Third Quarter 2020 Earnings

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November 19, 2020

SAFE HARBOR STATEMENT

All statements in this presentation that are not statements of historical fact are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements are based upon the current beliefs and expectations of Macy’s management and are subject to significant risks and uncertainties. Actual results could differ materially from those expressed in or implied by the forward-looking statements contained in this release because of a variety of factors, including the effects of the novel coronavirus (COVID-19) on Macy's customer demand and supply chain, as well as its consolidated results of operation, financial position and cash flows, Macy’s ability to successfully implement its Polaris strategy and restructuring, including the ability to realize the anticipated benefits within the expected time frame or at all, conditions to, or changes in the timing of proposed real estate and other transactions, prevailing interest rates and non-recurring charges, the effect of potential changes to trade policies, store closings, competitive pressures from specialty stores, general merchandise stores, off-price and discount stores, manufacturers’ outlets, the Internet and catalogs and general consumer spending levels, including the impact of the availability and level of consumer debt, possible systems failures and/or security breaches, the potential for the incurrence of charges in connection with the impairment of intangible assets, including goodwill, Macy’s reliance on foreign sources of production, including risks related to the disruption of imports by labor disputes, regional or global health pandemics, and regional political and economic conditions, the effect of weather and other factors identified in documents filed by the company with the Securities and Exchange Commission, including under the captions “Forward-Looking Statements” and “Risk Factors” in the Company’s Annual Report on Form 10-K for the year ended February 1, 2020 and Quarterly Report on Form 10-Q for the quarterly period ended August 1, 2020. Macy’s disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

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

THIRD QUARTER SNAPSHOT

millions, except per share figures and percentages	3Q20	3Q19
Net Sales	$ 3,990	$ 5,173
Comp sales - owned	(21.0)%	(3.9)%
Comp sales - owned + licensed	(20.2)%	(3.5)%
Credit card revenues, net	$ 195	$ 183
Gross margin	$ 1,421	$ 2,067
Gross margin rate	*35.6%*	*40.0%*
Selling, general & administrative expense (SG&A)	$ 1,726	$ 2,202
SG&A rate	*43.3%*	*42.6%*
Gains on sale of real estate (ASG)	$3	$17
GAAP Diluted EPS	$ (0.29)	$ 0.01
Adjusted Diluted EPS	$ (0.19)	$ 0.07
Adjusted Diluted EPS (ex-ASG)	$ (0.20)	$ 0.03

THIRD QUARTER HIGHLIGHTS

- Positive adjusted EBITDA of **$159 million** achieved one quarter sooner than expected
    - Positive unadjusted EBITDA of **$113 million**
- Finished the quarter without drawing from asset-backed credit facility
    - Strong liquidity position with approximately **$1.6 billion** in cash at the end of Q3
- Omnichannel sales of approximately **$4.0 billion**, a decline of **20.2%** on an owned-plus-licensed comparable basis
    - Some sales pulled forward into Q3 from Q4
        - Industry and Macy's experienced earlier-than-normal holiday demand in October
        - Shift in start of Friends and Family event from November into October
    - Store sales **declined** approximately **36%** versus LY
    - Strong digital year-over-year growth of approximately **27%**
        - Penetration rate of ~**38%**, **up more than 14 percentage points** over LY
- Gross margin rate of **35.6%,** down **440 basis points** from LY but up significantly from the Q2
    - Inventory down **29%** year-over-year; entering fourth quarter in a clean inventory position
- SG&A expenses of **$1.7 billion**, **an improvement of 21.6%** from LY
    - SG&A rate <u>**increased**</u> by **70 basis points** year-over-year, to **43.3%**

THIRD QUARTER HIGHLIGHTS

millions, except percentages	3Q20	3Q19	Change	Notes
Credit Revenue	$195	$183	+$12	• Profit share from our Citibank arrangement has performed better then anticipated in recent months as customers are revolving and maintaining their currency with us • Potentially influenced by the broader macro observations in savings rate, industry COVID relief efforts and fewer new customers acquisitions near-term • Have not seen an increase into delinquency at this time
Credit Penetration	45.0%	48.3%	-330 bps	• Improvement from the second quarter, which was down 590 basis points to its prior-year period
Gross Margin Rate	35.6%	40.0%	-440 bps	• Year-over-year decline due to COVID-19 • Improvement from second quarter: • Retail margins benefited from disciplined inventory management, better sell-through of both full-price and clearance merchandise, and lower clearance markdowns
Asset Sale Gains	$3	$17	-$14	• Real estate transactions continued to be minimal • More selective and thoughtful about when to go to market on certain assets in order to maximize value • Expected to recognize about $50 million for the full year
SG&A Expense	$1,726	$2,202	-$476	• Better than expected • Driven largely by strict expense management • Very disciplined with variable costs.
SG&A Rate	43.3%	42.6%	+70 bps	

