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

FORM 10-Q

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

For the quarterly period ended May 1, 2021

OR

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

For the transition period from to

Commission file number: 1-13536

Macy's, Inc.
(Exact name of registrant as specified in its charter)

Delaware	**13-3324058**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

151 West 34th Street, New York, New York 10001
(Address of Principal Executive Offices, including Zip Code)
(212) 494-1621
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, $.01 par value per share	M	New York Stock Exchange

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

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

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

Large Accelerated Filer	☒	Accelerated Filer	☐
Non-Accelerated Filer	☐	Smaller Reporting Company	☐
Emerging Growth Company	☐		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

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

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

Class	Outstanding at May 29, 2021
Common Stock, $.01 par value per share	311,868,429 shares

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

MACY'S, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

(millions, except per share figures)

	13 Weeks Ended	
	May 1, 2021	May 2, 2020
Net sales	$ 4,706	$ 3,017
Credit card revenues, net	159	131
Cost of sales	(2,889)	(2,501)
Selling, general and administrative expenses	(1,748)	(1,598)
Gains on sale of real estate	6	16
Impairment, restructuring and other costs	(19)	(3,184)
Operating income (loss)	215	(4,119)
Benefit plan income, net	15	9
Interest expense	(79)	(49)
Losses on early retirement of debt	(11)	—
Interest income	—	2
Income (loss) before income taxes	140	(4,157)
Federal, state and local income tax benefit (expense)	(37)	576
Net income (loss)	$ 103	$ (3,581)
Basic earnings (loss) per share	$ 0.33	$ (11.53)
Diluted earnings (loss) per share	$ 0.32	$ (11.53)

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

MACY'S, INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(Unaudited)

(millions)

	13 Weeks Ended	
	May 1, 2021	May 2, 2020
Net income (loss)	$ 103	$ (3,581)
Reclassifications to net income (loss):		
Amortization of net actuarial loss and prior service credit on post employment and postretirement benefit plans included in net income, before tax	10	12
Tax effect related to items of other comprehensive income	(2)	(3)
Total other comprehensive income, net of tax effect	8	9
Comprehensive income (loss)	$ 111	$ (3,572)

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

MACY'S, INC.

CONSOLIDATED BALANCE SHEETS
(Unaudited)

(millions)

	May 1, 2021	January 30, 2021	May 2, 2020
ASSETS			
Current Assets:			
Cash and cash equivalents	$ 1,798	$ 1,679	$ 1,523
Receivables	205	276	170
Merchandise inventories	4,230	3,774	4,923
Prepaid expenses and other current assets	1,007	455	519
Total Current Assets	7,240	6,184	7,135
Property and Equipment - net of accumulated depreciation and amortization of $4,550, $4,400 and $4,560	5,798	5,940	6,425
Right of Use Assets	2,853	2,878	2,672
Goodwill	828	828	838
Other Intangible Assets – net	436	437	439
Other Assets	927	1,439	1,072
Total Assets	$ 18,082	$ 17,706	$ 18,581
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current Liabilities:			
Short-term debt	$ 294	$ 452	$ 739
Merchandise accounts payable	2,545	1,978	2,196
Accounts payable and accrued liabilities	2,616	2,927	2,757
Income taxes	63	—	80
Total Current Liabilities	5,518	5,357	5,772
Long-Term Debt	4,558	4,407	4,918
Long-Term Lease Liabilities	3,166	3,185	2,923
Deferred Income Taxes	868	908	944
Other Liabilities	1,297	1,296	1,327
Shareholders' Equity	2,675	2,553	2,697
Total Liabilities and Shareholders' Equity	$ 18,082	$ 17,706	$ 18,581

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

MACY'S, INC.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Unaudited)

(millions)

	Common Stock	Additional Paid-In Capital	Accumulated Equity	Treasury Stock	Accumulated Other Comprehensive Income (Loss)	Total Shareholders' Equity
Balance at January 30, 2021	$ 3	$ 571	$ 3,928	$ (1,161)	$ (788)	$ 2,553
Net income			103			103
Other comprehensive income					8	8
Stock-based compensation expense		11				11
Stock issued under stock plans		(24)		24		—
Balance at May 1, 2021	$ 3	$ 558	$ 4,031	$ (1,137)	$ (780)	$ 2,675

MACY'S, INC.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY - (Continued)
(Unaudited)

(millions)

	Common Stock	Additional Paid-In Capital	Accumulated Equity	Treasury Stock	Accumulated Other Comprehensive Income (Loss)	Total Shareholders' Equity
Balance at February 1, 2020	$ 3	$ 621	$ 7,989	$ (1,241)	$ (995)	$ 6,377
Net loss			(3,581)			(3,581)
Other comprehensive income					9	9
Common stock dividends ($0.3775 per share)			(117)			(117)
Stock-based compensation expense		6				6
Stock issued under stock plans		(62)		61		(1)
Other					4	4
Balance at May 2, 2020	$ 3	$ 565	$ 4,291	$ (1,180)	$ (982)	$ 2,697

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

MACY'S, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

(millions)

	13 Weeks Ended	
	May 1, 2021	May 2, 2020
Cash flows from operating activities:		
Net income (loss)	$ 103	$ (3,581)
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities:		
Impairment, restructuring and other costs	19	3,184
Depreciation and amortization	224	237
Stock-based compensation expense	11	6
Gains on sale of real estate	(6)	(16)
Benefit plans	10	12
Amortization of financing costs and premium on acquired debt	8	—
Deferred income taxes	(43)	(225)
Changes in assets and liabilities:		
Decrease in receivables	71	236
(Increase) decrease in merchandise inventories	(457)	265
(Increase) decrease in prepaid expenses and other current assets	(56)	12
Increase in merchandise accounts payable	674	629
Decrease in accounts payable and accrued liabilities	(114)	(531)
(Increase) decrease in current income taxes	75	(353)
Change in other assets, liabilities, and other items not separately identified	(25)	(39)
Net cash provided (used) by operating activities	494	(164)
Cash flows from investing activities:		
Purchase of property and equipment	(61)	(122)
Capitalized software	(38)	(38)
Disposition of property and equipment	8	21
Other, net	17	26
Net cash used by investing activities	(74)	(113)
Cash flows from financing activities:		
Debt issued	500	1,500
Debt issuance costs	(9)	—
Debt repurchase premium and expenses	(12)	—
Debt repaid	(503)	(4)
Dividends paid	—	(117)
Decrease in outstanding checks	(276)	(231)
Net cash provided (used) by financing activities	(300)	1,148
Net increase in cash, cash equivalents and restricted cash	120	871
Cash, cash equivalents and restricted cash beginning of period	1,754	731
Cash, cash equivalents and restricted cash end of period	$ 1,874	$ 1,602
Supplemental cash flow information:		
Interest paid	$ 52	$ 38
Interest received	—	3
Income taxes paid (net of refunds received)	5	2

Note: Restricted cash of $ 76 million and $ 79 million have been included with cash and cash equivalents for the 13 weeks ended May 1, 2021 and May 2, 2020, respectively.

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

1. Organization and Summary of Significant Accounting Policies

Nature of Operations

Macy's, Inc., together with its subsidiaries (the "Company"), is an omnichannel retail organization operating stores, websites and mobile applications under three brands (Macy's, Bloomingdale's and bluemercury) that sell a wide range of merchandise, including apparel and accessories (men's, women's and kids'), cosmetics, home furnishings and other consumer goods. The Company has stores in 43 states, the District of Columbia, Puerto Rico and Guam. As of May 1, 2021, the Company's operations were conducted through Macy's, Market by Macy's, Macy's Backstage, Bloomingdale's, Bloomingdale's The Outlet, and bluemercury.

Bloomingdale's in Dubai, United Arab Emirates and Al Zahra, Kuwait are operated under a license agreement with Al Tayer Insignia, a company of Al Tayer Group, LLC.

A description of the Company's significant accounting policies is included in the Company's Annual Report on Form 10-K for the fiscal year ended January 30, 2021 (the "2020 10-K"). The accompanying Consolidated Financial Statements should be read in conjunction with the Consolidated Financial Statements and notes thereto in the 2020 10-K.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Such estimates and assumptions are subject to inherent uncertainties, including the ultimate financial impact of the COVID-19 pandemic, which may result in actual amounts differing from reported amounts.

The Consolidated Financial Statements for the 13 weeks ended May 1, 2021 and May 2, 2020, in the opinion of management, include all adjustments (consisting only of normal recurring adjustments) considered necessary to present fairly, in all material respects, the consolidated financial position and results of operations of the Company.

Seasonality

Because of the seasonal nature of the retail business, the results of operations for the 13 weeks ended May 1, 2021 and May 2, 2020 (which do not include the Christmas season) are not necessarily indicative of such results for the full fiscal year.

Comprehensive Income (Loss)

Total comprehensive income (loss) represents the change in equity during a period from sources other than transactions with shareholders and, as such, includes net income (loss). For the Company, the only other components of total comprehensive income (loss) for the 13 weeks ended May 1, 2021 and May 2, 2020 relate to post employment and postretirement plan items. Settlement charges incurred are included as a separate component of income (loss) before income taxes in the Consolidated Statements of Operations. Amortization reclassifications out of accumulated other comprehensive loss are included in the computation of net periodic benefit cost (income) and are included in benefit plan income, net on the Consolidated Statements of Operations. See Note 6, "Benefit Plans," for further information.

COVID-19 Pandemic

As the COVID-19 pandemic continues into fiscal 2021, the Company remains focused on prudent cash management, maintaining strong liquidity, and executing its strategic initiatives. In addition, the Company continues to prioritize health and safety measures in its stores and facilities to protect the well-being of its customers and colleagues. Although the Company has experienced recovery in operating results during the first quarter of 2021 as compared to fiscal 2020, certain stores continued to operate under local governmental orders or restrictions. The full impact of COVID-19 will continue to depend on future developments, including the continued spread and duration of the pandemic, variant strains of COVID-19, the availability and distribution of effective medical treatments or vaccines as well as any related federal, state or local governmental orders or restrictions. In addition, numerous uncertainties continue to surround the pandemic and its ultimate impact on the Company, including the timing and extent of any recovery in consumer traffic and spending, and potential delays, interruptions and disruptions in the Company's supply chain, all of which are highly uncertain and cannot be predicted.

As further disclosed in the Company's 2020 Form 10-K, on March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") was signed into law, which permitted, among other benefits, the carryback of certain net operating losses. Based on the Company's 2020 fiscal results, a $520 million income tax receivable has been recognized as of May 1, 2021, associated with this net operating loss carryback benefit. This income tax receivable is estimated to be received in the first quarter of 2022 and is included within prepaid expenses and other current assets on the Company's Consolidated Balance Sheet.

2. Impairment, Restructuring and Other Costs

	13 Weeks Ended	
	May 1, 2021	May 2, 2020
	(millions)	
Impairments	$ 18	$ 3,150
Restructuring	(1)	25
Other	2	9
Total	$ 19	$ 3,184

During the 13 weeks ended May 1, 2021, the Company incurred non-cash impairment charges totaling $18 million primarily related to capitalized software assets.

During the 13 weeks ended May 2, 2020, primarily as a result of the COVID-19 pandemic, the Company incurred non-cash impairment charges totaling$3,150 million consisting of:

- $3,070 million of goodwill impairments, with $2,972 million attributable to the Macy's reporting unit and $98 million attributable to the bluemercury reporting unit.
- $80 million of impairments primarily related to long-lived tangible and right of use assets to adjust the carrying value of certain store locations to their estimated fair value.

A summary of the restructuring and other cash activity for the 13 weeks ended May 1, 2021 and May 2, 2020 related to the Polaris strategy, which was announced in February 2020 and included within accounts payable and accrued liabilities, is as follows:

	Severance and other benefits	Professional fees and other related charges	Total
		(millions)	
Balance at February 1, 2020	$ 115	$ 9	$ 124
Additions charged to expense	25	7	32
Cash payments	(82)	(6)	(88)
Balance at May 2, 2020	$ 58	$ 10	$ 68

	Severance and other benefits	Professional fees and other related charges	Total
		(millions)	
Balance at January 30, 2021	$ 14	$ 2	$ 16
Additions charged to expense	5	—	5
Cash payments	(16)	(2)	(18)
Balance at May 1, 2021	$ 3	$ —	$ 3

3. Earnings (Loss) Per Share

The following tables set forth the computation of basic and diluted earnings (loss) per share:

	13 Weeks Ended					
	May 1, 2021			May 2, 2020		
	Net Income		Shares	Net Loss		Shares
	(millions, except per share data)					
Net income (loss)	$ 103		310.7	$ (3,581)		309.7
Shares to be issued under deferred compensation and other plans			0.9			0.9
	$ 103		311.6	$ (3,581)		310.6
Basic earnings (loss) per share		$ 0.33			$ (11.53)	
Effect of dilutive securities:						
Stock options and restricted stock units			7.0			—
	$ 103		318.6	$ (3,581)		310.6
Diluted earnings (loss) per share		$ 0.32			$ (11.53)	

In addition to the stock options and restricted stock units reflected in the foregoing tables, stock options to purchase14.7 million shares of common stock and restricted stock units relating to 11.7 million shares of common stock were outstanding at May 1, 2021, but were not included in the computation of diluted earnings per share because their inclusion would have been antidilutive or they were subject to performance conditions that had not been met.

