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

FORM 10-Q

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

For the quarterly period ended August 2, 2014

OR

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

For the transition period from to

Commission file number: 1-13536

macy's inc

Incorporated in Delaware	**I.R.S. Employer Identification No. 13-3324058**

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

and

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

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

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

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

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐ (Do not check if a smaller reporting company) 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 ☒

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

Class	Outstanding at August 29, 2014
Common Stock, $0.01 par value per share	353,126,894 shares

PART I - FINANCIAL INFORMATION
Item 1. Financial Statements

MACY'S, INC.

CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

(millions, except per share figures)

	13 Weeks Ended		26 Weeks Ended	
	August 2, 2014	August 3, 2013	August 2, 2014	August 3, 2013
Net sales	$ 6,267	$ 6,066	$ 12,546	$ 12,453
Cost of sales	(3,672)	(3,533)	(7,508)	(7,444)
Gross margin	2,595	2,533	5,038	5,009
Selling, general and administrative expenses	(2,024)	(1,999)	(4,024)	(4,040)
Operating income	571	534	1,014	969
Interest expense	(101)	(97)	(201)	(194)
Interest income	1	1	1	1
Income before income taxes	471	438	814	776
Federal, state and local income tax expense	(179)	(157)	(298)	(278)
Net income	$ 292	$ 281	$ 516	$ 498
Basic earnings per share	$ .81	$ .73	$ 1.42	$ 1.29
Diluted earnings per share	$ .80	$ .72	$ 1.40	$ 1.27

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

MACY'S, INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)

(millions)

	13 Weeks Ended		26 Weeks Ended	
	August 2, 2014	August 3, 2013	August 2, 2014	August 3, 2013
Net income	$ 292	$ 281	$ 516	$ 498
Other comprehensive income:				
Amortization of net actuarial loss on post employment and postretirement benefit plans included in net income, before tax	7	41	13	79
Tax effect related to items of other comprehensive income	(3)	(17)	(5)	(31)
Total other comprehensive income, net of tax effect	4	24	8	48
Comprehensive income	$ 296	$ 305	$ 524	$ 546

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

MACY'S, INC.

CONSOLIDATED BALANCE SHEETS
(Unaudited)

(millions)

	August 2, 2014	February 1, 2014	August 3, 2013
ASSETS			
Current Assets:			
Cash and cash equivalents	$ 1,630	$ 2,273	$ 1,424
Receivables	352	438	347
Merchandise inventories	5,416	5,557	5,357
Prepaid expenses and other current assets	399	420	387
Total Current Assets	7,797	8,688	7,515
Property and Equipment - net of accumulated depreciation and amortization of $6,453, $6,066 and $6,345	7,771	7,930	8,001
Goodwill	3,743	3,743	3,743
Other Intangible Assets – net	512	527	543
Other Assets	796	746	629
Total Assets	$ 20,619	$ 21,634	$ 20,431
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current Liabilities:			
Short-term debt	$ 483	$ 463	$ 575
Merchandise accounts payable	1,990	1,691	2,064
Accounts payable and accrued liabilities	2,150	2,810	2,043
Income taxes	120	362	67
Deferred income taxes	393	400	422
Total Current Liabilities	5,136	5,726	5,171
Long-Term Debt	6,742	6,728	6,339
Deferred Income Taxes	1,287	1,273	1,217
Other Liabilities	1,647	1,658	1,849
Shareholders' Equity	5,807	6,249	5,855
Total Liabilities and Shareholders' Equity	$ 20,619	$ 21,634	$ 20,431

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

MACY'S, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

(millions)

	26 Weeks Ended	
	August 2, 2014	**August 3, 2013**
Cash flows from operating activities:		
Net income	$ 516	$ 498
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	507	504
Stock-based compensation expense	38	32
Amortization of financing costs and premium on acquired debt	(3)	(5)
Changes in assets and liabilities:		
Decrease in receivables	86	41
(Increase) decrease in merchandise inventories	141	(49)
Increase in prepaid expenses and other current assets	(14)	(21)
(Increase) decrease in other assets not separately identified	(31)	1
Increase in merchandise accounts payable	276	442
Decrease in accounts payable and accrued liabilities not separately identified	(621)	(560)
Decrease in current income taxes	(242)	(288)
Increase (decrease) in deferred income taxes	2	(37)
Increase (decrease) in other liabilities not separately identified	(9)	106
Net cash provided by operating activities	646	664
Cash flows from investing activities:		
Purchase of property and equipment	(245)	(206)
Capitalized software	(116)	(110)
Disposition of property and equipment	24	5
Other, net	49	(5)
Net cash used by investing activities	(288)	(316)
Cash flows from financing activities:		
Debt issued	500	—
Financing costs	(4)	(3)
Debt repaid	(459)	(7)
Dividends paid	(204)	(173)
Increase (decrease) in outstanding checks	(61)	2
Acquisition of treasury stock	(922)	(785)
Issuance of common stock	149	206
Net cash used by financing activities	(1,001)	(760)
Net decrease in cash and cash equivalents	(643)	(412)
Cash and cash equivalents beginning of period	2,273	1,836
Cash and cash equivalents end of period	$ 1,630	$ 1,424
Supplemental cash flow information:		
Interest paid	$ 202	$ 190
Interest received	1	1
Income taxes paid (net of refunds received)	495	512

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

1. Summary of Significant Accounting Policies

Nature of Operations

Macy's, Inc. and subsidiaries (the "Company") is an omnichannel retail organization operating stores, websites and mobile applications under 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. The Company's operations include approximately 840 stores, including thirteen Bloomingdale's Outlets, in 45 states, the District of Columbia, Guam and Puerto Rico, as well as macys.com and bloomingdales.com. In addition, Bloomingdale's in Dubai, United Arab Emirates is operated under a license agreement with Al Tayer Insignia, a company of Al Tayer Group, LLC.

A description of the Company's significant accounting policies is included in the Company's Annual Report on Form 10-K for the fiscal year ended February 1, 2014 (the "2013 10-K"). The accompanying Consolidated Financial Statements should be read in conjunction with the Consolidated Financial Statements and notes thereto in the 2013 10-K.

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.

The Consolidated Financial Statements for the 13 and 26 weeks ended August 2, 2014 and August 3, 2013, in the opinion of management, include all adjustments (consisting only of normal recurring adjustments) considered necessary to present fairly, in all material respects, the consolidated financial position and results of operations of the Company.

Seasonality

Because of the seasonal nature of the retail business, the results of operations for the 13 and 26 weeks ended August 2, 2014 and August 3, 2013 (which do not include the Christmas season) are not necessarily indicative of such results for the full fiscal year.

Comprehensive Income

Total comprehensive income represents the change in equity during a period from sources other than transactions with shareholders and, as such, includes net income. For the Company, the only other component of total comprehensive income for the 13 and 26 weeks ended August 2, 2014 and August 3, 2013 is the amortization of post employment and postretirement plan items. These reclassifications out of accumulated other comprehensive loss are included in the computation of net periodic benefit cost (income) and are included in selling, general and administrative expenses on the Consolidated Statements of Income. See Note 4, "Benefit Plans," for further information.

2. Earnings Per Share

The following tables set forth the computation of basic and diluted earnings per share:

	13 Weeks Ended					
	August 2, 2014			August 3, 2013		
	Net Income		Shares	Net Income		Shares
	(millions, except per share data)					
Net income and average number of shares outstanding	$ 292		358.3	$ 281		381.6
Shares to be issued under deferred compensation and other plans			0.9			0.9
	$ 292		359.2	$ 281		382.5
Basic earnings per share		$ .81			$ .73	
Effect of dilutive securities:						
Stock options, restricted stock and restricted stock units			6.2			6.8
	$ 292		365.4	$ 281		389.3
Diluted earnings per share		$ .80			$ .72	

	26 Weeks Ended					
	August 2, 2014			August 3, 2013		
	Net Income		Shares	Net Income		Shares
	(millions, except per share data)					
Net income and average number of shares outstanding	$ 516		361.5	$ 498		384.3
Shares to be issued under deferred compensation and other plans			1.0			1.0
	$ 516		362.5	$ 498		385.3
Basic earnings per share		$ 1.42			$ 1.29	
Effect of dilutive securities:						
Stock options, restricted stock and restricted stock units			6.5			6.6
	$ 516		369.0	$ 498		391.9
Diluted earnings per share		$ 1.40			$ 1.27	

In addition to the stock options, restricted stock and restricted stock units reflected in the foregoing tables, stock options to purchase 3.2 million shares of common stock, 23,000 shares of restricted stock and restricted stock units relating to 0.9 million shares of common stock were outstanding at August 2, 2014, but were not included in the computation of diluted earnings per share for the 13 or 26 weeks ended August 2, 2014 because their inclusion would have been antidilutive or they were subject to performance conditions that had not been met.

