forman Corporation) from 2003 to 2005.
- Global Chief Marketing Officer for Brown-Forman Spirits from 2000 to 2003.

Other Current Directorships:

- Brown-Forman Corporation

Key Qualifications, Experience and Attributes:

Mr. Varga has many years of leadership experience and expertise as the Chief Executive Officer of a global, publicly-traded consumer products company. He has extensive knowledge and experience in corporate finance, strategy, building brand awareness, product development, marketing, distribution and sales. In addition, Mr. Varga has several years of valuable experience as a public company board member.

MARNA C. WHITTINGTON

Former Chief Executive Officer of Allianz Global Investors Capital

Age: 69

Director since: June 1993

Committees: Audit; Finance (chair)

Lead Independent Director

Current and Past Positions:

- Chief Executive Officer of Allianz Global Investors Capital, a successor firm of Nicholas Applegate Capital Management, from 2002 until her retirement in January 2012. Allianz Global Investors Capital is a diversified global investment firm.
- Chief Operating Officer of Allianz Global Investors, the parent company of Allianz Global Investors Capital, from 2001 to 2011.
- Prior to joining Nicholas Applegate in 2001, Dr. Whittington was Managing Director and Chief Operating Officer of Morgan Stanley Investment Management.
- Dr. Whittington started in the investment management industry in 1992, joining Philadelphia-based Miller Anderson & Sherrerd.
- Executive Vice President and CFO of the University of Pennsylvania, from 1984 to 1992. Earlier, she had been first, Budget Director, and later, Secretary of Finance, for the State of Delaware.

Other Current Directorships:

- Oaktree Capital Group, LLC
- Phillips 66

Key Qualifications, Experience and Attributes:

Dr. Whittington has many years of leadership experience and expertise as a former Chief Executive Officer and senior executive in the investment management industry. She has extensive knowledge and experience in management, and in financial, investment and banking matters. In addition, Dr. Whittington has several years of valuable experience as a public company board member and expertise in finance, risk, accounting, strategy and governance through her service on board committees.

ANNIE YOUNG-SCRIVNER *Executive Vice President of Starbucks Corporation* **Age**: 48 **Director since**: June 2014 **Committees**: CMD; NCG	*Current and Past Positions:* Executive Vice President of Starbucks Corporation since September 2009, with responsibility for global loyalty and digital development since September 2015. President of Starbucks' Teavana business from February 2014 to September 2015. President of Starbucks Canada from 2012 to 2014. President of the Starbucks Tazo Tea business from 2011 to 2013. Global Chief Marketing Officer for Starbucks Corporation from 2009 to 2012. Chief Marketing Officer and Head of Sales for the Quaker Foods and Snacks division of PepsiCo, Inc. from 2008 to 2009. President Greater China, PepsiCo Food & Snacks from 2006 to 2008. Ms. Young-Scrivner joined PepsiCo, Inc. in 1991 as a Route Sales Representative at its Frito-Lay division and held several sales, account management and marketing positions, including serving as Vice President of Sales for Greater China from 2005 to 2006 and Region President of PepsiCo Foods Greater China from 2006 to 2008 for the PepsiCo International operations of PepsiCo, Inc. *Key Qualifications, Experience and Attributes:* Ms. Young-Scrivner has many years of leadership experience and expertise as a senior executive of large consumer product companies with global operations. She has extensive knowledge and experience in international operations, sales, brand marketing, merchandising, human resource management and strategy. In addition, she has expertise in social networking, digital media, e-commerce and technology innovation.

FURTHER INFORMATION CONCERNING THE BOARD OF DIRECTORS

Attendance at Meetings

The Board held nine meetings during the fiscal year ended January 28, 2017, referred to as fiscal 2016. During fiscal 2016, all directors attended more than 75%, in the aggregate, of the total number of meetings of the Board and Board Committees on which such director served.

Director Attendance at Annual Meetings

As a matter of policy, we expect our directors to make reasonable efforts to attend the annual meetings of shareholders. All of the individuals then serving as a Company director attended our most recent annual meeting of shareholders held in May 2016, except for one director who had another commitment on that date.

Communications with the Board

You may communicate with the full Board, the Audit Committee, the lead independent director, the other Non-Employee Directors, or any individual director by communicating through our Internet website at www.macysinc.com/for-investors/corporate-governance or by mailing such communications to Macy's, Inc., 7 West Seventh Street, Cincinnati, Ohio 45202, Attn: Chief Legal Officer. Such communications should indicate to whom they are addressed. We will refer any communications we receive that relate to accounting, internal accounting controls or auditing matters to members of the Audit Committee unless the communication is otherwise addressed. You may communicate anonymously and/or confidentially if you desire. Our Office of the Chief Legal Officer will collect all communications and forward them to the appropriate director(s).

Investor Engagement

We communicate regularly with our investors throughout the year to ensure that both management and the Board understand and consider the issues that matter most to our shareholders. We conducted many outreach programs over the last year, including several investor conferences and analyst meetings as well as other meetings with the investor community, one-on-one or small group meetings and telephone calls to discuss, among other topics, the Company's strategy and performance and other governance and business matters. These discussions involved members of senior management and, as appropriate, our lead independent director. Additionally, we offer shareholders a variety of other avenues to communicate with the Company and members of the Board, including through our investor relations website, our quarterly earnings webcasts, and our annual shareholders meeting. We highly value our dialogue with our shareholders and believe such communications help ensure that we understand the perspectives of our many stakeholders.

Director Independence

Our Corporate Governance Principles require that a majority of the Board consist of directors who the Board has determined do not have any material relationship with Macy's and are independent. The Board has adopted Standards for Director Independence to assist the Board in determining if a director is independent. These standards, disclosed on our website at www.macysinc.com/for-investors/corporate-governance, are as follows:

- The director may not be (and may not have been within the preceding 36 months) an employee and no member of the director's immediate family may be (and may not have been within the preceding 36 months) an executive officer of Macy's or any of its subsidiaries. For purposes of these Standards for Director Independence, "immediate family" includes a person's spouse, parents, children, siblings, mothers and fathers-in-law, sons and daughters-in-law, brothers and sisters-in-law, and anyone (other than domestic employees) who shares such person's home.

- Neither the director nor any member of his or her immediate family receives, or has received during any 12-month period within the preceding 36 months, direct compensation of more than $120,000 per year from Macy's or any of its subsidiaries (other than director and committee fees and pension or other forms of deferred compensation for prior service that is not contingent on continued service or, in the case of an immediate family member, compensation for service as a non-executive employee).

- (A) The director is not a current partner or employee of a firm that is Macy's internal or external auditor; (B) no member of the director's immediate family is a current partner of such a firm; (C) no member of the director's immediate family is an employee of such a firm and personally works on Macy's audit; or (D) neither the director nor any member of his or her immediate family was within the last three years a partner or employee of such a firm and personally worked on Macy's audit within that time.

- The director is not a current employee and no member of his or her immediate family is a current executive officer of a company that makes payments to, or receives payments from, Macy's for property or services in an amount which, in any of the last three fiscal years, exceeds the greater of $1 million or 2% of such other company's consolidated gross revenues.

- The director does not serve as an executive officer of a charitable or non-profit organization to which Macy's has made contributions that, in any of the last three fiscal years, exceed the greater of $1 million or 2% of the charitable or non-profit organization's consolidated gross revenues.

- Neither the director nor a member of the director's immediate family is employed as an executive officer (and has not been so employed for the preceding 36 months) by another company where any of Macy's present executive officers at the same time serves or served on that company's compensation committee.

The Board has determined that each of the following Non-Employee Director nominees qualifies as independent under New York Stock Exchange ("NYSE") rules and satisfies our Standards for Director Independence: Francis Blake, John Bryant, Deirdre Connelly, Leslie Hale, William Lenehan, Sara Levinson, Joyce Roché, Paul Varga, Marna Whittington and Annie Young-Scrivner.

To assist the Board in making that determination, the NCG Committee reviewed, among other things, each director's employment status and other board commitments and, where applicable, each director's (and his or her immediate family members') affiliation with consultants, service providers or suppliers of the Company, including Ms. Young-Scrivner's affiliation with Starbucks Corporation. Starbucks operates as a licensed department in some of our stores and we receive commission payments in connection with that relationship. We are a licensee of Starbucks in some of our stores and we pay Starbucks royalties in connection with that relationship. The amount of payments represent less than 1% of each of

Starbucks' and our annual revenues. This level is significantly below the requirements of the NYSE listing standards for director independence and our Standards for Director Independence, which use a 2% of total revenues threshold. All transactions with Starbucks occur on an arm's length basis in the ordinary course of each company's business. Ms. Young-Scrivner is not involved in the negotiations related to these transactions and does not have any direct or indirect material interest in the transactions. With respect to each other Non-Employee Director, the NCG Committee determined that either the director was not providing goods or services to the Company or that the amounts involved fell below the monetary thresholds set forth in the Standards for Director Independence.

Board Leadership Structure

Our Corporate Governance Principles provide that the Board is free to elect its Chairman and the Chief Executive Officer (CEO) in the manner the Board considers in the best interests of the Company at any given point in time and that these positions may be filled by one individual or by two different individuals. Our Corporate Governance Principles also provide that when the Chairman is not an independent director, the Board will designate a lead independent director.

Our Chairman and CEO functions have historically been performed by a single individual. The board elected Mr. Gennette as Chief Executive Officer effective March 23, 2017 and determined that Mr. Lundgren would retain the Chairman of the Board title until such time as the Board shall decide. This structure will enable Mr. Gennette to focus on executing the corporate strategies and provide him with the continued counsel of Mr. Lundgren. The Board believes that this leadership model, when combined with the current composition of the CEO and the Board, the use of a lead independent director and the other elements of our corporate governance structure, strikes an appropriate balance between strong and consistent leadership and independent and effective oversight of our business and affairs.

Mr. Gennette is an experienced and well-respected retail executive who has the support of a deeply experienced executive team. As CEO, he bears the primary responsibility of developing corporate strategy and managing our day-to-day business operations. As a board member, he understands the responsibilities and duties of a director and is well positioned to chair regular Board meetings, provide direction to management regarding the needs, interests and opinions of the Board and help ensure that key business issues and shareholder matters are brought to the attention of the Board.

Mr. Lundgren is a deeply experienced retail executive who has many years of board experience. As Executive Chairman and Chairman of the Board he will continue to provide counsel to Mr. Gennette and continuity to Board leadership.

We have strong corporate governance structures and processes that are intended to ensure that our independent directors will continue to effectively oversee management and key issues such as strategy, risk and integrity. Each of the committees of the Board is comprised solely of independent directors. Consequently, independent directors oversee such critical matters as the integrity of our financial statements, the compensation of management executives, including the CEO, financial commitments for capital projects, the selection and annual evaluation of directors, and the development and implementation of corporate governance programs.

The Board and each Board committee has complete and open access to any member of management and the authority to retain independent legal, financial and other advisors as they deem appropriate. The Non-Employee Directors, all of whom are independent, meet in executive session without management either before or after all regularly scheduled Board and Board Committee meetings to discuss various issues and matters of concern to the Board and/or Board Committee, including the effectiveness of management, our performance and our strategic plans.

Lead Independent Director. In December 2015, the Board determined to transition from a presiding director structure to that of a lead independent director, with significantly greater duties and responsibilities than the presiding director. Marna Whittington, who was our presiding director, was designated as the lead independent director for a term ending in May 2017.

The Board has adopted a Lead Independent Director Policy. Under this policy, the lead independent director has the following responsibilities:

Functions as Liaison with the Chairman and /or the CEO	Board Membership and Performance Evaluation
Serves as liaison between the independent directors and the Chairman and/or the CEO (although all directors have direct and complete access to the Chairman and/or CEO at any time as they deem necessary or appropriate).	Provides input, when appropriate, to the chair of the Nominating and Corporate Governance Committee with respect to the annual Board and committee evaluation process.
Communicates Board member feedback to the Chairman and/or CEO.	Advises the Nominating and Corporate Governance Committee and Chairman on the membership of the various Board committees and the selection of committee chairpersons.
Meetings of Independent Directors	**Shareholder Communication**
Has the authority to call meetings of the independent directors.	Is regularly apprised of inquiries from shareholders and involved in correspondence responding to these inquiries when appropriate.
Approves the agenda for executive sessions of the independent directors.	If requested by shareholders or other stakeholders, ensures that he/she is available, when appropriate, for consultation and direct communication.
Presides at Executive Sessions/Committee Meetings	**Approves Appropriate Provision of Information to the Board Such as Board Meeting Agendas and Schedules**
Presides at all meetings of the Board at which the Chairman is not present, including executive sessions of the independent directors.	Consults with the Chairman on, and approves when appropriate, the information sent to the Board, including the quality, quantity and timeliness of such information, as well as approving meeting agendas.
	Facilitates the Board's approval of the number and frequency of Board meetings, and approves meeting schedules to ensure that there is sufficient time for discussion of all agenda items.

The lead independent director is selected from among the Non-Employee Directors. The chair of the NCG Committee and management discuss candidates for the lead independent director position, taking into account the same types of criteria that is considered when discussing candidates for the chair of Board committees (including, among other things, tenure, previous service as a Board committee chair, diverse experience, participation in and contributions to activities of the Board and time commitment). The chair of the NCG Committee recommends for consideration by the NCG Committee a nominee for lead independent director every two years at the regularly scheduled meeting of the NCG Committee in May (or as otherwise required to address any vacancy in such position). If the NCG Committee approves the nominee, it will recommend that the Board elect the nominee as lead independent director at its next regularly scheduled meeting.

Risk Oversight

We have an enterprise risk management program pursuant to which enterprise risks are identified and prioritized. At committee and Board meetings throughout the year, management discusses the risk exposures identified as being most significant to the Company and the related actions that management may take to monitor such exposures. The Audit Committee, in particular, discusses with management the risk assessments and risk management policies relating to a variety of risks, including certain financial, operational, IT and compliance risks. The chairman of the Audit Committee updates the full Board on these discussions.

Compensation Risk Assessment. The CMD Committee considers risks associated with our compensation programs. In addition, as part of its ongoing advisory role to the CMD Committee, the CMD Committee's independent executive compensation consultant, Frederic W. Cook & Co., Inc., referred to as FW Cook, continually evaluates the potential for unintended risk associated with the design of the executive compensation program.

At the direction of the CMD Committee, FW Cook completed a comprehensive review of our compensation programs in fiscal 2010, as well as updated assessments every year thereafter, to determine whether potential risk existed and whether there were design factors that mitigated potential risk areas. Following each such review, including the review carried out in fiscal 2016, FW Cook concluded that our compensation programs are well-designed and do not encourage behaviors that could create material risk for the Company. FW Cook also noted that there are a number of features in the programs that mitigate risk and protect against perverse behavior and the potential for unintended consequences.

In reaching this conclusion, FW Cook noted the following features of our compensation programs:

- Pay philosophy, peer group and market positioning are appropriate in light of our business model and size relative to our peer group of companies.
- The programs have an appropriate degree of balance with respect to the mix of cash and equity compensation and measure performance against both annual and multi-year standards.
- Performance goals are set at levels that are sufficiently high to encourage strong performances and support the resulting compensation expense, but within reasonably attainable parameters to discourage pursuit of excessively risky business strategies.
- The performance metrics focus participants on profitable growth, asset efficiency and sustainable long-term shareholder value creation, thereby holding management accountable to achievement of key operational and strategic priorities that support our short- and long-term strategic objectives.
- The CMD Committee has the ability to reduce amounts earned under the annual incentive program to reflect a subjective evaluation of the quality of earnings, individual performance and other factors that should influence earned compensation.
- Meaningful risk mitigators are in place, including substantial stock ownership guidelines, the three-year relative TSR performance goal in the performance share program, compensation clawback provisions, anti-hedging/pledging policies, independent CMD Committee oversight, and the engagement of an independent consultant that does no other work for the Company or management.

Committees of the Board

The following standing committees of the Board were in existence throughout fiscal 2016: the Audit Committee, the CMD Committee, the Finance Committee and the NCG Committee.

AUDIT COMMITTEE	*Number of Meetings in Fiscal 2016: 5*

The Audit Committee was established in accordance with the applicable requirements of the Securities Exchange Act of 1934 and the NYSE. Its charter is disclosed on our website at www.macysinc.com/for-investors/corporate-governance. As required by the Audit Committee charter, all current members of the Audit Committee are independent under our Standards for Director Independence and the NYSE independence standards, as well as applicable SEC rules. The Board has determined that all members are financially literate for purposes of NYSE listing standards, and that Mr. Bryant qualifies as an "audit committee financial expert" because of his business experience, understanding of generally accepted accounting principles and financial statements, and educational background.

The responsibilities of the Audit Committee include:

- reviewing the professional services provided by our independent registered public accounting firm and the independence of such firm prior to initial engagement of the firm and annually thereafter;
- reviewing the scope of the audit by our independent registered public accounting firm;
- reviewing any proposed non-audit services by our independent registered public accounting firm to determine if the provision of such services is compatible with the maintenance of their independence, and approval of same;
- reviewing our annual financial statements, systems of internal accounting controls, material legal developments relating thereto, and legal compliance policies and procedures;
- discussing policies with respect to our risk assessment and risk management;
- reviewing matters with respect to our legal, accounting, auditing and financial reporting practices and procedures as it may find appropriate or as brought to its attention, including our compliance with applicable laws and regulations;
- monitoring the functions of our Compliance and Ethics organization, including review and discussing with management and the Board the organization's reports describing its on-going projects, the status of its communications and training programs, the status of pending compliance issues and other matters;

- reviewing with members of our internal audit staff the internal audit department's staffing, responsibilities and performance, including its audit plans, audit results and actions taken with respect to those results; and
- establishing procedures for the Audit Committee to receive, review and respond to complaints regarding accounting, internal accounting controls, and auditing matters, as well as confidential, anonymous submissions by employees of concerns related to questionable accounting or auditing matters.

See "Report of the Audit Committee" for further information regarding certain reviews and discussions undertaken by the Audit Committee.

COMPENSATION AND MANAGEMENT DEVELOPMENT COMMITTEE	*Number of Meetings in Fiscal 2016: 7*

The charter for the CMD Committee is disclosed on our website at www.macysinc.com/for-investors/corporate-governance. As required by the CMD Committee charter, all current members of the CMD Committee are independent under our Standards for Director Independence and the NYSE independence standards, as well as applicable SEC rules, are "non-employee directors" under Rule 16b-3 of the Securities Exchange Act of 1934, and are "outside directors" under Section 162(m) of the Internal Revenue Code.

The responsibilities of the CMD Committee include:

- reviewing the salaries of our chief executive officer and other executive officers and, either as a committee or together with the other independent directors (as directed by the Board), setting compensation levels for these executives;
- administering our incentive and equity plans, including (i) establishing any annual or long-term performance goals and objectives and maximum annual or long-term incentive awards for the chief executive officer and the other executives, (ii) determining whether and the extent to which annual and/or long-term performance goals and objectives have been achieved, and (iii) determining related annual and/or long-term incentive awards for the chief executive officer and the other executives;
- reviewing and approving the benefits of the executive chairman, chief executive officer and our other executive officers;
- reviewing and approving any proposed employment agreement with, and any proposed severance, termination or retention plans, agreements or payments applicable to, any of our executive officers;
- advising and consulting with management regarding our pension, benefit and compensation plans, policies and practices;
- establishing chief executive officer and key executive succession plans, including plans in the event of an emergency, resignation or retirement; and
- reviewing and monitoring executive development strategies and practices for senior level positions and executives in order to assure the development of a pool of management and executive personnel for adequate and orderly management succession.

FINANCE COMMITTEE	*Number of Meetings in Fiscal 2016: 6*

The charter for the Finance Committee is disclosed on our website at www.macysinc.com/for-investors/corporate-governance. The Finance Committee charter requires that a majority of the members of the Finance Committee be independent under our Standards for Director Independence, and all current members of the Finance Committee are independent under those standards.

The responsibilities of the Finance Committee include:

- reviewing capital projects and other financial commitments and approving such projects and commitments above $25 million and below $50 million, reviewing and making recommendations to the Board with respect to approval of all such projects and commitments of $50 million and above, and reviewing and tracking the actual progress of approved capital projects against planned projections;

- reporting to the Board on potential transactions affecting our capital structure, such as financings, refinancings and the issuance, redemption or repurchase of our debt or equity securities;
- reporting to the Board on potential changes in our financial policy or structure which could have a material financial impact on the Company;
- reviewing the financial considerations relating to acquisitions of businesses and operations involving projected costs above $25 million and below $50 million and approving all such transactions, and recommending to the Board on all such transactions involving projected costs of $50 million and above;
- reviewing the financial considerations relating to dispositions of businesses and operations involving projected proceeds above $50 million, and endorsing and recommending to the Board all such transactions; and
- reviewing the management and performance of the assets of our retirement plans.

NOMINATING AND CORPORATE GOVERNANCE COMMITTEE	*Number of Meetings in Fiscal 2016: 5*

The charter for the NCG Committee is disclosed on our website at www.macysinc.com/for-investors/corporate-governance. As required by the NCG Committee charter, all current members of the NCG Committee are independent under our Standards for Director Independence and the NYSE independence standards, as well as applicable SEC rules.

The responsibilities of the NCG Committee include:

- identifying and screening candidates for future Board membership;
- proposing candidates to the Board to fill vacancies as they occur, and proposing nominees to the Board for election by the shareholders at annual meetings;
- reviewing our Corporate Governance Principles and recommending to the Board any modifications that the NCG Committee deems appropriate;
- overseeing the annual evaluation of and reporting to the Board on the performance and effectiveness of the Board and its committees and other issues of corporate governance, and recommending to the Board any changes concerning the composition, size, structure and activities of the Board and the committees of the Board as the NCG Committee deems appropriate based on its evaluations;
- reviewing and reporting to the Board with respect to director compensation and benefits and making recommendations to the Board as the NCG Committee deems appropriate; and
- considering possible conflicts of interest of Board members and management and making recommendations to prevent, minimize, or eliminate such conflicts of interest.

The NCG Committee reviews our director compensation program periodically. To help it perform its responsibilities, the NCG Committee makes use of company resources, including members of senior management in our human resources and legal departments. In addition, the NCG Committee engages the services of an independent outside compensation consultant to assist the NCG Committee in assessing the competitiveness and overall appropriateness of our director compensation program.

Director Nomination and Qualifications

Our By-Laws provide that director nominations may be made by or at the direction of the Board. The NCG Committee is charged with identifying individuals qualified to become Board members and recommending such individuals to the Board for its consideration. The NCG Committee is authorized, among other means of identifying potential candidates, to employ third-party search firms. In evaluating potential candidates, the NCG Committee considers, among other things, the following:

- personal qualities and characteristics, accomplishments and reputation in the business community;
- knowledge of the retail industry or other industries relevant to our business;

- relevant experience and background that would benefit the Company;
- ability and willingness to commit adequate time to Board and committee matters;
- the fit of the individual's skills and personality with those of other directors and potential directors in building a Board that is effective, collegial and responsive to our needs; and
- diversity of viewpoints, background, experience and demographics.

The NCG Committee also takes into consideration whether particular individuals satisfy the independence criteria set forth in the NYSE listing standards and our Standards for Director Independence, together with any special criteria applicable to service on various standing committees of the Board. The NCG Committee does not have a formal policy with respect to diversity; however, the Board and the NCG Committee believe that it is desirable that Board members represent diversity of gender, race and national origin as well as diversity of viewpoints, background, experience and demographics.

Since 2006, the NCG Committee has retained an independent director search firm, Heidrick & Struggles, to identify and evaluate potential director candidates based on the qualifications and characteristics described above. The firm provides background information on potential candidates and, if so directed by the NCG Committee, makes initial contact with potential candidates to assess their interest in becoming a director of Macy's. The NCG Committee members, the CEO and, at times, other members of the Board and/or senior management meet with and interview the potential candidates.

William Lenehan was identified by a shareholder as a potential candidate for director because of his extensive real estate development and investment experience. Heidrick & Struggles provided additional background information on Mr. Lenehan to the NCG Committee. Following background checks and an extensive interview process with other directors and senior management, the NCG Committee recommended to the Board that Mr. Lenehan be appointed as a Non-Employee Director. The Board appointed Mr. Lenehan to the Board effective April 1, 2016.

The NCG Committee generally identifies nominees by first determining whether the current members of the Board continue to provide the appropriate mix of knowledge, skills, judgment, experience, differing viewpoints and other qualities necessary to the Board's ability to oversee and direct the business and affairs of the Company. The Board generally nominates for re-election current members of the Board who are willing to continue in service, collectively satisfy the criteria listed above and are available to devote sufficient time and attention to the affairs of the Company. When the NCG Committee seeks new candidates for director, it seeks individuals with qualifications that will complement the experience, skills and perspectives of the other members of the Board. The full Board (a) considers candidates that the NCG Committee recommends, (b) considers the optimum size of the Board, (c) determines how to address any vacancies on the Board, and (d) determines the composition of all Board committees.

Below we identify and describe the key experience, qualifications and skills the NCG Committee and Board consider in concluding a director is qualified to serve as a director of the Company. The experience, qualifications, attributes and skills that the Board considered in the re-nomination of our directors are reflected in their individual biographies beginning on page 15 and the skills matrix beginning on page 30. The matrix is a summary; it does not include all of the skills, experiences and qualifications that each director nominee offers, and the fact that a particular experience, skill or qualification is not listed does not mean that a director does not possess it.

- *Leadership Experience:* Directors with experience in significant senior leadership positions with large organizations over an extended period provide the Company with special insights. Strong leaders bring vision, strategic agility, diverse and global perspectives and broad business insight to the Company. These individuals demonstrate a practical understanding of how large organizations operate, including the importance of succession planning, talent management and how employee and executive compensation is set. They possess skills for managing change and growth and demonstrate a practical understanding of organizations, operations, processes, strategy, risk management and methods to drive growth.

  The relevant leadership experience we seek includes a past or current leadership role in a major public company or recognized privately-held entity, especially CEO, president or other senior-level positions; a past or current leadership role at a prominent educational institution or senior faculty position in an area of study important or relevant to the Company; a past elected or appointed senior government position; or a past or current senior managerial or advisory position with a highly visible nonprofit organization.