For the 13 weeks ended May 2, 2020, as a result of the net loss for the quarter, all options and restricted stock units have been excluded from the calculation of diluted earnings per share and, therefore, there was no difference in the weighted average number of common shares for basic and diluted loss per share as the effect of all potentially dilutive shares outstanding was anti-dilutive. Stock options to purchase 17.3 million shares of common stock and restricted stock units relating to3.4 million shares of common stock outstanding at May 2, 2020 were excluded from the computation of diluted earnings per share.

4. Revenue

Net sales

Revenue is recognized when customers obtain control of goods and services promised by the Company. The amount of revenue recognized is based on the amount that reflects the consideration that is expected to be received in exchange for those respective goods and services. The Company's revenue generating activities include the following:

Retail Sales

Retail sales include merchandise sales, inclusive of delivery income, licensed department income, sales of private brand goods directly to third party retailers and sales of excess inventory to third parties. Sales of merchandise are recorded at the time of shipment to the customer and are reported net of estimated merchandise returns and certain customer incentives. Commissions earned on sales generated by licensed departments are included as a component of total net sales and are recognized as revenue at the time merchandise is sold to customers. Service revenues (e.g., alteration and cosmetic services) are recorded at the time the customer receives the benefit of the service. The Company has elected to present sales taxes on a net basis and, as such, sales taxes are included in accounts payable and accrued liabilities until remitted to the taxing authorities.

Macy's accounted for 87% of the Company's net sales for each of the 13 weeks ended May 1, 2021 and May 2, 2020. In addition, digital sales accounted for approximately 37% and 43% of the Company's net sales for the 13 weeks ended May 1, 2021 and May 2, 2020, respectively.

Disaggregation of the Company's net sales by family of business for the 13 weeks ended May 1, 2021 and May 2, 2020 were as follows:

Net sales by family of business	13 Weeks Ended May 1, 2021	13 Weeks Ended May 2, 2020
	(millions)	
Women's Accessories, Intimate Apparel, Shoes, Cosmetics and Fragrances	$ 2,023	$ 1,215
Women's Apparel	913	579
Men's and Kids'	932	573
Home/Other (a)	838	650
Total	$ 4,706	$ 3,017

(a) Other primarily includes restaurant sales, allowance for merchandise returns adjustments and breakage income from unredeemed gift cards.

Merchandise Returns

The Company estimates merchandise returns using historical data and recognizes an allowance that reduces net sales and cost of sales. The liability for merchandise returns is included in accounts payable and accrued liabilities on the Company's Consolidated Balance Sheets and was $225 million, $159 million and $184 million as of May 1, 2021, January 30, 2021 and May 2, 2020, respectively. Included in prepaid expenses and other current assets is an asset totaling $136 million, $103 million and $130 million as of May 1, 2021, January 30, 2021 and May 2, 2020, respectively, for the recoverable cost of merchandise estimated to be returned by customers.

Gift Cards and Customer Loyalty Programs

The Company only offers no-fee, non-expiring gift cards to its customers. At the time gift cards are sold or issued, no revenue is recognized; rather, the Company records an accrued liability to customers. The liability is relieved and revenue is recognized equal to the amount redeemed at the time gift cards are redeemed for merchandise. The Company records revenue from unredeemed gift cards (breakage) in net sales on a pro-rata basis over the time period gift cards are actually redeemed. At least three years of historical data, updated annually, is used to determine actual redemption patterns.

The Company maintains customer loyalty programs in which customers earn points based on their purchases. Under the Macy's Star Rewards loyalty program, points are earned based on customers' spending on Macy's private label and co-branded credit cards as well as non-proprietary cards. The Company's Bloomingdale's Loyallist and bluemercury BlueRewards programs provide tender neutral points-based programs to their customers. The Company recognizes the estimated net amount of the rewards that will be earned and redeemed as a reduction to net sales at the time of the initial transaction and as tender when the points are subsequently redeemed by a customer.

The liability for unredeemed gift cards and customer loyalty programs is included in accounts payable and accrued liabilities on the Company's Consolidated Balance Sheets and was $580 million, $616 million and $732 million as of May 1, 2021, January 30, 2021 and May 2, 2020, respectively.

Credit Card Revenues, net

In 2005, the Company entered into an arrangement with Citibank, N.A. ("Citibank") to sell the Company's private label and co-branded credit cards ("Credit Card Program"). Subsequent to this initial arrangement and associated amendments, in 2014, the Company entered into an amended and restated Credit Card Program Agreement (the "Program Agreement") with Citibank. As part of the Program Agreement, the Company receives payments for providing a combination of interrelated services and intellectual property to Citibank in support of the underlying Credit Card Program. Revenue based on the spending activity of the underlying accounts is recognized as the respective card purchases occur and the Company's profit share is recognized based on the performance of the underlying portfolio. Revenue associated with the establishment of new credit accounts and assisting in the receipt of payments for existing accounts is recognized as such activities occur. Credit card revenues include finance charges, late fees and other revenue generated by the Company's Credit Card Program, net of fraud losses and expenses associated with establishing new accounts.

Under the terms of the Program Agreement, if sales decrease by more than 34% over a twelve-month period as compared to the Benchmark Year, defined as the twelve-month period from July 2006 to June 2007 in the Program Agreement, Citibank has the ability to provide written notice to terminate the agreement prior to the end of its current term. Based on the results for the Company's February 2021 fiscal period, sales for the twelve-month period ended February 27, 2021 decreased by more than 34% as compared to the Benchmark Year. On June 4, 2021, the Company received a written notice of termination of the Program Agreement from Citibank. The Company plans to continue negotiations with Citibank as well as evaluate a potential transfer of its Credit Card Program to another financial service entity. Upon receipt of the written notice of termination, the Company has six months to exercise, or not exercise, an option to purchase the assets of the Program Agreement, or nominate a third party to purchase such assets, and a subsequent six month period to complete such transfer, subject to potential extensions as more fully described in the Program Agreement. The Company and Citibank are required to continue to meet their respective obligations and provide support pursuant to the terms of the Program Agreement through this period.

5. Financing Activities

The following table shows the detail of debt repayments:

	13 Weeks Ended	
	May 1, 2021	May 2, 2020
	(millions)	
9.5% Amortizing debentures due 2021	$ 2	$ 2
9.75% Amortizing debentures due 2021	1	1
3.875% Senior notes due 2022	156	—
2.875% Senior notes due 2023	136	—
4.375% Senior notes due 2023	49	—
3.625% Senior notes due 2024	150	—
6.65% Senior debentures due 2024	5	—
7.6% Senior debentures due 2025	4	—
	$ 503	$ 3

On March 17, 2021, Macy's Retail Holdings, LLC ("MRH"), a direct, wholly owned subsidiary of Macy's, Inc., completed an offering of $500 million in aggregate principal amount of 5.875% senior notes due 2029 (the "2029 Notes") in a private offering (the "Notes Offering"). The 2029 Notes mature on April 1, 2029. The 2029 Notes are senior unsecured obligations of MRH and are unconditionally guaranteed on a senior unsecured basis by Macy's, Inc. MRH used the net proceeds from the Notes Offering, together with cash on hand, to fund the tender offer discussed below.

On March 17, 2021, the Company completed a tender offer in which $500 million of senior notes and debentures were tendered for early settlement and purchased by MRH. The total cash cost for the tender offer was $17 million with the remainder funded through the net proceeds from the private offering discussed above. The Company recognized $11 million of loss related to the early retirement of debt on the Consolidated Statements of Operation during the first quarter of 2021.

6. Benefit Plans

The Company has defined contribution plans which cover substantially all colleagues who work 1,000 hours or more in a year. In addition, the Company has a funded defined benefit plan ("Pension Plan") and an unfunded defined benefit supplementary retirement plan ("SERP"), which provides benefits, for certain colleagues, in excess of qualified plan limitations. Effective January 1, 2012, the Pension Plan was closed to new participants, with limited exceptions, and effective January 2, 2012, the SERP was closed to new participants.

In February 2013, the Company announced changes to the Pension Plan and SERP whereby eligible colleagues no longer earn future pension service credits after December 31, 2013, with limited exceptions. All retirement benefits attributable to service in subsequent periods are provided through defined contribution plans.

In addition, certain retired colleagues currently are provided with specified health care and life insurance benefits ("Postretirement Obligations"). Eligibility requirements for such benefits vary, but generally state that benefits are available to eligible colleagues who were hired prior to a certain date and retire after a certain age with specified years of service. Certain colleagues are subject to having such benefits modified or terminated.

The defined contribution plan expense and actuarially determined components of the net periodic benefit cost (income) associated with the defined benefit plans are as follows:

	13 Weeks Ended	
	May 1, 2021	May 2, 2020
	(millions)	
401(k) Qualified Defined Contribution Plan	$ 22	$ 13
Pension Plan		
Service cost	$ —	$ 1
Interest cost	12	19
Expected return on assets	(40)	(45)
Recognition of net actuarial loss	8	10
	$ (20)	$ (15)
Supplementary Retirement Plan		
Interest cost	3	4
Recognition of net actuarial loss	3	3
	$ 6	$ 7
Total Retirement Expense	$ 8	$ 5
Postretirement Obligations		
Interest cost	—	1
Recognition of net actuarial gain	(1)	(1)
	$ (1)	$ —

7. Fair Value Measurements

The following table shows the Company's financial assets that are required to be measured at fair value on a recurring basis, by level within the hierarchy as defined by applicable accounting standards:

Level 1: Quoted prices in active markets for identical assets
Level 2: Significant observable inputs for the assets
Level 3: Significant unobservable inputs for the assets

	May 1, 2021				May 2, 2020			
		Fair Value Measurements				Fair Value Measurements		
	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3
	(millions)							
Marketable equity and debt securities	$ 82	$ 38	$ 44	$ —	$ 102	$ 28	$ 74	$ —

Other financial instruments not measured at fair value on a recurring basis include cash and cash equivalents, receivables, certain short-term investments and other assets, short-term debt, merchandise accounts payable, accounts payable and accrued liabilities and long-term debt. With the exception of long-term debt, the carrying amount of these financial instruments approximates fair value because of the short maturity of these instruments. The fair values of long-term debt, excluding capitalized leases, are generally estimated based on quoted market prices for identical or similar instruments, and are classified as Level 2 measurements within the hierarchy as defined by applicable accounting standards.

The following table shows the estimated fair value of the Company's long-term debt:

	May 1, 2021			May 2, 2020		
	Notional Amount	Carrying Amount	Fair Value	Notional Amount	Carrying Amount	Fair Value
	(millions)					
Long-term debt	$ 4,610	$ 4,558	$ 4,643	$ 4,903	$ 4,918	$ 3,698

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations

For purposes of the following discussion, all references to "first quarter of 2021" and "first quarter of 2020" are to the Company's 13-week fiscal periods ended May 1, 2021 and May 2, 2020, respectively.

The following discussion should be read in conjunction with the Consolidated Financial Statements and the related notes included elsewhere in this report, as well as the financial and other information included in the 2020 10-K. The following discussion contains forward-looking statements that reflect the Company's plans, estimates and beliefs. The Company's actual results could materially differ from those discussed in these forward-looking statements. Factors that could cause or contribute to those differences include, but are not limited to, those discussed below and elsewhere in this report (particularly in "Risk Factors" and in "Forward-Looking Statements") and in the 2020 10-K (particularly in "Risk Factors" and in "Forward-Looking Statements"). This discussion includes Non-GAAP financial measures. For information about these measures, see the disclosure under the caption "Important Information Regarding Non-GAAP Financial Measures".