In addition to the stock options, restricted stock and restricted stock units reflected in the foregoing tables, stock options to purchase 3.6 million shares of common stock and restricted stock units relating to 1.8 million shares of common stock were outstanding at August 3, 2013, but were not included in the computation of diluted earnings per share for the 13 or 26 weeks ended August 3, 2013 because their inclusion would have been antidilutive or they were subject to performance conditions that had not been met.

3. Financing Activities

The following table shows the detail of debt repayments:

	26 Weeks Ended	
	August 2, 2014	August 3, 2013
	(millions)	
5.75% Senior notes due 2014	$ 453	$ —
9.5% amortizing debentures due 2021	2	2
9.75% amortizing debentures due 2021	1	1
Capital leases and other obligations	3	4
	$ 459	$ 7

During the 26 weeks ended August 2, 2014, the Company repurchased approximately 16.3 million shares of its common stock pursuant to existing stock purchase authorizations for a total of approximately $949 million. As of August 2, 2014, the Company had $1,983 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 May 23, 2014, the Company issued $500 million aggregate principal amount of 3.625% senior unsecured notes due 2024. On July 15, 2014, the Company repaid $453 million of 5.75% senior unsecured notes at maturity.

4. Benefit Plans

The Company has a funded defined benefit plan ("Pension Plan") and defined contribution plans, which cover substantially all employees who work 1,000 hours or more in a year. Effective January 1, 2012, the Pension Plan was closed to new participants, with limited exceptions. The Company also has an unfunded defined benefit supplementary retirement plan ("SERP"), which provides benefits, for certain employees, in excess of qualified plan limitations. Effective January 2, 2012, the SERP was closed to new participants. After December 31, 2013, with limited exceptions, employees no longer earn future pension service credits under the Pension Plan and SERP, and retirement benefits attributable to service after that date are provided solely through defined contribution plans.

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

Expense related to matching contributions for the 401(k) defined contribution plan amounted to $25 million and $50 million for the 13 and 26 weeks ended August 2, 2014, respectively, and $5 million and $10 million for the 13 and 26 weeks ended August 3, 2013, respectively. The actuarially determined components of the net periodic benefit cost (income) are as follows:

	13 Weeks Ended		26 Weeks Ended	
	August 2, 2014	August 3, 2013	August 2, 2014	August 3, 2013
	(millions)			
Pension Plan				
Service cost	$ 1	$ 28	$ 3	$ 56
Interest cost	37	35	75	71
Expected return on assets	(62)	(61)	(123)	(121)
Recognition of net actuarial loss	7	36	13	71
Amortization of prior service credit	—	—	—	—
	$ (17)	$ 38	$ (32)	$ 77
Supplementary Retirement Plan				
Service cost	$ —	$ 1	$ —	$ 3
Interest cost	9	8	17	16
Recognition of net actuarial loss	1	6	2	10
Amortization of prior service cost	—	—	—	—
	$ 10	$ 15	$ 19	$ 29
Postretirement Obligations				
Service cost	$ —	$ —	$ —	$ —
Interest cost	2	2	4	5
Recognition of net actuarial gain	(1)	(1)	(2)	(2)
Amortization of prior service cost	—	—	—	—
	$ 1	$ 1	$ 2	$ 3

5. Fair Value Measurements

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

	August 2, 2014				August 3, 2013			
		Fair Value Measurements				Fair Value Measurements		
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	(millions)							
Marketable equity and debt securities	$ 91	$ —	$ 91	$ —	$ 74	$ —	$ 74	$ —

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:

	August 2, 2014			August 3, 2013		
	Notional Amount	Carrying Amount	Fair Value	Notional Amount	Carrying Amount	Fair Value
	(millions)					
Long-term debt	$ 6,544	$ 6,713	$ 7,375	$ 6,125	$ 6,308	$ 6,650

The Company reviews the carrying value of its goodwill and other intangible assets with indefinite lives at least annually for possible impairment in accordance with ASC Topic 350, "Intangibles - Goodwill and Other." 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 operations. Goodwill and other intangible assets with indefinite lives are tested for impairment annually at the end of the fiscal month of May. The Macy's retail operation is the only reporting unit with goodwill and indefinite lived intangible assets.

During the second quarter of fiscal 2014, the Company completed its annual impairment test of goodwill and indefinite lived intangible assets and determined that goodwill and indefinite lived intangible assets were not impaired as of May 31, 2014.

The use of different assumptions, estimates or judgments in the testing process, including with respect to the analysis of macroeconomic conditions, industry, market and other economic considerations and actual and expected financial performance, the estimated future cash flows and the discount rates used to discount such estimated cash flows to their net present values, could materially increase or decrease the estimated fair values and, accordingly, could impact the results of the annual impairment tests.

6. Condensed Consolidating Financial Information

Certain debt obligations of the Company, which constitute debt obligations of Macy's Retail Holdings, Inc. ("Subsidiary Issuer"), a 100%-owned subsidiary of Macy's, Inc. ("Parent"), are fully and unconditionally guaranteed by Parent. In the following condensed consolidating financial statements, "Other Subsidiaries" includes all other direct subsidiaries of Parent, including FDS Bank, West 34th Street 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."

Condensed Consolidating Balance Sheets as of August 2, 2014, August 3, 2013 and February 1, 2014, the related Condensed Consolidating Statements of Comprehensive Income for the 13 and 26 weeks ended August 2, 2014 and August 3, 2013, and the related Condensed Consolidating Statements of Cash Flows for the 26 weeks ended August 2, 2014 and August 3, 2013 are presented on the following pages.

Condensed Consolidating Balance Sheet
As of August 2, 2014
(millions)

	Parent	Subsidiary Issuer	Other Subsidiaries	Consolidating Adjustments	Consolidated
ASSETS:					
Current Assets:					
Cash and cash equivalents	$ 1,287	$ 85	$ 258	$ —	$ 1,630
Receivables	—	91	261	—	352
Merchandise inventories	—	2,799	2,617	—	5,416
Prepaid expenses and other current assets	6	94	299	—	399
Income taxes	34	—	—	(34)	—
Total Current Assets	1,327	3,069	3,435	(34)	7,797
Property and Equipment – net	—	4,438	3,333	—	7,771
Goodwill	—	3,315	428	—	3,743
Other Intangible Assets – net	—	85	427	—	512
Other Assets	4	123	669	—	796
Deferred Income Taxes	20	—	—	(20)	—
Intercompany Receivable	—	—	3,412	(3,412)	—
Investment in Subsidiaries	4,832	3,340	—	(8,172)	—
Total Assets	$ 6,183	$ 14,370	$ 11,704	$ (11,638)	$ 20,619
LIABILITIES AND SHAREHOLDERS' EQUITY:					
Current Liabilities:					
Short-term debt	$ —	$ 481	$ 2	$ —	$ 483
Merchandise accounts payable	—	926	1,064	—	1,990
Accounts payable and accrued liabilities	122	951	1,077	—	2,150
Income taxes	—	45	109	(34)	120
Deferred income taxes	—	305	88	—	393
Total Current Liabilities	122	2,708	2,340	(34)	5,136
Long-Term Debt	—	6,722	20	—	6,742
Intercompany Payable	188	3,224	—	(3,412)	—
Deferred Income Taxes	—	568	739	(20)	1,287
Other Liabilities	66	482	1,099	—	1,647
Shareholders' Equity	5,807	666	7,506	(8,172)	5,807
Total Liabilities and Shareholders' Equity	$ 6,183	$ 14,370	$ 11,704	$ (11,638)	$ 20,619

Condensed Consolidating Statement of Comprehensive Income
For the 13 Weeks Ended August 2, 2014
(millions)

	Parent	Subsidiary Issuer	Other Subsidiaries	Consolidating Adjustments	Consolidated
Net sales	$ —	$ 2,961	$ 5,008	$ (1,702)	$ 6,267
Cost of sales	—	(1,778)	(3,582)	1,688	(3,672)
Gross margin	—	1,183	1,426	(14)	2,595
Selling, general and administrative expenses	(2)	(1,044)	(992)	14	(2,024)
Operating income (loss)	(2)	139	434	—	571
Interest (expense) income, net:					
External	—	(100)	—	—	(100)
Intercompany	—	(58)	58	—	—
Equity in earnings of subsidiaries	293	113	—	(406)	—
Income before income taxes	291	94	492	(406)	471
Federal, state and local income tax benefit (expense)	1	3	(183)	—	(179)
Net income	$ 292	$ 97	$ 309	$ (406)	$ 292
Comprehensive income	$ 296	$ 101	$ 311	$ (412)	$ 296

