

Macy's, Inc.
Form DEF 14A
April 01, 2015

SCHEDULE 14A INFORMATION

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

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

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

Macy's, Inc.
(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

No fee required

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

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

2) Aggregate number of securities to which transaction applies:

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

4) Proposed maximum aggregate value of transaction:

5) Total fee paid:

Fee paid previously with preliminary materials

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

1) Amount Previously Paid:

2) Form, Schedule or Registration Statement No.:

3) Filing Party:

4)Date Filed:

MACY'S, INC.

7 West Seventh Street, Cincinnati, Ohio 45202

and

151 West 34th Street, New York, New York 10001

April 1, 2015

To the Shareholders:

I invite you to join me, our Board of Directors, senior management team and your fellow shareholders at Macy's 2015 annual meeting of shareholders. We are holding the annual meeting on Friday, May 15, 2015, at 11:00 a.m., Eastern Time, at Macy's offices located at 7 West Seventh Street, Cincinnati, Ohio 45202. We are enclosing the official notice of meeting, proxy statement and form of proxy with this letter. The matters listed in the notice of meeting are described in the proxy statement.

This year we are pleased to save costs and help protect the environment by using the "Notice and Access" method of delivery of proxy materials. Instead of receiving paper copies of our proxy materials, many shareholders this year will receive a Notice Regarding the Availability of Proxy Materials, which provides an Internet website address where shareholders can access electronic copies of the proxy statement and our Annual Report on Form 10-K for the fiscal year ended January 31, 2015 and vote their shares. This website also has instructions for voting by phone and for requesting paper copies of the proxy materials and proxy card.

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

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

Sincerely,

TERRY J. LUNDGREN

Chairman of the Board and Chief Executive Officer

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

MACY'S, INC.

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

May 15, 2015
11:00 a.m. (Eastern Time)

Macy's, Inc. Corporate Office
7 West Seventh Street
Cincinnati, Ohio 45202

Items of Business

1. Elect 13 members of Macy's board of directors;
2. Ratify the appointment of KPMG LLP as Macy's independent registered public accounting firm for the fiscal year ending January 30, 2016;
3. Cast an advisory vote to approve the compensation of our named executive officers; and
4. Conduct any other business as may properly come before the meeting or any postponement or adjournment of the meeting.

Record Date March 20, 2015

Proxy Voting Whether or not you plan to attend the meeting, please vote as soon as possible. As an alternative to voting in person at the meeting, you may vote via the Internet, by telephone or, if you receive a paper proxy card in the mail, by mailing the completed proxy card. If your shares are held in street name by a broker, bank or other nominee, and you decide to attend and vote your shares at the meeting, you must first obtain a signed and properly executed proxy from your bank, broker or other nominee to vote your shares held in street name at the meeting.

Board Recommendations The Board of Directors recommends that you vote FOR each of the director nominees and FOR Items 2 and 3.

By Order of the Board of Directors,
DENNIS J. BRODERICK
Secretary
April 1, 2015

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE ANNUAL MEETING OF SHAREOWNERS TO BE HELD ON MAY 15, 2015.

The Notice of Annual Meeting, Proxy Statement and Annual Report on Form 10-K for the year ended January 31, 2015 are available at www.proxyvote.com and www.macysinc.com.

MACY'S, INC.

7 West Seventh Street, Cincinnati, Ohio 45202

and

151 West 34th Street, New York, New York 10001

PROXY STATEMENT

Macy's board of directors (the "Board") has made available to you the Notice of Annual Meeting of Shareholders, this proxy statement, our Annual Report on Form 10-K for the fiscal year ended January 31, 2015 and a proxy card or voting instruction card (collectively, the "Proxy Solicitation Materials") either on the Internet or by mail in connection with the 2015 annual meeting of Macy's shareholders. The meeting will be held at 11:00 a.m., Eastern Time, on Friday, May 15, 2015, at our offices located at 7 West Seventh Street, Cincinnati, Ohio 45202. This proxy statement describes the matters on which you are asked to vote and provides information about those matters so that you can make an informed decision. The proxies we receive will be used at the meeting and at any postponements or adjournments of the meeting for the purposes set forth in the accompanying notice of meeting. The Proxy Solicitation Materials are being mailed to, or can be accessed online by, shareholders on or about April 1, 2015.

TABLE OF CONTENTS

| | |
|--|-----|
| PROXY STATEMENT SUMMARY | 2 |
| GENERAL | 9 |
| STOCK OWNERSHIP | 12 |
| ITEM 1. ELECTION OF DIRECTORS | 14 |
| FURTHER INFORMATION CONCERNING THE BOARD OF DIRECTORS | 21 |
| ITEM 2. APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM | 35 |
| ITEM 3. ADVISORY VOTE TO APPROVE NAMED EXECUTIVE OFFICER COMPENSATION | 36 |
| COMPENSATION DISCUSSION & ANALYSIS | 37 |
| COMPENSATION COMMITTEE REPORT | 57 |
| COMPENSATION OF THE NAMED EXECUTIVES FOR 2014 | 57 |
| SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE | 72 |
| COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION | 72 |
| POLICY ON RELATED PERSON TRANSACTIONS | 73 |
| REPORT OF THE AUDIT COMMITTEE | 73 |
| SUBMISSION OF FUTURE SHAREHOLDER PROPOSALS | 74 |
| OTHER MATTERS | 74 |
| APPENDIX A. POLICY AND PROCEDURES FOR PRE-APPROVAL OF NON-AUDIT SERVICES BY OUTSIDE AUDITORS | A-1 |

PROXY STATEMENT SUMMARY

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

ANNUAL MEETING OF SHAREHOLDERS

Time and date: 11:00 a.m., Eastern Time, on May 15, 2015

Place: Macy's, Inc., 7 West Seventh Street, Cincinnati, OH 45202

Record date: March 20, 2015

How to vote: In general, you may vote either in person at the annual meeting or by telephone, the Internet, or mail.

Common shares outstanding as of record date: 341,599,642 shares

VOTING MATTERS

| Proposal | Board Voting Recommendation | Page |
|---|--------------------------------|------|
| Item 1. Election of 13 directors | FOR EACH NOMINEE | 14 |
| Item 2. Ratification of KPMG LLP as our independent registered public accounting firm for fiscal 2015 | FOR | 35 |
| Item 3. Advisory vote to approve our named executive officer compensation | FOR | 36 |

CORPORATE GOVERNANCE HIGHLIGHTS

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

| | Page | | Page |
|---|------|--|--------|
| ü Confidential Voting Policy | 9 | ü Annual Board and Committee Evaluations | 26 |
| ü Single Voting Class | 9 | ü Diverse Board in Terms of Gender, Ethnicity, Experience and Skills | 3 |
| ü Annual Election of All Directors | 14 | ü Director Retirement Policy | 31 |
| ü Majority Voting in Uncontested Director Elections | 9 | ü Director Resignation Policy | 31 |
| ü 12 of 13 Director Nominees are Independent | 21 | ü Board and Committee Oversight of Risk | 23 |
| ü Independent Presiding Director | 23 | ü No Shareholder Rights Plan | n/a |
| ü Independent Board Committees | 24 | ü Share Ownership Guidelines for Directors and Executive Officers | 34; 55 |
| ü Regular Executive Sessions of Independent Directors | 22 | ü Policy Prohibiting Pledging and Hedging Ownership of Macy's Stock | 56 |

NOMINEES FOR DIRECTOR (page 14)

| Name | Age | Director Since | Independent | Principal Occupation | Committee Memberships | Other Public Directorships |
|-----------------------|-----|----------------|-------------|--|--|---|
| Stephen F. Bollenbach | 72 | 2007 | ü | Non-Executive Chairman of the Board of Directors of KB Home | <ul style="list-style-type: none"> • Audit • Finance | <ul style="list-style-type: none"> • KB Home • Moelis & Company • Mondelez International • Time Warner, Inc. |
| John A. Bryant | 49 | 2015 | ü | Chairman, President and CEO of Kellogg Company | <ul style="list-style-type: none"> • Audit | <ul style="list-style-type: none"> • Kellogg Company |
| Deirdre P. Connelly | 54 | 2008 | ü | Former President, North American Pharmaceuticals of GlaxoSmithKline | <ul style="list-style-type: none"> • Compensation and Management Development • Nominating and Corporate Governance | |
| Meyer Feldberg | 73 | 1992 | ü | Dean Emeritus and Professor of Leadership and Ethics at Columbia Business School | <ul style="list-style-type: none"> • Compensation and Management Development (Chair) • Nomination and Corporate Governance | <ul style="list-style-type: none"> • Revlon, Inc. • UBS Global Asset Management |
| Leslie D. Hale | 42 | 2015 | ü | Executive Vice President, CFO and Treasurer of RLJ Lodging Trust | <ul style="list-style-type: none"> • Finance | |
| Sara Levinson | 64 | 1997 | ü | Co-Founder and Director of Kandu | <ul style="list-style-type: none"> • Compensation and Management Development • Nominating and Corporate Governance | <ul style="list-style-type: none"> • Harley Davidson, Inc. |
| Terry J. Lundgren | 62 | 1997 | | Chairman and CEO of Macy's, Inc. | | <ul style="list-style-type: none"> • Kraft Foods Group, Inc. • The Procter & Gamble Company • Federal Reserve Bank of New York |
| Joseph Neubauer | 73 | 1992 | ü | Former Chairman of ARAMARK | <ul style="list-style-type: none"> • Audit (Chair) • Compensation and Management Development • Finance | <ul style="list-style-type: none"> • Mondelez International |
| Joyce M. Roché | 68 | 2006 | ü | Former President and CEO of Girls Incorporated | <ul style="list-style-type: none"> • Audit • Nominating and Corporate Governance (Chair) | <ul style="list-style-type: none"> • AT&T, Inc. • Dr. Pepper Snapple Group • Tupperware Corporation |
| Paul C. Varga | 51 | 2012 | ü | | | |

Edgar Filing: Macy's, Inc. - Form DEF 14A

| | | | | | | |
|----------------------|----|------|---|---|---|---|
| | | | | Chairman and CEO of Brown-Forman Corporation | <ul style="list-style-type: none"> • Compensation and Management Development • Nominating And Corporate Governance • Compensation and Management Development | <ul style="list-style-type: none"> • Brown-Forman Corporation |
| Craig E. Weatherup | 69 | 1996 | ü | Former CEO of The Pepsi-Cola Company | <ul style="list-style-type: none"> • Nominating and Corporate Governance | <ul style="list-style-type: none"> • Starbucks Corporation |
| Marna C. Whittington | 67 | 1993 | ü | Former CEO of Allianz Global Investors Capital Executive Vice President, Starbucks Corporation; | <ul style="list-style-type: none"> • Audit • Finance (Chair) | <ul style="list-style-type: none"> • Oaktree Capital Group, LLC • Phillips 66 |
| Annie Young-Scrivner | 46 | 2014 | ü | President, Teavana | <ul style="list-style-type: none"> • Nominating and Corporate Governance | |

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

| TENURE (# years) | | | | GENDER | | AGES (# years) | | | |
|------------------|------------|-----------|-------------|--------|------|----------------|-----------|-----------|-------------|
| <5 | 5 to <10 | 10 to <20 | ≥20 | Female | Male | <50 | 50 to <60 | 60 to <70 | ≥70 |
| Bryant | Bollenbach | Levinson | Feldberg | 6 | 7 | Bryant | Connelly | Levinson | Bollenbach |
| Hale | Connelly | Lundgren | Neubauer | | | Hale | Varga | Lundgren | Feldberg |
| Varga | Roché | Weatherup | Whittington | | | Young-Scrivner | | Roché | Neubauer |
| Young-Scrivner | | | | | | | | Weatherup | Whittington |

ETHNICITY

| | |
|-------------------|---|
| African-American: | 2 |
| Asian-American: | 1 |
| Hispanic: | 1 |

AUDITORS (page 35)

We are asking shareholders to ratify the selection of KPMG LLP as our independent registered public accounting firm for the 2015 fiscal year. Set forth below is a summary of the fees paid to KPMG in fiscal 2014 and fiscal 2013.

| Year | Audit Fees (\$) | Audit-Related Fees (\$) | Tax Fees (\$) | All Other Fees (\$) | Total (\$) |
|------|-----------------|-------------------------|---------------|---------------------|------------|
| 2014 | 4,700,000 | 1,229,300 | 7,735 | 334,496 | 6,271,531 |
| 2013 | 5,345,000 | 1,209,300 | 75,000 | 90,950 | 6,720,250 |

EXECUTIVE COMPENSATION ADVISORY VOTE (page 36)

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

FISCAL 2014 BUSINESS AND COMPENSATION HIGHLIGHTS

To assist you in reviewing the proposals to be acted upon at the annual meeting, including the election of directors and the non-binding advisory vote to approve named executive officer compensation, we call your attention to the following information about our 2014 financial performance and key executive compensation actions and decisions. The following discussion is only a summary. For more complete information about these topics, please review our Annual Report on Form 10-K (including important information on pages 17 to 20 regarding the Company's non-GAAP financial measures) and the complete Proxy Statement.

BUSINESS HIGHLIGHTS (page 38)

Highlights of our fiscal 2014 financial performance include:

Sales

Total sales for fiscal 2014 were \$28.1 billion, up 0.6% from fiscal 2013.

• Comparable sales on an owned basis in fiscal 2014 were up 0.7%, our fifth consecutive year of comparable sales growth.

• Comparable sales on an owned plus licensed basis for fiscal 2014 were up 1.4% compared to fiscal 2013.

| | 2010 | 2011 | 2012 | 2013 | 2014 |
|---------------------------------|------|------|------|------|------|
| Comparable Sales Growth: | | | | | |
| On an owned basis | 4.6% | 5.3% | 3.7% | 1.9% | 0.7% |
| On an owned plus licensed basis | 4.4% | 5.7% | 4.0% | 2.8% | 1.4% |

Adjusted EBIT

Adjusted EBIT (earnings before interest and taxes, or operating income) for fiscal 2014 totaled \$2.9 billion, or 10.3% of sales, an increase of 4.4% and 40 basis points as a percent of sales over fiscal 2013 on a comparable basis. These amounts exclude impairments, store closing and other costs.

Adjusted EBITDA Margin / ROIC

Adjusted EBITDA (earnings before interest, taxes, depreciation and amortization, excluding impairments, store closing and other costs) margin reached our long-term target of 14% in fiscal 2014, compared to an Adjusted EBITDA margin of 13.6% in fiscal 2013.

Return on Invested Capital (ROIC) - a key measure of operating productivity - rose in fiscal 2014, the sixth consecutive year of improvement. ROIC reached 22.4% in fiscal 2014, compared to 21.5% in fiscal 2013.

Adjusted Earnings per Share

Fiscal 2014 Adjusted EPS (earnings per diluted share, excluding impairments, store closing and other costs) were \$4.40, up 10% from fiscal 2013 on a comparable basis. This represents our sixth consecutive year of double-digit growth in Adjusted EPS.

Shareholder Return

In addition, we delivered positive return to our shareholders during fiscal 2014. The following chart compares the cumulative total shareholder return (TSR) on our common stock with the Standard & Poor's 500 Composite Index and the Standard & Poor's Retail Department Stores Index for the period from January 30, 2010 through January 31, 2015, assuming an initial investment of \$100 and the reinvestment of dividends, if any.

Other Fiscal 2014 Highlights

Our 1-Year, 3-Year and 5-Year Cumulative TSR was 22.4%, 100.5% and 334.3%, respectively. Our TSR over the last 5 years is above the 84th percentile compared to our peer group over the same 5-year period. The price of our Common Stock increased by 20% over the fiscal 2013 year-end price. We returned \$2.3 billion to shareholders through dividends and share repurchases during fiscal 2014. We increased our cash dividend by 25% in fiscal 2014.

EXECUTIVE COMPENSATION HIGHLIGHTS

The fiscal 2014 pay packages for our named executive officers consisted of salary, short- and long-term incentive opportunities and other benefits discussed in the Compensation Discussion & Analysis (CD&A) section of this proxy statement.

You can read about our Compensation and Management Development (CMD) Committee's methodology for setting pay opportunities and approving actual payouts, and learn more about our compensation plans and programs, in the CD&A, beginning on page 37. In summary, please note that in determining the amount of compensation paid to our named executive officers, the CMD Committee focuses on aligning pay and performance.

