



# City of Chicago



O2019-1391

Office of the City Clerk

## Document Tracking Sheet

<b>Meeting Date:</b>	3/13/2019
<b>Sponsor(s):</b>	Misc. Transmittal
<b>Type:</b>	Ordinance
<b>Title:</b>	Zoning Reclassification Map No. 1-E at 600 N Wabash Ave - App No. 19987
<b>Committee(s) Assignment:</b>	Committee on Zoning, Landmarks and Building Standards

#19987  
INTRO DATE  
MARCH 13, 2019

**ORDINANCE**

***BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF CHICAGO:***

**SECTION 1.** Title 17 of the Municipal Code of Chicago, the Chicago Zoning Ordinance, is hereby amended by changing all of the Business Planned Development No. 768 symbols and indications as shown on Map No. 1-E in the area bounded by:

East Ontario Street; North Wabash Avenue; East Ohio Street; and North State Street

to the designation of Business Planned Development No. 768, as amended, subject to the use and bulk regulations set forth in the Plan of Development attached hereto and made a part hereof.

**SECTION 2.** This ordinance takes effect after its passage and due publication.

## **BUSINESS PLANNED DEVELOPMENT No. 768, as amended**

1. The area delineated herein as Planned Development Number 768, (Planned Development) consists of approximately 65,445 square feet of property which is depicted on the attached Planned Development Boundary and Property Line Map (Property). This amendment is under the single-designated control of the Applicant, Bloomingdale's, Inc. The sole purpose of this amendment is to authorize additional uses in the Medinah Temple building.
2. The requirements, obligations and conditions contained within this Planned Development shall be binding upon the Applicant, its successors and assigns and, if different than the Applicant, the legal title holders and any ground lessors. All rights granted hereunder to the Applicant shall inure to the benefit of the Applicant's successors and assigns and, if different than the Applicant, the legal title holder and any ground lessors. Furthermore, pursuant to the requirements of Section 17-8-0400 of the Chicago Zoning Ordinance, the Property, at the time of application for amendments, modifications or changes (administrative, legislative or otherwise) to this Planned Development are made, shall be under single ownership or designated control. Single designated control is defined in Section 17-8-0400.
3. All applicable official reviews, approvals or permits are required to be obtained by the Applicant or its successors, assignees or grantees. Any dedication or vacation of streets or alleys or grants of easements or any adjustment of the right-of-way shall require a separate submittal to the Department of Transportation on behalf of the Applicant or its successors, assigns or grantees.

Any requests for grants of privilege, or any items encroaching on the public way, shall be in compliance with the Planned Development.

Ingress or egress shall be pursuant to the Planned Development and may be subject to the review and approval of the Departments of Planning and Development and Transportation. Closure of all or any public street or alley during demolition or construction shall be subject to the review and approval of the Department of Transportation.

Pursuant to a negotiated and executed Perimeter Restoration Agreement ("Agreement") by and between the Department of Transportation's Division of Infrastructure Management and the Applicant, all improvements or restoration of the public way adjacent to the property, which may include, but not be limited to, the following shall be reviewed and determined by the Department of Transportation's Division of Infrastructure Management:

- Full width of streets
- Full width of alleys
- Curb and gutter
- Pavement markings
- Sidewalks

Applicant: Bloomingdale's, Inc.  
Address: 600 North Wabash Avenue  
Introduced: March 13, 2019  
Plan Commission TBD

- ADA crosswalk ramps
- Parkway & landscaping

The Agreement shall reflect that all work must comply with current Rules and Regulations and must be designed and constructed in accordance with the Department of Transportation's Construction Standards for work in the Public Way and in compliance with the Municipal Code of Chicago Chapter 10-20. Design of all improvements should follow the Department of Transportation's Rules and Regulations for Construction in the Public Way as well as The Street and Site Plan Design Guidelines. Any variation in scope or design of public way improvements and restoration must be approved by the Department of Transportation.

4. This Plan of Development consists of Sixteen Statements: a Bulk Regulations Table; an Existing Zoning Map; an Existing Land-Use Map; a Planned Development Boundary and Property Line Map; Site Plan; and Building Elevations (North, East, South and West) prepared by Antunovich Associates dated March 13, 2019, submitted herein. Full-sized copies of the Site Plan, Landscape Plan and Building Elevations are on file with the Department of Planning and Development. In any instance where a provision of this Planned Development conflicts with the Chicago Building Code, the Building Code shall control. This Planned Development conforms to the intent and purpose of the Chicago Zoning Ordinance, and all requirements thereto, and satisfies the established criteria for approval as a Planned Development. In case of a conflict between the terms of this Planned Development Ordinance and the Chicago Zoning Ordinance, this Planned Development shall control.
5. The following uses are permitted in the area delineated herein as Planned Development 768: Artist Live/Work Space; Eating and Drinking Establishments; Office; Retail Sales; Art Gallery; Arts-related Business; Artist Work or Sales Space; and Accessory and related uses.

The following uses are permitted in the Medinah Temple building: Retail Sales; Eating and Drinking Establishments; Entertainment and Spectator Sports; Food and Beverage Sales; Office; Personal Services; Medical Services; Sports and Recreation, including physical fitness and health club facilities; Indoor Special Event; and Accessory and related uses.

6. On-Premise signs and temporary signs, such as construction and marketing signs, shall be permitted within the Planned Development, subject to the review and approval of the Department of Planning and Development and the Commission on Chicago Landmarks. Off-Premise signs are prohibited within the boundary of the Planned Development.
7. For purposes of height measurement, the definitions in the Chicago Zoning Ordinance shall apply. The height of any building shall also be subject to height limitations, if any, established by the Federal Aviation Administration.
8. The maximum permitted floor area ratio (FAR) for the Property shall be in accordance with the attached Bulk Regulations and Data Table. For the purpose of FAR calculations and measurements, the definitions in the Zoning Ordinance shall apply. The permitted FAR

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identified in the Bulk Regulations and Data Table has been determined using a net site area of 65,445 square feet and a base FAR of 12.0.

9. Upon review and determination, Part II Review, pursuant to Section 17-13-0610, a Part II Review Fee shall be assessed by the Department of Planning and Development. The fee, as determined by staff at the time, is final and binding on the Applicant and must be paid to the Department of Revenue prior to the issuance of any Part II approval.
10. The Site and Landscape Plans shall be in substantial conformance with the Landscape Ordinance and any other corresponding regulations and guidelines, including Section 17-13-0800. Final landscape plan review and approval will be by the Department of Planning and Development. Any interim reviews associated with site plan review or Part II reviews, are conditional until final Part II approval.
11. The Applicant shall comply with Rules and Regulations for the Maintenance of Stockpiles promulgated by the Commissioners of the Departments of Streets and Sanitation, Fleet and Facility Management and Buildings, under Section 13-32-085, or any other provision of the Municipal Code of Chicago.
12. The terms and conditions of development under this Planned Development ordinance may be modified administratively, pursuant to Section 17-13-0611-A, by the Zoning Administrator upon the application for such a modification by the Applicant, its successors and assigns and, if different than the Applicant, the legal title holders and any ground lessors.
13. The Applicant acknowledges that it is in the public interest to design, construct and maintain the project in a manner which promotes, enables and maximizes universal access throughout the Property. Plans for all buildings and improvements on the Property shall be reviewed and approved by the Mayor's Office for People with Disabilities to ensure compliance with all applicable laws and regulations related to access for persons with disabilities and to promote the highest standard of accessibility.
14. The Applicant acknowledges that it is in the public interest to design, construct, renovate and maintain all buildings in a manner that provides healthier indoor environments, reduces operating costs and conserves energy and natural resources. The Applicant shall obtain the number of points necessary to meet the requirements of the Chicago Sustainable Development Policy, in effect at the time the Part II review process is initiated for each improvement that is subject to the aforementioned Policy and must provide documentation verifying compliance.
15. Pursuant to the Chicago Zoning Ordinance (Section 17-8-0911), a Planned Development gives priority to the preservation and adaptive reuse of Chicago Landmark buildings. The Planned Development includes Medinah Temple and the Tree Studios, Annex and Courtyard buildings which are designated Chicago Landmarks. Work to designated Chicago Landmarks is subject to the review and approval of the Commission on Chicago Landmarks pursuant to the Chicago Landmarks Ordinance, Section 2-120-740.

Applicant:	Bloomie's, Inc.
Address:	600 North Wabash Avenue
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Plan Commission	TBD

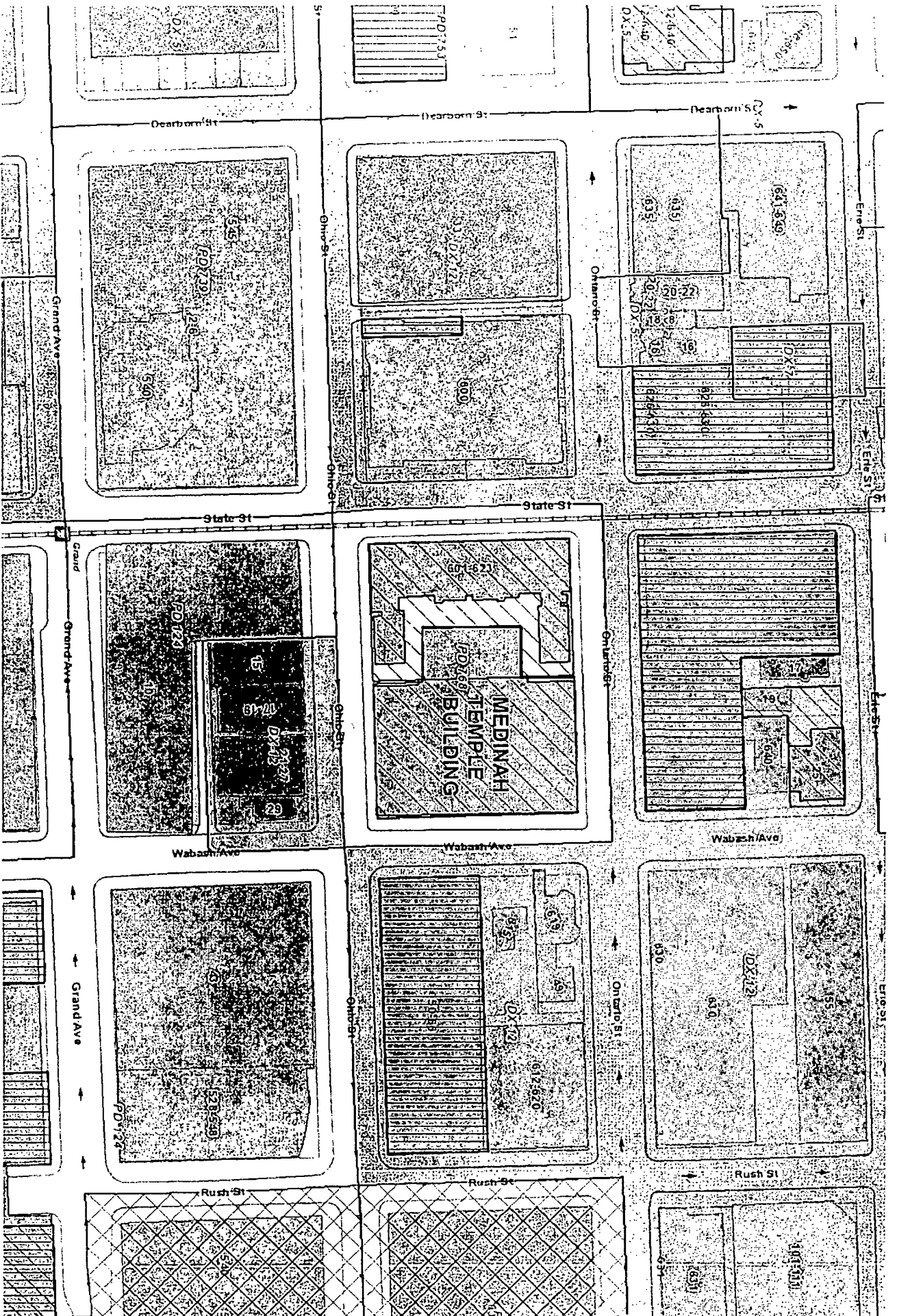
16. This Planned Development shall be governed by Section 17-13-0612. Should this Planned Development ordinance lapse, the Commissioner of the Department of Planning and Development shall initiate a Zoning Map Amendment to rezone the property to Business Planned Development No. 768, as approved December 13, 2000, and as modified administratively thereafter.

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**BUSINESS PLANNED DEVELOPMENT NO. 798, as amended  
BULK REGULATIONS AND DATA TABLE**

<b>Gross Site Area:</b>	107,002 Square Feet
<b>Area of Public Right-of-Way:</b>	41,557 Square Feet
<b>Net Site Area:</b>	65,445 Square Feet
<b>Maximum Floor Area Ratio:</b>	12.0
<b>Maximum Percent of Site Coverage:</b>	As per the Site Plan
<b>Minimum Number of Off-Street Parking Spaces:</b>	None required
<b>Minimum Number of Loading Berths:</b>	As per the Site Plan
<b>Maximum Building Height:</b>	As per the Site Plan
<b>Minimum Setbacks:</b>	As per the Site Plan
<b>Residential Units:</b>	Not to exceed eight (8) Live-Work units to be located in the Annex Building only.

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# 600 NORTH WABASH AVENUE

APPLICANT: Bloomingdale's, Inc.

ADDRESS: 600 North Wabash Avenue

Introduction Date: March 13, 2019

CPC Date: To Be Determined

## EXISTING ZONING AND STREET SYSTEM MAP

Scale: 1" = 30'







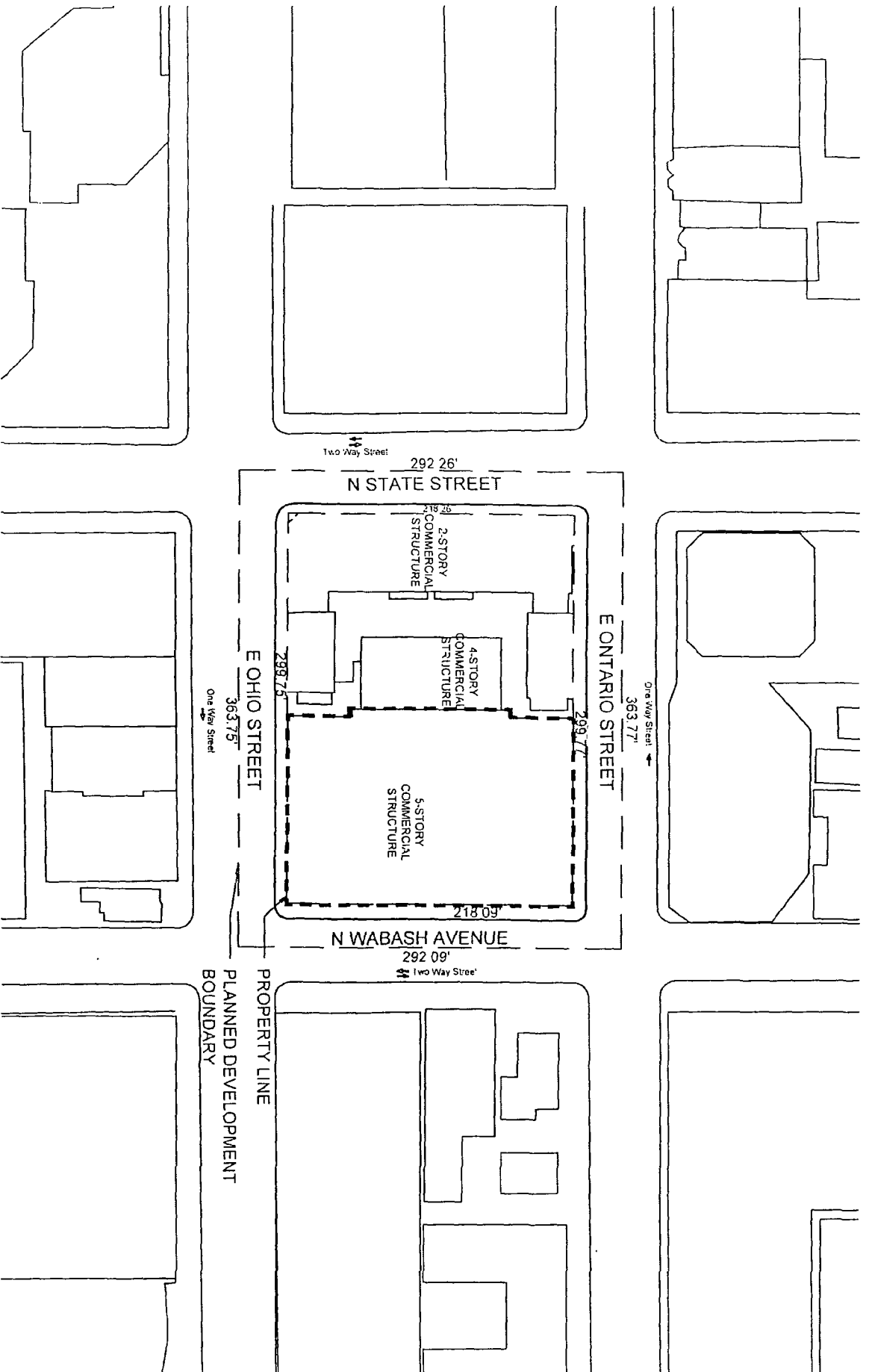
**600 NORTH WABASH AVENUE**

APPLICANT: Bloomingdale's, Inc

ADDRESS: 600 North Wabash Avenue  
Introduction Date: March 13, 2019

CPC Date: To Be Determined

**PLANNED DEVELOPMENT BOUNDARY & PROPERTY LINE MAP**



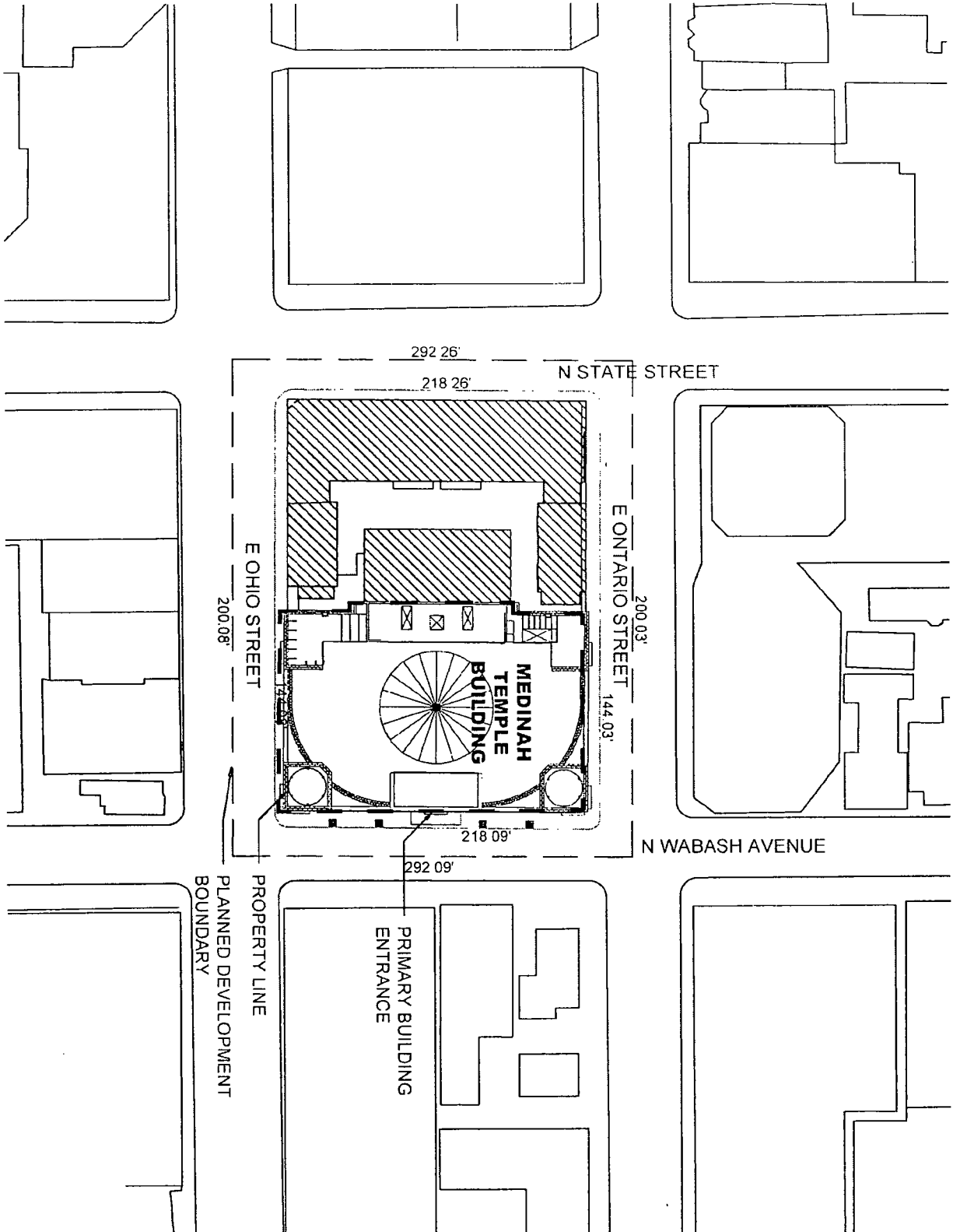
# 600 NORTH WABASH AVENUE

APPLICANT: Bloomingdale's, Inc.

