

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 April 29, 2023

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

macys inc

Macy's, Inc.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

13-3324058

(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 (§ 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	<input checked="" type="radio"/>	Accelerated Filer	<input type="radio"/>
Non-Accelerated Filer	<input type="radio"/>	Smaller Reporting Company	<input type="radio"/>
Emerging Growth Company	<input type="radio"/>		

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 27, 2023
Common Stock, \$.01 par value per share	272,529,787 shares

TABLE OF CONTENTS

	Page
<u>PART I – FINANCIAL INFORMATION</u>	
Item 1. Financial Statements	3
Consolidated Statements of Income	3
Consolidated Statements of Comprehensive Income	4
Consolidated Balance Sheets	5
Consolidated Statements of Changes in Shareholders' Equity	6
Consolidated Statements of Cash Flows	8
Notes to Consolidated Financial Statements	9
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	15
Item 3. Quantitative and Qualitative Disclosures about Market Risk	24
Item 4. Control and Procedures	24
<u>PART II – OTHER INFORMATION</u>	
Item 1. Legal Proceedings	25
Item 1A. Risk Factors	25
Item 2. Unregistered Sales of Equity Securities and Use of Proceeds	25
Item 5. Other Information	25
Item 6. Exhibits	27
<u>SIGNATURES</u>	28

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

MACY'S, INC. **CONSOLIDATED STATEMENTS OF INCOME** (Unaudited) (millions, except per share figures)

	13 Weeks Ended	
	April 29, 2023	April 30, 2022
Net sales	\$ 4,982	\$ 5,348
Other revenue	191	217
Total revenue	5,173	5,565
Cost of sales	(2,988)	(3,231)
Selling, general and administrative expenses	(1,950)	(1,905)
Gains on sale of real estate	11	42
Impairment, restructuring and other costs	(2)	(8)
Operating income	244	463
Benefit plan income, net	4	7
Interest expense, net	(37)	(47)
Losses on early retirement of debt	—	(31)
Income before income taxes	211	392
Federal, state and local income tax expense	(56)	(106)
Net income	\$ 155	\$ 286
Basic earnings per share	\$ 0.57	\$ 1.01
Diluted earnings per share	\$ 0.56	\$ 0.98

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

MACY'S, INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)
(millions)

	13 Weeks Ended	
	April 29, 2023	April 30, 2022
Net income	\$ 155	\$ 286
Reclassifications to net income:		
Amortization of net actuarial loss and prior service credit on post employment and postretirement benefit plans included in net income, before tax	2	5
Tax effect related to items of other comprehensive income	(1)	(1)
Total other comprehensive income, net of tax effect	1	4
Comprehensive income	<u>\$ 156</u>	<u>\$ 290</u>

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

MACY'S, INC.

CONSOLIDATED BALANCE SHEETS

(Unaudited)

(millions)

	April 29, 2023	January 28, 2023	April 30, 2022
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 603	\$ 862	\$ 672
Receivables	255	300	233
Merchandise inventories	4,607	4,267	4,956
Prepaid expenses and other current assets	390	424	372
Total Current Assets	5,855	5,853	6,233
Property and Equipment - net of accumulated depreciation and amortization of \$4,763, \$4,633 and \$4,671	5,864	5,913	5,601
Right of Use Assets	2,715	2,683	2,736
Goodwill	828	828	828
Other Intangible Assets – net	432	432	434
Other Assets	1,174	1,157	1,140
Total Assets	<u>\$ 16,868</u>	<u>\$ 16,866</u>	<u>\$ 16,972</u>
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current Liabilities:			
Merchandise accounts payable	\$ 2,415	\$ 2,053	\$ 2,865
Accounts payable and accrued liabilities	2,233	2,750	2,456
Income taxes	134	58	222
Total Current Liabilities	4,782	4,861	5,543
Long-Term Debt	2,996	2,996	2,994
Long-Term Lease Liabilities	2,996	2,963	3,030
Deferred Income Taxes	916	947	968
Other Liabilities	1,008	1,017	1,159
Shareholders' Equity	4,170	4,082	3,278
Total Liabilities and Shareholders' Equity	<u>\$ 16,868</u>	<u>\$ 16,866</u>	<u>\$ 16,972</u>

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 28, 2023	\$ 3	\$ 467	\$ 6,268	\$ (2,038)	\$ (618)	\$ 4,082
Net income			155			155
Other comprehensive income					1	1
Common stock dividends (\$0.1654 per share)			(45)			(45)
Stock repurchases				(25)		(25)
Stock-based compensation expense		14				14
Stock issued under stock plans		(108)		96		(12)
Balance at April 29, 2023	<u>\$ 3</u>	<u>\$ 373</u>	<u>\$ 6,378</u>	<u>\$ (1,967)</u>	<u>\$ (617)</u>	<u>\$ 4,170</u>

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

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 January 29, 2022	\$ 3	\$ 517	\$ 5,268	\$ (1,545)	\$ (622)	\$ 3,621
Net income			286			286
Other comprehensive income					4	4
Common stock dividends (\$0.1575 per share)			(45)			(45)
Stock repurchases				(600)		(600)
Stock-based compensation expense		13				13
Stock issued under stock plans		(54)		53		(1)
Balance at April 30, 2022	<u>\$ 3</u>	<u>\$ 476</u>	<u>\$ 5,509</u>	<u>\$ (2,092)</u>	<u>\$ (618)</u>	<u>\$ 3,278</u>

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	
	April 29, 2023	April 30, 2022
Cash flows from operating activities:		
Net income	\$ 155	\$ 286
Adjustments to reconcile net income to net cash provided by operating activities:		
Impairment, restructuring and other costs	2	8
Depreciation and amortization	218	206
Stock-based compensation expense	14	13
Gains on sale of real estate	(11)	(42)
Benefit plans	2	5
Amortization of financing costs and premium on acquired debt	3	2
Deferred income taxes	(32)	(17)
Changes in assets and liabilities:		
Decrease in receivables	45	65
Increase in merchandise inventories	(340)	(573)
Decrease (increase) in prepaid expenses and other current assets	32	(13)
Increase in merchandise accounts payable	374	639
Decrease in accounts payable and accrued liabilities	(415)	(424)
Increase in current income taxes	82	122
Change in other assets and liabilities	(24)	(29)
Net cash provided by operating activities	105	248
Cash flows from investing activities:		
Purchase of property and equipment	(215)	(171)
Capitalized software	(81)	(90)
Disposition of property and equipment	25	73
Other, net	1	(6)
Net cash used by investing activities	(270)	(194)
Cash flows from financing activities:		
Debt issued	—	850
Debt issuance costs	—	(21)
Debt repaid	(1)	(1,139)
Debt repurchase premium and expenses	—	(29)
Dividends paid	(45)	(45)
Decrease in outstanding checks	(13)	(126)
Acquisition of treasury stock	(35)	(584)
Net cash used by financing activities	(94)	(1,094)
Net decrease in cash, cash equivalents and restricted cash	(259)	(1,040)
Cash, cash equivalents and restricted cash beginning of period	865	1,715
Cash, cash equivalents and restricted cash end of period	606	675
Supplemental cash flow information:		
Interest paid	\$ 60	\$ 86
Interest received	11	1
Income taxes paid, net of refunds received	6	1

Note: Restricted cash of \$ 3 million is included within cash and cash equivalents for both the 13 weeks ended April 29, 2023 and April 30, 2022.

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

MACY'S, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

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 April 29, 2023, the Company's operations and operating segments were conducted through Macy's, Market by Macy's, Macy's Backstage, Bloomingdale's, Bloomingdale's The Outlet, Bloomie's, 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 28, 2023 (the "2022 10-K"). The accompanying Consolidated Financial Statements should be read in conjunction with the Consolidated Financial Statements and notes thereto in the 2022 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 which may result in actual amounts differing from reported amounts.

The Consolidated Financial Statements for the 13 weeks ended April 29, 2023 and April 30, 2022, 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 April 29, 2023 and April 30, 2022 (which do not include the Christmas season) are not necessarily indicative of such results for the full fiscal year.

Reclassifications

Certain reclassifications were made to prior years' amounts to conform with the classifications of such amounts in the most recent years.

Comprehensive Income

Total comprehensive income represents the change in equity during a period from sources other than transactions with shareholders and, as such, includes net income. For the Company, the only other components of total comprehensive income for the 13 weeks ended April 29, 2023 and April 30, 2022 relate to post employment and postretirement plan items. Settlement charges incurred are included as a separate component of income before income taxes in the Consolidated Statements of Income. 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 Income. See Note 5, "Retirement Plans," for further information.

MACY'S, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Unaudited)

Recent Accounting Pronouncements

In September 2022, the FASB issued ASU 2022-04, Liabilities - Supplier Finance Programs (Subtopic 405-50): Disclosure of Supplier Finance Program Obligations (ASU 2022-04), which requires entities to disclose the key terms of supplier finance programs they use in connection with the purchase of goods and services, along with the amount of obligations outstanding at the end of each period and an annual rollforward of such obligations. ASU 2022-04 became effective for the Company beginning in 2023. The Company adopted ASU 2022-04 in the first quarter of 2023, with the exception of the rollforward information which will be reflected in the fourth quarter, and the adoption did not have a material impact on the consolidated financial statements. See Note 7 for disclosures related to the Company's supplier finance programs.