Condensed Consolidating Statement of Comprehensive Income
For the 26 Weeks Ended August 2, 2014
(millions)

	Parent	Subsidiary Issuer	Other Subsidiaries	Consolidating Adjustments	Consolidated
Net sales	$ —	$ 5,879	$ 10,478	$ (3,811)	$ 12,546
Cost of sales	—	(3,664)	(7,628)	3,784	(7,508)
Gross margin	—	2,215	2,850	(27)	5,038
Selling, general and administrative expenses	(4)	(2,052)	(1,995)	27	(4,024)
Operating income (loss)	(4)	163	855	—	1,014
Interest (expense) income, net:					
External	—	(200)	—	—	(200)
Intercompany	—	(116)	116	—	—
Equity in earnings of subsidiaries	518	179	—	(697)	—
Income before income taxes	514	26	971	(697)	814
Federal, state and local income tax benefit (expense)	2	41	(341)	—	(298)
Net income	$ 516	$ 67	$ 630	$ (697)	$ 516
Comprehensive income	$ 524	$ 75	$ 634	$ (709)	$ 524

Condensed Consolidating Statement of Cash Flows
For the 26 Weeks Ended August 2, 2014
(millions)

	Parent	Subsidiary Issuer	Other Subsidiaries	Consolidating Adjustments	Consolidated
Cash flows from operating activities:					
Net income	$ 516	$ 67	$ 630	$ (697)	$ 516
Equity in earnings of subsidiaries	(518)	(179)	—	697	—
Dividends received from subsidiaries	319	—	—	(319)	—
Depreciation and amortization	—	225	282	—	507
(Increase) decrease in working capital	55	(48)	(381)	—	(374)
Other, net	6	(27)	18	—	(3)
Net cash provided by operating activities	378	38	549	(319)	646
Cash flows from investing activities:					
Purchase of property and equipment and capitalized software, net	—	(61)	(276)	—	(337)
Other, net	—	6	43	—	49
Net cash used by investing activities	—	(55)	(233)	—	(288)
Cash flows from financing activities:					
Debt issued, net of debt repaid	—	42	(1)	—	41
Dividends paid	(204)	—	(319)	319	(204)
Common stock acquired, net of issuance of common stock	(773)	—	—	—	(773)
Intercompany activity, net	(137)	8	129	—	—
Other, net	68	(32)	(101)	—	(65)
Net cash provided (used) by financing activities	(1,046)	18	(292)	319	(1,001)
Net increase (decrease) in cash and cash equivalents	(668)	1	24	—	(643)
Cash and cash equivalents at beginning of period	1,955	84	234	—	2,273
Cash and cash equivalents at end of period	$ 1,287	$ 85	$ 258	$ —	$ 1,630

Condensed Consolidating Balance Sheet
As of August 3, 2013
(millions)

	Parent	Subsidiary Issuer	Other Subsidiaries	Consolidating Adjustments	Consolidated
ASSETS:					
Current Assets:					
Cash and cash equivalents	$ 1,104	$ 35	$ 285	$ —	$ 1,424
Receivables	—	86	261	—	347
Merchandise inventories	—	2,759	2,598	—	5,357
Prepaid expenses and other current assets	—	94	293	—	387
Income taxes	69	—	—	(69)	—
Total Current Assets	1,173	2,974	3,437	(69)	7,515
Property and Equipment – net	—	4,562	3,439	—	8,001
Goodwill	—	3,315	428	—	3,743
Other Intangible Assets – net	—	109	434	—	543
Other Assets	4	69	556	—	629
Intercompany Receivable	527	—	3,135	(3,662)	—
Investment in Subsidiaries	4,273	2,757	—	(7,030)	—
Total Assets	$ 5,977	$ 13,786	$ 11,429	$ (10,761)	$ 20,431
LIABILITIES AND SHAREHOLDERS’ EQUITY:					
Current Liabilities:					
Short-term debt	$ —	$ 573	$ 2	$ —	$ 575
Merchandise accounts payable	—	966	1,098	—	2,064
Accounts payable and accrued liabilities	36	887	1,120	—	2,043
Income taxes	—	16	120	(69)	67
Deferred income taxes	—	315	107	—	422
Total Current Liabilities	36	2,757	2,447	(69)	5,171
Long-Term Debt	—	6,317	22	—	6,339
Intercompany Payable	—	3,662	—	(3,662)	—
Deferred Income Taxes	8	441	768	—	1,217
Other Liabilities	78	620	1,151	—	1,849
Shareholders' Equity (Deficit)	5,855	(11)	7,041	(7,030)	5,855
Total Liabilities and Shareholders' Equity	$ 5,977	$ 13,786	$ 11,429	$ (10,761)	$ 20,431

Condensed Consolidating Statement of Comprehensive Income
For the 13 Weeks Ended August 3, 2013
(millions)

	Parent	Subsidiary Issuer	Other Subsidiaries	Consolidating Adjustments	Consolidated
Net sales	$ —	$ 2,898	$ 4,831	$ (1,663)	$ 6,066
Cost of sales	—	(1,763)	(3,420)	1,650	(3,533)
Gross margin	—	1,135	1,411	(13)	2,533
Selling, general and administrative expenses	(2)	(1,054)	(956)	13	(1,999)
Operating income (loss)	(2)	81	455	—	534
Interest (expense) income, net:					
External	—	(96)	—	—	(96)
Intercompany	—	(39)	39	—	—
Equity in earnings of subsidiaries	282	89	—	(371)	—
Income before income taxes	280	35	494	(371)	438
Federal, state and local income tax benefit (expense)	1	10	(168)	—	(157)
Net income	$ 281	$ 45	$ 326	$ (371)	$ 281
Comprehensive income	$ 305	$ 69	$ 336	$ (405)	$ 305

Condensed Consolidating Statement of Comprehensive Income
For the 26 Weeks Ended August 3, 2013
(millions)

	Parent	Subsidiary Issuer	Other Subsidiaries	Consolidating Adjustments	Consolidated
Net sales	$ —	$ 5,932	$ 10,379	$ (3,858)	$ 12,453
Cost of sales	—	(3,660)	(7,616)	3,832	(7,444)
Gross margin	—	2,272	2,763	(26)	5,009
Selling, general and administrative expenses	(5)	(2,104)	(1,957)	26	(4,040)
Operating income (loss)	(5)	168	806	—	969
Interest (expense) income, net:					
External	—	(193)	—	—	(193)
Intercompany	—	(79)	79	—	—
Equity in earnings of subsidiaries	501	144	—	(645)	—
Income before income taxes	496	40	885	(645)	776
Federal, state and local income tax benefit (expense)	2	37	(317)	—	(278)
Net income	$ 498	$ 77	$ 568	$ (645)	$ 498
Comprehensive income	$ 546	$ 125	$ 588	$ (713)	$ 546

Condensed Consolidating Statement of Cash Flows
For the 26 Weeks Ended August 3, 2013
(millions)

	Parent	Subsidiary Issuer	Other Subsidiaries	Consolidating Adjustments	Consolidated
Cash flows from operating activities:					
Net income	$ 498	$ 77	$ 568	$ (645)	$ 498
Equity in earnings of subsidiaries	(501)	(144)	—	645	—
Dividends received from subsidiaries	303	—	—	(303)	—
Depreciation and amortization	—	235	269	—	504
(Increase) decrease in working capital	(62)	43	(416)	—	(435)
Other, net	18	76	3	—	97
Net cash provided by operating activities	256	287	424	(303)	664
Cash flows from investing activities:					
Purchase of property and equipment and capitalized software, net	—	(135)	(176)	—	(311)
Other, net	—	—	(5)	—	(5)
Net cash used by investing activities	—	(135)	(181)	—	(316)
Cash flows from financing activities:					
Debt repaid	—	(6)	(1)	—	(7)
Dividends paid	(173)	—	(303)	303	(173)
Common stock acquired, net of issuance of common stock	(579)	—	—	—	(579)
Intercompany activity, net	145	(175)	30	—	—
Other, net	(83)	23	59	—	(1)
Net cash used by financing activities	(690)	(158)	(215)	303	(760)
Net increase (decrease) in cash and cash equivalents	(434)	(6)	28	—	(412)
Cash and cash equivalents at beginning of period	1,538	41	257	—	1,836
Cash and cash equivalents at end of period	$ 1,104	$ 35	$ 285	$ —	$ 1,424

Condensed Consolidating Balance Sheet
As of February 1, 2014
(millions)

