Macy's, established in 1858, is an iconic retailing brand with about 800 stores operating coast-to-coast, online at macy's.com and a Macy's shopping app for mobile devices. Macy's offers powerful assortments and the best brands, tailored to each and every customer with obvious value, engaging service and unforgettable moments.

CELEBRATING THE MAGIC OF MACY'S

Clearly, Macy's is distinctly different from other major retailers. Macy's embraces customers and strives to provide an experience that transcends ordinary shopping. Our DNA includes special events that are magical – the Macy's Thanksgiving Day Parade, Fourth of July Fireworks, flower shows, fashion extravaganzas, celebrity appearances, cooking demonstrations and holiday traditions ranging from the arrival of Santa Claus to tree lightings and animated window displays. Beyond fantastic events, Macy's is delivering magical moments every day. We surprise and delight customers with unique and interesting fashion merchandise – including exclusive brands that our customers won't find elsewhere. We engage customers in stores, online and via mobile devices by offering special experiences, as well as advice and options that bring fashion ideas to life. Our looks set the tone in style magazines, videos, TV shows, movies, blogs and websites. Our associates take the extra step to help a customer in need. Every year, we receive tens of thousands of messages complimenting our people and saluting the shopping experience at Macy's. It’s all part of the excitement that we’ve been creating for 155 years.

GROWING THROUGH LOCALIZATION, OMNICHANNEL

Localization and omnichannel integration are key components of Macy's strategic formula for continued growth and success as we redefine the customers' shopping experience. Through My Macy's, we have invested in talent, technology and marketing that allow us to ensure that each and every Macy's store is “just right” for the customer who shops in that location. We have provided for more local decision-making in every Macy's community. The Macy's experience is delivered in stores, online and mobile devices, and we have developed systems and processes to access Macy's vast inventory in stores and fulfillment centers across the country to fulfill the needs of each customer no matter where he or she is located.

Bloomingdale's, America's only nationwide, full-line, upscale department store, is recognized for its originality, innovation and fashion leadership. It truly is “Like no other store in the world.” In fact, Bloomingdale's is a leading attraction for visitors and tourists coming to the United States from around the globe. This brand includes 37 stores, bloomingdales.com and 13 Bloomingdale's Outlet locations. Bloomingdale's operates in Dubai, United Arab Emirates, under a license agreement with Al Tayer Group LLC.

FOCUSING ON AN UPScale NICHE

Bloomingdale's separates itself from the mainstream and is reinforcing its position as an authority for upscale, contemporary fashion. Customers are attracted by the latest styles from the hottest brands, such as Armani, Burberry, Chanel, Christian Dior, David Yurman, Gucci, Jimmy Choo, John Varvatos, Louis Vuitton, Maje, Miu Miu, Prada, Sandro, Theory and Tory Burch. Bloomingdale's shoppers have come to expect and savor variety – the newest looks from established brands, as well as unique products from rising young designers.

Supporting these fashion brands are exceptional customer amenities – international visitors’ centers, personal shoppers, outstanding fitting rooms and lounges – elegant events and personalized, attentive service that strengthen customer relationships and build loyalty.
Our company’s momentum continued to build in 2013 as we drove improvement in Macy’s, Inc.’s financial results, as well as in the execution of our key strategies. We again outperformed major competitors across the retail spectrum.

We are most proud of the consistency of our strong performance, which has led to consecutive year-over-year increases in sales and earnings, as well as healthy cash flow, since we unified our organizational structure and began implementing My Macy’s localization on a nationwide basis in 2009. In fact, 2013 was our fifth consecutive year of double-digit growth in earnings per share.

Here are highlights from our fiscal 2013 financial results, which are presented and discussed in greater detail in the company’s 2013 Form 10-K (including important information on pages 16 to 19 regarding our non-GAAP financial measures):

- **Growth of 2.8 percent in comparable sales combined with comparable sales of departments licensed to third parties. Comparable sales without comparable sales of departments licensed to third parties grew by 1.9 percent.**
- **Adjusted EBITDA as a percent to sales rose to 13.6 percent, compared with 13.4 percent in 2012. This represents progress toward the company’s goal of adjusted EBITDA as a percent to sales of 14 percent. Adjusted EBITDA as a percent to sales has risen steadily from 11.3 percent in 2009.**
- **Earnings per diluted share were $3.86, an increase of 19 percent over $3.24 in 2012. Excluding certain items (impairments, store closing and other costs in 2013; impairments, store closing and other costs and premium on early retirement of debt in 2012), earnings per diluted share were $4.00 in 2013, an increase of 16 percent from $3.46 in 2012.**
- **Return On Invested Capital (ROIC) – a key measure of how efficiently the company uses its capital – rose again in 2013 to 21.5 percent, up from 21.2 percent in 2012. It was the fifth consecutive year of improvement in ROIC.**

**MAJOR ACCOMPLISHMENTS**

Beyond our strong financial performance, the company benefitted in 2013 from a number of significant actions to support our highly successful core business strategies – My Macy’s localization, Omnichannel integration and Magic Selling customer engagement – which are known by the acronym of M.O.M. Among them:

- We continued to refine and improve the My Macy’s process for localizing merchandise assortments by store location, as well as to maximize the effectiveness and efficiency of the extraordinary talent in our My Macy’s field and central organization. We have re-doubled the emphasis on precision in merchandise size, fit, fabric weight, style and color preferences by store, market and climate zone. In addition, we are better understanding and serving the specific needs of multicultural consumers who represent an increasingly large proportion of our customers.
- Store fulfillment – the process of shipping direct-to-customer orders that originate online and from other stores – was expanded to 500 Macy’s locations in 2013. Store fulfillment was piloted in 2010, rolled out to 23 stores in 2011, then to 292 stores in 2012. We will complete the rollout in spring 2014, when all of our approximately 650 full-line Macy’s stores will have shipping capability. With store fulfillment, we are able to leverage the inventory and customer relationships inherent in our bricks-and-mortar stores in support of an omnichannel strategy that is being driven by emerging customer shopping preferences.
- Based on this store fulfillment capability, we successfully tested Buy Online Pickup In Store in 10 Macy’s locations in the Washington, D.C., market in fall 2013. This customer convenience was well-received and will be quickly rolled out to all Macy’s full-line stores by mid-year 2014.
• To complement store fulfillment, we continue to aggressively expand our capacity in dedicated direct-to-customer fulfillment centers. In 2014, we will complete the expansion of our fulfillment megacenter in Goodyear, AZ, by 360,000 square feet to a total of 960,000 square feet, and we announced a new 1.3 million-square-foot fulfillment center to be built in Tulsa, OK, and opened in spring 2015. It will be our fifth megacenter and one of the largest and most technologically advanced fulfillment centers in America.

• Macy’s and Bloomingdale’s continue to bring new technology-based customer tools into their stores. Increasingly, our associates are using tablets and other hand-held devices for selling in departments such as fine jewelry and shoes, as well as for training and product knowledge. Macy’s is piloting kiosks that allow us to expand our assortment on the sales floor in key categories such as handbags. Radio frequency identification (RFID) is helping us to count item-level inventories more precisely. Large format digital displays are giving our stores renewed energy. We also are improving macys.com and bloomingdales.com with better messaging … better search capability … enhanced product recommendations … and increased ability for customers to create and enable wish lists in social media. In early 2014, Fast Company magazine named Macy’s as one of the 10 most innovative retailers in the world!

• On the merchandising front, new brands and products were introduced across our company in 2013, including various new Millennial brands such as Macy’s highly successful Maison Jules. We also infused more depth and newness in our established, best-selling brands, including Polo Ralph Lauren, Michael Kors, Calvin Klein, Tommy Hilfiger and I.N.C. We began opening new athletic footwear shops in Macy’s stores and on macys.com under a new license agreement with Finish Line, and we signed a new license agreement with Locker Room by LIDS, featuring localized pro and college teamwear in stores and online. Our relationship with LIDS debuted with a spectacular NFL teamwear shop at Macy’s Herald Square in New York City for the 2014 Super Bowl.

• Bloomingdale’s continued to perform well in serving its upscale customer. We expanded its store presence by opening an outstanding new location in Glendale, CA, and announcing future new stores in Honolulu, HI, and Miami, FL. Bloomingdale’s Outlets, a promising format, added a 13th location in 2013.

SHAREHOLDER RETURNS
Macy’s, Inc.’s growth and development has resulted in strong returns for our shareholders over the past four years. In fact, total shareholder return (TSR) has far outpaced an index of retail competitors, as well as the broader stock market. In 2013 alone, Macy’s, Inc. shareholders saw a TSR of 37.4 percent as part of a five-year increase of more than 540 percent.

The company’s cash dividend has quintupled over the past three years from an annualized 20 cents per share to $1 per share. This includes a 25 percent increase in the dividend in spring 2013.

Share buybacks have totaled $3.4 billion since our repurchase program was resumed in the third quarter of 2011.

CONTINUOUS IMPROVEMENT
We remain committed to driving growth and continuous improvement in 2014 and beyond. We will do so by remaining focused on M.O.M. as our strategic roadmap. The power in M.O.M. is how our localization, omnichannel and customer engagement activities are closely integrated to better serve the customer and improve business performance.

While we have seen great results from M.O.M. to date, the best news is that we still have significant untapped opportunities ahead. Given the pace of change and mobility in our society, we will never be “finished” with My Macy’s. That’s because we will always need to change and refine in lock-step with a customer who doesn’t stand still.

Our M.O.M. strategy is enabled by a unique organizational structure, which is unlikely to be copied by our competitors because of the financial resources and talent required. We have been developing M.O.M. for years, and it is an enduring formula that we believe continues to hold significant promise.

Macy’s, Inc. today is often at the top of the list of companies cited for excellence in bringing stores, online and mobile together for shoppers. We have chosen this path because customers are shopping differently today than they did just a few years ago.

We invested early and aggressively in building an omnichannel capability – talent, technology, fulfillment capacity and infrastructure. We had a great head start and built quickly on our early successes. Clearly, we need to keep moving faster in order to stay ahead.

The key to omnichannel success is the combination of the digital world with our national portfolio of stores to make both better shopping experiences. Indeed, we are redefining our customers’ shopping experience.

Customer engagement through Magic Selling continues to be very important to us, and we have expanded the mindset beyond stores to include all customer-facing environments, such as phone, live chat, and big-ticket delivery. We pledge to make magic in all of our customer interactions, not just on the selling floor.

CHANGE IS EMPOWERING
Moving forward and deeper into our M.O.M. strategies isn’t always easy because it requires change and sometimes disruption to established ways of doing business. While unsettling to some organizations, we at Macy’s, Inc. have found change to be exhilarating and empowering to our organization. Pursuing new directions requires us to think harder and dig deeper.

Thank you to our employees, vendor partners and investors for their role in our success.

These are very exciting times and I am humbled knowing the talent we possess at all levels of our company. The quality of our leadership and teamwork will continue to propel us to success in serving the needs and preferences of our customers as we strive to deliver the right balance of fashion, newness, service and value.

Terry J. Lundgren
Chairman and Chief Executive Officer
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-K
Annual Report Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934
For the Fiscal Year Ended
February 1, 2014
Commission File Number:
1-13536

Incorporated in Delaware
I.R.S. No. 13-3324058

Securities Registered Pursuant to Section 12(b) of the Act:

<table>
<thead>
<tr>
<th>Title of Each Class</th>
<th>Name of Each Exchange on Which Registered</th>
</tr>
</thead>
<tbody>
<tr>
<td>Common Stock, par value $.01 per share</td>
<td>New York Stock Exchange</td>
</tr>
<tr>
<td>7.45% Senior Debentures due 2017</td>
<td>New York Stock Exchange</td>
</tr>
<tr>
<td>6.79% Senior Debentures due 2027</td>
<td>New York Stock Exchange</td>
</tr>
<tr>
<td>7% Senior Debentures due 2028</td>
<td>New York Stock Exchange</td>
</tr>
</tbody>
</table>

None

Large accelerated filer ☑ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☐

Do not check if a smaller reporting company)

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

The aggregate market value of the registrant’s common stock held by non-affiliates of the registrant as of the last business day of the registrant’s most recently completed second fiscal quarter (August 3, 2013) was approximately $18,692,500,000.

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 February 28, 2014
367,048,648 shares

DOCUMENTS INCORPORATED BY REFERENCE

Proxy Statement for the Annual Meeting of Stockholders to be held May 16, 2014 (Proxy Statement)
Unless the context requires otherwise, references to “Macy’s” or the “Company” are references to Macy’s and its subsidiaries and references to “2013,” “2012,” “2011,” “2010” and “2009” are references to the Company’s fiscal years ended February 1, 2014, February 2, 2013, January 28, 2012, January 29, 2011 and January 30, 2010, respectively. Fiscal years 2013, 2011, 2010 and 2009 included 52 weeks; fiscal year 2012 included 53 weeks.

Forward-Looking Statements

This report and other reports, statements and information previously or subsequently filed by the Company with the Securities and Exchange Commission (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, mail-order catalogs and television;
• 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 and changes in expected synergies, cost savings and non-recurring charges;
• 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;
• severe or unseasonable weather, possible outbreaks of epidemic or pandemic diseases and natural disasters;
• 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;
• duties, taxes, other charges and quotas on imports; and
• 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.

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” and “Special Considerations” 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.
The Company is a corporation organized under the laws of the State of Delaware in 1985. The Company and its predecessors have been operating department stores since 1830. As of February 1, 2014, the operations of the Company included approximately 840 stores in 45 states, the District of Columbia, Guam and Puerto Rico under the names “Macy’s” and “Bloomingdale’s” as well as macy's.com and bloomingdales.com. The Company operates thirteen Bloomingdale’s Outlet stores. Bloomingdale's in Dubai, United Arab Emirates is operated under a license agreement with Al Tayer Insignia, a company of Al Tayer Group, LLC.

The Company’s sells a wide range of merchandise, including apparel and accessories (men’s, women’s and children’s), cosmetics, home furnishings and other consumer goods. The specific assortments vary by size of store, merchandising character and character of customers in the trade areas. Most stores are located at urban or suburban sites, principally in densely populated areas across the United States.

For 2013, 2012 and 2011, the following merchandise constituted the following percentages of sales:

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Feminine Accessories, Intimate Apparel, Shoes and Cosmetics</td>
<td>38%</td>
<td>38%</td>
<td>37%</td>
</tr>
<tr>
<td>Feminine Apparel</td>
<td>23%</td>
<td>23%</td>
<td>25%</td>
</tr>
<tr>
<td>Men’s and Children’s</td>
<td>23%</td>
<td>23%</td>
<td>23%</td>
</tr>
<tr>
<td>Home/Miscellaneous</td>
<td>16%</td>
<td>16%</td>
<td>15%</td>
</tr>
<tr>
<td></td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>

In 2013, the Company’s subsidiaries provided various support functions to the Company’s retail operations on an integrated, company-wide basis.

- The Company’s bank subsidiary, FDS Bank provides credit processing, certain collections, customer service and credit marketing services in respect of all proprietary and non-proprietary credit card accounts that are owned either by Department Stores National Bank (“DSNB”), a subsidiary of Citibank, N.A., or FDS Bank and that constitute a part of the credit programs of the Company’s retail operations.
- Macy’s Systems and Technology, Inc. (“MST”), a wholly-owned indirect subsidiary of the Company, provides operational electronic data processing and management information services to all of the Company’s operations.
- Macy’s Merchandising Group, Inc. (“MMG”), a wholly-owned direct subsidiary of the Company, and its subsidiary Macy's Merchandising Group International, LLC., is responsible for the design, development and marketing of Macy’s private label brands and certain licensed brands. Bloomingdale’s uses MMG for only a very small portion of its private label merchandise. The Company believes that its private label merchandise further differentiates its merchandise assortments from those of its competitors and delivers exceptional value to its customers. MMG also offers its services, either directly or indirectly, to unrelated third parties.
- The trademarks associated with all of the foregoing brands, other than American Rag, Greg Norman for Tasso Elba, Martha Stewart Collection, and Material Girl are owned by the Company. The American Rag, Greg Norman, Martha Stewart Collection, and Material Girl brands are owned by third parties, which license the trademarks associated with such brands to Macy’s pursuant to agreements which have renewal rights that extend through 2050, 2020, 2027, and 2030, respectively.
- Macy’s Logistics and Operations (“Macy’s Logistics”), a division of a wholly-owned indirect subsidiary of the Company, provides warehousing and merchandise distribution services for the Company’s operations.
The Company’s executive offices are located at 7 West 7th Street, Cincinnati, Ohio 45202, telephone number: (513) 579-7000 and 151 West 34th Street, New York, New York 10001, telephone number: (212) 494-1602.

Employees

As of February 1, 2014, the Company had approximately 172,500 regular full-time and part-time employees. Because of the seasonal nature of the retail business, the number of employees peaks in the holiday season. Approximately 10% of the Company’s employees as of February 1, 2014 were represented by unions. Management considers its relations with its employees to be satisfactory.

Seasonality

The retail business is seasonal in nature with a high proportion of sales and operating income generated in the months of November and December. Working capital requirements fluctuate during the year, increasing in mid-summer in anticipation of the fall merchandising season and increasing substantially prior to the holiday season when the Company must carry significantly higher inventory levels.

Purchasing

The Company purchases merchandise from many suppliers, no one of which accounted for more than 5% of the Company’s net purchases during 2013. The Company has no material long-term purchase commitments with any of its suppliers, and believes that it is not dependent on any one supplier. The Company considers its relations with its suppliers to be satisfactory.

Competition

The retailing industry is intensely competitive. The Company’s operations compete with many retailing formats, including department stores, specialty stores, general merchandise stores, off-price and discount stores, manufacturers’ outlets, online retailers, mail order catalogs and television shopping, among others. The retailers with which the Company competes include Amazon, Bed Bath & Beyond, Belk, Bon Ton, Burlington Coat Factory, Dillard’s, Gap, J.C. Penney, Kohl’s, L Brands, Lord & Taylor, Neiman Marcus, Nordstrom, Ross Stores, Saks, Sears, Target, TJ Maxx and Wal-Mart. The Company seeks to attract customers by offering superior selections, obvious value, and distinctive marketing in stores that are located in premier locations, and by providing an exciting shopping environment and superior service through an omnichannel experience. Other retailers may compete for customers on some or all of these bases, or on other bases, and may be perceived by some potential customers as being better aligned with their particular preferences.

Available Information

The Company makes its annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act available free of charge through its internet website at http://www.macysinc.com as soon as reasonably practicable after it electronically files such material with, or furnishes it to, the SEC. The public also may read and copy any of these filings at the SEC’s Public Reference Room, 100 F Street, NE, Washington, D.C. 20549. Information on the operation of the Public Reference Room may be obtained by calling the SEC at 1-800-732-0330. The SEC also maintains an Internet site that contains the Company’s filings; the address of that site is http://www.sec.gov. In addition, the Company has made the following available free of charge through its website at http://www.macysinc.com:

- Audit Committee Charter,
- Compensation and Management Development Committee Charter,
- Finance Committee Charter,
- Nominating and Corporate Governance Committee Charter,
- Corporate Governance Principles,
- Non-Employee Director Code of Business Conduct and Ethics, and
- Code of Conduct.

Any of these items are also available in print to any shareholder who requests them. Requests should be sent to the Corporate Secretary of Macy’s, Inc. at 7 West 7th Street, Cincinnati, OH 45202.
Executive Officers of the Registrant

The following table sets forth certain information as of March 21, 2014 regarding the executive officers of the Company:

<table>
<thead>
<tr>
<th>Name</th>
<th>Age</th>
<th>Position with the Company</th>
</tr>
</thead>
<tbody>
<tr>
<td>Terry J. Lundgren</td>
<td>61</td>
<td>Chairman of the Board; President and Chief Executive Officer; Director</td>
</tr>
<tr>
<td>Timothy M. Adams</td>
<td>60</td>
<td>Chief Private Brand Officer</td>
</tr>
<tr>
<td>William S. Allen</td>
<td>56</td>
<td>Chief Human Resources Officer</td>
</tr>
<tr>
<td>Jeffrey Gennette</td>
<td>52</td>
<td>Chief Merchandising Officer</td>
</tr>
<tr>
<td>Julie Greiner</td>
<td>60</td>
<td>Chief Merchandise Planning Officer</td>
</tr>
<tr>
<td>Robert B. Harrison</td>
<td>50</td>
<td>Chief Omnichannel Officer</td>
</tr>
<tr>
<td>Karen M. Hoguet</td>
<td>57</td>
<td>Chief Financial Officer</td>
</tr>
<tr>
<td>Jeffrey Kantor</td>
<td>55</td>
<td>Chairman of macys.com</td>
</tr>
<tr>
<td>Martine Reardon</td>
<td>51</td>
<td>Chief Marketing Officer</td>
</tr>
<tr>
<td>Peter Sachse</td>
<td>56</td>
<td>Chief Stores Officer</td>
</tr>
<tr>
<td>Joel A. Belsky</td>
<td>60</td>
<td>Executive Vice President and Controller</td>
</tr>
<tr>
<td>Dennis J. Broderick</td>
<td>65</td>
<td>Executive Vice President, General Counsel and Secretary</td>
</tr>
</tbody>
</table>

Terry J. Lundgren has been Chairman of the Board since January 2004 and President and Chief Executive Officer of the Company since February 2003. On March 31, 2014, the Company announced that Jeffrey Gennette had been elected by the Board of Directors as the Company's President, effective immediately, whereupon Mr. Lundgren ceased to serve as the Company's President. Mr. Lundgren continues to hold the titles of Chairman and Chief Executive Officer.

Timothy M. Adams has been the Chief Private Brand Officer of the Company since February 2009.

William S. Allen has been Chief Human Resources Officer of the Company since January 2013; prior thereto he was the Senior Vice President - Group Human Resources of AP Moller-Maersk A/S from January 2008 to December 2012.

Jeffrey Gennette has been Chief Merchandising Officer of the Company since February 2009. On March 31, 2014, the Company announced that Jeffrey Gennette had been elected by the Board of Directors as the Company's President, effective immediately.

Julie Greiner has been Chief Merchandise Planning Officer of the Company since February 2009.

Robert B. Harrison has been Chief Omnichannel Officer since January 2013; prior thereto he served as Executive Vice President - Omnichannel Strategy from July 2012 to January 2013; as Executive Vice President - Finance from 2011 to July 2012, as President - Stores from 2009 to 2011.

Karen M. Hoguet has been Chief Financial Officer of the Company since October 1997.

Jeffrey Kantor has been Chairman of macys.com since February 2012; prior thereto he served as President for Merchandising of macys.com from August 2010 to February 2012, as President - Merchandising for Home from May 2009 to August 2010 and as President for furniture for Macy's Home Store from February 2006 to May 2009.

Martine Reardon has been Chief Marketing Officer since February 2012; prior thereto she served as Executive Vice President for Marketing from February 2009 to February 2012.

Peter Sachse has been Chief Stores Officer since February 2012; prior thereto he served as Chief Marketing Officer of the Company from February 2009 to February 2012, and as Chairman of macys.com from April 2006 to February 2012.

Joel A. Belsky has been Executive Vice President and Controller of the Company since May 2009; prior thereto he served as Senior Vice President and Controller of the Company from October 1996 through April 2009.
Item 1A.    Risk Factors.

In evaluating the Company, the risks described below and the matters described in “Forward-Looking Statements” should be considered carefully. Such risks and matters are numerous and diverse, may be experienced continuously or intermittently, and may vary in intensity and effect. Any of such risks and matters, individually or in combination, could have a material adverse effect on the Company's business, prospects, financial condition, results of operations and cash flows, as well as on the attractiveness and value of an investment in the Company's securities.

The Company faces significant competition in the retail industry.

The Company conducts its retail merchandising business under highly competitive conditions. Although the Company is one of the nation’s largest retailers, it has numerous and varied competitors at the national and local levels, including conventional and specialty department stores, other specialty stores, category killers, mass merchants, value retailers, discounters, and Internet and mail-order retailers. Competition may intensify as the Company's competitors enter into business combinations or alliances. Competition is characterized by many factors, including assortment, advertising, price, quality, service, location, reputation and credit availability. Any failure by the Company to compete effectively could negatively affect the Company's business and results of operations.

The Company’s sales and operating results depend on consumer preferences and consumer spending.

The fashion and retail industries are subject to sudden shifts in consumer trends and consumer spending. The Company’s sales and operating results depend in part on its ability to predict or respond to changes in fashion trends and consumer preferences in a timely manner. The Company develops new retail concepts and continuously adjusts its industry position in certain major and private-label brands and product categories in an effort to satisfy customers. Any sustained failure to anticipate, identify and respond to emerging trends in lifestyle and consumer preferences could negatively affect the Company’s business and results of operations. The Company’s sales are significantly affected by discretionary spending by consumers. Consumer spending may be affected by many factors outside of the Company’s control, including general economic conditions, consumer disposable income levels, consumer confidence levels, the availability, cost and level of consumer debt and consumer behaviors towards incurring and paying debt, the costs of basic necessities and other goods and the effects of the weather or natural disasters. Any decline in discretionary spending by consumers could negatively affect the Company's business and results of operations.

The Company’s business is subject to unfavorable economic and political conditions and other developments and risks.

Unfavorable global, domestic or regional economic or political conditions and other developments and risks could negatively affect the Company’s business and results of operations. For example, unfavorable changes related to interest rates, rates of economic growth, fiscal and monetary policies of governments, inflation, deflation, consumer credit availability, consumer debt levels, consumer debt payment behaviors, tax rates and policy, unemployment trends, energy prices, and other matters that influence the availability and cost of merchandise, consumer confidence, spending and tourism could negatively affect the Company’s business and results of operations. In addition, unstable political conditions, civil unrest, terrorist activities and armed conflicts may disrupt commerce and could negatively affect the Company’s business and results of operations.

The Company’s revenues and cash requirements are affected by the seasonal nature of its business.

The Company’s business is seasonal, with a high proportion of revenues and operating cash flows generated during the second half of the fiscal year, which includes the fall and holiday selling seasons. A disproportionate amount of the Company’s revenues fall in the fourth fiscal quarter, which coincides with the holiday season. In addition, the Company incurs significant additional expenses in the period leading up to the months of November and December in anticipation of higher sales volume in those periods, including for additional inventory, advertising and employees.
The Company’s business could be affected by extreme weather conditions, regional or global health pandemics or natural disasters.

Extreme weather conditions in the areas in which the Company’s stores are located could negatively affect the Company’s business and results of operations. For example, frequent or unusually heavy snowfall, ice storms, rainstorms or other extreme weather conditions over a prolonged period could make it difficult for the Company’s customers to travel to its stores and thereby reduce the Company’s sales and profitability. The Company’s business is also susceptible to unseasonable weather conditions. For example, extended periods of unseasonably warm temperatures during the winter season or cool weather during the summer season could reduce demand for a portion of the Company’s inventory and thereby reduce the Company’s sales and profitability. In addition, extreme weather conditions could result in disruption or delay of production and delivery of materials and products in the Company’s supply chain and cause staffing shortages in the Company’s stores.

The Company’s business and results of operations could also be negatively affected if a regional or global health pandemic were to occur, depending upon its location, duration and severity. To halt or delay the spread of disease, local, regional or national governments might limit or ban public gatherings or customers might avoid public places, such as the Company’s stores. A regional or global health pandemic might also result in disruption or delay of production and delivery of materials and products in the Company’s supply chain and cause staffing shortages in the Company’s stores.

In addition, natural disasters such as hurricanes, tornadoes and earthquakes, or a combination of these or other factors, could damage or destroy the Company’s facilities or make it difficult for customers to travel to its stores, thereby negatively affecting the Company’s business and results of operations.

The Company’s pension funding could increase at a higher than anticipated rate.

Significant changes in interest rates, decreases in the fair value of plan assets and investment losses on plan assets could affect the funded status of the Company’s plans and could increase future funding requirements of the pension plans. A significant increase in future funding requirements could have a negative impact on the Company’s cash flows, financial condition or results of operations.

Increases in the cost of employee benefits could impact the Company’s financial results and cash flow.

The Company’s expenses relating to employee health benefits are significant. Unfavorable changes in the cost of such benefits could negatively affect the Company’s financial results and cash flow. Healthcare costs have risen significantly in recent years, and recent legislative and private sector initiatives regarding healthcare reform could result in significant changes to the U.S. healthcare system. Due to the breadth and complexity of the healthcare reform legislation, the lack of implementing regulations and interpretive guidance and the phased-in nature of the implementation of the legislation, the Company is not able at this time to fully determine the impact that healthcare reform will have on the Company-sponsored medical plans.

Inability to access capital markets could adversely affect the Company’s business or financial condition.

Changes in the credit and capital markets, including market disruptions, limited liquidity and interest rate fluctuations, may increase the cost of financing or restrict the Company’s access to this potential source of future liquidity. A decrease in the ratings that rating agencies assign to the Company’s short and long-term debt may negatively impact the Company’s access to the debt capital markets and increase the Company’s cost of borrowing. In addition, the Company’s bank credit agreements require the Company to maintain specified interest coverage and leverage ratios. The Company’s ability to comply with the ratios may be affected by events beyond its control, including prevailing economic, financial and industry conditions. If the Company’s results of operations or operating ratios deteriorate to a point where the Company is not in compliance with its debt covenants, and the Company is unable to obtain a waiver, much of the Company’s debt would be in default and could become due and payable immediately. The Company’s assets may not be sufficient to repay in full this indebtedness, resulting in a need for an alternate source of funding. The Company cannot make any assurances that it would be able to obtain such an alternate source of funding on satisfactory terms, if at all, and its inability to do so could cause the holders of its securities to experience a partial or total loss of their investments in the Company.
The Company periodically reviews the carrying value of its goodwill for possible impairment; if future circumstances indicate that goodwill is impaired, the Company could be required to write down amounts of goodwill and record impairment charges.

In the fourth quarter of fiscal 2008, the Company reduced the carrying value of its goodwill from $9,125 million to $3,743 million and recorded a related non-cash impairment charge of $5,382 million. The Company continues to monitor relevant circumstances, including consumer spending levels, general economic conditions and the market prices for the Company’s common stock, and the potential impact that such circumstances might have on the valuation of the Company’s goodwill. It is possible that changes in such circumstances, or in the numerous variables associated with the judgments, assumptions and estimates made by the Company in assessing the appropriate valuation of its goodwill, could in the future require the Company to further reduce its goodwill and record related non-cash impairment charges. If the Company were required to further reduce its goodwill and record related non-cash impairment charges, the Company’s financial position and results of operations would be adversely affected.

The Company depends on its ability to attract and retain quality employees.

The Company’s business is dependent upon attracting and retaining quality employees. The Company has a large number of employees, many of whom are in entry level or part-time positions with historically high rates of turnover. The Company’s ability to meet its labor needs while controlling the costs associated with hiring and training new employees is subject to external factors such as unemployment levels, prevailing wage rates, minimum wage legislation and changing demographics. In addition, as a large and complex enterprise operating in a highly competitive and challenging business environment, the Company is highly dependent upon management personnel to develop and effectively execute successful business strategies and tactics. Any circumstances that adversely impact the Company’s ability to attract, train, develop and retain quality employees throughout the organization could negatively affect the Company’s business and results of operations.

The Company depends upon designers, vendors and other sources of merchandise, goods and services. The Company's business could be affected by disruptions in, or other legal, regulatory, political or economic issues associated with, our supply network.

The Company’s relationships with established and emerging designers have been a significant contributor to the Company’s past success. The Company’s ability to find qualified vendors and access products in a timely and efficient manner is often challenging, particularly with respect to goods sourced outside the United States. The Company’s procurement of goods and services from outside the United States is subject to risks associated with political or financial instability, trade restrictions, tariffs, currency exchange rates, transport capacity and costs and other factors relating to foreign trade, including costs and uncertainties associated with efforts to identify and disclose sources of “conflict minerals” used in products that the Company causes to be manufactured and potential sell-through difficulties and reputational damage that may be associated with the inability of the Company to determine that such products are “DRC conflict-free.” In addition, the Company’s procurement of all its goods and services is subject to the effects of price increases which the Company may or may not be able to pass through to its customers. All of these factors may affect the Company’s ability to access suitable merchandise on acceptable terms, are beyond the Company’s control and could negatively affect the Company’s business and results of operations.

The Company's sales and operating results could be adversely affected by product safety concerns.

If the Company's merchandise offerings do not meet applicable safety standards or our consumers' expectations regarding safety, the Company could experience decreased sales, experience increased costs and/or be exposed to legal and reputational risk. Events that give rise to actual, potential or perceived product safety concerns could expose the Company to government enforcement action and/or private litigation. Reputational damage caused by real or perceived product safety concerns could negatively affect the Company's business and results of operations.

The Company depends upon the success of its advertising and marketing programs.

The Company’s advertising and promotional costs, net of cooperative advertising allowances, amounted to $1,166 million for 2013. The Company’s business depends on effective marketing and high customer traffic. The Company has many initiatives in this area, and often changes its advertising and marketing programs. There can be no assurance as to the Company’s continued ability to effectively execute its advertising and marketing programs, and any failure to do so could negatively affect the Company’s business and results of operations.
Parties with whom the Company does business may be subject to insolvency risks or may otherwise become unable or unwilling to perform their obligations to the Company.

The Company is a party to contracts, transactions and business relationships with various third parties, including vendors, suppliers, service providers, lenders and participants in joint ventures, strategic alliances and other joint commercial relationships, pursuant to which such third parties have performance, payment and other obligations to the Company. In some cases, the Company depends upon such third parties to provide essential leaseholds, products, services or other benefits, including with respect to store and distribution center locations, merchandise, advertising, software development and support, logistics, other agreements for goods and services in order to operate the Company’s business in the ordinary course, extensions of credit, credit card accounts and related receivables, and other vital matters. Current economic, industry and market conditions could result in increased risks to the Company associated with the potential financial distress or insolvency of such third parties. If any of these third parties were to become subject to bankruptcy, receivership or similar proceedings, the rights and benefits of the Company in relation to its contracts, transactions and business relationships with such third parties could be terminated, modified in a manner adverse to the Company, or otherwise impaired. The Company cannot make any assurances that it would be able to arrange for alternate or replacement contracts, transactions or business relationships on terms as favorable as the Company’s existing contracts, transactions or business relationships, if at all. Any inability on the part of the Company to do so could negatively affect the Company’s cash flows, financial condition and results of operations.

A material disruption in the Company’s computer systems could adversely affect the Company’s business or results of operations.

The Company relies extensively on its computer systems to process transactions, summarize results and manage its business. The Company’s computer systems are subject to damage or interruption from power outages, computer and telecommunications failures, computer viruses, cyber-attack or other security breaches, catastrophic events such as fires, floods, earthquakes, tornadoes, hurricanes, acts of war or terrorism, and usage errors by the Company’s employees. If the Company’s computer systems are damaged or cease to function properly, the Company may have to make a significant investment to fix or replace them, and the Company may suffer loss of critical data and interruptions or delays in its operations. Any material interruption in the Company’s computer systems could negatively affect its business and results of operations.

A privacy breach could result in negative publicity and adversely affect the Company’s business or results of operations.

The protection of customer, employee, and company data is critical to the Company. The regulatory environment surrounding information security and privacy is increasingly demanding, with the frequent imposition of new and constantly changing requirements across business units. In addition, customers have a high expectation that the Company will adequately protect their personal information from cyber-attack or other security breaches. A significant breach of customer, employee, or company data could attract a substantial amount of media attention, damage the Company’s customer relationships and reputation and result in lost sales, fines, or lawsuits.

Litigation, legislation or regulatory developments could adversely affect the Company’s business and results of operations.

The Company is subject to various federal, state and local laws, rules, regulations, inquiries and initiatives in connection with both its core business operations and its credit card and other ancillary operations (including the Credit Card Act of 2009 and the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the “Dodd-Frank Act”)). Recent and future developments relating to such matters could increase the Company's compliance costs and adversely affect the profitability of its credit card and other operations. The Company is also subject to anti-bribery, customs, child labor, truth-in-advertising and other laws, including consumer protection regulations and zoning and occupancy ordinances that regulate retailers generally and/or govern the importation, promotion and sale of merchandise and the operation of retail stores and warehouse facilities. Although the Company undertakes to monitor changes in these laws, if these laws change without the Company's knowledge, or are violated by importers, designers, manufacturers, distributors or agents, the Company could experience delays in shipments and receipt of goods or be subject to fines or other penalties under the controlling regulations, any of which could negatively affect the Company's business and results of operations. In addition, the Company is regularly involved in various litigation matters that arise in the ordinary course of its business. Adverse outcomes in current or future litigation could negatively affect the Company’s financial condition, results of operations and cash flows.
Factors beyond the Company’s control could affect the Company’s stock price.

The Company’s stock price, like that of other retail companies, is subject to significant volatility because of many factors, including factors beyond the control of the Company. These factors may include:

- general economic and stock and credit market conditions;
- risks relating to the Company’s business and its industry, including those discussed above;
- strategic actions by the Company or its competitors;
- variations in the Company’s quarterly results of operations;
- future sales or purchases of the Company’s common stock; and
- investor perceptions of the investment opportunity associated with the Company’s common stock relative to other investment alternatives.

In addition, the Company may fail to meet the expectations of its stockholders or of analysts at some time in the future. If the analysts that regularly follow the Company’s stock lower their rating or lower their projections for future growth and financial performance, the Company’s stock price could decline. Also, sales of a substantial number of shares of the Company’s common stock in the public market or the appearance that these shares are available for sale could adversely affect the market price of the Company’s common stock.

Item 1B. Unresolved Staff Comments.

None.

Item 2. Properties.

The properties of the Company consist primarily of stores and related facilities, including a logistics network. The Company also owns or leases other properties, including corporate office space in Cincinnati and New York and other facilities at which centralized operational support functions are conducted. As of February 1, 2014, the operations of the Company included 840 stores in 45 states, the District of Columbia, Puerto Rico and Guam, comprising a total of approximately 150,100,000 square feet. Of such stores, 460 were owned, 269 were leased and 111 stores were operated under arrangements where the Company owned the building and leased the land. Substantially all owned properties are held free and clear of mortgages. Pursuant to various shopping center agreements, the Company is obligated to operate certain stores for periods of up to 20 years. Some of these agreements require that the stores be operated under a particular name. Most leases require the Company to pay real estate taxes, maintenance and other costs; some also require additional payments based on percentages of sales and some contain purchase options. Certain of the Company’s real estate leases have terms that extend for a significant number of years and provide for rental rates that increase or decrease over time.

Additional information about the Company’s stores as of February 1, 2014 is as follows:

<table>
<thead>
<tr>
<th>Geographic Region</th>
<th>Total Stores</th>
<th>Owned Stores</th>
<th>Leased Stores</th>
<th>Stores Subject to a Ground Lease</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mid-Atlantic</td>
<td>128</td>
<td>68</td>
<td>40</td>
<td>20</td>
</tr>
<tr>
<td>Northeast</td>
<td>119</td>
<td>62</td>
<td>48</td>
<td>9</td>
</tr>
<tr>
<td>North Central</td>
<td>119</td>
<td>82</td>
<td>26</td>
<td>11</td>
</tr>
<tr>
<td>Northwest</td>
<td>126</td>
<td>39</td>
<td>69</td>
<td>18</td>
</tr>
<tr>
<td>Southeast</td>
<td>119</td>
<td>78</td>
<td>20</td>
<td>21</td>
</tr>
<tr>
<td>South Central</td>
<td>101</td>
<td>77</td>
<td>16</td>
<td>8</td>
</tr>
<tr>
<td>Southwest</td>
<td>128</td>
<td>54</td>
<td>50</td>
<td>24</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>840</strong></td>
<td><strong>460</strong></td>
<td><strong>269</strong></td>
<td><strong>111</strong></td>
</tr>
</tbody>
</table>

The seven geographic regions detailed in the foregoing table are based on the Company’s Macy’s-branded operational structure. The Company’s retail stores are located at urban or suburban sites, principally in densely populated areas across the United States.
Store count activity was as follows:

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Store count at beginning of fiscal year</td>
<td>841</td>
<td>842</td>
<td>850</td>
</tr>
<tr>
<td>Stores opened and other expansions</td>
<td>6</td>
<td>7</td>
<td>4</td>
</tr>
<tr>
<td>Stores closed</td>
<td>(7)</td>
<td>(8)</td>
<td>(12)</td>
</tr>
<tr>
<td>Store count at end of fiscal year</td>
<td>840</td>
<td>841</td>
<td>842</td>
</tr>
</tbody>
</table>

Additional information about the Company’s logistics network as of February 1, 2014 is as follows:

<table>
<thead>
<tr>
<th>Location</th>
<th>Primary Function</th>
<th>Owned or Leased</th>
<th>Square Footage (thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cheshire, CT</td>
<td>Direct to customer</td>
<td>Owned</td>
<td>565</td>
</tr>
<tr>
<td>Chicago, IL</td>
<td>Stores</td>
<td>Owned</td>
<td>861</td>
</tr>
<tr>
<td>Denver, CO</td>
<td>Stores</td>
<td>Leased</td>
<td>20</td>
</tr>
<tr>
<td>Goodyear, AZ</td>
<td>Direct to customer</td>
<td>Owned</td>
<td>600</td>
</tr>
<tr>
<td>Hayward, CA</td>
<td>Stores</td>
<td>Owned</td>
<td>386</td>
</tr>
<tr>
<td>Houston, TX</td>
<td>Stores</td>
<td>Owned</td>
<td>1,124</td>
</tr>
<tr>
<td>Joppa, MD</td>
<td>Stores</td>
<td>Owned</td>
<td>850</td>
</tr>
<tr>
<td>Kapolei, HI</td>
<td>Stores</td>
<td>Owned</td>
<td>260</td>
</tr>
<tr>
<td>Los Angeles, CA</td>
<td>Stores</td>
<td>Owned</td>
<td>1,178</td>
</tr>
<tr>
<td>Martinsburg, WV</td>
<td>Direct to customer</td>
<td>Owned</td>
<td>1,300</td>
</tr>
<tr>
<td>Miami, FL</td>
<td>Stores</td>
<td>Leased</td>
<td>535</td>
</tr>
<tr>
<td>Portland, TN</td>
<td>Direct to customer</td>
<td>Owned</td>
<td>950</td>
</tr>
<tr>
<td>Raritan, NJ</td>
<td>Stores</td>
<td>Owned</td>
<td>560</td>
</tr>
<tr>
<td>Sacramento, CA</td>
<td>Direct to customer</td>
<td>Leased</td>
<td>96</td>
</tr>
<tr>
<td>Secaucus, NJ</td>
<td>Stores</td>
<td>Leased</td>
<td>675</td>
</tr>
<tr>
<td>South Windsor, CT</td>
<td>Stores</td>
<td>Owned</td>
<td>668</td>
</tr>
<tr>
<td>St. Louis, MO</td>
<td>Stores</td>
<td>Owned</td>
<td>661</td>
</tr>
<tr>
<td>Stone Mountain, GA</td>
<td>Stores</td>
<td>Owned</td>
<td>1,000</td>
</tr>
<tr>
<td>Tampa, FL</td>
<td>Stores</td>
<td>Owned</td>
<td>670</td>
</tr>
<tr>
<td>Tukwila, WA</td>
<td>Stores</td>
<td>Leased</td>
<td>500</td>
</tr>
<tr>
<td>Youngstown, OH</td>
<td>Stores</td>
<td>Owned</td>
<td>851</td>
</tr>
</tbody>
</table>

**Item 3. 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 4. Mine Safety Disclosures.**

Not Applicable.
PART II

Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

The Common Stock is listed on the NYSE under the trading symbol “M.” As of February 1, 2014, the Company had approximately 19,000 stockholders of record. The following table sets forth for each fiscal quarter during 2013 and 2012 the high and low sales prices per share of Common Stock as reported on the NYSE Composite Tape and the dividend declared with respect to each fiscal quarter on each share of Common Stock.

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th></th>
<th>2012</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Low</td>
<td>High</td>
<td>Dividend</td>
<td>Low</td>
</tr>
<tr>
<td>1st Quarter</td>
<td>38.52</td>
<td>46.45</td>
<td>0.2000</td>
<td>33.18</td>
</tr>
<tr>
<td>2nd Quarter</td>
<td>45.72</td>
<td>50.77</td>
<td>0.2500</td>
<td>32.31</td>
</tr>
<tr>
<td>3rd Quarter</td>
<td>42.18</td>
<td>49.72</td>
<td>0.2500</td>
<td>34.89</td>
</tr>
<tr>
<td>4th Quarter</td>
<td>45.59</td>
<td>56.65</td>
<td>0.2500</td>
<td>36.30</td>
</tr>
</tbody>
</table>

The declaration and payment of future dividends will be at the discretion of the Company’s Board of Directors, are subject to restrictions under the Company’s credit facility and may be affected by various other factors, including the Company’s earnings, financial condition and legal or contractual restrictions.

The following table provides information regarding the Company’s purchases of Common Stock during the fourth quarter of 2013.

<table>
<thead>
<tr>
<th></th>
<th>Total Number of Shares Purchased (thousands)</th>
<th>Average Price per Share ($)</th>
<th>Number of Shares Purchased under Program (1) (thousands)</th>
<th>Open Authorization Remaining (1)($) (millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>November 3, 2013 – November 30, 2013</td>
<td>1,252</td>
<td>51.19</td>
<td>1,252</td>
<td>1,684</td>
</tr>
<tr>
<td>December 1, 2013 – January 4, 2014</td>
<td>3,272</td>
<td>52.37</td>
<td>3,272</td>
<td>1,513</td>
</tr>
<tr>
<td>January 5, 2014 – February 1, 2014</td>
<td>1,476</td>
<td>54.57</td>
<td>1,476</td>
<td>1,432</td>
</tr>
<tr>
<td></td>
<td>6,000</td>
<td>52.67</td>
<td>6,000</td>
<td></td>
</tr>
</tbody>
</table>

(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 $13,500 million of Common Stock. All authorizations are cumulative and do not have an expiration date. As of February 1, 2014, $1,432 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.
The following graph compares the cumulative total stockholder return on the Common Stock with the Standard & Poor’s 500 Composite Index and the Standard & Poor’s Retail Department Store Index for the period from January 31, 2009 through February 1, 2014, assuming an initial investment of $100 and the reinvestment of all dividends, if any.

The companies included in the S&P Retail Department Store Index are Macy’s, J.C. Penney, Kohl’s and Nordstrom.
**Item 6.  Selected Financial Data.**

The selected financial data set forth below should be read in conjunction with the Consolidated Financial Statements and the notes thereto and the other information contained elsewhere in this report.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Consolidated Statement of Income Data:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net sales</td>
<td>$27,931</td>
<td>$27,686</td>
<td>$26,405</td>
<td>$25,003</td>
<td>$23,489</td>
</tr>
<tr>
<td>Cost of sales</td>
<td>(16,725)</td>
<td>(16,538)</td>
<td>(15,738)</td>
<td>(14,824)</td>
<td>(13,973)</td>
</tr>
<tr>
<td>Gross margin</td>
<td>11,206</td>
<td>11,148</td>
<td>10,667</td>
<td>10,179</td>
<td>9,516</td>
</tr>
<tr>
<td>Selling, general and administrative expenses</td>
<td>(8,440)</td>
<td>(8,482)</td>
<td>(8,281)</td>
<td>(8,260)</td>
<td>(8,062)</td>
</tr>
<tr>
<td>Impairments, store closing and other costs, gain on sale of leases and division consolidation costs</td>
<td>(88)</td>
<td>(5)</td>
<td>25</td>
<td>(25)</td>
<td>(391)</td>
</tr>
<tr>
<td>Operating income</td>
<td>2,678</td>
<td>2,661</td>
<td>2,411</td>
<td>1,894</td>
<td>1,063</td>
</tr>
<tr>
<td>Interest expense</td>
<td>(390)</td>
<td>(425)</td>
<td>(447)</td>
<td>(513)</td>
<td>(562)</td>
</tr>
<tr>
<td>Premium on early retirement of debt</td>
<td>—</td>
<td>(137)</td>
<td>—</td>
<td>(66)</td>
<td>—</td>
</tr>
<tr>
<td>Interest income</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
</tr>
<tr>
<td>Income before income taxes</td>
<td>2,290</td>
<td>2,102</td>
<td>1,968</td>
<td>1,320</td>
<td>507</td>
</tr>
<tr>
<td>Federal, state and local income tax expense</td>
<td>(804)</td>
<td>(767)</td>
<td>(712)</td>
<td>(473)</td>
<td>(178)</td>
</tr>
<tr>
<td>Net income</td>
<td>$1,486</td>
<td>$1,335</td>
<td>$1,256</td>
<td>$847</td>
<td>$329</td>
</tr>
<tr>
<td>Basic earnings per share</td>
<td>$3.93</td>
<td>$3.29</td>
<td>$2.96</td>
<td>$2.00</td>
<td>$0.78</td>
</tr>
<tr>
<td>Diluted earnings per share</td>
<td>$3.86</td>
<td>$3.24</td>
<td>$2.92</td>
<td>$1.98</td>
<td>$0.78</td>
</tr>
<tr>
<td>Average number of shares outstanding</td>
<td>378.3</td>
<td>405.5</td>
<td>424.5</td>
<td>423.3</td>
<td>421.7</td>
</tr>
<tr>
<td>Cash dividends paid per share</td>
<td>$0.950</td>
<td>$0.800</td>
<td>$0.350</td>
<td>$2.00</td>
<td>$2.00</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>$1.020</td>
<td>$1.049</td>
<td>$1.085</td>
<td>$1.150</td>
<td>$1.210</td>
</tr>
<tr>
<td>Capital expenditures</td>
<td>$863</td>
<td>$942</td>
<td>$764</td>
<td>$505</td>
<td>$460</td>
</tr>
<tr>
<td><strong>Balance Sheet Data (at year end):</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$2,273</td>
<td>$1,836</td>
<td>$2,827</td>
<td>$1,464</td>
<td>$1,686</td>
</tr>
<tr>
<td>Total assets</td>
<td>21,634</td>
<td>20,991</td>
<td>22,095</td>
<td>20,631</td>
<td>21,300</td>
</tr>
<tr>
<td>Short-term debt</td>
<td>463</td>
<td>124</td>
<td>1,103</td>
<td>454</td>
<td>242</td>
</tr>
<tr>
<td>Long-term debt</td>
<td>6,728</td>
<td>6,806</td>
<td>6,655</td>
<td>6,971</td>
<td>8,456</td>
</tr>
<tr>
<td>Shareholders’ equity</td>
<td>6,249</td>
<td>6,051</td>
<td>5,933</td>
<td>5,530</td>
<td>4,653</td>
</tr>
</tbody>
</table>

* 53 weeks
Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The discussion in this Item 7 should be read in conjunction with our Consolidated Financial Statements and the related notes included elsewhere in this report. The discussion in this Item 7 contains forward-looking statements that reflect the Company's plans, estimates and beliefs. The Company's actual results could materially differ from those discussed in these forward-looking statements. Factors that could cause or contribute to those differences include, but are not limited to, those discussed below and elsewhere in this report, particularly in “Risk Factors” and “Forward-Looking Statements.”

Overview

The Company is an omnichannel retail organization operating stores and websites under two brands (Macy's and Bloomingdale's) that sell a wide range of merchandise, including apparel and accessories (men's, women's and children's), cosmetics, home furnishings and other consumer goods in 45 states, the District of Columbia, Guam and Puerto Rico. As of February 1, 2014, the Company's operations were conducted through Macy's, macy's.com, Bloomingdale's, bloomingdales.com and Bloomingdale's Outlet which are aggregated into one reporting segment in accordance with the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic 280, “Segment Reporting.”

The Company is focused on three key strategies for continued growth in sales, earnings and cash flow in the years ahead: (i) maximizing the My Macy's localization initiative; (ii) driving the omnichannel business; and (iii) embracing customer centricity, including engaging customers on the selling floor through the Magic Selling program.

Through the My Macy's localization initiative, the Company has invested in talent, technology and marketing which ensures that core customers surrounding each Macy's store find merchandise assortments, size ranges, marketing programs and shopping experiences that are custom-tailored to their needs. My Macy's has provided for more local decision-making in every Macy's community, and involves tailoring merchandise assortments, space allocations, service levels, visual merchandising, marketing and special events on a store-by-store basis.

The Company's omnichannel strategy allows customers to shop seamlessly in stores and online, via computers or mobile devices. A pivotal part of the omnichannel strategy is the Company's ability to allow associates in any store to sell a product that may be unavailable locally by selecting merchandise from other stores or online fulfillment centers for shipment to the customer's door. Likewise, the Company's online fulfillment centers can draw on store inventories nationwide to fill orders that originate online, via computers or mobile devices. As of February 1, 2014, 500 Macy's stores were fulfilling orders from other stores and/or online, as compared to 292 Macy's stores as of February 2, 2013. During fiscal 2014, nearly all Macy's stores are expected to be fulfilling orders from other stores and/or online. Also in 2014, nearly all stores are expected to be fulfilling orders for pick-up related to online purchases.

Macy's Magic Selling program is an approach to customer engagement that helps Macy's to better understand the needs of customers, as well as to provide options and advice. This comprehensive ongoing training and coaching program is designed to improve the in-store shopping experience and all other customer interactions.

In fiscal 2010, the Company piloted a new Bloomingdale's Outlet store concept. Bloomingdale's Outlet stores are each approximately 25,000 square feet and offer a range of apparel and accessories, including women's ready-to-wear, men's, children's, women's shoes, fashion accessories, jewelry, handbags and intimate apparel.

Additionally, in February 2010, Bloomingdale's opened in Dubai, United Arab Emirates under a license agreement with Al Tayer Insignia, a company of Al Tayer Group, LLC, under which the Company is entitled to a license fee in accordance with the terms of the underlying agreement, generally based upon the greater of the contractually earned or guaranteed minimum amounts.

During 2012, the Company opened two new Macy's stores in Salt Lake City, UT; and Greendale, WI; and five new Bloomingdale's Outlet stores in Livermore, CA; Merrimack, NH; Garden City, NY; Grand Prairie, TX; and Dallas, TX. Also during 2012 the Company opened its new 1.3 million square foot fulfillment center in Martinsburg, WV. During 2013, the Company opened three new Macy's stores in Victorville, CA; Gurnee, IL; and Las Vegas, NV; a Macy's replacement store in Bay Shore, NY; a new Bloomingdale's store in Glendale, CA; and a new Bloomingdale's Outlet store in Rosemont, IL. The Company has announced that in 2014 it intends to open three new Macy's stores and one Bloomingdale's replacement store. Additionally, the Company has announced that in 2015 it intends to open one new Macy's store and one new Bloomingdale's store, and in 2016 it intends to open one new Macy's store and one new Bloomingdale's store.
The Company's operations are impacted by competitive pressures from department stores, specialty stores, mass merchandisers, online retailers and all other retail channels. The Company's operations are also impacted by 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 weather or natural disasters and other factors over which the Company has little or no control.

In recent years, consumer spending levels have been affected to varying degrees by a number of factors, including modest economic growth, a slowly improving housing market, a rising stock market, uncertainty regarding governmental spending and tax policies, high unemployment levels and tightened consumer credit. These factors have affected to varying degrees the amount of funds that consumers are willing and able to spend for discretionary purchases, including purchases of some of the merchandise offered by the Company.

The effects of economic conditions have been, and may continue to be, experienced differently, or at different times, in the various geographic regions in which the Company operates, in relation to the different types of merchandise that the Company offers for sale, or in relation to the Company's Macy's-branded and Bloomingdale's-branded operations. All economic conditions, however, ultimately affect the Company's overall operations.

2013 Highlights

The Company had its fifth consecutive year of improved financial performance in 2013 despite the continued challenging macroeconomic environment. These improvements have been driven by successful implementation of the Company's key strategies.

Selected highlights of 2013 include:

- Comparable sales increased 1.9%, which represents the fourth consecutive year of comparable sales growth. Comparable sales growth including the impact of growth in comparable sales of departments licensed to third parties increased 2.8%. See pages 16 to 19 for a reconciliation of this non-GAAP financial measure to the most comparable GAAP financial measure and other important information.

- Operating income for fiscal 2013 was $2.766 billion or 9.9% of sales, excluding impairments, store closing and other costs, an increase of 3.8% and 30 basis points as a percent of sales over 2012 on a comparable basis. See pages 16 to 19 for a reconciliation of this non-GAAP financial measure to the most comparable GAAP financial measure and other important information.

- Diluted earnings per share, excluding certain items, grew 15.6% to $4.00 in 2013. See pages 16 to 19 for a reconciliation of this non-GAAP financial measure to the most comparable GAAP financial measure and other important information.

- Adjusted EBITDA (earnings before interest, taxes, depreciation and amortization, impairments, store closing and other costs) as a percent to net sales reached 13.6% in 2013, reflecting steady improvement toward the Company's goal of a 14% Adjusted EBITDA rate. See pages 16 to 19 for a reconciliation of this non-GAAP financial measure to the most comparable GAAP financial measure and other important information.

- Return on invested capital ("ROIC"), a key measure of operating productivity, reached 21.5%, continuing an improvement trend over the past five years. See pages 16 to 19 for a reconciliation of this non-GAAP financial measure to the most comparable GAAP financial measure and other important information.

- The Company repurchased 33.6 million shares of its common stock for $1,570 million in 2013, and increased its annualized dividend rate to $1.00 per share.
**Important Information Regarding Non-GAAP Financial Measures**

The Company reports its financial results in accordance with 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 comparable sales growth including the impact of growth in comparable sales of departments licensed to third parties supplementally to its results of operations calculated in accordance with GAAP 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 (e.g., the conversion in 2013 of most of the Company's previously owned athletic footwear business to licensed Finish Line shops). Management believes that excluding certain items that may vary substantially in frequency and magnitude from diluted earnings per share and from operating income and EBITDA as percentages to sales are useful supplemental measures that assist in evaluating the Company's ability to generate earnings and leverage sales, respectively, and to more readily compare these metrics between past and future periods. Management also believes that EBITDA and Adjusted EBITDA are frequently used by investors and securities analysts in their evaluations of companies, and that such supplemental measures facilitate comparisons between companies that have different capital and financing structures and/or tax rates. In addition, management believes that ROIC is a useful supplemental measure in evaluating how efficiently the Company employs its capital. The Company uses some of these non-GAAP financial measures as performance measures for components of executive compensation.

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 and cash flows and should therefore be considered in assessing the Company's actual financial condition and performance. Additionally, the amounts received by the Company on account of sales 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.

**Comparable Sales Growth Including the Impact of Growth in Comparable Sales of Departments Licensed to Third Parties**

The following is a tabular reconciliation of the non-GAAP financial measure comparable sales growth including the impact of growth in comparable sales of departments licensed to third parties, to GAAP comparable sales, which the Company believes to be the most directly comparable GAAP financial measure.

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase in comparable sales (note 1)</td>
<td>1.9%</td>
<td>3.7%</td>
<td>5.3%</td>
<td>4.6%</td>
</tr>
<tr>
<td>Impact of growth in comparable sales of departments licensed to third parties (note 2)</td>
<td>0.9%</td>
<td>0.3%</td>
<td>0.4%</td>
<td>(0.2)%</td>
</tr>
<tr>
<td>Comparable sales growth including the impact of growth in comparable sales of departments licensed to third parties</td>
<td>2.8%</td>
<td>4.0%</td>
<td>5.7%</td>
<td>4.4%</td>
</tr>
</tbody>
</table>

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 net Internet sales, adjusting for the 53rd week in 2012, excluding commissions from departments licensed to third parties. Stores undergoing remodeling, expansion or relocation remain in the comparable sales calculation unless 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 on comparable sales 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 via the Internet in the calculation. The Company licenses third parties to operate certain departments in its stores and online and receives commissions from these third parties based on a percentage of their net sales. In its financial statements prepared in conformity with GAAP, the Company includes these commissions (rather than sales of the departments licensed to third parties) in its net sales. The Company does not, however, include any amounts in respect of licensed department sales in its comparable sales in accordance with GAAP.
## Operating Income, Excluding Certain Items, as a Percent to Net Sales

The following is a tabular reconciliation of the non-GAAP financial measure operating income, excluding certain items, as a percent to net sales to GAAP operating income as a percent to net sales, which the Company believes to be the most directly comparable GAAP financial measure.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net sales</strong></td>
<td>$27,931</td>
<td>$27,686</td>
<td>$26,405</td>
<td>$25,003</td>
<td>$23,489</td>
</tr>
<tr>
<td><strong>Operating income</strong></td>
<td>$2,678</td>
<td>$2,661</td>
<td>$2,411</td>
<td>$1,894</td>
<td>$1,063</td>
</tr>
<tr>
<td><strong>Operating income as a percent to net sales</strong></td>
<td>9.6%</td>
<td>9.6%</td>
<td>9.1%</td>
<td>7.6%</td>
<td>4.5%</td>
</tr>
<tr>
<td><strong>Add back (deduct) impairments, store closing and other costs, gain on sale of leases and division consolidation costs</strong></td>
<td>88</td>
<td>5</td>
<td>(25)</td>
<td>25</td>
<td>391</td>
</tr>
<tr>
<td><strong>Operating income, excluding certain items</strong></td>
<td>$2,766</td>
<td>$2,666</td>
<td>$2,386</td>
<td>$1,919</td>
<td>$1,454</td>
</tr>
<tr>
<td><strong>Operating income, excluding certain items, as a percent to net sales</strong></td>
<td>9.9%</td>
<td>9.6%</td>
<td>9.0%</td>
<td>7.7%</td>
<td>6.2%</td>
</tr>
</tbody>
</table>

## Diluted Earnings Per Share, Excluding Certain Items

The following is a tabular reconciliation of the non-GAAP financial measure diluted earnings per share, excluding certain items, to GAAP diluted earnings per share, which the Company believes to be the most directly comparable GAAP measure.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Diluted earnings per share</strong></td>
<td>$3.86</td>
<td>$3.24</td>
<td>$2.92</td>
<td>$1.98</td>
<td>$0.78</td>
</tr>
<tr>
<td><strong>Add back the impact of impairments, store closing and other costs</strong></td>
<td>0.14</td>
<td>0.01</td>
<td>0.04</td>
<td>0.04</td>
<td>0.18</td>
</tr>
<tr>
<td><strong>Add back the impact of premium on early retirement of debt</strong></td>
<td>—</td>
<td>0.21</td>
<td>—</td>
<td>0.09</td>
<td>—</td>
</tr>
<tr>
<td><strong>Deduct the impact of gain on sale of leases</strong></td>
<td>—</td>
<td>—</td>
<td>(0.08)</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td><strong>Add back the impact of division consolidation costs</strong></td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>0.40</td>
</tr>
<tr>
<td><strong>Diluted earnings per share, excluding the impact of impairments, store closing and other costs, premium on early retirement of debt, gain on sale of leases and division consolidation costs</strong></td>
<td>$4.00</td>
<td>$3.46</td>
<td>$2.88</td>
<td>$2.11</td>
<td>$1.36</td>
</tr>
</tbody>
</table>
### Adjusted EBITDA as a Percent to Net Sales

The following is a tabular reconciliation of the non-GAAP financial measure earnings before interest, taxes, depreciation and amortization ("EBITDA"), as adjusted to exclude premium on early retirement of debt, impairments, store closing and other costs, gain on sales of leases and division consolidation costs ("Adjusted EBITDA"), as a percent to net sales to GAAP net income as a percent to net sales, which the Company believes to be the most directly comparable GAAP financial measure.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net sales</strong></td>
<td>$27,931</td>
<td>$27,686</td>
<td>$26,405</td>
<td>$25,003</td>
<td>$23,489</td>
</tr>
<tr>
<td><strong>Net income</strong></td>
<td>$1,486</td>
<td>$1,335</td>
<td>$1,256</td>
<td>$847</td>
<td>$329</td>
</tr>
<tr>
<td><strong>Net income as a percent to net sales</strong></td>
<td>5.3%</td>
<td>4.8%</td>
<td>4.8%</td>
<td>3.4%</td>
<td>1.4%</td>
</tr>
<tr>
<td><strong>Net income</strong></td>
<td>$1,486</td>
<td>$1,335</td>
<td>$1,256</td>
<td>$847</td>
<td>$329</td>
</tr>
<tr>
<td><strong>Add back interest expense - net</strong></td>
<td>388</td>
<td>422</td>
<td>443</td>
<td>508</td>
<td>556</td>
</tr>
<tr>
<td><strong>Add back premium on early retirement of debt</strong></td>
<td>—</td>
<td>137</td>
<td>—</td>
<td>66</td>
<td>—</td>
</tr>
<tr>
<td><strong>Add back federal, state and local income tax expense</strong></td>
<td>804</td>
<td>767</td>
<td>712</td>
<td>473</td>
<td>178</td>
</tr>
<tr>
<td><strong>Add back (deduct) impairments, store closing and other costs, gain on sale of leases and division consolidation costs</strong></td>
<td>88</td>
<td>5</td>
<td>(25)</td>
<td>25</td>
<td>391</td>
</tr>
<tr>
<td><strong>Add back depreciation and amortization</strong></td>
<td>1,020</td>
<td>1,049</td>
<td>1,085</td>
<td>1,150</td>
<td>1,210</td>
</tr>
<tr>
<td><strong>Adjusted EBITDA</strong></td>
<td>$3,786</td>
<td>$3,715</td>
<td>$3,471</td>
<td>$3,069</td>
<td>$2,664</td>
</tr>
<tr>
<td><strong>Adjusted EBITDA as a percent to net sales</strong></td>
<td>13.6%</td>
<td>13.4%</td>
<td>13.1%</td>
<td>12.3%</td>
<td>11.3%</td>
</tr>
</tbody>
</table>
ROIC

The Company defines ROIC as adjusted operating income as a percent to average invested capital. Average invested capital is comprised of an annual two-point (i.e., end of the previous year and the immediately preceding year) average of gross property and equipment, a capitalized value of non-capitalized leases equal to periodic annual reported net rent expense multiplied by a factor of eight and a four-point (i.e., end of each quarter within the period presented) average of other selected assets and liabilities. The calculation of the capitalized value of non-capitalized leases is consistent with industry and credit rating agency practice and the specified assets are subject to a four-point average to compensate for seasonal fluctuations.

The following is a tabular reconciliation of the non-GAAP financial measure of ROIC to operating income as a percent to property and equipment - net, which the Company believes to be the most directly comparable GAAP financial measure.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating income</td>
<td>$2,678</td>
<td>$2,661</td>
<td>$2,411</td>
<td>$1,894</td>
<td>$1,063</td>
</tr>
<tr>
<td>Property and equipment - net</td>
<td>$8,063</td>
<td>$8,308</td>
<td>$8,617</td>
<td>$9,160</td>
<td>$9,975</td>
</tr>
<tr>
<td>Operating income as a percent to property and equipment - net</td>
<td>33.2%</td>
<td>32.0%</td>
<td>28.0%</td>
<td>20.7%</td>
<td>10.7%</td>
</tr>
<tr>
<td>Operating income</td>
<td>$2,678</td>
<td>$2,661</td>
<td>$2,411</td>
<td>$1,894</td>
<td>$1,063</td>
</tr>
<tr>
<td>Add back (deduct) impairments, store closing and other costs, gain on sale of leases and division consolidation costs</td>
<td>88</td>
<td>5</td>
<td>(25)</td>
<td>25</td>
<td>391</td>
</tr>
<tr>
<td>Add back depreciation and amortization</td>
<td>1,020</td>
<td>1,049</td>
<td>1,085</td>
<td>1,150</td>
<td>1,210</td>
</tr>
<tr>
<td>Add back rent expense, net</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Real estate</td>
<td>268</td>
<td>258</td>
<td>243</td>
<td>235</td>
<td>229</td>
</tr>
<tr>
<td>Personal property</td>
<td>11</td>
<td>11</td>
<td>10</td>
<td>10</td>
<td>12</td>
</tr>
<tr>
<td>Deferred rent amortization</td>
<td>8</td>
<td>7</td>
<td>8</td>
<td>7</td>
<td>7</td>
</tr>
<tr>
<td>Adjusted operating income</td>
<td>$4,073</td>
<td>$3,991</td>
<td>$3,732</td>
<td>$3,321</td>
<td>$2,912</td>
</tr>
<tr>
<td>Property and equipment - net</td>
<td>$8,063</td>
<td>$8,308</td>
<td>$8,617</td>
<td>$9,160</td>
<td>$9,975</td>
</tr>
<tr>
<td>Add back accumulated depreciation and amortization</td>
<td>6,007</td>
<td>5,967</td>
<td>6,018</td>
<td>5,916</td>
<td>5,620</td>
</tr>
<tr>
<td>Add capitalized value of non-capitalized leases</td>
<td>2,296</td>
<td>2,208</td>
<td>2,088</td>
<td>2,016</td>
<td>1,984</td>
</tr>
<tr>
<td>Add (deduct) other selected assets and liabilities:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Receivables</td>
<td>339</td>
<td>322</td>
<td>294</td>
<td>317</td>
<td>305</td>
</tr>
<tr>
<td>Merchandise inventories</td>
<td>6,065</td>
<td>5,754</td>
<td>5,596</td>
<td>5,211</td>
<td>5,170</td>
</tr>
<tr>
<td>Prepaid expenses and other current assets</td>
<td>398</td>
<td>390</td>
<td>409</td>
<td>283</td>
<td>231</td>
</tr>
<tr>
<td>Other assets</td>
<td>662</td>
<td>579</td>
<td>528</td>
<td>526</td>
<td>497</td>
</tr>
<tr>
<td>Merchandise accounts payable</td>
<td>(2,520)</td>
<td>(2,362)</td>
<td>(2,314)</td>
<td>(2,085)</td>
<td>(1,978)</td>
</tr>
<tr>
<td>Accounts payable and accrued liabilities</td>
<td>(2,328)</td>
<td>(2,333)</td>
<td>(2,309)</td>
<td>(2,274)</td>
<td>(2,320)</td>
</tr>
<tr>
<td>Total average invested capital</td>
<td>$18,982</td>
<td>$18,833</td>
<td>$18,927</td>
<td>$19,070</td>
<td>$19,484</td>
</tr>
<tr>
<td>ROIC</td>
<td>21.5%</td>
<td>21.2%</td>
<td>19.7%</td>
<td>17.4%</td>
<td>14.9%</td>
</tr>
</tbody>
</table>
### Results of Operations

<table>
<thead>
<tr>
<th></th>
<th>2013 Amount</th>
<th>2013 % to Sales</th>
<th>2012 * Amount</th>
<th>2012 % to Sales</th>
<th>2011 Amount</th>
<th>2011 % to Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>$ 27,931</td>
<td></td>
<td>$ 27,686</td>
<td></td>
<td>$ 26,405</td>
<td></td>
</tr>
<tr>
<td>Increase in sales</td>
<td>0.9 %</td>
<td></td>
<td>4.9 %</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Increase in comparable sales</td>
<td>1.9 %</td>
<td></td>
<td>3.7 %</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost of sales</td>
<td>(16,725) (59.9 %)</td>
<td></td>
<td>(16,538) (59.7 %)</td>
<td></td>
<td>(15,738) (59.6) %</td>
<td></td>
</tr>
<tr>
<td>Gross margin</td>
<td>11,206 40.1 %</td>
<td></td>
<td>11,148 40.3 %</td>
<td></td>
<td>10,667 40.4 %</td>
<td></td>
</tr>
<tr>
<td>Selling, general and administrative expenses</td>
<td>(8,440) (30.2 %)</td>
<td></td>
<td>(8,482) (30.7 %)</td>
<td></td>
<td>(8,281) (31.4 %)</td>
<td></td>
</tr>
<tr>
<td>Impairments, store closing and other costs and gain on sale of leases</td>
<td>(88) (0.3 %)</td>
<td></td>
<td>(5) --- %</td>
<td></td>
<td>25 0.1 %</td>
<td></td>
</tr>
<tr>
<td>Operating income</td>
<td>2,678 9.6 %</td>
<td></td>
<td>2,661 9.6 %</td>
<td></td>
<td>2,411 9.1 %</td>
<td></td>
</tr>
<tr>
<td>Interest expense - net</td>
<td>(388) (1.4 %)</td>
<td></td>
<td>(422) 1.5 %</td>
<td></td>
<td>(443)</td>
<td></td>
</tr>
<tr>
<td>Premium on early retirement of debt</td>
<td></td>
<td></td>
<td>---</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income before income taxes</td>
<td>2,290 9.2 %</td>
<td></td>
<td>2,102 9.2 %</td>
<td></td>
<td>1,968</td>
<td></td>
</tr>
<tr>
<td>Federal, state and local income tax expense</td>
<td>(804) (3.0 %)</td>
<td></td>
<td>(767) 3.0 %</td>
<td></td>
<td>(712)</td>
<td></td>
</tr>
<tr>
<td>Net income</td>
<td>$ 1,486 5.3 %</td>
<td></td>
<td>$ 1,335 4.8 %</td>
<td></td>
<td>$ 1,256 4.8 %</td>
<td></td>
</tr>
</tbody>
</table>

Diluted earnings per share $ 3.86 $ 3.24 $ 2.92

### Supplemental Non-GAAP Financial Measures

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th></th>
<th>2012 *</th>
<th></th>
<th>2011</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating income, excluding certain items</td>
<td>$ 2,766 9.9 %</td>
<td></td>
<td>$ 2,666 9.6 %</td>
<td></td>
<td>$ 2,386 9.0 %</td>
<td></td>
</tr>
<tr>
<td>Diluted earnings per share, excluding certain items</td>
<td>$ 4.00 9.9 %</td>
<td></td>
<td>$ 3.46 9.6 %</td>
<td></td>
<td>$ 2.88 9.0 %</td>
<td></td>
</tr>
<tr>
<td>Adjusted EBITDA as a percent to net sales</td>
<td>13.6 %</td>
<td></td>
<td>13.4 %</td>
<td></td>
<td>13.1 %</td>
<td></td>
</tr>
<tr>
<td>ROIC</td>
<td>21.5 %</td>
<td></td>
<td>21.2 %</td>
<td></td>
<td>19.7 %</td>
<td></td>
</tr>
</tbody>
</table>

See pages 16 to 19 for a reconciliation of these non-GAAP financial measures to their most comparable GAAP financial measure and for other important information.

### Store information (at year-end):

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stores operated</td>
<td>840</td>
<td>841</td>
<td>842</td>
</tr>
<tr>
<td>Square footage (in millions)</td>
<td>150.1</td>
<td>150.6</td>
<td>151.9</td>
</tr>
</tbody>
</table>

* 53 weeks
Comparison of 2013 and 2012

Net Income

Net income for 2013 increased compared to 2012, reflecting the benefits of the key strategies at Macy's, the continued strong performance at Bloomingdale's and good expense management, including higher income from credit operations, lower depreciation and amortization expense, and gains on the sale of certain office buildings and surplus properties, partially offset by greater investments in the Company's omnichannel operations.

Net Sales

Net sales for 2013, which had one fewer week than 2012, increased $245 million or 0.9% compared to 2012. On a comparable basis, net sales for 2013 were up 1.9% compared to 2012. Together with sales of departments licensed to third parties, 2013 sales on a comparable basis were up 2.8%. (See page 16 for information regarding the Company's calculation of comparable sales, a reconciliation of the non-GAAP measure which takes into account sales of departments licensed to third parties to the most comparable GAAP measure and other important information). The Company continues to benefit from the successful execution of the My Macy's localization, Omnichannel and Magic Selling strategies. Geographically, sales in 2013 were strongest in the southern regions. By family of business, sales in 2013 were strongest in active apparel, handbags, textiles, luggage, furniture and mattresses. Sales in 2013 were less strong in juniors. Sales of the Company's private label brands continued to be strong and represented approximately 20% of net sales in the Macy's-branded stores in 2013.

Cost of Sales

Cost of sales for 2013 increased $187 million from 2012. The cost of sales rate as a percent to net sales of 59.9% was 20 basis points higher in 2013, as compared to 59.7% in 2012, primarily due to continued growth of the omnichannel businesses and the resulting impact of free shipping. The application of the last-in, first-out (LIFO) retail inventory method did not result in the recognition of any LIFO charges or credits affecting cost of sales in either period.

Selling, General and Administrative Expenses

Selling, general and administrative (“SG&A”) expenses for 2013 decreased $42 million from 2012. The SG&A rate as a percent to net sales of 30.2% was 50 basis points lower in 2013, as compared to 2012, reflecting the decrease in SG&A expenses and increased net sales. SG&A expenses in 2013 benefited from higher income from credit operations, lower depreciation and amortization expense, and gains on the sale of certain office buildings and surplus properties, partially offset by greater investments in the Company's omnichannel operations. Income from credit operations was $731 million in 2013 as compared to $663 million in 2012. Depreciation and amortization expense was $1,020 million for 2013, compared to $1,049 million for 2012. 2013 included gains on the sales of office buildings and surplus properties of $79 million. Advertising expense, net of cooperative advertising allowances, was $1,166 million for 2013 compared to $1,123 million for 2012. Advertising expense, net of cooperative advertising allowances, as a percent to net sales was 4.2% for 2013 compared to 4.1% for 2012.

Impairments, Store Closing and Other Costs and Gain on Sale of Leases

Impairments, store closing and other costs and gain on sale of leases for 2013 includes costs and expenses primarily associated with cost-reduction initiatives and store closings announced in January 2014. During 2013, these costs and expenses included $43 million of severance and other human resource-related costs, asset impairment charges of $39 million and $6 million of other related costs and expenses. Impairments, store closing and other costs and gain on sale of leases for 2012 included $4 million of asset impairment charges primarily related to the store closings announced in January 2013.

Net Interest Expense

Net interest expense for 2013 decreased $34 million from 2012. Net interest expense for 2013 benefited from lower rates on outstanding borrowings as compared to 2012.
Premium on Early Retirement of Debt

On November 28, 2012, the Company repurchased $700 million aggregate principal amount of its outstanding senior unsecured notes, which had a net book value of $706 million. The repurchased senior unsecured notes had stated interest rates ranging from 5.9% to 7.875% and maturities in 2015 and 2016. The Company recorded the redemption premium and other costs related to these repurchases as additional interest expense of $133 million in 2012. On March 29, 2012, the Company redeemed the $173 million of 8.0% senior debentures due July 15, 2012, as allowed under the terms of the indenture. The price for the redemption was calculated pursuant to the indenture and resulted in the recognition of additional interest expense of $4 million in 2012. The additional interest expense resulting from these transactions is presented as premium on early retirement of debt on the Consolidated Statements of Income.

Effective Tax Rate

The Company's effective tax rate of 35.1% for 2013 and 36.5% for 2012 differ from the federal income tax statutory rate of 35%, and on a comparative basis, principally because of the effect of state and local income taxes, including the settlement of various tax issues and tax examinations. Additionally, income tax expense for 2013 benefited from historic rehabilitation tax credits and a reduction in the valuation allowance related primarily to state net operating loss carryforwards.

Comparison of 2012 and 2011

Net Income

Net income for 2012 increased compared to 2011, reflecting the benefits of the key strategies at Macy's, the continued strong performance at Bloomingdale's, higher income from credit operations, and the 53rd week in 2012.

Net Sales

Net sales for 2012, which had one additional week compared to 2011, increased $1,281 million or 4.9% compared to 2011. On a comparable basis, net sales for 2012 were up 3.7% compared to 2011. Together with sales of departments licensed to third parties, 2012 sales on a comparable basis were up 4.0%. (See page 16 for information regarding the Company's calculation of comparable sales, a reconciliation of the non-GAAP measure which takes into account sales of departments licensed to third parties to the most comparable GAAP measure and other important information). The Company continued to benefit from the successful execution of the My Macy's localization, Omnichannel and Magic Selling strategies. Geographically, sales in 2012 were strongest in the southern regions as well as some markets in other parts of the country such as Western New York, Oregon and Colorado. By family of business, sales in 2012 were strongest in watches, handbags, cosmetics, textiles, furniture and mattresses. Sales in 2012 were less strong in juniors. Sales of the Company's private label brands continued to be strong with particular growth coming from millennial, classic apparel and home textile brands. Sales of the Company's private label brands represented approximately 20% of net sales in the Macy's-branded stores in 2012.

Cost of Sales

Cost of sales for 2012 increased $800 million from 2011. The cost of sales rate as a percent to net sales of 59.7% was 10 basis points higher in 2012, as compared to 59.6% in 2011, primarily due to the growth of the omnichannel businesses and the resulting impact of free shipping. The application of the last-in, first-out (LIFO) retail inventory method did not result in the recognition of any LIFO charges or credits affecting cost of sales in either period.

SG&A Expenses

SG&A expenses for 2012 increased $201 million from 2011. The SG&A rate as a percent to net sales of 30.7% was 70 basis points lower in 2012, as compared to 2011, reflecting increased net sales. SG&A expenses in 2012 were impacted by higher selling costs as a result of stronger sales, higher retirement expenses (including Pension Plan, SERP and 401(k) expenses), and greater investments in the Company's omnichannel operations, partially offset by higher income from credit operations and lower depreciation and amortization expense. Retirement expenses were $232 million in 2012 as compared to $160 million in 2011, primarily due to the lower discount rate. Advertising expense, net of cooperative advertising allowances, was $1,123 million for 2012 compared to $1,060 million for 2011. Advertising expense, net of cooperative advertising allowances, as a percent to net sales was 4.3% for both 2012 and 2011. Income from credit operations was $663 million in 2012 as compared to $582 million in 2011. Depreciation and amortization expense was $1,049 million for 2012, compared to $1,085 million for 2011.
Impairments, Store Closing and Other Costs and Gain on Sale of Leases

Impairments, store closing and other costs and gain on sale of leases for 2012 included $4 million of asset impairment charges primarily related to the store closings announced in January 2013. Impairments and store closing and other costs and gain on sale of leases for 2011 included a $54 million gain from the sale of store leases related to the 2006 divestiture of Lord & Taylor, partially offset by $22 million of asset impairment charges primarily related to the store closings announced in January 2012 and $7 million of other costs and expenses primarily related to the announced store closings.

Net Interest Expense

Net interest expense for 2012 decreased $21 million from 2011. Net interest expense for 2012 benefited from lower levels of borrowings and lower rates on outstanding borrowings as compared to 2011.

Premium on Early Retirement of Debt

On November 28, 2012, the Company repurchased $700 million aggregate principal amount of its outstanding senior unsecured notes, which had a net book value of $706 million. The repurchased senior unsecured notes had stated interest rates ranging from 5.9% to 7.875% and maturities in 2015 and 2016. The Company recorded the redemption premium and other costs related to these repurchases as additional interest expense of $133 million in 2012. On March 29, 2012, the Company redeemed the $173 million of 8.0% senior debentures due July 15, 2012, as allowed under the terms of the indenture. The price for the redemption was calculated pursuant to the indenture and resulted in the recognition of additional interest expense of $4 million in 2012. The additional interest expense resulting from these transactions is presented as premium on early retirement of debt on the Consolidated Statements of Income.

Effective Tax Rate

The Company's effective tax rate of 36.5% for 2012 and 36.2% for 2011 differ from the federal income tax statutory rate of 35%, and on a comparative basis, principally because of the effect of state and local income taxes, including the settlement of various tax issues and tax examinations.

Guidance

Based on its assessment of current and anticipated market conditions and its recent performance, the Company's 2014 assumptions include:

• Comparable sales increase in 2014 of approximately 2.5% to 3% from 2013 levels;
• Diluted earnings per share of $4.40 to $4.50; and
• Capital expenditures of approximately $1,050 million.

The Company's budgeted capital expenditures are primarily related to store remodels, maintenance, the continued renovation of Macy's Herald Square, technology and omnichannel investments, and distribution network improvements, including a new direct to customer fulfillment center in Tulsa County, OK. The Company has announced that in 2014 it intends to open new Macy's stores in the Bronx, NY; Sarasota, FL; Las Vegas, NV; and a Bloomingdale's replacement store in Palo Alto, CA. Additionally, the Company has announced that in 2015 it intends to open a new Macy's store in Ponce, Puerto Rico and a new Bloomingdale's store in Honolulu, HI, and in 2016 it intends to open a new Macy's store and a new Bloomingdale's store in Miami, FL. Management presently anticipates funding such expenditures with cash on hand and cash from operations.

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 was $2,549 million in 2013 compared to $2,179 million in 2012, reflecting higher net income and no pension funding contribution in 2013. During 2012, the Company made a pension funding contribution totaling $150 million.
Investing Activities

Net cash used by investing activities for 2013 was $788 million, compared to net cash used by investing activities of $781 million for 2012. Investing activities for 2013 includes purchases of property and equipment totaling $607 million and capitalized software of $256 million, compared to purchases of property and equipment totaling $698 million and capitalized software of $244 million for 2012. Cash flows from investing activities included $132 million and $66 million from the disposition of property and equipment for 2013 and 2012, respectively. At February 1, 2014, the Company had approximately $50 million of cash in a qualified escrow account, included in prepaid expenses and other current assets, to be utilized for potential tax deferred like-kind exchange transactions.

During 2013, the Company opened three new Macy's stores, one Macy's replacement store, one new Bloomingdale's store and one new Bloomingdale's Outlet store. During 2012, the Company opened two new Macy's stores and five new Bloomingdale's Outlet stores. Also during 2012 the Company opened its new 1.3 million square foot fulfillment center in Martinsburg, WV.

Financing Activities

Net cash used by the Company for financing activities was $1,324 million for 2013, including the acquisition of the Company's common stock under its share repurchase program at an approximate cost of $1,570 million, the repayment of $124 million of debt and the payment of $359 million of cash dividends, partially offset by the issuance of $400 million of debt, the issuance of $315 million of common stock, primarily related to the exercise of stock options, and an increase in outstanding checks of $24 million. $400 million of 4.375% senior notes due 2023 were issued in 2013 and the debt repaid during 2013 included $109 million of 7.625% senior debentures due August 15, 2013 paid at maturity.

Net cash used by the Company for financing activities was $2,389 million for 2012 and included the acquisition of the Company's common stock under its share repurchase program at an approximate cost of $1,350 million, the repayment of $1,803 million of debt, the payment of $324 million of cash dividends and a decrease in outstanding checks of $88 million, partially offset by the issuance of $1,600 million of debt and the issuance of $234 million of common stock, primarily related to the exercise of stock options.

On November 28, 2012, the Company repurchased $700 million aggregate principal amount of its outstanding senior unsecured notes, which had a net book value of $706 million. The repurchased senior unsecured notes had stated interest rates ranging from 5.9% to 7.875% and maturities in 2013 and 2016. The Company recorded the redemption premium and other costs related to these repurchases as additional interest expense of $133 million in 2012. On March 29, 2012, the Company redeemed the $173 million of 8.0% senior debentures due July 15, 2012, as allowed under the terms of the indenture. The price for the redemption was calculated pursuant to the indenture and resulted in the recognition of additional interest expense of $4 million in 2012. On November 20, 2012, the Company issued $750 million aggregate principal amount of 2.875% senior unsecured notes due 2023 and $250 million aggregate principal amount of 4.3% senior unsecured notes due 2043. This debt was used to pay for the notes repurchased on November 28, 2012 described above, and to retire $298 million of 5.875% senior unsecured notes that matured in January 2013. The debt repaid in 2012 also included $616 million of 5.35% senior notes at maturity. Through these transactions, the Company improved its debt maturity profile, decreased its ongoing interest expense by taking advantage of the current low interest rate environment and reduced its refinancing and interest rate risk.

The Company entered into a new credit agreement with certain financial institutions on May 10, 2013 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 10, 2018 and replaced the prior agreement which was set to expire June 20, 2015. As of February 1, 2014 and throughout all of 2013, the Company had no borrowings outstanding under its then existing credit agreements.

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The credit agreement requires the Company 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. The Company's interest coverage ratio for 2013 was 9.40 and its leverage ratio at February 1, 2014 was 1.85, in each case as calculated in accordance with the credit agreement. The interest coverage ratio is defined as EBITDA over net interest expense and the leverage ratio is defined as debt over EBITDA. For purposes of these calculations EBITDA is calculated as net income plus interest expense, taxes, depreciation, amortization, non-cash impairment of goodwill, intangibles and real estate, non-recurring cash charges not to exceed in the aggregate $400 million and extraordinary losses less interest income and non-recurring or extraordinary gains. Debt is adjusted to exclude the premium on acquired debt and net interest is adjusted to exclude the amortization of premium on acquired debt and premium on early retirement of debt.

A breach of a restrictive covenant in the Company's credit agreement or the inability of the Company to maintain the financial ratios described above could result in an event of default under the credit agreement. In addition, an event of default would occur under the credit agreement if any indebtedness of the Company in excess of an aggregate principal amount of $150 million becomes due prior to its stated maturity or the holders of such indebtedness become able to cause it to become due prior to its stated maturity. Upon the occurrence of an event of default, the lenders could, subject to the terms and conditions of the credit agreement, elect to declare the outstanding principal, together with accrued interest, to be immediately due and payable.

Moreover, most of the Company's senior notes and debentures contain cross-default provisions based on the non-payment at maturity, or other default after an applicable grace period, of any other debt, the unpaid principal amount of which is not less than $100 million, that could be triggered by an event of default under the credit agreement. In such an event, the Company's senior notes and debentures that contain cross-default provisions would also be subject to acceleration.