2. Earnings Per Share

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

	13 Weeks Ended			
	April 29, 2023		April 30, 2022	
	Net Income	Shares	Net Income	Shares
	(millions, except per share data)			
Net income and average number of shares outstanding	\$ 155	272.2	\$ 286	282.6
Shares to be issued under deferred compensation and other plans		0.9		1.0
	\$ 155	273.1	\$ 286	283.6
Basic earnings per share	\$ 0.57		\$ 1.01	
Effect of dilutive securities:				
Stock options and restricted stock units		4.7		7.3
	\$ 155	277.8	\$ 286	290.9
Diluted earnings per share	\$ 0.56		\$ 0.98	

In addition to the stock options and restricted stock units reflected in the foregoing table, stock options to purchase 0.0 million and 12.3 million shares of common stock and restricted stock units relating to 5.4 million and 0.4 million shares of common stock were outstanding at April 29, 2023 and April 30, 2022, respectively, 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.

MACY'S, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Unaudited)

3. Revenue

Net sales, which mainly consist of retail sales but also include merchandise returns, gift cards and loyalty programs, represented 96% and 96% of total revenue for the 13 weeks ended April 29, 2023 and April 30, 2022, respectively. Other revenue generating activities consist of credit card revenues as well as Macy's Media Network revenue.

<i>Revenues</i>	13 Weeks Ended	
	April 29, 2023	April 30, 2022
	(millions)	
Women's Accessories, Shoes, Cosmetics and Fragrances	\$ 2,025	\$ 2,090
Women's Apparel	1,150	1,282
Men's and Kids'	1,018	1,086
Home/Other (a)	789	890
Total Net Sales	4,982	5,348
Credit card revenues, net	162	191
Macy's Media Network revenue, net (b)	29	26
Other Revenue	191	217
Total Revenue	\$ 5,173	\$ 5,565

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

(b) Macy's Media Network ("MMN") is an in-house media platform supporting both Macy's and Bloomingdale's customers through a broad variety of advertising formats running both on owned and operated platforms as well as offsite.

Macy's accounted for 85% and 86% of the Company's net sales for the 13 weeks ended April 29, 2023 and April 30, 2022, respectively. In addition, digital sales accounted for approximately 32% and 33% of the Company's net sales for the 13 weeks ended April 29, 2023 and April 30, 2022, respectively.

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 point of sale for in-store purchases or the time of shipment to the customer for digital purchases 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 sales taxes are included in accounts payable and accrued liabilities until remitted to the taxing authorities.

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 \$214 million, \$236 million and \$245 million as of April 29, 2023, January 28, 2023 and April 30, 2022, respectively. Included in prepaid expenses and other current assets is an asset totaling \$127 million, \$152 million and \$144 million as of April 29, 2023, January 28, 2023 and April 30, 2022, respectively, for the recoverable cost of merchandise estimated to be returned by customers.

MACY'S, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Unaudited)

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 and other forms of tender. 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 \$360 million, \$399 million and \$428 million as of April 29, 2023, January 28, 2023 and April 30, 2022, respectively.

Credit Card Revenues

In 2005, in connection with the sale of most of the Company's credit card accounts and related receivable balances to Citibank, the Company and Citibank entered into a long-term marketing and servicing alliance pursuant to the terms of a Credit Card Program Agreement ("Credit Card Program"). Subsequent to this initial arrangement and associated amendments, on December 13, 2021, the Company entered into the sixth amendment to the amended and restated Credit Card Program with Citibank (the "Program Agreement"). The changes to the Credit Card Program's financial structure are not materially different from its previous terms. 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, credit card funding costs and bad debt reserves and are a component of other revenue on the consolidated statements of income.

The Program Agreement expires March 31, 2030, subject to an additional renewal term of three years. The Program Agreement provides for, among other things, (i) the ownership by Citibank of the accounts 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 the foregoing accounts, (iv) the servicing of the foregoing accounts, and (v) the allocation between Citibank and the Company of the economic benefits and burdens associated with the foregoing and other aspects of the alliance. 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. The amounts earned under the Program Agreement related to the servicing functions are deemed adequate compensation and, accordingly, no servicing asset or liability has been recorded on the Consolidated Balance Sheets.

4. Financing Activities

The Company did not borrow or repay any debt, outside of capital lease activity, during the first quarter of 2023. In the first quarter of 2022, the Company issued \$425 million of 5.875% senior notes due 2030 and \$425 million of 6.125% senior notes due 2032 in a private offering and repaid \$1.1 billion aggregate principal amount of senior notes and debentures.

As of April 29, 2023 and April 30, 2022, the Company had \$138 million and \$65 million of standby letters of credit outstanding under its revolving credit facility ("ABL Credit Facility"), respectively, which reduced the available borrowing capacity to \$2,862 million and \$2,935 million, respectively. The Company had no outstanding borrowings under the ABL Credit Facility as of April 29, 2023 and April 30, 2022.

MACY'S, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Unaudited)

During the 13 weeks ended April 29, 2023, the Company repurchased approximately 1.4 million shares of its common stock pursuant to existing stock purchase authorizations for a total of approximately \$25 million. As of April 29, 2023, the Company had \$1,375 million of authorization remaining under its share repurchase program. The Company may continue or, from time to time, suspend repurchases of shares under its share repurchase program, depending on prevailing market conditions, alternate uses of capital and other factors.

5. Retirement Plans

The Company has defined contribution plans that cover substantially all employees 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 employees, 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 employees 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 employees 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 employees who were hired prior to a certain date and retire after a certain age with specified years of service. Certain employees 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	
	April 29, 2023	April 30, 2022
	(millions)	
401(k) Qualified Defined Contribution Plan	\$ 23	\$ 22
Pension Plan		
Interest cost	\$ 22	\$ 14
Expected return on assets	(34)	(31)
Recognition of net actuarial loss	2	4
	\$ (10)	\$ (13)
Supplementary Retirement Plan		
Interest cost	5	4
Recognition of net actuarial loss	2	3
	\$ 7	\$ 7
Total Retirement Expense	\$ 20	\$ 16
Postretirement Obligations		
Interest cost	1	—
Recognition of net actuarial gain	(2)	(1)
	\$ (1)	\$ (1)

MACY'S, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Unaudited)

6. 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

	April 29, 2023				April 30, 2022			
	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	\$ 36	\$ 36	\$ —	\$ —	\$ 35	\$ 35	\$ —	\$ —

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:

	April 29, 2023			April 30, 2022		
	Notional Amount	Carrying Amount	Fair Value	Notional Amount	Carrying Amount	Fair Value
	(millions)					
Long-term debt	\$ 3,007	\$ 2,996	\$ 2,468	\$ 3,007	\$ 2,994	\$ 2,675

7. Supplier Finance Programs

The Company has agreements with third-party financial institutions to facilitate supply chain finance ("SCF") programs. The programs allow qualifying suppliers to sell their receivables, on an invoice level at the selection of the supplier, from the Company to the financial institution and negotiate their outstanding receivable arrangements and associated fees directly with the financial institution. Macy's, Inc. is not party to the agreements between the supplier and the financial institution. The supplier invoices that have been confirmed as valid under the SCF programs require payment in full by the financial institution to the supplier by the original maturity date of the invoice, or discounted payment at an earlier date as agreed upon with the supplier. The Company's obligations to its suppliers, including amounts due and scheduled payment terms, are not impacted by a supplier's participation in the SCF programs.

All outstanding amounts related to suppliers participating in the SCF programs are recorded upon confirmation with the third-party institutions in merchandise accounts payable in the consolidated balance sheets, and associated payments are included in operating activities in the consolidated statements of cash flows. The Company's outstanding obligations as of April 29, 2023, January 28, 2023 and April 30, 2022 were \$102 million, \$63 million and \$106 million, respectively.

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 2023" and "first quarter of 2022" are to the Company's 13-week fiscal periods ended April 29, 2023 and April 30, 2022, 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 2022 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 2022 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".

Quarterly Overview

Certain financial highlights are as follows:

- Macy's, Inc. comparable sales declined 7.9% on an owned basis; and declined 7.2% on an owned-plus-licensed basis compared to the first quarter of 2022.
 - Macy's comparable sales declined 8.7% on an owned basis and declined 7.9% on an owned-plus-licensed basis compared to the first quarter of 2022.
 - Bloomingdale's comparable sales declined 3.9% on an owned basis and declined 4.3% on an owned-plus-licensed basis compared to the first quarter of 2022.
 - bluemercury comparable sales increased 4.3% on an owned basis compared to the first quarter of 2022.
- Digital sales decreased 8% versus the first quarter of 2022. Digital penetration was 32% of net sales for the first quarter of 2023, a 1-percentage point decline from the first quarter of 2022.
- Other revenues were \$191 million, down \$26 million from the first quarter of 2022.
- Gross margin was 40.0%, compared to 39.6% in the first quarter of 2022.
- Selling, general and administrative ("SG&A") expense was \$1,950 million, up \$45 million from the first quarter of 2022. SG&A expense as a percent of total revenue was 37.7%, 350 basis points higher than the first quarter of 2022.
- Net income was \$155 million in the first quarter of 2023, compared to \$286 million in the first quarter of 2022.
- The first quarter of 2023 had earnings before interest, taxes, depreciation and amortization ("EBITDA") of \$466 million compared to EBITDA of \$676 million during the first quarter of 2022. On an adjusted basis, EBITDA was \$468 million for the first quarter of 2023, compared to \$684 million during the first quarter of 2022.
- Diluted earnings per share and adjusted diluted earnings per share were both \$0.56 during the first quarter of 2023. This compares to diluted earnings per share and adjusted diluted earnings per share of \$0.98 and \$1.08 for the first quarter of 2022, respectively.
- Inventory was down 7% from the first quarter of 2022.

