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 October 31, 2009

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 Regulations 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 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 November 27, 2009
Common Stock, $0.01 par value per share	421,012,196 shares

PART I – FINANCIAL INFORMATION
Item 1. Financial Statements

MACY'S, INC.

Consolidated Statements of Operations
(Unaudited)

(millions, except per share figures)

	13 Weeks Ended		39 Weeks Ended	
	October 31, 2009	November 1, 2008	October 31, 2009	November 1, 2008
Net sales	$ 5,277	$ 5,493	$ 15,640	$ 16,958
Cost of sales	(3,156)	(3,324)	(9,396)	(10,197)
Gross margin	2,121	2,169	6,244	6,761
Selling, general and administrative expenses	(2,033)	(2,085)	(5,850)	(6,225)
Division consolidation costs	(33)	(16)	(205)	(129)
Asset impairment charges	–	–	–	(50)
Operating income	55	68	189	357
Interest expense	(139)	(151)	(423)	(440)
Interest income	2	8	6	23
Loss before income taxes	(82)	(75)	(228)	(60)
Federal, state and local income tax benefit	47	31	112	30
Net loss	$ (35)	$ (44)	$ (116)	$ (30)
Basic loss per share	$ (.08)	$ (.10)	$ (.27)	$ (.07)
Diluted loss per share	$ (.08)	$ (.10)	$ (.27)	$ (.07)

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

MACY'S, INC.

Consolidated Balance Sheets
(Unaudited)

(millions)

	October 31, 2009	January 31, 2009	November 1, 2008
ASSETS:			
Current Assets:			
Cash and cash equivalents	$ 489	$ 1,306	$ 300
Receivables	374	439	367
Merchandise inventories	6,406	4,769	6,915
Income tax receivable	28	–	43
Supplies and prepaid expenses	216	226	246
Total Current Assets	7,513	6,740	7,871
Property and Equipment–net of accumulated depreciation and amortization of $6,232, $5,458 and $5,966	9,862	10,442	10,616
Goodwill	3,743	3,743	9,123
Other Intangible Assets–net	688	719	747
Other Assets	507	501	547
Total Assets	$ 22,313	$ 22,145	$ 28,904
LIABILITIES AND SHAREHOLDERS' EQUITY:			
Current Liabilities:			
Short-term debt	$ 92	$ 966	$ 1,086
Merchandise accounts payable	3,109	1,282	3,156
Accounts payable and accrued liabilities	2,359	2,628	2,531
Income taxes	–	28	–
Deferred income taxes	250	222	246
Total Current Liabilities	5,810	5,126	7,019
Long-Term Debt	8,618	8,733	8,748
Deferred Income Taxes	1,007	1,119	1,466
Other Liabilities	2,384	2,521	1,981
Shareholders' Equity	4,494	4,646	9,690
Total Liabilities and Shareholders' Equity	$ 22,313	$ 22,145	$ 28,904

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

MACY'S, INC.

Consolidated Statements of Cash Flows
(Unaudited)

(millions)

	39 Weeks Ended October 31, 2009	39 Weeks Ended November 1, 2008
Cash flows from operating activities:		
Net loss	$ (116)	$ (30)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Division consolidation costs	205	129
Asset impairment charges	–	50
Depreciation and amortization	905	950
Stock-based compensation expense	65	32
Amortization of financing costs and premium on acquired debt	(17)	(20)
Changes in assets and liabilities:		
Decrease in receivables	68	84
Increase in merchandise inventories	(1,637)	(1,855)
(Increase) decrease in supplies and prepaid expenses	10	(28)
Increase in other assets not separately identified	(14)	–
Increase in merchandise accounts payable	1,691	1,633
Decrease in accounts payable and accrued liabilities not separately identified	(461)	(313)
Decrease in current income taxes	(56)	(343)
Increase (decrease) in deferred income taxes	(90)	8
Increase (decrease) in other liabilities not separately identified	(169)	20
Net cash provided by operating activities	384	317
Cash flows from investing activities:		
Purchase of property and equipment	(238)	(546)
Capitalized software	(64)	(104)
Proceeds from hurricane insurance claims	17	19
Disposition of property and equipment	10	25
Net cash used by investing activities	(275)	(606)

(continued)

MACY'S, INC.