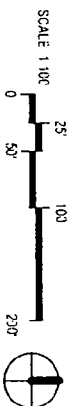
ADDRESS: 600 North Wabash Avenue

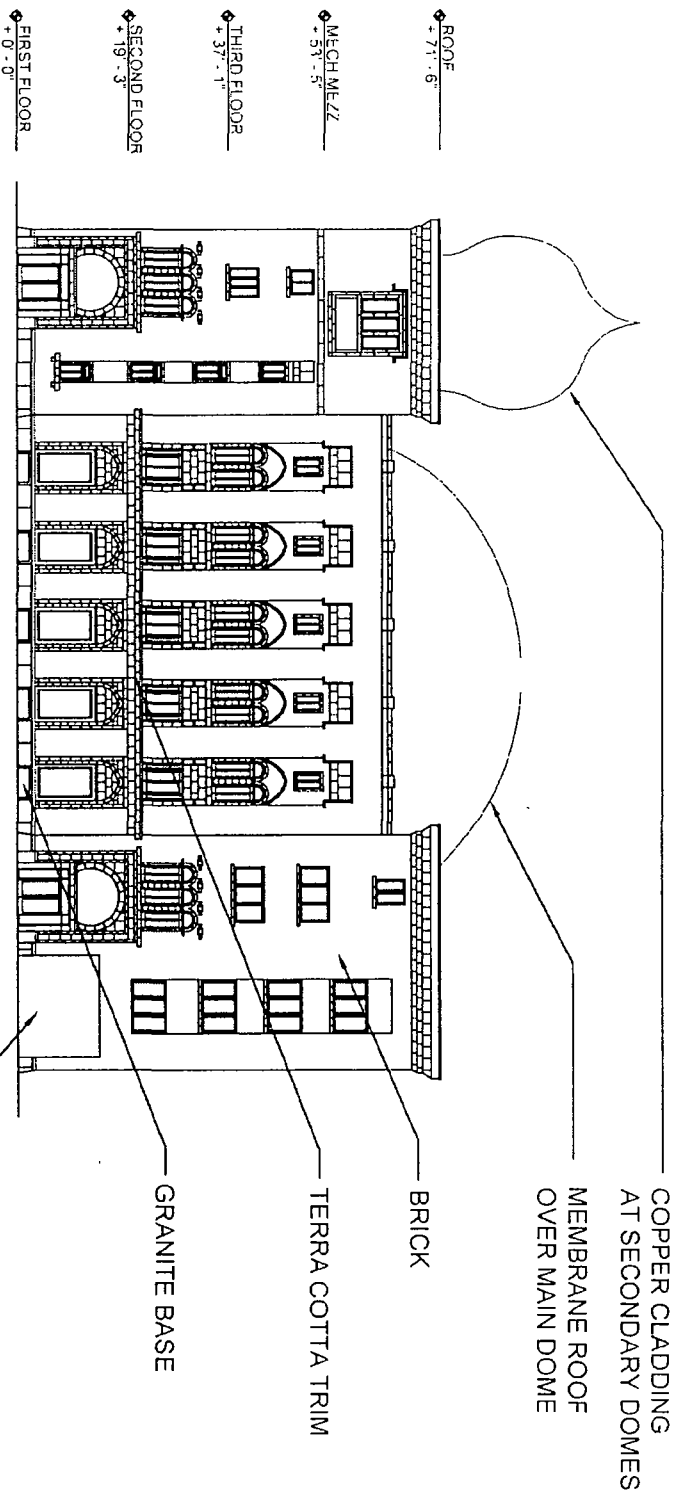
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## GENERALIZED SITE PLAN

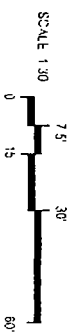


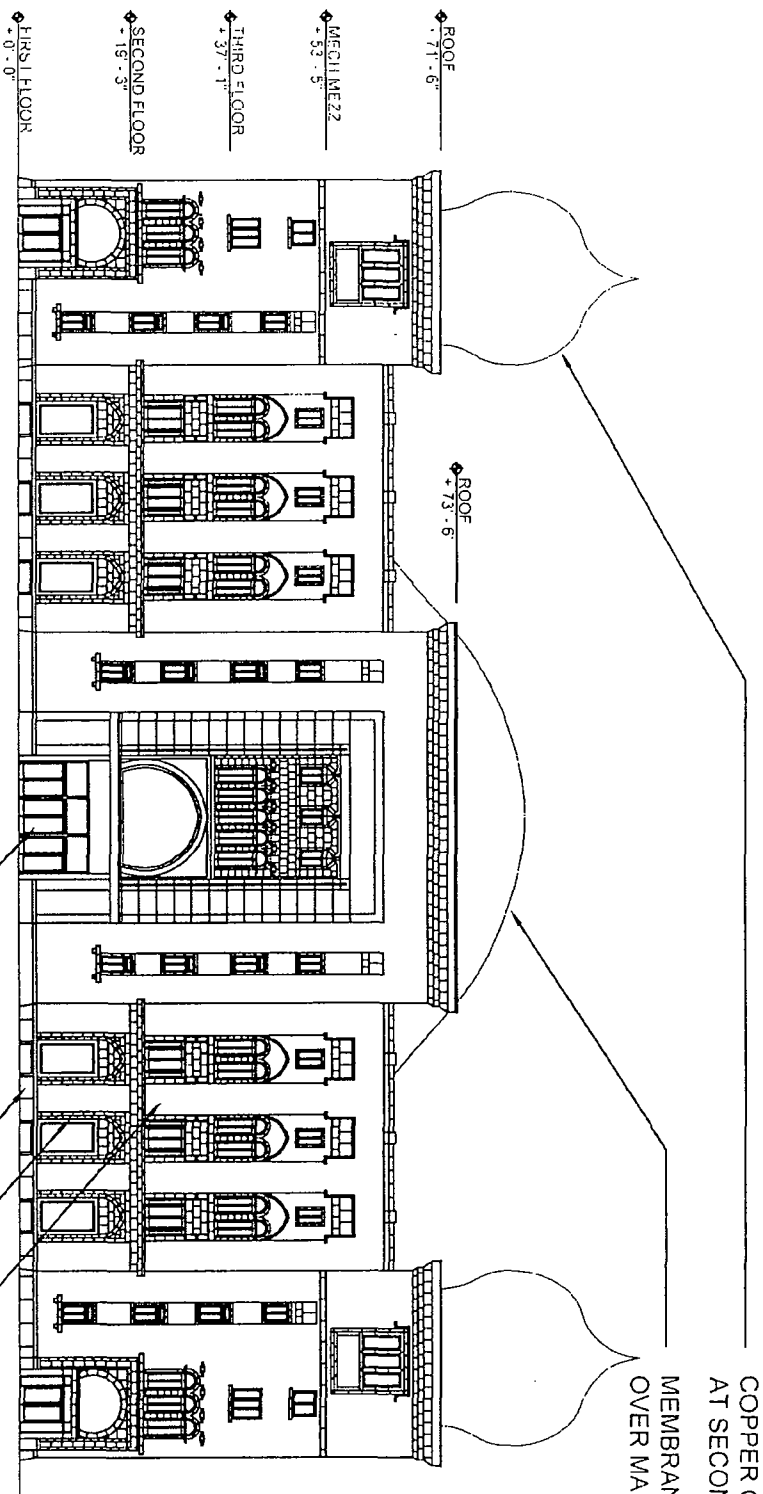


**600 NORTH WABASH AVENUE**

**NORTH (ONTARIO ST) ELEVATION**

APPLICANT: Bloomingdale's, Inc.  
 ADDRESS: 600 North Wabash Avenue  
 Introduction Date: March 13, 2019  
 CPC Date To Be Determined





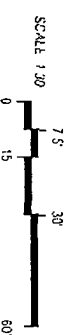
COPPER CLADDING  
AT SECONDARY DOMES  
MEMBRANE ROOF  
OVER MAIN DOME

BRICK  
TERRA COTTA TRIM  
GRANITE BASE  
STORE-FRONT  
DOOR SYSTEM

# 600 NORTH WABASH AVENUE

APPLICANT: Bloomingdale's, Inc.  
ADDRESS: 600 North Wabash Avenue  
Introduction Date: March 13, 2019  
CPC Date To Be Determined

## EAST (WABASH) ELEVATION



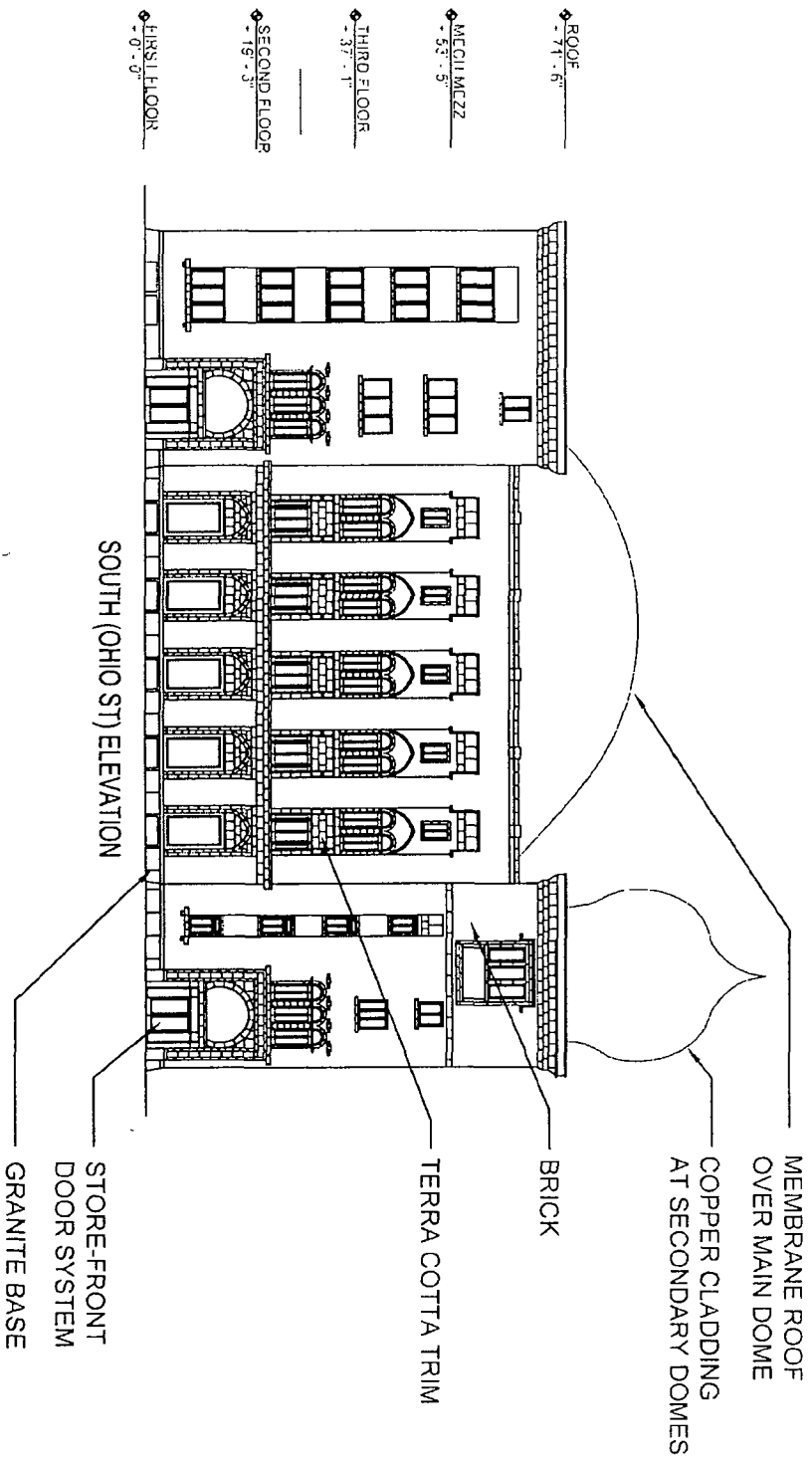
600 NORTH WABASH AVENUE

APPLICANT: Bloomingdale's, Inc.

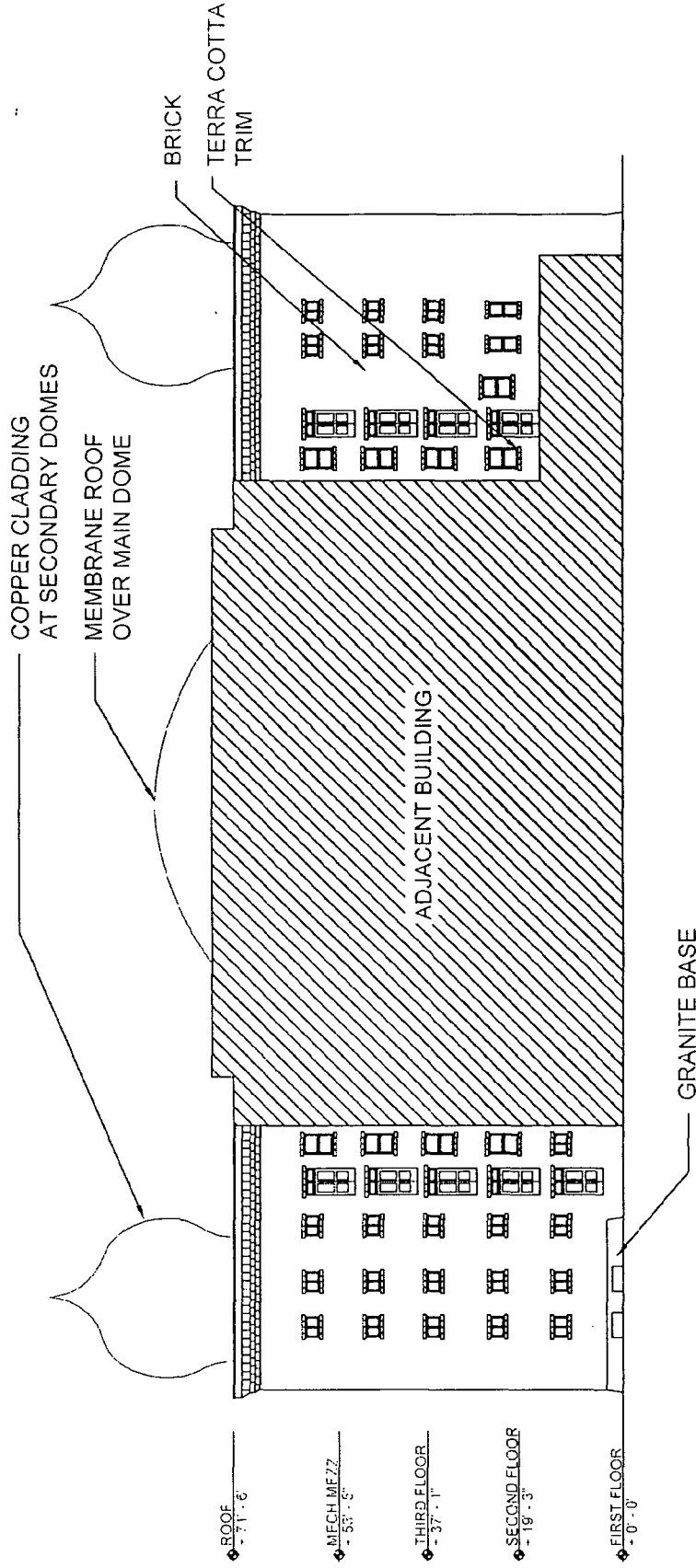
ADDRESS: 600 North Wabash Avenue

Introduction Date: March 13, 2019

CPC Date: To Be Determined



SOUTH (OHIO ST) ELEVATION



# 600 NORTH WABASH AVENUE

APPLICANT: Bloomingdale's, Inc.  
 ADDRESS: 600 North Wabash Avenue  
 Introduction Date: March 13, 2019  
 CPC Date: To Be Determined

## WEST (COURTYARD) ELEVATION



Honorable James Cappleman  
Chairman  
Committee on Zoning, Landmarks and  
Building Standards  
121 North LaSalle Street  
Chicago, Illinois 60602

Martin Cabrera, Jr.  
Chairman  
Chicago Plan Commission  
121 North LaSalle Street  
Chicago, Illinois 60602

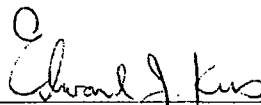
RE: 600 North Wabash

The undersigned, being first duly sworn on oath, deposes and states the following:

The undersigned certifies that the notice requirements of Section 17-13-0107 of the Chicago Zoning Ordinance were complied with by causing written notice to be sent by first class mail, to such property owners who appear to be the owners of all property within the lot lines of the subject property and within 250 feet in each direction of the lot lines of the subject property, exclusive of public roads, streets, alleys and other public ways.

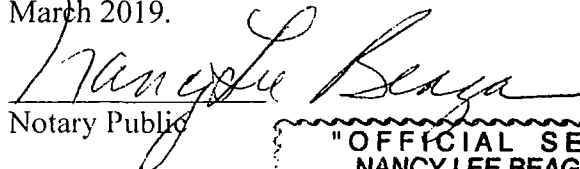
The undersigned certifies that the notice contained the address of the property which is the subject of the application; a statement of the intended use of the property; the name and address of the applicant; and a statement that the applicant intends to file an application for a Zoning Amendment on or about March 6, 2019.

The undersigned certifies that the applicant has made a *bona fide* effort to determine the addresses of the parties to be notified under Section 17-13-0107-A of the Chicago Zoning Ordinance and that the accompanying list of names and addresses of surrounding property owners within 250 feet of the subject site is a complete list containing the names and addresses of the people who were notified.

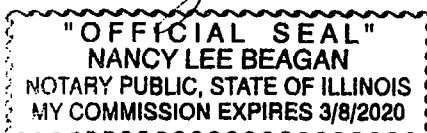


Attorney for Applicant

Subscribed and sworn to  
before me this 4<sup>th</sup> day of  
March 2019.



Notary Public





March 1, 2019

Dear Sir or Madam:

In compliance with the notice requirements of Section 17-13-0107 of the Chicago Zoning Ordinance, please be informed that on or about March 6, 2019 an application for an Amendment to the Chicago Zoning Ordinance will be filed on behalf of the Applicant, Bloomingdale's, Inc., for the property located at 600 North Wabash and commonly known as Medinah Temple.

The application seeks a technical amendment from Business Planned Development No. 768, to Business Planned Development No. 768, as amended. The property currently contains a single-user retail use, Bloomingdale's Home Store. The Applicant seeks approval to supplement the permissible uses in Medinah Temple, including, but not limited to, a health club, fitness center, a lifestyle club with food and beverage service, and other incidental uses related thereto. There will be no exterior changes to Medinah Temple, which is a designated Chicago Landmark.

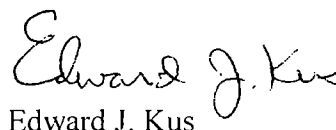
The contact information for the Applicant, which owns Medinah Temple, is as follows: Bloomingdale's, Inc., 7 West Seventh Street, Cincinnati, Ohio 45202.

Please note that your property is not being rezoned. The Applicant is required by law to send this notice to you because the Cook County Assessor's records indicate you own property within 250 feet of the site.

Questions about this notice may be directed to the Applicant's attorney, Edward J. Kus, at 312.836.4080, at Taft Stettinius & Hollister LLP, 111 East Wacker Drive, Suite 2800, Chicago, Illinois 60601.

Very truly yours,

Taft Stettinius & Hollister LLP



Edward J. Kus

[illegible]

1. RESEARCH - The process of gathering information about a problem or issue. This involves identifying the problem, determining the scope of the problem, and collecting data from various sources. Research is a critical component of the problem-solving process, as it provides the foundation for developing effective solutions.

2. ANALYSIS - The process of examining the data collected during the research phase to identify patterns, trends, and relationships. This involves using statistical methods and other analytical tools to interpret the data and draw conclusions. Analysis is essential for understanding the underlying causes of the problem and for identifying potential solutions.

3. PLANNING - The process of developing a strategy for addressing the problem. This involves identifying the goals of the intervention, determining the resources needed, and developing a timeline for implementation. Planning is a critical step in the problem-solving process, as it ensures that the intervention is designed to address the specific needs of the community and that resources are used effectively.

4. IMPLEMENTATION - The process of putting the plan into action. This involves working with community members to develop and deliver the intervention. Implementation is a complex process that requires collaboration, communication, and flexibility. It is essential to involve community members in the implementation process to ensure that the intervention is culturally appropriate and that it meets the needs of the community.

5. EVALUATION - The process of assessing the effectiveness of the intervention. This involves collecting data on the outcomes of the intervention and comparing them to the goals that were established during the planning phase. Evaluation is a critical component of the problem-solving process, as it provides feedback on the effectiveness of the intervention and allows for adjustments to be made as needed.

6. MAINTENANCE - The process of ensuring that the intervention continues to be effective over time. This involves monitoring the outcomes of the intervention and making adjustments as needed to ensure that the intervention remains relevant and effective. Maintenance is an ongoing process that requires ongoing communication and collaboration with community members.

7. TERMINATION - The process of ending the intervention. This involves determining when the intervention has achieved its goals and when it is no longer needed. Termination is a critical step in the problem-solving process, as it ensures that resources are used effectively and that the community is able to sustain the benefits of the intervention.

8. RE-EVALUATION - The process of reassessing the problem and the intervention. This involves identifying new problems or issues that have emerged and developing new strategies for addressing them. Re-evaluation is an ongoing process that is essential for ensuring that the community is able to address its needs effectively over time.

9. CONCLUSION - The final step in the problem-solving process, which involves summarizing the findings of the research and the outcomes of the intervention. This step is essential for providing a clear and concise summary of the problem-solving process and for identifying the key lessons learned from the experience.

10. DISCUSSION - The final step in the problem-solving process, which involves discussing the findings of the research and the outcomes of the intervention with the community and other stakeholders. This step is essential for ensuring that the community is able to understand the findings and to take action based on the results.

11. REFERENCES - A list of the sources of information used in the research. This is an essential component of the research report, as it provides a clear and concise list of the sources of information used in the research.

12. APPENDICES - Additional information that is related to the research but that is not included in the main text of the report. This can include data tables, charts, and other supplementary information. Appendices are an essential component of the research report, as they provide additional information that is needed to understand the research findings.

13. INDEX - A list of the topics covered in the report and the pages on which they are discussed. This is an essential component of the research report, as it allows readers to quickly find the information they are looking for.

14. COVER PAGE - The first page of the report, which typically includes the title, author's name, and other identifying information. The cover page is an essential component of the research report, as it provides a clear and concise summary of the report's content.

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59. TITLE PAGE - The page that contains the title of the report. This is an essential component of the research report, as it provides a clear and concise summary of the report's content.

60. ABSTRACT - A brief summary of the research findings. This is an essential component of the research report, as it provides a clear and concise summary of the report's content.

61. INTRODUCTION - The first section of the report, which typically includes the background information and the purpose of the research. This is an essential component of the research report, as it provides a clear and concise summary of the report's content.

62. METHODS - The section of the report that describes the research methods used. This is an essential component of the research report, as it provides a clear and concise summary of the report's content.

63. RESULTS - The section of the report that presents the research findings. This is an essential component of the research report, as it provides a clear and concise summary of the report's content.

64. DISCUSSION - The section of the report that discusses the research findings and their implications. This is an essential component of the research report, as it provides a clear and concise summary of the report's content.

65. CONCLUSION - The final section of the report, which typically includes a summary of the findings and a statement of the research's contribution. This is an essential component of the research report, as it provides a clear and concise summary of the report's content.

66. REFERENCES - A list of the sources of information used in the research. This is an essential component of the research report, as it provides a clear and concise list of the sources of information used in the research.

67. APPENDICES - Additional information that is related to the research but that is not included in the main text of the report. This can include data tables, charts, and other supplementary information. Appendices are an essential component of the research report, as they provide additional information that is needed to understand the research findings.

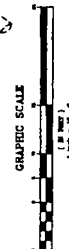
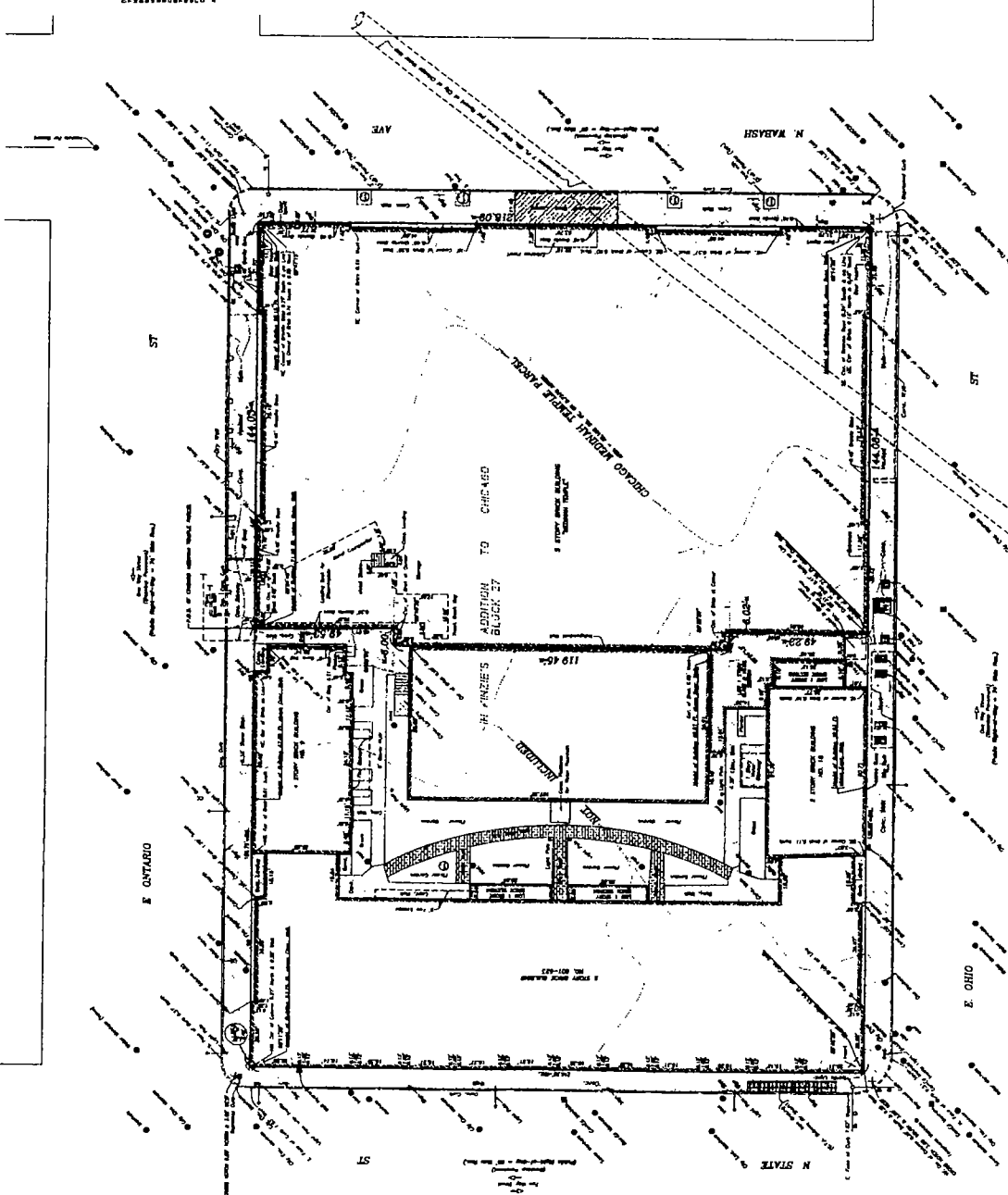
68. INDEX - A list of the topics covered in the report and the pages on which they are discussed. This is an essential component of the research report, as it allows readers to quickly find the information they are looking for.