COVID-19 Update

As the COVID-19 pandemic continues into fiscal 2021, the Company remains focused on prudent cash management, maintaining strong liquidity, and executing its strategic initiatives. In addition, the Company continues to prioritize health and safety measures in its stores and facilities to protect the well-being of its customers and colleagues. The Company continuously monitors the ongoing impacts of COVID-19, including the evolving federal, state and local ordinances and health guidelines related to the mitigation of transmission risk associated with the pandemic. The Company has taken, and continues to take, numerous steps to promote health and safety at its stores and facilities, including establishment of vaccine distribution sites at different corporate facilities, increasing safety equipment in stores, offering contactless shopping opportunities, providing company-supplied personal protection equipment and wellness checks for colleagues, performing enhanced cleaning and continuing to offer remote work plans for certain colleagues.

Under the terms of the Program Agreement between the Company and Citibank, if sales decrease by more than 34% over a twelve-month period as compared to the Benchmark Year, defined as the twelve-month period from July 2006 to June 2007 in the Program Agreement, Citibank has the ability to provide written notice to terminate the agreement prior to the end of its current term. Based on the results for the Company’s February 2021 fiscal period, sales for the most recent twelve-month period ended February 27, 2021, have decreased by more than 34% as compared to the Benchmark Year. On June 4, 2021, the Company received a written notice of termination of the Program Agreement from Citibank. The Company plans to continue negotiations with Citibank as well as evaluate a potential transfer of its Credit Card Program to another financial service entity. Upon receipt of the written notice of termination, the Company has six months to exercise, or not exercise, an option to purchase the assets of the Program Agreement, or nominate a third party to purchase such assets, and a subsequent six month period to complete such transfer, subject to potential extensions as more fully described in the Program Agreement. The Company and Citibank are required to continue to meet their respective obligations and provide support pursuant to the terms of the Program Agreement through this period. Given this timeline, the Company is confirming its guidance provided on May 18, 2021, for fiscal 2021 Credit Card Revenues, Net, equal to approximately 3% of Net Sales. The Company has not provided guidance for periods beyond fiscal 2021. The Company is currently unable to estimate the impact beyond fiscal 2021 this termination event or transfer might have on the Program Agreement or on the Company’s future financial results.

Although the Company has experienced recovery in operating results through the first quarter of 2021 as compared to fiscal 2020, certain stores continued to operate under local governmental orders or restrictions. The full impact of COVID-19 will continue to depend on future developments, including the continued spread and duration of the outbreak, variant strains of COVID-19, the availability and distribution of effective medical treatments or vaccines as well as any related federal, state or local governmental orders or restrictions. In addition, numerous uncertainties continue to surround the pandemic and its ultimate impact on the Company, including the timing and extent of any recovery in consumer traffic and spending, and potential delays, interruptions and disruptions in the Company’s supply chain, all of which are highly uncertain and cannot be predicted. Further discussion of the risks and uncertainties posed by the COVID-19 pandemic are disclosed in “Risk Factors” under Part I Item 1A of the Company’s 2020 Form 10-K.

Quarterly Overview

During the first quarter of 2021, the Company continued to build on the momentum of the fourth quarter of 2020 and exceeded its expectations from both a sales and profit standpoint. The profitable first quarter results were driven by disciplined cost and inventory management through the ongoing execution of the Company’s Polaris strategy, including investments in its digital platforms. Additionally, the Company’s performance during the first quarter of 2021 reflects the benefits from rapidly improving macroeconomic conditions, driven by the government’s stimulus program and heightened consumer confidence resulting from the roll-out of the COVID-19 vaccinations.

In evaluating the performance of the first quarter of 2021, the Company considered its results against the first quarter of 2020 as well as the first quarter of 2019 given the impact of the pandemic and the closure of the Company's stores during the first and second quarters of 2020. Certain financial highlights are as follows:

- Comparable sales were up 62.5% on an owned basis; and up 63.9% on an owned plus licensed basis compared to the first quarter of 2020. Compared to 2019, this reflects a comparable sales decline of 10.5% on an owned basis and 10.0% on an owned plus licensed basis.
- Digital sales grew 34% over the first quarter of 2020 and 32% over the first quarter of 2019. Digital penetration was at 37% of net sales for the first quarter of 2021.
- Gross margin was 38.6%, compared to 17.1% in the first quarter of 2020, representing an improvement of approximately 21.5 percentage points. Compared to the first quarter of 2019, gross margin was up 40 basis points.
- Net credit card revenues were $159 million, up $28 million from the first quarter of 2020, and representing 3.4% of sales. Net credit card revenues were down $13 million from the first quarter of 2019 but saw a 30 basis point improvement as a percent of net sales.
- Selling, general and administrative ("SG&A") expense was $1.7 billion, up $150 million from first quarter of 2020.Compared to the first quarter of 2019, SG&A expenses were down approximately 17%. SG&A expense as a percent of sales was 37.1%, down from 52.9% in the first quarter of 2020 and 130 basis points lower than the first quarter of 2019.
- Net income was $103 million in the first quarter of 2021, compared to a net loss of $3,581 million in the first quarter of 2020 and net income of $136 million in the first quarter of 2019. On an adjusted basis, net income improved from a loss of $630 million in the first quarter of 2020 to net income of $126 million for the first quarter of 2021. This compares to adjusted net income of $137 in the first quarter of 2019.
- The first quarter of 2021 had positive earnings before interest, taxes, depreciation and amortization ("EBITDA") of $454 million compared to negative EBITDA of $3,873 million during the first quarter of 2020. EBITDA was $446 million for the first quarter of 2019. On an adjusted basis, EBITDA was $473 million and 10.1% of net sales, a loss of $689 million and (22.8%) of net sales, and $447 million and 8.1% of net sales for the first quarters of 2021, 2020, and 2019, respectively.
- Diluted earnings per share and adjusted diluted earnings per share were $0.32 and $0.39, respectively, during the first quarter of 2021. These include an earnings impact of $0.01 related to gains on the sale of real estate. This compares to a diluted loss per share and adjusted diluted loss per share of $11.53 and $2.03, respectively, for the first quarter of 2020. These include an earnings impact of $0.04 related to gains on sale of real estate. This compares to diluted earnings per share and adjusted diluted earnings per share of $0.44 for the first quarter of 2019. Earnings during the first quarter of 2019 included $0.10 related to gains on sale of real estate.
- Inventory was down 14.1% from the first quarter of 2020.
- The Company ended the first quarter of 2021 in a strong liquidity position with approximately $1.8 billion in cash and full borrowing capacity in its asset-based credit facility.

During the first quarter of 2021, the Company continued to execute its Polaris strategy and these actions impacted its operating results for the period, notably:

- Win With Fashion and Style: The Company experienced sales improvement from off-price to luxury. In merchandise, strengths continued in pandemic-driven products and categories but the Company also saw dormant categories improve their performance trend compared to the fourth quarter of 2020, notably dresses and men's tailored clothing. The Company has added hundreds of new brands and categories over the past year and its flexibility in inventories has enabled the Company to respond to new customer demands in emerging categories such as toys, health and wellness, pet and home décor.
- Deliver Clear Value: The Company is improving and expanding location-level pricing and strategically shifting its markdown cadence. With these actions, higher full price sell-throughs and related higher merchandise margins are being achieved. Along with advancing data-led capabilities in merchandising pricing, allocation and personalization, these collective activities are expected to improve average unit retail and gross margin performance.

- Excel in Digital Shopping: The Company improved fundamental digital offerings during the first quarter of 2021 and took specific actions to attract customers with an under-40 demographic, including the launch of a contemporary site within macys.com. The Company continued to experience growth in its digital channels as previously disclosed and the Macys brand specifically saw double-digit increases in site visits and higher conversation rates as compared to the first quarters of 2020 and 2019.

- Enhance Store Experience: Store sales continued to improve throughout the quarter and as compared to the fourth quarter of 2020, with a sequential improvement in comparable store sales from the fourth quarter of nearly 890 basis points. By maintaining leaner inventory levels, the Company’s stores have improved their layouts for easier navigation and to provide customers a more streamlined shopping experience.

- Modernize Supply Chain: The Company has continued to update its supply chain infrastructure and network, while leveraging improved data and analytics capabilities in fulfillment strategies to meet customers' desire for speed and convenience. The Company is navigating supply chain disruptions by adjusting freight strategies and working closely with brand partners to prioritize product.

- Enable Transformation: The Company has continued to modernize its technology foundations to ensure agility to react to customers and the market regardless of the channel in which customers interact. These activities are coupled with others to build out data science and analytics capabilities with a focus on areas to provide competitive differentiation.

The Company began to see its Platinum, Gold and Silver Star Rewards customers re-engage with the Macy’s brand during the first quarter of 2021, with the average customer spend up 10% compared to the first quarter of 2019 and an 11 percentage point improvement from the fourth quarter of 2020. The Company’s Bronze Star Rewards tier continued to grow and had 3.2 million active customers during the quarter. During the first quarter of 2021, the Company acquired 4.6 million new Macy’s customers, of which approximately 47% occurred through Macy’s digital channel.

Results of Operations

The Company's operations during the first quarter of 2020 were significantly impacted by the closure of its stores due to the COVID-19 pandemic. The Company's performance during the first quarter of 2021 showed significant improvement over the results of the prior year period as it continued to recover from the pandemic.

Comparison of the First Quarter of 2021 and the First Quarter of 2020

	First Quarter of 2021		First Quarter of 2020	
	Amount	% to Net Sales	Amount	% to Net Sales
	(dollars in millions, except per share figures)			
Net sales	$ 4,706		$ 3,017	
Credit card revenues, net	159	3.4 %	131	4.3 %
Cost of sales	(2,889)	(61.4)%	(2,501)	(82.9)%
Selling, general and administrative expenses	(1,748)	(37.1)%	(1,598)	(52.9)%
Gains on sale of real estate	6	0.1 %	16	0.5 %
Impairment, restructuring and other costs	(19)	(0.4)%	(3,184)	(105.5)%
Operating income (loss)	215	4.6 %	(4,119)	(136.5)%
Benefit plan income, net	15		9	
Losses on early retirement of debt	(11)		0	
Interest expense, net	(79)		(47)	
Income (loss) before income taxes	140		(4,157)	
Federal, state and local income tax benefit (expense)	(37)		576	
Net income (loss)	$ 103		$ (3,581)	
Diluted earnings (loss) per share	$ 0.32		$ (11.53)	
Supplemental Financial Measure				
Gross margin (a)	$ 1,817	38.6 %	$ 516	17.1 %
Supplemental Non-GAAP Financial Measure				
Diluted earnings (loss) per share, excluding the impact of certain items	$ 0.39		$ (2.03)	

(a) Gross margin is defined as net sales less cost of sales.

Net Sales

Net sales for the first quarter of 2021 increased $1.7 billion, or 56.0%, compared to the first quarter of 2020. The Company's first quarter of 2021 sales showed steady recovery across all three brands - Macy's, Bloomingdale's and bluemercury. Digital sales during the first quarter of 2021 improved 34% compared to the first quarter of 2020 and accounted for approximately 37% of net sales. The Company experienced strength across all of its major merchandise categories driven by the continued recovery of its stores as well as continued growth in its digital channel.

Credit Card Revenues, Net

Net credit card revenues were $159 million in the first quarter of 2021, an increase of $28 million, or 21.0%, compared to $131 million recognized in the first quarter of 2020. This increase was driven by improvement in the credit card portfolio's delinquency rates and bad debt, partially offset by a decrease in proprietary credit card sales penetration, down approximately 400 basis points, at 42.0% in the first quarter of 2021 compared to 46.0% in the first quarter of 2020.

Gross Margin

Gross margin was 38.6% in the first quarter of 2021 compared to 17.1% in the first quarter of 2020. The increase in the gross margin rate in the first quarter of 2021 compared to the first quarter of 2020 was driven primarily by inventory productivity and the execution of the Polaris strategy. Due to the impact of COVID-19 and store closures, thefirst quarter of 2020 included an approximate $300 million inventory write-down from markdowns on fashion merchandise.

Selling, General and Administrative Expenses

SG&A expenses for the first quarter of 2021 increased $150 million from the first quarter of 2020 but decreased as a percentage of net sales by 15.8 percentage points. The increase in SG&A expense dollars corresponds with higher net sales but the improvement in the SG&A expense rate reflects the expense management strategies implemented by the Company in response to the COVID-19 pandemic as well as execution against the Polaris strategy.