Consolidated Statements of Cash Flows (continued)
(Unaudited)

(millions)

	39 Weeks Ended October 31, 2009	39 Weeks Ended November 1, 2008
Cash flows from financing activities:		
Debt issued	–	770
Financing costs	–	(5)
Debt repaid	(964)	(663)
Dividends paid	(63)	(166)
Increase in outstanding checks	94	64
Acquisition of treasury stock	(1)	(1)
Issuance of common stock	8	7
Net cash provided (used) by financing activities	(926)	6
Net decrease in cash and cash equivalents	(817)	(283)
Cash and cash equivalents at beginning of period	1,306	583
Cash and cash equivalents at end of period	$ 489	$ 300
Supplemental cash flow information:		
Interest paid	$ 432	$ 461
Interest received	8	23
Income taxes paid (net of refunds received)	39	322

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

Notes to Consolidated Financial Statements
(Unaudited)

1. Summary of Significant Accounting Policies

Macy's, Inc. and subsidiaries (the "Company") is a retail organization operating retail stores and Internet websites under two brands (Macy's and Bloomingdale's) that sell a wide range of merchandise, including men's, women's and children's apparel and accessories, cosmetics, home furnishings and other consumer goods. The Company's operations include more than 850 stores in 45 states, the District of Columbia, Guam and Puerto Rico, as well as macys.com and bloomingdales.com.

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 January 31, 2009 (the "2008 10-K"). The accompanying Consolidated Financial Statements should be read in conjunction with the Consolidated Financial Statements and notes thereto in the 2008 10-K.

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 39 weeks ended October 31, 2009 and November 1, 2008, 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. The Company has evaluated subsequent events through December 7, 2009, which was the date the financial statements were issued and filed with the Securities and Exchange Commission ("SEC").

Because of the seasonal nature of the retail business, the results of operations for the 13 and 39 weeks ended October 31, 2009 and November 1, 2008 (which do not include the Christmas season) are not necessarily indicative of such results for the full fiscal year.

Certain Balance Sheet reclassifications were made to the prior fiscal year's amounts to conform with the classifications of such amounts for the current fiscal year.

In September 2006, the Financial Accounting Standards Board ("FASB") issued new authoritative guidance related to fair value measurements and related disclosures. This guidance defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. The Company adopted this guidance as it relates to financial assets and financial liabilities on February 3, 2008. However, the FASB deferred for one year the effective date of this guidance as it relates to fair value measurement requirements for nonfinancial assets and nonfinancial liabilities that are not recognized or disclosed at fair value on a recurring basis. The Company adopted these remaining provisions on February 1, 2009. The adoption of this guidance did not have a material impact on the Company's consolidated financial position, results of operations or cash flows.

(continued)

In December 2008, the FASB issued new authoritative guidance related to Company sponsored defined benefit pension plans and postretirement plans, which expands the annual disclosure requirements about plan assets. This guidance is effective for fiscal years ending after December 15, 2009. The adoption of this guidance is limited to the form and content of disclosures, and the Company does not anticipate that the adoption will have a material impact on the Company's consolidated financial position, results of operations or cash flows.

In April 2009, the FASB issued new authoritative guidance related to interim disclosures about the fair values of financial instruments. This guidance requires disclosures about the fair value of financial instruments whenever a public company issues financial information for interim reporting periods. The Company adopted this guidance in the second quarter of fiscal 2009 and the adoption did not have a material impact on the Company's consolidated financial position, results of operations or cash flows.

In June 2009, the FASB issued new authoritative guidance related to the accounting for and disclosures of subsequent events that occur after the balance sheet date but before financial statements are issued or are available to be issued. The Company adopted this guidance in the second quarter of fiscal 2009 and the adoption did not have a material impact on the Company's consolidated financial position, results of operations or cash flows.

In June 2009, the FASB issued the FASB Accounting Standards Codification ("Codification"), identified as the sole source of authoritative nongovernmental accounting principles generally accepted in the United States of America. The guidance in the Codification is effective for interim and annual periods ending after September 15, 2009, when all then existing non-SEC accounting standards were superseded. The adoption of the Codification did not have a material impact on the Company's consolidated financial position, results of operations or cash flows.