At February 1, 2014, no notes or debentures contain provisions requiring acceleration of payment upon a debt rating downgrade. However, the terms of approximately $3,700 million in aggregate principal amount of the Company's senior notes outstanding at that date require the Company to offer to purchase such notes at a price equal to 101% of their principal amount plus accrued and unpaid interest in specified circumstances involving both a change of control (as defined in the applicable indenture) of the Company and the rating of the notes by specified rating agencies at a level below investment grade.

The rate of interest payable in respect of $407 million in aggregate principal amount of the Company's 7.875% senior notes outstanding at February 1, 2014 could increase by up to 2.0 percent per annum from its current level in the event of two or more downgrades of the notes by specified rating agencies.

The Company's board of directors approved an additional authorization to purchase Common Stock of $1,500 million on May 15, 2013. During 2013, the Company repurchased approximately 33.6 million shares of its common stock for a total of $1,570 million. As of February 1, 2014, the Company had $1,432 million of authorization remaining under its share repurchase program. The Company may continue or, from time to time, suspend repurchases of shares under its share repurchase program, depending on prevailing market conditions, alternate uses of capital and other factors.

On February 28, 2014, the Company's board of directors declared a quarterly dividend of 25 cents per share on its common stock, payable April 1, 2014 to Macy's shareholders of record at the close of business on March 14, 2014.
Contractual Obligations and Commitments

At February 1, 2014, the Company had contractual obligations (within the scope of Item 303(a)(5) of Regulation S-K) as follows:

<table>
<thead>
<tr>
<th>Obligations Due, by Period</th>
<th>Total</th>
<th>Less than 1 Year</th>
<th>1 – 3 Years</th>
<th>3 – 5 Years</th>
<th>More than 5 Years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Short-term debt</td>
<td>$461</td>
<td>$461</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Long-term debt</td>
<td>6,522</td>
<td>—</td>
<td>1,123</td>
<td>312</td>
<td>5,087</td>
</tr>
<tr>
<td>Interest on debt</td>
<td>4,909</td>
<td>398</td>
<td>712</td>
<td>581</td>
<td>3,218</td>
</tr>
<tr>
<td>Capital lease obligations</td>
<td>62</td>
<td>4</td>
<td>6</td>
<td>6</td>
<td>46</td>
</tr>
<tr>
<td>Operating leases</td>
<td>2,920</td>
<td>282</td>
<td>477</td>
<td>386</td>
<td>1,775</td>
</tr>
<tr>
<td>Letters of credit</td>
<td>34</td>
<td>34</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Other obligations</td>
<td>4,548</td>
<td>3,047</td>
<td>475</td>
<td>292</td>
<td>734</td>
</tr>
<tr>
<td></td>
<td>$19,456</td>
<td>$4,226</td>
<td>$2,793</td>
<td>$1,577</td>
<td>$10,860</td>
</tr>
</tbody>
</table>

“Other obligations” in the foregoing table includes post employment and postretirement benefits, self-insurance reserves, group medical/dental/life insurance programs, merchandise purchase obligations and obligations under outsourcing arrangements, construction contracts, energy and other supply agreements identified by the Company and liabilities for unrecognized tax benefits that the Company expects to settle in cash in the next year. The Company’s merchandise purchase obligations fluctuate on a seasonal basis, typically being higher in the summer and early fall and being lower in the late winter and early spring. The Company purchases a substantial portion of its merchandise inventories and other goods and services otherwise than through binding contracts. Consequently, the amounts shown as “Other obligations” in the foregoing table do not reflect the total amounts that the Company would need to spend on goods and services in order to operate its businesses in the ordinary course.

The Company has not included in the contractual obligations table $147 million of long-term liabilities for unrecognized tax benefits for various tax positions taken or $51 million of related accrued federal, state and local interest and penalties. These liabilities may increase or decrease over time as a result of tax examinations, and given the status of examinations, the Company cannot reliably estimate the period of any cash settlement with the respective taxing authorities. The Company has included in the contractual obligations table $31 million of liabilities for unrecognized tax benefits that the Company expects to settle in cash in the next year.

Liquidity and Capital Resources Outlook

Management believes that, with respect to the Company's current operations, 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.
Critical Accounting Policies

Merchandise Inventories

Merchandise inventories are valued at the lower of cost or market using the last-in, first-out (LIFO) retail inventory method. Under the retail inventory method, inventory is segregated into departments of merchandise having similar characteristics, and is stated at its current retail selling value. Inventory retail values are converted to a cost basis by applying specific average cost factors for each merchandise department. Cost factors represent the average cost-to-retail ratio for each merchandise department based on beginning inventory and the fiscal year purchase activity. At February 1, 2014 and February 2, 2013, merchandise inventories valued at LIFO, including adjustments as necessary to record inventory at the lower of cost or market, approximated the cost of such inventories using the first-in, first-out (FIFO) retail inventory method. The application of the LIFO retail inventory method did not result in the recognition of any LIFO charges or credits affecting cost of sales for 2013, 2012 or 2011. The retail inventory method inherently requires management judgments and estimates, such as the amount and timing of permanent markdowns to clear unproductive or slow-moving inventory, which may impact the ending inventory valuation as well as gross margins.

Permanent markdowns designated for clearance activity are recorded when the utility of the inventory has diminished. Factors considered in the determination of permanent markdowns include current and anticipated demand, customer preferences, age of the merchandise and fashion trends. When a decision is made to permanently mark down merchandise, the resulting gross profit reduction is recognized in the period the markdown is recorded.

Physical inventories are generally taken within each merchandise department annually, and inventory records are adjusted accordingly, resulting in the recording of actual shrinkage. Physical inventories are taken at all store locations for substantially all merchandise categories approximately three weeks before the end of the fiscal year. Shrinkage is estimated as a percentage of sales at interim periods and for this approximate three-week period, based on historical shrinkage rates. While it is not possible to quantify the impact from each cause of shrinkage, the Company has loss prevention programs and policies that are intended to minimize shrinkage, including the use of radio frequency devices and interim inventories to keep the Company's merchandise files accurate.

The Company receives certain allowances as reimbursement for markdowns taken and/or to support the gross margins earned in connection with the sales of merchandise. These allowances are generally credited to cost of sales at the time the merchandise is sold in accordance with ASC Subtopic 605-50, “Customer Payments and Incentives.” The Company also receives advertising allowances from approximately 1,000 of its merchandise vendors pursuant to cooperative advertising programs, with some vendors participating in multiple programs. These allowances represent reimbursements by vendors of costs incurred by the Company to promote the vendors' merchandise and are netted against advertising and promotional costs when the related costs are incurred in accordance with ASC Subtopic 605-50. Advertising allowances in excess of costs incurred are recorded as a reduction of merchandise costs. The arrangements pursuant to which the Company's vendors provide allowances, while binding, are generally informal in nature and one year or less in duration. The terms and conditions of these arrangements vary significantly from vendor to vendor and are influenced by, among other things, the type of merchandise to be supported. Although it is highly unlikely that there will be any significant reduction in historical levels of vendor support, if such a reduction were to occur, the Company could experience higher costs of sales and higher advertising expense, or reduce the amount of advertising that it uses, depending on the specific vendors involved and market conditions existing at the time.

Long-Lived Asset Impairment and Restructuring Charges

The carrying values of long-lived assets are periodically reviewed by the Company whenever events or changes in circumstances indicate that the carrying value may not be recoverable, such as historical operating losses or plans to close stores before the end of their previously estimated useful lives. Additionally, on an annual basis, the recoverability of the carrying values of individual stores are evaluated. A potential impairment has occurred if projected future undiscounted cash flows are less than the carrying value of the assets. The estimate of cash flows includes management's assumptions of cash inflows and outflows directly resulting from the use of those assets in operations. When a potential impairment has occurred, an impairment write-down is recorded if the carrying value of the long-lived asset exceeds its fair value. The Company believes its estimated cash flows are sufficient to support the carrying value of its long-lived assets. If estimated cash flows significantly differ in the future, the Company may be required to record asset impairment write-downs.

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If the Company commits to a plan to dispose of a long-lived asset before the end of its previously estimated useful life, estimated cash flows are revised accordingly, and the Company may be required to record an asset impairment write-down. Additionally, related liabilities arise such as severance, contractual obligations and other accruals associated with store closings from decisions to dispose of assets. The Company estimates these liabilities based on the facts and circumstances in existence for each restructuring decision. The amounts the Company will ultimately realize or disburse could differ from the amounts assumed in arriving at the asset impairment and restructuring charge recorded.

The Company classifies certain long-lived assets as held for disposal by sale and ceases depreciation when the particular criteria for such classification are met, including the probable sale within one year. For long-lived assets to be disposed of by sale, an impairment charge is recorded if the carrying amount of the asset exceeds its fair value less costs to sell. Such valuations include estimations of fair values and incremental direct costs to transact a sale.

**Income Taxes**

Income taxes are estimated based on the tax statutes, regulations and case law of the various jurisdictions in which the Company operates. Deferred income tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases, and net operating loss and tax credit carryforwards. Deferred income tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Deferred income tax assets are evaluated for recoverability based on all available evidence, including past operating results, estimates of future taxable income, and the feasibility of tax planning strategies. Deferred income tax assets are reduced by a valuation allowance when it is more likely than not that some portion of the deferred income tax assets will not be realized.

Uncertain tax positions are recognized if the weight of available evidence indicates that it is more likely than not that the tax position will be sustained on examination, including resolution of any related appeals or litigation processes, based on the technical merits of the position. Uncertain tax positions meeting the more-likely-than-not recognition threshold are then measured to determine the amount of benefit eligible for recognition in the financial statements. Each uncertain tax position is measured at the largest amount of benefit that is more likely than not to be realized upon ultimate settlement. Uncertain tax positions are evaluated and adjusted as appropriate, while taking into account the progress of audits of various taxing jurisdictions. The Company does not anticipate that resolution of these matters will have a material impact on the Company's consolidated financial position, results of operations or cash flows.

Significant judgment is required in evaluating the Company's uncertain tax positions, provision for income taxes, and any valuation allowance recorded against deferred tax assets. Although the Company believes that its judgments are reasonable, no assurance can be given that the final tax outcome of these matters will not be different from that which is reflected in the Company's historical income provisions and accruals.

**Self-Insurance Reserves**

The Company, through its insurance subsidiary, is self-insured for workers' compensation and general liability claims up to certain maximum liability amounts. Although the amounts accrued are actuarially determined by third parties based on analysis of historical trends of losses, settlements, litigation costs and other factors, the amounts the Company will ultimately disburse could differ from such accrued amounts.

**Pension and Supplementary Retirement Plans**

The Company has a funded defined benefit pension plan (the “Pension Plan”) and an unfunded defined benefit supplementary retirement plan (the “SERP”). The Company accounts for these plans in accordance with ASC Topic 715, “Compensation - Retirement Benefits.” Under ASC Topic 715, an employer recognizes the funded status of a defined benefit postretirement plan as an asset or liability on the balance sheet and recognizes changes in that funded status in the year in which the changes occur through comprehensive income. Additionally, pension expense is generally recognized on an accrual basis over employees' approximate service periods. The pension expense calculation is generally independent of funding decisions or requirements.

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 will be provided through defined contribution plans. As a result of these changes, the Company recognized reductions in the projected benefit obligations of the Pension Plan of $254 million and the SERP of $42 million as of February 2, 2013.

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The Pension Protection Act of 2006 provides the funding requirements for the Pension Plan which are different from the employer's accounting for the plan as outlined in ASC Topic 715. No funding contributions were required, and the Company made no funding contributions to the Pension Plan in 2013. As of the date of this report, the Company does not anticipate making funding contributions to the Pension Plan in 2014. Management believes that, with respect to the Company's current operations, cash on hand and funds from operations, together with available borrowing under its credit facility and other capital resources, will be sufficient to cover the Company's Pension Plan cash requirements in both the near term and also over the longer term.

At February 1, 2014, the Company had unrecognized actuarial losses of $931 million for the Pension Plan and $176 million for the SERP. The unrecognized losses for the Pension Plan and the SERP will be recognized as a component of pension expense in future years in accordance with ASC Topic 715, and is expected to impact 2014 Pension and SERP income by approximately $31 million. The Company generally amortizes unrecognized gains and losses on a straight-line basis over the average remaining lifetime of participants using the corridor approach.

The calculation of pension expense and pension liabilities requires the use of a number of assumptions. Changes in these assumptions can result in different expense and liability amounts, and future actual experience may differ significantly from current expectations. The Company believes that the most critical assumptions relate to the long-term rate of return on plan assets (in the case of the Pension Plan), the discount rate used to determine the present value of projected benefit obligations and the weighted average rate of increase of future compensation levels.

As of February 2, 2013, the Company lowered the assumed annual long-term rate of return for the Pension Plan's assets from 8.00% to 7.50% based on expected future returns on the portfolio. The Company develops its expected long-term rate of return assumption by evaluating input from several professional advisors taking into account the asset allocation of the portfolio and long-term asset class return expectations, as well as long-term inflation assumptions. Pension expense increases or decreases as the expected rate of return on the assets of the Pension Plan decreases or increases, respectively. Lowering or raising the expected long-term rate of return on the Pension Plan's assets by 0.25% would increase or decrease the estimated 2014 pension expense by approximately $8 million.

The Company discounted its future pension obligations using a rate of 4.50% at February 1, 2014, compared to 4.15% at February 2, 2013. The discount rate used to determine the present value of the Company's Pension Plan and SERP obligations is based on a yield curve constructed from a portfolio of high quality corporate debt securities with various maturities. Each year's expected future benefit payments are discounted to their present value at the appropriate yield curve rate, thereby generating the overall discount rate for Pension Plan and SERP obligations. As the discount rate is reduced or increased, pension liability would increase or decrease, respectively, and future pension expense would decrease or increase, respectively. Lowering the discount rate by 0.25% (from 4.50% to 4.25%) would increase the projected benefit obligation at February 1, 2014 by approximately $99 million and would decrease estimated 2014 pension expense by approximately $2 million. Increasing the discount rate by 0.25% (from 4.50% to 4.75%) would decrease the projected benefit obligation at February 1, 2014 by approximately $92 million and would increase estimated 2014 pension expense by approximately $2 million.

The assumed weighted average rate of increase in future compensation levels was 4.1% at February 1, 2014 and 4.5% at February 2, 2013 for the Pension Plan, and 4.9% at February 2, 2013 for the SERP. The Company develops its rate of compensation increase assumption based on recent experience and reflects an estimate of future compensation levels taking into account general increase levels, seniority, promotions and other factors. Pension liabilities and future pension expense both increase or decrease as the weighted average rate of increase of future compensation levels is increased or decreased, respectively. Increasing or decreasing the assumed weighted average rate of increase of future compensation levels by 0.25% would increase or decrease the projected benefit obligation at February 1, 2014 by approximately $1 million and the change to estimated 2014 pension expense would be less than $1 million.

**New Pronouncements**

The Company does not anticipate that the adoption of recent accounting pronouncements will have a material impact on the Company's consolidated financial position, results of operations or cash flows.
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Item 7A. Quantitative and Qualitative Disclosures About Market Risk.

The Company is exposed to market risk from changes in interest rates that may adversely affect its financial position, results of operations and cash flows. In seeking to minimize the risks from interest rate fluctuations, the Company manages exposures through its regular operating and financing activities and, when deemed appropriate, through the use of derivative financial instruments. The Company does not use financial instruments for trading or other speculative purposes and is not a party to any leveraged financial instruments.

The Company is exposed to interest rate risk through its borrowing activities, which are described in Note 6 to the Consolidated Financial Statements. All of the Company’s borrowings are under fixed rate instruments. However, the Company, from time to time, may use interest rate swap and interest rate cap agreements to help manage its exposure to interest rate movements and reduce borrowing costs. At February 1, 2014, the Company was not a party to any derivative financial instruments and based on the Company’s lack of market risk sensitive instruments outstanding at February 1, 2014, the Company has determined that there was no material market risk exposure to the Company’s consolidated financial position, results of operations or cash flows as of such date.

Item 8. Consolidated Financial Statements and Supplementary Data.

Information called for by this item is set forth in the Company’s Consolidated Financial Statements and supplementary data contained in this report and is incorporated herein by this reference. Specific financial statements and supplementary data can be found at the pages listed in the following index:
<table>
<thead>
<tr>
<th>Report of Management</th>
<th>F-2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Report of Independent Registered Public Accounting Firm</td>
<td>F-3</td>
</tr>
<tr>
<td>Consolidated Statements of Income for the fiscal years ended</td>
<td>F-4</td>
</tr>
<tr>
<td>Consolidated Statements of Comprehensive Income for the fiscal years ended</td>
<td>F-5</td>
</tr>
<tr>
<td>Consolidated Balance Sheets at February 1, 2014 and February 2, 2013</td>
<td>F-6</td>
</tr>
<tr>
<td>Consolidated Statements of Changes in Shareholders’ Equity for the fiscal years ended</td>
<td>F-7</td>
</tr>
<tr>
<td>Consolidated Statements of Cash Flows for the fiscal years ended</td>
<td>F-8</td>
</tr>
<tr>
<td>Notes to Consolidated Financial Statements</td>
<td>F-9</td>
</tr>
</tbody>
</table>

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None.

Item 9A. Controls and Procedures.

a. Disclosure Controls and Procedures

The Company’s Chief Executive Officer and Chief Financial Officer have carried out, as of February 1, 2014, 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 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 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.

b. Management’s Report on Internal Control over Financial Reporting

The Company’s management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Exchange Act Rule 13a-15(f). The Company’s management conducted an assessment of the Company’s internal control over financial reporting based on the framework established by the Committee of Sponsoring Organizations of the Treadway Commission in Internal Control – Integrated Framework. Based on this assessment, the Company’s management has concluded that, as of February 1, 2014, the Company’s internal control over financial reporting is effective.

The Company’s independent registered public accounting firm, KPMG LLP, has audited the effectiveness of the Company’s internal control over financial reporting as of February 1, 2014 and has issued an attestation report expressing an unqualified opinion on the effectiveness of the Company’s internal control over financial reporting, as stated in their report located on page F-3.

c. Changes in Internal Control over Financial Reporting

There were no changes in the Company’s internal controls 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.

d. Certifications

The certifications of the Company’s Chief Executive Officer and Chief Financial Officer required under Section 302 of the Sarbanes-Oxley Act are filed as Exhibits 31.1 and 31.2 to this report. Additionally, in 2013 the Company’s Chief Executive Officer certified to the NYSE that he was not aware of any violation by the Company of the NYSE corporate governance listing standards.

PART III

Item 10. Directors, Executive Officers and Corporate Governance.

Information called for by this item is set forth under “Item 1 – Election of Directors” and “Further Information Concerning the Board of Directors – Committees of the Board” and “Section 16(a) Beneficial Ownership Reporting Compliance” in the Proxy Statement to be delivered to stockholders in connection with our 2014 Annual Meeting of Shareholders (the “Proxy Statement”), and “Item 1. Business – Executive Officers of the Registrant” in this report and incorporated herein by reference.

Item 11. Executive Compensation.

Information called for by this item is set forth under “Compensation Discussion & Analysis,” “Compensation of the Named Executives for 2013,” “Compensation Committee Report” and “Compensation Committee Interlocks and Insider Participation” in the Proxy Statement and incorporated herein by reference.
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Information called for by this item is set forth under “Stock Ownership – Certain Beneficial Owners” and “Stock Ownership – Stock Ownership of Directors and Executive Officers” in the Proxy Statement and incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions, and Director Independence.

Information called for by this item is set forth under “Further Information Concerning the Board of Directors – Director Independence” and “Policy on Related Person Transactions” in the Proxy Statement and incorporated herein by reference.

Item 14. Principal Accountant Fees and Services.

Information called for by this item is set forth under “Item 2 – Appointment of Independent Registered Public Accounting Firm” in the Proxy Statement and incorporated herein by reference.
PART IV


(a) The following documents are filed as part of this report:

1. Financial Statements:
The list of financial statements required by this item is set forth in Item 8 “Consolidated Financial Statements and Supplementary Data” and is incorporated herein by reference.

2. Financial Statement Schedules:
All schedules are omitted because they are inapplicable, not required, or the information is included elsewhere in the Consolidated Financial Statements or the notes thereto.

3. Exhibits:

<table>
<thead>
<tr>
<th>Exhibit Number</th>
<th>Description</th>
<th>Document if Incorporated by Reference</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.1</td>
<td>Amended and Restated Certificate of Incorporation</td>
<td>Exhibit 3.1 to the Company's Current Report on Form 8-K filed on May 18, 2010</td>
</tr>
<tr>
<td>3.1.1</td>
<td>Certificate of Designations of Series A Junior Participating Preferred Stock</td>
<td>Exhibit 3.1.1 to the Company's Annual Report on Form 10-K (File No. 1-13536) for the fiscal year ended January 28, 1995</td>
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<tr>
<td>3.1.2</td>
<td>Article Seventh of the Amended and Restated Certificate of Incorporation</td>
<td>Exhibit 3.1 to the Company's Current Report on Form 8-K filed on May 24, 2011 (the “May 24, 2011 Form 8-K“)</td>
</tr>
<tr>
<td>3.2</td>
<td>Amended and Restated By-Laws</td>
<td>Exhibit 3.2 to the May 24, 2011 Form 8-K</td>
</tr>
<tr>
<td>4.1</td>
<td>Amended and Restated Certificate of Incorporation</td>
<td>See Exhibits 3.1, 3.1.1 and 3.1.2</td>
</tr>
<tr>
<td>4.2</td>
<td>Amended and Restated By-Laws</td>
<td>See Exhibit 3.2</td>
</tr>
<tr>
<td>4.3.1</td>
<td>Guarantee of Securities, dated as of August 30, 2005, by the Company relating to the 1991 Indenture</td>
<td>Exhibit 10.13 to the Company's Current Report on Form 8-K filed on August 30, 2005 (the “August 30, 2005 Form 8-K”)</td>
</tr>
<tr>
<td>4.4</td>
<td>Indenture, dated as of December 15, 1994, between the Company and U.S. Bank National Association (successor to State Street Bank and Trust Company and The First National Bank of Boston), as Trustee (the “1994 Indenture”)</td>
<td>Exhibit 4.1 to the Company's Registration Statement on Form S-3 (Registration No. 33-88328) filed on January 9, 1995</td>
</tr>
<tr>
<td>4.4.1</td>
<td>Eighth Supplemental Indenture to the 1994 Indenture, dated as of July 14, 1997, between the Company and U.S. Bank National Association (successor to State Street Bank and Trust Company and The First National Bank of Boston), as Trustee</td>
<td>Exhibit 2 to the Company's Current Report on Form 8-K filed on July 15, 1997 (the “July 15, 1997 Form 8-K”)</td>
</tr>
<tr>
<td>Exhibit Number</td>
<td>Description</td>
<td>Document if Incorporated by Reference</td>
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</tr>
<tr>
<td>4.4.2</td>
<td>Ninth Supplemental Indenture to the 1994 Indenture, dated as of July 14, 1997, between the Company and U.S. Bank National Association (successor to State Street Bank and Trust Company and The First National Bank of Boston), as Trustee</td>
<td>Exhibit 3 to the July 15, 1997 Form 8-K</td>
</tr>
<tr>
<td>4.4.3</td>
<td>Tenth Supplemental Indenture to the 1994 Indenture, dated as of August 30, 2005, among the Company, Macy's Retail and U.S. Bank National Association (successor to State Street Bank and Trust Company and as successor to The First National Bank of Boston), as Trustee</td>
<td>Exhibit 10.14 to the August 30, 2005 Form 8-K</td>
</tr>
<tr>
<td>4.4.4</td>
<td>Guarantee of Securities, dated as of August 30, 2005, by the Company relating to the 1994 Indenture</td>
<td>Exhibit 10.16 to the August 30, 2005 Form 8-K</td>
</tr>
<tr>
<td>4.5</td>
<td>Indenture, dated as of September 10, 1997, between the Company and U.S. Bank National Association (successor to Citibank, N.A.), as Trustee (the “1997 Indenture”)</td>
<td>Exhibit 4.4 to the Company's Amendment No. 1 to Form S-3 (Registration No. 333-34321) filed on September 11, 1997</td>
</tr>
<tr>
<td>4.5.1</td>
<td>First Supplemental Indenture to the 1997 Indenture, dated as of February 6, 1998, between the Company and U.S. Bank National Association (successor to Citibank, N.A.), as Trustee</td>
<td>Exhibit 2 to the Company's Current Report on Form 8-K filed on February 6, 1998</td>
</tr>
<tr>
<td>4.5.2</td>
<td>Third Supplemental Indenture to the 1997 Indenture, dated as of March 24, 1999, between the Company and U.S. Bank National Association (successor to Citibank, N.A.), as Trustee</td>
<td>Exhibit 4.2 to the Company's Registration Statement on Form S-4 (Registration No. 333-76795) filed on April 22, 1999</td>
</tr>
<tr>
<td>4.5.3</td>
<td>Seventh Supplemental Indenture to the 1997 Indenture, dated as of August 30, 2005 among the Company, Macy's Retail and U.S. Bank National Association (successor to Citibank, N.A.), as Trustee</td>
<td>Exhibit 10.15 to the August 30, 2005 Form 8-K</td>
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<tr>
<td>4.5.4</td>
<td>Guarantee of Securities, dated as of August 30, 2005, by the Company relating to the 1997 Indenture</td>
<td>Exhibit 10.17 to the August 30, 2005 Form 8-K</td>
</tr>
<tr>
<td>4.6</td>
<td>Indenture, dated as of June 17, 1996, among the Company (as successor to May Delaware), Macy's Retail (f/k/a May New York) and The Bank of New York Mellon Trust Company, N.A. (“BNY Mellon”, successor to J.P. Morgan Trust Company), as Trustee (the “1996 Indenture”)</td>
<td>Exhibit 4.1 to the Registration Statement on Form S-3 (Registration No. 333-06171) filed on June 18, 1996 by May Delaware</td>
</tr>
<tr>
<td>4.6.1</td>
<td>First Supplemental Indenture to the 1996 Indenture, dated as of August 30, 2005, by and among the Company (as successor to May Delaware), Macy's Retail (f/k/a May New York) and BNY Mellon, as Trustee</td>
<td>Exhibit 10.9 to the August 30, 2005 Form 8-K</td>
</tr>
<tr>
<td>4.7</td>
<td>Indenture, dated as of July 20, 2004, among the Company (as successor to May Delaware), Macy's Retail (f/k/a May New York) and BNY Mellon, as Trustee (the “2004 Indenture”)</td>
<td>Exhibit 4.1 to the Current Report on Form 8-K (File No. 001-00079) filed on July 21, 2004 by May Delaware</td>
</tr>
<tr>
<td>4.7.1</td>
<td>First Supplemental Indenture to the 2004 Indenture, dated as of August 30, 2005 among the Company (as successor to May Delaware), Macy's Retail and BNY Mellon, as Trustee</td>
<td>Exhibit 10.10 to the August 30, 2005 Form 8-K</td>
</tr>
<tr>
<td>4.8</td>
<td>Indenture, dated as of November 2, 2006, by and among Macy's Retail, the Company and U.S. Bank National Association, as Trustee (the “2006 Indenture”)</td>
<td>Exhibit 4.6 to the Company's Registration Statement on Form S-3ASR (Registration No. 333-138376) filed on November 2, 2006</td>
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<tr>
<td>Exhibit Number</td>
<td>Description</td>
<td>Document if Incorporated by Reference</td>
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<tr>
<td>4.8.1</td>
<td>First Supplemental Indenture to the 2006 Indenture, dated November 29, 2006, among Macy's Retail, the Company and U.S. Bank National Association, as Trustee</td>
<td>Exhibit 4.1 to the Company's Current Report on Form 8-K filed on November 29, 2006</td>
</tr>
<tr>
<td>4.8.2</td>
<td>Third Supplemental Indenture to the 2006 Indenture, dated March 12, 2007, among Macy's Retail, the Company and U.S. Bank National Association, as Trustee</td>
<td>Exhibit 4.2 to the Company's Current Report on Form 8-K filed on March 12, 2007</td>
</tr>
<tr>
<td>4.8.3</td>
<td>Fifth Supplemental Trust Indenture to the 2006 Indenture, dated as of June 26, 2008, among Macy's Retail, as issuer, the Company, as guarantor, and U.S. Bank National Association, as trustee</td>
<td>Exhibit 4.1 to the Company's Current Report on Form 8-K filed on June 26, 2008</td>
</tr>
<tr>
<td>4.9</td>
<td>Indenture, dated as of January 13, 2012, among Macy's Retail, the Company and BNY Mellon, as Trustee (the &quot;2012 Indenture&quot;)</td>
<td>Exhibit 4.1 to the Company's Current Report on Form 8-K filed on January 13, 2012 (the “January 13, 2012 Form 8-K”)</td>
</tr>
<tr>
<td>4.9.1</td>
<td>First Supplemental Trust Indenture to the 2012 Indenture, dated as of January 13, 2012, among Macy's Retail, as issuer, the Company, as guarantor, and BNY Mellon, as trustee</td>
<td>Exhibit 4.2 to the January 13, 2012 Form 8-K</td>
</tr>
<tr>
<td>4.9.2</td>
<td>Second Supplemental Trust Indenture to the 2012 Indenture, dated as of January 13, 2012, among Macy's Retail, as issuer, the Company, as guarantor, and BNY Mellon, as trustee</td>
<td>Exhibit 4.3 to the January 13, 2012 Form 8-K</td>
</tr>
<tr>
<td>4.9.3</td>
<td>Third Supplemental Trust Indenture, dated as of November 20, 2012, among Macy's Retail, as issuer, the Company, as guarantor, and BNY Mellon, as trustee</td>
<td>Exhibit 4.2 to the Company's Current Report on Form 8-K filed on November 20, 2012 (the “November 20, 2012 Form 8-K”)</td>
</tr>
<tr>
<td>4.9.4</td>
<td>Fourth Supplemental Trust Indenture, dated as of November 20, 2012, among Macy's Retail, as issuer, the Company, as guarantor, and BNY Mellon, as trustee</td>
<td>Exhibit 4.3 to the November 20, 2012 Form 8-K</td>
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<tr>
<td>4.9.5</td>
<td>Fifth Supplemental Trust Indenture, dated as of September 6, 2013, among Macy's Retail, as issuer, the Company, as guarantor, and BNY Mellon, as trustee</td>
<td>Exhibit 4.2 to the Company's Current Report on Form 8-K filed on September 6, 2013</td>
</tr>
<tr>
<td>10.1+</td>
<td>Credit Agreement, dated as of May 10, 2013, among the Company, Macy's Retail, the lenders party thereto and JPMorgan Chase Bank, N.A., as administrative agent and paying agent, and Bank of America, N.A., as administrative agent</td>
<td>Exhibit 10.01 to the Company's Current Report on Form 8-K filed on May 14, 2013 (the “May 14, 2013 Form 8-K”)</td>
</tr>
<tr>
<td>10.1.1</td>
<td>First Amendment, dated as of May 30, 2013, to the Credit Agreement, among Macy's Retail and JPMorgan Chase Bank, N.A. and the Bank of America, N.A., as administrative agents</td>
<td>Exhibit 10.1.1 to the Company's Quarterly Report on Form 10-Q filed on June 10, 2013</td>
</tr>
<tr>
<td>10.2</td>
<td>Guarantee Agreement, dated as of May 10, 2013, among the Company, Macy's Retail, certain subsidiary guarantors and JPMorgan Chase Bank, N.A., as paying agent</td>
<td>Exhibit 10.02 to the May 14, 2013 Form 8-K</td>
</tr>
<tr>
<td>10.3</td>
<td>Commercial Paper Dealer Agreement, dated as of August 30, 2005, among the Company, Macy's Retail and Banc of America Securities LLC</td>
<td>Exhibit 10.6 to the August 30, 2005 Form 8-K</td>
</tr>
<tr>
<td>10.4</td>
<td>Commercial Paper Dealer Agreement, dated as of August 30, 2005, among the Company, Macy's Retail and Goldman, Sachs &amp; Co.</td>
<td>Exhibit 10.7 to the August 30, 2005 Form 8-K</td>
</tr>
<tr>
<td>Exhibit Number</td>
<td>Description</td>
<td>Document if Incorporated by Reference</td>
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</tr>
<tr>
<td>10.5</td>
<td>Commercial Paper Dealer Agreement, dated as of August 30, 2005, among the Company, Macy's Retail and J.P. Morgan Securities Inc.</td>
<td>Exhibit 10.8 to the August 30, 2005 Form 8-K</td>
</tr>
<tr>
<td>10.6</td>
<td>Commercial Paper Dealer Agreement, dated as of October 4, 2006, among the Company and Loop Capital Markets, LLC</td>
<td>Exhibit 10.6 to the Company's Annual Report on Form 10-K (File No. 1-13536) for the fiscal year ended February 3, 2007</td>
</tr>
<tr>
<td>10.7</td>
<td>Tax Sharing Agreement</td>
<td>Exhibit 10.10 to the Company's Registration Statement on Form 10, filed on November 27, 1991, as amended (the “Form 10”)</td>
</tr>
<tr>
<td>10.8+</td>
<td>Purchase, Sale and Servicing Transfer Agreement, effective as of June 1, 2005, among the Company, FDS Bank, Prime II Receivables Corporation (“Prime II”) and Citibank, N.A. (“Citibank”)</td>
<td>Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q filed on September 8, 2009 (the &quot;September 8, 2009 Form 10-Q&quot;)</td>
</tr>
<tr>
<td>10.8.1</td>
<td>Letter Agreement, dated August 22, 2005, among the Company, FDS Bank, Prime II and Citibank</td>
<td>Exhibit 10.17.1 to the Company's Annual Report on Form 10-K (File No. 1-13536) for the fiscal year ended January 28, 2006 (the “2005 Form 10-K”)</td>
</tr>
<tr>
<td>10.8.2+</td>
<td>Second Amendment to Purchase, Sale and Servicing Transfer Agreement, dated October 24, 2005, between the Company and Citibank</td>
<td>Exhibit 10.4 to the September 8, 2009 Form 10-Q</td>
</tr>
<tr>
<td>10.8.3</td>
<td>Third Amendment to Purchase, Sale and Servicing Transfer Agreement, dated May 1, 2006, between the Company and Citibank</td>
<td>Exhibit 10.1 to the Company's Current Report on Form 8-K filed on May 3, 2006</td>
</tr>
<tr>
<td>10.8.4+</td>
<td>Fourth Amendment to Purchase, Sale and Servicing Transfer Agreement, dated May 22, 2006, between the Company and Citibank</td>
<td>Exhibit 10.5 to the September 8, 2009 Form 10-Q</td>
</tr>
<tr>
<td>10.9+</td>
<td>Credit Card Program Agreement, effective as of June 1, 2005, among the Company, FDS Bank, Macy's Credit and Customer Services, Inc. (“MCCS”) (f/k/a FACS Group, Inc.) and Citibank</td>
<td>Exhibit 10.6 to the September 8, 2009 Form 10-Q</td>
</tr>
<tr>
<td>10.9.1+</td>
<td>First Amendment to Credit Card Program Agreement, dated October 24, 2005, between the Company and Citibank</td>
<td>Exhibit 10.7 to the September 8, 2009 Form 10-Q</td>
</tr>
<tr>
<td>10.9.2+</td>
<td>Second Amendment to Credit Card Program Agreement, dated May 22, 2006, between the Company, FDS Bank, MCCS, Macy's West Stores, Inc. (f/k/a Macy's Department Stores, Inc.) (“MWSI”), Bloomingdale’s, Inc. (“Bloomingdale’s”) and Department Stores National Bank (“DSNB”) and Citibank</td>
<td>Exhibit 10.8 to the September 8, 2009 Form 10-Q</td>
</tr>
<tr>
<td>10.9.3</td>
<td>Restated Letter Agreement, dated May 30, 2008 and effective as of December 18, 2006, among the Company, FDS Bank, MCCS, MWSI, Bloomingdale’s, Inc. (“Bloomingdale’s”), and DSNB (as assignee of Citibank, N.A.)</td>
<td>Exhibit 10.6 to the Company's Quarterly Report on Form 10-Q filed on June 9, 2008 (the “June 9, 2008 Form 10-Q”)</td>
</tr>
<tr>
<td>10.9.4</td>
<td>Restated Letter Agreement, dated May 30, 2008 and effective as of March 22, 2007, among the Company, FDS Bank, MCCS, MWSI, Bloomingdale’s and DSNB</td>
<td>Exhibit 10.7 to the June 9, 2008 Form 10-Q</td>
</tr>
<tr>
<td>10.9.5</td>
<td>Restated Letter Agreement, dated May 30, 2008 and effective as of April 6, 2007, among the Company, FDS Bank, MCCS, MWSI, Bloomingdale’s and DSNB</td>
<td>Exhibit 10.8 to the June 9, 2008 Form 10-Q</td>
</tr>
<tr>
<td>Exhibit Number</td>
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<td>---------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>10.9.6</td>
<td>Restated Letter Agreement, dated May 30, 2008 and effective as of June 1, 2007, among the Company, FDS Bank, MCCS, MWSI, Bloomingdale’s and DSNB</td>
<td>Exhibit 10.9 to the June 9, 2008 Form 10-Q</td>
</tr>
<tr>
<td>10.9.7</td>
<td>Restated Third Amendment to Credit Card Program Agreement, dated May 31, 2008 and effective as of February 3, 2008, among the Company, FDS Bank, MCCS, MWSI, Bloomingdale’s and DSNB</td>
<td>Exhibit 10.10 to the June 9, 2008 Form 10-Q</td>
</tr>
<tr>
<td>10.9.8+</td>
<td>Fourth Amendment to Credit Card Program Agreement, effective as of August 1, 2008, among the Company, FDS Bank, MCCS, MWSI, Bloomingdale’s and DSNB.</td>
<td>Exhibit 10.9 to the September 8, 2009 Form 10-Q</td>
</tr>
<tr>
<td>10.9.9+</td>
<td>Fifth Amendment to Credit Card Program Agreement, effective as of January 1, 2009, among the Company, FDS Bank, MCCS, MWSI, Bloomingdale’s and DSNB.</td>
<td>Exhibit 10.10 to the September 8, 2009 Form 10-Q</td>
</tr>
<tr>
<td>10.9.10+</td>
<td>Sixth Amendment to Credit Card Program Agreement, effective as of June 1, 2009, among the Company, FDS Bank, MCCS, MWSI, Bloomingdale’s and DSNB</td>
<td>Exhibit 10.11 to the September 8, 2009 Form 10-Q</td>
</tr>
<tr>
<td>10.9.11+</td>
<td>Seventh Amendment to Credit Card Program Agreement, effective as of February 26, 2010, among the Company, FDS Bank, MCCS, MWSI, Bloomingdale’s and DSNB</td>
<td>Exhibit 10.9.11 to the Company's Annual Report on Form 10-K (File No. 1-13536) for the fiscal year ended January 30, 2010</td>
</tr>
<tr>
<td>10.9.12+</td>
<td>Eighth Amendment to Credit Card Program Agreement, effective as of April 16, 2012, among the Company, FDS Bank, MCCS, MWSI, Bloomingdale’s and DSNB</td>
<td>Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed on December 3, 2012</td>
</tr>
<tr>
<td>10.9.13+</td>
<td>Letter Agreement, dated October 30, 2013, among the Company, FDS Bank, MCCS, MWSI, Bloomingdale’s and DSNB</td>
<td>Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed on December 9, 2013</td>
</tr>
<tr>
<td>10.10</td>
<td>1995 Executive Equity Incentive Plan, as amended and restated as of June 1, 2007 (the “1995 Plan”) *</td>
<td>Exhibit 10.11 to the Company's Annual Report on Form 10-K (File No. 1-13536) for the fiscal year ended January 31, 2009 (the “2008 Form 10-K”)</td>
</tr>
<tr>
<td>10.11</td>
<td>Senior Executive Incentive Compensation Plan *</td>
<td>Appendix B to the Company's Proxy Statement dated March 28, 2012</td>
</tr>
<tr>
<td>10.12</td>
<td>1994 Stock Incentive Plan, as amended and restated as of June 1, 2007 *</td>
<td>Exhibit 10.13 to the 2008 Form 10-K</td>
</tr>
<tr>
<td>10.13</td>
<td>Form of Indemnification Agreement *</td>
<td>Exhibit 10.14 to the Form 10</td>
</tr>
<tr>
<td>10.14</td>
<td>Executive Severance Plan, effective November 1, 2009, as revised and restated January 1, 2014 *</td>
<td></td>
</tr>
<tr>
<td>10.15</td>
<td>Form of Non-Qualified Stock Option Agreement for the 1995 Plan (for Executives and Key Employees) *</td>
<td>Exhibit 10.2 to the Company's Current Report on Form 8-K filed on March 29, 2005</td>
</tr>
<tr>
<td>10.15.1</td>
<td>Form of Non-Qualified Stock Option Agreement for the 1995 Plan (for Executives and Key Employees), as amended *</td>
<td>Exhibit 10.33.1 to the 2005 Form 10-K</td>
</tr>
<tr>
<td>10.15.2</td>
<td>Form of Non-Qualified Stock Option Agreement for the 1994 Stock Incentive Plan *</td>
<td>Exhibit 10.7 to the Current Report on Form 8-K (File No. 001-00079) filed on March 23, 2005 by May Delaware (the “March 23, 2005 Form 8-K”)</td>
</tr>
<tr>
<td>10.15.3</td>
<td>Form of Nonqualified Stock Option Agreement under the 2009 Omnibus Incentive Compensation Plan (for Executives and Key Employees) *</td>
<td>Exhibit 10.15.3 to the Company's Annual Report on Form 10-K (File No. 1-13536) for the fiscal year ended February 2, 2013 (the &quot;2012 Form 10-K&quot;)</td>
</tr>
<tr>
<td>Exhibit Number</td>
<td>Description</td>
<td>Document if Incorporated by Reference</td>
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</tr>
<tr>
<td>10.16</td>
<td>Nonqualified Stock Option Agreement, dated as of October 26, 2007, by and</td>
<td>Exhibit 10.1 to the Company’s Current Report on Form 8-K filed on November 1, 2007</td>
</tr>
<tr>
<td></td>
<td>between the Company and Terry Lundgren *</td>
<td></td>
</tr>
<tr>
<td>10.17</td>
<td>Form of Restricted Stock Agreement for the 1994 Stock Incentive Plan *</td>
<td>Exhibit 10.4 to the March 23, 2005 Form 8-K</td>
</tr>
<tr>
<td>10.17.1</td>
<td>Form of Time-Based Restricted Stock Agreement under the 2009 Omnibus</td>
<td>Exhibit 10.3 to the Company’s Current Report on Form 8-K filed on March 25, 2010</td>
</tr>
<tr>
<td></td>
<td>Incentive Compensation Plan *</td>
<td></td>
</tr>
<tr>
<td>10.18</td>
<td>Form of Performance-Based Restricted Stock Unit Agreement under the 2009</td>
<td>Exhibit 10.18 to the 2012 Form 10-K</td>
</tr>
<tr>
<td></td>
<td>Omnibus Incentive Compensation Plan for the 2013-2015 performance period *</td>
<td></td>
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<tr>
<td>10.18.1</td>
<td>Form of Performance-Based Restricted Stock Unit Agreement under the 2009</td>
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<td></td>
<td>Omnibus Incentive Compensation Plan for the 2014-2016 performance period *</td>
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<tr>
<td>10.19</td>
<td>Form of Time-Based Restricted Stock Unit Agreement under the 2009 Omnibus</td>
<td>Exhibit 10.19 to the 2012 Form 10-K</td>
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<tr>
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<td>Incentive Compensation Plan *</td>
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<tr>
<td>10.20</td>
<td>Supplementary Executive Retirement Plan *</td>
<td>Exhibit 10.29 to the 2008 Form 10-K</td>
</tr>
<tr>
<td>10.20.1</td>
<td>First Amendment to the Supplementary Executive Retirement Plan effective</td>
<td>Exhibit 10.21.1 to the Company’s Annual Report on Form 10-K (File No. 1-13536) for the fiscal year ended</td>
</tr>
<tr>
<td>10.20.2</td>
<td>Second Amendment to Supplementary Executive Retirement Plan effective</td>
<td>Exhibit 10.20.2 to the 2012 Form 10-K</td>
</tr>
<tr>
<td></td>
<td>January 1, 2012 *</td>
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<tr>
<td>10.20.3</td>
<td>Third Amendment to Supplementary Executive Retirement Plan effective</td>
<td></td>
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<tr>
<td></td>
<td>December 31, 2013 *</td>
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<td>10.21</td>
<td>Executive Deferred Compensation Plan *</td>
<td>Exhibit 10.30 to the 2008 Form 10-K</td>
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<tr>
<td>10.21.1</td>
<td>First Amendment to Executive Deferred Compensation Plan effective</td>
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<tr>
<td></td>
<td>December 19, 2013 *</td>
<td></td>
</tr>
<tr>
<td>10.22</td>
<td>Macy’s, Inc. 401(k) Retirement Investment Plan (the “Plan”) (amending and</td>
<td>Exhibit 10.33 to the 2008 Form 10-K</td>
</tr>
<tr>
<td></td>
<td>restating the Macy’s, Inc. 401(k) Retirement Investment Plan) effective as</td>
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<tr>
<td></td>
<td>of January 1, 2014 *</td>
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</tr>
<tr>
<td>10.23</td>
<td>Director Deferred Compensation Plan *</td>
<td>Appendix B to the Company’s Proxy Statement dated April 1, 2009</td>
</tr>
<tr>
<td>10.24</td>
<td>Macy’s, Inc. 2009 Omnibus Incentive Compensation Plan *</td>
<td>Exhibit 4.5 to the Company’s Registration Statement on Form S-8 (Registration No. 333-192917) filed on</td>
</tr>
<tr>
<td></td>
<td></td>
<td>December 18, 2013</td>
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<tr>
<td>10.25</td>
<td>Macy’s, Inc. Deferred Compensation Plan *</td>
<td></td>
</tr>
<tr>
<td>10.26</td>
<td>Change in Control Plan, effective November 1, 2009, as revised and</td>
<td>Exhibit 10.33 to the Company’s Annual Report on Form 10-K (File No. 1-13536) for the fiscal year ended</td>
</tr>
<tr>
<td></td>
<td>restated January 1, 2014 *</td>
<td>January 29, 2011</td>
</tr>
<tr>
<td>10.27</td>
<td>Time Sharing Agreement between Macy’s, Inc. and Terry J. Lundgren, dated</td>
<td></td>
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<tr>
<td></td>
<td>March 25, 2011 *</td>
<td></td>
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<tr>
<td>21</td>
<td>Subsidiaries</td>
<td></td>
</tr>
<tr>
<td>Exhibit Number</td>
<td>Description</td>
<td>Document if Incorporated by Reference</td>
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<tr>
<td>23</td>
<td>Consent of KPMG LLP</td>
<td></td>
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<tr>
<td>24</td>
<td>Powers of Attorney</td>
<td></td>
</tr>
<tr>
<td>31.1</td>
<td>Certification of Chief Executive Officer pursuant to Rule 13a-14(a)</td>
<td></td>
</tr>
<tr>
<td>31.2</td>
<td>Certification of Chief Financial Officer pursuant to Rule 13a-14(a)</td>
<td></td>
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<tr>
<td>32.1</td>
<td>Certification by Chief Executive Officer under Section 906 of the Sarbanes-Oxley Act</td>
<td></td>
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<tr>
<td>32.2</td>
<td>Certification by Chief Financial Officer under Section 906 of the Sarbanes-Oxley Act</td>
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<tr>
<td>101**</td>
<td>The following financial statements from Macy's, Inc.'s Annual Report on Form 10-K for the</td>
<td></td>
</tr>
<tr>
<td></td>
<td>year ended February 1, 2014, filed on April 2, 2014, formatted in XBRL: (i) Consolidated</td>
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</tr>
<tr>
<td></td>
<td>Statements of Income, (ii) Consolidated Statements of Comprehensive Income, (iii)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Consolidated Balance Sheets, (iv) Consolidated Statements of Changes in Shareholders' Equity,</td>
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<td>(v) Consolidated Statements of Cash Flows, and (vi) the Notes to Consolidated Financial</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Statements, tagged as blocks of text and in detail.</td>
<td></td>
</tr>
</tbody>
</table>

+ Portions of the exhibit have been omitted pursuant to a request for confidential treatment. The confidential portions have been provided to the SEC.
* Constitutes a compensatory plan or arrangement.
** As provided in Rule 406T of Regulation S-T, this information is furnished and not filed for purposes of Sections 11 and 12 of the Securities Act of 1933 and Section 18 of the Securities Exchange Act of 1934.
SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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/ DENNIS J. BRODERICK
    Dennis J. Broderick
    Executive Vice President, General Counsel and Secretary

Date: April 2, 2014

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities indicated on April 2, 2014.

<table>
<thead>
<tr>
<th>Signature</th>
<th>Title</th>
</tr>
</thead>
<tbody>
<tr>
<td>*</td>
<td>Chairman of the Board and Chief Executive Officer (principal executive officer) and Director</td>
</tr>
<tr>
<td>Terry J. Lundgren</td>
<td>*</td>
</tr>
<tr>
<td>Karen M. Hoguet</td>
<td>*</td>
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<tr>
<td>Joel A. Belsky</td>
<td>*</td>
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<tr>
<td>Stephen F. Bollenbach</td>
<td>*</td>
</tr>
<tr>
<td>Deirdre Connelly</td>
<td>*</td>
</tr>
<tr>
<td>Meyer Feldberg</td>
<td>*</td>
</tr>
<tr>
<td>Sara Levinson</td>
<td>*</td>
</tr>
<tr>
<td>Joseph Neubauer</td>
<td>*</td>
</tr>
<tr>
<td>Joyce M. Roché</td>
<td>*</td>
</tr>
<tr>
<td>Paul C. Varga</td>
<td>*</td>
</tr>
<tr>
<td>Craig E. Weatherup</td>
<td>*</td>
</tr>
<tr>
<td>Marna C. Whittington</td>
<td>*</td>
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</tbody>
</table>

The undersigned, by signing his name hereto, does sign and execute this Annual Report on Form 10-K pursuant to the Powers of Attorney executed by the above-named officers and directors and filed herewith.

By: /s/ DENNIS J. BRODERICK
    Dennis J. Broderick
    Attorney-in-Fact
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| Consolidated Statements of Income for the fiscal years ended February 1, 2014, February 2, 2013 and January 28, 2012 | F-4 |
| Consolidated Balance Sheets at February 1, 2014 and February 2, 2013 | F-6 |
| Consolidated Statements of Changes in Shareholders’ Equity for the fiscal years ended February 1, 2014, February 2, 2013 and January 28, 2012 | F-7 |
| Consolidated Statements of Cash Flows for the fiscal years ended February 1, 2014, February 2, 2013 and January 28, 2012 | F-8 |
| Notes to Consolidated Financial Statements | F-9 |

F-1
REPORT OF MANAGEMENT

To the Shareholders of
Macy’s, Inc.:

The integrity and consistency of the Consolidated Financial Statements of Macy’s, Inc. and subsidiaries, which were prepared in accordance with accounting principles generally accepted in the United States of America, are the responsibility of management and properly include some amounts that are based upon estimates and judgments.

The Company maintains a system of internal accounting controls, which is supported by a program of internal audits with appropriate management follow-up action, to provide reasonable assurance, at appropriate cost, that the Company’s assets are protected and transactions are properly recorded. Additionally, the integrity of the financial accounting system is based on careful selection and training of qualified personnel, organizational arrangements which provide for appropriate division of responsibilities and communication of established written policies and procedures.

The Company’s management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Exchange Act Rule 13a-15(f) and has issued Management’s Report on Internal Control over Financial Reporting.

The Consolidated Financial Statements of the Company have been audited by KPMG LLP. Their report expresses their opinion as to the fair presentation, in all material respects, of the financial statements and is based upon their independent audits.

The Audit Committee, composed solely of outside directors, meets periodically with KPMG LLP, the internal auditors and representatives of management to discuss auditing and financial reporting matters. In addition, KPMG LLP and the Company’s internal auditors meet periodically with the Audit Committee without management representatives present and have free access to the Audit Committee at any time. The Audit Committee is responsible for recommending to the Board of Directors the engagement of the independent registered public accounting firm and the general oversight review of management’s discharge of its responsibilities with respect to the matters referred to above.

Terry J. Lundgren
Chairman and Chief Executive Officer

Karen M. Hoguet
Chief Financial Officer

Joel A. Belsky
Executive Vice President and Controller
The Board of Directors and Shareholders
Macy’s, Inc.:

We have audited the accompanying consolidated balance sheets of Macy’s, Inc. and subsidiaries as of February 1, 2014 and February 2, 2013, and the related consolidated statements of income, comprehensive income, shareholders’ equity and cash flows for each of the years in the three-year period ended February 1, 2014. We also have audited Macy’s, Inc.’s internal control over financial reporting as of February 1, 2014, based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Macy’s, Inc.’s management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Item 9A(b), “Management’s Report on Internal Control over Financial Reporting.” Our responsibility is to express an opinion on these consolidated financial statements and an opinion on Macy’s Inc.’s internal control over financial reporting based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the consolidated financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company’s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Macy’s, Inc. and subsidiaries as of February 1, 2014 and February 2, 2013, and the results of their operations and their cash flows for each of the years in the three-year period ended February 1, 2014, in conformity with U.S. generally accepted accounting principles. Also in our opinion, Macy’s, Inc. maintained, in all material respects, effective internal control over financial reporting as of February 1, 2014, based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission.

/s/ KPMG LLP

Cincinnati, Ohio
April 2, 2014
## CONSOLIDATED STATEMENTS OF INCOME

(millions, except per share data)

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>$27,931</td>
<td>$27,686</td>
<td>$26,405</td>
</tr>
<tr>
<td>Cost of sales</td>
<td>(16,725)</td>
<td>(16,538)</td>
<td>(15,738)</td>
</tr>
<tr>
<td>Gross margin</td>
<td>11,206</td>
<td>11,148</td>
<td>10,667</td>
</tr>
<tr>
<td>Selling, general and administrative expenses</td>
<td>(8,440)</td>
<td>(8,482)</td>
<td>(8,281)</td>
</tr>
<tr>
<td>Impairments, store closing and other costs and gain on sale of leases</td>
<td>(88)</td>
<td>(5)</td>
<td>25</td>
</tr>
<tr>
<td>Operating income</td>
<td>2,678</td>
<td>2,661</td>
<td>2,411</td>
</tr>
<tr>
<td>Interest expense</td>
<td>(390)</td>
<td>(425)</td>
<td>(447)</td>
</tr>
<tr>
<td>Premium on early retirement of debt</td>
<td>—</td>
<td>(137)</td>
<td>—</td>
</tr>
<tr>
<td>Interest income</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>Income before income taxes</td>
<td>2,290</td>
<td>2,102</td>
<td>1,968</td>
</tr>
<tr>
<td>Federal, state and local income tax expense</td>
<td>(804)</td>
<td>(767)</td>
<td>(712)</td>
</tr>
<tr>
<td>Net income</td>
<td>$1,486</td>
<td>$1,335</td>
<td>$1,256</td>
</tr>
<tr>
<td>Basic earnings per share</td>
<td>$3.93</td>
<td>$3.29</td>
<td>$2.96</td>
</tr>
<tr>
<td>Diluted earnings per share</td>
<td>$3.86</td>
<td>$3.24</td>
<td>$2.92</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these Consolidated Financial Statements.
MACY’S, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(millions)

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net income</td>
<td>$1,486</td>
<td>$1,335</td>
<td>$1,256</td>
</tr>
<tr>
<td>Other comprehensive income (loss), net of taxes:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Actuarial gain (loss) and prior service cost on post employment and postretirement benefit plans, net of tax effect of $108 million, $24 million and $241 million</td>
<td>170</td>
<td>37</td>
<td>(376)</td>
</tr>
<tr>
<td>Unrealized loss on marketable securities, net of tax effect of $1 million</td>
<td>—</td>
<td>—</td>
<td>(2)</td>
</tr>
<tr>
<td>Reclassifications to net income:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net actuarial loss on post employment and postretirement benefit plans, net of tax effect of $61 million, $60 million and $35 million</td>
<td>96</td>
<td>94</td>
<td>56</td>
</tr>
<tr>
<td>Prior service credit on post employment and postretirement benefit plans, net of tax effect of $1 million and $1 million</td>
<td>—</td>
<td>(1)</td>
<td>(1)</td>
</tr>
<tr>
<td>Realized gain on marketable securities, net of tax effect of $4 million</td>
<td>—</td>
<td>—</td>
<td>(8)</td>
</tr>
<tr>
<td>Total other comprehensive income (loss)</td>
<td>266</td>
<td>130</td>
<td>(331)</td>
</tr>
<tr>
<td>Comprehensive income</td>
<td>$1,752</td>
<td>$1,465</td>
<td>$925</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these Consolidated Financial Statements.
## MACY’S, INC.
### CONSOLIDATED BALANCE SHEETS
(millions)

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>February 1, 2014</th>
<th>February 2, 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current Assets:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$2,273</td>
<td>$1,836</td>
</tr>
<tr>
<td>Receivables</td>
<td>438</td>
<td>371</td>
</tr>
<tr>
<td>Merchandise inventories</td>
<td>5,557</td>
<td>5,308</td>
</tr>
<tr>
<td>Prepaid expenses and other current assets</td>
<td>420</td>
<td>361</td>
</tr>
<tr>
<td><strong>Total Current Assets</strong></td>
<td>8,688</td>
<td>7,876</td>
</tr>
<tr>
<td>Property and Equipment – net</td>
<td>7,930</td>
<td>8,196</td>
</tr>
<tr>
<td>Goodwill</td>
<td>3,743</td>
<td>3,743</td>
</tr>
<tr>
<td>Other Intangible Assets – net</td>
<td>527</td>
<td>561</td>
</tr>
<tr>
<td>Other Assets</td>
<td>746</td>
<td>615</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>$21,634</td>
<td>$20,991</td>
</tr>
</tbody>
</table>

| LIABILITIES AND SHAREHOLDERS’ EQUITY | | |
| Current Liabilities: | | |
| Short-term debt | $463 | $124 |
| Merchandise accounts payable | 1,691 | 1,579 |
| Accounts payable and accrued liabilities | 2,810 | 2,610 |
| Income taxes | 362 | 355 |
| Deferred income taxes | 400 | 407 |
| **Total Current Liabilities** | 5,726 | 5,075 |
| Long-Term Debt | 6,728 | 6,806 |
| Deferred Income Taxes | 1,273 | 1,238 |
| Other Liabilities | 1,658 | 1,821 |
| **Shareholders’ Equity:** | | |
| Common stock (364.9 and 387.7 shares outstanding) | 4 | 4 |
| Additional paid-in capital | 2,522 | 3,872 |
| Accumulated equity | 6,235 | 5,108 |
| Treasury stock | (1,847) | (2,002) |
| Accumulated other comprehensive loss | (665) | (931) |
| **Total Shareholders’ Equity** | 6,249 | 6,051 |
| **Total Liabilities and Shareholders’ Equity** | $21,634 | $20,991 |

The accompanying notes are an integral part of these Consolidated Financial Statements.
MACY’S, INC.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS’ EQUITY

(millions)

<table>
<thead>
<tr>
<th></th>
<th>Common Stock</th>
<th>Additional Paid-In Capital</th>
<th>Accumulated Equity</th>
<th>Treasury Stock</th>
<th>Accumulated Other Comprehensive Income (Loss)</th>
<th>Total Shareholders’ Equity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at January 29, 2011</td>
<td>$5</td>
<td>$5,696</td>
<td>$2,990</td>
<td>($2,431)</td>
<td>$(730)</td>
<td>$5,530</td>
</tr>
<tr>
<td>Net income</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$1,256</td>
<td>$1,256</td>
</tr>
<tr>
<td>Other comprehensive loss</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$(331)</td>
<td>$(331)</td>
</tr>
<tr>
<td>Common stock dividends (.55 per share)</td>
<td></td>
<td>(231)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stock repurchases</td>
<td></td>
<td></td>
<td></td>
<td>($502)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stock-based compensation expense</td>
<td></td>
<td>48</td>
<td></td>
<td></td>
<td>$48</td>
<td></td>
</tr>
<tr>
<td>Stock issued under stock plans</td>
<td>(81)</td>
<td></td>
<td>242</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Retirement of common stock</td>
<td>(255)</td>
<td></td>
<td>255</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deferred compensation plan distributions</td>
<td></td>
<td>2</td>
<td></td>
<td></td>
<td>$2</td>
<td></td>
</tr>
<tr>
<td>Balance at January 28, 2012</td>
<td>5</td>
<td>5,408</td>
<td>4,015</td>
<td>($2,434)</td>
<td>$(1,061)</td>
<td>$5,933</td>
</tr>
<tr>
<td>Net income</td>
<td></td>
<td></td>
<td></td>
<td>$1,335</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other comprehensive income</td>
<td></td>
<td></td>
<td></td>
<td>$130</td>
<td>$130</td>
<td></td>
</tr>
<tr>
<td>Common stock dividends (.60 per share)</td>
<td></td>
<td>(242)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stock repurchases</td>
<td></td>
<td></td>
<td></td>
<td>($1,397)</td>
<td>$1,397</td>
<td></td>
</tr>
<tr>
<td>Stock-based compensation expense</td>
<td></td>
<td>55</td>
<td></td>
<td></td>
<td>$55</td>
<td></td>
</tr>
<tr>
<td>Stock issued under stock plans</td>
<td>(111)</td>
<td></td>
<td>345</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Retirement of common stock</td>
<td>(1)</td>
<td></td>
<td>1,481</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Deferred compensation plan distributions</td>
<td></td>
<td>3</td>
<td></td>
<td></td>
<td>$3</td>
<td></td>
</tr>
<tr>
<td>Balance at February 2, 2013</td>
<td>4</td>
<td>3,872</td>
<td>5,108</td>
<td>($2,002)</td>
<td>(931)</td>
<td>6,051</td>
</tr>
<tr>
<td>Net income</td>
<td></td>
<td></td>
<td></td>
<td>$1,486</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other comprehensive income</td>
<td></td>
<td></td>
<td></td>
<td>$266</td>
<td>$266</td>
<td></td>
</tr>
<tr>
<td>Common stock dividends (.95 per share)</td>
<td></td>
<td>(359)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stock repurchases</td>
<td></td>
<td></td>
<td></td>
<td>($1,571)</td>
<td>$1,571</td>
<td></td>
</tr>
<tr>
<td>Stock-based compensation expense</td>
<td></td>
<td>60</td>
<td></td>
<td></td>
<td>$60</td>
<td></td>
</tr>
<tr>
<td>Stock issued under stock plans</td>
<td>(84)</td>
<td></td>
<td>399</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Retirement of common stock</td>
<td>(1,326)</td>
<td></td>
<td>1,326</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deferred compensation plan distributions</td>
<td></td>
<td>1</td>
<td></td>
<td></td>
<td>$1</td>
<td></td>
</tr>
<tr>
<td>Balance at February 1, 2014</td>
<td>$4</td>
<td>$2,522</td>
<td>$6,235</td>
<td>($1,847)</td>
<td>$(665)</td>
<td>$6,249</td>
</tr>
</tbody>
</table>

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

F-7
## CONSOLIDATED STATEMENTS OF CASH FLOWS

(millions)

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash flows from operating activities:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net income</td>
<td>$1,486</td>
<td>$1,335</td>
<td>$1,256</td>
</tr>
<tr>
<td>Adjustments to reconcile net income to net cash provided by operating activities:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Impairments, store closing and other costs and gain on sale of leases</td>
<td>88</td>
<td>5</td>
<td>(25)</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>1,020</td>
<td>1,049</td>
<td>1,085</td>
</tr>
<tr>
<td>Stock-based compensation expense</td>
<td>62</td>
<td>61</td>
<td>70</td>
</tr>
<tr>
<td>Amortization of financing costs and premium on acquired debt</td>
<td>(8)</td>
<td>(16)</td>
<td>(15)</td>
</tr>
<tr>
<td>Changes in assets and liabilities:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Increase) decrease in receivables</td>
<td>(58)</td>
<td>7</td>
<td>(37)</td>
</tr>
<tr>
<td>Increase in merchandise inventories</td>
<td>(249)</td>
<td>(191)</td>
<td>(359)</td>
</tr>
<tr>
<td>Increase in prepaid expenses and other current assets</td>
<td>(2)</td>
<td>(7)</td>
<td>(17)</td>
</tr>
<tr>
<td>(Increase) decrease in other assets not separately identified</td>
<td>(1)</td>
<td>23</td>
<td>6</td>
</tr>
<tr>
<td>Increase in merchandise accounts payable</td>
<td>101</td>
<td>23</td>
<td>143</td>
</tr>
<tr>
<td>Increase (decrease) in accounts payable and accrued liabilities not separately identified</td>
<td>48</td>
<td>(33)</td>
<td>109</td>
</tr>
<tr>
<td>Increase (decrease) in current income taxes</td>
<td>7</td>
<td>(16)</td>
<td>188</td>
</tr>
<tr>
<td>Increase (decrease) in deferred income taxes</td>
<td>(142)</td>
<td>14</td>
<td>153</td>
</tr>
<tr>
<td>Increase (decrease) in other liabilities not separately identified</td>
<td>197</td>
<td>(75)</td>
<td>(384)</td>
</tr>
<tr>
<td>Net cash provided by operating activities</td>
<td>2,549</td>
<td>2,179</td>
<td>2,173</td>
</tr>
<tr>
<td><strong>Cash flows from investing activities:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchase of property and equipment</td>
<td>(607)</td>
<td>(698)</td>
<td>(555)</td>
</tr>
<tr>
<td>Capitalized software</td>
<td>(256)</td>
<td>(244)</td>
<td>(209)</td>
</tr>
<tr>
<td>Disposition of property and equipment</td>
<td>132</td>
<td>66</td>
<td>114</td>
</tr>
<tr>
<td>Proceeds from insurance claims</td>
<td>—</td>
<td>—</td>
<td>6</td>
</tr>
<tr>
<td>Other, net</td>
<td>(57)</td>
<td>95</td>
<td>(53)</td>
</tr>
<tr>
<td>Net cash used by investing activities</td>
<td>(788)</td>
<td>(781)</td>
<td>(697)</td>
</tr>
<tr>
<td><strong>Cash flows from financing activities:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Debt issued</td>
<td>400</td>
<td>1,000</td>
<td>800</td>
</tr>
<tr>
<td>Financing costs</td>
<td>(9)</td>
<td>(11)</td>
<td>(20)</td>
</tr>
<tr>
<td>Debt repaid</td>
<td>(124)</td>
<td>(1,803)</td>
<td>(454)</td>
</tr>
<tr>
<td>Dividends paid</td>
<td>(359)</td>
<td>(324)</td>
<td>(148)</td>
</tr>
<tr>
<td>Increase (decrease) in outstanding checks</td>
<td>24</td>
<td>(88)</td>
<td>49</td>
</tr>
<tr>
<td>Acquisition of treasury stock</td>
<td>(1,571)</td>
<td>(1,397)</td>
<td>(502)</td>
</tr>
<tr>
<td>Issuance of common stock</td>
<td>315</td>
<td>234</td>
<td>162</td>
</tr>
<tr>
<td>Net cash used by financing activities</td>
<td>(1,324)</td>
<td>(2,389)</td>
<td>(113)</td>
</tr>
<tr>
<td>Net increase (decrease) in cash and cash equivalents</td>
<td>437</td>
<td>(991)</td>
<td>1,363</td>
</tr>
<tr>
<td>Cash and cash equivalents beginning of period</td>
<td>1,836</td>
<td>2,827</td>
<td>1,464</td>
</tr>
<tr>
<td>Cash and cash equivalents end of period</td>
<td>$2,273</td>
<td>$1,836</td>
<td>$2,827</td>
</tr>
<tr>
<td><strong>Supplemental cash flow information:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest paid</td>
<td>$388</td>
<td>$585</td>
<td>$474</td>
</tr>
<tr>
<td>Interest received</td>
<td>2</td>
<td>2</td>
<td>4</td>
</tr>
<tr>
<td>Income taxes paid (net of refunds received)</td>
<td>835</td>
<td>738</td>
<td>401</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these Consolidated Financial Statements.
1. Organization and Summary of Significant Accounting Policies

Nature of Operations

Macy’s, Inc. and subsidiaries (the “Company”) is an omnichannel retail organization operating stores and Internet websites under two brands (Macy’s and Bloomingdale’s) that sell a wide range of merchandise, including apparel and accessories (men’s, women’s and children’s), cosmetics, home furnishings and other consumer goods in 45 states, the District of Columbia, Guam and Puerto Rico. As of February 1, 2014, the Company’s operations and reportable segments were conducted through Macy’s, macys.com, Bloomingdale’s, bloomingdales.com and Bloomingdale’s Outlet, which are aggregated into one reporting segment in accordance with the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic 280, “Segment Reporting.” The metrics used by management to assess the performance of the Company’s operating divisions include sales trends, gross margin rates, expense rates, and rates of earnings before interest and taxes (“EBIT”) and earnings before interest, taxes, depreciation and amortization (“EBITDA”). The Company’s operating divisions have historically had similar economic characteristics and are expected to have similar economic characteristics and long-term financial performance in future periods.

For 2013, 2012 and 2011, the following merchandise constituted the following percentages of sales:

<table>
<thead>
<tr>
<th>Merchandise</th>
<th>2013</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Feminine Accessories, Intimate Apparel, Shoes and Cosmetics</td>
<td>38%</td>
<td>38%</td>
<td>37%</td>
</tr>
<tr>
<td>Feminine Apparel</td>
<td>23</td>
<td>23</td>
<td>25</td>
</tr>
<tr>
<td>Men’s and Children’s</td>
<td>23</td>
<td>23</td>
<td>23</td>
</tr>
<tr>
<td>Home/Miscellaneous</td>
<td>16</td>
<td>16</td>
<td>15</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100%</strong></td>
<td><strong>100%</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

Fiscal Year


Basis of Presentation

The Consolidated Financial Statements include the accounts of the Company and its 100%-owned subsidiaries. All significant intercompany transactions have been eliminated.

Certain reclassifications were made to prior years’ amounts to conform with the classifications of such amounts for the most recent year.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.
**Net Sales**

Net sales include merchandise sales, licensed department income, shipping and handling fees, 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 delivery to the customer and are reported net of merchandise returns. The Company licenses third parties to operate certain departments in its stores. The Company receives commissions from these licensed departments based on a percentage of net sales. Commissions are recognized as income at the time merchandise is sold to customers. Sales taxes collected from customers are not considered revenue and are included in accounts payable and accrued liabilities until remitted to the taxing authorities.

**Cost of Sales**

Cost of sales consists of the cost of merchandise, including inbound freight, and shipping and handling costs. An estimated allowance for future sales returns is recorded and cost of sales is adjusted accordingly.

**Cash and Cash Equivalents**

Cash and cash equivalents include cash and liquid investments with original maturities of three months or less. Cash and cash equivalents includes amounts due in respect of credit card sales transactions that are settled early in the following period in the amount of $101 million at February 1, 2014 and $99 million at February 2, 2013.

**Investments**

The Company from time to time invests in debt and equity securities, including companies engaged in complementary businesses. All marketable equity and debt securities held by the Company are accounted for under ASC Topic 320, “Investments – Debt and Equity Securities.” Unrealized holding gains and losses on trading securities are recognized in statement of operations and unrealized holding gains and losses on available-for-sale securities are included as a separate component of accumulated other comprehensive income, net of income tax effect, until realized. At February 1, 2014, the Company did not hold any held-to-maturity or available-for-sale securities.

**Receivables**

In connection with the sale of most of the Company’s credit assets to Citibank, the Company and Citibank entered into a long-term marketing and servicing alliance pursuant to the terms of a Credit Card Program Agreement (the “Program Agreement”). Income earned under the Program Agreement is treated as a reduction of selling, general and administrative (“SG&A”) expenses on the Consolidated Statements of Income. Under the Program Agreement, Citibank offers proprietary and non-proprietary credit to the Company’s customers through previously existing and newly opened accounts.

**Loyalty Programs**

The Company maintains customer loyalty programs in which customers earn rewards based on their spending. Upon reaching certain levels of qualified spending, customers automatically receive rewards to apply toward future purchases. The Company recognizes the estimated net amount of the rewards that will be earned and redeemed as a reduction to net sales.

**Merchandise Inventories**

Merchandise inventories are valued at lower of cost or market using the last-in, first-out (LIFO) retail inventory method. Under the retail inventory method, inventory is segregated into departments of merchandise having similar characteristics, and is stated at its current retail selling value. Inventory retail values are converted to a cost basis by applying specific average cost factors for each merchandise department. Cost factors represent the average cost-to-retail ratio for each merchandise department based on beginning inventory and the fiscal year purchase activity. At February 1, 2014 and February 2, 2013, merchandise inventories valued at LIFO, including adjustments as necessary to record inventory at the lower of cost or market, approximated the cost of such inventories using the first-in, first-out (FIFO) retail inventory method. The application of the LIFO retail inventory method did not result in the recognition of any LIFO charges or credits affecting cost of sales for 2013, 2012 or 2011. The retail inventory method inherently requires management judgments and estimates, such as the amount and timing of permanent markdowns to clear unproductive or slow-moving inventory, which may impact the ending inventory valuation as well as gross margins.
Permanent markdowns designated for clearance activity are recorded when the utility of the inventory has diminished. Factors considered in the determination of permanent markdowns include current and anticipated demand, customer preferences, age of the merchandise and fashion trends. When a decision is made to permanently mark down merchandise, the resulting gross margin reduction is recognized in the period the markdown is recorded.

Physical inventories are generally taken within each merchandise department annually, and inventory records are adjusted accordingly, resulting in the recording of actual shrinkage. While it is not possible to quantify the impact from each cause of shrinkage, the Company has loss prevention programs and policies that are intended to minimize shrinkage. Physical inventories are taken at all store locations for substantially all merchandise categories approximately three weeks before the end of the fiscal year. Shrinkage is estimated as a percentage of sales at interim periods and for this approximate three-week period, based on historical shrinkage rates.

**Vendor Allowances**

The Company receives certain allowances as reimbursement for markdowns taken and/or to support the gross margins earned in connection with the sales of merchandise. These allowances are generally credited to cost of sales at the time the merchandise is sold in accordance with ASC Subtopic 605-50, “Customer Payments and Incentives.” The Company also receives advertising allowances from approximately 1,000 of its merchandise vendors pursuant to cooperative advertising programs, with some vendors participating in multiple programs. These allowances represent reimbursements by vendors of costs incurred by the Company to promote the vendors’ merchandise and are netted against advertising and promotional costs when the related costs are incurred in accordance with ASC Subtopic 605-50. Advertising allowances in excess of costs incurred are recorded as a reduction of merchandise costs and, ultimately, through cost of sales when the merchandise is sold.

The arrangements pursuant to which the Company’s vendors provide allowances, while binding, are generally informal in nature and one year or less in duration. The terms and conditions of these arrangements vary significantly from vendor to vendor and are influenced by, among other things, the type of merchandise to be supported.

**Advertising**

Department store non-direct response advertising and promotional costs are expensed either as incurred or the first time the advertising occurs. Direct response advertising and promotional costs are deferred and expensed over the period during which the sales are expected to occur, generally one to four months. Advertising and promotional costs and cooperative advertising allowances were as follows:

<table>
<thead>
<tr>
<th></th>
<th>2013 (millions)</th>
<th>2012 (millions)</th>
<th>2011 (millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross advertising and promotional costs</td>
<td>$1,623</td>
<td>$1,554</td>
<td>$1,432</td>
</tr>
<tr>
<td>Cooperative advertising allowances</td>
<td>457</td>
<td>431</td>
<td>372</td>
</tr>
<tr>
<td>Advertising and promotional costs, net of cooperative advertising allowances</td>
<td>$1,166</td>
<td>$1,123</td>
<td>$1,060</td>
</tr>
<tr>
<td>Net sales</td>
<td>$27,931</td>
<td>$27,686</td>
<td>$26,405</td>
</tr>
<tr>
<td>Advertising and promotional costs, as a percent to net sales</td>
<td>4.2%</td>
<td>4.1%</td>
<td>4.0%</td>
</tr>
</tbody>
</table>

**Property and Equipment**

Depreciation of owned properties is provided primarily on a straight-line basis over the estimated asset lives, which range from fifteen to fifty years for buildings and building equipment and three to fifteen years for fixtures and equipment. Real estate taxes and interest on construction in progress and land under development are capitalized. Amounts capitalized are amortized over the estimated lives of the related depreciable assets. The Company receives contributions from developers and merchandise vendors to fund building improvement and the construction of vendor shops. Such contributions are netted against the capital expenditures.

Buildings on leased land and leasehold improvements are amortized over the shorter of their economic lives or the lease term, beginning on the date the asset is put into use.
The carrying value of long-lived assets is periodically reviewed by the Company whenever events or changes in circumstances indicate that a potential impairment has occurred. For long-lived assets held for use, a potential impairment has occurred if projected future undiscounted cash flows are less than the carrying value of the assets. The estimate of cash flows includes management’s assumptions of cash inflows and outflows directly resulting from the use of those assets in operations. When a potential impairment has occurred, an impairment write-down is recorded if the carrying value of the long-lived asset exceeds its fair value. The Company believes its estimated cash flows are sufficient to support the carrying value of its long-lived assets. If estimated cash flows significantly differ in the future, the Company may be required to record asset impairment write-downs.

If the Company commits to a plan to dispose of a long-lived asset before the end of its previously estimated useful life, estimated cash flows are revised accordingly, and the Company may be required to record an asset impairment write-down. Additionally, related liabilities arise such as severance, contractual obligations and other accruals associated with store closings from decisions to dispose of assets. The Company estimates these liabilities based on the facts and circumstances in existence for each restructuring decision. The amounts the Company will ultimately realize or disburse could differ from the amounts assumed in arriving at the asset impairment and restructuring charge recorded.

The Company classifies certain long-lived assets as held for disposal by sale and ceases depreciation when the particular criteria for such classification are met, including the probable sale within one year. For long-lived assets to be disposed of by sale, an impairment charge is recorded if the carrying amount of the asset exceeds its fair value less costs to sell. Such valuations include estimations of fair values and incremental direct costs to transact a sale.

**Leases**

The Company recognizes operating lease minimum rentals on a straight-line basis over the lease term. Executory costs such as real estate taxes and maintenance, and contingent rentals such as those based on a percentage of sales are recognized as incurred.

The lease term, which includes all renewal periods that are considered to be reasonably assured, begins on the date the Company has access to the leased property. The Company receives contributions from landlords to fund buildings and leasehold improvements. Such contributions are recorded as deferred rent and amortized as reductions to lease expense over the lease term.

**Goodwill and Other Intangible Assets**

The carrying value of goodwill and other intangible assets with indefinite lives are reviewed at least annually for possible impairment in accordance with ASC Subtopic 350-20 “Goodwill.” Goodwill and other intangible assets with indefinite lives have been assigned to reporting units for purposes of impairment testing. The reporting units are the Company’s retail operating divisions. Goodwill and other intangible assets with indefinite lives are tested for impairment annually at the end of the fiscal month of May. The Company evaluates qualitative factors to determine if it is more likely than not that the fair value of a reporting unit is less than its carrying value and whether it is necessary to perform the two-step goodwill impairment process. If required, the first step involves a comparison of each reporting unit’s fair value to its carrying value and the Company estimates fair value based on discounted cash flows. The reporting unit’s discounted cash flows require significant management judgment with respect to sales, gross margin and SG&A rates, capital expenditures and the selection and use of an appropriate discount rate. The projected sales, gross margin and SG&A expense rate assumptions and capital expenditures are based on the Company’s annual business plan or other forecasted results. Discount rates reflect market-based estimates of the risks associated with the projected cash flows directly resulting from the use of those assets in operations. The estimates of fair value of reporting units are based on the best information available as of the date of the assessment. If the carrying value of a reporting unit exceeds its estimated fair value in the first step, a second step is performed, in which the reporting unit’s goodwill is written down to its implied fair value. The second step requires the Company to allocate the fair value of the reporting unit derived in the first step to the fair value of the reporting unit’s net assets, with any fair value in excess of amounts allocated to such net assets representing the implied fair value of goodwill for that reporting unit. If the carrying value of an individual indefinite-lived intangible asset exceeds its fair value, such individual indefinite-lived intangible asset is written down by an amount equal to such excess.

**Capitalized Software**

The Company capitalizes purchased and internally developed software and amortizes such costs to expense on a straight-line basis over two to five years. Capitalized software is included in other assets on the Consolidated Balance Sheets.
Gift Cards

The Company only offers no-fee, non-expiring gift cards to its customers. At the time gift cards are sold, 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 income from unredeemed gift cards (breakage) as a reduction of SG&A expenses, and income is recorded in proportion and 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.

Self-Insurance Reserves

The Company, through its insurance subsidiary, is self-insured for workers compensation and general liability claims up to certain maximum liability amounts. Although the amounts accrued are actuarially determined based on analysis of historical trends of losses, settlements, litigation costs and other factors, the amounts the Company will ultimately disburse could differ from such accrued amounts.

Post Employment and Postretirement Obligations

The Company, through its actuaries, utilizes assumptions when estimating the liabilities for pension and other employee benefit plans. These assumptions, where applicable, include the discount rates used to determine the actuarial present value of projected benefit obligations, the rate of increase in future compensation levels, the long-term rate of return on assets and the growth in health care costs. The cost of these benefits is generally recognized in the Consolidated Financial Statements over an employee’s term of service with the Company, and the accrued benefits are reported in accounts payable and accrued liabilities and other liabilities on the Consolidated Balance Sheets, as appropriate.

Income Taxes

Income taxes are accounted for under the asset and liability method. Deferred income tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases, and net operating loss and tax credit carryforwards. Deferred income tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred income tax assets and liabilities of a change in tax rates is recognized in the Consolidated Statements of Income in the period that includes the enactment date. Deferred income tax assets are reduced by a valuation allowance when it is more likely than not that some portion of the deferred income tax assets will not be realized.

Derivatives

The Company records derivative transactions according to the provisions of ASC Topic 815 “Derivatives and Hedging,” which establishes accounting and reporting standards for derivative instruments and hedging activities and requires recognition of all derivatives as either assets or liabilities and measurement of those instruments at fair value. The Company makes limited use of derivative financial instruments. The Company does not use financial instruments for trading or other speculative purposes and is not a party to any leveraged financial instruments. On the date that the Company enters into a derivative contract, the Company designates the derivative instrument as either a fair value hedge, a cash flow hedge or as a free-standing derivative instrument, each of which would receive different accounting treatment. Prior to entering into a hedge transaction, the Company formally documents the relationship between hedging instruments and hedged items, as well as the risk management objective and strategy for undertaking various hedge transactions. Derivative instruments that the Company may use as part of its interest rate risk management strategy include interest rate swap and interest rate cap agreements and Treasury lock agreements. At February 1, 2014, the Company was not a party to any derivative financial instruments.

Stock Based Compensation

The Company records stock-based compensation expense according to the provisions of ASC Topic 718, “Compensation – Stock Compensation.” ASC Topic 718 requires all share-based payments to employees, including grants of employee stock options, to be recognized in the financial statements based on their fair values. Under the provisions of ASC Topic 718, the Company determines the appropriate fair value model to be used for valuing share-based payments and the amortization method for compensation cost.
2. **Impairments, Store Closing and Other Costs and Gain on Sale of Leases**

Impairments, store closing and other costs and gain on sale of leases consist of the following:

<table>
<thead>
<tr>
<th></th>
<th>2013 (millions)</th>
<th>2012 (millions)</th>
<th>2011 (millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Impairments of properties held and used</td>
<td>$39</td>
<td>$4</td>
<td>$22</td>
</tr>
<tr>
<td>Severance</td>
<td>43</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>Gain on sale of leases</td>
<td>—</td>
<td>—</td>
<td>— (54)</td>
</tr>
<tr>
<td>Other</td>
<td>6</td>
<td>(2)</td>
<td>3</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$88</td>
<td>$5</td>
<td>$(25)</td>
</tr>
</tbody>
</table>

During January 2014, the Company announced a series of cost-reduction initiatives, including organization changes that combine certain region and district organizations of the My Macy’s store management structure and the realignment and elimination of certain store, central office and administrative functions.

During January 2014, the Company announced the closure of five Macy's stores; during January 2013, the Company announced the closure of six Macy's and Bloomingdale's stores; and during January 2012, the Company announced the closure of ten Macy’s and Bloomingdale's stores.

In connection with these announcements and the plans to dispose of these locations, the Company incurred severance and other human resource-related costs and other costs related to lease obligations and other store liabilities.

As a result of the Company’s projected undiscounted future cash flows related to certain store locations and other assets being less than their carrying value, the Company recorded impairment charges, including properties that were the subject of announced store closings. The fair values of these assets were calculated based on the projected cash flows and an estimated risk-adjusted rate of return that would be used by market participants in valuing these assets or based on prices of similar assets.

The Company expects to pay out the 2013 accrued severance costs, which are included in accounts payable and accrued liabilities on the Consolidated Balance Sheets, prior to May 3, 2014. The 2012 and 2011 accrued severance costs, which were included in accounts payable and accrued liabilities on the Consolidated Balance Sheets, were paid out in the fiscal year subsequent to incurring such severance costs.

During 2011, the Company recognized a gain on the sale of store leases related to the 2006 divestiture of Lord & Taylor, partially offset by impairment charges and other costs and expenses related to store closings.

3. **Receivables**

Receivables were $438 million at February 1, 2014, compared to $371 million at February 2, 2013.

In connection with the sale of most of the Company's credit card accounts and related receivable balances to Citibank, the Company and Citibank entered into a long-term marketing and servicing alliance pursuant to the terms of a Credit Card Program Agreement (the “Program Agreement”) with an initial term of 10 years expiring on July 17, 2016 and, unless terminated by either party as of the expiration of the initial term, an additional renewal term of three years. The Program Agreement provides for, among other things, (i) the ownership by Citibank of the accounts purchased by Citibank, (ii) the ownership by Citibank of new accounts opened by the Company’s customers, (iii) the provision of credit by Citibank to the holders of the credit cards associated with the foregoing accounts, (iv) the servicing of the foregoing accounts, and (v) the allocation between Citibank and the Company of the economic benefits and burdens associated with the foregoing and other aspects of the alliance.

Pursuant to the Program Agreement, the Company continues to provide certain servicing functions related to the accounts and related receivables owned by Citibank and receives compensation from Citibank for these services. The amounts earned under the Program Agreement related to the servicing functions are deemed adequate compensation and, accordingly, no servicing asset or liability has been recorded on the Consolidated Balance Sheets.

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Amounts received under the Program Agreement were $928 million for 2013, $865 million for 2012 and $772 million for 2011, and are treated as reductions of SG&A expenses on the Consolidated Statements of Income. The Company’s earnings from credit operations, net of servicing expenses, were $731 million for 2013, $663 million for 2012, and $582 million for 2011.

4. Properties and Leases

<table>
<thead>
<tr>
<th></th>
<th>February 1, 2014</th>
<th>February 2, 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(millions)</td>
<td>(millions)</td>
</tr>
<tr>
<td>Land</td>
<td>$ 1,696</td>
<td>$ 1,736</td>
</tr>
<tr>
<td>Buildings on owned land</td>
<td>5,405</td>
<td>5,398</td>
</tr>
<tr>
<td>Buildings on leased land and leasehold improvements</td>
<td>2,041</td>
<td>2,057</td>
</tr>
<tr>
<td>Fixtures and equipment</td>
<td>4,811</td>
<td>4,909</td>
</tr>
<tr>
<td>Leased properties under capitalized leases</td>
<td>43</td>
<td>43</td>
</tr>
<tr>
<td>Less accumulated depreciation and amortization</td>
<td>6,066</td>
<td>5,947</td>
</tr>
<tr>
<td></td>
<td>$ 7,930</td>
<td>$ 8,196</td>
</tr>
</tbody>
</table>

In connection with various shopping center agreements, the Company is obligated to operate certain stores within the centers for periods of up to twenty years. Some of these agreements require that the stores be operated under a particular name.

The Company leases a portion of the real estate and personal property used in its operations. Most leases require the Company to pay real estate taxes, maintenance and other executory costs; some also require additional payments based on percentages of sales and some contain purchase options. Certain of the Company’s real estate leases have terms that extend for significant numbers of years and provide for rental rates that increase or decrease over time. In addition, certain of these leases contain covenants that restrict the ability of the tenant (typically a subsidiary of the Company) to take specified actions (including the payment of dividends or other amounts on account of its capital stock) unless the tenant satisfies certain financial tests.

Minimum rental commitments (excluding executory costs) at February 1, 2014, for noncancellable leases are:

|                                | Capitalized Leases | Operating Leases | Total |
|                                | (millions)         | (millions)       |       |
| Fiscal year                    |                   |                 |       |
| 2014                           | $ 4               | $ 282           | $ 286 |
| 2015                           | 3                 | 253             | 256   |
| 2016                           | 3                 | 224             | 227   |
| 2017                           | 3                 | 202             | 205   |
| 2018                           | 3                 | 184             | 187   |
| After 2018                     | 46                | 1,775           | 1,821 |
| Total minimum lease payments   | 62                | $ 2,920         | $ 2,982 |
| Less amount representing interest |                 | 30              |       |
| Present value of net minimum capitalized lease payments | $ 32             |                 |       |
Capitalized leases are included in the Consolidated Balance Sheets as property and equipment while the related obligation is included in short-term ( $2 million) and long-term ($30 million) debt. Amortization of assets subject to capitalized leases is included in depreciation and amortization expense. Total minimum lease payments shown above have not been reduced by minimum sublease rentals of $34 million on operating leases.