Impairment, Restructuring and Other Costs

During the first quarter of 2021, the Company incurred impairment, restructuring and other costs totaling $19 million, primarily related to capitalized software assets. During the first quarter of 2020, primarily as a result of the COVID-19 pandemic, the Company incurred non-cash impairment charges totaling $3,150 million driven by recognition of $3,070 million of goodwill impairment and $80 million of impairments on long-lived tangible and right of use assets. The first quarter of 2020 also included $34 million of restructuring and other costs related to severance activity and other costs associated with organizational restructuring, primarily associated with the Polaris strategy.

Interest Expense, Net

Net interest expense, excluding losses on early retirement of debt, was $79 million during the first quarter of 2021, compared to $47 million during the first quarter of 2020. The increase is primarily driven by interest paid with respect to the $1,300 million of secured notes issued in June 2020.

Effective Tax Rate

The Company’s effective tax rate was 26.3% for the first quarter of 2021 compared to the federal income statutory tax rate of 21%. 'he effective tax rate was impacted by the tax shortfalls associated with the vesting and cancellation of certain stock-based compensation awards.

Diluted Earnings (Loss) Per Share

Diluted earnings per share were $0.32 for the first quarter of 2021 compared to a diluted loss per share of $11.53 for the first quarter of 2020, reflecting higher net income as a result of the continued recovery from the impact of the COVID-19 pandemic.

Cash Flow, Liquidity and Capital Resources

The Company's principal sources of liquidity are cash from operations, cash on hand and the asset-based credit facility described below

The COVID-19 outbreak and related store closure in 2020 negatively impacted the Company’s liquidity in 2020. The Company proactively took steps to increase available cash on hand including, but not limited to, targeted reductions in discretionary operating expenses and capital expenditures, suspension of the Company's quarterly dividend and executing additional financing transactions during the second quarter of 2020. While the Company has obtained additional financing and, as of May 1, 2021, estimates that it has sufficient cash on hand and other capital resources to cover the Company's reasonably foreseeable working capital, capital expenditure and debt service and other cash requirements in both the near term and over the longer term, the continued uncertainty associated with the COVID-19 pandemic could have a significant impact on the Company’s cash flow and liquidity and further actions may be required to improve the Company’s cash position.

Operating Activities

Net cash provided by operating activities for the first quarter of 2021 was $494 million, compared to net cash used by operating activities of $164 million for the first quarter of 2020. The increase in operating cash flows period over period is due to significant improvement in the Company’s EBITDA, offset partly by lower working capital benefits.

Investing Activities

Net cash used by investing activities was $74 million for the first quarter of 2021, compared to $113 million for the first quarter of 2020. The decrease period over period is primarily due to a reduction in capital spending compared to 2020 as a result of the Company's updated plan for capital expenditures in response to the COVID-19 pandemic and alignment with its Polaris strategy.

Financing Activities

Net cash used by financing activities was $300 million for the first quarter of 2021, driven by a decrease in outstanding checks. Net cash provided by financing activities was $1,148 million for the first quarter of 2020, driven by the issuance of $1,500 million of debt related to a draw on the Company’s revolving credit agreement, partly offset by cash dividend payments of $117 million and a decrease in outstanding checks. See below for further discussion of the Company’s financing activities during the first quarter of 2021.

On March 17, 2021, Macy’s Retail Holdings, LLC (“MRH”), a direct, wholly owned subsidiary of Macy’s, Inc., completed an offering of $500 million in aggregate principal amount of 5.875% senior notes due 2029 (the “2029 Notes”) in a private offering (the “Notes Offering”). The 2029 Notes mature on April 1, 2029. The 2029 Notes are senior unsecured obligations of MRH and are unconditionally guaranteed on a senior unsecured basis by Macy’s, Inc. MRH used the net proceeds from the Notes Offering, together with cash on hand, to fund the tender offer discussed below.

On March 17, 2021, the Company completed a tender offer in which $500 million of senior notes and debentures were tendered for early settlement and purchased by MRH on March 17, 2021. The purchased senior notes and debentures included $156 million of 3.875% senior notes due 2022, $136 million of 2.875% senior notes due 2023, $49 million of 4.375% senior notes due 2023, $150 million of 3.625% senior notes due 2024, $5 million of 6.65% senior debentures due 2024, and $4 million of 7.6% senior debentures due 2025. The total cash cost for the tender offer was $17 million with the remainder funded through the net proceeds from the Notes Offering discussed above. The Company recognized $11 million of losses associated with this early retirement of debt on the Consolidated Statements of Operation during the first quarter of 2021.

The Company is party to an asset-based credit facility (“the ABL Credit Facility”) with certain financial institutions providing for a $2,941 million revolving credit facility (the “Revolving ABL Facility”), including a swingline sub-facility and a letter of credit sub- facility. The Company may request increases in the size of the Revolving ABL Facility up to an additional aggregate principal amount of $750 million.

The ABL Credit Facility contains customary borrowing conditions including a borrowing base equal to the sum of (a) 90% of the net orderly liquidation percentage of eligible inventory, minus (b) customary reserves. Amounts borrowed under the ABL Credit Facility are subject to interest at a rate per annum equal to (i) prior to the Step Down Date (as defined in the ABL Credit Facility), at the Company’s option, either (a) adjusted LIBOR plus a margin of 2.75% to 3.00% or (b) a base rate plus a margin of 1.75% to 2.00%, in each case depending on revolving line utilization and (ii) after the Step Down Date, at the Company’s option, either (a) adjusted LIBOR plus a margin of 2.25% to 2.50% or (b) a base rate plus a margin of 1.25% to 1.50%, in each case depending on revolving line utilization. The ABL Credit Facility also contains customary covenants that provide for, among other things, limitations on indebtedness, liens, fundamental changes, restricted payments, cash hoarding, and prepayment of certain indebtedness as well as customary representations and warranties and events of default typical for credit facilities of this type.

The ABL Credit Facility also requires (1) the Company and its restricted subsidiaries to maintain a fixed charge coverage ratio of at least 1.00 to 1.00 as of the end of any fiscal quarter on or after April 30, 2021 if (a) certain events of default have occurred and are continuing or (b) Availability plus Suppressed Availability (each as defined in the ABL Credit Facility) is less than the greater of (x) 10% of the Loan Cap (as defined in the ABL Credit Facility) and (y) $250 million, in each case, as of the end of such fiscal quarter and (2) prior to April 30, 2021, that the Company not permit Availability plus Suppressed Availability to be lower than the greater of (x) 10% of the Loan Cap and (y) $250 million. As of May 1, 2021, no such events had occurred triggering such requirement.

As of May 1, 2021, the Company had $158 million of standby letters of credit outstanding under the ABL Credit Facility, which reduces the available borrowing capacity. The borrowing capacity of the ABL Credit Facility was $2,444 million and the Company had no borrowings outstanding under the ABL Credit Facility as of May 1, 2021.

Contractual Obligations

As of May 1, 2021, other than the financing transactions discussed above and in Note 5 to the accompanying Consolidated Financial Statements, there were no material changes to our contractual obligations and commitments outside the ordinary course of business since January 30, 2021, as reported in the Company’s 2020 Form 10-K.

Capital Resources

Management believes that, with respect to the Company's current operations, its cash on hand and funds from operations, together with the ABL Credit Facility and other capital resources, will be sufficient to cover the Company's reasonably foreseeable working capital, capital expenditure and debt service requirements and other cash requirements in both the near term and over the longer term.

The Company's ability to generate funds from operations may be affected by numerous factors, includingthe COVID-19 pandemic, general economic conditions and levels of consumer confidence and demand; however, the Company expects to be able to manage its working capital levels and capital expenditure amounts so as to maintain sufficient levels of liquidity. To the extent that the Company's cash balances from time to time exceed amounts that are needed to fund its immediate liquidity requirements, the Company will consider alternative uses of some or all of such excess cash. Such alternative uses may include, among others, the redemption or repurchase of debt, equity or other securities through open market purchases, privately negotiated transactions or otherwise, and payment of dividends. Depending upon its actual and anticipated sources and uses of liquidity, conditions in the capital markets and other factors, the Company will from time to time consider the issuance of debt or other securities, or other possible capital markets transactions, for the purpose of raising capital which could be used to refinance current indebtedness or for other corporate purposes.

Guarantor Summarized Financial Information

The Company had $3,243 million and $3,246 million aggregate principal amount of senior unsecured notes and senior unsecured debentures (collectively the “Unsecured Notes”) outstanding as of May 1, 2021 and January 30, 2021, respectively, with maturities ranging from 2022 to 2043. The Unsecured Notes constitute debt obligations of MRH ("Subsidiary Issuer"), a 100%-owned subsidiary of Macy's, Inc. ("Parent" and together with the "Subsidiary Issuer," the "Obligor Group"), and are fully and unconditionally guaranteed on a senior unsecured basis by Parent. The Unsecured Notes rank equally in right of payment with all of the Company’s existing and future senior unsecured obligations, senior to any of the Company’s future subordinated indebtedness, and are structurally subordinated to all existing and future obligations of each of the Company’s subsidiaries that do not guarantee the Unsecured Notes. Holders of the Company’s secured indebtedness, including the Notes and any borrowings under the ABL Credit Facility, will have a priority claim on the assets that secure such secured indebtedness; therefore, the Unsecured Notes and the related guarantee are effectively subordinated to all of the Subsidiary Issuer’s and Parent and their subsidiaries’ existing and future secured indebtedness to the extent of the value of the collateral securing such indebtedness.

The following tables include combined financial information of the Obligor Group. Investments in non-Guarantor subsidiaries of $6,342 million and $6,126 million as of May 1, 2021 and January 30, 2021, respectively, have been excluded from the Summarized Balance Sheets. Equity in earnings of non-Guarantor subsidiaries of $428 million for the first quarter of 2021 has been excluded from the Summarized Statement of Operations. The combined financial information of the Obligor Group is presented on a combined basis with intercompany balances and transactions within the Obligor Group eliminated.

Summarized Balance Sheets

	May 1, 2021	January 30, 2021
	(in millions)	
ASSETS		
Current Assets	$ 1,422	$ 1,297
Noncurrent Assets	6,807	7,491
LIABILITIES		
Current Liabilities	$ 1,990	$ 2,216
Noncurrent Liabilities (a)	9,906	10,145

(a) Includes net amounts due to non-Guarantor subsidiaries of $2,819 million and $2,702 million as of May 1, 2021 and January 30, 2021, respectively.

Summarized Statement of Operations

	First Quarter of 2021
	(in millions)
Net Sales	$ 157
Consignment commission income (a)	713
Cost of sales	(109)
Operating income	(251)
Loss before income taxes (b)	(132)
Net loss	(110)

(a) Income pertains to transactions with ABL Borrower, a non-Guarantor subsidiary

(b) Includes $215 million of dividend income from non-Guarantor subsidiaries

Outlook and Recent Developments

The Company expects the COVID-19 pandemic to have a material impact on its financial condition, results of operations and cash flows from operations in future periods. The extent of the impact of the COVID-19 pandemic on the Company's operational and financial performance depends on future developments outside of the Company's control, including the duration and spread of the pandemic and related actions taken by federal, state and local government officials, and international governments to prevent disease spread. On May 18, 2021, the Company disclosed, in connection with its preliminary first quarter of 2021 earnings release, its updated estimates of performance expectations for fiscal 2021, which have been revised from the performance expectations disclosed on February 23, 2021. The revisions are due to the Company's performance for the first quarter of 2021, combined with the faster than anticipated economic recovery from the COVID-19 pandemic.

- Net sales are expected to be between $21,725 million and $22,225 million, an increase between 25% to 28% compared to fiscal 2020. Annual digital sales are estimated at approximately $8 billion.
- Gross margin is expected to increase by up to 8 percentage points from 2020.
- SG&A expense as a percentage of net sales is expected to improve approximately 135 basis points compared to 2019 levels.
- Earnings before interest, taxes, depreciation and amortization, excluding the impact of certain items, are expected to be approximately 9% to 9.5% of net sales.
- Net interest expense is expected to be approximately $320 million.
- The effective tax rate, excluding the impact of certain items, is expected to be approximately 25%.
- Adjusted diluted earnings per share are expected to be between $1.71 and $2.12.