In June 2009, the FASB issued new authoritative guidance related to the accounting and disclosures for transfers of financial assets. This guidance will require entities to provide more information about sales of securitized financial assets and similar transactions, particularly if the seller retains some risk with respect to the assets. This guidance is effective for fiscal years beginning after November 15, 2009. The Company does not anticipate that the adoption of this guidance will have a material impact on the Company's consolidated financial position, results of operations or cash flows.

In June 2009, the FASB issued new authoritative guidance to improve financial reporting by companies involved with variable interest entities and to provide more relevant and reliable information to users of financial statements. This guidance is effective for fiscal years beginning after November 15, 2009. The Company does not anticipate that the adoption of this guidance will have a material impact on the Company's consolidated financial position, results of operations or cash flows.

In September 2009, the FASB issued new authoritative guidance providing investors a practical expedient for measuring the fair value of investments in certain entities that calculate net asset value per share. This guidance is effective for interim and annual periods ending after December 15, 2009. The adoption of this guidance is limited to the form and content of disclosures related to the Company sponsored defined benefit pension plan, and the Company does not anticipate that the adoption will have a material impact on the Company's consolidated financial position, results of operations or cash flows.

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2. Division Consolidation Costs

In 2008, the Company began a localization initiative called "My Macy's." This initiative is intended to strengthen local market focus and enhance selling service to enable the Company to both accelerate same-store sales growth and reduce expenses. To maximize the results from My Macy's, the Company has taken action, initially in selected markets, that: concentrates more management talent in local markets, effectively reducing the "span of control" over local stores; creates new positions in the field to work with central planning and buying executives in helping to understand and act on the merchandise needs of local customers; and empowers locally based executives to make more and better decisions. My Macy's is expected to drive sales growth by improving knowledge at the local level and then acting quickly on that knowledge.

In February 2009, the Company announced the expansion of the My Macy's localization initiative across the country. As My Macy's was rolled out nationally to new local markets in 2009, the Company's Macy's branded stores have been reorganized into a unified operating structure, through additional division consolidations, to support the Macy's business. Division central office organizations have been eliminated in New York-based Macy's East, San Francisco-based Macy's West, Atlanta-based Macy's Central and Miami-based Macy's Florida. The New York-based Macy's Home Store and Macy's Corporate Marketing divisions no longer exist as separate entities. Home Store functions have been integrated into the Macy's national merchandising, merchandise planning, stores and marketing organizations. Macy's Corporate Marketing has been integrated into the new unified marketing organization. The New York-based Macy's Merchandising Group has been refocused solely on the design, development and marketing of the Macy's family of private brands.

During the 13 and 39 weeks ended October 31, 2009, the Company recorded $33 million and $205 million, respectively, of costs and expenses associated with the division consolidation and localization initiative announced in February 2009, consisting primarily of severance costs and other human resource-related costs.

The following table shows for the 39 weeks ended October 31, 2009, the beginning and ending balance of, and the activity associated with, the severance accrual established in connection with the division consolidation and localization initiative announced in February 2009:

	January 31, 2009	Charged To Division Consolidation Costs	Payments	October 31, 2009
		(millions)		
Severance costs	$ 30	$ 124	$ (121)	$ 33

The Company expects to pay out the majority of these accrued severance costs, which are included in accounts payable and accrued liabilities on the Consolidated Balance Sheets, prior to January 30, 2010.

(continued)

Additionally, the Company paid out the $4 million of accrued severance costs established in connection with the store closings announced in January 2009, which were included in accounts payable and accrued liabilities on the Consolidated Balance Sheets as of January 31, 2009, during the 13 weeks ended May 2, 2009.

In February 2008, the Company announced certain division consolidations in combination with My Macy's. The Company consolidated the Minneapolis-based Macy's North organization into New York-based Macy's East, the St. Louis-based Macy's Midwest organization into Atlanta-based Macy's South and the Seattle-based Macy's Northwest organization into San Francisco-based Macy's West. The Atlanta-based division was renamed Macy's Central.

During the 13 and 39 weeks ended November 1, 2008, the Company recorded $16 million and $129 million, respectively, of costs and expenses associated with the division consolidation and localization initiative announced in February 2008, consisting primarily of severance costs and other human resource-related costs.