	Parent	Subsidiary Issuer	Other Subsidiaries	Consolidating Adjustments	Consolidated
ASSETS:					
Current Assets:					
Cash and cash equivalents	$ 1,955	$ 84	$ 234	$ —	$ 2,273
Receivables	—	102	336	—	438
Merchandise inventories	—	2,896	2,661	—	5,557
Prepaid expenses and other current assets	—	103	317	—	420
Income taxes	80	—	—	(80)	—
Total Current Assets	2,035	3,185	3,548	(80)	8,688
Property and Equipment – net	—	4,590	3,340	—	7,930
Goodwill	—	3,315	428	—	3,743
Other Intangible Assets – net	—	97	430	—	527
Other Assets	4	101	641	—	746
Deferred Income Taxes	19	—	—	(19)	—
Intercompany Receivable	—	—	3,561	(3,561)	—
Investment in Subsidiaries	4,625	3,157	—	(7,782)	—
Total Assets	$ 6,683	$ 14,445	$ 11,948	$ (11,442)	$ 21,634
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 (Deficit)	6,249	591	7,191	(7,782)	6,249
Total Liabilities and Shareholders' Equity	$ 6,683	$ 14,445	$ 11,948	$ (11,442)	$ 21,634

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

For purposes of the following discussion, all references to "second quarter of 2014" and "second quarter of 2013" are to the Company's 13-week fiscal periods ended August 2, 2014 and August 3, 2013, respectively, and all references to "2014" and "2013" are to the Company's 26-week fiscal periods ended August 2, 2014 and August 3, 2013, respectively.

The following discussion should be read in conjunction with the Consolidated Financial Statements and the related notes included elsewhere in this report, as well as the financial and other information included in the 2013 10-K. The following discussion contains forward-looking statements that reflect the Company's plans, estimates and beliefs. The Company's actual results could materially differ from those discussed in these forward-looking statements. Factors that could cause or contribute to those differences include, but are not limited to, those discussed below and elsewhere in this report (particularly in "Forward-Looking Statements") and in the 2013 10-K (particularly in "Risk Factors").

Overview

The Company is an omnichannel retail organization operating stores, websites and mobile applications 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. The Company's operations include approximately 840 stores, including thirteen Bloomingdale's Outlets, in 45 states, the District of Columbia, Guam and Puerto Rico, as well as macys.com and bloomingdales.com. In addition, 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 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 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 August 2, 2014, nearly all Macy's and Bloomingdale's stores are fulfilling orders from other stores and/or online for shipment, compared to 500 Macy's stores as of February 1, 2014. Also, as of August 2, 2014 nearly all Macy's and Bloomingdale's stores are fulfilling orders for store 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.

The Company opened a new Macy's store in August 2014 and intends to open two new Macy's stores and one Bloomingdale's replacement store in the remainder of fiscal 2014. Also in August 2014, the Company closed two Macy's locations. During 2013, the Company opened two new Macy's stores, one new Bloomingdale's Outlet store, and also expanded into an additional Macy's location in an existing mall.

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.

All economic conditions ultimately affect the Company's overall operations. However, the effects of economic conditions can be experienced differently and 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.

Based on its assessment of current and anticipated market conditions and its recent performance, the Company is assuming that its comparable sales in fiscal 2014 will increase in the range of 1.5% to 2.0% from 2013 levels and that its diluted earnings per share in fiscal 2014 will be in the range of $4.40 to $4.50.

Results of Operations

Comparison of the Second Quarter of 2014 and the Second Quarter of 2013

	Second Quarter of 2014		Second Quarter of 2013	
	Amount	% to Sales	Amount	% to Sales
	(dollars in millions, except per share figures)			
Net sales	$ 6,267		$ 6,066	
Increase (decrease) in sales	3.3 %		(0.8) %	
Increase (decrease) in comparable sales	3.4 %		(0.8) %	
Cost of sales	(3,672)	(58.6) %	(3,533)	(58.2) %
Gross margin	2,595	41.4 %	2,533	41.8 %
Selling, general and administrative expenses	(2,024)	(32.3) %	(1,999)	(33.0) %
Operating income	571	9.1 %	534	8.8 %
Interest expense - net	(100)		(96)	
Income before income taxes	471		438	
Federal, state and local income tax expense	(179)		(157)	
Net income	$ 292	4.7 %	$ 281	4.6 %
Diluted earnings per share	$ .80		$ .72	

Diluted Earnings Per Share

Diluted earnings per share for the second quarter of 2014 increased $.08 or 11.1% compared to the second quarter of 2013, reflecting higher net income and lower average diluted shares.

Net Income

Net income for the second quarter of 2014 increased $11 million or 3.9% compared to the second quarter of 2013, reflecting higher net sales and gross margin in dollars, partially offset by higher selling, general and administrative expenses in dollars, higher interest expense and income taxes.

Net Sales

Net sales for the second quarter of 2014 increased $201 million or 3.3% compared to the second quarter of 2013. On a comparable basis, net sales for the second quarter of 2014 were up 3.4% compared to the second quarter of 2013. Comparable sales together with comparable sales of departments licensed to third parties were up 4.0 percent in the second quarter of 2014. The Company believes that the combination of the two provides a useful measure for assessing changes in total customer demand at Macy's and Bloomingdale's. (See page 24 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.) Sales in the second quarter of 2014 benefited by a shift in the timing of a promotional event such that a portion of the resultant sales occurred during the second quarter of 2014, as compared to exclusively in the first quarter of 2013. Geographically, sales in the second quarter of 2014 continued to be stronger in the southern regions, particularly southern California and Texas, and also in certain individual store locations in northern regions, most notably Herald Square in New York City. By family of business, sales in the second quarter of 2014 were stronger in center core categories (including handbags), in the back to school businesses (including juniors, impulse apparel for the millennial customer, active and kids), and also furniture and mattresses. Sales in the second quarter of 2014 were weaker in both women's and men's sportswear and non-athletic shoes.

Cost of Sales

Cost of sales for the second quarter of 2014 increased $139 million and the cost of sales rate as a percent to net sales of 58.6% was 40 basis points higher, compared to the second quarter of 2013. The increase in cost of sales reflects higher markdowns as a percent to sales as well as the growth in the omnichannel business and the resultant 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 the second quarter of 2014 increased $25 million or 1.3% from the second quarter of 2013. The SG&A rate as a percent to net sales of 32.3% was 70 basis points lower in the second quarter of 2014, as compared to the second quarter of 2013. SG&A expenses in the second quarter of 2014 benefited from lower retirement expenses (including Pension Plan, SERP and 401(k) expenses), the impact of the cost reduction initiatives implemented at fiscal 2013 year-end and higher income from credit operations, partially offset by the continued investments in the Company's omnichannel operations. Retirement expenses were $18 million in the second quarter of 2014, compared to $58 million in the second quarter of 2013, reflecting the recent changes to the Company's retirement plans. Income from credit operations was $183 million in the second quarter of 2014, compared to $177 million in the second quarter of 2013, reflecting continued profitability of the portfolio.

Net Interest Expense

Net interest expense for the second quarter of 2014 increased $4 million from the second quarter of 2013. The increase in net interest expense for the second quarter of 2014 was due to higher levels of outstanding borrowings as compared to the second quarter of 2013, partially due to the issuance of new debt prior to the repayment of debt at maturity during the second quarter of 2014.

Effective Tax Rate

The Company's effective tax rate of 37.9% for the second quarter of 2014 and 35.9% for the second quarter of 2013 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.

Comparison of 26 Weeks Ended August 2, 2014 and August 3, 2013

	2014		2013	
	Amount	% to Sales	Amount	% to Sales
	(dollars in millions, except per share figures)			
Net sales	$ 12,546		$ 12,453	
Increase in sales	0.7 %		1.6 %	
Increase in comparable sales	0.8 %		1.5 %	
Cost of sales	(7,508)	(59.8) %	(7,444)	(59.8) %
Gross margin	5,038	40.2 %	5,009	40.2 %
Selling, general and administrative expenses	(4,024)	(32.1) %	(4,040)	(32.4) %
Operating income	1,014	8.1 %	969	7.8 %
Interest expense - net	(200)		(193)	
Income before income taxes	814		776	
Federal, state and local income tax expense	(298)		(278)	
Net income	$ 516	4.1 %	$ 498	4.0 %
Diluted earnings per share	$ 1.40		$ 1.27	

Diluted Earnings Per Share

Diluted earnings per share for the 2014 increased $.13 or 10.2% compared to the 2013, reflecting higher net income and lower average diluted shares.

Net Income

Net income for 2014 increased $18 million or 3.6% compared to 2013, reflecting higher net sales and gross margin and a lower selling, general and administrative expenses in dollars and rate, partially offset by the impact of a higher interest expense and income taxes.