Important Information Regarding Non-GAAP Financial Measures

The Company reports its financial results in accordance with U.S. generally accepted accounting principles (GAAP). However, management believes that certain non-GAAP financial measures provide users of the Company's financial information with additional useful information in evaluating operating performance. Management believes that providing supplemental changes in comparable sales on an owned plus licensed basis, which includes adjusting for the impact of comparable sales of departments licensed to third parties, assists in evaluating the Company's ability to generate sales growth, whether through owned businesses or departments licensed to third parties, and in evaluating the impact of changes in the manner in which certain departments are operated. Earnings (loss) before interest, taxes, depreciation and amortization (EBITDA) is a non-GAAP financial measure which the company believes provides meaningful information about its operational efficiency by excluding the impact of changes in tax law and structure, debt levels and capital investment. In addition, management believes that excluding certain items from EBITDA, net income (loss) and diluted earnings (loss) per share that are not associated with the Company's core operations and that may vary substantially in frequency and magnitude from period-to-period provides useful supplemental measures that assist in evaluating the Company's ability to generate earnings and to more readily compare these metrics between past and future periods.

The Company does not provide reconciliations of the forward-looking non-GAAP measures of adjusted EBITDA and adjusted diluted earnings per share to the most directly comparable forward-looking GAAP measures because the timing and amount of excluded items are unreasonably difficult to fully and accurately estimate. For the same reasons, the Company is unable to address the probable significance of the unavailable information, which could be material to future results.

Non-GAAP financial measures should be viewed as supplementing, and not as an alternative or substitute for, theCompany's financial results prepared in accordance with GAAP. Certain of the items that may be excluded or included in non-GAAP financial measures may be significant items that could impact the Company's financial position, results of operations or cash flows and should therefore be considered in assessing the Company's actual and future financial condition and performance. Additionally, the amounts received by the Company on account of sales of departments licensed to third parties are limited to commissions received on such sales. The methods used by the Company to calculate its non-GAAP financial measures may differ significantly from methods used by other companies to compute similar measures. As a result, any non-GAAP financial measures presented herein may not be comparable to similar measures provided by other companies.

Changes in Comparable Sales

	Comparable Sales vs. 13 Weeks Ended May 2, 2020
Increase in comparable sales on an owned basis (Note 1)	62.5 %
Comparable sales growth impact of departments licensed to third parties (Note 2)	1.4 %
Increase in comparable sales on an owned plus licensed basis	63.9 %

	Comparable Sales vs. 13 Weeks Ended May 4, 2019
Decrease in comparable sales on an owned basis (Note 1)	(10.5)%
Comparable sales growth impact of departments licensed to third parties (Note 2)	0.5 %
Decrease in comparable sales on an owned plus licensed basis	(10.0)%

Notes:

(1) Represents the period-to-period percentage change in net sales from stores in operation during the 13 weeks ended May 1, 2021 and the 13 weeks ended May 2, 2020 and May 4, 2019, respectively. Such calculation includes all digital sales and excludes commissions from departments licensed to third parties. Stores impacted by a natural disaster or undergoing significant expansion or shrinkage remain in the comparable sales calculation unless the store, or material portion of the store, is closed for a significant period of time. No stores have been excluded as a result of the COVID-19 pandemic. Definitions and calculations of comparable sales may differ among companies in the retail industry.

(2) Represents the impact of including the sales of departments licensed to third parties occurring in stores in operation throughout the year presented and the immediately preceding year and all online sales in the calculation of comparable sales. The Company licenses third parties to operate certain departments in its stores and online and receives commissions from these third parties based on a percentage of their net sales. In its financial statements prepared in conformity with GAAP, the Company includes these commissions (rather than sales of the departments licensed to third parties) in its net sales. The Company does not, however, include any amounts in respect of licensed department sales (or any commissions earned on such sales) in its comparable sales in accordance with GAAP (i.e., on an owned basis). The amounts of commissions earned on sales of departments licensed to third parties are not material to its net sales for the periods presented.

Adjusted EBIT and EBITDA as a Percent to Net Sales

The following is a tabular reconciliation of the non-GAAP financial measures EBIT and EBITDA, as adjusted to exclude certain items (“Adjusted EBIT” and “Adjusted EBITDA”), as a percent to net sales to GAAP net income as a percent to net sales, which the Company believes to be the most directly comparable GAAP financial measure.

	13 Weeks Ended May 1, 2021	13 Weeks Ended May 2, 2020 (millions, except percentages)	13 Weeks Ended May 4, 2019
Net sales	$ 4,706	$ 3,017	$ 5,504
Net income (loss)	$ 103	$ (3,581)	$ 136
Net income (loss) as a percent to net sales	2.2%	(118.7)%	2.5%
Net income (loss)	$ 103	$ (3,581)	$ 136
Impairment, restructuring and other costs	$ 19	$ 3,184	$ 1
Interest expense - net	79	47	47
Losses on early retirement of debt	11	—	—
Federal, state and local income tax expense (benefit)	37	(576)	27
Adjusted EBIT	$ 249	$ (926)	$ 211
Adjusted EBIT as a percent to net sales	5.3%	(30.7)%	3.8%
Add back depreciation and amortization	224	237	236
Adjusted EBITDA	$ 473	$ (689)	$ 447
Adjusted EBITDA as a percent to net sales	10.1%	(22.8)%	8.1%

Adjusted Net Income (Loss) and Adjusted Diluted Earnings (Loss) Per Share

The following is a tabular reconciliation of the non-GAAP financial measures of net income (loss) and diluted earnings (loss) per share, excluding certain items identified below, to GAAP net income (loss) and diluted earnings (loss) per share, which the Company believes to be the most directly comparable GAAP measures.

	First Quarter of 2021		First Quarter of 2020		First Quarter of 2019	
	Net Income	Diluted Earnings Per Share	Net Income (Loss)	Diluted Earnings (Loss) Per Share	Net Income	Diluted Earnings Per Share
			(millions, except per share figures)			
As reported	$ 103	$ 0.32	$ (3,581)	$ (11.53)	$ 136	$ 0.44
Impairment, restructuring and other costs	19	0.06	3,184	10.25	1	-
Losses on early retirement of debt	11	0.03	-	-	-	-
Income tax impact of certain items noted above	(7)	(0.02)	(233)	(0.75)	-	-
As adjusted to exclude certain items above	$ 126	$ 0.39	$ (630)	$ (2.03)	$ 137	$ 0.44

New Pronouncements

The Company does not expect that any recently issued accounting pronouncements will have a material effect on its consolidated financial statements.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

There have been no material changes to the Company’s market risk as described in the Company's 2020 10-K. For a discussion of the Company’s exposure to market risk, refer to the Company’s market risk disclosures set forth in Part II, Item 7A, “Quantitative and Qualitative Disclosures About Market Risk” of the 2020 10-K.

Item 4. Controls and Procedures.

The Company's Chief Executive Officer and Chief Financial Officer have carried out, as of May 1, 2021, with the participation of the Company's management, an evaluation of the effectiveness of the Company's disclosure controls and procedures, as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934 (the "Exchange Act"). Based upon this evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that as of May 1, 2021, the Company's disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed by the Company in reports the Company files under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission (the "SEC") rules and forms, and that information required to be disclosed by the Company in the reports the Company files or submits under the Exchange Act is accumulated and communicated to the Company’s management, including its Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

From time to time adoption of new accounting pronouncements, major organizational restructuring and realignment occurs for which the Company reviews its internal control over financial reporting. As a result of this review, there were no changes in the Company's internal control over financial reporting that occurred during the Company's most recently completed fiscal quarter that materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings.

The Company and its subsidiaries are involved in various proceedings that are incidental to the normal course of their businesses. As of the date of this report, the Company does not expect that any of such proceedings will have a material adverse effect on the Company's financial position or results of operations.

Item 1A. Risk Factors.

Except as set forth below, there have been no material changes to the Risk Factors described in Part I, Item 1A."Risk Factors" in the Company's 2020 Form 10-K.

The risk factor ***"If cash flows from our private label credit card decrease, our financial and operational results may be negatively impacted"*** is deleted and replaced as follows:

If cash flows from our private label credit card decrease, our financial and operational results may be negatively impacted.

We previously sold most of our credit accounts and related receivables to Citibank (in its role as the issuer of our credit card). Following the sale, we share in the economic performance of the credit card program with Citibank. Deterioration in economic or political conditions could adversely affect the volume of new credit accounts, the amount of credit card program balances and the ability of credit card holders to pay their balances. These conditions could result in the Company receiving lower payments under the credit card program.

Under the terms of the credit card program, Citibank has the right to terminate the agreement prior to the end of the current term if sales decrease by more than 34% over a twelve-month period as compared to the fiscal twelve-month period from July 2006 to June 2007 (the "Benchmark Year"). Based on the results of our February 2021 fiscal period, sales for the most recent twelve-month period then ended have decreased by more than 34% as compared to the Benchmark Year. On June 4, 2021, we received a written notice of termination of the Program Agreement from Citibank. We plan to continue negotiations with Citibank as well as evaluate a potential transfer of its credit card program to another financial service entity. Upon receipt of the written notice of termination, we have six months to exercise, or not exercise, an option to purchase the assets of the credit card program, or nominate a third party to purchase such assets, and a subsequent six month period to complete such transfer, subject to potential extensions as more fully described in the credit card program agreement. Both parties are required to continue to meet their respective obligations and provide support pursuant to the terms of the credit card program agreement this period. We cannot assure that future negotiations with Citibank will be successful. In addition, an amended or new credit card program may be on terms less favorable to us than the current credit card program.

Credit card operations are subject to many federal and state laws that may impose certain requirements and limitations on credit card providers. Citibank and our subsidiary bank, FDS Bank, may be required to comply with regulations that may negatively impact the operation of our private label credit card. This negative impact may affect our revenue streams derived from the sale of such credit card accounts and our financial results.

Item 5. Other Information.

On June 4, 2021, the Company received notice from Citibank that it was exercising its right to terminate the Program Agreement, among the Company, FDS Bank, Macy's Credit and Customer Services, Inc., Macy's West Stores, Inc., Bloomingdales, Inc., Department Stores National Bank and Citibank.

The Program Agreement provides for, among other things, (i) the ownership by Citibank of the Company's credit card accounts and related receivable balances purchased by Citibank, (ii) the ownership by Citibank of new accounts opened by the Company's customers, (iii) the provision of credit by Citibank to the holders of the credit cards associated with those accounts, (iv) the servicing of those accounts and (v) the allocation between Citibank and the Company of the economic benefits and burdens associated with the credit card program. As part of the Program Agreement, the Company receives payments for providing a combination of interrelated services and intellectual property to Citibank in support of the program. Pursuant to the Program Agreement, the Company continues to provide certain servicing functions related to the accounts and related receivables owned by Citibank and receives compensation from Citibank for these services.

Under the terms of the Program Agreement, Citibank has the right to terminate the agreement prior to the end of the current term if sales decrease by more than 34% over a twelve-month period as compared to the fiscal twelve-month period from July 2006 to June 2007 (the "Benchmark Year"). Based on the results of the Company's February 2021 fiscal period, sales for the most recent twelve-month period then ended decreased by more than 34% as compared to the Benchmark Year (an "Adverse Sales Development" under the Program Agreement). Although written notice of termination has been received, the Company is in on-going discussions with Citibank concerning the credit card program.

Upon receipt of the written notice of termination, the Company has six months to exercise, or not exercise, an option to purchase the assets of the Program Agreement, or nominate a third party to purchase such assets, and a subsequent six month period to complete such transfer, subject to potential extensions as more fully described in the Program Agreement. The Company and Citibank are required to continue to meet their respective obligations and provide support pursuant to the terms of the Program Agreement through this period. Given this timeline, the Company is confirming its guidance provided on May 18, 2021, for fiscal 2021 Credit Card Revenues, Net, equal to approximately 3% of Net Sales. The Company has not provided guidance for periods beyond fiscal 2021.