The following table shows for the 39 weeks ended November 1, 2008, the beginning and ending balance of, and the activity associated with, the severance accrual established in connection with the division consolidation and localization initiative announced in February 2008:

	February 2, 2008	Charged To Division Consolidation Costs	Payments	November 1, 2008
		(millions)		
Severance costs	$ –	$ 68	$ (63)	$ 5

The Company paid out the accrued severance costs at November 1, 2008, which were included in accounts payable and accrued liabilities on the Consolidated Balance Sheets, prior to January 31, 2009.

3. Asset Impairment Charges

In connection with the annual impairment test of goodwill and indefinite lived intangible assets completed during the second quarter of 2008, management concluded that approximately $50 million of asset impairment charges for the 39 weeks ended November 1, 2008 was required in relation to indefinite lived acquired tradenames. As a result of the then-current operating performance and expectations regarding future operating performance of the Karen Scott and John Ashford private brand tradenames, it was determined that the carrying values exceeded the estimated fair values, which were based on discounted cash flows, by approximately $50 million.

(continued)

4. Loss Per Share

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

	13 Weeks Ended					
	October 31, 2009			November 1, 2008		
	Loss		Shares	Loss		Shares
	(millions, except per share figures)					
Net loss and average number of shares outstanding	$ (35)		420.5	$(44)		420.1
Shares to be issued under deferred compensation plans			1.3			1.2
	$ (35)		421.8	$(44)		421.3
Basic loss per share		$(.08)			$(.10)	
Effect of dilutive securities-stock options and restricted stock			–			–
	$ (35)		421.8	$(44)		421.3
Diluted loss per share		$(.08)			$(.10)	

	39 Weeks Ended					
	October 31, 2009			November 1, 2008		
	Loss		Shares	Loss		Shares
	(millions, except per share figures)					
Net loss and average number of shares outstanding	$(116)		420.3	$(30)		420.0
Shares to be issued under deferred compensation plans			1.3			1.1
	$(116)		421.6	$(30)		421.1
Basic loss per share		$(.27)			$(.07)	
Effect of dilutive securities-stock options and restricted stock			–			–
	$(116)		421.6	$(30)		421.1
Diluted loss per share		$(.27)			$(.07)	

(continued)

Stock options to purchase 39.0 million shares of common stock at prices ranging from $8.76 to $46.15 per share, 179,000 shares of restricted stock and 2,900,000 shares of performance based restricted stock units were outstanding at October 31, 2009, but were not included in the computation of diluted loss per share for the 13 or 39 weeks ended October 31, 2009 because, as a result of the Company's net loss during these periods, their inclusion would have been antidilutive.

Stock options to purchase 39.0 million shares of common stock at prices ranging from $12.79 to $46.15 per share and 483,000 shares of restricted stock were outstanding at November 1, 2008, but were not included in the computation of diluted loss per share for the 13 or 39 weeks ended November 1, 2008 because, as a result of the Company's net loss during these periods, their inclusion would have been antidilutive.

5. Benefit Plans

The Company has a funded defined benefit plan ("Pension Plan") and a defined contribution plan, which cover substantially all employees who work 1,000 hours or more in a year. The Company also has an unfunded defined benefit supplementary retirement plan, which provides benefits, for certain employees, in excess of qualified plan limitations.

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.

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The actuarially determined components of the net periodic benefit cost are as follows:

	13 Weeks Ended		39 Weeks Ended	
	October 31, 2009	November 1, 2008	October 31, 2009	November 1, 2008
	(millions)			
Pension Plan				
Service cost	$ 17	$ 20	$ 61	$ 73
Interest cost	43	39	130	119
Expected return on assets	(47)	(49)	(140)	(144)
Recognition of net actuarial loss	–	1	–	4
Amortization of prior service cost	(1)	–	(1)	–
	$ 12	$ 11	$ 50	$ 52
Supplementary Retirement Plan				
Service cost	$ –	$ 3	$ 3	$ 6
Interest cost	9	9	31	29
Recognition of net actuarial loss	–	–	–	–
Amortization of prior service cost	–	–	(1)	(1)
	$ 9	$ 12	$ 33	$ 34
Postretirement Obligations				
Service cost	$ –	$ –	$ –	$ –
Interest cost	4	3	14	14
Recognition of net actuarial gain	(2)	(3)	(5)	(2)
Amortization of prior service cost	–	–	–	–
	$ 2	$ –	$ 9	$ 12

During the 39 weeks ended October 31, 2009, the Company contributed approximately $146 million to the Pension Plan and, as previously disclosed, is considering making an additional contribution to the Pension Plan of approximately $150 million to $225 million prior to December 31, 2009.