Pay-for-Performance Compensation Mix (page 47). Under our executive compensation program, a majority (87%, and 71%, respectively) of the CEO's and other named executive officers' annual targeted total direct compensation (salary, annual incentive and grant date value of long-term incentive awards) for fiscal 2014 was variable (i.e., not fixed) and tied to financial performance, corporate objectives and/or stock price performance.

| CEO Targeted Pay Mix | Salary | Annual Incentive | Performance Restricted Stock Units | Stock Options | Total |
|-----------------------------|--------|------------------|------------------------------------|---------------|-------|
| % of Total Compensation | 13% | 22% | 39% | 26% | 100% |
| Cash vs. Equity | 35% | | 65% | | 100% |
| Short-Term vs. Long-Term | 35% | | 65% | | 100% |
| Fixed vs. Performance-Based | 13% | 87% | | | 100% |

| Other Named Executives Targeted Pay Mix (average) | Salary | Annual Incentive | Performance Restricted Stock Units | Stock Options | Total |
|---|--------|------------------|------------------------------------|---------------|-------|
| % of Total Compensation | 29% | 24% | 28% | 19% | 100% |
| Cash vs. Equity | 53% | | 47% | | 100% |
| Short-Term vs. Long-Term | 53% | | 47% | | 100% |
| Fixed vs. Performance-Based | 29% | 71% | | | 100% |

Pay-for-Performance Alignment. In making decisions regarding the compensation opportunities and amounts earned by our named executive officers in fiscal 2014, the CMD Committee took into account the economic climate, our performance against our fiscal 2014 internal goals, and our strong relative performance against industry competitors. Compensation actions with respect to fiscal 2014 include the following:

Vesting of PRSUs. With respect to performance-based restricted stock units (PRSUs) granted in fiscal 2012, our strong financial performance over the three-year (fiscal 2012-2014) performance period with respect to cumulative Adjusted EBITDA, average Adjusted EBITDA margin, average ROIC and relative total shareholder return (TSR) performance metrics resulted in 98.59% of the targeted number of PRSUs being earned (see page 53).

Fiscal 2014 annual incentive award. The annual incentive award payouts for fiscal 2014 performance were subject to achievement of pre-determined targeted levels of financial results with respect to three key performance metrics included in our annual business plan (sales, Adjusted EBIT and cash flow). The CMD Committee determined that the Company achieved performance between the threshold and target levels. This resulted in award payments to the named executive officers of approximately 94% of their targeted annual incentive opportunity (see page 51).

PRSU grants. The CMD Committee granted PRSUs to the named executive officers with a three-year (fiscal 2014-2016) performance period. These stock units have cumulative Adjusted EBITDA, average Adjusted EBITDA margin, average ROIC and relative TSR performance metrics (see page 52).

Overall, the fiscal 2014 compensation of our named executive officers (as set forth below and in the 2014 Summary Compensation Table on page 57) reflects both our strong performance for the fiscal year and our compensation philosophy of aligning pay and performance.

| Named Executive Officer | Salary (\$) | Stock Awards (\$) | Option Awards (\$) | Non-Equity Incentive Plan Compensation (\$) | Changes in Pension Value and Nonqualified Deferred Compensation Earnings (\$) | All Other Compensation (\$) | Total (\$) |
|-------------------------|-------------|-------------------|--------------------|---|---|-----------------------------|------------|
| Terry J. Lundgren | 1,600,000 | 5,008,425 | 3,285,990 | 2,556,200 | 3,813,691 | 232,914 | 16,497,220 |
| Karen M. Hoguet | 895,833 | 807,766 | 529,993 | 634,900 | 697,866 | 46,923 | 3,613,281 |
| Jeffrey Gennette | 937,500 | 1,097,357 | 719,988 | 892,900 | 634,832 | 48,235 | 4,330,812 |
| Timothy M. Adams | 857,500 | 807,766 | 529,993 | 606,600 | 449,379 | 45,071 | 3,296,309 |
| Peter R. Sachse | 895,833 | 807,766 | 529,993 | 634,900 | 649,490 | 46,923 | 3,564,905 |

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

WHAT WE DO AND DON'T DO

- | | |
|---|--|
| We align executive compensation with the interests of our shareholders | <ul style="list-style-type: none"> ü Focus on performance-based compensation (page 47) ü Pay well-aligned with performance (pages 38-41) ü Annual risk assessment of executive compensation program (page 23) ü Robust stock ownership guidelines for executive officers and directors (pages 34 and 55) |
| Our executive compensation program is designed to avoid excessive risk taking | <ul style="list-style-type: none"> ü Use multiple performance objectives for both annual and long-term incentive plans (pages 50 and 52) ü Measure performance against both annual and multi-year standards (pages 49 and 51) ü Set performance goals at levels high enough to encourage strong performance, but within reasonably attainable parameters to discourage excessive risk taking (pages 49 and 52) ü Cap on performance-based compensation (pages 49 and 52) |
| We adhere to executive compensation best practices | <ul style="list-style-type: none"> ü Provide modest perquisites with reasonable business rationale (pages 53-54) ü Annual say-on-pay vote (page 36) ü CMD Committee comprised of independent directors (page 25) ü Include a relative-to-peer TSR metric for performance-based restricted stock units (page 53) ü Provide for recoupment of incentive compensation in certain circumstances (page 55) ü Prohibit hedging and pledging transactions by executive officers and directors (page 56) ü Utilize an independent compensation consultant that is independent of management (page 43) ü Provide a reasonable post-employment change-in-control plan (page 54) X Provide excise tax gross ups upon a change in control X Individual employment contracts (page 67) X Reprice or exchange underwater stock options (page 60) X Individual change-in-control agreements (page 68) |

GENERAL

The record date for the annual meeting was March 20, 2015. If you were a holder of record of shares of Macy's common stock at the close of business on the record date, you are entitled to vote those shares at the meeting. You are entitled to one vote for each share of Macy's common stock you owned on the record date on each of the matters listed in the notice of meeting. As of the record date, 341,599,642 shares of Macy's common stock were outstanding. This number excludes shares held in the treasury of Macy's.

Confidential Voting Policy

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

• if required by applicable law;

• to persons engaged in the receipt, counting, tabulation or solicitation of proxies who have agreed to maintain shareholder confidentiality as provided in the policy;

• in those instances in which shareholders write comments on their proxy cards or otherwise consent to the disclosure of their vote to Macy's management;

• in the event of a proxy contest or a solicitation of proxies in opposition to the voting recommendations of the Board of Directors;

• in respect of a shareholder proposal that the Nominating and Corporate Governance Committee of the Board, referred to as the NCG Committee, after having allowed the proponent of the proposal an opportunity to present its views, determines is not in the best interests of Macy's and its shareholders; and

• in the event that representatives of Macy's determine in good faith that a bona fide dispute exists as to the authenticity or tabulation of voting materials.

The policy described above will apply to the annual meeting.

Quorum

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

Vote Required for Each Proposal

The vote required for each matter is:

Item 1. Director nominees must be elected by the affirmative vote of a majority of the shares represented at the meeting and actually voted on the matter. Abstentions and broker non-votes will have no effect in determining whether the proposal has been approved.

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

Item 2. Ratification of the appointment of KPMG LLP as our independent registered public accounting firm requires the affirmative vote of a majority of the shares represented at the meeting and actually voted on the matter.

Abstentions and broker non-votes will have no effect in determining whether the proposal has been approved.

Item 3. The advisory (non-binding) proposal to approve the compensation of our named executive officers, as disclosed in this proxy statement, requires the affirmative vote of a majority of the shares represented at the meeting and actually voted on the matter. Abstentions and broker non-votes will have no effect in determining whether the proposal has been approved.

Broker Non-Votes

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

Voting Instructions

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

FOR each of the director nominees (Item 1);

FOR the ratification of the appointment of our independent registered public accounting firm (Item 2); and

FOR the advisory vote to approve the compensation of our named executive officers (Item 3).

Methods of Voting Your Proxy

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

Internet: You can vote over the Internet at the Web address shown on your Notice Regarding the Availability of Proxy Materials or your proxy card if you received a proxy card up until 11:59 p.m., Eastern Time, on May 14, 2015. Internet voting is available 24 hours a day, seven days a week. When you vote over the Internet, you should not return your proxy card.

Telephone: You can vote by telephone by calling the toll-free number provided on the Web address referred to above or on your proxy card up until 11:59 p.m., Eastern Time, on May 14, 2015. Telephone voting is available 24 hours a day, seven days a week. Easy-to-follow voice prompts allow you to vote your shares and confirm that your instructions have been properly recorded. When you vote by telephone, you should not return your proxy card.

Mail: If you received a proxy card, you can vote by mail by simply signing, dating and mailing your proxy card in the postage-paid envelope included with this proxy statement. Your proxy card must be received prior to 11:59 p.m., Eastern Time, on May 14, 2015.

Voting Shares Held in Street Name. A number of banks and brokerage firms participate in a program that also permits shareholders whose shares are held in street name to direct their vote over the Internet or by telephone. If your bank or brokerage firm gives you this opportunity, the voting instructions from the bank or brokerage firm that accompany this proxy statement will tell you how to use the Internet or telephone to direct the vote of shares held in your account. The Internet and telephone proxy procedures are designed to authenticate your identity, to allow you to give your proxy voting instructions and to confirm that those instructions have been properly recorded. Votes directed over the Internet or by telephone through such a program must be received by 11:59 p.m., Eastern Time, on Thursday, May 14, 2015. Requesting a proxy prior to the deadline described above will automatically cancel any voting directions you have previously given over the Internet or by telephone with respect to your shares.

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

Voting Shares Held in 401(k) Plan. If you participate in our 401(k) Retirement Investment Plan, you will receive a voting instruction card for the Macy's common stock allocated to your account in the plan. You may instruct the plan trustee on how to vote your proportional interest in any Macy's shares held by the plan by signing, dating and mailing the enclosed voting instruction card, or by submitting your voting instructions by telephone or over the Internet. The plan trustee will vote your proportional interest in accordance with your instructions and the terms of the plan. If you fail to vote, the trustee for the plan, subject to its fiduciary obligations under ERISA, will vote your proportional interest in the same proportion as it votes the proportional interests for which it receives instructions from other plan participants. Under the terms of the plan, the trustee must receive voting instructions from plan participants by 11:59 p.m., Eastern Time, on Wednesday, May 13, 2015.

Revoking Your Proxy

You may revoke your proxy at any time by:

- submitting evidence of your revocation to the Company's Corporate Secretary;
- voting again over the Internet or by telephone prior to 11:59 p.m., Eastern Time, on May 14, 2015;
- signing another proxy card bearing a later date and mailing it so that it is received prior to 11:59 p.m., Eastern Time, on May 14, 2015; or
- voting in person at the annual meeting, although attendance at the annual meeting will not, in itself, revoke a proxy.

Electronic Delivery of Proxy Statement and Annual Report

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

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

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

STOCK OWNERSHIP

Certain Beneficial Owners. The following table sets forth information as to the beneficial ownership of each person known to Macy's to own more than 5% of Macy's outstanding common stock as of March 20, 2015 based on ownership reports filed by such persons with the SEC prior to that date.

| Name and Address | Date of Most Recent Schedule 13G Filing | Number of Shares | Percent of Class |
|--|---|------------------|------------------|
| BlackRock, Inc. ("BlackRock") (1) 40 East 52nd Street New York, NY 10022 | January 12, 2015 | 21,110,627 | 6.1% |
| The Vanguard Group ("Vanguard") (2) 100 Vanguard Blvd. Malvern, PA 19355 | February 9, 2015 | 18,213,202 | 5.27% |

Based on a Schedule 13G/A dated January 12, 2015 and filed with the SEC by BlackRock on January 30, 2015.

(1) The Schedule 13G/A reports that, as of December 31, 2014, BlackRock had sole voting power over 18,031,436 shares and sole dispositive power over 21,110,627 shares of Macy's common stock.

Based on a Schedule 13G/A dated February 9, 2015 and filed with the SEC by Vanguard on February 11, 2015.

(2) The Schedule 13G/A reports that, as of December 31, 2014, Vanguard had sole voting power over 609,932 shares, sole dispositive power over 17,635,939 shares and shared dispositive power over 577,263 shares of Macy's common stock. The Schedule 13G/A also reports that Vanguard Fiduciary Trust Company, a wholly-owned subsidiary of Vanguard, is the beneficial owner of 475,987 of the shares as a result of its serving as investment manager of collective trust accounts and Vanguard Investments Australia, Ltd., a wholly-owned subsidiary of Vanguard, is the beneficial owners of 235,221 of the shares as a result of its serving as investment manager of Australian investment offerings.

Stock Ownership of Directors and Executive Officers. The following table sets forth the shares of Macy's common stock beneficially owned (or deemed to be beneficially owned pursuant to the rules of the SEC), as of March 20, 2015 by each director who is not an employee of Macy's, referred to as a Non-Employee Director, by each executive named in the 2014 Summary Compensation Table, referred to as a Named Executive, and by our directors and executive officers as a group. The business address of each of the individuals named in the table is 7 West Seventh Street, Cincinnati, Ohio 45202.

| Name | Number of Shares | | Percent of Class |
|-----------------------|------------------|-----------|------------------|
| | (1) | (2) | |
| Stephen F. Bollenbach | 61,082 | 56,012 | less than 1% |
| John A. Bryant | 0 | 0 | less than 1% |
| Deirdre P. Connelly | 27,166 | 20,982 | less than 1% |
| Meyer Feldberg | 47,619 | 43,756 | less than 1% |
| Leslie D. Hale | 0 | 0 | less than 1% |
| Sara Levinson | 28,347 | 28,347 | less than 1% |
| Joseph Neubauer | 263,117 | 111,077 | less than 1% |
| Joyce M. Roché | 70,211 | 68,219 | less than 1% |
| Paul C. Varga | 1,158 | 308 | less than 1% |
| Craig E. Weatherup | 100,722 | 94,722 | less than 1% |
| Marna C. Whittington | 96,221 | 61,387 | less than 1% |
| Annie Young-Scrivner | 51 | 51 | less than 1% |
| Terry J. Lundgren | 3,082,279 | 2,666,551 | less than 1% |
| Karen M. Hoguet | 587,986 | 396,655 | less than 1% |
| Jeffrey Gennette | 139,223 | 102,110 | less than 1% |
| Timothy M. Adams | 196,259 | 162,866 | less than 1% |

Edgar Filing: Macy's, Inc. - Form DEF 14A

| | | | |
|---|-----------|-----------|--------------|
| Peter R. Sachse | 253,126 | 135,726 | less than 1% |
| All directors and executive officers as a group (25) persons) (3) | 5,429,853 | 4,341,063 | 1.47% |

12

Aggregate number of shares of Macy's common stock currently held or which may be acquired within 60 days after March 20, 2015 (i) through the exercise of options granted under our Amended and Restated 2009 Omnibus Incentive Compensation Plan, referred to as the 2009 Omnibus Plan, our 1995 Executive Equity Incentive Plan, referred to as the 1995 Equity Plan, or our 1994 Stock Incentive Plan, referred to as the 1994 Stock Plan and (ii) with respect to the Non-Employee Directors, also through distributions in settlement of deferred stock credits that would be triggered if the director's service on the Board were to end during the 60-day period.

(1) Number of shares of Macy's common stock which may be acquired within 60 days after March 20, 2015 (i) through the exercise of options granted under the 2009 Omnibus Plan, the 1995 Equity Plan and the 1994 Stock Plan and (ii) with respect to Non-Employee Directors, also through distributions in settlement of deferred stock credits that would be triggered if the director's service on the Board were to end during the 60-day period.

(2) The "all directors and executive officers group" does not include Timothy M. Adams, who ceased being an executive officer as of the end of fiscal 2014.

(3) Securities Authorized for Issuance Under Equity Compensation Plans. The following table presents certain aggregate information, as of January 31, 2015, with respect to the 2009 Omnibus Plan, the 1995 Equity Plan and the 1994 Stock Plan (included on the line captioned "Equity compensation plans approved by security holders").

| Plan Category | Number of securities to be issued upon exercise of outstanding options, warrants and rights (a) (thousands) | Weighted-average exercise price of outstanding options, warrants and rights (\$) (b) | Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c) (thousands) |
|--|--|--|--|
| Equity compensation plans approved by security holders | 19,679 | 36.65 | 24,000 |
| Equity compensation plans not approved by security holders | 0 | 0 | 0 |
| Total | 19,679 | 36.65 | 24,000 |

The foregoing table does not reflect stock credits issued under our Executive Deferred Compensation Plan or the Director Deferred Compensation Plan. The Executive Deferred Compensation Plan has not been approved by our shareholders. Pursuant to the Executive Deferred Compensation Plan, eligible executives may elect to receive a portion of their cash compensation in the form of stock credits. Pursuant to the Director Deferred Compensation Plan, Non-Employee Directors may elect to receive a portion of their cash compensation in the form of stock credits. Under the plans described in the immediately preceding paragraph, entitlements due to participants are expressed as dollar amounts and then converted to stock credits in amounts equal to the number of shares of Macy's common stock that could be purchased by the applicable plan at current market prices with the cash that otherwise would have been payable to the participant. Each stock credit, other than a stock credit payable in cash, entitles the holder to receive one share of Macy's common stock upon the termination of the holder's employment or service with Macy's. Payments include dividend equivalents on the stock credits equal to any dividends paid to shareholders on shares of Macy's common stock.

