



Contacts:

Media – Holly Thomas

646/429-5250

holly.thomas@macys.com

Investor – Matt Stautberg

513/579-7780

FOR IMMEDIATE RELEASE

MACY'S, INC. ANNOUNCES ACTIONS TO STREAMLINE STORE PORTFOLIO, INTENSIFY COST EFFICIENCY EFFORTS AND EXECUTE REAL ESTATE STRATEGY

CINCINNATI, Ohio – January 4, 2017 – Macy's, Inc. today announced a series of actions to streamline its store portfolio, intensify cost efficiency efforts and execute its real estate strategy. These actions bolster the company's strategy to further invest in omnichannel capabilities, improve customer experience and create shareholder value. The actions include:

- The closure of 68 stores and the reorganization of the field structure that supports the remaining stores, reinforcing the strategy of fewer stores with better customer experience. These store closures are part of the approximately 100 closings announced in August 2016.
- The significant restructuring of the Macy's, Inc. operations to focus resources on strategic priorities, improve organizational agility and reduce expense.
- The sale of properties consistent with the previously announced real estate strategy.

The actions announced today are estimated to generate annual expense savings of approximately \$550 million, beginning in 2017, enabling the company to invest an additional \$250 million in growing the digital business, store-related growth strategies, Bluemercury, Macy's Backstage and China. These savings, combined with savings from initiatives implemented in early 2016, exceed the \$500 million goal communicated in fall of 2015, one year earlier than expected.

“Over the past year, we have been focused and disciplined about making strategic decisions to position us to gain market share and return to growth over time. While we are pleased with the strong performance of our highly developed online business, as well as the progress we have made on selling and visual presentation programs and expense reduction initiatives in 2016, we continue to experience declining traffic in our stores where the majority of our business is still transacted. Given the overall trends challenging us and the broader retail industry, and the time needed to execute new strategies, we expect our 2017 change in comparable sales to be relatively consistent with our November/December sales trend,” said Terry J. Lundgren, chairman and chief executive officer of Macy's, Inc. “Our omnichannel strategies continue to evolve based on the changes in our customers' shopping behaviors, including a focus on buy online, pickup in store and mobile-enabled shopping. In addition, we have invested in and enlarged our customer data and analytics team, which will help drive our new marketing strategies for 2017. Whether it is improving corporate agility, enhancing our customer engagement strategies, or continuing to capitalize on the potential value of our real estate assets, we remain focused on the actions that will ultimately improve our financial results and provide the greatest return for our shareholders.”

(more)

In conjunction with today's announcement, approximately \$250 million of charges or 50 cents per share (of which approximately \$210 million is expected to be cash) are expected to be recorded in the fourth quarter of 2016. These charges were not previously included in earnings guidance provided by the company and are in addition to the \$249 million recorded in the second quarter as an estimate of asset impairment and other charges primarily related to 2016 store closings.

(Editor's Note: Macy's, Inc. this afternoon also issued a separate news release announcing sales results for the November/December 2016 period and updating guidance.)

Store Portfolio Restructure

The company today announced 68 Macy's store closings (out of a current total of 730 Macy's stores). Of the 68, three closed mid-year, 63 will be closed in early spring 2017 and two will be closed in mid-2017. Three other locations were sold, or are to be sold, and are being leased back. (A list of planned store closings, as well as store openings, is included at the end of this news release.) The company intends to opportunistically close approximately 30 additional stores over the next few years as leases or operating covenants expire or sale transactions are completed.

As a result of closing 63 Macy's stores in early 2017, along with the three closed mid-year 2016, the company's 2017 sales are expected to be negatively impacted by approximately \$575 million. This reflects the company's ability to retain sales at nearby stores and on macys.com through targeted marketing and merchandising efforts.

Associates displaced by store closings may be offered positions in nearby stores where possible. Eligible full-time and part-time associates who are affected by the store closings will be offered severance benefits. The company estimates that 3,900 associates will be displaced as a result of these closures.