(continued)

Notes to Consolidated Financial Statements
(Unaudited)

6. Accumulated Other Comprehensive Loss

The following table shows the beginning and ending balance of, and the activity associated with, accumulated other comprehensive loss, net of income tax effects, for the 39 weeks ended October 31, 2009 and November 1, 2008:

	October 31, 2009	November 1, 2008
	(millions)	
Accumulated other comprehensive loss, at beginning of period	$ (486)	$ (182)
Unrealized gain (loss) on marketable securities, net of income tax effect of $5 million and $11 million	8	(17)
Post employment and postretirement benefit plans:		
Recognition of net actuarial (gain) loss, net of income tax effect of $2 million and $1 million	(3)	1
Prior service cost, net of income tax effect of $1 million and less than $1 million	(1)	(1)
Accumulated other comprehensive loss, at end of period	$ (482)	$ (199)

7. 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 at October 31, 2009:

	Fair Value Measurements			
	Total	Level 1	Level 2	Level 3
		(millions)		
Marketable equity and debt securities	$111	$ 39	$ 72	$ –

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 estimated based on the quoted market prices for publicly traded debt or by using discounted cash flow analyses, based on the Company's current incremental borrowing rates for similar types of borrowing arrangements. The following table shows the estimated fair values of certain financial instruments of the Company at October 31, 2009:

	Notional Amount	Carrying Amount	Fair Value
		(millions)	
Long-term debt	$8,308	$ 8,591	$7,716

(continued)

8. Legal Settlement

During 2008, the Company was subject to a wage and hour class action in California. The Company concluded that it was probable that a loss of approximately $25 million would be incurred to settle this legal matter and recorded an estimated amount of $25 million as part of selling, general and administrative expenses during the 39 weeks ended November 1, 2008, including $2 million during the 13 weeks ended November 1, 2008. The settlement of this legal matter has been finalized with court approval, and the Company paid the settlement amount of $25 million during the 13 weeks ended May 2, 2009.

9. Condensed Consolidating Financial Information

The senior notes and senior debentures of the Company, which constitute debt obligations of Macy's Retail Holdings, Inc. ("Subsidiary Issuer"), a wholly-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, Leadville Insurance Company and Snowdin Insurance Company and, after its transfer to Parent on November 2, 2008, Macy's Merchandising Group, Inc. and its subsidiary Macy's Merchandising Group International, LLC. "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 (including, prior to its transfer to Parent on November 2, 2008, Macy's Merchandising Group, Inc. and its subsidiary Macy's Merchandising Group International, LLC) are also reflected in "Other Subsidiaries."

Condensed Consolidating Balance Sheets as of October 31, 2009, November 1, 2008 and January 31, 2009, the related Condensed Consolidating Statements of Operations for the 13 and 39 weeks ended October 31, 2009 and November 1, 2008, and the related Condensed Consolidating Statements of Cash Flows for the 39 weeks ended October 31, 2009 and November 1, 2008 are presented on the following pages.

(continued)

MACY'S, INC.

Notes to Consolidated Financial Statements
(Unaudited)

Condensed Consolidating Balance Sheet
As of October 31, 2009
(millions)