During the first quarter of 2023, the Company continued to invest in its five primary growth vectors that represent strategic investments designed to target future long-term profitable sales growth:

- Macy's private brands reimagination - designed to drive customer loyalty, be a differentiator for the business, complement national brands matrix and benefit gross margin. During the first quarter of 2023, INC women's and Club Room men's, both of which have been reimaged, outperformed their respective broader apparel segments at Macy's. The Company is also in the process of developing its newest brand, which will offer women's apparel and accessories and is expected to launch later this summer.
- Market by Macy's and Bloomies off-mall small format store expansion - plays an integral role in supporting the omnichannel ecosystem, which the Company expects to unlock the full potential by testing and learning in 2023 and potentially accelerating openings in 2024 if stores continue to outperform. During the first quarter of 2023, the Company's small format stores open at least one full fiscal year achieved positive comparable owned-plus-licensed sales growth.
- Digital marketplace - on a multi-year journey with marketplace, keeping a pulse on market dynamics and shifts to deliver the best experience for customers and sellers. During the first quarter of 2023, the Company added approximately 450 brands, its gross merchandise value increased over 50% compared to the fourth quarter of 2022 and average order value and units per order were approximately 50% above those customers not shopping at Marketplace. The Company expects to launch a Bloomingdale's Marketplace in early fall 2023.
- Luxury brands - attracting and retaining luxury customer through differentiated products, services and experiences at Bloomingdale's, bluemercury and beauty at Macy's. At Macy's the Company has elevated its beauty business with a larger luxury assortment that continued to increase in first quarter of 2023 and is expected to grow with even more partnerships during 2023.
- Personalized offers and communication - opportunity to build loyalty, grow customer lifetime value and product margins, creating tailored and intimate customer experience. During the first quarter of 2023, the Company tested personalization of offers within its typical event structure, which showed different customers various value propositions by level of discount and category of offer. This testing was in addition to loyalty lifecycle offers, such as status earn-back accelerators and targeted offers to at-risk customers. The testing suggests personalized offers have the ability to foster sales growth, margin expansion, and stronger customer engagement. The Company has accelerated its analytics-powered campaigns in the second quarter of 2023 and will use the learnings to inform its view on opportunities at Bloomingdale's and bluemercury.

MACY'S, INC.

Results of Operations

	First Quarter of 2023			First Quarter of 2022		
	Amount	% to Net Sales	% to Total Revenue	Amount	% to Net Sales	% to Total Revenue
(dollars in millions, except per share figures)						
Net sales	\$ 4,982			\$ 5,348		
Other revenue	191	3.8 %		217	4.1 %	
Total revenue	5,173			5,565		
Cost of sales	(2,988)	(60.0)%		(3,231)	(60.4)%	
Selling, general and administrative expenses	(1,950)		(37.7)%	(1,905)		(34.2)%
Gains on sale of real estate	11		0.2 %	42		0.8 %
Impairment, restructuring and other costs	(2)		— %	(8)		(0.1)%
Operating income	244		4.7 %	463		8.3 %
Diluted earnings per share	\$ 0.56			\$ 0.98		
Supplemental Financial Measures						
Gross margin (a)	\$ 1,994	40.0 %		\$ 2,117	39.6 %	
Digital sales as a percentage of net sales	32 %			33 %		
Increase (decrease) in comparable sales	(7.9)%			12.8 %		
Supplemental Non-GAAP Financial Measures						
Increase (decrease) in comparable sales on an owned-plus-licensed basis	(7.2)%			12.4 %		
Adjusted diluted earnings per share	\$ 0.56			\$ 1.08		
EBITDA	\$ 466			\$ 676		
Adjusted EBITDA	\$ 468			\$ 684		

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

See pages 22 to 23 for reconciliations of the supplemental non-GAAP financial measures to their most comparable GAAP financial measure and for other important information.

Comparison of the First Quarter of 2023 and the First Quarter of 2022

	First Quarter of 2023	First Quarter of 2022
Net sales	\$ 4,982	\$ 5,348
Increase (decrease) in comparable sales	(7.9)%	12.8 %
Increase (decrease) in comparable sales on an owned-plus-licensed basis	(7.2)%	12.4 %
Digital sales as a percent of net sales	32 %	33 %

Net sales for the first quarter of 2023 decreased for Macy's and Bloomingdale's, but improved for bluemercury. During the quarter, net sales were impacted by macroeconomic conditions as consumer spending in discretionary categories came under pressure. The Company experienced strength in categories that are less discretionary, including beauty, women's career sportswear, men's tailored and off-price as well as trend improvement in certain soft home categories. Seasonal and social occasion categories underperformed compared to the first quarter of 2022.

MACY'S, INC.

	First Quarter of 2023		First Quarter of 2022	
	\$	% to Net Sales	\$	% to Net Sales
Credit card revenues, net	\$ 162	3.3 %	\$ 191	3.6 %
Macy's Media Network, net	29	0.6 %	26	0.5 %
Other revenue	<u>\$ 191</u>	<u>3.8 %</u>	<u>\$ 217</u>	<u>4.1 %</u>

Proprietary credit card sales penetration	43.6 %	43.1 %
---	--------	--------

The decrease in other revenues was primarily driven by a \$29 million decrease in credit card revenues. This decrease reflects the impact of higher bad debt within the portfolio.

	First Quarter of 2023	First Quarter of 2022
Cost of sales	\$ (2,988)	(3,231)
As a percent to net sales	60.0 %	60.4 %
Gross margin	\$ 1,994	\$ 2,117
As a percent to net sales	40.0 %	39.6 %

The increase in the gross margin of 40 basis points was primarily driven by a 40 basis point improvement in delivery expense due to improvements in contracted rates and 100 basis point decline in digital penetration. Merchandise margin remained flat to the first quarter of 2022 due to lower clearance markdowns and lean beginning-of-year inventories, offset by increased promotional markdowns in seasonal categories and impacts from category mix. Inventory declined 7% year-over-year, which is consistent with the decrease in net sales and driven by the Company's continued inventory discipline.

	First Quarter of 2023	First Quarter of 2022
SG&A expenses	\$ (1,950)	\$ (1,905)
As a percent to total revenue	37.7 %	34.2 %

SG&A expenses increased in the first quarter of 2023 both in dollars and as a percent to total revenue. The increase in SG&A expense dollars and as a percent to total revenue corresponds with the increase in the Company's minimum wage to \$15/hour beginning May 1, 2022 as well as other continued investments in its colleagues. The increase was also driven by increases in depreciation and amortization expense as a result of the Company's capital investments.

	First Quarter of 2023	First Quarter of 2022
Gains on sale of real estate	\$ 11	\$ 42

The gains on sale of real estate in the first quarter of 2023 were driven by the sale of the Company's Cheshire distribution center while gains on the sale of real estate in the first quarter of 2022 were driven by the sale of four properties.

	First Quarter of 2023	First Quarter of 2022
Net interest expense	\$ (37)	\$ (47)

The decrease in net interest expense, excluding losses on early retirement of debt, was primarily driven by interest savings associated with financing activities completed during the first quarter of 2022.

	First Quarter of 2023	First Quarter of 2022
Losses on early retirement of debt	\$ —	\$ (31)

In 2022, losses on early retirement of debt were recognized due to the early payment of \$1.1 billion aggregate principal amount of senior notes and debentures in the first quarter of 2022.

MACY'S, INC.

	First Quarter of 2023	First Quarter of 2022
Effective tax rate	26.5 %	27.0 %
Federal income statutory rate	21 %	21 %

The Company's effective tax rate varies from the federal income tax statutory rate of 21% in both periods, primarily driven by the effect of state and local taxes and the vesting and cancellations of certain stock-based compensation awards.

Liquidity and Capital Resources

The Company's principal sources of liquidity are cash from operations, cash on hand and the ABL Credit Facility (as defined below). Material contractual obligations arising in the normal course of business primarily consist of long-term debt and related interest payments, lease obligations, merchandise purchase obligations, retirement plan benefits, and self-insurance reserves.

Merchandise purchase obligations represent future merchandise payables for inventory purchased from various suppliers through contractual arrangements and are expected to be funded through cash from operations.

Capital Allocation

The Company's capital allocation goals include maintaining a healthy balance sheet and investment-grade credit metrics, followed by investing in growth initiatives and returning capital to shareholders through predictable dividends and share repurchases with excess cash.

The Company ended the first quarter of 2023 with a cash and cash equivalents balance of \$603 million, a decrease of \$69 million from \$672 million at the end of the first quarter of 2022. The Company is party to the ABL Credit Facility with certain financial institutions providing for a \$3,000 million asset-based credit facility.