- *Finance Experience*: An understanding of finance and related reporting processes is important for directors. We measure our operating and strategic performance by reference to financial goals, including for purposes of executive compensation. In addition, accurate financial reporting is critical to our success. Directors who are financially literate are better able to analyze our financial statements, capital structure and complex financial transactions and ensure the effective oversight of the Company's financial measures and internal control processes.
- *Industry Knowledge and Global Business Experience*: We seek to have directors with experience as executives, directors or in other leadership positions in areas relevant to the retail industry on a global scale. We value directors with a global business perspective and those with experience in our high priority areas, including consumer products, customer service, licensing, human resource management and merchandising (including e-commerce and other channels of commerce).
- *Sales and Marketing Experience*: Directors with experience in dealing with consumers, particularly in the areas of marketing, marketing-related technology, advertising or otherwise selling products or services to consumers, provide valuable insights to the Company. They understand consumer needs and are experienced in identifying and developing marketing campaigns that might resonate with consumers, the use of technology and emerging and non-traditional marketing media (such as social networking, viral marketing and e-commerce), and identifying potential changes in consumer trends and buying habits.
- *Technology Experience*: Directors with an understanding of technology as it relates to the retail industry and/or marketing help the Company focus its efforts in developing and investing in new technologies.
- *Public Company Board Experience*: Directors who have experience on other public company boards develop an understanding of corporate governance trends affecting public companies and the extensive and complex oversight responsibilities associated with the role of a public company director. They also bring to the Company an understanding of different business processes, challenges and strategies.

Skills Matrix

Area of Experience	Blake	Bryant	Connelly	Gennette	Hale	Lenehan
Leadership Experience						
• CEO/President/senior executive of public company	x	x	x	x	x	x
• Senior advisor to leading financial services firm						
• Senior government position or appointment	x					
• Senior-level executive position with nonprofit organization						
• Senior-level executive positions with companies that have grown their businesses through mergers and acquisitions	x	x	x	x	x	
Finance Experience						
• Financially literate	x	x	x	x	x	x
• Specific experience in investment or banking matters or as a current or former CFO		x			x	
• Has served as an audit committee financial expert		x				
Industry Knowledge and Global Business Experience						
• Senior executive or director of substantial business enterprise engaged in merchandising, licensing, consumer products and/or consumer and customer service	x	x	x	x	x	
• Experience in human resource management	x	x	x	x		
Sales and Marketing Experience						
• Experience in sales and/or marketing, including use of social networking, e-commerce and other alternative channels	x	x	x	x		
Technology Experience						
• Understanding of technology as it relates to retail and/or marketing	x	x		x		
Public Company Board Experience						
• Experience on boards other than Macy's	x	x	x			x

Area of Experience	Levinson	Lundgren	Roché	Varga	Whittington	Young-Scrivner
Leadership Experience						
• CEO/President/senior executive of public company	x	x	x	x	x	x
• Senior advisor to leading financial services firm					x	
• Senior government position or appointment						
• Senior-level executive position with nonprofit organization			x		x	
• Senior-level executive positions with companies that have grown their businesses through mergers and acquisitions	x	x		x	x	x
Finance Experience						
• Financially literate	x	x	x	x	x	x
• Specific experience in investment or banking matters or as a current or former CFO				x	x	
• Has served as an audit committee financial expert					x	
Industry Knowledge and Global Business Experience						
• Senior executive or director of substantial business enterprise engaged in merchandising, licensing, consumer products and/or consumer and customer service	x	x	x	x	x	x
• Experience in human resource management		x				x
Sales and Marketing Experience						
• Experience in sales and/or marketing, including use of social networking, e-commerce and other alternative channels	x	x	x	x		x
Technology Experience						
• Understanding of technology as it relates to retail and/or marketing	x	x				x
Public Company Board Experience						
• Experience on boards other than Macy's	x	x	x	x	x	

Collectively, the composition of our Board reflects a wide range of viewpoints, background, experience and demographics, and includes individuals from a variety of professional disciplines in the business and academic sectors, with leadership experience at a variety of well-regarded commercial enterprises, universities and nonprofit organizations.

Director Nominations by Shareholders

The NCG Committee will consider candidates for nomination recommended by shareholders of Macy's and will evaluate such candidates using the same criteria discussed above that it uses to evaluate director candidates identified by the NCG Committee. Shareholders who wish to recommend a candidate for a director nomination should write to the Nominating and Corporate Governance Committee, c/o Elisa D. Garcia, Secretary, Macy's, Inc., 7 West Seventh Street, Cincinnati, Ohio 45202. The recommendation should include the full name and address of the proposed candidate, a description of the proposed candidate's qualifications and other relevant biographical information.

Advance Notice By-Law. The advance notice provision of our By-Laws requires that shareholders intending to nominate candidates for election as directors deliver written notice thereof to the Secretary of Macy's not less than 60 days prior to the meeting of shareholders. However, in the event that the date of the meeting is not publicly announced by the Company by inclusion in a report filed with the SEC or furnished to shareholders, or by mail, press release or otherwise more than 75 days prior to the meeting, for notice by the shareholder to be timely, it must be delivered to the Secretary of Macy's not later than the close of business on the tenth day following the day on which such announcement of the date of the meeting was so communicated. The advance notice provision requires the nominating shareholder to submit specified information concerning itself and the proposed nominee, including ownership information, name and address, and appropriate biographical information about and qualifications of the proposed nominee.

The chairman of the Board may refuse to acknowledge the nomination of any person not made in compliance with these requirements. Similar procedures prescribed by the By-Laws are applicable to shareholders desiring to bring any other business before an annual meeting of the shareholders. See "Submission of Future Shareholder Proposals."

Proxy Access By-Law . The proxy access provision in our By-Laws allows an eligible shareholder or group of no more than 20 eligible shareholders that has maintained continuous ownership of 3% or more of our common stock for at least three years to include in our proxy materials for an annual meeting of shareholders a number of director nominees up to the greater of two or 20% of the directors then in office. An eligible shareholder must maintain the 3% beneficial ownership requirement at least until the annual meeting at which the proponent's nominee will be considered. Proxy access nominees who withdraw or who do not receive at least a 25% vote in favor of election will be ineligible as a nominee for the following two years. If any shareholder proposes a director nominee under our advance notice provision, we are not required to include any proxy access nominee in our proxy statement for the annual meeting.

The proponent is required to provide the information about itself and the proposed nominee(s) that is specified in the proxy access provision of our By-Laws. The required information must be in writing and delivered by personal delivery, overnight express courier or U.S. mail, postage pre-paid, addresses to the Secretary of Macy's and received not earlier than the close of business on the 150th calendar day and not later than the close of business on the 120th calendar day prior to the one-year anniversary of the mailing date of the previous year's proxy statement. If the scheduled annual meeting date differs from the anniversary date of the prior year's annual meeting by more than 30 calendar days, the required information must be in writing and provided to the Secretary of Macy's not less than 60 calendar days nor more than 120 calendar days prior to the date of the annual meeting or, in the event that public announcement of the date of the annual meeting is not made at least 75 calendar days prior to the date of the annual meeting, notice must be so received not later than the close of business on the tenth calendar day following the day on which public announcement is first made. For purposes of this By-Law, "close of business" shall mean 5:00 p.m. Eastern Time, on any calendar day, whether or not the day is a business day, and the "principal executive offices" of the Company shall mean 7 West Seventh Street, Cincinnati, Ohio 45202.

We are not required to include any proxy access nominee in our proxy statement if the nomination does not comply with the proxy access requirements of our By-Laws.

Retirement Policy

Our Corporate Governance Principles provide for a mandatory retirement age for directors of 74. Accordingly, our directors are required to resign from the Board as of the annual meeting following their 74th birthday.

Resignation Policy

The Board does not believe that a Non-Employee Director who retires or experiences an employment position change since becoming a member of the Board should necessarily leave the Board. The Board requires, however, that promptly following such an event, the director notify the NCG Committee in writing and tender his or her resignation to the NCG Committee for consideration. Upon receipt of the notification of a change in status, the NCG Committee reviews the continued appropriateness of the affected director remaining on the Board under the circumstances and recommends to the full Board whether or not to accept the resignation based on its assessment of what is best for the Company and its shareholders.

Corporate Governance Principles and Code of Business Conduct and Ethics

Our Corporate Governance Principles, Non-Employee Director Code of Business Conduct and Ethics, and Code of Conduct are disclosed on our website at www.macysinc.com/for-investors/corporate-governance. Shareholders may obtain copies of these documents and the charters for the Board committees, without charge, by sending a written request to the following address: Secretary, Macy's, Inc., 7 West Seventh Street, Cincinnati, Ohio 45202.

Fiscal 2016 Director Compensation Program

Non-Employee Directors were entitled to receive the following compensation in fiscal 2016:

Type of Compensation	Amount of Compensation
Board Retainer	$70,000 annually
Committee Chair Retainer	$20,000 annually
Committee (non-chair) Member Retainer	$10,000 annually
Lead Independent Director Retainer	$25,000 annually
Equity Grant	Annual award of restricted stock units with a value of $140,000
Matching Philanthropic Gift	Up to $1,000 annually

A Non-Employee Director may elect to defer all or a portion of his or her cash compensation into either stock credits or cash credits under the Director Deferred Compensation Plan. Those amounts are not paid to him or her until service on the Board ends. Stock credits are calculated monthly and shares of Macy's common stock associated with such stock credits are transferred quarterly to a rabbi trust for the benefit of the participating Non-Employee Director. Dividend equivalents on the amounts deferred as stock credits are "reinvested" in additional stock credits. Compensation deferred as cash credits earn interest each year at a rate equal to the yield (percent per annum) on 30-Year Treasury Bonds as of December 31 of the prior plan year.

On the date of the 2016 annual meeting, Non-Employee Directors received a grant of restricted stock units with a market value of approximately $140,000. The restricted stock units vest at the earlier of (i) the first anniversary of the grant or (ii) the next annual meeting of shareholders. Upon vesting, receipt of the restricted stock units is automatically deferred as stock credits under the Director Deferred Compensation Plan. Dividend equivalents on these restricted stock units will be "reinvested" in additional stock credits. The stock credits will be paid out in shares of Macy's common stock six months after the director's service on the Board ends.

Non-Employee Directors and retired Non-Employee Directors may participate in the Company's philanthropic matching gift program on the same terms as all company employees. Commencing with fiscal 2016, Macy's matches up to a total of $1,000 of gifts made by the director to qualifying charities in any calendar year.

Each Non-Employee Director and his or her spouse and eligible dependents receive the same merchandise discount on merchandise purchased at our stores that is available to all regular employees. This benefit remains available to them following retirement from the Board.

Director Retirement Plan

We terminated our retirement plan for Non-Employee Directors on a prospective basis effective May 16, 1997 (the "Plan Termination Date"). Persons who first become Non-Employee Directors after the Plan Termination Date are not entitled to receive any benefit from the plan. Persons who were Non-Employee Directors as of the Plan Termination Date are entitled to receive retirement benefits accrued as of the Plan Termination Date. They are entitled to receive an annual payment equal to the amount of the annual Board retainer earned immediately prior to retirement, payable in monthly installments, commencing at retirement and continuing for the lesser of such person's remaining life or a number of years equal to such person's years of Board service prior to the Plan Termination Date. There are no survivor benefits under the terms of the retirement plan.

Only one of the current Non-Employee Directors participates in the plan. If Ms. Whittington had retired on December 31, 2016, she would have been entitled to a $70,000 annual payment for a maximum number of four years:

Fiscal 2016 Director Compensation Program Review

During fiscal 2016, the NCG Committee engaged FW Cook to review the design and competitiveness of our compensation program for Non-Employee Directors. FW Cook looked at current overall trends in director compensation and analyzed the competitiveness of the current compensation program for Non-Employee Directors using the following 12-company peer group, which is identical to the peer group that the CMD Committee uses in connection with its review of the compensation of the Named Executives: Bed, Bath & Beyond, Dillard's, Gap, J.C. Penney, Kohl's, L Brands, Nordstrom, Ross Stores, Sears Holdings, Target, TJX Companies and Walmart.

FW Cook determined that the structure of the Non-Employee Director compensation program continues to be aligned with contemporary investor preferences and peer group policy and, therefore, did not recommend changes to the design of the program. It also determined that the value of our Non-Employee Director total compensation (both cash and equity compensation) continues to approximate the peer group median. The NCG Committee discussed a compensation increase to maintain pace with anticipated market movement, but determined not to recommend any changes to the Non-Employee Director compensation program for fiscal 2017.

Fiscal 2016 Non-Employee Director Summary Compensation Table

The following table reflects the compensation earned by each Non-Employee Director for fiscal 2016 under the fiscal 2016 director compensation program described above. Messrs. Lundgren and Gennette do not receive separate compensation for their service as Directors; their compensation is reflected in the 2016 Summary Compensation Table in the section titled "Compensation of the Named Executives for 2016."

2016 NON-EMPLOYEE DIRECTOR SUMMARY COMPENSATION TABLE

Name	Fees Earned or Paid in Cash(1) ($)	Stock Awards(2) ($)	Changes in Pension Value and Nonqualified Deferred Compensation Earnings(3) ($)	All Other Compensation(4) ($)	Total ($)
Francis S. Blake	86,667	139,991	0	422	227,080
John A. Bryant	95,833	139,991	0	3,471	239,295
Deirdre P. Connelly	90,000	139,991	0	3,460	233,451
Leslie D. Hale	83,333	139,991	0	2,609	225,933
William H. Lenehan	60,000	139,991	0	0	199,991
Sara Levinson	90,000	139,991	0	1,147	231,138
Joyce M. Roché	100,000	139,991	0	4,267	244,258
Paul C. Varga	96,667	139,991	0	1,171	237,829
Marna C. Whittington	129,167	139,991	10,051	4,548	283,757
Annie Young-Scrivner	90,000	139,991	0	6,672	236,663

(1) All cash compensation is reflected in the "Fees Earned or Paid in Cash" column, whether it is paid currently in cash or deferred under the Director Deferred Compensation Plan.

(2) The Non-Employee Directors received 4,474 restricted stock units on May 20, 2016, valued at $31.29 per share, which was the closing price of our common stock on the grant date. The following table shows the number of stock options, deferred stock unit credits and restricted stock units held by each of the Non-Employee Directors as of the end of fiscal 2016.

	Stock Options			
Name	Exercisable (#)	Unexercisable (#)	Deferred Stock Unit Credits (#)	Restricted Stock Units (#)
Blake	0	0	2,238	4,474
Bryant	0	0	5,301	4,474
Connelly	20,000	0	21,874	4,474
Hale	0	0	2,170	4,474
Lenehan	0	0	1,148	4,474
Levinson	0	0	51,057	4,474
Roché	30,000	0	53,568	4,474
Varga	0	0	11,953	4,474
Whittington	20,000	0	54,299	4,474
Young-Scrivner	0	0	4,236	4,474

(3) The present value of benefits under the retirement plan for Non-Employee Directors for each individual was determined as a deferred temporary life annuity based on years of Board service prior to May 16, 1997. The present value of benefits was determined using an effective discount rate of 4.07%. Base mortality rates are the RP-2014 White Collar mortality table adjusted to back out estimated mortality improvements from 2006 to the measurement date using MP-2014, and then projected forward to the measurement date using MP-2016. Mortality is projected generationally from the measurement date using scale MP-2016. Scale MP-2016 defines how future mortality improvements are incorporated into the projected mortality table and is based on a blend of Social Security experience and the long-term assumption for mortality improvement rates by the Society of Actuaries' Retirement Plans Experience Committee. The calculations assume that the annual cash retainer remains at $70,000 (the retainer at the end of fiscal 2016) and a retirement at age 74, the mandatory retirement age for Directors as of the end of fiscal 2016.

(4) "All Other Compensation" consists of the items shown below. Merchandise discounts are credited to the Directors' Macy's charge accounts.

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Name	Merchandise Discount ($)	Matching Philanthropic Gift ($)	Total ($)
Blake	422	0	422
Bryant	3,471	0	3,471
Connelly	3,460	0	3,460
Hale	2,609	0	2,609
Lenehan	0	0	0
Levinson	1,147	0	1,147
Roché	3,267	1,000	4,267
Varga	1,171	0	1,171
Whittington	3,548	1,000	4,548
Young-Scrivner	6,672	0	6,672

Director Stock Ownership Guidelines; Hedging/Pledging Policy

In fiscal year 2005, the NCG Committee recommended, and the Board adopted, stock ownership guidelines for Non-Employee Directors. Under these guidelines, Non-Employee Directors are required to accumulate shares of Macy's common stock equal in value to at least five times the annual Board retainer and maintain or exceed that ownership level for their remaining tenure on the Board. As of fiscal 2016, the annual Board retainer is $70,000, so the guideline currently is $350,000 worth of our common stock. Shares counted toward this requirement include:

- any shares beneficially owned by the director or members of the director's immediate family;
- restricted stock or restricted stock units before the restrictions have lapsed; and
- stock credits or other stock units credited to a director's account.

Macy's common stock subject to unvested or unexercised stock options granted to Non-Employee Directors does not count toward the ownership requirement. Non-Employee Directors must comply with these guidelines within five years from the date the director's Board service commenced. Each Non-Employee Director who has reached their ownership guideline date has satisfied the ownership requirement and has maintained the ownership level. In addition to these stock ownership guidelines, the restricted stock units granted to the Non-Employee Director each year are automatically deferred upon vesting under the Director Deferred Compensation Plan until six months after termination of Board service.

The Non-Employee Directors are covered by our policy which prohibits directors, officers and other participants in our long-term incentive plan from engaging in hedging and pledging transactions. The policy is described in greater detail on page 61.

ITEM 2. RATIFICATION OF THE APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Audit Committee has appointed KPMG LLP, an independent registered public accounting firm, to audit the books, records and accounts of Macy's for the fiscal year ending February 3, 2018. KPMG LLP and its predecessors have served as our independent registered public accounting firm since 1988, and the Audit Committee considers them well qualified. Representatives of KPMG LLP are expected to be present at the annual meeting and will have the opportunity to make a statement if they desire to do so. It is also expected that they will be available at the annual meeting to respond to appropriate questions. The Audit Committee has asked the Board to submit to shareholders a proposal asking shareholders to ratify the appointment of KPMG LLP. If the appointment of KPMG LLP is not ratified by shareholders, the Audit Committee will take such action, if any, with respect to the appointment of the independent registered public accounting firm as the Audit Committee deems appropriate.

Fees Paid to Independent Registered Public Accounting Firm

The table below summarizes the fees paid to KPMG LLP during fiscal 2016 and fiscal 2015:

Year	Audit Fees ($)	Audit- Related Fees ($)	Tax Fees ($)	All Other Fees ($)	Total ($)
2016	4,655,000	826,080	58,840	0	5,539,920
2015	4,805,000	1,135,950	148,799	0	6,089,749

Audit fees represent fees for professional services rendered for the audit of our annual financial statements, the audit of our internal controls over financial reporting and the reviews of the interim financial statements included in our Forms 10-Q.

Audit-related fees represent professional services principally related to the audits of financial statements of employee benefit plans, audits of financial statements of certain subsidiaries and certain agreed upon procedures reports.

Tax fees represent professional services related to tax compliance and consulting services.

The Audit Committee has adopted policies and procedures for the pre-approval of all permitted non-audit services provided by our independent registered public accounting firm. All permitted non-audit services were pre-approved pursuant to this policy. A description of such policies and procedures is attached as Appendix A to this proxy statement and incorporated herein by reference.

The Board recommends that you vote "FOR" ratification of the Audit Committee's appointment of KPMG LLP, and your proxy will be so voted unless you specify otherwise.

ITEM 3. ADVISORY VOTE TO APPROVE NAMED EXECUTIVE OFFICER COMPENSATION

We are asking shareholders to approve, on an advisory basis, the compensation of our named executive officers (the "Named Executives"), as disclosed pursuant to Securities and Exchange Commission rules, including in the Compensation Discussion & Analysis, the executive compensation tables and related material included in this proxy statement. This proposal, commonly known as a say-on-pay proposal, gives shareholders the opportunity to express their views on our executive compensation program and policies. The vote is not intended to address any specific item of compensation, but rather to address our overall approach to the compensation of our Named Executives described in this proxy statement. In 2016, our say-on-pay proposal received a FOR vote of 96.7%.

The text of the resolution setting forth the proposal is as follows:

> RESOLVED, that the shareholders of Macy's, Inc. approve, on an advisory basis, the compensation of the Company's named executive officers as disclosed in the proxy statement for the Company's 2017 annual meeting of shareholders pursuant to Item 402 of Regulation S-K, including the Compensation Discussion & Analysis section and the 2016 Summary Compensation Table and related compensation tables and narrative discussion within the "Compensation of the Named Executives for 2016" section of this proxy statement.

We urge you to read the Compensation Discussion & Analysis, which begins on page 42 and discusses how our compensation policies and procedures implement our pay-for-performance compensation philosophy.

We have designed our executive compensation structure to attract, motivate, and retain executives with the skills required to formulate and implement our strategic business objectives and deliver on our commitment to build long-term shareholder value. We believe that our executive compensation program is competitive, strongly focused on pay-for-performance principles and appropriately balanced between risk and rewards. In particular, our program:

- aligns executive compensation with shareholder value on an annual and long-term basis through a combination of base pay, annual incentive and long-term incentives;
- includes a mix of direct compensation elements that emphasizes performance results, with 89% of the targeted compensation for the Chief Executive Officer and approximately 74% on average of the targeted compensation for the other Named Executives, excluding Ms. Garcia, being tied to changes in shareholder value and how well the Company performs against its business plans and objectives;
- delivers annual incentive payouts to executives only when they achieve targeted levels of performance that include financial, operational and strategic metrics ;
- encourages long-term decision-making by aligning the interests of executives with those of shareholders through equity incentives that are subject to multi-year vesting and/or performance requirements that include financial results with respect to two key metrics of EBITDA margin and ROIC as well as changes in absolute and relative shareholder value over time; and
- includes features that mitigate risks to the Company, including limits on incentive awards, use of multiple performance measures in our incentive plans, substantial stock ownership guidelines, compensation clawback provisions, anti-hedging/pledging policies, independent CMD Committee oversight and engagement of an independent consultant that does no other work for the Company or management.

The vote regarding the compensation of the Named Executives described in this Item 3 is being provided pursuant to Section 14A of the Securities Exchange Act. The vote is also advisory and is therefore not binding on the Company, the CMD Committee or the Board of Directors. Although the vote is non-binding, the Board of Directors and the CMD Committee value the opinions that shareholders express in their votes and will review the voting results and take them into consideration when making future compensation decisions as they deem appropriate.

If no voting specification is made on a properly returned or voted proxy card, the proxies named on the proxy card will vote "FOR" the approval of the compensation of the Named Executives as disclosed in this proxy statement and described in this Item 3.

The Board of Directors unanimously recommends that you vote "FOR" the approval of the compensation of the Named Executives as disclosed in this proxy statement.

ITEM 4. ADVISORY VOTE ON FREQUENCY OF THE SHAREHOLDER VOTE ON EXECUTIVE COMPENSATION

In accordance with Section 14A of the Exchange Act, the Company is providing shareholders the opportunity to cast an advisory vote on the frequency with which the advisory vote on executive compensation provided for in Item 3 above, referred to as the "say-on-pay advisory vote", will be held.

The advisory vote on the frequency of the say-on-pay advisory vote is a non-binding vote as to how often the say-on-pay advisory vote should occur: every year, every two years or every three years. You may either vote for one of these alternative frequencies or, if you desire, abstain from voting on this matter.

Based on the shareholder vote from 2011, the Company currently has an annual say-on-pay vote.

After considering the benefits and consequences of each option for the frequency of the say-on-pay advisory vote, the Board of Directors has determined that an annual advisory vote on executive compensation is the most appropriate alternative for the Company. Therefore, the Board recommends that you vote for having the say-on-pay advisory vote occur every year.

The Board believes that an annual say-on-pay advisory vote provides the highest level of accountability and communication. An annual vote will allow shareholders to provide the Company with direct input on the executive compensation information presented in the proxy statement each year. Additionally, an annual advisory say-on-pay vote is consistent with the Company's policy of continuously engaging in discussions with shareholders on corporate governance and compensation matters.

We understand that shareholders may have different views as to what the most desirable frequency is, and we look forward to hearing from shareholders on this matter. The proxy card provides shareholders with the opportunity to choose among four options (holding the vote every one, two or three years, or abstaining) and, therefore, shareholders will not be voting to approve or disapprove the recommendation of the Board. The option of every year, every two years or every three years that receives the highest number of votes cast by shareholders will be deemed to be the frequency for the say-on-pay advisory vote that has been selected by shareholders. However, because this vote is advisory and not binding on the Board of Directors or the Company in any way, the Board will continue to review this issue as circumstances evolve over time and may decide that it is in the best interests of the shareholders and the Company to hold the say-on-pay advisory vote more or less frequently than the option approved by shareholders.

The Board of Directors unanimously recommends a vote in favor of the option of every year as the preferred frequency with which shareholders are provided an advisory vote on executive compensation. Properly dated and signed proxies will be so voted, unless shareholders specify otherwise.

ITEM 5. RE-APPROVAL OF THE SENIOR EXECUTIVE INCENTIVE COMPENSATION PLAN

The shareholders approved the Company's Senior Executive Compensation Plan at the annual meeting in 2012. Upon the recommendation of the CMD Committee, the Board of Directors has re-adopted and re-approved, subject to the approval of shareholders at the annual meeting, the Senior Executive Incentive Compensation Plan, referred to as the “Plan,” and is recommending that shareholders re-approve the Plan at the annual meeting. We are re-submitting the Plan to provide incentive awards, including incentive awards that are intended to satisfy the requirements for the “performance-based compensation” exclusion from the federal income tax deduction limitation under Section 162(m) of the Internal Revenue Code of 1986, as amended, referred to as the “Code”. This re-approval includes expanded performance criteria. Generally, Section 162(m) prevents a company from receiving a federal income tax deduction for compensation paid to its chief executive officer or certain of its other most highly compensated executive officers in excess of $1 million for any year, unless that compensation is performance-based. In order for awards under the Plan to satisfy the requirements for the performance-based compensation exclusion from the deduction limitations under Section 162(m) of the Code, the Plan specifies performance measures and other material terms that must be approved by the Company’s shareholders. Re-approval of the Plan by the required vote of the Company’s shareholders described above is intended to constitute such approval.

A general description of the principal terms of the Plan is set forth below. However, the summary does not purport to be a complete description of all the provisions of the Plan. This description is qualified in its entirety by the terms of the Plan which is attached to this proxy statement as Appendix B.

Purpose of the Plan

The purpose of the Plan is to promote the attainment of the Company’s performance goals by providing incentive compensation for certain designated key executives and employees of the Company and its affiliates.

Effective Date

The Plan is effective as of February 24, 2017, subject to re-approval by shareholders at the annual meeting.

Administration

The Plan is administrated by the CMD Committee. The CMD Committee may delegate its authority to one or more officers of the Company or a committee of officers from time to time, and may revoke any such delegation from time to time (references to the CMD Committee throughout this discussion also include any officers to whom the CMD Committee has delegated authority).

Eligibility

The President and Chief Executive Officer and any other executive officer of the Company or an affiliate who is selected by the CMD Committee may participate in the Plan.

Awards

Performance Period; Participant Designation; Performance Goals . Not later than the earlier of (i) 90 days after the commencement of each fiscal year or (ii) the expiration of 25% of a performance period, the CMD Committee shall, in writing, designate the following:

one or more performance periods;

the participants for each performance period; and

the performance goals for determining incentive bonus awards for each participant for each performance period based on attainment of specified levels of one or any combination of performance criteria.