	Parent	Subsidiary Issuer	Other Subsidiaries	Consolidating Adjustments	Consolidated
ASSETS:					
Current Assets:					
Cash and cash equivalents	$ 286	$ 51	$ 152	$ –	$ 489
Receivables	–	26	348	–	374
Merchandise inventories	–	3,483	2,923	–	6,406
Supplies and prepaid expenses	–	99	117	–	216
Deferred income tax assets	–	–	3	(3)	–
Income tax receivable	93	–	–	(65)	28
Total Current Assets	379	3,659	3,543	(68)	7,513
Property and Equipment–net	–	5,552	4,310	–	9,862
Goodwill	–	3,315	428	–	3,743
Other Intangible Assets–net	–	224	464	–	688
Other Assets	4	150	353	–	507
Deferred Income Tax Assets	22	–	–	(22)	–
Intercompany Receivable	1,698	–	2,421	(4,119)	–
Investment in Subsidiaries	2,564	2,730	–	(5,294)	–
Total Assets	$4,667	$ 15,630	$ 11,519	$ (9,503)	$ 22,313
LIABILITIES AND SHAREHOLDERS' EQUITY:					
Current Liabilities:					
Short-term debt	$ –	$ 90	$ 2	$ –	$ 92
Merchandise accounts payable	–	1,587	1,522	–	3,109
Accounts payable and accrued liabilities	127	970	1,262	–	2,359
Income taxes	–	14	51	(65)	–
Deferred income taxes	–	253	–	(3)	250
Total Current Liabilities	127	2,914	2,837	(68)	5,810
Long-Term Debt	–	8,594	24	–	8,618
Intercompany Payable	–	4,119	–	(4,119)	–
Deferred Income Taxes	–	227	802	(22)	1,007
Other Liabilities	46	1,104	1,234	–	2,384
Shareholders' Equity (Deficit)	4,494	(1,328)	6,622	(5,294)	4,494
Total Liabilities and Shareholders' Equity	$4,667	$ 15,630	$ 11,519	$ (9,503)	$ 22,313

(continued)

MACY'S, INC.

Notes to Consolidated Financial Statements
(Unaudited)

Condensed Consolidating Statement of Operations
For the 13 Weeks Ended October 31, 2009
(millions)

	Parent	Subsidiary Issuer	Other Subsidiaries	Consolidating Adjustments	Consolidated
Net sales	$ –	$ 2,865	$ 4,887	$ (2,475)	$ 5,277
Cost of sales	–	(1,824)	(3,791)	2,459	(3,156)
Gross margin	–	1,041	1,096	(16)	2,121
Selling, general and administrative expenses	(3)	(1,150)	(896)	16	(2,033)
Division consolidation costs	–	(11)	(22)	–	(33)
Operating income (loss)	(3)	(120)	178	–	55
Interest (expense) income, net					
External	–	(137)	–	–	(137)
Intercompany	–	(37)	37	–	–
Equity in losses of subsidiaries	(33)	(30)	–	63	–
Income (loss) before income taxes	(36)	(324)	215	63	(82)
Federal, state and local income tax benefit (expense)	1	104	(58)	–	47
Net income (loss)	$ (35)	$ (220)	$ 157	$ 63	$ (35)

(continued)

Notes to Consolidated Financial Statements
(Unaudited)

Condensed Consolidating Statement of Operations
For the 39 Weeks Ended October 31, 2009
(millions)

	Parent	Subsidiary Issuer	Other Subsidiaries	Consolidating Adjustments	Consolidated
Net sales	$ –	$ 8,485	$ 11,280	$ (4,125)	$ 15,640
Cost of sales	–	(5,278)	(8,193)	4,075	(9,396)
Gross margin	–	3,207	3,087	(50)	6,244
Selling, general and administrative expenses	(7)	(3,353)	(2,540)	50	(5,850)
Division consolidation costs	–	(70)	(135)	–	(205)
Operating income (loss)	(7)	(216)	412	–	189
Interest (expense) income, net					
External	2	(419)	–	–	(417)
Intercompany	(1)	(115)	116	–	–
Equity in losses of subsidiaries	(112)	(66)	–	178	–
Income (loss) before income taxes	(118)	(816)	528	178	(228)
Federal, state and local income tax benefit (expense)	2	285	(175)	–	112
Net income (loss)	$(116)	$ (531)	$ 353	$ 178	$ (116)

(continued)

MACY'S, INC.