2020 EXPECTATIONS

	2020 EXPECTATIONS
Comp sales - owned + licensed	Down low- to mid-20's for the Fall season
Digital	Annual digital sales penetration of mid-40%. High-teens digital increase in the Fall season. Low- to mid-teens increase for full year digital sales
Stores	Q2 exit rate holds through Fall season
Credit card revenues, net	Down year-over-year in Q4. As a percent of sales, modestly higher than last year's Q4
Gross margin rate	Fall gross margin expected to be mid-single-digit percentage points lower than Fall last year. Quarterly margins expected to peak in the third quarter
SG&A expense rate	Elevated levels of SG&A as percentage of sales. For Fall 2020, low- to mid-single-digit percentage points higher than last year for Fall
Gains on sale of real estate (ASG)	Approximately $50 million for the year
Adjusted Earnings before Interest, Taxes and Depreciation & Amortization (EBITDA)	Improving sequentially in Q4 from Q3
Interest expense, net	Approximately $300 million for the year
Adjusted tax rate	Between 35% and 38% for the year
Capital Expenditures	Approximately $450 million for the year

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

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

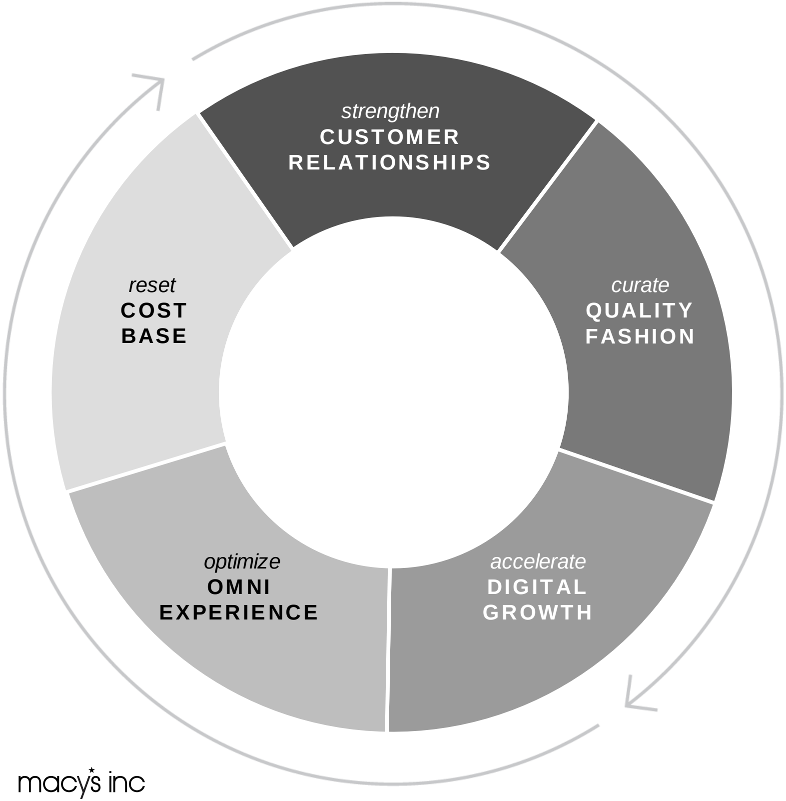
Our customers want great fashion and brands.

Our customers are omni-shoppers.