Net Sales

Net sales for 2014 increased $93 million or 0.7% compared to 2013. On a comparable basis, net sales for 2014 were up 0.8% compared to 2013. Comparable sales together with comparable sales of departments licensed to third parties were up 1.5% in 2014. The Company believes that the combination of the two provides a useful measure for assessing changes in total customer demand at Macy's and Bloomingdale's. (See page 24 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.) Geographically, sales in 2014 were stronger in the southern regions, which were impacted to a lesser degree by the weather in the first quarter of 2014. By family of business, sales in 2014 were stronger in handbags, impulse apparel for the millennial customer, active and kids. Sales in 2014 were weaker in non-athletic shoes.

Cost of Sales

Cost of sales for 2014 increased $64 million from 2013 and the cost of sales rate as a percent to net sales for both 2014 and 2013 was 59.8%. 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

SG&A expenses for 2014 decreased $16 million or 0.4% from 2013. The SG&A rate as a percent to net sales of 32.1% was 30 basis points lower in 2014, as compared to 2013. SG&A expenses in 2014 benefited from lower retirement expenses (including Pension Plan, SERP and 401(k) expenses), the impact of the cost reduction initiatives implemented at fiscal 2013 year-end and higher income from credit operations, partially offset by the continued investments in the Company's omnichannel operations. Retirement expenses were $37 million in 2014, compared to $116 million in 2013, reflecting the recent changes to the Company's retirement plans. Income from credit operations was $354 million in 2014, compared to $343 million in 2013, reflecting continued profitability of the portfolio.

Net Interest Expense

Net interest expense for 2014 increased $7 million from 2013. The increase in net interest expense for 2014 was due to higher levels of outstanding borrowings as compared to 2013, partially due to the issuance of new debt prior to the repayment of debt at maturity during the second quarter of 2014.

Effective Tax Rate

The Company's effective tax rate of 36.6% for 2014 and 35.9% for 2013 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.

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 changes in comparable sales 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).

See the tables below for supplemental financial data and a corresponding reconciliation to the most directly comparable GAAP financial measure. The Company's 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 these 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 of departments licensed to third parties are limited to commissions received on such sales. The methods used by the Company to calculate its non-GAAP financial measures may differ significantly from methods used by other companies to compute similar measures. As a result, any non-GAAP financial measures presented herein may not be comparable to similar measures provided by other companies.

	Second Quarter of 2014	Second Quarter of 2013
Increase (decrease) in comparable sales (note 1)	3.4%	(0.8)%
Impact of growth in comparable sales of departments licensed to third parties (note 2)	0.6%	1.1 %
Increase in comparable sales including impact of growth in comparable sales of departments licensed to third parties	4.0%	0.3 %

	2014	2013
Increase in comparable sales (note 1)	0.8%	1.5%
Impact of growth in comparable sales of departments licensed to third parties (note 2)	0.7%	0.9%
Increase in comparable sales including impact of growth in comparable sales of departments licensed to third parties	1.5%	2.4%

Notes:

(1) Represents the period-to-period percentage change in net sales from stores in operation throughout 2014 and 2013 and all net Internet sales, 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 2014 and 2013 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 the sales of the departments licensed to third parties) in its net sales. The Company does not, however, include any amounts in respect of licensed department sales (or any commissions earned on such sales) in its comparable sales in accordance with GAAP. The Company believes that the amounts of commissions earned on sales of departments licensed to third parties are not material to its results of operations for the periods presented.

Liquidity and Capital Resources

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

Operating Activities

Net cash provided by operating activities in 2014 was $646 million, compared to $664 million provided in 2013, due to lower merchandise payables, relating to the timing of inventory receipts, and the decrease in accounts payable and accrued liabilities including the payout of costs associated with the cost reduction initiatives implemented at fiscal 2013 year-end, partially offset by a decrease in merchandise inventories in 2014 compared to an increase in 2013.

Investing Activities

Net cash used by investing activities was $288 million for 2014, compared to net cash used by investing activities of $316 million for 2013. Investing activities for 2014 include purchases of property and equipment totaling $245 million and capitalized software of $116 million, compared to purchases of property and equipment totaling $206 million and capitalized software of $110 million for 2013.

Financing Activities

Net cash used by the Company for financing activities was $1,001 million for 2014, including $922 million for the acquisition of the Company's common stock, primarily under its share repurchase program, the payment of $204 million of cash dividends, a decrease in outstanding checks of $61 million, and the repayment of $459 million of debt, partially offset by the issuance of $500 million aggregate principal amount of 3.625% senior unsecured notes due 2024 and $149 million from the issuance of common stock, primarily related to the exercise of stock options.

During 2014, the Company repurchased approximately 16.3 million shares of its common stock pursuant to existing stock purchase authorizations for a total of approximately $949 million. As of August 2, 2014, the Company had $1,983 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.

Net cash used by the Company for financing activities was $760 million for 2013, including $785 million for the acquisition of the Company's common stock, primarily under its share repurchase program, the payment of $173 million of cash dividends and the repayment of $7 million of debt, partially offset by $206 million from the issuance of common stock, primarily related to the exercise of stock options.

The Company is a party to a credit agreement with certain financial institutions that 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 the second quarter of 2014 was 9.38 and its leverage ratio at August 2, 2014 was 1.84, in each case as calculated in accordance with the credit agreement.

On August 22, 2014, the Company's board of directors declared a quarterly dividend of 31.25 cents per share on its common stock, payable October 1, 2014 to Macy's shareholders of record at the close of business on September 15, 2014.

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.

Item 4. Controls and Procedures.

The Company's Chief Executive Officer and Chief Financial Officer have carried out, as of August 2, 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.

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.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings.

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

Item 1A. Risk Factors.

There have been no material changes to the Risk Factors described in Part I, "Item 1A. Risk Factors" in the Company's Annual Report of Form 10-K for the fiscal year ended February 1, 2014 as filed with the SEC.

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

The following table provides information regarding the Company's purchases of Common Stock during the second quarter of 2014.

	Total Number of Shares Purchased	Average Price per Share ($)	Number of Shares Purchased under Program (1)	Open Authorization Remaining (1)($)
	(thousands)		(thousands)	(millions)
May 4, 2014 – May 31, 2014	1,574	57.97	1,574	2,408
June 1, 2014 – July 5, 2014	3,967	58.59	3,967	2,176
July 6, 2014 – August 2, 2014	3,339	57.85	3,339	1,983
	8,880	58.20	8,880	

(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 $15 billion of Common Stock as of August 2, 2014. All authorizations are cumulative and do not have an expiration date. As of August 2, 2014, $1,983 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.

Item 4. Mine Safety Disclosures.

Not Applicable.

Item 5. Other Information.

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.

Item 6. Exhibits.

10.1+	Letter Agreement, dated May 22, 2014, by and among Macy’s, Inc., FDS Bank, Macy’s Credit and Customer Services, Inc., Macy’s West Stores, Inc., Bloomingdales, Inc., and Department Stores National Bank, a national banking association (as assignee of Citibank, N.A.)
10.2	Amended and Restated Time Sharing Agreement between Macy's, Inc., Macy's Corporate Services, Inc. and Terry J. Lundgren, dated August 21, 2014 *
31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a)
31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a)
32.1	Certification by Chief Executive Officer under Section 906 of the Sarbanes-Oxley Act
32.2	Certification by Chief Financial Officer under Section 906 of the Sarbanes-Oxley Act
101**	The following financial statements from Macy's, Inc.'s Quarterly Report on Form 10-Q for the quarter ended August 2, 2014, filed on September 8, 2014, formatted in XBRL: (i) Consolidated Statements of Income, (ii) Consolidated Statements of Comprehensive Income, (iii) Consolidated Balance Sheets, (iv) Consolidated Statements of Cash Flows, and (v) the Notes to Consolidated Financial Statements, tagged as blocks of text and in detail.

+ 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 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

By: /s/ JOEL A. BELSKY

Joel A. Belsky
Executive Vice President and Controller
(Principal Accounting Officer)

Date: September 8, 2014

REDACTED LETTER AGREEMENT

Exhibit 10.1

Confidential Treatment Requested. Confidential treatment has been requested for portions of this exhibit. The copy filed herewith omits the information subject to the confidentiality request. Omissions are designated as "[Redacted]." A complete version of this exhibit has been filed separately with the Securities and Exchange Commission.