69. COVER PAGE - The first page of

NO.	NAME	DATE	TIME	LOCATION	STATUS
1	W-123456	NOV 18, 2018	10:00	LOCALITY	OK
2	M-123456	OCT 22, 2008	10:00	LOCALITY	OK
3	M-123456	OCT 8, 2002	10:00	LOCALITY	OK
4	M-123456	MAY 30, 2001	10:00	LOCALITY	OK
5	M-123456	MAY 30, 2001	10:00	LOCALITY	OK
6	M-123456	JUN 28, 2001	10:00	LOCALITY	OK
7	M-123456	JUN 27, 2000	10:00	LOCALITY	OK
8	M-123456	MAY 27, 2000	10:00	LOCALITY	OK
9	M-123456	APR 19, 2000	10:00	LOCALITY	OK

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PHONE 312.836.4080 FAX 312.966.8488 EMAIL [ekus@taftlaw.com](mailto:ekus@taftlaw.com)

6. If the applicant is a legal entity (Corporation, LLC, Partnership, etc.) please provide the names of all owners as disclosed on the Economic Disclosure Statements.

Bloomie's, Inc.

Macy's Retail Holdings, Inc.

Macy's, Inc.

7. On what date did the owner acquire legal title to the subject property? April, 2001

8. Has the present owner previously rezoned this property? If Yes, when?

No

9. Present Zoning District BPD 768 Proposed Zoning District BPD 768, as amended

10. Lot size in square feet (or dimensions) 65,445 Square Feet

11. Current Use of the property Retail

12. Reason for rezoning the property To allow additional uses in the Medinah Temple building including a health club, fitness center and lifestyle club with food and beverage.

13. Describe the proposed use of the property after the rezoning. Indicate the number of dwelling units; number of parking spaces; approximate square footage of any commercial space; and height of the proposed building. (BE SPECIFIC)

There will be no change to the existing buildings. There is no parking on-site. The Medinah Temple building contains approximately 120,000 square feet of commercial space. The Medinah Temple building is approximately five-stories in height.

14. The Affordable Requirements Ordinance (ARO) requires on-site affordable housing units and/or a financial contribution for residential housing projects with ten or more units that receive a zoning change which, among other triggers, increases the allowable floor area, or, for existing Planned Developments, increases the number of units (see attached fact sheet or visit [www.cityofchicago.org/ARO](http://www.cityofchicago.org/ARO) for more information). Is this project subject to the ARO?

YES \_\_\_\_\_ NO X

COUNTY OF COOK  
STATE OF ILLINOIS

Kate Blomgren, being first duly sworn on oath, states that all of the above statements and the statements contained in the documents submitted herewith are true and correct.

Kate Blomgren 2/27/19  
Signature of Applicant

Subscribed and Sworn to before me this  
27 day of February 2019.

Elizabeth A. Renger  
Notary Public



For Office Use Only

Date of Introduction: \_\_\_\_\_

File Number: \_\_\_\_\_

Ward: \_\_\_\_\_

**CITY OF CHICAGO  
ECONOMIC DISCLOSURE STATEMENT  
AND AFFIDAVIT**

**SECTION I -- GENERAL INFORMATION**

A. Legal name of the Disclosing Party submitting this EDS. Include d/b/a/ if applicable:

Bloomington's, Inc.

**Check ONE of the following three boxes:**

Indicate whether the Disclosing Party submitting this EDS is:

1. ☒ the Applicant

OR

2. ☐ a legal entity currently holding, or anticipated to hold within six months after City action on the contract, transaction or other undertaking to which this EDS pertains (referred to below as the "Matter"), a direct or indirect interest in excess of 7.5% in the Applicant. State the Applicant's legal name: \_\_\_\_\_

OR

3. ☐ a legal entity with a direct or indirect right of control of the Applicant (see Section II(B)(1)) State the legal name of the entity in which the Disclosing Party holds a right of control: \_\_\_\_\_

B. Business address of the Disclosing Party: 7 West Seventh Street, Cincinnati, OH 45202

Attn: Real Estate Dept (Kate Blomgren)

C. Telephone: 513-579-7116 Fax: 513-579-7513 Email: \_\_\_\_\_

D. Name of contact person: Kate Blomgren

E. Federal Employer Identification No. (if you have one): \_\_\_\_\_

F. Brief description of the Matter to which this EDS pertains. (Include project number and location of property, if applicable):

Application for Change to Business Planned Development 768

G. Which City agency or department is requesting this EDS? Department of Planning and Development

If the Matter is a contract being handled by the City's Department of Procurement Services, please complete the following:

Specification # \_\_\_\_\_ and Contract # \_\_\_\_\_

## SECTION II -- DISCLOSURE OF OWNERSHIP INTERESTS

### A. NATURE OF THE DISCLOSING PARTY

1. Indicate the nature of the Disclosing Party:

- |   |  |
|---|--|
| <input type="checkbox"/> Person   | <input type="checkbox"/> Limited liability company       |
| <input type="checkbox"/> Publicly registered business corporation       | <input type="checkbox"/> Limited liability partnership   |
| <input checked="" type="checkbox"/> Privately held business corporation | <input type="checkbox"/> Joint venture                   |
| <input type="checkbox"/> Sole proprietorship                            | <input type="checkbox"/> Not-for-profit corporation      |
| <input type="checkbox"/> General partnership                            | (Is the not-for-profit corporation also a 501(c)(3))?    |
| <input type="checkbox"/> Limited partnership                            | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| <input type="checkbox"/> Trust  | <input type="checkbox"/> Other (please specify)          |
- 

2. For legal entities, the state (or foreign country) of incorporation or organization, if applicable:

Ohio

---

3. For legal entities not organized in the State of Illinois: Has the organization registered to do business in the State of Illinois as a foreign entity?

- ☒ Yes ☐ No ☐ Organized in Illinois

### B. IF THE DISCLOSING PARTY IS A LEGAL ENTITY:

1. List below the full names and titles, if applicable, of: (i) all executive officers and all directors of the entity; (ii) **for not-for-profit corporations**, all members, if any, which are legal entities (if there are no such members, write "no members which are legal entities"); (iii) **for trusts, estates or other similar entities**, the trustee, executor, administrator, or similarly situated party; (iv) **for general or limited partnerships, limited liability companies, limited liability partnerships or joint ventures**, each general partner, managing member, manager or any other person or legal entity that directly or indirectly controls the day-to-day management of the Applicant.

**NOTE:** Each legal entity listed below must submit an EDS on its own behalf.

Name

Title

See attached

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2. Please provide the following information concerning each person or legal entity having a direct or indirect, current or prospective (i.e. within 6 months after City action) beneficial interest (including ownership) in excess of 7.5% of the Applicant. Examples of such an interest include shares in a corporation, partnership interest in a partnership or joint venture, interest of a member or manager in a

limited liability company, or interest of a beneficiary of a trust, estate or other similar entity. If none, state "None."

**NOTE:** Each legal entity listed below may be required to submit an EDS on its own behalf.

Name	Business Address	Percentage Interest in the Applicant
*Macy's, Inc. & Macy's Retail Holdings, Inc.	7 West Seventh Street, Cincinnati, Ohio 45202	100%
*Macy's, Inc. is a publicly traded company which is not required to file an EDS pursuant to Section 1(i) of the Rules Regarding Economic Disclosure Statements		
A copy of Macy's, Inc.'s most recent SEC filing is enclosed with this EDS, as is the EDS of Macy's Retail Holdings, Inc. (a subsidiary of Macy's, Inc. and parent company of Applicant).		

### SECTION III -- INCOME OR COMPENSATION TO, OR OWNERSHIP BY, CITY ELECTED OFFICIALS

Has the Disclosing Party provided any income or compensation to any City elected official during the 12-month period preceding the date of this EDS? ☐ Yes ☒ No

Does the Disclosing Party reasonably expect to provide any income or compensation to any City elected official during the 12-month period following the date of this EDS? ☐ Yes ☒ No

If "yes" to either of the above, please identify below the name(s) of such City elected official(s) and describe such income or compensation:

N/A

Does any City elected official or, to the best of the Disclosing Party's knowledge after reasonable inquiry, any City elected official's spouse or domestic partner, have a financial interest (as defined in Chapter 2-156 of the Municipal Code of Chicago ("MCC")) in the Disclosing Party?

☐ Yes ☒ No

If "yes," please identify below the name(s) of such City elected official(s) and/or spouse(s)/domestic partner(s) and describe the financial interest(s).

N/A

### SECTION IV -- DISCLOSURE OF SUBCONTRACTORS AND OTHER RETAINED PARTIES

The Disclosing Party must disclose the name and business address of each subcontractor, attorney, lobbyist (as defined in MCC Chapter 2-156), accountant, consultant and any other person or entity whom the Disclosing Party has retained or expects to retain in connection with the Matter, as well as the nature of the relationship, and the total amount of the fees paid or estimated to be paid. The Disclosing Party is not required to disclose employees who are paid solely through the Disclosing Party's regular payroll. If the Disclosing Party is uncertain whether a disclosure is required under this Section, the Disclosing Party must either ask the City whether disclosure is required or make the disclosure.



Name (indicate whether retained or anticipated to be retained)	Business Address	Relationship to Disclosing Party (subcontractor, attorney, lobbyist, etc.)	Fees ( <u>indicate whether paid or estimated.</u> ) <b>NOTE:</b> "hourly rate" or "t.b.d." is not an acceptable response.
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See attached

(Add sheets if necessary)

☐ Check here if the Disclosing Party has not retained, nor expects to retain, any such persons or entities.

## SECTION V -- CERTIFICATIONS

### A. COURT-ORDERED CHILD SUPPORT COMPLIANCE

Under MCC Section 2-92-415, substantial owners of business entities that contract with the City must remain in compliance with their child support obligations throughout the contract's term.

Has any person who directly or indirectly owns 10% or more of the Disclosing Party been declared in arrearage on any child support obligations by any Illinois court of competent jurisdiction?

☐ Yes    ☐ No    ☒ No person directly or indirectly owns 10% or more of the Disclosing Party.

If "Yes," has the person entered into a court-approved agreement for payment of all support owed and is the person in compliance with that agreement?

☐ Yes    ☐ No

### B. FURTHER CERTIFICATIONS

1. [This paragraph 1 applies only if the Matter is a contract being handled by the City's Department of Procurement Services.] In the 5-year period preceding the date of this EDS, neither the Disclosing Party nor any Affiliated Entity [see definition in (5) below] has engaged, in connection with the performance of any public contract, the services of an integrity monitor, independent private sector inspector general, or integrity compliance consultant (i.e., an individual or entity with legal, auditing, investigative, or other similar skills, designated by a public agency to help the agency monitor the activity of specified agency vendors as well as help the vendors reform their business practices so they can be considered for agency contracts in the future, or continue with a contract in progress).

2. The Disclosing Party and its Affiliated Entities are not delinquent in the payment of any fine, fee, tax or other source of indebtedness owed to the City of Chicago, including, but not limited to, water and sewer charges, license fees, parking tickets, property taxes and sales taxes, nor is the Disclosing Party delinquent in the payment of any tax administered by the Illinois Department of Revenue.

3. The Disclosing Party and, if the Disclosing Party is a legal entity, all of those persons or entities identified in Section II(B)(1) of this EDS:

- a. are not presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from any transactions by any federal, state or local unit of government;
- b. have not, during the 5 years before the date of this EDS, been convicted of a criminal offense, adjudged guilty, or had a civil judgment rendered against them in connection with: obtaining, attempting to obtain, or performing a public (federal, state or local) transaction or contract under a public transaction; a violation of federal or state antitrust statutes; fraud; embezzlement; theft; forgery; bribery; falsification or destruction of records; making false statements; or receiving stolen property;
- c. are not presently indicted for, or criminally or civilly charged by, a governmental entity (federal, state or local) with committing any of the offenses set forth in subparagraph (b) above;
- d. have not, during the 5 years before the date of this EDS, had one or more public transactions (federal, state or local) terminated for cause or default; and
- e. have not, during the 5 years before the date of this EDS, been convicted, adjudged guilty, or found liable in a civil proceeding, or in any criminal or civil action, including actions concerning environmental violations, instituted by the City or by the federal government, any state, or any other unit of local government.

4. The Disclosing Party understands and shall comply with the applicable requirements of MCC Chapters 2-56 (Inspector General) and 2-156 (Governmental Ethics).

5. Certifications (5), (6) and (7) concern:

- the Disclosing Party;
- any "Contractor" (meaning any contractor or subcontractor used by the Disclosing Party in connection with the Matter, including but not limited to all persons or legal entities disclosed under Section IV, "Disclosure of Subcontractors and Other Retained Parties");
- any "Affiliated Entity" (meaning a person or entity that, directly or indirectly: controls the Disclosing Party, is controlled by the Disclosing Party, or is, with the Disclosing Party, under common control of another person or entity). Indicia of control include, without limitation: interlocking management or ownership; identity of interests among family members, shared facilities and equipment; common use of employees; or organization of a business entity following the ineligibility of a business entity to do business with federal or state or local government, including the City, using substantially the same management, ownership, or principals as the ineligible entity. With respect to Contractors, the term Affiliated Entity means a person or entity that directly or indirectly controls the Contractor, is controlled by it, or, with the Contractor, is under common control of another person or entity;
- any responsible official of the Disclosing Party, any Contractor or any Affiliated Entity or any other official, agent or employee of the Disclosing Party, any Contractor or any Affiliated Entity, acting pursuant to the direction or authorization of a responsible official of the Disclosing Party, any Contractor or any Affiliated Entity (collectively "Agents").

Neither the Disclosing Party, nor any Contractor, nor any Affiliated Entity of either the Disclosing Party or any Contractor, nor any Agents have, during the 5 years before the date of this EDS, or, with respect to a Contractor, an Affiliated Entity, or an Affiliated Entity of a Contractor during the 5 years before the date of such Contractor's or Affiliated Entity's contract or engagement in connection with the Matter:

- a. bribed or attempted to bribe, or been convicted or adjudged guilty of bribery or attempting to bribe, a public officer or employee of the City, the State of Illinois, or any agency of the federal government or of any state or local government in the United States of America, in that officer's or employee's official capacity;
- b. agreed or colluded with other bidders or prospective bidders, or been a party to any such agreement, or been convicted or adjudged guilty of agreement or collusion among bidders or prospective bidders, in restraint of freedom of competition by agreement to bid a fixed price or otherwise; or
- c. made an admission of such conduct described in subparagraph (a) or (b) above that is a matter of record, but have not been prosecuted for such conduct; or
- d. violated the provisions referenced in MCC Subsection 2-92-320(a)(4)(Contracts Requiring a Base Wage); (a)(5)(Debarment Regulations); or (a)(6)(Minimum Wage Ordinance).

6. Neither the Disclosing Party, nor any Affiliated Entity or Contractor, or any of their employees, officials, agents or partners, is barred from contracting with any unit of state or local government as a result of engaging in or being convicted of (1) bid-rigging in violation of 720 ILCS 5/33E-3; (2) bid-rotating in violation of 720 ILCS 5/33E-4; or (3) any similar offense of any state or of the United States of America that contains the same elements as the offense of bid-rigging or bid-rotating.

7. Neither the Disclosing Party nor any Affiliated Entity is listed on a Sanctions List maintained by the United States Department of Commerce, State, or Treasury, or any successor federal agency.

8. [FOR APPLICANT ONLY] (i) Neither the Applicant nor any "controlling person" [see MCC Chapter 1-23, Article I for applicability and defined terms] of the Applicant is currently indicted or charged with, or has admitted guilt of, or has ever been convicted of, or placed under supervision for, any criminal offense involving actual, attempted, or conspiracy to commit bribery, theft, fraud, forgery, perjury, dishonesty or deceit against an officer or employee of the City or any "sister agency"; and (ii) the Applicant understands and acknowledges that compliance with Article I is a continuing requirement for doing business with the City. NOTE: If MCC Chapter 1-23, Article I applies to the Applicant, that Article's permanent compliance timeframe supersedes 5-year compliance timeframes in this Section V.

9. [FOR APPLICANT ONLY] The Applicant and its Affiliated Entities will not use, nor permit their subcontractors to use, any facility listed as having an active exclusion by the U.S. EPA on the federal System for Award Management ("SAM").

10. [FOR APPLICANT ONLY] The Applicant will obtain from any contractors/subcontractors hired or to be hired in connection with the Matter certifications equal in form and substance to those in Certifications (2) and (9) above and will not, without the prior written consent of the City, use any such

contractor/subcontractor that does not provide such certifications or that the Applicant has reason to believe has not provided or cannot provide truthful certifications.

11. If the Disclosing Party is unable to certify to any of the above statements in this Part B (Further Certifications), the Disclosing Party must explain below:

Certifications regarding employees are limited to executive and principal officers and directors of Disclosing Party/Affiliate Entities and best efforts inquiries.

Corporate policy and legal restrictions allow collection of criminal background and other personal EDS requested information only where relevant to job position and responsibilities.

Please also note that the Disclosing Party and its Affiliated Entities have 120,000+ full-time, part time, seasonal, temporary and on-call employees.

If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

12. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all current employees of the Disclosing Party who were, at any time during the 12-month period preceding the date of this EDS, an employee, or elected or appointed official, of the City of Chicago (if none, indicate with "N/A" or "none").

N/A

13. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all gifts that the Disclosing Party has given or caused to be given, at any time during the 12-month period preceding the execution date of this EDS, to an employee, or elected or appointed official, of the City of Chicago. For purposes of this statement, a "gift" does not include: (i) anything made generally available to City employees or to the general public, or (ii) food or drink provided in the course of official City business and having a retail value of less than \$25 per recipient, or (iii) a political contribution otherwise duly reported as required by law (if none, indicate with "N/A" or "none"). As to any gift listed below, please also list the name of the City recipient.

N/A

## C. CERTIFICATION OF STATUS AS FINANCIAL INSTITUTION

1. The Disclosing Party certifies that the Disclosing Party (check one)

☐ is

☒ is not

a "financial institution" as defined in MCC Section 2-32-455(b).

2. If the Disclosing Party IS a financial institution, then the Disclosing Party pledges:

"We are not and will not become a predatory lender as defined in MCC Chapter 2-32. We further pledge that none of our affiliates is, and none of them will become, a predatory lender as defined in MCC Chapter 2-32. We understand that becoming a predatory lender or becoming an affiliate of a predatory lender may result in the loss of the privilege of doing business with the City."

If the Disclosing Party is unable to make this pledge because it or any of its affiliates (as defined in MCC Section 2-32-455(b)) is a predatory lender within the meaning of MCC Chapter 2-32, explain here (attach additional pages if necessary):

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If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

#### D. CERTIFICATION REGARDING FINANCIAL INTEREST IN CITY BUSINESS

Any words or terms defined in MCC Chapter 2-156 have the same meanings if used in this Part D.

1. In accordance with MCC Section 2-156-110: To the best of the Disclosing Party's knowledge after reasonable inquiry, does any official or employee of the City have a financial interest in his or her own name or in the name of any other person or entity in the Matter?

☐ Yes

☒ No

NOTE: If you checked "Yes" to Item D(1), proceed to Items D(2) and D(3). If you checked "No" to Item D(1), skip Items D(2) and D(3) and proceed to Part E.

2. Unless sold pursuant to a process of competitive bidding, or otherwise permitted, no City elected official or employee shall have a financial interest in his or her own name or in the name of any other person or entity in the purchase of any property that (i) belongs to the City, or (ii) is sold for taxes or assessments, or (iii) is sold by virtue of legal process at the suit of the City (collectively, "City Property Sale"). Compensation for property taken pursuant to the City's eminent domain power does not constitute a financial interest within the meaning of this Part D.

Does the Matter involve a City Property Sale?

☐ Yes

☐ No

3. If you checked "Yes" to Item D(1), provide the names and business addresses of the City officials or employees having such financial interest and identify the nature of the financial interest:

Name	Business Address	Nature of Financial Interest
_____	_____	_____
_____	_____	_____
_____	_____	_____

4. The Disclosing Party further certifies that no prohibited financial interest in the Matter will be acquired by any City official or employee.

## E. CERTIFICATION REGARDING SLAVERY ERA BUSINESS

Please check either (1) or (2) below. If the Disclosing Party checks (2), the Disclosing Party must disclose below or in an attachment to this EDS all information required by (2). Failure to comply with these disclosure requirements may make any contract entered into with the City in connection with the Matter voidable by the City.

☒ 1. The Disclosing Party verifies that the Disclosing Party has searched any and all records of the Disclosing Party and any and all predecessor entities regarding records of investments or profits from slavery or slaveholder insurance policies during the slavery era (including insurance policies issued to slaveholders that provided coverage for damage to or injury or death of their slaves), and the Disclosing Party has found no such records.

☐ 2. The Disclosing Party verifies that, as a result of conducting the search in step (1) above, the Disclosing Party has found records of investments or profits from slavery or slaveholder insurance policies. The Disclosing Party verifies that the following constitutes full disclosure of all such records, including the names of any and all slaves or slaveholders described in those records:

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## SECTION VI -- CERTIFICATIONS FOR FEDERALLY FUNDED MATTERS

**NOTE: If the Matter is federally funded, complete this Section VI. If the Matter is not federally funded, proceed to Section VII.** For purposes of this Section VI, tax credits allocated by the City and proceeds of debt obligations of the City are not federal funding.

### A. CERTIFICATION REGARDING LOBBYING

1. List below the names of all persons or entities registered under the federal Lobbying Disclosure Act of 1995, as amended, who have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter: (Add sheets if necessary):

N/A

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(If no explanation appears or begins on the lines above, or if the letters "NA" or if the word "None" appear, it will be conclusively presumed that the Disclosing Party means that NO persons or entities registered under the Lobbying Disclosure Act of 1995, as amended, have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter.)