	First Quarter of 2023	First Quarter of 2022
Net cash provided by operating activities	\$ 105	\$ 248
Net cash used by investing activities	(270)	(194)
Net cash used by financing activities	(94)	(1,094)

Operating Activities

The decrease in net cash provided by operating activities was primarily driven by lower net income. The increases in both merchandise inventory and merchandise accounts payable as of the first quarter of 2023 from year end 2022 were also lower than what was realized during the same period in the prior year, ultimately resulting in a reduced cash inflow.

Investing Activities

The Company's capital expenditures were \$296 million through the first quarter of 2023 compared to \$261 million through the first quarter of 2022. Capital expenditures in the current year are primarily focused on digital and technology investments, data and analytics, supply chain modernization and omni-channel capabilities. The Company's asset disposition activity was also lower in the first quarter of 2023 compared to the first quarter of 2022.

Financing Activities

Dividends

The Company paid dividends totaling \$45 million in both the first quarter of 2023 and 2022. On February 24, 2023, the Board of Directors declared regular quarterly dividends of 16.54 cents per share on the Company's common stock, which was paid on April 3, 2023, to Macy's shareholders of record at the close of business on March 15, 2023.

On May 31, 2023, the Company's Board of Directors declared a regular quarterly dividend of 16.54 cents per share on its common stock, payable July 3, 2023, to shareholders of record at the close of business on June 15, 2023. Subsequent dividends will be subject to approval of the Board of Directors, which will depend on market and other conditions.

MACY'S, INC.

Stock Repurchases

On February 22, 2022, the Company's announced that its Board of Directors authorized a new \$2,000 million share repurchase program, which does not have an expiration date. During the first quarter of 2023, the Company repurchased approximately 1.4 million shares of its common stock at an average cost of \$17.57 per share on the open market under its share repurchase program and as of April 29, 2023, \$1,375 million remained available under the authorization. Repurchases may be made from time to time in the open market or through privately negotiated transactions in accordance with applicable securities laws, including Rule 10b-18 under the Securities Exchange Act of 1934, on terms determined by the Company. During the first quarter of 2023, the Company also withheld approximately \$12 million of shares for tax purposes associated with the issuance of certain stock awards.

Debt Transactions

As of April 29, 2023 and April 30, 2022, the Company had \$138 million and \$65 million of standby letters of credit outstanding under its revolving credit facility ("ABL Credit Facility"), respectively, which reduced the available borrowing capacity to \$2,862 million and \$2,935 million respectively. The Company had no outstanding borrowings under the ABL Credit Facility as of April 29, 2023 and April 30, 2022.

Contractual Obligations

As of April 29, 2023, other than the financing transactions discussed above and in Note 4 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 28, 2023, as reported in the Company's 2022 Form 10-K.

Guarantor Summarized Financial Information

The Company had \$3,007 million aggregate principal amount of senior unsecured notes and senior unsecured debentures (collectively the "Unsecured Notes") outstanding as of both April 29, 2023 and January 28, 2023 with maturities ranging from 2025 to 2043. The Unsecured Notes constitute debt obligations of Macy's Retail Holdings, LLC ("MRH" or "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 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 subsidiaries of \$7,933 million and \$9,146 million as of April 29, 2023 and January 28, 2023, respectively, have been excluded from the Summarized Balance Sheets. Equity in earnings of non-Guarantor subsidiaries of \$401 million for the 13 weeks ended April 29, 2023, have 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

	April 29, 2023	January 28, 2023
	(in millions)	
ASSETS		
Current Assets	\$ 899	\$ 1,154
Noncurrent Assets	8,223	8,261
LIABILITIES		
Current Liabilities	\$ 2,234	\$ 1,958
Noncurrent Liabilities (a)	10,647	12,517

^(a) Includes net amounts due to non-Guarantor subsidiaries of \$4,537 million and \$6,784 million as of April 29, 2023 and January 28, 2023, respectively.

Summarized Statement of Operations

	13 Weeks Ended April 29, 2023
	(in millions)
Net sales	\$ 216
Consignment commission income (a)	769
Other revenue	29
Cost of sales	(109)
Operating loss	(270)
Income before income taxes (b)	106
Net income	196

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

(b) Includes \$442 million of dividend income from non-Guarantor subsidiaries for the 13 weeks ended April 29, 2023.

Outlook and Recent Developments

On June 1, 2023, the Company updated its annual 2023 guidance as follows:

- Net sales are now expected to be between \$22.8 billion and \$23.2 billion,
- Comparable sales on a 52-week owned-plus-licensed basis are now expected to be down approximately 7.5% to 6% as compared to 2022,
- Digital sales are now expected to be one-third of net sales,
- Other revenue is now expected to be approximately 3.6% of net sales, with credit card revenues accounting for approximately 82% to 83% of other revenue,
- Gross margin rate is now expected to be between 38.0% and 38.5%,
- SG&A as a percent of total revenue and as a percent to net sales is now expected to be approximately 34.5% to 35.5% and 36.7% to 36.8%, respectively,
- Benefit plan income is now expected to be approximately \$13 million,
- Depreciation and amortization is now expected to be approximately \$900 million,
- Adjusted EBITDA as a percent of total revenue and as a percent of net sales is now expected to be approximately 8.8% to 9.4% and 9.1% to 9.7%, respectively,
- Adjusted diluted EPS is now expected to be between \$2.70 and \$3.20, and
- Capital expenditures are now expected to be approximately \$950 million

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 the impact of growth in 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, on a comparable basis, 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 that are not associated with the Company's core operations and that may vary substantially in frequency and magnitude from period-to-period from net income, diluted earnings per share attributable to Macy's, Inc. shareholders and EBITDA provide useful supplemental measures that assist in evaluating the Company's ability to generate earnings and leverage sales, respectively, and to more readily compare these metrics between past and future periods. Management also believes that EBITDA and Adjusted EBITDA are frequently used by investors and securities analysts in their evaluations of companies, and that such supplemental measures facilitate comparisons between companies that have different capital and financing structures and/or tax rates. The Company uses certain non-GAAP financial measures as performance measures for components of executive compensation.

The Company does not provide reconciliations of the forward-looking non-GAAP measures of comparable owned plus licensed sales change, 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, the Company'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

The following is a tabular reconciliation of the non-GAAP financial measure of changes in comparable sales on an owned-plus-licensed basis, to GAAP comparable sales (i.e., on an owned basis), which the Company believes to be the most directly comparable GAAP financial measure.

	Comparable Sales vs. 13 Weeks Ended April 30, 2022		
	Macy's, Inc.	Macy's	Bloomingdale's
Increase (decrease) in comparable sales on an owned basis (Note 1)	(7.9 %)	(8.7 %)	(3.9 %)
Impact of departments licensed to third parties (Note 2)	0.7 %	0.8 %	(0.4 %)
Increase (decrease) in comparable sales on an owned-plus-licensed basis	(7.2 %)	(7.9 %)	(4.3 %)

Notes:

- (1) Represents the period-to-period percentage change in net sales from stores in operation for both the entire 13 weeks ended April 29, 2023 and April 30, 2022. 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. Definitions and calculations of comparable sales may differ among companies in the retail industry.

MACY'S, INC.

- (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. Macy's and Bloomingdale's license third parties to operate certain departments in their stores and online and receive commissions from these third parties based on a percentage of their net sales, while Bluemercury does not participate in licensed businesses. 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.

EBITDA and Adjusted EBITDA

The following is a tabular reconciliation of the non-GAAP financial measure EBITDA and Adjusted EBITDA to GAAP net income, which the Company believes to be the most directly comparable GAAP measure.

	13 Weeks Ended April 29, 2023	13 Weeks Ended April 30, 2022
	(millions)	
Net income	\$ 155	\$ 286
Interest expense - net	37	47
Losses on early retirement of debt	—	31
Federal, state and local income tax expense	56	106
Depreciation and amortization	218	206
EBITDA	\$ 466	\$ 676
Impairment, restructuring and other costs	2	8
Adjusted EBITDA	\$ 468	\$ 684

Adjusted Net Income and Adjusted Diluted Earnings Per Share

The following is a tabular reconciliation of the non-GAAP financial measures adjusted net income to GAAP net income and adjusted diluted earnings per share to GAAP diluted earnings per share, which the Company believes to be the most directly comparable GAAP measures.

	First Quarter of 2023		First Quarter of 2022	
	Net Income	Diluted Earnings Per Share	Net Income	Diluted Earnings Per Share
	(millions, except per share figures)			
As reported	\$ 155	\$ 0.56	\$ 286	\$ 0.98
Impairment, restructuring and other costs	2	—	8	0.03
Losses on early retirement of debt	—	—	31	0.11
Income tax impact of certain items noted above	—	—	(10)	(0.04)
As adjusted to exclude certain items above	\$ 157	\$ 0.56	\$ 315	\$ 1.08

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 2022 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 2022 10-K.

Item 4. Controls and Procedures.

The Company's Chief Executive Officer and Chief Financial Officer have carried out, as of April 29, 2023, 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) and 15d-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 April 29, 2023, 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.

There have been no material changes to the Risk Factors described in Part I, Item 1A. "Risk Factors" in the Company's 2022 Form 10-K.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

The following table provides information regarding the Company's purchase of Common Stock during the first quarter of 2023.