If a participant becomes eligible to participate in the Plan after the CMD Committee has made its initial written determination of the participants for a performance period, such individual may become a participant for the performance period if so designated by the CMD Committee in writing.

Within the time period described above, the CMD Committee shall also specify the basis upon which the performance goals may be adjusted, including, by way of illustration and without limiting the CMD Committee, to exclude the effects of asset impairments, restructurings, acquisitions, divestitures, other unusual or non-recurring items, store closing costs, unplanned material tax law changes and/or assessments and the cumulative effect of tax or accounting changes, as determined in accordance with generally accepted accounting principles, as applicable. However, no such adjustment shall be made if the effect of the adjustment would be to cause the bonus award to fail to qualify as "performance-based compensation" within the meaning of Section 162(m) of the Code.

The performance goals designated by the CMD Committee may be expressed with respect to the Company's performance or the performance of one or more affiliates, divisions, business segments or business units of the Company, and may be expressed in terms of dollars or rates, dollars or growth, absolute levels or percentages or ratios expressing relationships between two or more of the performance criteria, period-to-period changes, relative to business plans or budgets, or relative to one or more other companies or one or more indices.

Performance Criteria. The performance goals will be based upon one or more of the following performance criteria: total sales (including net sales or gross sales); comparable store sales; comparable owned plus licensed sales; sales per square foot; owned plus licensed sales; gross margin; pre-tax income; operating or other expenses; earnings before interest and taxes (EBIT); earnings before interest, taxes, depreciation and amortization (EBITDA); EBITDA margin; net income; operating income; earnings per share (either basic or diluted); cash flow or net cash flow (as provided by or used in one or more of operating activities, investing activities and financing activities or any combination thereof); coverage ratio; leverage ratio; return on investment (determined with reference to one or more categories of income or cash flow and one or more categories of assets, capital or equity, including return on net assets, return on sales, return on equity, gross margin return on investment and return on invested capital); economic value added; expense reduction; value of assets; inventory levels; stock price appreciation; total shareholder return; revenue; gross margin return on inventory; inventory turn; market share; customer satisfaction; employee engagement; strategic business objectives; strategic plan implementation; sustainability measures; employee recruiting; employee retention, employee diversity and employee turnover.

Performance Period. The performance period shall be the Company's fiscal year or such other period as the CMD Committee may establish in its sole discretion.

Certification. At such time as the CMD Committee determines is appropriate following the conclusion of each performance period and prior to the payment of any bonus award, the CMD Committee will certify, in writing, the amount of the bonus award for each participant for such performance period.

Payment. The amount of the bonus award actually paid to a participant may, in the sole discretion of the CMD Committee, be less than the amount otherwise payable to the participant based on attainment of the performance goals for the performance period. The CMD Committee may establish factors to take into consideration in implementing its discretion to reduce the amount of a bonus award, including such factors as individual performance and/or one or more of the performance criteria described above. The CMD Committee may not, however, increase the amount of a bonus award otherwise payable to a participant based on attainment of the performance goals for the performance period. Bonus awards will be paid in cash, or, in the CMD Committee's sole discretion, in stock obtained from a shareholder-approved stock plan of the Company or any combination thereof.

No participant in the Plan may receive a bonus award for any 12-month performance period in excess of $7 million. This amount may be adjusted pro rata for a performance period that is shorter or longer than 12 months.

Changes in Employment. If a person becomes a participant during a performance period after the CMD Committee has made its initial determination of the participants for a performance period as described above, if a participant dies, retires or is disabled prior to the end of a performance period, or a participant is terminated by the Company due to a reduction in force or job elimination prior to the end of a performance period, the bonus award payable to such a participant may be proportionately reduced based on the period of actual employment during the applicable performance period, as determined by the CMD Committee in its sole discretion.

Amendments

The CMD Committee or the Board may, from time to time, alter, amend, suspend or terminate the Plan, except that no amendment will be made without shareholder approval if shareholder approval is required by applicable law, including Section 162(m) of the Code, or by the New York Stock Exchange.

Clawback

The CMD Committee has the discretion to require a participant to repay the income derived from a bonus award in the event of a restatement of the Company's financial results within three years after payment of the bonus award to correct a material error that is determined by the CMD Committee to be the result of fraud or intentional misconduct. In addition, all bonus awards and all benefits derived by a participant from any bonus award shall be subject to recovery by the Company in such circumstances and on such terms and conditions as may be prescribed by the CMD Committee at any time or from time to time pursuant to any policy adopted by the Company to ensure, or otherwise to ensure, compliance with any rules, regulations or listing standard adopted by the Securities and Exchange Commission or the New York Stock Exchange to implement Section 10D of the Securities Exchange Act, as required by the Dodd-Frank Wall Street Reform and Consumer Protection Act.

Material Federal Tax Consequences

The following is a brief summary of the principal federal income tax consequences of bonus awards under the Plan. The summary is based upon current federal income tax laws and interpretations thereof, all of which are subject to change at any time, possibly with retroactive effect. The summary is not intended to be exhaustive and, among other things, does not describe state, local or foreign tax consequences.

Compensation paid under the Plan will constitute ordinary income taxable to the recipient (subject to applicable withholding requirements) when paid or otherwise made available to such recipient and, subject to the discussion below, will be deductible by the Company.

Under Section 162(m) of the Code, the Company generally may not deduct for federal income tax purposes certain employee compensation that would otherwise be deductible to the extent that such compensation exceeds one million dollars for any covered employee in any fiscal year. However, compensation that is "performance-based" (as defined in Section 162(m) of the Code) is not subject to the deductibility limitations. The Plan is intended to address the limitation on deductibility by providing for compensation that qualifies as performance-based compensation which is not subject to the limitation. Compensation paid under the Plan will not be subject to the deduction limit if:

- it is payable on account of the attainment of pre-established, objective performance goals set forth within the Plan;
- the CMD Committee, which is comprised solely of outside directors, approves the maximum individual awards at or near the beginning of each performance period;
- the Plan, which sets forth the material terms of the compensation and the performance goals, is disclosed to and approved by shareholders before payment; and
- the CMD Committee certifies that the performance goals have been satisfied before payment.

The Board of Directors unanimously recommends that you vote "FOR" the re-approval of the Senior Executive Incentive Compensation Plan.

COMPENSATION DISCUSSION & ANALYSIS

This Compensation Discussion & Analysis, referred to as the CD&A, describes our overall executive compensation policies and practices and specifically analyzes the total compensation for the following executives, referred to as the Named Executives:

- Terry J. Lundgren, Executive Chairman and Chairman of the Board. Mr. Lundgren has been with Macy's for more than 35 years, and served as our Chief Executive Officer for 14 years, which made him one of the longest-tenured CEOs in the department stores industry.

- Jeff Gennette, President and Chief Executive Officer. Mr. Gennette has been with Macy's for more than 33 years. He became Chief Executive Officer effective March 23, 2017 and has been President since March 2014. From February 2009 through February 2014, Mr. Gennette was our Chief Merchandising Officer.

- Karen M. Hoguet, Chief Financial Officer. Ms. Hoguet has been with Macy's for more than 34 years, and has been our Chief Financial Officer for 19 years.

- Elisa D. Garcia, Chief Legal Officer. Ms. Garcia joined Macy's in September 2016. Prior to joining Macy's she had 16 years of broad-ranging experience as a corporate general counsel for major consumer-facing companies. Unless otherwise indicated, compensation decisions discussed exclude Ms. Garcia as she was hired mid-year.

- Peter R. Sachse, Chief Growth Officer. Mr. Sachse was the Chief Growth Officer until his employment with the Company was involuntarily terminated due to management restructuring. Mr. Sachse had been with Macy's in various roles for more than 33 years and left the Company on January 30, 2017.

  These individuals, along with other members of senior management, are responsible for developing and implementing our strategic plans and initiatives and overseeing the day-to-day operations of the Company. Each year, the Compensation and Management Development Committee of the Board, referred to as the CMD Committee, which is made up entirely of independent directors, recommends to the non-employee members of the full Board the compensation for Mr. Lundgren and determines the compensation for the other Named Executives.

Executive Summary

Overall, 2016 was another challenging year in part due to changes in consumer buying habits and spending. However, the Company continued to adapt to the changing retail environment and during the year made progress in a number of areas. The Company invested in initiatives to drive profitable sales growth, including a focus on fine jewelry, and women's shoes; a reinvention of the beauty business that included expansion of Bluemercury freestanding locations and inside existing Macy's stores and a focus on enhancements to digital content and mobile technology; an expansion of "Last Act" - a simplified pricing approach to clearance merchandise in Macy's stores and the expansion of Macy's Backstage within existing Macy's store locations. The Company continued to focus on our customers with initiatives designed to personalize and simplify their shopping experiences. The Company advanced our real estate strategy, which is designed to create value through both monetization and development of assets, including completing the sales of our properties in downtown Minneapolis and the Men's Building at Union Square in San Francisco, as well as the formation of a strategic alliance with Brookfield Asset Management. The Company announced in August 2016 the closing of 100 stores in order to support a healthy physical store portfolio that complements our expanding digital footprint. In January 2017, the Company also announced a reorganization of the field structure that supports the remaining stores and a major restructuring of the Company's central operations to focus resources on strategic priorities, improve organizational agility and reduce expense.

The Company also continued progress on the multi-year leadership strategy with the announcement that Mr. Gennette would succeed Mr. Lundgren as President and Chief Executive Officer in March 2017. At that time, Mr. Lundgren transitioned to Executive Chairman and Chairman of the Board. This transition was the culmination of the Board's CEO leadership succession plan that began when Mr. Gennette was promoted to President. Ms. Garcia, Chief Legal Officer, joined the Company in September 2016, bringing with her 16 years of broad-ranging experience as a General Counsel for major consumer-facing companies including most recently as Chief Legal Officer at Office Depot and prior to that EVP/General Counsel and Secretary for Domino's Pizza, Inc. Additionally, as a part of the management restructuring, Mr.

Sachse's position, Chief Growth Officer, was eliminated and his employment with the Company was involuntarily terminated following more than 33 years of service in numerous leadership positions throughout the organization.

Although the Company made strides in 2016 to establish a foundation for 2017 by implementing key business initiatives and leadership transitions, Macy's 2016 operating and stock price performance were disappointing and, in alignment with our pay-for-performance philosophy, our Named Executives received 13.7% of their targeted annual incentive opportunity for fiscal 2016 and did not earn any of the performance-based restricted stock units for the three-year performance period (fiscal 2014-2016) that concluded at the end of fiscal 2016. This represents a total of approximately $12.3 million of compensation that was forfeited by the Named Executives because target performance levels were not achieved.

President and Chief Executive Officer and Executive Chairman and Chairman of the Board Compensation

Mr. Gennette, President and Chief Executive Officer

The CMD Committee, with support from Frederic W. Cook & Co., Inc. (FW Cook), the independent executive compensation consultant engaged directly by the CMD Committee, established Mr. Gennette's target compensation in his initial year as President and CEO taking into consideration numerous factors. The factors included the target compensation of CEOs at our peer companies, as discussed beginning on page 50 in "The Process for Setting Executive Compensation"; the compensation paid to newly promoted CEOs in relation to the prior CEO based on a large sample of comparable situations; the CMD Committee's historic philosophy with regard to the positioning of CEO and other senior officer target compensation levels versus market rates; Mr. Gennette's inexperience as the CEO of a publicly traded company; and the continued role that Mr. Lundgren is expected to play as Executive Chairman and Chairman of the Board.

Taking into account the above information and other factors deemed relevant, the CMD Committee recommended and the Board approved Mr. Gennette's targeted total compensation at $9,875,000. The CMD Committee believes this compensation level, which falls between the 25th percentile and median of the peer group CEO compensation, is appropriate based on Mr. Gennette's inexperience in his new role, thereby providing room for increases and movement toward the peer group median assuming strong performance as he matures in the role as President and CEO. The targeted total compensation package is comprised of a base salary of $1,250,000, a target annual incentive opportunity of 170% of base salary and a long-term incentive target of $6,500,000.

Mr. Lundgren, Executive Chairman and Chairman of the Board

In setting Mr. Lundgren's target compensation as Executive Chairman and Chairman of the Board, the CMD Committee, with support from FW Cook, considered the critical role he will continue to serve during the leadership transition, including as an advisor to Mr. Gennette and also with regard to continued leadership of our real estate and China strategies. In addition, the CMD Committee considered the compensation paid at other companies that have executed similar leadership transitions in which the prior CEO assumes an ongoing role as Executive Chairman and Chairman of the Board upon promotion of their successor. In reflection of these factors, the CMD Committee recommended and the Board approved the reduction of Mr. Lundgren's targeted total compensation by approximately 50% from $14,320,000 to $7,250,000. This included reducing his base salary from $1,600,000 to $1,000,000, reducing his target annual incentive opportunity from 170% of base salary to 150% of base salary and reducing his long-term incentive target from $10,000,000 to $4,750,000.

President and CEO, and Executive Chairman and Chairman of the Board Compensation Aligned with Pay for Performance Philosophy

The compensation packages for both Mr. Gennette and Mr. Lundgren continue a strong pay-for-performance alignment with more than 86% of their targeted total compensation delivered through performance-based variable incentive opportunities in our annual and long-term incentive plans. The compensation packages discussed above for Mr. Gennette and Mr. Lundgren became effective in fiscal 2017. Unless indicated otherwise, other references to pay packages for Mr. Gennette and Mr. Lundgren in this CD&A reflect those in effect for fiscal 2016.

Payments to New Executive - Ms. Garcia

Ms. Garcia joined the Company in September 2016 as Chief Legal Officer, bringing with her a demonstrated track record of success across a number of organizations. At the time she was recruited, Ms. Garcia was serving as the Chief Legal Officer for Office Depot. When considering the new hire package for Ms. Garcia, the CMD Committee considered Ms. Garcia's arrangement at Office Depot and the amounts she was expected to receive in future years. In order to entice Ms. Garcia to leave her previous employer, the Company provided the following new hire package. Ms. Garcia received a new hire bonus of $1,100,000 and a guarantee of a target annual incentive payment for fiscal 2016 to offset a current performance year bonus and equity vesting. Ms. Garcia received a new hire equity grant with a total grant date value of approximately $1,500,000 to offset previously granted and in the money equity from her prior employer that she forfeited. One-half of this value was provided as time-based restricted stock units that vest 50% on each of the second and third anniversaries of the grant date. The other half was provided as stock options that vest 25% on each of the first four anniversaries of the grant date and have a 10-year term. Ms. Garcia's position is based at the Company's offices in New York City. The Company required Ms. Garcia to relocate from Florida and provided relocation benefits to assist with her move. The new hire bonus and relocation benefits provided to Ms. Garcia are subject to repayment agreements that provide for 100% repayment during the first 12 months of employment and 50% repayment during months 13 - 24 of employment in the event of a voluntary termination.

Payments to Terminated Executive - Mr. Sachse

After more than 33 years of service with the Company in numerous leadership roles, Mr. Sachse's position was eliminated due to a management restructuring and his employment with the Company was involuntarily terminated. The Company determined that, based on Mr. Sachse's significant tenure and many years in various executive leadership roles, he had deep knowledge of the talent within the Company and the Company's long-term strategic initiatives. In light of these considerations, the Company entered into a separation agreement with Mr. Sachse. The agreement provides for benefits under the Executive Severance Plan, payment of his earned fiscal 2016 annual incentive of $92,300, a lump sum of $2,700,000, continued vesting of outstanding equity awards through March 31, 2019, reimbursement of attorney fees up to $10,000, outplacement services up to $25,000 and 18 months of Company-paid medical benefits. Pursuant to this agreement, Mr. Sachse is subject to 3-year non-competition, non-solicitation and confidentiality restrictions. The receipt of benefits under the agreement is subject to compliance with these restrictions, which would not otherwise have been provided by Mr. Sachse to the Company.

Overview of the performance-based elements of our executive compensation program

The CMD Committee believes in a "pay-for-performance" approach to executive compensation that aligns executive compensation with shareholder interests. This means that a significant portion of an executive's compensation should be at risk and will vary from "targeted" compensation opportunity based upon the level of achievement of specified performance objectives and stock price performance.

- Our pay for performance approach was clearly illustrated for fiscal 2016 when Mr. Lundgren forfeited approximately 79% of his targeted total compensation opportunity when performance levels were not achieved.

Component	Target	Earned	Forfeited
Base salary	$ 1,600,000	$ 1,600,000	0
2016 Annual Incentive	$ 2,720,000	$ 370,700	$ 2,349,300
2014 - 2016 Performance Shares	$ 5,008,425	0	$ 5,008,425
Total	$ 9,328,425	$ 1,970,700	$ 7,357,725

  - In addition, as a part of the fiscal 2014 long-term incentives, Mr. Lundgren also received a stock option grant with a value of $3,285,990. The stock price at time of grant was $58.92, so at the end of the fiscal year, this grant had no value to Mr. Lundgren.

Our executives are accountable for the performance of the Company and the functions they manage and are compensated based on that performance. Executives are rewarded when defined performance objectives are achieved and value is created for our shareholders. For example,

- The senior-most executives, including the Named Executives, are held most accountable to shareholders by varying the portion of variable, performance-based pay directly with each executive's level of responsibility:
  - 89% of Mr. Lundgren's targeted total direct compensation for fiscal 2016 was delivered through variable incentive opportunities in which payout is tied to changes in stock price and pre-determined performance objectives.
  - On average, approximately 74% of the targeted total direct compensation for fiscal 2016 of the other Named Executives was delivered through variable incentive opportunities in which payout is tied to changes in stock price and pre-determined performance objectives.
  - We emphasize equity-based long-term incentives to ensure that these executives are focused on longer-term operating and stock price performance in addition to shorter-term goals. The targeted value for long-term incentive awards for the Named Executives other than Mr. Lundgren is approximately twice the targeted value of their annual incentive awards and for Mr. Lundgren is approximately three times the targeted value of such awards.
  - The value received from our variable, performance-based pay, if any, is directly related to our performance and reflects a combination of internal financial measures of success, such as operating income (which represents earnings before interest and taxes, or EBIT), sales, cash flow, return on invested capital (ROIC) and external measurements of success, such as stock price performance on an absolute and relative-to-peers basis.
  - To ensure that costs are affordable and reasonable in relation to our operating results, no payments are made under the annual incentive plan unless we have positive EBIT and achieve a net profit for the fiscal year, even if other performance objectives are met.
  - Equity-based long-term incentive awards are subject to multi-year vesting and/or performance requirements to link compensation to performance measured by achievement of financial, operational and strategic objectives as well as changes in absolute and relative shareholder value over time.
  - To further reinforce the long-term alignment of executive interests with shareholders, we maintain policies that require executives to accumulate and hold substantial amounts of Macy's common stock and we prohibit executives from hedging the risk of such ownership or pledging such shares as collateral. We also maintain a clawback policy that enables the recapture of previously paid cash and equity incentive compensation in certain circumstances involving a financial restatement.

Overview of 2016 operating performance

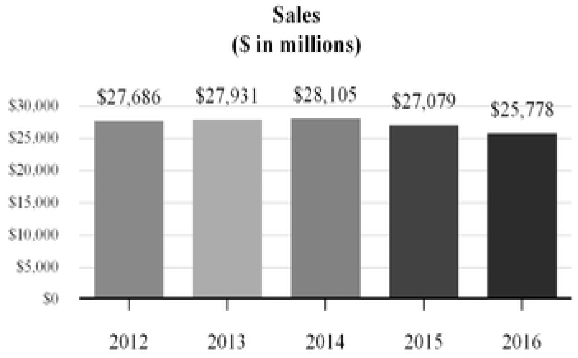
As previously discussed, fiscal 2016 was a challenging year for the Company, the second in a row following consecutive years of strong financial performance. To accelerate our response to the changing retail landscape, during 2016 we announced a series of actions to streamline our store portfolio, intensify cost efficiency efforts and execute our real estate strategy. We also continue to explore new directions for the future, so that we can return to generating profitable growth.

Selected results of our fiscal 2016 performance include:

Sales

Total sales for fiscal 2016 were $25,778 million, down 4.8% from fiscal 2015.

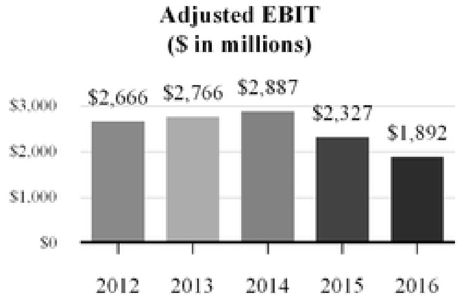
- Comparable sales on an owned basis in fiscal 2016 were down 3.5%.
- Comparable sales on an owned plus licensed basis for fiscal 2016 were down 2.9% compared to fiscal 2015.



	2012	2013	2014	2015	2016
Change in Comparable Sales:					
On an owned basis	3.7%	1.9%	0.7%	(3.0)%	(3.5)%
On an owned plus licensed basis	4.0%	2.8%	1.4%	(2.5)%	(2.9)%

Adjusted EBIT

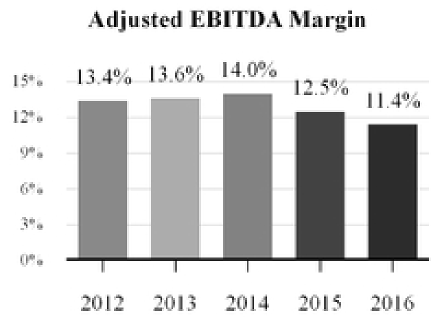
Adjusted EBIT (earnings before interest and taxes or operating income) for fiscal 2016 totaled $1.9 billion, or 7.3% of sales, a decline of 18.7% and 130 basis points as a percent of sales over fiscal 2015 on a comparable basis. These amounts exclude impairments, store closing and other costs and settlement charges.

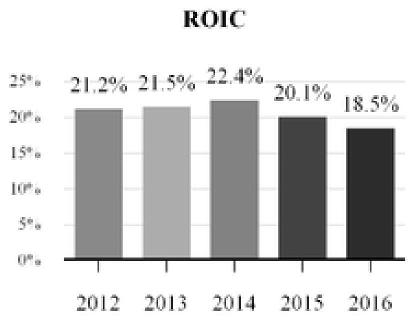


Adjusted EBITDA Margin / ROIC

Adjusted EBITDA (earnings before interest, taxes, depreciation and amortization, excluding impairments, store closing and other costs and settlement charges) margin was 11.4% in fiscal 2016, compared to an Adjusted EBITDA margin of 12.5% in fiscal 2015.

Return on Invested Capital (ROIC) - a key measure of operating productivity - declined in fiscal 2016. ROIC was 18.5% in fiscal 2016, compared to 20.1% in fiscal 2015.



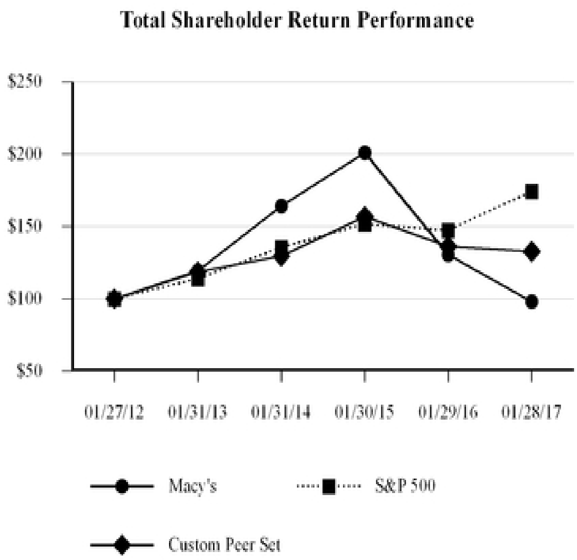


Adjusted Earnings per Share

Fiscal 2016 Adjusted EPS (earnings per diluted share, excluding impairments, store closing and other costs and settlement charges) were $3.11,
down 17.5% from fiscal 2015 on a comparable basis.

Shareholder Return

The following chart compares the cumulative total shareholder return (TSR) on our common stock with the Standard & Poor's 500 Composite Index, and our peer group for the period from January 28, 2012 through January 28, 2017, assuming an initial investment of $100 and the reinvestment of dividends, if any. The peer group includes our 12-company executive compensation peer group.



Other Fiscal 2016 Information

- Our 1-Year, 3-Year and 5-Year Cumulative TSR was (25.0%), (40.3%) and (2.1%), respectively.
- The price of our Common Stock decreased by 28.0% over the fiscal 2015 year-end price.
- We returned $775 million to shareholders through dividends and share repurchases during fiscal 2016.
- We increased our cash dividend by 5% in fiscal 2016.

We believe that our pay-for-performance philosophy and the design of our executive compensation program strongly support an environment of accountability for our financial and operational results. Please see pages 20 to 23 of the Company's Annual Report on Form 10-K for important information regarding the non-GAAP financial measures presented above.

Summary of 2016 compensation actions

In making decisions regarding the compensation opportunities and amounts earned by the Named Executives in fiscal 2016, the CMD Committee took into account the economic climate, our performance against our fiscal 2016 internal goals, and our relative performance against industry competitors as described above. The CMD Committee took the following specific actions with respect to the compensation of the Named Executives for fiscal 2016:

- determined base salaries would remain at 2015 levels;

- based on levels of achievement against pre-determined goals for EBIT, Sales and Cash Flow, made annual incentive award payments of approximately 13.7% of the target incentive opportunities to the Named Executives;
- based on achievement against pre-determined goals for average EBITDA margin, average ROIC and relative TSR goals over the three-year (fiscal 2014-2016), made no payouts of performance-restricted stock units because required threshold levels of performance were not achieved; and
- granted performance-based restricted stock units and stock options to the Named Executives, with a mix of 60% performance-based restricted stock units and 40% stock options.

Shareholder approval of the executive compensation program

We conducted our sixth "say-on-pay" shareholder advisory vote in fiscal 2016. Shareholders representing 95.9% of the votes cast at the 2016 annual meeting supported our executive compensation program, marking the fifth consecutive year of shareholder support in excess of 95%. Given the very strong level of shareholder support and the fact that numerous changes had been made to the overall executive compensation program over the past several years to better align our program with market best practice and to support our evolving business strategy, the CMD Committee determined that our executive compensation program continues to provide a competitive pay package, effectively motivates our Named Executives to achieve our short- and long-term operating objectives and to create sustainable shareholder value over the long-term, and encourages long-term talent retention. Consequently, the CMD Committee did not make any significant changes to the design of our executive compensation program for fiscal 2016.

Executive Compensation Practices

Our executive compensation practices support the interest of our shareholders, good governance and mitigates excessive risk taking.

Recent changes made to the executive compensation program

Over the last several years, the CMD Committee has made changes to the executive compensation program to further align incentive compensation with our financial and strategic objectives, intensify the focus of our senior-most executives on long-term value creation, enhance the efficiency of our executive compensation program and ensure consistency with executive compensation "best practices".