Forward-Looking Statements

This report and other reports, statements and information previously or subsequently filed by the Company with the SEC contain or may contain forward-looking statements. Such statements are based upon the beliefs and assumptions of, and on information available to, the management of the Company at the time such statements are made. The following are or may constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995: (i) statements preceded by, followed by or that include the words "may," "will," "could," "should," "believe," "expect," "future," "potential," "anticipate," "intend," "plan," "think," "estimate" or "continue" or the negative or other variations thereof, and (ii) statements regarding matters that are not historical facts. Such forward-looking statements are subject to various risks and uncertainties, including risks and uncertainties relating to:

- the effects of the weather, natural disasters, and health pandemics, including the COVID-19 pandemic, on the Company's business, including the ability to open stores, customer demand and its supply chain, as well as its consolidated results of operations, financial position and cash flows;
- the possible invalidity of the underlying beliefs and assumptions;
- the Company's ability to successfully execute against its Polaris strategy, including the ability to realize the anticipated benefits associated with the strategy;
- the success of the Company's operational decisions, such as product sourcing, merchandise mix and pricing, and marketing and strategic initiatives, such as growing its digital channels, expanding off-mall and modernizing its technology and supply chain infrastructures;
- general consumer shipping behaviors and spending levels, including the shift of consumer spending to digital channels, the impact of changes in general economic conditions, consumer disposable income levels, consumer confidence levels, the availability, cost and level of consumer debt, and the costs of basic necessities and other goods;
- competitive pressures from department stores, specialty stores, general merchandise stores, manufacturers' outlets, off-price and discount stores, and all other retail channels, including digitally-native retailers, social media and catalogs;

- the Company’s ability to remain competitive and relevant as consumers’ shopping behaviors continue tomigrate to online and other shopping channels and to maintain its brand and reputation;
- possible systems failures and/or security breaches, including any security breach that results in the theft, transfer or unauthorized disclosure of customer, colleague or company information, or the failure to comply with various laws applicable to the Company in the event of such a breach;
- the cost of colleague benefits as well as attracting and retaining quality colleagues;
- transactions and strategy involving the Company's real estate portfolio;
- the seasonal nature of the Company's business;
- conditions to, or changes in the timing of, proposed transactions, and changes in expected synergies, cost savings and non-recurring charges;
- the potential for the incurrence of charges in connection with the impairment of intangible assets, including goodwill;
- possible changes or developments in social, economic, business, industry, market, legal, and regulatory circumstances and conditions;
- possible actions taken or omitted to be taken by third parties, including customers, suppliers, business partners, competitors and legislative, regulatory, judicial and other governmental authorities and officials;
- changes in relationships with vendors and other product and service providers;
- our substantial level of indebtedness;
- currency, interest and exchange rates and other capital market, economic and geo-political conditions;
- unstable political conditions, civil unrest, terrorist activities and armed conflicts;
- the possible inability of the Company's manufacturers or transporters to deliver products in a timely manner or meet the Company's quality standards;
- the Company’s reliance on foreign sources of production, including risks related to the disruption of imports by labor disputes, regional and global health pandemics, and regional political and economic conditions; and
- duties, taxes, other charges and quotas on imports.

In addition to any risks and uncertainties specifically identified in the text surrounding such forward-looking statements, the statements in the immediately preceding sentence and the statements under captions such as "Risk Factors" in this report and in reports, statements and information filed by the Company with the SEC from time to time constitute cautionary statements identifying important factors that could cause actual amounts, results, events and circumstances to differ materially from those expressed in or implied by such forward-looking statements.

Item 6. Exhibits.

4.1 Indenture dated as of March 17, 2021 by and among Macy's Retail Holdings, LLC as issuer, Macy's, Inc. as guarantor and U.S. Bank National Association as trustee, relating to Macy's Retail Holdings, LLC's 5.875% Senior Notes due 2029 (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed March 17, 2021)

10.1 2021-2023 Performance-Based Restricted Stock Unit Terms and Conditions under the 2018 Equity and Incentive Compensation Plan*

22 List of Subsidiary Guarantors (incorporated by reference to Exhibit 22 to the Company's Annual Report on Form 10-K (file No. 1-13536) for the fiscal year ended January 30, 2021)

31.1 Certification of Chief Executive Officer pursuant to Rule 13a-14(a)

31.2 Certification of Chief Financial Officer pursuant to Rule 13a-14(a)

32.1 Certification by Chief Executive Officer under Section 906 of the Sarbanes-Oxley Act

32.2 Certification by Chief Financial Officer under Section 906 of the Sarbanes-Oxley Act

101 The following financial statements from Macy's, Inc.'s Quarterly Report on Form 10-Q for the quarter ended May 1, 2021, filed on June 7, 2021, formatted in iXBRL (Inline eXtensible Business Reporting Language): (i) Consolidated Statements of Operations, (ii) Consolidated Statements of Comprehensive Income (Loss), (iii) Consolidated Balance Sheets, (iv) Consolidated Statements of Changes in Shareholders' Equity, (v) Consolidated Statements of Cash Flows, and (vi) the Notes to Consolidated Financial Statements.

104 Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

* Constitutes a compensatory plan or arrangement. Portions of this exhibit have been omitted.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

MACY'S, INC.

By: /s/ ELISA D. GARCIA

Elisa D. Garcia
Executive Vice President, Chief Legal Officer and Secretary

By: /s/ PAUL GRISCOM

Paul Griscom
Senior Vice President and Controller

Date: June 7, 2021

Certain information identified by [●] has been excluded from this exhibit because it is both not material and would likely cause competitive harm to the registrant if publicly disclosed

2021-2023 Performance-Based Restricted Stock Units
Terms and Conditions
2018 Equity and Incentive Compensation Plan

1. **Grant of Performance-Based Restricted Stock Units**. Macy's, Inc. (the "Company") has granted to Grantee as of the grant date ("Date of Grant") that "Target" number Performance-Based Restricted Stock Units (" Performance Units") as shown on the Performance-Based Restricted Stock Unit Award Letter ("Award Letter") to which these Terms and Conditions apply, subject to the terms, conditions and restrictions set forth herein and in the Macy's, Inc. 2018 Equity and Incentive Compensation Plan (the "Plan"). These Terms and Conditions and the Award Letter together constitute an Evidence of Award, as defined in the Plan. Subject to Section 11 of the Plan, each Performance Unit represents the right to receive one share of common stock of the Company ("Common Stock").

2. **Performance Period.** The Performance Period shall commence on the Date of Grant for relative Total Shareholder Return ("TSR") and January 31, 2021 for Digital Sales (as applicable, the "Commencement Date") and, except as otherwise provided in these Terms and Conditions, will expire in full on February 3, 2024 (as applicable, the "Performance Period"). For the sake of clarity, if a Change in Control occurs, the Performance Period will end on the date of a Change in Control and the Performance Units will convert to time-based restricted stock units in accordance with Section 4(c) below.

3. **Normal Vesting of Performance Units.**

(a) The actual number of Performance Units that may be earned and become nonforfeitable is based on achieving the targeted level of the Company's relative TSR and Digital Sales goals for the Performance Period (the "Performance Goals"), weighted 60% and 40% respectfully, as set forth in the following schedules.

RELATIVE TSR SCHEDULE

	Relative TSR (60%)	
Performance Level	**3-year TSR vs. Peer Group***	**Vesting Percentage**
Outstanding	≥70%	150%
	60% to <70%	125%
Target	45% to <60%	100%
	35% to <45%	75%
Threshold	25% to <35%	50%
Below Threshold	<25%	0%

* Peer group are companies in the S&P Retail Select Index as of the Date of Grant. Companies added to the Index during the Performance Period will not be included.

(i) TSR will be calculated on a compound annualized basis over the Performance Period.

(ii) TSR is defined as the change in the value of the Common Stock from the Date of Grant through February 3, 2024, taking into account both stock price appreciation and the reinvestment of dividends. The beginning and ending stock prices will be based on a 20- trading day average stock price.

(iii) Dividends will be reinvested at the closing price on the "ex dividend" date. The beginning and ending prices used in the total return calculation will be adjusted for special cash dividends, stock splits and spin-offs.

(iv) Relative TSR is the percentile rank of the Company's TSR compared to the TSR of the peer group over the Performance Period. If any of the companies in the peer group as of the first day of the Performance Period do not remain in the peer group through the last day of the Performance Period, treatment will be as follows:

(A) Companies that are no longer publicly traded due to acquisition shall be excluded from the relative TSR calculation.
(B) Companies that are no longer publicly traded due to merger shall be either (i) excluded from the relative TSR calculation if it is not the surviving company following the merger or (ii) included in the calculation if it is the surviving company following the merger with another index or non-index company.
(C) Companies that are no longer publicly traded due to bankruptcy shall be included in the relative TSR calculation by force ranking at the bottom of the Index.
(D) Companies that distribute a portion of their business in a spin-off transaction and that remain publicly traded will be included in the relative TSR calculation, but the company that is spun off will be excluded in the relative TSR calculation.

(v) If absolute TSR for the Performance Period is negative, the Vesting Percentage will be capped at Target. Maximum payout on relative TSR goal will be capped at 400% of Target number of Performance Units multiplied by the closing price of the Common Stock on the Date of Grant.

DIGITAL SALES SCHEDULE

	Digital Sales (40%)	
Performance Level*	**Percent of Target**	**Vesting Percentage**
Outstanding	[●]	200%
Target	[●]	100%
Threshold	[●]	50%
Below Threshold	[●]	0%

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

(i) "Digital Sales" is defined as all on-line sales including macys.com, bloomingdales.com and bluemercury.com owned and licensed sales (which is inclusive of buy on-line ship to store (BOSS)) plus buy on-line pick up in store (BOPS) for the fiscal year ended February 3, 2024, as reported in the Company's internal reports and records.

(b) For purposes of determining whether the performance goal for Digital Sales has been met, the calculation of the Company's actual Digital Sales will be adjusted to exclude the following, if they were not included in the Company's business plan:

(i) income, revenues, gains, expenses, losses, cash inflows and cash outflows resulting from material restructuring charges (as reported in the Company's quarterly earnings releases and filings with the Securities and Exchange Commission (SEC);
(ii) income, revenues, gains, expenses, losses, cash inflows and cash outflows attributable to any division, business segment, material business operation, subsidiary, affiliate or material group of stores that are acquired;
(iii) income, revenues, gains, expenses, losses, cash inflows and cash outflows from the sale or disposition of any division, business segment, material business operation, subsidiary, affiliate or material group of stores;
(iv) income, revenues, gains, expenses, losses, cash inflows and cash outflows resulting from unusual or infrequently occurring items (as reported in the Company's quarterly earnings releases and filings with the SEC);
(v) store closing income and costs (as reported in the Company's quarterly earnings releases and filings with the SEC);
(vi) unplanned tax law changes which have a material impact on the Company; and
(vii) changes in accounting principles (as determined under GAAP).

The adjustments for each one of the items listed above will only be made if the item was not included or was materially different than expected in the preparation of the Company's plans on which the Digital Sales performance levels (Threshold, Target, Outstanding) are based.

To the extent a disposition, financing or material contract change was not considered in the preparation of the Company's plans on which the Digital Sales performance levels (Threshold, Target and Outstanding) are based, including the failure to take a disposition, financing or material contract change into account at all or the fact that all or a portion of the disposition, financing or material contract change occurred earlier or later than planned, or did not occur at all, adjustments shall be made to the planned Digital Sales in order to accurately take the actual disposition, financing or material contract change into account. For this purpose, (i) a "disposition" means a substantial divestiture of assets or a disposition of a division, segment, business operation, subsidiary, affiliate or store, (ii) a "financing" means a major financing or refinancing and (iii) a "material contract change" means the cancellation, amendment or renegotiation of a pre-existing contract that will have a material impact on the Company's financial results. For example, if a disposition was not considered in the preparation of the Company's plans on which the Digital Sales performance levels (Threshold, Target, Outstanding) are based, the planned Digital Sales shall be adjusted to exclude the planned Digital Sales attributable to the corresponding assets or division, segment, business operation, subsidiary, affiliate or store from the date of disposition until the end of the Performance Period.

(c) In all cases the Compensation Committee shall certify whether the Company has achieved the specified levels of relative TSR and Digital Sales. For purposes of these Terms and Conditions and the Award Letter, " Performance Vesting Date" means the later of (1) the last day of the Performance Period or (2) the date on which the Compensation Committee certifies the levels of achievement of the applicable Performance Goals.

(d) From time to time, the Company may adopt accounting standards, consistent with GAAP, which may impact the performance measures used in the Macy's, Inc. Senior Executive

Compensation Plan. If this occurs and the adoption of such standards was not included in the financial plans used to develop the performance ranges (outstanding, target, threshold and below threshold) for each measure, then actual performance results shall be adjusted to exclude the impact of the adoption of the accounting standards.

4. **Forfeiture of Performance Units.**

(a) Termination of Employment. Except as the Board may determine on a case-by-case basis or as provided below, all unvested Performance Units shall be forfeited if Grantee ceases to be continuously employed by the Company at any time prior to the Performance Vesting Date. The continuous employment of Grantee shall not be deemed to have been interrupted by reason of the transfer of Grantee's employment among the Company and its subsidiaries, divisions or affiliates or a leave of absence approved by the Company. In the event of a termination for Cause (as defined in Section 18), all unvested Performance Units shall be immediately forfeited.