The Company is a guarantor with respect to certain lease obligations associated with The May Department Stores Company and previously disposed subsidiaries or businesses. The leases, one of which includes potential extensions to 2070, have future minimum lease payments aggregating $334 million and are offset by payments from existing tenants and subtenants. In addition, the Company is liable for other expenses related to the above leases, such as property taxes and common area maintenance, which are also payable by existing tenants and subtenants. Potential liabilities related to these guarantees are subject to certain defenses by the Company. The Company believes that the risk of significant loss from the guarantees of these lease obligations is remote.

Rental expense consists of:

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Real estate (excluding executory costs)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capitalized leases –</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contingent rentals</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Operating leases –</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Minimum rentals</td>
<td>256</td>
<td>248</td>
<td>242</td>
</tr>
<tr>
<td>Contingent rentals</td>
<td>22</td>
<td>21</td>
<td>19</td>
</tr>
<tr>
<td></td>
<td>278</td>
<td>269</td>
<td>261</td>
</tr>
<tr>
<td>Less income from subleases –</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating leases</td>
<td>(10)</td>
<td>(11)</td>
<td>(18)</td>
</tr>
<tr>
<td></td>
<td>268</td>
<td>258</td>
<td>243</td>
</tr>
<tr>
<td>Personal property – Operating leases</td>
<td>11</td>
<td>11</td>
<td>10</td>
</tr>
</tbody>
</table>

Included as a reduction to the expense above is deferred rent amortization of $8 million, $7 million and $8 million for 2013, 2012 and 2011, respectively, related to contributions received from landlords.
5. **Goodwill and Other Intangible Assets**

The following summarizes the Company’s goodwill and other intangible assets:

<table>
<thead>
<tr>
<th></th>
<th>February 1, 2014 (millions)</th>
<th>February 2, 2013 (millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Non-amortizing intangible assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Goodwill</td>
<td>$9,125</td>
<td>$9,125</td>
</tr>
<tr>
<td>Accumulated impairment losses</td>
<td>(5,382)</td>
<td>(5,382)</td>
</tr>
<tr>
<td>Tradenames</td>
<td>414</td>
<td>414</td>
</tr>
<tr>
<td></td>
<td>3,743</td>
<td>3,743</td>
</tr>
<tr>
<td></td>
<td><strong>4,157</strong></td>
<td><strong>4,157</strong></td>
</tr>
<tr>
<td><strong>Amortizing intangible assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Favorable leases</td>
<td>$188</td>
<td>$230</td>
</tr>
<tr>
<td>Customer relationships</td>
<td>188</td>
<td>188</td>
</tr>
<tr>
<td></td>
<td>376</td>
<td>418</td>
</tr>
<tr>
<td><strong>Accumulated amortization</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Favorable leases</td>
<td>(104)</td>
<td>(131)</td>
</tr>
<tr>
<td>Customer relationships</td>
<td>(159)</td>
<td>(140)</td>
</tr>
<tr>
<td></td>
<td>(263)</td>
<td>(271)</td>
</tr>
<tr>
<td><strong>Intangible amortization expense</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>113</strong></td>
<td><strong>147</strong></td>
</tr>
</tbody>
</table>

Intangible amortization expense amounted to $34 million for 2013, $37 million for 2012 and $39 million for 2011.

Future estimated intangible amortization expense is shown below:

<table>
<thead>
<tr>
<th>Fiscal year</th>
<th>(millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>$31</td>
</tr>
<tr>
<td>2015</td>
<td>21</td>
</tr>
<tr>
<td>2016</td>
<td>8</td>
</tr>
<tr>
<td>2017</td>
<td>7</td>
</tr>
<tr>
<td>2018</td>
<td>7</td>
</tr>
</tbody>
</table>

Favorable lease intangible assets are being amortized over their respective lease terms (weighted average life of approximately twelve years) and customer relationship intangible assets are being amortized over their estimated useful lives of ten years.
6. Financing

The Company’s debt is as follows:

<table>
<thead>
<tr>
<th></th>
<th>February 1, 2014</th>
<th>February 2, 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Short-term debt:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5.75% Senior notes due 2014</td>
<td>$453</td>
<td>$—</td>
</tr>
<tr>
<td>7.625% Senior debentures due 2013</td>
<td>—</td>
<td>109</td>
</tr>
<tr>
<td>Capital lease and current portion of other long-term obligations</td>
<td>10</td>
<td>15</td>
</tr>
<tr>
<td><strong>Total short-term debt</strong></td>
<td>$463</td>
<td>$124</td>
</tr>
<tr>
<td><strong>Long-term debt:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.875% Senior notes due 2023</td>
<td>$750</td>
<td>$750</td>
</tr>
<tr>
<td>5.9% Senior notes due 2016</td>
<td>577</td>
<td>577</td>
</tr>
<tr>
<td>3.875% Senior notes due 2022</td>
<td>550</td>
<td>550</td>
</tr>
<tr>
<td>6.375% Senior notes due 2037</td>
<td>500</td>
<td>500</td>
</tr>
<tr>
<td>7.875% Senior notes due 2015 *</td>
<td>407</td>
<td>407</td>
</tr>
<tr>
<td>4.375% Senior notes due 2023</td>
<td>400</td>
<td>—</td>
</tr>
<tr>
<td>6.9% Senior debentures due 2029</td>
<td>400</td>
<td>400</td>
</tr>
<tr>
<td>6.7% Senior debentures due 2034</td>
<td>400</td>
<td>400</td>
</tr>
<tr>
<td>7.45% Senior debentures due 2017</td>
<td>300</td>
<td>300</td>
</tr>
<tr>
<td>6.65% Senior debentures due 2024</td>
<td>300</td>
<td>300</td>
</tr>
<tr>
<td>7.0% Senior debentures due 2028</td>
<td>300</td>
<td>300</td>
</tr>
<tr>
<td>6.9% Senior debentures due 2032</td>
<td>250</td>
<td>250</td>
</tr>
<tr>
<td>5.125% Senior debentures due 2042</td>
<td>250</td>
<td>250</td>
</tr>
<tr>
<td>4.3% Senior notes due 2043</td>
<td>250</td>
<td>250</td>
</tr>
<tr>
<td>6.7% Senior debentures due 2028</td>
<td>200</td>
<td>200</td>
</tr>
<tr>
<td>6.79% Senior debentures due 2027</td>
<td>165</td>
<td>165</td>
</tr>
<tr>
<td>7.875% Senior debentures due 2036</td>
<td>108</td>
<td>108</td>
</tr>
<tr>
<td>8.125% Senior debentures due 2035</td>
<td>76</td>
<td>76</td>
</tr>
<tr>
<td>7.5% Senior debentures due 2015</td>
<td>69</td>
<td>69</td>
</tr>
<tr>
<td>8.75% Senior debentures due 2029</td>
<td>61</td>
<td>61</td>
</tr>
<tr>
<td>7.45% Senior debentures due 2016</td>
<td>59</td>
<td>59</td>
</tr>
<tr>
<td>8.5% Senior debentures due 2019</td>
<td>36</td>
<td>36</td>
</tr>
<tr>
<td>10.25% Senior debentures due 2021</td>
<td>33</td>
<td>33</td>
</tr>
<tr>
<td>9.5% amortizing debentures due 2021</td>
<td>25</td>
<td>29</td>
</tr>
<tr>
<td>7.6% Senior debentures due 2025</td>
<td>24</td>
<td>24</td>
</tr>
<tr>
<td>7.875% Senior debentures due 2030</td>
<td>18</td>
<td>18</td>
</tr>
<tr>
<td>9.75% amortizing debentures due 2021</td>
<td>14</td>
<td>16</td>
</tr>
<tr>
<td>5.75% Senior notes due 2014</td>
<td>—</td>
<td>453</td>
</tr>
<tr>
<td>Premium on acquired debt, using an effective interest yield of 5.266% to 6.165%</td>
<td>176</td>
<td>191</td>
</tr>
<tr>
<td>Capital lease and other long-term obligations</td>
<td>30</td>
<td>34</td>
</tr>
<tr>
<td><strong>Total long-term debt</strong></td>
<td>$6,728</td>
<td>$6,806</td>
</tr>
</tbody>
</table>

* The rate of interest payable in respect of these senior notes was increased by one percent per annum to 8.875% in April 2009 as a result of a downgrade of the notes by specified rating agencies, was decreased by 0.50 percent per annum to 8.375% effective in May 2010 as a result of an upgrade of the notes by specified rating agencies, was decreased by 0.25 percent per annum to 8.125% effective in May 2011 as a result of an upgrade of the notes by specified rating agencies, and was decreased by 0.25 percent per annum to 7.875%, its stated interest rate, effective in January 2012 as a result of an upgrade of the notes by specified rating agencies. The rate of interest payable in respect of these senior notes could increase by up to 2.0% per annum from its current level in the event of two or more downgrades of the notes by specified rating agencies.
Interest expense and premium on early retirement of debt is as follows:

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest on debt</td>
<td>$407</td>
<td>$449</td>
<td>$467</td>
</tr>
<tr>
<td>Amortization of debt premium</td>
<td>(15)</td>
<td>(19)</td>
<td>(23)</td>
</tr>
<tr>
<td>Amortization of financing costs</td>
<td>7</td>
<td>7</td>
<td>8</td>
</tr>
<tr>
<td>Interest on capitalized leases</td>
<td>2</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>401</td>
<td>440</td>
<td>455</td>
</tr>
<tr>
<td>Less interest capitalized on construction</td>
<td>11</td>
<td>15</td>
<td>8</td>
</tr>
<tr>
<td>Interest expense</td>
<td>$390</td>
<td>$425</td>
<td>$447</td>
</tr>
<tr>
<td>Premium on early retirement of debt</td>
<td>—</td>
<td>$137</td>
<td>$—</td>
</tr>
</tbody>
</table>

On November 28, 2012, the Company repurchased $700 million aggregate principal amount of its outstanding senior unsecured notes, which had a net book value of $706 million. The repurchased senior unsecured notes had stated interest rates ranging from 5.9% to 7.875% and maturities in 2015 and 2016. The Company recorded the redemption premium and other costs related to these repurchases as additional interest expense of $133 million in 2012. On March 29, 2012, the Company redeemed the $173 million of 8.0% senior debentures due July 15, 2012, as allowed under the terms of the indenture. The price for the redemption was calculated pursuant to the indenture and resulted in the recognition of additional interest expense of $4 million in 2012. The additional interest expense resulting from these transactions is presented as premium on early retirement of debt on the Consolidated Statements of Income.

Future maturities of long-term debt, other than capitalized leases and premium on acquired debt, are shown below:

<table>
<thead>
<tr>
<th>Fiscal year</th>
<th>(millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>$481</td>
</tr>
<tr>
<td>2016</td>
<td>642</td>
</tr>
<tr>
<td>2017</td>
<td>306</td>
</tr>
<tr>
<td>2018</td>
<td>6</td>
</tr>
<tr>
<td>2019</td>
<td>41</td>
</tr>
<tr>
<td>After 2019</td>
<td>5,046</td>
</tr>
</tbody>
</table>

During 2013, 2012 and 2011, the Company repaid $109 million, $914 million and $439 million, respectively, of indebtedness at maturity.

On September 6, 2013, the Company issued $400 million aggregate principal amount of 4.375% senior notes due 2023, the proceeds of which were used for general corporate purposes.

On January 10, 2012, the Company issued $550 million aggregate principal amount of 3.875% senior notes due 2022 and $250 million aggregate principal amount of 5.125% senior notes due 2042, the proceeds of which were used to retire indebtedness that matured during the first half of 2012.

On November 20, 2012, the Company issued $750 million aggregate principal amount of 2.875% senior unsecured notes due 2023 and $250 million aggregate principal amount of 4.3% senior unsecured notes due 2043. This debt was used to pay for the notes repurchased on November 28, 2012 described above, and to retire $298 million of 5.875% senior unsecured notes that matured in January 2013.
The following table shows the detail of debt repayments:

<table>
<thead>
<tr>
<th>Debt Type</th>
<th>2013 (millions)</th>
<th>2012 (millions)</th>
<th>2011 (millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>7.625% Senior debentures due 2013</td>
<td>$109</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>5.35% Senior notes due 2012</td>
<td>—</td>
<td>$616</td>
<td>—</td>
</tr>
<tr>
<td>5.90% Senior notes due 2016</td>
<td>—</td>
<td>$400</td>
<td>—</td>
</tr>
<tr>
<td>5.875% Senior notes due 2013</td>
<td>—</td>
<td>$298</td>
<td>—</td>
</tr>
<tr>
<td>7.875% Senior notes due 2015</td>
<td>—</td>
<td>$205</td>
<td>—</td>
</tr>
<tr>
<td>8.0% Senior debentures due 2012</td>
<td>—</td>
<td>$173</td>
<td>—</td>
</tr>
<tr>
<td>7.45% Senior debentures due 2016</td>
<td>—</td>
<td>$64</td>
<td>—</td>
</tr>
<tr>
<td>7.5% Senior debentures due 2015</td>
<td>—</td>
<td>$31</td>
<td>—</td>
</tr>
<tr>
<td>6.625% Senior notes due 2011</td>
<td>—</td>
<td>—</td>
<td>$330</td>
</tr>
<tr>
<td>7.45% Senior debentures due 2011</td>
<td>—</td>
<td>—</td>
<td>$109</td>
</tr>
<tr>
<td>9.5% amortizing debentures due 2021</td>
<td>4</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>9.75% amortizing debentures due 2021</td>
<td>2</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Capital leases and other obligations</td>
<td>9</td>
<td>10</td>
<td>9</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$124</strong></td>
<td><strong>$1,803</strong></td>
<td><strong>$454</strong></td>
</tr>
</tbody>
</table>

The following summarizes certain components of the Company’s debt:

**Bank Credit Agreement**

The Company entered into a new credit agreement with certain financial institutions on May 10, 2013 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 10, 2018 and replaced the prior agreement which was set to expire June 20, 2015.

As of February 1, 2014, and February 2, 2013, there were no revolving credit loans outstanding under these credit agreements, and there were no borrowings under these agreements throughout all of 2013 and 2012. However, there were less than $1 million of standby letters of credit outstanding at February 1, 2014 and February 2, 2013. Revolving loans under the credit agreement bear interest based on various published rates.

The Company's credit agreement, which is an obligation of a 100%-owned subsidiary of Macy’s, Inc. (“Parent”), is not secured. However, Parent has fully and unconditionally guaranteed this obligation, subject to specified limitations. The Company’s interest coverage ratio for 2013 was 9.40 and its leverage ratio at February 1, 2014 was 1.85, in each case as calculated in accordance with the credit agreement. The credit agreement requires the Company 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. The interest coverage ratio is defined as EBITDA (earnings before interest, taxes, depreciation and amortization) over net interest expense and the leverage ratio is defined as debt over EBITDA. For purposes of these calculations EBITDA is calculated as net income plus interest expense, taxes, depreciation, amortization, non-cash impairment of goodwill, intangibles and real estate, non-recurring cash charges not to exceed in the aggregate $400 million and extraordinary losses less interest income and non-recurring or extraordinary gains. Debt is adjusted to exclude the premium on acquired debt and net interest is adjusted to exclude the amortization of premium on acquired debt and premium on early retirement of debt.

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A breach of a restrictive covenant in the Company’s credit agreement or the inability of the Company to maintain the financial ratios described above could result in an event of default under the credit agreement. In addition, an event of default would occur under the credit agreement if any indebtedness of the Company in excess of an aggregate principal amount of $150 million becomes due prior to its stated maturity or the holders of such indebtedness become able to cause it to become due prior to its stated maturity. Upon the occurrence of an event of default, the lenders could, subject to the terms and conditions of the credit agreement, elect to declare the outstanding principal, together with accrued interest, to be immediately due and payable. Moreover, most of the Company’s senior notes and debentures contain cross-default provisions based on the non-payment at maturity, or other default after an applicable grace period, of any other debt, the unpaid principal amount of which is not less than $100 million that could be triggered by an event of default under the credit agreement. In such an event, the Company’s senior notes and debentures that contain cross-default provisions would also be subject to acceleration.

Commercial Paper

The Company is a 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 the bank credit agreement described above. The issuance of commercial paper will have the effect, while such commercial paper is outstanding, of reducing the Company’s borrowing capacity under the bank credit agreement by an amount equal to the principal amount of such commercial paper. The Company had no commercial paper outstanding under its commercial paper program throughout all of 2013 and 2012.

This program, which is an obligation of a 100%-owned subsidiary of Macy’s, Inc., is not secured. However, Parent has fully and unconditionally guaranteed the obligations.

Senior Notes and Debentures

The senior notes and the senior debentures are unsecured obligations of a 100%-owned subsidiary of Macy’s, Inc. and Parent has fully and unconditionally guaranteed these obligations (see Note 16, “Condensed Consolidating Financial Information”).

Other Financing Arrangements

At February 1, 2014 and February 2, 2013, the Company had dedicated $37 million of cash, included in prepaid expenses and other current assets, which is used to collateralize the Company’s issuances of standby letters of credit. There were $34 million of other standby letters of credit outstanding at February 1, 2014 and February 2, 2013.
7. Accounts Payable and Accrued Liabilities

<table>
<thead>
<tr>
<th>Account</th>
<th>February 1, 2014 (millions)</th>
<th>February 2, 2013 (millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts payable</td>
<td>$ 746</td>
<td>$ 625</td>
</tr>
<tr>
<td>Gift cards and customer award certificates</td>
<td>840</td>
<td>801</td>
</tr>
<tr>
<td>Accrued wages and vacation</td>
<td>190</td>
<td>226</td>
</tr>
<tr>
<td>Taxes other than income taxes</td>
<td>157</td>
<td>195</td>
</tr>
<tr>
<td>Lease related liabilities</td>
<td>153</td>
<td>145</td>
</tr>
<tr>
<td>Current portion of workers’ compensation and general liability reserves</td>
<td>131</td>
<td>138</td>
</tr>
<tr>
<td>Current portion of post employment and postretirement benefits</td>
<td>110</td>
<td>100</td>
</tr>
<tr>
<td>Accrued interest</td>
<td>89</td>
<td>78</td>
</tr>
<tr>
<td>Allowance for future sales returns</td>
<td>85</td>
<td>81</td>
</tr>
<tr>
<td>Severance and relocation</td>
<td>43</td>
<td>3</td>
</tr>
<tr>
<td>Other</td>
<td>266</td>
<td>218</td>
</tr>
<tr>
<td>Total</td>
<td>$ 2,810</td>
<td>$ 2,610</td>
</tr>
</tbody>
</table>

Adjustments to the allowance for future sales returns, which amounted to charges of $4 million, $5 million and $9 million for 2013, 2012 and 2011, respectively, are reflected in cost of sales.

Changes in workers’ compensation and general liability reserves, including the current portion, are as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Balance, beginning of year (millions)</th>
<th>Charged to costs and expenses (millions)</th>
<th>Payments, net of recoveries (millions)</th>
<th>Balance, end of year (millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>$ 497</td>
<td>147</td>
<td>(147)</td>
<td>$ 497</td>
</tr>
<tr>
<td>2012</td>
<td>$ 493</td>
<td>157</td>
<td>(153)</td>
<td>$ 497</td>
</tr>
<tr>
<td>2011</td>
<td>$ 488</td>
<td>144</td>
<td>(139)</td>
<td>$ 493</td>
</tr>
</tbody>
</table>

The non-current portion of workers’ compensation and general liability reserves is included in other liabilities on the Consolidated Balance Sheets. At February 1, 2014 and February 2, 2013, workers’ compensation and general liability reserves included $107 million and $103 million, respectively, of liabilities which are covered by deposits and receivables included in current assets on the Consolidated Balance Sheets.

8. Taxes

Income tax expense is as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Current (millions)</th>
<th>Deferred (millions)</th>
<th>Total (millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>$ 859</td>
<td>(98)</td>
<td>$ 761</td>
</tr>
<tr>
<td>2012</td>
<td>$ 697</td>
<td>(2)</td>
<td>$ 699</td>
</tr>
<tr>
<td>2011</td>
<td>$ 519</td>
<td>144</td>
<td>$ 663</td>
</tr>
</tbody>
</table>

The income tax expense reported differs from the expected tax computed by applying the federal income tax statutory rate of 35% for 2013, 2012 and 2011 to income before income taxes. The reasons for this difference and their tax effects are as follows:
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expected tax</td>
<td>$ 801</td>
<td>$ 736</td>
<td>$ 689</td>
</tr>
<tr>
<td>State and local income</td>
<td>45</td>
<td>47</td>
<td>34</td>
</tr>
<tr>
<td>taxes, net of federal</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>income tax benefit</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Historic rehabilitation</td>
<td>(16)</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>tax credit</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Change in valuation</td>
<td>(16)</td>
<td>(2)</td>
<td>(3)</td>
</tr>
<tr>
<td>allowance</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>(10)</td>
<td>(14)</td>
<td>(8)</td>
</tr>
<tr>
<td></td>
<td>$ 804</td>
<td>$ 767</td>
<td>$ 712</td>
</tr>
</tbody>
</table>

The Company participates in the Internal Revenue Service (“IRS”) Compliance Assurance Program (“CAP”). As part of the CAP, tax years are audited on a contemporaneous basis so that all or most issues are resolved prior to the filing of the tax return. The IRS has completed examinations of 2011 and all prior tax years.

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities are as follows:

<table>
<thead>
<tr>
<th>Deferred tax assets</th>
<th>February 1, 2014</th>
<th>February 2, 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Post employment and</td>
<td></td>
<td></td>
</tr>
<tr>
<td>postretirement</td>
<td>$ 392</td>
<td>$ 476</td>
</tr>
<tr>
<td>benefits</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accrued liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>accounted for on a</td>
<td>289</td>
<td>237</td>
</tr>
<tr>
<td>cash basis for tax</td>
<td></td>
<td></td>
</tr>
<tr>
<td>purposes</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Long-term debt</td>
<td>90</td>
<td>96</td>
</tr>
<tr>
<td>Unrecognized state</td>
<td></td>
<td></td>
</tr>
<tr>
<td>tax benefits and</td>
<td>84</td>
<td>71</td>
</tr>
<tr>
<td>accrued interest</td>
<td></td>
<td></td>
</tr>
<tr>
<td>State operating</td>
<td>79</td>
<td>60</td>
</tr>
<tr>
<td>loss and credit</td>
<td></td>
<td></td>
</tr>
<tr>
<td>carryforwards</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>160</td>
<td>177</td>
</tr>
<tr>
<td>Valuation allowance</td>
<td>(23)</td>
<td>(39)</td>
</tr>
<tr>
<td>Total deferred tax</td>
<td></td>
<td></td>
</tr>
<tr>
<td>assets</td>
<td>1,071</td>
<td>1,078</td>
</tr>
</tbody>
</table>

Deferred tax liabilities

<table>
<thead>
<tr>
<th>Deferred tax liabilities</th>
<th>February 1, 2014</th>
<th>February 2, 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Excess of book basis over</td>
<td>(1,569)</td>
<td>(1,665)</td>
</tr>
<tr>
<td>tax basis of property and</td>
<td></td>
<td></td>
</tr>
<tr>
<td>equipment</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Merchandise inventories</td>
<td>(587)</td>
<td>(577)</td>
</tr>
<tr>
<td>Intangible assets</td>
<td>(263)</td>
<td>(230)</td>
</tr>
<tr>
<td>Post employment benefits</td>
<td>(28)</td>
<td>—</td>
</tr>
<tr>
<td>Other</td>
<td>(297)</td>
<td>(251)</td>
</tr>
<tr>
<td>Total deferred tax</td>
<td>(2,744)</td>
<td>(2,723)</td>
</tr>
<tr>
<td>liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net deferred tax liability</td>
<td>$ (1,673)</td>
<td>$ (1,645)</td>
</tr>
</tbody>
</table>

The valuation allowance at February 1, 2014 and February 2, 2013 relates to net deferred tax assets for state net operating loss and credit carryforwards. The net change in the valuation allowance amounted to a decrease of $16 million for 2013 and a decrease of $2 million for 2012.

As of February 1, 2014, the Company had no federal net operating loss carryforwards and state net operating loss and credit carryforwards of $608 million, which will expire between 2014 and 2033.

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A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance, beginning of year</td>
<td>$170</td>
<td>$179</td>
<td>$205</td>
</tr>
<tr>
<td>Additions based on tax positions related to the current year</td>
<td>37</td>
<td>18</td>
<td>23</td>
</tr>
<tr>
<td>Additions for tax positions of prior years</td>
<td>—</td>
<td>18</td>
<td>—</td>
</tr>
<tr>
<td>Reductions for tax positions of prior years</td>
<td>(1)</td>
<td>(19)</td>
<td>(21)</td>
</tr>
<tr>
<td>Settlements</td>
<td>(1)</td>
<td>(9)</td>
<td>(15)</td>
</tr>
<tr>
<td>Statute expirations</td>
<td>(16)</td>
<td>(17)</td>
<td>(13)</td>
</tr>
<tr>
<td>Balance, end of year</td>
<td>$189</td>
<td>$170</td>
<td>$179</td>
</tr>
</tbody>
</table>

Amounts recognized in the Consolidated Balance Sheets at February 1, 2014, February 2, 2013 and January 28, 2012:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Current income taxes</td>
<td>$31</td>
<td>$20</td>
<td>$18</td>
</tr>
<tr>
<td>Long-term deferred income taxes</td>
<td>11</td>
<td>23</td>
<td>27</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>147</td>
<td>127</td>
<td>134</td>
</tr>
<tr>
<td></td>
<td>$189</td>
<td>$170</td>
<td>$179</td>
</tr>
</tbody>
</table>

As of February 1, 2014 and February 2, 2013, the amount of unrecognized tax benefits, net of deferred tax assets, that, if recognized would affect the effective income tax rate, was $123 million and $111 million, respectively.

The Company classifies unrecognized tax benefits not expected to be settled within one year as other liabilities on the Consolidated Balance Sheets.

The Company classifies federal, state and local interest and penalties not expected to be settled within one year as other liabilities on the Consolidated Balance Sheets and follows a policy of recognizing all interest and penalties related to unrecognized tax benefits in income tax expense. Federal, state and local interest and penalties, which amounted to an expense of $9 million for 2013, a credit of $10 million for 2012, and a credit of $2 million for 2011, are reflected in income tax expense.

The Company had $63 million and $55 million accrued for the payment of federal, state and local interest and penalties at February 1, 2014 and February 2, 2013, respectively. The accrued federal, state and local interest and penalties primarily relates to state tax issues and the amount of penalties paid in prior periods, and the amount of penalties accrued at February 1, 2014 and February 2, 2013 are insignificant. At February 1, 2014, $51 million of federal, state and local interest and penalties is included in other liabilities and $12 million is included in current income taxes on the Consolidated Balance Sheets.

The Company or one of its subsidiaries files income tax returns in the U.S. federal jurisdiction and various state and local jurisdictions. The Company is no longer subject to U.S. federal income tax examinations by tax authorities for years before 2010. With respect to state and local jurisdictions, with limited exceptions, the Company and its subsidiaries are no longer subject to income tax audits for years before 2004. Although the outcome of tax audits is always uncertain, the Company believes that adequate amounts of tax, interest and penalties have been accrued for any adjustments that are expected to result from the years still subject to examination.
9. Retirement Plans

The Company has a funded defined benefit plan (“Pension Plan”) and defined contribution plans (“Retirement Plans”) which cover substantially all employees who work 1,000 hours or more in a year. In addition, the Company has 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 will be provided through defined contribution plans. As a result of these changes, the Company recognized reductions in the projected benefit obligations of the Pension Plan of $254 million and the SERP of $42 million as of February 2, 2013.

Pension Plan

The following provides a reconciliation of benefit obligations, plan assets, and funded status of the Pension Plan as of February 1, 2014 and February 2, 2013:

<table>
<thead>
<tr>
<th></th>
<th>2013 (millions)</th>
<th>2012 (millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Change in projected benefit obligation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Projected benefit obligation, beginning of year</td>
<td>$3,555</td>
<td>$3,458</td>
</tr>
<tr>
<td>Service cost</td>
<td>112</td>
<td>117</td>
</tr>
<tr>
<td>Interest cost</td>
<td>143</td>
<td>157</td>
</tr>
<tr>
<td>Actuarial (gain) loss</td>
<td>(117)</td>
<td>283</td>
</tr>
<tr>
<td>Benefits paid</td>
<td>(220)</td>
<td>(206)</td>
</tr>
<tr>
<td>Actuarial gain due to curtailment</td>
<td>—</td>
<td>(254)</td>
</tr>
<tr>
<td>Projected benefit obligation, end of year</td>
<td>3,473</td>
<td>3,555</td>
</tr>
</tbody>
</table>

Changes in plan assets

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fair value of plan assets, beginning of year</td>
<td>3,387</td>
<td>3,069</td>
</tr>
<tr>
<td>Actual return on plan assets</td>
<td>379</td>
<td>374</td>
</tr>
<tr>
<td>Company contributions</td>
<td>—</td>
<td>150</td>
</tr>
<tr>
<td>Benefits paid</td>
<td>(220)</td>
<td>(206)</td>
</tr>
<tr>
<td>Fair value of plan assets, end of year</td>
<td>3,546</td>
<td>3,387</td>
</tr>
</tbody>
</table>

Funded status at end of year

<table>
<thead>
<tr>
<th></th>
<th>2013 (millions)</th>
<th>2012 (millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other assets</td>
<td>$73</td>
<td>—</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>—</td>
<td>(168)</td>
</tr>
<tr>
<td></td>
<td>$73</td>
<td>$(168)</td>
</tr>
</tbody>
</table>

Amounts recognized in the Consolidated Balance Sheets at February 1, 2014 and February 2, 2013

<table>
<thead>
<tr>
<th></th>
<th>2013 (millions)</th>
<th>2012 (millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>$931</td>
<td>$1,326</td>
</tr>
</tbody>
</table>

The accumulated benefit obligation for the Pension Plan was $3,453 million as of February 1, 2014 and $3,496 million as of February 2, 2013.
Net pension costs and other amounts recognized in other comprehensive loss for the Pension Plan included the following actuarially determined components:

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(millions)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Periodic Pension Cost</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Service cost</td>
<td>$112</td>
<td>$117</td>
<td>$102</td>
</tr>
<tr>
<td>Interest cost</td>
<td>143</td>
<td>157</td>
<td>160</td>
</tr>
<tr>
<td>Expected return on assets</td>
<td>(242)</td>
<td>(253)</td>
<td>(248)</td>
</tr>
<tr>
<td>Amortization of net actuarial loss</td>
<td>141</td>
<td>141</td>
<td>88</td>
</tr>
<tr>
<td>Amortization of prior service credit</td>
<td>—</td>
<td>(1)</td>
<td>(1)</td>
</tr>
<tr>
<td></td>
<td>154</td>
<td>161</td>
<td>101</td>
</tr>
<tr>
<td>Other Changes in Plan Assets and Projected Benefit Obligation Recognized in Other Comprehensive Loss</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net actuarial (gain) loss</td>
<td>(254)</td>
<td>(91)</td>
<td>530</td>
</tr>
<tr>
<td>Amortization of net actuarial loss</td>
<td>(141)</td>
<td>(141)</td>
<td>(88)</td>
</tr>
<tr>
<td>Amortization of prior service credit</td>
<td>—</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Total recognized in net periodic pension cost and other comprehensive loss</td>
<td>$ (241)</td>
<td>$(70)</td>
<td>$544</td>
</tr>
</tbody>
</table>

The estimated net actuarial loss for the Pension Plan that will be amortized from accumulated other comprehensive loss into net periodic benefit cost during 2014 is $26 million.

The following weighted average assumptions were used to determine the projected benefit obligations for the Pension Plan at February 1, 2014 and February 2, 2013:

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Discount rate</td>
<td>4.50%</td>
<td>4.15%</td>
</tr>
<tr>
<td>Rate of compensation increases</td>
<td>4.10%</td>
<td>4.50%</td>
</tr>
</tbody>
</table>

The following weighted average assumptions were used to determine the net periodic pension cost for the Pension Plan:

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Discount rate</td>
<td>4.15%</td>
<td>4.65%</td>
<td>5.40%</td>
</tr>
<tr>
<td>Expected long-term return on plan assets</td>
<td>7.50%</td>
<td>8.00%</td>
<td>8.00%</td>
</tr>
<tr>
<td>Rate of compensation increases</td>
<td>4.50%</td>
<td>4.50%</td>
<td>4.50%</td>
</tr>
</tbody>
</table>

The Pension Plan’s assumptions are evaluated annually and updated as necessary.

The discount rate used to determine the present value of the projected benefit obligation for the Pension Plan is based on a yield curve constructed from a portfolio of high quality corporate debt securities with various maturities. Each year’s expected future benefit payments are discounted to their present value at the appropriate yield curve rate, thereby generating the overall discount rate for the projected benefit obligation.
The Company develops its expected long-term rate of return on plan asset assumption by evaluating input from several professional advisors taking into account the asset allocation of the portfolio and long-term asset class return expectations, as well as long-term inflation assumptions. Expected returns for each major asset class are considered along with their volatility and the expected correlations among them. These expectations are based upon historical relationships as well as forecasts of how future returns may vary from historical returns. Returns by asset class and correlations among asset classes are combined using the target asset allocation to derive an expected return for the portfolio as a whole. Long-term historical returns of the portfolio are also considered. Portfolio returns are calculated net of all expenses, therefore, the Company also analyzes expected costs and expenses, including investment management fees, administrative expenses, Pension Benefit Guaranty Corporation premiums and other costs and expenses. As of February 2, 2013, the Company lowered the assumed annual long-term rate of return for the Pension Plan’s assets from 8.00% to 7.50% based on expected future returns on the portfolio.

The Company develops its rate of compensation increase assumption based on recent experience and reflects an estimate of future compensation levels taking into account general increase levels, seniority, promotions and other factors. The salary increase assumption is used to project employees’ pay in future years and its impact on the projected benefit obligation for the Pension Plan.

The assets of the Pension Plan are managed by investment specialists with the primary objectives of payment of benefit obligations to Plan participants and an ultimate realization of investment returns over longer periods in excess of inflation. The Company employs a total return investment approach whereby a mix of domestic and foreign equity securities, fixed income securities and other investments is used to maximize the long-term return on the assets of the Pension Plan for a prudent level of risk. Risks are mitigated through the asset diversification and the use of multiple investment managers. The target allocation for plan assets is currently 50% equity securities, 40% debt securities, 5% real estate and 5% private equities.

The Company generally employs investment managers to specialize in a specific asset class. These managers are chosen and monitored with the assistance of professional advisors, using criteria that include organizational structure, investment philosophy, investment process, performance compared to market benchmarks and peer groups.

The Company periodically conducts an analysis of the behavior of the Pension Plan’s assets and liabilities under various economic and interest rate scenarios to ensure that the long-term target asset allocation is appropriate given the liabilities.
The fair values of the Pension Plan assets as of February 1, 2014, excluding interest and dividend receivables and pending investment purchases and sales, by asset category are as follows:

<table>
<thead>
<tr>
<th>Fair Value Measurements</th>
<th>Quoted Prices in Active Markets for Identical Assets (Level 1)</th>
<th>Significant Observable Inputs (Level 2)</th>
<th>Significant Unobservable Inputs (Level 3)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$211 (millions)</td>
<td>$354</td>
<td>$480</td>
</tr>
<tr>
<td>U.S.</td>
<td>834</td>
<td>354</td>
<td>480</td>
</tr>
<tr>
<td>International</td>
<td>748</td>
<td>—</td>
<td>748</td>
</tr>
<tr>
<td>Equity securities:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>U.S.</td>
<td>834</td>
<td>354</td>
<td>480</td>
</tr>
<tr>
<td>International</td>
<td>748</td>
<td>—</td>
<td>748</td>
</tr>
<tr>
<td>Fixed income securities:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>U.S. Treasury bonds</td>
<td>221</td>
<td>—</td>
<td>221</td>
</tr>
<tr>
<td>Other Government bonds</td>
<td>39</td>
<td>—</td>
<td>39</td>
</tr>
<tr>
<td>Agency backed bonds</td>
<td>22</td>
<td>—</td>
<td>22</td>
</tr>
<tr>
<td>Corporate bonds</td>
<td>388</td>
<td>—</td>
<td>388</td>
</tr>
<tr>
<td>Mortgage-backed securities and forwards</td>
<td>95</td>
<td>—</td>
<td>95</td>
</tr>
<tr>
<td>Asset-backed securities</td>
<td>20</td>
<td>—</td>
<td>20</td>
</tr>
<tr>
<td>Pooled funds</td>
<td>454</td>
<td>—</td>
<td>454</td>
</tr>
<tr>
<td>Other types of investments:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Real estate</td>
<td>214</td>
<td>—</td>
<td>214</td>
</tr>
<tr>
<td>Hedge funds</td>
<td>167</td>
<td>—</td>
<td>167</td>
</tr>
<tr>
<td>Private equity</td>
<td>167</td>
<td>—</td>
<td>167</td>
</tr>
<tr>
<td>Total</td>
<td>$3,580</td>
<td>$354</td>
<td>$2,678</td>
</tr>
</tbody>
</table>
The fair values of the Pension Plan assets as of February 2, 2013, excluding interest and dividend receivables and pending investment purchases and sales, by asset category are as follows:

<table>
<thead>
<tr>
<th>Fair Value Measurements</th>
<th>Quoted Prices in Active Markets for Identical Assets (Level 1) (millions)</th>
<th>Significant Observable Inputs (Level 2) (millions)</th>
<th>Significant Unobservable Inputs (Level 3) (millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$204</td>
<td>$204</td>
<td>$204</td>
</tr>
<tr>
<td>U.S. Equity securities:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>U.S.</td>
<td>832</td>
<td>290</td>
<td>542</td>
</tr>
<tr>
<td>International</td>
<td>818</td>
<td>—</td>
<td>818</td>
</tr>
<tr>
<td>Fixed income securities:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>U.S. Treasury bonds</td>
<td>136</td>
<td>—</td>
<td>136</td>
</tr>
<tr>
<td>Other Government bonds</td>
<td>34</td>
<td>—</td>
<td>34</td>
</tr>
<tr>
<td>Agency backed bonds</td>
<td>6</td>
<td>—</td>
<td>6</td>
</tr>
<tr>
<td>Corporate bonds</td>
<td>338</td>
<td>—</td>
<td>338</td>
</tr>
<tr>
<td>Mortgage-backed securities and forwards</td>
<td>102</td>
<td>—</td>
<td>102</td>
</tr>
<tr>
<td>Asset-backed securities</td>
<td>24</td>
<td>—</td>
<td>24</td>
</tr>
<tr>
<td>Pooled funds</td>
<td>303</td>
<td>—</td>
<td>303</td>
</tr>
<tr>
<td>Other types of investments:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Real estate</td>
<td>280</td>
<td>—</td>
<td>280</td>
</tr>
<tr>
<td>Hedge funds</td>
<td>154</td>
<td>—</td>
<td>154</td>
</tr>
<tr>
<td>Private equity</td>
<td>160</td>
<td>—</td>
<td>160</td>
</tr>
<tr>
<td>Total</td>
<td>$3,391</td>
<td>$290</td>
<td>$2,507</td>
</tr>
</tbody>
</table>

Corporate bonds consist primarily of investment grade bonds of U.S. issuers from diverse industries.

The fair value of the real estate, hedge funds and private equity investments represents the reported net asset value of shares or underlying assets of the investment. Private equity and real estate investments are valued using fair values per the most recent financial reports provided by the investment sponsor, adjusted as appropriate for any lag between the date of the financial reports and the Company’s reporting date. The real estate investments are diversified across property types and geographical areas primarily in the United States of America. Private equity investments generally consist of limited partnerships in the United States of America, Europe and Asia. The hedge fund investments are through a fund of funds approach.

Due to the nature of the underlying assets of the real estate, hedge funds and private equity investments, changes in market conditions and the economic environment may significantly impact the net asset value of these investments and, consequently, the fair value of the Pension Plan’s investments. These investments are redeemable at net asset value to the extent provided in the documentation governing the investments. However, these redemption rights may be restricted in accordance with the governing documents. Redemption of these investments is subject to restrictions including lock-up periods where no redemptions are allowed, restrictions on redemption frequency and advance notice periods for redemptions. As of February 1, 2014 and February 2, 2013, certain of these investments are generally subject to lock-up periods, ranging from three to fifteen years, certain of these investments are subject to restrictions on redemption frequency, ranging from daily to twice per year, and certain of these investments are subject to advance notice requirements, ranging from sixty-day notification to ninety-day notification. As of February 1, 2014 and February 2, 2013, the Pension Plan had unfunded commitments related to certain of these investments totaling $150 million and $144 million, respectively.
The following table sets forth a summary of changes in fair value of the Pension Plan’s level 3 assets for 2013 and 2012:

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance, beginning of year</td>
<td>$594</td>
<td>$533</td>
</tr>
<tr>
<td>Actual gain on plan assets:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Relating to assets still held at the reporting date</td>
<td>1</td>
<td>7</td>
</tr>
<tr>
<td>Relating to assets sold during the period</td>
<td>48</td>
<td>23</td>
</tr>
<tr>
<td>Purchases</td>
<td>77</td>
<td>71</td>
</tr>
<tr>
<td>Sales</td>
<td>(172)</td>
<td>(40)</td>
</tr>
<tr>
<td>Balance, end of year</td>
<td>$548</td>
<td>$594</td>
</tr>
</tbody>
</table>

During 2012, the Company made a funding contribution to the Pension Plan totaling $150 million. The Company does not anticipate making funding contributions to the Pension Plan in 2014.

The following benefit payments are estimated to be paid from the Pension Plan:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$274</td>
<td>256</td>
<td>248</td>
<td>244</td>
<td>240</td>
<td>1,107</td>
</tr>
</tbody>
</table>
**Supplementary Retirement Plan**

The following provides a reconciliation of benefit obligations, plan assets and funded status of the supplementary retirement plan as of February 1, 2014 and February 2, 2013:

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(millions)</td>
<td></td>
</tr>
<tr>
<td>Change in projected benefit obligation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Projected benefit obligation, beginning of year</td>
<td>$795</td>
<td>$771</td>
</tr>
<tr>
<td>Service cost</td>
<td>6</td>
<td>6</td>
</tr>
<tr>
<td>Interest cost</td>
<td>32</td>
<td>35</td>
</tr>
<tr>
<td>Actuarial (gain) loss</td>
<td>(17)</td>
<td>76</td>
</tr>
<tr>
<td>Plan amendment</td>
<td>8</td>
<td>—</td>
</tr>
<tr>
<td>Benefits paid</td>
<td>(54)</td>
<td>(51)</td>
</tr>
<tr>
<td>Actuarial gain due to curtailment</td>
<td>—</td>
<td>(42)</td>
</tr>
<tr>
<td></td>
<td>770</td>
<td>795</td>
</tr>
<tr>
<td>Change in plan assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fair value of plan assets, beginning of year</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Company contributions</td>
<td>54</td>
<td>51</td>
</tr>
<tr>
<td>Benefits paid</td>
<td>(54)</td>
<td>(51)</td>
</tr>
<tr>
<td>Fair value of plan assets, end of year</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td></td>
<td>$770</td>
<td>795</td>
</tr>
<tr>
<td>Funded status at end of year</td>
<td>$ (770)</td>
<td>$ (795)</td>
</tr>
</tbody>
</table>

Amounts recognized in the Consolidated Balance Sheets at February 1, 2014 and February 2, 2013:

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts payable and accrued liabilities</td>
<td>$ (59)</td>
<td>$ (58)</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>(711)</td>
<td>(737)</td>
</tr>
<tr>
<td></td>
<td>$ (770)</td>
<td>$ (795)</td>
</tr>
</tbody>
</table>

Amounts recognized in accumulated other comprehensive loss at February 1, 2014 and February 2, 2013:

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net actuarial loss</td>
<td>$ 176</td>
<td>$ 212</td>
</tr>
<tr>
<td>Prior service cost</td>
<td>8</td>
<td>—</td>
</tr>
<tr>
<td></td>
<td>$ 184</td>
<td>$ 212</td>
</tr>
</tbody>
</table>

The accumulated benefit obligation for the supplementary retirement plan was $770 million as of February 1, 2014 and $788 million as of February 2, 2013.
Net pension costs and other amounts recognized in other comprehensive loss for the supplementary retirement plan included the following actuarially determined components:

<table>
<thead>
<tr>
<th></th>
<th>2013 (millions)</th>
<th>2012 (millions)</th>
<th>2011 (millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net Periodic Pension Cost</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Service cost</td>
<td>$6</td>
<td>$6</td>
<td>$6</td>
</tr>
<tr>
<td>Interest cost</td>
<td>32</td>
<td>35</td>
<td>36</td>
</tr>
<tr>
<td>Amortization of net actuarial loss</td>
<td>19</td>
<td>17</td>
<td>8</td>
</tr>
<tr>
<td>Amortization of prior service credit</td>
<td>—</td>
<td>(1)</td>
<td>(1)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>57</td>
<td>57</td>
<td>49</td>
</tr>
</tbody>
</table>

**Other Changes in Plan Assets and Projected Benefit Obligation Recognized in Other Comprehensive Loss**

<table>
<thead>
<tr>
<th></th>
<th>2013 (millions)</th>
<th>2012 (millions)</th>
<th>2011 (millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net actuarial (gain) loss</td>
<td>(17)</td>
<td>34</td>
<td>90</td>
</tr>
<tr>
<td>Prior service cost</td>
<td>8</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Amortization of net actuarial loss</td>
<td>(19)</td>
<td>(17)</td>
<td>(8)</td>
</tr>
<tr>
<td>Amortization of prior service credit</td>
<td>—</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>(28)</td>
<td>18</td>
<td>83</td>
</tr>
</tbody>
</table>

The estimated net actuarial loss for the supplementary retirement plan that will be amortized from accumulated other comprehensive loss into net periodic benefit cost during 2014 is $5 million.

The following weighted average assumptions were used to determine the projected benefit obligations for the supplementary retirement plan at February 1, 2014 and February 2, 2013:

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Discount rate</td>
<td>4.50%</td>
<td>4.15%</td>
</tr>
<tr>
<td>Rate of compensation increases</td>
<td>N/A</td>
<td>4.90%</td>
</tr>
</tbody>
</table>

The following weighted average assumptions were used to determine net pension costs for the supplementary retirement plan:

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Discount rate</td>
<td>4.15%</td>
<td>4.65%</td>
<td>5.40%</td>
</tr>
<tr>
<td>Rate of compensation increases</td>
<td>4.90%</td>
<td>4.90%</td>
<td>4.90%</td>
</tr>
</tbody>
</table>

The supplementary retirement plan’s assumptions are evaluated annually and updated as necessary.

The discount rate used to determine the present value of the projected benefit obligation for the supplementary retirement plan is based on a yield curve constructed from a portfolio of high quality corporate debt securities with various maturities. Each year’s expected future benefit payments are discounted to their present value at the appropriate yield curve rate, thereby generating the overall discount rate for the projected benefit obligation.

The Company developed its rate of compensation increase assumption based on recent experience and reflected an estimate of future compensation levels taking into account general increase levels, seniority, promotions and other factors. The salary increase assumption was used to project employees’ pay in future years and its impact on the projected benefit obligation for the supplementary retirement plan.
The following benefit payments are estimated to be funded by the Company and paid from the supplementary retirement plan:

<table>
<thead>
<tr>
<th>Fiscal year</th>
<th>(millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>$59</td>
</tr>
<tr>
<td>2015</td>
<td>63</td>
</tr>
<tr>
<td>2016</td>
<td>62</td>
</tr>
<tr>
<td>2017</td>
<td>63</td>
</tr>
<tr>
<td>2018</td>
<td>59</td>
</tr>
<tr>
<td>2019-2023</td>
<td>277</td>
</tr>
</tbody>
</table>

**Retirement Plans**

The Company has a qualified plan that permits participating associates to defer eligible compensation up to the maximum limits allowable under the Internal Revenue Code and beginning January 1, 2014, also has a non-qualified plan which permits participating associates to defer eligible compensation above the limits of the qualified plan. The Company contributes a matching percentage of employee contributions under both the qualified and non-qualified plans. Effective January 1, 2014, the Company's matching contribution to the qualified plan was enhanced for all participating employees, with limited exceptions. Prior to January 1, 2014, the matching contribution rate under the qualified plan was higher for those employees not eligible for the Pension Plan than for employees eligible for the Pension Plan.

At February 1, 2014 and February 2, 2013, the liability under the qualified plan, which is reflected in accounts payable and accrued liabilities on the Consolidated Balance Sheets, was $25 million and $14 million, respectively. Expense related to matching contributions for these plans amounted to $24 million for 2013, $14 million for 2012 and $10 million for 2011.

In connection with the non-qualified plan, the Company had mutual fund investments which are included in prepaid expenses and other current assets on the Consolidated Balance Sheets.

The Company has an additional deferred compensation plan wherein eligible executives elected to defer a portion of their compensation each year as either stock credits or cash credits. Effective January 1, 2014, no additional compensation will be deferred, with limited exceptions. The Company has transferred shares to a trust to cover the number estimated for distribution on account of stock credits currently outstanding. At February 1, 2014 and February 2, 2013, the liability under the plan, which is reflected in other liabilities on the Consolidated Balance Sheets, was $44 million and $44 million, respectively. Expense for 2013, 2012 and 2011 was immaterial.
10. Postretirement Health Care and Life Insurance Benefits

In addition to pension and other supplemental benefits, certain retired employees currently are provided with specified health care and life insurance benefits. Eligibility requirements for such benefits vary by division and subsidiary, 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 following provides a reconciliation of benefit obligations, plan assets, and funded status of the postretirement obligations as of February 1, 2014 and February 2, 2013:

<table>
<thead>
<tr>
<th><strong>Change in accumulated postretirement benefit obligation</strong></th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accumulated postretirement benefit obligation, beginning of year</td>
<td>$250</td>
<td>$266</td>
</tr>
<tr>
<td>Service cost</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Interest cost</td>
<td>10</td>
<td>12</td>
</tr>
<tr>
<td>Actuarial gain</td>
<td>(15)</td>
<td>(4)</td>
</tr>
<tr>
<td>Medicare Part D subsidy</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Benefits paid</td>
<td>(23)</td>
<td>(25)</td>
</tr>
<tr>
<td><strong>Accumulated postretirement benefit obligation, end of year</strong></td>
<td>$223</td>
<td>$250</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Change in plan assets</strong></th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fair value of plan assets, beginning of year</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Company contributions</td>
<td>23</td>
<td>25</td>
</tr>
<tr>
<td>Benefits paid</td>
<td>(23)</td>
<td>(25)</td>
</tr>
<tr>
<td><strong>Fair value of plan assets, end of year</strong></td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td><strong>Funded status at end of year</strong></td>
<td>$ (223)</td>
<td>$ (250)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Amounts recognized in the Consolidated Balance Sheets at February 1, 2014 and February 2, 2013</strong></th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts payable and accrued liabilities</td>
<td>$ (26)</td>
<td>$ (28)</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>(197)</td>
<td>(222)</td>
</tr>
<tr>
<td><strong>Amounts recognized in accumulated other comprehensive loss at February 1, 2014 and February 2, 2013</strong></td>
<td>$ (223)</td>
<td>$ (250)</td>
</tr>
<tr>
<td>Net actuarial gain</td>
<td>$ (35)</td>
<td>$ (23)</td>
</tr>
</tbody>
</table>
Net postretirement benefit costs and other amounts recognized in other comprehensive loss included the following actuarially determined components:

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(millions)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Net Periodic Postretirement Benefit Cost</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Service cost</td>
<td>$—</td>
<td>$—</td>
<td>$—</td>
</tr>
<tr>
<td>Interest cost</td>
<td>10</td>
<td>12</td>
<td>14</td>
</tr>
<tr>
<td>Amortization of net actuarial gain</td>
<td>(3)</td>
<td>(4)</td>
<td>(5)</td>
</tr>
<tr>
<td>Amortization of prior service cost</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td><strong>Total recognized in net periodic postretirement benefit cost and other comprehensive loss</strong></td>
<td>(5)</td>
<td>8</td>
<td>11</td>
</tr>
</tbody>
</table>

The estimated net actuarial gain of the postretirement obligations that will be amortized from accumulated other comprehensive loss into net postretirement benefit cost during 2014 is $4 million.

The following weighted average assumptions were used to determine the accumulated postretirement benefit obligations at February 1, 2014 and February 2, 2013:

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Discount rate</td>
<td>4.50%</td>
<td>4.15%</td>
</tr>
</tbody>
</table>

The following weighted average assumptions were used to determine the net postretirement benefit costs for the postretirement obligations:

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Discount rate</td>
<td>4.15%</td>
<td>4.65%</td>
<td>5.40%</td>
</tr>
</tbody>
</table>

The postretirement benefit obligation assumptions are evaluated annually and updated as necessary.

The discount rate used to determine the present value of the Company’s accumulated postretirement benefit obligations is based on a yield curve constructed from a portfolio of high quality corporate debt securities with various maturities. Each year’s expected future benefit payments are discounted to their present value at the appropriate yield curve rate, thereby generating the overall discount rate for the accumulated postretirement benefit obligations.

The future medical benefits provided by the Company for certain employees are based on a fixed amount per year of service, and the accumulated postretirement benefit obligation is not affected by increases in health care costs. However, the future medical benefits provided by the Company for certain other employees are affected by increases in health care costs.
In March 2010, President Obama signed into law the “Patient Protection and Affordable Care Act” and the “Health Care and Education Affordability Reconciliation Act of 2010” (the “2010 Acts”). Included among the major provisions of these laws is a change in the tax treatment related to the Medicare Part D subsidy. The Company’s postretirement obligations reflect estimated federal subsidies expected to be received under the Medicare Prescription Drug, Improvement and Modernization Act of 2003. Under the 2010 Acts, the Company’s deductions for retiree prescription drug benefits will be reduced by the amount of Medicare Part D subsidies received beginning February 3, 2013.

The 2010 Acts contain additional provisions which impact the accounting for postretirement obligations. Based on the analysis to date, the impact of provisions in the 2010 Acts on the Company’s postretirement obligations has not and is not expected to have a material impact on the Company’s consolidated financial position, results of operations or cash flows. The Company continues to evaluate the impact of the 2010 Acts on the active and retiree benefit plans offered by the Company.

The following provides the assumed health care cost trend rates related to the Company’s accumulated postretirement benefit obligations at February 1, 2014 and February 2, 2013:

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health care cost trend rates assumed for next year</td>
<td>7.27% - 9.20%</td>
<td>7.52% - 9.50%</td>
</tr>
<tr>
<td>Rates to which the cost trend rate is assumed to decline (the ultimate trend rate)</td>
<td>5.0%</td>
<td>5.0%</td>
</tr>
<tr>
<td>Year that the rate reaches the ultimate trend rate</td>
<td>2025</td>
<td>2025</td>
</tr>
</tbody>
</table>

The assumed health care cost trend rates have an impact on the amounts reported for the accumulated postretirement benefit obligations. A one-percentage-point change in the assumed health care cost trend rates would have the following effects:

<table>
<thead>
<tr>
<th></th>
<th>1 – Percentage Point Increase</th>
<th>1 – Percentage Point Decrease</th>
</tr>
</thead>
<tbody>
<tr>
<td>Effect on total of service and interest cost</td>
<td>$1</td>
<td>$(1)</td>
</tr>
<tr>
<td>Effect on accumulated postretirement benefit obligations</td>
<td>$13</td>
<td>$(11)</td>
</tr>
</tbody>
</table>

The following table reflects the benefit payments estimated to be funded by the Company and paid from the accumulated postretirement benefit obligations and estimated federal subsidies expected to be received under the Medicare Prescription Drug Improvement and Modernization Act of 2003:

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Expected Benefit Payments (millions)</th>
<th>Expected Federal Subsidy (millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>25</td>
<td>1</td>
</tr>
<tr>
<td>2015</td>
<td>22</td>
<td>1</td>
</tr>
<tr>
<td>2016</td>
<td>20</td>
<td>1</td>
</tr>
<tr>
<td>2017</td>
<td>19</td>
<td>1</td>
</tr>
<tr>
<td>2018</td>
<td>19</td>
<td>1</td>
</tr>
<tr>
<td>2019-2023</td>
<td>80</td>
<td>3</td>
</tr>
</tbody>
</table>
11. Stock Based Compensation

During 2009, the Company obtained shareholder approval for the Macy’s 2009 Omnibus Incentive Compensation Plan under which up to 51 million shares of Common Stock may be issued. This plan is intended to help the Company attract and retain directors, officers, other key executives and employees and is also intended to provide incentives and rewards relating to the Company’s business plans to encourage such persons to devote themselves to the business of the Company. Prior to 2009, the Company had two equity plans; the Macy's 1995 Executive Equity Incentive Plan and the Macy's 1994 Stock Incentive Plan. After shareholders approved the 2009 Omnibus Incentive Compensation Plan, Common Stock may no longer be granted under the Macy's 1995 Executive Equity Incentive Plan or the Macy's 1994 Stock Incentive Plan. The following disclosures present the Company’s equity plans on a combined basis. The equity plan is administered by the Compensation and Management Development Committee of the Board of Directors (the “CMD Committee”). The CMD Committee is authorized to grant options, stock appreciation rights, restricted stock and restricted stock units to officers and key employees of the Company and its subsidiaries and to non-employee directors. There have been no grants of stock appreciation rights under the equity plans.

Stock option grants have an exercise price at least equal to the market value of the underlying common stock on the date of grant, have ten-year terms and typically vest ratably over four years of continued employment. Restricted stock and time-based restricted stock unit awards generally vest one to four years from the date of grant. Performance-based restricted stock units generally are earned based on the attainment of specified goals achieved over the performance period.

As of February 1, 2014, 27.5 million shares of common stock were available for additional grants pursuant to the Company’s equity plan. Shares awarded are generally issued from the Company's treasury stock.

Stock-based compensation expense included the following components:

<table>
<thead>
<tr>
<th></th>
<th>2013 (millions)</th>
<th>2012 (millions)</th>
<th>2011 (millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stock options</td>
<td>$36</td>
<td>$28</td>
<td>$28</td>
</tr>
<tr>
<td>Restricted stock units</td>
<td>25</td>
<td>26</td>
<td>20</td>
</tr>
<tr>
<td>Restricted stock</td>
<td>1</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Stock credits</td>
<td>—</td>
<td>6</td>
<td>20</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$62</strong></td>
<td><strong>$61</strong></td>
<td><strong>$70</strong></td>
</tr>
</tbody>
</table>

All stock-based compensation expense is recorded in SG&A expense in the Consolidated Statements of Income. The income tax benefit recognized in the Consolidated Statements of Income related to stock-based compensation was $22 million, $22 million, and $25 million, for 2013, 2012 and 2011, respectively.

As of February 1, 2014, the Company had $53 million of unrecognized compensation costs related to nonvested stock options, which is expected to be recognized over a weighted average period of approximately 1.7 years, less than $1 million of unrecognized compensation costs related to nonvested restricted stock, which is expected to be recognized over a weighted average period of approximately 1.1 years, and $26 million of unrecognized compensation costs related to nonvested restricted stock units, which is expected to be recognized over a weighted average period of approximately 1.4 years.
During 2013, 2012 and 2011, the CMD Committee approved awards of performance-based restricted stock units to certain senior executives of the Company. Each award reflects a target number of shares (“Target Shares”) that may be issued to the award recipient. These awards may be earned upon the completion of three-year performance periods ending January 30, 2016, January 31, 2015 and February 1, 2014, respectively. Whether units are earned at the end of the performance period will be determined based on the achievement of certain performance objectives set by the CMD Committee in connection with the issuance of the units. The performance objectives are based on the Company’s business plan covering the performance period. The performance objectives include achieving a cumulative EBITDA level for the performance period and also include an EBITDA as a percent to sales ratio and a return on invested capital ratio. The performance-based restricted stock units awarded during 2012 and 2013 also include a performance objective relating to relative total shareholder return (“TSR”). Relative TSR reflects the change in the value of the Company’s common stock over the performance period in relation to the change in the value of the common stock of a ten-company executive compensation peer group over the performance period, assuming the reinvestment of dividends. Depending on the results achieved during the three-year performance periods, the actual number of shares that a grant recipient receives at the end of the period may range from 0% to 150% of the Target Shares granted.

Also during 2013, 2012 and 2011, the CMD Committee approved awards of time-based restricted stock or time-based restricted stock units to certain senior executives of the Company and awards of time-based restricted stock units to the non-employee members of the Company’s board of directors.

**Stock Options**

The fair value of stock options granted during 2013, 2012 and 2011 and the weighted average assumptions used to estimate the fair value are as follows:

<table>
<thead>
<tr>
<th>Weighted average grant date fair value of stock options granted during the period</th>
<th>2013</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dividend yield</td>
<td>$12.15</td>
<td>$12.22</td>
<td>$7.12</td>
</tr>
<tr>
<td>Expected volatility</td>
<td>2.8%</td>
<td>2.2%</td>
<td>2.3%</td>
</tr>
<tr>
<td>Risk-free interest rate</td>
<td>41.3%</td>
<td>39.8%</td>
<td>38.8%</td>
</tr>
<tr>
<td>Expected life</td>
<td>5.7 years</td>
<td>5.7 years</td>
<td>5.6 years</td>
</tr>
</tbody>
</table>

The fair value of each stock option grant is estimated on the date of grant using the Black-Scholes option-pricing model. The Company estimates the expected volatility and expected option life assumption consistent with ASC Topic 718, “Compensation – Stock Compensation.” The expected volatility of the Company’s common stock at the date of grant is estimated based on a historic volatility rate and the expected option life is calculated based on historical stock option experience as the best estimate of future exercise patterns. The dividend yield assumption is based on historical and anticipated dividend payouts. The risk-free interest rate assumption is based on observed interest rates consistent with the expected life of each stock option grant. The Company uses historical data to estimate pre-vesting option forfeitures and records stock-based compensation expense only for those awards that are expected to vest. Compensation expense is recorded for all stock options expected to vest based on the amortization of the fair value at the date of grant on a straight-line basis primarily over the vesting period of the options.
Activity related to stock options for 2013 is as follows:

<table>
<thead>
<tr>
<th>Shares (thousands)</th>
<th>Weighted Average Exercise Price</th>
<th>Weighted Average Remaining Contractual Life (years)</th>
<th>Aggregate Intrinsic Value (millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Outstanding, beginning of period</td>
<td>29,792.9</td>
<td>$29.07</td>
<td></td>
</tr>
<tr>
<td>Granted</td>
<td>3,621.5</td>
<td>$41.67</td>
<td></td>
</tr>
<tr>
<td>Canceled or forfeited</td>
<td>(485.0)</td>
<td>$33.47</td>
<td></td>
</tr>
<tr>
<td>Exercised</td>
<td>(9,615.8)</td>
<td>$26.44</td>
<td></td>
</tr>
<tr>
<td>Outstanding, end of period</td>
<td>23,313.6</td>
<td>$32.02</td>
<td></td>
</tr>
<tr>
<td>Exercisable, end of period</td>
<td>14,365.6</td>
<td>$30.20</td>
<td>3.9</td>
</tr>
<tr>
<td>Options expected to vest</td>
<td>7,874.3</td>
<td>$34.95</td>
<td>8.1</td>
</tr>
</tbody>
</table>

Additional information relating to stock options is as follows:

<table>
<thead>
<tr>
<th>(millions)</th>
<th>2013</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intrinsic value of options exercised</td>
<td>$207</td>
<td>$132</td>
<td>$64</td>
</tr>
<tr>
<td>Grant date fair value of stock options that vested during the year</td>
<td>31</td>
<td>30</td>
<td>50</td>
</tr>
<tr>
<td>Cash received from stock options exercised</td>
<td>254</td>
<td>164</td>
<td>141</td>
</tr>
<tr>
<td>Excess tax benefits realized from exercised stock options</td>
<td>51</td>
<td>36</td>
<td>20</td>
</tr>
</tbody>
</table>

**Restricted Stock and Restricted Stock Units**

The weighted average grant date fair value of restricted stock and restricted stock units granted during 2013, 2012 and 2011 are as follows:

<table>
<thead>
<tr>
<th>(millions)</th>
<th>2013</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Restricted stock</td>
<td>—</td>
<td>$ —</td>
<td>$23.43</td>
</tr>
<tr>
<td>Restricted stock units</td>
<td>$42.54</td>
<td>$39.52</td>
<td>$23.69</td>
</tr>
</tbody>
</table>

The fair value of the Target Shares and restricted stock awards are based on the fair value of the underlying shares on the date of grant. The fair value of the portion of the Target Shares granted in 2012 and 2013 that relate to a relative TSR performance objective was determined using a Monte Carlo simulation analysis to estimate the total shareholder return ranking of the Company among a ten-company executive compensation peer group over the remaining performance periods. The expected volatility of the Company’s common stock at the date of grant was estimated based on a historical average volatility rate for the approximate three-year performance period. The dividend yield assumption was based on historical and anticipated dividend payouts. The risk-free interest rate assumption was based on observed interest rates consistent with the approximate three-year performance measurement period.

Compensation expense is recorded for all restricted stock and restricted stock unit awards based on the amortization of the fair market value at the date of grant over the period the restrictions lapse or over the performance period of the performance-based restricted stock units.
Activity related to restricted stock awards for 2013 is as follows:

<table>
<thead>
<tr>
<th>Shares (thousands)</th>
<th>Weighted Average Grant Date Fair Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nonvested, beginning of period</td>
<td>142.3</td>
</tr>
<tr>
<td>Granted</td>
<td>—</td>
</tr>
<tr>
<td>Forfeited</td>
<td>(5.7)</td>
</tr>
<tr>
<td>Vested</td>
<td>(57.4)</td>
</tr>
<tr>
<td>Nonvested, end of period</td>
<td>79.2</td>
</tr>
</tbody>
</table>

Activity related to restricted stock units for 2013 is as follows:

<table>
<thead>
<tr>
<th>Shares (thousands)</th>
<th>Weighted Average Grant Date Fair Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nonvested, beginning of period</td>
<td>2,848.5</td>
</tr>
<tr>
<td>Granted – performance-based</td>
<td>393.1</td>
</tr>
<tr>
<td>Performance adjustment</td>
<td>(119.4)</td>
</tr>
<tr>
<td>Granted – time-based</td>
<td>264.9</td>
</tr>
<tr>
<td>Dividend equivalents</td>
<td>31.8</td>
</tr>
<tr>
<td>Forfeited</td>
<td>(33.6)</td>
</tr>
<tr>
<td>Vested</td>
<td>(1,164.4)</td>
</tr>
<tr>
<td>Nonvested, end of period</td>
<td>2,220.9</td>
</tr>
</tbody>
</table>

Stock Credits

The Company also has a stock credit plan. In 2008, key management personnel became eligible to earn a stock credit grant over a two-year performance period ending January 30, 2010. There were a total of 836,268 stock credit awards outstanding as of February 2, 2013, relating to the 2008 grant. In general, with respect to the stock credits awarded to participants in 2008, the value of one-half of the stock credits earned plus reinvested dividend equivalents was paid in cash in early 2012 and amounted to $28 million and the value of the other half of such earned stock credits plus reinvested dividend equivalents was paid in cash in early 2013 and amounted to $32 million. Compensation expense for stock credit awards was recorded on a straight-line basis primarily over the vesting period and was calculated based on the ending stock price for each reporting period. At February 2, 2013, the liability under the stock credit plans, which was reflected in accounts payable and accrued liabilities on the Consolidated Balance Sheets, was $32 million. There are no stock credit awards outstanding and no related liability under the stock credit plans as of February 1, 2014.
12. Shareholders’ Equity

The authorized shares of the Company consist of 125 million shares of preferred stock (“Preferred Stock”), par value of $.01 per share, with no shares issued, and 1,000 million shares of Common Stock, par value of $.01 per share, with 410.6 million shares of Common Stock issued and 364.9 million shares of Common Stock outstanding at February 1, 2014, and with 444.6 million shares of Common Stock issued and 387.7 million shares of Common Stock outstanding at February 2, 2013 (with shares held in the Company’s treasury being treated as issued, but not outstanding).

The Company retired 34.0 million, 42.7 million and 7.7 million shares of Common Stock during 2013, 2012 and 2011, respectively.

The Company’s board of directors approved an additional authorization to purchase Common Stock of $1,500 million on May 15, 2013. Combined with previous authorizations commencing in January 2000, the Company’s board of directors has from time to time approved authorizations to purchase, in the aggregate, up to $13,500 million of Common Stock. All authorizations are cumulative and do not have an expiration date. During 2013, the Company purchased approximately 33.6 million shares of Common Stock under its share repurchase program for a total of $1,570 million. During 2012, the Company purchased approximately 35.6 million shares of Common Stock under its share repurchase program for a total of $1,350 million. During 2011, the Company purchased approximately 16.4 million shares of Common Stock under its share repurchase program for a total of $500 million. As of February 1, 2014, $1,432 million of authorization remained unused. The Company may continue or, from time to time, suspend repurchases of its shares under its share repurchase program, depending on prevailing market conditions, alternative uses of capital and other factors.

Common Stock

The holders of the Common Stock are entitled to one vote for each share held of record on all matters submitted to a vote of shareholders. Subject to preferential rights that may be applicable to any Preferred Stock, holders of Common Stock are entitled to receive ratably such dividends as may be declared by the Board of Directors in its discretion, out of funds legally available therefor.

Treasury Stock

Treasury stock contains shares repurchased under the share repurchase program, shares repurchased to cover employee tax liabilities related to stock plan activity and shares maintained in a trust related to deferred compensation plans. Under the deferred compensation plans, shares are maintained in a trust to cover the number estimated to be needed for distribution on account of stock credits currently outstanding.
Changes in the Company’s Common Stock issued and outstanding, including shares held by the Company’s treasury, are as follows:

<table>
<thead>
<tr>
<th></th>
<th>Common Stock Issued</th>
<th>Deferred Compensation Plans</th>
<th>Other</th>
<th>Total</th>
<th>Common Stock Outstanding</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Balance at January 29, 2011</strong></td>
<td>495,038.5</td>
<td>(1,249.0)</td>
<td>(70,448.2)</td>
<td>(71,697.2)</td>
<td>423,341.3</td>
</tr>
<tr>
<td>Stock issued under stock plans</td>
<td>(87.2)</td>
<td>7,274.1</td>
<td>7,186.9</td>
<td>7,186.9</td>
<td>423,341.3</td>
</tr>
<tr>
<td><strong>Stock repurchases</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Repurchase program</td>
<td>(16,356.5)</td>
<td>(16,356.5)</td>
<td>0</td>
<td>(16,356.5)</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>(80.1)</td>
<td>(80.1)</td>
<td>0</td>
<td>(80.1)</td>
<td></td>
</tr>
<tr>
<td>Deferred compensation plan distributions</td>
<td>89.4</td>
<td>89.4</td>
<td>0</td>
<td>89.4</td>
<td></td>
</tr>
<tr>
<td><strong>Retirement of common stock</strong></td>
<td>(7,700.0)</td>
<td>7,700.0</td>
<td>0</td>
<td>7,700.0</td>
<td></td>
</tr>
<tr>
<td><strong>Balance at January 28, 2012</strong></td>
<td>487,338.5</td>
<td>(1,246.8)</td>
<td>(71,910.7)</td>
<td>(73,157.5)</td>
<td>414,181.0</td>
</tr>
<tr>
<td>Stock issued under stock plans</td>
<td>(89.2)</td>
<td>10,325.1</td>
<td>10,235.9</td>
<td>10,235.9</td>
<td>414,181.0</td>
</tr>
<tr>
<td><strong>Stock repurchases</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Repurchase program</td>
<td>(35,572.9)</td>
<td>(35,572.9)</td>
<td>0</td>
<td>(35,572.9)</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>(1,269.4)</td>
<td>(1,269.4)</td>
<td>0</td>
<td>(1,269.4)</td>
<td></td>
</tr>
<tr>
<td>Deferred compensation plan distributions</td>
<td>126.5</td>
<td>126.5</td>
<td>0</td>
<td>126.5</td>
<td></td>
</tr>
<tr>
<td><strong>Retirement of common stock</strong></td>
<td>(42,732.7)</td>
<td>42,732.7</td>
<td>0</td>
<td>42,732.7</td>
<td></td>
</tr>
<tr>
<td><strong>Balance at February 2, 2013</strong></td>
<td>444,605.8</td>
<td>(1,209.5)</td>
<td>(55,695.2)</td>
<td>(56,904.7)</td>
<td>387,701.1</td>
</tr>
<tr>
<td>Stock issued under stock plans</td>
<td>(85.2)</td>
<td>10,891.1</td>
<td>10,805.9</td>
<td>10,805.9</td>
<td>387,701.1</td>
</tr>
<tr>
<td><strong>Stock repurchases</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Repurchase program</td>
<td>(33,625.3)</td>
<td>(33,625.3)</td>
<td>0</td>
<td>(33,625.3)</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>(12.2)</td>
<td>(12.2)</td>
<td>0</td>
<td>(12.2)</td>
<td></td>
</tr>
<tr>
<td>Deferred compensation plan distributions</td>
<td>65.5</td>
<td>65.5</td>
<td>0</td>
<td>65.5</td>
<td></td>
</tr>
<tr>
<td><strong>Retirement of common stock</strong></td>
<td>(34,000.0)</td>
<td>34,000.0</td>
<td>0</td>
<td>34,000.0</td>
<td></td>
</tr>
<tr>
<td><strong>Balance at February 1, 2014</strong></td>
<td>410,605.8</td>
<td>(1,229.2)</td>
<td>(44,441.6)</td>
<td>(45,670.8)</td>
<td>364,935.0</td>
</tr>
</tbody>
</table>

**Accumulated Other Comprehensive Loss**

The following tables shows for 2013, 2012 and 2011 the beginning and ending balance of, and the activity associated with, accumulated other comprehensive loss, net of income tax effects:

<table>
<thead>
<tr>
<th></th>
<th>Unrealized Gains on Marketable Securities</th>
<th>Post Employment and Postretirement Benefit Plans</th>
<th>Total Accumulated Other Comprehensive (Income) Loss</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Balance at January 29, 2011</strong></td>
<td>740 (millions)</td>
<td>$740</td>
<td>$730</td>
</tr>
<tr>
<td>Other comprehensive loss</td>
<td>10</td>
<td>321</td>
<td>331</td>
</tr>
<tr>
<td><strong>Balance at January 28, 2012</strong></td>
<td>—</td>
<td>1,061</td>
<td>1,061</td>
</tr>
<tr>
<td>Other comprehensive income</td>
<td>—</td>
<td>(130)</td>
<td>(130)</td>
</tr>
<tr>
<td><strong>Balance at February 2, 2013</strong></td>
<td>—</td>
<td>931</td>
<td>931</td>
</tr>
<tr>
<td>Other comprehensive income</td>
<td>—</td>
<td>(266)</td>
<td>(266)</td>
</tr>
<tr>
<td><strong>Balance at February 1, 2014</strong></td>
<td>$665</td>
<td>$665</td>
<td>$665</td>
</tr>
</tbody>
</table>

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The net actuarial gains and losses and prior service costs and credits related to post employment and postretirement benefit plans are reclassified out of accumulated other comprehensive loss and included in the computation of net periodic benefit costs and included in SG&A expenses in the Consolidated Statements of Income. See Note 9, "Retirement Plans," and Note 10, "Postretirement Health Care and Life Insurance Benefits," for further information. On February 25, 2011, the Company sold its investment in The Knot, Inc. and unrecognized gains in accumulated other comprehensive income were reclassified and recognized into SG&A expenses in the Consolidated Statements of Income.

13. Fair Value Measurements and Concentrations of Credit Risk

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:

<table>
<thead>
<tr>
<th>Fair Value Measurements</th>
<th>February 1, 2014</th>
<th>February 2, 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quoted Prices in Active</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Markets for Identical</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Notional Amount</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Carrying Amount</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fair Value</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(millions)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Marketable equity and</td>
<td>$ 75</td>
<td>$ 68</td>
</tr>
<tr>
<td>debt securities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>$ 75</td>
<td>$ 68</td>
</tr>
</tbody>
</table>

Other financial instruments not measured at fair value on a recurring basis include cash and cash equivalents, receivables, 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 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:

<table>
<thead>
<tr>
<th>Fair Value Measurements</th>
<th>February 1, 2014</th>
<th>February 2, 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Notional Amount</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Carrying Amount</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fair Value</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(millions)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Long-term debt</td>
<td>$ 6,522</td>
<td>$ 6,583</td>
</tr>
<tr>
<td></td>
<td>$ 6,698</td>
<td>$ 6,774</td>
</tr>
<tr>
<td></td>
<td>$ 7,171</td>
<td>$ 7,351</td>
</tr>
</tbody>
</table>

The following table shows certain of the Company’s non-financial assets that were measured at fair value on a nonrecurring basis during 2013 and 2012:

<table>
<thead>
<tr>
<th>Fair Value Measurements</th>
<th>February 1, 2014</th>
<th>February 2, 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quoted Prices in Active</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Markets for Identical</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Notional Amount</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Carrying Amount</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fair Value</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(millions)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Long-lived assets</td>
<td>$ 13</td>
<td>$ 13</td>
</tr>
<tr>
<td>held and used</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>$ 13</td>
<td>$ 13</td>
</tr>
<tr>
<td></td>
<td>$ 1</td>
<td>$ 1</td>
</tr>
</tbody>
</table>
During 2013, long-lived assets held and used with a carrying value of $52 million were written down to their fair value of $13 million, resulting in asset impairment charges of $39 million. During 2012, long-lived assets held and used with a carrying value of $5 million were written down to their fair value of $1 million, resulting in asset impairment charges of $4 million. The fair values of these locations were calculated based on the projected cash flows and an estimated risk-adjusted rate of return that would be used by market participants in valuing these assets or prices of similar assets.

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of temporary cash investments. The Company places its temporary cash investments in what it believes to be high credit quality financial instruments.

14. Earnings Per Share

The following table sets forth the computation of basic and diluted earnings per share:

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Net Income</td>
<td>Shares</td>
<td>Net Income</td>
</tr>
<tr>
<td>(millions, except per share data)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net income and average number of shares outstanding</td>
<td>$ 1,486</td>
<td>377.3</td>
<td>$ 1,335</td>
</tr>
<tr>
<td>Shares to be issued under deferred compensation and other plans</td>
<td>1.0</td>
<td></td>
<td>1.1</td>
</tr>
<tr>
<td></td>
<td>$ 1,486</td>
<td>378.3</td>
<td>$ 1,335</td>
</tr>
<tr>
<td>Basic earnings per share</td>
<td>$ 3.93</td>
<td></td>
<td>$ 3.29</td>
</tr>
<tr>
<td>Effect of dilutive securities – Stock options, restricted stock and restricted stock units</td>
<td>6.5</td>
<td></td>
<td>6.7</td>
</tr>
<tr>
<td></td>
<td>$ 1,486</td>
<td>384.8</td>
<td>$ 1,335</td>
</tr>
<tr>
<td>Diluted earnings per share</td>
<td>$ 3.86</td>
<td></td>
<td>$ 3.24</td>
</tr>
</tbody>
</table>

In addition to the stock options, restricted stock and restricted stock units reflected in the foregoing table, restricted stock units relating to 0.7 million shares of common stock were outstanding at February 1, 2014, stock options to purchase 7.5 million shares of common stock and restricted stock units relating to 1.4 million shares of common stock were outstanding at February 2, 2013, and stock options to purchase 9.3 million shares of common stock and restricted stock units relating to 2.1 million shares of common stock were outstanding at January 28, 2012, but were not included in the computation of diluted earnings per share for 2013, 2012 and 2011, respectively, because their inclusion would have been antidilutive or they were subject to performance conditions that had not been met.
15. Quarterly Results (unaudited)

Unaudited quarterly results for the last two years were as follows:

<table>
<thead>
<tr>
<th></th>
<th>First Quarter</th>
<th>Second Quarter</th>
<th>Third Quarter</th>
<th>Fourth Quarter</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(millions, except per share data)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net sales</td>
<td>$6,387</td>
<td>$6,066</td>
<td>$6,276</td>
<td>$9,202</td>
</tr>
<tr>
<td>Cost of sales</td>
<td>(3,911)</td>
<td>(3,533)</td>
<td>(3,817)</td>
<td>(5,464)</td>
</tr>
<tr>
<td>Gross margin</td>
<td>2,476</td>
<td>2,533</td>
<td>2,459</td>
<td>3,738</td>
</tr>
<tr>
<td>Selling, general and administrative expenses</td>
<td>(2,041)</td>
<td>(1,999)</td>
<td>(2,099)</td>
<td>(2,301)</td>
</tr>
<tr>
<td>Impairments, store closing and other costs and gain on sale of leases</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>(88)</td>
</tr>
<tr>
<td>Net income</td>
<td>217</td>
<td>281</td>
<td>177</td>
<td>811</td>
</tr>
<tr>
<td>Basic earnings per share</td>
<td>.56</td>
<td>.73</td>
<td>.47</td>
<td>.47</td>
</tr>
<tr>
<td>Diluted earnings per share</td>
<td>.55</td>
<td>.72</td>
<td>.47</td>
<td>.21</td>
</tr>
</tbody>
</table>

2012:

<table>
<thead>
<tr>
<th></th>
<th>First Quarter</th>
<th>Second Quarter</th>
<th>Third Quarter</th>
<th>Fourth Quarter</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>$6,143</td>
<td>$6,118</td>
<td>$6,075</td>
<td>$9,350</td>
</tr>
<tr>
<td>Cost of sales</td>
<td>(3,757)</td>
<td>(3,555)</td>
<td>(3,672)</td>
<td>(5,554)</td>
</tr>
<tr>
<td>Gross margin</td>
<td>2,386</td>
<td>2,563</td>
<td>2,403</td>
<td>3,796</td>
</tr>
<tr>
<td>Selling, general and administrative expenses</td>
<td>(1,995)</td>
<td>(2,009)</td>
<td>(2,078)</td>
<td>(2,400)</td>
</tr>
<tr>
<td>Impairments, store closing and other costs and gain on sale of leases</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>(5)</td>
</tr>
<tr>
<td>Net income</td>
<td>181</td>
<td>279</td>
<td>145</td>
<td>730</td>
</tr>
<tr>
<td>Basic earnings per share</td>
<td>.43</td>
<td>.68</td>
<td>.36</td>
<td>1.86</td>
</tr>
<tr>
<td>Diluted earnings per share</td>
<td>.43</td>
<td>.67</td>
<td>.36</td>
<td>1.83</td>
</tr>
</tbody>
</table>

16. Condensed Consolidating Financial Information

Certain debt obligations of the Company described in Note 6, which constitute debt obligations of Parent’s 100%-owned subsidiary, Macy’s Retail Holdings, Inc. (“Subsidiary Issuer”) are fully and unconditionally guaranteed by Parent. In the following condensed consolidating financial statements, “Other Subsidiaries” includes all other direct subsidiaries of Parent, including FDS Bank, West 34th Street Insurance Company (prior to a merger, known separately as Leadville Insurance Company and Snowdin Insurance Company) and its subsidiary 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, and Macy’s Merchandising Group International (Hong Kong) 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.”

### MACY’S, INC.

#### Condensed Consolidating Balance Sheet

**As of February 1, 2014**

*(millions)*

<table>
<thead>
<tr>
<th>ASSETS:</th>
<th>Parent</th>
<th>Subsidiary Issuer</th>
<th>Other Subsidiaries</th>
<th>Consolidating Adjustments</th>
<th>Consolidated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Assets:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$1,955</td>
<td>$84</td>
<td>$234</td>
<td>—</td>
<td>$2,273</td>
</tr>
<tr>
<td>Receivables</td>
<td>—</td>
<td>102</td>
<td>336</td>
<td>—</td>
<td>438</td>
</tr>
<tr>
<td>Merchandise inventories</td>
<td>—</td>
<td>2,896</td>
<td>2,661</td>
<td>—</td>
<td>5,557</td>
</tr>
<tr>
<td>Prepaid expenses and other current assets</td>
<td>—</td>
<td>103</td>
<td>317</td>
<td>—</td>
<td>420</td>
</tr>
<tr>
<td>Income taxes</td>
<td>80</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Total Current Assets</td>
<td>2,035</td>
<td>3,185</td>
<td>3,548</td>
<td>(80)</td>
<td>8,688</td>
</tr>
<tr>
<td>Property and Equipment – net</td>
<td>—</td>
<td>4,590</td>
<td>3,340</td>
<td>—</td>
<td>7,930</td>
</tr>
<tr>
<td>Goodwill</td>
<td>—</td>
<td>3,315</td>
<td>428</td>
<td>—</td>
<td>3,743</td>
</tr>
<tr>
<td>Other Intangible Assets – net</td>
<td>—</td>
<td>97</td>
<td>430</td>
<td>—</td>
<td>527</td>
</tr>
<tr>
<td>Other Assets</td>
<td>4</td>
<td>101</td>
<td>641</td>
<td>—</td>
<td>746</td>
</tr>
<tr>
<td>Deferred Income Taxes</td>
<td>19</td>
<td>—</td>
<td>—</td>
<td>(19)</td>
<td>—</td>
</tr>
<tr>
<td>Intercompany Receivable</td>
<td>—</td>
<td>—</td>
<td>3,561</td>
<td>(3,561)</td>
<td>—</td>
</tr>
<tr>
<td>Investment in Subsidiaries</td>
<td>4,625</td>
<td>3,157</td>
<td>—</td>
<td>(7,782)</td>
<td>—</td>
</tr>
<tr>
<td>Total Assets</td>
<td>$6,683</td>
<td>$14,445</td>
<td>$11,948</td>
<td>(11,442)</td>
<td>$21,634</td>
</tr>
</tbody>
</table>

| LIABILITIES AND SHAREHOLDERS’ EQUITY: | | | | | |
| Current Liabilities: | | | | | |
| Short-term debt | $— | $461 | $2 | — | $463 |
| Merchandise accounts payable | — | 760 | 931 | — | 1,691 |
| Accounts payable and accrued liabilities | 10 | 1,265 | 1,535 | — | 2,810 |
| Income taxes | — | 80 | 362 | (80) | 362 |
| Deferred income taxes | — | 315 | 85 | — | 400 |
| Total Current Liabilities | 10 | 2,881 | 2,915 | (80) | 5,726 |
| Long-Term Debt | — | 6,708 | 20 | — | 6,728 |
| Intercompany Payable | 362 | 3,199 | — | (3,561) | — |
| Deferred Income Taxes | — | 544 | 748 | (19) | 1,273 |
| Other Liabilities | 62 | 522 | 1,074 | — | 1,658 |
| Shareholders’ Equity | 6,249 | 591 | 7,191 | (7,782) | 6,249 |
| Total Liabilities and Shareholders’ Equity | $6,683 | $14,445 | $11,948 | (11,442) | $21,634 |
### MACY’S, INC.

**Condensed Consolidating Statement of Comprehensive Income**

*For 2013 (millions)*

<table>
<thead>
<tr>
<th></th>
<th>Parent</th>
<th>Subsidiary Issuer</th>
<th>Other Subsidiaries</th>
<th>Consolidating Adjustments</th>
<th>Consolidated</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net sales</strong></td>
<td>$ —</td>
<td>$ 13,233</td>
<td>$ 23,471</td>
<td>$(8,773)</td>
<td>$ 27,931</td>
</tr>
<tr>
<td><strong>Cost of sales</strong></td>
<td>—</td>
<td>(8,168)</td>
<td>(17,276)</td>
<td>8,719</td>
<td>(16,725)</td>
</tr>
<tr>
<td><strong>Gross margin</strong></td>
<td>—</td>
<td>5,065</td>
<td>6,195</td>
<td>(54)</td>
<td>11,206</td>
</tr>
<tr>
<td><strong>Selling, general and administrative expenses</strong></td>
<td>(8)</td>
<td>(4,443)</td>
<td>(4,043)</td>
<td>54</td>
<td>(8,440)</td>
</tr>
<tr>
<td><strong>Impairments, store closing and other costs and gain on sale of leases</strong></td>
<td>—</td>
<td>(37)</td>
<td>(51)</td>
<td>—</td>
<td>(88)</td>
</tr>
<tr>
<td><strong>Operating income (loss)</strong></td>
<td>(8)</td>
<td>585</td>
<td>2,101</td>
<td>—</td>
<td>2,678</td>
</tr>
<tr>
<td><strong>Interest (expense) income, net:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>External</td>
<td>1</td>
<td>(388)</td>
<td>(1)</td>
<td>—</td>
<td>(388)</td>
</tr>
<tr>
<td>Intercompany</td>
<td>(2)</td>
<td>(176)</td>
<td>178</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Equity in earnings of subsidiaries</td>
<td>1,492</td>
<td>557</td>
<td>—</td>
<td>(2,049)</td>
<td>—</td>
</tr>
<tr>
<td>Income before income taxes</td>
<td>1,483</td>
<td>578</td>
<td>2,278</td>
<td>(2,049)</td>
<td>2,290</td>
</tr>
<tr>
<td>Federal, state and local income tax benefit (expense)</td>
<td>3</td>
<td>33</td>
<td>(840)</td>
<td>—</td>
<td>(804)</td>
</tr>
<tr>
<td><strong>Net income</strong></td>
<td>$ 1,486</td>
<td>$ 611</td>
<td>$ 1,438</td>
<td>$(2,049)</td>
<td>$ 1,486</td>
</tr>
<tr>
<td><strong>Comprehensive income</strong></td>
<td>$ 1,752</td>
<td>$ 877</td>
<td>$ 1,434</td>
<td>$(2,311)</td>
<td>$ 1,752</td>
</tr>
</tbody>
</table>

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### MACY’S, INC.