"As we've noted, it is essential that we maintain a healthy portfolio of the right stores in the right places. Our plan to close approximately 100 stores over the next few years is an important part of our strategy to help us right-size our physical footprint as we expand our digital reach. We are closing locations that are unproductive or are no longer robust shopping destinations due to changes in the local retail shopping landscape, as well as monetizing locations with highly valued real estate," Lundgren said. "These are never easy decisions, and we are committed to treating associates affected by these closings with respect and transparency."

Four new Macy's and Bloomingdale's stores are currently planned and/or under construction, as previously announced. In addition, new Macy's and Bloomingdale's stores are planned to open in Abu Dhabi, and one Bloomingdale's store is planned to open in Kuwait, all under license agreements with Al Tayer Group. The company also plans to continue its expansion of Macy's Backstage (within Macy's stores) and Bluemercury (freestanding and within Macy's stores).

Efficiency and Expense Reduction Initiatives

To address the need for greater efficiency and productivity, Macy's, Inc. will implement the following changes in early 2017:

- Restructuring its central organization with a focus on eliminating layers of management to reduce costs while improving decision making and agility.
- Intensifying efforts to reduce non-payroll costs companywide by achieving lower pricing and reducing consumption to deliver sustainable savings.

- Making changes to the way stores are operated and reducing field infrastructure given the reduced store sales and evolving customer behavior.

The company estimates that these actions will result in a headcount reduction of approximately 6,200.

Real Estate

The company continues to drive shareholder value through ongoing real estate initiatives. As previously communicated, the three prongs of the real estate strategy are: flagship assets, closure of approximately 100 stores and creating value from the remaining real estate portfolio. Since the end of the third quarter, Macy's, Inc. has completed the following transactions that, in total, resulted in the receipt of approximately \$95 million of cash proceeds and gain recognition of approximately \$56 million:

- Sale of the Stonestown store in San Francisco, CA, to General Growth Properties (GGP). Macy's, Inc. will lease this store back from GGP as that company develops plans for this location.
- Sale of the downtown Portland, OR, store (announced in the third quarter release).

In addition, the company has signed an agreement to sell the downtown Minneapolis store to the 601W Companies, whose intention is to redevelop the building into creative office space on the upper floors and to pursue retail opportunities on the street and skywalk levels. This transaction is expected to close by fiscal year end.

About Macy's, Inc.

Macy's, Inc., with corporate offices in Cincinnati and New York, is one of the nation's premier retailers, with fiscal 2015 sales of \$27.079 billion. The company operates about 880 stores in 45 states, the District of Columbia, Guam and Puerto Rico under the names of Macy's, Bloomingdale's, Bloomingdale's Outlet, Macy's Backstage and Bluemercury, as well as the macys.com, bloomingdales.com and bluemercury.com websites. Bloomingdale's in Dubai is operated by Al Tayer Group LLC under a license agreement.

All statements in this press release that are not statements of historical fact are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements are based upon the current beliefs and expectations of Macy's management and are subject to significant risks and uncertainties. Actual results could differ materially from those expressed in or implied by the forward-looking statements contained in this release because of a variety of factors, including conditions to, or changes in the timing of, proposed real estate and other transactions, prevailing interest rates and non-recurring charges, store closings, competitive pressures from specialty stores, general merchandise stores, off-price and discount stores, manufacturers' outlets, the Internet, mail-order catalogs and television shopping and general consumer spending levels, including the impact of the availability and level of consumer debt, the effect of weather and other factors identified in documents filed by the company with the Securities and Exchange Commission.

(NOTE: Additional information on Macy's, Inc., including past news releases, is available at www.macysinc.com/pressroom).

Macy's Store Closings

Already Completed 2016 Closings

- Laurel Plaza, North Hollywood, CA (475,000 square feet; opened in 1995; 105 associates);
- Ala Moana Jewel Gallery, Honolulu, HI (2,000 square feet; opened in 1986; 9 associates);
- Valley Fair, West Valley City, UT (106,000 square feet; opened in 1970; 53 associates)

Already Announced Year-End 2016 Closings

Final clearance sales at the following Macy's stores closing in early 2017 will begin on Monday, January 9, and run for approximately eight to 12 weeks (with the exception of Lancaster Mall*, where final clearance sales are already in progress):