WHAT WE DO AND DON'T DO		
We align executive compensation with the interests of our shareholders	✓	Focus on performance-based compensation (page 53)
	✓	Pay well-aligned with performance (pages 44-48)
	✓	Annual risk assessment of executive compensation program (page 24)
	✓	Robust stock ownership guidelines for directors and executive officers (pages 35 and 61)
Our executive compensation program is designed to avoid excessive risk taking	✓	Use multiple performance objectives for both annual and long-term incentive plans (pages 56 and 58)
	✓	Measure performance against both annual and multi-year standards (pages 54 and 57)
	✓	Set performance goals at levels high enough to encourage strong performance, but within reasonably attainable parameters to discourage excessive risk taking (pages 56 and 58)
	✓	Cap on performance-based compensation (pages 54 and 57)

WHAT WE DO AND DON'T DO	
We adhere to executive compensation best practices	✓ Provide modest perquisites with reasonable business rationale (page 59) ✓ Annual say-on-pay vote (page 37) ✓ CMD Committee comprised of independent directors (page 26) ✓ Include a relative-to-peer TSR metric for performance-based restricted stock units (page 58) ✓ Provide for recoupment of cash and equity incentive compensation in certain circumstances (page 60) ✓ Prohibit hedging and pledging transactions by directors and executive officers (pages 35 and 61) ✓ Utilize a compensation consultant that is independent of management (page 50) ✓ Provide a reasonable post-employment change-in-control plan (page 60) X Do not provide excise tax gross ups upon a change in control X Do not provide individual employment contracts (page 74) X Do not reprice or buyout for cash underwater stock options (page 66) X Do not provide individual change-in-control agreements (page 74)

Objectives of Our Executive Compensation Program

Our overall compensation program is performance-driven and designed to support the needs of our business by:

- Providing competitive and reasonable compensation opportunities;
- Focusing on results and strategic objectives;
- Fostering a pay-for-performance culture;
- Attracting and retaining key executives; and
- Balancing risk and reward and ensuring accountability to shareholders.

The Key Elements of the Executive Compensation Program

The Named Executives' fiscal 2016 compensation consisted principally of the following components:

Element	Description	Purpose
Base Salary	Fixed compensation component. Reviewed annually and adjusted if and when appropriate.	Market-driven base-line compensation is targeted at a level necessary to attract and retain high-quality talent and ensure a sustainable level of fixed costs; amount recognizes differences in positions and/or responsibilities as well as experience and individual performance over the long term. Generally, executives who are new in their roles are positioned lower in the competitive range, while those with more experience are positioned higher in the range to reflect their greater skill set relative to the external benchmark and sustained contribution over time.
Annual Incentive Awards	Variable compensation component. Performance-based cash award opportunity. Amounts actually earned will vary based on our performance.	Aligns compensation with business strategy and operating performance by rewarding achievement of short-term (annual) financial targets.
Long-Term Incentive Awards	Variable compensation component, generally granted annually as a combination of performance-based restricted stock units and stock options. Amounts actually earned will vary based on stock price appreciation and, in the case of performance-based restricted stock units, our financial performance and absolute and relative TSR.	Opportunities for ownership and financial reward in support of our longer-term financial goals and stock price growth; also supports retention and, consequently, succession planning. Provides a link between compensation and long-term shareholder interests as reflected in changes in stock price.

In addition to the Long-Term Incentive Awards described above, the CMD Committee occasionally grants other types of awards, such as time-based restricted stock or time-based restricted stock units, in special circumstances to support recruitment, succession planning, shareholder alignment and retention objectives.

We also provide health and welfare plans and retirement plans that promote employee health and support employees in attaining financial security. In addition, the Named Executives are eligible for severance benefits that provide a reasonable range of income protection in the event employment is terminated without cause or following a change in control, support our executive retention goals and encourage their independence and objectivity in considering potential change-in-control transactions. The Named Executives are also provided certain other benefits and limited perquisites. See the "Other Benefits and Programs Under the Executive Compensation Program" discussion later in this CD&A.

The Process for Setting Executive Compensation

The role of the CMD Committee, its consultant and management

CMD Committee. The CMD Committee administers the executive compensation program for senior executives, which includes the Named Executives. In addition to overseeing our annual incentive and long-term incentive plans, the CMD Committee also oversees our benefit plans and policies, and ensures that appropriate succession plans are in place for the chief executive officer and other key executive positions. When making decisions regarding our executive compensation program, the CMD Committee considers, among other things,

- our compensation philosophy,
- our financial and operating performance,
- compensation policies and practices for our employees generally, and
- practices and executive compensation levels within peer companies.

The CMD Committee's primary goals are to support organizational objectives and shareholder interests, emphasize the pay-for-performance linkage of our executive compensation program and ensure that our executive compensation programs are appropriately competitive. For a more complete description of the responsibilities of the CMD Committee, see "Further Information Concerning the Board of Directors - Committees of the Board" and the charter for the CMD Committee posted on our website at www.macysinc.com/for-investors/corporate-governance.

Compensation Consultant. Since fiscal 2008, the CMD Committee has directly engaged an outside independent executive compensation consultant, Frederic W. Cook & Co., Inc., or FW Cook , to assist the CMD Committee with executive compensation matters. FW Cook provides no services to the Company other than those provided directly to or on behalf of the CMD Committee and, as described on page 33, to or on behalf of the Nominating and Corporate Governance Committee. The CMD Committee has assessed the independence of FW Cook pursuant to the New York Stock Exchange listing standards and SEC rules and is not aware of any conflict of interest that would prevent FW Cook from providing independent advice to the CMD Committee concerning executive compensation matters.

FW Cook attends meetings of the CMD Committee at the request of the Committee, meets with the CMD Committee in executive session without the presence of management and frequently communicates with the chairman of the CMD Committee with regard to emerging issues and other matters to be considered by the CMD Committee.

FW Cook provides guidance to the CMD Committee on compensation matters. The services provided by FW Cook include review and advice relating to:

- the design of our annual and long-term incentive plans, including the degree to which the incentive plans support our business strategy and balance risk-taking with potential reward;
- the setting of performance objectives;
- peer group pay and performance comparisons;
- the competitiveness of compensation provided to our key executives;
- changes to the Named Executives' compensation levels;
- the design of other forms of key executive compensation and benefits programs; and
- the preparation of public filings related to executive compensation, including this CD&A and the accompanying tables and footnotes.

As part of the CMD Committee's responsibility to review the extent to which the overall compensation program may encourage employees to take risks that could have a material adverse impact on shareholder value, FW Cook conducted a comprehensive review of our overall compensation programs in fiscal 2010 and has updated the analysis annually thereafter and reviewed it with the CMD Committee. As described in "Compensation Risk Assessment" on page 24, FW Cook concluded that our compensation programs are well-designed and do not encourage behavior that could create material risk for the Company. The CMD Committee also uses the services of the Company's and the Board's outside counsel.

Management. The CMD Committee also makes use of company resources, including senior executives in our human resources, legal and finance departments. These executives provide input and contribute to the development of proposals regarding the design, operation, objectives and values of the various components of compensation in order to provide appropriate performance and retention incentives for the senior management group, including the Named Executives. These executives may also attend and contribute to CMD Committee meetings from time to time as requested by the CMD Committee or its chairman. Our human resources department engages a compensation consultant, Korn Ferry Hay Group, to provide various calculations, comparator group data and general market data to be used by management in its compensation-related analyses.

Our CEO also participates in the executive compensation program process. At the beginning of a fiscal year, our CEO meets with each of his direct reports, including the other Named Executives, to set their individual performance objectives for the fiscal year. Those objectives consist of matters such as meeting key financial and other business goals and effectively managing their business unit or corporate function. Following the end of the fiscal year, our CEO reviews the performance of each of his direct reports against Company and individual performance objectives and the individual's contribution to our performance. Our CEO takes an active part in CMD Committee discussions of compensation involving his direct reports, including the other Named Executives. He provides input on such matters as individual performance and the size, scope and complexity of their positions and recommendations with respect to the amount and composition of their compensation opportunities. Human resources executives, with the assistance of FW Cook, under the direction of the CMD Committee, provide the CMD Committee with data and analyses and annually prepare information to help the CMD Committee in its consideration of such recommendations. Mr. Lundgren does not participate in the portions of CMD Committee or Board meetings during which his compensation is discussed.

The compensation review process

With respect to the Named Executives, the CMD Committee annually reviews base salary, annual incentive award payments and equity awards at its March meeting, at which time all financial and other performance results for the prior fiscal year are available and individual and Company performance against applicable targets can be measured.

The targeted total direct compensation of the Named Executives other than Mr. Lundgren is generally intended to approximate the median of the 12-company peer group of retailers listed below, which is the level that the CMD Committee has determined is aligned with the market. Actual positioning of targeted compensation may be above or below the median based on many factors, including the executive's experience, skill set, scope of responsibilities and tenure. The Named Executives' targeted total direct compensation (base salary, target annual incentive and grant date value of long-term incentive awards) for fiscal 2016 approximated the median of the peer group practice. Actual total direct compensation realized will vary from targeted compensation based upon the level of achievement of short- and long-term operating performance objectives, stock price performance and the Company's total shareholder return relative to the peer companies. In evaluating the compensation of the Named Executives, the CMD Committee takes into account the executive's time in position, pay history and the value contributed by that position and the executive and reviews the compensation of other senior executives to ensure that the compensation is internally consistent and equitable.

The targeted total direct compensation for Mr. Lundgren has been intended to approximate the 75th percentile of the peer group companies, but commencing in 2017 upon his relinquishing the CEO role, the CMD Committee reduced his compensation by approximately 50%. The historical 75th percentile position was intended to reflect Mr. Lundgren's sustained leadership, experience and long tenure in the role as well as our size relative to the peers, measured primarily on annual revenue and market capitalization, both of which fall between the median and the 75th percentile. Upon Mr. Gennette's promotion to President and CEO, the CMD Committee set his targeted total direct compensation between the 25th percentile and median of the peer group, reflecting his inexperience in the role, with the expectation that targeted total direct compensation will move towards median over time, assuming strong performance.

The use of market comparison data

With respect to fiscal 2016 compensation, the CMD Committee used comparative compensation data of the following peer group of 12 publicly-traded retail companies to assess the competitiveness of our executive compensation levels and opportunities, and in determining the individual components of compensation, compensation practices, and the relative proportions of each component of compensation:

Bed, Bath & Beyond	Kohl's	Sears Holdings
Dillard's	L Brands	Target
Gap	Nordstrom	TJX Companies
J.C. Penney	Ross Stores	Walmart

We selected this peer group in 2013 with input from FW Cook, taking into consideration a variety of factors, including revenue, market capitalization, total assets, number of employees, Global Industry Classification Standard, business model, product and customer base, and whether the company competes with the Company with respect to product, customers and/or executive talent. We review our peer group annually.

As of October 2016, our revenues and total assets ranked at and above the 75th percentile of the peer group companies. Our net income and market cap rank near median and the number of employees between the median and 75th percentile of the peer group companies.

($ in millions)	Revenue (1)	Net Income (1)	Market Cap (2)	Total Assets (3)	Number of Employees (4)
75th Percentile:	$26,117	$1,485	$28,479	$12,093	187,500
Median:	14,976	743	10,006	8,648	122,500
25th Percentile:	12,362	373	5,271	7,323	76,475
Macy's	**$26,132**	**$688**	**$11,256**	**$21,274**	**157,900**
Macy's Percentile Rank	*75%*	*44%*	*55%*	*85%*	*68%*

Data Source: Standard & Poor's Capital IQ, as of October 31, 2016

(1) Most recently reported four quarters.
(2) As of October 31, 2016.
(3) Most recently reported quarter.
(4) Most recently reported fiscal year.

Competitive Analyses. As part of the fiscal 2016 compensation planning process, the CMD Committee asked FW Cook to review the design of our annual and long-term incentive programs and prepare a competitive analysis of the compensation of the Named Executives. The materials prepared by FW Cook included:

(i) an analysis of the design of our annual incentive and long-term incentive programs in relation to our financial and strategic priorities, human resources objectives and market practice to determine whether changes were appropriate,

(ii)a competitive analysis of the targeted total direct compensation for the Named Executives, including base salary, annual incentives and long-term incentives, and

(iii)a competitive assessment of our long-term incentive grant practices, including a review of share usage (shares granted in equity plans as a percentage of weighted-average outstanding shares) and potential dilution relative to peer group practice and a fair value transfer analysis that measured the aggregate cost of long-term incentives as a percent of market capitalization and revenue.

FW Cook determined that our incentive compensation programs continue to be well designed and reward profitable growth and appreciation in shareholder value through successful execution of the strategies to enhance customer engagement and financial objectives on both an absolute and a relative basis. Based on this review, the CMD Committee determined that no material changes to the design of the annual incentive and long-term incentive programs for fiscal 2016 were warranted.

Pay-for-performance compensation mix

In recognition of the ability of executive officers to directly influence our overall performance, and consistent with our philosophy of linking pay to performance, the largest portion of the Named Executives' compensation is variable, at-risk pay. The actual amounts realized may vary from "targeted" compensation based upon the level of achievement of specific corporate objectives, stock price performance and the Company's TSR relative to the peer companies. Total compensation and the amount of each element are driven by the design of our executive compensation program, the executive's years of experience, the scope of his or her duties and internal comparability.

The CMD Committee has established guidelines for annual performance-based incentive awards and for long-term performance-based equity incentive awards. Based on the combination of the annual incentive and long-term award guidelines, 74% to 89% of the Named Executives' targeted total direct compensation (salary, annual incentive and grant date value of long-term incentive awards) for fiscal 2016 was delivered through variable incentives in which payout is tied to changes in stock price and predetermined performance objectives.

Equity-based long-term incentive awards, which for fiscal 2016 consisted of performance-based restricted stock units (60% of the total long-term incentive grant date value) and stock options (40% of the total long-term incentive grant date value), represent the largest element of pay for the Named Executives. These percentages are consistent with our compensation philosophy of focusing on sustained financial results and strategic initiatives and fostering a pay-for-performance culture.

The targeted total direct compensation mix we used for fiscal 2016 for Mr. Lundgren and the other Named Executives is illustrated below. This mix of short- and long-term compensation components provides sufficient rewards to motivate near-term performance, while at the same time providing significant incentives to keep our executives focused on longer-term corporate goals that drive shareholder value.

CEO Targeted Pay Mix	Salary	Annual Incentive	Performance Restricted Stock Units	Stock Options	Total
% of Total Compensation	11.2%	19.0%	41.9%	27.9%	100%
Short-Term Cash vs. Long-Term Equity	30.2%		69.8%		100%
Fixed vs. Performance-Based	11.2%	88.8%			100%

Other Named Executives Targeted Pay Mix (average)	Salary	Annual Incentive	Performance Restricted Stock Units	Stock Options	Total
% of Total Compensation	25.6%	23.8%	30.4%	20.2%	100%
Short-Term Cash vs. Long-Term Equity	49.4%		50.6%		100%
Fixed vs. Performance-Based	25.6%	74.4%			100%

Fiscal 2016 Compensation and Analysis

Base Salary

Members of senior management earn a base salary that is competitive and consistent with their position, skill level, experience, knowledge and length of service with the Company. Base salary is intended to aid in the attraction and retention of talent in a competitive market and is generally aligned with market median, although actual salaries may be higher or lower as a result of various factors, including those referred to above as well as our performance results, the broad economic climate in which the Company operates, internal pay equity and attributes and circumstances that are specific to particular individuals. Base salaries of senior management are reviewed by the CMD Committee in March of each year, as well as at the time of promotion or significant changes in responsibility.

Following the conclusion of fiscal 2015, management, with input from FW Cook and Mr. Lundgren, prepared for the CMD Committee a summary of the total compensation package then in effect for each Named Executive and a proposed total compensation package for fiscal 2016 for each Named Executive. As shown below, the proposed compensation packages did not provide for any changes to base salary compensation for the Named Executives.

2016 Base Salary Increases

Name	FY 2016 Salary (000s)	FY 2015 Salary (000s)	% Increase
Lundgren	$1,600	$1,600	0%
Hoguet	$900	$900	0%
Gennette	$1,000	$1,000	0%
Sachse	$900	$900	0%

Annual Incentive

The Named Executives participated in the Senior Executive Incentive Compensation Plan, referred to as the Incentive Plan, in fiscal 2016. The Incentive Plan aligns executive compensation with our business strategy and operating performance objectives and is designed to motivate executives to meet or exceed annual corporate financial goals that are established by the CMD Committee and approved by the full Board.

The CMD Committee approved the annual performance goals for the fiscal 2016 annual incentive in March 2016 after the Board approved our fiscal 2016 business objectives and strategies. When setting fiscal 2016 performance goals, the CMD Committee considered the current economic conditions, potential events that could impact future sales and earnings levels and our performance relative to the performance of the peer companies. As discussed below, the CMD Committee set goals that were challenging yet reasonable, and would increase shareholder value if achieved.

Target Annual Incentive Opportunity. The CMD Committee made no changes to the target annual incentive opportunities for the Named Executives in fiscal 2016.

Maximum Annual Incentive Opportunity. The Named Executives become eligible for a maximum annual incentive award based on a percentage of EBIT achieved for the fiscal year. The maximum potential award for Mr. Lundgren for fiscal 2016 is equal to 0.45% of EBIT and the maximum potential award for each of the other Named Executives is equal to 0.25% of EBIT. No annual incentive award, however, can exceed the Incentive Plan's per-person maximum of $7 million.

For purposes of determining performance results, EBIT is adjusted to eliminate the effects of asset impairments, restructurings, acquisitions, divestitures, other unusual or infrequently occurring items, store closing costs, unplanned material tax law changes and/or assessments and the cumulative effect of tax or accounting changes, as determined in accordance with generally accepted accounting principles, as applicable. If EBIT is positive, a portion of each dollar of EBIT is used to determine the participant's maximum award. If EBIT is negative, no incentive awards are paid.

The CMD Committee selected EBIT as the performance metric to ensure that the maximum potential payout is determined as a percentage of controllable profit. Excluding interest and taxes ensures that profit is defined based on operating results that the Named Executives can directly influence. The CMD Committee set the percentages of EBIT for the Named Executives at a level sufficient to enable reasonable award levels under all possible scenarios.

Reduction of the Maximum Annual Incentive Award. In determining actual incentive awards made under the Incentive Plan, the CMD Committee has the discretion to, and has in the past, paid actual incentive awards which are lower than the maximum awards described above. The CMD Committee may reduce the maximum incentive awards based on a "targeted" annual incentive award opportunity established for each Named Executive under the Incentive Plan and our overall performance during the fiscal year measured against pre-established financial goals or on such alternative or additional factors, if any, as it may deem appropriate.

The targeted annual incentive award opportunities for the Named Executives are expressed as a percent of year-end base salary and actual awards may range from 0% to 260% of the "target" award, not to exceed the maximum as determined under the above-referenced EBIT formula, depending upon actual performance relative to the pre-determined goals, as shown in the chart below (and on such alternative or additional factors, if any, as the CMD Committee deems appropriate). The calculation of performance results may be adjusted to eliminate the effects of asset impairments, restructurings, acquisitions, divestitures, other unusual or infrequently occurring items, store closing costs, unplanned material tax law changes and/or assessments and the cumulative effect of tax or accounting changes, as determined in accordance with generally accepted accounting principles, as applicable. The targeted annual incentive award opportunities are interpolated for performance results falling between "threshold" and "target" and between "target" and "outstanding".

		Annual Incentive as a % of Base Salary		
Position	**Component**	**Threshold**	**Target**	**Outstanding**
Chief Executive Officer	EBIT $	18.1%	90.7%	272.1%
	Sales $	18.1%	56.7%	124.7%
	Cash Flow $	9.1%	22.6%	45.2%
	Total	45.3%	170.0%	442.0%
President	EBIT $	13.3%	66.7%	200.1%
	Sales $	13.3%	41.7%	91.7%
	Cash Flow $	6.6%	16.6%	33.2%
	Total	33.2%	125.0%	325.0%
Other Named Executives	EBIT $	8.0%	40.0%	120.0%
	Sales $	8.0%	25.0%	55.0%
	Cash Flow $	4.0%	10.0%	20.0%
	Total	20.0%	75.0%	195.0%

The CMD Committee selected the following levels of EBIT, Sales and Cash Flow as the financial goals for fiscal 2016 under the Incentive Plan for purposes of the targeted annual incentive opportunity for the Named Executives:

		Performance Range ($ in millions)		
Performance Metric	**Weight**	**Threshold**	**Target**	**Outstanding**
EBIT	53.3%	85% of Target	$2,341.9	120% of Target
Sales	33.3%	98% of Target	$27,505.3	101% of Target
Cash Flow	13.3%	$50 below Target	$1,677.6	$150 above Target

Reasons for Selecting These Metrics. The Incentive Plan financial metrics focus executives on maximizing growth, operating profit dollars and cash flow.

- The EBIT measure focuses the executives on maximizing operating income and is a good indicator of how effectively our annual business objectives and strategies, which focus on growth in profits, are being executed.
- Sales, a priority for retailers, are a measure of growth and provide opportunities for the achievement of various other financial measures, including EBIT and cash flow. The Sales target under the Incentive Plan includes sales of departments licensed to third parties and excludes certain items that are included in externally reported sales under GAAP, including licensed department income, shipping and handling fees and sales to third-party retailers.
- Cash Flow measures how much cash we generate from our operating activities net of our investing activities. This cash can be used to further invest in the business, to return to shareholders or to strengthen the balance sheet.

The heavier weighting for the EBIT and Sales objectives reflects our emphasis on profitable growth. The performance levels of EBIT, Sales and Cash Flow are determined annually, consistent with the economic environment at the time our annual business objectives and strategies are finalized and are set to help the Company achieve its longer term average EBITDA margin and average ROIC objectives under the long-term incentive program discussed below. These performance levels are intended to be aggressive but realistic, such that achieving threshold levels would represent minimum acceptable performance and achieving maximum levels would represent outstanding performance. The targeted Sales objective is based to a significant degree on an assumption regarding sales growth relative to projected General Merchandise, Apparel and Home Furnishings (GAF) growth. The sales growth assumption is based on recent history and is adjusted for the risks and opportunities that are embedded in our merchandising strategies. We then plan our EBIT/EBITDA and cash flow objectives to incorporate our cost reduction strategies and real estate monetization.

Fiscal 2016 Annual Incentive Awards. At its March 23, 2017 meeting, the CMD Committee determined the actual incentive awards to be paid to the Named Executives for fiscal 2016 performance.

Based on our financial results for fiscal 2016, the CMD Committee determined that we achieved positive EBIT (adjusted as described below) of $1.946 billion. This resulted in a maximum potential incentive award of $8.760 million for Mr. Lundgren (0.45% of EBIT) and $4.866 million for each of the other Named Executives (0.25% of EBIT), in all instances subject to the Incentive Plan's per-person maximum of $7 million.

Consistent with the design of the annual incentive award program described above, the CMD Committee exercised its discretion to reduce the maximum potential incentive awards, based on the level of achievement of the EBIT, Sales and Cash Flow metrics, as adjusted as described below in relation to amounts reported in our audited financial statements. The CMD Committee adjusted EBIT for costs associated with unplanned store closings and asset impairment charges, for costs associated with an unplanned restructuring and cost reduction program, for a timing shift of gain recognition related to the sale of a store in Brooklyn and for non-cash settlement charges associated with retirement plans. The CMD Committee adjusted Sales to account for unplanned store closings.

	2016 Performance ($ in millions)		Annual Incentive Payout as a % of Base Salary		
Annual Incentive Component	**Results**	**Achievement Level**	**Lundgren**	**President**	**Other Named Executives**
EBIT $	$1,946.8	Below Threshold	0%	0%	0%
Sales $	$26,665.0	Below Threshold	0%	0%	0%
Cash Flow $	$1,681.4	Between Target and Outstanding	23.17%	17.02%	10.25%
Total Earned			23.17%	17.02%	10.25%
Total Target Opportunity			170.00%	125.00%	75.00%

Long-term equity compensation

The equity compensation awards made to the Named Executives in fiscal 2016 consisted of performance-based restricted stock units and stock options. A description of each type of award, with relevant definitions, begins on page 66. The long-term incentive program is designed to align the interests of the Company and its executives with those of its shareholders.

How Awards are Determined. The CMD Committee, taking into account the recommendations of FW Cook, established a target dollar amount for total long-term compensation for the performance period beginning with fiscal 2016 for each Named Executive. The target amounts are consistent with median (75th percentile for Mr. Lundgren) long-term incentive opportunities provided by our peer group companies, and also take into account prior-year opportunities. The CMD Committee determined that the target 2016 long-term compensation for the Named Executives would be allocated as follows:

- 60% in performance-based restricted stock units that vest after a three-year performance period only if we meet pre-determined financial performance and relative TSR goals; and
- 40% in stock options that vest in installments over a four-year period and have value only if our stock price increases over the grant price of the options.

The value given to the equity compensation awards by the CMD Committee are estimates, and are not intended to be predictive of the actual value that the Named Executives might realize from the awards. The amount they ultimately realize will be based on our financial performance, relative TSR and stock price performance.

Reasons for This Mix of Long-term Awards. The CMD Committee established this mix of equity awards to support several important objectives, including focusing key employees, including the Named Executives, on the following items:

- establishing a direct link between compensation and the achievement of our long-term financial objectives and returns to shareholders on both absolute and relative basis;
- the achievement of longer-term goals related to our key strategies (the My Macy's localization initiative, driving the omnichannel business and embracing customer centricity, including engaging customers on the selling floor through the Magic Selling program); and
- enhancing retention by mitigating the impact of fluctuations in the price of the common stock with the use of performance-based restricted stock units in combination with stock options.

The CMD Committee believes this mix provides a reasonable balance between stock price performance and longer-term operating and strategic performance.

Performance-Based Restricted Stock Units. The CMD Committee determines the number of performance-based restricted stock units required to deliver the targeted award value (60% of the fiscal 2016 long-term incentive award opportunity) to the Named Executives by dividing the targeted award dollar value by the closing price of Macy's common stock on the date of the grant.

Maximum Award Opportunity. A maximum award of 150% of the target award of performance-based restricted stock units is funded following the end of the three-year (fiscal 2016-2018) performance period if cumulative EBITDA earned over the performance period is at least $8.5 billion. In determining the actual number of units to be paid, the CMD Committee has the discretion to reduce the maximum award based on our performance against pre-established performance objectives, as explained below.