(b) Death, Disability, Retirement or Involuntary Termination. Except as the Board may determine on a case-by-case basis:

(i) If the Performance Units have not been converted pursuant to Section 4(c)(i) or (ii) below, in the event Grantee retires at least six months after the Date of Grant, on or after age 62 with at least five years of vesting service ("Retirement"), and complies with the provisions of Section 4(d) below, then on the Performance Vesting Date, a pro rata portion of the percentage of Performance Units that become vested as determined under Section 3 above will vest (i.e., prorated from the Commencement Date through the date of Retirement based on the number of completed months of service during the Performance Period divided by 36). If the Performance Units have been converted pursuant to Section 4(c)(i) or (ii) below on or before the last day of the Performance Period and Grantee is a Retirement Eligible Grantee on or before the last day of the Performance Period, 100% of the Performance Units as so converted will vest on the latter of the Change in Control and the date Grantee becomes a Retirement-Eligible Grantee;

(ii) If the Performance Units have not been converted pursuant to Section 4(c)(i) or (ii) below, in the event Grantee dies or becomes Disabled during the Performance Period, on the Performance Vesting Date, a pro rata portion of the percentage of Performance Units that become vested as determined under Section 3 will vest (i.e., prorated from the Commencement Date through the date of death or Disability based on the number of completed months of service during the Performance Period divided by 36). If the Performance Units have been converted pursuant to Section 4(c)(i) or (ii) below and Grantee dies or becomes Disabled on or before the last day of the Performance Period, 100% of the Performance Units as so converted will vest on the latter of the Change in Control and the date of death or Disability; and;

(iii) If (A) the Performance Units have not been converted pursuant to Section 4(c)(i) or (ii) below, (B) as of the Date of Grant, Grantee is a participant in the Company's Senior Executive Severance Plan, (C) Grantee's employment is terminated by the Company without Cause other than as described in Section 4(c)(iii) (such termination, with respect to a Senior Executive Severance Plan participant, an "Involuntary Termination"), and (D) Grantee complies with the provisions of Section 4(d) below, then on the Performance Vesting Date, a pro rata portion of the percentage of Performance Units that become vested as determined under Section 3 above will vest (i.e., prorated from the Commencement Date through the end of the noncompetition period specified in Section 20(a) based on the number of completed months of service during the Performance Period plus such period following termination of employment divided by 36).

(c) Change in Control. In the event of a Change in Control (as defined in the Plan) prior to the last day of the Performance Period, Performance Units will convert to time-based restricted stock units without proration for the percentage of the Performance Period that has elapsed since the Commencement Date, as follows:

(i) If the Change in Control occurs prior to January 29, 2023, then 100% of the Target award number of Performance Units shall convert to time-based restricted stock units (plus an additional number of shares of time-based restricted stock units representing the dividend equivalents payable on that Target award number of Performance Units from the Commencement Date to the date of the Change in Control);

(ii) If the Change in Control occurs on or after January 29, 2023, the conversion of Performance Units to time-based restricted stock units (and the corresponding conversion of dividend equivalents payable on those Performance Units to time-based restricted stock units) will be based on:

(A) the Company's relative TSR as of the date of the Change in Control; and

(B) the Company's Digital Sales determined under Section 3 if performance can be reasonably assessed as of the date of the Change in Control, and if not then 100% of the Target award number of Performance Units associated with this Performance Goal (i.e., Target award number of Performance Units x 40%).

(iii) Except as set forth in Section 4(b)(i) or (ii) above, Performance Units as converted pursuant to Section 4(c)(i) or (ii) above will vest as follows:

(A)If Performance Units as converted pursuant to Section 4(c)(i) or (ii) above are not assumed or replaced by the acquiror/continuing entity on terms deemed appropriate by the Compensation Committee, the Converted Units will vest on or immediately prior to the closing of the Change in Control;

(B)The Performance Units as converted pursuant to Section 4(c)(i) or (ii) above will vest on the last day of the Performance Period (the "Normal Vesting Date"), if vesting has not otherwise accelerated as provided pursuant to Section 4(b)(i) or (ii) above or 4(c)(iii)(C) below; or

(C)If, within the 24-month period following the Change in Control, Grantee is terminated by the Company or the continuing entity without Cause or if Grantee voluntarily terminates employment with Good Reason and is a participant in the Company's Change in Control Plan (a "Qualifying Termination"), the Performance Units as converted pursuant to Section 4(c)(i) or (ii) above will vest on the date of such Qualifying Termination.

(d) Violation of Restrictive Covenants. All unvested Performance Units shall be forfeited immediately upon the occurrence of any of the following events. If there are no unvested Performance Units outstanding at the time a restrictive covenant is violated, the Company may pursue other legal remedies.

(i) Following voluntary or involuntary Retirement or Involuntary Termination and prior to 12 [24 for CEO] months following Retirement or Involuntary Termination, as applicable, Grantee renders personal services to a Competing Business (as defined in Section 18) in any manner, including, without limitation, as employee, agent, consultant, advisor, independent contractor, proprietor, partner, officer, director, manager, owner, financer, joint venturer or otherwise; or

(ii) Following voluntary or involuntary Retirement or Involuntary Termination and prior to 24 months following Retirement or Involuntary Termination, Grantee directly or indirectly solicits or otherwise entices any of the Company's employees to resign from their employment with the Company, whether individually or as a group; or

(iii) At any time following voluntary or involuntary Retirement or Involuntary Termination, Grantee discloses or provides to any third party, or uses, modifies, copies or adapts any of the Company's Confidential Information (defined in Section 18).

An involuntary Retirement occurs when the employment of a Grantee who satisfies the age and years of service criteria described in Section 4(b) above is terminated by the Company without Cause (as defined in Section 18) or is terminated by Grantee with Good Reason (as defined in Section 18) within the 24-month period following a Change in Control.

5. **Dividend, Voting and Other Rights**. Grantee shall have no rights of a stockholder with respect to the Performance Units prior to the date on which shares of Common Stock are issued in settlement thereof, including the right to vote any of the Performance Units. An amount representing dividends payable on shares of Common Stock with respect to the award of Performance Units on a dividend record date shall be deemed reinvested in Common Stock and credited to Grantee as restricted stock units (rounded to the nearest whole share) as of the dividend payment date. The Performance Units are subject to adjustment to prevent dilution or enlargement of the rights of Grantee that would otherwise result from changes in the capital structure of the Company or from certain corporate transactions or events as provided in Section 11 of the Plan. Any restricted stock units or additional Performance Units credited to Grantee pursuant to this Section 5, including by reason of any adjustments under Section 11 of the Plan, will be subject to the terms and restrictions (including vesting) set forth in these Terms and Conditions.

6. **Settlement of Performance Units**. The Company shall issue or deliver to Grantee a number of whole shares of unrestricted Common Stock equal to the number of vested Performance Units (including any Performance Units as converted pursuant to Section 4(c)(i) or (ii) above) and the related restricted stock units attributed to any dividend equivalents on those Performance Units as soon as practicable following either (i) the Performance Vesting Date or Normal Vesting Date (as applicable), or (ii) if the Performance Units (including any Performance Units as converted pursuant to Section 4(c)(i) or (ii) above) become vested and earned or deemed vested and earned prior thereto upon an event contemplated by Section 4(b) or 4(c)(iii), the date of such event, and in the case of either clause (i) or (ii) of this Section 6, within the "short-term deferral" period determined under Treasury Regulation Section 1.409A-1(b)(4), with the applicable vesting date being referred to herein as the "Vesting Date." Such shares of unrestricted Common Stock shall be credited as book entry shares to Grantee's trading account. For the sake of clarity, the settlement and payment of Performance Units (including any Performance Units as converted pursuant to Section 4(c)(i) or (ii) above) and the related restricted stock units attributed to any dividend equivalents on those Performance Units is intended to comply with Treasury Regulation Section 1.409A-1(b)(4), and these Terms and Conditions and the Award Letter will be construed and administered in such a manner. As a result, notwithstanding any provision in these Terms and Conditions and the Award Letter to the contrary, the settlement and payment of Performance Units (including any Performance Units as converted pursuant to Section 4(c)(i) or (ii) above) and the related restricted stock units attributed to any dividend equivalents on those Performance Units will be made in all events no later

than the date that is the 15th day of the third calendar month of the applicable year following the year in which the Performance Units (including any Performance Units as converted pursuant to Section 4(c)(i) or (ii) above) and the related restricted stock units attributed to any dividend equivalents on those Performance Units are no longer subject to a "substantial risk of forfeiture" within the meaning of Treasury Regulation Section 1.409A-1(d). In the event Performance Units (including any Performance Units as converted pursuant to Section 4(c)(i) or (ii) above) and any related restricted stock units attributed to any dividend equivalents on those Performance Units are not earned or do not become vested, those Performance Units (including any Performance Units as converted pursuant to Section 4(c)(i) or (ii) above) and the related restricted stock units attributed to any dividend equivalents on those Performance Units, shall be forfeited.

7. **Clawback**. Any incentive-based compensation received by Grantee from the Company hereunder or otherwise shall be subject to recovery by the Company in the circumstances and manner provided in any Incentive-Based Compensation Recovery Policy that may be adopted or implemented by the Company and in effect from time to time on or after the date hereof, and Grantee shall effectuate any such recovery at such time and in such manner as the Company may specify. For purposes of these Terms and Conditions, the term "Incentive-Based Compensation Recovery Policy" means any policy of the type contemplated by Section 10D of the Securities Exchange Act of 1934, any rules or regulations of the Securities and Exchange Commission adopted pursuant thereto, or any related rules or listing standards of any national securities exchange or national securities association applicable to the Company. Until the Company adopts an Incentive-Based Compensation Recovery Policy, the following clawback provision shall apply:

> In the event that, within three years of the end of the Performance Period and settlement of vested Performance Units, the Company restates its financial results with respect to the Company's performance during the Performance Period to correct a material error that the Compensation Committee determines is the result of fraud or intentional misconduct, then the Compensation Committee, in its discretion, may require Grantee to repay to the Company all income, if any, derived from the Performance Units.

8. **No Employment Contract**. Nothing contained in the Award Letter or these Terms and Conditions shall confer upon Grantee any right with respect to continued employment by the Company, or limit or affect the right of the Company to terminate the employment or adjust the compensation of Grantee.

9. **Taxes and Withholding**. If the Company is required to withhold any federal, state, local or foreign tax in connection with the issuance or vesting of, or other event triggering a tax obligation with respect to, any Performance Units or the issuance of any unrestricted shares of Common Stock or other securities following vesting pursuant to the Award Letter or these Terms and Conditions, it shall be a condition to such vesting, issuance or event that Grantee pay or make provisions that are satisfactory to the Company for payment of the tax. Unless Grantee makes alternative arrangements satisfactory to the Company prior to the vesting of the Performance Units or the issuance of shares of unrestricted Common Stock or other event triggering a tax obligation, Grantee will satisfy the statutory tax withholding obligations by providing for the sale of enough shares to generate proceeds that will satisfy the withholding obligation or surrendering to the Company a portion of the shares of Common Stock that are issued or transferred to Grantee following the Vesting Date for credit against the withholding obligation at the Market Value per Share of such shares on the Vesting Date. In accordance with Section 16 of the Plan, in no event will the fair market value of the shares of Common Stock to be withheld or delivered pursuant to this Section 9 to satisfy applicable withholding taxes exceed Grantee's estimated tax obligations based on the maximum statutory tax rates in the applicable taxing jurisdiction.

10. **Limitations on Transfer of Performance Units**. The Performance Units may not be transferred or assigned by Grantee until they vest other than (i) upon death, by will or the laws of descent and distribution, (ii) pursuant to a qualified domestic relations order or (iii) to a fully revocable trust to which Grantee is treated as the owner for federal income tax purposes.

11. **Compliance with Law**. The Company shall make reasonable efforts to comply with all applicable federal and state securities laws; provided, however, that the Company shall not be obligated to issue any Performance Units or shares of unrestricted Common Stock or other securities pursuant to the Award Letter and these Terms and Conditions if the issuance thereof would result in a violation of any such law.

12. **Relation to Other Benefits**. Any economic or other benefit to Grantee under the Award Letter and these Terms and Conditions shall not be taken into account in determining any benefits to which Grantee may be entitled under any profit-sharing, retirement or other benefit or compensation plan maintained by the Company.

13. **Amendments**. Any amendment to the Plan shall be deemed to be an amendment to these Terms and Conditions to the extent that the amendment is applicable hereto; provided, however, that no amendment shall materially impair the rights of Grantee under the Award Letter and these Terms and Conditions without Grantee's consent.

14. **Severability**. In the event that any provisions of these Terms and Conditions shall be invalidated for any reason by a court of competent jurisdiction, the invalidated provision shall be deemed to be separable from the other provisions hereof, and the remaining provisions hereof shall continue to be valid and fully enforceable.