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

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

WE HAVE REFINED OUR POLARIS STRATEGIES WITH A FOCUS ON HOW EACH WILL STRENGTHEN & REINFORCE EACH OTHER



CUSTOMER

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

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FASHION

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

DIGITAL

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

OMNI EXPERIENCE

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

COST BASE

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

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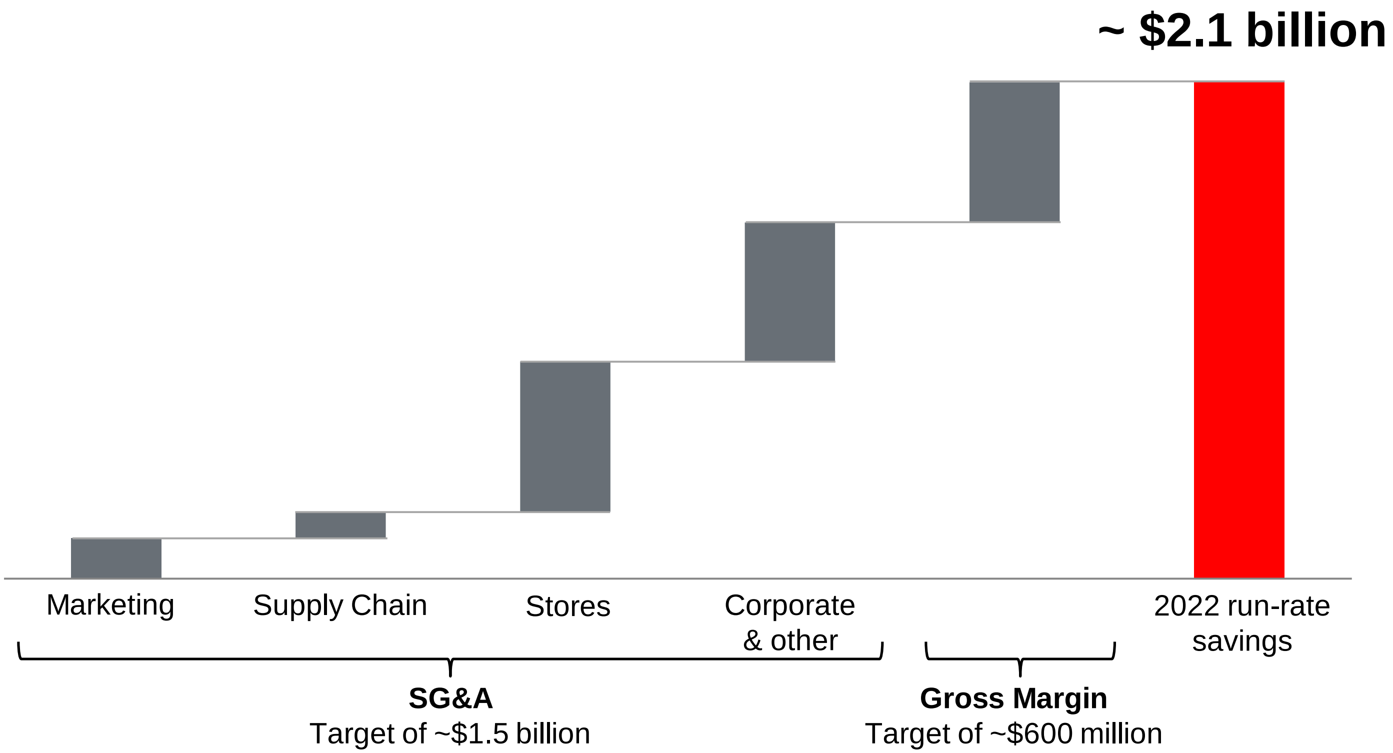
POLARIS STRATEGIES DRIVE COMPETITIVE ADVANTAGE & DIFFERENTIATION

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

strengthen CUSTOMER RELATIONSHIPS	*curate* QUALITY FASHION	*accelerate* DIGITAL GROWTH	*optimize* OMNI NETWORK	*reset* COST BASE
✓ **Maximize customer lifetime value** (CLV)	✓ **Curate national & private brands** from off-price to luxury	✓ **Improve** end-to-end Digital experience	✓ **Evolve** role of the store	✓ Rewire organization cost base to support **profitable growth**
✓ Continue to grow **Star Rewards** loyalty program	✓ **Grow Backstage** while reducing cost base	✓ Deliver **profitable** omnichannel growth	✓ Market **ecosystem/ small-format, off-mall store** test	✓ Maximize **sales flex dollars** through **identification and reset of variable cost drivers**
✓ **Increase conversion** thru personalized recommendation on site and off site tactics	✓ Create **ideal experience in Fine Jewelry and Beauty**	✓ Provide an intuitive, engaging, and inspiring **product discovery** experience by improving search, browse, and product detail pages on macys.com and bloomingdales.com	✓ **Supply chain redesign** with an early emphasis on capacity planning and centralized fulfillment.	✓ Increase **negotiated contract savings** with a focus on rate
✓ Pursue on-site and off-site **monetization** as a future growth driver.	✓ Maximize the **return to home trend** and amplify Bloomingdale's status as the **destination for textiles** from private brand to luxury	✓ Deliver a user-friendly **mobile app** that optimizes the omnichannel shopping experience at Macy's and Bloomingdale's	✓ Strengthen **Bloomingdale's Outlet sales and margin** by better leveraging **Bloomingdale's Department Store merchandise** and opportunities in the market while also driving operating efficiencies	✓ Continuously **prioritize** and **allocate payroll dollars** as turnover occurs