2. The Disclosing Party has not spent and will not expend any federally appropriated funds to pay any person or entity listed in paragraph A(1) above for his or her lobbying activities or to pay any person or entity to influence or attempt to influence an officer or employee of any agency, as defined by applicable federal law, a member of Congress, an officer or employee of Congress, or an employee

of a member of Congress, in connection with the award of any federally funded contract, making any federally funded grant or loan, entering into any cooperative agreement, or to extend, continue, renew, amend, or modify any federally funded contract, grant, loan, or cooperative agreement.

3. The Disclosing Party will submit an updated certification at the end of each calendar quarter in which there occurs any event that materially affects the accuracy of the statements and information set forth in paragraphs A(1) and A(2) above.

4. The Disclosing Party certifies that either: (i) it is not an organization described in section 501(c)(4) of the Internal Revenue Code of 1986; or (ii) it is an organization described in section 501(c)(4) of the Internal Revenue Code of 1986 but has not engaged and will not engage in "Lobbying Activities," as that term is defined in the Lobbying Disclosure Act of 1995, as amended.

5. If the Disclosing Party is the Applicant, the Disclosing Party must obtain certifications equal in form and substance to paragraphs A(1) through A(4) above from all subcontractors before it awards any subcontract and the Disclosing Party must maintain all such subcontractors' certifications for the duration of the Matter and must make such certifications promptly available to the City upon request.

#### B. CERTIFICATION REGARDING EQUAL EMPLOYMENT OPPORTUNITY

If the Matter is federally funded, federal regulations require the Applicant and all proposed subcontractors to submit the following information with their bids or in writing at the outset of negotiations.

Is the Disclosing Party the Applicant?

☐ Yes

☐ No

If "Yes," answer the three questions below:

1. Have you developed and do you have on file affirmative action programs pursuant to applicable federal regulations? (See 41 CFR Part 60-2.)

☐ Yes

☐ No

2. Have you filed with the Joint Reporting Committee, the Director of the Office of Federal Contract Compliance Programs, or the Equal Employment Opportunity Commission all reports due under the applicable filing requirements?

☐ Yes

☐ No

☐ Reports not required

3. Have you participated in any previous contracts or subcontracts subject to the equal opportunity clause?

☐ Yes

☐ No

If you checked "No" to question (1) or (2) above, please provide an explanation:

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## SECTION VII -- FURTHER ACKNOWLEDGMENTS AND CERTIFICATION

The Disclosing Party understands and agrees that:

- A. The certifications, disclosures, and acknowledgments contained in this EDS will become part of any contract or other agreement between the Applicant and the City in connection with the Matter, whether procurement, City assistance, or other City action, and are material inducements to the City's execution of any contract or taking other action with respect to the Matter. The Disclosing Party understands that it must comply with all statutes, ordinances, and regulations on which this EDS is based.
- B. The City's Governmental Ethics Ordinance, MCC Chapter 2-156, imposes certain duties and obligations on persons or entities seeking City contracts, work, business, or transactions. The full text of this ordinance and a training program is available on line at [www.cityofchicago.org/Ethics](http://www.cityofchicago.org/Ethics), and may also be obtained from the City's Board of Ethics, 740 N. Sedgwick St., Suite 500, Chicago, IL 60610, (312) 744-9660. The Disclosing Party must comply fully with this ordinance.
- C. If the City determines that any information provided in this EDS is false, incomplete or inaccurate, any contract or other agreement in connection with which it is submitted may be rescinded or be void or voidable, and the City may pursue any remedies under the contract or agreement (if not rescinded or void), at law, or in equity, including terminating the Disclosing Party's participation in the Matter and/or declining to allow the Disclosing Party to participate in other City transactions. Remedies at law for a false statement of material fact may include incarceration and an award to the City of treble damages.
- D. It is the City's policy to make this document available to the public on its Internet site and/or upon request. Some or all of the information provided in, and appended to, this EDS may be made publicly available on the Internet, in response to a Freedom of Information Act request, or otherwise. By completing and signing this EDS, the Disclosing Party waives and releases any possible rights or claims which it may have against the City in connection with the public release of information contained in this EDS and also authorizes the City to verify the accuracy of any information submitted in this EDS.
- E. The information provided in this EDS must be kept current. In the event of changes, the Disclosing Party must supplement this EDS up to the time the City takes action on the Matter. If the Matter is a contract being handled by the City's Department of Procurement Services, the Disclosing Party must update this EDS as the contract requires. **NOTE:** With respect to Matters subject to MCC Chapter 1-23, Article I (imposing **PERMANENT INELIGIBILITY** for certain specified offenses), the information provided herein regarding eligibility must be kept current for a longer period, as required by MCC Chapter 1-23 and Section 2-154-020.



## CERTIFICATION

Under penalty of perjury, the person signing below: (1) warrants that he/she is authorized to execute this EDS, and all applicable Appendices, on behalf of the Disclosing Party, and (2) warrants that all certifications and statements contained in this EDS, and all applicable Appendices, are true, accurate and complete as of the date furnished to the City.

Bloomington's, Inc.

(Print or type exact legal name of Disclosing Party)

By: \_\_\_\_\_

(Sign here)

Felicia Williams

(Print or type name of person signing)

Vice President

(Print or type title of person signing)

Signed and sworn to before me on (date) February 27, 2019,

at Hamilton County, Ohio (state).

Elizabeth A. Renger  
Notary Public

Commission expires: 2/11/2021



ELIZABETH A. RENERING  
Notary Public, State of Ohio  
My Commission Expires  
February 11, 2021

**CITY OF CHICAGO  
ECONOMIC DISCLOSURE STATEMENT AND AFFIDAVIT  
APPENDIX A**

**FAMILIAL RELATIONSHIPS WITH ELECTED CITY OFFICIALS  
AND DEPARTMENT HEADS**

**This Appendix is to be completed only by (a) the Applicant, and (b) any legal entity which has a direct ownership interest in the Applicant exceeding 7.5%. It is not to be completed by any legal entity which has only an indirect ownership interest in the Applicant.**

Under MCC Section 2-154-015, the Disclosing Party must disclose whether such Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently has a "familial relationship" with any elected city official or department head. A "familial relationship" exists if, as of the date this EDS is signed, the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof is related to the mayor, any alderman, the city clerk, the city treasurer or any city department head as spouse or domestic partner or as any of the following, whether by blood or adoption: parent, child, brother or sister, aunt or uncle, niece or nephew, grandparent, grandchild, father-in-law, mother-in-law, son-in-law, daughter-in-law, stepfather or stepmother, stepson or stepdaughter, stepbrother or stepsister or half-brother or half-sister.

"Applicable Party" means (1) all executive officers of the Disclosing Party listed in Section II.B.1.a., if the Disclosing Party is a corporation; all partners of the Disclosing Party, if the Disclosing Party is a general partnership; all general partners and limited partners of the Disclosing Party, if the Disclosing Party is a limited partnership; all managers, managing members and members of the Disclosing Party, if the Disclosing Party is a limited liability company; (2) all principal officers of the Disclosing Party; and (3) any person having more than a 7.5% ownership interest in the Disclosing Party. "Principal officers" means the president, chief operating officer, executive director, chief financial officer, treasurer or secretary of a legal entity or any person exercising similar authority.

Does the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently have a "familial relationship" with an elected city official or department head?

☐ Yes

☒ No

If yes, please identify below (1) the name and title of such person, (2) the name of the legal entity to which such person is connected; (3) the name and title of the elected city official or department head to whom such person has a familial relationship, and (4) the precise nature of such familial relationship.

N/A

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**CITY OF CHICAGO  
ECONOMIC DISCLOSURE STATEMENT AND AFFIDAVIT  
APPENDIX B**

**BUILDING CODE SCOFFLAW/PROBLEM LANDLORD CERTIFICATION**

This Appendix is to be completed only by (a) the Applicant, and (b) any legal entity which has a direct ownership interest in the Applicant exceeding 7.5% (an "Owner"). It is not to be completed by any legal entity which has only an indirect ownership interest in the Applicant.

1. Pursuant to MCC Section 2-154-010, is the Applicant or any Owner identified as a building code scofflaw or problem landlord pursuant to MCC Section 2-92-416?

☐ Yes

☒ No

2. If the Applicant is a legal entity publicly traded on any exchange, is any officer or director of the Applicant identified as a building code scofflaw or problem landlord pursuant to MCC Section 2-92-416?

☐ Yes

☐ No

☒ The Applicant is not publicly traded on any exchange.

3. If yes to (1) or (2) above, please identify below the name of each person or legal entity identified as a building code scofflaw or problem landlord and the address of each building or buildings to which the pertinent code violations apply.

N/A

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**CITY OF CHICAGO  
ECONOMIC DISCLOSURE STATEMENT AND AFFIDAVIT  
APPENDIX C**

**PROHIBITION ON WAGE & SALARY HISTORY SCREENING - CERTIFICATION**

This Appendix is to be completed only by an Applicant that is completing this EDS as a “contractor” as defined in MCC Section 2-92-385. That section, which should be consulted ([www.amlegal.com](http://www.amlegal.com)), generally covers a party to any agreement pursuant to which they: (i) receive City of Chicago funds in consideration for services, work or goods provided (including for legal or other professional services), or (ii) pay the City money for a license, grant or concession allowing them to conduct a business on City premises.

On behalf of an Applicant that is a contractor pursuant to MCC Section 2-92-385, I hereby certify that the Applicant is in compliance with MCC Section 2-92-385(b)(1) and (2), which prohibit: (i) screening job applicants based on their wage or salary history, or (ii) seeking job applicants’ wage or salary history from current or former employers. I also certify that the Applicant has adopted a policy that includes those prohibitions.

☐ Yes

☐ No

☒ N/A – I am not an Applicant that is a “contractor” as defined in MCC Section 2-92-385.

This certification shall serve as the affidavit required by MCC Section 2-92-385(c)(1).

If you checked “no” to the above, please explain.

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Name	Initial Start Date
<b>Director</b>	
Garcia, Elisa D.	10/1/2016
Williams, Felicia	5/20/2016
<b>Chief Executive Officer</b>	
Spring, Tony	2/1/2014
<b>Vice Chairman</b>	
Doroff, Frank	5/16/2008
Klein, Francine	5/16/2014
<b>President</b>	
Garcia, Elisa D.	10/1/2016
<b>Executive Vice President</b>	
Anderson, Charles	5/15/2009
Berman, Frank	5/20/2016
Cook, Catherine	5/19/2017
Hruska, Jack Z.	5/20/2016
Leppo, Daniel	5/20/2016
Sesler, Douglas	4/12/2018
<b>Senior Vice President</b>	
Bridges, Anne M.	5/16/2014
Do, Loc	5/20/2016
Erbacher, William	5/18/2018
Meiners, David John	5/18/2018
Zettell, Scott	3/19/2013
<b>Vice President &amp; Treasurer</b>	
Stautberg, Matthew Q	4/1/2016
<b>Vice President &amp; Secretary</b>	
Steines, Ann Munson	5/20/2016
<b>Vice President</b>	
DiGiovanna, Charles P	5/20/2016
Hoguett, Karen M.	10/25/1996
O Bryan, Stephen J	5/14/2010
Schroeder, Matthew S	5/19/2017
Williams, Felicia	5/20/2016
<b>Assistant Treasurer</b>	
Juran, Josh	5/19/2017
Storer, Susan P.	5/19/2006
<b>Assistant Secretary</b>	
Furlong, Kathleen A.	5/15/2009
Herzog, Mitchell H.	5/16/2014

Economic Disclosure Statement and Affidavit

Bloomington's, Inc.

**Section IV – Disclosure of Subcontractors and Other Retained Parties**

<b>Name/Retained</b>	<b>Business Address</b>	<b>Relationship to Disclosing Party</b>	<b>Fees</b>
Taft Stettinius & Hollister LLP (Retained)	111 E. Wacker Drive, Suite 2800, Chicago, Illinois 60601-3713	Attorney	\$2,000.00 (est.)

**CITY OF CHICAGO  
ECONOMIC DISCLOSURE STATEMENT  
AND AFFIDAVIT**

**SECTION I -- GENERAL INFORMATION**

A. Legal name of the Disclosing Party submitting this EDS. Include d/b/a/ if applicable:

Macy's Retail Holdings, Inc.

**Check ONE of the following three boxes:**

Indicate whether the Disclosing Party submitting this EDS is:

1. ☐ the Applicant

OR

2. ☒ a legal entity currently holding, or anticipated to hold within six months after City action on the contract, transaction or other undertaking to which this EDS pertains (referred to below as the "Matter"), a direct or indirect interest in excess of 7.5% in the Applicant. State the Applicant's legal name: Bloomingdale's, Inc.

OR

3. ☐ a legal entity with a direct or indirect right of control of the Applicant (see Section II(B)(1))  
State the legal name of the entity in which the Disclosing Party holds a right of control:

B. Business address of the Disclosing Party: 7 West Seventh Street, Cincinnati, OH 45202

Attn: Real Estate Dept (Kate Blomgren)

C. Telephone: 513-579-7116 Fax: 513-579-7513 Email: \_\_\_\_\_

D. Name of contact person: Kate Blomgren

E. Federal Employer Identification No. (if you have one): \_\_\_\_\_

F. Brief description of the Matter to which this EDS pertains. (Include project number and location of property, if applicable):

Application of Subsidiary Bloomingdale's, Inc. for Use Change to Business Planned Development 768

G. Which City agency or department is requesting this EDS? Department of Planning and Development

If the Matter is a contract being handled by the City's Department of Procurement Services, please complete the following:

Specification # \_\_\_\_\_ and Contract # \_\_\_\_\_

## SECTION II -- DISCLOSURE OF OWNERSHIP INTERESTS

### A. NATURE OF THE DISCLOSING PARTY

1. Indicate the nature of the Disclosing Party:

- |   |  |
|---|--|
| <input type="checkbox"/> Person   | <input type="checkbox"/> Limited liability company       |
| <input type="checkbox"/> Publicly registered business corporation       | <input type="checkbox"/> Limited liability partnership   |
| <input checked="" type="checkbox"/> Privately held business corporation | <input type="checkbox"/> Joint venture                   |
| <input type="checkbox"/> Sole proprietorship                            | <input type="checkbox"/> Not-for-profit corporation      |
| <input type="checkbox"/> General partnership                            | (Is the not-for-profit corporation also a 501(c)(3))?    |
| <input type="checkbox"/> Limited partnership                            | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| <input type="checkbox"/> Trust  | <input type="checkbox"/> Other (please specify)          |
- 

2. For legal entities, the state (or foreign country) of incorporation or organization, if applicable:

New York

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3. For legal entities not organized in the State of Illinois: Has the organization registered to do business in the State of Illinois as a foreign entity?

- ☒ Yes ☐ No ☐ Organized in Illinois

### B. IF THE DISCLOSING PARTY IS A LEGAL ENTITY:

1. List below the full names and titles, if applicable, of: (i) all executive officers and all directors of the entity; (ii) **for not-for-profit corporations**, all members, if any, which are legal entities (if there are no such members, write "no members which are legal entities"); (iii) **for trusts, estates or other similar entities**, the trustee, executor, administrator, or similarly situated party; (iv) **for general or limited partnerships, limited liability companies, limited liability partnerships or joint ventures**, each general partner, managing member, manager or any other person or legal entity that directly or indirectly controls the day-to-day management of the Applicant.

**NOTE:** Each legal entity listed below must submit an EDS on its own behalf.

Name

Title

See attached.

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2. Please provide the following information concerning each person or legal entity having a direct or indirect, current or prospective (i.e. within 6 months after City action) beneficial interest (including ownership) in excess of 7.5% of the Applicant. Examples of such an interest include shares in a corporation, partnership interest in a partnership or joint venture, interest of a member or manager in a



limited liability company, or interest of a beneficiary of a trust, estate or other similar entity. If none, state "None."

**NOTE:** Each legal entity listed below may be required to submit an EDS on its own behalf.

Name	Business Address	Percentage Interest in the Applicant
*Macy's, Inc	7 West Seventh Street, Cincinnati, Ohio 45202	100%
*Macy's, Inc. is a publicly traded company which is not required to file an EDS pursuant to Section 1(i) of the Rules Regarding Economic Disclosure Statements.		
A copy of Macy's, Inc.'s most recent SEC filing is enclosed with this EDS.		

### SECTION III -- INCOME OR COMPENSATION TO, OR OWNERSHIP BY, CITY ELECTED OFFICIALS

Has the Disclosing Party provided any income or compensation to any City elected official during the 12-month period preceding the date of this EDS? ☐ Yes ☒ No

Does the Disclosing Party reasonably expect to provide any income or compensation to any City elected official during the 12-month period following the date of this EDS? ☐ Yes ☒ No

If "yes" to either of the above, please identify below the name(s) of such City elected official(s) and describe such income or compensation:

N/A

Does any City elected official or, to the best of the Disclosing Party's knowledge after reasonable inquiry, any City elected official's spouse or domestic partner, have a financial interest (as defined in Chapter 2-156 of the Municipal Code of Chicago ("MCC")) in the Disclosing Party?

☐ Yes

☒ No

If "yes," please identify below the name(s) of such City elected official(s) and/or spouse(s)/domestic partner(s) and describe the financial interest(s).

N/A

### SECTION IV -- DISCLOSURE OF SUBCONTRACTORS AND OTHER RETAINED PARTIES

The Disclosing Party must disclose the name and business address of each subcontractor, attorney, lobbyist (as defined in MCC Chapter 2-156), accountant, consultant and any other person or entity whom the Disclosing Party has retained or expects to retain in connection with the Matter, as well as the nature of the relationship, and the total amount of the fees paid or estimated to be paid. The Disclosing Party is not required to disclose employees who are paid solely through the Disclosing Party's regular payroll. If the Disclosing Party is uncertain whether a disclosure is required under this Section, the Disclosing Party must either ask the City whether disclosure is required or make the disclosure.

Name (indicate whether retained or anticipated to be retained)	Business Address	Relationship to Disclosing Party (subcontractor, attorney, lobbyist, etc.)	Fees (indicate whether paid or estimated.) <b>NOTE:</b> "hourly rate" or "t.b.d." is not an acceptable response.
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See attached

(Add sheets if necessary)

☐ Check here if the Disclosing Party has not retained, nor expects to retain, any such persons or entities.

## SECTION V -- CERTIFICATIONS

### A. COURT-ORDERED CHILD SUPPORT COMPLIANCE

Under MCC Section 2-92-415, substantial owners of business entities that contract with the City must remain in compliance with their child support obligations throughout the contract's term.

Has any person who directly or indirectly owns 10% or more of the Disclosing Party been declared in arrearage on any child support obligations by any Illinois court of competent jurisdiction?

☐ Yes    ☐ No    ☒ No person directly or indirectly owns 10% or more of the Disclosing Party.

If "Yes," has the person entered into a court-approved agreement for payment of all support owed and is the person in compliance with that agreement?

☐ Yes    ☐ No

### B. FURTHER CERTIFICATIONS

1. [This paragraph 1 applies only if the Matter is a contract being handled by the City's Department of Procurement Services.] In the 5-year period preceding the date of this EDS, neither the Disclosing Party nor any Affiliated Entity [see definition in (5) below] has engaged, in connection with the performance of any public contract, the services of an integrity monitor, independent private sector inspector general, or integrity compliance consultant (i.e., an individual or entity with legal, auditing, investigative, or other similar skills, designated by a public agency to help the agency monitor the activity of specified agency vendors as well as help the vendors reform their business practices so they can be considered for agency contracts in the future, or continue with a contract in progress).

2. The Disclosing Party and its Affiliated Entities are not delinquent in the payment of any fine, fee, tax or other source of indebtedness owed to the City of Chicago, including, but not limited to, water and sewer charges, license fees, parking tickets, property taxes and sales taxes, nor is the Disclosing Party delinquent in the payment of any tax administered by the Illinois Department of Revenue.

3. The Disclosing Party and, if the Disclosing Party is a legal entity, all of those persons or entities identified in Section II(B)(1) of this EDS:

- a. are not presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from any transactions by any federal, state or local unit of government;
- b. have not, during the 5 years before the date of this EDS, been convicted of a criminal offense, adjudged guilty, or had a civil judgment rendered against them in connection with: obtaining, attempting to obtain, or performing a public (federal, state or local) transaction or contract under a public transaction; a violation of federal or state antitrust statutes; fraud; embezzlement; theft; forgery; bribery; falsification or destruction of records; making false statements; or receiving stolen property;
- c. are not presently indicted for, or criminally or civilly charged by, a governmental entity (federal, state or local) with committing any of the offenses set forth in subparagraph (b) above;
- d. have not, during the 5 years before the date of this EDS, had one or more public transactions (federal, state or local) terminated for cause or default; and
- e. have not, during the 5 years before the date of this EDS, been convicted, adjudged guilty, or found liable in a civil proceeding, or in any criminal or civil action, including actions concerning environmental violations, instituted by the City or by the federal government, any state, or any other unit of local government.

4. The Disclosing Party understands and shall comply with the applicable requirements of MCC Chapters 2-56 (Inspector General) and 2-156 (Governmental Ethics).

5. Certifications (5), (6) and (7) concern:

- the Disclosing Party;
- any "Contractor" (meaning any contractor or subcontractor used by the Disclosing Party in connection with the Matter, including but not limited to all persons or legal entities disclosed under Section IV, "Disclosure of Subcontractors and Other Retained Parties");
- any "Affiliated Entity" (meaning a person or entity that, directly or indirectly: controls the Disclosing Party, is controlled by the Disclosing Party, or is, with the Disclosing Party, under common control of another person or entity). Indicia of control include, without limitation: interlocking management or ownership; identity of interests among family members, shared facilities and equipment; common use of employees; or organization of a business entity following the ineligibility of a business entity to do business with federal or state or local government, including the City, using substantially the same management, ownership, or principals as the ineligible entity. With respect to Contractors, the term Affiliated Entity means a person or entity that directly or indirectly controls the Contractor, is controlled by it, or, with the Contractor, is under common control of another person or entity;
- any responsible official of the Disclosing Party, any Contractor or any Affiliated Entity or any other official, agent or employee of the Disclosing Party, any Contractor or any Affiliated Entity, acting pursuant to the direction or authorization of a responsible official of the Disclosing Party, any Contractor or any Affiliated Entity (collectively "Agents").