Determination of Actual Award. Subject to the attainment of the $8.5 billion cumulative EBITDA threshold over the three-year (fiscal 2016-2018) performance period, the awards granted in fiscal 2016 may pay out from 0% to 150% of the target award opportunity based on our performance against average EBITDA margin, average ROIC, and relative TSR objectives over the three-year performance period (as such calculations are described beginning on page 66), as follows:

	EBITDA Margin (50% weight)		ROIC (30% weight)		Relative TSR (20% weight)	
Performance Level*	**3-Year Average**	**Vesting %**	**3-Year Average**	**Vesting %**	**3-Year TSR vs. Peers**	**Vesting %**
Outstanding	≥ 13.7%	150%	≥ 22.3%	150%	≥ 75.0%	150%
Target	13.2%	100%	21.3%	100%	50.0%	100%
Threshold	12.7%	50%	20.3%	50%	35.0%	50%
Below Threshold	< 12.7%	0%	< 20.3%	0%	< 35.0%	0%

* Straight-line interpolation will apply to performance levels between the ones shown.

If the $8.5 billion cumulative EBITDA threshold is not attained, no awards are payable regardless of our performance against the average EBITDA margin, average ROIC and relative TSR metrics. Performance levels for each metric are based on our long-term business objectives and strategies and historic performance of key business competitors.

Reasons for Selecting These Metrics. The CMD Committee selected these performance metrics because they are closely monitored by investors and are the key drivers of long-term sustainable shareholder value creation. In addition, the average EBITDA margin and average ROIC metrics complement the EBIT, Sales and Cash Flow measures used in the annual incentive plan by focusing executives on efficient use of assets and profitable growth.

- With respect to EBITDA margin, the Company has long stated to investors that its objective is to achieve an EBITDA margin rate of 14%, consistent with historic peak profit levels for the Company and above that of our key competitors. While unlikely to be achieved in the near term, the Company believes this still to be an appropriate longer-term objective and goals were set to encourage margin improvement.
- ROIC is a measure of investment productivity and the efficiency in which assets are employed in the operation of the business. It is a very important measure of our performance over time because capital decisions need to be evaluated over an extended period. That is why we include it in our long-term incentive plan and not in our annual incentive plan.
- Relative TSR is a good measure of shareholder value creation, especially when measured on a consistent basis over extended periods of time. In addition, peer-to-peer measurement is viewed as an executive compensation "best practice" by many proxy advisory firms and corporate governance experts. The CMD Committee determined that TSR should be measured against that of the compensation peer group since that group includes our primary competitors for business, talent and investor capital and results in a consistent group being used internally for pay and performance comparisons. The 20% weighting given to the relative TSR metric ensures that a meaningful amount of the grant is subject to relative TSR results.

Stock Options. The CMD Committee determines the number of stock options required to deliver the targeted value (40% of the fiscal 2016 long-term incentive award opportunity) by dividing the targeted award dollar value by the Black-Scholes value for the common stock on the grant date. Stock options are granted at the closing price of Macy's common stock on the date of the grant, vest 25% on each of the four anniversaries following the grant date and have a term of 10 years. Any value that the Named Executives may realize from stock option grants is wholly dependent upon share price appreciation after the date of the grant and, furthermore, only to the extent that share price appreciation is sustained over the required service vesting period and thereafter during the term of the option.

Fiscal 2016 Equity Awards.

Awards Granted in 2016. At its March 22, 2016 meeting, the CMD Committee granted the number of stock options and target number of performance-based restricted stock units to the Named Executives that are reflected in the 2016 Grants of Plan-Based Awards table on page 65.

Awards Not Earned and therefore Forfeited in 2016. The three-year (fiscal 2014-2016) performance period for the performance-based restricted stock units granted to the Named Executives in fiscal 2014 expired as of the end of fiscal 2016. In February 2017, the CMD Committee determined that cumulative EBITDA earned over the performance period exceeded the applicable $8.25 billion threshold, resulting in the maximum award of 150% of the target award being funded. The CMD Committee exercised its negative discretion to then determine the number of performance-based restricted stock units that would be paid based on our average EBITDA margin, average ROIC and relative TSR performance objectives over the three-year performance period, as follows:

	EBITDA Margin (50% weight)		ROIC (30% weight)		Relative TSR (20% weight)	
Performance Level*	**3-Year Average**	**Vesting %**	**3-Year Average**	**Vesting %**	**3-Year TSR vs. Peers**	**Vesting %**
Outstanding	≥ 14.6%	150%	≥ 24.0%	150%	≥ 75.0%	150%
Target	14.3%	100%	23.6%	100%	50.0%	100%
Threshold	13.6%	50%	22.0%	50%	35.0%	50%
Below Threshold	< 13.6%	0%	< 22.0%	0%	< 35.0%	0%

* Straight-line interpolation applies to performance levels between the ones shown.

Our average EBITDA margin and ROIC, as well as Relative TSR were below the threshold level of performance level. As a result, the Named Executives did not earn any of the performance-based stock units and therefore forfeited 100% of the performance restricted stock units granted in March 2014.

Other Benefits and Programs Under the Executive Compensation Program

Benefits

We provide certain limited executive benefits to senior executives, including the Named Executives, to fulfill particular business purposes. In general, these benefits make up a very small percentage of targeted total compensation for the Named Executives.

Supplementary Executive Retirement Plan. The Named Executives other than Ms. Garcia participate in the Company's supplementary executive retirement plan. This plan supplements the pension benefits provided to the Named Executives under our cash account pension plan, and takes into account compensation that the tax rules do not permit the cash account pension plan to take into account. The plan was closed to new participants in January 2012 and benefits under the plan were frozen effective as of December 31, 2013. As a result, no Named Executive has accrued an additional benefit under the plan since fiscal 2013.

Executive Deferred Compensation Plan. Through December 31, 2013, we provided executives the opportunity to defer receiving income under the Executive Deferred Compensation Plan (EDCP), generally until after they terminate their employment. This benefit offered tax advantages to eligible executives, permitting them to defer payment of their compensation and defer taxation on that compensation until the deferred amounts are paid to the executives. Effective January 1, 2014, the EDCP was replaced with the Macy's, Inc. Deferred Compensation Plan. Amounts deferred under the EDCP will continue to earn interest or dividend equivalents, but participants may no longer defer compensation under the plan.

Macy's, Inc. Deferred Compensation Plan. Effective January 1, 2014, the Named Executives became eligible to participate in the Macy's, Inc. Deferred Compensation Plan. This plan operates in a manner similar to our 401(k) Plan and provides for income deferral and Company matching contribution opportunities with respect to compensation in excess of amounts eligible for such opportunities under our 401(k) Plan.

Car and Driver Program. Pursuant to a recommendation resulting from an independent third-party security study, we provide Mr. Lundgren with the services of a car and driver for commuting in New York City, for certain business travel and for personal use. This benefit is to ensure the personal safety of Mr. Lundgren, who maintains a significant public role as the leader of Macy's. The benefit also allows Mr. Lundgren to work productively during his commute. This benefit will also be provided to Mr. Gennette in his role as President and CEO.

Business Club. The Named Executives are offered Company-paid membership at business clubs for the purpose of conducting business on behalf of Macy's. This benefit provides the Named Executives with access to appropriate settings for business networking and other business functions and meetings. Any meal or other expenses incurred at the club that are not business-related are the responsibility of the Named Executives.

Company Airplane. Except as described below, Company-owned aircraft are generally used for Company business only. Mr. Lundgren travels extensively on Company business while overseeing our Macy's, Bloomingdale's and Bluemercury omnichannel operations, which include more than 800 stores in 45 states, the District of Columbia, Guam and

Puerto Rico. In addition to the use of Company-owned aircraft for business, we encourage Mr. Lundgren to use Company-owned aircraft for personal flights as well. This ensures the safety and security of Mr. Lundgren and his family and enables him to conduct business more efficiently and securely before, during and after flights. As a result of the enhanced safety and efficiency associated with personal use of the aircraft, the CMD Committee believes that the value accruing to the Company more than offsets the incremental costs that Macy's incurs to make the aircraft available for Mr. Lundgren's personal use and therefore is an efficient form of compensation for him. Mr. Lundgren is required to reimburse the Company to the extent that the calculated costs associated with his personal usage of Company-owned aircraft in a fiscal year exceeds $75,000 in the aggregate. This benefit will also be provided to Mr. Gennette in his role as President and CEO.

Severance Benefits

Executive Severance Plan and Change-in-Control Plan. To enable the Company to offer competitive total compensation packages to key executives, as well as to ensure the retention, independence and objectivity of these individuals when considering potential takeovers that may create uncertainty as to their future employment with the Company, the CMD Committee (and the Non-Employee Directors with respect to Mr. Lundgren) approved an executive severance plan and a change-in-control plan, referred to as the CIC Plan, in October 2009. The CMD Committee believes that the benefits provided under these plans are appropriate and are consistent with our objective of attracting and retaining highly-qualified executives.

In addition, the CMD Committee believes that the CIC Plan provides the Company with certain protections, specifically to retain key executives prior to or following a change in control and to ensure key executives maintain their focus on the interests of shareholders when making decisions during a potential or actual change-in-control transaction. In setting the severance benefit level under the CIC Plan, the CMD Committee does not consider the wealth accumulated by the Named Executives under prior compensation awards or benefit plans. The CMD Committee does not believe that it is appropriate to base routine salary and incentive compensation decisions on the potential effect they may have under change-in-control arrangements that may never be triggered.

For a detailed description of the benefits provided under these plans, see the discussions of the executive severance plan and the CIC Plan that begin on page 74.

Other change-in-control provisions. Our deferred compensation programs provide for accelerated benefits in the event of a change in control, which affect all participants in those programs, as well as the Named Executives. If a change in control were to occur, deferred compensation plan stock credit units and cash account balances would immediately become payable. This reassures executives that they will receive previously deferred compensation because decisions as to whether to provide these amounts are not left to the management and directors in place following a change in control.

All equity awards granted in 2010 and thereafter are subject to "*double trigger*" vesting in the event of a change in control, consistent with current corporate governance "best practices". Under a "*double trigger*" approach, vesting accelerates only if a participant's employment terminates without cause or for good reason within a set period of months following a change in control. However, if such awards are not assumed or replaced on an equitable basis by the successor employer, they will immediately vest upon the effectiveness of the change in control.

Significant Policies and Additional Information Regarding the Executive Compensation Program

Recovery of prior compensation

The CMD Committee has the discretion to require a participant

(i) in the Incentive Plan, including the Named Executives, to repay income, if any, derived from the annual incentive, and

(ii) in the long-term incentive compensation program, including the Named Executives, to repay income derived from performance restricted stock units or stock options, if any,

in the event of a restatement of our financial results within three years after any such payments to correct a material error that is determined by the CMD Committee to be the result of executive fraud or intentional misconduct. The CMD Committee will review these provisions to ensure compliance with any rules or regulations that may be adopted by the SEC or NYSE during 2017 to implement Section 10D of the Securities Exchange Act, added by the Dodd-Frank Wall Street Reform and Consumer Protection Act.

Stock ownership guidelines

In order to further the financial alignment of our executives with our shareholders, our Board has established stock ownership guidelines for certain executives of Macy's, including the Named Executives.

Position	Ownership Guideline
President/Chief Executive Officer and Executive Chairman/Chairman of the Board	6 x base salary
Executive Committee (other than President/CEO and Executive Chairman/Chairman of the Board)	3 x base salary
Executive Vice President - Corporate Officer (other than the Controller) and Business Unit Principal	1 x base salary

Shares counted toward the ownership requirement consist of:

- Macy's stock beneficially owned (directly or indirectly) by the executive or owned jointly with any immediate family member of the executive;
- Any stock credits or other stock units credited to an executive's account through deferrals under our deferred compensation program or otherwise;
- Time-based restricted stock or restricted stock units granted to the executive, whether or not vested;
- Time-based stock credits during the performance and holding periods under our stock credit plans;
- Performance-based stock credits during the holding periods that follow the performance periods under the stock credit plans; and
- The executive's proportionate share of the Macy's stock fund under our 401(k) Plan.

Macy's common stock subject to unvested or unexercised stock options does not count toward the ownership requirement. Performance-based restricted stock or performance-based restricted stock units do not count toward the ownership requirement during the performance period. The Company first enacted stock ownership guidelines in 2006. Pursuant to the above guidelines, established in 2010 by the Company and amended in 2014, executives are expected to comply with the revised guidelines by the later of February 1, 2016 or the first Monday in March following the five-year anniversary the executive first becomes eligible to receive a payout of performance-based restricted stock or restricted stock units under our long-term incentive plan. Stock ownership is measured as of the first Monday in March of each fiscal year. As of the March 2017 measurement date, each Named Executive, who had reached their guideline date, had complied with, and continues to comply with, the current guidelines.

Hedging/Pledging Policy

We have adopted a policy which prohibits directors and participants in our long-term incentive plan from engaging in transactions designed to hedge against the economic risks associated with an investment in our common stock or pledging our common stock in borrowing transactions. These individuals may not engage in the purchase or sale of put and call options, short sales and other hedging transactions designed to minimize the risk of owning Macy's common stock. In addition, these individuals may not pledge shares of our common stock as collateral for a loan, including, without limitation, in a margin account.

Timing of equity awards

The CMD Committee generally approves annual equity-based grants at its March meeting, which is generally scheduled at least two years in advance of the meeting. The March meeting occurs after financial results for the Company are available - at least three weeks after we release our year-end earnings. In addition to the annual grants, the CMD Committee may approve equity-based grants on a limited basis on other dates in special circumstances, such as to newly- hired executives, or to executives promoted into positions eligible for such grants or to retain executives important to the success of the Company.

Tax considerations

The CMD Committee considers the deductibility for federal income tax purposes under Section 162(m) of the Internal Revenue Code in the design of our compensation programs. Section 162(m) places a limit of $1 million on the amount of compensation that we may deduct in any one year with respect to the Named Executives (other than the Chief Financial Officer). There is an exception to the $1 million limitation for performance-based compensation meeting certain requirements defined by the IRS. Annual incentive awards, stock option awards and performance-based restricted stock and performance-based restricted stock unit awards generally are performance-based compensation meeting those requirements and, as such, are expected to be fully deductible, but no assurance can be given that any such compensation will in fact be fully deductible under all circumstances. The CMD Committee balances the desirability to qualify for such deductibility with the Company's need to maintain flexibility in compensating executive officers in a manner designed to promote its corporate goals and compensation objectives. As a result, the CMD Committee may elect to provide compensation that is not deductible in order to achieve these goals and objectives. Consequently, portions of the total compensation program may not be deductible under Section 162(m), including, for example, the portion of base salary of some of the Named Executives in excess of $1 million and any time-based restricted stock or time-based restricted stock units.

Accounting

In our financial statements, we record salaries and performance-based cash compensation incentives as expenses in the amount paid, or to be paid, to the Named Executives. Accounting rules also require the Company to record an expense in our financial statements for equity-based awards, even though equity awards are not paid as cash to employees. We expense all equity-based awards in accordance with ASC Topic 718. In evaluating the design of our variable incentive plans, the CMD Committee considers the accounting costs attributable to alternative approaches to ensure that financial efficiency is maximized.

COMPENSATION COMMITTEE REPORT

The Compensation and Management Development (CMD) Committee has reviewed and discussed the Compensation Discussion & Analysis with Macy's management. Based on the review and discussions referred to above, the CMD Committee recommended to the Board that the Compensation Discussion & Analysis be included in Macy's Annual Report on Form 10-K and proxy statement.

The foregoing report was submitted by the CMD Committee and shall not be deemed to be "soliciting material" or to be "filed" with the SEC or subject to Regulation 14A promulgated by the SEC or Section 18 of the Exchange Act.

Respectfully submitted,
Paul C. Varga, *Chairperson*
Francis S. Blake
Deirdre P. Connelly
Sara Levinson
Annie Young-Scrivner

COMPENSATION OF THE NAMED EXECUTIVES FOR 2016

The following table summarizes the compensation of our principal executive officer, principal financial officer and our three other most highly-compensated executive officers, collectively referred to as the "Named Executives." In accordance with SEC disclosure requirements, the amounts in the "Stock Awards" and "Option Awards" columns reflect the grant date values of equity awards.

2016 SUMMARY COMPENSATION TABLE

Name and Principal Position	Year	Salary ($)	Bonus ($)	Stock Awards (1) ($)	Option Awards (2) ($)	Non-Equity Incentive Plan Compensation ($)	Changes in Pension Value and Nonqualified Deferred Compensation Earnings (3) ($)	All Other Compensation (4) ($)	Total ($)
Terry J. Lundgren	2016	1,600,000	0	6,040,895	3,999,996	370,700	1,355,655	116,360	13,483,606
Chairman and	2015	1,600,000	0	5,798,617	3,999,984	0	106,940	189,783	11,695,324
Chief Executive Officer	2014	1,600,000	0	5,008,425	3,285,990	2,556,200	3,813,691	232,914	16,497,220
Karen M. Hoguet	2016	900,000	0	854,779	565,993	92,300	309,039	31,500	2,753,611
Chief Financial	2015	900,000	0	820,474	565,985	0	0	46,923	2,333,382
Officer	2014	895,833	0	807,766	529,993	634,900	697,866	46,923	3,613,281
Jeff Gennette	2016	1,000,000	0	1,631,000	1,079,996	170,200	264,058	17,000	4,162,254
President	2015	1,000,000	0	1,565,593	1,079,999	0	0	48,235	3,693,827
	2014	937,500	0	1,097,357	719,988	892,900	634,832	48,235	4,330,812
Elisa D. Garcia(5) Chief Legal Officer	2016	291,099	1,612,800	749,997	749,994	31,000	0	430,899	3,865,789
Peter R. Sachse(6)	2016	896,875	0	1,235,791	987,630	92,300	297,978	4,694,706	8,205,280
Former Chief	2015	900,000	0	1,786,859	565,985	0	0	53,722	3,306,566
Growth Officer	2014	895,833	0	807,766	529,993	634,900	649,490	46,923	3,564,905

(1) The amounts in this column for fiscal 2016 include the fair value for performance-based restricted stock units awarded in fiscal 2016 determined by using a weighted average grant date price for the common stock of approximately $43.72 per share, assuming the "target" number of units is earned. Assuming that the "maximum" number of units is earned, the grant date fair value amounts for the performance-based restricted stock units would be $9,061,343 for Mr. Lundgren, $2,446,500 for Mr. Gennette and $1,282,168 for each of the other Named Executives, excluding Ms. Garcia. The amount for Ms. Garcia includes the fair value for time-based restricted stock units awarded upon hire in fiscal 2016 determined by using the grant date closing stock price for the common stock ($34.96 per share). See footnote (4) to the 2016 Grants of Plan-Based Awards table.

(2) The amounts in this column reflect the grant date value of stock options determined using the Black-Scholes option pricing model in accordance with ASC Topic 718. See footnote (4) to the 2016 Grants of Plan-Based Awards table for the assumptions used in making this determination.

(3) We did not pay above-market interest under our executive deferred compensation plan in 2016, therefore, the amounts reflected in this column relate to pension benefits only. The amounts reflected for fiscal 2016 in this column represent the change in the actuarial present value of accumulated pension benefits under our cash balance pension plan (CAPP) and supplementary executive retirement plan (SERP) in fiscal 2016. The assumptions used in determining the present value of benefits are the same assumptions used for financial reporting purposes. The present value of benefits was determined using a PBO effective discount rate of 4.00% for the CAPP and 4.07% for the SERP. For the CAPP, base mortality rates are determined using the RP-2014 Blue Collar mortality table adjusted to back out estimated mortality improvements from 2006 to the measurement date using MP-2014, and then projected forward to the measurement date using MP-2016. For the SERP, base mortality rates are determined using the RP-2014 White Collar mortality table adjusted to back out estimated mortality improvements from 2006 to the measurement date using MP-2014, and then projected forward to the measurement date using MP-2016. Mortality is projected generationally from the measurement date using scale MP-2016 for both the CAPP and SERP. Scale MP-2016 defines how future mortality improvements are incorporated into the projected mortality table and is based on a blend of Social Security experience and the long-term assumption for mortality improvement rates by the Society of

Actuaries' Retirement Plans Experience Committee. The assumed retirement age used for these calculations was the normal retirement age of 65, as defined by the plans, and each Named Executive was assumed to retire at the normal retirement age.

(4) Included in "All Other Compensation" for fiscal 2016 is the incremental cost to Macy's of the following perquisites made available to the Named Executives:

Name	Aircraft Usage ($) (a)	Tax Reimbursement($) (b)	Car Programs (c) ($)	DCP Matching Contribution ($) (d)	401(k) Matching Contribution ($)	Other ($)(e)	Total ($)
Lundgren	34,995	9,065	16,300	46,725	9,275	0	116,360
Hoguet	0	0	0	22,225	9,275	0	31,500
Gennette	0	0	0	7,725	9,275	0	17,000
Garcia	0	188,533	0	0	0	242,366	430,899
Sachse	0	0	0	22,225	9,275	4,663,206	4,694,706

(a) Mr. Lundgren is the only Named Executive who is permitted to make personal use of company aircraft. The amount shown for aircraft usage is calculated based on the cost of fuel and other variable costs associated with the particular personal flights. Mr. Lundgren's wife and/or other guests accompany him on some flights. There are no additional incremental costs associated with their travel on those flights. Mr. Lundgren is required to reimburse the Company to the extent that the calculated incremental costs associated with his personal usage of Company aircraft exceed $75,000 in the aggregate. For purposes of calculating the incremental costs associated with Mr. Lundgren's personal usage of Company aircraft:

- Flights were deemed business or personal based on whether there was a business purpose for the flight.
- If a trip was deemed personal, ferry flights, if any, were included as personal.
- If a trip included both business and personal destinations, we included as personal the excess, if any, of the aggregate expenses for the trip over the costs of flying to and from the originating airport to the business destination or destinations.

(b) The amount shown includes reimbursement payments to Mr. Lundgren in calendar year 2016 for imputed income associated with travel by Mr. and Mrs. Lundgren on some of his flights on company aircraft that were deemed personal for tax reporting purposes, but which the Company determined had a business purpose. The amount shown for Ms. Garcia includes tax gross-ups related to her relocation.

(c) The amount shown reflects the costs relating to personal use by Mr. Lundgren of a dedicated car and driver that the Company makes available to him for safety reasons pursuant to the recommendation of a third-party security study. The incremental cost calculation for personal use of the car and driver includes driver overtime, tolls, gratuities, lodging for the drivers, maintenance and fuel costs incurred in connection with such personal use.

(d) The amounts shown reflect Company matching contributions on salary and/or annual incentive awards deferred under the Company's Deferred Compensation Plan ("DCP"). Such deferred amounts are matched in the same manner and at comparable rates as under the Company's 401(k) Plan.

(e) Includes payments to Ms. Garcia of $242,366 in relocation expenses. Amount for Mr. Sachse includes payments made pursuant to the terms of his separation agreement, as discussed in more detail on page 44 "Payments to Terminated Executive".

(5) See "Grants of Plan-Based Awards" table for details of Ms. Garcia's new hire equity grants. See "Payments to New Executive" on page 43 for details of her new hire and annual bonus.

(6) Stock Awards amount includes an incremental fair value of $381,012 for certain performance-based restricted stock unit awards resulting from the modifications of the awards pursuant to the terms of his separation agreement, as discussed in more detail on page 44 "Payments to Terminated Executive". Option Awards amount includes an incremental fair value of $421,637 for certain stock options awards resulting from the modifications of the awards pursuant to the terms of his separation agreement, as discussed in more detail on page 44 "Payments to Terminated Executive".

Plan-Based Awards

The following table sets forth certain information regarding the annual incentive plan and other equity awards granted during fiscal 2016 to each of the Named Executives.

2016 GRANTS OF PLAN-BASED AWARDS

			Estimated Possible Payouts Under Non-Equity Incentive Plan Awards			Estimated Future Payouts Under Equity Incentive Plan Awards					
Name	Award Type	Grant Date for Equity-Based Awards	Threshold ($)	Target ($)	Maxi-mum ($) (1)	Threshold (#)	Target (#) (2)	Maxi-mum (#)	All Other Option Awards; Number of Securities Underlying Options (#)(3)	Exercise or Base Price of Option Awards ($/Sh)	Grant Date Fair Value of Stock and Option Awards ($)(4)
Lundgren	Annual Incentive	n/a	724,800	2,720,000							
	PRSUs	3/23/2016					138,185				6,040,895
	Stock Options	3/23/2016							324,675	43.42	3,999,996
Hoguet	Annual Incentive	n/a	180,000	675,000							
	PRSUs	3/23/2016					19,553				854,779
	Stock Options	3/23/2016							45,941	43.42	565,993
Gennette	Annual Incentive	n/a	332,000	1,250,000							
	PRSUs	3/23/2016					37,309				1,631,000
	Stock Options	3/23/2016							87,662	43.42	1,079,996
Garcia	Annual Incentive	n/a	145,000	543,800							
	TRSUs	9/20/2016					21,453				749,997
	Stock Options	9/20/2016							84,937	34.96	749,994
Sachse(5)	Annual Incentive	n/a	180,000	675,000							
	PRSUs	3/23/2016					19,553				1,235,791
	Stock Options	3/23/2016							45,941	43.42	987,630

(1) The Named Executives are eligible for an annual cash incentive award under our Incentive Plan, which is deemed a "non-equity incentive plan" under SEC rules. The plan provides that the Named Executives are eligible for an annual incentive award only if EBIT is positive. EBIT is defined to exclude the effects of asset impairments, restructurings, acquisitions, divestitures, other unusual or infrequently occurring items, store closing costs, unplanned material tax law changes and/or assessments and the cumulative effect of tax or accounting changes, as determined in accordance with generally accepted accounting principles, as applicable. Under the Incentive Plan, the maximum award a Named Executive may receive for fiscal 2016 is 0.45% of EBIT, or $8.760 million, for Mr. Lundgren and 0.25% of EBIT, or $4.866 million, for each of the other Named Executives, subject in all instances to the Incentive Plan's per-person maximum of $7 million. The CMD Committee may exercise negative discretion to reduce the maximum awards based on the annual incentive award opportunity established for each Named Executive under the Incentive Plan. For a more detailed discussion of the Incentive Plan, see the "Annual Incentive" discussion in "Compensation Discussion & Analysis - Fiscal 2016 Compensation and Analysis."

(2) The Named Executives, excluding Ms. Garcia, received a grant of performance-based restricted stock units ("PRSUs") on March 23, 2016. The PRSUs vest over a three-year performance period covering fiscal years 2016-2018. The number of PRSUs earned may range from 0% to 150% of the Target award opportunity based on performance against average EBITDA margin, average ROIC and relative TSR objectives, and subject to attainment of a minimum cumulative EBITDA of $8.5 billion over the three-year performance period. PRSUs that are earned will be paid out as shares of Macy's common stock. Dividends, if any, paid on the Company's common stock will be credited to the Named Executives' PRSU accounts as additional restricted stock units and will be paid out as shares of Macy's common stock at the end of the three-year performance period only to the extent that the underlying PRSUs to which the dividends relate are earned. See the "Performance-Based Restricted Stock Units" discussion in "Compensation Discussion & Analysis - Fiscal 2016 Compensation and Analysis - Long-term equity compensation" and the "Restricted Stock and Restricted Stock Units" discussion in the narrative below. Ms. Garcia received a grant of time-based restricted stock units ("TRSUs") on September 20, 2016. These TRSUs vest 50% on each of September 20, 2018 and September 20, 2019 so long as the executive remains employed by Macy's through that date.