Department Stores National Bank
701 E. 60th Street North
Sioux Falls, South Dakota 57104

May 22, 2014

Macy's, Inc.
7 West Seventh Street
Cincinnati, OH 45202
Attention: General Counsel

FDS Bank
9111 Duke Boulevard
Mason, OH 45040

Macy's Credit and Customer Services, Inc.
9111 Duke Boulevard
Mason, OH 45040

Ladies and Gentlemen:

This letter agreement ("Letter Agreement"), entered into as of the date first written above (the "Effective Date") by and among Macy's, Inc., (f/k/a Federated Department Stores, Inc.), a Delaware corporation ("Macy's, Inc."), FDS Bank, a federally chartered stock savings bank ("FDS Bank"), Macy's Credit and Customer Services, Inc. (f/k/a FACS Group, Inc.), an Ohio corporation (("MCCS"), Macy's West Stores, Inc., an Ohio corporation ("Macy's"), Bloomingdales, Inc., an Ohio corporation ("Bloomingdale's") (collectively, the "Macy's Companies"), and Department Stores National Bank, a national banking association, as assignee of Citibank, N.A. ("Bank"), amends the Credit Card Program Agreement dated as of June 1, 2005 (as amended, supplemented or otherwise modified from time to time, the "Program Agreement") by and among the Macy's Companies and Bank. Capitalized terms used herein but not defined herein shall have meanings given to such terms in the Program Agreement.

The parties to the Program Agreement agree as follows:

1. For the period defined in Exhibit A (the "Evaluation Period"), Bank agrees to issue a Private Label Credit Card to the Credit Card applicant segment (the "New Segment") defined in Exhibit A . The initial credit limits for the New Segment shall be established in accordance

with the then-current Risk Management Policies. The Operating Committee shall determine the initial credit limits to be made available to individual Cardholders in the New Segment. During the Evaluation Period and after termination of this Letter Agreement, Bank shall have the right to review the creditworthiness of the New Segment to determine whether or not to suspend or terminate credit privileges of such Cardholders consistent with the then current Risk Management Policies.

2. During the Evaluation Period, the Parties agree that the Macy's Companies will reimburse Bank [Redacted] on a monthly basis. For purposes of calculating the New Account Payment for the New Segment, the Parties will assume an activation rate for the New Segment of [Redacted] on a monthly basis.

3. For purposes of the Operating Committee's annual determination of the New Account Payment for all Private Label Accounts, the New Segment will not be included in determining the total number of Private Label Accounts opened and activated in the applicable Fiscal Year.

4. This Letter Agreement will automatically terminate upon the earlier to occur of (1) the end of the Evaluation Period or (2) the total dollar amount for all initial credit limits issued on the Private Label Accounts for the New Segment equals or exceeds [Redacted] at any point during the Evaluation Period. Upon termination of this Letter Agreement the Macy's Companies will (i) take all actions necessary to ensure no further Private Label Accounts are issued to the New Segment and (ii) pay Bank all amounts due and owing hereunder.

5. Except as expressly amended by this Letter Agreement, the Program Agreement remains unchanged.

6. This Letter Agreement may be executed in any number of counterparts, all of which together shall constitute one and the same instrument, but in making proof of this Letter Agreement, it shall not be necessary to produce or account for more than one such counterpart. Any facsimile of an executed counterpart shall be deemed to be an original.

Please acknowledge your agreement with the foregoing by executing this Letter Agreement as indicated below.

Very truly yours,

DEPARTMENT STORES NATIONAL BANK

By: /s/ Donna Van Bockern
Name: Donna Van Bockern
Title: Vice President

(Signature page to Letter Agreement)

Agreed to by:

MACY'S, INC. (f/k/a Federated Department Stores, Inc.)

By: /s/ Amy Hanson
Name: Amy Hanson
Title: Executive Vice President

FDS BANK

By: /s/ Amy Hanson
Name: Amy Hanson
Title: Executive Vice President

MACY'S CREDIT AND CUSTOMER SERVICES, INC.

By: /s/ Amy Hanson
Name: Amy Hanson
Title: Executive Vice President

MACY'S WEST STORES, INC.

By: /s/ Joel Belsky
Name: Joel Belsky
Title: Vice President

BLOOMINGDALE'S, INC.

By: /s/ Joel Belsky
Name: Joel Belsky
Title: Vice President

EXHIBIT A

The “Evaluation Period” means [Redacted].

The “New Segment” [Redacted].

Exhibit 10.2

AMENDED AND RESTATED TIME SHARING AGREEMENT

This Amended and Restated Time Sharing Agreement (the "Agreement"), is made and entered into this 21 day of August, 2014, by and between Macy's, Inc., a Delaware corporation, with principal offices at 7 West Seventh Street, Cincinnati, Ohio 45202 and 151 West 34th Street, New York, NY 10001 ("Company"), Macy's Corporate Services, Inc., a Delaware corporation, with principal offices at 7 West Seventh Street, Cincinnati, Ohio 45202 and 151 West 34th Street, New York, NY 10001 ("Operator") and Terry J. Lundgren, Chairman and Chief Executive Officer of the Company, with a primary residence in New York, NY ("User").

W I T N E S S E T H

WHEREAS, Company, through its indirect wholly-owned subsidiary, Operator, owns or leases and operates the aircraft (collectively, the "Aircraft") listed on Schedule A hereto for business use by employees of the Company in accordance with Part 91 of the Federal Aviation Regulations ("FAR") and the Company's policies regarding the business and personal use of corporate aircraft; and

WHEREAS, Operator has the right and lawful authority to enter into time sharing agreements, as provided in §91.501 of the FAR to provide the Company's senior executives with personal travel consistent with the Company's aircraft policies; and

WHEREAS, Operator has agreed to make the Aircraft, with flight crew, when the Aircraft and flight crew are not otherwise needed for business purposes, available to User for User's personal travel in accordance with the Company's aircraft policies on a non-exclusive time-sharing basis in accordance with §91.501 of the FAR; and

WHEREAS, the User agrees to reimburse the Operator for personal use of the Aircraft as permitted under the FAR and as pursuant to the terms of this Agreement, which sets forth the understanding of the parties; and

WHEREAS, Company and User entered into that certain Time Sharing Agreement dated as of March 25, 2011 (the "Original Time Sharing Agreement") and the parties desire to replace the Original Time Sharing Agreement with this Agreement as set forth herein.

NOW THEREFORE, Company, Operator and User declaring their intention to enter into and be bound by this Agreement, and for the good and valuable consideration set forth below, hereby covenant and agree as follows:

1 . Amendment and Restatement of Original Time Sharing Agreement. The Original Time Sharing Agreement is hereby amended and restated in its entirety by this Agreement.

2. Provision of Aircraft and Crew. Subject to Aircraft availability, Operator agrees to provide to User the Aircraft and flight crew on a time sharing basis in accordance with the provisions of this Agreement and FAR 91.501(c)(1). Operator shall provide, at its sole expense, qualified flight crew for all flight operations under this Agreement. If Operator is no longer the operator of any of the Aircraft, Schedule A shall be deemed amended to delete any reference to such Aircraft and this Agreement shall be terminated as to such Aircraft but shall remain in full force and effect with respect to each of the other Aircraft identified thereon, if any. No such termination shall affect any of the rights and obligations of the parties accrued or incurred prior to such termination. If Operator becomes the operator of any aircraft not listed on Schedule A hereto, Schedule A shall be modified to include such aircraft as an Aircraft covered by this Agreement, and thereafter this Agreement shall remain in full force and effect with respect to such Aircraft and each of the other Aircraft identified thereon, if any.

3 . Term. The term of this Agreement (the "Term") shall commence on the date hereof and shall continue until terminated by either party on written notice to the other party, such termination to become effective 30 days from the date of the notice, provided that this Agreement may be terminated by Operator on such shorter notice as may be required for Operator to comply with applicable law, regulations, the requirements of any financial institution with a security or other interest in the Aircraft, insurance requirements, or in the event the insurance required hereunder is not in full force and effect. Notwithstanding the foregoing, any provisions directly or indirectly related to User's payment obligations for flights completed prior to the date of termination and the limitation of liability provisions in Section 10 shall survive the termination of this Agreement.

4 . Reimbursement of Expenses. Reimbursement for each Trip or Round Trip (as such terms are defined below) conducted under this Agreement shall be an amount (as determined by Operator) equal to the actual expenses of operating such Trip (to include non-occupied legs, or "dead-head" flights, needed by Operator to position the aircraft for business use), not to exceed the sum of the following expenses as permitted pursuant to FAR 91.501(d):

(a) Fuel, oil, lubricants, and other additives;

(b) Travel expenses of the crew, including food, lodging, and ground transportation;

(c) Hangar and tie-down costs away from the Aircraft's base of operation;

(d) Insurance obtained for the specific flight as per Section 8.(b);

(e) Landing fees, airport taxes, and similar assessments;

(f) Customs, foreign permit, and similar fees directly related to the flight;

(g) Passenger ground transportation;

(h) In-flight food and beverages;

(i) Flight planning and weather contract services; and

(j) An additional charge equal to one hundred percent (100%) of the expenses listed in subsection (a) above.