ITEM 1. ELECTION OF DIRECTORS

In accordance with the recommendation of the NCG Committee, the Board has nominated Stephen F. Bollenbach, John A. Bryant, Deirdre P. Connelly, Meyer Feldberg, Leslie D. Hale, Sara Levinson, Terry J. Lundgren, Joseph Neubauer, Joyce M. Roché, Paul C. Varga, Craig E. Weatherup, Marna C. Whittington and Annie Young-Scriver, each of whom is currently a member of the Board, for election as directors. If elected, each of these nominees will serve for a one-year term that will expire at our annual meeting of shareholders in 2016 or until his or her successor is duly elected and qualified.

Information regarding the nominees is set forth below. Ages are as of March 20, 2015. All directors bring to the Board a wealth of executive leadership experience derived from their service in executive or professional positions with large, complex organizations. The criteria considered and process undertaken by the NCG Committee in recommending qualified director candidates is described below under "Further Information Concerning the Board of Directors - Director Nomination and Qualifications."

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

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

Nominees for Election as Directors:

STEPHEN F. BOLLENBACH
Non-Executive Chairman of the
Board of KB Home

Age: 72

Director since: June 2007

Committees: Audit; Finance

Current and Past Positions:

Non-Executive Chairman of the Board of Directors of KB Home, a homebuilding company, since April 2007.

Co-Chairman and Chief Executive Officer of Hilton Hotels Corporation from May 2004 until his retirement in October 2007.

Chief Executive Officer and President of Hilton Hotels Corporation from February 1996 to May 2004.

Prior to his affiliation with Hilton Hotels, he held Chief Financial Officer positions at The Walt Disney Corporation, Marriott Corporation and The Trump Organization.

Other Current Directorships:

KB Home

Moelis & Company

Mondelez International, Inc.

Time Warner, Inc.

Key Qualifications, Experience and Attributes:

Mr. Bollenbach has many years of leadership experience and expertise as a former Chief Executive Officer or senior executive of several major consumer-oriented companies in the family entertainment, media and hospitality industries. He also has extensive knowledge and experience in finance and investments as a former Chief Financial Officer of several companies. In addition, Mr. Bollenbach has several years of valuable experience as a public company board member and expertise in finance, risk, accounting, strategy and governance through his service on board committees.

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

Age: 49

Director Since: March 2015

Committees: Audit

Current and Past Positions:

Chairman of the Board of Kellogg Company since July 2014 and President and Chief Executive Officer since January 2011.

Executive Vice President and Chief Operating Officer of Kellogg Company from January 2010 to January 2011.

Executive Vice President, Chief Operating Officer and Chief Financial Officer of Kellogg Company from August 2008 through December 2009.

Executive Vice President and Chief Financial Officer of Kellogg Company and President, Kellogg North America from July 2007 to August 2008.

Executive Vice President and Chief Financial Officer of Kellogg Company and President, Kellogg International from December 2006 to July 2007.

Mr. Bryant joined Kellogg Company in 1998 and was promoted during the next eight years to a number of key financial and executive leadership roles.

Other Current Directorships:

Kellogg Company

Key Qualifications, Experience and Attributes:

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

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

Age: 54

Director since: January 2008

Committees: CMD; NCG

Current and Past Positions:

President, North American Pharmaceuticals of GlaxoSmithKline, a global pharmaceutical company, from February 2009 until her retirement in February 2015.

President - U.S. Operations of Eli Lilly and Company from June 2005 to January 2009.

Senior Vice President - Human Resources of Eli Lilly and Company from October 2004 to June 2005.

Vice President - Human Resources of Eli Lilly and Company from May 2004 to October 2004.

Executive Director, Human Resources - U.S. Operations of Eli Lilly and Company from 2003 to May 2004.

Leader, Women's Health Business - U.S. Operations of Eli Lilly and Company from 2001 to 2003.

Key Qualifications, Experience and Attributes:

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

MEYER FELDBERG

Dean Emeritus and Professor of Leadership and Ethics at Columbia Business School

Age: 73

Director since: May 1992

Committees: CMD (chair); NCG

Current and Past Positions:

Dean Emeritus and Professor of Leadership and Ethics at Columbia Business School at Columbia University, since June 2004. He is currently on leave of absence from Columbia University and is serving as a Senior Advisor at Morgan Stanley.

Dean of the Columbia Business School at Columbia University from 1989 to June 2004.

New York Mayor Michael Bloomberg appointed Professor Feldberg in 2007 as the President of NYC Global Partners, an office in the Mayor's office that manages the relationships between New York City and other global cities around the world.

Teaching and leadership positions in the business schools of the University of Cape Town, Northwestern and Tulane.

President of the Illinois Institute of Technology from 1986 to 1989.

Other Current Directorships:

Revlon, Inc.

UBS Global Asset Management

Other Previous Directorships During Last Five Years:

Primedia, Inc. (until 2011)

Sappi Limited (served as Lead Director) (until 2012)

Key Qualifications, Experience and Attributes:

Professor Feldberg has significant leadership and expertise in business and public policy, including as Dean of the Columbia Business School and President of NYC Global Partners. He has extensive knowledge and experience in accounting, finance and investments, having served as a counselor to leaders in business and finance around the world. Professor Feldberg has several years of valuable experience as a public company board member and has expertise in corporate governance, risk management, finance and executive compensation through his service on board committees.

LESLIE D. HALE

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

Age: 42

Director since: January 2015

Committees: Finance

Current and Past Positions:

Chief Financial Officer, Treasurer and Executive Vice President of RLJ Lodging Trust, a publicly-traded lodging real estate investment trust, since February 2013.

Chief Financial Officer, Treasurer and Senior Vice President of RLJ Lodging Trust from May 2011 through January 2013.

Chief Financial Officer and Senior Vice President of Real Estate and Finance of RLJ Development from September 2007 until the formation of RLJ Lodging Trust in 2011.

Vice President of Real Estate and Finance for RLJ Development from 2006 to September 2007.

Director of Real Estate and Finance of RLJ Development from 2005 to 2006.

From 2002 to 2005, Mrs. Hale held several positions within the global financial services divisions of General Electric Corp., including as a vice president in the business development group of GE Commercial Finance, and as an associate director in the GE Real Estate strategic capital group. Prior to that, she was an investment banker at Goldman, Sachs & Co.

Key Qualifications, Experience and Attributes:

Mrs. Hale has many years of leadership experience and expertise as a senior executive of large public companies. She has extensive knowledge and

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

SARA LEVINSON

Co-Founder and a director of Kandu

Age: 64

Director since: May 1997

Committees: CMD; NCG

Current and Past Positions:

Co-Founder and a director of Kandu, a start-up company at the intersection of kids and technology, since April 2013.

Non-Executive Chairman of ClubMom, Inc., an online social networking community for mothers, from October 2002 until February 2008.

Chairman and Chief Executive Officer of ClubMom from May 2000 through September 2002.

President of the Women's Group of publisher Rodale, Inc. from October 2002 until June 2005.

President of NFL Properties, Inc. from September 1994 through April 2000, where she oversaw a \$2 billion consumer products and e-commerce division, corporate sponsorship, marketing, special events, club services and publishing.

Other Current Directorships:

Harley Davidson, Inc.

Key Qualifications, Experience and Attributes:

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

Current and Past Positions:

Chairman of Macy's, Inc. since January 15, 2004 and Chief Executive Officer of Macy's, Inc. since February 26, 2003.

President of Macy's, Inc. from February 26, 2003 through March 31, 2014.

President/Chief Operating Officer and Chief Merchandising Officer of Macy's, Inc. from April 15, 2002 until February 26, 2003.

President and Chief Merchandising Officer of Macy's, Inc. from May 16, 1997 until April 15, 2002.

Other Current Directorships:

Kraft Foods Group, Inc.

The Procter & Gamble Company

Federal Reserve Bank of New York

Key Qualifications, Experience and Attributes:

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

TERRY J. LUNDGREN

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

Age: 62

Director since: May 1997

JOSEPH NEUBAUER

Former Chairman of the Board of ARAMARK

Age: 73

Director since: September 1992
Committees: Audit (chair); CMD; Finance

Current and Past Positions:

Chairman of the Board of ARAMARK, a leading provider of a broad range of professional services, including food, hospitality, facility and uniform services, from April 1984 through February 3, 2015.

Chief Executive Officer of ARAMARK from February 1983 to December 2003 and from September 2004 to May 2012.

Executive Chairman of ARAMARK from January 2004 to September 2004.

President of ARAMARK from 1981 to January 1983.

Executive Vice President of Finance and Development and Chief Financial Officer of ARAMARK from 1979 to 1981.

Other Current Directorships:

Mondelez International, Inc.

Other Previous Directorships During Last Five Years:

ARAMARK (through February 3, 2015)

Verizon Communications, Inc. (through May 1, 2014)

Key Qualifications, Experience and Attributes:

Mr. Neubauer has many years of leadership experience and expertise as the former Chief Executive Officer of ARAMARK, a large complex organization with international operations and a diverse workforce. Through his years with ARAMARK he obtained extensive knowledge and experience in corporate finance, risk, strategy, development and consumer services. In addition, Mr. Neubauer has several years of valuable experience as a public company board member and expertise in finance, risk, accounting, executive compensation and governance through his service on board committees.

Current and Past Positions:

President and Chief Executive Officer of Girls Incorporated, a national non-profit research, education and advocacy organization, from September 2000 through May 2010.

Independent marketing consultant from 1998 to August 2000.

President and Chief Operating Officer of Carson, Inc. from 1996 to 1998.

Ms. Roché also held senior marketing positions with Carson, Inc., Revlon, Inc. and Avon, Inc.

Other Current Directorships:

AT&T, Inc.

Dr. Pepper Snapple Group

Tupperware Corporation

Key Qualifications, Experience and Attributes:

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

JOYCE M. ROCHÉ

Former President and Chief Executive Officer of Girls Incorporated

Age: 68

Director since: February 2006

Committees: Audit; NCG (chair)

PAUL C. VARGA
Chairman and Chief Executive
Officer of Brown-Forman
Corporation

Age: 51

Director since: March 2012

Committees: CMD; NCG

Current and Past Positions:

Chairman of Brown-Forman Corporation, a spirits and wine company, since August 2007 and Chief Executive Officer since 2005.

President and Chief Executive Officer of Brown-Forman Beverages (a division of Brown-Forman Corporation) from 2003 to 2005.

Global Chief Marketing Officer for Brown-Forman Spirits from 2000 to 2003.

Other Current Directorships:

Brown-Forman Corporation

Key Qualifications, Experience and Attributes:

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

CRAIG E. WEATHERUP
Former Chief Executive Officer of
The Pepsi-Cola Company

Age: 69

Director since: August 1996

Committees: CMD; NCG

Current and Past Positions:

Worked with PepsiCo, Inc. for 24 years and served as Chief Executive Officer of its worldwide Pepsi-Cola business and President of PepsiCo.

Led the initial public offering of The Pepsi Bottling Group, Inc., where he served as Chairman and Chief Executive Officer from March 1999 to January 2003.

Other Current Directorships:

Starbucks Corporation

Key Qualifications, Experience and Attributes:

Mr. Weatherup has many years of leadership experience and expertise as a former Chief Executive Officer of a global consumer products company with a large and diverse workforce. He has extensive knowledge and experience in brand marketing, distribution, sales and merchandising. In addition, Mr. Weatherup has several years of valuable experience as a public company board member and expertise in finance, risk, executive compensation and governance through his service on board committees.

MARNA C. WHITTINGTON

Former Chief Executive Officer of Allianz Global Investors Capital

Age: 67

Director since: September 1992

Committees: Audit; Finance (chair)

Current and Past Positions:

Chief Executive Officer of Allianz Global Investors Capital, a successor firm of Nicholas Applegate Capital Management, from 2002 until her retirement in January 2012. Allianz Global Investors Capital is a diversified global investment firm.

Chief Operating Officer of Allianz Global Investors, the parent company of Allianz Global Investors Capital, from 2001 to 2011.

Prior to joining Nicholas Applegate in 2001, Dr. Whittington was Managing Director and Chief Operating Officer of Morgan Stanley Investment Management.

Dr. Whittington started in the investment management industry in 1992, joining Philadelphia-based Miller Anderson & Sherrerd.

Executive Vice President and CFO of the University of Pennsylvania, from 1984 to 1992. Earlier, she had been first, Budget Director, and later, Secretary of Finance, for the State of Delaware.

Other Current Directorships:

Oaktree Capital Group, LLC

Phillips 66

Other Previous Directorships During Last Five Years:

Rohm & Haas Company (until 2009)

Key Qualifications, Experience and Attributes:

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

ANNIE YOUNG-SCRIVNER

Executive Vice President of Starbucks Corporation; President of Teavana

Age: 46

Director since: June 2014

Committees: NCG

Current and Past Positions:

Executive Vice President of Starbucks Corporation since September 2012 and President of its Teavana business since February 2014.

President of Starbucks Canada from 2012 to 2014.

President of the Starbucks Tazo Tea business from 2011 to 2013.

Global Chief Marketing Officer for Starbucks Corporation from 2009 to 2012.

Chief Marketing Officer and Vice President of Sales for the Quaker Foods and Snacks division of PepsiCo, Inc. from 2008-2009.

Ms. Young-Scrivner joined PepsiCo, Inc. in 1991 as a Route Sales Representative at its Frito-Lay division and held several sales, account management and marketing positions, including serving as Vice President of Sales for Greater China from 2005 to 2006 and Region President of PepsiCo Foods Greater China from 2006 to 2008 for the PepsiCo International operations of PepsiCo, Inc.

Key Qualifications, Experience and Attributes:

Ms. Young-Scrivner has many years of leadership experience and expertise as a senior executive of large consumer product companies with global operations. She has extensive knowledge and experience in international operations, sales, brand marketing, merchandising, human resource management and strategy. In addition, she has expertise in social networking, digital media, e-commerce and

technology innovation.

FURTHER INFORMATION CONCERNING THE BOARD OF DIRECTORS

Attendance at Meetings

The Board held eight meetings during the fiscal year ended January 31, 2015, referred to as fiscal 2014. During fiscal 2014, all directors attended more than 75%, in the aggregate, of the total number of meetings of the Board and Board Committees on which such director served.

Director Attendance at Annual Meetings

As a matter of policy, we expect our directors to make reasonable efforts to attend the annual meetings of shareholders. All of the individuals then serving as a Company director attended our most recent annual meeting of shareholders held in May 2014.

Communications with the Board

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

Director Independence

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

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

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

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

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

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

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

The Board has determined that each of the following Non-Employee Directors qualifies as independent under New York Stock Exchange ("NYSE") rules and satisfies our Standards for Director Independence: Stephen Bollenbach, John Bryant, Deirdre Connelly, Meyer Feldberg, Leslie Hale, Sara Levinson, Joseph Neubauer, Joyce Roché, Paul Varga, Craig Weatherup, Marna Whittington and Annie Young-Scrivner.

To assist the Board in making that determination, the NCG Committee reviewed, among other things, each director's employment status and other board commitments and, where applicable, each director's (and his or her immediate family members') affiliation with consultants, service providers or suppliers of the Company, including Ms. Young-Scrivner's affiliation with Starbucks Corporation. Starbucks operates as a licensed department in some of our stores and we receive commission payments in connection with that relationship. We are a licensee of Starbucks in some of our stores and we pay Starbucks royalties in connection with that relationship. The amount of payments represent less than 1% of each of Starbucks' and our annual revenues. This level is significantly below the requirements of the NYSE listing standards for director independence and our Standards for Director Independence, which use a 2% of total revenues threshold. All transactions with Starbucks occur on an arm's length basis in the ordinary course of each company's business. Ms. Young-Scrivner is not involved in the negotiations related to these transactions and does not have any direct or indirect material interest in the transactions. With respect to each other Non-Employee Director, the NCG Committee determined that either the director was not providing goods or services to the Company or that the amounts involved fell below the monetary thresholds set forth in the Standards for Director Independence.