	Total Number of Shares Purchased	Average Price Paid per Share (\$)	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (a)	Maximum Dollar Value of Shares that may yet be Purchased Under the Plans or Programs (a) (\$)
	(thousands)		(thousands)	(millions)
January 29, 2023 - February 25, 2023	—	\$ —	—	\$ 1,400
February 26, 2023 - April 1, 2023	766	17.18	72	1,399
April 2, 2023 - April 29, 2023	1,351	17.58	1,351	1,375
	<u>2,117</u>	<u>\$ 17.57</u>	<u>1,423</u>	

(a) On February 22, 2022, the Company announced that its Board of Directors authorized a new \$2.0 billion share repurchase program, which does not have an expiration date. As of April 29, 2023, \$1,375 million of shares remained available for repurchase pursuant to this authorization. The Company may continue, discontinue or resume purchases of common stock under this authorization or possible future authorizations in the open market, in privately negotiated transactions or otherwise at any time and from time to time without prior notice.

Item 5. Other Information.**Forward-Looking Statements**

This report and other reports, statements and information previously or subsequently filed by the Company with the Securities and Exchange Commission 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 possible invalidity of the underlying beliefs and assumptions;
- the Company's ability to successfully execute against its five growth vectors, including the ability to realize the anticipated benefits associated with the strategy;
- the success of the Company's operational decisions, including product sourcing, merchandise mix and pricing, and marketing and strategic initiatives, such as growing its digital channels, expanding the Company's off-mall store presence and modernizing its technology and supply chain infrastructures;
- general consumer shopping 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;

MACY'S, INC.

- competitive pressures from department stores, specialty stores, general merchandise stores, manufacturers' outlets and websites, 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 to migrate to digital shopping channels and other shopping channels and to maintain its brand image and reputation;
- possible systems failures and/or security breaches or other types of cybercrimes or cybersecurity attacks, including any security breach that results in the theft, transfer or unauthorized disclosure of customer, employee 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;
- the effects of weather and natural disasters, including the impact of climate change, 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 our consolidated results of operations, financial position and cash flows;
- 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 tangible and intangible assets, including goodwill;
- possible changes or developments in social, economic, business, industry, market, legal and regulatory circumstances and conditions, including supply chain disruptions, labor shortages, wage pressures and rising inflation, and their related impact on costs;
- possible actions taken or omitted to be taken by third parties, including customers, suppliers, business partners, competitors, banks and other financial institutions, and legislative, regulatory, judicial and other governmental authorities and officials;
- changes in relationships with vendors and other product and service providers;
- our 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, including the ongoing conflict between Russia and Ukraine;
- 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;
- duties, taxes, other charges and quotas on imports;
- labor shortages
- the amount and timing of future dividends and share repurchases; and
- the Company's ability to execute on its strategies or achieve expectations related to environmental, social, and governance matters.

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 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.

- 10.1 [Senior Executive Severance Plan, effective as of April 1, 2018, revised and restated as of March 29, 202](#)*
- 10.2+ [2023-2025 Performance-Based Restricted Stock Unit Terms and Conditions under the 2021 Equity and Incentive Compensation Plan](#)*
- 10.3 [Form of Time-Based Restricted Stock Unit Terms and Conditions under the 2021 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 28, 2023\)](#)
- 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 April 29, 2023, filed on June 6, 2023, formatted in iXBRL (Inline eXtensible Business Reporting Language): (i) Consolidated Statements of Income, (ii) Consolidated Statements of Comprehensive Income, (iii) Consolidated Balance Sheets, (iv) Consolidated 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)
 - + Portions of the exhibit have been omitted because it is both not material and is of the type the registrant treats as confidential.
 - * Constitutes a compensatory contract or arrangement.

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.

By: /s/ ELISA D. GARCIA
Elisa D. Garcia
Executive Vice President, Chief Legal Officer and Secretary

Date: June 6, 2023

MACY’S, INC.
SENIOR EXECUTIVE SEVERANCE PLAN
(Effective April 1, 2018)
(As Revised and Restated March 29, 2023)

1. Purpose of the Plan

The Macy’s, Inc. Senior Executive Severance Plan (the “Plan”) is adopted by Macy’s, Inc. (the “Company”) to assist the Company in recruiting and retaining executives and to provide financial assistance and additional protection to those eligible executives of the Company and its subsidiaries, divisions, or controlled affiliates (individually, a "Participating Employer," and collectively, the "Participating Employers") whose employment is involuntarily terminated by a Participating Employer under certain circumstances.

2. Definitions. In addition to the words and phrases defined in other sections of the Plan, the following words and phrases shall be defined as follows for purposes of the Plan.

“Board” means the Board of Directors of the Company.

“Cause,” as it relates to the termination of a Participant’s employment, means a Participant’s:

- (i) Intentional act of fraud, embezzlement, theft or any other material violation of law in connection with the Participant’s duties or in the course of his employment with a Participating Employer;
- (ii) Intentional wrongful damage to material assets of a Participating Employer;
- (iii) Intentional wrongful disclosure of material confidential information of a Participating Employer;
- (iv) Intentional wrongful engagement in any competitive activity which would constitute a material breach of the duty of loyalty;
- (v) Intentional breach of any stated material employment policy of a Participating Employer;
- (vi) Intentional neglect of duties and responsibilities; or
- (vii) Breach of the Restrictive Covenant Agreement referred to in Section 4 of the Plan.

No act, or failure to act, on the part of a Participant shall be deemed "intentional" if it was due primarily to an error in judgment or negligence but shall be deemed “intentional” only if done, or omitted to be done, by the Participant in bad faith or without reasonable belief that his or her action or omission was in or not opposed to the best interest of the Participating Employer. Failure to meet performance standards or objectives of a Participating Employer shall not, in and of itself, constitute Cause for purposes hereof.

“Effective Date” means the effective date of the Plan set forth in Section 12.

“Senior Executive” means an employee of the Company who is identified (by name or title) for participation in the Plan in an attached addendum.

“Participant” means a Senior Executive who is eligible for participation in the Plan and executes a Restrictive Covenant Agreement as described in Section 4, below and who has not ceased to be eligible for participation pursuant to Section 4.

“Revision Date” means the date the Plan is revised as set forth in Section 12.

“Section 409A” means Section 409A of the Internal Revenue Code of 1986, as amended, including proposed, temporary or final regulations or any other guidance, promulgated with respect to such Section by the Secretary of the Treasury or the Internal Revenue Service.

3. Administration of the Plan

The Plan shall be administered by the Company. The Company, as plan administrator (the “Plan Administrator”), shall have the sole and absolute discretion to interpret where necessary all provisions of the Plan (including, without limitation, by supplying omissions from, correcting deficiencies in, or resolving inconsistencies or ambiguities in, the language of the Plan), to make factual findings with respect to any issue arising under the Plan, to determine the rights and status under the Plan of Participants or other persons, to resolve questions (including factual questions) or disputes arising under the Plan and to make any determinations with respect to the benefits payable under the Plan and the persons entitled thereto as may be necessary for the purposes of the Plan. Without limiting the generality of the foregoing, the Plan Administrator is hereby granted the authority (i) to determine whether a particular employee is a Participant, and (ii) to determine if a person is entitled to benefits hereunder and, if so, the amount and duration of such benefits. The Plan Administrator’s determination of the rights of any person hereunder shall be final and binding on all persons, subject only to the claims procedure of the Plan.

The Plan Administrator may delegate any of its administrative duties, including, without limitation, duties with respect to the processing, review, investigation, approval and payment of benefits, to a named administrator or administrators.

4. Participation.

On or after the Effective Date, each Senior Executive shall be eligible to become a Participant in the Plan.

In order to become a Participant, a Senior Executive who has become eligible for the Plan must execute a noncompetition, nonsolicitation and trade secrets and confidential information agreement in the form provided by the Company (the “Restrictive Covenant Agreement”). An Executive who timely executes a Restrictive Covenant Agreement will become a Participant as of the date of the Senior Executive's execution of the Restrictive Covenant Agreement.

If a Participant ceases to be a Senior Executive, the Participant will no longer be eligible to participate in the Plan. Such Participant’s participation in the Plan and eligibility for benefits hereunder shall end on the date that is the first anniversary of the effective date of the Participant’s change in status.

Under no circumstances may a Participant receive severance benefits under more than one severance plan of the Participating Employers. Unless otherwise provided in the applicable plan, a Participant who is eligible for benefits under more than one plan shall receive benefits under the plan which provides the highest level of benefits. For purposes of this provision, a severance plan is a plan designed primarily to provide benefits payable in cash upon an employee’s involuntary termination from employment and not a plan that provides either ancillary benefits upon involuntary termination (such as accelerated vesting under an equity program) or retirement benefits.

5. Termination of Employment

A Participant shall be entitled to the severance benefits described in Section 6 if (a) the Participant's employment with the Participating Employers is involuntarily terminated without Cause by a Participating Employer and (b) no later than 70 days after the Participant's termination of employment, the Participant shall have signed a written release of claims (in the form provided by the Company not later than five days after the Participant's termination of employment) (a "Release") and such Release shall have become irrevocable. For sake of clarity, in no event shall a Participant be entitled to the severance benefits described in Section 6 upon the occurrence of one or more of the following events:

- (i) The Participant's voluntary resignation or retirement;
- (ii) The Participant's death prior to the effective date of the Participant's termination from employment;
- (iii) The Participant becoming permanently disabled within the meaning of the long-term disability plan of the Company or any other Participating Employer in effect for, or applicable to, the Participant immediately prior to the effective date of the Participant's termination from employment (whether or not the Participant actually enrolled in such long-term disability plan);
- (iv) The Participant's termination in connection with the sale or other disposition of a business of the Company where the Executive continues working for the acquiring entity; or
- (v) The Participant's termination of employment for Cause.