The term "Trip" shall mean a flight from a departure point to a single destination. A "Round Trip" shall mean a flight from a departure point to one destination and back to the same departure point. In the event that User travels from a departure point to multiple destinations, the Operator will provide a separate invoice for each Trip. All costs of repositioning an aircraft to accommodate a Trip shall be included on the invoice related to such Trip.

5 . Invoicing and Payment. All payments to be made to Operator by User hereunder shall be paid in the manner set forth in this Section 4. Operator will pay, or cause to be paid, all expenses related to the operation of the Aircraft hereunder in the ordinary course. Within 45 days of the end of a month, Operator shall provide or cause to be provided to User an invoice showing personal use of the Aircraft by User pursuant to this Agreement during such month and a complete accounting detailing all amounts that are payable by User pursuant to Section 3 for all Trips or Round Trips conducted during the month. User shall pay all amounts due under the invoice in a manner reasonably acceptable to Operator not later than 30 days after receipt thereof. In the event Operator has not received all supplier invoices for reimbursable charges relating to any Trips or Round Trips during a month prior to such invoicing, Operator shall issue a supplemental invoice(s) for such charge(s) to User, and User shall pay each supplemental invoice within 30 days after receipt thereof.

6. Flight Requests. User shall provide Operator with Trip requests for User's personal travel to be undertaken pursuant to this Agreement and proposed flight schedules as far in advance of User's desired departure as possible, and, in any case, at least one (1) hour prior to User's planned departure or as may be required by law. The advance notice requirement in this Section 5 may be waived by Operator in its discretion. All flight requests for travel under this Agreement shall be in accordance with all reasonable policies established by Operator. Flight requests shall be in a form, whether oral or written, mutually convenient to, and agreed upon by the parties. Operator shall have sole and exclusive authority over the scheduling of the Aircraft. Operator shall not be liable to User or any other person for loss, injury, or damage occasioned by the delay or failure to furnish the Aircraft and crew pursuant to this Agreement for any reason. In addition to requested schedules and departure times, User shall provide at least the following information for each proposed flight reasonably in advance of the desired departure time as required by Operator or its flight crew:

(a) departure point;

(b) destination;

(c) date and time of flight;

(d) number and identity of anticipated passengers;

(e) nature and extent of luggage and/or cargo expected to be carried;

(f) date and time of return flight, if any; and

(g) any other information concerning the proposed flight that may be pertinent to or required by Operator, its flight crew, or governmental entities.

7. Operational Authority and Control.

(a) Operator shall be responsible for the physical and technical operation of the Aircraft and the safe performance of all flights under this Agreement, and shall retain full authority and control, including exclusive operational control and exclusive possession, command and control of the Aircraft for all flights under this Agreement.

(b) Operator shall furnish at its expense a fully qualified flight crew with appropriate credentials to conduct each flight undertaken under this Agreement. In accordance with applicable FAR, the qualified flight crew provided by Operator will exercise all required and/or appropriate duties and responsibilities in regard to the safety of each flight conducted hereunder. The pilot-in-command shall have absolute discretion in all matters concerning the preparation of the Aircraft for flight and the flight itself, the load carried and its distribution, the decision whether or not a flight shall be undertaken, the route to be flown, the place where landings shall be made, and all other matters relating to operation of the Aircraft. User specifically agrees that the flight crew shall have final and complete authority to delay or cancel any flight for any reason or condition that in the sole judgment of the pilot-in-command could compromise the safety of the flight, and to take any other action that in the sole judgment of the pilot-in-command is necessitated by considerations of safety. No such action of the pilot-in-command shall create or support any liability to User or any other person for loss, injury, damage or delay. Operator's operation of the Aircraft hereunder shall be strictly within the guidelines and policies established by Operator and FAR Part 91.

(c) Subject to Aircraft and crew availability, Operator shall use its good faith efforts, consistent with its approved policies, to accommodate User's needs and avoid conflicts in scheduling. Although every good faith effort shall be made to avoid its occurrence, any flights scheduled under this Agreement are subject to cancellation by either party without incurring liability to the other party. In the event of a cancellation, the canceling party shall provide the maximum notice reasonably practicable.

8 . Aircraft Maintenance. Operator shall, at its own expense, cause the Aircraft to be inspected, maintained, serviced, repaired, overhauled, and tested in accordance with FAR Part 91 so that the Aircraft will remain in good operating condition and in a condition consistent with its airworthiness certification and shall take such requirements into account in scheduling the Aircraft hereunder, including but not limited to compliance with applicable airworthiness directives and service bulletins. Performance of maintenance, preventive maintenance or inspection shall not be delayed or postponed for the purpose of scheduling the Aircraft unless such maintenance or inspection can safely be conducted at a later time in compliance with applicable laws, regulations and requirements, and such delay or postponement is consistent with the sound discretion of the pilot-in-command. In the event that any non-standard maintenance is required during the term and will interfere with User's requested or scheduled flights, Operator, or Operator's pilot-in-command, shall notify User of the maintenance required, the effect on the ability to comply with User's requested or scheduled flights and the manner in which the parties will proceed with the performance of such maintenance and conduct of such flight(s). In no event shall Operator be liable to User or any other person for loss, injury or damage occasioned by the delay or failure to furnish the Aircraft under this Agreement, whether or not maintenance-related.

9. Insurance.

(a) Operator hereby agrees to arrange for and maintain at all times during the term of this Agreement, at its expense, aircraft liability insurance for the Aircraft in the form and substance and with such insurers as is customary for corporate aircraft of the type similar to the Aircraft.

(b) Operator shall use reasonable commercial efforts to provide such additional insurance for specific flights under this Agreement as User may reasonably request. User acknowledges that any trips scheduled to areas not currently covered by existing policies may require Operator to purchase additional insurance to comply with applicable regulations, and Operator shall be required to maintain or cause to be maintained such additional insurance. The cost of all flight-specific insurance shall be borne by User as provided in Section 3(d).

10. Use of Aircraft. User warrants that:

(a) He has all necessary powers to enter into the transactions contemplated in this Agreement and has taken actions required to authorize and approve this Agreement;

(b) He will use the Aircraft under this Agreement for and only for his own account, including the carriage of his guests, and will not use the Aircraft for the purpose of providing transportation of passengers or cargo for compensation or hire or for common carriage;

(c) He will not permit any lien, security interest or other charge or encumbrance to attach against the Aircraft as a result of his actions or inactions, and shall not attempt to convey, mortgage, assign, lease or in any way alienate the Aircraft or Operator's rights hereunder or create any kind of lien or security interest involving the Aircraft or do anything or take any action that might mature into such a lien; and

(d) During the Term of this Agreement, he will abide by and conform to such laws, governmental and airport orders, rules, and regulations as shall from time to time be in effect relating in any way to the operation or use of the Aircraft by the User under a time sharing arrangement and all applicable policies of Operator.

11. Limitation of Liability. **NEITHER OPERATOR (NOR ITS AFFILIATES) MAKES, HAS MADE OR SHALL BE DEEMED TO MAKE OR HAVE MADE ANY WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, WRITTEN OR ORAL, WITH RESPECT TO ANY AIRCRAFT TO BE USED HEREUNDER OR ANY ENGINE OR COMPONENT THEREOF INCLUDING, WITHOUT LIMITATION, ANY WARRANTY AS TO DESIGN, COMPLIANCE WITH SPECIFICATIONS, QUALITY OF MATERIALS OR WORKMANSHIP, MERCHANTABILITY, FITNESS FOR ANY PURPOSE, USE OR OPERATION, AIRWORTHINESS, SAFETY, PATENT, TRADEMARK OR COPYRIGHT INFRINGEMENT OR TITLE.**

USER AGREES THAT THE AIRCRAFT LIABILITY INSURANCE CARRIED BY, OR ON BEHALF OF, OPERATOR SHALL PROVIDE USER'S SOLE RECOURSE FOR ALL CLAIMS, LOSSES, LIABILITIES, OBLIGATIONS, DEMANDS, SUITS, JUDGMENTS OR CAUSES OF ACTION, PENALITIES, FINES, COSTS AND EXPENSES OF ANY NATURE WHATSOEVER, INCLUDING ATTORNEYS' FEES AND EXPENSES FOR OR ON ACCOUNT OF OR ARISING OUT OF, OR IN ANY WAY CONNECTED WITH THE USE OF THE AIRCRAFT BY USER OR HIS GUESTS, INCLUDING, WITHOUT LIMITATION, INJURY TO OR DEATH OF ANY PERSONS, INCLUDING, WITHOUT LIMITATION, USER'S EMPLOYEES, AGENTS, REPRESENTATIVIES, GUESTS, INVITEES OR OTHER PARTIES WHICH MAY RESULT FROM OR ARISE OUT OF THE USE OR OPERATION OF THE AIRCRAFT. IN NO EVENT SHALL OPERATOR OR COMPANY BE LIABLE TO USER OR ITS EMPLOYEES, AGENTS, REPRESENTATIVES, GUESTS, INVITEES OR OTHER PARTIES FOR ANY CLAIMS OR LIABILITIES, INCLUDING, WITHOUT LIMITATION, PROPERTY DAMAGE, INJURY AND DEATH, AND EXPENSES, INCLUDING, WITHOUT LIMITATION, ATTORNEYS' FEES, IN EXCESS OF THE AMOUNT PAID BY THE APPLICABLE INSURANCE CARRIER IN THE EVENT OF SUCH LOSS. THE PROVISIONS OF THIS SECTION 11 SHALL SURVIVE THE TERMINATION OR EXPIRATION OF THIS AGREEMENT.