Board Leadership Structure

Our Corporate Governance Principles provide that the Board is free to elect its Chairman and the Chief Executive Officer (CEO) in the manner the Board considers in the best interests of the Company at any given point in time and that these positions may be filled by one individual or by two different individuals. Our Chairman and CEO functions have historically been performed by a single individual. The Board believes that this leadership model has worked well in the past and, when combined with the current composition of the CEO and the Board and the other elements of our corporate governance structure, strikes an appropriate balance between strong and consistent leadership and independent and effective oversight of our business and affairs.

Mr. Lundgren is an experienced and well-respected retail executive who also has many years of board experience. As CEO he bears the primary responsibility of developing corporate strategy and managing our day-to-day business operations. As a board member, he understands the responsibilities and duties of a director and is well positioned to chair regular Board meetings, provide direction to management regarding the needs, interests and opinions of the Board and help ensure that key business issues and shareholder matters are brought to the attention of the Board. Having Mr. Lundgren serve as both CEO and Chairman promotes unified leadership and direction for both the Board and management.

We have strong corporate governance structures and processes that are intended to ensure that our independent directors will continue to effectively oversee management and key issues such as strategy, risk and integrity. Each of the committees of the Board is comprised solely of independent directors. Consequently, independent directors oversee such critical matters as the integrity of our financial statements, the compensation of management executives, including the CEO, financial commitments for capital projects, the selection and annual evaluation of directors, and the development and implementation of corporate governance programs. Each Board committee routinely has independent sessions among its members without management to discuss issues and matters of concern to the committee.

The Board and each Board committee has complete and open access to any member of management and the authority to retain independent legal, financial and other advisors as they deem appropriate. The Non-Employee Directors, all of

whom are independent, meet in executive session without management either before or after all regularly scheduled Board meetings to discuss various issues and matters of concern to the Board, including the effectiveness of management, our performance and our strategic plans. We do not have a lead director. Our presiding director presides at the executive

sessions of the Board. At every Board meeting, the presiding director or any other director may request that the Board go into executive session with only independent directors present.

The presiding director has the following responsibilities:

• presides over executive sessions of the Non-Employee Directors;

• works with management to set the agenda for each executive session, considering any matters proposed by other Non-Employee Directors to be discussed at an executive session; and

• meets separately with the Chairman and CEO within a reasonable period of time after an executive session to review the matters discussed during the executive session that require the Chairman and CEO's action or attention.

Presiding Director Selection Process. Since fiscal 2013, the presiding director has been selected from among the Non-Employee Directors. The chair of the NCG Committee and management discuss candidates for the presiding director position, taking into account the same types of criteria that is considered when discussing candidates for the chair of Board committees (including, among other things, tenure, previous service as a Board committee chair, diverse experience, participation in and contributions to activities of the Board and time commitment). The chair of the NCG Committee then recommends a nominee for consideration by the NCG Committee and the Board.

In fiscal 2013, the chair of the NCG Committee recommended, and the NCG Committee and Board approved, the appointment of Marna Whittington, chair of the Finance Committee, as presiding director for a term extending to May 2015. Thereafter, the chair of the NCG Committee shall recommend for consideration by the NCG Committee a nominee for presiding director every two years at the regularly scheduled meeting of the NCG Committee in May (or as otherwise required to address any vacancy in such position), commencing with the meeting in May 2015. If the NCG Committee approves the nominee, it will recommend that the Board elect the nominee as presiding director at its next regularly scheduled meeting.

Risk Oversight

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

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

At the direction of the CMD Committee, Cook & Co. completed a comprehensive review of our compensation programs in fiscal 2010, as well as updated assessments every year thereafter, to determine whether potential risk existed and whether there were design factors that mitigated potential risk areas. Following each such review, including the review carried out in fiscal 2014, Cook & Co. concluded that our compensation programs are well-designed and do not encourage behaviors that could create material risk for the Company. Cook & Co. also noted that there are a number of features in the programs that mitigate risk and protect against perverse behavior and the potential for unintended consequences.

In reaching this conclusion, Cook & Co. noted the following features of our compensation programs:

• Pay philosophy, peer group and market positioning are appropriate in light of our business model and size relative to our peer group of companies.

• The programs have an appropriate degree of balance with respect to the mix of cash and equity compensation and measure performance against both annual and multi-year standards.

• Performance goals are set at levels that are sufficiently high to encourage strong performances and support the resulting compensation expense, but within reasonably attainable parameters to discourage pursuit of excessively risky business strategies.

The performance metrics focus participants on growth, profitability and asset efficiency, as well as absolute and relative stock price appreciation, thereby holding management accountable to achievement of key operational and strategic priorities that support our short- and long-term strategic objectives.

The CMD Committee has the ability to reduce amounts earned under the annual incentive program to reflect a subjective evaluation of the quality of earnings, individual performance and other factors that should influence earned compensation.

Meaningful risk mitigators are in place, including substantial stock ownership guidelines, the three-year relative TSR performance goal in the performance share program, compensation clawback provisions, anti-hedging/pledging policies, independent CMD Committee oversight, and engagement of an independent consultant that does no other work for the Company or management.

Committees of the Board

The following standing committees of the Board were in existence throughout fiscal 2014: the Audit Committee, the CMD Committee, the Finance Committee and the NCG Committee.

AUDIT COMMITTEE

Number of Meetings in Fiscal 2014: 5

The Audit Committee was established in accordance with the applicable requirements of the Securities Exchange Act of 1934 and the NYSE. Its charter is disclosed on our website at

www.macysinc.com/for-investors/corporate-governance. As required by the Audit Committee charter, all current members of the Audit Committee are independent under our Standards for Director Independence and NYSE independence standards, as well as applicable SEC rules. The Board has determined that all members are financially literate for purposes of NYSE listing standards, and that Mr. Neubauer qualifies as an "audit committee financial expert" because of his business experience, understanding of generally accepted accounting principles and financial statements, and educational background.

The responsibilities of the Audit Committee include:

- reviewing the professional services provided by our independent registered public accounting firm and the independence of such firm prior to initial engagement of the firm and annually thereafter;
- reviewing the scope of the audit by our independent registered public accounting firm;
- reviewing any proposed non-audit services by our independent registered public accounting firm to determine if the provision of such services is compatible with the maintenance of their independence, and approval of same;
- reviewing our annual financial statements, systems of internal accounting controls, material legal developments relating thereto, and legal compliance policies and procedures;
- discussing policies with respect to our risk assessment and risk management;
- reviewing matters with respect to our legal, accounting, auditing and financial reporting practices and procedures as it may find appropriate or as brought to its attention, including our compliance with applicable laws and regulations;
- monitoring the functions of our Compliance and Ethics organization, including review and discussing with management and the Board the organization's reports describing its on-going projects, the status of its communications and training programs, the status of pending compliance issues and other matters;
- reviewing with members of our internal audit staff the internal audit department's staffing, responsibilities and performance, including its audit plans, audit results and actions taken with respect to those results; and
- establishing procedures for the Audit Committee to receive, review and respond to complaints regarding accounting, internal accounting controls, and auditing matters, as well as confidential, anonymous submissions by employees of concerns related to questionable accounting or auditing matters.

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

COMPENSATION AND MANAGEMENT DEVELOPMENT
COMMITTEE

Number of Meetings in Fiscal 2014: 6

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

The responsibilities of the CMD Committee include:

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

FINANCE COMMITTEE

Number of Meetings in Fiscal 2014: 5

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

The responsibilities of the Finance Committee include:

- reviewing capital projects and other financial commitments and approving such projects and commitments above \$25 million and below \$50 million, reviewing and making recommendations to the Board with respect to approval of all such projects and commitments of \$50 million and above, and reviewing and tracking the actual progress of approved capital projects against planned projections;
- reporting to the Board on potential transactions affecting our capital structure, such as financings, refinancings and the issuance, redemption or repurchase of our debt or equity securities;
- reporting to the Board on potential changes in our financial policy or structure which could have a material financial impact on the Company;
- reviewing the financial considerations relating to acquisitions of businesses and operations involving projected costs above \$25 million and below \$50 million and approving all such transactions, and recommending to the Board on all such transactions involving projected costs of \$50 million and above;

reviewing the financial considerations relating to dispositions of businesses and operations involving projected proceeds above \$50 million, and endorsing and recommending to the Board all such transactions; and reviewing the management and performance of the assets of our retirement plans.

NOMINATING AND CORPORATE GOVERNANCE COMMITTEE Number of Meetings in Fiscal 2014: 5

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

The responsibilities of the NCG Committee include:

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

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

Director Nomination and Qualifications

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

- personal qualities and characteristics, accomplishments and reputation in the business community;
- knowledge of the retail industry or other industries relevant to our business;
- relevant experience and background that would benefit the Company;
- ability and willingness to commit adequate time to Board and committee matters;
- the fit of the individual's skills and personality with those of other directors and potential directors in building a Board that is effective, collegial and responsive to our needs; and
- diversity of viewpoints, background, experience and demographics.

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

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

Heidrick & Struggles identified Annie Young-Scrivner, Leslie Hale and John Bryant as potential candidates. Following an extensive interview process, the NCG Committee recommended to the Board that each be appointed as Non-Employee Directors. The Board approved the appointment of Ms. Young-Scrivner in June 2014, the appointment of Mrs. Hale in January 2015 and the appointment of Mr. Bryant in March 2015.

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

Below we identify and describe the key experience, qualifications and skills the NCG Committee and Board consider in concluding a director is qualified to serve as a director of the Company. The experience, qualifications, attributes and skills that the Board considered in the re-nomination of our directors are reflected in their individual biographies beginning on page 14 and the skills matrix on the next page. The matrix is a summary; it does not include all of the skills, experiences and qualifications that each director nominee offers, and the fact that a particular experience, skill or qualification is not listed does not mean that a director does not possess it.

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

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

Finance Experience: An understanding of finance and related reporting processes is important for directors. We measure our operating and strategic performance by reference to financial goals, including for purposes of executive compensation. In addition, accurate financial reporting is critical to our success. Directors who are financially literate are better able to analyze our financial statements, capital structure and complex financial transactions and ensure the effective oversight of the Company's financial measures and internal control processes.

Industry Knowledge and Global Business Experience: We seek to have directors with experience as executives, directors or in other leadership positions in areas relevant to the retail industry on a global scale. We value directors with a global business perspective and those with experience in our high priority areas, including consumer products, customer service, licensing, human resource management and merchandising (including e-commerce and other channels of commerce).

Sales and Marketing Experience: Directors with experience in dealing with consumers, particularly in the areas of marketing, marketing-related technology, advertising or otherwise selling products or services to consumers, provide valuable insights to the Company. They understand consumer needs and are experienced in identifying and developing marketing campaigns that might resonate with consumers, the use of technology and emerging and non-traditional marketing media (such as social networking, viral marketing and e-commerce), and identifying potential changes in consumer trends and buying habits.

Technology Experience: Directors with an understanding of technology as it relates to the retail industry and/or marketing help the Company focus its efforts in developing and investing in new technologies.

Public Company Board Experience: Directors who have experience on other public company boards develop an understanding of corporate governance trends affecting public companies and the extensive and complex oversight responsibilities associated with the role of a public company director. They also bring to the Company an understanding of different business processes, challenges and strategies.

Skills Matrix

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

| | | | | | |
|--|---|---|---|---|---|
| • Experience on boards other than Macy's | x | x | x | x | x |
|--|---|---|---|---|---|

29

Edgar Filing: Macy's, Inc. - Form DEF 14A

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

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

Director Nominations by Shareholders

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

Our By-Laws provide that director nominations may be made by the Company's shareholders. The By-Laws require that shareholders intending to nominate candidates for election as directors deliver written notice thereof to the Secretary of Macy's not less than 60 days prior to the meeting of shareholders. However, in the event that the date of the meeting is not publicly announced by us by inclusion in a report filed with the SEC or furnished to shareholders, or by mail, press release or otherwise more than 75 days prior to the meeting, for notice by the shareholder to be timely, it must be delivered to the Secretary of Macy's not later than the close of business on the tenth day following the day on which such announcement of the date of the meeting was so communicated. The By-Laws further require, among other things:

- that the notice by the shareholder set forth certain information concerning such shareholder and the shareholder's nominees, including their names and addresses;
- a representation that the shareholder is entitled to vote at such meeting and intends to appear in person or by proxy at the meeting to nominate the person or persons specified in the notice;
- the class and number of shares of Macy's stock owned or beneficially owned by such shareholder;
- a description of all arrangements or understandings between the shareholder and each nominee;
- such other information as would be required to be included in a proxy statement soliciting proxies for the election of the nominees of such shareholder; and
- the consent of each nominee to serve as a director of Macy's if so elected.

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

Retirement Policy

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

Resignation Policy

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

Corporate Governance Principles and Code of Business Conduct and Ethics

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

Fiscal 2014 Director Compensation Program

Non-Employee Directors were entitled to receive the following compensation in fiscal 2014:

| Type of Compensation | Amount of Compensation |
|---------------------------------------|--|
| Board Retainer | \$70,000 annually |
| Committee (non-chair) Member Retainer | \$10,000 annually |
| Committee Chair Retainer | \$20,000 annually |
| Equity Grant | annual award of restricted stock units with a value of \$140,000 |
| Matching Philanthropic Gift | up to \$15,000 annually |

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

On the date of the 2014 annual meeting, Non-Employee Directors received a grant of restricted stock units with a market value of \$140,000. The restricted stock units vest at the earlier of (i) the 1st anniversary of the grant or (ii) the next annual meeting of shareholders. Upon vesting, receipt of the restricted stock units is automatically deferred under the Director Deferred Compensation Plan. Dividend equivalents on these restricted stock units will be "reinvested" in additional stock units. The restricted stock units will be paid out in shares of Macy's common stock six months after the director's service on the Board ends.

Non-Employee Directors and retired Non-Employee Directors may participate in the Company's philanthropic matching gift program on the same terms as all company employees. Macy's matches up to a total of \$15,000 of gifts made by the director to qualifying charities in any calendar year.

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

Director Retirement Plan

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

Four of the current Non-Employee Directors participate in the plan. If they had retired on December 31, 2014, each would have been entitled to a \$70,000 annual payment for the following maximum number of years:

| Name | Years |
|-------------|-------|
| Feldberg | 5 |
| Neubauer | 5 |
| Weatherup | 1 |
| Whittington | 4 |

Fiscal 2015 Director Compensation Program Review

During fiscal 2014, the NCG Committee engaged Cook & Co. to review the design and competitiveness of our compensation program for Non-Employee Directors. Cook & Co. looked at current overall trends in director compensation and analyzed the competitiveness of the current compensation program for Non-Employee Directors using the following 12-company peer group, which is identical to the peer group that the CMD Committee used in fiscal 2014 in connection with its review of the compensation of the Named Executives: Bed, Bath & Beyond, Dillard's, Gap, J.C. Penney, Kohl's, L Brands, Nordstrom, Ross Stores, Sears Holdings, Target, TJX Companies and Walmart.

Cook & Co. determined that the structure of the Non-Employee Director compensation program continues to be aligned with contemporary investor preferences and peer group policy and, therefore, did not recommend changes to the design of the program. It also determined that the value of our Non-Employee Director total compensation (both cash and equity compensation) continues to approximate the peer group median on a per director basis and in the aggregate. Based on that analysis, the NCG Committee did not recommend any changes to the Non-Employee Director compensation program for fiscal 2015.

Fiscal 2014 Non-Employee Director Summary Compensation Table

The following table reflects the compensation earned by each Non-Employee Director for fiscal 2014 under the fiscal 2014 director compensation program described above. Mr. Bryant is not included in the table since he was elected to the Board in fiscal 2015 and, therefore, did not receive any compensation during fiscal 2014. Mr. Lundgren does not receive separate compensation for his service as a Director; his compensation is reflected in the 2014 Summary Compensation Table in the section titled "Compensation of the Named Executives for 2014."