**Condensed Consolidating Statement of Cash Flows**

**For 2013**

(millions)

<table>
<thead>
<tr>
<th></th>
<th>Parent</th>
<th>Subsidiary Issuer</th>
<th>Other Subsidiaries</th>
<th>Consolidating Adjustments</th>
<th>Consolidated</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash flows from operating activities:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net income</td>
<td>$ 1,486</td>
<td>$ 611</td>
<td>$ 1,438</td>
<td>$ (2,049)</td>
<td>$ 1,486</td>
</tr>
<tr>
<td>Impairments, store closing and other costs and gain on sale of leases</td>
<td>—</td>
<td>37</td>
<td>51</td>
<td>—</td>
<td>88</td>
</tr>
<tr>
<td>Equity in earnings of subsidiaries</td>
<td>(1,492)</td>
<td>(557)</td>
<td>—</td>
<td>2,049</td>
<td>—</td>
</tr>
<tr>
<td>Dividends received from subsidiaries</td>
<td>911</td>
<td>4</td>
<td>—</td>
<td>(915)</td>
<td>—</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>—</td>
<td>467</td>
<td>553</td>
<td>—</td>
<td>1,020</td>
</tr>
<tr>
<td>(Increase) decrease in working capital</td>
<td>(54)</td>
<td>12</td>
<td>(111)</td>
<td>—</td>
<td>(153)</td>
</tr>
<tr>
<td>Other, net</td>
<td>(25)</td>
<td>158</td>
<td>(25)</td>
<td>—</td>
<td>108</td>
</tr>
<tr>
<td><strong>Net cash provided by operating activities</strong></td>
<td>826</td>
<td>732</td>
<td>1,906</td>
<td>(915)</td>
<td>2,549</td>
</tr>
<tr>
<td><strong>Cash flows from investing activities:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchase of property and equipment and capitalized software, net</td>
<td>—</td>
<td>(289)</td>
<td>(442)</td>
<td>—</td>
<td>(731)</td>
</tr>
<tr>
<td>Other, net</td>
<td>—</td>
<td>(6)</td>
<td>(51)</td>
<td>—</td>
<td>(57)</td>
</tr>
<tr>
<td><strong>Net cash used by investing activities</strong></td>
<td>—</td>
<td>(295)</td>
<td>(493)</td>
<td>—</td>
<td>(788)</td>
</tr>
<tr>
<td><strong>Cash flows from financing activities:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Debt issued, net of debt repaid</td>
<td>—</td>
<td>278</td>
<td>(2)</td>
<td>—</td>
<td>276</td>
</tr>
<tr>
<td>Dividends paid</td>
<td>(359)</td>
<td>—</td>
<td>(915)</td>
<td>915</td>
<td>(359)</td>
</tr>
<tr>
<td>Common stock acquired, net of issuance of common stock</td>
<td>(1,256)</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>(1,256)</td>
</tr>
<tr>
<td>Intercompany activity, net</td>
<td>1,310</td>
<td>(728)</td>
<td>(582)</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Other, net</td>
<td>(104)</td>
<td>56</td>
<td>63</td>
<td>—</td>
<td>15</td>
</tr>
<tr>
<td><strong>Net cash used by financing activities</strong></td>
<td>(409)</td>
<td>(394)</td>
<td>(1,436)</td>
<td>915</td>
<td>(1,324)</td>
</tr>
<tr>
<td><strong>Net increase (decrease) in cash and cash equivalents</strong></td>
<td>417</td>
<td>43</td>
<td>(23)</td>
<td>—</td>
<td>437</td>
</tr>
<tr>
<td>Cash and cash equivalents at beginning of period</td>
<td>1,538</td>
<td>41</td>
<td>257</td>
<td>—</td>
<td>1,836</td>
</tr>
<tr>
<td>Cash and cash equivalents at end of period</td>
<td>$ 1,955</td>
<td>$ 84</td>
<td>$ 234</td>
<td>—</td>
<td>$ 2,273</td>
</tr>
</tbody>
</table>
Macy’s, Inc.

Condensed Consolidating Balance Sheet
As of February 2, 2013
(millions)

<table>
<thead>
<tr>
<th>ASSETS:</th>
<th>Parent</th>
<th>Subsidiary Issuer</th>
<th>Other Subsidiaries</th>
<th>Consolidating Adjustments</th>
<th>Consolidated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Assets:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$1,538</td>
<td>$41</td>
<td>$257</td>
<td>—</td>
<td>$1,836</td>
</tr>
<tr>
<td>Receivables</td>
<td>—</td>
<td>58</td>
<td>313</td>
<td>—</td>
<td>371</td>
</tr>
<tr>
<td>Merchandise inventories</td>
<td>—</td>
<td>2,804</td>
<td>2,504</td>
<td>—</td>
<td>5,308</td>
</tr>
<tr>
<td>Prepaid expenses and other current assets</td>
<td>—</td>
<td>97</td>
<td>264</td>
<td>—</td>
<td>361</td>
</tr>
<tr>
<td>Income taxes</td>
<td>30</td>
<td></td>
<td>—</td>
<td>(30)</td>
<td></td>
</tr>
<tr>
<td>Total Current Assets</td>
<td>$1,568</td>
<td>3,000</td>
<td>3,338</td>
<td>(30)</td>
<td>7,876</td>
</tr>
<tr>
<td>Property and Equipment – net</td>
<td>—</td>
<td>4,649</td>
<td>3,547</td>
<td>—</td>
<td>8,196</td>
</tr>
<tr>
<td>Goodwill</td>
<td>—</td>
<td>3,315</td>
<td>428</td>
<td>—</td>
<td>3,743</td>
</tr>
<tr>
<td>Other Intangible Assets – net</td>
<td>—</td>
<td>124</td>
<td>437</td>
<td>—</td>
<td>561</td>
</tr>
<tr>
<td>Other Assets</td>
<td>3</td>
<td>71</td>
<td>541</td>
<td>—</td>
<td>615</td>
</tr>
<tr>
<td>Intercompany Receivable</td>
<td>641</td>
<td></td>
<td>3,190</td>
<td>(3,831)</td>
<td>—</td>
</tr>
<tr>
<td>Investment in Subsidiaries</td>
<td>4,027</td>
<td>2,595</td>
<td>—</td>
<td>(6,622)</td>
<td>—</td>
</tr>
<tr>
<td>Total Assets</td>
<td>$6,239</td>
<td>$13,754</td>
<td>$11,481</td>
<td>$10,483</td>
<td>$20,991</td>
</tr>
</tbody>
</table>

LIABILITIES AND SHAREHOLDERS’ EQUITY:

| Current Liabilities:                       |        |                   |                    |                           |              |
| Short-term debt                            | $——    | $121              | $3                 | —                         | $124         |
| Merchandise accounts payable               | —      | 733               | 846                | —                         | 1,579        |
| Accounts payable and accrued liabilities    | 119    | 1,023             | 1,468              | —                         | 2,610        |
| Income taxes                               | —      | 69                | 316                | (30)                      | 355          |
| Deferred income taxes                      | —      | 323               | 84                 | —                         | 407          |
| Total Current Liabilities                  | 119    | 2,269             | 2,717              | (30)                      | 5,075        |
| Long-Term Debt                             | —      | 6,783             | 23                 | —                         | 6,806        |
| Intercompany Payable                       | —      | 3,831             | —                  | (3,831)                   | —            |
| Deferred Income Taxes                      | 11     | 410               | 817                | —                         | 1,238        |
| Other Liabilities                          | 58     | 596               | 1,167              | —                         | 1,821        |
| Shareholders’ Equity (Deficit)             | 6,051  | (135)             | 6,757              | (6,622)                   | 6,051        |
| Total Liabilities and Shareholders’ Equity | $6,239 | $13,754           | $11,481            | $10,483                   | $20,991      |
### MACY’S, INC.

**Condensed Consolidating Statement of Comprehensive Income**  
**For 2012**  
**(millions)**

<table>
<thead>
<tr>
<th></th>
<th>Parent</th>
<th>Subsidiary Issuer</th>
<th>Other Subsidiaries</th>
<th>Consolidating Adjustments</th>
<th>Consolidated</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net sales</strong></td>
<td>$ —</td>
<td>$ 13,594</td>
<td>$ 22,493</td>
<td>$ (8,401)</td>
<td>$ 27,686</td>
</tr>
<tr>
<td><strong>Cost of sales</strong></td>
<td>—</td>
<td>(8,385)</td>
<td>(16,500)</td>
<td>8,347</td>
<td>(16,538)</td>
</tr>
<tr>
<td><strong>Gross margin</strong></td>
<td>—</td>
<td>5,209</td>
<td>5,993</td>
<td>(54)</td>
<td>11,148</td>
</tr>
<tr>
<td><strong>Selling, general and administrative expenses</strong></td>
<td>(9)</td>
<td>(4,584)</td>
<td>(3,943)</td>
<td>54</td>
<td>(8,482)</td>
</tr>
<tr>
<td><strong>Impairments, store closing and other costs</strong></td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>and gain on sale of leases</td>
<td>—</td>
<td>(8)</td>
<td>3</td>
<td>—</td>
<td>(5)</td>
</tr>
<tr>
<td><strong>Operating income (loss)</strong></td>
<td>(9)</td>
<td>617</td>
<td>2,053</td>
<td>—</td>
<td>2,661</td>
</tr>
<tr>
<td><strong>Interest (expense) income, net:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>External</td>
<td>1</td>
<td>(422)</td>
<td>(1)</td>
<td>—</td>
<td>(422)</td>
</tr>
<tr>
<td>Intercompany</td>
<td>(2)</td>
<td>(146)</td>
<td>148</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Premium on early retirement of debt</td>
<td>—</td>
<td>(137)</td>
<td>—</td>
<td>—</td>
<td>(137)</td>
</tr>
<tr>
<td><strong>Equity in earnings of subsidiaries</strong></td>
<td>1,342</td>
<td>638</td>
<td>—</td>
<td>(1,980)</td>
<td>—</td>
</tr>
<tr>
<td><strong>Income before income taxes</strong></td>
<td>1,332</td>
<td>550</td>
<td>2,200</td>
<td>(1,980)</td>
<td>2,102</td>
</tr>
<tr>
<td>Federal, state and local income tax benefit (expense)</td>
<td>3</td>
<td>24</td>
<td>(794)</td>
<td>—</td>
<td>(767)</td>
</tr>
<tr>
<td><strong>Net income</strong></td>
<td>$ 1,335</td>
<td>$ 574</td>
<td>$ 1,406</td>
<td>$ (1,980)</td>
<td>$ 1,335</td>
</tr>
<tr>
<td><strong>Comprehensive income</strong></td>
<td>$ 1,465</td>
<td>$ 704</td>
<td>$ 1,477</td>
<td>$ (2,181)</td>
<td>$ 1,465</td>
</tr>
</tbody>
</table>

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MACY’S, INC.

Condensed Consolidating Statement of Cash Flows
For 2012
(millions)

<table>
<thead>
<tr>
<th>Cash flows from operating activities:</th>
<th>Parent</th>
<th>Subsidiary Issuer</th>
<th>Other Subsidiaries</th>
<th>Consolidating Adjustments</th>
<th>Consolidated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net income</td>
<td>$1,335</td>
<td>$574</td>
<td>$1,406</td>
<td>$(1,980)</td>
<td>$1,335</td>
</tr>
<tr>
<td>Impairments, store closing and other costs and gain on sale of leases</td>
<td>—</td>
<td>8</td>
<td>—</td>
<td>—</td>
<td>5</td>
</tr>
<tr>
<td>Equity in earnings of subsidiaries</td>
<td>(1,342)</td>
<td>(638)</td>
<td>(3)</td>
<td>—</td>
<td>1,980</td>
</tr>
<tr>
<td>Dividends received from subsidiaries</td>
<td>783</td>
<td>125</td>
<td>—</td>
<td>(908)</td>
<td>—</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>—</td>
<td>484</td>
<td>565</td>
<td>—</td>
<td>1,049</td>
</tr>
<tr>
<td>Increase in working capital</td>
<td>(76)</td>
<td>(75)</td>
<td>(66)</td>
<td>—</td>
<td>(217)</td>
</tr>
<tr>
<td>Other, net</td>
<td>31</td>
<td>(31)</td>
<td>7</td>
<td>—</td>
<td>7</td>
</tr>
<tr>
<td><strong>Net cash provided by operating activities</strong></td>
<td><strong>731</strong></td>
<td><strong>447</strong></td>
<td><strong>1,909</strong></td>
<td><strong>(908)</strong></td>
<td><strong>2,179</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Cash flows from investing activities:</th>
<th>Parent</th>
<th>Subsidiary Issuer</th>
<th>Other Subsidiaries</th>
<th>Consolidating Adjustments</th>
<th>Consolidated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase of property and equipment and capitalized software, net</td>
<td>—</td>
<td>(324)</td>
<td>(552)</td>
<td>—</td>
<td>(876)</td>
</tr>
<tr>
<td>Other, net</td>
<td>—</td>
<td>51</td>
<td>44</td>
<td>—</td>
<td>95</td>
</tr>
<tr>
<td><strong>Net cash used by investing activities</strong></td>
<td><strong>—</strong></td>
<td><strong>(273)</strong></td>
<td><strong>(508)</strong></td>
<td><strong>—</strong></td>
<td><strong>(781)</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Cash flows from financing activities:</th>
<th>Parent</th>
<th>Subsidiary Issuer</th>
<th>Other Subsidiaries</th>
<th>Consolidating Adjustments</th>
<th>Consolidated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Debt repaid, net of debt issued</td>
<td>—</td>
<td>(799)</td>
<td>(4)</td>
<td>—</td>
<td>(803)</td>
</tr>
<tr>
<td>Dividends paid</td>
<td>(324)</td>
<td>—</td>
<td>(908)</td>
<td>908</td>
<td>(324)</td>
</tr>
<tr>
<td>Common stock acquired, net of issuance of common stock</td>
<td>(1,163)</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>(1,163)</td>
</tr>
<tr>
<td>Intercompany activity, net</td>
<td>(194)</td>
<td>642</td>
<td>(448)</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Other, net</td>
<td>(45)</td>
<td>(14)</td>
<td>(40)</td>
<td>—</td>
<td>(99)</td>
</tr>
<tr>
<td><strong>Net cash used by financing activities</strong></td>
<td><strong>(1,726)</strong></td>
<td><strong>(171)</strong></td>
<td><strong>(1,400)</strong></td>
<td><strong>908</strong></td>
<td><strong>(2,389)</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Net increase (decrease) in cash and cash equivalents</th>
<th>Parent</th>
<th>Subsidiary Issuer</th>
<th>Other Subsidiaries</th>
<th>Consolidating Adjustments</th>
<th>Consolidated</th>
</tr>
</thead>
<tbody>
<tr>
<td>(995)</td>
<td>3</td>
<td>1</td>
<td>—</td>
<td>—</td>
<td>(991)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Cash and cash equivalents at beginning of period</th>
<th>Parent</th>
<th>Subsidiary Issuer</th>
<th>Other Subsidiaries</th>
<th>Consolidating Adjustments</th>
<th>Consolidated</th>
</tr>
</thead>
<tbody>
<tr>
<td>2,533</td>
<td>38</td>
<td>256</td>
<td>—</td>
<td>—</td>
<td>2,827</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Cash and cash equivalents at end of period</th>
<th>Parent</th>
<th>Subsidiary Issuer</th>
<th>Other Subsidiaries</th>
<th>Consolidating Adjustments</th>
<th>Consolidated</th>
</tr>
</thead>
<tbody>
<tr>
<td>$1,538</td>
<td>$41</td>
<td>$257</td>
<td>$1,836</td>
<td>—</td>
<td>$1,836</td>
</tr>
</tbody>
</table>
**Macy’s, Inc.**

**Condensed Consolidating Statement of Comprehensive Income**

For 2011  
(millions)

<table>
<thead>
<tr>
<th></th>
<th>Parent</th>
<th>Subsidiary Issuer</th>
<th>Other Subsidiaries</th>
<th>Consolidating Adjustments</th>
<th>Consolidated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>$ —</td>
<td>$ 13,405</td>
<td>$ 21,312</td>
<td>$ (8,312)</td>
<td>$ 26,405</td>
</tr>
<tr>
<td>Cost of sales</td>
<td>—</td>
<td>(8,274)</td>
<td>(15,721)</td>
<td>8,257</td>
<td>(15,738)</td>
</tr>
<tr>
<td>Gross margin</td>
<td>—</td>
<td>5,131</td>
<td>5,591</td>
<td>(55)</td>
<td>10,667</td>
</tr>
<tr>
<td>Selling, general and administrative expenses</td>
<td>5</td>
<td>(4,585)</td>
<td>(3,756)</td>
<td>55</td>
<td>(8,281)</td>
</tr>
<tr>
<td>Impairments, store closing and other costs</td>
<td>—</td>
<td>28</td>
<td>(3)</td>
<td>—</td>
<td>25</td>
</tr>
<tr>
<td>Operating income</td>
<td>5</td>
<td>574</td>
<td>1,832</td>
<td>—</td>
<td>2,411</td>
</tr>
<tr>
<td>Interest (expense) income, net:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>External</td>
<td>1</td>
<td>(443)</td>
<td>(1)</td>
<td>—</td>
<td>(443)</td>
</tr>
<tr>
<td>Intercorporate</td>
<td>(1)</td>
<td>(191)</td>
<td>192</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Equity in earnings of subsidiaries</td>
<td>1,253</td>
<td>548</td>
<td>—</td>
<td>(1,801)</td>
<td>—</td>
</tr>
<tr>
<td>Income before income taxes</td>
<td>1,258</td>
<td>488</td>
<td>2,023</td>
<td>(1,801)</td>
<td>1,968</td>
</tr>
<tr>
<td>Federal, state and local income tax benefit (expense)</td>
<td>(2)</td>
<td>27</td>
<td>(737)</td>
<td>—</td>
<td>(712)</td>
</tr>
<tr>
<td>Net income</td>
<td>$ 1,256</td>
<td>$ 515</td>
<td>$ 1,286</td>
<td>$ (1,801)</td>
<td>$ 1,256</td>
</tr>
<tr>
<td>Comprehensive income</td>
<td>$ 925</td>
<td>$ 184</td>
<td>$ 1,150</td>
<td>$ (1,334)</td>
<td>$ 925</td>
</tr>
</tbody>
</table>
## MACY’S, INC.
### Condensed Consolidating Statement of Cash Flows
#### For 2011
##### (millions)

<table>
<thead>
<tr>
<th>Cash flows from operating activities:</th>
<th>Parent</th>
<th>Subsidiary Issuer</th>
<th>Other Subsidiaries</th>
<th>Consolidating Adjustments</th>
<th>Consolidated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net income</td>
<td>$1,256</td>
<td>$515</td>
<td>$1,286</td>
<td>$(1,801)</td>
<td>$1,256</td>
</tr>
<tr>
<td>Impairments, store closing and other costs and gain on sale of leases</td>
<td>—</td>
<td>(28)</td>
<td>3</td>
<td>—</td>
<td>(25)</td>
</tr>
<tr>
<td>Equity in earnings of subsidiaries</td>
<td>(1,253)</td>
<td>(548)</td>
<td>—</td>
<td>1,801</td>
<td>—</td>
</tr>
<tr>
<td>Dividends received from subsidiaries</td>
<td>612</td>
<td>175</td>
<td>—</td>
<td>(787)</td>
<td>—</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>—</td>
<td>517</td>
<td>568</td>
<td>—</td>
<td>1,085</td>
</tr>
<tr>
<td>(Increase) decrease in working capital</td>
<td>5</td>
<td>(59)</td>
<td>81</td>
<td>—</td>
<td>27</td>
</tr>
<tr>
<td>Other, net</td>
<td>(18)</td>
<td>(166)</td>
<td>14</td>
<td>—</td>
<td>(170)</td>
</tr>
<tr>
<td>Net cash provided by operating activities</td>
<td>602</td>
<td>406</td>
<td>1,952</td>
<td>(787)</td>
<td>2,173</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Cash flows from investing activities:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase of property and equipment and capitalized software, net</td>
</tr>
<tr>
<td>Other, net</td>
</tr>
<tr>
<td>Net cash provided (used) by investing activities</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Cash flows from financing activities:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Debt issued, net of debt repaid</td>
</tr>
<tr>
<td>Dividends paid</td>
</tr>
<tr>
<td>Common stock acquired, net of issuance of common stock</td>
</tr>
<tr>
<td>Intercompany activity, net</td>
</tr>
<tr>
<td>Other, net</td>
</tr>
<tr>
<td>Net cash provided (used) by financing activities</td>
</tr>
</tbody>
</table>

| Net increase (decrease) in cash and cash equivalents | 1,359  | (3)              | 7                   | —                        | 1,363        |

| Cash and cash equivalents at beginning of period | 1,174  | 41               | 249                | —                        | 1,464        |

| Cash and cash equivalents at end of period | $2,533 | $38             | $256              | —                        | $2,827       |
MACY’S, INC.

EXECUTIVE SEVERANCE PLAN

(Effective November 1, 2009)

(As Revised and Restated January 1, 2014)

1. Purpose of the Plan

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

2. Definitions.

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

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

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

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

No act, or failure to act, on the part of a Participant shall be deemed "intentional" if it was due primarily to an error in judgment or negligence but shall be deemed “intentional” only if done, or omitted to be done, by the Participant in bad faith or without reasonable belief that his or her action or omission was in or not opposed to the best interest of the Participating Employer. Failure to meet performance standards or objectives of a Participating Employer shall not, in and of itself, constitute Cause for purposes hereof.
“Effective Date” means the effective date of the Plan set forth in Section 12.

“Executive” means an employee of a Participating Employer whose position is at or above the General Merchandise Manager (GMM), Senior Vice President (SVP), or equivalent level. In addition, in exceptional circumstances for recruitment or retention purposes, management may designate certain employees below the GMM, SVP or equivalent level as “Executive,” provided such employees have a position at or above Vice President (VP) or its equivalent.

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

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

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

3. Administration of the Plan

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

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

4. Participation.

Any Executive who was a Participant on the Revision Date shall remain a Participant. On or after the Revision Date, each other Executive who is at the GMM level equivalent or above shall be eligible to become a Participant in the Plan. In addition, any executive of the Company who
was a party to an employment agreement with the Company as of the Effective Date, (ii) held a position at the GMM level or equivalent prior to the Company’s 2009 unification, and (iii) held a position following such unification below the GMM or equivalent level shall be a Participant in the Plan provided that such executive remains in the same position (or equivalent level position).

Additionally, after the Revision Date of the Plan, an eligible Executive will be any Executive (i) who is a member of the senior management council of the Company, or (ii) who is designated by Company management and holds a position of GMM, SVP, or equivalent level, or above. In addition, Company management may designate for participation in this Plan any Executive who holds a position below such levels but whose participation is deemed necessary or advisable for recruitment or retention purposes, provided such Executive has a position of Vice President (VP) or equivalent level, or above.

In order to become a Participant, an Executive who has become eligible for the Plan pursuant to the preceding paragraphs of this Section 4 must execute a noncompetition, nonsolicitation and trade secrets and confidential information agreement in the form provided by the Company (the “Restrictive Covenant Agreement”). If an eligible Executive fails to sign the Restrictive Covenant Agreement within 90 days of being notified of eligibility for participation, the Executive will not become a Participant in the Plan. An Executive who timely executes a Restrictive Covenant Agreement will become a Participant as of the date of the Executive's execution of the Restrictive Covenant Agreement.

If a Participant ceases to be an Executive (or, in the case of an executive who was party to an employment agreement with the Company as of the Effective Date and who is a Participant as described in the first paragraph of this Section 4, if the Participant ceases to be eligible due to a change in status), the Participant will no longer be eligible to participate in the Plan. Such Participant’s participation in the Plan and eligibility for benefits hereunder shall end on the date that is the first anniversary of the effective date of the Participant’s change in status.

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

5. Involuntary Termination

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

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

6. Benefits upon Involuntary Termination

The amount of the severance benefit payable under this Section 6 is equal to twenty four times the Participant’s monthly base salary rate in effect at the time of the Participant’s termination of employment. If, as of the Effective Date, a Participant is covered by an employment agreement with the Company that provides for severance payments in the event of involuntary termination, the severance benefit shall be reduced by the value of the maximum cumulative severance payments (if any) that could be made to the Participant under said agreement.

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

If a Participant who is entitled to benefits under this Section 6 dies following his or her termination from employment, but prior to receipt of the severance payment provided in this Section 6, payment shall be made to the Participant’s estate, provided, however, if the Participant dies before having signed the Release, payment shall be made to the Participant's estate if and only if, no later than 70 days after the Participant’s termination of employment, the estate representative shall have signed the Release and such Release shall have become irrevocable.

7. Form and Timing of Payment
Severance benefits payable under Section 6 and any corresponding payment to the Participant’s estates under Section 6 shall be paid in a single lump sum payment, less applicable withholding, in cash no later than the later of (i) the Participant’s termination of employment, or (ii) 5 days following the date on which the Release becomes irrevocable.

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

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

8. Claims and Appeal Procedure

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

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

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

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

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

Chief Human Resources Officer

5

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

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

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

10. Amendments and Termination

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

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

11. Governing Law; Plan Interpretation

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

The Plan shall be effective as of November 1, 2009. The Plan is revised and restated effective as of January 1, 2014.
Notwithstanding the previous provisions of this Plan, the following shall apply to a Plan Participant who has the title of Chief Executive Officer:

1. The amount of the severance benefit payable under Section 6 is equal to either
   
a. fifty four times the Participant’s monthly base salary rate in effect at the time of the Participant’s termination from employment; or
   
b. thirty six times the Participant’s monthly base salary rate in effect at the time of the Participant’s termination from employment;

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

All other provisions of the Plan shall apply to the Chief Executive Officer in the same manner as all other Participants.
Exhibit 10.18.1

PERFORMANCE-BASED RESTRICTED STOCK UNIT AGREEMENT

This AGREEMENT (the “Agreement”) made as of ______________ (the “Date of Grant”) by and between MACY’S, INC., a Delaware corporation (the “Company”), and ____________ (the “Grantee”).

1. Grant of Performance-Based Restricted Stock Units. Subject to and upon the terms, conditions, and restrictions set forth in this Agreement and in the Company’s 2009 Omnibus Incentive Compensation Plan (the “Plan”), as amended from time to time, the Company hereby grants to the Grantee a “Target” award of ____________ Performance-Based Restricted Stock Units (“Performance Units”). Each Performance Unit represents the right to receive one share of the common stock of the Company (“Common Stock”), subject to the terms and conditions set forth below.

2. Limitations on Transfer of Performance Units; Performance Period.

(a) During the Performance Period hereinafter described, the Performance Units may not be transferred, sold, pledged, exchanged, assigned or otherwise encumbered or disposed of by the Grantee, except to the Company, until they are earned and become nonforfeitable (“Vest”) in accordance with Section 3; provided, however, that the Grantee’s interest in the Performance Units may be transferred at any time by will or the laws of descent and distribution.

(b) The Performance Period shall commence on February 2, 2014 (the “Commencement Date”) and, except as otherwise provided in this Agreement, will expire in full on January 28, 2017.

3. Vesting of Performance Units.

(a) Subject to potential reduction as set forth in Section 3(b) below, one hundred and fifty percent (150%) of the Target award of Performance Units will be Vested on the date (“Vesting Date”) that the Compensation Committee certifies that the Company has achieved a Cumulative EBITDA (as defined below) level of at least $8.25 billion over the Performance Period, provided that the Grantee is continuously employed by the Company through the Vesting Date. If the Company does not achieve a Cumulative EBITDA level of at least $8.25 billion over the Performance Period, then all Performance Units are forfeited as of the end of the Performance Period. In all cases the Compensation Committee shall certify whether the Company has achieved the specified level of Cumulative EBITDA as soon as administratively feasible following the end of the Performance Period but in no event later than two and a half months following the end of the Performance Period.

(i) “Cumulative EBITDA” is defined as Earnings Before Interest, Taxes, Depreciation and Amortization, which is equal to the sum of operating income and depreciation and amortization as reported in the Company’s financial statements included in its annual Form 10-K, adjusted to eliminate the effects of asset impairments, restructurings, acquisitions, divestitures, other unusual or non-recurring items, store closing costs, unplanned material tax law changes and/or assessments and the cumulative effect of tax or accounting changes, as determined in accordance with generally accepted accounting principles, as applicable.

(b) The actual number of Performance Units that become Vested based on achieving the targeted level of Cumulative EBITDA during the Performance Period may be reduced by the
Compensation Committee in its sole and absolute discretion based on such factors as the Compensation Committee determines to be appropriate and/or advisable including without limitation the Company’s achievement of average EBITDA Margin, average Return on Invested Capital (“ROIC”) and relative Total Shareholder Return (TSR) goals for the Performance Period. It is the current intention of the Compensation Committee that the Compensation Committee will exercise its discretion to reduce the number of Performance Units that will Vest based on the Company’s achievement of the average EBITDA Margin, average ROIC and relative TSR goals during the Performance Period, weighted 50%, 30% and 20% respectively, as set forth in the following schedules. However, the Compensation Committee reserves the right to deviate from such schedules based on achievement of average EBITDA Margin, average ROIC and relative TSR and may adjust the number of Performance Units that Vest based on such other factors as the Compensation Committee in its sole and absolute discretion determines to be appropriate and/or advisable; provided, however, that it is the intention of the Compensation Committee that it will deviate from such average EBITDA Margin, average ROIC and relative TSR schedules only in extreme and unusual circumstances.

**EBITDA Margin and ROIC Schedule**

<table>
<thead>
<tr>
<th>Performance Level</th>
<th>EBITDA Margin (50%)</th>
<th>ROIC (30%)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>3-year Average</td>
<td>Vesting Percentage</td>
</tr>
<tr>
<td>Outstanding</td>
<td>≥14.6%</td>
<td>150%</td>
</tr>
<tr>
<td>Target</td>
<td>14.3%</td>
<td>100%</td>
</tr>
<tr>
<td>Threshold</td>
<td>13.6%</td>
<td>50%</td>
</tr>
<tr>
<td>Below Threshold</td>
<td>&lt;13.6%</td>
<td>0%</td>
</tr>
</tbody>
</table>

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

(i) “EBITDA Margin” is defined as EBITDA (adjusted to eliminate the effects of asset impairments, restructurings, acquisitions, divestitures, other unusual or non-recurring items, store closing costs, unplanned material tax law changes and/or assessments and the cumulative effect of tax or accounting changes, as determined in accordance with generally accepted accounting principles, as applicable) divided by Net Sales (defined as owned sales as presented in the Company’s internal books and records, including the business plan for the performance period). EBITDA Margin will be measured on a three-year average basis (i.e., the average of Fiscal 2014, Fiscal 2015 and Fiscal 2016 annual EBITDA Margin).

Notwithstanding anything to the contrary contained in any Performance Restricted Stock Unit Agreement previously entered into between the Company and the Grantee covering the grant of performance restricted stock units by the Company to the Grantee, all such Performance Restricted Stock Unit Agreements shall be deemed to define Net Sales in the same manner as Net Sales are defined herein.

(ii) “Return on Invested Capital” is defined as EBITDAR divided by Total Average Gross Investment. EBITDAR is equal to the sum of EBITDA (adjusted to eliminate the effects of asset impairments, restructurings, acquisitions, divestitures, other unusual or non-recurring items, store closing costs, unplanned material tax law changes and/or assessments and the cumulative effect of tax or accounting changes, as determined in accordance with generally accepted accounting principles, as applicable) plus Net Rent Expense. Net Rent Expense represents rent expense as reported in the Company’s financial statements included in its Form 10-K less the deferred rent amortization related to contributions received from landlords. Total Average Gross Investment is equal to the sum of Gross Property, Plant and Equipment (PPE) plus Capitalized Value of Non-Capitalized Leases, Working Capital – which includes Receivables, Merchandise Inventories,
Prepaid Expenses and Other Current Assets – offset by Merchandise Accounts Payable and Accounts Payable and Accrued Liabilities, and Other Assets, each as reported in the Company’s financial statements in the applicable Form 10-K or Form 10-Q. Gross PPE will be determined using a two-point average (i.e., beginning and end of year). Capitalized Value of Non-Capitalized Leases will be calculated as 8x Net Rent Expense. Working Capital components and Other Assets will be determined using a four-point (i.e., quarterly) average. ROIC will be measured on a three-year average basis (i.e., the average of Fiscal 2014, Fiscal 2015 and Fiscal 2016 annual ROIC).

### RELATIVE TSR SCHEDULE

<table>
<thead>
<tr>
<th>Performance Level*</th>
<th>3-year TSR vs. Peer Group**</th>
<th>Vesting Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Outstanding</td>
<td>≥75%</td>
<td>150%</td>
</tr>
<tr>
<td>Target</td>
<td>50%</td>
<td>100%</td>
</tr>
<tr>
<td>Threshold</td>
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<td>50%</td>
</tr>
<tr>
<td>Below Threshold</td>
<td>&lt;35%</td>
<td>0%</td>
</tr>
</tbody>
</table>

* Straight-line interpolation will apply to performance levels between the ones shown.
** Peer group companies: Bed, Bath & Beyond, Dillard’s, Gap, J.C. Penney, Kohl’s, L Brands, Nordstrom, Ross Stores, Sears Holdings, Target, TJX Companies, and Walmart.

(i) TSR will be calculated on a compound annualized basis over the three-year period.

(ii) TSR is defined as the change in the value of the Common Stock over the three-year performance period, taking into account both stock price appreciation and the reinvestment of dividends. The beginning and ending stock prices will be based on a 20-day average stock price.

(iii) Dividends will be reinvested at the closing price of the last day of the month after the “ex dividend” date. All cash special dividends shall be treated like regular dividends. All spin-offs or share-based dividends shall be assumed to be sold on the issue date and reinvested in the issuing company that same date.

(iv) Relative TSR is the percentile rank of the Company’s TSR compared to the TSR of the peer group over the performance period. If any of the companies in the peer group are no longer publicly traded at the end of the performance period due to bankruptcy, they will continue to be included in the relative TSR calculation by force ranking them at the bottom of the array. If any companies are no longer publicly traded due to acquisition, they will be excluded from the calculation.

4. **Forfeiture of Performance Units.** (a) **Termination of Employment.** Notwithstanding the provisions of Section 3 above, and except as the Board may determine on a case-by-case basis or as provided below, all unvested Performance Units shall be forfeited if the Grantee ceases to be continuously employed by the Company for any reason at any time prior to the end of the Performance Period. For the purposes of this Agreement the continuous employment of the Grantee with the Company shall not be deemed to have been interrupted, and the Grantee shall not be deemed to have ceased to be an employee of the Company, by reason of the transfer of the Grantee’s employment among the Company and its Subsidiaries, divisions or affiliates or a leave of absence approved by the Company. In the event of a termination for cause (as hereafter defined in Section 17), all unvested Performance Units shall be immediately forfeited.
(b) **Death, disability or retirement.** Notwithstanding the provisions of Section 3 above, and except as the Board may determine on a case-by-case basis or as provided below, in the event the Grantee retires on or after age 62 with at least 10 years of vested service, dies or becomes permanently and totally disabled during the Performance Period, the Grantee (or his or her estate, as appropriate) will receive at the end of the Performance Period the percentage of Performance Units determined under Section 3 above, prorated from the Commencement Date through the date of such retirement, death or disability based on the number of completed months of service during the Performance Period divided by 36.

(c) **Change in Control.** In the event of a Change in Control (as hereafter defined in Section 17), Performance Units will convert to time-based restricted stock without proration for the percentage of the Performance Period that has elapsed since the Commencement Date, as follows:

(i) If the Change in Control occurs prior to the 24-month anniversary of the Commencement Date, then 100% of the Target award number of Performance Units shall convert to time-based restricted stock (plus an additional number of shares of time-based restricted stock representing the dividend equivalents payable on that Target award number of Performance Units from the Commencement Date to date of the Change in Control);

(ii) If the Change in Control occurs on or after the 24-month anniversary of the Commencement Date, the conversion of Performance Units to time-based restricted stock (and the corresponding conversion of dividend equivalents payable on those Performance Units to time-based restricted stock) will be based on (a) the Company’s EBITDA Margin and ROIC performance determined under Section 3 above from the Commencement Date through the first 24 months of the Performance Period, plus the Company’s performance determined under Section 3 above during any completed fiscal quarter thereafter to the date of the Change in Control and (b) the Company’s relative TSR as of the Date of the Change in Control.

(iii) The vesting of the time-based restricted stock as so converted:

- Will be accelerated if, within the 24-month period following the Change in Control, the Grantee is terminated by the Company or the continuing entity without cause or if the Grantee voluntarily terminates employment with Good Reason;
- Will be accelerated at the Change in Control if awards are not assumed or replaced by the acquiror/continuing entity on terms deemed by the Compensation Committee to be appropriate; and
- Will occur on the third anniversary of the Date of Grant, if Vesting has not otherwise been accelerated as provided above.

(d) **Violation of Restrictive Covenants.** Notwithstanding the provisions of Section 4(b) above, all unvested Performance Units shall be forfeited immediately upon the occurrence of any of the following events. If there are no unvested Performance Units outstanding at the time a restricted covenant is violated, the Company may pursue other legal remedies.

(i) following a voluntary retirement and prior to the later to occur of (a) settlement date for the Performance Units or (b) two years following retirement, the Grantee renders personal services to a Competing Business (as hereafter defined in Section 17) in any manner, including, without limitation, as employee, agent, consultant, advisor, independent contractor, proprietor, partner, officer, director, manager, owner, financer, joint venturer or otherwise; or

(ii) following a voluntary or involuntary retirement and prior to the later to occur of (a) the settlement date for the Performance Units or (b) two years following retirement, the
Grantee directly or indirectly solicits or otherwise entices any of the Company’s employees to resign from their employment with the Company, whether individually or as a group; or

(iii) at any time following a voluntary or involuntary retirement, the Grantee discloses or provides to any third party, or uses, modifies, copies or adapts any of the Company’s Confidential Information (as hereafter defined in Section 17).

For purposes of this Section 4(d), an involuntary retirement occurs when the employment of an Grantee who satisfies the age and years of service criteria described in Section 4(b) above is terminated by the Company without Cause (as hereafter defined in Section 17) or is terminated by the Grantee with Good Reason (as hereafter defined in Section 17) within the 24-month period following a Change in Control (as hereafter defined in Section 17).

5. **Dividend, Voting and Other Rights.** Except as otherwise provided herein, prior to Vesting the Grantee shall not have any of the rights of a stockholder with respect to the Performance Units, including the right to vote any of the Performance Units. An amount representing dividends payable on shares of Common Stock equal in number to one hundred and fifty percent (150%) of the Target award of Performance Units on a dividend record date shall be deemed reinvested in Common Stock and credited to the Grantee as restricted stock units as of the dividend payment date. If there is any change in the outstanding Common Stock of the Company by reason of a stock dividend, stock split, combination of shares, recapitalization, merger, consolidation, separation or reorganization or any other change in the capital structure of the Company, the Compensation Committee shall determine the appropriate adjustment to the Performance Units, if any, needed to reflect such change. Any restricted stock units or additional Performance Units credited to the Grantee pursuant to this Section 5 will be subject to the terms and restrictions set forth in this Agreement.

6. **Settlement of Performance Units.** As soon as administratively feasible following the end of the Performance Period and certification by the Compensation Committee as to the level of achievement of the Cumulative EBITDA performance goal and, if the Compensation Committee exercises its discretion to reduce the number of Performance Units that will Vest, determination of the level of achievement of the applicable EBITDA Margin, ROIC and relative TSR performance goals, but in no event later than two and a half months after the end of the Performance Period, the Company shall cause to be paid to the Grantee a number of whole shares of unrestricted Common Stock equal to the number of Performance Units to which the Grantee is entitled and the earned dividend equivalents on those earned Performance Units, if any.

Such shares of Common Stock shall be credited as book entry shares to the Grantee’s trading account. In the event Performance Units are not earned, those Performance Units, and the related restricted stock units attributed to any dividend equivalents on those Performance Units, shall be forfeited.

7. **Clawback.** Any incentive-based compensation received by Grantee from the Company hereunder or otherwise shall be subject to recovery by the Company in the circumstances and manner provided in any Incentive-Based Compensation Recovery Policy that may be adopted or implemented by the Company and in effect from time to time on or after the date hereof, and Grantee shall effectuate any such recovery at such time and in such manner as the Company may specify. For purposes of this Agreement, the term "Incentive-Based Compensation Recovery Policy" means and includes any policy of the type contemplated by Section 10D of the Securities Exchange Act, any rules or regulations of the Securities and Exchange Commission adopted pursuant thereto, or any related rules or listing standards of any national securities exchange or national securities association applicable to the Company. Until the
Company shall adopt such an Incentive-Based Compensation Recovery Policy, the following clawback provision shall apply:

In the event that, within three years of the end of the Performance Period, the Company restates its financial results with respect to the Company’s performance during the Performance Period to correct a material error that the Compensation Committee determines is the result of fraud or intentional misconduct, then the Compensation Committee, in its discretion, may require the Grantee to repay to the Company all income, if any, derived from the Performance Units.

8. **No Employment Contract.** Nothing contained in this Agreement shall confer upon the Grantee any right with respect to continuance of employment by the Company, or limit or affect in any manner the right of the Company to terminate the employment or adjust the compensation of the Grantee.

9. **Taxes and Withholding.** If the Company shall be required to withhold any federal, state, local or foreign tax in connection with the issuance or Vesting of any Performance Units or the issuance of any unrestricted shares of Common Stock or other securities following Vesting pursuant to this Agreement, it shall be a condition to such Vesting or issuance that the Grantee pay the tax or make provisions that are satisfactory to the Company for the payment thereof. Unless the Grantee makes alternative arrangements satisfactory to the Company prior to the Vesting of the Performance Units or the issuance of shares of unrestricted Common Stock, as the case may be, the Grantee will satisfy the minimum statutory tax withholding obligations by providing for the sale of enough of the shares to generate proceeds that will satisfy such withholding obligation or surrendering to the Company a portion of the shares of nonforfeitable and unrestricted Common Stock that are issued or transferred to the Grantee hereunder following the Vesting Date, and the shares of Common Stock so surrendered by the Grantee shall be credited against any such withholding obligation at the Market Value per Share of such shares of Common Stock on the Vesting Date.

10. **Compliance with Law.** The Company shall make reasonable efforts to comply with all applicable federal and state securities laws; provided, however, notwithstanding any other provision of this Agreement, the Company shall not be obligated to issue any Performance Units or shares of unrestricted Common Stock or other securities pursuant to this Agreement if the issuance thereof would result in a violation of any such law.

11. **Relation to Other Benefits.** Any economic or other benefit to the Grantee under this Agreement shall not be taken into account in determining any benefits to which the Grantee may be entitled under any profit-sharing, retirement or other benefit or compensation plan maintained by the Company and shall not affect the amount of any life insurance coverage available to any beneficiary under any life insurance plan covering employees of the Company.

12. **Amendments.** Any Amendment to the Plan shall be deemed to be an amendment to this Agreement to the extent that the amendment is applicable hereto; provided, however, that no amendment shall adversely affect the rights of the Grantee under this Agreement without the Grantee’s consent.

13. **Severability.** In the event that one or more of the provisions of this Agreement shall be invalidated for any reason by a court of competent jurisdiction, any provision so invalidated shall be deemed to be separable from the other provisions hereof, and the remaining provisions hereof shall continue to be valid and fully enforceable.

14. **Relation to Plan; Miscellaneous.** This Agreement is subject to the terms and conditions of the Plan. In the event of any inconsistent provisions between this Agreement and the Plan, the Plan shall govern. Capitalized terms used herein without definition shall have the meanings assigned to them.
in the Plan. All references in this Agreement to the Company shall be deemed to include, unless the context in which it is used suggests otherwise, its subsidiaries, divisions and affiliates.

15. **Successors and Assigns.** Subject to Section 2 hereof, the provisions of this Agreement shall inure to the benefit of, and be binding upon, the successors, administrators, heirs, legal representatives and assigns of the Grantee and the successors and assigns of the Company.

16. **Governing Law.** The interpretation, performance, and enforcement of this Agreement shall be governed by the laws of the State of Delaware.

17. **Definitions.**

   (a) “cause” shall mean that the Grantee has committed prior to termination of employment any of the following acts:

   (i) an intentional act of fraud, embezzlement, theft, or any other material violation of law in connection with the Grantee’s duties or in the course of the Grantee’s employment;

   (ii) intentional wrongful damage to material assets of the Company;

   (iii) intentional wrongful disclosure of material confidential information of the Company;

   (iv) intentional wrongful engagement in any competitive activity that would constitute a material breach of the duty of loyalty;

   (v) intentional breach of any stated material employment policy of the Company; or

   (vi) intentional neglect by the Grantee of the Grantee’s duties and responsibilities.

   (b) “Good Reason” shall mean:

   (i) a material diminution in the Grantee’s base compensation;

   (ii) a material diminution in the Grantee’s authority, duties or responsibilities;

   (iii) a material change in the geographic location at which the Grantee must perform the Grantee’s services; or

   (iv) any other action or inaction that constitutes a material breach by the Company of an agreement under which the Grantee provides services.

   (c) “Change in Control” shall mean the occurrence of any of the following events:

   (i) The acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”)) (a “Person”) of beneficial ownership (within the meaning of Rule 13d-3...
promulgated under the Exchange Act) of 30% or more of the combined voting power of the then-outstanding securities of the Company entitled to vote generally in the election of directors (the “Voting Stock”); provided, however, that for purposes of this subsection (i), the following acquisitions will not constitute a Change of Control:

- (A) any acquisition of Voting Stock directly from the Company that is approved by a majority of the Incumbent Board (as defined in subsection (ii) below);
- (B) any acquisition of Voting Stock by any entity in which the Company, directly or indirectly, beneficially owns 50% or more ownership or other equity interest (a “Subsidiary”);
- (C) any acquisition of Voting Stock by any employee benefit plan (or related trust) sponsored or maintained by the Company or any Subsidiary; or
- (D) any acquisition of Voting Stock by any Person pursuant to a transaction that complies with clauses (A), (B) and (C) of subsection (iii) below;

provided further, that:

- (X) if any Person is or becomes the beneficial owner of 30% or more of the Voting Stock as a result of a transaction described in clause (A) of this subsection (i), and such Person thereafter becomes the beneficial owner of any additional shares of Voting Stock, and after obtaining such additional beneficial ownership beneficially owns 30% or more of the Voting Stock, other than in an acquisition of Voting Stock directly from the Company that is approved by a majority of the Incumbent Board or other than as a result of a stock dividend, stock split or similar transaction effected by the Company in which all holders of Voting Stock are treated equally, such subsequent acquisition will be treated as a Change in Control; and
- (Y) a Change in Control will not be deemed to have occurred if a Person is or becomes the beneficial owner of 30% or more of the Voting Stock as a result of a reduction in the number of shares of Voting Stock outstanding pursuant to a transaction or series of transactions approved by a majority of the Incumbent Board unless and until such Person thereafter becomes the beneficial owner of any additional shares of Voting Stock, and after obtaining such additional beneficial ownership beneficially owns 30% or more of the Voting Stock, other than as a result of a stock dividend, stock split or similar transaction effected by the Company in which all holders of Voting Stock are treated equally; or

(ii) Individuals who, on the effective date of the Plan, constitute the Board of Directors of the Company (as modified by this subsection (ii), the “Incumbent Board”) cease for any reason to constitute at least a majority of the Board of Directors of the Company (the “Board”); provided, however, that any individual becoming a director after the effective date of the Plan whose election, or nomination for election by the Company’s shareholders, was approved by a vote of at least two-thirds of the directors then comprising the Incumbent Board (either by a specific vote or by approval of the proxy statement of the Company in which such person is named as a nominee for director, without objection to such nomination) shall be considered as though such individual were a member of the Incumbent Board such
effective date, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board; or

(iii) The consummation of a reorganization, merger or consolidation or sale or other disposition of all or substantially all of the assets of the Company (each, a “Business Combination”), unless, in each case, immediately following such Business Combination, (A) all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the Voting Stock immediately prior to such Business Combination beneficially own, directly or indirectly, more than 50% of, respectively, the then-outstanding shares of common stock and the combined voting power of the then-outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the entity resulting from such Business Combination (including, without limitation, an entity that as a result of such transaction owns the Company or all or substantially all of the Company’s assets either directly or through one or more subsidiaries) in substantially the same proportions relative to each other as their ownership, immediately prior to such Business Combination, of the Voting Stock, (B) no Person (excluding any employee benefit plan (or related trust) sponsored or maintained by the Company or any Subsidiary or such entity resulting from such Business Combination) beneficially owns, directly or indirectly, 30% or more of, respectively, the combined voting power of the then-outstanding securities entitled to vote generally in the election of directors of the entity resulting from such Business Combination except to the extent that such ownership existed prior to the Business Combination, and (C) at least a majority of the members of the board of directors of the corporation resulting from such Business Combination were members of the Incumbent Board at the time of the execution of the initial agreement, or of the action of the Board, providing for such Business Combination; or

(iv) Approval by the shareholders of the Company of a complete liquidation or dissolution of the Company.

(d) “Competing Business” shall mean

(i) any of the following named companies, or any other business into which such company is merged, consolidated, or otherwise combined, and the subsidiaries, affiliates and successors of each such company:

<table>
<thead>
<tr>
<th>Abercrombie &amp; Fitch</th>
<th>The Gap</th>
<th>Ross Stores</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bed, Bath &amp; Beyond</td>
<td>J.C. Penney</td>
<td>Saks</td>
</tr>
<tr>
<td>Belk</td>
<td>Kohl’s</td>
<td>Sears</td>
</tr>
<tr>
<td>Burlington Coat Factory</td>
<td>L. Brands (formerly Limited Brands)</td>
<td>Target</td>
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<tr>
<td>Bon-Ton Stores</td>
<td>Nordstrom</td>
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<tr>
<td>Dillard’s</td>
<td>Neiman-Marcus</td>
<td>Walmart</td>
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</tbody>
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or

(ii) any business or enterprise engaged in the business of retail sales that (1) had annual revenues for its most recently completed fiscal year of at least $2.5 billion; and (2)
both (i) offers a category or categories of merchandise (e.g., Fine Jewelry, Cosmetics, Kids, Big Ticket, Housewares, Men’s, Dresses), any of which are offered by the Company (and its subsidiaries, divisions or controlled affiliates), and (ii) the revenue derived by such other retailer during such retailer’s most recently ended fiscal year from such category or categories of merchandise represent(s), in the aggregate, more than 50% of the Company’s (and its subsidiaries, divisions or controlled affiliates) total revenues for the most recently completed fiscal year derived from the same category or categories of merchandise.

(e) “Confidential Information” shall mean any data or information that is material to the Company and not generally known to the public, including, without limitation: (i) price, cost and sales data; (ii) the identities and locations of vendors and consultants furnishing materials and services to the Company and the terms of vendor or consultant contracts or arrangements; (iii) lists and other information regarding customers and suppliers; (iv) financial information that has not been released to the public; (v) future business plans, marketing or licensing strategies, and advertising campaigns; or (vi) information about the Company’s employees and executives, as well as the Company’s talent strategies including but not limited to compensation, retention and recruiting initiatives.

18. Data Privacy. Grantee hereby explicitly accepts the grant of Performance Units and unambiguously consents to the collection, use and transfer, in electronic or other form, of personal data as described in this Agreement by and among the Company and its subsidiaries and affiliates for the exclusive purpose of implementing, administering and managing Grantee’s participation in the Plan.

(a) Grantee understands that the Company holds certain personal information about Grantee, including, but not limited to, Grantee’s name, home address and telephone number, date of birth, social security number or other identification number, salary, nationality, job title, shares of Common Stock held, details of all grants of Performance Units or any other entitlement to shares of Common Stock awarded, canceled, exercised, vested, unvested or outstanding in Grantee’s favor, for the purpose of implementing, administering and managing the Plan (the “Data”).

(b) Grantee understands that the Data may be transferred to any third parties assisting in the implementation, administration and management of the Plan, that these recipients may be located in the United States or elsewhere, and that the recipient’s country may have different data privacy laws and protections than the United States. Grantee understands that Grantee may request a list with the names and addresses of any potential recipients of the Data by contacting Grantee’s local human resources representative.

(c) Grantee authorizes the recipients to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purposes of implementing, administering and managing Grantee’s participation in the Plan, including any requisite transfer of such Data as may be required to a broker or other third party with whom Grantee may elect to deposit any shares of Common Stock acquired.

(d) Grantee understands that Data will be held only as long as is necessary to implement, administer and manage Grantee’s participation in the Plan.

(e) Grantee understands that Grantee may, at any time, view the Data, request additional information about the storage and processing of the Data, require any necessary amendments to the Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing Grantee’s local human resources representative.

(f) Grantee understands, however, that refusing or withdrawing Grantee’s consent may affect Grantee’s ability to participate in the Plan.
IN WITNESS WHEREOF, the Company has caused this Agreement to be executed on its behalf by its duly authorized officer, and Grantee has also executed this Agreement in duplicate, as of the day and year first above written.

MACY’S, INC.

By: ________________________________
Dennis J. Broderick
Title: Executive Vice President, General Counsel and Secretary

_______________________, Grantee

11
The Supplementary Executive Retirement Plan of Macy’s, Inc. (the “Plan”) is hereby amended, effective as of December 31, 2013 and in order to “freeze” benefits, in the following respects.

1. The Plan is amended by adding a new Section 10.5 reading as follows immediately after Section 10.4 of that part of the Plan.

   10.5 Freeze of Benefits.

   Notwithstanding any other provision of the Plan, the amount of any retirement or death benefit accrued by or attributable to a Participant calculated under Sections 4.2.1 and 4.2.2, above, shall be determined as if the Participant permanently ceases to be an Employee no later than the end of December 31, 2013 (even if the Participant actually continues to be an Employee after such date) and thereby as if the Participant does not after December 31, 2013 complete any service with the Employer or receive any compensation from the Employer. The amount of offset calculated under Section 4.2.3, above, shall be determined as of the date that the Participant actually ceases to be an Employee.

2. The part of the Plan that constitutes the May Department Stores Supplementary Retirement Plan is amended by adding a new Section 9 reading as follows immediately after Section 8 of that part of the Plan.

   Section 9 Freeze of Benefits.

   Notwithstanding any other provision of the Plan, the amount of a Member’s Annual Retirement Income under the Plan shall be determined as if the Member permanently ceases to be an Associate no later than the end of January 31, 2014 (even if the Member actually continues to be an Associate after such date) and thereby as if the Member does not after January 31, 2014 complete any service with the Employers or receive any Pay or other compensation from the Employers. The amount of a Member’s Annual Estimated Social Security Benefits will be determined as of January 31, 2014. Annual Retirement Benefits Offset shall be determined as of the date that the Member actually ceases to be an Employee. After December 31, 2013, no additional company match amounts will be added to the amount determined under Section 1.6(j). The amount under 1.6(j) will be adjusted for interest from January 1, 2014 through the date the Member ceases to be an Associate. A Member’s Annual Minimum Benefit under Section 1.4(a) shall not include additional company match amounts after December 31, 2013. The amount under Section 1.4(a) will be
adjusted for interest from January 1, 2014 through the date the Member ceases to be an Associate. Section 1.4(b) shall be determined as if the Member permanently ceases to be an Associate no later than December 31, 2013.

IN ORDER TO EFFECT THE FOREGOING PLAN REVISIONS, the sponsor of the Plan hereby signs this Plan amendment.

MACY’S, INC.

By: David W. Clark

Title: EVP, Human Resources

Date: December 19, 2013
Exhibit 10.21.1

AMENDMENT TO
EXECUTIVE DEFERRED COMPENSATION PLAN
OF
MACY, INC.

The Executive Deferred Compensation Plan of Macy’s, Inc. (the “Plan”) is hereby amended, effective as of December 31, 2013 and in order to “freeze” benefits, in the following respects.

1. The Plan is amended by adding a new Section 10.2 reading as follows immediately after Section 10.1 of that part of the Plan.

10.2 Notwithstanding the preceding, deferrals of base compensation shall be discontinued after December 31, 2013. Deferrals of bonus shall be discontinued after payment of the fiscal 2013 bonus in 2014. Earnings shall continue to be credited, and distributions of account balances shall be made under the remaining provisions of the Plan.

IN ORDER TO EFFECT THE FOREGOING PLAN REVISIONS, the sponsor of the Plan hereby signs this Plan amendment.

MACY’S, INC.

By: David W. Clark
Title: EVP, Human Resources
Date: December 19, 2013
MACY’S, INC.

401(k) RETIREMENT INVESTMENT PLAN

(Amending and restating the Macy’s, Inc. 401(k) Retirement Investment Plan effective as of January 1, 2014)
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ARTICLE 1

NAME AND PURPOSE OF PLAN

1.1 Name of Plan. The plan set forth herein shall be known as the Macy’s, Inc. 401(k) Retirement Investment Plan (which, as is indicated in Subsection 2.1.25 below, is hereinafter referred to as the “Plan”).

1.2 Purpose of Plan. The Plan provides a convenient and effective way for Participants to save on a regular and long-term basis for retirement and obtain additional retirement income. It is intended that the Plan (together with the Trust that is used in conjunction with, and considered a part of, the Plan) qualify as a tax-favored plan and trust under Sections 401(a) and 501(a) of the Code, and it shall be interpreted in a manner consistent with Sections 401(a) and 501(a) of the Code.

1.3 Amendment of Prior Versions of Plan and Effective Date of Plan Document. This Plan document is intended to amend and restate, effective as of the Effective Amendment Date (January 1, 2014), the Macy’s Immediate Prior Plan as such plan is in existence at the end of December 31, 2013 and to supersede all versions of such plan and all amendments to such plan that were or are adopted prior to the Effective Amendment Date.

1.3.1 Certain provisions of this Plan may specifically state that they apply to a Plan Year or period that begins on or after the Effective Amendment Date or to an event that occurs on or after the Effective Amendment Date. Other Plan provisions may not clearly indicate to what Plan Years, periods, or events they apply. But, unless clearly noted in a specific provision of this Plan or unless the context otherwise requires, all provisions of this Plan shall be read as if they only concern the Plan as it shall operate with respect to Plan Years and periods beginning on or after the Effective Amendment Date and to events occurring on or after such date.

1.3.2 For instance, unless clearly noted in a specific provision of this Plan or unless the context otherwise requires, this Plan’s descriptions of contributions made to the Plan generally apply only to contributions made with respect to Plan Years beginning on or after the Effective Amendment Date and not as to earlier Plan Years, its descriptions of the allocation of contributions and forfeitures generally apply only to the allocation of contributions and forfeitures made with respect to such Plan Years and not as to earlier Plan Years, and its descriptions of the distribution of an Account of a Participant generally apply only when the distribution of the Account occurs in such a Plan Year and not in an earlier Plan Year.

1.3.3 When the context requires, however, such as when a Plan provision specifically notes or clearly implies that it applies to Plan Years or periods occurring prior to the Effective Amendment Date, any reference to the Plan shall, when appropriate, refer to all versions of the Prior Plans which were or are in effect before the Effective Amendment Date.
ARTICLE 2

GENERAL DEFINITIONS; GENDER AND NUMBER

2.1 General Definitions. For purposes of the Plan, the following terms shall have the meanings hereinafter set forth unless the context otherwise requires.

2.1.1 “Accounts” means, with respect to any Participant, the bookkeeping accounts established by the Committee for the Participant in accordance with the provisions of this Plan, and as to which contributions, forfeitures, and Plan income and losses may be allocable under the Plan. The specific types and names of Accounts provided for a Participant under the Plan are set forth in the subsequent provisions of the Plan. Any reference to an Account (or to a portion of an Account) in this Plan shall also be deemed a reference to all amounts allocated to such Account (or to such Account portion) under this Plan.

2.1.2 “Affiliated Employer” means each of: (i) Macy’s; (ii) each corporation which is (and only during the period it is) a member of a controlled group of corporations (within the meaning of Section 414(b) of the Code as modified when applicable by Section 415(h) of the Code) which includes Macy’s; (iii) each trade or business whether or not incorporated which is (and only during the period it is) under common control (within the meaning of Section 414(c) of the Code as modified when applicable by Section 415(h) of the Code) with Macy’s; (iv) each member (and only during the period it is such a member) of an affiliated service group (within the meaning of Section 414(m) of the Code) which includes Macy’s; and (v) each other entity required to be aggregated with Macy’s under Section 414(o) of the Code (and only during the period it is required to be so aggregated).

2.1.3 “Board” means the Board of Directors of Macy’s.

2.1.4 “Code” means the Internal Revenue Code of 1986 and the sections thereof, as it and they exist as of the Effective Amendment Date (or, when used in a Plan provision that has an effective date that is earlier than the Effective Amendment Date, as of such earlier effective date) or are thereafter amended or renumbered.

2.1.5 “Committee” means the Pension and Profit Sharing Committee appointed to administer the Plan in accordance with the provisions of Article 13 below.

2.1.6 “Compensation” means, with respect to an Employee and for any specified period, the amount determined in accordance with the following paragraphs of this Subsection 2.1.6.

(a) Subject to paragraphs (b), (c), (d), and (e) below, the Employee’s “Compensation” for any specified period shall mean his or her wages (within the meaning of Section 3401(a) of the Code) and all other compensation paid during such period to the Employee by each Affiliated Employer (in the course of the Affiliated Employer’s trade or business) for his or her services as an Employee and for which the Affiliated Employer is required to furnish him or her a written statement under Section 6041(d), 6051(a)(3), or 6052 of the Code (e.g., compensation reported in Box 1 on a Form W-2). Such Compensation shall be determined without regard to any
rules under Section 3401(a) of the Code that limit the remuneration included in wages based on the nature or location of the employment or the services performed.

(b) Notwithstanding the provisions of paragraph (a) above, the Employee’s “Compensation” for any period shall not in any event include any wages or other compensation paid after he or she has ceased to be an Employee, unless such wages or other compensation is paid within 2-1/2 months after (or, if later, by the end of the Plan Year in which) he or she has ceased to be an Employee and reflects either: (i) payments that, absent his or her severance from employment with the Affiliated Employers, would have been paid to him or her while he or she was an Employee and would have been regular compensation for services during his or her regular working hours, compensation for services outside his or her regular working hours (such as overtime or shift differentials), commissions, bonuses, or similar compensation; or (ii) payments for accrued bona fide sick, vacation, or other leave, but only if he or she would have been able to use the leave if he or she had not ceased to be an Employee. In no event, even if paid within 2-1/2 months after (or, if later, by the end of the Plan Year in which) he or she has ceased to be an Employee, shall any severance pay or unfunded nonqualified deferred compensation be treated as part of the Employee’s “Compensation” for any period under the provisions of this paragraph (b).

(c) Notwithstanding the provisions of paragraph (a) above, the Employee’s Compensation for any period shall also not include any reimbursement or other expense allowances, fringe benefits (cash and noncash), moving expenses, deferred compensation, and welfare benefits, even if any such items are included in the Employee’s income for Federal income tax purposes.

(d) In addition to the amounts included in the Employee’s “Compensation” for any specified period under paragraphs (a), (b), and (c) above, and notwithstanding such paragraphs, the Employee’s “Compensation” for any period shall also include any amounts which are not treated as the Employee’s Compensation for such specified period under paragraphs (a), (b), and (c) above solely because such amounts are considered elective contributions that are made by an Affiliated Employer on behalf of the Employee and are not includable in the Employee’s gross income for Federal income tax purposes by reason of Section 125, 402(e)(3), 402(h), and/or 132(f)(4) of the Code (i.e., elective contributions under a cafeteria plan, a cash or deferred arrangement in a profit sharing plan, a simplified employee pension plan, or an arrangement under which qualified transportation fringes can be chosen) or any other types of deferred compensation or contributions described in Code Section 414(s)(2) or Treasury Regulations Section 1.414(s)-1(c)(4).

(e) Finally, notwithstanding any of the provisions of the foregoing paragraphs of this Subsection 2.1.6, the “Compensation” of the Employee for any twelve consecutive month period which is taken into account under any other provision of the Plan shall not exceed the dollar amount set forth in Section 401(a)(17)(A) of the Code, as such amount is adjusted under Code Section 401(a)(17)(B) by the Secretary of the Treasury or his or her delegate for the calendar year in which such twelve consecutive month period begins.

2.1.7 “Covered Compensation” means, with respect to an Employee and for any specified period, the amount that would be considered the Employee’s Compensation for such period under the provisions of Subsection 2.1.6 above if each reference to “Employee,” “Affiliated
Employer,” or “Affiliated Employer’s” that is contained in Subsection 2.1.6 above were deemed a reference to “Covered Employee,” “Employer,” and “Employer’s,” respectively.

2.1.8 “Covered Employee” generally refers to an individual who is eligible to be a Participant in the Plan if and after he or she meets all of the participation requirements set forth in Article 4 below (including certain minimum age and minimum service requirements set forth in Article 4 below) and means an individual who meets the criteria described in the following paragraphs of this Subsection 2.1.8.

(a) Subject to the following paragraphs of this Subsection 2.1.8, a person shall be considered a “Covered Employee” for any period if he or she is or was during such period an Employee of the Employer.

(b) Notwithstanding the provisions of paragraph (a) above, a person shall not in any event be considered a “Covered Employee” for any period during which he or she is not or was not on an employee payroll of the Employer or during which he or she is or was a Leased Employee. In particular, it is expressly intended that any person not treated as an employee by the Employer on its employee payroll records (for example, when the Employer treats the person as an independent contractor and/or reports his or her compensation from the Employer on any type of Form 1099 or any successor form thereto) shall not be considered a Covered Employee for purposes of this Plan even if a court or administrative agency determines that such individual is a common law employee of the Employer.

(c) Also notwithstanding the provisions of paragraph (a) above, none of the following individuals shall be considered a “Covered Employee” for purposes of the Plan: (i) except where Macy’s has otherwise agreed, any person who is employed in a leased department in a store operated by the Employer; (ii) any person who is stationed outside the United States (including its territories, whether or not incorporated or organized) from the time he or she first becomes employed by the Employer or during which he or she is or was a Leased Employee. In particular, it is expressly intended that any person not treated as an employee by the Employer on its employee payroll records (for example, when the Employer treats the person as an independent contractor and/or reports his or her compensation from the Employer on any type of Form 1099 or any successor form thereto) shall not be considered a Covered Employee for purposes of this Plan even if a court or administrative agency determines that such individual is a common law employee of the Employer.

(d) Also, subject to the following provisions of this paragraph (d) but notwithstanding the provisions of paragraph (a) above, unless included in the Plan by action of the Board or pursuant to an applicable collective bargaining agreement, a “Covered Employee” for purposes of the Plan shall not include any person who is a participant, eligible for participation, or in the process of qualifying for participation in any other defined contribution plan (within the meaning of Section 414(i) of the Code) which qualifies under Section 401(a) of the Code and the cost of which is borne, in whole or in part, by any Affiliated Employer. However, a person who otherwise qualifies as a “Covered Employee” under the other provisions of this Subsection 2.1.8 shall not be considered other than as a “Covered Employee” merely because of his or her participation in another defined contribution plan if such participation relates solely to employment which preceded the date on which he or she would otherwise become a Participant under the Plan and the person’s benefits under such other plan relate solely to such past service.
(e) Further, when any corporation or other entity which is an Employer at any point in time later loses its status as an Employer (because it no longer is part of a controlled group of corporations which includes Macy’s or because of any other reason), all persons who are considered “Covered Employees” under this Plan solely by reason of their employment by such corporation or other entity immediately prior to such corporation or other entity losing its status as an Employer shall no longer be considered “Covered Employees” under this Plan upon such corporation’s or other entity’s loss of Employer status.

2.1.9 “Effective Amendment Date” refers to the effective date of this amendment and restatement of the Macy’s Immediate Prior Plan and means January 1, 2014.

2.1.10 “Employee” means any person who either (i) is employed as a common law employee of an Affiliated Employer (i.e., a person whose work procedures are subject to control by an Affiliated Employer) or (ii) is a Leased Employee. The following paragraphs of this Subsection 2.1.10 shall also apply in determining when a person is an Employee for purposes of the Plan.

(a) A person who is an Employee shall no longer be considered an Employee when he or she dies or otherwise terminates all employment with the Affiliated Employers.

(b) A person who is an Employee shall not be deemed to have terminated such employment while he or she is then on a bona fide military leave, sick leave, vacation leave, or other leave of absence (where there is a reasonable expectation that he or she will return to perform services for an Affiliated Employer) if the period of the leave does not exceed six months (or, if longer, so long as the person retains a right to reemployment with an Affiliated Employer under an applicable law or by contract). For purposes hereof, a bona fide leave of absence of an Employee shall be deemed to include an absence (i) by reason of the pregnancy of the Employee, (ii) by reason of the birth of a child of the Employee, (iii) by reason of the placement of a child with the Employee in connection with the adoption of such child by the Employee, or (iv) for purposes of caring for such child for a period immediately following such birth or placement.

2.1.11 “Employer” means, except as is indicated in the final sentence of this Subsection 2.1.11, each Affiliated Employer described in clauses (i), (ii), and (iii) of Subsection 2.1.2 above. Except where the context otherwise is clear (such as when a provision is referring to “an” Employer), any reference to the Employer in this Plan shall be deemed to be referring collectively to all of the corporations, partnerships, and other entities which comprise the Employer. Notwithstanding the foregoing, any corporation or other entity (for purposes of this Subsection 2.1.11, an “acquired company”) that first becomes an Affiliated Employer after the Effective Amendment Date as a result of the acquisition by an Employer of the stock or interests of the acquired company or substantially all of the assets of a trade or business previously operated by another entity shall not be considered a part of the Employer unless and until the first date as of which both (i) the agreements by which such stock, interests, or assets were acquired by an Employer do not require that the employees of the acquired company be eligible to actively participate in another defined contribution plan (within the meaning of Code Section 414(i)) maintained by the acquired company or another Affiliated Employer (and do not otherwise prohibit the employees of the acquired company from participating in the Plan) and (ii) Macy’s has taken such actions (such as, but not necessarily limited to, the providing of notices) so as to clearly indicate that employees of the acquired company are to begin participating in the Plan as of such date.
2.1.12 “ERISA” means the Employee Retirement Income Security Act of 1974 and the sections thereof, as it and they exist as of the Effective Amendment Date or are thereafter amended or renumbered.

2.1.13 “Highly Compensated Employee” means, with respect to any Plan Year (for purposes of this Subsection 2.1.13, the “subject Plan Year”), any person who is an Employee during at least part of the subject Plan Year and (i) was at any time a 5% owner (as defined in Section 416(i)(1) of the Code) of any Affiliated Employer during the subject Plan Year or the immediately preceding Plan Year (for purposes of this Subsection 2.1.13, the “look-back Plan Year”) or (ii) received in the look-back Plan Year Compensation in excess of the dollar amount set forth in Section 414(q)(1)(B)(i) of the Code, as such dollar amount is adjusted under Code Section 414(q)(1) by the Secretary of the Treasury or his or her delegate for such look-back Plan Year. In accordance with such Code sections, the dollar amount set forth in Code Section 414(q)(1)(B)(i), as adjusted under Section 414(q)(1) of the Code, is (i) $115,000 for the look-back Plan Year that began on January 1, 2013 and (ii) a dollar amount to be determined under Code Sections 414(q)(1)(B)(i) and 414(q)(1) for any look-back Plan Year that begins after 2013.

2.1.14 “Investment Fund” means (i) any separate commingled investment fund established under the Trust or (ii) any separate investment option that is made available under the Plan so as to permit a Participant to individually direct the investment of all or part of his or her Accounts (and the contributions allocable to his or her Accounts) among many different mutual funds or other publicly offered investments pursuant to a brokerage-like account.

2.1.15 “Leased Employee” means any person who provides services to an Affiliated Employer in a capacity other than as a common law employee of the Affiliated Employer, in accordance with each of the following three requirements: (i) the services are provided pursuant to one or more agreements between the Affiliated Employer and one or more leasing organizations; (ii) the individual has performed such services for the Affiliated Employer on a substantially full-time basis for a period of at least one year; and (iii) such services are performed under the primary direction or control by the Affiliated Employer. The determination of who is a Leased Employee shall be consistent with the provisions of Section 414(n) of the Code and, to the extent not inconsistent with Code Section 414(n), any regulations issued under Section 414(n) of the Code.

2.1.16 “Macy’s” means Macy’s, Inc. Macy’s is the sponsor of this Plan.

2.1.17 “Macy’s Immediate Prior Plan” means and refers to the Macy’s, Inc. 401(k) Retirement Investment Plan (or, as it had been named, the Macy’s, Inc. Profit Sharing 401(k) Investment Plan) as in effect from September 1, 2008 through December 31, 2013, which plan is a Prior Plan that is restated by this Plan document effective as of the Effective Amendment Date.

2.1.18 “Macy’s Stock Fund” means the Investment Fund that is described in Section 7B.2 below as the Macy’s Stock Fund. The Macy’s Stock Fund is designed to invest primarily in common shares of Macy’s.

2.1.19 “Matching Contributions” means the Employer contributions made to the Plan pursuant to Article 6 below (and any other contributions treated as Matching Contributions under the other provisions of the Plan).
2.1.20 “May Profit Sharing Plan” means and refers to The May Department Stores Company Profit Sharing Plan, a Prior Plan that was merged into the Plan effective as of September 1, 2008 and that immediately prior to its merger was sponsored by Macy’s and identified for reporting purposes by an employer identification number of 13-3324058 and a plan number of 024.

2.1.21 “Non-Highly Compensated Employee” means, with respect to any Plan Year, any person who is an Employee during at least part of such Plan Year and who is not a Highly Compensated Employee with respect to such Plan Year.

2.1.22 “Normal Retirement Age” means, with respect to any Participant, the later of (i) the date of the Participant’s 65th birthday; or (ii) the fifth annual anniversary of the date the Participant first became a Participant in the Plan.

2.1.23 “Participant” means, at any relevant time, any person who at such time either is eligible to actively participate in the Plan or still has accrued benefits held under the Plan. Except as may otherwise be provided in Section 5.6 below, the provisions of Article 4 below determine when a person is a Participant on or after the Effective Amendment Date.

2.1.24 “Pay Day” means, with respect to any Participant, each day on which Covered Compensation is paid to the Participant.

2.1.25 “Plan” means the plan set forth in this document and as it may be amended hereafter, which plan is named the Macy’s, Inc. 401(k) Retirement Investment Plan. (Prior to April 1, 2011, however and notwithstanding the foregoing, the “Plan” was named the Macy’s, Inc. Profit Sharing 401(k) Investment Plan.) In addition, any reference to the “Plan” contained in this document also refers to all Prior Plans.

2.1.26 “Prior Plan” means and refers to: (i) each defined contribution plan (within the meaning of Section 414(i) of the Code) which as of the Effective Amendment Date or any earlier date is or was restated by this document or by any such other preceding plan; and (ii) each defined contribution plan which as of or prior to the Effective Amendment Date is or was merged into or had assets and liabilities directly transferred to any of such preceding plans. The provisions of the Prior Plans are hereby incorporated by reference in this document to the extent necessary to apply any provision of this document. The Prior Plans include, but are not necessarily limited to, each of: (i) the Macy’s Immediate Prior Plan; and (ii) the May Profit Sharing Plan.

2.1.27 “Plan Year” means a calendar year.

2.1.28 “Required Commencement Date” means, with respect to any Participant, a date determined by the Committee for administrative reasons to be the date as of which the Participant’s vested benefit under the Plan (if any such benefit would then exist and not yet have begun to be paid) is to be paid in order to meet the requirements of Section 401(a)(9) of the Code (or, for any Participant who attained age 70-1/2 prior to January 1, 1999, in order to meet the requirements of Code Section 401(a)(9) as in effect before the effect of the Small Business Job Protection Act of 1996 is taken into account), which date shall be subject to the parameters described in the following paragraphs of this Subsection 2.1.28.
Subject to paragraph (e) below, for a Participant who attained age 70-1/2 on or after January 1, 1987 and prior to January 1, 1999, his or her Required Commencement Date must be no later than, and no earlier than six months prior to, the April 1 of the calendar year next following the calendar year in which he or she attained age 70-1/2.

Subject to paragraph (e) below, for a Participant who attains or attained age 70-1/2 prior to January 1, 1987 or on or after January 1, 1999 and is not a 5% owner of an Affiliated Employer, his or her Required Commencement Date must be no later than, and no earlier than six months prior to, the April 1 of the calendar year next following the later of: (i) the calendar year in which he or she attains or attained age 70-1/2; or (ii) the calendar year in which he or she ceases or ceased to be an Employee.

Subject to paragraph (e) below, for a Participant who attains or attained age 70-1/2 prior to January 1, 1987 or on or after January 1, 1999 and is a 5% owner of an Affiliated Employer, his or her Required Commencement Date must be no later than, and no earlier than six months prior to, the April 1 of the calendar year next following the later of: (i) the calendar year in which he or she attains or attained age 70-1/2; or (ii) the earlier of the calendar year with or within which ends the Plan Year in which he or she becomes or became a 5% owner of an Affiliated Employer or the calendar year in which he or she ceases or ceased to be an Employee.

A Participant is deemed to be a 5% owner of an Affiliated Employer for purposes hereof if he or she is a 5% owner of the Affiliated Employer (as determined under Section 416(i)(1)(B) of the Code) at any time during the Plan Year ending with or within the calendar year in which he or she attains age 66-1/2 or any subsequent Plan Year. Once a Participant meets this criteria, he or she shall be deemed a 5% owner of the Affiliated Employer even if he or she ceases to own 5% of the Affiliated Employer in a later Plan Year.

Notwithstanding the foregoing, if a Participant first earns a nonforfeitable retirement benefit under the Plan after the date which would otherwise be his or her Required Commencement Date under the foregoing paragraphs of this Subsection 2.1.28, then his or her Required Commencement Date shall not be determined under such foregoing paragraphs but rather must be a date within the calendar year next following the calendar year in which he or she first earns a nonforfeitable retirement benefit under the Plan.

2.1.29 “Savings Agreement” means, with respect to any Participant, an agreement described in Section 5.1 below.

2.1.30 “Savings Contributions” means, with respect to any Participant, the contributions made to the Plan by the Employer on behalf of the Participant that reflect reductions in his or her Covered Compensation made pursuant to the Participant’s Savings Agreement. Savings Contributions, and the different types of Savings Contributions provided for under the Plan, are described in Sections 5.1 through 5.4 below.

2.1.31 “Total Disability” or “Totally Disabled” means or refers to, with respect to any Participant, the Participant’s permanent and continuous mental or physical inability by reason of injury, disease, or condition to meet the requirements of any employment for wage or profit. A
Participant shall be deemed to be disabled for purposes of this Plan only when both of the two requirements set forth in the following paragraphs of this Subsection 2.1.31 are met.

(a) First, a licensed physician or psychiatrist must provide to the Plan a written opinion that the Participant is totally disabled as that term is defined above.

(b) Second, the Participant must be eligible for and receive total disability benefits under Section 223 of the Federal Social Security Act, as amended, or any similar or subsequent section or act of like intent or purpose (unless the Committee determines, based on the written opinion of a licensed physician or psychiatrist provided the Committee pursuant to the paragraph (a) above, that the Participant would be likely to qualify for such total disability benefits if he or she survived a sufficient amount of time to be processed for and receive such benefits but that he or she is also likely to die before he or she would otherwise be determined by the Social Security Administration or other applicable government agency to qualify for or to receive such benefits).

2.1.32 “Trust” means the trust agreement which is created by Macy’s to serve as the funding media for this Plan. The Trust is hereby incorporated by reference and made a part of this Plan. Any reference to the Plan herein shall, where the context permits, be deemed to be a reference to the Plan and the Trust.

2.1.33 “Trust Fund” means any assets of the Plan which are held under the Trust.

2.1.34 “Trustee” means the persons or entity serving at any time as trustee of the Trust.

2.2 Gender and Number. For purposes of the Plan, words used in any gender shall include all other genders, words used in the singular form shall include the plural form, and words used in the plural form shall include the singular form, as the context may require.
ARTICLE 3

SERVICE DEFINITIONS AND RULES

3.1 Service Definitions. For purposes of the Plan, the following terms related to service shall have the meanings hereinafter set forth in this Section 3.1 unless the context otherwise requires.

3.1.1 “Break-in-Service” means, with respect to an Employee, any period which meets the conditions set forth in the following paragraphs of this Subsection 3.1.1.

(a) The Employee shall be considered to have incurred a Break-in-Service for any Plan Year which begins on or after the Effective Amendment Date and for which the Employee is credited with not more than 500 Hours of Service.

(b) If the Employee participated in a Prior Plan (or was in the process of qualifying to participate in a Prior Plan) before the Effective Amendment Date, the Employee shall also be considered to have incurred a Break-in-Service for any twelve month period which occurs prior to the Effective Amendment Date to the extent that the provisions of the Prior Plan treated such period as a break-in-service of the Employee as of the date immediately preceding the Effective Amendment Date.

3.1.2 “Eligibility Service” means, with respect to an Employee, the Employee’s period of service with the Employer to be taken into account for purposes of determining his or her eligibility to become a Participant in the Plan, computed in accordance with the following paragraphs of this Subsection 3.1.2.

(a) If the Employee completes at least 1,000 Hours of Service during the twelve consecutive month period commencing on his or her Employment Date, he or she shall be credited with one year of Eligibility Service at the end of such twelve consecutive month period.

(b) Further, if the Employee fails to complete at least 1,000 Hours of Service during the twelve consecutive month period commencing on his or her Employment Date, he or she shall be credited with one year of Eligibility Service at the end of the first Plan Year commencing after such Employment Date during which he or she completes at least 1,000 Hours of Service.

(c) If the Employee both (i) ceases to be an Employee prior to his or her completing at least 1,000 Hours of Service in a computation period described in paragraph (a) or (b) above, and (ii) suffers a Break-in-Service before being subsequently reemployed as an Employee, his or her service with the Affiliated Employers prior to his or her reemployment shall be disregarded in determining the Eligibility Service he or she needs under the Plan to become a Participant (and his or her Reemployment Date shall be treated as if it were his or her Employment Date for such purposes).

3.1.3 “Employment Date” means, with respect to an Employee, the date on which the Employee first performs an Hour of Service.
3.1.4 “Hour of Service” means, with respect to an Employee, each hour for which the Employee: (i) is paid, or is entitled to payment, for the performance of duties as an Employee; (ii) is directly or indirectly paid, or is entitled to payment, for a period of time (without regard to whether the employment relationship is terminated) when he or she performs no duties as an Employee due to vacation, holiday, illness, incapacity (including disability), layoff, jury duty, military duty, or leave of absence; or (iii) is paid for any reason in connection with his or her employment as an Employee an amount as “back pay,” irrespective of mitigation of damages. The crediting of Hours of Service to an Employee under the Plan shall also be subject to the provisions of the following paragraphs of this Subsection 3.1.4.

(a) Notwithstanding the foregoing provisions of this Subsection 3.1.4, an hour for which the Employee is paid or entitled to be paid on account of a period during which no duties are performed as an Employee will not be credited as an Hour of Service if the payment is made or due under a plan maintained solely for the purpose of complying with applicable workers’ compensation, unemployment compensation, or disability insurance laws or if the payment solely reimburses the Employee for medical or medically related expenses incurred by the Employee.

(b) Also, subject to the other provisions of this Subsection 3.1.4, Hour of Service credit shall be calculated in accordance with paragraphs (b) and (c) of the Department of Labor Regulations Section 2530.200b-2, which paragraphs are hereby incorporated by reference into this Plan.

(c) If the Employee is exempt from the minimum wage and overtime pay requirements of the Federal Fair Labor Standards Act, and as to whom records of actual hours worked are thereby not needed to be kept for such purposes, he or she shall be credited with: (i) if the period on which the Employee is paid is a week (or a multiple of a week), 45 Hours of Service for each week included in each such period for which he or she would be credited with at least one Hour of Service under the other provisions of this Subsection 3.1.4; (ii) if the period on which the Employee is paid is a semi-monthly period, 95 Hours of Service for each such semi-monthly payroll period for which he or she would be credited with at least one Hour of Service under the other provisions of this Subsection 3.1.4; or (iii) if the period on which the Employee is paid is a month (or a multiple of a month), 190 Hours of Service for each month included in each such period for which he or she would be credited with at least one Hour of Service under the other provisions of this Subsection 3.1.4.

(d) Hours of Service to be credited to the Employee in connection with each period (i) which is of no more than 31 days, (ii) which begins on the first day of a pay period for the Employee (for purposes of this paragraph (d), the “initial pay period”), (iii) which ends on the last day of the Employee’s pay period which includes the Pay Day for the initial pay period, and (iv) which overlaps two computation periods or occurs in a month which overlaps two computation periods shall be credited on behalf of the Employee to the computation period in which falls the first day of the month during which the Pay Day for the initial pay period occurs.

3.1.5 “Reemployment Date” means, with respect to an Employee who has previously incurred a Break-in-Service, the first day after the Employee’s most recent Break-in-Service on which the Employee performs an Hour of Service.
3.1.6 “Six-Year Break-in-Service” means, with respect to an Employee who has ceased to be an Employee, a period of six or more Breaks-in-Service which is not interrupted by any period which is not included in a period of a Break-in-Service.

3.1.7 “Vesting Service” means, with respect to a Participant, the Participant’s service with the Employer which is taken into account under the Plan for vesting purposes (i.e., for purposes of determining the Participant’s nonforfeitable percentage of the Participant’s Accounts under the Plan), computed in accordance with the following paragraphs of this Subsection 3.1.7.

(a) The Participant shall be credited with one year of Vesting Service for each Plan Year which ends after the Effective Amendment Date and for which the Participant is credited with at least 1,000 Hours of Service.

(b) The Participant shall also be credited with years of Vesting Service equal to the number of whole years of vesting service he or she was credited with as of December 31, 2013 under the terms (as then in effect) of the Prior Plans, in which he or she participated prior to the Effective Amendment Date (taking into account the provisions of each such Prior Plan for determining vesting service, including each such plan’s provisions concerning breaks-in-service). In no event, however, shall any period which occurs prior to the Effective Amendment Date be counted more than once in determining the Participant’s years of Vesting Service.

(c) Notwithstanding the foregoing, any Vesting Service completed by the Participant prior to a Six-Year Break-in-Service of the Participant which ends after the Effective Amendment Date shall be disregarded under the Plan if the Participant did not have a nonforfeitable interest in any retirement benefit under the Plan at the time such Break-in-Service began.

3.2 Special Credited Employment.

3.2.1 For purposes of the Plan and except as is otherwise provided in the following provisions of this Subsection 3.2.1, if at any time (for purposes of this Subsection 3.2.1, the “acquisition time”) that occurs after the Effective Amendment Date a corporation or other entity (for purposes of this Subsection 3.2.1, the “selling company”) either (i) becomes part of an Affiliated Employer by reason of its stock or interests being purchased by an Affiliated Employer, (ii) has substantially all of the assets of one or more of its trades or businesses acquired by an Affiliated Employer, or (iii) has a facility, leased department, or other specific function it previously operated acquired or otherwise assumed by an Affiliated Employer (with, for purposes of this Subsection 3.2.1, each of the events described in clauses (i), (ii), and (iii) herein referred to as an “acquisition”), then any person who is classified by the selling company as an employee of the selling company immediately prior to the acquisition time (for purposes of this Subsection 3.2.1, an “acquisition employee”) and who at the acquisition time becomes an employee of an Affiliated Employer in connection with the acquisition shall have his or her years of service with the selling company prior to the acquisition time (for purposes of this Subsection 3.2.1, “pre-acquisition years”) be considered years of Eligibility Service and Vesting Service of the acquisition employee under this Plan if they would have been so considered under Subsection 3.1.2 or 3.1.7 above (as appropriate) had such pre-acquisition years been completed with an Affiliated Employer and if (but only if) either (i) Macy’s provides, by appropriate corporate action exercised in a uniform and nondiscriminatory manner, that any such pre-acquisition years of the acquisition employee shall be credited as
Eligibility Service and/or Vesting Service of the acquisition employee under this Plan or (ii) the agreements by which the acquisition is effected by an Affiliated Employer indicate that any such pre-acquisition years of the acquisition employee shall be credited as Eligibility Service and/or Vesting Service of the acquisition employee.

3.2.2 In addition, any period of service of an Employee with the armed forces of the United States shall be credited as Eligibility Service and/or Vesting Service to the extent required by Federal law.
ARTICLE 4
ELIGIBILITY AND PARTICIPATION

4.1 Eligibility for Participation. Persons shall remain or become Participants in the Plan only in accordance with the following subsections of this Section 4.1.