Neither the Disclosing Party, nor any Contractor, nor any Affiliated Entity of either the Disclosing Party or any Contractor, nor any Agents have, during the 5 years before the date of this EDS, or, with respect to a Contractor, an Affiliated Entity, or an Affiliated Entity of a Contractor during the 5 years before the date of such Contractor's or Affiliated Entity's contract or engagement in connection with the Matter:

- a. bribed or attempted to bribe, or been convicted or adjudged guilty of bribery or attempting to bribe, a public officer or employee of the City, the State of Illinois, or any agency of the federal government or of any state or local government in the United States of America, in that officer's or employee's official capacity;
  - b. agreed or colluded with other bidders or prospective bidders, or been a party to any such agreement, or been convicted or adjudged guilty of agreement or collusion among bidders or prospective bidders, in restraint of freedom of competition by agreement to bid a fixed price or otherwise; or
  - c. made an admission of such conduct described in subparagraph (a) or (b) above that is a matter of record, but have not been prosecuted for such conduct; or
  - d. violated the provisions referenced in MCC Subsection 2-92-320(a)(4)(Contracts Requiring a Base Wage); (a)(5)(Debarment Regulations); or (a)(6)(Minimum Wage Ordinance).
6. Neither the Disclosing Party, nor any Affiliated Entity or Contractor, or any of their employees, officials, agents or partners, is barred from contracting with any unit of state or local government as a result of engaging in or being convicted of (1) bid-rigging in violation of 720 ILCS 5/33E-3; (2) bid-rotating in violation of 720 ILCS 5/33E-4; or (3) any similar offense of any state or of the United States of America that contains the same elements as the offense of bid-rigging or bid-rotating.
7. Neither the Disclosing Party nor any Affiliated Entity is listed on a Sanctions List maintained by the United States Department of Commerce, State, or Treasury, or any successor federal agency.
8. [FOR APPLICANT ONLY] (i) Neither the Applicant nor any "controlling person" [see MCC Chapter 1-23, Article I for applicability and defined terms] of the Applicant is currently indicted or charged with, or has admitted guilt of, or has ever been convicted of, or placed under supervision for, any criminal offense involving actual, attempted, or conspiracy to commit bribery, theft, fraud, forgery, perjury, dishonesty or deceit against an officer or employee of the City or any "sister agency"; and (ii) the Applicant understands and acknowledges that compliance with Article I is a continuing requirement for doing business with the City. NOTE: If MCC Chapter 1-23, Article I applies to the Applicant, that Article's permanent compliance timeframe supersedes 5-year compliance timeframes in this Section V.
9. [FOR APPLICANT ONLY] The Applicant and its Affiliated Entities will not use, nor permit their subcontractors to use, any facility listed as having an active exclusion by the U.S. EPA on the federal System for Award Management ("SAM").
10. [FOR APPLICANT ONLY] The Applicant will obtain from any contractors/subcontractors hired or to be hired in connection with the Matter certifications equal in form and substance to those in Certifications (2) and (9) above and will not, without the prior written consent of the City, use any such

contractor/subcontractor that does not provide such certifications or that the Applicant has reason to believe has not provided or cannot provide truthful certifications.

11. If the Disclosing Party is unable to certify to any of the above statements in this Part B (Further Certifications), the Disclosing Party must explain below:

Certifications regarding employees are limited to executive and principal officers and directors of Disclosing Party/Affiliate Entities and best efforts inquiries

Corporate policy and legal restrictions allow collection of criminal background and other personal EDS requested information only where relevant to job position and responsibilities

Please also note that the Disclosing Party and its Affiliated Entities have 120,000+ full-time, part time, seasonal, temporary and on-call employees

If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

12. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all current employees of the Disclosing Party who were, at any time during the 12-month period preceding the date of this EDS, an employee, or elected or appointed official, of the City of Chicago (if none, indicate with "N/A" or "none").

N/A

13. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all gifts that the Disclosing Party has given or caused to be given, at any time during the 12-month period preceding the execution date of this EDS, to an employee, or elected or appointed official, of the City of Chicago. For purposes of this statement, a "gift" does not include: (i) anything made generally available to City employees or to the general public, or (ii) food or drink provided in the course of official City business and having a retail value of less than \$25 per recipient, or (iii) a political contribution otherwise duly reported as required by law (if none, indicate with "N/A" or "none"). As to any gift listed below, please also list the name of the City recipient.

N/A

## C. CERTIFICATION OF STATUS AS FINANCIAL INSTITUTION

1. The Disclosing Party certifies that the Disclosing Party (check one)

☐

is

☒

is not

a "financial institution" as defined in MCC Section 2-32-455(b).

2. If the Disclosing Party IS a financial institution, then the Disclosing Party pledges:

"We are not and will not become a predatory lender as defined in MCC Chapter 2-32. We further pledge that none of our affiliates is, and none of them will become, a predatory lender as defined in MCC Chapter 2-32. We understand that becoming a predatory lender or becoming an affiliate of a predatory lender may result in the loss of the privilege of doing business with the City."

If the Disclosing Party is unable to make this pledge because it or any of its affiliates (as defined in MCC Section 2-32-455(b)) is a predatory lender within the meaning of MCC Chapter 2-32, explain here (attach additional pages if necessary):

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If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

D. CERTIFICATION REGARDING FINANCIAL INTEREST IN CITY BUSINESS

Any words or terms defined in MCC Chapter 2-156 have the same meanings if used in this Part D.

1. In accordance with MCC Section 2-156-110: To the best of the Disclosing Party's knowledge after reasonable inquiry, does any official or employee of the City have a financial interest in his or her own name or in the name of any other person or entity in the Matter?

☐ Yes                      ☒ No

NOTE: If you checked "Yes" to Item D(1), proceed to Items D(2) and D(3). If you checked "No" to Item D(1), skip Items D(2) and D(3) and proceed to Part E.

2. Unless sold pursuant to a process of competitive bidding, or otherwise permitted, no City elected official or employee shall have a financial interest in his or her own name or in the name of any other person or entity in the purchase of any property that (i) belongs to the City, or (ii) is sold for taxes or assessments, or (iii) is sold by virtue of legal process at the suit of the City (collectively, "City Property Sale"). Compensation for property taken pursuant to the City's eminent domain power does not constitute a financial interest within the meaning of this Part D.

Does the Matter involve a City Property Sale?

☐ Yes                      ☐ No

3. If you checked "Yes" to Item D(1), provide the names and business addresses of the City officials or employees having such financial interest and identify the nature of the financial interest:

Name	Business Address	Nature of Financial Interest
_____	_____	_____
_____	_____	_____
_____	_____	_____

4. The Disclosing Party further certifies that no prohibited financial interest in the Matter will be acquired by any City official or employee.

## E. CERTIFICATION REGARDING SLAVERY ERA BUSINESS

Please check either (1) or (2) below. If the Disclosing Party checks (2), the Disclosing Party must disclose below or in an attachment to this EDS all information required by (2). Failure to comply with these disclosure requirements may make any contract entered into with the City in connection with the Matter voidable by the City.

☒ 1. The Disclosing Party verifies that the Disclosing Party has searched any and all records of the Disclosing Party and any and all predecessor entities regarding records of investments or profits from slavery or slaveholder insurance policies during the slavery era (including insurance policies issued to slaveholders that provided coverage for damage to or injury or death of their slaves), and the Disclosing Party has found no such records.

☐ 2. The Disclosing Party verifies that, as a result of conducting the search in step (1) above, the Disclosing Party has found records of investments or profits from slavery or slaveholder insurance policies. The Disclosing Party verifies that the following constitutes full disclosure of all such records, including the names of any and all slaves or slaveholders described in those records:

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## SECTION VI -- CERTIFICATIONS FOR FEDERALLY FUNDED MATTERS

**NOTE: If the Matter is federally funded, complete this Section VI. If the Matter is not federally funded, proceed to Section VII.** For purposes of this Section VI, tax credits allocated by the City and proceeds of debt obligations of the City are not federal funding.

### A. CERTIFICATION REGARDING LOBBYING

1. List below the names of all persons or entities registered under the federal Lobbying Disclosure Act of 1995, as amended, who have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter: (Add sheets if necessary):

N/A

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(If no explanation appears or begins on the lines above, or if the letters "NA" or if the word "None" appear, it will be conclusively presumed that the Disclosing Party means that NO persons or entities registered under the Lobbying Disclosure Act of 1995, as amended, have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter.)

2. The Disclosing Party has not spent and will not expend any federally appropriated funds to pay any person or entity listed in paragraph A(1) above for his or her lobbying activities or to pay any person or entity to influence or attempt to influence an officer or employee of any agency, as defined by applicable federal law, a member of Congress, an officer or employee of Congress, or an employee

of a member of Congress, in connection with the award of any federally funded contract, making any federally funded grant or loan, entering into any cooperative agreement, or to extend, continue, renew, amend, or modify any federally funded contract, grant, loan, or cooperative agreement.

3. The Disclosing Party will submit an updated certification at the end of each calendar quarter in which there occurs any event that materially affects the accuracy of the statements and information set forth in paragraphs A(1) and A(2) above.

4. The Disclosing Party certifies that either: (i) it is not an organization described in section 501(c)(4) of the Internal Revenue Code of 1986; or (ii) it is an organization described in section 501(c)(4) of the Internal Revenue Code of 1986 but has not engaged and will not engage in "Lobbying Activities," as that term is defined in the Lobbying Disclosure Act of 1995, as amended.

5. If the Disclosing Party is the Applicant, the Disclosing Party must obtain certifications equal in form and substance to paragraphs A(1) through A(4) above from all subcontractors before it awards any subcontract and the Disclosing Party must maintain all such subcontractors' certifications for the duration of the Matter and must make such certifications promptly available to the City upon request.

#### B. CERTIFICATION REGARDING EQUAL EMPLOYMENT OPPORTUNITY

If the Matter is federally funded, federal regulations require the Applicant and all proposed subcontractors to submit the following information with their bids or in writing at the outset of negotiations.

Is the Disclosing Party the Applicant?

☐ Yes

☐ No

If "Yes," answer the three questions below:

1. Have you developed and do you have on file affirmative action programs pursuant to applicable federal regulations? (See 41 CFR Part 60-2.)

☐ Yes

☐ No

2. Have you filed with the Joint Reporting Committee, the Director of the Office of Federal Contract Compliance Programs, or the Equal Employment Opportunity Commission all reports due under the applicable filing requirements?

☐ Yes

☐ No

☐ Reports not required

3. Have you participated in any previous contracts or subcontracts subject to the equal opportunity clause?

☐ Yes

☐ No

If you checked "No" to question (1) or (2) above, please provide an explanation:

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## SECTION VII -- FURTHER ACKNOWLEDGMENTS AND CERTIFICATION

The Disclosing Party understands and agrees that:

A. The certifications, disclosures, and acknowledgments contained in this EDS will become part of any contract or other agreement between the Applicant and the City in connection with the Matter, whether procurement, City assistance, or other City action, and are material inducements to the City's execution of any contract or taking other action with respect to the Matter. The Disclosing Party understands that it must comply with all statutes, ordinances, and regulations on which this EDS is based.

B. The City's Governmental Ethics Ordinance, MCC Chapter 2-156, imposes certain duties and obligations on persons or entities seeking City contracts, work, business, or transactions. The full text of this ordinance and a training program is available on line at [www.cityofchicago.org/Ethics](http://www.cityofchicago.org/Ethics), and may also be obtained from the City's Board of Ethics, 740 N. Sedgwick St., Suite 500, Chicago, IL 60610, (312) 744-9660. The Disclosing Party must comply fully with this ordinance.

C. If the City determines that any information provided in this EDS is false, incomplete or inaccurate, any contract or other agreement in connection with which it is submitted may be rescinded or be void or voidable, and the City may pursue any remedies under the contract or agreement (if not rescinded or void), at law, or in equity, including terminating the Disclosing Party's participation in the Matter and/or declining to allow the Disclosing Party to participate in other City transactions. Remedies at law for a false statement of material fact may include incarceration and an award to the City of treble damages.

D. It is the City's policy to make this document available to the public on its Internet site and/or upon request. Some or all of the information provided in, and appended to, this EDS may be made publicly available on the Internet, in response to a Freedom of Information Act request, or otherwise. By completing and signing this EDS, the Disclosing Party waives and releases any possible rights or claims which it may have against the City in connection with the public release of information contained in this EDS and also authorizes the City to verify the accuracy of any information submitted in this EDS.

E. The information provided in this EDS must be kept current. In the event of changes, the Disclosing Party must supplement this EDS up to the time the City takes action on the Matter. If the Matter is a contract being handled by the City's Department of Procurement Services, the Disclosing Party must update this EDS as the contract requires. **NOTE:** With respect to Matters subject to MCC Chapter 1-23, Article I (imposing **PERMANENT INELIGIBILITY** for certain specified offenses), the information provided herein regarding eligibility must be kept current for a longer period, as required by MCC Chapter 1-23 and Section 2-154-020.

## CERTIFICATION

Under penalty of perjury, the person signing below: (1) warrants that he/she is authorized to execute this EDS, and all applicable Appendices, on behalf of the Disclosing Party, and (2) warrants that all certifications and statements contained in this EDS, and all applicable Appendices, are true, accurate and complete as of the date furnished to the City.

Macy's Retail Holdings, Inc.

(Print or type exact legal name of Disclosing Party)

By: \_\_\_\_\_

(Sign Here)

Felicia Williams

(Print or type name of person signing)

Vice President

(Print or type title of person signing)

Signed and sworn to before me on (date) February 27, 2019,

at Hamilton County, Ohio (state).

Elizabeth A. Renger  
Notary Public

Commission expires: 2/11/2021



ELIZABETH A. RENERING  
Notary Public, State of Ohio  
My Commission Expires  
February 11, 2021

**CITY OF CHICAGO  
ECONOMIC DISCLOSURE STATEMENT AND AFFIDAVIT  
APPENDIX A**

**FAMILIAL RELATIONSHIPS WITH ELECTED CITY OFFICIALS  
AND DEPARTMENT HEADS**

**This Appendix is to be completed only by (a) the Applicant, and (b) any legal entity which has a direct ownership interest in the Applicant exceeding 7.5%. It is not to be completed by any legal entity which has only an indirect ownership interest in the Applicant.**

Under MCC Section 2-154-015, the Disclosing Party must disclose whether such Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently has a "familial relationship" with any elected city official or department head. A "familial relationship" exists if, as of the date this EDS is signed, the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof is related to the mayor, any alderman, the city clerk, the city treasurer or any city department head as spouse or domestic partner or as any of the following, whether by blood or adoption: parent, child, brother or sister, aunt or uncle, niece or nephew, grandparent, grandchild, father-in-law, mother-in-law, son-in-law, daughter-in-law, stepfather or stepmother, stepson or stepdaughter, stepbrother or stepsister or half-brother or half-sister.

"Applicable Party" means (1) all executive officers of the Disclosing Party listed in Section II.B.1.a., if the Disclosing Party is a corporation; all partners of the Disclosing Party, if the Disclosing Party is a general partnership; all general partners and limited partners of the Disclosing Party, if the Disclosing Party is a limited partnership; all managers, managing members and members of the Disclosing Party, if the Disclosing Party is a limited liability company; (2) all principal officers of the Disclosing Party; and (3) any person having more than a 7.5% ownership interest in the Disclosing Party. "Principal officers" means the president, chief operating officer, executive director, chief financial officer, treasurer or secretary of a legal entity or any person exercising similar authority.

Does the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently have a "familial relationship" with an elected city official or department head?

☐ Yes

☒ No

If yes, please identify below (1) the name and title of such person, (2) the name of the legal entity to which such person is connected; (3) the name and title of the elected city official or department head to whom such person has a familial relationship, and (4) the precise nature of such familial relationship.

N/A

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**CITY OF CHICAGO  
ECONOMIC DISCLOSURE STATEMENT AND AFFIDAVIT  
APPENDIX B**

**BUILDING CODE SCOFFLAW/PROBLEM LANDLORD CERTIFICATION**

This Appendix is to be completed only by (a) the Applicant, and (b) any legal entity which has a direct ownership interest in the Applicant exceeding 7.5% (an "Owner"). It is not to be completed by any legal entity which has only an indirect ownership interest in the Applicant.

1. Pursuant to MCC Section 2-154-010, is the Applicant or any Owner identified as a building code scofflaw or problem landlord pursuant to MCC Section 2-92-416?

☐ Yes

☒ No

2. If the Applicant is a legal entity publicly traded on any exchange, is any officer or director of the Applicant identified as a building code scofflaw or problem landlord pursuant to MCC Section 2-92-416?

☐ Yes

☐ No

☒ The Applicant is not publicly traded on any exchange.

3. If yes to (1) or (2) above, please identify below the name of each person or legal entity identified as a building code scofflaw or problem landlord and the address of each building or buildings to which the pertinent code violations apply.

N/A

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**CITY OF CHICAGO  
ECONOMIC DISCLOSURE STATEMENT AND AFFIDAVIT  
APPENDIX C**

**PROHIBITION ON WAGE & SALARY HISTORY SCREENING - CERTIFICATION**

This Appendix is to be completed only by an Applicant that is completing this EDS as a “contractor” as defined in MCC Section 2-92-385. That section, which should be consulted ([www.amlegal.com](http://www.amlegal.com)), generally covers a party to any agreement pursuant to which they: (i) receive City of Chicago funds in consideration for services, work or goods provided (including for legal or other professional services), or (ii) pay the City money for a license, grant or concession allowing them to conduct a business on City premises.

On behalf of an Applicant that is a contractor pursuant to MCC Section 2-92-385, I hereby certify that the Applicant is in compliance with MCC Section 2-92-385(b)(1) and (2), which prohibit: (i) screening job applicants based on their wage or salary history, or (ii) seeking job applicants’ wage or salary history from current or former employers. I also certify that the Applicant has adopted a policy that includes those prohibitions.

☐ Yes

☐ No

☒ N/A – I am not an Applicant that is a “contractor” as defined in MCC Section 2-92-385.

This certification shall serve as the affidavit required by MCC Section 2-92-385(c)(1).

If you checked “no” to the above, please explain.

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Name	Initial Start Date
<b>Director</b>	
Garcia, Elisa D.	10/1/2016
Williams, Felicia	5/20/2016
<b>Chief Operations Officer</b>	
Harrison, Robert B.	5/18/2018
<b>President</b>	
Garcia, Elisa D.	10/1/2016
<b>Executive Vice President</b>	
Sesler, Douglas	5/20/2016
<b>Chief Stores Officer</b>	
Harper, John T.	5/18/2018
<b>Chief Human Resources Officer</b>	
Kirgan, Danielle	5/18/2018
<b>Chief Strategy, Analytics and Innovation Officer</b>	
MacFarlane, Justin	4/1/2016
<b>Chief Merchandising Officer</b>	
Kantor, Jeffrey	5/18/2018
<b>Senior Vice President</b>	
Erbacher, William	5/18/2018
Meiners, David John	5/18/2018
<b>Vice President &amp; Controller</b>	
Williams, Felicia	5/20/2016
<b>Vice President &amp; Treasurer</b>	
Stautberg, Matthew Q	4/1/2016
<b>Vice President &amp; Secretary</b>	
Steines, Ann Munson	5/20/2016
<b>Vice President</b>	
DiGiovanna, Charles P	5/20/2016
Horvath, Fawn M.	4/1/2016
O Bryan, Stephen J	8/15/2017
Price, Paula A	11/9/2018
Schroeder, Matthew S	5/19/2017
<b>Assistant Treasurer</b>	
Juran, Josh	5/19/2017
Storer, Susan P.	6/1/2007
<b>Assistant Secretary</b>	
Ciclet, Donna R.	5/18/2012
Furlong, Kathleen A.	6/1/2007
Herzog, Mitchell H.	5/16/2014
Kelly, Christopher M.	5/16/2009

Economic Disclosure Statement and Affidavit

Macy's Retail Holdings, Inc.

**Section IIB -- Full List of Executive Officers and All Directors of Macy's Retail Holdings, Inc.**

<b>Name</b>	<b>Title</b>
Elisa D. Garcia	Director
Felicia Williams	Director
Elisa D. Garcia	President
Douglas Sesler	Executive Vice President
William Erbacher	Senior Vice President
David John Meiners	Senior Vice President
Felicia Williams	Vice President & Controller
Matthew Q. Stautberg	Vice President & Treasurer
Ann Munson Steines	Vice President & Secretary
Charles P. DiGiovanna	Vice President
Paula A. Price	Vice President
Fawn M. Horvath	Vice President
Stephen J. O'Bryan	Vice President
Matthew S. Schroeder	Vice President

**Section IV -- Disclosure of Subcontractors and Other Retained Parties**

<b>Name/Retained</b>	<b>Business Address</b>	<b>Relationship to Disclosing Party</b>	<b>Fees</b>
Taft Stettinius & Hollister LLP (Retained)	111 E. Wacker Drive, Suite 2800, Chicago, Illinois 60601-3713	Attorney	\$2,000.00 (est.)

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

**FORM 10-Q**

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

For the quarterly period ended November 3, 2018

OR

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

For the transition period from to

Commission file number: 1-13536



Incorporated in Delaware

I.R.S. Employer Identification No.

13-3324058

7 West Seventh Street  
 Cincinnati, Ohio 45202  
 (513) 579-7000

and

151 West 34th Street  
 New York, New York 10001  
 (212) 494-1602

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

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

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

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☐ Emerging growth company ☐

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

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

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

Class  
 Common Stock, \$0.01 par value per share

Outstanding at December 1, 2018  
 307,467,240 shares




## PART I - FINANCIAL INFORMATION

## Item 1. Financial Statements

## MACY'S, INC.

**CONSOLIDATED STATEMENTS OF INCOME**  
(Unaudited)

(millions, except per share figures)

	13 Weeks Ended		39 Weeks Ended	
	November 3, 2018	October 28, 2017	November 3, 2018	October 28, 2017
Net sales	\$ 5,404	\$ 5,281	\$ 16,516	\$ 16,267
Credit card revenues, net	185	145	528	473
Cost of sales	(3,226)	(3,152)	(9,927)	(9,858)
Selling, general and administrative expenses	(2,255)	(2,188)	(6,501)	(6,406)
Gains on sale of real estate	42	65	111	176
Impairment, restructuring and other costs	(3)	(33)	(39)	(33)
Operating income	147	118	688	619
Benefit plan income, net	9	15	31	42
Settlement charges	(23)	(22)	(73)	(73)
Interest expense	(64)	(76)	(204)	(244)
Losses on early retirement of debt	—	—	(5)	(1)
Interest income	5	2	17	7
Income before income taxes	74	37	454	350
Federal, state and local income tax expense	(12)	(10)	(96)	(138)
Net income	62	27	358	212
Net loss attributable to noncontrolling interest	—	3	10	7
Net income attributable to Macy's, Inc. shareholders	\$ 62	\$ 30	\$ 368	\$ 219
Basic earnings per share attributable to Macy's, Inc. shareholders	\$ 0.20	\$ 0.10	\$ 1.20	\$ 0.72
Diluted earnings per share attributable to Macy's, Inc. shareholders	\$ 0.20	\$ 0.10	\$ 1.18	\$ 0.71

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

**MACY'S, INC.**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**(Unaudited)**  
**(millions)**

	13 Weeks Ended		39 Weeks Ended	
	November 3, 2018	October 28, 2017	November 3, 2018	October 28, 2017
Net income	\$ 62	\$ 27	\$ 358	\$ 212
Other comprehensive income (loss):				
Actuarial gain (loss) on post employment and postretirement benefit plans, before tax	(164)	10	(194)	57
Reclassifications to net income:				
Amortization of net actuarial loss and prior service credit on post employment and postretirement benefit plans included in net income, before tax	7	8	25	26
Settlement charges, before tax	23	22	73	73
Tax effect related to items of other comprehensive income (loss)	35	(15)	24	(60)
Total other comprehensive income (loss), net of tax effect	(99)	25	(72)	96
Comprehensive income (loss)	(37)	52	286	308
Comprehensive loss attributable to noncontrolling interest	—	3	10	7
Comprehensive income (loss) attributable to Macy's, Inc. shareholders	\$ (37)	\$ 55	\$ 296	\$ 315

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

**MACY'S, INC.**  
**CONSOLIDATED BALANCE SHEETS**  
(Unaudited)  
(millions)

	November 3, 2018	February 3, 2018	October 28, 2017
<b>ASSETS</b>			
Current Assets:			
Cash and cash equivalents	\$ 736	\$ 1,455	\$ 534
Receivables	180	363	219
Merchandise inventories	7,147	5,178	7,065
Income tax receivable	10	—	—
Prepaid expenses and other current assets	594	650	610
Total Current Assets	8,667	7,646	8,428
Property and Equipment - net of accumulated depreciation and amortization of \$5,084, \$4,610 and \$5,330	6,572	6,672	6,742
Goodwill	3,908	3,897	3,897
Other Intangible Assets - net	481	488	491
Other Assets	733	880	835
Total Assets	\$ 20,361	\$ 19,583	\$ 20,393
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
Current Liabilities:			
Short-term debt	\$ 65	\$ 22	\$ 22
Merchandise accounts payable	3,381	1,590	3,173
Accounts payable and accrued liabilities	2,998	3,271	3,257
Income taxes	—	296	34
Total Current Liabilities	6,444	5,179	6,486
Long-Term Debt	5,469	5,861	6,297
Deferred Income Taxes	1,185	1,148	1,586
Other Liabilities	1,618	1,662	1,750
Shareholders' Equity:			
Macy's, Inc.	5,667	5,745	4,282
Noncontrolling interest	(22)	(12)	(8)
Total Shareholders' Equity	5,645	5,733	4,274
Total Liabilities and Shareholders' Equity	\$ 20,361	\$ 19,583	\$ 20,393

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

**MACY'S, INC.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**(Unaudited)**  
**(millions)**

	39 Weeks Ended	
	November 3, 2018	October 28, 2017
Cash flows from operating activities:		
Net income	\$ 358	\$ 212
Adjustments to reconcile net income to net cash provided by operating activities:		
Impairment, restructuring and other costs	39	33
Settlement charges	73	73
Depreciation and amortization	718	741
Stock-based compensation expense	48	46
Gains on sale of real estate	(111)	(176)
Amortization of financing costs and premium on acquired debt	(5)	(10)
Changes in assets and liabilities:		
Decrease in receivables	163	274
Increase in merchandise inventories	(1,969)	(1,665)
Decrease in prepaid expenses and other current assets	16	34
Increase in merchandise accounts payable	1,664	1,630
Decrease in accounts payable, accrued liabilities and other items not separately identified	(196)	(412)
Decrease in current income taxes	(301)	(321)
Increase in deferred income taxes	62	47
Change in other assets and liabilities not separately identified	(130)	(107)
Net cash provided by operating activities	429	399
Cash flows from investing activities:		
Purchase of property and equipment	(468)	(359)
Additions to capitalized software	(209)	(191)
Disposition of property and equipment	121	212
Other, net	7	9
Net cash used by investing activities	(549)	(329)
Cash flows from financing activities:		
Debt repaid	(361)	(564)
Dividends paid	(347)	(346)
Increase in outstanding checks	44	80
Acquisition of treasury stock	—	(1)
Issuance of common stock	41	3
Proceeds from noncontrolling interest	7	12
Net cash used by financing activities	(616)	(816)
Net decrease in cash, cash equivalents and restricted cash	(736)	(746)
Cash, cash equivalents and restricted cash beginning of period	1,513	1,334
Cash, cash equivalents and restricted cash end of period	\$ 777	\$ 588
Supplemental cash flow information:		
Interest paid	\$ 213	\$ 251
Interest received	17	7

Income taxes paid (net of refunds received)

335

412

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

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

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**1. Summary of Significant Accounting Policies**

***Nature of Operations***

Macy's, Inc. and subsidiaries (the "Company") is an omnichannel retail organization operating stores, websites and mobile applications under three brands (Macy's, Bloomingdale's and bluemercury) that sell a wide range of merchandise, including apparel and accessories (men's, women's and kids), cosmetics, home furnishings and other consumer goods. The Company operates approximately 870 stores in 44 states, the District of Columbia, Guam and Puerto Rico. As of November 3, 2018, the Company's operations were conducted through Macy's, Bloomingdale's, Bloomingdale's The Outlet, Macy's Backstage, bluemercury and STORY.