12. Notices and Communications. All notices and other communications under this Agreement shall be in writing (except as permitted in Section 5) and shall be given (and shall be deemed to have been duly given upon receipt or refusal to accept receipt) by personal delivery, by facsimile or electronic mail (with a simultaneous confirmation copy sent by first class mail properly addressed and postage prepaid), or by a reputable overnight courier service, addressed as follows:

If to Company: Macy's, Inc.
7 West Seventh Street
Cincinnati, Ohio 45202
Attention: Dennis J. Broderick, Executive Vice
President, General Counsel and Secretary
Facsimile: (513) 579-7354
Email: dennis.broderick@macys.com

If to Operator: Macy's Corporate Services, Inc.
7 West Seventh Street
Cincinnati, Ohio 45202
Attention: Dennis J. Broderick
Facsimile: (513) 579-7354
Email: dennis.broderick@macys.com

If to User: Terry J. Lundgren

Chairman, President and Chief Executive Officer
Macy's, Inc.
151 West 34th Street
New York, NY 10001
Facsimile: (212) 494-5192
Email: terry.lundgren@macys.com

Or, to such other person or address as either party may from time to time designate in writing to the other party.

13. Entire Agreement. This Agreement constitutes the entire understanding between the parties with respect to its subject matter, and there are no representations, warranties, rights, obligations, liabilities, conditions, covenants, or agreements relating to such subject matter that are not expressly set forth herein. There are no third-party beneficiaries of this Agreement.

14. Further Acts. Company, Operator and User shall from time to time perform such other and further acts and execute such other and further instruments as may be required by law or may be reasonably necessary (i) to carry out the intent and purpose of this Agreement, and (ii) to establish, maintain and protect the respective rights and remedies of the other party.

15. Successors and Assigns. User shall not have the right to assign, transfer or pledge this Agreement. This Agreement shall be binding on the parties hereto and their respective heirs, executors, administrators, successors and assigns, and shall inure to the benefit of the parties hereto, and, except as otherwise provided herein, their respective heirs, executors, administrators, other legal representatives, successors and permitted assigns.

16. Taxes. User shall be responsible for the payment of all applicable Federal excise taxes or any similar taxes imposed by any authority in connection with the use of the Aircraft by User hereunder; and User herby indemnifies and holds harmless Operator for any such taxes.

17. Governing Law and Consent to Jurisdiction. This Agreement shall be governed by the laws of the State of Ohio, without regard to its choice of law principles.

18. Severability. If any provision of this Agreement is held to be illegal, invalid or unenforceable, the legality, validity and enforceability of the remaining provisions shall not be affected or impaired.

19. Amendment or Modification. This Agreement may be amended, modified or terminated only in writing duly executed by the parties hereto.

20. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, and all of which shall constitute one and the same Agreement, binding on all the parties notwithstanding that all the parties are not signatories to the same counterpart. Each party may transmit its signature by facsimile, and any faxed counterpart of this Agreement shall have the same force and effect as a manually-executed original.

21. Truth-in-Leasing Compliance. Operator, on behalf of User, shall (i) deliver a copy of this Agreement to the Federal Aviation Administration, Aircraft Registration Branch, Attn: Technical Section, P.O. Box 25724, Oklahoma City, Oklahoma 73125 within 24 hours of its execution, (ii) notify the appropriate Flight Standards District Office at least 48 hours prior to the first flight under this Agreement of the registration number of the Aircraft, and the location of the airport of departure and departure time for such flight, and (iii) carry a copy of this Agreement onboard the Aircraft at all times when the Aircraft is being operated under this Agreement.

2 2 . TRUTH-IN-LEASING STATEMENT PURSUANT TO SECTION 91.23 OF THE FEDERAL AVIATION REGULATIONS.

(a) **OPERATOR CERTIFIES THAT EACH OF THE AIRCRAFT HAS BEEN INSPECTED AND MAINTAINED DURING THE 12-MONTH PERIOD PRECEDING THE DATE OF THIS AGREEMENT (OR SUCH SHORTER PERIOD AS OPERATOR SHALL HAVE POSSESSED THE AIRCRAFT) IN ACCORDANCE WITH THE PROVISIONS OF PART 91 OF THE FEDERAL AVIATION REGULATIONS. EACH OF THE AIRCRAFT WILL BE MAINTAINED AND INSPECTED IN COMPLIANCE WITH THE MAINTENANCE AND INSPECTION REQUIREMENTS FOR ALL OPERATIONS TO BE CONDUCTED UNDER THIS AGREEMENT.**

(b) **OPERATOR AGREES, CERTIFIES AND ACKNOWLEDGES, AS EVIDENCED BY ITS SIGNATURE BELOW, THAT WHENEVER ANY OF THE AIRCRAFT IS OPERATED UNDER THIS AGREEMENT, OPERATOR SHALL BE KNOWN AS, CONSIDERED, AND SHALL IN FACT BE THE OPERATOR OF, AND SHALL HAVE OPERATIONAL CONTROL OF, THE AIRCRAFT.**

(c) EACH PARTY CERTIFIES THAT IT UNDERSTANDS ITS RESPECTIVE RESPONSIBILITIES, IF ANY, FOR COMPLIANCE WITH APPLICABLE FEDERAL AVIATION REGULATIONS.

(c) **THE PARTIES UNDERSTAND THAT AN EXPLANATION OF FACTORS AND PERTINENT FEDERAL AVIATION REGULATIONS BEARING ON OPERATIONAL CONTROL CAN BE OBTAINED FROM THE NEAREST FAA FLIGHT STANDARDS DISTRICT OFFICE**.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed on the day and year first above written. The persons signing below warrant their authority to sign.

MACY'S, INC.

By: /s/ Dennis J. Broderick
Name: Dennis J. Broderick
Title: Executive Vice President, General Counsel and Secretary

MACY'S CORPORATE SERVICES, INC.

By: /s/ Dennis J. Broderick
Name: Dennis J. Broderick
Title: President

/s/ Terry J. Lundgren
TERRY J. LUNDGREN

A legible copy of this Agreement shall be kept in the Aircraft for all operations conducted hereunder.

SCHEDULE A

Type of Aircraft	U.S. Registration Number	Manufacturer Serial Number
Cessna Citation Encore Plus	N765F (formerly known as N237BG)	560-0771
Gulfstream G200	N765WM (formerly known as N200LV)	115
Gulfstream G200	N765M	124

Doc. No. 1004231

Exhibit 31.1

CERTIFICATION

I, Terry J. Lundgren, certify that:

1 I have reviewed this quarterly report on Form 10-Q 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; and

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.

September 8, 2014

/s/ Terry J. Lundgren

Terry J. Lundgren
Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, Karen M. Hoguet, certify that:

1 I have reviewed this quarterly report on Form 10-Q 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; and

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.

September 8, 2014

/s/ Karen M. Hoguet

Karen M. Hoguet
Chief Financial Officer

Exhibit 32.1

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 Form 10-Q of Macy's, Inc. (the "Company") for the fiscal quarter ended August 2, 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: September 8, 2014

/s/ Terry J. Lundgren
Name: Terry J. Lundgren
Title: Chief Executive Officer

Exhibit 32.2

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 Form 10-Q of Macy's, Inc. (the "Company") for the fiscal quarter ended August 2, 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: September 8, 2014

/s/ Karen M. Hoguet
Name: Karen M. Hoguet
Title: Chief Financial Officer