2014 NON-EMPLOYEE DIRECTOR SUMMARY COMPENSATION TABLE

| Name | Fees Earned or Paid in Cash(1) (\$) | Stock Awards(2) (\$) | Changes in Pension Value and Nonqualified Deferred Compensation Earnings(3) (\$) | All Other Compensation(4) (\$) | Total (\$) |
|-----------------------|-------------------------------------|----------------------|--|--------------------------------|------------|
| Stephen F. Bollenbach | 90,000 | 140,007 | 0 | 667 | 230,674 |
| Deirdre P. Connelly | 90,000 | 140,007 | 0 | 6,390 | 236,397 |
| Meyer Feldberg | 100,000 | 140,007 | 47,285 | 19,817 | 307,109 |
| Leslie D. Hale | 5,833 | 0 | 0 | 0 | 5,833 |
| Sara Levinson | 90,000 | 140,007 | 0 | 6,043 | 236,050 |
| Joseph Neubauer | 110,000 | 140,007 | 46,756 | 28,345 | 325,108 |
| Joyce M. Roché | 100,000 | 140,007 | 0 | 17,129 | 257,136 |
| Paul C. Varga | 90,000 | 140,007 | 0 | 4,948 | 234,955 |
| Craig E. Weatherup | 90,000 | 140,007 | 9,037 | 17,070 | 256,114 |
| Marna C. Whittington | 100,000 | 140,007 | 39,220 | 19,069 | 298,296 |
| Annie Young-Scriver | 51,667 | 69,981 | 0 | 1,106 | 122,754 |

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

The Non-Employee Directors other than Ms. Young-Scriver and Mrs. Hale received 2,411 restricted stock units on May 16, 2014, valued at \$58.07 per share, which was the closing price of our common stock on the grant date. With respect to non-employee directors elected after the annual meeting date, our practice has been to grant restricted stock units valued at 50% of the annual grant if the director is elected within six months after the annual meeting. Pursuant to that practice, Ms. Young-Scriver received 1,193 restricted stock units on July 1, 2014, valued at \$58.66 per share, which was the closing price of our common stock on the grant date. The following table shows the number of stock options, deferred stock unit credits and restricted stock units held by each of the Non-Employee Directors as of the end of fiscal 2014:

| Name | Stock Options | | Deferred Stock Unit Credits (#) | Restricted Stock Units (#) |
|----------------|-----------------|-------------------|---------------------------------|----------------------------|
| | Exercisable (#) | Unexercisable (#) | | |
| Bollenbach | 25,000 | 0 | 46,102 | 2,411 |
| Connelly | 20,000 | 0 | 16,072 | 2,411 |
| Feldberg | 40,000 | 0 | 16,072 | 2,411 |
| Hale | 0 | 0 | 0 | 0 |
| Levinson | 0 | 0 | 43,437 | 2,411 |
| Neubauer | 10,000 | 0 | 116,167 | 2,411 |
| Roché | 40,000 | 0 | 43,309 | 2,411 |
| Varga | 0 | 0 | 6,771 | 2,411 |
| Weatherup | 30,000 | 0 | 79,812 | 2,411 |
| Whittington | 30,000 | 0 | 46,477 | 2,411 |
| Young-Scrivner | 0 | 0 | 51 | 1,193 |

- The present value of benefits under the retirement plan for Non-Employee Directors for each individual was determined as a deferred temporary life annuity based on years of Board service prior to May 16, 1997. The present value basis includes a discount rate of 3.55% and generational mortality rates under the RP-2014 White Collar Table projected using scale MP-2014. Scale MP-2014 defines how future mortality improvements are incorporated into the projected mortality table and is based on a blend of Social Security experience and the long-term assumption for mortality improvement rates by the Society of Actuaries' Retirement Plans Experience Committee. The increase in the actuarial present value of the pension benefit is mainly attributable to the fact that the annual retainer increased from \$65,000 to \$70,000 for fiscal 2014 and the changes in the discount rate and mortality assumption. The calculations assume that the annual retainer remains at \$70,000 (the retainer at the end of fiscal 2014) and a retirement at age 74, the mandatory retirement age for Directors as of the end of fiscal 2014.
- "All Other Compensation" consists of the items shown below. Merchandise discounts are credited to the Directors' Macy's charge accounts.

| Name | Merchandise Discount (\$) | Matching Philanthropic Gift (\$) | Total (\$) |
|----------------|---------------------------|----------------------------------|------------|
| Bollenbach | 667 | 0 | 667 |
| Connelly | 1,390 | 5,000 | 6,390 |
| Feldberg | 4,817 | 15,000 | 19,817 |
| Hale | 0 | 0 | 0 |
| Levinson | 2,383 | 3,660 | 6,043 |
| Neubauer | 13,345 | 15,000 | 28,345 |
| Roché | 2,129 | 15,000 | 17,129 |
| Varga | 4,948 | 0 | 4,948 |
| Weatherup | 2,070 | 15,000 | 17,070 |
| Whittington | 4,069 | 15,000 | 19,069 |
| Young-Scrivner | 1,106 | 0 | 1,106 |

Director Stock Ownership Guidelines

In fiscal year 2005, the NCG Committee recommended, and the Board adopted, stock ownership guidelines for Non-Employee Directors. Under these guidelines, Non-Employee Directors are required to accumulate shares of Macy's common stock equal in value to at least five times the annual Board retainer and maintain or exceed that ownership level for their remaining tenure on the Board. As of fiscal 2014, the annual Board retainer is \$70,000, so

the guideline currently is \$350,000 worth of our common stock. Shares counted toward this requirement include:

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

Macy's common stock subject to unvested or unexercised stock options granted to Non-Employee Directors does not count toward the ownership requirement. Non-Employee Directors must comply with these guidelines within five years from the date the director's Board service commenced. Each Non-Employee Director who was initially appointed to the Board prior to fiscal 2014 has satisfied the ownership requirement. In addition to these stock ownership guidelines, the restricted stock units granted to the Non-Employee Director each year must be held by them until six months after termination of Board service. This mandatory holding requirement for restricted stock units is required regardless of the amount of stock owned by each Non-Employee Director.

ITEM 2. APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Audit Committee has appointed KPMG LLP, an independent registered public accounting firm, to audit the books, records and accounts of Macy's for the fiscal year ending January 30, 2016. KPMG LLP and its predecessors have served as our independent registered public accounting firm since 1988, and the Audit Committee considers them well qualified. Representatives of KPMG LLP are expected to be present at the annual meeting and will have the opportunity to make a statement if they desire to do so. It is also expected that they will be available at the annual meeting to respond to appropriate questions. The Audit Committee has asked the Board to submit to shareholders a proposal asking shareholders to ratify the appointment of KPMG LLP. If the appointment of KPMG LLP is not ratified by shareholders, the Audit Committee will take such action, if any, with respect to the appointment of the independent registered public accounting firm as the Audit Committee deems appropriate.

Fees Paid to Independent Registered Public Accounting Firm

The table below summarizes the fees paid to KPMG LLP during fiscal 2014 and fiscal 2013:

| Year | Audit Fees (\$) | Audit- Related Fees (\$) | Tax Fees (\$) | All Other Fees (\$) | Total (\$) |
|------|-----------------|--------------------------|---------------|---------------------|------------|
| 2014 | 4,700,000 | 1,229,300 | 7,735 | 334,496 | 6,271,531 |
| 2013 | 5,345,000 | 1,209,300 | 75,000 | 90,950 | 6,720,250 |

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

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

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

All Other Fees represent fees for professional services rendered in connection with an advisory engagement.

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

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

ITEM 3. ADVISORY VOTE TO APPROVE
NAMED EXECUTIVE OFFICER COMPENSATION

We are asking shareholders to approve, on an advisory basis, the compensation of our named executive officers (the "Named Executives"), as disclosed pursuant to Securities and Exchange Commission rules, including in the Compensation Discussion & Analysis, the executive compensation tables and related material included in this proxy statement. This proposal, commonly known as a say-on-pay proposal, gives shareholders the opportunity to express their views on our executive compensation program and policies. The vote is not intended to address any specific item of compensation, but rather to address our overall approach to the compensation of our named executive officers described in this proxy statement. In 2014, our say-on-pay proposal received a FOR vote of 97.4%.

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

RESOLVED, that the shareholders of Macy's, Inc. approve, on an advisory basis, the compensation of the Company's named executive officers as disclosed in the proxy statement for the Company's 2015 annual meeting of shareholders pursuant to Item 402 of Regulation S-K, including the Compensation Discussion & Analysis section and the 2014 Summary Compensation Table and related compensation tables and narrative discussion within the "Compensation of the Named Executives for 2014" section of this proxy statement.

We urge you to read the Compensation Discussion & Analysis, which begins on page 37 and discusses how our compensation policies and procedures implement our pay-for-performance compensation philosophy.

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

- aligns executive compensation with shareholder value on an annual and long-term basis through a combination of base pay, annual incentive and long-term incentives;

- includes a mix of direct compensation elements that emphasizes performance results, with 87% of the targeted compensation for the Chief Executive Officer and approximately 71% on average of the targeted compensation for the other Named Executives being tied to changes in shareholder value and how well the Company performs against its business plans and objectives;

- delivers annual incentive payouts to executives only when they achieve targeted levels of financial results with respect to three key performance metrics included in our annual business plan - sales, earnings before interest and taxes (EBIT) and cash flow;

- encourages long-term decision-making by aligning the interests of executives with those of shareholders through equity incentives that are subject to multi-year vesting and/or performance requirements that include financial, operational and strategic objectives as well as changes in absolute and relative shareholder value over time; and

- includes features that mitigate risks to the Company, including limits on incentive awards, use of multiple performance measures in our incentive plans, substantial stock ownership guidelines, compensation clawback provisions, anti-hedging/pledging policies, independent CMD Committee oversight and engagement of an independent consultant that does no other work for the Company or management.

The vote regarding the compensation of the Named Executives described in this Item 3 is advisory and is therefore not binding on the Company, the CMD Committee or the Board of Directors. Although the vote is non-binding, the Board of Directors and the CMD Committee value the opinions that shareholders express in their votes and will review the voting results and take them into consideration when making future compensation decisions as they deem appropriate. If no voting specification is made on a properly returned or voted proxy card, the proxies named on the proxy card will vote "FOR" the approval of the compensation of the Named Executives as disclosed in this proxy statement and described in this Item 3.

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

COMPENSATION DISCUSSION & ANALYSIS

This Compensation Discussion & Analysis, referred to as the CD&A, describes our overall executive compensation policies and practices and specifically analyzes the total compensation for the following executives, referred to as the Named Executives (titles shown are positions held at the end of fiscal 2014):

Terry J. Lundgren, Chairman and Chief Executive Officer. Mr. Lundgren has been with Macy's for more than 33 years, and has served as our Chief Executive Officer for the last 12 years, making him one of the longest-tenured CEOs in the department stores industry.

Karen M. Hoguet, Chief Financial Officer. Mrs. Hoguet has been with Macy's for more than 32 years, and has been our Chief Financial Officer for 17 years.

Jeffrey Gennette, President. Mr. Gennette has been with Macy's for more than 31 years. He has been in his current position since March 2014. From February 2009 through February 2014, Mr. Gennette was our Chief Merchandising Officer.

Timothy M. Adams, Chief Private Brand Officer. Mr. Adams has been with Macy's for more than 32 years. He served as Chief Private Brand Officer from February 2009 through the end of fiscal 2014.

Peter R. Sachse, Chief Stores Officer. Mr. Sachse has been with Macy's for more than 31 years. He served as Chief Stores Officer from February 2012 through the end of fiscal 2014. Prior to February 2012, he was our Chief Marketing Officer and Chairman of macys.com.

These individuals, along with five other executives, made up our executive committee during fiscal 2014. The executive committee is responsible for developing and implementing our strategic plans and initiatives and overseeing the day-to-day operations of the Company. Each year, the Compensation and Management Development Committee of the Board, referred to as the CMD Committee, which is made up entirely of independent directors, recommends to the non-employee members of the full Board the compensation for Mr. Lundgren and determines the compensation for the other Named Executives. Effective at the beginning of fiscal 2015, Mr. Sachse was elected by the Board of Directors as the Company's Chief Innovation and Business Development Officer. Effective at the end of fiscal 2014, Mr. Adams resigned as the Company's Chief Private Brand Officer. He will remain with the Company, focusing on international business development.

Executive Summary

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

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

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

The senior-most executives, including the Named Executives, are held most accountable to shareholders by varying the portion of variable, performance-based pay directly with each executive's level of responsibility:

87% of Mr. Lundgren's targeted total direct compensation for fiscal 2014 was delivered through variable incentives in which payout is tied to changes in stock price and pre-determined performance objectives.

On average, approximately 71% of the targeted total direct compensation for fiscal 2014 of the other Named Executives was delivered through variable incentives in which payout is tied to changes in stock price and pre-determined performance objectives.

We emphasize equity-based long-term incentives to ensure that these executives are focused on longer-term operating and stock price performance in addition to shorter-term goals. The targeted value for long-term

incentive awards for the Named Executives other than Mr. Lundgren is approximately twice the targeted value of their annual incentive awards and for Mr. Lundgren is approximately three times.

The value received from our variable, performance-based pay, if any, is directly related to our performance and reflects a combination of internal financial measures of success, such as operating income (which represents earnings before interest and taxes, or EBIT), sales, cash flow, return on invested capital (ROIC) and external measurements of success, such as stock price performance on an absolute and relative-to-peers basis.

To ensure that costs are affordable and reasonable in relation to our operating results, no payments are made under the annual incentive plan unless we have positive EBIT and achieve a net profit for the fiscal year, even if other performance objectives are met.

Equity-based long-term incentive awards are subject to multi-year vesting and/or performance requirements to link compensation to performance measured by achievement of financial, operational and strategic objectives as well as changes in absolute and relative shareholder value over time.

To further reinforce the long-term alignment of executive interests with shareholders, we maintain policies that require executives to accumulate and hold substantial amounts of Macy's common stock and we prohibit executives from hedging the risk of such ownership or pledging such shares as collateral. We also maintain a clawback policy that enables the recapture of previously paid incentive compensation in certain circumstances involving a financial restatement.

Overview of 2014 operating performance

Fiscal 2014 was another strong year for us, especially when considering the continued challenges in the macroeconomic environment. We continued to see results from the disciplined implementation of our M.O.M. strategies (My Macy's localization, Omnichannel integration and Magic Selling to enhance customer engagement) which we introduced nationwide in 2009. We are always learning from our experiences and molding our business model and M.O.M. strategy in order to continue to meet and exceed the changing expectations of our customers. During fiscal 2014 we restructured our central merchandising and marketing functions in order to support continued growth and an enhanced shopping experience online and via mobile, as well as in stores. Due to the strength of our leadership team and their ability to successfully implement our strategic initiatives, we realized our sixth consecutive year of double-digit growth in Adjusted earnings per share and our fifth consecutive year of comparable sales growth. Highlights of our fiscal 2014 performance include:

Sales

Total sales for fiscal 2014 were \$28.1 billion, up 0.6% from fiscal 2013.

Comparable sales on an owned basis in fiscal 2014 were up 0.7%, our fifth consecutive year of comparable sales growth.

Comparable sales on an owned plus licensed basis for fiscal 2014 were up 1.4% compared to fiscal 2013.

| | 2010 | 2011 | 2012 | 2013 | 2014 |
|---------------------------------|------|------|------|------|------|
| Comparable Sales Growth: | | | | | |
| On an owned basis | 4.6% | 5.3% | 3.7% | 1.9% | 0.7% |
| On an owned plus licensed basis | 4.4% | 5.7% | 4.0% | 2.8% | 1.4% |

Adjusted EBIT

Adjusted EBIT (operating income) for fiscal 2014 totaled \$2.9 billion, or 10.3% of sales, an increase of 4.4% and 40 basis points as a percent of sales over fiscal 2013 on a comparable basis. These amounts exclude impairments, store closing and other costs.

Adjusted EBITDA Margin / ROIC

Adjusted EBITDA (earnings before interest, taxes, depreciation and amortization, excluding impairments, store closing and other costs) margin reached our long-term target of 14% in fiscal 2014, compared to an Adjusted EBITDA margin of 13.6% in fiscal 2013.

Return on Invested Capital (ROIC) - a key measure of operating productivity - rose in fiscal 2014, the sixth consecutive year of improvement. ROIC reached 22.4% in fiscal 2014, compared to 21.5% in fiscal 2013.

Adjusted Earnings per Share

Fiscal 2014 Adjusted EPS (earnings per diluted share, excluding impairments, store closing and other costs) were \$4.40, up 10% from fiscal 2013 on a comparable basis. This represents our sixth consecutive year of double-digit growth in Adjusted EPS.

Shareholder Return

In addition, we delivered positive return to our shareholders during fiscal 2014. The following chart compares the cumulative total shareholder return (TSR) on our common stock with the Standard & Poor's 500 Composite Index and the Standard & Poor's Retail Department Stores Index for the period from January 30, 2010 through January 31, 2015, assuming an initial investment of \$100 and the reinvestment of dividends, if any.

Other Fiscal 2014 Highlights

Our 1-Year, 3-Year and 5-Year Cumulative TSR was 22.4%, 100.5% and 334.3%, respectively.

Our TSR over the last 5 years is above the 84th percentile compared to our peer group over the same 5-year period.

The price of our Common Stock increased by 20% over the fiscal 2013 year-end price.

We returned \$2.3 billion to shareholders through dividends and share repurchases during fiscal 2014.