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

A description of the Company's significant accounting policies is included in the Company's Annual Report on Form 10-K for the fiscal year ended February 3, 2018 (the "2017 10-K"). The accompanying Consolidated Financial Statements should be read in conjunction with the Consolidated Financial Statements and notes thereto in the 2017 10-K.

***Use of Estimates***

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

The Consolidated Financial Statements for the 13 and 39 weeks ended November 3, 2018 and October 28, 2017, in the opinion of management, include all adjustments (consisting only of normal recurring adjustments) considered necessary to present fairly, in all material respects, the consolidated financial position and results of operations of the Company.

***Seasonality***

Because of the seasonal nature of the retail business, the results of operations for the 13 and 39 weeks ended November 3, 2018 and October 28, 2017 (which do not include the Christmas season) are not necessarily indicative of such results for the full fiscal year.

***Reclassifications***

Certain reclassifications were made to prior years' amounts to conform to the classifications of such amounts in the most recent years and adoption of new accounting standards as discussed in more detail below.

***Comprehensive Income***

Total comprehensive income represents the change in equity during a period from sources other than transactions with shareholders and, as such, includes net income. For the Company, the only other components of total comprehensive income for the 13 and 39 weeks ended November 3, 2018 and October 28, 2017 relate to post employment and postretirement plan items. Settlement charges incurred are included as a separate component of income before income taxes in the Consolidated Statements of Income. Amortization reclassifications out of accumulated other comprehensive loss are included in the computation of net periodic benefit cost (income) and are included in benefit plan income, net on the Consolidated Statements of Income. See Note 4, "Benefit Plans," for further information.

***Net sales***

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

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

*Retail Sales*

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

For the 13 and 39 weeks ended November 3, 2018 and October 28, 2017, Macy's accounted for 88% of the Company's net sales. Disaggregation of the Company's net sales by family of business for the 13 and 39 weeks ended November 3, 2018 and October 28, 2017 were as follows:

<i>Net sales by family of business</i>	13 Weeks Ended		39 Weeks Ended	
	November 3, 2018	October 28, 2017	November 3, 2018	October 28, 2017
	(millions)			
Women's Accessories, Intimate Apparel, Shoes, Cosmetics and Fragrances	\$ 2,010	\$ 1,989	\$ 6,221	\$ 6,122
Women's Apparel	1,264	1,247	3,969	3,989
Men's and Kids	1,243	1,184	3,702	3,558
Home/Other (a)	887	861	2,624	2,598
<b>Total</b>	<b>\$ 5,404</b>	<b>\$ 5,281</b>	<b>\$ 16,516</b>	<b>\$ 16,267</b>

(a) Other primarily includes restaurant sales, certain loyalty program income and breakage income from unredeemed gift cards

*Merchandise Returns*

The Company estimates merchandise returns using historical data and recognizes an allowance that reduces net sales and cost of sales. The liability for merchandise returns is included in accounts payable and accrued liabilities on the Company's Consolidated Balance Sheets and was \$265 million, \$291 million and \$260 million as of November 3, 2018, February 3, 2018 and October 28, 2017, respectively. Included in prepaid expenses and other current assets is an asset totaling \$180 million, \$201 million and \$178 million as of November 3, 2018, February 3, 2018 and October 28, 2017, respectively, for the recoverable cost of merchandise estimated to be returned by customers.

*Gift Cards and Customer Loyalty Programs*

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

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

The liability for unredeemed gift cards and customer loyalty programs is included in accounts payable and accrued liabilities on the Company's Consolidated Balance Sheets and was \$711 million, \$894 million and \$707 million as of November 3, 2018, February 3, 2018 and October 28, 2017, respectively.

*Credit Card Revenues, net*

In 2005, the Company entered into an arrangement with Citibank to sell the Company's private label and co-branded credit cards ("Credit Card Program"). Subsequent to this initial arrangement and associated amendments, in 2014, the Company entered into an amended and restated Credit Card Program Agreement (the "Program Agreement") with Citibank. As part of the Program Agreement, the Company receives payments for providing a combination of interrelated services and intellectual property to Citibank in support of the underlying Credit Card Program. Revenue based on the spending activity of the



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

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underlying accounts is recognized as the respective card purchases occur and the Company's profit share is recognized based on the performance of the underlying portfolio. Revenue associated with the establishment of new credit accounts and assisting in the receipt of payments for existing accounts is recognized as such activities occur. Credit card revenues include finance charges, late fees and other revenue generated by the Company's Credit Card Program, net of fraud losses and expenses associated with establishing new accounts.

***Newly Adopted Accounting Pronouncements***

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-09, Revenue from Contracts with Customers, which established principles to report useful information to financial statements users about the nature, timing and uncertainty of revenue from contracts with customers. ASU No. 2014-09 along with various related amendments comprise ASC Topic 606, Revenue from Contracts with Customers, and provide guidance that is applicable to all contracts with customers regardless of industry-specific or transaction-specific fact patterns. The new standard and its related updates were adopted by the Company on February 4, 2018. On the effective date, the Company elected to apply the new guidance retrospectively to each prior period presented which resulted in an increase to retained earnings of \$72 million and \$54 million at the beginning of fiscal 2018 and fiscal 2017, respectively.

Overall, the new standard did not have a material impact on the results of the Company's operations or consolidated statements of financial position, but impacted the presentation and timing of certain revenue transactions. Specifically, the changes included gross presentation of the Company's estimates for future sales returns and related recoverable assets, presenting income from credit operations, gift card breakage income, and certain loyalty program income as separate components of revenue and recognizing gift card breakage revenue over the period of redemption for gift cards associated with certain returns. The Company's evaluation of the new standards included a review of certain vendor arrangements to determine whether the Company acts as principal or agent in such arrangements and such evaluation did not result in any material changes in gross versus net presentation as a result of the adoption of the new standards.

In March 2017, the FASB issued ASU No. 2017-07, Compensation-Retirement Benefits (ASC Topic 715), which requires employers to disaggregate the service cost component from other components of net periodic benefit costs and to disclose the amounts of net periodic benefit costs that are included in each income statement line item. The standard requires employers to report the service cost component in the same line item as other compensation costs and to report the other components of net periodic benefit costs (which include interest costs, expected return on plan assets, amortization of prior service cost or credits and actuarial gains and losses) separately and outside a subtotal of operating income. The Company adopted this standard effective February 4, 2018 on a retrospective basis to each prior period presented and has recognized its net periodic benefit costs, excluding service costs, in benefit plan income, net on its Consolidated Statements of Income.

In 2016, the FASB issued ASU No. 2016-18, Statement of Cash Flows (ASC Topic 230): Restricted Cash, and ASU No. 2016-15, Statement of Cash Flows (ASC Topic 230): Classification of Certain Cash Receipts and Cash Payments. These standards were issued to resolve numerous diversities in practice with regard to the presentation and classification of certain cash receipts and payments in the statement of cash flows. The standards were effective for the Company on February 4, 2018, and were adopted using a retrospective transition method to each prior period presented. As a result of these standards, the Company included its beginning-of-period restricted cash balances of \$58 million and end-of-period restricted cash balances of \$41 million when reconciling the Consolidated Statement of Cash Flow movement for the 39 weeks ended November 3, 2018. Similarly, for the 39 weeks ended October 28, 2017, the Company included its beginning-of-period restricted cash balances of \$37 million and end-of-period restricted cash balances of \$54 million. In addition to these changes, the Company changed the classification of \$10 million of cash payments for the prepayment of debt from an operating outflow to a financing outflow for the 39 weeks ended October 28, 2017.

In February 2018, the FASB issued ASU No. 2018-02, Income Statement - Reporting Comprehensive Income (Topic 220): Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income, which allows for stranded tax effects in accumulated other comprehensive income resulting from H.R. 1, originally known as the "Tax Cuts and Jobs Act," to be reclassified to retained earnings. The Company early adopted this standard during the first quarter of 2018 and, as a result, reclassified \$164 million of stranded tax effects to retained earnings.

**MACY'S, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**  
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**2. Earnings Per Share Attributable to Macy's, Inc. Shareholders**

The following tables set forth the computation of basic and diluted earnings per share attributable to Macy's, Inc. shareholders:

	13 Weeks Ended			
	November 3, 2018		October 28, 2017	
	Net Income	Shares	Net Income	Shares
	(millions, except per share data)			
Net income attributable to Macy's, Inc. shareholders and average number of shares outstanding	\$ 62	307.2	\$ 30	304.6
Shares to be issued under deferred compensation and other plans		0.9		0.9
	\$ 62	308.1	\$ 30	305.5
Basic earnings per share attributable to Macy's, Inc. shareholders	\$ 0.20		\$ 0.10	
Effect of dilutive securities:				
Stock options, restricted stock and restricted stock units		4.1		1.0
	\$ 62	312.2	\$ 30	306.5
Diluted earnings per share attributable to Macy's, Inc. shareholders	\$ 0.20		\$ 0.10	

	39 Weeks Ended			
	November 3, 2018		October 28, 2017	
	Net Income	Shares	Net Income	Shares
	(millions, except per share data)			
Net income attributable to Macy's, Inc. shareholders and average number of shares outstanding	\$ 368	306.6	\$ 219	304.5
Shares to be issued under deferred compensation and other plans		0.9		0.8
	\$ 368	307.5	\$ 219	305.3
Basic earnings per share attributable to Macy's, Inc. shareholders	\$ 1.20		\$ 0.72	
Effect of dilutive securities:				
Stock options, restricted stock and restricted stock units		3.7		1.3
	\$ 368	311.2	\$ 219	306.6
Diluted earnings per share attributable to Macy's, Inc. shareholders	\$ 1.18		\$ 0.71	

In addition to the stock options and restricted stock units reflected in the foregoing tables, stock options to purchase 12.7 million shares of common stock and restricted stock units relating to 1.4 million shares of common stock were outstanding at November 3, 2018, but were not included in the computation of diluted earnings per share because their inclusion would have been antidilutive or they were subject to performance conditions that had not been met.

In addition to the stock options and restricted stock units reflected in the foregoing tables, stock options to purchase 18.9 million shares of common

stock and restricted stock units relating to 1.2 million shares of common stock were outstanding at October 28, 2017, but were not included in the computation of diluted earnings per share because their inclusion would have been antidilutive or they were subject to performance conditions that had not been met.

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

### 3. Financing Activities

The following table shows the detail of debt repayments:

	39 Weeks Ended	
	November 3, 2018	October 28, 2017
	(millions)	
7.45% Senior debentures due 2017	\$ —	\$ 300
6.9% Senior debentures due 2029	90	3
4.5% Senior notes due 2034	80	—
6.7% Senior notes due 2028	60	3
6.375% Senior notes due 2037	43	135
6.7% Senior debentures due 2034	28	28
7.0% Senior debentures due 2028	27	2
6.65% Senior debentures due 2024	11	4
6.9% Senior debentures due 2032	5	72
9.5% Amortizing debentures due 2021	4	4
9.75% Amortizing debentures due 2021	2	2
Capital leases and other obligations	1	1
	\$ 351	\$ 554

During the 39 weeks ended November 3, 2018, the Company repurchased \$344 million face value of senior notes and debentures. The debt repurchases were made in the open market for a total cost of \$354 million, including expenses and other fees related to the transactions. Such repurchases resulted in the recognition of expense of \$5 million during the 39 weeks ended November 3, 2018 presented as losses on early retirement of debt on the Consolidated Statements of Income.

During the 39 weeks ended October 28, 2017, the Company repurchased \$247 million face value of senior notes and debentures. The debt repurchases were made in the open market for a total cost of \$257 million, including expenses and other fees related to the transactions. Such repurchases resulted in the recognition of expense of \$1 million during the 39 weeks ended October 28, 2017 presented as losses on early retirement of debt on the Consolidated Statements of Income.

During the 39 weeks ended October 28, 2017, the Company also repaid, at maturity, \$300 million of 7.45% Senior debentures due July 2017.

On November 28, 2018, the Company commenced a cash tender offer ("tender offer") to purchase up to \$600 million in aggregate principal amount of certain senior unsecured notes and debentures, with stated interest rates ranging from 2.875% to 8.75% and maturities ranging from fiscal years 2023 to 2042. The tender offer expires on December 26, 2018, with an early tender date on December 11, 2018.

### 4. Benefit Plans

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

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

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

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

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

	13 Weeks Ended		39 Weeks Ended	
	November 3, 2018	October 28, 2017	November 3, 2018	October 28, 2017
	(millions)		(millions)	
401(k) Qualified Defined Contribution Plan	\$ 24	\$ 20	\$ 71	\$ 65
Non-Qualified Defined Contribution Plan	\$ —	\$ —	\$ 1	\$ —
Pension Plan				
Service cost	\$ 1	\$ 1	\$ 4	\$ 4
Interest cost	28	25	81	79
Expected return on assets	(51)	(55)	(157)	(168)
Recognition of net actuarial loss	7	8	23	24
Amortization of prior service credit	—	—	—	—
	<u>\$ (15)</u>	<u>\$ (21)</u>	<u>\$ (49)</u>	<u>\$ (61)</u>
Supplementary Retirement Plan				
Service cost	\$ —	\$ —	\$ —	\$ —
Interest cost	6	6	17	17
Recognition of net actuarial loss	2	2	6	6
Amortization of prior service cost	—	—	—	—
	<u>\$ 8</u>	<u>\$ 8</u>	<u>\$ 23</u>	<u>\$ 23</u>
Total Retirement Expense	<u>\$ 17</u>	<u>\$ 7</u>	<u>\$ 46</u>	<u>\$ 27</u>
Postretirement Obligations				
Service cost	\$ —	\$ —	\$ —	\$ —
Interest cost	1	1	3	4
Recognition of net actuarial gain	(2)	(2)	(4)	(4)
Amortization of prior service credit	—	—	—	—
	<u>\$ (1)</u>	<u>\$ (1)</u>	<u>\$ (1)</u>	<u>\$ —</u>

For the 13 and 39 weeks ended November 3, 2018, the Company incurred non-cash settlement charges of \$23 million and \$73 million, respectively, related to the Company's defined benefit plans. For the 13 and 39 weeks ended October 28, 2017, the Company incurred non-cash settlement charges of \$22 million and \$73 million, respectively. These charges relate to the pro-rata recognition of net actuarial losses and are the result of an increase in lump sum distributions primarily associated with retiree distribution elections and restructuring activity.

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

**5. Fair Value Measurements**

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

November 3, 2018				October 28, 2017			
Fair Value Measurements				Fair Value Measurements			
Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
(millions)							
Marketable equity and debt securities	\$ 96	\$ 26	\$ 70	\$ 100	\$ 23	\$ 77	\$ —

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

The following table shows the estimated fair value of the Company's long-term debt, excluding capital leases and other obligations:

November 3, 2018			October 28, 2017		
Notional Amount	Carrying Amount	Fair Value	Notional Amount	Carrying Amount	Fair Value
(millions)					
Long-term debt	\$ 5,420	\$ 5,444	\$ 5,170	\$ 6,206	\$ 5,908

**6. Condensed Consolidating Financial Information**

Certain debt obligations of the Company, which constitute debt obligations of Macy's Retail Holdings, Inc. ("Subsidiary Issuer"), a 100%-owned subsidiary of Macy's, Inc. ("Parent"), are fully and unconditionally guaranteed by Parent. In the following condensed consolidating financial statements, "Other Subsidiaries" includes all other direct subsidiaries of Parent, including Bluemercury, Inc., FDS Bank, West 34th Street Insurance Company New York, Macy's Merchandising Corporation, Macy's Merchandising Group, Inc. and its subsidiaries Macy's Merchandising Group (Hong Kong) Limited, Macy's Merchandising Group Procurement, LLC, Macy's Merchandising Group International, LLC, Macy's Merchandising Group International (Hong Kong) Limited, and its majority-owned subsidiary Macy's China Limited. "Subsidiary Issuer" includes operating divisions and non-guarantor subsidiaries of the Subsidiary Issuer on an equity basis. The assets and liabilities and results of operations of the non-guarantor subsidiaries of the Subsidiary Issuer are also reflected in "Other Subsidiaries."

Condensed Consolidating Statements of Comprehensive Income for the 13 and 39 weeks ended November 3, 2018 and October 28, 2017, Condensed Consolidating Balance Sheets as of November 3, 2018, October 28, 2017 and February 3, 2018, and the related Condensed Consolidating Statements of Cash Flows for the 39 weeks ended November 3, 2018 and October 28, 2017 are presented on the following pages.

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

**Condensed Consolidating Statement of Comprehensive Income**  
**For the 13 Weeks Ended November 3, 2018**  
**(millions)**

	Parent	Subsidiary Issuer	Other Subsidiaries	Consolidating Adjustments	Consolidated
Net sales	\$ —	\$ 2,030	\$ 6,185	\$ (2,811)	\$ 5,404
Credit card revenues, net	—	—	185	—	185
Cost of sales	—	(1,266)	(4,771)	2,811	(3,226)
Selling, general and administrative expenses	—	(883)	(1,372)	—	(2,255)
Gains on sale of real estate	—	41	1	—	42
Restructuring and other costs	—	—	(3)	—	(3)
Operating income (loss)	—	(78)	225	—	147
Benefit plan income, net	—	3	6	—	9
Settlement charges	—	(8)	(15)	—	(23)
Interest (expense) income, net:					
External	4	(64)	1	—	(59)
Intercompany	—	(18)	18	—	—
Equity in earnings (loss) of subsidiaries	59	(58)	—	(1)	—
Income (loss) before income taxes	63	(223)	235	(1)	74
Federal, state and local income tax benefit (expense)	(1)	57	(68)	—	(12)
Net income (loss)	62	(166)	167	(1)	62
Net loss attributable to noncontrolling interest	—	—	—	—	—
Net income (loss) attributable to Macy's, Inc. shareholders	\$ 62	\$ (166)	\$ 167	\$ (1)	\$ 62
Comprehensive income (loss)	\$ (37)	\$ (257)	\$ 106	\$ 151	\$ (37)
Comprehensive loss attributable to noncontrolling interest	—	—	—	—	—
Comprehensive income (loss) attributable to Macy's, Inc. shareholders	\$ (37)	\$ (257)	\$ 106	\$ 151	\$ (37)

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

**Condensed Consolidating Statement of Comprehensive Income**  
**For the 13 Weeks Ended October 28, 2017**  
(millions)

	Parent	Subsidiary Issuer	Other Subsidiaries	Consolidating Adjustments	Consolidated
Net sales	\$ —	\$ 2,073	\$ 5,865	\$ (2,657)	\$ 5,281
Credit card revenues, net	—	—	145	—	145
Cost of sales	—	(1,382)	(4,427)	2,657	(3,152)
Selling, general and administrative expenses	—	(834)	(1,354)	—	(2,188)
Gains on sale of real estate	—	24	41	—	65
Restructuring and other costs	—	(1)	(32)	—	(33)
Operating income (loss)	—	(120)	238	—	118
Benefit plan income, net	—	6	9	—	15
Settlement charges	—	(8)	(14)	—	(22)
Interest (expense) income, net:					
External	1	(76)	1	—	(74)
Intercompany	—	(34)	34	—	—
Equity in earnings (loss) of subsidiaries	29	(57)	—	28	—
Income (loss) before income taxes	30	(289)	268	28	37
Federal, state and local income tax benefit (expense)	—	59	(69)	—	(10)
Net income (loss)	30	(230)	199	28	27
Net loss attributable to noncontrolling interest	—	—	3	—	3
Net income (loss) attributable to Macy's, Inc. shareholders	\$ 30	\$ (230)	\$ 202	\$ 28	\$ 30
Comprehensive income (loss)	\$ 55	\$ (207)	\$ 215	\$ (11)	\$ 52
Comprehensive loss attributable to noncontrolling interest	—	—	3	—	3
Comprehensive income (loss) attributable to Macy's, Inc. shareholders	\$ 55	\$ (207)	\$ 218	\$ (11)	\$ 55