Also, a Participant shall be entitled to the severance benefits described in Section 6 as provided in the attached addendum.

6. Benefits upon Termination

The amount of the severance benefit payable under this Section 6 is set forth in the attached addendum.

In addition to the benefit set forth in the addendum, if the Participant is enrolled in a Company-sponsored health care program, the Company will pay an additional lump sum equal to the company portion of the premium (excluding any administrative fee) for the period set forth in the attached addendum.

The Participant will be provided with the applicable level of professional outplacement services as set forth in the attached addendum.

The severance benefit will not be provided to a Participant who is otherwise entitled to benefits under this Section 6 if the Participant is offered a substantially equivalent position by, or accepts any position with, a Macy's, Inc. division, subsidiary, facility, or related or affiliated entity prior to the employee's receipt of severance benefits hereunder. For purposes of this provision, a newly offered position is considered substantially equivalent to the employee's former position if the work site of the new position is within twenty-five (25) miles, one way, of the work site of the former position, the new position does not require a reclassification from full-time to part-time status, and the annual base salary for the new and former positions are substantially comparable.

If a Participant who is entitled to benefits under this Section 6 dies following his or her termination from employment, but prior to receipt of the severance payment provided in this Section 6, payment shall be made to the Participant's estate, provided, however, if the Participant dies before having signed the Release, payment shall be made to the Participant's estate if and

only if, no later than 70 days after the Participant's termination of employment, the estate representative shall have signed the Release and such Release shall have become irrevocable.

7. Form of Payment

Severance benefits payable under Section 6 and any corresponding payment to the Participant's estates under Section 6 shall be paid in a single lump sum payment, less applicable withholding, in cash.

Severance payments made to Participants under the Plan shall not be considered compensation for purposes of the Company's qualified or nonqualified retirement plans or its group health and welfare benefit plans.

If a Participant becomes reemployed with a Participating Employer within 60 days (including day 60) of the date of the Participant's termination from employment and after payment by the Company of severance benefits under this Plan, the Participant will be entitled to retain a pro rata portion of the severance benefits based on the time period for which the Participant was not employed by a Participating Company as a percentage of 730 days, but must repay the Company the balance of the severance pay.

8. Claims and Appeal Procedure

A Participant will be paid as provided in Section 7. No claim for benefits is necessary. If a Participant believes that he/she is due benefits that are not paid, he/she may file a claim with the Plan Administrator for those benefits. If any benefits are denied, either in whole or in part, the Plan Administrator will give the employee notice of the specific reason or reasons for the denial, along with reference to the pertinent plan provisions on which the denial is based. The Plan Administrator will also indicate what additional material or information, if any, is required to perfect the claim.

The Plan Administrator will generally provide notice of any decision denying the claim within 90 days after the claim is filed. If special circumstances require an extension of time to act on the claim, another 90 days will be allowed. If such an extension is required, the Plan Administrator will notify the employee before the end of the initial 90 day period.

If a Participant desires to appeal a claim denial because there is disagreement about the reason the claim is denied, the Participant must notify the Plan Administrator in writing within 60 days after the date the claim denial was sent to the Participant. A request for a review of the claim and for examination of any pertinent documents may be made by the Participant or by anyone authorized to act on the Participant's behalf. The Participant or his/her representative should submit the reasons that he/she believes the claim should not have been denied, as well as any data, questions, or appropriate comments, in writing.

The Plan Administrator will notify the employee of the final decision within sixty (60) days after receipt of a written request for review unless special circumstances require an extension of time for processing, in which case a further 60 days will be allowed.

Any claim for benefits, or appeal of the denial of a claim for benefits, shall be filed with:

Chief Transformation and Human Resources Officer
Macy's, Inc.
151 West 34th Street
New York, New York 10001

with a copy to:
Chief Legal Officer
Macy's, Inc.
151 West 34th Street
New York, New York 10001

9. Miscellaneous Provisions

(a) A Participant's rights and interests under the Plan may not be assigned or transferred.

(b) The Plan Administrator shall promulgate any rules and regulations it deems necessary in order to carry out the purposes of the Plan or to interpret the provisions of the Plan. The rules, regulations and interpretations made by the Plan Administrator shall, subject only to the claims procedure of the Plan, be final and binding on all persons.

(c) The Participating Employer may withhold from any amounts payable under this Plan all federal, state, city, or other taxes that the Participating Employer is required to withhold pursuant to any law or government regulation or ruling.

10. Amendments and Termination

The Company reserves the right at any time and from time to time, in its sole discretion, to modify, amend or terminate this Plan. No amendment or termination may be made or effected if it would cause the Plan to fail to comply with Section 409A.

Any amendment that has the effect of reducing the benefit to which a Participant would be entitled under Section 6 upon an involuntary termination, and any termination of the Plan, shall not become effective until 12 months following the date on which the Company adopts such amendment or termination. At the end of such 12 months, the Restrictive Covenant Agreement signed by the Executive pursuant to Section 4 prior to such amendment shall be void. An Executive who remains eligible for benefits under the Plan, as amended, must execute a new Restrictive Covenant Agreement and otherwise satisfy the requirements for participation described in Section 4, prior to becoming eligible for severance benefits under the amended plan.

11. Governing Law; Plan Interpretation

The interpretation, performance, and enforcement of this Plan shall be governed by the laws of the State of Ohio, without giving effect to the principles of conflict of laws thereof. To the extent applicable, it is intended that the compensation arrangements under this Plan be in full compliance with Section 409A. This Plan shall be construed in a manner to give effect to such intention.

12. Effective Date of the Plan

The Plan shall be effective as of April 1, 2018. The Plan is revised and restated effective as of March 29, 2023 (the "Revision Date").

JEFF GENNETTE ADDENDUM
TO MACY'S, INC. SENIOR
EXECUTIVE SEVERANCE PLAN

Notwithstanding the previous provisions of this Plan, the following shall apply to a Jeff Gennette (the "Participant"), who has the title of Chief Executive Officer:

The severance benefit referred to in Section 6 is equal to thirty-six (36) times the Participant's monthly base salary rate in effect at the time of the Participant's termination of employment.

The Company-paid premium period described in Section 6 will be twelve (12) months.

The outplacement assistance described in Section 6 will be available for up to six (6) months from a national outplacement firm.

If the Company fails to name the Participant as Chief Executive Officer of the Company, the Participant may terminate employment with the Participating Employer within twelve months following the date of such failure (but after the correction period described below) and become entitled to benefits provided by Section 6 if the Participant provides notice to the Company (in a manner consistent with a claim for benefits as provided for in Section 9) within 90 days following such failure and the Company fails to make correction within 30 days following notice and prior to the Participant's termination.

All other provisions of the Plan shall apply to the Chief Executive Officer in the same manner as all other Participants.

ADDENDUM
EVP Chief Operating Officer & Chief Financial Officer of Macy's Inc. ("COO/CFO")

(Effective March 29, 2023)

This addendum applies to any COO/CFO eligible under this Plan, who (i) reports directly to the Chairman/CEO, and (ii) whose compensation is reviewed by the CMD Committee on a regular basis:

The severance benefit referred to in Section 6 is equal to twenty four (24) times the Participant's monthly base salary rate in effect at the time of the Participant's termination of employment.

The Company-paid premium period described in Section 6 will be twelve (12) months.

The outplacement assistance described in Section 6 will be available for up to three (3) months from a national outplacement firm.

In addition, as respects the COO/CFO only:

The COO/CFO shall be entitled to the benefits under the Plan if the COO/CFO terminates their employment voluntarily for "Good Reason."

"Good Reason" as it relates to the voluntary termination of the COO/CFO's employment, means the COO/CFO has voluntarily terminated their employment after they have given the Company written notice within ninety (90) days of the occurrence of any of the following events, and the Company has refused or failed to make correction(s) within thirty (30) days of such written notice to eliminate the occurrence of one or more of the following events:

1. A Material Diminution in Target Total Direct Compensation ("TTDC"). For purposes of this provision:

(A) "Material Diminution" means a diminution in excess of ten percent (10%) that applies specifically to the COO/CFO and is not a diminution applicable on a broad basis to all colleagues at the Executive Vice President level and above. Material Diminution occurs only when the total of all elements of TTDC is reduced by more than ten percent (10%).

(B) "Target Total Direct Compensation" means annual base salary plus target non-equity and equity incentive compensation, excluding special compensation awards that generally are non-recurring. TTDC may be comprised of any of the foregoing elements and/or new compensation elements in amounts that may vary from year to year as compensation programs change over time.

2. A material diminution in authority; and/or

3. A material diminution in duties or responsibilities.

In the event of termination under the SESP, equity awards granted on or after March 31, 2023 will continue to vest for a period of 24 months following the date of termination of employment.