4.1.1 Any person who was a Participant in a Prior Plan immediately prior to the Effective Amendment Date, and who either is an Employee as of the Effective Amendment Date or still has an unpaid and nonforfeited interest in any Account under the Plan as of the Effective Amendment Date, shall be a Participant in this Plan as of the Effective Amendment Date.

4.1.2 Further, each other person who, as of any Entry Date which occurs on or after the Effective Amendment Date, (i) has completed at least one year of Eligibility Service, (ii) has attained at least age 21, and (iii) is a Covered Employee shall become a Participant as of such Entry Date. Notwithstanding the foregoing, if a person would become a Participant as of any Entry Date under the foregoing provisions of this Subsection 4.1.2 but for the fact he or she is not a Covered Employee, and he or she subsequently becomes a Covered Employee, such person shall be deemed a Participant in the Plan on the date he or she so subsequently becomes a Covered Employee.

4.2 Entry Date. For purposes of the Plan and Section 4.1 above in particular, an “Entry Date” means the first day of any calendar month.

4.3 Duration of Participation.

4.3.1 Each Participant in the Plan shall continue to be a Participant until both he or she has ceased to be an Employee and the entire balance in his or her Accounts under the Plan has been distributed or forfeited hereunder.

4.3.2 However, notwithstanding the foregoing, a Participant shall be eligible to enter into or continue in effect a Savings Agreement only while he or she is considered an active Participant (and also only to the extent allowed under Article 5 below). For this purpose and all other purposes of the Plan (and in particular for purposes of Section 4.4 and Article 5 below), a person is an “active Participant” for any period only if both he or she is a Participant during such period and the person is a Covered Employee in such period.

4.4 Reinstatement of Participation. Any person who ceases to be an active Participant, but who is thereafter reemployed as a Covered Employee by the Employer, shall be reinstated as an active Participant as of the date on which he or she next completes an Hour of Service as a Covered Employee on or after such reemployment.
ARTICLE 5
SAVINGS AND ROLLOVER CONTRIBUTIONS

5.1 Savings Agreement. For purposes of this Article 5 and all other provisions of the Plan and subject to the following subsections of this Section 5.1, a “Savings Agreement” means, with respect to any active Participant and for any specified period, any agreement enrolled in (or deemed enrolled in under the provisions of the Plan) by the Participant and under which the Participant elects (or is deemed to elect) that (i) his or her Covered Compensation for each Pay Day that occurs during the specified period is to be reduced (in 1% increments) and the reduced amount of such Covered Compensation is to be contributed or forwarded on his or her behalf by the Employer to the Plan as his or her Savings Contributions to the Plan or (ii) no part (0%) of his or her Covered Compensation for each Pay Day that occurs during the specified period is to be reduced.

5.1.1 Under any Savings Agreement, subject to the limits set forth in the other provisions of this Section 5.1, an active Participant may elect that any amounts of his or her Covered Compensation reduced under such agreement and his or her resulting Savings Contributions shall either:

(a) not be includable in the Participant’s income for Federal income tax purposes at the time of the reduction, in which case such Savings Contributions shall be referred to in the Plan as “Pre-Tax Elective Savings Contributions” and subject to the rules of the Plan that apply to such contributions;

(b) be includable in the Participant’s income for Federal income tax purposes at the time of the reduction and treated for such tax purposes as designated Roth contributions that are subject to Code Section 402A, in which case such Savings Contributions shall be referred to in the Plan as “Roth Elective Savings Contributions” and subject to the rules of the Plan that apply to such contributions; or

(c) be includable in the Participant’s income for Federal income tax purposes at the time of the reduction but not treated for such tax purposes as designated Roth contributions that are subject to Code Section 402A, in which case such Savings Contributions shall be referred to in the Plan as “After-Tax Savings Contributions” and subject to the rules of the Plan that apply to such contributions. Notwithstanding the foregoing, if the Participant is believed to be a Highly Compensated Employee for any Plan Year, he or she may not elect to have any amounts of the Participant’s Covered Compensation reduced during any period that occurs in such Plan Year be subject to the terms of this paragraph (c) (and thus the Participant may not elect to have any After-Tax Savings Contributions made on his or her behalf for such period).

Any such election shall, with respect to any amounts of the Participant’s Covered Compensation reduced under a Savings Agreement, not be revocable after such reduction has occurred. Also, in the event a Participant fails to elect whether any amounts of the Participant’s Covered Compensation reduced under a Savings Agreement are to be subject to the terms of any of paragraphs (a), (b), and (c) above, the Participant shall be deemed to have elected that such amounts are to be subject to the terms of paragraph (a) above.

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5.1.2 Subject to the provisions of Section 5.2 below, in no event may a Participant’s Covered Compensation for any Pay Day that occurs during any specified period be reduced pursuant to any Savings Agreement or Savings Agreements by more than 50%. In addition, the Committee may, in order to make it easier for the Plan to meet the limits set forth in Sections 5A.2 and 6A.2 below (when and to the extent such limits apply to any Participant who is then determined by the Committee to be a Highly Compensated Employee), further restrict the amount by which such Participant who is then determined by the Committee to be a Highly Compensated Employee may have his or her Covered Compensation reduced for a specified period pursuant to any Savings Agreement or Savings Agreements to some lower percent.

5.1.3 Also, in no event may the aggregate amount of Pre-Tax Elective Savings Contributions and Roth Elective Savings Contributions be made by reason of the reduction in a Participant’s Covered Compensation under this Plan for any calendar year (or any taxable year of the Participant that begins in such calendar year) to the extent such contributions, when combined with all of his or her other Elective Deferrals (as defined in Subsection 5B.3.1 below) made under all other plans, contracts, and arrangements of the Affiliated Employers for such calendar year (or such taxable year), exceed the applicable dollar limit established for such calendar year under and pursuant to Section 402(g)(1)(B) of the Code, as such limit is adjusted under Code Section 402(g)(4) by the Secretary of the Treasury or his or her delegate for such calendar year.

5.1.4 An active Participant may change any election made under his or her then effective Savings Agreement (e.g., any election that concerns the percent of future Covered Compensation, if any, to be reduced under such agreement and/or the portion of the reductions to be made in his or her Covered Compensation which are to be contributed to the Plan as Pre-Tax Elective Savings Contributions, Roth Elective Savings Contributions, and/or After-Tax Savings Contributions) at any time by, and only by, entering into a new Savings Agreement (although any such new Savings Agreement can administratively be called by the Committee either a new Savings Agreement or an amended Savings Agreement). Such new Savings Agreement can provide that no part (0%) of the Participant’s Covered Compensation is to be reduced. An active Participant may never have more than one Savings Agreement in effect for him or her at any one time.

5.1.5 Except as is otherwise provided in Subsections 5.1.6, 5.1.7, and 5.1.8 below, a Savings Agreement must be affirmatively enrolled in by an active Participant (i) on a form prepared or approved for this purpose by the Committee and filed with a Plan representative, (ii) by a communication to a Plan representative under a telephonic or electronic system approved by the Committee, or (iii) under any other method approved by the Committee, with the specific method or methods to be used to be chosen in its discretion by the Committee. The Committee may choose different methods to apply to Participants in different situations (e.g., requiring a form to be used for new Participants but a telephonic or electronic system to be used for other Participants).

(a) Regardless of what affirmative enrollment method is to be used for an active Participant, if the Participant properly enrolls in a Savings Agreement under the method for doing so which applies to him or her and the type of election he or she is making, for all other provisions of the Plan he or she will be deemed to have “filed” with a Plan representative such agreement on the day he or she completes all steps required by such method to enter into such agreement.
(b) Except as otherwise may be provided under the immediately following sentence, any Savings Agreement which is made by an active Participant pursuant to the provisions of this Subsection 5.1.5 shall become effective as of the first Pay Day that occurs after such agreement is filed with a Plan representative and on which the Committee can reasonably put such agreement into effect. However, the Committee may adopt procedures by which any Savings Agreement can go into effect only at certain times (e.g., as of the first Pay Day that occurs a certain number of days after the agreement or amendment is filed with a Plan representative or as of the first administratively possible Pay Day that occurs in the calendar month following the month in which the agreement is filed with a Plan representative).

5.1.6 Any Participant who is an active Participant as of the Effective Amendment Date pursuant to Article 4 above, and who had a savings agreement that would be in effect under the Macy’s Immediate Prior Plan as of the Effective Amendment Date, had the terms of such Prior Plan as in effect immediately prior to such date continued in effect, shall have such savings agreement be in effect (and be considered his or her Savings Agreement under the Plan) as of the Effective Amendment Date, unless and until such savings agreement becomes ineffective under the provisions of Subsection 5.1.9 below.

5.1.7 Notwithstanding any provision of Subsection 5.1.5 above to the contrary but subject to the following paragraphs of this Subsection 5.1.7, a qualified automatic contribution eligible Participant (as defined in paragraph (f) of this Subsection 5.1.7) shall, while an active Participant on and after the Effective Amendment Date and except for any affirmative election period that applies to the Participant under the provisions of paragraph (a) of this Subsection 5.1.7, be deemed to have made a default election under a Savings Agreement. Under such default election, the qualified automatic contribution eligible Participant shall be deemed to have automatically enrolled in a Savings Agreement under which the applicable percentage (as defined in paragraph (c) of this Subsection 5.1.7) of the qualified automatic contribution eligible Participant’s Covered Compensation for each Pay Day in the period in which Savings Agreement is in effect shall be reduced and such reduced amount contributed to the Plan as Pre-Tax Elective Savings Contributions of his or hers.

(a) For purposes of this Subsection 5.1.7 and any other provision of the Plan, for any qualified automatic contribution eligible Participant, an “affirmative election period” refers to a period (occurring on or after the Effective Amendment Date) when a Savings Agreement is in effect for the qualified automatic contribution eligible Participant but a default election under this Subsection 5.1.7 does not apply under such agreement and means any period in which the qualified automatic contribution eligible Participant has in effect a Savings Agreement (or had a savings agreement in effect under the Macy’s Immediate Prior Plan immediately prior to the Effective Amendment Date which is still in effect at the start of and for such period) under which he or she has affirmatively elected either (i) that his or her Covered Compensation for each Pay Day subject to the Savings Agreement is to be reduced and the reduced amount of such Covered Compensation is to be contributed or forwarded on his or her behalf by the Employer to the Plan as Savings Contributions of his or hers or (ii) that no part of his or her Covered Compensation for each Pay Day subject to the election is to be reduced.

(b) If, under the foregoing provisions of this Subsection 5.1.7, a default election applies under a Savings Agreement in effect for a qualified automatic contribution eligible
Participant, then, notwithstanding the foregoing provisions of this Subsection 5.1.7, such Savings Agreement shall not in any event begin to apply to the qualified automatic contribution eligible Participant earlier than a reasonable time after the qualified automatic contribution eligible Participant is provided the initial notice described in paragraph (d) below that is provided to him or her in order to permit the qualified automatic contribution eligible Participant a reasonable time to make an affirmative election under a Savings Agreement and the Committee a reasonable time to see if the qualified automatic contribution eligible Participant makes such affirmative election and to put the default election into effect if the qualified automatic contribution eligible Participant fails to make such affirmative election. However, the “reasonable time” described in the immediately preceding sentence shall in no event be deemed to last beyond the earlier of (i) the qualified automatic contribution eligible Participant’s Pay Day for the second payroll period that begins after the date on which the initial notice described in paragraph (d) below that applies to the qualified automatic contribution eligible Participant is provided to him or her or (ii) the qualified automatic contribution eligible Participant’s Pay Day that occurs at least 30 days after such initial notice is provided to him or her. Such Savings Agreement (under which the default election applies) shall, once it goes into effect, shall remain in effect unless and until it becomes ineffective pursuant to the provisions of Subsection 5.1.9 below.

(c) As is indicated in the foregoing provisions of this Subsection 5.1.7, in the event a default election is deemed to apply under a Savings Agreement with respect to a qualified automatic contribution eligible Participant, the qualified automatic contribution eligible Participant shall be deemed to have automatically elected under such Savings Agreement to have the applicable percentage of the qualified automatic contribution eligible Participant’s Covered Compensation on each Pay Day in the period in which such Savings Agreement is in effect reduced and such reduced amount contributed to the Plan as Pre-Tax Elective Savings Contributions of his or hers. For purposes of this Subsection 5.1.7 and subject to subparagraphs (1) and (2) of this paragraph (c), the qualified automatic contribution eligible Participant’s “applicable percentage” means a percentage determined as follows: (i) 3% for each Pay Day occurring in the period (for purposes of this paragraph (c), the “initial period”) beginning on the Pay Day as of which the qualified automatic contribution eligible Participant first has Pre-Tax Elective Savings Contributions made for him or her under the provisions of this Subsection 5.1.7 and ending on the last day of the Plan Year that immediately follows the Plan Year in which such Pay Day occurs; (ii) 4% for each Pay Day occurring in the first Plan Year that begins after the end of the initial period; (iii) 5% for each Pay Day occurring in the first Plan Year that begins after the end of the Plan Year described in clause (ii) above; or (iv) 6% for each Pay Day occurring in any Plan Year that begins after the end of the Plan Year described in clause (iii) above.

   (1) In no event shall a qualified automatic contribution eligible Participant’s “applicable percentage” ever exceed 6%.

   (2) For purposes of determining a qualified automatic contribution eligible Participant’s “applicable percentage” under the foregoing provisions of this paragraph (c), his or her “applicable percentage” for any Pay Day occurring in a period shall be based in part under the foregoing provisions of this paragraph (c) on the date his or her initial period begins, regardless of whether he or she is eligible to make Pre-Tax Elective Savings Contributions under the Plan after the date on which such initial period begins. For example, if the qualified automatic contribution eligible Participant is, under Section 8.4 below, ineligible to make Pre-Tax...
Elective Savings Contributions for six months because of a hardship withdrawal and the six month suspension period includes a date as of which his or her “applicable percentage” would otherwise increase, then his or her “applicable percentage” must reflect that increase when he or she is again permitted to resume making Pre-Tax Elective Savings Contributions under the Plan after the expiration of such six month suspension period. But, notwithstanding any other provision of this paragraph (c), the date as of which the qualified automatic contribution eligible Participant’s initial period is deemed to begin for purposes of this paragraph (c) shall, when he or she had no Pre-Tax Elective Savings Contributions made on his or her behalf under the Plan under a default election pursuant to this Subsection 5.1.7 for an entire Plan Year, be determined as if he or she had no Pre-Tax Elective Savings Contributions made on his or her behalf under the Plan under a default election pursuant to this Subsection 5.1.7 for any prior Plan Years.

(3) Further, notwithstanding the foregoing, if (i) a qualified automatic contribution eligible Participant was a participant in the Macy’s Immediate Prior Plan immediately prior to the Effective Amendment Date, (ii) he or she had under such Prior Plan a savings agreement under which he or she had been deemed to elect (but had not affirmatively elected) to reduce his or her Covered Compensation for each Pay Day subject to the election by a certain percent (for purposes of this paragraph (c), his or her “original percent”) and to have the reduced amount of such Covered Compensation contributed or forwarded on his or her behalf by the Employer to the Plan as his or her savings contributions to the Plan, and (iii) such deemed savings agreement remains in effect as of the Effective Amendment Date pursuant to the provisions of Subsection 5.1.6 above, then his or her “applicable percentage” on or after the Effective Amendment Date shall not ever be less than his or her original percent, unless and until the first date that occurs after the Effective Amendment Date on which such savings agreement is no longer effective pursuant to the provisions of Subsection 5.1.9 below.

(d) The Committee shall provide each qualified automatic contribution eligible Participant, within a reasonable period before the start of each Plan Year that begins on or after the Effective Amendment Date (or, for any such Plan Year with respect to which the automatic contribution eligible Participant first becomes an active Participant in such Plan Year after the start of such Plan Year, by or as soon as practical after the date he or she becomes an active Participant in such Plan Year), with a notice that meets all of the following requirements:

(1) it explains the automatic enrollment rules that are set forth in this Subsection 5.1.7, including the level of Pre-Tax Elective Savings Contributions that will be made on his or her behalf under the Plan by reason of the automatic election rules that are set forth in this Subsection 5.1.7, and that will apply to such qualified automatic contribution eligible Participant unless he or she affirmatively enrolls in a first or new Savings Agreement (pursuant to the provisions of Subsection 5.1.5 above) that becomes effective under the provisions of Subsection 5.1.5 above;

(2) it explains his or her right to affirmatively enroll in a first or new Savings Agreement (pursuant to the provisions of Subsection 5.1.5 above) that provides for no portion of his or her Covered Compensation to be reduced under the Plan (or for a percent of his or her Covered Compensation to be reduced under the Plan that is different than his or her applicable percentage or for the amount of such reduction to be contributed to the Plan as other than Pre-Tax Elective Savings Contributions);
(3) it explains the rules by which any contributions made to the Plan by reason of such qualified automatic contribution eligible Participant’s automatic enrollment in a Savings Agreement pursuant to the provisions of this Subsection 5.1.7 will be invested in the absence of any investment election of such Participant that is made pursuant to the rules set forth in Article 7B below;

(4) it explains the Matching Contribution formula used under the Plan (including a description of the levels of Matching Contributions available under the Plan);

(5) if applicable, it explains any other contributions under the Plan or any matching contributions to another plan that are to be made by reason of any Savings Contributions made under this Plan (although the information described in this subparagraph (5) may be deemed provided if the notice merely cross-references the relevant provisions of the Plan’s Summary Plan Description, as provided Participants pursuant to ERISA, that deal with such contributions);

(6) it explains the type and amount of the Covered Compensation that may be deferred under the Plan pursuant to a Savings Agreement (although the information described in this subparagraph (6) may be deemed provided if the notice merely cross-references the relevant provisions of the Plan’s Summary Plan Description, as provided Participants pursuant to ERISA, that deal with such Covered Compensation);

(7) it explains how the qualified automatic contribution eligible Participant may make elections under a Savings Agreement, including any administrative requirements that apply to such elections;

(8) it explains the periods available under the Plan for making elections under a Savings Agreement;

(9) it explains the Plan’s withdrawal and vesting provisions applicable to contributions made under the Plan;

(10) it provides information that is designed to make it easy for the qualified automatic contribution eligible Participant to obtain additional information under the Plan (including an additional copy of the Plan’s Summary Plan Description provided Participants pursuant to ERISA), such as telephone numbers, addresses, and, if applicable, electronic addresses of individuals or offices from whom such additional information can be obtained; and

(11) it provides any additional information required under Treasury Regulations Section 1.401(k)-3(d) and (k) for a notice that is intended to apply to a qualified automatic contribution arrangement.

(e) If a qualified automatic contribution eligible Participant ceases to be a Covered Employee after he or she had been subject to the rules of this Subsection 5.1.7, has any Savings Agreement that had been in effect for him or her at the time he or she ceases to be a Covered Employee permanently lose its effectiveness under Subsection 5.1.9 below, and is later reemployed as a Covered Employee (and thereupon again becomes an active Participant in the Plan), then the provisions of this Subsection 5.1.7 shall be applied to the qualified automatic contribution eligible

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Participant after such reemployment as if the qualified automatic contribution eligible Participant had never previously been a Participant in the Plan (and had not previously been subject to the rules of this Subsection 5.1.7 at all).

(f) For purposes of this Subsection 5.1.7 and all other provisions of the Plan, a “qualified automatic contribution eligible Participant” means, with respect to any period, a Participant who during such period is a Covered Employee and is not for such period a non-qualified automatic contribution eligible collectively bargained Participant (as defined in paragraph (g) of this Subsection 5.1.7).

(g) For purposes of this Subsection 5.1.7 and all other provisions of the Plan, a “non-qualified automatic contribution eligible collectively bargained Participant” means, with respect to any period that begins on or after the Effective Amendment Date, a Participant who during such period is a Covered Employee included in a unit of employees covered by a collective bargaining agreement between employee representatives and the Employer, unless a collective bargaining agreement that covers the terms and conditions of his or her employment with the Employer during such period provides for his or her participation in the Plan on the same basis as if he or she were not a collectively bargained Participant or unless and to the extent a collective bargaining agreement that covers the terms and conditions of his or her employment with the Employer calls for the substance of the terms set forth in this Subsection 5.1.7 to apply to him or her as though he or she was not a non-qualified automatic contribution eligible collectively bargained Participant.

Notwithstanding any of the foregoing provisions of this Subsection 5.1.7, a Participant shall not be subject to any of the foregoing provisions of this Subsection 5.1.7 at all (and none of the foregoing provisions of this Subsection 5.1.7 shall apply to the Participant) for any period during which he or she is a non-qualified automatic contribution eligible collectively bargained Participant.

(h) If a Participant is at any time or times (that occur on or after the Effective Amendment Date) a qualified automatic contribution eligible Participant and at any other time or times a non-qualified automatic contribution eligible collectively bargained Participant, then, for purposes of Articles 5A, 6, and 6A below, he or she shall be considered (i) a qualified automatic contribution eligible Participant in and with respect to the period or periods in which he or she is such a Participant and (ii) a non-qualified automatic contribution eligible collectively bargained Participant in and with respect to the period or periods in which he or she is such a Participant. For example, if a Participant is during part of a Plan Year that begins on or after the Effective Amendment Date a qualified automatic contribution eligible Participant and is during a different part of the same Plan Year a non-qualified automatic contribution eligible collectively bargained Participant, then, for purposes of the Plan articles mentioned in the immediately preceding sentence, he or she shall considered two different Participants: (i) a qualified automatic contribution eligible Participant in and with respect to the portion of such Plan Year in which he or she is such a Participant; and (ii) a non-qualified automatic contribution eligible collectively bargained Participant in and with respect to the portion of such Plan Year in which he or she is such a Participant.

5.1.8 Notwithstanding any provision of Subsection 5.1.5 above to the contrary, if any post-2007 newly eligible non-qualified automatic contribution eligible collectively bargained Participant (as described in paragraph (a) of this Subsection 5.1.8) fails (or, if he or she became a post-2007 newly eligible non-qualified automatic contribution eligible collectively bargained Participant prior to the Effective Amendment Date, had failed) to affirmatively enroll in a Savings 21
Agreement pursuant to the provisions of Subsection 5.1.5 above (or the analogous provisions of the Macy’s Immediate Prior Plan) within a reasonable period set by the Committee (for purposes of this Subsection 5.1.8, the Participant’s “initial election period”) after the date he or she receives (or received) the initial notice that is described in paragraph (c) of this Subsection 5.1.8 (and if he or she had become a post-2007 newly eligible non-qualified automatic contribution eligible collectively bargained Participant prior to the Effective Amendment Date, had failed to affirmatively enroll in a Savings Agreement pursuant to the provisions of the Macy’s Immediate Prior Plan continuously from the end of his or her initial election period through December 31, 2013), then he or she shall be deemed to have automatically enrolled in a Savings Agreement under which the applicable percentage (as described in paragraph (b) of this Subsection 5.1.8) of the Participant’s Covered Compensation for each Pay Day in the period in which Savings Agreement is in effect shall be reduced and such reduced amount contributed to the Plan as Pre-Tax Elective Savings Contributions. Notwithstanding the foregoing, such automatic enrolled Savings Agreement shall not be effective either (i) prior to the Participant’s first Pay Day that occurred or occurs after the expiration of his or her initial election period and as of which the Committee was or is able administratively to put such automatic enrollment into effect (with such Pay Day being referred to in this Subsection 5.1.8 as the Participant’s “initial automatic Pay Day”) or (ii) after the earlier of the date he or she is no longer a post-2007 newly eligible non-qualified automatic contribution eligible collectively bargained Participant or the date he or she has affirmatively enrolled in a Savings Agreement (pursuant to the provisions of Subsection 5.1.5 above).

(a) For purposes of this Subsection 5.1.8, a “post-2007 newly eligible non-qualified automatic contribution eligible collectively bargained Participant” means, as of any date or for any period, any Participant (i) who first became or becomes a Participant in the Plan (or the Macy’s Immediate Prior Plan) on or after September 1, 2008 (and had not been prior to such date a participant in any Prior Plan) and (ii) is a non-automatic contribution eligible collectively bargained Participant (as defined in Subsection 5.1.7(g) above) as of such date or for such period. For purposes of this Subsection 5.1.8, such a Participant shall be deemed a post-2007 newly eligible non-automatic contribution eligible collectively bargained Participant beginning on the date on which he or she first became or becomes a Participant in the Plan (or the Macy’s Immediate Prior Plan) provided that he or she qualifies as a post-2007 newly eligible non-qualified automatic contribution eligible collectively bargained Participant on such date.

(b) For purposes of this Subsection 5.1.8, the “applicable percentage” means, with respect to any post-2007 newly eligible non-automatic contribution eligible collectively bargained Participant, a percentage equal to 3% (plus an additional 1% beginning each January 1 that occurred or occurs on or after an annual anniversary of the date he or she became or becomes such a newly eligible Participant). In no event, however and notwithstanding the foregoing, shall a post-2007 newly eligible non-automatic contribution eligible collectively bargained Participant’s applicable percentage ever exceed 6%.

(c) The Committee shall provide (or, when applicable, have provided before the Effective Amendment Date) each post-2007 newly eligible non-automatic contribution eligible collectively bargained Participant, (i) by or as soon as practical after the date he or she became or becomes such a Participant under the provisions of paragraph (a)(1) above, and (ii) also within a reasonable period before the start of each Plan Year that both began or begins after such date and before such Participant has on or after such date affirmatively enrolled in a Savings Agreement pursuant to the provisions of Subsection 5.1.5 above (or the analogous provisions of the Macy’s Immediate Prior Plan).
Agreement under the provisions of Subsection 5.1.5 above (or the analogous provisions of the Macy’s Immediate Prior Plan), with a notice that met or meets all of the following requirements:

1. It explains the automatic enrollment rules that are set forth in the portion of this Subsection 5.1.8 that precedes paragraph (a) above and that will apply to such Participant unless he or she affirmatively enrolls in a first or new Savings Agreement (pursuant to the provisions of Subsection 5.1.5 above) that becomes effective under the provisions of Subsection 5.1.5 above;

2. It explains his or her right to affirmatively enroll in a first or new Savings Agreement (pursuant to the provisions of Subsection 5.1.5 above) that provides for no portion of his or her Covered Compensation to be reduced under the Plan (or for a percent of his or her Covered Compensation to be reduced under the Plan that is different than his or her applicable percentage or for the amount of such reduction to be contributed to the Plan as other than Pre-Tax Elective Savings Contributions); and

3. It explains the rules by which any contributions made to the Plan by reason of such Participant’s automatic enrollment in a Savings Agreement pursuant to the provisions of this Subsection 5.1.8 will be invested in the absence of any investment election of such Participant that is made pursuant to the rules set forth in Article 7B below.

(d) In accordance with the terms of the notice described in paragraph (c) above, each post-2007 newly eligible non-automatic contribution eligible collectively bargained Participant shall be (or, if he or she became a post-2007 newly eligible non-automatic contribution eligible collectively bargained Participant before the Effective Amendment Date, was) given a reasonable period before such Participant’s initial automatic Pay Day, and shall continue to have the right, to affirmatively enroll in a first or new Savings Agreement (pursuant to the provisions of Subsection 5.1.5 above) that provides for no portion of his or her Covered Compensation to be reduced under the Plan (or for a percent of his or her Covered Compensation to be reduced on a pre-tax basis under the Plan that is different than his or her applicable percentage or for the amount of such reduction to be contributed to the Plan as other than Pre-Tax Elective Savings Contribution).

5.1.9 Any Savings Agreement that becomes effective for a Participant under any of the foregoing provisions of this Section 5.1 (whether through an affirmative election or a default election) shall remain in effect until the earlier of (i) the date a new Savings Agreement that is affirmatively enrolled in by the Participant pursuant to the foregoing provisions of this Section 5.1 becomes effective or (ii) the date of expiration of a reasonable administrative period that follows the date on which the Participant ceases to be a Covered Employee and that is set by the Committee in order to permit the Plan a reasonable period of time to suspend the applicable Savings Agreement. If such Participant’s Savings Agreement is suspended by reason of clause (ii) of the immediately preceding sentence, then, notwithstanding any other provision of the Plan which may be read to the contrary, such prior Savings Agreement shall continue to be deemed a valid Savings Agreement that merely is temporarily not in effect during the period of the suspension, until it either is reactivated or permanently rendered invalid under the following paragraphs of this Subsection 5.1.9.

(a) If such Participant’s Savings Agreement is suspended by reason of clause (ii) of the first sentence of this Subsection 5.1.9 but the Participant again becomes a Covered
Employee by the end of the Plan Year which immediately follows the latest Plan Year in which any Savings Contributions were made by reason of such Savings Agreement before it was so suspended, then such prior Savings Agreement shall no longer be suspended and instead shall be reactivated and again in effect as of the date he or she so again becomes a Covered Employee; except that, if, by the date such prior Savings Agreement again goes in effect, the Participant has affirmatively enrolled in a new Savings Agreement pursuant to the foregoing provisions of this Section 5.1 that becomes effective as of such date, such prior Savings Agreement shall be then deemed invalid and permanently ineffective.

(b) However, if such Participant’s Savings Agreement is suspended by reason of clause (ii) of the immediately preceding sentence and the Participant does not become a Covered Employee by the end of the Plan Year which immediately follows the latest Plan Year in which any Savings Contributions were made by reason of such Savings Agreement before it was so suspended, then such Savings Agreement shall be rendered invalid and permanently ineffective as of the end of the Plan Year which immediately follows the latest Plan Year in which any Savings Contributions were made by reason of such Savings Agreement before it was so suspended.

Notwithstanding any other provision of the Plan, a Participant’s Savings Agreement cannot relate to any Covered Compensation of the Participant that is currently available prior to the adoption or effective date of the Savings Agreement. In addition, except for occasional, bona fide administrative considerations, any contributions that are made to the Plan pursuant to a Participant’s Savings Agreement cannot precede the earlier of (i) the performance of the Participant’s services with respect to which such contributions are made or (ii) when the amount of such contributions would be currently available to the Participant in the absence of such Savings Agreement.

5.2 Catch-Up Contributions. Notwithstanding any other provisions of the Plan (and Section 5.1 above in particular) to the contrary, any Participant who is otherwise eligible to elect to have Pre-Tax Elective Savings Contributions and/or Roth Elective Savings Contributions made for him or her under the Plan and who will have attained at least age 50 before the close of a calendar year (or a taxable year of the Participant that begins in such calendar year) shall be eligible to elect to make catch-up contributions (as defined in the following subsections of this Section 5.2) for such calendar year (or such taxable year).

5.2.1 For purposes of this Section 5.2 and the other provisions of the Plan, “catch-up contributions” means, with respect to any Participant and for any calendar year (or a taxable year of the Participant that begins in such calendar year), Pre-Tax Elective Contributions that are affirmatively elected by the Participant in accordance with the provisions of Section 5.1 above (as if they were permitted to be elected under such section) for any Pay Days occurring in such calendar year (or such taxable year) but which would not otherwise be permitted to be made or retained under the Plan by reason of the limits that otherwise apply to Pre-Tax Elective Savings Contributions under Sections 401(a)(30), 401(k)(3), and 415(c) of the Code (and Subsection 5.1.3 above, Section 5A.2 below, and Article 7A below that implement such Code sections) and under Subsection 5.1.2 above (that implements an Employer-designed limit under the Plan). The determination of whether any of the Participant’s Pre-Tax Elective Savings Deferrals are catch-up contributions because they exceed any of the limits described in the immediately preceding sentence shall be determined (i) for a limit based on a Plan Year or limitation year, at the end of such year; or (ii) for a limit based
on any other basis (such as a calendar year or taxable year of the Participant), as of the Pay Day that relates to such Pre-Tax Elective Contributions. As is indicated above, the Participant’s catch-up contributions must be treated as Pre-Tax Elective Savings Contributions and shall not in any event be permitted to be treated as Roth Elective Savings Contributions.

5.2.2 In no event may a Participant elect to make catch-up contributions to the Plan for any calendar year (or any taxable year of the Participant that begins in such calendar year) in excess of the lesser of: (i) the difference between (A) the Participant’s Covered Compensation for such calendar year (or such taxable year) and (B) the Participant’s Pre-Tax Elective Savings Contributions that are not catch-up contributions (plus, if applicable, the Participant’s Roth Elective Savings Contributions) made on all Pay Days occurring in such year; or (ii) the applicable dollar catch-up limit established for such calendar year under and pursuant to Section 414(v)(2)(B)(i) of the Code, as such limit is adjusted under Code Section 414(v)(2)(C) by the Secretary of the Treasury or his or her delegate for such calendar year.

5.2.3 For purposes of effectively permitting each eligible Participant to make catch-up contributions, a Participant who is entitled to elect to make catch-up contributions to the Plan for any calendar year (or any taxable year of the Participant that begins in such calendar year) may elect to make Pre-Tax Elective Savings Contributions, Roth Elective Savings Contributions, or a combination thereof under the Plan for any Pay Day in such year under and subject to the provisions of Section 5.1 above that would otherwise be permitted for such Pay Day if the amount of the Participant’s Pre-Tax Elective Savings Contributions and Roth Elective Savings Contributions for such Pay Day equaled the sum of (i) the limits on Pre-Tax Elective Savings Contributions and Roth Elective Savings Contributions that could otherwise be made for such Pay Day if the provisions of this Section 5.2 were disregarded and (ii) the lesser of (A) the difference between the Participant’s Covered Compensation for such Pay Day and the Participant’s Pre-Tax Elective Savings Contributions that are not catch-up contributions (plus, if applicable, the Participant’s Roth Elective Savings Contributions) that are made for such Pay Day or (B) the difference between the limit described in clause (ii) of Subsection 5.2.2 above and all of the Participant’s catch-up contributions made for earlier Pay Days that occurred in the same calendar year (or taxable year) as the subject year.

5.2.4 Notwithstanding any other provisions of the Plan to the contrary, any catch-up contributions shall not be treated as Pre-Tax Elective Savings Contributions for purposes of, or as causing the Plan to fail the requirements of, Code Section 401(a)(30), 401(k)(3), 410(b), 415, or 416 (or any of Subsection 5.1.3 above, Section 5A.2 below, Article 7A below, or Article 15 below to the extent it implements any such Code section).

5.3 Savings Contributions. Subject to the other provisions of the Plan, the Employer shall contribute to the Trust, on behalf of each active Participant who has a Savings Agreement in effect, those contributions called for under such Savings Agreement, if any. Such contributions are described in this Plan as Savings Contributions. As is indicated in Subsection 5.1.1 above, Savings Contributions can be Pre-Tax Elective Savings Contributions, Roth Elective Savings Contributions, and/or After-Tax Savings Contributions. Savings Contributions applicable to any Participant shall be remitted by the Employer to the Trust, and allocated to the Participant’s Accounts, as soon as administratively practical. For purposes of allocating Matching Contributions under the subsequent provisions of the Plan, any Savings Contributions shall be deemed to be made for the Pay Day to
which such contributions relate and for the Plan Year during which such Pay Day occurs. Savings Contributions shall be made in cash and shall not be dependent on net or accumulated profits of the Employer.

5.4 Pre- and After-Tax Nature of Savings Contributions.

5.4.1 As is indicated in Subsection 5.1.1 above, any active Participant who has in effect a Savings Agreement under the Plan shall specify (or be deemed to have specified) in such agreement the portion of the Savings Contributions resulting from such agreement which shall be considered as “Pre-Tax Elective Savings Contributions,” the portion of such Savings Contributions which shall be considered “Roth Elective Savings Contributions,” and the portion of such Savings Contributions which shall be considered “After-Tax Savings Contributions,” except that no active Participant who is believed to be a Highly Compensated Employee for a Plan Year shall be permitted to designate that any portion of his or her Savings Compensation for such Plan Year are After-Tax Savings Contributions. (In addition, the Committee may, in order to make it easier for the Plan to meet the limits set forth in Sections 5A.2 and 6A.2 below, restrict the maximum amount of the Savings Contributions applicable to an active Participant who is then believed to be a Highly Compensated Employee (and subject to such limits) which may be specified by the Participant as Pre-Tax Elective Savings Contributions, as Roth Elective Savings Contributions, or as Pre-Tax and Roth Elective Savings Contributions in the aggregate for any period to some percent of his or her Covered Compensation for such period which is less than the maximum percent of Covered Compensation he or she is otherwise permitted to elect to have contributed as Savings Contributions on his or her behalf for such period.)

5.4.2 For purposes of the Plan, any Savings Contributions applicable to an active Participant which are designated by the Participant as Pre-Tax Elective Savings Contributions shall be contributed to the Plan prior to the Participant being deemed in receipt of such amounts for Federal income tax purposes and shall thereby be considered to have been contributed on a “pre-tax” basis.

5.4.3 Further, for purposes of the Plan, any Savings Contributions applicable to an active Participant which are designated by the Participant as Roth Elective Savings Contributions or After-Tax Savings Contributions shall be contributed to the Plan after the Participant is deemed in receipt of such amounts for Federal income tax purposes and shall thereby be considered to have been contributed on an “after-tax” basis.

5.5 Savings Contributions Eligible for Match. For purposes of determining the extent to which the Employer shall make Matching Contributions under Article 6 below, certain Savings Contributions made on behalf of an active Participant for any Plan Year that begins on or after the Effective Amendment Date are deemed to be “Basic Savings Contributions” which are used to help determine the amount of Matching Contributions for such Plan Year, and certain of such Savings Contributions are deemed to be “Additional Savings Contributions” which are not used to determine the amount of Matching Contributions for such Plan Year. For this purpose, the portion of the Savings Contributions made on behalf of an active Participant for any Plan Year that begins on or after the Effective Amendment Date are deemed to be Basic Savings Contributions or Additional Savings Contributions in accordance with the rules set forth in the following subsections of this Section 5.5.
5.5.1 Any of the Participant’s Savings Contributions which are made for Pay Days that occur during any Plan Year that begins on or after the Effective Amendment Date and designated (or deemed to be designated) by the Participant as Pre-Tax Elective Savings Contributions and/or Roth Elective Savings Contributions (for purposes of this Section 5.5, collectively referred to as “Elective Savings Contributions”) shall be deemed to be Basic Savings Contributions for such Plan Year to the extent they do not exceed 6% of the Participant’s Covered Compensation for such Plan Year and shall be deemed to be Additional Savings Contributions for such Plan Year to the extent they do exceed 6% of the Participant’s Covered Compensation for such Plan Year.

5.5.2 Any of the Participant’s Savings Contributions which are made for a Pay Day that occurs on or after the Effective Amendment Date and designated by the Participant as After-Tax Savings Contributions shall be deemed to be Additional Savings Contributions for such Plan Year.

5.6 Rollover Contributions. A Covered Employee may, whether or not he or she is yet a Participant in the Plan under the provisions of Article 4 above, cause any distribution applicable to him or her from another eligible plan (as defined in Subsection 5.6.1 below) which he or she certifies is an eligible rollover distribution (within the meaning of the Code) to be paid directly from such other plan to this Plan pursuant to the terms of the Code, provided that (i) the Committee receives a written notice from the plan administrator or issuer of such other plan that the other plan has received a determination letter from the Internal Revenue Service concluding that the other plan is qualified as an eligible plan under the Code or that the other plan is intended to be an eligible plan and either is intending to obtain such determination letter or is not required under applicable Internal Revenue Service rules or the Code to obtain such a determination letter and (ii) the Committee has no information which shows that such payment is other than an eligible rollover contribution under the Code. Any such payment to the Plan shall be referred to as a Rollover Contribution under the Plan.

5.6.1 For purposes of this Section 5.6, an “eligible plan” means:

(a) a qualified plan described in Section 401(a) or 403(a) of the Code, including after-tax employee contributions held thereunder;

(b) an annuity contract described in Section 403(b) of the Code, excluding after-tax employee contributions held thereunder; and

(c) an eligible plan under Section 457(b) of the Code which is maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or political subdivision of a state.

5.6.2 If a Covered Employee makes a Rollover Contribution to the Plan but is not a Participant in the Plan under the provisions of Article 4 above, he or she shall still be considered a Participant under the other provisions of the Plan to the extent such other provisions concern the establishment of an Account to reflect such contribution, the investment, crediting of Plan earnings and losses, loaning, withdrawing, and distribution of such Account, and the administration of the Plan with respect to such Account, but he or she shall not be considered a Participant for any other purposes of the Plan until he or she qualifies as a Participant under the provisions of Article 4 above.
5.6.3 Further, subject to such administrative rules as may be adopted by the Committee, a Rollover Contribution that is made by a Covered Employee to the Plan from another eligible plan that is a qualified plan described in Section 401(a) of the Code may include a promissory note that reflects a loan that was previously made by the other plan to the Covered Employee and that is still outstanding as of the date of the Rollover Contribution, provided that all of the conditions set forth in the following paragraphs of this Subsection 5.6.3 are met.

(a) The Committee must receive information (e.g., a certification of the plan administrator of the other plan) that permits it to reasonably conclude that such loan was not previously included in the Covered Employee’s income for Federal income tax purposes by reason of the provisions of Section 72(p) of the Code and that such loan did not qualify as a prohibited transaction under Section 4975 of the Code or Section 406 of ERISA by reason of the provisions of Section 4975(d)(1) of the Code or Section 408(b)(1) of ERISA.

(b) The loan must be secured by a portion of the amount of the Rollover Contribution that would be sufficient security for the loan under the Plan and the Committee’s policies if such loan had been made under the Plan at the time of the Rollover Contribution.

(c) The only changes to the loan that need to be made by reason of its rollover to the Plan and in order to administer the loan properly under the Plan are to change the obligee under the loan to the Plan and, if necessary, to change minor administrative procedures concerning the payment of the loan (e.g., to change the dates on which payments under the loan will be paid to conform to the Pay Days that will apply to the Covered Employee while employed by the Employer, to permit payments to be made by payroll deductions from the Covered Employee’s pay from the Employer, to credit all payments on the loan to the Account to which the Rollover Contribution of which the loan note is a part is allocated, and to invest any payment on the loan in the Investment Fund or Funds in which such Account is invested at the time of the payment).

If the Committee permits a loan note to be included as part of a Covered Employee’s Rollover Contribution to the Plan under the provisions of this Subsection 5.6.3, then it may make such changes to the loan that are described in paragraph (c) above and otherwise administer the loan in accordance with the terms of the loan note. Such loan shall not be deemed to be a loan made by the Plan under the terms of Section 7.9 below.

5.7 Mistake of Fact

5.7.1 Any After-Tax Savings Contributions contributed to the Plan for a Participant which have been made in an amount in excess of the amount of the After-Tax Savings Contributions elected by the Participant or which have been taken from Covered Compensation of the Participant paid when he or she was not a Participant in the Plan (after being adjusted by Trust income and losses which the Committee reasonably determines were attributable to such contributions) may be paid by the Trustee to the Participant (unless repayment is not administratively possible) as a correction of the mistake which led it to be contributed to the Plan, upon the receipt by the Trustee of a written notice of a Plan representative describing such mistake and requesting the payment of such contribution to the Participant.
5.7.2 Any other Savings Contributions made upon the basis of a mistaken factual assumption may be repaid by the Trustee to the Employer (unless repayment is not administratively possible) as a correction of such mistaken factual assumption, upon the receipt by the Trustee within one year from the date of such contribution of a written notice of the Employer describing such mistaken factual assumption and requesting the return of such contributions. Trust income attributable to such contributions shall not be paid to the Employer, but Trust losses attributable to such contributions shall reduce the amount which is otherwise to be paid.

5.7.3 Any Rollover Contribution of a Participant which the Committee later determines was not an eligible rollover contribution under an appropriate provision of the Code may be distributed (after being adjusted by Trust income and losses which the Committee reasonably determines were attributable to such contribution) to the Participant within a reasonable administrative period after the Committee makes such determination.

5.7.4 Nothing in the foregoing provisions of this Section 5.7 shall be read so as to limit in any manner the ability of the Committee to correct any errors it discovers were made in the administration or operation of the Plan by any correction method that is permitted under the provisions of Subsection 13.2.4 below.

5.8 Qualified Nonelective Contributions. For any Plan Year and with respect to each Participant who (i) is on the last day of such Plan Year both a Participant and a Covered Employee, (ii) is also a Non-Highly Compensated Employee for such Plan Year, and (iii) is also part of a group of Participants (meeting the conditions set forth in clauses (i) and (ii) above) that is chosen by the Employer as eligible to receive contributions for such Plan Year under the provisions of this Section 5.8 (each such Participant who meets all of the foregoing three conditions for such Plan Year being referred to herein as an “eligible Participant”), the Employer may in its discretion decide to make and so make contributions that are described in the following subsections of this Section 5.8, which contributions shall be referred to in this Section 5.8 as “Qualified Nonelective Contributions.” The provisions of this Section 5.8 shall not only be effective as of the Effective Amendment Date with respect to any Plan Year beginning on or after such date but shall also, for each Prior Plan that was in effect on January 1, 2012, be effective as of January 1, 2012 with respect to the Plan Year beginning on such date.

5.8.1 If the Employer decides to make any Qualified Nonelective Contributions with respect to any Plan Year beginning on or after January 1, 2012, the amount of such contributions that are made on behalf of each eligible Participant shall be equal to a percent (that is set by the Employer, that applies uniformly to each eligible Participant, and that is not in any event in excess of 5%) of the eligible Participant’s Covered Compensation for such Plan Year.

5.8.2 Qualified Nonelective Contributions made for a Participant with respect to any Plan Year beginning on or after January 1, 2012 shall be calculated on the basis of such entire Plan Year, and any Qualified Nonelective Contributions for any such Plan Year shall actually be made to the Plan on such date or dates that are chosen by the Employer in its discretion and that are no later than the earlier of the last date permitted by applicable law for deduction of such contributions for the tax year of the Employer in which such Plan Year ends or the last day of the first Plan Year that begins after the Plan Year for which such contributions are made.

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5.8.3 Any Qualified Nonelective Contributions made for an eligible Participant with respect to any Plan Year shall, except as is otherwise provided in this Section 5.8 but notwithstanding any other provision of the Plan, be treated for all other purposes of the Plan (including for purposes of the Plan’s vesting, investment, loan, withdrawal, and distribution provisions and for purposes of applying the Plan’s limits set forth in Sections 5A.2 and 6A.2 below) as if such contributions had been Pre-Tax Elective Savings Contributions of the Participant for such Plan Year and shall be allocated to the Participant’s Account that reflects the Participant’s Pre-Tax Elective Savings Contributions as of the last day of such Plan Year.

5.8.4 Notwithstanding any other provision of the Plan which might be read to the contrary and regardless of the fact the Qualified Nonelective Contributions made for a Participant are generally treated under the Plan as if they were the Participant’s Pre-Tax Elective Savings Contributions, in no event shall any portion of the Participant’s Accounts that are attributable to Qualified Nonelective Contributions made for the Participant ever be distributed on account of hardship under the provisions of Sections 8.2 and 8.3 below.
ARTICLE 5A

PRE-TAX AND ROTH ELECTIVE SAVINGS CONTRIBUTION NONDISCRIMINATION STANDARDS

5A.1 Pre-Tax and Roth Elective Savings Contribution Nondiscrimination Standards Under Code Section 401(k)(3)(A)(ii) for Automatic Contribution Eligible Participants. The nondiscrimination standards that apply to Pre-Tax Elective Savings Contributions and Roth Elective Savings Contributions under Code Section 401(k)(3)(A)(ii) shall be met by the Plan, with respect to any Plan Year that begins on or after the Effective Amendment Date (for purposes of this Section 5A.1, the “subject Plan Year”) and for all Participants to the extent they are subject in the subject Plan Year to the provisions of Subsection 5.1.7 above (by reason of being considered qualified automatic contribution eligible Participants under the provisions of Subsection 5.1.7(f) above), through satisfying the requirements of Code Section 401(k)(13) and the portions of Treasury Regulations Section 1.401(k)-3 that apply to Code Section 401(k)(13), all in accordance with the following subsections of this Section 5A.1. The Participants who are for the subject Plan Year subject to this Section 5A.1 (that is, all qualified automatic contribution eligible Participants) shall be referred to in this Section 5A.1 as “eligible Participants.”

5A.1.1 The provisions of Subsection 5.1.7 above (and related provisions of the Plan) provide, for eligible Participants and with respect to the subject Plan Year, an automatic contribution arrangement that satisfies all of the requirements of Treasury Regulations Section 1.401(k)-3(j).

5A.1.2 The provisions of Article 6 below (and related provisions of the Plan) provide, for eligible Participants and with respect to the subject Plan Year, Matching Contributions that use the basic matching formula set forth in Treasury Regulations Section 1.401(k)-3(k)(2) and satisfy all of the other safe harbor matching contribution requirements of Treasury Regulations Section 1.401(k)-3(c) as such requirements are modified by Treasury Regulations Section 1.401(k)-3(k).

5A.1.3 In accordance with the provisions of Treasury Regulations Section 1.401(k)-3(k)(3)(i), the provisions of Articles 8 and 9 below (and related provisions of the Plan) do not permit the withdrawal or distribution of the portion of the Matching Account of a Participant that is attributable to any Matching Contributions made by reason of the Participant’s service as an eligible Participant in the subject Plan Year, other than at a time permitted under Treasury Regulations Section 1.401(k)-1(d).

5A.1.4 In accordance with the provisions of Treasury Regulations Section 1.401(k)-3(k)(3)(ii), the provisions of Section 7.12 below (and related provisions of the Plan) provide that a Participant for whom Matching Contributions are made by reason of the Participant’s service as an eligible Participant in the subject Plan Year shall be fully vested in the portion of his or her Matching Account that is attributable to such Matching Contributions if and once he or she has completed at least two years of Vesting Service.

5A.1.5 As is indicated in the provisions of Subsection 5.1.7(c) above, the Committee shall, with respect to the subject Plan Year, provide each eligible Participant with a notice that satisfies the notice requirements (including the requirements as to the content and timing of the
5A.1.6 In accordance with the provisions of Treasury Regulations Section 1.401(k)-3(c), the provisions of this Plan that satisfy the requirements of Treasury Regulations Section 1.401(k)-3 for the subject Plan Year shall remain in effect for the entire twelve months of the subject Plan Year (unless such provisions are otherwise amended by Macy’s, in which case the provisions of this Section 5A.1 shall be amended in accordance with the requirements of Treasury Regulations Section 1.401(k)-3(g)).

5A.1.7 The other articles of this Plan, to the extent that they apply with respect to the subject Plan Year and for eligible Participants, meet all of the other requirements of Treasury Regulations Section 1.401(k)-3.

5A.2 Pre-Tax and Roth Elective Savings Contribution Nondiscrimination Standards Under Code Section 401(k)(3)(A)(ii) for Non-Automatic Contribution Eligible Collectively Bargained Participants. The nondiscrimination standards that apply to Pre-Tax Elective Savings Contributions and Roth Elective Savings Contributions under Code Section 401(k)(3)(A)(ii) shall be met by the Plan, with respect to any Plan Year that begins on or after the Effective Amendment Date (for purposes of this Section 5A.2, the “subject Plan Year”) and for all Participants to the extent they are not subject in such Plan Year to the provisions of Subsection 5A.1.7 above (by reason of being considered non-qualified automatic contribution eligible collectively bargained Participants under the provisions of Subsection 5.1.7(g) above), through satisfying the requirements of Code Section 401(k)(3)(A)(ii) and Treasury Regulations Section 1.401(k)-2 issued thereunder, all in accordance with the following subsections of this Section 5A.2. The Participants who are for the subject Plan Year subject to this Section 5A.2 (that is, all non-qualified automatic contribution eligible collectively bargained Participants) shall be referred to in this Section 5A.2 as “eligible Participants.”

5A.2.1 Average Actual Deferral Percentage Limits. The Average Actual Deferral Percentage of the Highly Compensated Employees for the subject Plan Year must satisfy one of the following limits.

(a) **Limitation 1**: The Average Actual Deferral Percentage of the Highly Compensated Employees for the subject Plan Year may not exceed the Average Actual Deferral Percentage of the Non-Highly Compensated Employees for the subject Plan Year multiplied by 1.25.

(b) **Limitation 2**: The Average Actual Deferral Percentage of the Highly Compensated Employees for the subject Plan Year both may not exceed the Average Actual Deferral Percentage of the Non-Highly Compensated Employees for the subject Plan Year multiplied by 2.0 and may not exceed the Average Actual Deferral Percentage of the Non-Highly Compensated Employees for the subject Plan Year by more than two percentage points.

Notwithstanding the foregoing, the Employer may, if permitted under and if following such procedures as are set forth in regulations issued by the Secretary of the Treasury or his or her delegate, amend the Plan, for the subject Plan Year, so that the Average Actual Deferral Percentage of the

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Non-Highly Compensated Employees for the Plan Year which immediately precedes the subject Plan Year shall be used, instead of such percentage for the subject Plan Year, in determining whether the above limitations are met for the subject Plan Year. Until the Employer so amends the Plan, however, the Average Actual Deferral Percentage of the Non-Highly Compensated Employees for the subject Plan Year shall be used in determining whether the above limitations are met for the subject Plan Year.

5A.2.2 Special Rules for Average Actual Deferral Percentage Limits. Section 5A.2.1 above, the special rules set forth in the following paragraphs of this Subsection 5A.2.2 shall apply.

(a) If, with respect to the subject Plan Year, an eligible Participant who is a Highly Compensated Employee for the subject Plan Year is or was eligible to participate in a cash or deferred arrangement, which qualifies under Section 401(k) of the Code and is contained in an aggregatable plan, then, for the purpose of determining the Actual Deferral Percentage of the eligible Participant for the subject Plan Year under this Plan, any contributions made to such aggregatable plan that (i) are allocated to the eligible Participant’s account under such aggregatable plan as of any dates within the subject Plan Year and (ii) would be treated as Pre-Tax Elective Savings Contributions or Roth Elective Savings Contributions of the eligible Participant for the subject Plan Year had they been allowed and made under this Plan shall be treated as if they were Pre-Tax Elective Savings Contributions or Roth Elective Savings Contributions, as appropriate, of the eligible Participant under this Plan for the subject Plan Year. For purposes hereof, an “aggregatable plan” is a plan other than this Plan which is qualified under Section 401(a) of the Code, is maintained by an Affiliated Employer, and is not prohibited from being aggregated with this Plan for purposes of Section 410(b) of the Code under Treasury Regulations Section 1.410(b)-7.

(b) To be counted in determining whether the Average Actual Deferral Percentage limits are met for any Plan Year (for purposes of this paragraph (b), the “subject Plan Year”), any Pre-Tax Elective Savings Contributions and Roth Elective Savings Contributions that relate to the subject Plan Year must be paid to the Trust before the end of the Plan Year which next follows the subject Plan Year.

(c) For purposes of this Section 5A.2 and the other provisions of the Plan, Pre-Tax Elective Savings Contributions and Roth Elective Savings Contributions are treated as being made on behalf of an eligible Participant for the subject Plan Year if such contributions relate to Pay Days of the eligible Participant which occur during the subject Plan Year.

5A.2.3 Distribution of Excess Contributions. Subject to the provisions of this Subsection 5A.2.3 but notwithstanding any other provision of the Plan to the contrary, any Excess Contributions applicable to the subject Plan Year shall be distributed during (but no later than the last day of) the immediately following Plan Year to eligible Participants who were Highly Compensated Employees for the subject Plan Year, in accordance with the following paragraphs of this Subsection 5A.2.3. (Such Excess Contributions, even if distributed, shall still be treated as part of the annual addition, as defined in Subsection 7A.2.1(a) below, for the subject Plan Year.)
(a) For purposes of the Plan, “Excess Contributions” for the subject Plan Year means the amount (if any) by which the aggregate sum of Pre-Tax Elective Savings Contributions and Roth Elective Savings Contributions paid to the Trust for the subject Plan Year on behalf of eligible Participants who are Highly Compensated Employees for the subject Plan Year exceeds the maximum amount of the sum of such Pre-Tax Elective Savings Contributions and Roth Elective Savings Contributions which could have been made and still have satisfied one of the limitations set forth in Subsection 5A.2.1 above for the subject Plan Year.

(b) The Excess Contributions for the subject Plan Year shall be determined, and applied to eligible Participants who are Highly Compensated Employees for the subject Plan Year for distribution purposes, in accordance with the methods described in subparagraphs (1) and (2) of this paragraph (b).

(1) The total amount of Excess Contributions for the subject Plan Year shall be deemed to be the sum of the Excess Contributions which are determined to apply to each eligible Participant who is a Highly Compensated Employee for the subject Plan Year under the leveling method which is described in this subparagraph (1). Under this leveling method, the Actual Deferral Percentage of the Highly Compensated Employee(s) with the highest Actual Deferral Percentage for the subject Plan Year is reduced to the extent required to enable one of the applicable limitations set forth in Subsection 5A.2.1 above to be satisfied for the subject Plan Year or to cause such Actual Deferral Percentage to equal the Actual Deferral Percentage of the Highly Compensated Employee(s) with the next highest Actual Deferral Percentage for the subject Plan Year, whichever comes first. This process is repeated as necessary until one of the applicable limitations set forth in Subsection 5A.2.1 above is satisfied for the subject Plan Year. For each Highly Compensated Employee, his or her amount of Excess Contributions for the subject Plan Year under this leveling method is equal to: (i) the total of the sum of the Pre-Tax Elective Savings Contributions and Roth Elective Savings Contributions paid to the Trust for the subject Plan Year on his or her behalf (determined before the application of this leveling method), less (ii) the amount determined by multiplying the Highly Compensated Employee’s Actual Deferral Percentage for the subject Plan Year (determined after the application of this leveling method) by his or her ADP Compensation for the subject Plan Year. In no event shall the Excess Contributions which are determined to apply to a Highly Compensated Employee for the subject Plan Year under this leveling method exceed the total of the sum of the Pre-Tax Elective Savings Contributions and Roth Elective Savings Contributions paid to the Trust on his or her behalf for the subject Plan Year (determined before application of this leveling method). However, the leveling method described in this subparagraph (1) is used only to determine the total sum of Excess Contributions for the subject Plan Year and is not used to determine the portion of such total sum of Excess Contributions which will be distributed to any eligible Participant who is a Highly Compensated Employee for the subject Plan Year; instead, the method for determining the portion of such Excess Contributions which will be distributed to each such Highly Compensated Employee is described in subparagraph (2) below.

(2) The portion of the total sum of Excess Contributions for the subject Plan Year which will be distributed to any eligible Participant who is a Highly Compensated Employee for the subject Plan Year shall be determined under the dollar amount reduction method described in this subparagraph (2). Under this dollar amount reduction method, the dollar amount of the sum of the Pre-Tax Elective Savings Contributions and Roth Elective Savings Contributions made to the Trust for the subject Plan Year on behalf of the Highly Compensated Employee(s) with
the highest dollar amount of Pre-Tax Elective Savings Contributions and Roth Elective Savings Contributions for the subject Plan Year is reduced to the extent required to equal the dollar amount of the Pre-Tax Elective Savings Contributions and Roth Elective Savings Contributions made to the Trust for the subject Plan Year on behalf of the Highly Compensated Employee(s) with the next highest dollar amount of Pre-Tax Elective Savings Contributions and Roth Elective Savings Contributions for the subject Plan Year or to cause the total dollar amount of the reductions in Pre-Tax Elective Savings Contributions and Roth Elective Savings Contributions for the subject Plan Year under this dollar amount reduction method to equal the total sum of the Excess Contributions for the subject Plan Year (as determined under the leveling method described in subparagraph (1) above), whichever comes first. This process is repeated as necessary until the total dollar amount of the reductions in Pre-Tax Elective Savings Contributions and Roth Elective Savings Contributions for the subject Plan Year equals the total sum of the Excess Contributions for the subject Plan Year (as determined under the leveling method described in subparagraph (1) above). For each Highly Compensated Employee, his or her portion of the total amount of the Excess Contributions for the subject Plan Year which will be distributed to him or her is equal to the total dollar amount of the reductions made in his or her Pre-Tax Savings Contributions and Roth Elective Savings Contributions for the subject Plan Year under this dollar amount reduction method. Any such distribution shall constitute Pre-Tax Elective Savings Contributions to the extent possible (and, only to the extent necessary, shall constitute Roth Elective Savings Contributions).

(c) The distribution of any portion of the Excess Contributions for the subject Plan Year to an eligible Participant under the provisions of this Subsection 5A.2.3 shall be adjusted upward for the Trust’s income allocable thereto (or downward for the Trust’s loss allocable thereto) for the subject Plan Year. For purposes hereof, the Trust’s income (or loss) allocable to any such Excess Contributions shall for the subject Plan Year be determined under any reasonable method that is adopted by the Committee for this purpose. Such method shall be used consistently for all Participants and for all corrective distributions made under the Plan for the subject Plan Year, shall not violate the requirements of Code Section 401(a)(4), and shall be a method that is reasonably consistent with the method used by the Plan for allocating income and losses to Participants’ Accounts for the subject Plan Year. The method adopted by the Committee to determine the Trust’s income (or loss) allocable to any Excess Contributions applicable to the subject Plan Year shall not be treated as other than a reasonable method merely because the Trust’s income (or loss) allocable to such Excess Contributions is determined on a date no more than seven days before the distribution of such contributions.

(d) If any Excess Contributions applicable to an eligible Participant and for the subject Plan Year are distributed to the eligible Participant under the provisions of this Subsection 5A.2.3, then, pursuant to Section 411(a)(3)(G) of the Code and Treasury Regulations Section 1.411(a)-4(b)(7), any Matching Contributions which are allocated to the eligible Participant’s Matching Account for the subject Plan Year by reason of such Excess Contributions (and not yet distributed or forfeited under the Plan by the date the Excess Contributions are distributed) shall, together with the Trust’s income allocable thereto (or less the Trust’s loss allocable thereto) for the subject Plan Year, be forfeited as of the day such Excess Contributions are distributed to the eligible Participant (and such forfeited amounts shall be reallocated to Accounts of Participants in accordance with later provisions of the Plan). For these purposes, the Trust’s income (or loss) allocable to any such forfeited Matching Contributions shall for the subject Plan Year be determined.

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under any reasonable method that is adopted by the Committee for this purpose. Such method shall be used consistently for all Participants and for all corrective distributions made under the Plan for the subject Plan Year, shall not violate the requirements of Code Section 401(a)(4), and shall be a method that is reasonably consistent with the method used by the Plan for allocating income and losses to Participants’ Accounts for the subject Plan Year. The method adopted by the Committee to determine the Trust’s income (or loss) allocable to any such forfeited Matching Contributions applicable to the subject Plan Year shall not be treated as other than a reasonable method merely because the Trust’s income (or loss) allocable to such forfeited Matching Contributions is determined on a date no more than seven days before the forfeiture of such contributions.

(e) Unless otherwise agreed between an eligible Participant and the Committee, the distribution of the eligible Participant’s Excess Contributions for the subject Plan Year under the foregoing provisions of this Subsection 5A.2.3 shall constitute Pre-Tax Elective Savings Contributions to the extent possible (and, only to the extent still necessary, shall constitute Roth Elective Savings Contributions).

(1) Any distribution of Excess Contributions (and any Trust income or loss allocable thereto) to the eligible Participant under the foregoing provisions of this Subsection 5A.2.3 shall (i) be made from the portion of the eligible Participant’s Accounts that is attributable to his or her Pre-Tax Elective Savings Contributions to the extent such Excess Contributions reflect Pre-Tax Elective Savings Contributions and (ii) be made from the portion of the eligible Participant’s Accounts that is attributable to his or her Roth Elective Savings Contributions to the extent such Excess Contributions reflect Roth Elective Savings Contributions.

(2) If the entire balance of the portion of the eligible Participant’s Accounts that is attributable to his or her Pre-Tax Elective Savings Contributions and Roth Elective Savings Contributions is distributed to the eligible Participant prior to when a distribution of Excess Contributions is to be made for the subject Plan Year (and no balance remains in that Account portion when such Excess Contribution distribution is to be made), then such prior distribution shall be deemed for all purposes of this Plan as a distribution under this Subsection 5A.2.3 of the Excess Contributions to the eligible Participant for the subject Plan Year (and Trust income or loss allocable thereto) to the extent Excess Contributions (and allocable Trust income or losses) would otherwise have been required to be distributed to the eligible Participant from such Account portion under this Subsection 5A.2.3.

(f) Notwithstanding any other provision of the Plan to the contrary, the limitations set forth in Subsection 5A.2.1 above shall be deemed met for the subject Plan Year if the Excess Contributions for the subject Plan Year are distributed in accordance with and to the extent required by the foregoing provisions of this Subsection 5A.2.3.

(g) If any Excess Contributions applicable to the subject Plan Year are not distributed to the appropriate eligible Participants within 2-1/2 months after the last day of the subject Plan Year, an excise tax shall be imposed under Code Section 4979 on the Employer in an
Definitions for Average Actual Deferral Percentage Limits. Except as is otherwise provided in the Plan, for purposes of the limits set forth in this Section 5A.2, the definitions set forth in the following paragraphs of this Subsection 5A.2.4 shall apply.

(a) “Average Actual Deferral Percentage” for the subject Plan Year means: (i) with respect to the Highly Compensated Employees, the average (to the nearest one-hundredth of a percent) of the Actual Deferral Percentages of the eligible Participants who are Highly Compensated Employees for the subject Plan Year; and (ii) with respect to the Non-Highly Compensated Employees, the average (to the nearest one-hundredth of a percent) of the Actual Deferral Percentages of the eligible Participants who are Non-Highly Compensated Employees for the subject Plan Year.

(b) “Actual Deferral Percentage” for the subject Plan Year means, with respect to any person who is an eligible Participant for the subject Plan Year, the ratio (expressed as a percentage to the nearest one-hundredth of a percent) of the sum of the Pre-Tax Elective Savings Contributions and the Roth Elective Savings Contributions made on behalf of the eligible Participant for the subject Plan Year (by reason of his or her services as an eligible Participant) to the ADP Compensation of the eligible Participant for the subject Plan Year. The Actual Deferral Percentage of a person who is an eligible Participant for such Plan Year but who does not have any Pre-Tax Savings Contributions or Roth Elective Savings Contributions made on his or her behalf for the subject Plan Year (by reason of his or her services as an eligible Participant) is 0%.

(c) “ADP Compensation” means, with respect to any person who is an eligible Participant and for the subject Plan Year, the eligible Participant’s Compensation received for services as a Covered Employee for the part (and only during the part) of such Plan Year in which he or she is a Participant, but excluding any Compensation he or she receives for the subject Plan Year for services rendered when he or she is considered an automatic contribution eligible Participant (as defined in Subsection 5.1.7(f) above).

Special Pre-Effective Date Amendment Rules. The provisions of this Section 5A.2 shall not only be effective as of the Effective Amendment Date but shall also, for each Prior Plan that was in effect on January 1, 2008, both: (i) be effective as of January 1, 2008 with respect to Plan Years beginning on or after such date and prior to the Effective Amendment Date (except as is provided otherwise in paragraph (a) of this Subsection 5A.2.5); and, subject to the provisions of paragraphs (b) and (c) of this Subsection 5A.2.5, (ii) shall apply to all Participants (and not just to non-automatic contribution eligible collectively bargained Participants) for each Plan Year beginning on or after January 1, 2008 and prior to the Effective Amendment Date. In accordance with clause (ii) of the immediately preceding sentence, when the provisions of this Section 5A.2 are applied under a Prior Plan with respect to a Plan Year beginning on or after January 1, 2008 and prior to the Effective Amendment Date, any reference to an “eligible Participant” for such Plan Year shall be read to refer to any Participant who was eligible to participate in such Prior Plan for such Plan Year and not just to a non-automatic contribution eligible collectively bargained Participant for such Plan Year.
(a) For any Plan Year that begins prior to January 1, 2010, paragraph (c) of Subsection 5A.2.4 shall be deemed to read as follows:

(c) “ADP Compensation” means, with respect to any person who is an eligible Participant and for the subject Plan Year, the eligible Participant’s Compensation for such Plan Year that is received for services as a Covered Employee during such entire Plan Year (regardless of whether he or she is a Participant for the entire Plan Year or for only part but not all of such Plan Year).

(b) For each Plan Year beginning on or after January 1, 2008 and prior to the Effective Amendment Date, the provisions of Subsections 5A.2.1 through 5A.2.4 above (as modified to the extent provided in paragraph (a) above), when applied to a Prior Plan, shall be applied separately for the portion of such Prior Plan which covers Participants who are not collectively bargained employees and the portion of such Prior Plan which covers Participants who are collectively bargained employees and as if each such portion were a separate plan. For purposes hereof, a “collectively bargained employee” is an Employee who is included in a unit of employees covered by a collective bargaining agreement between employee representatives and the Employer, provided retirement benefits were the subject of good faith bargaining between such employee representatives and the Employer.

(c) Notwithstanding any other provision of the Plan to the contrary, for the Plan Year that begins on January 1, 2008, the foregoing subsections of this Section 5A.2 (as modified to the extent provided in paragraph (a) above) shall be applied as if the Prior Plan that was known as the Macy’s, Inc. Profit Sharing 401(k) Investment Plan as in effect from January 1, 2008 through August 31, 2008, the May Profit Sharing Plan as in effect from January 1, 2008 through August 31, 2008, and this Plan as in effect from the January 1, 2008 through December 31, 2008 were one “combined” plan and that all of the foregoing subsections of this Section 5A.2 apply to such “combined” plan for the entire Plan Year that begins on January 1, 2008.
ARTICLE 5B
EXCESS DEFERRAL DISTRIBUTIONS

5B.1 Distribution of Excess Deferral.

5B.1.1 If any Participant certifies in writing (i) that his or her tax year for Federal income tax purposes is the same period as constitutes a Plan Year, (ii) that a specific amount of the Pre-Tax Elective Savings Contributions and Roth Elective Savings Contributions he or she has made under the Plan for any Plan Year (for purposes of this Article 5B, the “subject Plan Year”), which amount is set forth in such certification, when added to all other Elective Contributions made by or on behalf of the Participant for the subject Plan Year under other plans, contracts, and accounts, exceeds the Applicable Limit for the subject Plan Year (with such excess amount referred to in this Article 5B as the Participant’s “excess deferral” for the subject Plan Year), and (iii) such certification is filed with a Plan representative by the first March 1 following the end of the subject Plan Year, then the Participant’s excess deferral for the subject Plan Year shall be distributed to the Participant by the first April 15 following the end of the subject Plan Year.

5B.1.2 For purposes hereof, the Participant shall automatically be deemed to provide a certification described in Subsection 5B.1.1 above on a timely basis for the subject Plan Year with respect to an excess deferral that is no less than the amount of the Pre-Tax Elective Savings Contributions and Roth Elective Savings Contributions made under the Plan by the Participant for the subject Plan Year that, when added only to all other Elective Contributions made by or on behalf of the Participant for the subject Plan Year under other plans maintained by the Employer, exceeds the Applicable Limit for the subject Plan Year.

5B.2 Special Rules Applicable to Distribution of Excess Deferral.

5B.2.1 Notwithstanding any provision of Section 5B.1 above that may be read to the contrary, the distribution of a Participant’s excess deferral for any Plan Year (for purposes of this Section 5B.2.1, the “subject Plan Year”) that is required under the provisions of Section 5B.1 above may be made during the subject Plan Year (and not just after the end of such year) only if the Participant’s certification (or deemed certification) that is described in Section 5B.1 above occurs during the subject Plan Year, if the distribution is made after the date on which the Plan receives the excess deferral, and if the Plan designates the distribution as a distribution of an excess deferral.

5B.2.2 In addition, and also notwithstanding any provision of Section 5B.1 above that may be read to the contrary, the distribution of a Participant’s excess deferral for any Plan Year (for purposes of this Subsection 5B.2.2, the “subject Plan Year”) that is required under the provisions of Section 5B.1 above shall be adjusted upward for the Trust’s income allocable thereto (or downward for the Trust’s loss allocable thereto) for the subject Plan Year, as determined under this Subsection 5B.2.2. For purposes hereof, the Trust’s income (or loss) allocable to a Participant’s excess deferral for any subject Plan Year shall be determined under any reasonable method that is adopted by the Committee for this purpose. Such method shall be used consistently for all Participants and for all corrective distributions made under the Plan for the subject Plan Year, shall not violate the requirements of Code Section 401(a)(4), and shall be a method that is reasonably consistent with the method used by the Plan for allocating income and losses to Participants’
Accounts for the subject Plan Year. The method adopted by the Committee to determine the Trust’s income (or loss) allocable to an excess deferral applicable to a subject Plan Year shall not be treated as other than a reasonable method merely because the Trust’s income (or loss) allocable to such excess deferral is determined on a date no more than seven days before the distribution of such deferral. The provisions of this Subsection 5B.2.2 shall not only be effective as of the Effective Amendment Date but shall also, for each Prior Plan that was in effect on January 1, 2008, be effective as of January 1, 2008 with respect to Plan Years beginning on or after such date.

5B.2.3 If any excess deferral applicable to a Participant and for any Plan Year (for purposes of this Subsection 5B.2.3, the “subject Plan Year”) is distributed to the Participant under the provisions of this Article 5B, then, pursuant to Section 411(a)(3)(G) of the Code and Treasury Regulations Section 1.411(a)-4(b)(7), any Matching Contributions which are allocated to the Participant’s Matching Account for such Plan Year by reason of such excess deferral (and not yet distributed or forfeited under the Plan by the date the excess deferral is distributed) shall, together with the Trust’s income allocable thereto (or less the Trust’s loss allocable thereto) for the subject Plan Year, be forfeited as of the day such excess deferral is distributed to the Participant (and such forfeited amounts shall be reallocated to Accounts of Participants in accordance with later provisions of the Plan). For these purposes, the Trust’s income (or loss) allocable to any such forfeited Matching Contributions shall, for the subject Plan Year, be determined under any reasonable method that is adopted by the Committee for this purpose. Such method shall be used consistently for all Participants and for all corrective distributions made under the Plan for the subject Plan Year, shall not violate the requirements of Code Section 401(a)(4), and shall be a method that is reasonably consistent with the method used by the Plan for allocating income and losses to Participants’ Accounts for the subject Plan Year. The method adopted by the Committee to determine the Trust’s income (or loss) allocable to any such forfeited Matching Contributions applicable to a subject Plan Year shall not be treated as other than a reasonable method merely because the Trust’s income (or loss) allocable to such forfeited Matching Contributions is determined on a date no more than seven days before the forfeiture of such contributions.

5B.2.4 The amount of any excess deferral of a Participant that is applicable to a Plan Year and otherwise distributable under the foregoing provisions of this Article 5B shall be reduced by any prior distribution of Excess Contributions (as defined in Subsection 5A.2.3 above) applicable to such Plan Year that are made to the Participant under the provisions of Section 5A.2 above. For reporting purposes, to the extent the distribution of Excess Contributions reduces the distribution of an excess deferral hereunder, such distribution shall be treated as a distribution of the excess deferral instead of a distribution of Excess Contributions.

5B.2.5 Unless otherwise agreed between a Participant and the Committee, the distribution of the Participant’s excess deferral for the subject Plan Year under the foregoing provisions of this Article 5B shall constitute Pre-Tax Elective Savings Contributions to the extent possible (and, only to the extent still necessary, shall constitute Roth Elective Savings Contributions). Further, any distribution of an excess deferral (and any Trust income or loss allocable thereto) to a Participant under the foregoing provisions of this Article 5B shall (i) be made from the portion of the Participant’s Accounts that is attributable to his or her Pre-Tax Elective Savings Contributions to the extent such excess deferral reflects Pre-Tax Elective Savings Contributions and (ii) be made from the portion of the Participant’s Accounts that is attributable to his or her Roth Elective Savings Contributions to the extent such excess deferral reflects Roth Elective Savings Contributions.
5B.2.6 Notwithstanding any other provision of the Plan to the contrary, any excess deferral that is applicable to a Participant for a subject Plan Year shall, if distributed, not be treated as part of the annual addition, as defined in Subsection 7A.2.1(a) below, for the subject Plan Year. Further, notwithstanding any provision of Section 5A.2 above to the contrary, to the extent an excess deferral for a subject Plan Year that is applicable to a Participant who is a Non-Highly Compensated Employee (and an eligible Participant as defined in and for purposes of Section 5A.2 above) for such Plan Year would still be considered an excess deferral if only Elective Contributions under this Plan were taken into account, it shall not be taken into account as Pre-Tax Elective Savings Contributions or Roth Elective Savings Contributions for purposes of determining the Participant’s Actual Deferral Percentage for such Plan Year under the provisions of Section 5A.2 above.

5B.3 Definitions for Excess Deferral Requirements. For purposes of the limits set forth in this Article 5B, the definitions set forth in the following subsections of this Section 5B.3 shall apply.

5B.3.1 “Elective Contributions” means, with respect to a Participant and any Plan Year, any contributions made by or on behalf of the Participant to plans, contracts, or accounts that are treated as elective deferrals for purposes of Section 402(g) of the Code. Such contributions generally include employer contributions made under a qualified cash or deferred arrangement (as defined in Code Section 401(k)) to the extent either not includable in income under Code Section 402(e)(3) or to the extent it qualifies as a designated Roth contribution under Code Section 402A(c)(1), employer contributions to a simplified employee pension to the extent not includable in income under Code Section 402(h)(1)(B), employer contributions to purchase an annuity contract under Code Section 403(b) pursuant to a salary reduction agreement, and elective employer contributions to a simple retirement plan under Code Section 408(p)(1)(A)(1).

5B.3.2 “Applicable Limit” means, with respect to any Participant and any Plan Year, the maximum amount of Elective Contributions made by or on behalf of the Participant for such Plan Year that can be excluded from the Participant’s income for Federal income tax purposes under the provisions of Section 402(g) of the Code and/or treated as designated Roth contributions under Section 402A(c)(1) of the Code.
ARTICLE 6
MATCHING CONTRIBUTIONS

6.1 Annual Amount of Matching Contributions. For each Plan Year that begins on or after the Effective Amendment Date, the Employer shall contribute amounts to the Trust in addition to the Savings Contributions elected by Participants for such Plan Year. Such additional contributions shall be referred to in the Plan as “Matching Contributions.” Subject to the other provisions of the Plan, the amount of Matching Contributions which shall be made by the Employer for any Plan Year which begins on or after the Effective Amendment Date (for purposes of this Section 6.1, the “subject Plan Year”) shall be the amount determined under the following subsections of this Section 6.1.

6.1.1 Subject to the provisions of Subsection 6.1.3 below, Matching Contributions shall be made by the Employer for each Participant who is a qualified automatic contribution eligible Participant (as defined in Subsection 5.1.7(f) above) for all or any part of the subject Plan Year and who makes any amount of Basic Savings Contributions to the Plan for the subject Plan Year as a qualified automatic contribution eligible Participant. The amount of the Matching Contributions to be made by the Employer for the subject Plan Year with respect to such qualified automatic contribution eligible Participant shall be equal to the sum of:

(a) 100% of the portion of the qualified automatic contribution eligible Participant’s Basic Savings Contributions made for the subject Plan Year as a qualified automatic contribution eligible Participant that do not exceed 1% of the Participant’s Covered Compensation for the subject Plan Year that is applicable to his or her employment as a qualified automatic contribution eligible Participant; and

(b) 50% of the portion of the qualified automatic contribution eligible Participant’s Basic Savings Contributions made for the subject Plan Year as a qualified automatic contribution eligible Participant that exceed 1%, but do not exceed 6%, of the Participant’s Covered Compensation for the subject Plan Year that is applicable to his or her employment as a qualified automatic contribution eligible Participant.

6.1.2 In addition and also subject to the provisions of Subsection 6.1.3 below, Matching Contributions shall be made by the Employer for each Participant who (i) is a non-qualified automatic contribution eligible Participant (as defined in Subsection 5.1.7(g) above) for all or any part of the subject Plan Year, (ii) makes any amount of Basic Savings Contributions for the subject Plan Year, (iii) is a Covered Employee on the last day of the subject Plan Year, and (iv) makes during the subject Plan Year no withdrawal of Basic Savings Contributions for the subject Plan Year from his or her Savings Account. The amount of the Matching Contributions to be made by the Employer for the subject Plan Year with respect to such non-qualified automatic contribution eligible Participant shall be equal to 10% of the non-automatic contribution eligible collectively bargained Participant’s Basic Savings Contributions made for the subject Plan Year as a non-qualified automatic contribution eligible Participant.
6.1.3 To the extent permitted by Section 9.5 below, any forfeitures arising during the subject Plan Year shall be used to reduce and be substituted in place of those Matching Contributions which are otherwise required or determined under the provisions of Subsections 6.1.1 and 6.1.2 above for the subject Plan Year. For purposes of Subsections 6.1.1 and 6.1.2 above, any forfeitures (or other amounts) which are used to reduce and substitute for any amount of Matching Contributions for the subject Plan Year shall be considered as if they were such Matching Contributions for the subject Plan Year.

6.2 Time and Form of Matching Contributions.

6.2.1 Subject to Subsections 6.2.2 and 6.2.3 below, the Matching Contributions for any Plan Year may be paid in one or more installments, but the total amount to be contributed must be paid to the Trust on or before the last date permitted by applicable law for deduction of such contributions for the tax year of the Employer in which such Plan Year ends.

6.2.2 In addition, any Matching Contributions that are allocated to a Participant’s Account under the subsequent provisions of the Plan shall not in any event be contributed to the Trust: (i) before the Savings Agreement that results in the Savings Contributions with respect to which the Matching Contributions are allocated is entered into by the Participant, or (ii) except for occasional, bona fide administrative considerations, before the earlier of (A) the performance of the Participant’s services with respect to which such Savings Contributions are made or (B) when the amount of such Savings Contributions would be currently available to the Participant in the absence of such Savings Agreement.

6.2.3 The Matching Contributions made for any Plan Year shall be made in cash.

6.3 Mistake of Fact. Any Matching Contributions made upon the basis of a mistaken factual assumption shall be repaid by the Plan to the Employer (unless repayment is not administratively possible) as a correction of such mistaken factual assumption, upon the receipt by the Trustee within one year from the date of such contributions of a written notice of the Employer describing such mistaken factual assumption and requesting the return of such contributions. Plan income attributable to such contributions may not be paid to the Employer, but Plan losses attributable to such contributions shall reduce the amount which is otherwise to be paid. Nothing in the foregoing provisions of this Section 6.3 shall be read so as to limit in any manner the ability of the Committee to correct any errors it discovers were made in the administration or operation of the Plan by any corrective method that is permitted under the provisions of Subsection 13.2.4 below.
ARTICLE 6A

MATCHING AND AFTER-TAX SAVINGS CONTRIBUTION
NONDISCRIMINATION STANDARDS

6A.1 Matching Contribution Nondiscrimination Standards Under Code Section 401(k)(3)(A)(ii) for Participants Who Are Not Collectively Bargained Employees. The nondiscrimination standards that apply to Matching Contributions under Code Section 401(m)(2) shall be met by the Plan, with respect to any Plan Year that begins on or after the Effective Amendment Date (for purposes of this Section 6A.1, the “subject Plan Year”) and for all Participants who are not collectively bargained employees for the subject Plan Year (as determined under Section 6A.4 below), through satisfying the requirements of Code Section 401(m)(12) and the portions of Treasury Regulations Section 1.401(m)-3 that apply to Code Section 401(m)(12), all in accordance with the following subsections of this Section 6A.1. The Participants who are for the subject Plan Year subject to this Section 6A.1 (that is, all Participants who are not collectively bargained employees for the subject Plan Year) shall be referred to in this Section 6A.1 as “eligible Participants.”

6A.1.1 The provisions of Subsection 5.1.7 above (and related provisions of the Plan) provide, for eligible Participants and with respect to the subject Plan Year, a qualified automatic contribution arrangement that satisfies all of the requirements of Treasury Regulations Section 1.401(k)-3(j).

6A.1.2 The provisions of Article 6 above (and related provisions of the Plan) provide, for eligible Participants and with respect to the subject Plan Year, Matching Contributions that (i) use the basic matching formula set forth in Treasury Regulations Section 1.401(k)-3(k)(2), (ii) satisfy all of the other safe harbor matching contribution requirements of Treasury Regulations Section 1.401(k)-3(c) as such requirements are modified by Treasury Regulations Section 1.401(k)-3(k), and (iii) are limited to the extent required by Treasury Regulations Section 1.401(m)-3(d).

6A.1.3 In accordance with the provisions of Treasury Regulations Section 1.401(k)-3(k)(3)(i), the provisions of Articles 8 and 9 below (and related provisions of the Plan) do not permit the withdrawal or distribution of the portion of the Matching Account of a Participant that is attributable to any Matching Contributions made by reason of the Participant’s service as an eligible Participant in the subject Plan Year, other than at a time permitted under Treasury Regulations Section 1.401(k)-1(d).

6A.1.4 In accordance with the provisions of Treasury Regulations Section 1.401(k)-3(k)(3)(ii), the provisions of Section 7.12 below (and related provisions of the Plan) provide that a Participant for whom Matching Contributions are made by reason of the Participant’s service as an eligible Participant in the subject Plan Year shall be fully vested in the portion of his or her Matching Account that is attributable to such Matching Contributions if and once he or she has completed at least two years of Vesting Service.

6A.1.5 As is indicated in the provisions of Subsection 5.1.7(c) above, the Committee shall, with respect to the subject Plan Year, provide each eligible Participant within a reasonable period before the start of the subject Plan Year with a notice that satisfies the notice requirements.
of Treasury Regulations Section 1.401(k)-3(d) as such requirements are modified by Treasury Regulations Section 1.401(k)-3(k)(4).

6A.1.6 In accordance with the provisions of Treasury Regulations Section 1.401(m)-3(f), the provisions of this Plan that satisfy the requirements of Treasury Regulations Section 1.401(m)-3 for the subject Plan Year shall remain in effect for the entire twelve months of the subject Plan Year (unless such provisions are otherwise amended by Macy’s, in which case the provisions of this Section 6A.1 shall be amended in accordance with the requirements of Treasury Regulations Section 1.401(m)-3(h)).

6A.1.7 The other articles of this Plan, to the extent that they apply with respect to the subject Plan Year and for eligible Participants, meet all of the other requirements of Treasury Regulations Section 1.401(m)-3.

6A.2 After-Tax Savings Contribution Nondiscrimination Standards Under Code Section 401(k)(3)(A)(ii) for Participants Who Are Not Collectively Bargained Employees. The nondiscrimination standards that apply to After-Tax Savings Contributions under Code Section 401(m)(2) shall be met by the Plan, with respect to any Plan Year that begins on or after the Effective Amendment Date (for purposes of this Section 6A.2, the “subject Plan Year”) and for all Participants who are not collectively bargained employees for the subject Plan Year (as determined under Section 6A.4 below), through satisfying the requirements of Code Section 401(m)(2) and Treasury Regulations Section 1.401(m)-2 issued thereunder, all in accordance with the following subsections of this Section 6A.2. The Participants who are for the subject Plan Year subject to this Section 6A.2 (that is, all Participants who are not collectively bargained employees for the subject Plan Year) shall be referred to in this Section 6A.2 as “eligible Participants.”

6A.2.1 Average Actual Contribution Percentage Limits. The Average Actual Contribution Percentage for Highly Compensated Employees for the subject Plan Year must satisfy one of the following limits.

(a) Limitation 1: The Average Actual Contribution Percentage of the Highly Compensated Employees for the subject Plan Year may not exceed the Average Actual Contribution Percentage of the Non-Highly Compensated Employees for the subject Plan Year multiplied by 1.25.

(b) Limitation 2: The Average Actual Contribution Percentage of the Highly Compensated Employees for the subject Plan Year both may not exceed the Average Actual Contribution Percentage of the Non-Highly Compensated Employees for the subject Plan Year multiplied by 2.0 and may not exceed the Average Actual Contribution Percentage of the Non-Highly Compensated Employees for the subject Plan Year by more than two percentage points.

Notwithstanding the foregoing, the Employer may, if permitted under and if following such procedures as are set forth in regulations issued by the Secretary of the Treasury or his or her delegate, amend the Plan, for the subject Plan Year, so that the Average Actual Contribution Percentage of the Non-Highly Compensated Employees for the Plan Year which immediately precedes the subject Plan Year shall be used, instead of such percentage for the subject Plan Year, in determining whether the above limitations are met for the subject Plan Year. Until the Employer so amends the Plan,
however, the Average Actual Contribution Percentage of the Non-Highly Compensated Employees for the subject Plan Year shall be used in determining whether the above limitations are met for the subject Plan Year.

6A.2.2 Special Rules for Average Actual Contribution Percentage Limits. For purposes of the limits set forth in Subsection 6A.2.1 above, the special rules set forth in the following subsections of this Subsection 6A.2.2 shall apply.

(a) If, with respect to the subject Plan Year, an eligible Participant who is a Highly Compensated Employee for the subject Plan Year is or was eligible to participate in an aggregatable plan of which a part is subject to the provisions of Section 401(m) of the Code, then, for the purpose of determining the Actual Contribution Percentage of the eligible Participant for the subject Plan Year under this Plan, any contributions made to such aggregatable plan that (i) are allocated to the eligible Participant’s account under such aggregatable plan as of any dates within the subject Plan Year and (ii) would be treated as After-Tax Savings Contributions made by the eligible Participant for the subject Plan Year had they been allowed and made under this Plan shall be treated as if they were After-Tax Savings Contributions made by the eligible Participant under this Plan for the subject Plan Year. For purposes hereof, an “aggregatable plan” is a plan other than this Plan which is qualified under Section 401(a) of the Code, is maintained by an Affiliated Employer, and is not prohibited from being aggregated with this Plan for purposes of Section 410(b) of the Code under Treasury Regulations Section 1.410(b)-7.