POLARIS WILL STABILIZE AND GROW GROSS MARGIN AND RIGHT-SIZE COST BASE

GROSS MARGIN AND SG&A IMPROVEMENT TARGETS



MACY'S, INC. STORE COUNT

	End of 2Q20		End of 3Q20		Change in Store Locations from 2Q20
	Boxes	Store Locations	Boxes	Store Locations	
Macy's Flagships	16	11	16	11	
Macy's Magnets	429	384	429	384	
Macy's Core	445	395	445	395	0
Macy's Neighborhood	100	94	98	92	-2
Macy's Furniture	53	48	53	48	
Macy's Furniture Clearance	2	2	2	2	
Freestanding Backstage	6	6	6	6	
Macy's Small Format	1	1	1	1	
Total Macy's	607	546	605	544	-2
Bloomingdale's Dept. Stores	36	34	36	34	
Bloomingdale's Furniture/Other	1	1	1	1	
Bloomingdale's The Outlet	19	19	19	19	
Total Bloomingdale's	56	54	56	54	0
Bluemercury	171	171	166	166	-5
Total Macy's, Inc.	834	771	827	764	-7

Notes:

(1) Using store locations combines multi-box stores into a single location, providing a more accurate count of the store fleet

RECONCILIATION OF GAAP TO 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 and changes in comparable sales on an owned plus licensed basis, which includes adjusting for 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, and in evaluating the impact of changes in the manner in which certain departments are operated. Earnings (loss) before interest, taxes, depreciation and amortization (EBITDA) is a non-GAAP financial measure which the company believes provides meaningful information about its operational efficiency by excluding the impact of changes in tax law and structure, debt levels and capital investment. In addition, management believes that excluding certain items from EBITDA and diluted earnings (loss) per share that are not associated with the company’s core operations and that may vary substantially in frequency and magnitude from period-to-period provides useful supplemental measures that assist in evaluating the company's ability to generate earnings and to more readily compare these metrics between past and future periods.

The reconciliation of the forward-looking 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) is in the same manner as illustrated within. In addition, the company does not provide the most directly comparable forward-looking GAAP measure of EBITDA and the effective tax rate, excluding certain items, because the timing and amount of excluded items are unreasonably difficult to fully and accurately estimate.

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

	13 weeks ended October 31, 2020
Decrease in comparable sales on an owned basis (Note 1)	(21.0)%
Impact of growth in comparable sales of departments licensed to third parties (Note 2)	0.8%
Decrease in comparable sales on an owned plus licensed basis	(20.2)%

Notes:

(1) Represents the period-to-period percentage change in net sales from stores in operation throughout the year presented and the immediately preceding year and all online sales, excluding commissions from departments licensed to third parties. Stores impacted by a natural disaster or undergoing significant expansion or shrinkage remain in the comparable sales calculation unless the store, or material portion of the store, is closed for a significant period of time. No stores have been excluded as a result of the COVID-19 pandemic. Definitions and calculations of comparable sales may differ among companies in the retail industry.

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

EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION, AND AMORTIZATION, EXCLUDING CERTAIN ITEMS

In millions	13 weeks ended October 31, 2020	13 weeks ended November 2, 2019
Most comparable GAAP measure: Net income (loss)	$(91)	$2
Non-GAAP measure: Net income (loss)	$(91)	$2
Interest expense, net	80	48
Federal, state and local income tax benefit	(126)	(2)
Depreciation and amortization	250	252
Earnings before interest, taxes, depreciation and amortization	$113	$300
Settlement charges	26	12
Restructuring, impairment and other costs	20	13
Adjusted EBITDA	$159	$325

DILUTED EARNINGS (LOSS) PER SHARE, EXCLUDING CERTAIN ITEMS AND GAINS ON SALE OF REAL ESTATE

	13 weeks ended October 31, 2020	13 weeks ended November 2, 2019
Most comparable GAAP measure: Diluted earnings (loss) per share	$(0.29)	$0.01
Non-GAAP measure: Diluted earnings (loss) per share	$(0.29)	$0.01
Restructuring, impairment and other costs	0.06	0.04
Settlement charges	0.09	0.04
Income tax impact of certain items identified above	(0.05)	(0.02)
As adjusted to exclude certain item above	$(0.19)	$0.07
Gains on sale of real estate	(0.01)	(0.06)
Income tax impact of gains on sale of real estate (Note 1)	-	0.02
As adjusted to exclude gains on sale of real estate and other certain items identified above	$(0.20)	$0.03

Notes:

(1) The impact during the 13 weeks ended October 31, 2020 represents a value less than $0.01 per diluted share