(3) The numbers reflected in this column represent the number of stock options granted to the Named Executives in fiscal 2016.

(4) Stock options, excluding the new hire grant to Ms. Garcia, were valued as of the grant date using the Black-Scholes option pricing model in accordance with ASC Topic 718, using the following assumptions:

	3/23/16 Grant
Dividend yield:	3.8%
Expected volatility:	42.75%
Risk-free interest rate:	1.46%
Expected life:	5.7 years
Black-Scholes value:	$12.32

PRSUs were valued by using a weighted average grant date price for our common stock of approximately $43.72 per share, assuming the "target" number of units is earned. The weighted average grant date price was calculated as follows: (i) $43.42 per share for the portion of the grant subject to average EBITDA margin and average ROIC performance metrics, by using the grant date closing price for the common stock, and (ii) $44.90 per share for the portion of the grant subject to a relative TSR metric, by using a Monte Carlo simulation analysis to estimate TSR ranking of the Company among a 12-company executive compensation peer group over the remaining performance period. Ms. Garcia's stock options were valued using a Black-Scholes value of $8.83 and her TRSUs were valued by using the grant date closing price for the common stock ($34.96 per share).

(5) Mr. Sachse's Grant Date Fair Value of Stock Awards includes an incremental fair value of $381,012 for certain performance-based restricted stock unit awards resulting from the modifications of the awards pursuant to the terms of his separation agreement, as discussed in more detail on page 44 “Payments to Terminated Executive”. Grant Date Fair Value of Option Awards includes an incremental fair value of $421,637 for certain stock options awards resulting from the modifications of the awards pursuant to the terms of his separation agreement, as discussed in more detail on page 44 “Payments to Terminated Executive”.

Stock Options. Prior to May 15, 2009, the CMD Committee granted stock options from the 1995 Equity Plan and the 1994 Stock Plan, each of which has been approved by Macy's shareholders. After shareholders approved the 2009 Omnibus Plan, stock options may no longer be granted under the 1995 Equity Plan or the 1994 Stock Plan.

Under the 2009 Omnibus Plan, the exercise price of stock options may not be less than the market price of the underlying Macy's common stock on the grant date (which is defined in the 2009 Omnibus Plan as the closing price of Macy's common stock on the NYSE on the grant date). Stock options vest over time, typically in 25% installments on the first through fourth anniversaries of the grant date, and have 10-year terms. Our plans do not provide for the granting of "reload" options and prohibit the repricing of previously granted options.

In the event of an executive's permanent and total disability, unvested stock options immediately vest and remain exercisable until the end of their term. In the event of death, unvested stock options immediately vest and remain exercisable for three years or the end of their term, depending upon the terms and conditions of the individual grant and satisfaction of certain age and years of service requirements. In the event of retirement, unvested stock options may continue to vest in accordance with their original vesting schedule and remain exercisable until the end of their term, depending upon the terms and conditions of the individual grant and satisfaction of certain age and years of service requirements.

Stock options granted after May 19, 2006 and prior to fiscal 2010 under the 1995 Equity Plan and the 1994 Stock Plan provide that stock options become immediately exercisable in full in the event of a change in control of the Company. Stock options granted in fiscal 2010 and thereafter provide that stock options become immediately exercisable in full in the event of termination of employment within a specified period of time following a change in control of the Company.

Restricted Stock and Restricted Stock Units. The CMD Committee grants shares of restricted stock or restricted stock units, referred to as RSUs, from time to time for retention and performance reasons. RSUs represent the right to receive a payment upon or after vesting equal to the market value per share of Macy's common stock as of the grant date, the vesting date or such other date as determined by the CMD Committee on the date the RSUs are granted. Since May 15, 2009, all restricted stock and RSUs are granted under the 2009 Omnibus Plan.

Restricted stock and RSU grants can be either time-based or performance-based. Time-based and performance-based restricted stock or RSUs will generally be forfeited by the executive if the executive's employment with the Company ends prior to the vesting date. Time-based restricted stock and/or units may vest 100% on the third anniversary of the grant date or in installments over a number of years following the first anniversary of the grant date. Time-based restricted stock or RSUs may not fully vest in less than three years, do not earn dividends and are subject to "double-trigger" vesting in the event of a change in control. Performance-based restricted stock or RSUs are subject to forfeiture if performance criteria applicable to the shares and/or units are not satisfied and/or if the executive's employment with the Company ends prior to the vesting date. Performance-based restricted stock or RSUs may not fully vest in less than one year. Depending upon satisfaction of the performance criteria, shares and/or units may vest up to 100% on the first anniversary of the grant date or in installments over a number of years following the first anniversary of the grant date. To the extent performance criteria are not satisfied, shares and/or units are forfeited.

Fiscal 2015 Performance-Based RSU Grant. The performance-based RSUs, referred to as PRSUs, granted to the Named Executives, excluding Ms. Garcia, in fiscal 2015 that are earned at the end of the three-year (fiscal 2015-2017) performance period will be paid to the Named Executives as shares of Macy's common stock within 2 1/2 months following the end of the performance period. Subject to achievement of a minimum cumulative EBITDA of $8.5 billion over the three-year performance period, the number of PRSUs that a Named Executive will earn at the end of the performance period may vary from 0% to 150% of the target award based upon consideration of our three-year performance relative to average EBITDA margin, average ROIC and relative TSR goals shown below.

	EBITDA Margin (50% weight)		ROIC (30% weight)*		Relative TSR (20% weight)*	
Performance Level*	3-Year Average	Vesting %	3-Year Average	Vesting %	3-Year TSR vs. Peers	Vesting %
Outstanding	≥ 14.7%	150 %	≥ 24.0%	150 %	≥ 75.0%	150 %
	14.6%	135 %				
	14.5%	120 %				
	14.4%	110 %				
Target	14.3%	100 %	23.6%	100 %	50.0%	100 %
	14.2%	97.5 %				
	14.1%	95 %				
	14.0%	90 %				
	13.9%	80 %				
	13.8%	70 %				
	13.7%	60 %				
Threshold	13.6%	50 %	22.0%	50 %	35.0%	50 %
Below Threshold	< 13.6%	0 %	< 22.0%	0 %	< 35.0%	0 %

*Straight-line interpolation will apply to performance levels between the ones shown.

Fiscal 2016 Performance-Based RSU Grant. The PRSUs granted to the Named Executives, excluding Ms. Garcia, in fiscal 2016 that are earned at the end of the three-year (fiscal 2016-2018) performance period will be paid to the Named Executives as shares of Macy's common stock within 2 1/2 months following the end of the performance period. Subject to achievement of a pre-determined minimum required three-year cumulative EBITDA goal, the number of PRSUs that a Named Executive will earn at the end of this performance period may vary from 0% to 150% of the target award, based upon consideration of our three-year performance relative to average EBITDA margin, average ROIC and relative TSR goals. See the "Performance-Based Restricted Stock Units" discussion in "Compensation Discussion & Analysis - Fiscal 2016 Compensation and Analysis - Long-term equity compensation."

General Terms of the Performance-Based RSU Grants. For purposes of all PRSU grants, EBITDA, EBITDA margin, ROIC and TSR are defined as follows:

- EBITDA is defined as earnings before interest, taxes, depreciation and amortization, which is equal to the sum of operating income and depreciation and amortization as reported in our audited financial statements, adjusted to eliminate the effects of asset impairments, restructurings, acquisitions, divestitures, other unusual or infrequently occurring items, store closing costs, unplanned material tax law changes and/or assessments and the cumulative effect of tax or accounting changes, as determined in accordance with generally accepted accounting principles, as applicable.
- EBITDA margin is defined as EBITDA divided by Net Sales (with net sales being adjusted to exclude certain items that are included in externally reported sales under GAAP, including licensed department income, shipping and handling fees and sales to third party retailers, and to account for unplanned store closings).
- ROIC is defined as EBITDAR divided by Total Average Gross Investment. EBITDAR is equal to the sum of EBITDA plus net rent expense (rent expense as reported in our audited financial statements less the deferred rent amortization related to contributions received from landlords). Total Average Gross Investment is equal to the

sum of gross property, plant and equipment, capitalized value of non-capitalized leases, working capital - which includes receivables, merchandise inventories, prepaid expenses and other current assets - offset by merchandise accounts payable and accounts payable and accrued liabilities, and other assets (each as reported in our audited or unaudited financial statements).

- TSR is defined as the change in the value of our common stock over the three-year performance period, taking into account both stock price appreciation and the reinvestment of dividends. The beginning and ending stock prices will be calculated based on a 20-day average stock price. Relative TSR is the percentile rank of our TSR compared to the TSR of our executive compensation peer group over the performance period. The executive compensation peer group consists of the following 12 companies: Bed, Bath & Beyond, Dillard's, Gap, J.C. Penney, Kohl's, L Brands, Nordstrom, Ross Stores, Sears Holdings, Target, TJX Companies and Walmart.

Dividends, if any, paid on our common stock will be credited to the Named Executives' PRSU accounts as additional restricted stock units and will be paid out as shares of common stock only to the extent that the underlying PRSUs are earned.

In the event of a change in control of the Company, the PRSUs will be converted to shares of time-based restricted stock vesting on the third anniversary of the grant date. If the change in control occurs prior to the 24-month anniversary of the start of the performance period, the conversion will be based on the target award opportunity. If the change in control occurs after such 24-month anniversary, the conversion will be based on performance through the date of the change in control. Unvested time-based restricted shares will vest if the Named Executive is terminated by the Company or the continuing entity without "cause" (as defined in our Change-in-Control Plan) or if the Named Executive voluntarily terminates employment for "good reason" (as defined in our Change-in-Control Plan) within the 24-month period following the change in control, or if the continuing entity does not assume or replace the awards.

Restrictive Covenants. Under our long-term incentive program, executives desiring to take advantage of retirement vesting provisions in stock option and restricted stock unit award terms and conditions must comply with non-compete, non-solicitation and non-disclosure covenants. These provisions provide that awards may be forfeited if, within two years following retirement, the Named Executives render personal services to a competitor or solicit or entice an employee to resign from the Company, or, at any time following retirement, the Named Executives disclose confidential information of the Company to a third party.

Outstanding Equity Interests

The following table sets forth certain information regarding the total number and aggregate value of options and restricted stock units held by each of the Named Executives at January 28, 2017. The dollar amount shown for restricted stock units is calculated by multiplying the number of units by the closing price of Macy's common stock ($29.11) on the last trading day of fiscal 2016.

2016 OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END

	Option Awards					Stock Awards	
Name	Grant Date	Number of Securities Underlying Unexercised Options (#) Exercisable(1)	Number of Securities Underlying Unexercised Options (#) Unexercisable(1)	Option Exercise Price ($)	Option Expiration Date	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($)
Lundgren	3/1/2007	500,000	0	44.67	3/1/2017		
	10/26/2007	134,000	0	46.15	3/23/2017		
	3/21/2008	307,261	0	24.85	3/21/2018		
	3/20/2009	582,608	0	8.76	3/20/2019		
	3/19/2010	169,025	0	20.89	3/19/2020		
	3/25/2011	435,393	0	23.43	3/25/2021		
	3/23/2012	253,682	0	39.84	3/23/2022		
	3/19/2013	191,358	63,786	41.67	3/19/2023		
	3/28/2014	86,156	86,156	58.92	3/28/2024		
	3/27/2015	48,123	144,369	63.65	3/27/2025		
	3/23/2016	0	324,675	43.42	3/23/2026		
						94,265(2)	2,744,054
						138,185(3)	4,022,565
Hoguet	3/23/2007	29,444	0	46.15	3/23/2017		
	3/21/2008	67,515	0	24.85	3/21/2018		
	3/25/2011	74,438	0	23.43	3/25/2021		
	3/23/2012	43,371	0	39.84	3/23/2022		
	3/19/2013	32,716	10,905	41.67	3/19/2023		
	3/28/2014	13,896	13,896	58.92	3/28/2024		
	3/27/2015	6,810	20,427	63.65	3/27/2025		
	3/23/2016	0	45,941	43.42	3/23/2026		
						13,338(2)	388,269
						19,553(3)	569,188
Gennette	3/23/2007	19,722	0	46.15	3/23/2017		
	3/23/2012	43,371	0	39.84	3/23/2022		
	3/19/2013	32,716	10,905	41.67	3/19/2023		
	3/28/2014	18,878	18,877	58.92	3/28/2024		
	3/27/2015	12,994	38,979	63.65	3/27/2025		
	3/23/2016	0	87,662	43.42	3/23/2026		
						25,451(2)	740,879
						37,309(3)	1,086,065

Name	Grant Date	Option Awards: Number of Securities Underlying Unexercised Options (#) Exercisable(1)	Number of Securities Underlying Unexercised Options (#) Unexercisable(1)	Option Exercise Price ($)	Option Expiration Date	Stock Awards: Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($)
Garcia	9/20/2016	0	84,937	34.96	9/20/2026		
						21,453(4)	624,497
Sachse[5]	3/23/2012	43,371	0	39.84	3/23/2022		
	3/19/2013	32,716	10,905	41.67	3/19/2023		
	3/28/2014	13,896	13,896	58.92	3/28/2024		
	3/27/2015	6,810	20,427	63.65	3/27/2025		
	3/23/2016	0	45,941	43.42	3/23/2026		
						29,048(2)	845,587
						19,553(3)	569,188

(1) Options vest/vested as follows:

Grant Date	Vesting Schedule
3/1/2007	100% on 2/28/11.
3/23/2007	25% on each of 3/23/08, 3/23/09, 3/23/10 and 3/23/11.
10/26/2007	25% on each of 3/23/08, 3/23/09, 3/23/10 and 3/23/11.
3/21/2008	25% on each of 3/21/09, 3/21/10, 3/21/11 and 3/21/12.
3/20/2009	25% on each of 3/20/10, 3/20/11, 3/20/12 and 3/20/13.
3/19/2010	25% on each of 3/19/11, 3/19/12, 3/19/13 and 3/19/14.
3/25/2011	25% on each of 3/25/12, 3/25/13, 3/25/14 and 3/25/15.
3/23/2012	25% on each of 3/23/13, 3/23/14, 3/23/15 and 3/23/16.
3/19/2013	25% on each of 3/19/14, 3/19/15, 3/19/16 and 3/19/17.
3/28/2014	25% on each of 3/28/15, 3/28/16, 3/28/17 and 3/28/18.
3/27/2015	25% on each of 3/27/16, 3/27/17, 3/27/18 and 3/27/19.
3/23/2016	25% on each of 3/23/17, 3/23/18, 3/23/19 and 3/23/20.
9/20/2016	25% on each of 9/20/17, 9/20/18, 9/20/19 and 9/20/20.

(2) Target number of PRSUs that vest following the conclusion of the three-year (fiscal 2015-2017) performance period, subject to the satisfaction of performance criteria. See the “Restricted Stock and Restricted Stock Units” discussion in the narrative following the "2016 Grants of Plan-Based Awards" table.

(3) Target number of PRSUs that vest following the conclusion of the three-year (fiscal 2016-2018) performance period, subject to the satisfaction of performance criteria. See the “Restricted Stock and Restricted Stock Units” discussion in the narrative following the "2016 Grants of Plan-Based Awards" table and the “Performance-Based Restricted Stock Units” discussion in “Compensation Discussion & Analysis - Fiscal 2016 Compensation and Analysis - Long-term equity compensation.”

(4) TRSUs that vest 50% on each of September 20, 2018 and September 20, 2019.

(5) Pursuant to Mr. Sachse’s separation agreement, continued vesting of outstanding equity awards through March 31, 2019.

The following table sets forth certain information regarding the value realized by each of the Named Executives during fiscal 2016 upon the exercise of stock options and the vesting of restricted stock units.

2016 OPTION EXERCISES AND STOCK VESTED

	Option Awards		Stock Awards	
Name	Number of Shares Acquired on Exercise (#)	Value Realized Upon Exercise (1) ($)	Number of Shares Acquired on Vesting (2) (#)	Value Realized on Vesting ($)
Lundgren	177,352	1,280,127	0	0
Hoguet	25,000	181,377	0	0
Gennette	18,609	374,971	0	0
Garcia	0	0	0	0
Sachse	0	0	0	0

(1) The amounts “realized” from option exercises reflect the appreciation on the date of exercise (based on the excess of the fair market value of the shares on the date of exercise over the exercise price). However, because the Named Executives may keep the shares they acquire upon the exercise of the option (or sell them at different prices), these amounts do not necessarily reflect cash actually realized upon the exercise of those options.

(2) No shares were earned and therefore forfeited under the fiscal 2014-2016 performance plan.

Post Retirement Compensation

Retirement Plans

Our retirement program, referred to as the Retirement Program, currently consists of defined benefit plans and a defined contribution plan.

Defined Contribution Plan. The Retirement Program includes a defined contribution plan, the Macy's 401(k) Retirement Investment Plan (the "401(k) Plan"). As of January 1, 2017, approximately 121,000 active employees, including the Named Executives, participated in the 401(k) Plan. The 401(k) Plan permits executives to contribute up to 50% of eligible compensation (up to maximum amounts established from time to time by the Internal Revenue Code) each year, of which we match specified portions. Effective January 1, 2014, we match participant contributions up to 1% of eligible compensation at 100%. We match participant contributions from 2% to 6% of eligible compensation at 50%. A participant who contributes 6% of eligible compensation is, therefore, entitled to a matching contribution equal to 3.5% of eligible compensation.

An executive may choose any of several investment funds for investment of the executive's balances, and may change those elections daily. Benefits may be paid out at termination of employment. Executives may borrow portions of their investment balances while employed. Company contributions to the Named Executives under the 401(k) Plan are reported in the "All Other Compensation" column of the 2016 Summary Compensation Table.

Prior to the adoption of the 401(k) Plan, our primary means of providing retirement benefits to employees was through defined contribution profit sharing plans. An employee's accumulated retirement profit sharing interests in the profit sharing plans (the "Prior Plan Credits") which accrued prior to the adoption of the 401(k) Plan continue to be maintained and invested as a part of the 401(k) Plan until retirement, at which time they are distributed.

Defined Benefit Plans. Through fiscal 2013, we provided two defined benefit plans covering the Named Executives, the Macy's, Inc. Cash Account Pension Plan (a cash balance plan referred to as "CAPP") and the Macy's, Inc. Supplementary Executive Retirement Plan (the "SERP"). No Named Executive currently accrues a benefit under the CAPP or the SERP because we discontinued future pension service credits in those plans effective as of December 31, 2013. Benefits previously accrued by the Named Executives are payable to them following termination of employment, subject to the terms of the applicable plan. CAPP benefits earned through December 31, 2013 will be held in a trust on behalf of participants. Pay credits were discontinued after the 2013 pay credits were allocated to participants (however, we continue to allocate interest credits to participants). With respect to the SERP, we determined a gross monthly benefit (payable at age 65) for each participant as of December 31, 2013 (January 31, 2014 with respect to the May Supplementary Retirement component of the SERP).

The following table shows the actuarial present value of each of the Named Executive's accumulated benefit under the CAPP and the SERP. We determined the present value using the same assumptions used for financial reporting purposes - a unit credit cost method, a 3.55% discount interest rate, and a normal retirement age of 65 (as defined by the plans).

2016 PENSION BENEFITS

Name	Plan Name	Number of Years of Credited Service (1) (#)	Present Value of Accumulated Benefit ($)
Lundgren	CAPP	32	389,827
	SERP	30	24,724,341
Hoguet	CAPP	31	455,136
	SERP	30	6,362,999
Gennette	CAPP	30	392,339
	SERP	30	4,583,616
Garcia	CAPP	0	0
	SERP	0	0
Sachse	CAPP	30	394,872
	SERP	30	5,890,832

(1) The SERP uses a maximum of 30 years of service for calculating SERP benefits. The number of years of credited service shown for the CAPP is as of December 31, 2013, the date participants ceased accruing additional service credits.

CAPP. As of January 1, 2017, approximately 56,733 active employees, including the Named Executives, participated in the CAPP. Under the CAPP, a participant retiring at a normal retirement age is eligible to receive the amount credited to his or her pension account or monthly benefit payments determined actuarially based on the amount credited to his or her pension account. Amounts credited to a participant's account consist of:

- an opening cash balance for participants in the plan at December 31, 1996, equal to the lump sum present value, using stated actuarial assumptions, of the participant's accrued normal retirement benefit earned at December 31, 1996, under the applicable predecessor pension plan;
- pay credits (credited annually, a percentage of eligible compensation generally based on length of service); and
- interest credits (credited quarterly, based on the 30-Year Treasury Bond rate for the November prior to each calendar year, with a guaranteed minimum rate of 5.0% annually).

In addition, if a participant had attained at least age 55 and had completed 10 or more years of vesting service by December 31, 2001, the pension benefit payable in an annuity form, other than a single life annuity, will not be less than that which would have been payable from the predecessor pension plan under which such participant was covered on December 31, 1996 had that predecessor plan continued.

Approximately 16,044 of these active employees participate in the May Retirement Plan component of the CAPP. These participants have their accrued benefit determined under a "career average" pension formula.

SERP. All benefits under the SERP are payable out of our general corporate assets. The SERP provides retirement benefits to eligible executives based on all eligible compensation, including compensation in excess of Internal Revenue Code maximums, as well as on amounts deferred under our Executive Deferred Compensation Plan, referred to as the EDCP, in each case employing a formula that is based on the participant's years of vesting service and final average compensation, taking into consideration the participant's balance in the CAPP, the participant's Prior Plan Credits and Social Security benefits.

As of January 1, 2017, approximately 200 executives were eligible to receive benefits under the terms of the SERP. Approximately 24 of these executives participate in the May Retirement Plan component of the CAPP and have their supplementary retirement benefit determined under a different formula that uses different offsets.

We have reserved the right to suspend or terminate supplemental payments as to any category of employee or former employee, or to modify or terminate any other element of the Retirement Program, in accordance with applicable law.

Non-qualified Deferred Compensation Plans

Through fiscal 2013, we provided the opportunity for executives to defer compensation through the Executive Deferred Compensation Plan, referred to as the EDCP. Under the EDCP, eligible executives could elect to defer a portion of their compensation each year as either stock credits or cash credits. Stock credit accounts reflect common stock equivalents and dividend equivalents. Common stock equivalents are the number of full shares of Macy's common stock for each calendar quarter that could be purchased based on the dollars deferred, and dividend equivalents are determined by multiplying the dividends payable upon a share of common stock to a shareholder of record during such calendar quarter by the number of stock equivalents in the participant's stock credit account at the beginning of each quarter, less the number of shares distributable or withdrawn during each quarter in which the credit is being made. Total value of the stock credits is determined at the end of each quarter based on the closing price of our common stock as of the last day of the quarter. Cash credit accounts reflect dollars deferred plus interest equivalents determined by applying to 100% of such participant's cash credits at the beginning of each quarter, less amounts distributable or withdrawn during such quarter, an interest rate equal to one quarter of the interest rate payable on U.S. five-year Treasury Notes as of the last day of each quarter. Deferred compensation distributions generally begin in the fiscal year following the fiscal year in which termination of employment occurs.

We introduced on January 1, 2014 a new non-qualified deferred compensation plan, called the Macy's, Inc. Deferred Compensation Plan ("DCP"), with features similar to the 401(k) Plan. The DCP replaces the EDCP. Amounts that participants have deferred under the EDCP will continue to earn dividend and/or interest equivalents, but participants may no longer defer compensation under that plan.

Eligible participants in the DCP may defer compensation earned in excess of IRS compensation limits and select from among several reference investment funds where such compensation may be invested. We will match such deferrals at a rate similar to that of the 401(k) Plan. Accounts will be credited with earnings (losses) based on the performance of the applicable reference investment funds selected by the participants.

2016 NONQUALIFIED DEFERRED COMPENSATION

Name	Plan Name	Executive Contributions in last FY (1) ($)	Registrant Contributions in last FY (2) ($)	Aggregate Earnings in last FY (3) ($)	Aggregate Withdrawals/ Distributions ($)	Aggregate Balance at Last FYE (4) ($)
Lundgren	EDCP	0	0	0	0	0
	DCP	733,630	46,725	460,383	0	3,818,688
Hoguet	EDCP	0	0	0	0	0
	DCP	41,538	22,225	16,921	0	256,850
Gennette	EDCP	0	0	862	0	33,612
	DCP	0	7,725	16,831	0	139,338
Garcia	EDCP	0	0	0	0	0
	DCP	0	0	0	0	0
Sachse	EDCP	0	0	0	0	0
	DCP	66,000	22,225	45,823	0	337,400

(1) The amounts in this column associated with the DCP are reported as compensation for fiscal 2015 in the "Salary" and/or "Non-Equity Incentive Plan Compensation" columns of the 2016 Summary Compensation Table.

(2) The amounts in this column associated with the DCP represent the Company's matching contributions and are included in the 2016 Summary Compensation Table under the "All Other Compensation" column for fiscal 2016. These amounts will be credited to the participants' accounts in March 2017.

(3) The amounts reflected in this column represent deemed investment earnings or losses from voluntary deferrals and Company contributions, as applicable. These amounts are not included in the 2016 Summary Compensation Table because the plans do not provide for above-market or preferential earnings.

(4) A portion of the compensation deferred by Mr. Gennette under the EDCP is deferred as stock credits and a portion is deferred as cash credits. The portion of the aggregate balance that is attributable to his contributions under the EDCP was deferred in years prior to those reported in the 2016 Summary Compensation Table.

The aggregate balance reflected in this column that is attributable to the DCP for each of the Named Executives with the exception of amounts reflected in the "Executive Contributions in last FY", "Registrant Contributions in last FY", and "Aggregate Earnings in last FY" columns, if any, have been reported in prior Company proxy statements.

Potential Payments Upon Termination or Change in Control

Termination Payments under Executive Severance Plan

On October 23, 2009, the CMD Committee (and the Non-Employee Directors with respect to Mr. Lundgren) approved the Executive Severance Plan, referred to as the ESP. The ESP replaced individual employment agreements with the Named Executives. Each of the Named Executives has elected to participate in the ESP.

To be eligible to participate in the ESP, generally a person must be an employee of the Company or one of its subsidiaries, divisions or controlled affiliates with a position at, equivalent to or above General Merchandise Manager or Senior Vice President and must sign a non-compete, non-solicitation and confidential information agreement (the "restrictive covenant agreement"). Pursuant to the restrictive covenant agreement, the executive would agree, among other things, not to engage in specified activities in competition with the Company following termination of employment. The non-competition period would extend for a period of two years if the executive voluntarily terminates his or her employment or is involuntarily terminated by the Company for cause (as defined in the ESP). Except as described below with respect to Mr. Lundgren and Mr. Gennette, the non-competition period would not apply if the executive is involuntarily terminated without cause. Mr. Lundgren and Mr. Gennette have elected to sign restrictive covenant agreements that provide that the non-competition period would apply to them even if they are involuntarily terminated by the Company without cause. In addition to the non-competition requirement, the restrictive covenant agreement provides that participants will not solicit our employees for two years following termination of employment and will preserve the confidentiality of our confidential information. Eligible executives who elect not to participate in the ESP will be covered by our basic severance plan.