Notes to Consolidated Financial Statements
(Unaudited)

Condensed Consolidating Statement of Cash Flows
For the 39 Weeks Ended October 31, 2009

(millions)

	Parent	Subsidiary Issuer	Other Subsidiaries	Consolidating Adjustments	Consolidated
Cash flows from operating activities:					
Net income (loss)	$ (116)	$ (531)	$ 353	$ 178	$ (116)
Division consolidation costs	–	70	135	–	205
Equity in losses of subsidiaries	112	66	–	(178)	–
Dividends received from subsidiaries	303	–	–	(303)	–
Depreciation and amortization	–	464	441	–	905
(Increase) decrease in working capital	30	(284)	(131)	–	(385)
Other, net	69	(228)	(66)	–	(225)
Net cash provided (used) by operating activities	398	(443)	732	(303)	384
Cash flows from investing activities:					
Purchase of property and equipment and capitalized software, net	–	(74)	(201)	–	(275)
Net cash used by investing activities	–	(74)	(201)	–	(275)
Cash flows from financing activities:					
Debt repaid	–	(962)	(2)	–	(964)
Dividends paid	(63)	–	(303)	303	(63)
Issuance of common stock, net of common stock acquired	7	–	–	–	7
Intercompany activity, net	(1,066)	1,466	(400)	–	–
Other, net	(37)	(4)	135	–	94
Net cash provided (used) by financing activities	(1,159)	500	(570)	303	(926)
Net decrease in cash and cash equivalents	(761)	(17)	(39)	–	(817)
Cash and cash equivalents at beginning of period	1,047	68	191	–	1,306
Cash and cash equivalents at end of period	$ 286	$ 51	$ 152	$ –	$ 489

(continued)

MACY'S, INC.

Notes to Consolidated Financial Statements
(Unaudited)

Condensed Consolidating Balance Sheet
As of November 1, 2008

(millions)

	Parent	Subsidiary Issuer	Other Subsidiaries	Consolidating Adjustments	Consolidated
ASSETS:					
Current Assets:					
Cash and cash equivalents	$ 59	$ 63	$ 178	$ –	$ 300
Receivables	–	22	345	–	367
Merchandise inventories	–	3,688	3,227	–	6,915
Supplies and prepaid expenses	–	121	125	–	246
Income tax receivable	147	–	–	(104)	43
Total Current Assets	206	3,894	3,875	(104)	7,871
Property and Equipment–net	–	6,041	4,575	–	10,616
Goodwill	–	6,556	2,567	–	9,123
Other Intangible Assets–net	–	263	484	–	747
Other Assets	4	128	415	–	547
Deferred Income Tax Assets	105	–	–	(105)	–
Intercompany Receivable	1,375	–	1,681	(3,056)	–
Investment in Subsidiaries	8,277	4,950	–	(13,227)	–
Total Assets	$9,967	$ 21,832	$ 13,597	$ (16,492)	$ 28,904
LIABILITIES AND SHAREHOLDERS' EQUITY:					
Current Liabilities:					
Short-term debt	$ –	$ 1,084	$ 2	$ –	$ 1,086
Merchandise accounts payable	–	1,200	1,956	–	3,156
Accounts payable and accrued liabilities	214	1,274	1,043	–	2,531
Income taxes	–	23	81	(104)	–
Deferred income taxes	9	219	18	–	246
Total Current Liabilities	223	3,800	3,100	(104)	7,019
Long-Term Debt	–	8,720	28	–	8,748
Intercompany Payable	–	3,056	–	(3,056)	–
Deferred Income Taxes	–	841	730	(105)	1,466
Other Liabilities	54	863	1,064	–	1,981
Shareholders' Equity	9,690	4,552	8,675	(13,227)	9,690
Total Liabilities and Shareholders' Equity	$9,967	$ 21,832	$ 13,597	$ (16,492)	$ 28,904

(continued)

MACY'S, INC.