(b) To be counted in determining whether the Average Actual Contribution Percentage limits are met for any Plan Year, any After-Tax Savings Contributions must be paid to the Trust before the end of the Plan Year which next follows the Plan Year to which such contributions relate.

(c) For purposes of this Section 6A.2, After-Tax Savings Contributions are treated as being made on behalf of an eligible Participant “for a Plan Year” if such contributions relate to any Pay Days of the eligible Participant which fall in such Plan Year.

6A.2.3 Distribution of Excess Aggregate Contributions. Subject to the provisions of this Subsection 6A.2.3 but notwithstanding any other provision of the Plan to the contrary, any Excess Aggregate Contributions applicable to the subject Plan Year shall be distributed no later than the last day of the immediately following Plan Year to eligible Participants who were Highly Compensated Employees for the subject Plan Year, in accordance with the following paragraphs of this Section 6A.2.3. (Such Excess Aggregate Contributions shall still be treated as part of the annual addition, as defined in Subsection 7A.2.1(a) below, for the subject Plan Year.)

(a) For purposes of this Subsection 6A.2.3 and the other provisions of the Plan, “Excess Aggregate Contributions” for the subject Plan Year means the amount (if any) by which the aggregate sum of After-Tax Savings Contributions paid to the Trust for the subject Plan Year by eligible Participants who are Highly Compensated Employees for the subject Plan Year exceeds the maximum amount of such After-Tax Savings Contributions which could have been made and still have satisfied one of the limitations set forth in Subsection 6A.2.1 above for the subject Plan Year.
(b) The Excess Aggregate Contributions for the subject Plan Year shall be determined, and applied to eligible Participants who are Highly Compensated Employees for the subject Plan Year for distribution purposes, in accordance with the methods described in subparagraphs (1) and (2) of this paragraph (b).

(1) The total amount of Excess Aggregate Contributions for the subject Plan Year shall be deemed to be the sum of the Excess Aggregate Contributions which are determined to apply to each eligible Participant who is a Highly Compensated Employee for the subject Plan Year under the leveling method which is described in this subparagraph (1). Under this leveling method, the Actual Contribution Percentage of the Highly Compensated Employee(s) with the highest Actual Contribution Percentage for the subject Plan Year is reduced to the extent required to enable one of the applicable limitations set forth in Subsection 6A.2.1 above to be satisfied for the subject Plan Year or to cause such Actual Contribution Percentage to equal the Actual Contribution Percentage of the Highly Compensated Employee(s) with the next highest Actual Contribution Percentage for the subject Plan Year, whichever comes first. This process is repeated as necessary until one of the applicable limitations set forth in Subsection 6A.2.1 above is satisfied for the subject Plan Year. For each Highly Compensated Employee, his or her amount of Excess Aggregate Contributions for the subject Plan Year under this leveling method is equal to: (i) the total of the After-Tax Savings Contributions paid to the Trust for the subject Plan Year on his or her behalf (determined before the application of this leveling method), less (ii) the amount determined by multiplying the Highly Compensated Employee’s Actual Contribution Percentage for the subject Plan Year (determined after the application of this leveling method) by his or her ACP Compensation for the subject Plan Year. In no event shall the Excess Aggregate Contributions which is determined to apply to a Highly Compensated Employee for the subject Plan Year under this leveling method exceed the total of the After-Tax Savings Contributions paid to the Trust by him or her for the subject Plan Year (determined before application of this leveling method). However, the leveling method described in this subparagraph (1) is used only to determine the total sum of Excess Aggregate Contributions for the subject Plan Year and is not used to determine the portion of such total sum of Excess Aggregate Contributions which will be distributed to any eligible Participant who is a Highly Compensated Employee for the subject Plan Year; instead, the method for determining the portion of such Excess Aggregate Contributions which will be distributed to each such Highly Compensated Employee is described in subparagraph (2) below.

(2) The portion of the total sum of Excess Aggregate Contributions for the subject Plan Year which will be distributed to any eligible Participant who is a Highly Compensated Employee for the subject Plan Year shall be determined under the dollar amount reduction method described in this subparagraph (2). Under this dollar amount reduction method, the dollar amount of the After-Tax Savings Contributions made to the Trust for the subject Plan Year by the Highly Compensated Employee(s) with the highest dollar amount of After-Tax Savings Contributions for the subject Plan Year is reduced to the extent required to equal the dollar amount of the After-Tax Savings Contributions made to the Trust for the subject Plan Year on behalf of the Highly Compensated Employee(s) with the next highest dollar amount of After-Tax Savings Contributions for the subject Plan Year or to cause the total dollar amount of the reductions in After-Tax Savings Contributions for the subject Plan Year under this dollar amount reduction method to equal the total sum of the Excess Aggregate Contributions for the subject Plan Year (as determined under the leveling method described in subparagraph (1) above), whichever comes first. This
process is repeated as necessary until the total dollar amount of the reductions in After-Tax Savings Contributions for the subject Plan Year equals the total sum of the Excess Aggregate Contributions for the subject Plan Year (as determined under the leveling method described in subparagraph (1) above). For each Highly Compensated Employee, his or her portion of the total sum of the Excess Aggregate Contributions for the subject Plan Year which will be distributed to him or her is equal to the total dollar sum of the reductions made in his or her After-Tax Savings Contributions for the subject Plan Year under this dollar amount reduction method.

(c) Excess Aggregate Contributions applicable to an eligible Participant for the subject Plan Year under the dollar amount reduction method described in paragraph (b)(2) above shall be deemed composed of certain types of contributions made to the Plan on behalf of such eligible Participant for the subject Plan Year and shall be, together with Trust income (or loss) allocable thereto in accordance with paragraph (d) below, distributed in the following order of steps:

1. Step 1: First, such Excess Aggregate Contributions shall be deemed composed of After-Tax Savings Contributions which are treated as Additional Savings Contributions for the subject Plan Year. The Excess Aggregate Contributions described in this first step shall be distributed to the eligible Participant; and

2. Step 2: Second, only to the extent still necessary after the above step, such Excess Aggregate Contributions shall be deemed composed of After-Tax Savings Contributions which are treated as Basic Savings Contributions for the subject Plan Year. The Excess Aggregate Contributions described in this second step shall be distributed to the eligible Participant.

(d) Any distribution of any portion of Excess Aggregate Contributions which apply to the subject Plan Year and to an eligible Participant under the provisions of paragraphs (b) and (c) above shall be adjusted upward for the Trust’s income allocable thereto (or downward for the Trust’s loss allocable thereto) for the subject Plan Year, as determined under this paragraph (d). For purposes hereof, the Trust’s income (or loss) allocable to any such Excess Aggregate Contributions for the subject Plan Year and applied to an eligible Participant for distribution purposes shall be determined under any reasonable method that is adopted by the Committee for this purpose. Such method shall be used consistently for all Participants and for all corrective distributions made under the Plan for the subject Plan Year, shall not violate the requirements of Code Section 401(a)(4), and shall be a method that is reasonably consistent with the method used by the Plan for allocating income and losses to Participants’ Accounts for the subject Plan Year. The method adopted by the Committee to determine the Trust’s income (or loss) allocable to any Excess Aggregate Contributions applicable to the subject Plan Year shall not be treated as other than a reasonable method merely because the Trust’s income (or loss) allocable to such Excess Aggregate Contributions is determined on a date no more than seven days before the distribution of such contributions.

(e) If the entire balance of the portion of an eligible Participant’s Accounts which is attributable to After-Tax Savings Contributions is distributed to the eligible Participant prior to when a distribution of Excess Aggregate Contributions is to be made for the subject Plan Year (and no balance remains in that portion of his or her Accounts when such Excess Aggregate Contribution distribution is to be made), then such prior distribution shall be deemed
for all purposes of this Plan as a distribution under this Subsection 6A.2.3 of Excess Aggregate Contributions applicable to the eligible Participant for the subject Plan Year (and Trust income or loss allocable thereto) to the extent Excess Aggregate Contributions composed of After-Tax Savings Contributions (and allocable Trust income or losses) would otherwise have been required to be distributed to the eligible Participant under this Subsection 6A.2.3.

(f) Notwithstanding any other provision of the Plan to the contrary, the limitations set forth in Subsection 6A.2.1 above shall be deemed met for the subject Plan Year if the Excess Aggregate Contributions for the subject Plan Year are distributed in accordance with the foregoing provisions of this Subsection 6A.2.3.

(g) If any Excess Aggregate Contributions are distributed to the appropriate eligible Participants more than 2-1/2 months after the last day of the subject Plan Year, an excise tax shall be imposed under Code Section 4979 on the Employer in an amount generally equal to 10% of such Excess Aggregate Contributions (unadjusted for income or loss allocable thereto).

6A.2.4 Definitions for Average Actual Contribution Percentage Limits. For purposes of the limits set forth in this Section 6A.2, the definitions set forth in the following subsections of this Subsection 6A.2.4 shall apply.

(a) “Average Actual Contribution Percentage” for any Plan Year means: (i) with respect to the Highly Compensated Employees, the average (to the nearest one-hundredth of a percent) of the Actual Contribution Percentages of the eligible Participants who are Highly Compensated Employees for such Plan Year; and (ii) with respect to the Non-Highly Compensated Employees, the average (to the nearest one-hundredth of a percent) of the Actual Contribution Percentages of the eligible Participants who are Non-Highly Compensated Employees for such Plan Year.

(b) “Actual Contribution Percentage” for any Plan Year means, with respect to any person who is an eligible Participant for such Plan Year, the ratio, expressed as a percentage to the nearest one-hundredth of a percent, of the After-Tax Savings Contributions made by the eligible Participant for such Plan Year to the ACP Test Compensation of the eligible Participant for such Plan Year. The Actual Contribution Percentage of a person who is an eligible Participant for such Plan Year but who does not make any After-Tax Savings Contributions for such Plan Year is 0%.

(c) “ACP Compensation” means, with respect to any person who is an eligible Participant and for any Plan Year, the eligible Participant’s Compensation received for services as a Covered Employee for the part (and only during the part) of such Plan Year in which he or she is a Participant.

(d) “Excess Contributions” shall have the same meaning as is set forth in Subsection 5A.2.3 above.
6A.3 Special Pre-Effective Amendment Date Matching and After-Tax Savings Contribution Nondiscrimination Standards Under Code Section 401(k)(3)(A)(ii) for Participants Who Are Not Collectively Bargained Employees. The nondiscrimination standards that apply to Matching Contributions and After-Tax Savings Contributions under Code Section 401(m)(2) shall be met by the Plan, with respect to any Plan Year that begins on or after January 1, 2008 and prior to the Effective Amendment Date (for purposes of this Section 6A.3, the “subject Plan Year”) and for all Participants who are not collectively bargained employees for the subject Plan Year (as determined under Section 6A.4 below), through satisfying the requirements of Code Section 401(m)(2) and Treasury Regulations Section 1.401(m)-2 issued thereunder, all in accordance with the following subsections of this Section 6A.2. The Participants who are for the subject Plan Year subject to this Section 6A.3 (that is, all Participants who are not collectively bargained employees for the subject Plan Year) shall be referred to in this Section 6A.3 as “eligible Participants.” The provisions of this Section 6A.3 shall, for each Prior Plan that was in effect on January 1, 2008, be effective as of January 1, 2008 with respect to Plan Years beginning on or after such date and prior to the Effective Amendment Date.

6A.3.1 Average Actual Contribution Percentage Limits. The Average Actual Contribution Percentage for Highly Compensated Employees for the subject Plan Year must satisfy one of the following limits.

(a) Limitation 1: The Average Actual Contribution Percentage of the Highly Compensated Employees for the subject Plan Year may not exceed the Average Actual Contribution Percentage of the Non-Highly Compensated Employees for the subject Plan Year multiplied by 1.25.

(b) Limitation 2: The Average Actual Contribution Percentage of the Highly Compensated Employees for the subject Plan Year both may not exceed the Average Actual Contribution Percentage of the Non-Highly Compensated Employees for the subject Plan Year multiplied by 2.0 and may not exceed the Average Actual Contribution Percentage of the Non-Highly Compensated Employees for the subject Plan Year by more than two percentage points.

Notwithstanding the foregoing, the Employer may, if permitted under and if following such procedures as are set forth in regulations issued by the Secretary of the Treasury or his or her delegate, amend the Plan, for the subject Plan Year, so that the Average Actual Contribution Percentage of the Non-Highly Compensated Employees for the Plan Year which immediately precedes the subject Plan Year shall be used, instead of such percentage for the subject Plan Year, in determining whether the above limitations are met for the subject Plan Year. Until the Employer so amends the Plan, however, the Average Actual Contribution Percentage of the Non-Highly Compensated Employees for the subject Plan Year shall be used in determining whether the above limitations are met for the subject Plan Year.

6A.3.2 Special Rules for Average Actual Contribution Percentage Limits. For purposes of the limits set forth in Subsection 6A.3.1 above, the special rules set forth in the following paragraphs of this Subsection 6A.3.2 apply.

(a) If, with respect to the subject Plan Year, an eligible Participant who is a Highly Compensated Employee for the subject Plan Year is or was eligible to participate in an
aggregatable plan of which a part is subject to the provisions of Section 401(m) of the Code, then, for the purpose of determining the Actual Contribution Percentage of the eligible Participant for the subject Plan Year under this Plan, any contributions made to such aggregatable plan that (i) are allocated to the eligible Participant’s account under such aggregatable plan as of any dates within the subject Plan Year and (ii) would be treated as After-Tax Savings Contributions or Matching Contributions made by or for the eligible Participant for the subject Plan Year had they been allowed and made under this Plan shall be treated as if they were After-Tax Savings Contributions or Matching Contributions made by or for the eligible Participant under this Plan for the subject Plan Year. For purposes hereof, an “aggregatable plan” is a plan other than this Plan which is qualified under Section 401(a) of the Code, is maintained by an Affiliated Employer, and is not prohibited from being aggregated with this Plan for purposes of Section 410(b) of the Code under Treasury Regulations Section 1.410(b)-7.

(b) For purposes of determining if the Average Actual Contribution Percentage limits of Subsection 6A.3.1 above are met for the “subject Plan Year, the Plan may treat any Pre-Tax Elective Savings Contributions and/or Roth Elective Savings Contributions which are made on behalf of an eligible Participant who is treated as a Non-Highly Compensated Employee for purposes of determining the Average Actual Deferral Percentage of the Non-Highly Compensated Employees for the subject Plan Year or the immediately preceding Plan Year (whichever of such Plan Years is used to determine such percentage for purposes of the limits of Subsection 6A.3.1 which apply to the subject Plan Year) as being Matching Contributions of such eligible Participant for such Plan Year to the extent the treatment of such Pre-Tax Elective Savings Contributions and/or Roth Elective Savings Contributions as Matching Contributions is helpful in meeting the limits of Subsection 6A.3.1 above for the subject Plan Year, provided that (i) the limits of Section 5A.2.1 above are still met for the subject Plan Year even if the Pre-Tax Elective Savings Contributions and/or Roth Elective Savings Contributions being treated as Matching Contributions hereunder are disregarded for purposes of meeting such limits and (ii) the Plan Year for which the Average Actual Deferral Percentage of the Non-Highly Compensated Employees for the subject Plan Year is determined for purposes of applying the Average Actual Deferral Percentage limits of Section 5A.2.1 above for the subject Plan Year (which Plan Year may be the subject Plan Year or the immediately preceding Plan Year) is the same Plan Year for which the Average Actual Contribution Percentage of the Non-Highly Compensated Employees is determined for purposes of applying the Average Actual Contribution Percentage limits of Subsection 6A.3.1 above for the subject Plan Year.

(c) To be counted in determining whether the Average Actual Contribution Percentage limits are met for the subject Plan Year, any Matching Contributions, After-Tax Savings Contributions, Pre-Tax Elective Savings Contributions, or Roth Elective Savings Contributions must be paid to the Trust before the end of the Plan Year which next follows the subject Plan Year.

(d) Notwithstanding any other provisions herein to the contrary, any Matching Contributions which are forfeited under Subsection 5A.2.3(d) above (or Subsection 5B.2.3 above) by reason of relating to Excess Contributions described in Section 5A.2 above (or an excess deferral described in Article 5B above) which are (or is) distributed to an eligible Participant shall not be taken into account in determining the eligible Participant’s Actual Contribution Percentage.
for the subject Plan Year or considered as Matching Contributions for any other purpose under this Section 6A.3.

(e) For purposes of this Section 6A.3, Matching Contributions or After-Tax Savings Contributions are treated as being made on behalf of an eligible Participant “for” the subject Plan Year if such contributions are allocated to an Account of the eligible Participant by reason of Basic Savings Contributions which relate to Pay Days of the eligible Participant which fall in the subject Plan Year.

6A.3.3 Distribution or Forfeiture of Excess Aggregate Contributions. Subject to the provisions of this Subsection 6A.3.3 but notwithstanding any other provision of the Plan to the contrary, any Excess Aggregate Contributions applicable to the subject Plan Year shall be distributed no later than the last day of the immediately following Plan Year to eligible Participants who were Highly Compensated Employees for the subject Plan Year or forfeited no later than as of the last day of such immediately following Plan Year, in accordance with the following paragraphs of this Subsection 6A.3.3. (Such Excess Aggregate Contributions shall still be treated as part of the annual addition, as defined in Subsection 7A.2.1(a) below, for the subject Plan Year.)

(a) For purposes of this Subsection 6A.3.3 and the other provisions of the Plan, “Excess Aggregate Contributions” for the subject Plan Year means the amount (if any) by which the aggregate sum of Matching Contributions and After-Tax Savings Contributions paid to the Trust for the subject Plan Year on behalf of eligible Participants who are Highly Compensated Employees for the subject Plan Year exceeds the maximum amount of such Matching Contributions and After-Tax Savings Contributions which could have been made and still have satisfied one of the limitations set forth in Subsection 6A.3.1 above for the subject Plan Year.

(b) The Excess Aggregate Contributions for the subject Plan Year shall be determined, and applied to eligible Participants who are Highly Compensated Employees for the subject Plan Year for distribution purposes, in accordance with the methods described in subparagraphs (1) and (2) of this paragraph (b).

(1) The total amount of Excess Aggregate Contributions for the subject Plan Year shall be deemed to be the sum of the Excess Aggregate Contributions which are determined to apply to each eligible Participant who is a Highly Compensated Employee for the subject Plan Year under the leveling method which is described in this subparagraph (1). Under this leveling method, the Actual Contribution Percentage of the Highly Compensated Employee(s) with the highest Actual Contribution Percentage for the subject Plan Year is reduced to the extent required to enable one of the applicable limitations set forth in Subsection 6A.3.1 above to be satisfied for the subject Plan Year or to cause such Actual Contribution Percentage to equal the Actual Contribution Percentage of the Highly Compensated Employee(s) with the next highest Actual Contribution Percentage for the subject Plan Year, whichever comes first. This process is repeated as necessary until one of the applicable limitations set forth in Subsection 6A.3.1 above is satisfied for the subject Plan Year. For each Highly Compensated Employee, his or her amount of Excess Aggregate Contributions for the subject Plan Year under this leveling method is equal to: (i) the total of the After-Tax Savings Contributions and Matching Contributions paid to the Trust for the subject Plan Year on his or her behalf (determined before the application of this leveling method), less (ii) the amount determined by multiplying the Highly Compensated Employee’s Actual...
Contribution Percentage for the subject Plan Year (determined after the application of this leveling method) by his or her ACP Compensation for the subject Plan Year. In no event shall the Excess Aggregate Contributions which is determined to apply to a Highly Compensated Employee for the subject Plan Year under this leveling method exceed the total of the After-Tax Savings Contributions and Matching Contributions paid to the Trust on his or her behalf for the subject Plan Year (determined before application of this leveling method). However, the leveling method described in this subparagraph (1) is used only to determine the total sum of Excess Aggregate Contributions for the subject Plan Year and is not used to determine the portion of such total sum of Excess Aggregate Contributions which will be distributed to any eligible Participant who is a Highly Compensated Employee for the subject Plan Year or forfeited from such Highly Compensated Employee’s Accounts; instead, the method for determining the portion of such Excess Aggregate Contributions which will be distributed to each such Highly Compensated Employee or forfeited from such Highly Compensated Employee’s Accounts is described in subparagraph (2) below.

(2) The portion of the total sum of Excess Aggregate Contributions for the subject Plan Year which will be distributed to any eligible Participant who is a Highly Compensated Employee for the subject Plan Year or forfeited from such Highly Compensated Employee’s Accounts shall be determined under the dollar amount reduction method described in this subparagraph (2). Under this dollar amount reduction method, the dollar amount of the After-Tax Savings Contributions and Matching Contributions made to the Trust for the subject Plan Year on behalf of the Highly Compensated Employee(s) with the highest dollar amount of After-Tax Savings Contributions and Matching Contributions for the subject Plan Year is reduced to the extent required to equal the dollar amount of the After-Tax Savings Contributions and Matching Contributions made to the Trust for the subject Plan Year on behalf of the Highly Compensated Employee(s) with the next highest dollar amount of After-Tax Savings Contributions and Matching Contributions for the subject Plan Year or to cause the total dollar amount of the reductions in After-Tax Savings Contributions and Matching Contributions for the subject Plan Year under this dollar amount reduction method to equal the total sum of the Excess Aggregate Contributions for the subject Plan Year (as determined under the leveling method described in subparagraph (1) above), whichever comes first. This process is repeated as necessary until the total dollar amount of the reductions in After-Tax Savings Contributions and Matching Contributions for the subject Plan Year equals the total sum of the Excess Aggregate Contributions for the subject Plan Year (as determined under the leveling method described in subparagraph (1) above). For each Highly Compensated Employee, his or her portion of the total sum of the Excess Aggregate Contributions for the subject Plan Year which will be distributed to him or her or forfeited from his or her Accounts is equal to the total dollar sum of the reductions made in his or her After-Tax Savings Contributions and Matching Contributions for the subject Plan Year under this dollar amount reduction method.

(c) Excess Aggregate Contributions applicable to an eligible Participant for the subject Plan Year under the dollar amount reduction method described in paragraph (b)(2) above shall be deemed composed of certain types of contributions made to the Plan on behalf of such eligible Participant for the subject Plan Year and shall be, together with Trust income (or loss) allocable thereto in accordance with paragraph (d) below, distributed or forfeited in the following order of steps.
(1) Step 1: First, such Excess Aggregate Contributions shall be deemed composed of After-Tax Savings Contributions which are treated as Additional Savings Contributions for the subject Plan Year. The Excess Aggregate Contributions described in this first step shall be distributed to the eligible Participant.

(2) Step 2: Second, only to the extent still necessary after the above step, such Excess Aggregate Contributions shall be deemed composed of After-Tax Savings Contributions which are treated as Basic Savings Contributions for the subject Plan Year and the corresponding amount of Matching Contributions for the subject Plan Year which are made or allocated by reason of or with respect to such After-Tax Savings Contributions. The Excess Aggregate Contributions described in this second step which are deemed to be composed of After-Tax Savings Contributions shall be distributed to the eligible Participant. A portion of the Excess Aggregate Contributions described in this second step which are deemed to be composed of Matching Contributions, which portion is equal to the amount of such Excess Aggregate Contributions multiplied by the vested percentage which applies under this Plan (as of the day the Committee takes the steps outlined in this paragraph (c)) to the part of the Participant’s Matching Account to which such Excess Aggregate Contributions would otherwise be allocated but for the provisions of this Section 6A.3, shall be distributed to the eligible Participant. The remaining portion of the Excess Aggregate Contributions described in this second step which are deemed to be composed of Matching Contributions shall be forfeited as of the day the Committee takes the steps outlined in this paragraph (c). This second step shall not apply if the subject Plan Year begins on or after January 1, 2009, however.

(3) Step 3: Third, only to the extent still necessary after the above two steps, such Excess Aggregate Contributions shall be deemed composed of Matching Contributions for the subject Plan Year which were made or allocated by reason of or with respect to Pre-Tax Elective Savings Contributions and Roth Elective Savings Contributions which are treated as Basic Savings Contributions for the subject Plan Year. A portion of the Excess Aggregate Contributions described in this third step, which portion is equal to the amount of such Excess Aggregate Contributions multiplied by the vested percentage which applies under this Plan (as of the day the Committee takes the steps outlined in this paragraph (c)) to the part of the Participant’s Matching Account to which such Excess Aggregate Contributions would otherwise be allocated but for the provisions of this Section 6A.3, shall be distributed to the eligible Participant. The remaining portion of the Excess Aggregate Contributions described in this third step shall be forfeited as of the day the Committee takes the steps outlined in this paragraph (c).

(d) Any distribution or forfeiture of any portion of Excess Aggregate Contributions which apply to the subject Plan Year and to an eligible Participant under the provisions of paragraphs (b) and (c) above shall be adjusted upward for the Trust’s income allocable thereto (or downward for the Trust’s loss allocable thereto) for the subject Plan Year, as determined under this Subsection 6A.3.4.

(1) For purposes hereof, the Trust’s income (or loss) allocable to any such Excess Aggregate Contributions for the subject Plan Year and applied to an eligible Participant for distribution or forfeiture purposes which is composed of a certain type of contribution (e.g., After-Tax Savings Contributions or Matching Contributions) shall be determined under any reasonable method that is adopted by the Committee for this purpose. Such method shall be used
consistently for all Participants and for all corrective distributions or forfeitures made under the Plan for the subject Plan Year, shall not violate the requirements of Code Section 401(a)(4), and shall be a method that is reasonably consistent with the method used by the Plan for allocating income and losses to Participants’ Accounts for the subject Plan Year. The method adopted by the Committee to determine the Trust’s income (or loss) allocable to any Excess Aggregate Contributions applicable to the subject Plan Year shall not be treated as other than a reasonable method merely because the Trust’s income (or loss) allocable to such Excess Aggregate Contributions is determined on a date no more than seven days before the distribution or forfeiture of such contributions.

(2) In this regard, if the Matching Contributions that apply to the subject Plan Year are not made to the Plan until after the end of the subject Plan Year, then the method of allocating Trust income (or loss) to the portion of any Excess Aggregate Contributions for the subject Plan Year which reflects Matching Contributions that is adopted by the Committee does not have to allocate any Trust income (or loss) to such Excess Aggregate Contribution portion for the subject Plan Year.

(e) If the entire balance of the portion of an eligible Participant’s Accounts which is attributable to a certain type of contribution (e.g., After-Tax Savings Contributions or Matching Contributions) is distributed to the eligible Participant or forfeited prior to when a distribution and/or forfeiture of Excess Aggregate Contributions is to be made for the subject Plan Year (and no balance remains in that portion of his or her Accounts when such Excess Aggregate Contribution distribution and/or forfeiture is to be made), then such prior distribution or forfeiture shall be deemed for all purposes of this Plan as a distribution or forfeiture under this Subsection 6A.3.3 of Excess Aggregate Contributions applicable to the eligible Participant for the subject Plan Year (and Trust income or loss allocable thereto) to the extent Excess Aggregate Contributions composed of such type of contribution (and allocable Trust income or losses) would otherwise have been required to be distributed to the eligible Participant or forfeited under this Subsection 6A.3.3.

(f) Notwithstanding any other provision of the Plan to the contrary, the limitations set forth in Subsection 6A.3.1 above shall be deemed met for the subject Plan Year if the Excess Aggregate Contributions for the subject Plan Year are distributed or forfeited in accordance with the foregoing provisions of this Subsection 6A.3.3.

(g) If any Excess Aggregate Contributions are distributed to the appropriate eligible Participants or forfeited more than 2-1/2 months after the last day of the subject Plan Year, an excise tax shall be imposed under Code Section 4979 on the Employer in an amount generally equal to 10% of such Excess Aggregate Contributions (unadjusted for income or loss allocable thereto).

6A.3.4 Special Rule for 2008 Plan Year. Notwithstanding any other provision of the Plan to the contrary, when the subject Plan Year ends on December 31, 2008, the foregoing sections of this Section 6A.3 shall be applied as if the Macy’s Immediate Prior Plan as in effect from January 1, 2008 through December 31, 2008 and the May Profit Sharing Plan as in effect from January 1, 2008 through August 31, 2008 were one “combined” plan and that all of the foregoing.
sections of this Section 6A.3 apply to such “combined” plan for the entire Plan Year ended December 31, 2008.

6A.3.5 Definitions for Average Actual Contribution Percentage Limits. For purposes of the limits set forth in this Section 6A.3, the definitions set forth in the following paragraphs of this Subsection 6A.3.5 shall apply.

(a) “Average Actual Contribution Percentage” for any Plan Year means: (i) with respect to the Highly Compensated Employees, the average (to the nearest one-hundredth of a percent) of the Actual Contribution Percentages of the eligible Participants who are Highly Compensated Employees for such Plan Year; and (ii) with respect to the Non-Highly Compensated Employees, the average (to the nearest one-hundredth of a percent) of the Actual Contribution Percentages of the eligible Participants who are Non-Highly Compensated Employees for such Plan Year.

(b) “Actual Contribution Percentage” for any Plan Year means, with respect to any person who is an eligible Participant for such Plan Year, the ratio, expressed as a percentage to the nearest one-hundredth of a percent, of the Matching Contributions and After-Tax Savings Contributions made on behalf of the eligible Participant for such Plan Year to the ACP Test Compensation of the eligible Participant for such Plan Year. The Actual Contribution Percentage of a person who is an eligible Participant for such Plan Year but who does not have any Matching Contributions or After-Tax Savings Contributions made on his or her behalf for such Plan Year is 0%.

(c) “ACP Compensation” means, with respect to any person who is an eligible Participant and for any Plan Year: (i) for any Plan Year that begins on or after January 1, 2010, the eligible Participant’s Compensation for the part (and only during the part) of such Plan Year in which he or she is both a Participant and a Covered Employee; or (ii) for any Plan Year that begins prior to January 1, 2010, the eligible Participant’s Compensation for such Plan Year that is received for services as a Covered Employee during such entire Plan Year (regardless of whether he or she is a Participant for the entire Plan Year or for only part but not all of such Plan Year).

(d) “Average Actual Deferral Percentage” and “Actual Deferral Percentage” shall have the same meanings as are set forth in Subsection 5A.2.4 above, and “Excess Contributions” shall have the same meaning as is set forth in Subsection 5A.2.3 above.

6A.4 Collectively Bargained Employees. For purposes of this Article 6A, a “collectively bargained employee” is an Employee who is included in a unit of employees covered by a collective bargaining agreement between employee representatives and the Employer, provided retirement benefits were the subject of good faith bargaining between such employee representatives and the Employer.
ARTICLE 7

ACCOUNTS AND THEIR ALLOCATIONS AND VESTING

7.1   Savings Accounts and Allocation of Savings Contributions Thereunto.

7.1.1   The Committee shall establish and maintain a separate bookkeeping account, called herein a “Savings Account,” for each Participant. Except as otherwise provided in the Plan, the Committee shall allocate to a Participant’s Savings Account all Savings Contributions made on or after the Effective Amendment Date to the Trust on behalf of the Participant as soon as administratively practical after they are contributed to the Trust.

7.1.2   In addition, any and all amounts which were (i) attributable to contributions made under any Prior Plan by or at the election of a Participant prior to the Effective Amendment Date (not including matching-type contributions) and (ii) credited or required to be credited to the Participant’s account under a Prior Plan shall be deemed to have been allocated to the Participant’s Savings Account at the time they were or were to be first actually credited to the Participant’s account pursuant to a Prior Plan. Further, any and all amounts transferred to this Plan on behalf of a Participant from another plan qualified under Section 401(a) of the Code on or after the Effective Amendment Date shall, to the extent such amounts reflect amounts which were contributed to such other plan by or at the election of the Participant (not including matching-type contributions), be deemed to be allocated to the Participant’s Savings Account as of the date of such transfer.

7.1.3   The Committee shall keep records, to the extent necessary to administer this Plan properly under the other provisions of the Plan and under the applicable provisions of the Code, showing the portion of a Participant’s Savings Account which is attributable to each different type of contribution reflected in it, e.g., Pre-Tax Elective Savings Contributions, Roth Elective Savings Contributions, or After-Tax Savings Contributions.

   (a)   In this regard, to the extent any amounts allocated to a Participant’s Savings Account under this Plan reflect contributions made under a Prior Plan or any other plan at the election of the Participant, such amounts shall be deemed to reflect Pre-Tax Savings Contributions for purposes of this Plan to the extent such amounts were made under such Prior Plan or other plan on a “pre-tax” basis (i.e., prior to the Participant being deemed in receipt of such amounts for Federal income tax purposes), shall be deemed to reflect Roth Elective Savings Contributions for purposes of this Plan to the extent such contributions were treated as designated Roth contributions made under Code Section 402A by such Prior Plan or other plan, and shall be deemed to reflect After-Tax Savings Contributions for purposes of this Plan to the extent such amounts were made under such Prior Plan or other plan on an “after-tax” basis (i.e., after the Participant was deemed in receipt of such amounts for Federal income tax purposes) but not as designated Roth contributions.

   (b)   Further, to the extent any amounts allocated to a Participant’s Savings Account under this Plan reflect contributions made under any Prior Plan or other plan at the election of the Participant (not including matching-type contributions), such amounts shall be deemed to reflect Basic Savings Contributions for purposes of this Plan to the extent employer matching contributions were made by reason of such amounts under such Prior Plan or other plan and shall

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be deemed to reflect Additional Savings Contributions for purposes of this Plan to the extent no such employer matching contributions were made by reason of such amounts under such Prior Plan or other plan.

7.2 Matching Accounts and Allocation of Matching Contributions Thereto.

7.2.1 The Committee shall establish and maintain a separate bookkeeping account, called herein a “Matching Account,” for each Participant. Except as otherwise provided in the Plan, the Committee shall, for each Plan Year which begins on or after the Effective Amendment Date, allocate as of the last day of such Plan Year to a Participant’s Matching Account all of the Matching Contributions made to the Trust on behalf of the Participant for such Plan Year.

7.2.2 In addition, any and all amounts which were (i) attributable to contributions made by the Employer under the prior matching contribution or employee stock ownership portions of a Prior Plan for a Participant prior to the Effective Amendment Date and (ii) credited to the Participant’s account under a Prior Plan immediately before the Effective Amendment Date shall be deemed to have been allocated to the Participant’s Matching Account at the time they were first actually credited to the Participant’s account under a Prior Plan. Further, any and all amounts transferred to this Plan on behalf of a Participant from another plan qualified under Section 401(a) of the Code on or after the Effective Amendment Date shall, to the extent such amounts reflect amounts which were contributed under the matching contribution or employee stock ownership portions of such other plan, be deemed to be allocated to the Participant’s Matching Account as of the date of such transfer.

7.2.3 The Committee shall keep records, to the extent necessary to administer this Plan properly under the other provisions of the Plan and under the applicable provisions of the Code, showing the portion of a Participant’s Matching Account which is attributable to each different type of contribution reflected in it.

7.3 Rollover Accounts and Allocation of Rollover Contribution Thereto. The Committee shall establish and maintain a separate bookkeeping account, called herein a “Rollover Account,” for each Participant who makes a Rollover Contribution to the Plan. Except as otherwise provided in the Plan, the Committee shall allocate to a Participant’s Rollover Account any Rollover Contribution made on or after the Effective Amendment Date to the Trust on behalf of the Participant as soon as administratively practical after it is contributed to the Trust. In addition, any and all amounts which were (i) attributable to a Participant’s contributions made prior to the Effective Amendment Date that were classified as rollover contributions under a Prior Plan and (ii) credited to the Participant’s account under a Prior Plan immediately before the Effective Amendment Date shall be deemed to have been allocated to the Participant’s Rollover Account at the time they were first actually credited to the Participant’s account under a Prior Plan. The Committee shall keep records, to the extent necessary to administer this Plan properly under the other provisions of the Plan and under the applicable provisions of the Code, showing the portion of a Participant’s Rollover Account which is attributable to each different type of contribution reflected in it (e.g., pre-tax contributions, Roth designated contributions, or after-tax contributions).

7.4 Retirement Income Accounts. The Committee shall establish and maintain a separate bookkeeping account, called herein a “Retirement Income Account,” for each Participant for whom
amounts are allocable to such account under the provisions of this Section 7.4. Any and all amounts which were (i) attributable to contributions made by the Employer under the regular profit sharing contribution portion of a Prior Plan prior to the Effective Amendment Date and (ii) credited to the Participant’s account under a Prior Plan immediately prior to the Effective Amendment Date shall be deemed to have been allocated to the Participant’s Retirement Income Account at the time they were first actually credited to the Participant’s account under a Prior Plan. Further, any and all amounts transferred to this Plan on behalf of a Participant from another plan qualified under Section 401(a) of the Code on or after the Effective Amendment Date shall, to the extent such amounts reflect amounts which were contributed under a regular profit sharing portion of such other plan, be deemed to be allocated to the Participant’s Retirement Income Account as of the date of such transfer. For purposes hereof, a “regular profit sharing portion” of a Prior Plan or other plan refers to the part of any profit sharing plan which is not attributable to contributions made by or at the election of a participant, to matching contributions made with respect to such participant-elected contributions, or to contributions made under an employee stock ownership plan feature. The Committee shall keep records, to the extent necessary to administer this Plan properly under the other provisions of the Plan and under the applicable provisions of the Code, showing the portion of a Participant’s Retirement Income Account which is allocable to contributions of each different plan reflected in it.

7.5 Allocation of Forfeitures. Any forfeitures from Accounts arising under any of the provisions of the Plan during any Plan Year shall be allocated to other Accounts pursuant to and in accordance with Section 9.5 below.

7.6 Maximum Annual Addition to Accounts. A Participant’s Accounts held under the Plan shall be subject to the maximum annual addition limits of Article 7A below.

7.7 Investment of Accounts. A Participant’s Accounts held under the Plan shall be invested in accordance with Article 7B below.

7.8 Allocation of Income and Losses of Investment Funds to Accounts.

7.8.1 Each Investment Fund shall be valued at its fair market value on a daily basis by the Trustee (or any other party designated for this purpose by the Committee). Each Account which has amounts allocable thereto invested at least in part in any such Investment Fund shall be credited with the income of such Investment Fund, and charged with its losses, by any reasonable accounting method approved by the Committee for this purpose. For purposes of the Plan, any income of any such Investment Fund is deemed to include all income and realized and unrealized gains of such Investment Fund; similarly, for purposes of this Plan, any losses of an Investment Fund are deemed to include all expenses and realized and unrealized losses of the Investment Fund.

7.8.2 As is indicated before in the Plan, the Committee shall keep records, to the extent necessary to administer this Plan properly under the other provisions of this Plan and under the applicable provisions of the Code, showing the portion of each Account which is attributable to each different type of contribution or to contributions under each different plan applicable to such Account. In general, a pro rata portion of any income or losses of an Investment Fund which is allocated under the foregoing provisions of this Section 7.8 to an Account shall, when appropriate, be further allocated to any portion of such Account for which a separate record is being maintained.
by the Committee. As a result, any reference in the provisions of the Plan to a portion of a Participant’s Account which is attributable to a specific type of contribution or to contributions previously made under a specific plan shall be deemed to be referring to the balance of the portion of such Account which reflects not only such specific type of contribution or contributions previously made under such specific plan allocated to such Account but also the income or losses allocated to such Account by reason of such specific type of contribution or contributions previously made under such specific plan.

7.8.3 Further, when the investment of two or more Accounts in the available Investment Funds is determined on an aggregate basis by a Participant under later provisions of the Plan, the Committee shall keep records, to the extent necessary to administer this Plan under the applicable provisions of this Plan and under the applicable provisions of the Code, showing the interest of each such Account in each such Investment Fund. In general, when the investment of two or more Accounts in the available Investment Funds is determined on an aggregate basis, each such Account will be considered to be invested in a pro rata portion of each different Investment Fund investment made on such aggregate basis.

7.9 Loans to Participants. Notwithstanding any other provision of the Plan to the contrary, loans shall be made to Participants in accordance with the following subsections of this Section 7.9.

7.9.1 Subject to the following subsections of this Section 7.9, a Participant may request a loan be made to him or her from the Plan in accordance with the provisions of this Section 7.9. The Committee shall approve or deny any request for a loan under the following subsections of this Section 7.9. The Trust shall provide any requested loan approved by the Committee.

7.9.2 Only one loan made under the Plan to a Participant may be outstanding at any point in time. As a result, no loan shall be granted to a Participant under the Plan unless any prior loan made by the Plan to the Participant has been fully paid by the Participant prior to the date that the new loan is made. In this regard, any loan made by the Plan to a Participant may not be used to pay off a prior outstanding loan made by the Plan to such a Participant.

7.9.3 The amount of any loan made under the Plan to a Participant may not be less than $500 and may not exceed the lesser of: (i) $50,000 (reduced by the highest outstanding balance of loans made from the Plan to the Participant during the one year period ending on the day before the date of the loan); or (ii) 50% of the portions of the Participant’s Accounts in which the Participant is then vested under the other provisions of the Plan.

7.9.4 Each loan made to a Participant from the Plan shall bear a rate of interest for the entire term of the loan equal to a rate or rates to be determined by the Committee and to be generally based on the interest rate or rates used on commercial loans which are comparable in risk and return to the subject loan at the time the loan is made.

7.9.5 Each loan made to a Participant from the Plan shall be adequately secured by a portion of the Participant’s Accounts under the Plan, up to but not in excess of 50% of the vested portion of the Participant’s Accounts under the Plan, with such specific portion being determined by the Committee. Also, the Committee may require that the loan be paid by means of
payroll deductions to the extent feasible and that the Participant agree to give the Employer the right to deduct from the Participant’s salary or wages as payable the amounts necessary to make payments to the Plan on such loan and the right to forward such amounts to the Trust on behalf of the Participant as payments on such loan are due.

7.9.6  The term of any loan made to a Participant from the Plan shall not extend beyond five years. Further, the term of any loan made to a Participant from the Plan shall not be less than one year. In this regard, in limited situations permitted under procedures adopted by the Committee when the term of the loan made to a Participant from the Plan is short enough that each required loan payment is very small, the Committee may permit the term of such loan to be extended at the request of the Participant and the required loan payments for the remainder of the loan’s amended term shall be reamortized accordingly, provided that the term of such loan may not extend beyond five years from the original date on which the loan is made. Such extension of the loan’s term shall not be deemed to constitute a new loan for purposes of the Plan.

7.9.7  Payments of principal and interest on any loan made to a Participant from the Plan shall be made according to a definite payment schedule, which generally shall call for payments each payroll period but in no event shall call for payments to be made on a basis slower than on a quarterly basis.

7.9.8  The entire unpaid balance of any loan made to a Participant under the Plan and all accrued interest under the loan shall become immediately due and payable without notice or demand, and in default, upon the occurrence of either of the following: (i) the failure to make any payment of principal or interest on the loan or any other payment required under the loan by the date it is due (and within any grace period permitted under the written loan policy of the Committee referred in the following subsections of this Section 7.9); or (ii) the date on which the Plan pursuant to its terms otherwise begins distributing any part of the Participant’s vested Accounts under the Plan (or, if earlier, the expiration of any grace period set forth in the written loan policy of the Committee referred to in the following subsections of this Section 7.9 which begins on the first date by which the Plan pursuant to its terms could otherwise begin distributing the Participant’s entire vested Accounts under the Plan if applicable requests and consents were given for such distribution).

7.9.9  In the event of a default on any loan made to a Participant from the Plan, foreclosure on the loan and the attachment of the security under the loan by the Plan shall be made when, but not until, an event occurs which, under the other terms of the Plan, would otherwise allow the complete distribution of the Participant’s vested Accounts under the Plan (if all applicable requests and consents were given for such distribution). A foreclosure on the portion of the Participant’s vested Accounts which are being used as security for the loan shall be deemed to be an actual distribution of such portion of the Participant’s Accounts at the time of such foreclosure. However, any outstanding loan balance plus accrued interest may be taxable upon such default if required under the provisions of Section 72(p) of the Code, regardless of whether or not the loan has been foreclosed and the security as to the loan has been attached by the Plan. Interest shall continue to accrue for Plan purposes (but not necessarily for purposes of Section 72(p) of the Code) until a loan is paid in full or until a distributable event occurs under the foregoing provisions, regardless of the taxability of the loan.
7.9.10 Notwithstanding any of the foregoing provisions of this Section 7.9, no loans may be made: (i) to a Participant who is not an Employee, except for a Participant who is a party in interest (within the meaning of Section 3(14) of ERISA) with respect to the Plan; (ii) to a beneficiary of a Participant under the Plan; or (iii) to an alternate payee (as defined in ERISA Section 206(d)(3) and Code Section 414(p)) who has an interest in the Plan pursuant to a qualified domestic relations order (also as defined in ERISA Section 206(d)(3) and Code Section 414(p)). In the event a Participant who is not an Employee but who is a party in interest with respect to the Plan requests a loan, the provisions of this Section 7.9 shall apply to such loan, except that: (i) the Participant shall be allowed to make each required payment under the loan in cash or by check; and (ii) the loan shall not be in default merely because the Participant has ceased to be an Employee (when he or she has not yet received his or her entire vested Accounts under the Plan).

7.9.11 The expenses of originating and processing any loan, as determined by the Committee, shall be charged to the Participant and shall have to be paid by him or her to the Trust in order for the loan to be made.

7.9.12 A Participant shall be required to sign a promissory note and security agreement and any other documents deemed necessary by the Committee to carry out the terms of any loan made to the Participant from the Plan.

7.9.13 Unless otherwise provided by agreement between the Participant and the Committee, the principal amount of any loan made by the Plan to the Participant shall be charged, and the value of any payments made to the Plan on such loan credited, (i) first to the portion of the Participant’s Savings Account which is attributable to his or her Pre-Tax Elective Savings Contributions made under the Plan; (ii) second, to the extent still necessary, to the portion of the Participant’s Savings Account which is attributable to his or her Roth Elective Savings Contributions made under the Plan; (iii) third, to the extent still necessary, to the Participant’s Matching Account; (iv) fourth, to the extent still necessary, to the Participant’s Retirement Income Account; (v) fifth, to the extent still necessary, to the Participant’s Rollover Account; and (vi) sixth, to the extent still necessary, to the portion of the Participant’s Savings Account which is attributable to his or her After-Tax Savings Contributions made under the Plan. Further, any payment on the loan shall, to the extent it is credited to an Account of the Participant, be invested in the Investment Fund or Funds in the same manner as new contributions to such Account are being invested. Notwithstanding any other provision of the Plan to the contrary, any Account of a Participant shall not share in the other income and losses of the Trust to the extent that the Account has been charged by reason of a loan made pursuant to this Section 7.9; and no loan made to a Participant under the Plan or payments thereon shall be charged or credited to the Accounts of any other Participants. Instead, for purposes of the Plan, any loan made to a Participant shall be considered as a separate Investment Fund in which a portion of the Participant’s Accounts is invested (and in which no other Accounts are invested).

7.9.14 If any Participant who is requesting a loan from the Plan is married at the time of the loan, then, to the extent such loan is being charged under Subsection 7.9.13 above to his or her Retirement Income Account (and, if applicable, the portion of any other Accounts that are attributable to the Participant’s participation prior to the Effective Amendment Date in the David’s Bridal, Inc. 401(k) Plan), a written consent of his or her spouse to the loan shall be required to be made within the 180 day period ending on the effective date of the loan. Such written consent
of his or her spouse must acknowledge the effect on the Participant’s benefits under the Plan of such loan and be witnessed by a notary public. The provisions of this Subsection 7.9.14 shall not only be effective as of the Effective Amendment Date but shall also, for each Prior Plan that was in effect on January 1, 2007, be effective as of January 1, 2007 with respect to any distribution made under the Plan on or after such date.

7.9.15 The Committee shall be the party responsible for administering the loan program provided for under this Section 7.9. The Committee shall provide for a written loan policy which sets forth further and more detailed rules concerning loans made to Participants under the Plan, provided that such written loan policy is not inconsistent with any of the other provisions set forth in this Section 7.9. Such written loan policy shall include but not be limited to rules concerning procedures for requesting and repaying loans, times when loans may be paid, and any other matters required to be in such loan policy pursuant to the provisions of Department of Labor Regulations Section 2550.408b-1. Such loan policy may also provide, but not be limited to, rules for granting a suspension of required loan payments under the loan or any adjustment in the installments as to the loan when a Participant is on a leave of absence without pay or at a rate of pay (after income and employment tax withholding) that is less than the amount of the installment payments otherwise required on the loan. Any such written loan policy shall be deemed a part of this Plan and incorporated by reference herein.

7.10 Deduction of Benefit Payments, Forfeitures, and Withdrawals. Any benefit payment, forfeiture, or withdrawal made from the balance of an Account of a Participant under the provisions of the Plan shall be deducted, as of the date of such payment, forfeiture, or withdrawal, from such Account. If such Account is invested in more than one Investment Fund and such payment, forfeiture, or withdrawal is of less than the entire balance in such Account, then, except to the extent otherwise provided by accounting rules adopted by the Committee, the value of the investment of such Account among the Investment Funds will be reduced on a pro-rata basis (i.e., in the proportion that the balance of such Account then invested in each Investment Fund bears to the total balance of such Account then invested in all such Investment Funds) to reflect the amount of such payment, forfeiture, or withdrawal.

7.11 Account Balances. For purposes of the Plan, the balance or value of any Account as of any specific date shall be deemed to be the net sum of amounts allocated or credited to, and charged or deducted from, such Account on or before such date under the provisions of the Plan. No Participant, however, shall acquire any right or interest in a specific asset of the Trust merely as a result of any allocation provided for in the Plan, other than as expressly set forth in the Plan.

7.12 Vested Rights. A Participant shall be deemed vested in (i.e., have a nonforfeitable right to) his or her Accounts (and the balances therein) only in accordance with the following subsections of this Section 7.12.

7.12.1 A Participant shall be fully vested at all times in his or her Savings Account and any Rollover Account of his or hers.

7.12.2 Except as is otherwise provided in Subsection 7.12.5 below, a Participant who was a participant in a Prior Plan (other than the May Profit Sharing Plan) on or before March
31, 1997 and who was a Participant in a Prior Plan on August 31, 2008 shall be fully vested at all times in any Matching Account of his or hers.

7.12.3 Except as is otherwise provided in the following paragraphs of this Subsection 7.12.3 or in Subsection 7.12.4 or 7.12.5 below, a Participant who is not described in Subsection 7.12.2 above shall have no (a 0%) vested interest in any Matching Account of his or hers as of any specific date if he or she has not been credited with at least two years of Vesting Service by such date and shall have a 100% vested interest in any Matching Account of his or hers as of any specific date if he or she has been credited with at least two years of Vesting Service by such date.

(a) Notwithstanding the foregoing provisions of this Subsection 7.12.3, a Participant to whom this Subsection 7.12.3 applies shall be fully vested in any Matching Account of his or hers if he or she attains his or her Normal Retirement Age, incurs a Total Disability, or dies while, in any such case, still an Employee.

(b) In addition, and also notwithstanding the foregoing provisions of this Subsection 7.12.3, a Participant to whom this Subsection 7.12.3 applies shall be fully vested in any Matching Account of his or hers if he or she ceases to be an Employee by reason of the closing or sale (not including the merger into any Affiliated Employer or into any division or facility of an Affiliated Employer) of any Affiliated Employer (or any division or facility of an Affiliated Employer) while he or she is employed by such Affiliated Employer (or division or facility of such Affiliated Employer).

7.12.4 Notwithstanding the requirements of Subsection 7.12.3 above and except as is otherwise provided in the following paragraphs of this Subsection 7.12.4, a Participant who both (i) is not described in Subsection 7.12.2 above and (ii) is a non-qualified automatic contribution eligible collectively bargained Participant (as defined in Subsection 5.1.7(g) above) shall have a vested interest in any Matching Account of his or hers as of any specific date equal to a percentage (for purposes of this Subsection 7.12.4, the “vested percentage”) of such Account, determined in accordance with the immediately following schedule (based upon his or her years of Vesting Service completed to the subject date):

<table>
<thead>
<tr>
<th>Years of Vesting Service</th>
<th>Vested Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 2</td>
<td>0%</td>
</tr>
<tr>
<td>2 but less than 3</td>
<td>20%</td>
</tr>
<tr>
<td>3 but less than 4</td>
<td>40%</td>
</tr>
<tr>
<td>4 but less than 5</td>
<td>60%</td>
</tr>
<tr>
<td>5 but less than 6</td>
<td>80%</td>
</tr>
<tr>
<td>6 or more</td>
<td>100%</td>
</tr>
</tbody>
</table>

(a) Notwithstanding the foregoing provisions of this Subsection 7.12.4, a Participant to whom this Subsection 7.12.4 applies shall be fully vested in any Matching Account
of his or hers if he or she attains his or her Normal Retirement Age, incurs a Total Disability, or dies while, in any such case, still an Employee.

(b) In addition, and also notwithstanding the foregoing provisions of this Subsection 7.12.4, a Participant to whom this Subsection 7.12.4 applies shall be fully vested in any Matching Account of his or hers if he or she ceases to be an Employee by reason of the closing or sale (not including the merger into any Affiliated Employer or into any division or facility of an Affiliated Employer) of any Affiliated Employer (or any division or facility of an Affiliated Employer) while he or she is employed by such Affiliated Employer (or division or facility of such Affiliated Employer).

(c) Further, and also notwithstanding the foregoing provisions of this Subsection 7.12.4, a Participant to whom this Subsection 7.12.4 applies and who prior to the Effective Amendment Date was eligible to participate in the May Profit Sharing Plan and had an account under the May Profit Sharing Plan transferred to this Plan by reason of the merger of the May Profit Sharing Plan into the Plan as of the Effective Amendment Date (for purposes of this Subsection 7.12.4, a “Prior May Participant”) shall be fully vested in any Matching Account of his or hers if he or she attains at least age 65, or both attains at least 55 and completes at least five years of Vesting Service, while in either case still an Employee.

7.12.5 Except as is otherwise provided in Subsection 7.12.6 below, a Participant shall be fully vested at all times in any Retirement Income Account of his or hers.

7.12.6 Notwithstanding any of the provisions of Subsection 7.12.3, 7.12.4, or 7.12.5 above, any Participant who fails to complete at least one Hour of Service on or after the Effective Amendment Date shall have a vested interest in any Matching Account and/or Retirement Income Account of his or hers to the extent, and only to the extent, provided under each and any Prior Plan in which the amounts reflected in such Account or Accounts were credited (in accordance with the provisions of the Prior Plan as in effect at the time the Participant ceased to be an employee for purposes of such Prior Plan).

7.13 Voting of Macy’s Common Shares Held in Investment Fund. Any common shares of Macy’s (for purposes of this Section 7.13, “Common Shares”) which are held in the Macy’s Stock Fund shall be voted by the Trustee, on any matter on which Common Shares have a vote (for purposes of this Section 7.13, the “subject matter”), in the manner directed by the Participants pursuant to the following subsections of this Section 7.13.

7.13.1 Each Participant who has any portion of his or her Accounts invested in the Macy’s Stock Fund as of the record date used by Macy’s to determine the Common Shares eligible to vote on the subject matter (for purposes of this Section 7.13, the “subject record date”) may direct the Trustee as to how a number of the Common Shares held in the Macy’s Stock Fund as of the subject record date are to be voted on the subject matter. The number of Common Shares subject to the Participant’s direction shall be equal to the product produced by multiplying the total number of Common Shares held in the Macy’s Stock Fund as of the subject record date by a fraction. Such fraction shall have a numerator equal to the value of the portion of the Participant’s Accounts which are invested in the Macy’s Stock Fund determined as of the subject record date and a denominator equal to the total value of the Macy’s Stock Fund as of the subject record date.
7.13.2  The Trustee shall vote those Common Shares held in the Macy’s Stock Fund for which a vote on the subject matter is not determined under the provisions of Subsection 7.13.1 above (because certain Participants fail to direct the Trustee as to the manner in which the Common Shares held in the Macy’s Stock Fund that are subject to their direction under the provisions of Subsection 7.13.1 above are to be voted with respect to the subject matter in accordance with the provisions of Subsection 7.13.1 above) in the same proportions as it votes the Common Shares held in the Macy’s Stock Fund for which a vote on the subject matter is determined under the provisions of Subsection 7.13.1 above.

7.13.3  In connection with the vote of Common Shares held in the Macy’s Stock Fund with respect to the subject matter, (i) the Trustee and the Committee shall take such steps as are necessary to ensure that the applicable Participants who are entitled to give voting instructions under the foregoing subsections of this Section 7.13 have received necessary and accurate information as to the subject matter, (ii) the Trustee and the Committee shall take such steps as are necessary to ensure that such Participants are not subject to undue and improper pressure in making voting instructions or to any other improper outside influences that would affect the independence of such instructions, and (iii) the Trustee and the Committee shall take such steps as are necessary to ensure that the provisions of this Section 7.13 are fairly implemented. Furthermore, in the event that the Trustee determines that the vote of any number of Common Shares held in the Macy’s Stock Fund as to the subject matter in accordance with Subsection 7.13.2 above would otherwise violate the provisions of Section 404(a) or any other section of ERISA, then, notwithstanding Subsection 7.13.2 above, the Trustee shall vote such Common Shares (the vote for which under Subsection 7.13.2 above would, as is determined by the Trustee, otherwise violate Section 404(a) or any other section of ERISA) in accordance with its own fiduciary determination and without regard to the procedures described in Subsection 7.13.2 above.

7.13.4  Before any annual or special meeting of Macy’s shareholders, the Trustee, the Committee, or a Committee representative will provide (by any method by which proxy material could be provided Macy’s shareholders, including the notice and access model permitted by rules of the U.S. Securities and Exchange Commission) each Participant who is entitled to direct the vote of any Common Shares held in the Macy’s Stock Fund on a matter being voted on at such meeting a form allowing the Participant to instruct the Trustee as to how to vote such Common Shares on such matter.
ARTICLE 7A

MAXIMUM ANNUAL ADDITION LIMITS

7A.1 General Maximum Annual Addition Limit Rules. Subject to the other provisions of this Article 7A but notwithstanding any other provision of the Plan to the contrary, in no event shall the annual addition to a Participant’s accounts for any limitation year exceed the lesser of (i) the defined contribution dollar limitation for such limitation year, as defined in Subsection 7A.1.1 below, or (ii) the defined contribution compensation limitation for such limitation year, as defined in Subsection 7A.1.2 below.

7A.1.1 For purposes of this Section 7A.1, the “defined contribution dollar limitation” for any limitation year is the dollar amount set forth in Section 415(c)(1)(A) of the Code, as such amount is adjusted under Code Section 415(d) by the Secretary of the Treasury or his or her delegate for such limitation year.

7A.1.2 For purposes of this Section 7A.1, the “defined contribution compensation limitation” for any limitation year is a dollar amount equal to 100% of the Participant’s compensation for such limitation year.

The part, if any, of the annual addition attributable to contributions to a defined benefit plan for medical benefits under Code Section 401(h) or to contributions to a welfare benefit fund for funding for post-retirement medical benefits under Code Section 419A(d) shall not be applied against the limit set forth in Subsection 7A.1.2 above, however.

7A.2 Necessary Terms. For purposes of the rules set forth in this Article 7A, the terms set forth in the following subsections of this Section 7A.2 shall apply.

7A.2.1 The “annual addition” to a Participant’s accounts for a limitation year for purposes of this Plan shall be determined under the provisions of the Code (and mainly Code Section 415(c)(2) and Treasury Regulations Section 1.415(c)-1)) in effect for such limitation year.

(a) In general, the annual addition is generally the sum of employer contributions, employee contributions, and forfeitures allocated to the Participant’s accounts for such limitation year under each defined contribution plan (as defined in Code Section 414(i)) maintained by one or more Affiliated Employers that is a plan described in Code Section 401(a) which includes a trust exempt from tax under Code Section 501(a), a simplified employee pension described in Code Section 408(k), or mandatory employee contributions made by the Participant to a defined benefit plan, plus any contributions made on behalf of the Participant for such limitation year under Code Section 415(1) or Code Section 419A(d) (e.g., contributions to a defined benefit plan for medical benefits or contributions on behalf of a key employee to a welfare benefit fund for funding for post-retirement medical benefits) under defined benefit plans or welfare benefit funds maintained by the Affiliated Employers.

(b) However, any catch-up contributions made by a Participant to the Plan in accordance with the Plan’s provisions applicable to catch-up contributions (as described in Code Section 414(v)), any Rollover Contributions of a Participant, any restoration of a Participant’s accounts under Section 9.4, 11.2, or 17.5 below or a similar Plan provision, or any repayment of a
loan made under Section 7.9 above or a similar provision of the Plan shall not be considered part of an annual addition for the limitation year in which the contributions, restorations, or repayments occur.

7A.2.2 A Participant’s “compensation” shall, for purposes of the restrictions of this Article 7A, refer to his or her Compensation as defined in Subsection 2.1.6 above.

7A.2.3 The “limitation year” for purposes of the restrictions under this Article 7A shall be the Plan Year.

7A.3 Combining of Plans. If any other defined contribution plans (as defined in Section 414(i) of the Code) in addition to this Plan are maintained by one or more Affiliated Employers, then the limitations set forth in this Article 7A shall be applied as if this Plan and such other defined contribution plans are a single plan. If any reduction or adjustment in a Participant’s annual addition is required by this Article 7A, such reduction or adjustment shall when necessary be made to the extent possible under any of such other defined contribution plans in which a portion of the annual addition was allocated to the Participant’s account as of a date in the applicable limitation year which is later than the latest date in such year as of which any portion of the annual addition was allocated to the Participant’s account under this Plan (provided such other plan or plans provide for such reduction or adjustment in such situation). To the extent still necessary, such reduction or adjustment shall be made under this Plan.
ARTICLE 7B
INVESTMENT OF ACCOUNTS

7B.1 General Rules for Investment of Accounts. All of a Participant’s Accounts shall be invested in the manner provided under and in accordance with the following subsections of this Section 7B.1.

7B.1.1 Each Participant may elect, to be effective as of the next Pay Day of the Participant by which the Committee can reasonably put such election into effect, to invest, as soon as practical after they are made, the Savings Contributions, Matching Contributions, and Rollover Contributions made by or for the Participant to the Plan (for purposes of this Subsection 7B.1.1, his or her “future contributions”) in 1% increments among any or all of the Investment Funds. Notwithstanding the foregoing, the Participant may not elect that more than 25% of his or her future contributions will be invested in the Macy’s Stock Fund.

7B.1.2 If a Participant never makes any election as to the investment of his or her future contributions, then he or she shall be deemed to have elected to invest his or her future contributions in one of the Investment Funds that is chosen by the Committee to act as a “default” Investment Fund for purposes of the Plan, until the Participant affirmatively changes such election under Subsection 7B.1.1 above.

7B.1.3 Each Participant may at any time elect, to be effective as of the next day by which the Committee can reasonably put such election into effect, to change the investment of the then balance of his or her Accounts (including for this purpose the portion of his or her Accounts attributable to the Savings Contributions, Matching Contributions, and Rollover Contributions made by or for him or her prior to such election) in 1% increments among any or all of the Investment Funds. Notwithstanding the foregoing, such election may not result in an increase in the proportion of the then balance of the Participant’s Accounts invested in the Macy’s Stock Fund if, after the increase, over 25% of such then Account balance would be invested in the Macy’s Stock Fund.

7B.1.4 Unless a Participant changes the investment of the balance of his or her Accounts as of any date under the provisions of Subsection 7B.1.3 above, any net income arising under an Investment Fund and allocable to the Participant’s Accounts shall be reinvested in such Investment Fund.

7B.1.5 Any election made by a Participant under the provisions of Subsection 7B.1.1 or 7B.1.3 above must be made by a communication to a Plan representative under a telephonic or electronic system approved by the Committee or by any other method approved by the Committee. If such election is made by a telephonic or electronic communication, it shall be confirmed in writing by the Plan representative to the Participant.

7B.1.6 The Committee may, in its discretion and under administrative rules it adopts, treat a Participant’s election that was made under a Prior Plan, was in effect immediately prior to the Effective Amendment Date, and concerned the investment of his or her future contributions and/or his or her balance of his or her plan accounts as an investment election made under the foregoing subsections of this Section 7B.1 and as effective as of the Effective Amendment Date,
provided such Prior Plan investment election applied to the same types of Investment Funds as apply under the Plan as of the Effective Amendment Date.

7B.1.7 Whenever a Participant makes an election (or is deemed to make an election) under the foregoing subsections of this Section 7B.1 as to the investment of his or her future contributions or the then balance of his or her Accounts, then his or her future contributions or the then balance of his or her Accounts, as the case may be, shall continue to be invested in accordance with such election until the Participant subsequently elects a change as to such investment under the foregoing subsections of this Section 7B.1.

7B.2 Investment Funds. Several Investment Funds shall be maintained in the Trust Fund for the investment of Plan funds.

7B.2.1 As is indicated in Subsection 2.1.14 above, an “Investment Fund” means a separate commingled investment fund (including a common or collective trust fund or a mutual fund), or a separate investment option available under the Plan that permits a Participant to individually direct the investment of all or part of his or her Accounts (and the contributions allocable to his or her Accounts) among many different mutual funds or other publicly offered investments pursuant to a brokerage-like account, which is used for the investment of assets of the Plan.

7B.2.2 Each of the Investment Funds shall have a specific investment focus and party or parties directing its investments or a specific investment method, which in all cases is chosen by the Committee or an investment committee appointed under the provisions of the Trust.

7B.2.3 The Committee can eliminate and/or add Investment Funds for purposes of the Plan for any reason and at any time. Each Investment Fund is subject to all of the terms of the Trust Fund.

7B.2.4 One of the Investment Funds shall be referred to in this Plan as the “Macy’s Stock Fund” and shall invest primarily in common shares of Macy’s, except that a portion of such Investment Fund may invest in certain cash equivalents.

7B.3 Diversification Requirements. In line with the foregoing provisions of this Article 7B and to ensure that the Plan meets the diversification requirements of Code Section 401(a)(35), the following subsections of this Section 7B.3 shall apply to the Plan. The provisions of this Section 7B.3 shall not only be effective as of the Effective Amendment Date but shall also, for each Prior Plan that was in effect on January 1, 2007, be effective as of January 1, 2007 with respect to Plan Years beginning on or after such date.

7B.3.1 With respect to any Participant (which, for purposes of this Section 7B.3 shall be deemed to include an alternate payee under a qualified domestic relations order, as defined in Section 206(d)(3) of ERISA and Section 414(p) of the Code, who has an Account under the Plan and a beneficiary of a deceased Participant), if any portion of the Participant’s Accounts under the Plan (regardless of the contributions reflected in such Account portion) is invested in securities of any Affiliated Employer (for purposes of this Section 7B.3, “employer securities”), then the Participant may elect to divest those employer securities, and reinvest an equivalent amount in other investment options available under the Plan, effective as of the next day by which the Committee

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can reasonably put such election into effect (and in no event shall the time for divestment and reinvestment be limited under the Plan to less than periodic, reasonable opportunities occurring no less frequently than quarterly).

7B.3.2 The Plan shall offer at least three Investment Funds that do not hold employer securities to serve as investment options to which a Participant may direct the proceeds from the divestment of employer securities. Each of such three or more Investment Funds must be diversified and have materially different risk and return characteristics.

7B.3.3 Except as provided in the following provisions of this Subsection 7B.3.3, the Plan shall not impose, either directly or indirectly, restrictions or conditions with respect to the investment of employer securities that are not imposed on the investment of other assets of the Plan. For this purpose, a restriction or condition with respect to employer securities means a restriction on a Participant’s right to divest an investment in employer securities that is not imposed on a Plan investment that is not employer securities (ignoring the tax consequences that results from a Participant’s divestment of an investment in employer securities) or a benefit that is conditioned on investment in employer securities. Notwithstanding the immediately preceding sentence, the Plan may impose any restriction or condition described in the following paragraphs:

(a) a restriction or condition on the divestiture of employer securities that is either required in order to ensure compliance with applicable securities laws or is reasonably designed to ensure compliance with applicable securities laws;

(b) a restriction or condition on the extent to which the balance of a Participant’s Accounts can be invested in employer securities, provided the limitation applies without regard to a prior exercise of rights to divest employer securities (for example, a restriction on the percent of the Participant’s Account balances that may be invested in employer securities);

(c) a reasonable restriction on the timing and number of investment elections that a Participant can make to invest in employer securities, provided that the restrictions are designed to limit short-term trading in the employer securities (for example, a restriction that a Participant may not elect to invest in employer securities if the Participant has elected to divest employer securities within a short period of time, such as seven days, prior to the election to invest in employer securities);

(d) a condition that fees will be imposed on other investment options that are not imposed on the investment in employer securities or that a reasonable fee will be imposed for the divestment of employer securities; and

(e) any other restriction or condition that is permitted to be imposed by the Plan under Treasury Regulations Section 1.401(a)(35)-1(e)(2) and (3) or by other guidance of the Commissioner of Internal Revenue that is authorized under Treasury Regulations Section 1.401(a)(35)-1(e)(4).

7B.3.4 Notwithstanding any other provision of this Section 7B.3 which might be read to the contrary, an Investment Fund available under the Plan shall not be treated as holding employer securities for purposes of this Section 7B.3 to the extent the employer securities are held
indirectly as part of a broader fund that is (i) a regulated investment company described in Code Section 851(a), (ii) a common or collective trust fund or pooled investment fund maintained by a bank or trust company supervised by a State or a Federal agency, (iii) a pooled investment fund of an insurance company that is qualified to do business in a State, or (iv) any other investment fund designated by the Commissioner of Internal Revenue in revenue rulings, notices, or other guidance published in the Internal Revenue Bulletin; provided that any such Investment Fund has stated investment objectives and is independent of every Affiliated Employer. In this regard, any such Investment Fund shall not be considered to be independent of an Affiliated Employer for any Plan Year if the aggregate value of the employer securities held in the fund is in excess of 10% of the total value of all of the fund’s investments as of the end of the preceding Plan Year.
ARTICLE 8
WITHDRAWALS DURING EMPLOYMENT

8.1 Withdrawals of After-Tax Savings and Rollover Contributions.

8.1.1 Upon notice given to a Plan representative (under any telephonic, electronic, or other procedure established for this purpose by the Committee), a Participant may elect to withdraw from his or her Savings Account any portion of the then value of such Account which is attributable to his or her After-Tax Savings Contributions which are treated under other provisions of the Plan as Additional Savings Contributions (for purposes of this Section 8.1, the “After-Tax Additional Savings Contributions”), and/or to withdraw any portion of the then value of his or her Rollover Account, and which he or she designates in the election.

8.1.2 Also upon notice given to a Plan representative (under any telephonic, electronic, or other procedure established for this purpose by the Committee), any Participant may, provided that he or she elects at the same time to withdraw the maximum amount of After-Tax Additional Savings Contributions he or she is permitted to withdraw under Subsection 8.1.1 above (if any), elect to withdraw from his or her Savings Account any portion of the then value of such Account which is attributable to his or her After-Tax Savings Contributions which are treated under other provisions of the Plan as Basic Savings Contributions and which he or she designates in the election.

8.1.3 If a withdrawal under Subsection 8.1.1 above and/or Subsection 8.1.2 above is elected, then, subject to Subsection 11.1.2 below, the actual withdrawal payment shall be distributed in cash to the Participant as soon as administratively practical after such election.

8.2 Age 59-1/2 and Hardship Withdrawals of Elective Savings Contributions.

8.2.1 Upon notice given to a Plan representative (under any telephonic, electronic, or other procedure established for this purpose by the Committee), a Participant may request a withdrawal from his or her Savings Account of any portion of the then value of such Account which is attributable to his or her Pre-Tax Elective Savings Contributions and Roth Elective Savings Contributions (for purposes of this Section 8.2, collectively referred to as his or her “Elective Savings Contributions”) and which he or she designates in the election, so long as, if the Participant has not yet attained age 59-1/2, the requested amount is not greater than the difference between the dollar amount of the Elective Savings Contributions previously made on his or her behalf to the Plan and the amount of Elective Savings Contributions he or she has previously withdrawn from the Plan. In particular, no Trust income allocated to the Participant’s Savings Account by reason of his or her Elective Savings Contributions made to the Plan may be withdrawn pursuant to the provisions of this Section 8.2 when the withdrawal is made before the Participant has attained age 59-1/2. Further, no withdrawal may be allowed under this Section 8.2 unless the withdrawal is requested (i) after the Participant has attained age 59-1/2 or (ii) because of a hardship.

8.2.2 If such a withdrawal is requested, then, subject to Subsection 11.1.2 below, the actual withdrawal payment shall be distributed in cash to the Participant as soon as administratively practical after such election, provided that the Committee or a Committee

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representative determines such request is to be granted under the rules set forth in this Section 8.2 (and, if applicable, Section 8.3 below).

8.2.3 Also, any withdrawal made by a Participant under this Section 8.2 shall be deemed for Plan purposes to consist first of those Elective Savings Contributions which are treated under other provisions of the Plan as Additional Savings Contributions and second (only to the extent still necessary) of those Elective Savings Contributions which are treated under other provisions of the Plan as Basic Savings Contributions.

8.2.4 Any withdrawal requested under this Section 8.2 because of a hardship shall be granted by the Committee or a Committee representative if (and only if) the Committee or the Committee representative determines that the requested hardship withdrawal meets the requirements set forth in Section 8.3 below.

8.3 Requirements for Hardship Withdrawals. Any withdrawal which is requested by a Participant under Section 8.2 above because of a hardship must meet the requirements set forth in the following subsections of this Section 8.3 in order to be granted by the Committee or a Committee representative.

8.3.1 Any such hardship withdrawal must be requested by the Participant and certified to be on account of an immediate and heavy financial need of the Participant. Also, written documentation of the reason for requesting the withdrawal may be required by the Committee or a Committee representative. Whether a withdrawal is requested on account of an immediate and heavy financial need of the Participant shall be determined by the Committee or a Committee representative on the basis of all facts and circumstances. In this regard, a withdrawal shall be considered to be requested on account of an immediate and heavy financial need of the Participant if the request is on account of:

(a) expenses for (or necessary to obtain) medical care that would be deductible to the Participant under Section 213(d) of the Code (determined without regard to whether the expenses exceed 7.5% of adjusted gross income);

(b) costs directly related to the purchase (excluding mortgage payments) of a principal residence of the Participant;

(c) the payment of tuition, related educational fees, and room and board expenses for up to the next twelve months of post-secondary education for the Participant or his or her spouse, children, or dependents (as defined in Section 152 of the Code but without regard to subsection (b)(1), (b)(2), or (d)(1)(B) thereof);

(d) payments necessary to prevent the eviction of the Participant from his or her principal residence or the foreclosure on the mortgage of the Participant’s principal residence;

(e) payments for burial or funeral expenses for the Participant’s deceased parent, spouse, children, or dependent (as defined in Section 152 of the Code but without regard to subsection (d)(1)(B) thereof);
(f) expenses for the repair of damage to the Participant’s principal residence that would qualify for the casualty
deduction under Section 165 of the Code (determined without regard to whether the loss exceeds 10% of adjusted gross income); or

(g) to the extent not included in any of the foregoing paragraphs, the need to pay expenses to alleviate the
Participant’s severe financial hardship resulting from extraordinary and unforeseeable circumstances beyond the control of the
Participant.

8.3.2 Any such hardship withdrawal must also be necessary to satisfy the need for the withdrawal. A withdrawal shall
be deemed necessary to satisfy such need if, and only if, all of the conditions set forth in the following paragraphs of this Subsection
8.3.2 are certified to by the Participant.

(a) The withdrawal is not in excess of the amount of the immediate and heavy financial need of the applicable
Participant which has caused the Participant to request the withdrawal. The amount of an immediate and heavy financial need of the
Participant may include an amount permitted by the Committee under uniform rules to cover Federal income taxes or penalties which
can reasonably be anticipated to result to the Participant from the distribution.

(b) The Participant has obtained or is obtaining by the date of the withdrawal all withdrawals (other than
hardship withdrawals) and all nontaxable (at the time of the loans) loans then available under the Plan and all other plans of the Affiliated
Employers, including any loans then available under Section 7.9 above and any withdrawal then available under Section 8.1 above.

(c) The Participant shall be suspended from making employee contributions or having contributions made by
reason of his or her election pursuant to an arrangement described in Section 401(k) of the Code under the Plan, or any other plan of the
Affiliated Employers which is qualified under Section 401(a) of the Code, for a six month period beginning on the date on which the
withdrawal payment is made.

(d) The Participant shall be suspended from making employee contributions or having contributions made by
reason of his or her election under any plan of deferred compensation of an Affiliated Employer which is not qualified under Section
401(a) of the Code, including for purposes hereof a stock option or stock purchase plan, for at least six months after the date on which the
withdrawal payment is made.

(e) The Participant cannot relieve such need through any other resources.

8.4 Suspension of Savings Contributions as a Result of Hardship Withdrawal. Notwithstanding any other provision in the Plan
to the contrary, the ability of any Participant who makes a withdrawal under Sections 8.2 and 8.3 above because of a hardship shall
automatically be suspended from making Savings Contributions under this Plan for the six month period beginning on the date on which the
withdrawal payment is made. The Participant may elect to have Savings Contributions resume being made on his or her behalf as of
any Pay Day which occurs after the expiration of such six month suspension period only by filing a new Savings Agreement with a Plan
representative an administratively reasonable number of days prior to such Pay Day. No limit on
the Participant’s ability to make Savings Contributions under the Plan after such six month suspension period has expired shall apply by reason of the hardship withdrawal taken by the Participant under the Plan.

8.5  **Initial 90-Day Withdrawals of Elective Savings Contributions.** This Section 8.5 provides rules under which certain Participants are permitted to elect to make a withdrawal of default elective contributions from an automatic contribution arrangement. The provisions of this Section 8.5 shall not only be effective as of the Effective Amendment Date but shall also, for the Macy’s Immediate Prior Plan, be effective as of January 1, 2008.

8.5.1  Effective from January 1, 2008 through December 31, 2013, the Macy’s Immediate Prior Plan provides for an automatic contribution arrangement (as defined in Treasury Regulations Section 1.414(w)-1(e)(2)). Beginning on the Effective Amendment Date, Subsection 5.1.8 above provides for a virtually identical automatic contribution arrangement (as defined in Treasury Regulations Section 1.414(w)-1(e)(2)), but for a more limited class of Participants. Beginning on the Effective Amendment Date, Subsection 5.1.7 above provides for a different but still automatic contribution arrangement (as defined in Treasury Regulations Section 1.414(w)-1(e)(2)) for a different class of Participants. Each automatic contribution arrangement referred to in the immediately preceding three sentences is intended to be an eligible automatic contribution arrangement (as defined in Treasury Regulations Section 1.414(w)-1(b)) and satisfies the uniformity requirement described in Treasury Regulations Section 1.414(w)-1(b)(2).

8.5.2  Further, as part of any notice to covered employees otherwise provided for under the provisions of this Plan (or, for the period from January 1, 2008 through December 31, 2013, the provisions of the Macy’s Immediate Prior Plan) that set out an automatic contribution arrangement referred to in Subsection 8.5.1 above or as a separate notice, each covered Participant shall be apprised of his or her rights and obligations under the automatic contribution arrangement that applies to him or her.

(a)  Such notice shall be provided a reasonable period before the beginning of each Plan Year to each person who is a covered Participant at the time of such notice (and, for any person who becomes a covered Participant after the 90th day before the start of a Plan Year, such notice shall be provided at least a reasonable period before he or she becomes a covered Participant).

(b)  To the extent not covered under any notice to a covered Participant otherwise provided for under the provisions of this Plan (or, for the period from January 1, 2008 through December 31, 2013, the provisions of the Macy’s Immediate Prior Plan) that set out an automatic contribution arrangement referred to in Subsection 8.5.1 above, the notice required under this Subsection 8.5.2 must describe:

(1)  the level of the default elective contributions which will be made on the covered Participant’s behalf if the covered Participant does not make an affirmative election to have Savings Contributions made to the Plan on his or her behalf or an affirmative election not to have Savings Contributions made to the Plan on his or her behalf;
(2) the covered Participant’s rights to elect not to have default elective contributions made on his or her behalf or to have a different percentage or amount of compensation contributed to this Plan (or, when applicable, the Macy’s Immediate Prior Plan) on his or her behalf;

(3) how contributions made under the arrangement will be invested in the absence of any investment election made by the covered Participant; and

(4) the covered Participant’s rights to make a withdrawal under this Section 8.5 and the procedures to elect such a withdrawal.

8.5.3 Upon notice given to a Plan representative (under any telephonic, electronic, or other procedure established for this purpose by the Committee), a covered Participant who has default elective contributions made under the Plan for him or her may elect to make a withdrawal of such contributions to the extent provided and in accordance with the requirements set forth in the following paragraphs of this Subsection 8.5.3.

(a) The covered Participant’s election to withdraw default elective contributions must be made by notice given to a Plan representative (under any telephonic, electronic, or other procedure established for this purpose by the Committee) no later than 90 days after the date of the first default elective contributions made under the Plan for the covered Participant, and such election shall be effective as of the earlier of: (i) the covered Participant’s Pay Day for his or her second payroll period that begins after the date the election is made; or (ii) the first Pay Day that occurs at least 30 days after the election is made (or, if the Committee or a Plan representative sets an earlier effective date for such election and such earlier effective date still permits the period for electing a withdrawal under this Section 8.5 to be at least 30 days, as of such earlier date).

(b) For purposes of this Subsection 8.5.3, the date of the covered Participant’s first default elective contributions is his or her first Pay Day as of which default elective contributions are made for him or her under the Plan. But notwithstanding the foregoing and solely for purposes of determining the date of the covered Participant’s first default elective contributions, if the covered Participant does not have any default elective contributions made for him or her under the Plan for an entire Plan Year, then he or she shall be deemed not to have had such contributions made for him or her under the Plan for any prior Plan Year either.

(c) If the covered Participant properly elects (under the rules described in this Subsection 8.5.3) to withdraw his or her default elective contributions, then he or she shall receive a cash distribution that is equal to all of his or her default elective contributions made from and including the date of the first default elective contributions made under the Plan for him or her through the effective date of the withdrawal election (as adjusted for Plan income and losses attributable to such contributions, as determined under any reasonable method chosen by the Committee). Such distribution amount may also be reduced by any generally applicable distribution fees imposed under the Plan’s normal administrative rules; except that the Plan may not charge a higher fee for a withdrawal under this Subsection 8.5.3 than would apply to any other distributions of cash. In addition, such distribution must be made in accordance with the Plan’s ordinary timing procedures for processing and making withdrawals.
The amount of a withdrawal made under this Subsection 8.5.3 to the covered Participant shall not, notwithstanding any other provision of the Plan to the contrary, be taken into account in determining the limits of Subsection 5.1.3 above, Section 5A.2 above, or Article 5B above.

In the case of any withdrawal made under this Subsection 8.5.3 by the covered Participant, any Matching Contributions made under the Plan for the covered Participant with respect to his or her default elective contributions being withdrawn (as adjusted for Plan income and losses attributable to such contributions, as determined under any reasonable method chosen by the Committee) shall be forfeited.

For purposes of this Section 8.5, a “covered Participant” means a Participant who is covered under an automatic contribution arrangement referred to in Subsection 8.5.1 above. For the period from January 1, 2008 through December 31, 2013, a covered Participant shall no longer be considered a covered Participant after he or she has made an affirmative election to have Savings Contributions made on his or her behalf to the Macy’s Immediate Prior Plan. Similarly, for the period beginning on the Effective Amendment Date, a covered Participant who is subject to the automatic contribution arrangement described in Subsection 5.1.8 above shall no longer be considered a covered Participant after he or she has made an affirmative election to have Savings Contributions made on his or her behalf to the Plan. But, for the period beginning on the Effective Amendment Date, a covered Participant who is subject to the automatic contribution arrangement described in Subsection 5.1.7 above shall still be considered a covered Participant even after he or she has made an affirmative election to have Savings Contributions made on his or her behalf to the Plan.

Also for purposes of this Section 8.5, a covered Participant’s “default elective contributions” means the Savings Contributions that are made on behalf of the covered Participant at a specified level or amount under an automatic contribution arrangement described in Subsection 8.5.1 above.
ARTICLE 9

DISTRIBUTIONS ON ACCOUNT OF TERMINATION
OF EMPLOYMENT FOR REASONS OTHER THAN DEATH

9.1 Distribution of Retirement Benefit. Each Participant who is vested in any Account under the Plan shall be entitled to a retirement benefit under the Plan, which is payable in accordance with the following subsections of this Section 9.1.

9.1.1 The form of such benefit shall be determined under Articles 9A and 9B below.

9.1.2 Further, subject to the other provisions of the Plan, such benefit shall be paid or commence to be paid within a reasonable administrative period after the date the Participant provides a Plan representative with a direction (under any telephonic, electronic, or other procedure established for this purpose by the Committee) to pay the benefit. Notwithstanding the immediately preceding sentence, in no event shall such benefit be paid or commence to be paid prior to the earlier of the date the Participant ceases to be an Employee or the Participant’s Required Commencement Date (unless the Participant’s benefit reflects any amounts attributable to his participation in the May Profit Sharing Plan before September 1, 2008 and the Participant attained age 70-1/2 prior to January 1, 1987, in which case this sentence shall not apply). Also, notwithstanding the first sentence of this Subsection 9.1.2, in no event shall such benefit be paid or commence to be paid later than the Participant’s Required Commencement Date.

9.1.3 Notwithstanding Subsection 9.1.2 above, such benefit shall automatically be paid, with no direction or consent of the Participant being required, within a reasonable administrative period after the date the Participant ceases to be an Employee if (i) the lump sum amount of such benefit is then determined to be $1,000 or less, (ii) such benefit has not begun to be paid to the Participant under any other provisions of the Plan, and (iii) the Participant’s ceasing to be an Employee occurs prior to his or her Required Commencement Date; except that such benefit shall in no event be paid later than the Participant’s Required Commencement Date.

9.1.4 Also, in no event shall distribution of any benefit under the Plan to a Participant under this Section 9.1 be made or commence, provided the Participant has filed a direction to pay the benefit (when such direction is required) and the amount of the benefit can be determined, later than 60 days after the end of the later of the Plan Year during which the Participant attains his or her Normal Retirement Age or the Plan Year in which he or she ceases to be an Employee.

9.1.5 If a Participant dies before the full distribution of the retirement benefit to which he or she is entitled, his or her beneficiary under the Plan shall be entitled to a benefit under Article 10 below and the provisions of this Section 9.1 shall no longer apply.

9.2 Forfeiture of Nonvested Accounts on Termination of Employment. If a Participant ceases to be an Employee for any reason prior to a time when his or her Accounts are fully vested, the Participant shall forfeit from his or her Accounts the nonvested balance therein (i.e., the total balance of such Accounts less the vested portion, if any, of such balance), on and as determined as of the earlier of (i) the date on which he or she receives distribution of the full vested portion of his or her Accounts or (ii) the end of the Plan Year in which he or she first incurs a Six-Year Break-in-
Service which ends after the Participant ceases to be an Employee. The forfeited amount shall be allocated to Accounts of other Participants in accordance with Section 9.5 below. For purposes hereof, a Participant who ceases to be an Employee at a time when he or she has no vested balance in his or her Accounts at all shall be deemed to have received a complete distribution of the vested portion of his or her Accounts on the date of such termination of employment.

9.3 Special Rules as to Effect of Rehirings on Accounts.

9.3.1 If a former Participant who ceased to be an Employee and thereby forfeited all of his or her Accounts is rehired as a Covered Employee prior to incurring a Six-Year Break-in-Service, the dollar amount which was previously forfeited from such Accounts shall be restored, as of the last day of the Plan Year in which he or she is rehired, to new Accounts (of the same types as the ones from which he or she suffered the forfeiture) established for him or her under the Plan.

9.3.2 In addition, if a former Participant who ceased to be an Employee, thereby forfeited a portion of but not all of his or her Accounts, and received a distribution of the vested balance of such Accounts is rehired as a Covered Employee prior to incurring a Six-Year Break-in-Service or the sixth annual anniversary of his or her reemployment as a Covered Employee. If he or she makes such repayment, the dollar amount previously forfeited from such prior Accounts, together with the dollar amount of the repayment, shall be restored, as of the last day of the Plan Year in which he or she makes the repayment, to new Accounts (of the same types as the ones from which he or she suffered the forfeiture and received the distribution) established for him or her under the Plan. Notwithstanding the foregoing, if such Participant participated prior to September 1, 2008 in the May Profit Sharing Plan and any part of the Accounts forfeited upon the Participant’s ceasing to be an Employee were attributable to employer contributions made to the May Profit Sharing Plan before September 1, 2008, then the dollar amount which was previously forfeited from such Accounts shall be restored, as of the last day of the Plan Year in which he or she is rehired, to new Accounts even if the Participant fails to make a repayment to the Trust of the dollar amount previously distributed to him or her which was attributable to the vested portion of such prior Accounts.