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

**Condensed Consolidating Statement of Comprehensive Income**  
**For the 39 Weeks Ended November 3, 2018**  
(millions)

	Parent	Subsidiary Issuer	Other Subsidiaries	Consolidating Adjustments	Consolidated
Net sales	\$ —	\$ 6,110	\$ 16,462	\$ (6,056)	\$ 16,516
Credit card revenues (expense), net	—	(3)	531	—	528
Cost of sales	—	(3,857)	(12,126)	6,056	(9,927)
Selling, general and administrative expenses	—	(2,522)	(3,979)	—	(6,501)
Gains on sale of real estate	—	83	28	—	111
Impairment, restructuring and other costs	—	—	(39)	—	(39)
Operating income (loss)	—	(189)	877	—	688
Benefit plan income, net	—	12	19	—	31
Settlement charges	(5)	(24)	(44)	—	(73)
Interest (expense) income, net:					
External	13	(203)	3	—	(187)
Intercompany	—	(54)	54	—	—
Losses on early retirement of debt	—	(5)	—	—	(5)
Equity in earnings of subsidiaries	362	51	—	(413)	—
Income (loss) before income taxes	370	(412)	909	(413)	454
Federal, state and local income tax benefit (expense)	(2)	123	(217)	—	(96)
Net income (loss)	368	(289)	692	(413)	358
Net loss attributable to noncontrolling interest	—	—	10	—	10
Net income (loss) attributable to Macy's, Inc. shareholders	\$ 368	\$ (289)	\$ 702	\$ (413)	\$ 368
Comprehensive income (loss)	\$ 296	\$ (357)	\$ 646	\$ (299)	\$ 286
Comprehensive loss attributable to noncontrolling interest	—	—	10	—	10
Comprehensive income (loss) attributable to Macy's, Inc. shareholders	\$ 296	\$ (357)	\$ 656	\$ (299)	\$ 296



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

**Condensed Consolidating Statement of Comprehensive Income**  
**For the 39 Weeks Ended October 28, 2017**  
(millions)

	Parent	Subsidiary Issuer	Other Subsidiaries	Consolidating Adjustments	Consolidated
Net sales	\$ —	\$ 6,358	\$ 15,784	\$ (5,875)	\$ 16,267
Credit card revenues (expense), net	—	(2)	475	—	473
Cost of sales	—	(4,160)	(11,573)	5,875	(9,858)
Selling, general and administrative expenses	(1)	(2,458)	(3,947)	—	(6,406)
Gains on sale of real estate	—	116	60	—	176
Restructuring and other costs	—	(1)	(32)	—	(33)
Operating income (loss)	(1)	(147)	767	—	619
Benefit plan income, net	—	16	26	—	42
Settlement charges	—	(24)	(49)	—	(73)
Interest (expense) income, net:					
External	4	(243)	2	—	(237)
Intercompany	—	(102)	102	—	—
Losses on early retirement of debt	—	(1)	—	—	(1)
Equity in earnings (loss) of subsidiaries	217	(26)	—	(191)	—
Income (loss) before income taxes	220	(527)	848	(191)	350
Federal, state and local income tax benefit (expense)	(1)	142	(279)	—	(138)
Net income (loss)	219	(385)	569	(191)	212
Net loss attributable to noncontrolling interest	—	—	7	—	7
Net income (loss) attributable to Macy's, Inc. shareholders	\$ 219	\$ (385)	\$ 576	\$ (191)	\$ 219
Comprehensive income (loss)	\$ 315	\$ (295)	\$ 632	\$ (344)	\$ 308
Comprehensive loss attributable to noncontrolling interest	—	—	7	—	7
Comprehensive income (loss) attributable to Macy's, Inc. shareholders	\$ 315	\$ (295)	\$ 639	\$ (344)	\$ 315

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

**Condensed Consolidating Balance Sheet**  
**As of November 3, 2018**  
**(millions)**

	Parent	Subsidiary Issuer	Other Subsidiaries	Consolidating Adjustments	Consolidated
<b>ASSETS:</b>					
Current Assets:					
Cash and cash equivalents	\$ 426	\$ 74	\$ 236	\$ —	\$ 736
Receivables	1	25	154	—	180
Merchandise inventories	—	3,112	4,035	—	7,147
Income tax receivable	81	—	—	(71)	10
Prepaid expenses and other current assets	—	139	455	—	594
Total Current Assets	508	3,350	4,880	(71)	8,667
Property and Equipment – net	—	3,244	3,328	—	6,572
Goodwill	—	3,326	582	—	3,908
Other Intangible Assets – net	—	40	441	—	481
Other Assets	—	39	694	—	733
Deferred Income Taxes	11	—	—	(11)	—
Intercompany Receivable	1,725	—	882	(2,607)	—
Investment in Subsidiaries	3,639	3,028	—	(6,667)	—
Total Assets	\$ 5,883	\$ 13,027	\$ 10,807	\$ (9,356)	\$ 20,361
<b>LIABILITIES AND SHAREHOLDERS' EQUITY:</b>					
Current Liabilities:					
Short-term debt	\$ —	\$ 42	\$ 23	\$ —	\$ 65
Merchandise accounts payable	—	1,515	1,866	—	3,381
Accounts payable and accrued liabilities	192	874	1,932	—	2,998
Income taxes	—	40	31	(71)	—
Total Current Liabilities	192	2,471	3,852	(71)	6,444
Long-Term Debt	—	5,453	16	—	5,469
Intercompany Payable	—	2,607	—	(2,607)	—
Deferred Income Taxes	—	619	577	(11)	1,185
Other Liabilities	24	431	1,163	—	1,618
Shareholders' Equity:					
Macy's, Inc.	5,667	1,446	5,221	(6,667)	5,667
Noncontrolling Interest	—	—	(22)	—	(22)
Total Shareholders' Equity	5,667	1,446	5,199	(6,667)	5,645
Total Liabilities and Shareholders' Equity	\$ 5,883	\$ 13,027	\$ 10,807	\$ (9,356)	\$ 20,361



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

Condensed Consolidating Balance Sheet  
As of October 28, 2017  
(millions)

	Parent	Subsidiary Issuer	Other Subsidiaries	Consolidating Adjustments	Consolidated
<b>ASSETS:</b>					
Current Assets:					
Cash and cash equivalents	\$ 116	\$ 89	\$ 329	\$ —	\$ 534
Receivables	—	67	152	—	219
Merchandise inventories	—	3,218	3,847	—	7,065
Income tax receivable	—	2	—	(2)	—
Prepaid expenses and other current assets	—	141	469	—	610
Total Current Assets	116	3,517	4,797	(2)	8,428
Property and Equipment – net	—	3,370	3,372	—	6,742
Goodwill	—	3,315	582	—	3,897
Other Intangible Assets – net	—	46	445	—	491
Other Assets	1	62	772	—	835
Deferred Income Taxes	27	—	—	(27)	—
Intercompany Receivable	1,436	—	2,161	(3,597)	—
Investment in Subsidiaries	2,932	3,700	—	(6,632)	—
Total Assets	\$ 4,512	\$ 14,010	\$ 12,129	\$ (10,258)	\$ 20,393
<b>LIABILITIES AND SHAREHOLDERS' EQUITY:</b>					
Current Liabilities:					
Short-term debt	\$ —	\$ 6	\$ 16	\$ —	\$ 22
Merchandise accounts payable	—	1,339	1,834	—	3,173
Accounts payable and accrued liabilities	139	1,008	2,110	—	3,257
Income taxes	20	—	16	(2)	34
Total Current Liabilities	159	2,353	3,976	(2)	6,486
Long-Term Debt	—	6,280	17	—	6,297
Intercompany Payable	—	3,597	—	(3,597)	—
Deferred Income Taxes	—	731	882	(27)	1,586
Other Liabilities	71	476	1,203	—	1,750
Shareholders' Equity:					
Macy's, Inc.	4,282	573	6,059	(6,632)	4,282
Noncontrolling Interest	—	—	(8)	—	(8)
Total Shareholders' Equity	4,282	573	6,051	(6,632)	4,274
Total Liabilities and Shareholders' Equity	\$ 4,512	\$ 14,010	\$ 12,129	\$ (10,258)	\$ 20,393





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

**Condensed Consolidating Balance Sheet**  
**As of February 3, 2018**  
**(millions)**

	Parent	Subsidiary Issuer	Other Subsidiaries	Consolidating Adjustments	Consolidated
<b>ASSETS:</b>					
Current Assets:					
Cash and cash equivalents	\$ 1,109	\$ 58	\$ 288	\$ —	\$ 1,455
Receivables	—	85	278	—	363
Merchandise inventories	—	2,344	2,834	—	5,178
Prepaid expenses and other current assets	—	165	485	—	650
Total Current Assets	1,109	2,652	3,885	—	7,646
Property and Equipment – net	—	3,349	3,323	—	6,672
Goodwill	—	3,315	582	—	3,897
Other Intangible Assets – net	—	44	444	—	488
Other Assets	1	89	790	—	880
Deferred Income Taxes	11	—	—	(11)	—
Intercompany Receivable	884	—	2,388	(3,272)	—
Investment in Subsidiaries	4,032	4,126	—	(8,158)	—
Total Assets	\$ 6,037	\$ 13,575	\$ 11,412	\$ (11,441)	\$ 19,583
<b>LIABILITIES AND SHAREHOLDERS' EQUITY:</b>					
Current Liabilities:					
Short-term debt	\$ —	\$ 6	\$ 16	\$ —	\$ 22
Merchandise accounts payable	—	653	937	—	1,590
Accounts payable and accrued liabilities	159	980	2,132	—	3,271
Income taxes	113	30	153	—	296
Total Current Liabilities	272	1,669	3,238	—	5,179
Long-Term Debt	—	5,844	17	—	5,861
Intercompany Payable	—	3,272	—	(3,272)	—
Deferred Income Taxes	—	559	600	(11)	1,148
Other Liabilities	20	430	1,212	—	1,662
Shareholders' Equity:					
Macy's, Inc.	5,745	1,801	6,357	(8,158)	5,745
Noncontrolling Interest	—	—	(12)	—	(12)
Total Shareholders' Equity	5,745	1,801	6,345	(8,158)	5,733
Total Liabilities and Shareholders' Equity	\$ 6,037	\$ 13,575	\$ 11,412	\$ (11,441)	\$ 19,583

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

**Condensed Consolidating Statement of Cash Flows**  
**For the 39 Weeks Ended November 3, 2018**  
(millions)

	Parent	Subsidiary Issuer	Other Subsidiaries	Consolidating Adjustments	Consolidated
<b>Cash flows from operating activities:</b>					
Net income (loss)	\$ 368	\$ (289)	\$ 692	\$ (413)	\$ 358
Equity in earnings of subsidiaries	(362)	(51)	—	413	—
Impairment, restructuring and other costs	—	—	39	—	39
Settlement charges	5	24	44	—	73
Dividends received from subsidiaries	689	—	—	(689)	—
Depreciation and amortization	—	250	468	—	718
Gains on sale of real estate	—	(83)	(28)	—	(111)
Changes in assets, liabilities and other items not separately identified	(191)	115	(571)	(1)	(648)
Net cash provided (used) by operating activities	509	(34)	644	(690)	429
<b>Cash flows from investing activities:</b>					
Purchase of property and equipment and capitalized software, net of dispositions	—	(98)	(458)	—	(556)
Other, net	—	(15)	(29)	51	7
Net cash used by investing activities	—	(113)	(487)	51	(549)
<b>Cash flows from financing activities:</b>					
Debt repaid	—	(310)	(1)	(50)	(361)
Dividends paid	(347)	—	(689)	689	(347)
Issuance of common stock	41	—	—	—	41
Proceeds from noncontrolling interest	—	—	7	—	7
Intercompany activity, net	(803)	378	425	—	—
Other, net	(83)	74	53	—	44
Net cash provided (used) by financing activities	(1,192)	142	(205)	639	(616)
Net decrease in cash, cash equivalents and restricted cash	(683)	(5)	(48)	—	(736)
Cash, cash equivalents and restricted cash at beginning of period	1,109	79	325	—	1,513
Cash, cash equivalents and restricted cash at end of period	\$ 426	\$ 74	\$ 277	\$ —	\$ 777

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

**Condensed Consolidating Statement of Cash Flows**  
**For the 39 Weeks Ended October 28, 2017**  
**(millions)**

	Parent	Subsidiary Issuer	Other Subsidiaries	Consolidating Adjustments	Consolidated
<b>Cash flows from operating activities:</b>					
Net income (loss)	\$ 219	\$ (385)	\$ 569	\$ (191)	\$ 212
Equity in loss (earnings) of subsidiaries	(217)	26	—	191	—
Restructuring and other costs	—	1	32	—	33
Settlement charges	—	24	49	—	73
Dividends received from subsidiaries	571	—	—	(571)	—
Depreciation and amortization	—	265	476	—	741
Gains on sale of real estate	—	(116)	(60)	—	(176)
Changes in assets, liabilities and other items not separately identified	(44)	167	(607)	—	(484)
Net cash provided (used) by operating activities	529	(18)	459	(571)	399
<b>Cash flows from investing activities:</b>					
Disposition (purchase) of property and equipment and capitalized software, net	—	30	(368)	—	(338)
Other, net	—	2	7	—	9
Net cash provided (used) by investing activities	—	32	(361)	—	(329)
<b>Cash flows from financing activities:</b>					
Debt repaid	—	(563)	(1)	—	(564)
Dividends paid	(346)	—	(571)	571	(346)
Issuance of common stock, net of common stock acquired	2	—	—	—	2
Proceeds from noncontrolling interest	—	—	12	—	12
Intercompany activity, net	(1,016)	589	427	—	—
Other, net	9	(32)	103	—	80
Net cash used by financing activities	(1,351)	(6)	(30)	571	(816)
Net increase (decrease) in cash, cash equivalents and restricted cash	(822)	8	68	—	(746)
Cash, cash equivalents and restricted cash at beginning of period	938	81	315	—	1,334
Cash, cash equivalents and restricted cash at end of period	\$ 116	\$ 89	\$ 383	\$ —	\$ 588

## MACY'S, INC.

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

For purposes of the following discussion, all references to "third quarter of 2018" and "third quarter of 2017" are to the Company's 13-week fiscal periods ended November 3, 2018 and October 28, 2017, respectively, and all references to "2018" and "2017" are to the Company's 39-week fiscal periods ended November 3, 2018 and October 28, 2017, respectively.

The following discussion should be read in conjunction with the Consolidated Financial Statements and the related notes included elsewhere in this report, as well as the financial and other information included in the 2017 10-K. The following discussion contains forward-looking statements that reflect the Company's plans, estimates and beliefs. The Company's actual results could materially differ from those discussed in these forward-looking statements. Factors that could cause or contribute to those differences include, but are not limited to, those discussed below and elsewhere in this report (particularly in "Forward-Looking Statements") and in the 2017 10-K (particularly in "Risk Factors" and in "Forward-Looking Statements"). This discussion includes non-GAAP financial measures. For information about these measures, see the disclosure under the caption "Important Information Regarding Non-GAAP Financial Measures" on pages 29 to 31.

**Overview**

The Company is an omnichannel retail organization operating stores, websites and mobile applications under three brands (Macy's, Bloomingdale's and bluemercury) that sell a wide range of merchandise, including apparel and accessories (men's, women's and kids), cosmetics, home furnishings and other consumer goods. The Company operates approximately 870 stores in 44 states, the District of Columbia, Guam and Puerto Rico. As of November 3, 2018, the Company's operations were conducted through Macy's, Bloomingdale's, Bloomingdale's The Outlet, Macy's Backstage, bluemercury and STORY.

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

**Quarter Highlights**

During the third quarter of 2018, the Company completed foundational work for the 2018 five key strategic initiatives of the North Star strategy. These initiatives continued to contribute to the results of 2018. Specifically:

- The Macy's Star Rewards loyalty program marked its one-year anniversary and continued to offer improved benefits to its members, including exclusive experiences for the program's platinum loyalty members.
- Completing the fiscal 2018 expansion of Backstage, Macy's mall-based off-price business, the Company opened 56 new locations within existing Macy's stores during the third quarter of 2018. This expansion brings the total Backstage locations to 173 (seven freestanding and 166 inside Macy's stores) as of November 3, 2018.
- The Company's vendor direct program (i.e., merchandise purchased from the Company's websites and digital applications and shipped directly to customers from the respective vendor) continued its expansion during the third quarter of 2018, with increased assortment and the addition of new categories and brands.
- The Company completed the enhancement of customer options for pick-up, delivery and checkout at Macy's, including the expansion of Buy Online Ship to Store and construction of At Your Service stations in all stores.
- The Growth50 locations contributed to the strong operating results for the third quarter of 2018. As a result of the performance of the Growth50 locations, the Company will expand the initiative to another 100 stores in fiscal 2019.

The Company recently announced a retail store strategy for Macy's that focuses on identifying a scalable investment strategy for all of the brand's stores, improving the customer's experience and growing total sales profitably. This strategy includes categorization of the Company's Macy's stores into three groups:

- Flagship stores include Herald Square and 10 other regional flagship stores which serve as premier retail destinations within their respective regions.
- Magnet stores include the Growth50 stores, which as noted previously will be expanded to another 100 stores in fiscal 2019. These stores are retail destinations within major markets that offer an expanded selection of merchandise.
- Neighborhood stores are smaller, profitable locations that are visited primarily for convenience and on-line order fulfillment. The Company is testing, and will continue to test in fiscal 2019, different investment models aimed at increasing shopping ease and convenience. Once the right model is determined, it will be rolled-out to the remaining neighborhood stores.

## MACY'S, INC.

Further building upon its acquisition of STORY and investment in b8ta in the first half of 2018, the Company continued its enhancement of in-store experiences and personalization through advanced technology and partnerships. During the third quarter of 2018, the Company completed the roll-out of virtual reality furniture at 69 stores and began offering augmented reality beauty experiences in certain stores. Additionally, the Company announced the expansion of the number of e-commerce brands that will be available at The Market @ Macy's during the fourth quarter of 2018.

In addition to the above, the Company has continued to grow its luxury beauty products and spa retailer, bluemercury, by opening additional freestanding bluemercury stores in urban and suburban markets, and adding bluemercury products and boutiques to Macy's stores. Eight new freestanding bluemercury locations were opened in the third quarter of 2018, and four additional freestanding locations are expected to open later in the fiscal year. As of November 3, 2018, the Company is operating 180 bluemercury locations (160 freestanding and 20 inside Macy's stores).

**Results of Operations****Comparison of the Third Quarter of 2018 and the Third Quarter of 2017**

	Third Quarter of 2018		Third Quarter of 2017	
	Amount	% to Net Sales	Amount	% to Net Sales
(dollars in millions, except per share figures)				
Net sales	\$ 5,404		\$ 5,281	
Credit card revenues, net	185	3.4 %	145	2.7 %
Cost of sales	(3,226)	(59.7) %	(3,152)	(59.7) %
Selling, general and administrative expenses	(2,255)	(41.7) %	(2,188)	(41.4) %
Gains on sale of real estate	42	0.8 %	65	1.2 %
Restructuring and other costs	(3)	(0.1) %	(33)	(0.6) %
Operating income	147	2.7 %	118	2.2 %
Benefit plan income, net	9		15	
Settlement charges	(23)		(22)	
Interest expense, net	(59)		(74)	
Income before income taxes	74		37	
Federal, state and local income tax expense	(12)		(10)	
Net income	62		27	
Net loss attributable to noncontrolling interest	—		3	
Net income attributable to Macy's, Inc. shareholders	\$ 62	1.1 %	\$ 30	0.6 %
Diluted earnings per share attributable to Macy's, Inc. shareholders	\$ 0.20		\$ 0.10	
<b>Supplemental Financial Measure</b>				
Gross margin (a)	\$ 2,178	40.3 %	\$ 2,129	40.3 %
<b>Supplemental Non-GAAP Financial Measure</b>				
Diluted earnings per share attributable to Macy's, Inc. shareholders, excluding the impact of certain items	\$ 0.27		\$ 0.21	

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

**Net Sales and Comparable Sales**

Net sales for the third quarter of 2018 increased \$123 million or 2.3% compared to the third quarter of 2017. Comparable sales on an owned basis for the third quarter of 2018 increased 3.1% compared to the third quarter of 2017. On an owned plus licensed basis comparable sales increased 3.3% during the third quarter of 2018.

The Company's digital business continued its strong growth with double-digit gains in the third quarter of 2018 and all three brands. Macy's, Bloomingdale's and bluemercury, performed well. Sales during the third quarter of 2018 were the strongest in men's and kids' line jewelry,

fragrances, active, women's shoes and coats, while sales in women's sportswear and fashion watches were not as strong.

## MACY'S, INC.

*Credit Card Revenues, Net*

Credit card revenues, net were \$185 million in the third quarter of 2018, an increase of \$40 million compared to \$145 million recognized in the third quarter of 2017. Increased proprietary card usage driven by the enhanced Macy's Star Rewards loyalty program and higher consumer credit balances drove the favorable results. Proprietary card penetration increased to 48.4% in the third quarter of 2018 from 47.4% in the third quarter of 2017.

*Cost of Sales*

Cost of sales increased by \$74 million compared to the third quarter of 2017, remaining flat as a percent to net sales with the third quarter of 2017 at 59.7%. The increase in cost of sales dollars was driven by higher sales.

*Selling, General and Administrative Expenses*

Selling, general and administrative ("SG&A") expenses for the third quarter of 2018 increased \$67 million from the third quarter of 2017. The SG&A rate as a percent to net sales of 41.7% was 30 basis points higher in the third quarter of 2018, as compared to the third quarter of 2017. This increase in SG&A expenses was driven primarily by investments in the expansion of Backstage as well as the Company's new employee incentive plan.

*Gains on Sale of Real Estate*

The third quarter of 2018 included asset sale gains of \$42 million, including \$23 million related to the continued recognition of the deferred gain from the Macy's Brooklyn transaction closed in fiscal 2015. This compares to \$65 million of asset sale gains recognized in the third quarter of 2017, including approximately \$40 million related to the Macy's downtown Seattle location and \$22 million related to the Macy's Brooklyn transaction.

*Restructuring and Other Costs*

The third quarters of 2018 and 2017 included \$3 million and \$33 million, respectively, of restructuring and other costs related to severance activity and other human resource costs associated with organizational restructuring.

*Benefit Plan Income, Net*

The third quarters of 2018 and 2017 included \$9 million and \$15 million, respectively, of non-cash net benefit plan income relating to the Company's defined benefit plans. This income includes the net of: interest cost, expected return on plan assets and amortization of prior service costs or credits and actuarial gains and losses.

*Settlement Charges*

The third quarters of 2018 and 2017 included \$23 million and \$22 million, respectively, of non-cash settlement charges relating to the Company's defined benefit plans. These charges relate to the pro-rata recognition of net actuarial losses and are the result of an increase in lump sum distributions primarily associated with retiree distribution elections and restructuring activity.

*Net Interest Expense*

Net interest expense for the third quarter of 2018 decreased \$15 million from the third quarter of 2017 due to a reduction in the Company's debt resulting from tender offer repurchases in fiscal 2017 and open market repurchases in fiscal 2018.

*Effective Tax Rate*

The Company's effective tax rate of 16.2% for the third quarter of 2018 and 27.0% for the third quarter of 2017 differ from the federal income tax statutory rate of 21% and 35%, respectively, because of the resolution of certain tax settlements and tax examinations. In addition to these items, the effective tax rate for the third quarter of 2018 was lower than the effective tax rate for the third quarter of 2017 due to the enactment of U.S. federal tax reform in December 2017, which lowered the Company's federal income tax statutory rate as outlined above.

*Net Income Attributable to Macy's, Inc. Shareholders*

Net income attributable to Macy's, Inc. shareholders for the third quarter of 2018 increased \$32 million compared to the third quarter of 2017. The third quarter of 2018 included higher sales, net credit card revenue and gross margin, as well as lower interest expense and a lower effective tax rate than the third quarter of 2017.

*Diluted Earnings Per Share Attributable to Macy's, Inc. Shareholders*

Diluted earnings per share for the third quarter of 2018 increased \$0.10 compared to the third quarter of 2017, reflecting higher net income.