We increased our cash dividend by 25% in fiscal 2014.

We believe that our pay-for-performance philosophy and the design of our executive compensation program strongly support an environment of continuous improvement in our financial and operational results. Please see pages 17 to 20 of the Company's Annual Report on Form 10-K for important information regarding the non-GAAP financial measures presented above.

Summary of 2014 compensation actions

In making decisions regarding the compensation opportunities and amounts earned by the Named Executives in fiscal 2014, the CMD Committee took into account the economic climate, our performance against our fiscal 2014 internal goals, and our strong relative performance against industry competitors as described above. The CMD Committee took the following specific actions with respect to the compensation of the Named Executives for fiscal 2014:

provided base salary increases ranging from 1.8% to 2.9% to the Named Executives other than Mr. Lundgren and Mr. Gennette;

increased Mr. Lundgren's targeted long-term incentive award opportunity by 6% to maintain his targeted total direct compensation relative to our executive compensation peer group and further ensure that increases in his compensation are directly linked to Company longer-term operating and stock price performance. Mr. Lundgren's salary and target annual incentive award opportunity were not increased during fiscal 2014;

in connection with his promotion to President and associated expansion of his responsibilities, increased Mr. Gennette's base salary by 8.6%, increased his targeted annual incentive award opportunity from 75% to 100% of base salary, with corresponding changes to his threshold and maximum annual incentive award opportunities, and increased the targeted value of his long-term incentive awards;

made annual incentive award payments with respect to fiscal 2014 performance at approximately 94% of the target performance level to the Named Executives based solely on achievement against pre-determined EBIT, Sales and Cash Flow goals;

- granted performance-based restricted stock units and stock options to the Named Executives, with a mix of 60% performance-based restricted stock units and 40% stock options:
 - performance-based restricted stock units will be earned based on performance relative to average EBITDA margin, average ROIC and relative TSR goals and measured over a three-year (fiscal 2014-2016) performance period, subject to attainment of a three-year cumulative EBITDA threshold (if the cumulative EBITDA threshold is not met, the entire award is forfeited regardless of performance against the other metrics);
 - stock options will vest over a four-year period and may be exercisable for up to 10 years following the grant date; and
- determined that the Named Executives had earned 98.59% of the targeted number of performance-based restricted stock units granted in fiscal 2012, based on meeting the cumulative EBITDA threshold of \$8.0 billion and the level of achievement against average EBITDA margin, average ROIC and relative TSR goals over the three-year (fiscal 2012-2014) performance period.

Shareholder approval of the executive compensation program

We conducted our fourth "say-on-pay" shareholder advisory vote in fiscal 2014. More than 97% of the votes cast at the 2014 annual meeting supported our executive compensation program, marking the third consecutive year of shareholder support in excess of 95%. Given the very strong level of shareholder support and the fact that numerous changes had been made to the overall executive compensation program over the past several years to better align with market best practice and to support our evolving business strategy, the CMD Committee determined that our executive compensation program continues to provide a competitive pay package, effectively motivates our Named Executives to achieve our short- and long-term operating objectives and to create sustainable shareholder value over the long-term, and encourages long-term talent retention. Consequently, the CMD Committee did not make any significant changes to the design of our executive compensation program for fiscal 2014.

Recent changes made to the executive compensation program

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

WHAT WE DO AND DON'T DO

- | | |
|---|--|
| We align executive compensation with the interests of our shareholders | <ul style="list-style-type: none"> ü Focus on performance-based compensation (page 47) ü Pay well-aligned with performance (pages 38-41) ü Annual risk assessment of executive compensation program (page 23) ü Robust stock ownership guidelines for executive officers and directors (pages 34 and 55) |
| Our executive compensation program is designed to avoid excessive risk taking | <ul style="list-style-type: none"> ü Use multiple performance objectives for both annual and long-term incentive plans (pages 50 and 52) ü Measure performance against both annual and multi-year standards (pages 49 and 51) ü Set performance goals at levels high enough to encourage strong performance, but within reasonably attainable parameters to discourage excessive risk taking (pages 49 and 52) ü Cap on performance-based compensation (pages 49 and 52) |

- We adhere to executive compensation best practices
- ü Provide modest perquisites with reasonable business rationale (pages 53-54)
 - ü Annual say-on-pay vote (page 36)
 - ü CMD Committee comprised of independent directors (page 25)
 - ü Include a relative-to-peer TSR metric for performance-based restricted stock units (page 53)
 - ü Provide for recoupment of incentive compensation in certain circumstances (page 55)
 - ü Prohibit hedging and pledging transactions by executive officers and directors (page 56)
 - ü Utilize an independent compensation consultant that is independent of management (page 43)
 - ü Provide a reasonable post-employment change-in-control plan (page 54)
 - X Provide excise tax gross ups upon a change in control
 - X Individual employment contracts (page 67)
 - X Reprice or exchange underwater stock options (page 60)
 - X Individual change-in-control agreements (page 68)

Objectives of Our Executive Compensation Program

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

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

The Key Elements of the Executive Compensation Program

The Named Executives' fiscal 2014 compensation consisted principally of the following components:

| Element | Description | Purpose |
|-------------------------|--|--|
| Base Salary | Fixed compensation component. Reviewed annually and adjusted if and when appropriate. | Market-driven base-line compensation is targeted at a level necessary to attract and retain high-quality talent and ensure a sustainable level of fixed costs; amount recognizes differences in positions and/or responsibilities as well as experience and individual performance over the long term. Generally, executives who are new in their roles are positioned lower in the competitive range, while those with more experience are positioned higher in the range to reflect their greater skill set relative to the external benchmark and sustained high performance over time. |
| Annual Incentive Awards | Variable compensation component. Performance-based cash award opportunity. Amounts actually earned will vary based on our performance. | Aligns compensation with business strategy and operating performance by rewarding achievement of short-term (annual) financial targets. |

| | | |
|----------------------------|---|--|
| Long-Term Incentive Awards | <p>Variable compensation component, generally granted annually as a combination of performance-based restricted stock units and stock options. Amounts actually earned will vary based on stock price appreciation and, in the case of performance-based restricted stock units, our financial performance and absolute and relative TSR.</p> | <p>Opportunities for ownership and financial reward in support of our longer-term financial goals and stock price growth; also supports retention and, consequently, succession planning. Provides a link between compensation and long-term shareholder interests as reflected in changes in stock price.</p> |
|----------------------------|---|--|

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

We also provide health and welfare plans and retirement plans that promote employee health and support employees in attaining financial security. The Named Executives may also participate in our philanthropic matching gift program, pursuant to which up to a total of \$15,000 in gifts made by them to qualifying charities in any calendar year are matched. In addition, the Named Executives are eligible for severance benefits that provide a reasonable range of income protection in the event employment is terminated without cause or following a change in control, support our executive retention goals and encourage their independence and objectivity in considering potential change-in-control transactions. The Named Executives are also provided certain other benefits and limited perquisites. See the "Other Benefits and Programs Under the Executive Compensation Program" discussion later in this CD&A.

The Process for Setting Executive Compensation

The role of the CMD Committee, its consultant and management

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

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

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

Compensation Consultant. Since fiscal 2008, the CMD Committee has directly engaged an outside independent executive compensation consultant, Frederic W. Cook & Co., Inc., or Cook & Co., to assist it with executive compensation matters. Cook & Co. provides no services to the Company other than those provided directly to or on behalf of the CMD Committee and, as described on page 33, to or on behalf of the Nominating and Corporate Governance Committee. The CMD Committee has assessed the independence of Cook & Co. pursuant to the New York Stock Exchange listing standards and SEC rules and is not aware of any conflict of interest that would prevent Cook & Co. from providing independent advice to the CMD Committee concerning executive compensation matters. Cook & Co. attends meetings of the CMD Committee at the request of the Committee, meets with the CMD Committee in executive session without the presence of management and frequently communicates with the chairman of the CMD Committee with regard to emerging issues and other matters to be considered by the CMD Committee.

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

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

As part of the CMD Committee's responsibility to review the extent to which the overall compensation program may encourage employees to take risks that could have a material adverse impact on shareholder value, Cook & Co. conducted a comprehensive review of our overall compensation programs in fiscal 2010 and has updated the analysis annually thereafter. As described in "Compensation Risk Assessment" on page 23, Cook & Co. concluded that our compensation programs are well-designed and do not encourage behavior that could create material risk for the Company.

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

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

The compensation review process

With respect to the Named Executives, the CMD Committee annually reviews base salary, annual incentive award payments and equity awards at its March meeting, at which time all financial and other performance results for the prior fiscal year are available and individual and Company performance against applicable targets can be measured. The targeted total direct compensation of the Named Executives other than Mr. Lundgren is generally intended to approximate the median of the 12-company peer group of retailers listed below, which is the level that the CMD Committee has determined is aligned with the market. Actual positioning of targeted compensation may be above or below the median based on many factors, including the executive's experience, skill set, scope of responsibilities and tenure. The Named Executives' targeted total direct compensation (base salary, target annual incentive and grant date value of long-term incentive awards) for fiscal 2014 approximated the median of the peer group practice. Actual total

direct compensation realized will vary from targeted compensation based upon the level of achievement of short- and long-term

44

operating performance objectives, stock price performance and the Company's total shareholder return relative to the peer companies. In evaluating the compensation of the Named Executives, the CMD Committee takes into account the executive's time in position, pay history and the value contributed by that position and the executive and reviews the compensation of other senior executives to ensure that the compensation is internally consistent and equitable.

The targeted total direct compensation for Mr. Lundgren is generally intended to approximate the 75th percentile of the peer group companies, and his fiscal 2014 targeted total direct compensation fell between the median and the 75th percentile. Mr. Lundgren's compensation is strongly tied to our performance, with 100% of his annual incentive and long-term incentive compensation delivered in the form of variable awards that are sensitive to our financial performance and changes in our stock price. The CMD Committee and the Board believe that Mr. Lundgren's compensation opportunity is supported by our size relative to the peers as measured primarily on annual revenue and market capitalization, both of which fall between the median and 75th percentile. The CMD Committee and the Board also believe that Mr. Lundgren's compensation positioning is supported by his experience and long tenure as a CEO, as well as his performance, leadership and expected future contributions to the Company. During Mr. Lundgren's tenure as CEO:

- We have grown from being a \$15 billion regional department store company to a national omnichannel retailer with more than \$28 billion in sales.

- We have successfully integrated the acquisition of the May Company, which doubled the number of stores operated by the Company. This included the conversion of all the regional store nameplates to Macy's, and the development of a highly successful strategy of omnichannel marketing through the integration of stores, online and mobile resources.

- We reached a milestone in fiscal 2014 by achieving the 14% Adjusted EBITDA margin rate level we set as a long-range objective following the May Company acquisition.

- We have become a customer-centric organization that embraces localization, a seamless omnichannel blend of stores, online and mobile, and more meaningful customer engagement on the selling floor and all other customer interactions. Our total employment has grown from approximately 110,000 associates to approximately 175,000 associates - creating meaningful career development opportunities and strengthening Macy's reputation as the talent leader in retailing.

Our strategic initiatives have been highly successful, as indicated by the following financial results over the last several years.

- Adjusted EBITDA has increased more than 47% and 270 basis points as a percent of sales from fiscal 2009 to 2014.

| (\$ in millions) | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
|---|---------|---------|---------|---------|---------|---------|
| Adjusted EBITDA | \$2,664 | \$3,069 | \$3,471 | \$3,715 | \$3,786 | \$3,923 |
| Adjusted EBITDA as a percent to net sales | 11.3% | 12.3% | 13.1% | 13.4% | 13.6% | 14.0% |

- Adjusted Diluted EPS has increased approximately 224% from fiscal 2009 to 2014.

| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
|----------------------|--------|--------|--------|--------|--------|--------|
| Adjusted Diluted EPS | \$1.36 | \$2.11 | \$2.88 | \$3.46 | \$4.00 | \$4.40 |

- Comparable sales on an owned basis have grown for five consecutive years. In addition, comparable sales on an owned plus licensed basis have grown by approximately 3.7% annually.

| | 2010 | 2011 | 2012 | 2013 | 2014 |
|---------------------------------|------|------|------|------|------|
| Comparable Sales Growth: | | | | | |
| On an owned basis | 4.6% | 5.3% | 3.7% | 1.9% | 0.7% |
| On an owned plus licensed basis | 4.4% | 5.7% | 4.0% | 2.8% | 1.4% |

Our stock price has reacted favorably during this time period on both an absolute and relative-to-peers basis, with total shareholder return over the last five years of 334.3%, which is above the 84th percentile versus our 12-company peer group over the same five-year period.

Please see pages 17 to 20 of the Company's Annual Report on Form 10-K for important information regarding the non-GAAP financial measures presented above.

The use of market comparison data

With respect to fiscal 2014 compensation, the CMD Committee used comparative compensation data of the following peer group of 12 publicly-traded retail companies to assess the competitiveness of our executive compensation levels and opportunities, and in determining the individual components of compensation, compensation practices, and the relative proportions of each component of compensation:

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

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

As of September 2014, our net income and assets were above the 75th percentile of the peer group companies. Our revenue, market capitalization and number of employees were between the median and 75th percentile of these peer group companies.

| (\$ in millions) | Revenue (1) | Net Income (1)(2) | Market Cap (3) | Total Assets (4) | Number of Employees (5) |
|------------------------|-------------|-------------------|----------------|------------------|-------------------------|
| 75th Percentile: | \$29,839 | \$1,306 | \$24,617 | \$14,685 | 199,750 |
| Median: | 14,612 | 900 | 14,577 | 9,914 | 127,000 |
| 25th Percentile: | 11,516 | 625 | 10,545 | 6,993 | 65,350 |
| Macy's | \$28,024 | \$1,504 | \$20,567 | \$20,619 | 172,500 |
| Macy's Percentile Rank | 73% | 81% | 73% | 83% | 70% |

Data Source: Standard & Poor's Compustat database

- (1) Most recent reported four quarters.
- (2) Before extraordinary items and discontinued operations.
- (3) As of September 30, 2014.
- (4) Most recently reported quarter.
- (5) Most recently reported fiscal year.

Competitive Analyses. As part of the fiscal 2014 compensation planning process, the CMD Committee asked Cook & Co. to review the design of our annual and long-term incentive programs and prepare a competitive analysis of the compensation of the Named Executives. The materials prepared by Cook & Co. included:

- an analysis of the design of our annual incentive and long-term incentive programs in relation to our financial and
 - (i) strategic priorities, human resources objectives and market practice to determine whether changes were appropriate,
 - (ii) a competitive analysis of the targeted total direct compensation for the Named Executives, including base salary, annual incentives and long-term incentives, and
 - (iii) a competitive assessment of our long-term incentive grant practices, including a review of share usage (shares granted in equity plans as a percentage of weighted-average outstanding shares) and potential dilution relative to

peer group practice and a fair value transfer analysis that measured the aggregate cost of long-term incentives as a percent of market capitalization and revenue.

Cook & Co. determined that our incentive compensation programs continue to be well designed and reward profitable growth and appreciation in shareholder value through successful execution of the My Macy's initiative and related strategies and financial objectives on both an absolute and a relative basis. Based on this review, the CMD Committee determined that no material changes to the design of the annual incentive and long-term incentive programs for fiscal 2014 were required.

With regard to changes to targeted pay levels,

The CMD Committee approved base salary increases in the range of 1.8% to 2.9% for the Named Executives other than Mr. Lundgren and Mr. Gennette. These salary changes were intended to maintain pace with market standards and recognize increased responsibilities or high performance. See the "Base Salary" discussion later in this CD&A. There were no changes to target annual incentive award or long-term incentive opportunities for fiscal 2014 for these Named Executives.

The Board increased Mr. Lundgren's targeted long-term incentive award opportunity by 6% (from \$7.75 million to \$8.215 million) to maintain his targeted total direct compensation in the median to 75th percentile range of the executive compensation peer group and further ensure that increases in his compensation are directly linked to Company longer-term operating and stock price performance. No changes were made to Mr. Lundgren's base salary or annual incentive award opportunity for fiscal 2014 and, as a result, his targeted total direct compensation opportunity increased by approximately 4% for fiscal 2014.

In connection with his March 2014 promotion to President and associated expansion of responsibilities, the CMD Committee increased Mr. Gennette's base salary from \$875,000 to \$950,000, increased his target annual incentive award opportunity from 75% to 100% of base salary (with corresponding changes to his threshold and maximum award opportunities) and increased his targeted long-term incentive award opportunity from \$1.325 million to \$1.8 million.