Mr. Lundgren. Under the ESP, upon an involuntary termination of his employment by the Company for reasons other than for cause (as defined in the ESP), Mr. Lundgren would be entitled to receive a lump sum severance payment equal to 54 months of base salary.

Mr. Gennette. Under the ESP, upon an involuntary termination of his employment for reasons other than a termination by the Company for cause (as defined in the ESP), Mr. Gennette would be entitled to receive a lump sum payment equal to 36 months of base salary.

Other Named Executives. Under the ESP, upon involuntary termination of their employment for reasons other than a termination by the Company for cause (as defined in the ESP), each of Ms. Hoguet, , Ms. Garcia and Mr. Sachse would be entitled to receive a lump sum severance payment equal to 24 months of base salary.

Termination Payments under Change-in-Control Plan

Effective November 1, 2009, we adopted a Change-in-Control Plan, referred to as the CIC Plan, covering, among other participants, each of the Named Executives. The CIC Plan replaced our individual change-in-control agreements, which expired as of November 1, 2009.

Under the CIC Plan, each of the Named Executives could be entitled to certain severance benefits following a change in control of Macy's. If, within the two years following a change in control, the Named Executive is terminated for any reason, other than death, permanent and total disability or for cause, or if the Named Executive terminates his or her employment for "good reason," then the Named Executive is entitled to:

- a cash severance payment (generally paid in the form of a lump sum) that will be equal to two times the sum of:

- his or her base pay (at the higher of the rate in effect at the change in control or the rate in effect at termination) and
- the average annual incentive award (if any) received for the three full fiscal years preceding the change in control; plus

- a lump sum payment of an annual incentive award for the year of termination, at target, prorated to the date of termination (this feature applies to all executives in the Incentive Plan); plus
- release of any restrictions on restricted stock or restricted stock units, including performance-based awards, upon termination following the change in control; plus
- acceleration of any unvested stock options upon termination following the change in control (this feature applies to all participants with stock options granted under the 2009 Omnibus Plan in fiscal 2010 and thereafter) or upon the change in control (this feature applies to all participants with stock options granted under the 1995 Equity Plan or the 1994 Stock Plan prior to fiscal 2010); plus
- a lump sum payment of all deferred compensation (this feature applies to all participants in the deferred compensation plans); plus
- payment of all retirement, supplementary retirement and 401(k) benefits upon termination or retirement in accordance with any previously selected distribution schedule (this feature applies to all participants in the retirement, supplementary retirement and 401(k) plans); plus
- a retiree discount for life if at least 55 years of age with 15 years of vesting service at termination (this feature applies generally to all associates).

If the Named Executive does not engage in specified activities in competition with the Company during the first year following termination, he or she would be entitled to an additional "non-competition" severance benefit at the end of the one-year period equal to a lump sum payment equal to one times (i) his or her base pay (at the higher of the rate in effect at the change in control or the rate in effect at termination), and (ii) the average annual incentive award (if any) received for the three full fiscal years preceding the change in control.

All of the above severance benefits would be paid to the executive in accordance with, and at times permitted by Section 409A of the Internal Revenue Code.

A "change in control" occurs in any of the following events:

- a person has become the beneficial owner of securities representing 30% or more of our combined voting power; or
- individuals who, on the effective date of the CIC Plan, constitute our directors or whose election as a director after such effective date was approved by at least two-thirds of the directors as of the effective date cease for any reason to constitute at least a majority of the Board; or
- consummation of a reorganization, merger or consolidation or sale or other disposition of all or substantially all of our assets and, as a result of or immediately following such merger, consolidation, reorganization, sale or transfer, less than a majority of the voting power of the other corporation immediately after the transaction is held in the aggregate by the holders of the voting stock of Macy's immediately prior to the transaction; or
- shareholders approve a complete liquidation or dissolution of the Company.

A change in control will not occur under the first bullet point above if the acquisition of stock is directly from the Company and has been approved by the Board or if we, an entity controlled by the Company or an employee benefit plan of ours discloses that it beneficially owns securities, whether more than 30% or otherwise.

"Good reason" under the CIC Plan means:

- a material diminution in the executive's base compensation; or
- a material diminution in the executive's authority, duties or responsibilities; or
- a material change in the geographic location at which the executive must perform services to the Company; or
- any other action or inaction that constitutes a material breach by the Company of an agreement under which the executive provides services.

The cash severance benefit payable under the CIC Plan would be reduced by all amounts actually paid by the Company to the executive pursuant to any other employment or severance agreement or plan to which the executive and Macy's are parties or in which the executive is a participant. In addition, the severance benefits under the CIC Plan are subject to reduction in certain circumstances if the excise tax imposed under 280G of the Internal Revenue Code would reduce the net after-tax amount received by the executive.

The following tables summarize the amounts payable to the Named Executives upon termination under certain circumstances, assuming that:

- the executive's employment terminated January 28, 2017;
- the executive's salary continues as it existed on January 28, 2017;
- the CIC Plan applies; and
- the stock price for our common stock is $29.11 per share (the closing price for Macy's stock on the last business day of fiscal 2016).

Payments and Benefits upon Termination as of the end of Fiscal 2016 ($)

Lundgren	Voluntary	Involuntary Without Cause	Involuntary With Cause	After Change in Control	Death	Disability
Severance and accelerated benefits						
Cash severance benefit (2 x salary plus annual incentive calculated per the CIC Plan)	0	0	0	6,137,600	0	0
Additional cash severance for non-compete (1 x salary plus annual incentive calculated under CIC Plan)	0	0	0	3,068,800	0	0
ESP cash severance benefit	0	7,200,000	0	0	0	0
Equity based incentive awards						
a. Vesting of unvested stock options (1)	0	0	0	0	0	0
b. Vesting of Performance RSUs (2)	6,766,619	6,766,619	0	6,766,619	6,766,619	6,766,619
Total of severance and accelerated benefits:	6,766,619	13,966,619	0	15,973,019	6,766,619	6,766,619
Previously vested equity and benefits						
Previously vested stock options	17,027,422	17,027,422	0	17,027,422	17,027,422	17,027,422
Non-equity based incentive award (2016 annual incentive)	0	370,700	0	370,700	370,700	370,700
Vested CAPP benefit	389,827	389,827	389,827	389,827	389,827	389,827
Vested 401(k) Plan balance	612,014	612,014	612,014	612,014	612,014	612,014
Vested SERP benefit	24,724,341	24,724,341	24,724,341	24,724,341	24,724,341	24,724,341
Post-retirement medical/life benefits	0	0	0	0	0	0
Deferred compensation balance previously vested	3,818,688	3,818,688	3,818,688	3,818,688	3,818,688	3,818,688
Total of previously vested equity and benefits:	46,572,292	46,942,992	29,544,870	46,942,992	46,942,992	46,942,992
Full "Walk-Away" Value:	53,338,911	60,909,611	29,544,870	62,916,011	53,709,611	53,709,611

(1)Because Mr. Lundgren is over age 62, his unvested stock options would continue to vest following a voluntary termination or an involuntary termination without cause pursuant to the retirement provisions of his stock option agreements.

(2) Mr. Lundgren's Performance RSUs continue to vest upon termination other than for "Cause" with earnout based on actual performance at the end of the performance period pursuant to the retirement provisions of his Performance RSU agreements.

Hoguet	Voluntary	Involuntary Without Cause	Involuntary With Cause	After Change in Control	Death	Disability
Severance and accelerated benefits						
Cash severance benefit (2 x salary plus annual incentive calculated per the CIC Plan)	0	0	0	2,521,200	0	0
Additional cash severance for non-compete (1x salary plus annual incentive calculated per CIC Plan)	0	0	0	1,260,600	0	0
ESP cash severance benefit	0	1,800,000	0	0	0	0
Equity based incentive awards						
a. Vesting of unvested stock options	0	0	0	0	0	0
b. Vesting of Performance RSUs	0	0	0	957,457	448,575	448,575
Total of severance and accelerated benefits:	0	1,800,000	0	4,739,257	448,575	448,575
Previously vested equity and benefits						
Previously vested stock options	710,422	710,422	0	710,422	710,422	710,422
Non-equity based incentive award (2016 annual incentive)	0	92,300	0	92,300	92,300	92,300
Vested CAPP benefit	455,136	455,136	455,136	455,136	455,136	455,136
Vested 401(k) Plan balance	1,032,671	1,032,671	1,032,671	1,032,671	1,032,671	1,032,671
Vested SERP benefit	6,362,999	6,362,999	6,362,999	6,362,999	6,362,999	6,362,999
Post-retirement medical/life benefits	192,179	192,179	192,179	192,179	192,179	192,179
Deferred compensation balance previously vested	256,850	256,850	256,850	256,850	256,850	256,850
Total of previously vested equity and benefits:	9,010,257	9,102,557	8,299,835	9,102,557	9,102,557	9,102,557
Full "Walk-Away" Value:	9,010,257	10,902,557	8,299,835	13,841,814	9,551,132	9,551,132

Gennette	Voluntary	Involuntary Without Cause	Involuntary With Cause	After Change in Control	Death	Disability
Severance and accelerated benefits						
Cash severance benefit (2 x salary plus annual incentive calculated per the CIC Plan)	0	0	0	2,893,200	0	0
Additional cash severance for non-compete (1x salary plus annual incentive calculated per CIC Plan)	0	0	0	1,446,600	0	0
ESP cash severance benefit	0	2,000,000	0	0	0	0
Equity based incentive awards						
a. Vesting of unvested stock options	0	0	0	0	0	0
b. Vesting of Performance RSUs	0	0	0	1,826,944	855,941	855,941
Total of severance and accelerated benefits:	0	2,000,000	0	6,166,744	855,941	855,941
Previously vested equity and benefits						
Previously vested stock options	0	0	0	0	0	0
Non-equity based incentive award (2016 annual incentive)	0	170,200	0	170,200	170,200	170,200
Vested CAPP benefit	392,339	392,339	392,339	392,339	392,339	392,339
Vested 401(k) Plan balance	633,619	633,619	633,619	633,619	633,619	633,619
Vested SERP benefit	4,583,616	4,583,616	4,583,616	4,583,616	4,583,616	4,583,616
Post-retirement medical/life benefits	0	0	0	0	0	0
Deferred compensation balance, previously vested	172,950	172,950	172,950	172,950	172,950	172,950
Total of previously vested equity and benefits:	5,782,524	5,952,724	5,782,524	5,952,724	5,952,724	5,952,724
Full "Walk-Away" Value:	5,782,524	7,952,724	5,782,524	12,119,468	6,808,665	6,808,665

Garcia	Voluntary	Involuntary Without Cause	Involuntary With Cause	After Change in Control	Death	Disability
Severance and accelerated benefits						
Cash severance benefit (2 x salary plus annual incentive calculated per the CIC Plan)	0	0	0	2,537,600	0	0
Additional cash severance for non-compete (1x salary plus annual incentive calculated per CIC Plan)	0	0	0	1,268,800	0	0
ESP cash severance benefit	0	1,450,000	0	0	0	0
Equity based incentive awards						
a. Vesting of unvested stock options	0	0	0	0	0	0
b. Vesting of Performance RSUs	0	0	0	0	0	0
c. Vesting of Time-Based RSUs	0	0	0	624,497	624,497	624,497
Total of severance and accelerated benefits:	0	1,450,000	0	4,430,897	624,497	624,497
Previously vested equity and benefits						
Previously vested stock options	0	0	0	0	0	0
Non-equity based incentive award (2016 annual incentive)	0	31,000	0	31,000	31,000	31,000
Vested CAPP benefit	0	0	0	0	0	0
Vested 401(k) Plan balance	0	0	0	0	0	0
Vested SERP benefit	0	0	0	0	0	0
Post-retirement medical/life benefits	0	0	0	0	0	0
Deferred compensation balance previously vested	0	0	0	0	0	0
Total of previously vested equity and benefits:	0	31,000	0	31,000	31,000	31,000
Full "Walk-Away" Value:	0	1,481,000	0	4,461,897	655,497	655,497

Sachse	Voluntary	Involuntary Without Cause	Involuntary With Cause	After Change in Control	Death	Disability
Severance and accelerated benefits						
Cash severance benefit (2 x salary plus annual incentive calculated per the CIC Plan)	0	0	0	2,521,200	0	0
Additional cash severance for non-compete (1x salary plus annual incentive calculated per CIC Plan)	0	0	0	1,260,600	0	0
ESP cash severance benefit	0	1,800,000	0	0	0	0
Equity based incentive awards						
a. Vesting of unvested stock options	0	0	0	0	0	0
b. Vesting of Performance RSUs	0	0	0	1,414,775	753,454	753,454
Total of severance and accelerated benefits:	0	1,800,000	0	5,196,575	753,454	753,454
Previously vested equity and benefits						
Previously vested stock options	0	0	0	0	0	0
Non-equity based incentive award (2016 annual incentive)	0	92,300	0	92,300	92,300	92,300
Vested CAPP benefit	394,872	394,872	394,872	394,872	394,872	394,872
Vested 401(k) Plan balance	816,302	816,302	816,302	816,302	816,302	816,302
Vested SERP benefit	5,890,832	5,890,832	5,890,832	5,890,832	5,890,832	5,890,832
Post-retirement medical/life benefits	198,573	198,573	198,573	198,573	198,573	198,573
Deferred compensation balance previously vested	337,400	337,400	337,400	337,400	337,400	337,400
Total of previously vested equity and benefits:	7,637,979	7,730,279	7,637,979	7,730,279	7,730,279	7,730,279
Full "Walk-Away" Value:	7,637,979	9,530,279	7,637,979	12,926,854	8,483,733	8,483,733

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934 (the "Exchange Act") requires our directors and executive officers, and certain persons who beneficially own more than 10% of our common stock outstanding, to file with the SEC initial reports of ownership and reports of changes in ownership of common stock. Executive officers, directors and greater than 10% shareholders are required by SEC regulation to furnish the Company with copies of all Section 16(a) reports they file.

To our knowledge, based solely on a review of the copies of reports furnished to the Company and written representations signed by all directors and executive officers that no other reports were required with respect to their beneficial ownership of common stock during fiscal 2016, all reports required by Section 16(a) of the Exchange Act to be filed by the directors and executive officers and all beneficial owners of more than 10% of the common stock outstanding to report transactions in securities were timely filed.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

None.

POLICY ON RELATED PERSON TRANSACTIONS

The Board of Directors has adopted a written policy for approval of transactions in which Macy's was or is to be a participant, in which the amount involved exceeds $120,000 and in which any Director, executive officer or 5% or greater shareholder (or any immediate family member of any such person) has a direct or indirect material interest ("Related Person Transaction"). In addition to the requirements described above, the policy includes a list of categories of transactions identified by the Board as having no significant potential for actual or apparent conflict of interest or improper benefit to a person, and thus are not subject to review by the NCG Committee. These excluded transactions include, among other items, ordinary course transactions with other entities and charitable contributions that do not exceed certain dollar thresholds. A copy of this policy is available on our website at www.macysinc.com/for-investors/corporate-governance. In addition, Directors and executive officers annually complete, sign and submit a Directors' and Officers' Questionnaire that is designed to identify Related Person Transactions and both actual and potential conflicts of interest. We also make appropriate inquiries as to the nature and extent of business that we conduct with other companies for whom any of these individuals also serve as directors or executive officers. See "Further Information Concerning the Board of Directors - Director Independence." Our general counsel reviews any identified transactions and determines, based on the facts and circumstances, whether the Director or executive officer has a direct or indirect material interest in the transaction. If she determines that the individual has a direct or indirect material interest in a transaction, she brings the matter to the attention of the NCG Committee for further review. Based upon records available to us, there were no Related Person Transactions in fiscal 2016.

In addition, under our Non-Employee Director Code of Business Conduct and Ethics and our Code of Conduct, we require all employees, including our officers and Non-Employee Directors, to avoid situations that may impact their ability to carry out their duties in an independent and objective fashion, including by having a financial interest in suppliers. Any circumstances that may compromise their ability to perform independently must be disclosed to the general counsel, or in the case of the Named Executives and the Non-Employee Directors, must be disclosed to the chair of the NCG Committee.

REPORT OF THE AUDIT COMMITTEE

The Board has adopted a written Audit Committee Charter. All members of the Audit Committee are independent, as defined in Sections 303A.06 and 303A.07 of the NYSE's listing standards.

The Audit Committee has reviewed and discussed with Macy's management and KPMG LLP the audited financial statements of Macy's contained in Macy's Annual Report for fiscal 2016. The Audit Committee has also discussed with KPMG LLP the matters required to be discussed by the applicable Public Company Accounting Oversight Board and Securities and Exchange Commission requirements.

The Audit Committee has received and reviewed the written disclosures and the letter from KPMG LLP required by applicable requirements of the Public Company Accounting Oversight Board regarding KPMG LLP's communications with the Audit Committee concerning independence, and has discussed with KPMG LLP their independence.

Based on the review and discussions referred to above, the Audit Committee recommended to the Board that the audited financial statements be included in Macy's Annual Report on Form 10-K for fiscal 2016 filed with the United States Securities and Exchange Commission.

Respectfully submitted,

John A. Bryant, *Chairperson*
Leslie D. Hale
Joyce M. Roché
Marna C. Whittington

SUBMISSION OF FUTURE SHAREHOLDER PROPOSALS

Proposals for the 2018 Annual Meeting. You may submit proposals on matters appropriate for shareholder action at Macy's annual shareholders' meetings in accordance with Rule 14a-8 promulgated under the Exchange Act. For such proposals to be included in our proxy materials relating to the 2018 annual meeting of shareholders, you must satisfy all applicable requirements of Rule 14a-8 and we must receive such proposals no later than December 1, 2017.

Except in the case of proposals made in accordance with Rule 14a-8, our By-Laws require that shareholders intending to bring any business before an annual meeting of shareholders deliver written notice thereof to the Secretary of Macy's not less than 60 days prior to the meeting. However, in the event that the date of the meeting is not publicly announced by the Company by inclusion in a report filed with the SEC or furnished to shareholders, or by mail, press release or otherwise at least 75 days prior to the meeting, notice by the shareholder to be timely must be delivered to the Secretary of Macy's not later than the close of business on the tenth day following the day on which such announcement of the date of the meeting was so communicated. The By-Laws further require, among other things, that the notice by the shareholder set forth a description of the business to be brought before the meeting and certain information concerning the shareholder proposing such business, including such shareholder's name and address, the class and number of shares of our capital stock that are owned beneficially by such shareholder and any material interest of such shareholder in the business proposed to be brought before the meeting. The chairman of the meeting may refuse to permit to be brought before the meeting any shareholder proposal (other than a proposal made in accordance with Rule 14a-8) not made in compliance with these requirements. Similar procedures prescribed by the By-Laws are applicable to shareholders desiring to nominate candidates for election as directors. See "Further Information Concerning the Board of Directors - Director Nominations by Shareholders."

OTHER MATTERS

The Board knows of no other business that will be presented for consideration at the annual meeting other than that described in this proxy statement. However, if any business shall properly come before the annual meeting, the persons named in the enclosed form of proxy or their substitutes will vote said proxy in respect of any such business in accordance with their best judgment pursuant to the discretionary authority conferred thereby.

The cost of preparing, assembling and mailing the proxy material will be borne by us. Our Annual Report for fiscal 2016, which is being mailed to the shareholders with this proxy statement, is not to be regarded as proxy soliciting material. We may solicit proxies otherwise than by the use of the mail, in that certain of our officers and regular employees, without additional compensation, may use their personal efforts, by telephone or otherwise, to obtain proxies. We will also request persons, firms and corporations holding shares in their names, or in the name of their nominees, which are beneficially owned by others, to send proxy material to and obtain proxies from such beneficial owners and will reimburse such holders for their reasonable expenses in so doing. In addition, we have engaged the firm of Georgeson, Inc., of New York City, to assist in the solicitation of proxies on behalf of the Board. Georgeson will solicit proxies with respect to common stock held by brokers, bank nominees, other institutional holders and certain individuals, and will perform related services. It is anticipated that the cost of the solicitation service to the Company will not substantially exceed $9,000.

March 31, 2017

PLEASE CAST YOUR VOTE BY FOLLOWING THE INSTRUCTIONS ON THE ENCLOSED PROXY CARD. IF YOU CHOOSE TO CAST YOUR VOTE BY COMPLETING THE ENCLOSED PROXY CARD, PLEASE RETURN IT PROMPTLY IN THE ENCLOSED ADDRESSED ENVELOPE, WHICH REQUIRES NO POSTAGE IF MAILED IN THE UNITED STATES.

Appendix A

POLICY AND PROCEDURES FOR PRE-APPROVAL OF NON-AUDIT SERVICES BY OUTSIDE AUDITORS

I. Authority to Approve Non-Audit Services

Except as noted below, the Audit Committee (the "Committee") will approve in advance all permitted non-audit services[1] (the "Permitted NAS").

A. The Committee may delegate to the Chair of the Committee the authority to pre-approve Permitted NAS; provided that any such pre-approval of Permitted NAS granted by any such delegee must be presented to the Committee at its meeting next following the approval.

B. Pre-approval is not required for any Permitted NAS if:

1. the aggregate amount of any such Permitted NAS constitutes no more than five percent (5%) of the total revenues paid by Macy's to its auditors during the fiscal year in which the Permitted NAS are provided;

2. the Permitted NAS were not recognized at the time of the auditor's engagement to be a Permitted NAS (*i.e.*, either a service indicated as an audit service at the time of the engagement evolves over the course of the engagement to become a non-audit service, or a non-audit service not contemplated at all at the time of the engagement is performed by the outside auditor after the engagement is approved); and

3. the Permitted NAS are promptly brought to the attention of the Committee (or its delegee) by management and approved prior to the completion of the audit.

II. Disclosure of Permitted Non-Audit Services in Outside Auditor's Engagement Letter

A. The Committee is to receive an itemization in the outside auditor's engagement letter of Permitted NAS that the outside auditors propose to deliver to Macy's during the course of the year covered by the engagement and contemplated at the time of the engagement.

1. In its submissions to management covering its proposed engagement the outside auditors are to include a statement that the delivery of Permitted NAS will not impair the independence of the outside auditors.

B. Whether a Permitted NAS is set out in the auditor engagement letter or proposed by the outside auditors subsequent to the time the engagement letter is submitted, the Committee (or its delegee as described above) is to consider, with input from management, whether delivery of the Permitted NAS impairs independence of the outside auditors.

1. The Committee is to evaluate, in making such consideration, the non-audit factors and other related principles (the "Qualifying Factors") set out below.

- Whether the service is being performed principally for the Audit Committee;
- The effects of the service, if any, on audit effectiveness or on the quality and timeliness of Macy's financial reporting process;
- Whether the service would be performed by specialists (e.g., technology specialists) who ordinarily also provide recurring audit support;
- Whether the service would be performed by outside audit personnel and, if so, whether it will enhance their knowledge of Macy's business and operations;
- Whether the role of those performing the service (e.g., a role where neutrality, impartiality and auditor skepticism are likely to be subverted) would be inconsistent with the outside auditor's role;
- Whether the outside audit firm's personnel would be assuming a management role or creating a mutuality of interest with Macy's management;
- Whether the outside auditors, in effect, would be auditing their own numbers;

- Whether the project must be started and completed very quickly;
- Whether the outside audit firm has unique expertise in the service;
- Whether the service entails the outside auditor serving in an advocacy role for Macy's; and
- The size of the fee(s) for the non-audit service(s).

III. Annual Assessment of Policy

The Committee will determine on an annual basis whether to amend this policy.

[1] The nine categories of prohibited non-audit services are: (i) bookkeeping or other services related to the accounting records or financial statements of the audit client; (ii) financial information systems design and implementation; (iii) appraisal or valuation services, fairness opinions, or contribution-in-kind reports; (iv) actuarial services; (v) internal audit outsourcing; (vi) management functions or human resources; (vii) broker or dealer, investment adviser, or investment banking services; (viii) legal services and expert services unrelated to the audit; and (ix) any other service that the Public Company Accounting Oversight Board determines, by regulation, is impermissible.

MACY'S, INC.

SENIOR EXECUTIVE INCENTIVE COMPENSATION PLAN

Macy's, Inc. (the "Company"), a Delaware corporation, hereby establishes and adopts the following Senior Executive Incentive Compensation Plan (the "Plan") to provide incentive awards, including incentive awards that are intended to qualify as "performance-based compensation" within the meaning of Section 162(m) of the Code and the regulations and rulings promulgated thereunder.

1. PURPOSE OF THE PLAN

The purpose of the Plan is to promote the attainment of the Company's performance goals by providing incentive compensation for certain designated key executives and employees of the Company and its Affiliates.

2. DEFINITIONS

2.1. *"Affiliate"* shall mean any corporation, partnership or other organization of which the Company owns or controls, directly or indirectly, not less than 50% of the total combined voting power of all classes of stock or other equity interests. References to the "Company" herein shall be deemed to include references to Affiliates where appropriate.

2.1. "*Award*" shall mean any amount granted to a Participant under the Plan.

2.2. "*Board*" shall mean the board of directors of the Company.

2.3. "*Code*" shall mean the Internal Revenue Code of 1986, as amended from time to time, and any successor thereto.

2.4. "*Committee*" shall mean the Compensation and Management Development (CMD) Committee of the Board or any subcommittee thereof formed by the CMD Committee to act as the Committee hereunder. For purposes of satisfying the requirements of Section 162(m) of the Code and the regulations thereunder, the Committee is intended to consist solely of "outside directors" as such term is defined in Section 162(m) of the Code.

2.5. "*Participant*" shall have the meaning set forth in Section 3.1.

2.6. *"Performance Criteria"* shall mean one or more of the following: total sales (including net sales or gross sales); comparable store sales; comparable owned sales plus licensed sales; sales per square foot; owned plus licensed sales; gross margin; pre-tax income; operating or other expenses; earnings before interest and taxes ("EBIT"); earnings before interest, taxes, depreciation and amortization ("EBITDA"); EBITDA margin; net income; operating income; earnings per share (either basic or diluted); cash flow or net cash flow (as provided by or used in one or more of operating activities, investing activities and financing activities or any combination thereof); coverage ratio; leverage ratio; return on investment (determined with reference to one or more categories of income or cash flow and one or more categories of assets, capital or equity, including return on net assets, return on sales, return on equity, gross margin return on investment and return on invested capital); economic value added; expense reduction; value of assets; inventory levels; stock price appreciation; total shareowner return; revenue; gross margin return on inventory; inventory turn; market share; strategic business objectives; strategic plan implementation; customer satisfaction; sustainability measures; employee engagement, employee recruiting, employee retention, employee diversity and employee turnover. Any Performance Criteria that are financial metrics, may be determined in accordance with United States Generally Accepted Accounting Principles ("GAAP") or may be adjusted when established (or to the extent permitted under Section 162(m) of the Code, at any time thereafter) to include or exclude any items otherwise includable or excludable under GAAP. (For the avoidance of doubt, with respect to Awards that do not constitute "qualified performance-based compensation" for purposes of Section 162(m) of the Code, "Performance Criteria" include any of the above criteria, as well as any other objective or subjective criteria that the Committee in its discretion shall determine.).