- Greenwood, Bowling Green, KY (124,000 square feet; opened in 1980; 63 associates);
- Carolina Place, Pineville, NC (151,000 square feet; opened in 1993; 69 associates);
- Douglaston, Douglaston, NY (158,000 square feet; opened in 1981; 144 associates);
- Downtown Portland, Portland, OR (246,000 square feet; opened in 2007; 85 associates);
- *Lancaster Mall, Salem, OR (67,000 square feet; opened in 1980; 53 associates);
- Oakwood Mall, Eau Claire, WI (104,000 square feet; opened in 1991; 55 associates)

Year-End Closings

- Mission Valley Apparel, San Diego, CA (385,000 square feet; opened in 1961; 140 associates);
- Paseo Nuevo, Santa Barbara, CA (141,000 square feet; opened in 1990; 77 associates);
- Lakeland Square, Lakeland, FL (101,000 square feet; opened in 1995; 68 associates);
- Oviedo Marketplace, Oviedo, FL (195,000 square feet; opened in 2000; 83 associates);
- Sarasota Square, Sarasota, FL (143,000 square feet; opened in 1977; 86 associates);
- University Square, Tampa, FL (140,000 square feet; opened in 1974; 73 associates);
- CityPlace, West Palm Beach, FL (108,000 square feet; opened in 2000; 72 associates);
- Georgia Square, Athens, GA (121,000 square feet; opened in 1981; 69 associates);
- Nampa Gateway Center, Nampa, ID (104,000, square feet; opened in 2009; 57 associates);
- Alton Square, Alton, IL (180,000 square feet; opened in 1978; 54 associates);
- Stratford Square, Bloomingdale, IL (149,000 square feet; opened in 1981; 87 associates);
- Eastland, Bloomington, IL (154,000 square feet; opened in 1999; 55 associates);
- Jefferson, Louisville, KY (157,000 square feet; opened in 1979; 52 associates);
- Esplanade, Kenner, LA (188,000 square feet; opened in 2008; 101 associates);
- Bangor, Bangor, ME (143,000 square feet; opened in 1998; 65 associates);
- Westgate, Brockton, MA (144,000 square feet; opened in 2003; 79 associates);
- Silver City Galleria, Taunton, MA (152,000 square feet; opened in 1992; 82 associates);

- Lakeview Square Mall, Battle Creek, MI (102,000 square feet; opened 1983; 51 associates);
- Eastland Center, Harper Woods, MI (433,000 square feet; opened in 1957; 121 associates);
- Lansing, Lansing, MI (103,000 square feet; opened in 1979; 57 associates);
- Westland, Westland, MI (334,000 square feet; opened in 1965; 106 associates);
- Minneapolis Downtown, Minneapolis, MN (1,276,000 square feet; opened in 1902; 280 associates);
- Northgate, Durham, NC (187,000 square feet; opened in 1994; 72 associates);
- Columbia, Grand Forks, ND (99,000 square feet; opened in 1978; 53 associates);
- Moorestown, Moorestown, NJ (200,000 square feet; opened in 1999; 107 associates);
- Voorhees Town Center, Voorhees, NJ (224,000 square feet; opened in 1970; 77 associates);
- Preakness, Wayne, NJ (81,000 square feet; opened in 1963; 72 associates);
- Cottonwood, Albuquerque, NM (173,000 square feet; opened in 1996; 56 associates);
- Las Vegas Boulevard, Las Vegas, NV (178,000 square feet; opened in 1966; 84 associates);
- Great Northern, Clay, NY (88,000 square feet; opened in 1989; 55 associates);
- Oakdale Mall, Johnson City, NY (140,000 square feet; opened in 2000; 58 associates);
- The Marketplace, Rochester, NY (149,000 square feet; opened in 1982; 77 associates);
- Eastland, Columbus, OH (121,000 square feet; opened in 2006; 73 associates);
- Sandusky, Sandusky, OH (133,000 square feet; opened in 1979; 61 associates);
- Fort Steuben, Steubenville, OH (132,000 square feet; opened in 1974; 59 associates);
- Promenade, Tulsa, OK (180,000 square feet; opened in 1996; 58 associates);
- Neshaminy, Bensalem, PA (211,000 square feet; opened in 1968; 89 associates);
- Shenango Valley, Hermitage, PA (106,000 square feet; opened in 1976; 69 associates);
- Beaver Valley, Monaca, PA (203,000 square feet; opened in 1987; 78 associates);
- Lycoming, Muncy, PA (120,000 square feet; opened in 1995; 61 associates);
- Plymouth Meeting, Plymouth Meeting, PA (214,000 square feet; opened in 1966; 74 associates);
- Washington Crown Center, Washington, PA (148,000 square feet; opened in 1999; 67 associates);
- Parkdale, Beaumont, TX (171,000 square feet; opened in 2002; 67 associates);
- Southwest Center, Dallas, TX (148,000 square feet; opened in 1975; 68 associates);
- Sunland Park, El Paso, TX (105,000 square feet; opened in 2004; 71 associates);
- Greenspoint, Houston, TX (314,000 square feet; opened in 1976; 70 associates);
- West Oaks Mall, Houston, TX (244,000 square feet; opened in 1982; 135 associates);
- Pasadena Town Square, Pasadena, TX (209,000 square feet; opened in 1962; 78 associates);
- Collin Creek, Plano, TX (199,000 square feet; opened in 1980; 103 associates);
- Broadway Square, Tyler, TX (100,000 square feet; opened in 1981; 65 associates);
- Layton Hills, Layton, UT (162,000 square feet; opened in 1980; 72 associates);