Effective as of February 1, 2015, the CMD Committee approved increases to the targeted total direct compensation for Mr. Gennette in connection with the expansion of the President's role to include additional responsibilities relating to the Company's merchandise planning function. The CMD Committee increased his base salary from \$950,000 to \$1 million, increased his target annual incentive award opportunity from 100% to 125% of base salary (with corresponding changes to his threshold and maximum award opportunities) and increased his targeted long-term incentive award opportunity from \$1.8 million to \$2.7 million. As a result of these changes, approximately 80% of Mr. Gennette's targeted total direct compensation for fiscal 2015 is tied to performance objectives and changes in stock price.

Pay-for-performance compensation mix

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

The CMD Committee has established guidelines for annual performance-based incentive awards and for long-term performance-based equity incentive awards. Based on the combination of the annual incentive and long-term award guidelines:

87% of Mr. Lundgren's targeted total direct compensation (salary, annual incentive and grant date value of long-term incentive awards) for fiscal 2014 was delivered through variable incentives in which payout is tied to changes in stock price and predetermined performance objectives; and

On average, approximately 71% of targeted total direct compensation for fiscal 2014 for the other Named Executives was delivered through variable incentives in which payout is tied to changes in stock price and predetermined performance objectives.

Equity-based long-term incentive awards, which for fiscal 2014 consisted of performance-based restricted stock units (60% of the total long-term incentive grant date value) and stock options (40% of the total long-term incentive grant date value),

represent the largest element of pay for the Named Executives. These percentages are consistent with our compensation philosophy of focusing on sustained financial results and strategic initiatives and fostering a pay-for-performance culture.

The targeted total direct compensation mix we used for fiscal 2014 for Mr. Lundgren and the other Named Executives is illustrated below. This mix of short- and long-term compensation components provides sufficient rewards to motivate near-term performance, while at the same time providing significant incentives to keep our executives focused on longer-term corporate goals that drive shareholder value.

| CEO Targeted Pay Mix | Salary | Annual Incentive | Performance Restricted Stock Units | Stock Options | Total |
|---|--------|------------------|------------------------------------|---------------|-------|
| % of Total Compensation | 13% | 22% | 39% | 26% | 100% |
| Cash vs. Equity | 35% | | 65% | | 100% |
| Short-Term vs. Long-Term | 35% | | 65% | | 100% |
| Fixed vs. Performance-Based | 13% | 87% | | | 100% |
| Other Named Executives Targeted Pay Mix (average) | Salary | Annual Incentive | Performance Restricted Stock Units | Stock Options | Total |
| % of Total Compensation | 29% | 24% | 28% | 19% | 100% |
| Cash vs. Equity | 53% | | 47% | | 100% |
| Short-Term vs. Long-Term | 53% | | 47% | | 100% |
| Fixed vs. Performance-Based | 29% | 71% | | | 100% |

Fiscal 2014 Compensation and Analysis

Base Salary

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

Following the conclusion of fiscal 2013, management, with input from Cook & Co. and Mr. Lundgren, prepared for the CMD Committee a summary of the total compensation package then in effect for each Named Executive and a proposed total compensation package for fiscal 2014 for each Named Executive. The proposed fiscal 2014 compensation packages for the Named Executives other than Mr. Lundgren reflected the increases in base salaries shown in the table below. Based on the recommendation of Cook & Co., the CMD Committee approved the salary increases, effective as of April 1, 2014. The increases reflect the CMD Committee's assessment of the current economic environment, our performance relative to our peers, the general movement of salaries in the marketplace, our stock price performance in recent years and the salaries of the Named Executives relative to that of Mr. Lundgren and to each other. For Mr. Gennette, the increase also reflects his promotion during fiscal 2014 to the President position.

2014 Base Salary Increases

| Name | FY 2014 Salary (000s) | FY 2013 Salary (000s) | % Increase | |
|----------|-----------------------|-----------------------|------------|---|
| Lundgren | \$1,600 | \$1,600 | n/a | |
| Hoguet | \$900 | \$875 | 2.9 | % |
| Gennette | \$950 | \$875 | 8.6 | % |
| Adams | \$860 | \$845 | 1.8 | % |
| Sachse | \$900 | \$875 | 2.9 | % |

Annual Incentive

The Named Executives participated in the Senior Executive Incentive Compensation Plan, referred to as the Incentive Plan, in fiscal 2014. The Incentive Plan aligns executive compensation with our business strategy and operating performance objectives and is designed to motivate executives to meet or exceed annual corporate financial goals that are established by the CMD Committee and approved by the full Board of Directors.

The CMD Committee approved the annual performance goals for the fiscal 2014 annual incentive in March 2014 after the Board approved our fiscal 2014 business objectives and strategies. When setting fiscal 2014 performance goals, the CMD Committee considered the current economic conditions, potential events that could impact future sales and earnings levels and our performance relative to the performance of the peer companies. As discussed below, the CMD Committee set goals that were challenging yet reasonable, and would increase shareholder value if achieved.

Maximum Annual Incentive Opportunity. The Named Executives become eligible for a maximum annual incentive award based on a percentage of EBIT achieved for the fiscal year. The maximum potential award for Mr. Lundgren for fiscal 2014 is equal to 0.45% of EBIT and the maximum potential award for each of the other Named Executives is equal to 0.25% of EBIT. No annual incentive award, however, can exceed the Incentive Plan's per-person maximum of \$7 million.

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

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

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

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

| Position | Component | Annual Incentive as a % of Base Salary | | | | | |
|-------------------------|--------------|--|--------|-------------|---|-------|---|
| | | Threshold | Target | Outstanding | | | |
| Chief Executive Officer | EBIT \$ | 18.1 | % | 90.7 | % | 272.1 | % |
| | Sales \$ | 18.1 | % | 56.7 | % | 124.7 | % |
| | Cash Flow \$ | 9.1 | % | 22.6 | % | 45.2 | % |
| | Total | 45.3 | % | 170.0 | % | 442.0 | % |
| President | EBIT \$ | 10.7 | % | 53.3 | % | 159.9 | % |
| | Sales \$ | 10.7 | % | 33.4 | % | 73.5 | % |
| | Cash Flow \$ | 5.3 | % | 13.3 | % | 26.6 | % |
| | Total | 26.7 | % | 100.0 | % | 260.0 | % |
| Other Named Executives | EBIT \$ | 8.0 | % | 40.0 | % | 120.0 | % |
| | Sales \$ | 8.0 | % | 25.0 | % | 55.0 | % |
| | Cash Flow \$ | 4.0 | % | 10.0 | % | 20.0 | % |
| | Total | 20.0 | % | 75.0 | % | 195.0 | % |

The CMD Committee selected the following levels of EBIT, Sales and Cash Flow as the financial goals for fiscal 2014 under the Incentive Plan for purposes of the targeted annual incentive opportunity for the Named Executives:

| Performance Metric | Weight | Performance Range (\$ in millions) | | |
|--------------------|--------|------------------------------------|------------|--------------------|
| | | Threshold | Target | Outstanding |
| EBIT | 53.3% | 85% of Target | \$2,901.5 | 120% of Target |
| Sales | 33.3% | 98% of Target | \$28,982.6 | 101% of Target |
| Cash Flow | 13.3% | \$50 below Target | \$1,620.1 | \$150 above Target |

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

The EBIT measure focuses the executives on maximizing operating income and is a good indicator of how effectively our annual business objectives and strategies, which focus on growth in profits, are being executed.

Sales, a priority for retailers, are a measure of growth and provide opportunities for the achievement of various other financial measures, including EBIT and cash flow. The Sales target under the Incentive Plan includes sales of departments licensed to third parties and excludes certain items that are included in externally reported sales under GAAP, including licensed department income, shipping and handling fees and sales to third-party retailers.

Cash Flow is indicative of the manner in which our operating activities, together with our investing activities, actually generate cash.

The heavier weighting for the EBIT and Sales objectives reflects our emphasis on profitable growth. The performance levels of EBIT, Sales and Cash Flow are determined annually, consistent with the economic environment at the time our annual business objectives and strategies are finalized and are set to help the Company achieve its longer term average EBITDA margin and average ROIC objectives under the long-term incentive program discussed below. These performance levels are intended to be aggressive but realistic, such that achieving threshold levels would represent minimum acceptable performance and achieving maximum levels would represent outstanding performance. The targeted Sales objective is based to a significant degree on an assumption regarding sales growth relative to projected General Merchandise, Apparel and Home Furnishings (GAF) growth. The sales growth assumption is based on recent history and is adjusted for the risks and opportunities that are embedded in our merchandising strategies. Because gaining market share with respect to sales is an important objective of ours, we attempt to ensure that the Sales target will maximize our opportunities to do so. We then plan EBIT/EBITDA and cash flow consistent with aiming for a targeted EBITDA margin rate of 14%, our stated credit ratio goals and our desire to be an investment-grade company.

Fiscal 2014 Annual Incentive Awards. At its March 27, 2015 meeting the CMD Committee determined the actual incentive awards to be paid to the Named Executives for fiscal 2014 performance.

Based on our financial results for fiscal 2014, the CMD Committee determined that we achieved positive EBIT (adjusted as described below) of \$2,886 million. This resulted in a maximum potential incentive award of \$12.990 million for Mr. Lundgren (0.45% of EBIT) and \$7.217 million for each of the other Named Executives (0.25% of EBIT), in all instances subject to the Incentive Plan's per-person maximum of \$7 million.

Consistent with the design of the annual incentive award program described above, the CMD Committee exercised its discretion to reduce the maximum potential incentive awards, based on the level of achievement of the EBIT, Sales and Cash Flow metrics, as adjusted as described below in relation to amounts reported in our audited financial statements. The CMD Committee adjusted EBIT for costs associated with unplanned store closings, asset impairment charges and for costs associated with merchandising and marketing restructuring and store and field adjustments. The CMD Committee adjusted Sales to account for unplanned store closings. These actions resulted in the following annual incentive payout percentages for the Named Executives for fiscal 2014:

| Annual Incentive Component | 2014 Performance (\$ in millions) | | Annual Incentive Payout as a % of Base Salary | | | |
|----------------------------|-----------------------------------|------------------------------|---|-----------|------------------------|---|
| | Results | Achievement Level | Lundgren | President | Other Named Executives | |
| EBIT \$ | \$2,886.8 | Between Threshold and Target | 87.00 | % 51.13 | % 38.37 | % |
| Sales \$ | \$28,545.0 | Between Threshold and Target | 27.56 | % 16.26 | % 12.17 | % |
| Cash Flow \$ | \$1,928.5 | Outstanding | 45.20 | % 26.60 | % 20.00 | % |
| Total | | | 159.76 | % 93.99 | % 70.54 | % |

These payout percentages resulted in the following annual incentive payments to the Named Executives with respect to fiscal 2014 performance, which are reflected in the "Non-Equity Incentive Plan Compensation" column of the 2014 Summary Compensation Table:

| | |
|----------|-------------|
| Lundgren | \$2,556,200 |
| Hoguet | \$634,900 |
| Gennette | \$892,900 |
| Adams | \$606,600 |
| Sachse | \$634,900 |

Long-term equity compensation

The equity compensation awards made to the Named Executives in fiscal 2014 consisted of performance-based restricted stock units and stock options. A description of each type of award, with relevant definitions, begins on page 60. The long-term incentive program is designed to align the interests of the Company and its executives with those of its shareholders.

How Awards are Determined. The CMD Committee, taking into account the recommendations of Cook & Co., established a target dollar amount for total long-term compensation for the performance period beginning with fiscal 2014 for each Named Executive. The target amounts are consistent with median (75th percentile for Mr. Lundgren) long-term incentive opportunities provided by our peer group companies, and also take into account prior-year opportunities. The CMD Committee determined that the target 2014 long-term compensation for the Named Executives would be allocated as follows:

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

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

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

- establishing a direct link between compensation and the achievement of our long-term financial objectives and returns to shareholders on both absolute and relative basis;

- the achievement of longer-term goals related to our three key strategies (the My Macy's localization initiative, driving the omnichannel business and embracing customer centricity, including engaging customers on the selling floor through the Magic Selling program); and

- enhancing retention by mitigating the impact of fluctuations in the price of the common stock with the use of performance-based restricted stock units in combination with stock options.

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

Performance-Based Restricted Stock Units. The CMD Committee determines the number of performance-based restricted stock units required to deliver the targeted award value (60% of the fiscal 2014 long-term incentive award opportunity) to the Named Executives by dividing the targeted award dollar value by the closing price of Macy's common stock on the date of the grant.

Maximum Award Opportunity. A maximum award of 150% of the target award of performance-based restricted stock units is funded following the end of the three-year (fiscal 2014-2016) performance period if cumulative EBITDA earned over the performance period is at least \$8.25 billion. In determining the actual number of units to be paid, the CMD Committee has the discretion to adjust the maximum award based on our performance against pre-established performance objectives, as explained below.

Determination of Actual Award. Subject to the attainment of the \$8.25 billion cumulative EBITDA threshold over the three-year (fiscal 2014-2016) performance period, the awards granted in fiscal 2014 may pay out from 0% to 150% of the target award opportunity based on our performance against average EBITDA margin, average ROIC, and relative TSR objectives over the three-year performance period (as such calculations are described beginning on page 60), as follows:

| Performance Level* | EBITDA Margin (50% weight) | | ROIC (30% weight) | | Relative TSR (20% weight) | | |
|--------------------|----------------------------|-----------|-------------------|-----------|---------------------------|-----------|---|
| | 3-Year Average | Vesting % | 3-Year Average | Vesting % | 3-Year TSR vs. Peers | Vesting % | |
| Outstanding | ≥ 14.6% | 150 | % ≥ 23.8% | 150 | % ≥ 75.0% | 150 | % |
| Target | 14.3% | 100 | % 23.4% | 100 | % 50.0% | 100 | % |
| Threshold | 13.6% | 50 | % 21.8% | 50 | % 35.0% | 50 | % |
| Below Threshold | < 13.6% | 0 | % < 21.8% | 0 | % < 35.0% | 0 | % |

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

If the \$8.25 billion cumulative EBITDA threshold is not attained, no awards are payable regardless of our performance against the average EBITDA margin, average ROIC and relative TSR metrics. Performance levels for each metric are based on our long-term business objectives and strategies and historic performance of key business competitors.

Reasons for Selecting These Metrics. The CMD Committee selected these performance metrics because they are closely monitored by investors and are the key drivers of long-term sustainable shareholder value creation. In addition, the average EBITDA margin and average ROIC metrics complement the EBIT, Sales and Cash Flow measures used in the annual incentive plan by focusing executives on efficient use of assets and profitable growth. With respect to EBITDA margin, the Company has long stated to investors that its objective is to achieve an EBITDA margin rate in the 14% range, consistent with historic peak profit levels for the Company and above that of our key competitors. We achieved this objective in fiscal 2014 as a result of a sustained focus on developing and executing multi-year strategies over a significant period of time.

ROIC is a measure of investment productivity and the efficiency in which assets are employed in the operation of the business. It is a very important measure of our performance over time because capital decisions need to be evaluated over an extended period. That is why we include it in our long-term incentive plan and not in our annual incentive plan.

Relative TSR is a good measure of shareholder value creation, especially when measured on a consistent basis over extended periods of time. In addition, peer-to-peer measurement is viewed as an executive compensation "best practice" by many proxy advisory firms and corporate governance experts. The CMD Committee determined that TSR should be measured against that of the compensation peer group since that group includes our primary competitors for business, talent and investor capital and results in a consistent group being used internally for pay and performance comparisons. The 20% weighting given to the relative TSR metric ensures that a meaningful amount of the grant is subject to relative TSR results.

Stock Options. The CMD Committee determines the number of stock options required to deliver the targeted value (40% of the fiscal 2014 long-term incentive award opportunity) by dividing the targeted award dollar value by the Black-Scholes value for the common stock on the grant date. Stock options are granted at the closing price of Macy's common stock on the date of the grant, vest 25% on each of the four anniversaries following the grant date and have a term of 10 years. Any value that the Named Executives may realize from stock option grants is wholly dependent upon share price appreciation after the date of the grant.

Fiscal 2014 Equity Awards.

Awards Granted in 2014. At its March 28, 2014 meeting the CMD Committee granted the number of stock options and target number of performance-based restricted stock units to the Named Executives that are reflected in the 2014 Grants of Plan-Based Awards table on page 59.