## MACY'S, INC.

Comparison of the 39 Weeks Ended November 3, 2018 and October 28, 2017

	2018		2017	
	Amount	% to Net Sales	Amount	% to Net Sales
(dollars in millions, except per share figures)				
Net sales	\$ 16,516		\$ 16,267	
Credit card revenues, net	528	3.2 %	473	2.9 %
Cost of sales	(9,927)	(60.1) %	(9,858)	(60.6) %
Selling, general and administrative expenses	(6,501)	(39.4) %	(6,406)	(39.4) %
Gains on sale of real estate	111	0.7 %	176	1.1 %
Impairment, restructuring and other costs	(39)	(0.2) %	(33)	(0.2) %
Operating income	688	4.2 %	619	3.8 %
Benefit plan income, net	31		42	
Settlement charges	(73)		(73)	
Interest expense, net	(187)		(237)	
Losses on the early retirement of debt	(5)		(1)	
Income before income taxes	454		350	
Federal, state and local income tax expense	(96)		(138)	
Net income	358		212	
Net loss attributable to noncontrolling interest	10		7	
Net income attributable to Macy's, Inc. shareholders	\$ 368	2.2 %	\$ 219	1.3 %
Diluted earnings per share attributable to Macy's, Inc. shareholders	\$ 1.18		\$ 0.71	
<u>Supplemental Financial Measures</u>				
Gross margin (a)	\$ 6,589	39.9 %	\$ 6,409	39.4 %
<u>Supplemental Non-GAAP Financial Measures</u>				
Diluted earnings per share attributable to Macy's, Inc. shareholders, excluding the impact of certain items	\$ 1.45		\$ 0.93	

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

Net Sales and Comparable Sales

Net sales for 2018 increased \$249 million or 1.5% compared to 2017. Comparable sales on an owned basis during 2018 increased 2.4% compared to 2017. On an owned plus licensed basis comparable sales increased 2.7% during 2018. Sales during 2018 benefited from the Company's implementation of the five key strategic initiatives of the North Star strategy, strong consumer spending and improved inventory management. The Company's digital business continued its strong growth with double-digit gains in 2018. Sales during 2018 were the strongest in fine jewelry, fragrances, men's, women's shoes, dresses, kids, and active. Sales were not as strong in women's sportswear and fashion watches during 2018.

Credit Card Revenues, Net

Credit card revenues, net were \$528 million in 2018, an increase of \$55 million compared to \$473 million recognized in 2017. Increased proprietary card usage driven by the enhanced Macy's Star Rewards loyalty program and higher consumer credit balances drove the favorable results. Proprietary card penetration increased to 46.8% in 2018 from 46.3% in 2017.

Cost of Sales

The cost of sales rate as a percent to net sales for 2018 decreased to 60.1% compared to 60.6% for 2017, while cost of sales increased \$69 million compared to 2017 due to improved sales. The decrease in the cost of sales rate as a percent to net sales was primarily due to the



Company's improved inventory management, which resulted in lower markdowns.

**MACY'S, INC.***Selling, General and Administrative Expenses*

SG&A expenses for 2018 increased \$95 million from 2017. The SG&A rate as a percent to net sales of 39.4% was flat in 2018 as compared to 2017. The SG&A rate was impacted by the savings of the Company's prior restructuring activity, offset by the expansion of Backstage as well as the Company's new employee incentive plan.

*Gains on Sale of Real Estate*

2018 included asset sale gains of \$111 million, including \$58 million related to the continued recognition of the deferred gain from the Macy's Brooklyn transaction closed in fiscal 2015. This compares to \$176 million of asset sale gains recognized in 2017, including \$47 million related to the Macy's downtown Minneapolis location, \$49 million related to the Macy's Brooklyn transaction, and \$40 million related to the Macy's downtown Seattle location.

*Impairment, Restructuring and Other Costs*

2018 and 2017 included \$39 million and \$33 million, respectively, of costs primarily associated with the wind-down of Macy's China Limited, as well as severance activity and other human resource costs related to organizational restructuring.

*Benefit Plan Income, Net*

2018 and 2017 included \$31 million and \$42 million, respectively, of non-cash net benefit plan income relating to the Company's defined benefit plans. This income includes the net of: interest cost, expected return on plan assets, amortization of prior service cost or credits and actuarial gains and losses.

*Settlement Charges*

2018 and 2017 each included \$73 million of non-cash settlement charges relating to the Company's defined benefit plans. These charges relate to the pro-rata recognition of net actuarial losses and are the result of an increase in lump sum distributions primarily associated with retiree distribution elections and restructuring activity.

*Net Interest Expense*

Net interest expense for 2018 decreased \$50 million from 2017 due to a reduction in the Company's debt as a result of the activity previously discussed within the quarterly results of operations as well as open market repurchases during fiscal 2017.

*Losses on Early Retirement of Debt*

In 2018, the Company repurchased approximately \$344 million face value of senior notes and debentures. The debt repurchases were made in the open market for a total cost of approximately \$354 million, including expenses and other fees related to the transactions. As a result of the debt repurchases, the Company recognized \$5 million in expenses and fees net of the write-off of unamortized debt premiums.

In 2017, the Company repurchased approximately \$247 million face value of senior notes and debentures. The debt repurchases were made in the open market for a total cost of approximately \$257 million, including expenses and other fees related to the transactions. As a result of the debt repurchases, the Company recognized \$1 million in expenses and fees net of the write-off of unamortized debt premiums in 2017.

*Effective Tax Rate*

The Company's effective tax rate of 21.1% for 2018 and 39.4% for 2017 include the effects of certain tax settlements and tax examinations as well as the impact of the U.S. federal tax reform in December 2017, which lowered the Company's federal income tax statutory rate from 35% to 21%. Further, 2017 included the recognition of approximately \$12 million, respectively, of net tax deficiencies associated with share-based payment awards.

*Net Income Attributable to Macy's, Inc. Shareholders*

Net income attributable to Macy's, Inc. shareholders for 2018 increased \$149 million compared to 2017. The increase in 2018 was due to higher sales, net credit card revenue and gross margin, as well as lower interest expense and a lower effective tax rate. These increases were offset by lower gains associated with the sale of real estate as well as higher SG&A expenses in 2018 as compared to 2017.

*Diluted Earnings Per Share Attributable to Macy's, Inc. Shareholders*

Diluted earnings per share for 2018 increased \$0.47 compared to 2017, reflecting higher net income.

## MACY'S, INC.

***Liquidity and Capital Resources***

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

***Operating Activities***

Net cash provided by operating activities in 2018 was \$429 million, compared to \$399 million provided in 2017. Operating cash flows in 2018 were driven by the Company's higher net income as discussed within the results of operations and due to the Company's debt repurchase activity as well as lower income tax payments.

***Investing Activities***

Net cash used by investing activities was \$549 million in 2018, compared to net cash used by investing activities of \$329 million in 2017. The increase in 2018 was driven by the Company's investments in its five key strategic initiatives of the North Star strategy. Offsetting this outflow, the Company received cash of \$121 million from execution of real estate transactions in 2018, including the sale of the upper seven floors of the Macy's State Street store in Chicago. In 2017, the Company received \$212 million of real estate sale proceeds that included \$59 million from the sale of the Macy's downtown Minneapolis location.

***Financing Activities***

Net cash used by the Company for financing activities was \$616 million for 2018, including payment of \$347 million of cash dividends. This outflow was partially offset by \$41 million of proceeds received from the issuance of common stock, primarily due to an increase in stock option exercise activity. During 2018, the Company repurchased approximately \$344 million face value of senior notes and debentures. The debt repurchases were made in the open market for a total cost of approximately \$354 million, including expenses and other fees related to the transactions.

Net cash used by the Company for financing activities was \$816 million for 2017, including debt payments of \$564 million and payment of \$346 million of cash dividends. In 2017, the Company repurchased approximately \$247 million face value of senior notes and debentures. The debt repurchases were made in the open market for a total cash cost of \$257 million, including expenses and other fees related to the transactions. Additionally, during the second quarter of 2017, the Company repaid at maturity \$300 million of 7.45% senior debentures due July 2017.

On November 28, 2018, the Company commenced a tender offer to purchase up to \$600 million in aggregate principal amount of certain senior unsecured notes and debentures, with stated interest rates ranging from 2.875% to 8.75% and maturities ranging from fiscal years 2023 to 2042. The tender offer expires on December 26, 2018, with an early tender date on December 11, 2018.

The Company is party to a credit agreement with certain financial institutions providing for revolving credit borrowings and letters of credit in an aggregate amount not to exceed \$1,500 million (which may be increased to \$1,750 million at the option of the Company, subject to the willingness of existing or new lenders to provide commitments for such additional financing) outstanding at any particular time. The agreement is set to expire May 6, 2021. As of November 3, 2018, the Company did not have any borrowings or letters of credit outstanding under its credit facility.

The Company is party to a \$1,500 million unsecured commercial paper program. The Company may issue and sell commercial paper in an aggregate amount outstanding at any particular time not to exceed its then-current combined borrowing availability under its bank credit agreement. As of November 3, 2018, the Company did not have any borrowings outstanding under its commercial paper program.

As of November 3, 2018, the Company was required under its credit agreement to maintain a specified interest coverage ratio for the latest four quarters of no less than 3.25 and a specified leverage ratio as of and for the latest four quarters of no more than 3.75 under the credit agreement. The Company's interest coverage ratio for the third quarter of 2018 was 10.88 and its leverage ratio at November 3, 2018 was 1.88, in each case as calculated in accordance with the credit agreement. As of November 3, 2018, the Company was in compliance with the ratios.

On October 26, 2018, the Company announced that the Board of Directors declared a quarterly dividend of 37.75 cents per share on its common stock, payable January 2, 2019, to Macy's shareholders of record at the close of business on December 14, 2018.

**MACY'S, INC.***Capital Resources*

Management believes that, with respect to the Company's current operations, its cash on hand and funds from operations, together with its credit facility and other capital resources, will be sufficient to cover the Company's reasonably foreseeable working capital, capital expenditure and debt service requirements and other cash requirements in both the near term and over the longer term. The Company's ability to generate funds from operations may be affected by numerous factors, including general economic conditions and levels of consumer confidence and demand; however, the Company expects to be able to manage its working capital levels and capital expenditure amounts so as to maintain sufficient levels of liquidity. To the extent that the Company's cash balances from time to time exceed amounts that are needed to fund its immediate liquidity requirements, the Company will consider alternative uses of some or all of such excess cash. Such alternative uses may include, among others, the redemption or repurchase of debt, equity or other securities through open market purchases, privately negotiated transactions or otherwise, and the funding of pension related obligations. Depending upon its actual and anticipated sources and uses of liquidity, conditions in the capital markets and other factors, the Company will from time to time consider the issuance of debt or other securities, or other possible capital markets transactions, for the purpose of raising capital which could be used to refinance current indebtedness or for other corporate purposes, including the redemption or repurchase of debt, equity or other securities through open market purchases, privately negotiated transactions or otherwise, and the funding of pension related obligations.

The Company intends from time to time to consider additional acquisitions of, and investments in, retail businesses and other complementary assets and companies. Acquisition transactions, if any, are expected to be financed from one or more of the following sources: cash on hand, cash from operations, borrowings under existing or new credit facilities and the issuance of long-term debt or other securities, including common stock.

*Outlook and Recent Developments*

On November 14, 2018, the Company issued a press release to report preliminary earnings for its third quarter and updated sales and earnings guidance for fiscal 2018 as follows:

- Total net sales are expected to range from up 0.3% to up 0.7% compared to fiscal 2017.
- Annual comparable sales on an owned plus licensed basis are expected to increase between 2.3% and 2.5%. Annual comparable sales on an owned basis are expected to be 20-30 basis points below comparable sales on an owned plus licensed basis.
- Net credit card revenue is expected to be approximately \$740 million to \$755 million.
- Effective tax rate is expected to be 22.75%.
- Adjusted earnings per diluted share are expected to be \$4.10 to \$4.30. This reflects an increase of 15 cents compared to the prior revised guidance provided at the end of the Company's second quarter of 2018.

All other annual guidance including gross margin, SG&A, asset sale gains, interest expense, depreciation and amortization, and capital expenditures are unchanged from the guidance previously provided by the Company.

Total net sales guidance is provided on a 52-week basis in 2018 compared to a 53-week basis in 2017. Comparable sales guidance is provided on a 52-week basis in both 2018 and 2017. The above fiscal 2018 guidance and fiscal 2017 comparable amounts reflect the new accounting standards related to revenue recognition and retirement benefits.

## MACY'S, INC.

Important Information Regarding Non-GAAP Financial Measures

The Company reports its financial results in accordance with U.S. generally accepted accounting principles ("GAAP"). However, management believes that certain non-GAAP financial measures provide users of the Company's financial information with additional useful information in evaluating operating performance. Management believes that providing supplemental changes in comparable sales on an owned plus licensed basis, which includes adjusting for growth in comparable sales of departments licensed to third parties, assists in evaluating the Company's ability to generate sales growth, whether through owned businesses or departments licensed to third parties, on a comparable basis, and in evaluating the impact of changes in the manner in which certain departments are operated. In addition, management believes that excluding certain items from net income and diluted earnings per share attributable to Macy's, Inc. shareholders that are no longer associated with the Company's core operations and that may vary substantially in frequency and magnitude period-to-period provides useful supplemental measures that assist in evaluating the Company's ability to generate earnings and leverage sales and to more readily compare these metrics between past and future periods.

The reconciliation of the forward-looking non-GAAP financial measure of changes in comparable sales on an owned plus licensed basis to GAAP comparable sales (i.e., on an owned basis) is in the same manner as illustrated below, except that the impact of growth in comparable sales of departments licensed to third parties is the only reconciling item. In addition, the Company does not provide the most directly comparable forward-looking GAAP measure of net income and diluted earnings per share attributable to Macy's, Inc. shareholders excluding certain items because the timing and amount of excluded items are unreasonably difficult to fully and accurately estimate.

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

## MACY'S, INC.

*Change in Comparable Sales*

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

	Third Quarter of 2018	2018
Increase in comparable sales on an owned basis (note 1)	3.1%	2.4%
Impact of growth in comparable sales of departments licensed to third parties (note 2)	0.2%	0.3%
Increase in comparable sales on an owned plus licensed basis	3.3%	2.7%

## Notes:

- (1) Represents the period-to-period percentage change in net sales from stores in operation throughout the year presented and the immediately preceding year and all online sales, excluding commissions from departments licensed to third parties. Stores impacted by a natural disaster or undergoing significant expansion or shrinkage remain in the comparable sales calculation unless the store, or material portion of the store, is closed for a significant period of time. Definitions and calculations of comparable sales differ among companies in the retail industry.
- (2) Represents the impact of including the sales of departments licensed to third parties occurring in stores in operation throughout the year presented and the immediately preceding year and all online sales in the calculation of comparable sales. The Company licenses third parties to operate certain departments in its stores and online and receives commissions from these third parties based on a percentage of their net sales. In its financial statements prepared in conformity with GAAP, the Company includes these commissions (rather than the sales of the departments licensed to third parties) in its net sales. The Company does not, however, include any amounts with respect to licensed department sales (or any commissions earned on such sales) in its comparable sales in accordance with GAAP (i.e., on an owned basis). The Company believes that the amounts of commissions earned on sales of departments licensed to third parties are not material to its results of operations for the periods presented.

## MACY'S, INC.

*Adjusted Net Income and Adjusted Diluted Earnings Per Share Attributable to Macy's, Inc. Shareholders*

The following is a tabular reconciliation of the non-GAAP financial measure of net income and diluted earnings per share attributable to Macy's, Inc. shareholders, excluding certain items identified below, to GAAP net income and diluted earnings per share attributable to Macy's, Inc., shareholders, which the Company believes to be the most directly comparable GAAP measures.

	Third Quarter of 2018		Third Quarter of 2017	
	Net Income Attributable to Macy's, Inc. Shareholders	Diluted Earnings Per Share	Net Income Attributable to Macy's, Inc. Shareholders	Diluted Earnings Per Share
As reported	\$ 62	\$ 0.20	\$ 30	\$ 0.10
Restructuring and other costs	3	0.01	33	0.11
Settlement charges	23	0.08	22	0.07
Income tax impact of certain items identified above	(5)	(0.02)	(20)	(0.07)
As adjusted	\$ 83	\$ 0.27	\$ 65	\$ 0.21

	2018		2017	
	Net Income Attributable to Macy's, Inc. Shareholders	Diluted Earnings Per Share	Net Income Attributable to Macy's, Inc. Shareholders	Diluted Earnings Per Share
As reported	\$ 368	\$ 1.18	\$ 219	\$ 0.71
Impairment, restructuring and other costs (Note 1)	31	0.10	33	0.11
Settlement charges	73	0.23	73	0.24
Losses on early retirement of debt (Note 2)	5	0.02	1	—
Income tax impact of certain items identified above	(26)	(0.08)	(40)	(0.13)
As adjusted	\$ 451	\$ 1.45	\$ 286	\$ 0.93

## Notes:

- (1) For 2018 the above pre-tax adjustment excludes impairment, restructuring and other costs attributable to the noncontrolling interest shareholder of \$8 million.
- (2) The impact during 2017 represents a value less than \$0.01 per diluted share attributable to Macy's, Inc. shareholders.

## MACY'S, INC.

***New Pronouncements******Accounting Pronouncements Recently Adopted***

See Part I, Item 1, "Financial Statements — Note 1 — Summary of Significant Accounting Policies."

***Accounting Pronouncements Not Yet Adopted***

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842), which requires lessees to recognize substantially all leases on-balance sheet and disclose key information about leasing arrangements. The new standard establishes a right of use ("ROU") model that requires a lessee to recognize a ROU asset and lease liability on the balance sheet for all leases with a term longer than 12 months. Leases will be classified as finance or operating, with classification affecting the pattern and classification of expense recognition in the income statement. The new standard is effective for the Company on February 3, 2019 and will be adopted utilizing a modified retrospective approach that allows for transition in the period of adoption, with certain practical expedients available.

While the Company is continuing to assess all impacts of the standard, total assets and liabilities are expected to increase by \$2.0 billion to \$2.5 billion as of the date of adoption. The standard is not expected to materially affect consolidated net income, which is expected to be impacted by changes to the timing of recognition of certain real estate asset sale gains due to application of the new sale-leaseback guidance and ASU No. 2017-05, Other Income - Gains and Losses from the Derecognition of NonFinancial Assets (Subtopic 610-20). These estimates are based on the Company's current lease portfolio and may change if the lease portfolio changes and as the Company continues to evaluate the new standard. A significant change in leasing activity between the date of this report and adoption is not expected. The Company's estimates will be updated each quarter as changes occur.

**Item 3. Quantitative and Qualitative Disclosures About Market Risk.**

There have been no material changes to the Company's market risk as described in the Company's 2017 10-K. For a discussion of the Company's exposure to market risk, refer to the Company's market risk disclosures set forth in Part II, Item 7A, "Quantitative and Qualitative Disclosures About Market Risk" of the 2017 10-K.

**Item 4. Controls and Procedures.**

The Company's Chief Executive Officer and Chief Financial Officer have carried out, as of November 3, 2018, with the participation of the Company's management, an evaluation of the effectiveness of the Company's disclosure controls and procedures, as defined in Rule 13a-15(e) under the Exchange Act. Based upon this evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that as of November 3, 2018 the Company's disclosure controls and procedures are effective to provide reasonable assurance that information required to be disclosed by the Company in reports the Company files under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission (the "SEC") rules and forms, and that information required to be disclosed by the Company in the reports the Company files or submits under the Exchange Act is accumulated and communicated to the Company's management, including its Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

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



## MACY'S, INC.

## PART II - OTHER INFORMATION

**Item 1. Legal Proceedings.**

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

**Item 1A. Risk Factors.**

There have been no material changes to the Risk Factors described in Part I, "Item 1A. Risk Factors" in the Company's 2017 10-K.

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

The following table provides information regarding the Company's purchases of Common Stock during the third quarter of 2018.

	Total Number of Shares Purchased	Average Price Paid per Share (\$)	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (1)	Maximum Dollar Value of Shares that may yet be Purchased Under the Plans or Programs (1)(\$)
	(thousands)		(thousands)	(millions)
August 5, 2018 – September 1, 2018	—	—	—	1,716
September 2, 2018 – October 6, 2018	—	—	—	1,716
October 7, 2018 – November 3, 2018	—	—	—	1,716
	<u>—</u>	<u>—</u>	<u>—</u>	

- (1) Commencing in January 2000, the Company's Board of Directors has from time to time approved authorizations to purchase, in the aggregate, up to \$18 billion of Common Stock as of November 3, 2018. All authorizations are cumulative and do not have an expiration date. As of November 3, 2018, \$1,716 million of authorization remained unused. The Company may continue, discontinue or resume purchases of Common Stock under these or possible future authorizations in the open market, in privately negotiated transactions or otherwise at any time and from time to time without prior notice.

## MACY'S, INC.

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

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

- the possible invalidity of the underlying beliefs and assumptions;
- competitive pressures from department and specialty stores, general merchandise stores, manufacturers' outlets, off-price and discount stores, and all other retail channels, including the Internet, catalogs and television;
- the Company's ability to remain competitive and relevant as consumers' shopping behaviors migrate to other shopping channels and to maintain its brand and reputation;
- general consumer-spending levels, including the impact of general economic conditions, consumer disposable income levels, consumer confidence levels, the availability, cost and level of consumer debt, the costs of basic necessities and other goods and the effects of the weather or natural disasters;
- conditions to, or changes in the timing of, proposed transactions, including planned store closings, and changes in expected synergies, cost savings and non-recurring charges;
- the success of the Company's operational decisions (e.g., product curation, marketing programs) and strategic initiatives;
- possible systems failures and/or security breaches, including, any security breach that results in the theft, transfer or unauthorized disclosure of customer, employee or company information, or the failure to comply with various laws applicable to the Company in the event of such a breach;
- the cost of employee benefits as well as attracting and retaining quality employees;
- transactions involving our real estate portfolio;
- the seasonal nature of the Company's business;
- possible changes or developments in social, economic, business, industry, market, legal, and regulatory circumstances and conditions;
- possible actions taken or omitted to be taken by third parties, including customers, suppliers, business partners, competitors and legislative, regulatory, judicial and other governmental authorities and officials;
- changes in relationships with vendors and other product and service providers;
- currency, interest and exchange rates and other capital market, economic and geo-political conditions;
- unstable political conditions, civil unrest, terrorist activities and armed conflicts;
- the possible inability of the Company's manufacturers or transporters to deliver products in a timely manner or meet the Company's quality standards;
- the Company's reliance on foreign sources of production, including risks related to the disruption of imports by labor disputes, regional health pandemics, and regional political and economic conditions; and
- duties, taxes, other charges and quotas on imports.

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

MACY'S, INC.

**Item 6. Exhibits.**

- 31.1 Certification of Chief Executive Officer pursuant to Rule 13a-14(a)
- 31.2 Certification of Chief Financial Officer pursuant to Rule 13a-14(a)
- 32.1 Certification by Chief Executive Officer under Section 906 of the Sarbanes-Oxley Act
- 32.2 Certification by Chief Financial Officer under Section 906 of the Sarbanes-Oxley Act
- 101 The following financial statements from Macy's, Inc.'s Quarterly Report on Form 10-Q for the quarter ended November 3, 2018, filed on December 7, 2018, formatted in XBRL: (i) Consolidated Statements of Income, (ii) Consolidated Statements of Comprehensive Income, (iii) Consolidated Balance Sheets, (iv) Consolidated Statements of Cash Flows, and (v) the Notes to Consolidated Financial Statements.

## SIGNATURES

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

MACY'S, INC.

By: /s/ ELISA D. GARCIA  
Elisa D. Garcia  
Chief Legal Officer and Secretary

By: /s/ FELICIA WILLIAMS  
Felicia Williams  
Executive Vice President, Controller and Enterprise Risk Officer  
(Principal Accounting Officer)

Date: December 7, 2018