As required by Section 4, executive must execute a Restrictive Covenant Agreement in order to participate in the Plan. This was completed by Mr. Mitchell on November 3, 2020.

ADDENDUM
Senior Executive Reporting to Chairman/CEO or Chief Operations Officer

This addendum applies to any Senior Executive eligible under this Plan, who (i) reports directly to the Chairman/CEO or the Chief Operations Officer, and (ii) whose compensation is reviewed by the CMD Committee on a regular basis:

The severance benefit referred to in Section 6 is equal to twenty four (24) times the Participant's monthly base salary rate in effect at the time of the Participant's termination of employment.

The Company-paid premium period described in Section 6 will be twelve (12) months.

The outplacement assistance described in Section 6 will be available for up to three (3) months from a national outplacement firm.

ADDENDUM

This addendum applies to any Senior Executive eligible under this Plan, who is at the Senior Vice President or equivalent level.

The severance benefit referred to in Section 6 is equal to eighteen (18) times the Participant's monthly base salary rate in effect at the time of the Participant's termination of employment.

The Company-paid premium period described in Section 6 will be twelve (12) months.

The outplacement assistance described in Section 6 will be available for up to three (3) months from a national outplacement firm.

ADDENDUM

This addendum applies to any Senior Executive eligible under this Plan, who is a Vice President as designated by the Plan Administrator under plan administrative guidance.

The severance benefit referred to in Section 6 is equal to twelve (12) times the Participant's monthly base salary rate in effect at the time of the Participant's termination of employment.

The Company-paid premium period described in Section 6 will be twelve (12) months.

The outplacement assistance described in Section 6 will be available for up to three (3) months from a national outplacement firm.

EXHIBIT 10.2

2023-2025 Performance-Based Restricted Stock Units
Terms and Conditions
2021 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. 2021 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 [●] for [● Metric 1] and [●] for [● Metric 2] (as applicable, the “Commencement Date”) and, except as otherwise provided in these Terms and Conditions, will expire in full on [●] for [● Metric 1] and [●] for [● Metric 2] (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 is based on achieving the targeted level of the Company’s [● Metric 1] and [● Metric 2] goals for the applicable Performance Period set forth in Section 2 (the “Performance Goals”), [●] weighted [●]%, as set forth in the following schedules.

[● Metric 1] SCHEDULE

Performance Level*	[● Metric 1] ([●]%)	
	[● Metric 1]**	Vesting Percentage
Outstanding	[●]	200%
Target	[●]	100%
Threshold	[●]	25%
Below Threshold	[●]	0%

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

** [●]

- (i) [●]
- (ii) [●]
- (iii) [●]
- (iv) [●]
 - (A) [●]
 - (B) [●]
 - (C) [●]
 - (D) [●]
- (v) [●]

[● Metric 2] SCHEDULE

<u>Performance Level*</u>	<u>[● Metric 2] ([●]%)</u>	
	<u>[● Metric 2]</u>	<u>Vesting Percentage</u>
Outstanding	[●]	200%
Target Range	[●]	100%
Threshold	[●]	25%
Below Threshold	[●]	0%

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

(i) [●]

(ii) [●]

(iii) [●]

(b) [●]

(i) [●]

(ii) [●]

(iii) [●]

(iv) [●]

(v) [●]

(vi) [●]

(vii) [●]

(viii) [●]

[●]

[●]

(c) In all cases the Compensation Committee shall certify whether the Company has achieved the specified levels of [● Metric 1] and [● Metric 2]. For purposes of these Terms and Conditions and the Award Letter, “Performance Vesting Date” means the later of (1) January 31, 2026 or (2) the date on which the Compensation Committee certifies the levels of achievement of the applicable Performance Goals; provided, however, that the Performance Vesting Date shall be no later than April 15, 2026.

(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 applicable Performance Period divided by [●] with respect to the [● Metric 1] metric and [●] with respect to the [● Metric 2] metric). If the Performance Units have been converted pursuant to Section 4(c)(i) or (ii) below on or before January 31, 2026 and Grantee has met the age, service and timing requirements to be eligible for Retirement vesting in accordance with this Section 4(b)(i) on or before such date, 100% of the Performance Units as so converted will vest on the latter of the Change in Control and the date Grantee has met such age, service and timing requirements;

(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 prior to January 31, 2026, 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 applicable Performance Period divided by [●] with respect to the [● Metric 1] metric and [●] with respect to the [● Metric 2] metric). 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 January 31, 2026, 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 [or voluntarily for Good Reason as defined in Senior Executive Severance Plan for COO/CFO] 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) [24 months following date of termination for COO/CFO] based on the number of completed months of service during the applicable Performance Period plus such period following termination of employment divided by [●] with respect to the [● Metric 1] metric and the [● Metric 2] metric).

(c) Change in Control. In the event of a Change in Control (as defined in the Plan) prior to January 31, 2026, 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 [●] with respect to the [● Metric 2] metric or prior to [●] with respect to the [● Metric 1] metric, 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 [●] with respect to the [● Metric 2] metric or on or after [●] with respect to the [● Metric 1] metric, 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 [● Metric 1] as of the date of the Change in Control; and
- (B) the Company's [● Metric 2] 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 [●]%).

(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 January 31, 2026, 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, financier, 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.

(a) Subject to the satisfaction of any withholding tax liability, the Company shall issue to Grantee (or his or her beneficiary, if applicable) a number of whole shares of unrestricted Common Stock equal to the number 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 to the extent such units are vested on such date or event (whether vested by virtue of such date, event or otherwise) on the earliest to occur of: (i) the Performance Vesting Date (i.e., which pursuant to Section 3(c) will be a date determined between January 31, 2026 and April 15, 2026), (ii) a Change in Control; provided, that, if the Change in Control does not constitute a “change in ownership,” a “change in effective control” or a “change in the ownership of a substantial portion of the assets” of the Company under Section 409A of the Code (a “Section 409A Change in Control”) with respect to the Company, the shares of unrestricted Common Stock shall not be issued or delivered at such time and shall instead be issued or delivered in accordance with this Section 6(a) upon the next event contemplated hereby), and (iii) Grantee’s “separation from service” from the Company within the meaning of Section 409A of the Code and Treasury Regulation Section 1.409A-1(h), provided such separation from service occurs within the twenty-four (24) month period following a Section 409A Change in Control. The number of units which are considered to be vested on any such date shall be determined in accordance with Section 409A of the Code (with vesting meaning that the units are not subject to a “substantial risk of forfeiture” within the meaning of Section 409A of the Code). The number of shares of unrestricted Common Stock to be issued in settlement of such vested units shall be equal to the number of units that are vested on the applicable vesting date or event. Such Common Stock shall be credited as book entry shares to Grantee’s trading account.

(b) For the sake of clarity, 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 (i) 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 and Grantee and (ii) any other compensation recovery policy beyond the requirements of such Section 10D, rules and listing standards that may be adopted by the Company and applicable to Grantee. 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 applicable Performance Period and settlement of vested Performance Units, the Company restates its financial results with respect to the Company’s performance during the applicable 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 for credit against the withholding obligation at the Market Value per Share of such shares on the applicable tax 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 or be exempt from 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. 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. To the extent that the Performance Units (including any Performance Units as converted pursuant to Section 4(c)(i) or (ii) above) or the issuance or delivery of shares of Common Stock underlying the Performance Units are subject to Section 409A of the Code, the Performance Units shall be awarded, and any shares of Common Stock in respect thereof shall be issued or delivered in a manner that complies with Section 409A of the Code. 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. Notwithstanding any other provision to the contrary, to the extent that any payment described in these Terms and Conditions or the Award Letter constitutes a “deferral of compensation” subject to Section 409A of the Code (after taking into account to the maximum extent possible any applicable exemptions) treated as payable upon a “separation from service” (as defined in Section 409A of the Code and Treasury Regulation Section 1.409A-1(h)), then, if on the date of Grantee’s separation from service, Grantee is a “specified employee” (as defined in Section 409A of the Code and using the identification methodology selected by the Company from time to time), to the extent required for Grantee not to incur additional taxes pursuant to Section 409A of the Code, such payment will be made to Grantee on the fifth business day of the seventh month after such separation from service. Notwithstanding any other provision to the contrary, a termination or cessation of employment shall not be deemed to have occurred for purposes of any provision of these Terms and Conditions or the Award Letter providing for the payment of “deferred compensation” upon or following a termination or cessation of employment unless such termination is also a “separation from service” from the Company, and, for purposes of any such provision of these Terms and Conditions, references to “employment termination,” “termination of employment,” “retirement,” or like terms shall mean “separation from 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 any of its three most recently completed fiscal years 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 any of such retailer's three most recently ended fiscal years 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 any of its three most recently completed fiscal years 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.

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 any of its three most recently completed fiscal years 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 any of such retailer's three most recently ended fiscal years from such category or categories of merchandise represent(s), in the aggregate, more than 50% of the Company's total revenues for any of its three most recently completed fiscal years derived from the same category or categories of merchandise.

(b) Non solicitation. 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 enter 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.

**Time-Based Restricted Stock Units
Terms and Conditions
2021 Equity and Incentive Compensation Plan**

1. **Grant of Restricted Stock Units.** Macy's, Inc. (the "Company") has granted to Grantee as of the grant date (the "Date of Grant") that number of restricted stock units as shown on the Restricted Stock Unit Award Letter (the "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. 2021 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 Restricted Stock Unit represents the right to receive one share of common stock of the Company ("Common Stock").