Awards Earned in 2014. The three-year (fiscal 2012-2014) performance period for the performance-based restricted stock units granted to the Named Executives in fiscal 2012 expired as of the end of fiscal 2014. In February 2015, the CMD Committee determined that cumulative EBITDA earned over the performance period exceeded the applicable \$8.0 billion threshold, resulting in the maximum award of 150% of the target award being funded. The CMD Committee exercised its discretion to then determine the number of performance-based restricted stock units that would be paid based on our average EBITDA margin, average ROIC and relative TSR performance objectives over the three-year performance period, as follows:

| Performance Level* | EBITDA Margin (50% weight) | | ROIC (30% weight) | | Relative TSR (20% weight) | |
|--------------------|----------------------------|-----------|-------------------|-----------|---------------------------|-----------|
| | 3-Year Average | Vesting % | 3-Year Average | Vesting % | 3-Year TSR vs. Peers | Vesting % |
| Outstanding | ≥ 14.4% | 150 | % ≥ 23.4% | 150 | % ≥ 75.0% | 150 % |
| Target | 14.0% | 100 | % 22.6% | 100 | % 50.0% | 100 % |
| Threshold | 13.5% | 50 | % 21.6% | 50 | % 35.0% | 50 % |
| Below Threshold | < 13.5% | 0 | % < 21.6% | 0 | % < 35.0% | 0 % |

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

Our average EBITDA margin was 14.1%, our average ROIC was 21.7% and our TSR was above the 64th percentile versus the peer group over the over the three-year (fiscal 2012-2014) performance period, which resulted in 98.59% of the targeted number of the units being paid. For the fiscal 2012-2014 performance period, the peer group consisted of the following 10 companies: Dillard's, Gap, J.C. Penney, Kohl's, L Brands, Nordstrom, Sears Holdings, Target, TJX Companies and Walmart. See the 2014 Option Exercises and Stock Vested table on page 64.

Other Benefits and Programs Under the Executive Compensation Program

Benefits

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

Supplementary Executive Retirement Plan. The Named Executives participate in the Company's supplementary executive retirement plan. The supplementary executive retirement plan supplements the pension benefits provided to the Named Executives under our cash account pension plan, and takes into account compensation that the tax rules do not permit the cash account pension plan to take into account. The plan was closed to new participants in January

2012 and

53

benefits under the plan were frozen effective as of December 31, 2013. As a result, no Named Executive accrued an additional benefit under the plan during fiscal 2014.

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

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

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

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

Company Airplane. Except as described below, Company-owned aircraft are generally used for Company business only. Mr. Lundgren travels extensively on Company business while overseeing our operations, which include approximately 825 stores in 45 states, the District of Columbia, Guam and Puerto Rico. In addition to the use of Company-owned aircraft for business, we encourage Mr. Lundgren to use Company-owned aircraft for personal flights as well. This ensures the safety and security of Mr. Lundgren and his family and enables him to conduct business more efficiently and securely before, during and after flights. As a result of the enhanced safety and efficiency associated with personal use of the aircraft, the CMD Committee believes that the value accruing to the Company more than offsets the incremental costs that Macy's incurs to make the aircraft available for Mr. Lundgren's personal use and therefore is an efficient form of compensation for him. Mr. Lundgren is required to reimburse the Company to the extent that the calculated costs associated with his personal usage of Company-owned aircraft in a fiscal year exceeds \$75,000 in the aggregate.

Severance Benefits

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

Based on information provided by Cook & Co., the CMD Committee believes that these plans provide payouts that are within a percentage of our market capitalization that is consistent with commonly accepted practice and provide a level of benefits that are estimated to be within a reasonable range of severance protection based on competitive practices with respect to comparable positions. The CMD Committee believes that the benefits provided under these plans are appropriate and are consistent with our objective of attracting and retaining highly-qualified executives. In addition, the CMD Committee believes that the CIC Plan provides us with certain protections, specifically to retain key executives prior to or following a change in control and to ensure key executives the interests of shareholders when making decisions during a potential or actual change-in-control transaction. In setting the severance benefit level under the CIC Plan, the CMD Committee does not consider the wealth accumulated by the Named Executives under prior compensation awards or benefit plans. The CMD Committee does not believe that it is appropriate to base routine salary and incentive compensation decisions on the potential effect they may have under change-in-control

arrangements that may never be triggered.

54

For a detailed description of the benefits provided under these plans, see the discussion of the executive severance plan on page 67 and the discussion of the CIC Plan that begins on page 68.

Other change-in-control provisions. Our equity programs and deferred compensation programs provide for accelerated benefits in the event of a change in control, which affect all participants in those programs, as well as the Named Executives. If a change in control were to occur, stock options and restricted stock granted prior to 2010 would immediately vest for all holders and deferred compensation plan stock credit units and cash account balances would immediately become payable. This reassures executives that they will receive previously deferred compensation and that these prior equity grants will be honored because decisions as to whether to provide these amounts are not left to the management and directors in place following a change in control.

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

Significant Policies and Additional Information Regarding the Executive Compensation Program

Recovery of prior compensation

The CMD Committee has the discretion to require a participant

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

in the event of a restatement of our financial results within three years after any such payments to correct a material error that is determined by the CMD Committee to be the result of executive fraud or intentional misconduct. The CMD Committee will review these provisions to ensure compliance with any rules or regulations adopted by the SEC or NYSE during 2015 to implement Section 10D of the Securities Exchange Act, added by the Dodd-Frank Wall Street Reform and Consumer Protection Act.

Stock ownership guidelines

During fiscal 2006, the Board of Directors adopted stock ownership guidelines for certain executives of Macy's, including the Named Executives. During 2010, the Board adopted revised guidelines that reflect the new management structure put in place to implement the My Macy's localization initiatives. The revised guidelines also increased the required ownership level for the chief executive officer to 6x base salary from 5x base salary. Under the revised guidelines, specified executives are required to own Macy's stock, as follows:

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

Shares counted toward the ownership requirement consist of:

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

Performance-based stock credits during the holding periods that follow the performance periods under the stock credit plans; and

• The executive's proportionate share of the Macy's stock fund under our 401(k) plan.

Macy's common stock subject to unvested or unexercised stock options does not count toward the ownership requirement. Performance-based restricted stock or performance-based restricted stock units do not count toward the ownership requirement during the performance period. Executives are expected to comply with the guideline that applied to them prior to the 2010 revisions by the later of August 1, 2011 or within five years from the date first becoming subject to the guideline. An executive is expected to comply with the revised guidelines by the later of February 1, 2016 or the first Monday in March following the five-year anniversary the executive first becomes eligible to receive a payout of performance-based restricted stock or restricted stock units under our long-term incentive plan. Stock ownership is measured as of the first Monday in March of each fiscal year. As of the 2014 measurement date, each Named Executive had complied with the guideline that applied to him or her prior to the 2010 revisions.

Timing of equity awards

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

Hedging/pledging policy

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

Tax considerations

The CMD Committee considers the deductibility for federal income tax purposes under Section 162(m) of the Internal Revenue Code in the design of our compensation programs. Section 162(m) places a limit of \$1 million on the amount of compensation that we may deduct in any one year with respect to the Named Executives (other than the Chief Financial Officer). There is an exception to the \$1 million limitation for performance-based compensation meeting certain requirements defined by the IRS. Annual incentive awards, stock option awards and performance-based restricted stock and performance-based restricted stock unit awards generally are performance-based compensation meeting those requirements and, as such, are expected to be fully deductible. The CMD Committee balances the desirability to qualify for such deductibility with the Company's need to maintain flexibility in compensating executive officers in a manner designed to promote its corporate goals and compensation objectives. As a result, the CMD Committee may elect to provide compensation that is not deductible in order to achieve these goals and objectives. Consequently, portions of the total compensation program may not be deductible under Section 162(m), including, for example, the portion of base salary of some of the Named Executives in excess of \$1 million and any time-based restricted stock or time-based restricted stock units.

Accounting

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

COMPENSATION COMMITTEE REPORT

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

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

Respectfully submitted,

Meyer Feldberg, Chairperson

Deirdre P. Connelly

Sara Levinson

Joseph Neubauer

Paul C. Varga

Craig E. Weatherup

COMPENSATION OF THE NAMED EXECUTIVES FOR 2014

The following table summarizes the compensation of our principal executive officer, principal financial officer and our three other most highly-compensated executive officers, collectively referred to as the "Named Executives." In accordance with SEC disclosure requirements, the amounts in the "Stock Awards" and "Option Awards" columns reflect the grant date values of equity awards. Titles shown in the table are the positions held as of the end of fiscal 2014.

2014 SUMMARY COMPENSATION TABLE

| Name and Principal Position | Year | Salary (\$) | Stock Awards (1) (\$) | Option Awards (2) (\$) | Non-Equity Incentive Plan Compensation (\$) | Changes in Pension Value and Nonqualified Deferred Compensation Earnings (3) (\$) | All Other Compensation (4) (\$) | Total (\$) |
|---|------|-------------|-----------------------|------------------------|---|---|---------------------------------|------------|
| Terry J. Lundgren Chairman and Chief Executive Officer | 2014 | 1,600,000 | 5,008,425 | 3,285,990 | 2,556,200 | 3,813,691 | 232,914 | 16,497,220 |
| | 2013 | 1,600,000 | 4,762,258 | 3,100,000 | 1,850,200 | 620,250 | 98,263 | 12,030,971 |
| | 2012 | 1,591,667 | 4,630,824 | 3,099,994 | 1,907,200 | 2,534,767 | 76,079 | 13,840,531 |
| Karen M. Hoguet Chief Financial Officer | 2014 | 895,833 | 807,766 | 529,993 | 634,900 | 697,866 | 46,923 | 3,613,281 |
| | 2013 | 870,833 | 814,173 | 529,995 | 446,900 | 128,865 | 1,250 | 2,792,016 |
| | 2012 | 844,167 | 791,695 | 529,994 | 506,600 | 837,196 | 1,225 | 3,510,877 |
| Jeffrey Gennette President | 2014 | 937,500 | 1,097,357 | 719,988 | 892,900 | 634,832 | 48,235 | 4,330,812 |
| | 2013 | 870,833 | 814,173 | 529,995 | 446,900 | 389,935 | 1,250 | 3,053,086 |
| | 2012 | 838,333 | 1,791,679 | 529,994 | 506,600 | 965,583 | 1,225 | 4,633,414 |
| Timothy M. Adams Chief Private Brand Officer (5) | 2014 | 857,500 | 807,766 | 529,993 | 606,600 | 449,379 | 45,071 | 3,296,309 |
| | 2013 | 842,500 | 814,173 | 529,995 | 431,500 | 166,117 | 1,250 | 2,785,535 |
| | 2012 | 827,500 | 791,695 | 529,994 | 494,700 | 828,698 | 1,225 | 3,473,812 |

Edgar Filing: Macy's, Inc. - Form DEF 14A

| | | | | | | | | |
|--------------------------|------|---------|-----------|---------|---------|---------|--------|-----------|
| Peter R. Sachse | 2014 | 895,833 | 807,766 | 529,993 | 634,900 | 649,490 | 46,923 | 3,564,905 |
| Chief Stores Officer (5) | 2013 | 870,833 | 814,173 | 529,995 | 446,900 | 248,728 | 1,250 | 2,911,879 |
| | 2012 | 841,667 | 1,791,679 | 529,994 | 506,600 | 773,769 | 57,054 | 4,500,763 |

The amounts in this column for fiscal 2014 include the fair value for performance-based restricted stock units awarded in fiscal 2014 determined by using a weighted average grant date price for the common stock of approximately \$59.87 per share, assuming the "target" number of units is earned. Assuming that the "maximum" (1) number of units is earned, the grant date fair value amounts for the performance-based restricted stock units would be \$7,512,637 for Mr. Lundgren, \$1,646,036 for Mr. Gennette and \$1,211,649 for each of the other Named Executives. See footnote (4) to the 2014 Grants of Plan-Based Awards table.

The amounts in this column reflect the grant date value of stock options determined using the Black-Scholes option pricing model in accordance with ASC Topic 718. See footnote (4) to the 2014 Grants of Plan-Based Awards table for the assumptions used in making this determination.

We did not pay above-market interest under our executive deferred compensation plan in 2014, therefore, the amounts reflected in this column relate to pension benefits only. The amounts reflected for fiscal 2014 in this column represent the change in fiscal 2014 in the actuarial present value of accumulated pension benefits under our cash balance pension plan and supplementary executive retirement plan. The assumptions used in determining the present value of benefits are the same assumptions used for financial reporting purposes. The present value of benefits was determined using a unit credit cost method, a 3.55% discount rate and generational mortality rates under the RP-2014 Blue Collar Table projected using scale MP-2014 for the cash balance pension plan and the RP-2014 White Collar Table projected using scale MP-2014 for the supplementary executive retirement plan.

Scale MP-2014 defines how future mortality improvements are incorporated into the projected mortality table and is based on a blend of Social Security experience and the long-term assumption for mortality improvement rates by the Society of Actuaries' Retirement Plans Experience Committee. Year-over-year changes in pension value generally are driven in large part due to changes in actuarial pension assumptions as well as increases in service, age and compensation. For fiscal 2014, the increase in the actuarial present value of the pension benefit is mainly attributable to changes in the discount rate assumption and new mortality tables projecting longer life expectancies. The assumed retirement age used for these calculations was the normal retirement age of 65, as defined by the plans, and each Named Executive was assumed to retire at the normal retirement age.

Included in "All Other Compensation" for fiscal 2014 is the incremental cost to Macy's of the following perquisites made available to the Named Executives:

| Name | Aircraft Usage (a) (\$) | Car Programs (b) (\$) | Tax Reimbursement (c) (\$) | DCP Matching Contribution (d) (\$) | 401(k) Matching Contribution (e) (\$) | Total (\$) |
|----------|----------------------------|--------------------------|-------------------------------|---------------------------------------|--|------------|
| Lundgren | 75,000 | 7,619 | 29,538 | 111,657 | 9,100 | 232,914 |
| Hoguet | 0 | 0 | 0 | 37,823 | 9,100 | 46,923 |
| Gennette | 0 | 0 | 0 | 39,135 | 9,100 | 48,235 |
| Adams | 0 | 0 | 0 | 35,971 | 9,100 | 45,071 |
| Sachse | 0 | 0 | 0 | 37,823 | 9,100 | 46,923 |

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

Flights were deemed business or personal based on whether there was a business purpose for the flight.

If a trip was deemed personal, ferry flights, if any, were included as personal.

If a trip included both business and personal destinations, we included as personal the excess, if any, of the aggregate expenses for the trip over the costs of flying to and from the originating airport to the business destination or destinations.

The amount shown reflects the costs relating to personal use by Mr. Lundgren of a dedicated car and driver that the Company makes available to him for safety reasons pursuant to the recommendation of a third-party security study.

The incremental cost calculation for personal use of the car and driver includes driver overtime, tolls, gratuities, lodging for the drivers, maintenance and fuel costs incurred in connection with such personal use.

The amount shown includes reimbursement payments to Mr. Lundgren in calendar year 2014 for imputed income associated with travel by Mr. and Mrs. Lundgren on some of his flights on company aircraft that were deemed

personal for tax reporting purposes, but which the Company determined had a business purpose.

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

Effective at the beginning of fiscal 2015, Mr. Sachse was elected by the Board of Directors as the Company's Chief Innovation and Business Development Officer. Effective at the end of fiscal 2014, Mr. Adams resigned as the (5) Company's Chief Private Brand Officer. He will remain with the Company, focusing on international business development.

Plan-Based Awards

The following table sets forth certain information regarding the annual incentive plan and stock options and other equity awards granted during fiscal 2014 to each of the Named Executives.

2014 GRANTS OF PLAN-BASED AWARDS

| Name | Award Type | Grant Date for Equity-Based Awards | Estimated Possible Payouts Under Non-Equity Incentive Plan Awards | | | Estimated Future Payouts Under Equity Incentive Plan Awards | | | All Other Awards; Number of Securities Underlying Options (#)(3) | Exercise or Base Price of Option Awards (\$/Sh) | Grant Date Fair Value of Stock and Option Awards (\$)(4) |
|----------|------------------|------------------------------------|---|-------------|-----------------|---|---------------|-------------|--|---|--|
| | | | Threshold (\$) | Target (\$) | Maximum (\$)(1) | Threshold (#) | Target (#)(2) | Maximum (#) | | | |
| Lundgren | Annual Incentive | n/a | 724,800 | 2,720,000 | | | | | | | |
| | PRSUs | 3/28/2014 | | | | | 83,655 | | | 5,008,425 | |
| | Stock Options | 3/28/2014 | | | | | | 172,312 | 58.92 | 3,285,990 | |
| Hoguet | Annual Incentive | n/a | 180,000 | 675,000 | | | | | | | |
| | PRSUs | 3/28/2014 | | | | | 13,492 | | | 807,766 | |
| | Stock Options | 3/28/2014 | | | | | | | | | |