9.3.3 If a former Participant who ceased to be an Employee and forfeited a portion but not all of his or her Matching Account is rehired as a Covered Employee after incurring a Six-Year Break-in-Service but before receiving the full vested portion of all of his or her Accounts, his or her Matching Account shall be renamed as the “Prior Matching Account,” shall at all future times only reflect the then remaining vested balance therein and Trust income and losses which become allocable thereto, and shall be fully vested at all subsequent times. A new Matching Account, to which future Matching Contributions can be allocated and which shall be subject to the general vesting provisions of the Plan, shall be established for the rehired Participant.

9.4 Source of Restorals. The restorals required under Section 9.3 above for any Plan Year shall, to the extent indicated in Section 9.5 below, be made from forfeitures arising in such Plan Year. If the amount of such forfeitures is insufficient to make all such required restorals, then the amount of such required restorals shall be made from a special contribution paid by the Employer to the Trust. Such contribution shall not be considered an Employer contribution for purposes of
9.5 Application of Forfeitures. Any amount of forfeitures arising under the Plan during a Plan Year beginning on or after the Effective Amendment Date (for purposes of this Section 9.5, the “subject Plan Year”): (i) shall be allocated to make all restorals of Accounts required under Section 9.3 above; (ii) shall, to the extent any such forfeitures still remain after such first step, be allocated to correct any inadvertent errors made in crediting amounts to Accounts and to make all restorals of Accounts required under Section 11.2 below; (iii) shall, to the extent any such forfeitures still remain after such two steps, be used to reduce and be substituted in place of the amount of Matching Contributions otherwise required for the subject Plan Year under Section 6.1 above; and (iv) shall, to the extent any such forfeitures still remain after such three steps, be allocated among the Matching Accounts of those Participants who are still Covered Employees on the last day of the subject Plan Year and in proportion to each such Participant’s Compensation for the subject Plan Year.
ARTICLE 9A

FORM OF DISTRIBUTION OF SAVINGS BENEFIT ACCOUNTS

9A.1  Section Applies Only to Savings Benefit Accounts. This Article 9A provides rules as to the form (except for the time of payout, which is provided for in Article 9 above) of a Participant’s retirement benefit under the Plan with respect to the part of such benefit that is not attributable to the Participant’s participation prior to September 1, 2008 in the David’s Bridal, Inc. 401(k) Plan that merged prior to such date into the May Profit Sharing Plan but that is attributable to the other portions of the Participant’s Savings Account, Rollover Account, and Matching Account of the Participant (which part of such benefit is referred to in this Article 9A as the Participant’s “Savings Benefit” and which Account portions to which the Savings Benefit is attributable are referred to in this Article 9A as the Participant’s “Savings Benefit Accounts”). Article 9B below provides the rules as to such form with respect to the remaining part of the Participant’s retirement benefit under the Plan.

9A.2  Normal Form of Savings Benefit – Lump Sum Payment. Subject to the other provisions of the Plan (including but not limited to Article 16 below), a Participant’s Savings Benefit shall be distributed in the form of a lump sum payment. The amount of such lump sum payment shall be equal to the vested balances in the Participant’s Savings Benefit Accounts, determined as of the date which is reasonably chosen by the Committee or a Committee representative to be sufficiently in advance of the distribution so as to allow the Committee time to process the distribution. Subject to Subsection 11.1.2 below, such lump sum payment shall be made in cash.

9A.3  Optional Annuity Form of Benefit Rules. Subject to the other provisions of the Plan, a Participant may elect to receive his or her Savings Benefit in an annuity form instead of the normal form set forth in Section 9A.2 above (or to have part of his or her Savings Benefit paid in an annuity form and the remainder paid in the normal form set forth in Section 9A.2 above). Such an election must be made on a form or writing prepared or approved by the Committee and filed with a Plan representative prior to the date the benefit is payable under Section 9.1 above. If the Participant elects to receive his or her Savings Benefit (or part of such benefit) in an annuity form, the specific type of annuity in which such benefit shall be paid is determined under Sections 9A.4, 9A.5, and 9A.6 below.

In addition, the election to pay a Savings Benefit (or part of such benefit) in an annuity form is subject to the following subsections of this Section 9A.3.

9A.3.1  The distribution of any annuity shall be effected by the application of an amount equal to the vested balances in the Participant’s Savings Benefit Accounts (determined as of a date which is reasonably chosen by the Committee or a Committee representative to be sufficiently in advance of the distribution so as to allow the Committee time to process the distribution), or the part of such vested balances which the Participant elects to have distributed in an annuity form, to the purchase of a nontransferable annuity contract providing the applicable type of annuity form from an insurance company selected by the Committee and the subsequent forwarding of such contract to the Participant. The purchase of such annuity shall be made on behalf of the Participant as a part of the Plan’s administrative procedures. If the Participant receives a benefit under Article 9B below in the same annuity form as he or she receives his or her Savings
Benefit (or any part thereof), the Committee may choose to purchase one annuity contract to provide both such benefits.

9A.3.2 Any annuity contract shall be purchased and distributed on an immediate basis (i.e., payments under the contract shall begin as of a date which coincides with or is within a reasonable administrative period after the date as of which such purchase is made and in no event later than any deadline set in the Plan for the commencement of the applicable benefit). As a result, the vested balances of the Participant’s Savings Benefit Accounts shall be maintained in the Plan until just before the annuity contract is to begin payments, at which time the contract shall be purchased.

9A.3.3 The distribution of an annuity contract hereunder shall, for all purposes of the Plan, be deemed to constitute the full distribution of the benefit attributable to the part of the Participant’s Savings Benefit Accounts which is due the Participant and is being paid in the form of an annuity.

9A.3.4 Notwithstanding any other provision of the Plan to the contrary, the applicable Participant may not elect to receive his or her Savings Benefit (or any part of such benefit) in an annuity form if (i) the value of such benefit (or such part) at the time it is determined for distribution purposes, when added to the value of any benefit under Article 9B below which the Participant also is to receive in an annuity form, is $1,000 or less. Instead, in such case such benefit shall be distributed in a lump sum payment in accordance with Section 9A.2 above.

9A.3.5 If a Participant elects to receive part but not all of his or her Savings Benefit in the form of an annuity, then, for purposes of Sections 9A.4, 9A.5, and 9A.6 below, any reference in such sections to a Participant’s Savings Benefit shall be read to refer only to the part of such benefit which the Participant elects to receive in the form of an annuity.

9A.4 Normal Form of Annuity Benefit.

9A.4.1 Subject to the other terms of the Plan, if a Participant elects to receive his or her Savings Benefit in an annuity form under Section 9A.3 above and he or she is not married as of the date payments under the annuity are to begin being paid, then such benefit shall be paid in the form of a Single Life Annuity.

9A.4.2 Subject to the other terms of the Plan, if a Participant elects to receive his or her Savings Benefit in an annuity form under Section 9A.3 above and he or she is married as of the date payments under the annuity are to begin being paid, then such benefit shall be paid in the form of a Qualified Joint and Survivor Annuity.

9A.5 Election Out of Normal Annuity Form. The provisions of this Section 9A.5 shall not only be effective as of the Effective Amendment Date but shall also, for each Prior Plan that was in effect on January 1, 2007, be effective as of January 1, 2007 with respect to any distribution made under the Plan on or after such date (and, for this purpose, as if the other sections of this Article 9A were in effect as of January 1, 2007).

9A.5.1 A Participant who elects to receive his or her Savings Benefit in an annuity form under Section 9A.3 above may elect to waive the normal annuity form in which such benefit
shall otherwise be paid under Section 9A.4 above and instead to have such benefit paid in any specific optional annuity form permitted him or her under Section 9A.6 below, provided: (i) such election is made in writing to a Plan representative (on a form or writing prepared or approved by the Committee) both prior to the date on which the Savings Benefit is otherwise distributed in the absence of this election and within the 180 day period ending on the date on which his or her Savings Benefit is distributed; and (ii) for a Participant who is married on the date as of which his or her Savings Benefit commences under the annuity form, the person who is the spouse of the Participant on such date consents, in writing to a Plan representative, to such election within the same 180 day period, with the spouse’s consent acknowledging the effect of such consent and being witnessed by a notary public. Any such spouse’s consent shall be irrevocable once received by a Plan representative.

9A.5.2 Notwithstanding clause (ii) of Subsection 9A.5.1 above, a consent of a spouse shall not be required for purposes of Subsection 9A.5.1 above if it is established to the satisfaction of a Plan representative that the otherwise required consent cannot be obtained because the Plan representative reasonably determines no spouse exists, because the spouse cannot reasonably be located, or because of such other circumstances as the Secretary of the Treasury or his or her delegate allows in regulations.

9A.5.3 The Participant may amend or revoke his or her election of an optional annuity form under this Section 9A.5 by notice filed with a Plan representative at any time before his or her Savings Benefit is processed for distribution to him or her under the Plan; provided that if the Participant attempts upon such an amendment to elect another annuity form of payment different than the normal annuity form applicable to him or her, the conditions of Sections 9A.5.1 and 9A.5.2 above must be satisfied as if such amendment were a new election.

9A.6 Optional Annuity Forms. A Participant who elects to receive his or her Savings Benefit in an annuity form may elect to receive such benefit, in lieu of the normal annuity form otherwise payable under Section 9A.4 above and provided all of the election conditions of Section 9A.5 above are met, in any of the following annuity forms: (i) a Single Life Annuity (which is an optional annuity form only for a Participant who is married on the date as of which his or her Savings Benefit is distributed to him); (ii) a Life and Ten Year Certain Annuity; (iii) a Full Cash Refund Annuity; or (iv) a Period Certain Annuity.

9A.7 Annuity Definitions. For purposes of this Article 9A, the annuity definitions set forth in the following subsections of this Section 9A.7 shall apply.

9A.7.1 “Single Life Annuity” means an annuity payable as follows. Equal monthly payments are made to a Participant for his or her life and end with the last monthly payment due for the month in which the Participant dies.

9A.7.2 “Qualified Joint and Survivor Annuity” means an annuity payable as follows. Equal monthly payments are made to a Participant for his or her life, and, after his or her death, monthly survivor payments continue to the person who is the spouse of the Participant on the date as of which payments under the annuity begin being paid to the Participant (provided such person survives the Participant) for such person’s life. Each monthly survivor payment to such person is equal in amount to 50% (or, if the Participant so elects in writing to the applicable Plan representative
within the 180 day period ending on the date on which payments under the annuity begin being paid, 66-2/3%, 75%, or 100%) of the monthly payment amount made during the life of the Participant under the same annuity. The provisions of this Subsection 9A.7.2 shall not only be effective as of the Effective Amendment Date but shall also, for each Prior Plan that was in effect on January 1, 2007, be effective as of January 1, 2007 with respect to any distribution made under the Plan on or after such date.

9A.7.3 “Life and Ten Year Certain Annuity” means an annuity payable as follows. Equal monthly payments are made to a Participant for his or her life, and such payments end with the payment due for the month in which the Participant dies if at least 120 monthly payments have been made on behalf of the Participant. If not, the monthly payments continue after the Participant’s death to a contingent beneficiary until 120 monthly payments in the aggregate have been made to the Participant and the contingent beneficiary. The Participant shall name the contingent beneficiary in his or her election of this form.

9A.7.4 “Full Cash Refund Annuity” means an annuity payable as follows. Equal monthly payments are made to a Participant for his or her life and end with the last payment due for the month in which the Participant dies. Further, if the cost of such annuity exceeds the total of all monthly payments made under the annuity through the month in which the Participant dies, then the amount of such excess shall be paid in a single sum to a contingent beneficiary. The Participant shall name the contingent beneficiary for purposes of such annuity in his or her election of this form.

9A.7.5 “Period Certain Annuity” means an annuity payable as follows. Equal monthly payments are made to a Participant for a certain number of months (for purposes of this Subsection 9A.7.5, the “period certain”) and end with the payment for the last month in such period certain. If the Participant dies before the end of the period certain, then the monthly payments due for the remaining months in the period certain after the month of the Participant’s death shall be paid to a contingent beneficiary. The Participant shall specify the period certain to be used and name the contingent beneficiary in his or her election of this form. The period certain may be any number of months, provided it is not less than 36 months and not more than 180 months.

9A.8 Minimum Required Installment/Lump Sum Form of Benefit. Subject to the other provisions of the Plan, a Participant who is required to receive a retirement benefit under Section 9.1 above on his or her Required Commencement Date and prior to his or her having ceased to be an Employee shall receive his or her Savings Benefit in a special installment form (for purposes of this Section 9A.8, the “Installment/Lump Sum Form”), unless and until the Participant elects prior to the date of any payment otherwise required under the Installment/Lump Sum Form to receive his or her Savings Benefit in the normal form set forth in Section 9A.2 above (in which case his or her then remaining Savings Benefit shall be paid in such normal form) or in an optional annuity form (in which case such election shall be subject to the rules of Subsections 9A.3.1 through 9A.3.5 above and of Sections 9A.4 through 9A.6 above and, subject to such rules, his or her then remaining Savings Benefit shall be paid in such optional annuity form). The Committee may require for administrative reasons that such election must be filed a reasonable number of days or months prior to the date of any payment otherwise required under the Installment/Lump Sum form for it to be considered effective as of the date of such payment. The Installment/Lump Sum Form is subject to the following subsections of this Section 9A.8.
9A.8.1 Under the Installment/Lump Sum Form and subject to Subsection 11.1.2 below, a part of the vested balances of the Participant’s Savings Benefit Accounts is paid in cash to the Participant (or, if he or she dies before payment of such part, to the beneficiary of the Participant designated under Section 10.6 below) for each Distribution Year. For any Distribution Year, the amount of the distribution shall be equal to the lesser of: (i) an amount equal to the total vested balances of all of the Participant’s Accounts (determined as of the last day of the latest calendar year which ends prior to the subject Distribution Year) divided by the Life Expectancy of the Participant for such Distribution Year; or (ii) an amount equal to the vested balances of the Participant’s Savings Benefit Accounts (determined as of the latest valuations of the Investment Funds which have been completed prior to the distribution and the results of which are available on such date to the Committee). Any distribution which is made hereunder for a Distribution Year shall be deemed for Plan purposes to be taken first from the Participant’s Savings Account, second (only to the extent still necessary) from his or her Rollover Account, and third (only to the extent still necessary) from his or her Matching Account.

9A.8.2 Further, under the Installment/Lump Sum Form and subject to Subsection 11.1.2 below, any then remaining vested balance in the Participant’s Savings Benefit Accounts shall be paid in a lump sum cash payment to the Participant (or, if he or she dies before such payment, to the beneficiary of the Participant designated under the provisions of Section 10.6 below) within a reasonable administrative period after the Participant ceases to be an Employee for any reason. For purposes of this distribution, the remaining vested balances of the Participant’s Savings Benefit Accounts to be so distributed shall be based on the latest valuations of the Investment Funds which have been completed prior to the date of the distribution and the results of which are available on such date to the Committee.

9A.8.3 The distribution to be made under the Installment/Lump Sum Form for the Participant’s first Distribution Year shall be made on the Participant’s Required Commencement Date. The distribution to be made under the Installment/Lump Sum Form for any later Distribution Year shall be made on a date which falls in such Distribution Year and which the Committee determines for administrative reasons to be the date on which such distribution is to be made; except that, instead of a separate payment, the distribution to be made for any Distribution Year in which the Participant ceases to be an Employee may be paid as part of the final lump sum cash payment provided for in Subsection 9A.8.2 above (whenever it is paid) if (and only if) such final payment is made in such Distribution Year. If the Participant affirmatively elects in writing to have his or her Savings Benefit paid in the Installment/Lump Sum form, then such form, once it commences, shall continue in accordance with the terms of this Section 9A.8 which apply to such form and shall not be subject to change.

9A.8.4 For purposes of this Section 9A.8, a “Distribution Year” means, with respect to any Participant, the latest calendar year which ends prior to or with the latest date which could serve as the Participant’s Required Commencement Date and each later calendar year to and including the calendar year in which the Participant ceases to be an Employee.

9A.8.5 Also for purposes of this Section 9A.8, the “Life Expectancy” of the Participant shall be, for each and any Distribution Year, the Participant’s life expectancy divisor for such Distribution Year. For purposes hereof, the Participant’s “life expectancy divisor” for any such Distribution Year shall be deemed to be the applicable multiple set forth in the Uniform Lifetime

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9A.8.6 Notwithstanding the foregoing provisions of this Section 9A.8, if (i) the value of the Participant’s Savings Benefit as of his or her Required Commencement Date, when added to the value of any benefit under Article 9B below which the Participant also is to receive, is $1,000 or less and (ii) his or her Savings Benefit has not begun to be paid to the Participant, then his or her Savings Benefit shall be distributed in the normal form set forth in Section 9A.2 above instead of the Installment/Lump Sum Form.
ARTICLE 9B
FORM OF DISTRIBUTION OF
PROFIT SHARING ACCOUNTS

9B.1 Section Applies Only to Profit Sharing Accounts. This Article 9B provides rules as to the form (except for the time of payout, which is set forth in Article 9 above) of a Participant’s retirement benefit under the Plan with respect to the part of such benefit attributable to the Retirement Income Account of the Participant and, if applicable, the portions of any other Accounts that are attributable to the Participant’s participation prior to the Effective Amendment Date in the David’s Bridal, Inc. 401(k) Plan that merged into the May Profit Sharing Plan before the Effective Amendment Date (which part of such benefit is referred to in this Article 9B as the Participant’s “Profit Sharing Benefit” and which Account and Account portions to which the Profit Sharing Benefit is attributable are referred to in this Article 9B as the Participant’s “Profit Sharing Accounts”). Article 9A above provides the rules as to such form with respect to the remaining part of the Participant’s retirement benefit under the Plan (which part of such benefit is referred to in this Article 9B as the Participant’s “Savings Benefit”).

9B.2 Normal Form of Profit Sharing Benefit – Qualified Annuity Forms.

9B.2.1 Subject to the other terms of the Plan, if a Participant is not married as of the date payment of his or her Profit Sharing Benefit is to commence, then such benefit shall be paid in the form of a Single Life Annuity.

9B.2.2 Subject to the other terms of the Plan, if a Participant is married as of the date payment of his or her Profit Sharing Benefit is to commence, then such benefit shall be paid in the form of a Qualified Joint and Survivor Annuity.

9B.3 Election Out of Normal Form. The provisions of this Section 9B.3 shall not only be effective as of the Effective Amendment Date but shall also, for each Prior Plan that was in effect on January 1, 2007, be effective as of January 1, 2007 with respect to any distribution made under the Plan on or after such date (and, for this purpose, as if the other sections of this Article 9B were in effect as of January 1, 2007).

9B.3.1 A Participant may elect to waive the normal form in which his or her Profit Sharing Benefit shall otherwise be paid under Section 9B.2 above and instead to have such benefit (or any part of such benefit) paid in any specific optional form permitted him or her under Section 9B.4 below, provided: (i) such election is made both prior to the date on which the Profit Sharing Benefit is distributed in the absence of this election and within the 180 day period ending on the date on which his or her Profit Sharing Benefit is distributed or paid; and (ii) for a Participant who is married on the date as of which his or her Profit Sharing Benefit commences or is paid, the person who is the spouse of the Participant on such date consents, in writing to a Plan representative, to such election within the same 180 day period, with the spouse’s consent acknowledging the effect of such consent and being witnessed by a notary public. Any such spouse’s consent shall be irrevocable once received by a Plan representative.

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Notwithstanding the provisions of clause (ii) of Subsection 9B.3.1 above, a consent of a spouse shall not be required for purposes of Subsection 9B.3.1 above if it is established to the satisfaction of a Plan representative that the otherwise required consent cannot be obtained because the Plan representative reasonably determines no spouse exists, because the spouse cannot reasonably be located, or because of such other circumstances as the Secretary of the Treasury or his or her delegate allows in regulations.

The Participant may amend or revoke his or her election of an optional form under this Section 9B.3 by notice to a Plan representative at any time before his or her Profit Sharing Benefit is processed for distribution to him or her under the Plan; provided that if the Participant attempts upon such an amendment to elect another form of payment different than the normal form applicable to him or her, the conditions of Subsections 9B.3.1 and 9B.3.2 above must be satisfied as if such amendment were a new election.

Provided all of the election conditions of Section 9B.3 above are met, a Participant may elect to receive his or her Profit Sharing Benefit in any of the following forms instead of the normal form otherwise payable under Section 9B.2 above (or to have part of his or her Profit Sharing Benefit paid in the form described in paragraph (e) of this Subsection 9B.4.1 and the remainder paid in the normal form otherwise payable under Section 9B.2 above or in one of the optional annuity forms described in paragraphs (a) through (d) of this Subsection 9B.4.1).

(a) A Single Life Annuity (which is an optional form only for a Participant who is married on the date as of which his or her Profit Sharing Benefit commences to be paid to him);

(b) A Life and Ten Year Certain Annuity;

(c) A Full Cash Refund Annuity;

(d) A Period Certain Annuity; or

(e) A lump sum payment. The amount of the lump sum payment shall be equal to the vested balance of the Participant’s Profit Sharing Accounts, determined as of a date which is reasonably chosen by the Committee or a Committee representative to be sufficiently in advance of the distribution so as to allow the Committee time to process the distribution, or the part of such vested balance which the Participant elects to have distributed in a lump sum payment form, as the case may be. Subject to Subsection 11.1.2 below, such lump sum payment shall be made in cash.

Provided all of the election conditions of Section 9B.3 above are met, a Participant may elect to receive his or her Profit Sharing Benefit in any of the following forms instead of the normal form otherwise payable under Section 9B.2 above (or to have part of his or her Profit Sharing Benefit paid in the form described in paragraph (e) of this Subsection 9B.4.1 and the remainder paid in the normal form otherwise payable under Section 9B.2 above or in one of the optional annuity forms described in paragraphs (a) through (d) of this Subsection 9B.4.1).

(a) A Single Life Annuity (which is an optional form only for a Participant who is married on the date as of which his or her Profit Sharing Benefit commences to be paid to him);

(b) A Life and Ten Year Certain Annuity;

(c) A Full Cash Refund Annuity;

(d) A Period Certain Annuity; or

(e) A lump sum payment. The amount of the lump sum payment shall be equal to the vested balance of the Participant’s Profit Sharing Accounts, determined as of a date which is reasonably chosen by the Committee or a Committee representative to be sufficiently in advance of the distribution so as to allow the Committee time to process the distribution, or the part of such vested balance which the Participant elects to have distributed in a lump sum payment form, as the case may be. Subject to Subsection 11.1.2 below, such lump sum payment shall be made in cash.
in advance of the distribution so as to allow the Committee time to process the distribution), or the part of such vested balance which is to be distributed in an annuity form, to the purchase of a nontransferable annuity contract providing the applicable type of annuity form from an insurance company selected by the Committee and the subsequent forwarding of such contract to the Participant. The purchase of such annuity shall be made on behalf of the Participant as a part of the Plan’s administrative procedures. If the Participant receives his or her Savings Benefit (or any part thereof) under Article 9A above in the same annuity form as he or she receives his or her Profit Sharing Benefit (or any part thereof), the Committee may choose to purchase just one annuity contract to provide both such benefits.

9B.5.2 Any annuity contract shall be purchased and distributed on an immediate basis (i.e., payments under the contract shall begin as of a date which coincides with or is within a reasonable administrative period after the date as of which such purchase is made and in no event later than any deadline set in the Plan for the commencement of the applicable benefit). As a result, the vested portion of the Participant’s Profit Sharing Accounts shall be maintained in the Plan until just before the annuity contract is to begin payments, at which time the contract shall be purchased.

9B.5.3 The distribution of an annuity contract hereunder shall, for all purposes of the Plan, be deemed to constitute the full distribution of the benefit attributable to the part of the Participant’s Profit Sharing Accounts which is due the Participant and is being paid in the form of an annuity.

9B.6 Annuity Definitions. For purposes of this Article 9B, a “Single Life Annuity,” “Qualified Joint and Survivor Annuity,” “Life and Ten Year Certain Annuity,” “Full Cash Refund Annuity,” and “Period Certain Annuity” shall have the same meanings as are set forth for such terms in Section 9A.7 above.

9B.7 Required Lump Sum Form for Small Profit Sharing Benefit.

9B.7.1 Notwithstanding any other provision of the Plan to the contrary, the Participant shall automatically receive his or her Profit Sharing Benefit in the form of a lump sum payment (and not in any annuity form) unless the value of such benefit at the time it is processed for distribution, when added to the value of any benefit under Article 9A above which the Participant elects to receive in an annuity form, is in excess of $1,000.

9B.7.2 The amount of any lump sum payment that is payable pursuant to Subsection 9B.7.1 above shall be equal to the vested balance in the Participant’s Profit Sharing Accounts determined as of a date which is reasonably chosen by the Committee or a Committee representative to be sufficiently in advance of the distribution so as to allow the Committee time to process the distribution. Subject to Subsection 11.1.2 below, such lump sum payment shall be made in cash.

9B.8 Optional Minimum Required Installment/Lump Sum Form of Benefit. As a special option, subject to the other provisions of the Plan, a Participant who is required to receive a retirement benefit under Section 9.1 above on his or her Required Commencement Date and prior to his or her having ceased to be an Employee may elect to receive his or her Profit Sharing Benefit, in lieu of the form otherwise payable under Section 9B.2 above and provided all of the election provisions of Section 9B.3 above are met, in a special installment form (for purposes of this Section 9B.8, the
such an election must, in addition to the requirements set forth in Section 9B.3 above, be made prior to his or her Required Commencement Date. The Committee may require for administrative reasons that such election must be made a reasonable number of days or months prior to his or her Required Commencement Date for it to be considered effective. The Installment/Lump Sum Form is subject to the following subsections of this Section 9B.8.

9B.8.1 Under the Installment/Lump Sum Form and subject to Subsection 11.1.2 below, a part of the vested balance of the Participant’s Profit Sharing Accounts is paid in cash to the Participant (or, if he or she dies before payment of such part, to the beneficiary of the Participant designated under Section 10A.9 below) for each Distribution Year. For any Distribution Year, the amount of the distribution shall be equal to the difference between: (i) an amount equal to the total vested balances of all of the Participant’s Accounts (determined as of the last day of the calendar year which ends prior to the subject Distribution Year) divided by the Life Expectancy of the Participant for such Distribution Year; and (ii) the amount distributed to the Participant for such Distribution Year under Section 9A.8 above.

9B.8.2 Further, under the Installment/Lump Sum Form and subject to Subsection 11.1.2 below, any then remaining vested balance in the Participant’s Profit Sharing Accounts shall be paid in a lump sum cash payment to the Participant (or, if he or she dies before such payment, to the beneficiary of the Participant designated under Section 10A.9 below) within a reasonable administrative period after the Participant ceases to be an Employee for any reason. For purposes of this distribution, the remaining vested balance in the Participant’s Profit Sharing Accounts shall be based on the latest valuations of the Investment Funds which have been completed prior to the date of the distribution and the results of which are available on such date to the Committee.

9B.8.3 The distribution to be made under the Installment/Lump Sum Form for the Participant’s first Distribution Year shall be made on the Participant’s Required Commencement Date. The distribution to be made under the Installment/Lump Sum Form for any later Distribution Year shall be made on a date which falls in such Distribution Year and which the Committee determines for administrative reasons to be the date on which such distribution is to be made; except that, instead of a separate payment, the distribution to be made for any Distribution Year in which the Participant ceases to be an Employee may be paid as part of the final lump sum cash payment provided for in Subsection 9B.8.2 above (whenever it is paid) if (and only if) such final payment is made in such Distribution Year. If the Participant affirmatively elects in writing to have his or her Profit Sharing Benefit paid in the Installment/Lump Sum form, then such form, once it commences, shall continue in accordance with the terms of this Section 9B.8 which apply to such form and shall not be subject to change.

9B.8.4 For purposes of this Section 9B.8, a “Distribution Year” means, with respect to any Participant, the latest calendar year which ends prior to or with the latest date which could serve as the Participant’s Required Commencement Date and each later calendar year to and including the calendar year in which the Participant ceases to be an Employee.

9B.8.5 Also for purposes of this Section 9B.8, the “Life Expectancy” of the Participant shall be the Participant’s life expectancy divisor for such Distribution Year. For purposes hereof, the Participant’s “life expectancy divisor” for any such Distribution Year shall be deemed to be the applicable multiple set forth in the Uniform Lifetime Table set forth in Treasury Regulations.
Section 1.401(a)(9)-9(Q&A-2) that applies to the age of the Participant on his or her birthday in the subject Distribution Year.

9B.8.6 Notwithstanding the foregoing provisions of this Article 9B, if the Participant has any Savings Benefit which is also being distributed under Article 9A above on his or her Required Commencement Date and prior to his or her having ceased to be an Employee, then he or she may elect that his or her Profit Sharing Benefit is to be distributed in the Installment/Lump Sum Form only if he or she also elects in writing to have his or her Savings Benefit distributed in the Installment/Lump Sum Form described in Section 9A.8 above.

9B.8.7 Also notwithstanding the foregoing provisions of this Article 9B, if (i) the Participant has any Savings Benefit which is also being distributed under Article 9A above on his or her Required Commencement Date solely because he or she has reached such date and prior to his or her having ceased to be an Employee, (ii) such Savings Benefit is distributed under the provisions of Article 9A above in the Installment/Lump Sum Form described in Section 9A.8 above, (iii) the Participant fails to indicate to a Plan representative the form in which he or she wants his or her Profit Sharing Benefit distributed on his or her Required Commencement Date under the Installment/Lump Sum Form described in this Section 9A.8 even if such Installment/Lump Sum Form had been elected, then the Participant shall be deemed to have elected to receive his or her Profit Sharing Benefit in the form of the Installment/Lump Sum Form described in this Section 9B.8 until the first date on which some portion of his or her Profit Sharing Benefit would be required to be paid on his or her Required Commencement Date under the Installment/Lump Sum Form described in this Section 9B.8 (for purposes of this Subsection 9B.8.7, the “Required Profit Sharing Distribution Date”). At such time, the form of the Participant’s Profit Sharing Benefit shall be redetermined under all of the provisions of this Article 9B (disregarding only this Subsection 9B.8.7) as if the Required Profit Sharing Distribution Date was the date on which the Participant’s Profit Sharing Benefit was to commence.

9B.8.8 Notwithstanding the foregoing provisions of this Section 9B.8, if (i) the value of the Participant’s Profit Sharing Benefit as of his or her Required Commencement Date, when added to the value of any benefit under Article 9A above which the Participant also is to receive, is $1,000 or less and (ii) his or her Profit Sharing Benefit has not begun to be paid to the Participant, then his or her Profit Sharing Benefit shall be distributed in the lump sum payment form described in Section 9B.7 above instead of the Installment/Lump Sum Form.
ARTICLE 10
DISTRIBUTIONS ON ACCOUNT OF DEATH

10.1 Distribution of Death Benefit. If a Participant dies, whether while an Employee or after he or she has ceased to be an Employee, prior to having a retirement benefit paid (or at least commence to be paid) to him or her under the provisions of Articles 9, 9A, and/or 9B above, the Participant’s beneficiary shall be entitled to receive a death benefit under the Plan. Such death benefit, regardless of the form of payment, is payable solely from and attributable to the vested portions of the Participant’s Accounts.

10.2 Time of Death Benefit. Subject to the provisions of Article 10A below, any death benefit payable under Section 10.1 above on behalf of a Participant shall be distributed within a reasonable administrative period after the Employer or the Committee receives notice of the Participant’s death (and in no event, subject only to the Employer or the Committee receiving notice of the death, shall such benefit be distributed later than December 31 of the calendar year next following the calendar year in which the Participant died).

10.3 Normal Form of Death Benefit – Lump Sum Payment. Subject to the provisions of Article 10A below and the other provisions of this Article 10, any death benefit payable under Section 10.1 above on behalf of a Participant shall be distributed in the form of a lump sum payment. The amount of such lump sum payment shall be equal to the vested balances of the Participant’s Accounts determined as of a date which is reasonably chosen by the Committee or a Committee representative to be sufficiently in advance of the distribution so as to allow the Committee time to process the distribution. Subject to Subsection 11.1.2 below, such lump sum payment shall be made in cash.

10.4 Optional Annuity Form of Death Benefit Rules. Subject to Article 10A below and the other provisions of this Article 10, a Participant’s beneficiary who is entitled to a death benefit payable under Section 10.1 above on behalf of the Participant may elect to receive such death benefit in either a Single Life Annuity, a Life and Ten Year Certain Annuity, a Full Cash Refund Annuity, or a Period Certain Annuity, instead of the normal form set forth in Section 10.3 above. Such an election must be made on a form or writing prepared or approved by the Committee and filed with a Plan representative prior to the date the death benefit is processed for payment under the provisions of Section 10.2 above. In addition, the election to pay a death benefit in an optional annuity form is subject to the following subsections of this Section 10.4.

10.4.1 The distribution of any annuity shall be effected by the application of an amount equal to the vested balances of the Participant’s Accounts (determined as of a date which is reasonably chosen by the Committee or a Committee representative to be sufficiently in advance of the distribution so as to allow the Committee time to process the distribution) to the purchase of a nontransferable annuity contract providing the applicable type of annuity form from an insurance company selected by the Committee and the subsequent forwarding of such contract to the Participant’s beneficiary. The purchase of such annuity shall be made on behalf of the Participant’s beneficiary as a part of the Plan’s administrative procedures.

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10.4.2 Any annuity contract shall be purchased and distributed on an immediate basis (i.e., payments under the contract shall begin as of a date which coincides with or is within a reasonable administrative period after the date as of which such purchase is made and in no event later than any deadline set in the Plan for the commencement of the applicable benefit). As a result, the vested balances of the Participant’s Accounts shall be maintained in the Plan until just before the annuity contract is to begin payments, at which time the contract shall be purchased.

10.4.3 The distribution of an annuity contract hereunder shall, for all purposes of the Plan, be deemed to constitute the full distribution of the death benefit which is due the Participant’s beneficiary.

10.4.4 Notwithstanding any other provision of the Plan to the contrary, the applicable beneficiary may not elect to receive the death benefit due to be paid hereunder in an optional annuity form if the value of such death benefit at the time it is to be distributed is $5,000 or less. Instead, in such case such benefit shall be distributed in a lump sum payment in accordance with the provisions of Section 10.3 above.

10.5 Annuity Definitions. For purposes of this Article 10, the annuity definitions set forth in the following subsections of this Section 10.5 shall apply.

10.5.1 “Single Life Annuity” means an annuity payable as follows. Equal monthly payments are made to a Participant’s beneficiary for the beneficiary’s life and end with the payment due for the month in which the beneficiary dies.

10.5.2 “Life and Ten Year Certain Annuity” means an annuity payable as follows. Equal monthly payments are made to a Participant’s beneficiary for the beneficiary’s life, and such payments end with the payment due for the month in which the beneficiary dies if at least 120 monthly payments have been made on behalf of the beneficiary. If not, the monthly payments continue after the beneficiary’s death to a contingent beneficiary until 120 monthly payments in the aggregate have been made to the beneficiary and the contingent beneficiary. The beneficiary shall name the contingent beneficiary in his or her election of this form.

10.5.3 “Full Cash Refund Annuity” means an annuity payable as follows. Equal monthly payments are made to a Participant’s beneficiary for the beneficiary’s life and end with the payment due for the month in which the beneficiary dies. Further, if the cost of such annuity exceeds the total of all monthly payments made under the annuity through the month in which the beneficiary dies, then the amount of such excess shall be paid to a contingent beneficiary. The beneficiary shall name the contingent beneficiary for purposes of such annuity in his or her election of this form.

10.5.4 “Period Certain Annuity” means an annuity payable as follows. Equal monthly payments are made to a Participant’s beneficiary for a certain number of months (for purposes of this Subsection 10.5.4, the “period certain”) and end with the payment for the last month in such period certain. If the beneficiary dies before the end of the period certain, then the monthly payments due for the remaining months in the period certain after the month of the beneficiary’s death shall be paid to a contingent beneficiary. The beneficiary shall specify the period certain to
be used and name the contingent beneficiary in his or her election of this form. The period certain may be any number of months, provided it is not less than 36 months and not more than 180 months.
10.6 Designation of Beneficiary.

10.6.1 Subject to the provisions of Article 10A below and the other provisions of this Section 10.6, a Participant’s beneficiary for purposes of the Plan shall be deemed to be the surviving spouse of the Participant.

10.6.2 The Participant may designate a different beneficiary (different than his or her surviving spouse) on a form or writing prepared or approved by the Committee and filed with a Plan representative. Such a designation is not effective, however, unless (i) no spouse survives the death of the Participant (or it is established to the satisfaction of a Plan representative that no spouse survives such death, the spouse cannot reasonably be located, or there exist other circumstances prescribed by the Secretary of the Treasury or his or her delegate which warrant the disregarding of any need for spousal consent to the designated beneficiary) or the spouse irrevocably consents to the different beneficiary before the Participant’s death, (ii) the subject form is filed with a Plan representative prior to the Participant’s death, and (iii) the designated beneficiary survives the death of the Participant. Such different beneficiary may consist of one or more persons, trusts, or estates.

10.6.3 The Participant may amend or revoke a designation of beneficiary that is made pursuant to the provisions of Subsection 10.6.2 above at any time prior to his or her death on a form or writing prepared or approved by the Committee and filed (prior to his or her death) with a Plan representative, provided that any designation of a beneficiary other than his or her spouse shall only be effective if such designation meets all of the conditions of Subsection 10.6.2 above.

10.6.4 Any consent of a spouse required under the provisions of this Section 10.6 must be made in writing, acknowledge the effect of such consent, and be witnessed by a notary public.

10.6.5 Any Participant who is an active Participant as of the Effective Amendment Date pursuant to Article 4 above, and who had a beneficiary designation that was in effect immediately prior to the Effective Amendment Date under a Prior Plan and that met all of the conditions described in the foregoing provisions of this Section 10.6 in order to be valid if it had been made under this Plan (including, if applicable, that the Participant’s spouse consented to the designation or that such consent was properly excused for reasons noted in Subsection 10.6.2 above), shall have such beneficiary designation be effective (and be considered his or her beneficiary designation under the Plan) as of the Effective Amendment Date, unless and until he or she amends such beneficiary designation under and pursuant to the provisions of Subsection 10.6.3 above.

10.6.6 If the Committee determines that the Participant is not survived by a spouse or other properly designated beneficiary, the Participant’s beneficiary for purposes of the Plan shall be deemed to be the estate of the Participant.
ARTICLE 10A

SPECIAL SPOUSAL DEATH BENEFIT DISTRIBUTION RULES FOR PROFIT SHARING ACCOUNTS

10A.1 Section Applies Only to Profit Sharing Accounts. This Article 10A provides special rules as to the form and time of payment and the designation of beneficiary with respect to the part (if any) of any death benefit payable under Article 10 above on behalf of a Participant which is attributable to (i) the Participant’s Retirement Income Account and (ii) the portions of any other Accounts that are attributable to the Participant’s participation prior to the Effective Amendment Date in the David’s Bridal, Inc. 401(k) Plan that merged into the May Profit Sharing Plan before the Effective Amendment Date (which part of such benefit is referred to in this Article 10A as the Participant’s “Profit Sharing Death Benefit” and which Account and Account portions to which the Profit Sharing Benefit is attributable are referred to in this Article 10A as the Participant’s “Profit Sharing Accounts”) when (and only when) the Participant’s beneficiary for purposes of such Profit Sharing Death Benefit is the Participant’s spouse. To the extent the provisions of this Article 10A apply, such provisions shall govern the payment of the Participant’s Profit Sharing Death Benefit, and the provisions of Article 10 above shall apply only to the remaining part of the death benefit under the Plan (with such remaining part being referred to in this Article 10A as the Participant’s “Savings Death Benefit” and with any reference to the Accounts of the Participant contained in Article 10 above being read to refer only to the Participant’s Accounts other than the Participant’s Profit Sharing Accounts).

10A.2 Time of Profit Sharing Death Benefit. If the Participant’s beneficiary for purposes of his or her Profit Sharing Death Benefit is his or her spouse, then the Participant’s Profit Sharing Death Benefit shall be distributed to his or her spouse within a reasonable administrative period after the later of the date the Employer or the Committee receives notice of the Participant’s death or the date the spouse provides a written consent to payment of such benefit (except that in no event, subject only to the Employer or the Committee receiving notice of the death, shall such benefit be distributed later than December 31 of the later of the calendar year next following the calendar year in which the Participant died or the calendar year in which the Participant would have attained age 70-1/2 had he or she survived).

10A.3 Normal Form of Profit Sharing Death Benefit. If the Participant’s beneficiary for purposes of his or her Profit Sharing Death Benefit is his or her spouse, then, subject to the other terms of this Article 10A, such Profit Sharing Death Benefit shall be paid to the spouse in the form of a Single Life Annuity.

10A.4 Election Out of Normal Form. If the spouse of a Participant is entitled to receive the Participant’s Profit Sharing Death Benefit in the form of a Single Life Annuity under Section 10A.3 above, the spouse may instead elect to waive such Single Life Annuity form and have such benefit paid in any specific optional form permitted the spouse under Section 10A.5 below, provided such election is made in writing to a Plan representative (on a form or writing prepared or approved by the Committee) both prior to the date on which the Profit Sharing Death Benefit is otherwise processed for distribution in the absence of this election and within the 180 day period ending on the date on which the Profit Sharing Death Benefit is distributed. The spouse may amend or revoke his or her election of an optional form under this Section 10A.4 by written notice filed with a Plan.
representative at any time before the Profit Sharing Death Benefit is processed for distribution to him or her under the Plan. The provisions of this Section 10A.4 shall not only be effective as of the Effective Amendment Date but shall also, for each Prior Plan that was in effect on January 1, 2007, be effective as of January 1, 2007 with respect to any distribution made under the Plan on or after such date (and, for this purpose, as if the other sections of this Article 10A were in effect as of January 1, 2007).

10A.5 Optional Forms. If the spouse of a Participant is entitled to receive the Participant’s Profit Sharing Death Benefit in the form of a Single Life Annuity under Section 10A.3 above, the spouse may elect to receive such benefit, in lieu of the Single Life Annuity form and provided all of the election provisions of Section 10A.4 above are met, in any of the following forms:

10A.5.1 A Life and Ten Year Certain Annuity;
10A.5.2 A Full Cash Refund Annuity;
10A.5.3 A Period Certain Annuity; or
10A.5.4 A lump sum payment. The amount of such lump sum payment shall be equal to the vested balance in the Participant’s Profit Sharing Accounts determined as of a date which is reasonably chosen by the Committee or a Committee representative to be sufficiently in advance of the distribution so as to allow the Committee time to process the distribution. Subject to Subsection 11.1.2 below, such lump sum payment shall be made in cash.

10A.6 Annuity Form of Benefit Rules. If a Participant’s Profit Sharing Death Benefit is paid in any annuity form to the Participant’s spouse under the provisions of this Article 10A, such annuity form shall be subject to the following subsections of this Section 10A.6.

10A.6.1 The distribution of any annuity under the provisions of this Article 10A shall be effected by the application of an amount equal to the vested balance of the Participant’s Profit Sharing Accounts (determined as of a date which is reasonably chosen by the Committee or a Committee representative to be sufficiently in advance of the distribution so as to allow the Committee time to process the distribution) to the purchase of a nontransferable annuity contract providing the applicable type of annuity form from an insurance company selected by the Committee and the subsequent forwarding of such contract to the Participant’s spouse. The purchase of such annuity shall be made on behalf of the Participant’s spouse as a part of the Plan’s administrative procedures. If the spouse receives the Savings Death Benefit under Article 10 above in the same annuity form as he or she receives the Participant’s Profit Sharing Death Benefit, the Committee may choose to purchase just one annuity contract to provide both such benefits.

10A.6.2 Any annuity contract provided under this Article 10A shall be purchased and distributed on an immediate basis (i.e., payments under the contract shall begin as of a date which coincides with or is within a reasonable administrative period after the date as of which such purchase is made and in no event later than any deadline set in the Plan for the commencement of the applicable benefit). As a result, the vested balance of the Participant’s Profit Sharing Accounts shall be maintained in the Plan until just before the annuity contract is to begin payments, at which time the contract shall be purchased.
10A.6.3 The distribution of an annuity contract under this Section 10A shall, for all purposes of the Plan, be deemed to constitute the full distribution of the benefit attributable to the Participant’s Profit Sharing Death Benefit which is due the Participant’s spouse.

10A.7 Required Lump Sum Form for Small Profit Sharing Death Benefit. Notwithstanding any other provision of the Plan to the contrary, if the spouse of a Participant is entitled to receive the Participant’s Profit Sharing Death Benefit under the provisions of this Article 10A, then the spouse shall automatically receive such benefit in the form of a lump sum payment (and not in any annuity form) if the value of such benefit at the time it is processed for distribution, when added to the value of any portion of the Savings Death Benefit which is payable to the spouse and which the spouse elects to receive in an annuity form, is $5,000 or less. The amount of such lump sum payment shall be equal to the vested balance in the Participant’s Profit Sharing Accounts determined as of a date which is reasonably chosen by the Committee or a Committee representative to be sufficiently in advance of the distribution so as to allow the Committee time to process the distribution. Subject to Subsection 11.1.2 below, such lump sum payment shall be made in cash.

10A.8 Annuity Definitions. For purposes of this Article 10A, a “Single Life Annuity,” “Life and Ten Year Certain Annuity,” “Full Cash Refund Annuity,” and “Period Certain Annuity” shall have the same meanings as are set forth for such terms in Section 10.5 above; except that any reference to a “beneficiary” contained in each such section shall be read for purposes of this Article 10A to refer to a “spouse.”

10A.9 Designation of Beneficiary. The spouse of a Participant shall automatically be deemed to be the beneficiary of the Participant’s Profit Sharing Death Benefit, unless no spouse survives the death of the Participant (or it is established to the satisfaction of a Plan representative that no spouse survives such death, the spouse cannot reasonably be located, or there exist other circumstances prescribed by the Secretary of the Treasury or his or her delegate which would warrant the disregarding of any need of a spousal consent to a different beneficiary if one had been attempted to be named by the Participant). If no spouse survives the death of the Participant (or it is established to the satisfaction of a Plan representative that no spouse survives such death, the spouse cannot reasonably be located, or there exist other circumstances prescribed by the Secretary of the Treasury or his or her delegate which would warrant the disregarding of any need for a spousal consent to a different beneficiary if one had been attempted to be named by the Participant), the Participant’s beneficiary for purposes of his or her Profit Sharing Death Benefit shall be deemed to be the same as his or her beneficiary determined under Section 10.6 above.
ARTICLE 11

ADDITIONAL DISTRIBUTION PROVISIONS

11.1 Cash or Share Form of Plan Payments.

11.1.1 Any payment made under the Plan to a Participant (or a beneficiary of the Participant) shall be made in cash except as is otherwise provided in Subsection 11.1.2 below.

11.1.2 A Participant (or a beneficiary of the Participant) may elect, with respect to any payment to be made to him or her under the Plan (other than a payment that is part of a series of annuity payments) and in a manner prescribed by the Committee prior to the date the payment is processed, that the payment is to be made partly in the form of common shares of Macy’s (for purposes of this Subsection 11.1.2, “Macy’s Shares”) if a part of the Participant’s Account portions from which the payment is being made is invested in the Macy’s Stock Fund (for purposes of this Subsection 11.1.2, the part of such Participant’s Account portions that is so invested in the Macy’s Stock Fund is referred to as the Participant’s “Macy’s Stock Fund Account Portion”). If such election is made, then such payment shall consist of: (i) to the extent sufficient Macy’s Shares are available under the Macy’s Stock Fund, Macy’s Shares equal to the quotient produced by dividing the balance of the Participant’s Macy’s Stock Fund Account Portion as of the date as of which the payment amount is determined under the other provisions of the Plan (for purposes of this Subsection 11.1.2, the “subject Valuation Date”) by the closing price (for purposes of this Subsection 11.1.2, the “subject Closing Price”) of a Macy’s Share on the latest trading day of the largest securities market in which Macy’s Shares are traded which occurs on or before the subject Valuation Date; and (ii) cash equal to the difference between the total amount or value of the payment and the value of the Macy’s Shares being distributed in the payment (as determined on the basis of the subject Closing Price of a Macy’s Share).

11.2 Allocation of Contributions After Distribution. Notwithstanding any provision of the Plan to the contrary, any contributions which are allocated to any Account of a Participant as of a date which is on or prior to the date of a complete distribution of the vested balance of such Account to the Participant (or his or her beneficiary) under Articles 9, 9A, 9B, 10, and/or 10A above but which are actually paid to the Trust after the date such distribution is processed and any contributions which both are allocated to such Account and actually paid to the Trust after the date such distribution is processed (such contributions being referred to under this Section 11.2 in either case as “late contributions”) shall be disregarded in the determination of the amount of the vested balance of such Account to be distributed. Instead, subject to the other provisions of the Plan, any late contributions (to the extent the Participant is vested in such amounts under the other provisions of the Plan) shall be paid within a reasonable administrative period after they are actually paid to the Trust to the Participant (or, if the Participant dies before such payment, to the appropriate beneficiary of the Participant under the other provisions of the Plan) in the same type of annuity form as is being paid to the Participant (or beneficiary) immediately prior to the payment of the late contributions (if the prior distribution was made in the form of an annuity under the other provisions of the Plan) or in a form of benefit which is in accordance with the other provisions of the Plan concerning benefit forms and assuming for such purpose that such late contributions were the sole retirement benefit applicable to the Participant (if the prior distribution was not made in any type of annuity form).
11.3  Determination of Proper Party For Distribution and Forfeiture When Proper Party Cannot Be Located.

11.3.1  The facts as shown by the records of the Committee at the time of any payment due under the Plan shall be conclusive as to the proper payee and of the amounts properly payable, and payment made in accordance with such state of facts shall constitute a complete discharge of any and all obligations under the Plan.

11.3.2  If a Participant (or a person, trust, or estate claiming through him or her) who is entitled to a benefit hereunder makes no timely claim for such benefit and the Committee cannot reasonably locate or know how to find the Participant (or such other person, trust, or estate), then such benefit may, in the discretion of the Committee, continue to be held for the Participant (or such other person, trust, or estate) or may be forfeited. If, however, such benefit is forfeited but the lost Participant (or person, trust, or estate claiming through him or her) thereafter makes a claim for the amount previously forfeited hereunder, such benefit shall be restored and paid to the proper party (without any interest credited on the previously forfeited benefit) within a reasonable administrative period thereafter. The restorals required under this Section 11.3 shall, to the extent provided in Section 9.5 above, be made from forfeitures arising in such Plan Year. If the amount of such forfeitures is insufficient to make all such required restorals, then the amount of such required restorals shall be made from a special contribution paid by the Employer to the Trust. Such contribution shall not be considered an Employer contribution for purposes of Section 7.1 or 7.2 above or a part of an annual addition (as defined in Subsection 7A.1.2(a) above) to the Plan.

11.4  Reemployed Participant. Notwithstanding any other provision of the Plan to the contrary, if a Participant in this Plan who ceased to be an Employee and became thereby entitled to the distribution of all or any part of his or her Accounts resumes employment as an Employee prior to his or her Required Commencement Date, the Committee shall then direct the Trustee to postpone or cease distribution of such Accounts, to the extent such action is administratively possible (e.g., no annuity contract has been purchased or lump sum payment made), until the Participant’s later termination of employment (or, if earlier, his or her Required Commencement Date).

11.5  Nonalienation of Benefits.

11.5.1  Except as is provided in (i) Section 206(d)(4) of ERISA and Section 401(a)(13)(C) of the Code and (ii) the provisions of Subsections 11.5.2 and 11.5.3 below, but to the extent otherwise permitted by law, no benefit payable under the Plan shall be subject in any manner to alienation, sale, transfer, assignment, pledge, encumbrance, or charge, whether voluntary or involuntary, nor shall any such benefit be in any manner liable for or subject to the debts, contracts, liabilities, engagements, or torts of the person entitled to such benefit.

11.5.2  The Committee shall, however, adopt procedures to allow benefits to be assigned in connection with qualified domestic relations orders (as defined in and in accordance with the provisions of Section 206(d)(3) of ERISA and Section 414(p) of the Code). In this regard, the Plan shall permit a lump sum payment to be made at any time to a Participant’s alternate payee (as also is defined in ERISA Section 206(d)(3) and Code Section 414(p)) if directed by a qualified domestic relations order, even if the Participant has not yet ceased to be an Employee and has not attained his or her earliest retirement date (again as defined in ERISA Section 206(d)(3) and Section 101.)
414(p) of the Code). Further, the Plan shall permit any such alternate payee to have the same rights to direct the investment of any part of any Account which is held under the Plan on behalf of the alternate payee pursuant to a qualified domestic relations order as a Participant would have.

11.5.3 In addition, if a beneficiary of a Participant under the Plan who is otherwise entitled to a benefit under the Plan files a qualified disclaimer with a Plan representative under which the beneficiary disclaims any interest in such benefit, then the Plan shall recognize such qualified disclaimer and distribute or otherwise deal with such benefit in accordance with the provisions of the Plan in a manner that assumes that the beneficiary making the qualified disclaimer never became a beneficiary of the Participant for purposes of the Plan. For purposes of the Plan, a “qualified disclaimer” of a beneficiary of a Participant under the Plan means an irrevocable and unqualified refusal by the beneficiary to accept any interest in Plan benefits, provided that all of the following requirements are met: (i) the purported disclaimer is in writing; (ii) the purported disclaimer is received by a Plan representative within nine months after the date of the Participant’s death; (iii) the beneficiary has not accepted or been paid any benefits under the Plan; (iv) as a result of the disclaimer the benefits of the Plan will pass to a person other than the beneficiary making the disclaimer; and (v) the purported disclaimer is determined by the Committee to meet any other requirements of Code Section 2518 in order to be considered a qualified disclaimer for purposes of such section and to meet any requirements of applicable state law.

11.6 Incompetency. Every person receiving or claiming benefits under the Plan shall be conclusively presumed to be mentally or legally competent and of age until the date on which the Committee receives written notice that such person is incompetent or a minor for whom a guardian or other person legally vested with the care of his or her person or estate has been appointed. If the Committee finds that any person to whom a benefit is payable under the Plan is unable to care for his or her affairs because he or she is incompetent or is a minor, any payment due (unless a prior claim therefor has been made by a duly appointed legal representative) may be paid to the spouse, a child, a parent, a brother, or a sister of such person, or to any person or institution deemed by the Committee to have incurred expense for such person. If a guardian of the estate of any person receiving or claiming benefits under the Plan is appointed by a court of competent jurisdiction, benefit payments may be made to such guardian provided that proper proof of appointment and continuing qualification is furnished in a form and manner acceptable to the Committee. Any payment made pursuant to this Section 11.6 shall be a complete discharge of liability therefor under the Plan.

11.7 Legal Distribution Limits. Notwithstanding any other provision of this Plan to the contrary, any payment of a retirement or death benefit in any form must meet and be in accordance with the distribution requirements of Section 401(a)(9) of the Code (as construed in regulations issued by the Secretary of the Treasury or his or her delegate under such Code section), including the incidental death benefit requirements which are referred to in such section, and such section is hereby incorporated by reference into this Plan.

11.8 Distribution Form Notices. The Plan shall provide a Participant (or a beneficiary) with notices as to the forms in which he or she may receive any retirement (or death) benefit to which he or she is entitled at such times as shall allow the person to make a choice among his or
her options. In this regard, the Plan shall provide any written explanations to a Participant (or a beneficiary) under Code Section 417(a)(3) to the extent such explanations apply to the Participant.

11.8.1 Further, if any distribution to a Participant made under the Plan is one to which Code Sections 401(a)(11) and 417 do not apply, such distribution may commence less than 30 days after the notice required under Treasury Regulations Section 1.411(a)-11(c) is given, provided that: (i) the Participant is clearly informed that he or she has a right to a period of at least 30 days after receiving the notice to consider the decision of whether or not to elect a distribution (and, if applicable, a particular distribution option); and (ii) the Participant, after receiving the notice, affirmatively elects a distribution.

11.8.2 In addition, to the extent any distribution to a Participant made under the Plan is one to which Code Sections 401(a)(11) and 417 apply, such distribution may commence less than 30 days after the notice required under Treasury Regulations Section 1.411(a)-11(c) is given, and the date as of which such distribution is made may be less than 30 days after any written explanation required by Code Section 417(a)(3) to be given the Participant is so provided, if the requirements of Treasury Regulations Section 1.417(e)-1(b)(3) are met.

11.9 **Direct Rollover Distributions.** Notwithstanding any provision of the Plan to the contrary that would otherwise limit a distributee’s election under this Section 11.9, a distributee may elect, at the time and in the manner prescribed by the Committee, to have any portion of an eligible rollover distribution otherwise payable to him or her paid directly to an eligible retirement plan specified by the distributee in a direct rollover. The provisions of this Section 11.9 shall not only be effective as of the Effective Amendment Date but shall also, for each Prior Plan that was in effect on January 1, 2007, be effective as of January 1, 2007 with respect to any distribution made under the Plan on or after such date.

11.9.1 For purposes of this Section 11.9, the following terms shall have the meanings indicated in the following paragraphs of this Subsection 11.9.1.

(a) An “eligible rollover distribution” means, with respect to any distributee, any distribution of all or any portion of the entire benefit otherwise payable under the Plan to the distributee, except that an eligible rollover distribution does not include: (i) any distribution that is one of a series of substantially equal periodic payments (not less frequently than annually) made for the life (or life expectancy) of the distributee or the joint lives (or joint life expectancies) of the distributee and the distributee’s designated beneficiary, or for a specified period of ten years or more; (ii) any distribution to the extent such distribution is required to be made under Section 401(a)(9) of the Code; (iii) any distribution that is made under the provisions of the Plan because of a hardship; or (iv) any other distribution that is not permitted to be directly rolled over to an eligible retirement plan under regulations of the Secretary of the Treasury or his or her delegate. For purposes of this paragraph (a), a portion of a distribution shall not fail to be an eligible rollover distribution merely because the portion consists of after-tax employee contributions which are not includible in gross income; however, such portion may be paid only to an individual retirement account or annuity described in Section 408(a) or (b) of the Code, an annuity contract described in 403(b) of the Code, or a qualified defined contribution plan described in Section 401(a) or 403(a) of the Code that agrees to separately account for amounts so transferred, including separately
accounting for the portion of such distribution which is includible in gross income and the portion of such distribution which is not so includible.

(b) An “eligible retirement plan” means, with respect to any distributee’s eligible rollover distribution, any of the following accounts, annuities, plans, or contracts that accepts the distributee’s eligible rollover distribution: an individual retirement account described in Section 408(a) of the Code; an individual retirement annuity described in Section 408(b) of the Code; a Roth IRA (as defined in Code Section 408A), but, if the eligible rollover distribution is made prior to January 1, 2010, only if the distributee meets the conditions applicable to making a qualified rollover distribution to a Roth IRA that are set forth in Code Section 408(c)(3)(B); an annuity plan described in Section 403(a) of the Code; an annuity contract described in Section 403(b) of the Code; an eligible plan under Section 457(b) of the Code which is maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or political subdivision of a state and which agrees to separately account for amounts transferred into such plan from this Plan; or a qualified trust described in Section 401(a) of the Code. This definition of eligible retirement plan shall also apply in the case of a distribution to a surviving spouse or to a spouse or former spouse who is the alternate payee under a qualified domestic relation order, as defined in Section 206(d)(3) of ERISA and Section 414(p) of the Code.

(c) A “distributee” means a Participant. In addition, a Participant’s surviving spouse, or a Participant’s spouse or former spouse who is the alternate payee under a qualified domestic relations order (as defined in Section 206(d)(3) of ERISA and Section 414(p) of the Code), is a distributee with regard to any interest of the Participant which becomes payable under the Plan to such spouse or former spouse.

(d) A “direct rollover” means, with respect to any distributee, a payment by the Plan to an eligible retirement plan specified by the distributee.

11.9.2 As a special rule and notwithstanding any other provision of this Section 11.9 to the contrary, if a person who is a designated beneficiary (as defined in Code Section 401(a)(9)(E) and including, to the extent provided in rules prescribed by the Secretary of the Treasury or his or her delegate, a trust established for the benefit of one or more designated beneficiaries) of a deceased Participant and who is not the Participant’s surviving spouse is entitled under the Plan to receive after December 31, 2009 (and, to the extent permitted under nondiscriminatory rules adopted by the Committee and in effect during all or part of the period between January 1, 2007 and December 31, 2009, to receive in the period between January 1, 2007 and December 31, 2009 when such rules are in effect) a Plan distribution that would be an eligible rollover distribution were such person a distributee, such person may elect to have all or a part of the distribution directly rolled over by the Plan to an inherited individual retirement account or annuity (within the meaning of Code Section 408(d)(3)(C)(ii) and any related provisions of the Code) to the extent permitted by and subject to the provisions of Section 402(c)(11) of the Code. However any direct rollover that is made prior to January 1, 2010 pursuant to the provisions of this Subsection 11.9.2 shall not be considered a direct rollover of an eligible rollover distribution for purposes of any withholding or notice requirements that normally apply under the Code to direct rollovers of eligible rollover distributions.

11.9.3 The Committee may prescribe reasonable rules in order to provide for the Plan to meet the provisions of this Section 11.9 and all rules of the Code that apply to direct rollovers.
of eligible rollover distributions. Any such rules shall comply with the provisions of Code Section 401(a)(31) and any applicable Treasury regulations which are issued with respect to the direct rollover requirements. For example, subject to meeting the provisions of Code Section 401(a)(31) and applicable Treasury regulations, the Committee may: (i) prescribe the specific manner in which a direct rollover shall be made by the Plan, whether by wire transfer to the eligible retirement plan, by mailing a check to the eligible retirement plan, by providing the distributee a check made payable to the eligible retirement plan and directing the distributee to deliver the check to the eligible retirement plan, and/or by some other method; (ii) prohibit any direct rollover of any eligible rollover distributions payable during a calendar year to a distributee when the total of such distributions is less than $200; and/or (iii) refuse to make a direct rollover of an eligible rollover distribution to more than one eligible retirement plan.

11.10 Distribution Restrictions. No withdrawal or distribution of any portion of a Participant’s Accounts may be distributed unless such withdrawal or distribution is authorized by another provision of this Plan. In addition, and notwithstanding any other provision of this Plan to the contrary, in no event may any amount held under the Plan which is attributable to the Participant’s Pre-Tax Elective Savings Contributions or Roth Elective Savings Contributions under this Plan be distributed earlier than (i) the Participant’s ceasing to be an Employee, (ii) the Participant’s death, (iii) the Participant’s Total Disability, (iv) the Participant’s attainment of age 59-1/2, (v) the hardship of the Participant (determined under the other provisions of the Plan), or (vi) any event described in Section 401(k)(10) of the Code (e.g., a lump sum payment made by reason of the termination of the Plan without the establishment or maintenance of another defined contribution plan other than an employee stock ownership plan).

11.11 Coverage of Pre-Effective Amendment Date Participants. Except as is otherwise specifically provided in this Plan, the provisions of this Plan only apply to persons who become Participants in this Plan under Article 4 above and to benefits which have not been paid prior to the Effective Amendment Date. However, any person who was a participant in one or more Prior Plans and, while never becoming a Participant in this Plan under Article 4 above, still had a nonforfeitable right to an unpaid benefit under the Prior Plans as of the date immediately preceding the Effective Amendment Date shall be considered a participant in this Plan to the extent of his or her interest in such benefit. The amount of such benefit, the form in which such benefit is to be paid, and the conditions (if any) which may cause such benefit not to be paid shall, except as is otherwise specifically provided in this Plan or in the Prior Plans, be determined solely by the versions of the Prior Plans in effect at the time he or she ceased to be an Employee.

11.12 Marriage Status. For all purposes of the Plan, a person shall be deemed to be a Participant’s spouse at any time only if he or she is at such time married to the Participant. The determination of a Participant’s spouse shall be determined in accordance with appropriate guidance issued by the Internal Revenue Service or U.S Department of Labor, including the Internal Revenue Service’s Revenue Ruling 2013-17 (to the extent the provisions of such ruling are not modified or superseded by subsequent guidance). Similarly, for all purposes of the Plan, a Participant shall be deemed to be married at any time only if a person is then considered his or her spouse under the provisions of the immediately preceding sentence.
ARTICLE 12

NAMED FIDUCIARIES

Any person, committee, or entity which is designated or appointed under the Plan (or under a procedure set forth in the Plan) to have any responsibility for the control, management, or administration of this Plan or the assets thereof (each such fiduciary being hereinafter referred to individually as a “Named Fiduciary” and collectively as the “Named Fiduciaries”) shall have only such powers and responsibilities as are expressed in the Plan or are provided for in the procedure by which he or she or it is designated or appointed, and any power or responsibility for the control, management, or administration of the Plan or Trust Fund which is not expressly allocated to any Named Fiduciary, or with respect to which an allocation is in doubt, shall be deemed allocated to Macy’s. Each Named Fiduciary shall have no responsibility to inquire into the acts or omissions of any other Named Fiduciary in the exercise of powers or the discharge of responsibilities assigned to such other Named Fiduciary under the Plan.

Any Named Fiduciaries may, by agreement among themselves, allocate any responsibility or duty, other than the responsibility of the Trustee for the management and control of the Trust Fund within the meaning of Section 405(c) of ERISA, assigned to a Named Fiduciary hereunder to one or more other Named Fiduciaries, provided, however, that any agreement respecting such allocation must be in writing and filed with the Committee for placement with the records of the Plan. No such agreement shall be effective as to any Named Fiduciary which is not a party thereto until such Named Fiduciary has received written notice of such agreement from the Named Fiduciaries involved. Any Named Fiduciary may, by written instrument filed with the Committee for placement with the records of the Plan, designate a person who is not a Named Fiduciary to carry out any of its responsibilities under the Plan, other than the responsibility of the Trustee for the management and control of the Trust Fund within the meaning of Section 405(c) of ERISA, provided, however, that no such designation shall be effective as to any other Named Fiduciary until such other Named Fiduciary has received written notice thereof.

Any Named Fiduciary, or a person designated by a Named Fiduciary to perform any responsibility of a Named Fiduciary pursuant to the procedure described in the preceding paragraph, may employ one or more persons to render advice with respect to any responsibility such Named Fiduciary has under the Plan or such person has by reason of such designation. A person may serve the Plan in more than one fiduciary capacity and may be a Participant.
ARTICLE 13

PENSION AND PROFIT SHARING COMMITTEE

13.1 Appointment of Committee. The Board shall appoint a Pension and Profit Sharing Committee, referred to in the Plan as the “Committee,” the members of which may be officers or other employees of the Employer or any other persons. The Committee shall be composed of not less than three members, each of whom shall serve at the pleasure of the Board, and vacancies in the Committee arising by reason of resignation, death, removal, or otherwise shall be filled by the Board. Any member may resign of his or her own accord by delivering his or her written resignation to the Board.

13.2 General Powers of Committee.

13.2.1 The Committee shall administer the Plan, is authorized to make such rules and regulations as it may deem necessary to carry out the provisions of the Plan, and is given complete discretionary authority to determine any person’s eligibility for benefits under the Plan, to construe the terms of the Plan, and to decide any other matters pertaining to the Plan’s administration. The Committee shall determine any question arising in the administration, interpretation, and application of the Plan, which determination shall be binding and conclusive on all persons (subject to the claims and appeal rights provided under Section 13.7 below). In the administration of the Plan, the Committee may: (i) employ or permit agents to carry out nonfiduciary and/or fiduciary responsibilities (other than trustee responsibilities as defined in Section 405(c)(3) of ERISA) and (ii) provide for the allocation of fiduciary responsibilities (other than trustee responsibilities as defined in Section 405(c)(3) of ERISA) among its members. Actions dealing with fiduciary responsibilities shall be taken in writing and the performance of agents, counsel, and fiduciaries to whom fiduciary responsibilities have been delegated shall be reviewed periodically.

13.2.2 Further, the Committee shall administer the Plan and adopt such rules and regulations as in the opinion of the Committee are necessary or advisable to implement and administer the Plan and to transact its business. In performing their duties, the members of the Committee shall act solely in the interest of the Participants of the Plan and their beneficiaries and:

(a) for the exclusive purpose of providing benefits to Participants and their beneficiaries and defraying reasonable expenses of administering the Plan;

(b) with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent man acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims; and

(c) in accordance with the documents and instruments governing the Plan insofar as such documents and instruments are consistent with the provisions of Title I of ERISA.

13.2.3 Notwithstanding the foregoing provisions of this Section 13.2, if the Committee cannot reasonably and economically determine or verify, with respect to an Employee or a class of Employees, service, compensation, date of hire, date of termination, or any other pertinent factor in the administration of the Plan, the Committee shall adopt, with respect to such Employee or class of Employees, reasonable and uniform assumptions regarding the determination
of such factor or factors, provided that no such assumption shall (i) discriminate in favor of Highly Compensated Employees, (ii) reduce or eliminate a protected benefit (within the meaning of Treasury Regulations Section 1.411(d)-4), or (iii) operate to the disadvantage of such Employee or class of Employees.

13.2.4 In addition, notwithstanding any other provision of the Plan to the contrary, the Committee may correct any actions or inactions made in the administration or operation of the Plan that it determines were made in error or in breach of the terms of the Plan, of applicable law, or of the duties of the Plan’s fiduciaries (and, if necessary to the correction, cause the Employer or any of the Plan’s fiduciaries to take actions with respect to the Plan that effect such corrections), provided that the corrective methods used by the Committee may not be inconsistent with any revenue procedures or other guidance issued by the Internal Revenue Service or the U.S. Department of Labor as to the manner in which corrections of actions or inactions made in the administration or operation of the Plan may be made.

13.2.5 In accordance with the provisions of Subsection 13.2.4 above but not in limitation of the Committee’s rights under such subsection, if any action that alleges that actions or inactions made in the administration or operation of the Plan were made in error or in breach of the terms of the Plan, of applicable law, or of the duties of the Plan’s fiduciaries is filed in a court of appropriate jurisdiction or is threatened to be so filed, either the applicable court issues a decision or the Committee (or the Plan Administrator) enters into a settlement agreement with the parties who filed or threatened to file such action, and such court decision or settlement agreement, as the case may be, calls for certain steps to be taken with respect to the Plan in order to correct such errors or breaches (which steps are not inconsistent with any revenue procedures or other guidance issued by the Internal Revenue Service or the U.S. Department of Labor as to the manner in which corrective actions involving the Plan may be made), then the Committee may cause such steps required by the court decision or settlement agreement to be effected.

13.2.6 Unless otherwise provided in the Trust, the Committee shall also establish guidelines with respect to the investment of all funds held by the Trustee under the Plan and to make or direct all investments pursuant thereto.

13.2.7 For purposes hereof, any party which has been authorized by the Plan or under a procedure authorized under the Plan to perform fiduciary and/or nonfiduciary administrative duties hereunder, whether such party is the Committee, Macy’s, an agent appointed or permitted by the Committee to carry out its duties, or otherwise, shall, when properly acting within the scope of his or her or its authority, sometimes be referred to in the Plan as a “Plan representative” or, if appointed by the Committee directly to be an agent thereof, a “Committee representative.”

13.3 Records of Plan. The Committee shall maintain or cause to be maintained records showing the fiscal transactions of the Plan and shall keep or cause to be kept in convenient form such data as may be necessary for valuations of assets and liabilities of the Plan. The Committee shall prepare or have prepared annually a report showing in reasonable detail the assets and liabilities of the Plan and giving a brief account of the operation of the Plan for the past Plan Year. In preparing this report, the Committee may rely on advice received from the Trustee or other persons or firms selected by it or may adopt a report on such matters prepared by the Trustee.
13.4 **Actions of Committee.** The Committee shall appoint a Chairman and a Secretary and such other officers, who may be, but need not be, members of the Committee, as it shall deem advisable. The Committee shall act by a majority of its members at the time in office, and any such action may be taken either by a vote at a meeting or in writing without a meeting. The Committee may by such majority action appoint subcommittees and may authorize any one or more of the members or any agent to execute any document or documents or to take any other action, including the exercise of discretion, on behalf of the Committee. The Committee may provide for the allocation of responsibilities for the operation and maintenance of the Plan.

13.5 **Compensation of Committee and Payment of Plan Administrative and Investment Charges.** Unless otherwise determined by the Board, the members of the Committee shall serve without compensation for services as such. All expenses of administration of the Plan (excluding brokerage fees, expenses related to securities transactions, and any taxes on the assets held in the Trust Fund, which expenses shall only be payable out of the Trust Fund), including, without limitation, the fees and charges of the Trustee, any investment manager, any attorney, any accountant, any specialist, or any other person employed by the Committee or the Employer in the administration of the Plan, shall be paid out of the Trust Fund (or, if the Employer so elects, by the Employer directly). In this regard, the Plan administrative and investment expenses which shall be paid out of the Trust Fund (unless the Employer elects to pay them itself) shall also include compensation payable to any employees of any Affiliated Employer who perform administrative or investment services for the Plan to the extent such compensation would not have been sustained had such services not been provided, to the extent such compensation can be fairly allocated to such services, to the extent such compensation does not represent an allocable portion of overhead costs or compensation for performing “settlor” functions (such as services incurred in establishing or designing the Plan), and to the extent such compensation does not fail for some other reason to constitute a “direct expense” within the meaning of U.S. Department of Labor Regulations Section 2550.408c-2(b)(3).

13.6 **Limits on Liability.** Macy’s and each other Employer shall hold each member of the Committee harmless from any loss, damage, or depreciation which may result in connection with the execution of his or her duties or the exercise of his or her discretion or from any other act or omission hereunder, except when due to his or her own gross negligence or willful misconduct. Macy’s and each other Employer shall indemnify and hold harmless each member of the Committee from any and all claims, losses, damages, expenses (including counsel fees approved by the Committee), and liabilities (including any amounts paid in settlement with the Committee’s approval) arising from any act or omission of such member, except when the same is judicially determined to be due to the gross negligence or willful misconduct of such member.

13.7 **Claim And Appeal Procedures.**

13.7.1 **Initial Claim.** In general, benefits due under this Plan shall be paid only if the applicable Participant or beneficiary of a deceased Participant elects (under administrative procedures established by the Committee) to receive such benefits, except to the extent otherwise required under the Plan. Further, if a Participant (or a person claiming through a Participant) has a dispute as to the failure of the Plan to pay or provide a benefit, as to the amount of benefit paid, or as to any other matter involving the Plan, the Participant (or such person) may file a claim for the benefit or relief believed by the Participant (or such person) to be due. Such claim must be
provided by written notice to the Committee or any other person or committee designated by the Committee for this purpose. Any claim made pursuant to this Subsection 13.7.1 shall be decided by the Committee (or any other person or committee designated by the Committee to decide the claim). (In general, a Committee representative, and not the Committee itself, will decide any claim made pursuant to this Subsection 13.7.1.)

13.7.2 Actions in Event Initial Claim is Denied.

(a) If a claim made pursuant to Subsection 13.7.1 above is denied, in whole or in part, notice of the denial in writing shall be furnished by the Committee (or any other person or committee designated by the Committee to decide the claim) to the claimant within 90 days (or, if a Participant’s disability is material to the claim, 45 days) after receipt of the claim by the Committee (or such other person or committee); except that if special circumstances require an extension of time for processing the claim, the period in which the Committee (or such other person or committee) is to furnish the claimant written notice of the denial shall be extended for up to an additional 90 days (or, if a Participant’s disability is material to the claim, 30 days), and the Committee (or such other person or committee) shall provide the claimant within the initial 90-day period (or, if applicable, 45 day period) a written notice indicating the reasons for the extension and the date by which the Committee (or such other person or committee) expects to render the final decision.

(b) The final notice of denial shall be written in a manner designed to be understood by the claimant and set forth: (i) the specific reasons for the denial, (ii) specific reference to pertinent Plan provisions on which the denial is based, (iii) a description of any additional material or information necessary for the claimant to perfect the claim and an explanation of why such material or information is necessary, and (iv) information as to the steps to be taken if the claimant wishes to appeal such denial of his or her claim (including, the time limits applicable to making a request for an appeal and, if the claim involves a claim for benefits, a statement of the claimant’s right to bring a civil action under Section 502(a) of ERISA following an adverse benefit determination on appeal).

13.7.3 Appeal of Denial of Initial Claim. Any claimant who has a claim denied under Subsections 13.7.1 and 13.7.2 above may appeal the denied claim. The Committee (or any other person or committee designated by the Committee to perform this review) shall decide such appeal. (In general, the Committee, and not a Committee representative, will decide any appeal of a denied claim made pursuant to this Subsection 13.7.3.)

(a) Such an appeal must, in order to be considered, be filed by written notice to the Committee (or such other person or committee designated by the Committee to perform this review) within 60 days (or, if a Participant’s disability is material to the claim, 180 days) of the receipt by the claimant of a written notice of the denial of his or her initial claim from the Committee.

(b) If any appeal is filed in accordance with such rules, the claimant: (i) shall be provided the opportunity to submit written comments, documents, records, and other information relating to the claim; and (ii) shall be given, upon request and free of charge, reasonable access to and copies of all documents, records, and other information relevant to the claim. A formal

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hearing may be allowed in its discretion by the Committee (or such other person or committee) but is not required.

13.7.4 Decision on Appeal. Upon any appeal of a denied claim made pursuant to Subsection 13.7.3 above, the Committee (or such other person or committee with authority to decide the appeal) shall provide a full and fair review of the subject claim, taking into account all comments, documents, records, and other information submitted by the claimant (without regard to whether such information was submitted or considered in the initial benefit determination of the claim), and decide the appeal within 60 days (or, if a Participant’s disability is material to the claim, 45 days) after the filing of the appeal; except that if special circumstances require an extension of time for processing the appeal, the period in which the appeal is to be decided shall be extended for up to an additional 60 days (or, if a Participant’s disability is material to the claim, 45 days) and the party deciding the appeal shall provide the claimant written notice of the extension prior to the end of the initial 60-day period (or, if applicable, 45-day period). However, if the decision on the appeal is extended due to the claimant’s failure to submit information necessary to decide the appeal, the period for making the decision on the appeal shall be tolled from the date on which the notification of the extension is sent until the date on which the claimant responds to the request for additional information.

(a) The decision on appeal shall be set forth in a writing designed to be understood by the claimant, specify the reasons for the decision and references to pertinent Plan provisions on which the decision is based, and contain statements that the claimant is entitled to receive, upon request and free of charge, reasonable access to and copies of all documents, records, and other information relevant to the claim and, if the claim involves a claim for benefits, of the claimant’s right to bring a civil action under Section 502(a) of ERISA.

(b) The decision on appeal shall be furnished to the claimant by the Committee (or such other person or committee with authority to decide the appeal) within the period described above that the Committee (or such other party) has to decide the appeal.

13.7.5 Special Disability Claims and Appeal Rules. In the event a Participant’s disability is material to a claim or an appeal of a denied claim made under this Section 13.7, the following paragraphs of this Subsection 13.7.5 shall also apply to such claim or appeal, notwithstanding any other provisions set forth in this Section 13.7 which may be read to the contrary.

(a) If a Participant’s disability is material to a claim or an appeal of a denied claim made under this Section 13.7, then the written notice as to any denial of the initial claim or the written notice as to the decision on the appeal, as appropriate, shall to the extent applicable include the information described in subparagraphs (1) and (2) of this paragraph (a).

(1) If an internal rule, guideline, protocol, or other similar criterion (for purposes of this paragraph (a) and collectively, a “rule”) was relied upon in making an adverse determination on the initial claim or on the appeal, then the applicable written notice (as to the denial of the initial claim or as to the decision on the appeal) shall contain either the specific rule or a statement that such rule was relied upon in making the adverse determination or the decision and that a copy of that rule will be provided to the claimant free of charge upon request.
(2) In addition, if an adverse determination on the initial claim or on the appeal is based on a medical necessity or experimental treatment or similar exclusion or limit, then the applicable written notice (as to the denial of the initial claim or as to the decision on the appeal) shall contain either an explanation of the scientific or clinical judgment for the determination, applying the terms of the Plan to the Participant’s medical circumstances, or a statement that such explanation will be provided to the claimant free of charge upon request.

(b) Further, if a Participant’s disability is material to an appeal of a denied claim made under this Section 13.7, then:

(1) the claim shall be reviewed on the appeal without deference to the initial adverse benefit determination and the review shall be conducted by an appropriate fiduciary of the Plan who is neither the individual who made the initial adverse benefit determination that is the subject of the appeal nor the subordinate of such individual;

(2) in the event the initial adverse benefit determination was based in whole or part on medical judgment, an appropriate Plan fiduciary shall, in considering such medical judgment under the appeal, consult with a health care professional who has appropriate training and experience in the field of medicine involved in the medical judgment (and who is neither an individual who was consulted in connection with the initial adverse benefit determination that is the subject of the appeal nor the subordinate of any such individual); and

(3) any medical or vocational experts whose advice was obtained on behalf of the Plan in connection with the initial adverse benefit determination shall be identified, without regard to whether the advice was relied upon in making the benefit determination.

13.7.6 Additional Rules. A claimant may appoint a representative to act on his or her behalf in making or pursuing a claim or an appeal of a claim. Unless otherwise required by applicable law, a claimant must exhaust his or her claim and appeal rights provided under this Section 13.7 in order to be entitled to file a civil suit under Section 502(a) of ERISA as to his or her claim. In addition, the Committee may prescribe additional rules which are consistent with the other provisions of this Section 13.7 in order to carry out the Plan’s claim and appeal procedures.

13.8 Limits on Duties. Except as is otherwise required by ERISA, the Committee shall have no duty to verify independently any information supplied by the Employer and shall have no duty or responsibility to collect from the Employer all or any portion of any Employer contribution to the Plan. The Committee also shall have no duty or responsibility to verify the status of any Employee or former Employee under this Plan or to determine the identity or address of any person who is or may become entitled to the payment of any benefit from this Plan, and the Committee shall be entitled to delay taking any action respecting the payment of any benefit until the identity of the person entitled to such benefit and his or her address have been certified by the Employer.
ARTICLE 14

TERMINATION OR AMENDMENT

14.1 Right to Terminate or Discontinue Contributions. Macy’s and each other Employer expects this Plan to be continued indefinitely, but Macy’s reserves the right to terminate the Plan in its entirety or to completely discontinue contributions to the Plan. The procedure for Macy’s to terminate this Plan in its entirety or to completely discontinue contributions to the Plan is as follows. In order to terminate the Plan in its entirety or to completely discontinue contributions to the Plan, the Board shall adopt resolutions, pursuant and subject to the regulations or by-laws of Macy’s and any applicable law, and either at a duly called meeting of the Board or by a written consent in lieu of a meeting, to take such action with respect to the Plan. Such resolutions shall set forth therein the effective date of the Plan’s termination or the date contributions shall cease being made to the Plan.

14.2 Full Vesting Upon Termination or Complete Discontinuance of Contributions. Should this Plan be completely terminated, should a partial termination of this Plan occur under any other facts and circumstances, or should contributions to the Plan be completely discontinued, then each affected Participant shall immediately become fully vested and nonforfeitable in his or her Plan Accounts (determined as of the date of the complete or partial termination or complete discontinuance of contributions).

14.3 Effect of Termination of Plan.

14.3.1 Upon a complete termination of the Plan, the Committee shall determine, and direct the Trustee accordingly, from among the following methods, the method of discharging and satisfying all obligations on behalf of Participants affected by the complete termination:

(a) by the continuation of the Trust and the distribution to Participants and their beneficiaries of the Participants’ Plan Accounts due under the terms of the Plan as in effect immediately prior to the complete termination;

(b) by the liquidation and distribution of the assets of the Trust;

(c) by the purchase of annuity contracts; or

(d) by a combination of such methods.

Any distributions made by reason of the complete termination of the Plan shall continue to meet the provisions of the Plan concerning the form in which distributions from the Plan must be made.

14.3.2 Any amounts held under the Trust which are not able to be used to pay remaining unpaid expenses of the Plan, or allocated to any Participants’ Accounts under the terms of the Plan as of the date of a complete termination of the Plan (treating such date as if it were the same as the last day of a Plan Year), shall be allocated among the Matching Accounts of those Participants who were employed as Covered Employees during the Plan Year in which the Plan’s complete termination occurs, in proportion to each such Participant’s Compensation for the period beginning on the first day of the Plan Year in which such complete termination occurs and ending
on the date of such complete termination (and, to the extent such amounts cannot be allocated to any Participants’ Accounts by reason of the maximum annual addition limitations of the Plan set forth in Article 7A above, they shall be returned to the Employer).

14.4 Amendment of Plan.

14.4.1 Subject to the other provisions of this Section 14.4, Macy’s may amend this Plan at any time and from time to time in any respect, provided that no such amendment shall make it possible, at any time prior to the satisfaction of all liabilities with respect to Participants, for any part of the income or corpus of the Trust Fund to be used for or diverted to any purpose other than for the exclusive benefit of Participants and their beneficiaries and the defraying of reasonable expenses of the Plan. The procedure for Macy’s to amend this Plan is described in the following paragraphs of this Subsection 14.4.1.

(a) Subject to paragraph (b) below, in order to amend the Plan, the Board shall adopt resolutions, pursuant and subject to the regulations or by-laws of Macy’s and any applicable law, and either at a duly called meeting of the Board or by a written consent in lieu of a meeting, to amend this Plan. Such resolutions shall either (i) set forth the express terms of the Plan amendment or (ii) simply set forth the nature of the amendment and direct an officer of Macy’s or any other Macy’s employee to have prepared and to sign on behalf of Macy’s the formal amendment to the Plan. In the latter case, such officer or employee shall have prepared and shall sign on behalf of Macy’s an amendment to the Plan which is in accordance with such resolutions.

(b) In addition to the procedure for amending the Plan set forth in paragraph (a) above, the Board may also adopt resolutions, pursuant and subject to the regulations or by-laws of Macy’s and any applicable law, and either at a duly called meeting of the Board or by a written consent in lieu of a meeting, to delegate to either (i) any committee of the Board (for purposes of this paragraph (b), a “Board committee”), including any Executive Committee or Compensation Committee of the Board, or (ii) any officer of Macy’s the authority to amend the Plan.

(1) Such resolutions may either grant the applicable Board committee or officer (as the case may be) broad authority to amend the Plan in any manner the Board committee or the officer deems necessary or advisable or may limit the scope of amendments the Board committee or the officer may adopt, such as by limiting such amendments to matters related to the administration of the Plan or to changes requested by the Internal Revenue Service.

(2) In the event of any such delegation to amend the Plan that is given a Board committee, the Board committee shall amend the Plan by having prepared an amendment to the Plan which is within the scope of amendments which it has authority to adopt and causing such amendment to be signed on Macy’s and its behalf by any member of the Board committee or by any officer or other employee of Macy’s. In the event of any such delegation to amend the Plan that is given an officer of Macy’s, the officer shall amend the Plan by having prepared and signing on behalf of Macy’s an amendment to the Plan which is within the scope of amendments which he or she has authority to adopt.
Any delegation to amend the Plan that is effected pursuant to the provisions of this paragraph (b) may be terminated at any time by later resolutions adopted by the Board. Further, in the event of any such delegation to amend the Plan, and even while such delegation remains in effect, the Board shall continue to retain its own right to amend the Plan pursuant to the procedure set forth in paragraph (a) above.

14.4.2 It is provided, however, that, except as is otherwise permitted in Section 411(d)(6) of the Code or in Treasury regulations issued thereunder, no amendment to the Plan (including any change made by this Plan restatement) shall decrease any Participant’s Account balances as determined at the later of the adoption of the amendment or the amendment’s effective date. In addition, except as is otherwise permitted in Section 411(d)(6) of the Code or in Treasury regulations issued thereunder, no amendment to the Plan (including any change made by this Plan restatement) which eliminates or reduces an early retirement benefit or eliminates an optional form of benefit shall be permitted with respect to any Participant who meets (either before or after the amendment) the pre-amendment conditions for such early retirement or optional form of benefit, to the extent such early retirement or optional form of benefit is based and calculated on the basis of the Participant’s Account balances as determined at the later of the adoption of the amendment or the amendment’s effective date.

14.4.3 Also, notwithstanding any other provisions hereof to the contrary, no Plan amendment (including any change made by this Plan restatement) which changes any vesting schedule or affects the computation of the nonforfeitable percentage of Accounts under the Plan shall be deemed to reduce the Participant’s vested percentage of the portion of any Account that reflects the Account’s balance as of the later of the date such amendment is adopted or the date such amendment becomes effective (and subsequent Trust income and losses attributable to such Account balance) below the vested percentage that would apply to such Account portion had such amendment never been adopted.