- Cottonwood, Salt Lake City, UT (200,000 square feet; opened in 1962; 88 associates);
- Landmark, Alexandria, VA (201,000 square feet; opened in 1965; 119 associates);
- River Ridge, Lynchburg, VA (144,000 square feet; opened in 1980; 60 associates);
- Everett, Everett, WA (133,000 square feet; opened in 1977; 109 associates);
- Three Rivers, Kelso, WA (51,000 square feet; opened in 1987; 57 associates);
- Valley View, La Crosse, WI (101,000 square feet; opened in 1980; 57 associates)

Other 2017 Closings

- Simi Valley Town Center (men's/home/kids), Simi Valley, CA (190,000 square feet; opened in 2006; 105 associates);
- Mall at Tuttle Crossing (furniture/home/kids/men's), Dublin, OH (227,000 square feet; opened in 2003; 52 associates)

Stores Sold (or to be Sold) and Leased Back

These stores have been or will be sold, and Macy's will continue to operate them on leases from the owners:

- Stonestown Galleria, San Francisco, CA (280,000 square feet; opened in 1952; 204 associates);
- Union Square Men's, San Francisco, CA (248,000 square feet; opened in 1974; 256 associates; as previously announced);
- Tyson's Galleria, McLean, VA (265,000 square feet; opened in 1988; 122 associates; as previously announced)

(The number of associates given by store reflects the number of positions eliminated. Many of these associates will be placed in other positions.)

Store Openings

Four new Macy's and Bloomingdale's stores are currently planned and/or under construction, as previously announced.

New Macy's stores will be opening in:

- Westfield Century City, Los Angeles, CA (a 155,000 square-foot store to open in spring 2017; Macy's previously operated a 136,000 square-foot store in this location which closed in January 2016);
- Fashion Place, Murray, UT (160,000 square feet; to open in spring 2017; approximately 150 associates)

New Bloomingdale's stores will be opening in:

- Westfield Valley Fair Shopping Center, San Jose, CA (150,000 square feet; to open in spring 2019; approximately 250 associates);
- The SoNo Collection, Norwalk, CT (150,000 square feet; to open in fall 2019; approximately 200 associates)

In addition, in the next two years, the company plans to open approximately 50 additional Macy's Backstage off-price locations (all of which will be inside existing Macy's stores) and about 50 Bluemercury beauty specialty stores (freestanding and shops inside existing Macy's stores).

Internationally, under license agreements with Al Tayer Group, a new Bloomingdale's store is planned to open in 360 Mall in Al Zahra, Kuwait in Spring 2017 and new Macy's and Bloomingdale's stores are planned to open in Al Maryah Central in Abu Dhabi, United Arab Emirates, in 2018.