2.7. *"Performance Goal"* shall mean the level of performance, whether absolute or relative to a peer group index, established by the Committee as the performance standard for Performance Criteria. Performance Goals may vary from Performance Period to Performance Period and from Participant to Participant and may be established on a stand-alone basis, in tandem or in the alternative.

2.8. "*Performance Period*" shall mean the Company's fiscal year or such other period that the Committee, in its sole discretion, may establish.

3. ELIGIBILITY AND ADMINISTRATION

3.1. *Eligibility*. The individuals eligible to participate in the Plan shall be the Company's Chief Executive Officer and any other executive officer of the Company or an Affiliate who is selected by the Committee to participate in the Plan (each, a "Participant").

3.2. *Administration*. (a) The Plan shall be administered by the Committee. The Committee shall have full power and authority, subject to the provisions of the Plan and subject to such orders or resolutions not inconsistent with the provisions of the Plan as may from time to time be adopted by the Board, to:

(i) select the Participants to whom Awards may from time to time be granted hereunder;

(ii) determine the terms and conditions, not inconsistent with the provisions of the Plan, of each Award;

(iii) determine the time when Awards will be granted and paid and the Performance Period to which they relate;

(iv) determine the Performance Goals for Awards for each Participant in respect of each Performance Period based on the Performance Criteria and certify the calculation of the amount of the Award payable to each Participant in respect of each Performance Period;

(v) interpret and administer the Plan and any instrument or agreement entered into in connection with the Plan;

(vi) correct any defect, supply any omission or reconcile any inconsistency in the Plan or any Award in the manner and to the extent that the Committee shall deem desirable to carry it into effect;

(vii) establish such rules and regulations and appoint such agents as it shall deem appropriate for the proper administration of the Plan; and

(viii) make any other determination and take any other action that the Committee deems necessary or desirable for administration of the Plan.

(b) Decisions of the Committee shall be final, conclusive and binding on all persons or entities, including the Company, any Affiliate, any Participant and any person claiming any benefit or right under an Award or under the Plan.

(c) To the extent not inconsistent with applicable law or the rules and regulations of the New York Stock Exchange (or such other principal securities market on which the Company's securities are listed or qualified for trading), including the applicable provisions of Section 162(m) of the Code, the Committee may delegate to one or more officers of the Company or a committee of officers the authority to take actions on its behalf pursuant to the Plan. To the extent the authority of the Committee has been so delegated, the term "Committee" includes any person to whom such authority has been delegated.

4. AWARDS

4.1. *Performance Period; Participant Designation; Performance Goals* ; *Notification*. (a) Not later than the earlier of (i) 90 days after the commencement of each fiscal year of the Company or (ii) the expiration of 25% of the Performance Period, the Committee shall, in writing designate

(x) one or more Performance Periods,

(y) the Participants for each Performance Period, and

(z) the Performance Goals for determining the Award for each Participant for each Performance Period based on attainment of specified levels of one or any combination of the Performance Criteria.

Within such time period, the Committee shall also specify the basis upon which the Performance Goals may be adjusted, including, by way of illustration and without limiting the Committee, to exclude the effects of asset impairments, restructurings, acquisitions, divestitures, other unusual or infrequently occurring items, store closing costs, unplanned material tax law changes and/or assessments and the cumulative effect of tax or accounting changes, as determined in accordance with GAAP, as applicable. No such adjustment shall be made if the effect of such adjustment would be to cause the Award to fail to qualify as "performance-based compensation" within the meaning of Section 162(m) of the Code (this statement only applies with respect to awards that are intended to be "qualified performance based compensation" for 162(m) purposes). Designation of any individual as a Participant for any Performance Period shall not require designation of such individual as a Participant in any other Performance Period, and designation of one individual as a Participant shall not require designation of any other individual as a Participant for such Performance Period or for any other Performance Period.

(b) If a person becomes eligible to participate in the Plan after the Committee has made its initial designation of Participants, such individual may become a Participant if so designated by the Committee.

(c) The Performance Goals designated by the Committee may be expressed with respect to the Company's performance or the performance of one or more Affiliates, divisions, business segments or business units of the Company, and may be expressed in terms of dollars or rates, dollars or growth, absolute levels or percentages or ratios expressing relationships between two or more of the Performance Criteria, period-to-period changes, relative to business plans or budgets, or relative to one or more other companies or one or more indices. Such Performance Goals shall otherwise comply with the requirements of Section 162(m) of the Code and the regulations thereunder (this statement only applies with respect to awards that are intended to be "qualified performance based compensation" for 162(m) purposes).

(d) As soon as practicable after they have approved the items set forth in Section 4.1(a) above, the Committee will

(i) notify each individual who has been selected to participate in the Plan that he or she is a Participant for such Performance Period; and

(ii) communicate in writing to each Participant the applicable Performance Criteria and Performance Goals for determining Awards for such Performance Period.

4.2. *Certification.* At such time as it shall determine appropriate following the conclusion of each Performance Period and prior to payment of any Award, the Committee shall certify, in writing, the amount of the Award for each Participant for such Performance Period.

4.3. *Payment of Awards*. (a) The amount of the Award actually paid to a Participant may, in the sole discretion of the Committee, be less than the amount otherwise payable to the Participant based on attainment of the Performance Goals for the Performance Period as determined in accordance with Section 4.1. The Committee may not waive the achievement of the applicable Performance Goals for any award intended to qualify as "performance-based compensation" within the meaning of Section 162(m) of the Code except in the case of the death or disability of the Participant or as described in Section 4.6. The Committee may establish factors to take into consideration in implementing its discretion to reduce the amount of an Award, including, but not limited to, individual performance and/or one or more of the Performance Criteria. In no event may the Committee increase the amount of the Award otherwise payable to the Participant based on attainment of the Performance Goals for the Performance Period (this restriction only applies to awards intended to qualify as "performance-based" compensation under 162(m)).

(b) The actual amount of the Award determined by the Committee for a Performance Period shall be paid in the Committee's discretion in cash or, to the extent permissible under a shareholder-approved stock plan of the Company, in stock-based awards under such plan. Payment to each Participant shall be made no later than the fifteenth day of the third month following the end of the fiscal year of the Company in which the applicable Performance Period ends, unless payment is deferred pursuant to a plan or arrangement satisfying the requirements of Section 409A of the Code.

4.4. *Changes in Employment*. (a) If

(i) a person becomes a Participant during a Performance Period as specified in Section 4.1(b), or

(ii) a Participant (x) dies, retires or is permanently and totally disabled or (y) is terminated by the Company due to a reduction in force or job elimination, in either case prior to the end of a Performance Period,

then the Award payable to such a Participant may be proportionately reduced based on the period of actual employment during the applicable Performance Period.

(b) Except as otherwise specifically provided in this Section 4.4, if a Participant's employment with the Company is terminated prior to the end of a Performance Period for any reason, the Participant will not be entitled to any Award for such Performance Period unless otherwise determined by the Committee or unless otherwise required by law.

4.5. *Transfers and Changes in Responsibilities* . If a Participant's responsibilities materially change or the Participant is transferred during a Performance Period to a position that is not deemed by the Committee as eligible to participate in the Plan, the Company may, as determined by the Committee, terminate the Participant's participation in this Plan. In the event of such termination, the Participant would be eligible for a prorated Award based on the number of months in such Performance Period prior to such termination. Such Award will be paid only after the end of such Performance Period.

4.6. *Change in Control* . In connection with any change in control (as such term is defined in the Company's Change in Control Plan, as it may be amended from time to time) of the Company, then the Committee will take all such actions hereunder as it may determine to be necessary or appropriate to treat Participants equitably, including without limitation the modification or waiver of applicable Performance Goals, Performance Criteria, Performance Periods, or Awards, notwithstanding the terms of any initial award.

4.7. *Maximum Award*. The maximum dollar value of an Award payable to any Participant in any 12-month Performance Period is $7,000,000, adjusted pro rata for a Performance Period shorter or longer than 12 months.

5. MISCELLANEOUS

5.1. *Amendment and Termination of the Plan* . The Board or the Committee may, from time to time, alter, amend, suspend or terminate the Plan as it shall deem advisable, subject to any requirement for stockholder approval imposed by applicable law, including Section 162(m) of the Code, or by the New York Stock Exchange (or such other principal securities market on which the Company's securities are listed or qualified for trading). No amendments to, or termination of, the Plan shall materially impair the rights of a Participant under any Award previously granted without such Participant's consent.

5.2. *Section 162(m) of the Code* . Unless otherwise determined by the Committee, the provisions of this Plan shall be administered and interpreted in accordance with Section 162(m) of the Code to ensure the deductibility by the Company of the payment of Awards.

5.3. *Tax Withholding*. The Company or an Affiliate shall have the right to make all payments or distributions pursuant to the Plan to a Participant, net of any applicable federal, state and local taxes required to be paid or withheld. The Company or an Affiliate shall have the right to withhold from wages, Awards or other amounts otherwise payable to such Participant any such taxes as may be required by law, or to otherwise require the Participant to pay or provide for the payment of any such taxes in a manner satisfactory to the Company or such Affiliate. If the Participant shall fail to make such tax payments as are required, the Company or an Affiliate shall, to the extent permitted by law, have the right to deduct any such taxes from any payment of any kind otherwise due to such Participant or to take such other action as may be necessary to satisfy such tax obligations.

5.4. *Right of Discharge Reserved; Claims to Awards* . Nothing in this Plan shall provide any Participant a right to receive any Award or payment under the Plan with respect to a Performance Period. Nothing in the Plan nor the grant of an Award hereunder shall confer upon any Participant the right to continue in the employment of the Company or an Affiliate or affect any right that the Company or an Affiliate may have to terminate the employment of (or to demote or to exclude from future Awards under the Plan) any such Participant at any time for any reason. Except as specifically provided herein or in any agreement or other instrument entered or adopted into in connection with this Plan, the Company shall not be liable for the loss of existing or potential profit from any Award granted in the event of the termination of employment of any Participant.

5.5. *Nature of Payments.* All Awards made pursuant to the Plan shall be in consideration of the performance of services for the Company or an Affiliate, division or business unit of the Company.

5.6. *Other Plans*. Nothing contained in the Plan shall prevent the Board from adopting other or additional compensation arrangements, subject to stockholder approval if such approval is required; and such arrangements may be either generally applicable or applicable only in specific cases.

5.7. *Severability*. If any provision of the Plan shall be held unlawful or otherwise invalid or unenforceable in whole or in part by a court of competent jurisdiction, such provision shall (a) be deemed limited to the extent that such court of competent jurisdiction deems it lawful, valid and/or enforceable and as so limited shall remain in full force and effect, and (b) not affect any other provision of the Plan or part thereof, each of which shall remain in full force and effect. If the making of any payment or the provision of any other benefit required under the Plan shall be held unlawful or otherwise invalid or unenforceable by a court of competent jurisdiction, such unlawfulness, invalidity or unenforceability shall not prevent any other payment or benefit from being made or provided under the Plan, and if the making of any payment in full or the provision of any other benefit required under the Plan in full would be unlawful or otherwise invalid or unenforceable, then such unlawfulness, invalidity or unenforceability shall not prevent such payment or benefit from being made or provided in part, to the extent that it would not be unlawful, invalid or unenforceable, and the maximum payment or benefit that would not be unlawful, invalid or unenforceable shall be made or provided under the Plan.

5.8. *Clawback*. The Committee has the discretion to require a Participant to repay the income, if any, derived from an Award in the event of a restatement of the Company's financial results within three years after payment of such Award to correct a material error that is determined by the Committee to be the result of fraud or intentional misconduct. In addition, all Awards and all benefits derived by a Participant from any Award shall be subject to recovery by the Company in such circumstances and on such terms and conditions as may be prescribed by the Committee at any time or from time to time pursuant to any policy adopted by the Company to ensure, or otherwise to ensure, compliance with any rules, regulations or listing standards adopted by the Securities and Exchange

Commission or the New York Stock Exchange to implement Section 10D of the Securities Exchange Act, as required by the Dodd-Frank Wall Street Reform and Consumer Protection Act.

5.9. *Section 409A*. The Company intends that the Plan and each Award granted hereunder shall comply with, or be exempt from, Section 409A of the Code and that the Plan shall be interpreted, operated and administered accordingly. If any provision of the Plan contravenes any regulations or guidance promulgated under Section 409A or would cause any Award to be subject to taxes, interest or penalties under Section 409A, the Company may, in its sole discretion, modify the Plan to (a) comply with, or avoid being subject to, Section 409A, (b) avoid the imposition of taxes, interest and penalties under Section 409A, and/or (c) maintain, to the maximum extent practicable, the original intent of the applicable provision without violating the provisions of Section 409A. The Company is not obligated to modify the Plan and there is no guarantee that any payments will be exempt from taxes, interest and penalties under Section 409A. Notwithstanding anything herein to the contrary, in no event shall the Company be liable for the payment of, or gross up in connection with, any taxes, interest and or penalties owed by the Participant pursuant to Section 409A.

5.10. *Construction*. As used in the Plan, the words "*include*" and "*including,*" and variations thereof, shall not be deemed to be terms of limitation, but rather shall be deemed to be followed by the words "*without limitation*."

5.11. *Unfunded Status of the Plan.* The Plan is intended to constitute an "unfunded" plan for incentive compensation. With respect to any payments not yet made to a Participant by the Company, nothing contained herein shall give any such Participant any rights that are greater than those of a general creditor of the Company.

5.12. *Governing Law*. The Plan and all determinations made and actions taken thereunder, to the extent not otherwise governed by the Code or the laws of the United States, shall be governed by the laws of the State of Delaware without reference to principles of conflict of laws that might result in the application of the laws of another jurisdiction, and shall be construed accordingly.

5.13. *Effective Date of Plan*. The Plan shall be effective as of February 24, 2017, subject to approval by the Company's stockholders in accordance with Section 162(m) of the Code.

5.14. *Captions*. The captions in the Plan are for convenience of reference only, and are not intended to narrow, limit or affect the substance or interpretation of the provisions contained herein.

macy's inc

MACY'S, INC.
7 WEST 7TH STREET
CINCINNATI, OH 45202-2471

VOTE BY INTERNET - www.proxyvote.com
Use the Internet to transmit your voting instructions and to sign up for electronic delivery of information up until 11:59 P.M. Eastern Time on May 18, 2017. Have your proxy card in hand when you access the web site and follow the instructions to obtain your records and to create an electronic voting instruction form.

ELECTRONIC DELIVERY OF FUTURE SHAREHOLDER COMMUNICATIONS
If you would like to reduce the costs incurred by Macy's, Inc. in mailing proxy materials, you can consent to receiving all future proxy statements, proxy cards and annual reports electronically via e-mail or the Internet. To sign up for electronic delivery, please follow the instructions above to vote using the Internet and, when prompted, indicate that you agree to receive or access shareholder communications electronically in future years.

VOTE BY PHONE - 1-800-690-6903
Use any touch-tone telephone to transmit your voting instructions up until 11:59 P.M. Eastern Time on May 18, 2017. Have your proxy card in hand when you call and then follow the instructions.

VOTE BY MAIL
Mark, sign and date your proxy card and return it in the postage-paid envelope we have provided or return it to Macy's, Inc., c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717. Your proxy card must be received prior to 11:59 P.M. Eastern Time on May 18, 2017.

TO VOTE, MARK BLOCKS BELOW IN BLUE OR BLACK INK AS FOLLOWS:

E22346- P90675-Z69735 KEEP THIS PORTION FOR YOUR RECORDS

DETACH AND RETURN THIS PORTION ONLY

THIS PROXY CARD IS VALID ONLY WHEN SIGNED AND DATED.

MACY'S, INC.

The Board of Directors Recommends a Vote "For" the Following Nominees:

1. ELECTION OF DIRECTORS	**For**	**Against**	**Abstain**
1a. Francis S. Blake	☐	☐	☐
1b. John A. Bryant	☐	☐	☐
1c. Deirdre P. Connelly	☐	☐	☐
1d. Jeff Gennette	☐	☐	☐
1e. Leslie D. Hale	☐	☐	☐
1f. William H. Lenehan	☐	☐	☐
1g. Sara Levinson	☐	☐	☐
1h. Terry J. Lundgren	☐	☐	☐
1i. Joyce M. Rochè	☐	☐	☐
1j. Paul C. Varga	☐	☐	☐
1k. Marna C. Whittington	☐	☐	☐
1l. Annie Young-Scrivner	☐	☐	☐

	For	**Against**	**Abstain**
The Board of Directors Recommends a Vote "For" Item 2.			
2. The proposed ratification of the Audit Committee's appointment of KPMG LLP as Macy's independent registered public accounting firm for the fiscal year ending February 3, 2018.	☐	☐	☐
The Board of Directors Recommends a Vote "For" Item 3.			
3. Advisory vote to approve named executive officer compensation.	☐	☐	☐

	1 Year	**2 Years**	**3 Years**	**Abstain**
The Board of Directors Recommends a Vote of "1 Year" on Item 4.				
4. Advisory vote on frequency of the shareholder vote on executive compensation.	☐	☐	☐	☐

	For	**Against**	**Abstain**
The Board of Directors Recommends a Vote of "For" Item 5.			
5. Re-Approval of the Senior Executive Incentive Compensation Plan.	☐	☐	☐

NOTE: At their discretion, the proxies are authorized to vote upon such other business that may properly come before the meeting or any adjournment or adjournments thereof.

The shares represented by this proxy when properly executed will be voted in the manner directed herein by the undersigned Shareholder(s). **If no direction is made, and this proxy is returned, this proxy will be voted FOR all Nominees, FOR Items 2, 3 and 5 and "1 Year" for Item 4.** If any other matters properly come before the meeting, the person(s) named in this proxy will vote in their discretion.

For address changes and/or comments, please check this box and write them on the back where indicated. ☐

For purposes of the 2017 Annual Meeting, proxies will be held in confidence (subject to certain exceptions as set forth in the Proxy Statement) unless the undersigned checks the box to the left and provides comments where indicated on the reverse side. This proxy is governed by the laws of the State of Delaware.

Please sign your name exactly as it appears hereon. When signing as attorney, executor, administrator, trustee or guardian, please add your title as such. When signing as joint tenants, all parties in the joint tenancy must sign. If a signer is a corporation, please sign in full corporate name by duly authorized officer.

Signature [PLEASE SIGN WITHIN BOX] Date

Signature (Joint Owners) Date

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting:
The Annual Report, Form 10-K and Notice and Proxy Statement are available at www.proxyvote.com.

E22347- P90675-Z69735

MACY'S, INC.

THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS

ANNUAL MEETING OF SHAREHOLDERS

May 19, 2017

The undersigned Shareholder(s) hereby appoint(s) Joyce M. Roché and Marna C. Whittington, or either of them, as proxies, each with the power to appoint her substitute, and hereby authorize(s) them to represent and to vote, as designated on the reverse side of this ballot, all of the shares of Common Stock of Macy's, Inc. that the shareholder(s) is/are entitled to vote at the Annual Meeting of Shareholders to be held at 11:00 a.m. Eastern Time on May 19, 2017, at the Macy's, Inc. corporate offices located at 7 West 7th Street, Cincinnati, Ohio 45202, and any adjournment or postponement thereof.

THIS PROXY, WHEN PROPERLY EXECUTED, WILL BE VOTED AS DIRECTED BY THE SHAREHOLDER(S). IF NO SUCH DIRECTIONS ARE MADE, AND THIS PROXY IS RETURNED, THIS PROXY WILL BE VOTED "FOR" THE ELECTION OF ALL NOMINEES FOR THE BOARD OF DIRECTORS LISTED IN ITEM 1 ON THE REVERSE SIDE, "FOR" ITEMS 2, 3 AND 5, AND "1 YEAR" FOR ITEM 4.

PLEASE MARK, SIGN, DATE AND RETURN THIS PROXY CARD PROMPTLY USING THE ENCLOSED REPLY ENVELOPE

Address Changes/Comments: ______________________________

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(If you noted any Address Changes/Comments above, please mark corresponding box on the reverse side.)

CONTINUED AND TO BE SIGNED ON REVERSE SIDE

macy's inc
MACY'S, INC.
7 WEST 7TH STREET
CINCINNATI, OH 45202-2471

VOTE BY INTERNET - www.proxyvote.com
Use the Internet to transmit your voting instructions and to sign up for electronic delivery of information up until 11:59 P.M. Eastern Time on May 16, 2017. Have your proxy card in hand when you access the web site and follow the instructions to obtain your records and to create an electronic voting instruction form.

ELECTRONIC DELIVERY OF FUTURE SHAREHOLDER COMMUNICATIONS
If you would like to reduce the costs incurred by Macy's, Inc. in mailing proxy materials, you can consent to receiving all future proxy statements, proxy cards and annual reports electronically via e-mail or the Internet. To sign up for electronic delivery, please follow the instructions above to vote using the Internet and, when prompted, indicate that you agree to receive or access shareholder communications electronically in future years.

VOTE BY PHONE - 1-800-690-6903
Use any touch-tone telephone to transmit your voting instructions up until 11:59 P.M. Eastern Time on May 16, 2017. Have your proxy card in hand when you call and then follow the instructions.

VOTE BY MAIL
Mark, sign and date your proxy card and return it in the postage-paid envelope we have provided or return it to Macy's, Inc., c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717. Your proxy card must be received prior to 11:59 P.M. Eastern Time on May 16, 2017.

TO VOTE, MARK BLOCKS BELOW IN BLUE OR BLACK INK AS FOLLOWS:

E22348- P90675-Z69735 KEEP THIS PORTION FOR YOUR RECORDS

DETACH AND RETURN THIS PORTION ONLY

THIS PROXY CARD IS VALID ONLY WHEN SIGNED AND DATED.

MACY'S, INC.

The Board of Directors Recommends a Vote "For" the Following Nominees:

1. ELECTION OF DIRECTORS	For	Against	Abstain
1a. Francis S. Blake	☐	☐	☐
1b. John A. Bryant	☐	☐	☐
1c. Deirdre P. Connelly	☐	☐	☐
1d. Jeff Gennette	☐	☐	☐
1e. Leslie D. Hale	☐	☐	☐
1f. William H. Lenehan	☐	☐	☐
1g. Sara Levinson	☐	☐	☐
1h. Terry J. Lundgren	☐	☐	☐
1i. Joyce M. Rochè	☐	☐	☐
1j. Paul C. Varga	☐	☐	☐
1k. Marna C. Whittington	☐	☐	☐
1l. Annie Young-Scrivner	☐	☐	☐

	For	Against	Abstain
The Board of Directors Recommends a Vote "For" Item 2.			
2. The proposed ratification of the appointment of KPMG LLP as Macy's independent registered public accounting firm for the fiscal year ending February 3, 2018.	☐	☐	☐
The Board of Directors Recommends a Vote "For" Item 3.			
3. Advisory vote to approve named executive officer compensation.	☐	☐	☐

	1 Year	2 Years	3 Years	Abstain
The Board of Directors Recommends a Vote of "1 Year" on Item 4.				
4. Advisory vote on frequency of the shareholder vote on executive compensation.	☐	☐	☐	☐

	For	Against	Abstain
The Board of Directors Recommends a Vote of "For" Item 5.			
5. Re-Approval of the Senior Executive Incentive Compensation Plan.	☐	☐	☐

NOTE: At their discretion, the proxies are authorized to vote upon such other business that may properly come before the meeting or any adjournment or adjournments thereof.

The shares represented by this proxy when properly executed will be voted in the manner directed herein by the undersigned Shareholder(s). **If no direction is made, and this proxy is returned, this proxy will be voted FOR all Nominees, FOR Items 2, 3 and 5 and "1 Year" for Item 4.** If any other matters properly come before the meeting, the person(s) named in this proxy will vote in their discretion.

For address changes and/or comments, please check this box and write them on the back where indicated. ☐

For purposes of the 2017 Annual Meeting, proxies will be held in confidence (subject to certain exceptions as set forth in the Proxy Statement) unless the undersigned checks the box to the left and provides comments where indicated on the reverse side. This proxy is governed by the laws of the State of Delaware.

Please sign your name exactly as it appears hereon. When signing as attorney, executor, administrator, trustee or guardian, please add your title as such. When signing as joint tenants, all parties in the joint tenancy must sign. If a signer is a corporation, please sign in full corporate name by duly authorized officer.

Signature [PLEASE SIGN WITHIN BOX] Date

Signature (Joint Owners) Date

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting:
The Annual Report, Form 10-K and Notice and Proxy Statement are available at www.proxyvote.com.

E22349- P90675-Z69735

MACY'S, INC.

To: J.P. Morgan Chase Bank, as Trustee for the Macy's, Inc. 401(k) Retirement Investment Plan.

ANNUAL MEETING OF SHAREHOLDERS

May 19, 2017

I acknowledge receipt of the Letter to Shareholders, the Notice of Annual Meeting of Shareholders of Macy's, Inc. to be held on May 19, 2017, and the related Proxy Instructions.

As to my proportional interest in any stock of Macy's, Inc. registered in your name, you are directed as indicated on the reverse side as to the matters listed in the form of Proxy solicited by the Board of Directors of Macy's, Inc. I understand that if I sign this instruction card on the other side and return it without otherwise indicating my voting instructions, it will be understood that I wish my proportional interest in the shares to be voted by you in accordance with the recommendations of the Board of Directors of Macy's, Inc. as to Items 1 through 5. If my voting instructions are not received by 11:59 p.m. Eastern Time on May 16, 2017, I understand that you will vote my proportional interest in the same ratio as you vote the proportional interest for which you receive instructions from other plan participants.

If any such stock is registered in the name of your nominee, the authority and directions herein shall extend to such nominee.

THIS PROXY, WHEN PROPERLY EXECUTED, WILL BE VOTED AS DIRECTED BY THE SHAREHOLDER(S). IF NO SUCH DIRECTIONS ARE MADE, AND THIS PROXY IS RETURNED, THIS PROXY WILL BE VOTED "FOR" THE ELECTION OF ALL NOMINEES FOR THE BOARD OF DIRECTORS LISTED IN ITEM 1 ON THE REVERSE SIDE, "FOR" ITEMS 2, 3 AND 5, AND "1 YEAR" FOR ITEM 4.

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