15. **Relation to Plan**.

(a) General. These Terms and Conditions are subject to the terms and conditions of the Plan. In the event of any inconsistent provisions between these Terms and Conditions and the Plan, the Plan shall govern. Capitalized terms used herein without definition shall have the meanings assigned to them in the Plan. All references in these Terms and Conditions to the Company shall include, unless the context in which it is used suggests otherwise, its subsidiaries, divisions and affiliates.

(b) Compliance with Section 409A of the Code. The Company and Grantee acknowledge that, to the extent applicable, it is intended that the performance units covered by these Terms and Conditions comply with the provisions of Section 409A of the Code, and the Performance Units (including any Performance Units as converted pursuant to Section 4(c)(i) or (ii) above) shall be administered in a manner consistent with this intent. Any amendments made to comply with Section 409A of the Code may be retroactive to the extent permitted by Section 409A of the Code and may be made by the Company without the consent of Grantee. In any case, Grantee shall be solely responsible and liable for the satisfaction of all taxes and penalties that may be imposed in connection with these Terms and Conditions and the Award Letter (including any taxes and penalties under Section 409A of the Code), and the Company shall not have any obligation to indemnify or otherwise hold Grantee harmless from any or all of such taxes or penalties. Each payment under these Terms and Conditions and the Award Letter shall be treated as a separate payment for purposes of Section 409A of the Code. Any reference herein to Section 409A of the Code will also include any regulations or any other formal guidance promulgated with respect to such Section by the U.S. Department of the Treasury or the Internal Revenue Service.

16. **Successors and Assigns**. The provisions of the Award Letter and these Terms and Conditions shall inure to the benefit of, and be binding upon, the successors, administrators, heirs, legal representatives and permitted assigns of Grantee and the successors and assigns of the Company.

17. **Governing Law**. The Award Letter and these Terms and Conditions shall be governed by and construed in accordance with the internal substantive laws of the State of Delaware.

18. **Definitions**.

(a) "Cause" shall mean that Grantee has committed prior to termination of employment any of the following acts:

(i) An intentional act of fraud, embezzlement, theft, or any other material violation of law in connection with Grantee's duties or in the course of Grantee's employment;

(ii) Intentional wrongful damage to material assets of the Company;

(iii) Intentional wrongful disclosure of material confidential information of the Company;

(iv) Intentional wrongful engagement in any competitive activity that would constitute a material breach of the duty of loyalty;

(v) Intentional breach of any stated material employment policy of the Company; or

(vi) Intentional neglect by Grantee of Grantee's duties and responsibilities.

For purposes of Section 18(a)(v), "material employment policy of the Company" includes, but is not limited to, any of the following policies: Equal Employment Opportunity, Anti-Harassment, the policy prohibiting workplace violence, wage & hour policies, or the prohibition on the falsification of Company records.

(b) "Competing Business" shall mean:

(i) any of the following named companies, or any other business into which such company is merged, consolidated, or otherwise combined, and the subsidiaries, affiliates and successors of each such company:

Amazon	J.C. Penney	Sears
Burlington Coat Factory	Kohl's	Target
Dillard's	Nordstrom	TJX
Hudson's Bay	Ross Stores	Walmart

or

(ii) any business or enterprise engaged in the business of retail sales that (1) had annual revenues for its most recently completed fiscal year of at least $4.0 billion; and (2) both (i) offers a category or categories of merchandise (e.g., Fine Jewelry, Cosmetics, Kids, Big Ticket, Housewares, Men's, Dresses), any of which are offered by the Company (and its subsidiaries, divisions or controlled affiliates), and (ii) the revenue derived by such other retailer during such retailer's most recently ended fiscal year from such category or categories of merchandise represent(s), in the aggregate, more than 50% of the Company's (and its subsidiaries, divisions or controlled affiliates) total revenues for the most recently completed fiscal year derived from the same category or categories of merchandise.

(c) "Confidential Information" shall mean any data or information that is material to the Company and not generally known to the public, including, without limitation: (i) price, cost and sales data; (ii) the identities and locations of vendors and consultants furnishing materials and services to the Company and the terms of vendor or consultant contracts or arrangements; (iii) lists and other information regarding customers and suppliers; (iv) financial information that has not been released to the public; (v) future business plans, marketing or licensing strategies, and advertising campaigns; or (vi) information about the Company's employees and executives, as well as the Company's talent strategies including but not limited to compensation, retention and recruiting initiatives.

(d) "Disability" shall mean Grantee's inability to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months.

(e) "Good Reason" shall mean, without Grantee's consent, the occurrence of any of the following events:

(i) A material diminution in Grantee's base compensation;

(ii) A material diminution in Grantee's authority, duties or responsibilities;

(iii) A material change in the geographic location at which Grantee must perform Grantee's services; or

(iv) Any other action or inaction that constitutes a material breach by the Company of an agreement under which Grantee provides services.

Notwithstanding the foregoing, in order to terminate for Good Reason, (x) Grantee must provide the Company with written notice of the event(s) or condition(s) constituting Good Reason within ninety (90) days following the existence of such event(s) or condition(s), (y) the Company must be given thirty (30) days to cure such event(s) or condition(s), and (z) Grantee must actually terminate employment for Good Reason within sixty (60) days following the end of the Company's cure period.

(f) "Retirement-Eligible Grantee" means with respect to a Performance Unit that is outstanding at least six months after the Date of Grant a Grantee who is age 62 with at least five years of vesting service.

19. **Data Privacy**. Grantee hereby explicitly accepts the grant of Performance Units and unambiguously consents to the collection, use and transfer, in electronic or other form, of personal data as described in the Award Letter and these Terms and Conditions by and among the Company and its subsidiaries and affiliates for the exclusive purpose of implementing, administering and managing Grantee's participation in the Plan.

(a) Grantee understands that the Company holds certain personal information about Grantee, including, but not limited to, Grantee's name, home address and telephone number, date of birth, social security number or other identification number, salary, nationality, job title, shares of Common Stock held, details of all grants of Performance Units or any other entitlement to shares of Common Stock awarded, canceled, exercised, vested, unvested or outstanding in Grantee's favor, for the purpose of implementing, administering and managing the Plan (the "Data").

(b) Grantee understands that the Data may be transferred to any third parties assisting in the implementation, administration and management of the Plan, that these recipients may be located in the United States or elsewhere, and that the recipient's country may have different data privacy laws and protections than the United States. Grantee understands that Grantee may request a list with the names and addresses of any potential recipients of the Data by contacting Grantee's local human resources representative.

(c) Grantee authorizes the recipients to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purposes of implementing, administering and managing Grantee's participation in the Plan, including any requisite transfer of such Data as may be required to a broker or other third party with whom Grantee may elect to deposit any shares of Common Stock acquired.

(d) Grantee understands that Data will be held only as long as is necessary to implement, administer and manage Grantee's participation in the Plan.

(e) Grantee understands that Grantee may, at any time, view the Data, request additional information about the storage and processing of the Data, require any necessary amendments to the Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing Grantee's local human resources representative.

(f) Grantee understands, however, that refusing or withdrawing Grantee's consent may affect Grantee's ability to participate in the Plan.

20. **Acceptance of Award**. By accepting this award, Grantee agrees as follows:

(a) Noncompetition. During the term of Grantee's employment with the Company and for the 12 [24 for CEO] month period beginning on the date that Grantee's employment with the Company ceases for any reason, Grantee shall not act in any capacity (whether as an employee, agent, consultant, advisor, independent contractor, proprietor, partner, officer, director, manager, owner, financier, joint venturer, or otherwise), for any of the following companies, or any business into which such company is merged, consolidated, or otherwise combined: Amazon, Burlington Coat Factory, Dillard's, Hudson's Bay, J.C. Penney, Kohl's, Nordstrom, Ross Stores, Sears, Target, TJX and Walmart, and the subsidiaries, affiliates and successors of each such company, or a Restricted Business. A "Restricted Business" means any business or enterprise engaged in the business of retail sales that had annual revenues for its most recently completed fiscal year of at least $4 billion; and both (i) offers a category or categories of merchandise (e.g., Fine Jewelry, Cosmetics, Kids, Big Ticket, Housewares, Men's, Dresses), any of which are offered in stores, online or through an alternate channel directly by the Company, and (ii) revenue derived by such other retailer during such retailer's most recently ended fiscal year from such category or categories of merchandise represent(s), in the aggregate, more than 50% of the Company's total revenues for the most recently completed fiscal year derived from the same category or categories of merchandise.

(b) Nonsolicitation. Grantee agrees that Grantee will not directly or indirectly at any time during the period of Grantee's employment with the Company and for the 24 month period beginning on the date that Grantee's employment with the Company ceases for any reason, solicit or otherwise entice any of the Company's employees to resign from their employment by the Company, whether individually or as a group. Grantee acknowledges that this covenant is necessary to enable the Company to maintain the confidentiality of its Confidential Information, to avoid inevitable disclosure of such Confidential Information, to protect the Company's goodwill with its Customers and to protect against unfair competition and to retain its' competitive advantage. "Customer" means any person or entity which at the time of Grantee's cessation of employment with the Company is, or was within two years prior to such cessation of employment, a customer of the Company.

(c) Confidential Information. In order to protect the Company's Confidential Information, Grantee agrees that during the period of Grantee's employment with the Company and thereafter, Grantee will not disclose nor provide to anyone, and will not use, modify, copy or adapt (except in the course of performing Grantee's duties for the Company) any of the Company's Confidential Information. Grantee specifically agrees that Grantee's obligation not to use, modify, copy, adapt, disclose, or provide to third parties any of the Company's Confidential Information shall survive termination of Grantee's employment with the Company, regardless of the grounds for such termination.

(d) Breach. Grantee acknowledges and agrees that if Grantee should breach any of the covenants, restrictions and agreements contained herein, irreparable loss and injury would result to the Company, and that damages arising out of such a breach may be difficult to ascertain. Grantee therefore agrees that in the event of any such breach, all vested and unvested Performance Units covered by this award shall be immediately forfeited and cancelled and, in addition to all other remedies provided at law or at equity, the Company may petition and obtain from a court of law or equity all necessary temporary, preliminary and permanent injunctive relief to prevent a breach by Grantee of any covenant contained in these Terms and Conditions.

(e) Enforcement. The parties hereby agree that if the scope or enforceability of any of the covenants contained in these Terms and Conditions is in dispute, a court or other trier of fact may modify and enforce the covenant in the form necessary to provide the Company with the maximum protection afforded by applicable law.

(f) Extension of Obligations. If Grantee breaches any of the provisions of these Terms and Conditions, and if the Company brings legal action for injunctive relief, such relief shall have the duration specified in Section 20(a) or Section 20(b) as relevant, commencing from the date such relief is granted.

(g) Other Restrictions or Covenants. The covenants, restrictions and agreements contained herein are in addition to any noncompetition, nonsolicitation or confidentiality agreements Grantee has entered or may inter into with the Company pursuant to the Company's Executive Severance Plan, Senior Executive Severance Plan, or otherwise.

(h) References to Company. Grantee is employed by Macy's, Inc. or one of its controlled affiliates, subsidiaries or divisions (collectively "Macy's Affiliates"). References in these Terms and Conditions to Company shall include references to Macy's Affiliates.

Exhibit 31.1

CERTIFICATION

I, Jeff Gennette, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Macy's, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

June 7, 2021

/s/ Jeff Gennette
Jeff Gennette
Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, Adrian Mitchell, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Macy's, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

June 7, 2021

/s/ Adrian Mitchell
Adrian Mitchell
Chief Financial Officer

Exhibit 32.1

CERTIFICATION UNDER SECTION 906 OF THE SARBANES-OXLEY ACT

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, in connection with the filing of the Form 10-Q of Macy's, Inc. (the "Company") for the fiscal quarter ended May 1, 2021, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned officer of the Company certifies that, to his knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of the dates and for the periods expressed in the Report.

June 7, 2021

/s/ Jeff Gennette
Name: Jeff Gennette
Title: Chief Executive Officer

Exhibit 32.2

CERTIFICATION UNDER SECTION 906 OF THE SARBANES-OXLEY ACT

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, in connection with the filing of the Form 10-Q of Macy's, Inc. (the "Company") for the fiscal quarter ended May 1, 2021, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned officer of the Company certifies that, to his knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of the dates and for the periods expressed in the Report.

June 7, 2021

/s/ Adrian Mitchell
Name: Adrian Mitchell
Title: Chief Financial Officer