14.4.4 Further, notwithstanding any other provisions hereof to the contrary, if a Plan amendment (including any change made by this Plan restatement) is adopted which changes any vesting schedule under the Plan or if the Plan is amended in any way which directly or indirectly affects the computation of a Participant’s nonforfeitable percentage, each Participant who has completed at least three years of Vesting Service (as defined in Subsection 3.1.7 above, disregarding for this purpose paragraph (d) of Subsection 3.1.7 above) may elect, within the election period, to have his or her nonforfeitable percentage computed under the Plan without regard to such amendment. For purposes hereof, the “election period” is a period which begins on the date the Plan amendment is adopted and ends on the date which is 60 days after the latest of the following days: (i) the day the Plan amendment is adopted; (ii) the day the Plan amendment becomes effective; or (iii) the day the Participant is issued a written notice of the Plan amendment by Macy’s or the Committee.
ARTICLE 15

TOP HEAVY PROVISIONS

15.1 Determination of Whether Plan Is Top Heavy. For purposes of this Article 15, this Plan shall be considered a “Top Heavy Plan” for any Plan Year (for purposes of the first two sentences of this Section 15.1, the “subject Plan Year”) if, and only if, (i) this Plan is an Aggregation Group Plan during at least part of the subject Plan Year, and (ii) the ratio of the total Present Value of all accrued benefits of Key Employees under all Aggregation Group Plans to the total Present Value of all accrued benefits of both Key Employees and Non-Key Employees under all Aggregation Group Plans equals or exceeds 0.6. All calculations called for in clauses (i) and (ii) above with respect to this Plan and with respect to the subject Plan Year shall be made as of this Plan’s Determination Date which is applicable to the subject Plan Year, and all calculations called for under clause (ii) above with respect to any Aggregation Group Plan other than this Plan and with respect to the subject Plan Year shall be made as of that plan’s Determination Date which is applicable to such plan’s plan year that has its Determination Date fall within the same calendar year as the Determination Date being used by this Plan for the subject Plan Year. For the purpose of this Article 15, the terms defined in the following subsections of this Section 15.1 shall have the meanings set forth in such following subsections.

15.1.1 Aggregation Group Plan. “Aggregation Group Plan” refers, with respect to any plan year of such plan, to a plan (i) which qualifies under Code Section 401(a), (ii) which is maintained by an Affiliated Employer, and (iii) which either includes a Key Employee as a participant (determined as of the Determination Date applicable to such plan year) or allows another plan qualified under Code Section 401(a), maintained by an Affiliated Employer, and so including at least one Key Employee as a participant to meet the requirements of Section 401(a)(4) or Section 410(b) of the Code. In addition, if Macy’s so decides, any plan which meets clauses (i) and (ii) but not (iii) of the immediately preceding sentence with respect to any plan year of such plan shall be treated as an “Aggregation Group Plan” for such plan year if the group of such plan and all other Aggregation Group Plans will meet the requirements of Sections 401(a)(4) and 410(b) of the Code with such plan being taken into account.

15.1.2 Determination Date. The “Determination Date” which is applicable to any plan year of an Aggregation Group Plan refers to the last day of the immediately preceding plan year (except that, for the first plan year of such a plan, the “Determination Date” applicable to such plan year shall be the last day of such first plan year).

15.1.3 Key Employee. With respect to any Aggregation Group Plan and as of any Determination Date that applies to a plan year of such plan, a “Key Employee” refers to a person who at any time during the plan year ending on the subject Determination Date is:

(a) An officer of an Affiliated Employer, provided such person receives compensation from the Affiliated Employers of an amount greater than the dollar amount set forth in Section 416(i)(1)(A)(i) of the Code, as such amount is adjusted under Code Section 416(i) by the Secretary of the Treasury or his or her delegate for the applicable plan year. For this purpose, no more than 50 employees (or, if less, the greater of three or 10% of the employees of all of the Affiliated Employers) shall be treated as officers;
(b) A 5% or more owner of any Affiliated Employer; or

(c) A 1% or more owner of any Affiliated Employer who receives compensation of $150,000 or more from the Affiliated Employers for the applicable plan year.

For purposes of paragraphs (b) and (c) above, a person is considered to own 5% or 1%, as the case may be, of an Affiliated Employer if he or she owns (or is considered as owning within the meaning of Code Section 318, except that subparagraph (C) of Code Section 318(a)(2) shall be applied by substituting “5%” for “50%”) at least 5% or 1%, as the case may be, of either the outstanding stock or the voting power of all stock of the Affiliated Employer (or, if the Affiliated Employer is not a corporation, at least 5% or 1%, as the case may be, of the capital or profits interests in the Affiliated Employer). Further, for purposes of this entire Subsection 15.1.3, the term “Key Employee” includes any person who is deceased as of the subject Determination Date but who when alive had been a Key Employee at any time during the plan year ending on the subject Determination Date, and any accrued benefit payable to his or her beneficiary shall be deemed to be the accrued benefit of such person.

15.1.4 **Non-Key Employee.** With respect to any Aggregation Group Plan and as of any Determination Date that applies to a plan year of such plan, a “Non-Key Employee” refers to a person who at any time during the plan year ending on the subject Determination Date is an employee of an Affiliated Employer and who has never been considered a Key Employee as of such or any earlier Determination Date. Further, for purposes of this Subsection 15.1.4, the term “Non-Key Employee” includes any person who is deceased as of the subject Determination Date and who when alive had been an employee of an Affiliated Employer at any time during the plan year ending on the subject Determination Date, but had not been a Key Employee as of the subject or any earlier Determination Date, and any accrued benefit payable to his or her beneficiary shall be deemed to be the accrued benefit of such person.

15.1.5 **Present Value of Accrued Benefits.**

(a) For any Aggregation Group Plan which is a defined benefit plan (as defined in Code Section 414(j)), including such a plan which has been terminated, the “Present Value” of a participant’s accrued benefit, as determined as of any Determination Date, refers to the lump sum value (calculated as of the latest Valuation Date which coincides with or precedes such Determination Date and in accordance with the actuarial assumptions referred to in the next sentence) of the monthly retirement or termination benefit which the participant had accrued under such plan to such Valuation Date. For this purpose, the actuarial assumptions to be used shall be the actuarial assumptions used by the actuary for the plan in its valuation of the plan as of the subject Valuation Date. Also, for this purpose, such accrued monthly retirement or termination benefit is calculated as if it was to first commence as of the first day of the month next following the month the participant first attains his or her normal retirement age under such plan (or, if such normal retirement age had already been attained, as of the first day of the month next following the month in which occurs such Valuation Date) and as if it was to be paid in the form of a single life annuity. Further, the accrued benefit of any participant under such plan (other than a participant who is a Key Employee) shall be determined under the method which is used for accrual purposes for all defined benefit plans of the Affiliated Employers (or, if there is no such method, as if such benefit accrued not more rapidly than the slowest accrual rates permitted under the fractional rule of Section 411(b)(1)(C) of
the Code). In addition, the dollar amount of any distributions made from the plan (including the value of any annuity contract distributed from the plan) actually paid to such participant prior to the subject Valuation Date but still within the plan year ending on the subject Determination Date (or, when the distribution is made other than by reason of the participant’s severance from service from the Affiliated Employers, his or her death, or his or her disability, the five consecutive plan years ending on the subject Determination Date) shall be added in calculating such “Present Value” of the participant’s accrued benefit.

(b) For any Aggregation Group Plan which is a defined contribution plan (as defined in Code Section 414(i)), including such a plan which has been terminated, the “Present Value” of a participant’s accrued benefit, as determined as of any Determination Date, refers to the sum of (i) the total of the participant’s account balances under the plan (valued as of the latest Valuation Date which coincides with or precedes such Determination Date), and (ii) an adjustment for contributions due as of such Determination Date. In the case of a profit sharing or stock bonus plan, the adjustment in clause (ii) of the immediately preceding sentence shall be the amount of the contributions, if any, actually made after the subject Valuation Date but on or before such Determination Date (and, in the case of the first plan year, any amounts contributed to the plan after such Determination Date which are allocated as of a date in such first plan year). In the case of a money purchase pension or target benefit plan, the adjustment in clause (ii) of the first sentence of this paragraph (b) shall be the amount of the contributions, if any, which are either actually made or due to be made after the subject Valuation Date but before the expiration of the period allowed for meeting minimum funding requirements under Code Section 412 for the plan year which includes the subject Determination Date. In addition, the value of any distributions made from the plan (including the value of any annuity contract distributed from the plan) actually paid to such participant prior to the subject Valuation Date but still within the plan year ending on the subject Determination Date (or, when the distribution is made other than by reason of the participant’s separation from service from the Affiliated Employers, his or her death, or his or her disability, the five consecutive plan years ending on the subject Determination Date) shall be added in calculating such “Present Value” of the participant’s accrued benefit.

(c) In the case of any rollover (as defined in the appropriate provisions of the Code), or a direct plan-to-plan transfer, to or from a subject Aggregation Group Plan, which rollover or transfer is both initiated by a participant and made between a plan maintained by an Affiliated Employer and a plan maintained by an employer other than an Affiliated Employer, (i) the Aggregation Group Plan, if it is the plan from which the rollover or transfer is made, shall count the amount of the rollover or transfer as a distribution made as of the date such amount is distributed by such plan in determining the “Present Value” of the participant’s accrued benefit under paragraph (a) or (b) above, as applicable, and (ii) the Aggregation Group Plan, if it is the plan to which the rollover or transfer is made, shall not so consider the amount of the rollover or transfer as part of the participant’s accrued benefit in determining such “Present Value” if such rollover or transfer was or is accepted after December 31, 1983 and shall so consider such amount if such rollover or transfer was accepted prior to January 1, 1984.

(d) In the case of any rollover (as defined in the appropriate provisions of the Code), or a direct plan-to-plan transfer, to or from a subject Aggregation Group Plan, which rollover or transfer is not described in paragraph (c) above, (i) the subject Aggregation Group Plan, if it is the plan from which the rollover or transfer is made, shall not consider the amount of the
rollover or transfer as part of the participant’s accrued benefit in determining the “Present Value” thereof under paragraph (a) or (b) above, as applicable, and (ii) the subject Aggregation Group Plan, if it is the plan to which the rollover or transfer is made, shall consider the amount of the rollover or transfer when made as part of the participant’s accrued benefit in determining such “Present Value.”

(e) As is noted in paragraphs (a) and (b) above, the “Present Value” of any participant’s accrued benefit under any Aggregation Group Plan (that is either a defined benefit plan or a defined contribution plan) as of any Determination Date includes the value of any distribution from such a plan actually paid to such participant prior to the last Valuation Date which coincides with or precedes such Determination Date but still within the plan year ending on the subject Determination Date (or, when the distribution is made other than by reason of the participant’s severance from service from the Affiliated Employers, his or her death, or his or her disability, the five consecutive plan years ending on the subject Determination Date). This rule shall also apply to any distribution under any terminated defined benefit or defined contribution plan which, if it had not been terminated, would have been required to be included as an Aggregation Group Plan.

(f) Notwithstanding the foregoing provisions, the “Present Value” of a participant’s accrued benefit under any Aggregation Group Plan (that is either a defined benefit plan or a defined contribution plan) as of any Determination Date shall be deemed to be zero if the participant has not performed services for any Affiliated Employer at any time during the plan year ending on the subject Determination Date.

15.1.6 Valuation Date. A “Valuation Date” refers to: (i) in the case of an Aggregation Group Plan that is a defined benefit plan (as defined in Code Section 414(j)), the date as of which the plan actuary computes plan costs for minimum funding requirements under Code Section 412 (except that, for an Aggregation Group Plan that is a defined benefit plan which has terminated, a “Valuation Date” shall be deemed to be the same as a Determination Date); and (ii) in the case of an Aggregation Group Plan that is a defined contribution plan (as defined in Code Section 414(i)), the date as of which plan income, losses, and/or contributions are allocated to plan accounts of participants.

15.1.7 Compensation. For purposes hereof, a participant’s “compensation” shall refer to his or her Compensation as defined in Subsection 2.1.6 above.

15.2 Effect of Top Heavy Status on Vesting

15.2.1 For any Plan Year in which this Plan is considered a Top Heavy Plan, each Participant who completes at least one Hour of Service in such year and who is not fully vested in any of his or her Accounts under Section 7.12 above shall be deemed fully vested in all such Accounts if he or she has completed by the end of such year at least three years of Vesting Service.

15.2.2 For any Plan Year in which this Plan is not considered a Top Heavy Plan, the provisions of this Section 15.2 shall not be effective; except that, if the Plan is not a Top Heavy Plan in a Plan Year after the Plan was considered a Top Heavy Plan in the immediately preceding Plan Year, any change back to the appropriate vesting schedule or provisions set forth in Section

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7.12 above shall be considered an amendment to the vesting schedule (effective and adopted as of the first day of such new Plan Year) for purposes of Subsections 14.4.3 and 14.4.4 above.

15.3 Effect of Top Heavy Status on Contributions.

15.3.1 Subject to Subsections 15.3.2 and 15.3.3 below, for any Plan Year in which this Plan is considered a Top Heavy Plan, the amount of the employer contributions and forfeitures allocated under all Aggregation Group Plans which are defined contribution plans (as defined in Code Section 414(i)) for such Plan Year to the accounts of a Participant who is a Non-Key Employee on the last day of such Plan Year (excluding any contributions made on behalf of the Non-Key Employee by reason of his or her election under an arrangement qualifying under Section 401(k) of the Code and also excluding any matching contributions within the meaning of Code Section 401(m)(4)(A) which are allocated to an account of the Non-Key Employee) must be at least equal to the lesser of (i) 3% of the Participant’s compensation for such Plan Year or (ii) the largest allocation of contributions and forfeitures made for such Plan Year to the accounts of a Participant who is a Key Employee as of the Determination Date applicable to such Plan Year under all such Aggregation Group Plans (measured as a percent of the Key Employee’s compensation for such Plan Year and including both any contributions made on behalf of the Key Employee by reason of his or her election under an arrangement qualifying under Section 401(k) of the Code and any matching contributions within the meaning of Code Section 401(m)(4)(A) which are allocated to an account of the Key Employee). To the extent necessary, and regardless of the existence of current or accumulated profits, the Employer shall make additional contributions to this Plan which are just allocable to the Accounts of Participants who are Non-Key Employees so that the requirement set forth in the immediately preceding sentence is met for the subject Plan Year.

15.3.2 Notwithstanding the provisions of Subsection 15.3.1 above but subject to the provisions of Subsection 15.3.3 below, in the case of any Non-Key Employee who participates in both this Plan and another Aggregation Group Plan that is a defined benefit plan (as defined in Code Section 414(j)) which is maintained by an Affiliated Employer or in which an Affiliated Employer participates, the provisions of Subsection 15.3.1 shall be inapplicable if the Affiliated Employer causes such defined benefit plan to provide an accrued benefit (attributable only to employer contributions) for such Non-Key Employee which, if expressed as a single life annuity commencing on the first day of the month next following the month in which the Non-Key Employee attains his or her Normal Retirement Age, shall be equal at least to the product of (i) 2% of the Non-Key Employee’s average annual compensation for the five consecutive calendar years which produce the highest result and (ii) the Non-Key Employee’s years of service (up to but not exceeding ten such years). For purposes of computing the product in the foregoing sentence: (i) compensation received in any Plan Year which began prior to January 1, 1984 and in any calendar year which begins after the end of the last Plan Year in which the Plan is considered a Top Heavy Plan shall all be disregarded; and (ii) years of service shall refer generally to years of Vesting Service except that years of service for this purpose shall not include the period of any Plan Year which began prior to January 1, 1984, any Plan Year as of which the Plan is not considered a Top Heavy Plan, or any period which occurs during a Plan Year when the Plan benefits (within the meaning of Section 410(b) of the Code) no Key Employee or former Key Employee.

15.3.3 Notwithstanding the foregoing provisions of Subsections 15.3.1 and 15.3.2 above, such provisions shall not apply so as to cause any additional contribution or benefit to be
provided a Participant for a Plan Year under an Aggregation Group Plan maintained by an Affiliated Employer or in which an Affiliated Employer participates if (i) such Participant actively participates in an Aggregation Group Plan maintained by an Affiliated Employer at a date in the applicable Plan Year which is later than the latest date in such year on which he or she actively participates in this Plan and (ii) such other plan provides for the same contribution or benefit as would otherwise be required under Subsections 15.3.1 and 15.3.2 above for such Plan Year.
ARTICLE 16

ESOP AND PROFIT SHARING PARTS OF PLAN

The provisions of this Article 16 shall apply notwithstanding any other provision of the Plan that might be read to the contrary.

16.1 Special Definitions. For purposes of all of the following subsections of this Article 16: (i) the term “Common Shares” shall refer to common shares of Macy’s; (ii) the term “Macy’s Stock Fund ESOP Portion” shall refer to the portion of the Macy’s Stock Fund (which invests primarily in Common Shares) that is not allocated under the other provisions of the Plan to any portion of the Participants’ Accounts that are subject to the distribution rules of Article 9B above; (iii) the term “Macy’s Stock Fund Non-ESOP Portion” shall refer to the portion of the Macy’s Stock Fund that is allocated to the portion of the Participants’ Accounts that are subject to the distribution rules of Article 9B above (for purposes of this Article 16, such Account portions shall be referred to as “Profit Sharing Accounts”); and (iv) the term “Diversified Fund” shall refer to each Investment Fund other than the Macy’s Stock Fund.

16.2 Parts of Plan. The Plan is composed of both (i) a stock bonus plan that is an employee stock ownership plan (within the meaning of Section 4975(e)(7) of the Code and Treasury Regulations Section 54.4975-11) and (ii) a profit sharing plan (within the meaning of Treasury Regulations Section 1.401-1(b)(1)(ii)). The extent to which the Plan is an employee stock ownership plan and the extent to which the Plan is a profit sharing plan are described in the following subsections of this Section 16.2.

16.2.1 ESOP Part of Plan. The part of the Plan that is an employee stock ownership plan (for purposes of this Article 16, the “ESOP”) is hereby formally designated as an employee stock ownership plan, pursuant to Treasury Regulations Section 54.4975-11(a)(2), and is intended to invest primarily in Common Shares. The ESOP is composed solely of the Macy’s Stock Fund ESOP Portion and the amounts held under the Macy’s Stock Fund ESOP Portion. Contributions made to (and forfeitures arising under) the Plan that both are allocated to a Participant’s Accounts (other than his or her Retirement Income Account, if any) and are first invested (after being so allocated) in the Macy’s Stock Fund instead of any Diversified Fund shall be deemed contributed to and allocated under the ESOP. Amounts transferred to the Macy’s Stock Fund ESOP Portion from any Diversified Fund shall be deemed transferred to the ESOP, Common Shares or other amounts transferred from the Macy’s Stock Fund ESOP Portion to any Diversified Fund, and Common Shares or other amounts held under the Macy’s Stock Fund ESOP Portion that are paid or distributed from the Plan to any Participant or other party, shall be deemed transferred, paid, or distributed from the ESOP.

16.2.2 Profit Sharing Part of Plan. The part of the Plan that is a profit sharing plan (for purposes of this Article 16, the “Profit Sharing Plan”) is composed of all of the Diversified Funds and the Macy’s Stock Fund Non-ESOP Portion and the amounts held under the Diversified Funds and the Macy’s Stock Fund Non-ESOP Portion. Contributions made to (and forfeitures arising under) the Plan that both are allocated to a Participant’s Accounts (other than his or her Profit Sharing Accounts, if any) and are first invested (after being so allocated) in any Diversified Fund instead of the Macy’s Stock Fund shall be deemed contributed to and allocated under the Profit

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Sharing Plan. Forfeitures arising under the Plan that are allocated to a Participant’s Profit Sharing Accounts shall always be deemed allocated under the Profit Sharing Plan. Amounts transferred to any Diversified Fund from the Macy’s Stock Fund ESOP Portion shall be deemed transferred to the Profit Sharing Plan. Amounts transferred from any Diversified Fund to the Macy’s Stock Fund ESOP Portion, and amounts held under any Diversified Fund or the Macy’s Stock Fund Non-ESOP Portion that are paid or distributed from the Plan to any Participant or other party, shall be deemed transferred, paid, or distributed from the Profit Sharing Plan.

16.3 Effect on Other Plan Provisions of the Plan Having ESOP and Profit Sharing Parts. Because the Plan is composed of an ESOP and a Profit Sharing Plan, the following special rules shall apply to all of the articles of the Plan other than this Article 16. Except to the extent indicated otherwise below in this Section 16.3 or by the other provisions of this Article 16, each provision of the articles of the Plan other than this Article 16 shall apply to each of the ESOP and the Profit Sharing Plan as if they were one type of plan.

16.3.1 Special Records. To the extent any Account is held under the Plan for a Participant, the Committee shall keep records that, in addition to all other items that are required under the Plan to be contained in the records of the Plan, show (i) the portion of such Account that reflects contributions and forfeitures allocated to and other amounts held under the ESOP and (ii) the portion of such Account that reflects contributions and forfeitures allocated to and other amounts held under the Profit Sharing Plan.

16.3.2 Payments From Plans. Unless otherwise agreed between a Participant (or, in the event of his or her death, his or her beneficiary under the Plan) and the Committee, any payment or distribution made under the Plan of a Participant’s Account (or a portion thereof) shall be deemed made from each of the Macy’s Stock Fund ESOP Portion, the Macy’s Stock Fund Non-ESOP Portion, and the Diversified Funds in proportion to such Account’s (or Account portion’s) interest in each such fund or fund portion at the time of such payment or distribution. The portion of any such payment or distribution that is deemed made from the Macy’s Stock Fund ESOP Portion shall be considered to be made from the ESOP, and the portion of any such payment or distribution that is deemed made from the Macy’s Stock Fund Non-ESOP Portion or from a Diversified Fund shall be considered to be made from the Profit Sharing Plan.

16.3.3 Application of Earlier Provisions That Are Relevant to One Plan. Any provisions of the articles of the Plan other than this Article 16 shall, to the extent they apply to the Macy’s Stock Fund ESOP Portion, be deemed to apply to the ESOP and not the Profit Sharing Plan; similarly, any provisions of the articles of the Plan other than this Article 16 shall, to the extent they apply specifically to any Diversified Fund or the Macy’s Stock Fund Non-ESOP Portion, be deemed to apply to the Profit Sharing Plan and not the ESOP.

16.4 Special ESOP Provisions. Because the ESOP is intended to be an employee stock ownership plan, the following subsections of this Section 16.4 apply to the ESOP notwithstanding any other provision of the Plan.

16.4.1 Diversification Elections. Because the Plan is subject to Code Section 401(a)(35) and has provisions (in Section 7B.3 above) to satisfy the diversification requirements of that Code section, the ESOP is not subject to the diversification requirements of Section 401(28)(B) of
the Code. The provisions of this Subsection 16.4.1 shall not only be effective as of the Effective Amendment Date but shall also, for each Prior Plan that was in effect on January 1, 2007, be effective as of January 1, 2007 with respect to Plan Years beginning on or after such date.

16.4.2 Right To Demand Distribution in Common Shares. A Participant (or his or her beneficiary) who is entitled to any payment from the ESOP may elect (under such reasonable procedures as are prescribed by the Committee and as long as the payment is not part of a series of annuity payments) to receive such payment in the form of Common Shares; except that any such election shall not apply to any fractional share.

16.4.3 Put Option – If Common Shares Are Not Traded On Established Market. If the Common Shares are ever not readily tradable on an established market (as such terms are applied under Treasury Regulations Section 1.401(a)(35)-1(f)(5)(ii)), then, and only then, the following paragraphs of this Subsection 16.4.3 shall apply.

(a) If a Participant’s entire vested interest in the ESOP is distributed within one taxable year of the distributee, the distributee shall have the option (during the 60 day period immediately following the date of the distribution and the 60 day period immediately following the first annual anniversary of such date) to put the Common Shares received in such distribution (if any) to Macy’s under a fair valuation formula. At Macy’s election, the purchase price for the Common Shares may be paid either (i) in one lump sum payment within 30 days after the distributee exercises the put option or (ii) in five substantially equal annual payments. If the purchase price is being paid in installments, the first installment shall be paid not later than 30 days after the distributee exercises the put option, adequate security shall be given for the unpaid installments, and reasonable interest shall be paid on the unpaid installments.

(b) If a Participant’s entire vested interest in the ESOP is not distributed within one taxable year of the distributee, the distributee shall, with respect to each installment payment made of such vested interest, have the option (during the 60 day period immediately following the date such installment payment is made and the 60 day period beginning on the first annual anniversary of such date) to put the Common Shares distributed in such installment (if any) to Macy’s under a fair valuation formula. The purchase price for any Common Shares distributed in an installment shall be paid not later than 30 days after the distributee exercises the put option applicable to such shares.

16.4.4 Independent Appraisal – If Common Shares Are Not Traded On Established Market. If the Common Shares are ever not readily tradable on an established securities market (as such terms are applied under Treasury Regulations Section 1.401(a)(35)-1(f)(5)(ii)), then, and only then, all valuations of the Common Shares held under the ESOP shall be determined by an independent appraiser (within the meaning of Code Section 401(a)(28)(C)) who is employed for this purpose by the Committee.

16.4.5 Voting Rights. As is indicated in Subsection 7.13.1 above, each Participant who has any portion of his or her Accounts invested in the Macy’s Stock Fund ESOP Portion as of a record date used by Macy’s to determine the Common Shares eligible to vote on any matter on which Common Shares have a vote (for purposes of this Subsection 16.4.5, the “subject matter”) may direct the Trustee as to how a number of the Common Shares held in the Macy’s Stock Fund

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ESOP Portion as of such record date are to be voted on the subject matter. The number of Common Shares so subject to the Participant’s direction shall be equal to the product produced by multiplying the total number of Common Shares held in the Macy’s Stock Fund ESOP Portion as of such record date by a fraction. Such fraction shall have a numerator equal to the value of the portion of the Participant’s Accounts which are invested in the Macy’s Stock Fund ESOP Portion determined as of such record date and a denominator equal to the total value of the Macy’s Stock Fund ESOP Portion as of such record date. Such voting rights are intended to comply with the voting requirements that applies to any employee stock ownership plan under Section 409(e) of the Code, regardless of whether or not the Common Shares are a registration-type class of securities (within the meaning of Code Section 409(e)(4)) as of such record date.

16.4.6 Distribution Rules. Under the distribution rules set forth in Articles 9 and 9A above, a Participant may (by election or because of the small size of his or her Plan benefits) begin receiving a distribution of his or her Accounts invested in the Macy’s Stock Fund ESOP Portion after the Participant has ceased to be an Employee for any reason (including after he or she has reached his or her Normal Retirement Age, death, total disability, or other separation from service) within the time frames specified in Section 409(o) of the Code.

16.4.7 Allocation Restrictions in Certain Transactions. If the Common Shares are ever not readily tradable on an established securities market (as such terms are applied under Treasury Regulations Section 1.401(a)(35)-1(f)(5)(ii)), then no portion of the assets of the Macy’s Stock Fund ESOP Portion that are attributable to (or allocable in lieu of) Common Shares acquired by the Plan in a sale to which Code Section 1042 applies may accrue (or be allocated directly or indirectly under any plan of an Affiliated Employer meeting the requirements of Code Section 401(a)) during the nonallocation period (i) for the benefit of any person who makes an election under Code Section 1042(a) with respect to Common Shares or any other individual (for purposes of this Subsection 16.4.7, a “relative”) who is related to such person (within the meaning of Code Section 267(b)), or (ii) for the benefit of any other person (for purposes of this Subsection 16.4.7, a “25% owner”) who owns (after application of Code Section 318(a), but applied without regard to the employee trust exception in paragraph (2)(B)(i) thereof) more than 25 percent of any class of outstanding stock of Macy’s or of any corporation which is a member of the controlled group of corporations (within the meaning of Code Section 1563(a), but determined without regard to subsections (a)(4) and (e)(3)(C) of Code Section 1563) that includes Macy’s or the total value of any class of outstanding stock of Macy’s or any such other corporation. For purposes of this Subsection 16.4.7, the following paragraphs of this Subsection 16.4.7 shall apply.

(a) A relative of a person shall not be deemed to include any individual who is a lineal descendant of such person if the aggregate amount allocated to the benefit of all of such person’s lineal descendants during the nonallocation period does not exceed more than 5 percent of Common Shares (or amounts allocated in lieu thereof) held by the Plan which are attributable to a sale to the Plan by any person related to such descendants (within the meaning of Code Section 267(c)(4)) in a transaction to which Code Section 1042 applied.

(b) A person shall not be treated as a 25% owner if he or she fails to own outstanding stock sufficient to make him or her a 25% owner under the foregoing provisions of this Subsection 16.4.7 either (i) at any time during the one-year period ending on the date of the Code
Section 1042 sale of Common Shares to the Plan or (ii) on the date as of which such Common Shares are allocated to Participants in the Plan.

(c) The “nonallocation period” means the period beginning on the date of the Code Section 1042 sale of Common Shares to the Plan and ending on the later of (i) the date which is ten years after the date of such sale or (ii) the date of the Plan allocation attributable to the final payment of acquisition indebtedness incurred in connection with such sale.

16.5 Dividends. Each Participant who has any interest (vested or nonvested) under the ESOP shall be permitted to elect that, with respect to any cash dividends paid on his or her Allocated ESOP Common Shares, either: (i) such dividends shall be paid to the ESOP and then paid by the ESOP in cash to the Participant (or, in the event of his or her death, his or her beneficiary under the Plan) no later than 90 days after the close of the Plan Year in which the dividends are paid by Macy’s; or (ii) such dividends shall be paid to the ESOP and reinvested in Common Shares under the Macy’s Stock Fund ESOP Portion (with the increased value of such fund portion allocable to the Participant’s Accounts in proportion to each such Account’s interest in the Macy’s Stock Fund ESOP Portion as of the record date for such dividends). If the Participant fails to make an affirmative election with respect to any such dividends, the Participant shall be deemed to have elected that such dividends be treated in the manner described in clause (ii) of the immediately preceding sentence. In connection with this election right, the following subsections of this Section 16.5 shall also apply.

16.5.1 Election Procedures. The Committee shall create reasonable procedures so that: (i) each Participant is given a reasonable opportunity before a dividend is distributed in which to make the election; (ii) each Participant must have a reasonable opportunity to change a dividend election at least annually; and (iii) if there is a change in the Plan’s terms or the Committee’s procedures governing this election, each Participant must be given a reasonable opportunity to make an election under the new Plan terms or Committee procedures prior to the date on which the first dividend subject to the new Plan terms or Committee procedures is distributed.

16.5.2 Full Vesting of Dividends. A Participant shall at all times be fully vested in any cash dividends paid on his or her Allocated ESOP Common Shares and, if they are reinvested in Common Shares pursuant to his or her affirmative or deemed election, the part of his or her Accounts attributable to such reinvested dividends.

16.5.3 Allocable Share of Common Shares. For all purposes of this Section 16.5, a Participant’s “Allocated ESOP Common Shares” shall mean, when related to any cash dividends paid on such shares, to the product of (i) the total number of Common Shares held in the Macy’s Stock Fund ESOP Portion as of the record date for such dividends by (ii) a fraction having a numerator equal to the then value of the Participant’s Accounts’ entire interest in the Macy’s Stock Fund ESOP Portion and a denominator equal to the then value of the entire Macy’s Stock Fund ESOP Portion.
ARTICLE 17

MISCELLANEOUS

17.1 Trust. All assets of the Plan shall be held in the Trust for the benefit of the Participants and their beneficiaries. Except as provided in Sections 5.7, 6.3, and 14.3 above, in no event shall it be possible for any part of the assets of the Plan to be used for, or diverted to, purposes other than for the exclusive benefit of the Participants and their beneficiaries or for payment of the proper administrative costs of the Plan. No person shall have any interest in or right to any part of the earnings of the Plan, or any rights in, to, or under the Plan or any part of the assets thereof, except as and to the extent expressly provided in the Plan. Any person having any claim for any benefit under the Plan shall look solely to the assets of the Trust Fund for satisfaction. In no event shall Macy’s or any other Employer or any of their officers or agents, or members of the Board, the Committee, or the Trustee, be liable in their individual capacities to any person whomsoever for the payment of benefits under the provisions of the Plan.

17.2 Mergers, Consolidations, and Transfers of Assets. Notwithstanding any other provision hereof to the contrary, in no event shall this Plan be merged or consolidated with any other plan and trust, nor shall any of the assets or liabilities of this Plan be transferred to any other plan or trust or vice versa, unless (i) the Plan is amended to provide for such action or the Committee determines that such action furthers the purposes of this Plan, (ii) each Participant and beneficiary would (if this Plan then terminated) receive a benefit immediately after the merger, consolidation, or transfer which is equal to or greater than the benefit he or she would have been entitled to receive immediately before the merger, consolidation, or transfer (if this Plan had then terminated), and (iii) such merger, consolidation, or transfer of assets does not cause any accrued benefit, early retirement benefit, or optional form of benefit of a person under this Plan or the applicable other plan to be eliminated or reduced except to the extent such elimination or reduction is permitted under Section 411(d)(6) of the Code or in Treasury regulations issued thereunder. In the event of any such merger, consolidation, or transfer, the requirements of clause (ii) set forth in the immediately preceding sentence shall be deemed to be satisfied if the merger, consolidation, or transfer conforms to and is in accordance with regulations issued under Section 414(1) of the Code. Subject to the provisions of this Section 17.2, the Committee may take action (i) to merge or consolidate this Plan with any other plan and trust or (ii) to permit the transfer of any assets and liabilities of this Plan to any other plan and trust or vice versa.

17.3 Plan Benefits and Service for Military Service. Notwithstanding any provision of the Plan to the contrary and in order to satisfy the requirements of Sections 401(a)(37) and 414(u) of the Code with respect to a Participant’s qualified military service, the following subsections of this Section 17.3 shall apply. The provisions of this Section 17.3 shall not only be effective as of the Effective Amendment Date but shall also, for each Prior Plan that was in effect on January 1, 2007, be effective as of January 1, 2007 with respect to Plan Years beginning on or after such date.

17.3.1 If any contribution is made to the Plan by the Employer with respect to a Participant or by the Participant as a result of the Participant’s rights under Chapter 43 of Title 38 of the United States Code (as such chapter is in effect on December 12, 1994 and without regard to any subsequent amendment) and by reason of the Participant’s qualified military service, then: (i) such contribution shall not be subject to any otherwise applicable limitation under Code Section
402(g), 404(a), or 415, and shall not be taken into account in applying such limitations to other contributions made under the Plan, with respect to the year in which the contribution is made; (ii) such contribution shall be subject to the limitations described in clause (i) above with respect to the year to which the contribution relates; and (iii) the Plan shall not be treated as failing to meet the requirements of Code Section 401(a)(4), 401(k)(3), 401(m), 410(b), or 416 by reason of the making of such contribution.

17.3.2 If a Participant is entitled to the benefits of Chapter 43 of Title 38 of the United States Code (as such chapter is in effect on December 12, 1994 and without regard to any subsequent amendment), then the following paragraphs of this Subsection 17.3.2 shall apply with respect to the Participant.

(a) The Participant may make additional Pre-Tax Elective Savings Contributions, Roth Elective Savings Contributions, and/or After-Tax Savings Contributions under the Plan (in the amount determined under paragraph (c) below) during the period which begins on the date of the Participant’s reemployment by the Employer and has the same length as the lesser of (i) the product of three and the Participant’s period of qualified military service which resulted in his or her rights under this paragraph (a) or (ii) five years.

(b) The Employer shall make Matching Contributions under the Plan with respect to any additional Savings Contributions made pursuant to paragraph (a) above which would have been required under the Plan had such additional Savings Contributions actually been made during the period of the Participant’s qualified military service which results in the Participant’s rights under paragraph (a) above.

(c) The amount of additional Pre-Tax Elective Savings Contributions, Roth Elective Savings Contributions, or After-Tax Savings Contributions that can be made by the Participant under paragraph (a) above is the maximum amount of such contributions that the Participant would have been permitted to make under the Plan during the period of his or her qualified military service which results in his or her rights under paragraph (a) above if the Participant had continued to be employed by the Employer during such period and received Compensation as determined under Subsection 17.3.6 below. However, the amount determined under this paragraph (c) shall be properly adjusted for any Pre-Tax Elective Savings Contributions, Roth Elective Savings Contributions, or After-Tax Savings Contributions the Participant actually made under the Plan during the period of such qualified military service.

17.3.3 If the Plan suspends the Participant’s obligation to repay any loan made to him or her by the Plan for any period during which the Participant is performing service in the uniformed services, as defined in Chapter 43 of Title 38 of the United States Code (as such chapter is in effect on December 12, 1994 and without regard to any subsequent amendment), such suspension shall not be taken into account for purposes of applying Code Section 72(p), 401(a), or 4975(d)(1) to the loan on the Plan.

17.3.4 An individual reemployed as an Employee under Chapter 43 of Title 38 of the United States Code (as such chapter is in effect on December 12, 1994 and without regard to
any subsequent amendment) shall be treated as not having incurred a Break-in-Service for purposes of the Plan by reason of such individual’s qualified military service.

17.3.5 Each period of qualified military service served by an individual shall, upon reemployment as an Employee under Chapter 43 of Title 38 of the United States Code (as such chapter is in effect on December 12, 1994 and without regard to any subsequent amendment), be deemed to constitute Vesting Service for purposes of the Plan.

17.3.6 For purposes of Article 7A above and Subsection 17.3.2(c) above, a Participant who is in qualified military service shall be treated as receiving Compensation from the Employer during the period of qualified military service equal to the Compensation the Participant would have received during such period were he or she not in qualified military service, determined based on the rate of pay the Participant would have received from the Employer but for his or her absence during the during the period of qualified military service; except that, if the Compensation the Participant would receive during the period of qualified military service is not reasonably certain, then the Participant shall be treated as receiving Compensation from the Employer during the period of qualified military service equal to the Participant’s average Compensation from the Employer during the shorter of (i) the twelve month period immediately preceding the period of the qualified military service or (ii) the Participant’s entire period of employment by the Employer.

17.3.7 If a Participant dies on or after January 1, 2007 and while performing qualified military service, the survivors of the Participant are entitled to any additional benefits (other than benefit accruals relating to the period of qualified military service) provided under the Plan had the Participant resumed and then ceased to be an Employee on account of death. However, the amount of such death benefit is not determined as if the Participant’s Accounts were allocated contributions or forfeitures during such qualified military service.

17.3.8 An individual receiving, in a Plan Year that begins after December 30, 2008, a differential wage payment from the Employer shall be treated as an Employee and the differential wage payment shall be treated as part of the Participant’s Compensation solely for purposes of applying Subsection 2.1.13 above, Article 5A above, Article 6A above, Article 7A above, and Article 16 above and applying any other requirement imposed by the Code on the Plan (but shall not be treated as part of the Participant’s Covered Compensation or used for any other purposes of the Plan). Notwithstanding the immediately preceding sentence, for purposes of the distribution provisions of this Plan (including Section 11.10 above), such individual shall be treated as having been severed from employment with the Affiliated Employers during any period in which he or she is performing service in the uniformed services (as defined in Chapter 43 of Title 38 of the United States Code) while on active duty for a period of more than 30 days. However, if such individual elects to receive a distribution from the Plan by reason of the immediately preceding sentence, he or she may not make any Savings Contribution to the Plan during the six-month period beginning on the date of the distribution. For purposes hereof, a “differential wage payment” means any payment that is made by the Employer to an individual with respect to any period during which the individual is performing service in the uniformed services (as defined in Chapter 43 of Title 38 of the United States Code) while on active duty for a period of more than 30 days and represents all

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or a portion of the wages that the individual would have received from the Employer if the individual were performing service for the
Employer.

17.3.9 Nothing in this Section 17.3 shall be deemed to require (i) any crediting of Plan income to a Participant’s Account with respect to any contribution before such contribution is actually made or (ii) any allocation of a Plan forfeiture to a Participant’s Account with respect to a period of qualified military service of the Participant.

17.3.10 For all purposes of this Section 17.3, “qualified military service” means, with respect to any individual, any service of his or hers in the uniformed services (as defined in Chapter 43 of Title 38 of the United States Code, as such chapter is in effect on December 12, 1994 and without regard to any subsequent amendment) if he or she is entitled to reemployment rights with the Employer under such chapter with respect to such service.

17.4 Correction of Inadvertent Errors. If any inadvertent errors are made in crediting amounts to any Accounts which leave amounts held under the Plan which are not reasonably able to be allocated to any specific Participant or Account (for purposes of this Section 17.4, “overcrediting errors”), then such amounts shall, except as noted below, be used to the extent possible to correct any inadvertent errors made in crediting amounts to any Accounts which leave such Accounts with balances which are less than the balances which should exist under the Plan if no such errors had been made (for purposes of this Section 17.4, “undercrediting errors”). To the extent the amounts attributable to overcrediting errors which exist as of the last day of any Plan Year are not needed to correct the undercrediting errors which are then known, the amounts attributable to overcrediting errors shall be treated for all purposes of the Plan as if they were forfeitures from Matching Accounts arising under the Plan for the subject Plan Year. Further, any undercrediting errors shall be corrected: (i) by use of overcrediting errors to the extent permitted by the foregoing provisions of this Section 17.4; (ii) to the extent not corrected by such overcrediting errors, by use of forfeitures to the extent permitted under Section 9.5 above; or (iii) to the extent not corrected by use of overcrediting errors or forfeitures, by payment made by the Employer to the Trust as a special contribution in order to make such corrections. Such contribution shall not be considered an Employer contribution for purposes of Section 7.1 or 7.2 or a part of an annual addition (as defined in Subsection 7A.1.2(a) above) to the Plan.

17.5 Employment Rule. Any individual who is a common law employee of a corporation or other entity which is a member of the controlled group of corporations (within the meaning of Section 414(b) of the Code) which includes Macy’s or under common control (within the meaning of Section 414(c) of the Code) with Macy’s (for purposes of this Section 17.5, the “Macy’s controlled group”) shall, for all purposes of this Plan, be considered to be the common law employee of the corporation or entity in the Macy’s controlled group from whose payroll the individual is paid. If any individual participating in this Plan by reason of being paid under the payroll of a corporation or entity which is included as part of the Employer is actually the common law employee of a corporation or entity in the Macy’s controlled group which is not included as part of the Employer, such other corporation or entity shall be considered an employer participating in this Plan for purposes of Sections 401(a) and 404 of the Code.

17.6 Special Rules For Employees Transferring To or From Noncovered Employment.
17.6.1 Notwithstanding any other provision of the Plan to the contrary, if any person becomes a Participant in the Plan under the foregoing provisions of the Plan after he or she (i) has been employed as an Employee but not a Covered Employee, (ii) has been eligible to elect to have savings contributions made on his or her behalf under a plan (other than this Plan) which is maintained by an Affiliated Employer and qualified under Section 401(a) of the Code, and (iii) has received a hardship withdrawal from such plan of amounts which were contributed to such plan under a qualified cash or deferred arrangement (as defined in Section 401(k) of the Code), he or she may not have a Savings Agreement that would otherwise reduce his or her Covered Compensation on either a pre-tax basis or after-tax basis take effect under this Plan unless and until at least a six month period has expired after the date of such hardship withdrawal.

17.6.2 Further, notwithstanding any other provisions of Sections 6.1 and 7.2 above to the contrary, for purposes of the provisions of Section 6.1 above that determine the amount of the Matching Contributions for any Plan Year (for purposes of this Subsection 17.6.2, the “subject Plan Year”), any Transferred Participant (as defined under the following provisions of this Subsection 17.6.2) shall be considered to have been employed as a Covered Employee on the last day of the subject Plan Year (even though his or her employment as a Covered Employee will have terminated prior to such day). For purposes of this Section 17.6.2, a “Transferred Participant” means a Participant who meets all of the following conditions: (i) he or she ceases to be a Covered Employee during the subject Plan Year; (ii) immediately after his or her employment as a Covered Employee terminates he or she is an Employee but not a Covered Employee; and (iii) he or she is employed as an Employee but not a Covered Employee on the last day of the subject Plan Year. Except as is specifically provided in the first sentence of this Subsection 17.6.2, however, in no event shall any of the Transferred Participant’s service with or compensation received after he or she ceases to be a Covered Employee be used in determining the Transferred Participant’s share of any Matching Contributions made to the Plan for the subject Plan Year or any other Plan Year.

17.7 Applicable Benefit Provisions. Any benefit to which a Participant becomes entitled under the Plan (or any death benefit to which a Participant’s spouse or other beneficiary becomes entitled under the Plan) shall be determined (as to its amount and form and commencement date of payment) on the basis of the provisions of the Plan in effect as of the date the Participant last ceases to be employed by an Affiliated Employer notwithstanding any amendment to the Plan adopted subsequent to such date, except for subsequent amendments which are by their specific terms made applicable to such Participant (or his or her spouse or other beneficiary) or which are required by applicable law to be applicable to such Participant (or his or her spouse or other beneficiary).

17.8 Reporting and Disclosure. Macy’s is, and shall act as, the Plan Administrator for all purposes of the Plan, including for purposes of satisfying any requirement now or hereafter imposed through Federal or State legislation to report and disclose to any Federal or State department or agency, or to any Participant or other person, any information respecting the establishment or maintenance of the Plan or the Trust Fund. Any cost or expense incurred in satisfying any and all such reporting and disclosure requirements shall be deemed to be a reasonable expense of administering the Plan and may be paid from the Trust Fund if not otherwise elected to be paid by the Employer.

17.9 Agent for Service of Process. The agent for service of process for the Plan shall be the Secretary of Macy’s.
17.10 **Authority to Act for Macy’s or Other Employer.** Except as is otherwise expressly provided elsewhere in this Plan, any matter or thing to be done by Macy’s or any other Employer shall be done by its board of directors, except that the board may, by resolution, delegate to any persons or entities all or part of its rights or duties hereunder. Any such delegation shall be valid and binding upon all persons, and the persons or entities to whom or to which authority is delegated shall have full power to act in all matters so delegated until the authority expires by its terms or is revoked by resolution of such board.

17.11 **Relationship of Plan to Employment Rights.** The adoption and maintenance of the Plan is purely voluntary on the part of Macy’s and each other Employer and neither the adoption nor the maintenance of the Plan shall be construed as conferring any legal or equitable rights to employment on any person.

17.12 **Applicable Law.** The provisions of the Plan shall be administered and enforced according to Federal law and, only to the extent not preempted by Federal law, to the laws of the State of Ohio. Either Macy’s or the Trustee may at any time initiate any legal action or proceedings for the settlement of the Trustee’s accounts or for the determination of any question of construction which arises or for instructions. Except as required by law, in any application to, or proceeding or action in, any court with regard to the Plan or Trust, only Macy’s and the Trustee shall be necessary parties, and no Participant, beneficiary, or other person having or claiming any interest in the Plan or Trust shall be entitled to any notice or service of process. Macy’s or the Trustee may, if either so elects, include as parties defendant any other persons. Any judgment entered into in such a proceeding or action shall be conclusive upon all persons claiming under the Plan or Trust.

17.13 **Separability of Provisions.** If any provision of the Plan is held invalid or unenforceable, such invalidity or unenforceability shall not affect any other provision hereof and the Plan shall be construed and enforced as if such provision had not been included.

17.14 **Counterparts and Headings.** The Plan may be executed in any number of counterparts, each of which shall be deemed an original. All counterparts of the Plan shall constitute one and the same instrument, which shall be sufficiently evidenced by any one thereof. Headings used throughout the Plan are for convenience only and shall not be given legal significance.

17.15 **Special Puerto Rico Rules.** Subject to the following provisions of this Section 17.15 but notwithstanding any other provision of the Plan to the contrary, to the extent the Plan applies to Participants who are residents of Puerto Rico (for purposes of this Section 17.15, the “Puerto Rico Participants”), the Plan shall, for each Plan Year and limitation year (as defined in Subsection 7A.2.3 above) beginning after December 31, 2010, comply with those portions of the Internal Revenue Code for a New Puerto Rico, as amended (the “Puerto Rico Code”), including but not limited to its Section 1081.01 or any act or statute which succeeds the same, that must be met for the Plan’s net earnings and income to be exempt from tax under the Puerto Rico Code and for the Plan to be considered as qualified for all related purposes under the Puerto Rico Code. The provisions of this Section 17.15 shall not only be effective as of the Effective Amendment Date but shall also, for each Prior Plan that was in effect on January 1, 2011, be effective as of January 1, 2011 with respect to Plan Years beginning on or after such date.
17.15.1 The portions of the Puerto Rico Code that shall be satisfied by the Plan to the extent it affects Puerto Rico Participants shall include but not be limited to the following limits and rules (to the extent such limits or rules as set forth under the Puerto Rico Code are more restrictive than the analogous limits and rules imposed under the terms of the Plan, determined without regard to the provisions of this Section 17.15, or the Code):

(a) the limit on the annual addition to a Participant’s Accounts for any limitation year as otherwise set forth in Article 7A above, which limit is provided for in Section 1081.01(a)(11) of the Puerto Rico Code;

(b) the limit on a Participant’s Compensation for any twelve consecutive month period as otherwise set forth in Subsection 2.1.6(e) above, which limit is provided for in Section 1081.01(a)(12) of the Puerto Rico Code;

(c) the limit on the amount of Pre-Tax Elective Savings Contributions that can be made by a Participant to the Plan for any calendar year as otherwise set forth in Subsection 5.1.3 above, which limit is provided for in Section 1081.01(d)(7) of the Puerto Rico Code;

(d) the amount of Pre-Tax Elective Savings Contributions that can be made as catch-up contributions by a Participant in any calendar year as otherwise set forth in Section 5.2 above, which amount is provided for in Section 1081.01(d)(7) of the Puerto Rico Code;

(e) the rules for determining when a Participant is considered a Highly Compensated Employee for any Plan Year as otherwise set forth in Subsection 2.1.13 above, which rules are provided for in Section 1081.01(d)(3)(E)(iii) of the Puerto Rico Code;

(f) the rules for applying average actual deferral percentage limits for any Plan Year (and their further correction) as otherwise set forth in Article 5A above, which rules are provided for in Section 1081.01(d)(3) of the Puerto Rico Code;

(g) the rules for Rollover Contributions as otherwise set forth in Section 5.6 above, which rules are provided for in Section 1081.01(b)(2)(A) of the Puerto Rico Code;

(h) the limit on the amount of After-Tax Savings Contributions that can be made by a Participant to the Plan for any calendar year as otherwise set forth in Section 5.1 above, which limit is provided for in Section 1081.01(a)(15) of the Puerto Rico Code;

(i) the rules related to hardship withdrawals (including the temporary suspension on Savings Contributions resulting from a hardship withdrawal) as otherwise set forth in Sections 8.2, 8.3, and 8.4 above, which rules are provided for in Section 1081.01(d)(2)(B)(vi) of the Puerto Rico Code;

(j) the determination of the term “employer” when used in applying all nondiscrimination testing for purposes of the Plan, including but not limited to the nondiscrimination testing required under Sections 1081.01(a)(3), 1081.01(a)(4), and 1081.01(d)(3) of the Puerto Rico Code, which determination is provided for in Section 1081.01(a)(14) of the Puerto Rico Code;

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(k) the rules applicable to the loan program offered under the Plan, which rules are provided for in Section 1081.01(b)(3)(E) of the Puerto Rico Code; and

(l) the rules for taxing lump sum distributions at a 10% rate under Section 1081.01(b)(1)(B) of the Puerto Rico Code, which rules are herein adopted in the event that the Puerto Rico Participants are allowed to benefit from the 10% preferential tax rate on lump sum distributions.

17.15.2 Notwithstanding any of the foregoing provisions of this Section 17.15, in no event shall any provision contained in the foregoing provisions of this Section 17.15 be applied under the Plan in any situation if such application would cause the Plan not to be considered a plan and trust that complies with all of the requirements of Sections 401(a) and 501(a) of the Code.

17.16 2009 Waiver of Required Minimum Distributions. Notwithstanding any other provision of the Plan to the contrary, in order to reflect Section 201 of the Worker, Retiree, and Employer Recovery Act of 2008 that added Section 401(a)(9)(H) to the Code, the following subsections of this Section 17.16 shall apply under the Plan. The provisions of this Section 17.16 shall not only be effective as of the Effective Amendment Date but shall also, for each Prior Plan that was in effect on January 1, 2009, be effective as of January 1, 2009 with respect to Plan Years beginning on or after such date.

17.16.1 To the extent any other provisions of the Plan would otherwise require that a benefit has to begin being paid to a Participant (or, in the case where a Participant dies before the commencement of any benefit to him or her, if any other provision of the Plan would otherwise require that a benefit has to begin being paid to a Participant’s beneficiary) with respect to a 2009 required minimum distribution calendar year, such provisions shall be disregarded (but such provisions shall not be disregarded in determining whether a benefit must begin being paid to such Participant or such beneficiary with respect to any calendar year other than with respect to a 2009 required minimum distribution calendar year).

17.16.2 Nothing set forth in Subsection 17.16.1 above shall be deemed (i) to prevent a Participant (or a deceased Participant’s beneficiary) to affirmatively elect that a benefit begin being paid to him or her with respect to a 2009 required minimum distribution calendar year, when such an election is permitted under any other provisions of the Plan or (ii) to cause a suspension of any benefit payable to a Participant (or a deceased Participant’s beneficiary) under the other provisions of the Plan that did not begin to be paid with respect to a 2009 required minimum distribution calendar year.

17.16.3 If a Participant (or a deceased Participant’s beneficiary) has a benefit begin being paid to him or her under the Plan due to his or her affirmative election with respect to a 2009 required minimum distribution calendar year, the payments made of such benefit with respect to such 2009 required minimum distribution calendar year shall not be considered as payments required by Code Section 401(a)(9) for purposes of the direct rollover distribution provisions of Section 11.9 above (even if they would so be considered but for the provisions of this Section 17.16).
17.16.4 For purposes of this Section 17.16: (i) any other provisions of the Plan will be deemed to otherwise require that a benefit has to begin being paid to a Participant “with respect to a 2009 required minimum distribution calendar year” when the 2009 calendar year would otherwise be the latest calendar year ending prior to or on the latest date which could serve as the Participant’s Required Commencement Date under Subsection 2.1.28 above; and (ii) any other provisions of the Plan will be deemed to otherwise require that a benefit has to begin being paid to a Participant’s beneficiary “with respect to a 2009 required minimum distribution calendar year” when the 2009 calendar year would otherwise be the latest calendar year ending prior to or on the latest date on which such benefit could begin being paid to the beneficiary under Articles 9A and 9B above.


17.17.1 Notwithstanding any other provision of the Plan to the contrary, while the provisions of this Plan document are generally effective only as of the Effective Amendment Date, certain provisions of the Plan are effective as of earlier dates (and apply to one or more Prior Plans as in effect prior to the Effective Amendment Date) to the extent such provisions (i) are necessary to meet the requirements of laws and regulations that have effective dates after December 31, 2006 and prior to the Effective Amendment Date, including but not limited to the requirements of the Pension Protection Act of 2006, the Heroes Earnings Assistance and Relief Tax Act of 2008, and the Worker, Retiree, and Employer Recovery Act of 2008, or (ii) are necessary to reflect significant amendments adopted for a Prior Plan.

17.17.2 In this regard, the provisions of the Plan that are effective as of dates prior to the Effective Amendment Date (and apply to one or more Prior Plans in effect prior to the Effective Amendment Date) for reasons described in Subsection 17.17.1 above include, but are not necessarily limited to, certain provisions of Section 5.8, Subsection 5A.2.5, Subsection 5B.2.2, Section 6A.3, Subsection 7.9.14, Section 7B.3, Section 8.5, Section 9A.5, Subsection 9A.7.2, Section 9B.3, Section 10A.4, Section 11.9, Subsection 16.4.1, Section 17.3, Section 17.15, and Section 17.16 of the Plan.

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SIGNATURE PAGE

IN ORDER TO EFFECT THE FOREGOING PLAN PROVISIONS, Macy’s, Inc., the sponsor of the Plan, has hereunto caused its name to be subscribed to this complete amendment and restatement of the Plan effective for all purposes, except as otherwise provided herein, as of January 1, 2014.

MACY’S, INC.

By: ______David W. Clark________

Title: ______EVP, Human Resources________

Date: ______December 19, 2013________

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MACY’S, INC.

CHANGE IN CONTROL PLAN

(Effective November 1, 2009)

(As Revised and Restated January 1, 2014)

1. Purpose of the Plan.

The Macy’s, Inc. Change in Control Plan (the “Plan”) is adopted by Macy’s, Inc. (the “Company”) to assist the Company in recruiting and retaining senior executives and/or key employees and to provide financial assistance and additional protection to certain senior executives and/or key employees of the Company, and its subsidiaries, divisions, or controlled affiliates (individually, a "Participating Employer," and collectively, the "Participating Employers") whose employment is involuntarily terminated by a Participating Employer (or who voluntarily terminates for “good reason”) under certain circumstances in connection with a Change in Control and who are not otherwise excluded as described below.

2. Definitions.

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

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

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

(i) An intentional act of fraud, embezzlement, theft or any other material violation of law in connection with the Participant’s duties or in the course of his employment with a Participating Employer;
(ii) Intentional wrongful damage to material assets of a Participating Employer;
(iii) Intentional wrongful disclosure of material confidential information of a Participating Employer;
(iv) Intentional wrongful engagement in any competitive activity which would constitute a material breach of the duty of loyalty;
(v) Intentional breach of any stated material employment policy of a Participating Employer;
(vi) Intentional neglect of duties and responsibilities; or
(vii) Breach of the nonsolicitation or trade secrets and confidential information provisions set forth in Sections 5 and 6 of this Plan.

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

Notwithstanding the foregoing, the Executive will not be deemed to have been terminated for "Cause" hereunder unless and until there has been delivered to the Executive a copy of a resolution duly adopted by the affirmative vote of not less than three-quarters of the Board at a meeting of the Board called and held, after reasonable notice to the Executive and an opportunity for the Executive, together with the Executive's counsel (if the Executive chooses to have counsel present at such meeting), to be heard before the Board, finding that, in the good faith opinion of the Board, the Executive had committed an act constituting "Cause" as herein defined and specifying the particulars thereof in detail. Nothing herein will limit the right of the Executive or the Executive's beneficiaries to contest the validity or propriety of any such determination.

“Change in Control” means the occurrence of any of the following events:

(i) The acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”)) (a “Person”) of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 30% or more of the combined voting power of the then-outstanding securities of the Company entitled to vote generally in the election of directors (the “Voting Stock”); provided, however, that for purposes of this subsection (i), the following acquisitions will not constitute a Change of Control: (A) any acquisition of Voting Stock directly from the Company that is approved by a majority of the Incumbent Board (as defined in subsection (ii) below); (B) any acquisition of Voting Stock by any entity in which the Company, directly or indirectly, beneficially owns 50% or more ownership or other equity interest (a “Subsidiary”); (C) any acquisition of Voting Stock by any employee benefit plan (or related trust) sponsored or maintained by the Company or any Subsidiary; or (D) any acquisition of Voting Stock by any Person pursuant to a transaction that complies with clauses (A), (B) and (C) of subsection (iii) below; provided further, that: (X) if any Person is or becomes the beneficial owner of 30% or more of the Voting Stock as a result of a transaction described in clause (A) of this subsection (i), and such Person thereafter becomes the beneficial owner of any additional shares of Voting Stock, and after obtaining such additional beneficial ownership beneficially owns 30% or more of the Voting Stock, other than in an acquisition of Voting Stock directly from the Company that is approved by a majority of the Incumbent Board or other than as a result of a stock dividend, stock split or similar transaction effected by the Company in which all holders of Voting Stock are treated equally, such subsequent acquisition will be treated as a Change in Control; and (Y) a Change in Control will not be deemed to have occurred if a Person is or becomes the beneficial owner of 30% or more of the Voting Stock as a result of a reduction in the number of shares of Voting Stock outstanding pursuant to a transaction or series of transactions approved by a majority of the Incumbent Board unless and until such Person thereafter becomes the beneficial owner of any additional shares of Voting Stock, and after obtaining such additional beneficial ownership beneficially owns 30% or more of the Voting Stock, other than as a result of a stock
dividend, stock split or similar transaction effected by the Company in which all holders of Voting Stock are treated equally; or

(ii) Individuals who, on the Revision Date, constitute the Board of Directors of the Company (as modified by this subsection (ii), the “Incumbent Board”) cease for any reason to constitute at least a majority of the Board of Directors of the Company (the “Board”); provided, however, that any individual becoming a director after the Revision Date whose election, or nomination for election by the Company’s shareholders, was approved by a vote of at least two-thirds of the directors then comprising the Incumbent Board (either by a specific vote or by approval of the proxy statement of the Company in which such person is named as a nominee for director, without objection to such nomination) shall be considered as though such individual were a member of the Incumbent Board on the Revision Date, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board; or

(iii) The consummation of a reorganization, merger or consolidation or sale or other disposition of all or substantially all of the assets of the Company (each, a “Business Combination”), unless, in each case, immediately following such Business Combination, (A) all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the Voting Stock immediately prior to such Business Combination beneficially own, directly or indirectly, more than 50% of, respectively, the then-outstanding shares of common stock and the combined voting power of the then-outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the entity resulting from such Business Combination (including, without limitation, an entity that as a result of such transaction owns the Company or all or substantially all of the Company’s assets either directly or through one or more subsidiaries) in substantially the same proportions relative to each other as their ownership, immediately prior to such Business Combination, of the Voting Stock, (B) no Person (excluding any employee benefit plan (or related trust) sponsored or maintained by the Company or any Subsidiary or such entity resulting from such Business Combination) beneficially owns, directly or indirectly, 30% or more of, respectively, the combined voting power of the then-outstanding securities entitled to vote generally in the election of directors of the entity resulting from such Business Combination except to the extent that such ownership existed prior to the Business Combination, and (C) at least a majority of the members of the board of directors of the corporation resulting from such Business Combination were members of the Incumbent Board at the time of the execution of the initial agreement, or of the action of the Board, providing for such Business Combination; or

(iv) Approval by the shareholders of the Company of a complete liquidation or dissolution of the Company.

“Competing Business” means

(i) any of the following named companies, or any other business into which such company is merged, consolidated, or otherwise combined:
• Abercrombie & Fitch
• Bed, Bath & Beyond
• Belk’s
• Burlington Coat Factory
• Bon-Ton Stores
• Dillard’s
• The Gap
• J.C. Penney
• Kohl’s
• L Brands
• Nordstrom
• Neiman-Marcus
• Ross Stores
• Saks
• Sears
• Target
• TJX
• Walmart; or

(ii) any retailer that
1. had annual revenues for its most recently completed fiscal year of at least $2.5 billion; and
2. both (i) offers a category or categories of merchandise (e.g., Fine Jewelry, Cosmetics, Kids, Big Ticket, Housewares, Men’s, Dresses), any of which are offered by a Participating Employer, and (ii) the revenue derived by such other retailer during such retailer’s most recently ended fiscal year from such category or categories of merchandise represent(s), in the aggregate, more than 50% of the Participating Employers' total revenues for the most recently completed fiscal year derived from the same category or categories of merchandise.

“Confidential Information” means any data or information that is material to the Company and not generally known to the public, including, without limitation: (i) price, cost, and sales data; (ii) the identities and locations of vendors and consultants furnishing materials and services to the Company and the terms of vendor or consultant contracts or arrangements; (iii) lists of, and other information regarding, Customers and suppliers; (iv) financial information that has not been released to the public; (v) future business plans, marketing or licensing strategies, and advertising campaigns; or (vi) information about the Company’s employees and executives, as well as the Company’s talent strategies including but not limited to compensation, retention and recruiting initiatives.

“Effective Date” means the effective date of the Plan set forth in Section 16.

“Executive” means an employee of a Participating Employer who is designated by the Board as being subject to section 16 of the Securities Exchange Act of 1934 (a “Section 16 officer”). In
addition, “Executive” includes any other employee designated as an Executive by the Compensation and Management Development Committee of the Board (the “CMD Committee”), provided that the Committee has not subsequently revoked such designation.

“Participant” means an Executive who is eligible for participation in the Plan and who has not ceased to be eligible for participation pursuant to Section 4(c).

“Revision Date” means the date the Plan is revised as set forth in Section 16.

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

“Severance Period” means the period of time commencing on the date of the first occurrence of a Change in Control and continuing until the earlier of (i) the expiration of two years after the first occurrence of a Change in Control, and (ii) the Executive’s death.

3. Administration of the Plan

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

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

4. Participation

(a) Any Executive who was a Participant on the Revision Date shall remain a Participant. On or after the Revision date, an Executive shall become a Participant in the Plan on the later of (i) the date the Executive is designated by the Board as a Section 16 officer. or (ii) the date the Executive is designated for participation by the CMD Committee in the case of all other Executives. Notwithstanding the preceding, any Executive who, as of the date the Executive
would otherwise become a Participant in the Plan, is covered by an employment agreement with a Participating Employer that provides for an extension of said agreement upon the occurrence of a Change in Control, shall become a Participant in the Plan upon the expiration of said employment agreement.

(a) Under no circumstances may a Participant receive severance benefits under more than one severance plan of the Participating Employers. Unless otherwise provided in the applicable plan, a Participant who is eligible for benefits under more than one plan shall receive benefits under the plan which provides the highest level of benefits. For purposes of this provision, a severance plan is a plan designed primarily to provide benefits payable in cash upon an employee’s involuntary termination from employment (including for this purpose termination in circumstances comparable to the circumstances described in Section 7(b)) and not a plan that provides either ancillary benefits upon involuntary termination (such as accelerated vesting under an equity program) or retirement benefits.

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

5. Nonsolicitation

During the period of the Executive’s employment, and for a period of two years following termination of such employment (such period is referred to as the “No-recruit period”), the Participant will not solicit, either directly or indirectly, any person that he knows or should reasonably know to be an employee of the Company or any of its subsidiaries, divisions, or affiliates (whether such employees are now or hereafter through the No-recruit period so employed or engaged) to terminate their employment with the Company or any of its subsidiaries, divisions, or affiliates.

6. Confidential Information

A Participant shall not (either during the period of participation in the Plan or thereafter) without the consent of the Company disclose or provide to anyone, and will not use, modify, copy or adapt (except in the course of performing Participant’s duties for the Company) any of the Company’s Confidential Information.

7. Termination Following a Change in Control

(a) A Participant whose employment is terminated during the Severance Period shall be entitled to the benefits described in Section 8 unless the Participant’s termination of employment occurs in connection with one of the following events:

(i) The Participant’s voluntary resignation or retirement other than as provided in Section 7(b), below;
(ii) The Participant’s death prior to the effective date of the Participant’s termination from employment;
(iii) The Participant becoming permanently disabled within the meaning of the long-term disability plan of the Company or any other Participating Employer in effect for, or applicable to, the Participant immediately prior to the effective date of the Participant’s termination from employment (whether or not the Participant actually enrolled in such long-term disability plan);
(iv) The Participant’s termination from a Participating Employer in a transaction involving the sale or other disposition of a business of the Company where the Executive continues working for the acquiring entity; or
(v) The Participant’s termination of employment for Cause.

(b) If one or more of the following events (regardless of whether any other reason, other than Cause, for termination exists or has occurred, including without limitation the Executive’s acceptance and/or commencement of other employment) occurs during the Severance Period and an event that constitutes Cause has not occurred, the Participant may terminate employment with the Participating Employer during the Severance Period (but after the correction period described below) and become entitled to the benefits provided by Section 8 if the Participant provides notice to the Company (in a manner consistent with a claim for benefits as provided for in Section 10) within 90 days following the occurrence of the event and the Company fails to make correction within 30 days following notice (and such termination shall be considered a termination for “good reason”):

(i) A material diminution in the Executive’s base compensation;
(ii) A material diminution in the Executive’s authority, duties, or responsibilities;
(iii) A material change in the geographic location at which the executive must perform the services; or
(iv) Any other action or inaction that constitutes a material breach by a Participating Employer of an agreement under which the Executive provides services.

(c) Any termination of the employment of the Participant or the occurrence of an event described in clauses (i) through (iv) of Section 7(b) following the commencement of any discussion with a third person that results in a Change in Control within 60 calendar days after the effective date of such termination or occurrence (which 60 calendar day period is referred to herein as the “Pre-Change in Control Protection Period”) will be deemed to have occurred after a Change in Control for purposes of this Plan.

8. Benefits

(a) Participants who are eligible for benefits under Section 7 shall be entitled to a severance benefit equal to two times the sum of (i) the Participant's annual base salary rate in effect as of (A) the date of the first event constituting a Change in Control, (B) the date of the Participant’s termination of employment, or (C) if Section 7(c) applies, the date of the occurrence of the event described in Section 7(c), whichever is greater, and (ii) the Participant's average
annual bonus (if any) received for the three full fiscal years of the Company immediately preceding the fiscal year in which the first event constituting a Change in Control occurs. If a Participant is covered by an employment agreement with the Company that provides for severance payments in the event of involuntary termination, the severance benefit shall be reduced by the value of the maximum cumulative severance payments (if any) that could be made to the Participant under said agreement.

(b) If a Participant who is eligible for benefits under Section 7 does not, for a period of one year following the effective date of the Participant's termination from employment, render personal services to a Competing Business in any manner, including, without limitation, as owner, partner, director, trustee, officer, employee, consultant or advisor thereof, the Participant shall be entitled to an additional noncompetition severance benefit equal to one-half of the amount determined under Section 8(a).

(c) If a Participant who is entitled to benefits under Section 7 dies following his or her termination from employment, but prior to receipt of the severance payment provided in Sections 8(a) and (b), payment of such severance amounts shall be made to the Participant’s estate. If a Participant dies during the one-year period following the effective date of the Participant’s termination from employment following a Change in Control without having engaged in an activity that precludes payment of the additional noncompetition severance benefits under Section 8(b), his estate shall be entitled to a pro-rata portion of the additional noncompetition severance benefit described in Section 8(b).

(d) For purposes of determining the additional noncompetition severance benefit under Section 8(b) above, the following assumptions shall be used;

(i) The Participant continued to work through the date that is the second anniversary of the effective date of the Participant’s termination from employment;

(ii) The Participant received the same base compensation through the date described in (i), above, that the Participant was receiving at the Executive’s termination from employment;

(iii) The Participant received a bonus for any fiscal year (or portion thereof) from the Executive’s termination from employment through the date described in (i), above, equal to the actual bonus (if any) that the participant receives for that year (even if paid after the Executive’s termination from employment).

9. Form and Timing of Payment

(a) All payments shall be made wholly in cash, less applicable withholding. Where payments are to be made within a fixed number of days following a specified date, the Participant shall not have the right to designate the taxable year of payment. Each payment under this Plan shall be a separate payment and not one of a series of payments.
(b) Severance benefits payable under Sections 8(a) shall be paid in a single lump sum payment, less applicable withholding, in cash within 5 days after the effective date of the Participant’s severance from employment. The additional noncompetition severance benefit payable under Section 8(b) shall be paid in a single lump sum payment in cash within 5 days after the first anniversary of the effective date of the Participant's severance from employment.

(c) Severance payments payable to the Participant’s estate under Section 8(c) shall be paid in a single lump sum payment, less applicable withholding, in cash no later than 60 days after the date of the Participant’s death. The pro-rata additional noncompetition severance benefits payable to the Participant’s estate under Section 8(c) shall be paid in a single lump sum payment in cash no later than 60 days after the date of the Participant’s death.

(d) Severance benefits under Sections 8(a) that are payable to a Participant because of the Participant’s termination of employment or the occurrence of an event described in clauses (i) through (iv) of Section 7(b) during the Pre-Change in Control Protection Period shall be paid in a single lump sum payment, less applicable withholding, in cash within 5 days after the later of (i) the date on which the Change in Control occurs or (ii) the effective date of the Participant’s severance from employment. The additional noncompetition severance benefit payable under Section 8(b) to such a Participant shall be paid in a single lump sum payment in cash within 5 days after the first anniversary of the effective date of the Participant's severance from employment.

(e) Payments made to Participants under the Plan shall not be considered compensation for purposes of the Company’s qualified or nonqualified retirement plans or its group health and welfare benefit plans.

10. Claims and Appeal Procedure

A Participant will be paid as provided in Sections 7, 8 and 9. No claim for benefits is necessary. If a Participant believes that he/she is due benefits that are not paid, he/she may file a claim with the Plan Administrator for those benefits. If any benefits are denied, either in whole or in part, the Plan Administrator will give the employee notice of the specific reason or reasons for the denial, along with reference to the pertinent plan provisions on which the denial is based. The plan administrator will also indicate what additional material or information, if any, is required to perfect the claim.

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

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

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

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

Chief Human Resources Officer
Macy’s, Inc.
7 West Seventh Street
Cincinnati, OH 45202

with a copy to:
General Counsel
Macy’s, Inc.
7 West Seventh Street
Cincinnati, OH 45202

11. Limitation on Payments and Benefits

Notwithstanding anything to the contrary contained in this Plan, if, after taking into account all amounts or benefits to be paid or provided to the Executive under this Plan or other arrangement with any Participating Employer, any amount or benefit to be paid or provided to the Executive would be an “Excess Parachute Payment,” within the meaning of Section 280G of the Internal Revenue Code of 1986, as amended (the “Code”), or any successor provision thereto, but for the application of this sentence, then the payments and benefits to be so paid or provided under this Plan or other arrangement with a Participating Employer will be reduced to the minimum extent necessary (but in no event to less than zero) so that no portion of any such payment or benefit, as so reduced, constitutes an Excess Parachute Payment; provided, however, that the foregoing reduction will be made only if and to the extent that such reduction would result in an increase in the aggregate payments and benefits to be provided, determined on an after-tax basis (taking into account the Excise Tax, as defined below). The determination of whether any reduction in such payments or benefits to be provided under this Plan is required pursuant to the preceding sentence will be made at the expense of the Company, if requested by the Executive or the Company, by the Company’s independent accountants. The fact that the Executive’s right to payments or benefits may be reduced by reason of the limitations contained in this Section 11 will not of itself limit or otherwise affect any other rights of the Executive other than pursuant to this Plan. In the event that any payment or benefit intended to be provided under this Plan or otherwise is required to be reduced pursuant to this Section 11, the Company will reduce the amount of the Executive’s severance benefit payable pursuant to Section 8(a). For purposes of this Section 11, “Excise Tax” shall mean the excise tax imposed by Section 4999 of the Code (or any successor provision thereto) by reason of being considered “contingent on a change in ownership or control” of the Company, within the meaning of Section 280G of the Code, or any
successor provision thereto, any similar tax imposed by state or local law, and any interest or penalties with respect to such tax.

12. Legal Fees and Expenses; Security

It is the intent of the Company that the Executive not be required to incur legal fees and the related expenses associated with the interpretation, enforcement, or defense of the Executive’s rights under this Plan by litigation or otherwise because the cost and expense thereof would substantially detract from the benefits intended to be extended to the Executive hereunder. Accordingly, if it should appear to the Executive that the Company has failed to comply with any of its obligations under this Plan or in the event that the Company or any other person takes or threatens to take any action to declare this Plan void or unenforceable, or institutes any litigation or other action or proceeding designed to deny, or to recover from, the Executive the benefits provided or intended to be provided to the Executive hereunder, the Company irrevocably authorizes the Executive from time to time to retain counsel of the Executive’s choice, at the expense of the Company as hereinafter provided, to advise and represent the Executive in connection with any such interpretation, enforcement, or defense, including without limitation the initiation or defense of any litigation or other legal action, whether by or against the Company or any director, officer, stockholder, or other person affiliated with the Company, in any jurisdiction. Notwithstanding any existing or prior attorney-client relationship between the Company and such counsel, the Company irrevocably consents to the Executive’s entering into an attorney-client relationship with such counsel, and in that connection the Company and the Executive agree that a confidential relationship will exist between the Executive and such counsel. Without regard to whether the Executive prevails, in whole or in part, in connection with any of the foregoing, the Company will pay to the Executive and be solely financially responsible for any and all attorneys’ and related fees and expenses incurred by the Executive in connection with any of the foregoing. Such payments shall be made no later than December 31 of the year following the year in which the Executive incurs the expenses, provided that in no event will the amount of expenses eligible for reimbursement in one year affect the amount of expenses to be reimbursed, or in-kind benefits to be provided, in any other taxable year.


(a) An Executive’s rights and interests under the Plan may not be assigned or transferred.

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

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

The Company reserves the right, by action taken by the Incumbent Board, at any time and from time to time, in its sole discretion, to modify, amend or terminate this Plan. No amendment or termination may be made or effected (i) if it would cause the Plan to fail to comply with Section 409A or (ii) during the Severance Period without the consent of all Participants in the Plan at the time of the amendment or termination.

Any such amendment that has the effect of reducing the benefit to which a Participant would be entitled under Section 8 upon a termination following a Change in Control or during the Pre-Change in Control Protection Period, and any termination of the Plan, shall not become effective until 12 months following the date on which the Company adopts such amendment or termination, provided, however, that any amendment or termination which occurs within 12 months before a Change in Control will not become effective until the first day following the end of the Severance Period.

15. Governing Law; Plan Interpretation

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

16. Effective Date of the Plan

The Plan shall be effective as of November 1, 2009. The Plan is revised and restated effective as of January 1, 2014.
<table>
<thead>
<tr>
<th>Corporate Name</th>
<th>State of Incorporation/Formation</th>
<th>Trade Name(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advertex Communications, Inc.</td>
<td>Delaware</td>
<td>Macy’s Marketing</td>
</tr>
<tr>
<td>Bloomingdale’s By Mail Ltd.</td>
<td>New York</td>
<td>Bloomingdales.com</td>
</tr>
<tr>
<td>Bloomingdale’s, Inc.</td>
<td>Ohio</td>
<td></td>
</tr>
<tr>
<td>Bloomingdale’s The Outlet Store, Inc.</td>
<td>Ohio</td>
<td>Bloomingdale’s Outlet</td>
</tr>
<tr>
<td>FDS Bank</td>
<td>N/A</td>
<td></td>
</tr>
<tr>
<td>FDS Thrift Holding Co., Inc.</td>
<td>Ohio</td>
<td></td>
</tr>
<tr>
<td>Macy’s Corporate Services, Inc.</td>
<td>Delaware</td>
<td></td>
</tr>
<tr>
<td>Macy’s Credit and Customer Services, Inc.</td>
<td>Ohio</td>
<td></td>
</tr>
<tr>
<td>Macy’s Credit Operations, Inc.</td>
<td>Ohio</td>
<td></td>
</tr>
<tr>
<td>Macy’s Florida Stores, LLC</td>
<td>Ohio</td>
<td>Macy’s</td>
</tr>
<tr>
<td>Macy’s Merchandising Corporation</td>
<td>Delaware</td>
<td></td>
</tr>
<tr>
<td>Macy’s Merchandising Group (Hong Kong) Limited</td>
<td>Hong Kong</td>
<td></td>
</tr>
<tr>
<td>Macy’s Merchandising Group International (Hong Kong)</td>
<td>Hong Kong</td>
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</tr>
<tr>
<td>Macy’s Merchandising Group International, LLC</td>
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<td>Macy’s Merchandising Group Procurement, LLC</td>
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<td>Macy’s Merchandising Group</td>
<td>Delaware</td>
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</tr>
<tr>
<td>Macy’s Retail Holdings, Inc.</td>
<td>New York</td>
<td>Macy’s</td>
</tr>
<tr>
<td>Macy’s Systems and Technology, Inc.</td>
<td>Delaware</td>
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</tr>
<tr>
<td>Macy’s West Stores, Inc.</td>
<td>Ohio</td>
<td>Macy’s</td>
</tr>
<tr>
<td>Macys.com, Inc.</td>
<td>New York</td>
<td></td>
</tr>
<tr>
<td>West 34th Street Insurance Company</td>
<td>Vermont</td>
<td></td>
</tr>
<tr>
<td>West 34th Street Insurance Company New York</td>
<td>New York</td>
<td></td>
</tr>
</tbody>
</table>
Consent of Independent Registered Public Accounting Firm

The Board of Directors
Macy’s, Inc.:

We consent to the incorporation by reference in the registration statements (Nos. 333-192917, 333-160564, 333-153721, 333-153720, 333-153719, 333-133080, 333-104017, and 333-185575) on Form S-8 and (No. 333-185321) on Form S-3 of Macy’s, Inc. and subsidiaries (“Macy’s, Inc.”) of our report dated April 2, 2014, with respect to the consolidated balance sheets of Macy’s, Inc. as of February 1, 2014 and February 2, 2013, and the related consolidated statements of income, comprehensive income, shareholders’ equity and cash flows for each of the years in the three-year period ended February 1, 2014, and the effectiveness of internal control over financial reporting as of February 1, 2014, which report appears in the February 1, 2014 annual report on Form 10-K of Macy’s, Inc.

/s/ KPMG LLP

Cincinnati, Ohio
April 2, 2014
POWER OF ATTORNEY

The undersigned, a director and/or officer of Macy’s, Inc., a Delaware corporation (the “Company”), hereby constitutes and appoints each of Dennis J. Broderick and Linda J. Balicki my true and lawful attorney-in-fact and agent, each with full power of substitution and resubstitution, to do any and all acts and things in my name and behalf in my capacities as director and/or officer of the Company and to execute any and all instruments for me and in my name in the capacities indicated above, which said attorneys-in-fact and agent may deem necessary or advisable to enable the Company to comply with the Securities Act of 1934, as amended (the “Exchange Act”), and any rules, regulations, and requirements of the Securities and Exchange Commission (the “Commission”), in connection with an Annual Report on Form 10-K for the year ended February 1, 2014 to be filed by the Company pursuant to Section 13 of the Exchange Act, including without limitation, power and authority to sign for me, in my name in the capacity or capacities referred to above, such Annual Report, and to file the same, with all exhibits thereto, and other documents, including amendments, in connection therewith, with the Commission, hereby ratifying and confirming all that said attorneys-in-fact and agents, or their substitute or substitutes, or any one of them, shall do or cause to be done by virtue hereof.

Dated: March 28, 2014

/s/ Joel A. Belsky
Joel A. Belsky

/s/ Stephen F. Bollenbach
Stephen F. Bollenbach

/s/ Deirdre P. Connelly
Deirdre P. Connelly

/s/ Meyer Feldberg
Meyer Feldberg

/s/ Karen M. Hoguet
Karen M. Hoguet

/s/ Sara Levinson
Sara Levinson

/s/ Terry J. Lundgren
Terry J. Lundgren

/s/ Joseph Neubauer
Joseph Neubauer

/s/ Joyce M. Roché
Joyce M. Roché

/s/ Paul C. Varga
Paul C. Varga

/s/ Craig E. Weatherup
Craig E. Weatherup

/s/ Marna C. Whittington
Marna C. Whittington
CERTIFICATION

I, Terry J. Lundgren, certify that:

1. I have reviewed this Annual Report on Form 10-K of Macy's, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
   a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b. any fraud, whether or not material, that involves management or other employees who have a
significant role in the registrant's internal control over financial reporting.

April 2, 2014

/s/ Terry J. Lundgren
Terry J. Lundgren
Chief Executive Officer
CERTIFICATION

I, Karen M. Hoguet, certify that:

1. I have reviewed this Annual Report on Form 10-K of Macy's, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
d. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

April 2, 2014

/s/ Karen M. Hoguet______

Karen M. Hoguet

Chief Financial Officer
CERTIFICATION UNDER SECTION 906 OF THE SARBANES-OXLEY ACT

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, in connection with the filing of the Annual Report on Form 10-K of Macy's, Inc. (the "Company") for the fiscal year ended February 1, 2014, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned officer of the Company certifies that, to his knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of the dates and for the periods expressed in the Report.

Dated: April 2, 2014

/s/ Terry J. Lundgren

Name: Terry J. Lundgren
Title: Chief Executive Officer
CERTIFICATION UNDER SECTION 906 OF THE SARBANES-OXLEY ACT

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, in connection with the filing of the Annual Report on Form 10-K of Macy's, Inc. (the "Company") for the fiscal year ended February 1, 2014, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned officer of the Company certifies that, to her knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of the dates and for the periods expressed in the Report.

Dated: April 2, 2014

/s/ Karen M. Hoguet

Name: Karen M. Hoguet

Title: Chief Financial Officer
OUR CORPORATE WEBSITE – MACYSINC.COM – CONTAINS A BREADTH AND DEPTH OF DETAILED INFORMATION ABOUT OUR COMPANY’S PHILOSOPHIES, OPERATIONS AND ACTIVITIES. IT SERVES AS A HUB FOR COMPANY INFORMATION THROUGHOUT THE YEAR.

HERE IS A SAMPLING OF WHAT YOU CAN FIND ON MACYSINC.COM:

STORES
Go to macyinc.com/StoreInformation for a complete listing of Macy’s and Bloomingdale’s store locations, summaries of store counts and square footage, charts showing the structure of our stores, regions and districts, and downloadable maps showing where our stores are located in each market. To search for a specific store by state, city or zip code, go to macyinc.com/Locate.

FINANCIALS
Go to macyinc.com/FinancialInformation for quarterly and annual financial statements, as well as calculations for Return On Invested Capital (ROIC), credit ratios and other financial information, including non-GAAP data.

PRESS RELEASES
Go to macyinc.com/PressReleases for all Macy’s, Inc. and Macy’s news releases issued since 1997. To sign up to receive an alert whenever a new press releases is issued, go to macyinc.com/NewsDirect.

ONLINE SHOPPING
By going to macy.com and bloomingdales.com, you can shop online, review your credit account and get detailed information on offers, events and activities associated with each brand.

ATTRACTING AND DEVELOPING TALENT
Go to macyinc.com/Talent for information on our programs for attracting, retaining and developing the best people in retailing. This includes our college relations and recruiting efforts, as well as our in-house Leadership Institute for developing executive talent.

CORPORATE GIVING AND EMPLOYEE VOLUNTEERISM
Go to macyinc.com/Community for a description of our programs for corporate giving, employee volunteerism and cause marketing. Macy’s and Bloomingdale’s are known for their exceptional support of worthwhile causes and charities nationally, as well as in local communities nationwide.

SOCIAL RESPONSIBILITY
Go to macyinc.com/Community for information on social responsibility at Macy’s, including our Vendor & Supplier Code of Conduct, socially responsible products sold at Macy’s, product sourcing procedures, and environmental sustainability. Here, you will find a detailed discussion on our company’s sustainability principles, measurable goals and action steps. You can download our Report on Social Responsibility, which is updated throughout the year.

JOBS
For complete information on jobs available at the company – and to apply online – go to macyJOBS.com and bloomingdalesJOBS.com. Included is information on our program for returning military veterans. If you are a college student thinking about starting a career or seeking an internship, go to macyCOLLEGE.com or bloomingdalesCOLLEGE.com.
EXECUTIVE MANAGEMENT TEAM

Terry J. Lundgren  
Chairman and  
Chief Executive Officer

Jeffrey Gennette  
President

Timothy M. Adams  
Chief Private Brand Officer

William S. Allen  
Chief Human Resources Officer

Julie Greiner  
Chief Merchandise Planning Officer

Robert B. Harrison  
Chief Omnichannel Officer

Karen M. Hoguet  
Chief Financial Officer

Jeffrey A. Kantor  
Chairman, macy's.com

Martine Reardon  
Chief Marketing Officer

Peter Sachse  
Chief Stores Officer

Tony Spring  
Chairman and  
Chief Executive Officer  
Bloomingdale's

BOARD OF DIRECTORS

Stephen F. Bollenbach  
Non-Executive Chairman of the Board of Directors  
KB Home

Deirdre P. Connelly  
President, North American Pharmaceuticals  
GlaxoSmithKline

Meyer Feldberg  
Dean Emeritus and Professor of Leadership and Ethics  
Columbia Business School

Sara Levinson  
Co-Founder and Director of KANDU  
Former Chairman and  
Chief Executive Officer  
ClubMom, Inc.

Terry J. Lundgren  
Chairman and  
Chief Executive Officer  
Macy's, Inc.

Joseph Neubauer  
Chairman  
ARAMARK Holdings Corporation

Joyce M. Roché  
Former President and  
Chief Executive Officer  
Girls Incorporated

Paul C. Varga  
Chairman and  
Chief Executive Officer  
Brown-Forman Corporation

Craig E. Weatherup  
Former Chief Executive Officer  
The Pepsi-Cola Company

Marna C. Whittington  
Former Chief Executive Officer  
Allianz Global Investors Capital

OTHER MACY'S, INC. CORPORATE OFFICERS

Joel A. Belsky  
Controller

Dennis J. Broderick  
General Counsel and Secretary

Amy Hanson  
Credit, Customer and Financial Services

William L. Hawthorne III  
Diversity Strategies and Legal Affairs

Bradley R. Mays  
Tax

James A. Sluzewski  
Corporate Communications and External Affairs

Ann Munson Steines  
Deputy General Counsel and Assistant Secretary

William T. Tompkins  
Human Resources, Total Rewards

Felicia Williams  
Enterprise Risk and Internal Audit

Michael Zorn  
Associate and Labor Relations
SHAREHOLDER INFORMATION

TO REACH US
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Sign up to have Macy’s, Inc.’s news releases sent to you via e-mail by subscribing to News Direct.
Get the latest stock price and chart, or take advantage of the historical price look-up feature.

CALL:
Macy’s, Inc.
Investor Relations Department
Monday-Friday,
8:30 a.m. – 5 p.m. (ET)
1-513-579-7028
Macy’s, Inc. News & Information Request Hotline: 1-800-261-5385

WRITE:
Macy’s, Inc.
Investor Relations Department
7 West Seventh Street
Cincinnati, OH 45202
Investors@macyinc.com

MACY’S, INC. SHARES
Macy’s, Inc.
c/o Computershare
Shareowner Services
P.O. Box 358015
Pittsburgh, PA 15252-8015
1-866-337-3311
(Inside the United States and Canada)
1-201-680-6578
(Outside the United States and Canada)
For the hearing impaired
1-800-231-5469 (TDD)
computershare.com/investor

VISIT US ON THE INTERNET
macyinc.com
macyinc.com
macyJOBS.com
bloomingdales.com
bloomingdalesJOBS.com