2. **Vesting of Restricted Stock Units.**

(a) **Time Vesting.** Subject to Section 3 hereof, the Restricted Stock Units shall vest in accordance with the vesting schedule detailed in the Award Letter (the "Normal Vesting Date").

(b) **Accelerated Vesting.** Notwithstanding Section 2(a), the Restricted Stock Units shall vest as follows (referred to herein as an "Accelerated Vesting Date"):

- (i) All unvested Restricted Stock Units shall immediately vest upon Grantee's death or Disability (as defined in Section 17) while employed by the Company;
- (ii) All unvested Restricted Stock Units shall continue to vest in accordance with their terms in the event Grantee retires at least six months after the Date of Grant, on or after age 62 with at least 5 years of service ("Retirement"), and complies with the provisions of Section 3(b) below;

(iii) Unvested Restricted Stock Units shall continue to vest in accordance with their terms to the same extent that such unvested Restricted Stock Units would have vested had Grantee remained in continuous employment with the Company for the noncompetition period specified in Section 19(a) [24 months for COO/CFO] following the date of termination of Grantee's employment, if (A) as of the Date of Grant, Grantee is a participant in the Company's Senior Executive Severance Plan, (B) Grantee's employment is terminated by the Company without Cause (as defined in Section 17) [or voluntarily for Good Reason as defined in Senior Executive Severance Plan for COO/CFO] (other than as described in clause (iv) below) (such termination, with respect to a Senior Executive Severance Plan participant, an "Involuntary Termination"), and (C) Grantee complies with the provisions of Section 3(b) below; and

(iv) All unvested Restricted Stock Units shall immediately vest (A) if, within the twenty-four (24) month period following a Change in Control (as defined in the Plan), Grantee's employment is terminated by the Company without Cause (as defined in Section 17) or if Grantee voluntarily terminates employment with Good Reason (as defined in Section 17) and is a participant in the Company's Change in Control Plan (either event, a "Qualifying Termination"), or (B) at the Change in Control if awards are not assumed or replaced by the acquirer/continuing entity on terms deemed appropriate by the Compensation Committee.

3. **Forfeiture of Restricted Stock Units.**

(a) **Termination of Employment.** Except as the Compensation Committee may determine on a case-by-case basis or in accordance with Section 2(b)(ii), 2(b)(iii) or 2(b)(iv)(A), all unvested Restricted Stock Units shall be forfeited if Grantee ceases to be continuously employed by the Company at any time prior to the Normal 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, all unvested Restricted Stock Units shall be immediately forfeited.

(b) **Violation of Restrictive Covenants.** All unvested Restricted Stock Units shall be forfeited immediately upon the occurrence of any of the following events. If there are no unvested Restricted Stock 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 17) in any manner, including, without limitation, as employee, agent, consultant, advisor, independent contractor, proprietor, partner, officer, director, manager, owner, financier, 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 (as defined in Section 17).

An involuntary Retirement occurs when the employment of a Grantee who satisfies the age and years of service criteria described in Section 2(b) above is terminated by the Company without Cause.

4. **Dividend, Voting and Other Rights.** Grantee shall have no rights of a stockholder with respect to the Restricted Stock Units prior to the date on which shares of Common Stock are issued in settlement thereof, including the right to vote any of the Restricted Stock Units or the right to receive dividends. The Restricted Stock 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 additional Restricted Stock Units credited to Grantee pursuant to such adjustments will be subject to the terms and restrictions set forth in these Terms and Conditions.

5. **Settlement of Restricted Stock Units.**

(a) Subject to the satisfaction of any withholding tax liability, the Company shall issue to Grantee (or his or her beneficiary, if applicable) shares of unrestricted Common Stock to settle Restricted Stock Units granted hereunder to the extent the Restricted Stock Units are vested on such date or event (whether vested by virtue of such date, event or otherwise) on the earliest to occur of: (i) the Normal Vesting Date, (ii) Grantee's death, (iii) Grantee's Disability, (iv) a Change in Control; provided, that, if the Change in Control does not constitute a "change in ownership", a "change in effective control" or a "change in the ownership of a substantial portion of the assets" of the Company under Section 409A of the Code (a "Section 409A Change in Control") with respect to the Company, the shares of unrestricted Common Stock shall not be issued or delivered at such time and shall instead be issued or delivered in accordance with this Section 5(a) upon the next event contemplated hereby), and (v) Grantee's "separation from service" from the Company within the meaning of Section 409A of the Code and Treasury Regulation Section 1.409A-1(h), provided such separation from service occurs within the twenty-four (24) month period following a Section 409A Change in Control. The number of Restricted Stock Units which are considered to be vested on any such date shall be determined in accordance with Section 409A of the Code. In particular, for purposes of Section 5(a)(iv) above, all unvested Restricted Stock Units shall be considered as vested on such Change in Control date if Grantee on such date would have retired and such event would have been treated as a Retirement under Section 2(b)(ii). The number of shares of unrestricted Common Stock to be issued in settlement of such vested Restricted Stock Units shall be equal to the number of Restricted Stock Units that are vested on the applicable vesting date or event. Such Common Stock shall be credited as book entry shares to Grantee's trading account.

(b) For the sake of clarity, in the event all or any portion of the Restricted Stock Units do not become vested, those Restricted Stock Units shall be forfeited without payment of any consideration therefor.

6. **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 (i) 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 and Grantee and (ii) any other compensation recovery policy beyond the requirements of such Section 10D, rules and listing standards that may be adopted by the Company and applicable to Grantee. 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 vesting period and settlement of vested Restricted Stock Units, the Company restates its financial results with respect to the Company's performance during the vesting 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 Restricted Stock Units.

7. **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.

8. **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 Restricted Stock Units or the issuance of any unrestricted shares of Common Stock or other securities following vesting pursuant to the Award Letter or these Terms or Conditions, it shall be a condition to such vesting, issuance or event that Grantee pay or make provisions satisfactory to the Company for payment of the tax. Unless Grantee makes alternative arrangements satisfactory to the Company prior to the vesting of the Restricted Stock 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 for credit against the withholding obligation at the Market Value per Share of such shares on the applicable tax 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 8 to satisfy applicable withholding taxes exceed Grantee's estimated tax obligations based on the maximum statutory tax rates in the applicable taxing jurisdiction.

9. **Limitations on Transfer of Restricted Stock Units.** The Restricted Stock 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.

10. **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 Restricted Stock 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.

11. **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.

12. **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.

13. **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.

14. **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 to the Company in these Terms and Conditions 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 restricted stock units covered by these Terms and Conditions comply with or be exempt from the provisions of Section 409A of the Code, and the restricted stock units 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. 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. To the extent that the Restricted Stock Units, or the issuance or delivery of shares of Common Stock underlying the Restricted Stock Units are subject to Section 409A of the Code, the Restricted Stock Units shall be awarded, and any shares of Common Stock in respect thereof shall be issued or delivered in a manner that complies with Section 409A of the Code. 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. Notwithstanding any other provision to the contrary, to the extent that any payment described in these Terms and Conditions or the Award Letter constitutes a "deferral of compensation" subject to Section 409A of the Code (after taking into account to the maximum extent possible any applicable exemptions) treated as payable upon a "separation from service" (as defined in Section 409A of the Code and Treasury Regulation Section 1.409A-1(h)), then, if on the date of Grantee's separation from service, Grantee is a "specified employee" (as defined in Section 409A of the Code and using the identification methodology selected by the Company from time to time), to the extent required for Grantee not to incur additional taxes pursuant to Section 409A of the Code, such payment will be made to Grantee on the fifth business day of the seventh month after such separation from service. Notwithstanding any other provision to the contrary, a termination or cessation of employment shall not be deemed to have occurred for purposes of any provision of these Terms and Conditions or the Award Letter providing for the payment of "deferred compensation" upon or following a termination or cessation of employment unless such termination is also a "separation from service" from the Company, and, for purposes of any such provision of these Terms and Conditions, references to "employment termination," "termination of employment," "retirement," or like terms shall mean "separation from service."

15. **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.

16. **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.

17. **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 17(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 any of its three most recently completed fiscal years 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 any of such retailer's three most recently ended fiscal years 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 any of its three most recently completed fiscal years 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:

- (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.

18. **Data Privacy.** Grantee hereby explicitly accepts the grant of Restricted Stock 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 Restricted Stock 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.

19. **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 any of its three most recently completed fiscal years 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 any of such retailer's three most recently ended fiscal years from such category or categories of merchandise represent(s), in the aggregate, more than 50% of the Company's total revenues for any of its three most recently completed fiscal years 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 Restricted Stock 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 19(a) or Section 19(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 enter 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.

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 6, 2023

/s/ Jeff Gennette

Jeff Gennette

Chief Executive Officer

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 6, 2023

/s/ Adrian Mitchell

Adrian Mitchell
Chief Financial Officer

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 April 29, 2023, 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 6, 2023

/s/ Jeff Gennette

Name: Jeff Gennette

Title: Chief Executive Officer

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 April 29, 2023, 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 6, 2023

/s/ Adrian Mitchell

Name: Adrian Mitchell

Title: Chief Financial Officer