Notes to Consolidated Financial Statements
(Unaudited)

Condensed Consolidating Statement of Operations
For the 13 Weeks Ended November 1, 2008

(millions)

	Parent	Subsidiary Issuer	Other Subsidiaries	Consolidating Adjustments	Consolidated
Net sales	$ –	$ 2,978	$ 3,130	$ (615)	$ 5,493
Cost of sales	–	(1,973)	(1,948)	597	(3,324)
Gross margin	–	1,005	1,182	(18)	2,169
Selling, general and administrative expenses	(1)	(1,190)	(912)	18	(2,085)
Division consolidation costs	–	(13)	(3)	–	(16)
Operating income (loss)	(1)	(198)	267	–	68
Interest (expense) income, net					
External	7	(150)	–	–	(143)
Intercompany	7	(41)	34	–	–
Equity in earnings of subsidiaries	(45)	45	–	–	–
Income (loss) before income taxes	(32)	(344)	301	–	(75)
Federal, state and local income tax benefit (expense)	(12)	129	(86)	–	31
Net income (loss)	$ (44)	$ (215)	$ 215	$ –	$ (44)

(continued)

MACY'S, INC.

Notes to Consolidated Financial Statements
(Unaudited)

Condensed Consolidating Statement of Operations
For the 39 Weeks Ended November 1, 2008

(millions)

	Parent	Subsidiary Issuer	Other Subsidiaries	Consolidating Adjustments	Consolidated
Net sales	$ –	$ 9,110	$ 9,451	$ (1,603)	$ 16,958
Cost of sales	–	(5,834)	(5,913)	1,550	(10,197)
Gross margin	–	3,276	3,538	(53)	6,761
Selling, general and administrative expenses	(4)	(3,500)	(2,774)	53	(6,225)
Division consolidation costs	–	(93)	(36)	–	(129)
Asset impairment charges	–	–	(50)	–	(50)
Operating income (loss)	(4)	(317)	678	–	357
Interest (expense) income, net					
External	17	(437)	3	–	(417)
Intercompany	22	(124)	102	–	–
Equity in earnings of subsidiaries	(54)	147	–	(93)	–
Income (loss) before income taxes	(19)	(731)	783	(93)	(60)
Federal, state and local income tax benefit (expense)	(11)	288	(247)	–	30
Net income (loss)	$ (30)	$ (443)	$ 536	$ (93)	$ (30)

(continued)

MACY'S, INC.

Notes to Consolidated Financial Statements
(Unaudited)

Condensed Consolidating Statement of Cash Flows
For the 39 Weeks Ended November 1, 2008

(millions)

	Parent	Subsidiary Issuer	Other Subsidiaries	Consolidating Adjustments	Consolidated
Cash flows from operating activities:					
Net income (loss)	$ (30)	$ (443)	$ 536	$ (93)	$ (30)
Division consolidation costs	–	93	36	–	129
Asset impairment charges	–	–	50	–	50
Equity in earnings of subsidiaries	54	(147)	–	93	–
Dividends received from subsidiaries	353	–	–	(353)	–
Depreciation and amortization	–	511	439	–	950
Decrease in working capital	(183)	(428)	(211)	–	(822)
Other, net	(92)	(47)	179	–	40
Net cash provided (used) by operating activities	102	(461)	1,029	(353)	317
Cash flows from investing activities:					
Purchase of property and equipment and capitalized software, net	–	(186)	(420)	–	(606)
Net cash used by investing activities	–	(186)	(420)	–	(606)
Cash flows from financing activities:					
Debt issued, net of debt repaid	–	109	(2)	–	107
Dividends paid	(166)	–	(353)	353	(166)
Issuance of common stock, net of common stock acquired	6	–	–	–	6
Intercompany activity, net	(276)	533	(257)	–	–
Other, net	58	(7)	8	–	59
Net cash provided (used) by financing activities	(378)	635	(604)	353	6
Net increase (decrease) in cash and cash equivalents	(276)	(12)	5	–	(283)
Cash and cash equivalents at beginning of period	335	75	173	–	583
Cash and cash equivalents at end of period	$ 59	$ 63	$ 178	$ –	$ 300

(continued)

MACY'S, INC.

Notes to Consolidated Financial Statements
(Unaudited)

Condensed Consolidating Balance Sheet
As of January 31, 2009

(millions)

	Parent	Subsidiary Issuer	Other Subsidiaries	Consolidating Adjustments	Consolidated
ASSETS:					
Current Assets:					
Cash and cash equivalents	$1,047	$ 68	$ 191	$ –	$ 1,306
Receivables	2	69	368	–	439
Merchandise inventories	–	2,593	2,176	–	4,769
Supplies and prepaid expenses	–	121	105	–	226
Income taxes	121	–	–	(121)	–
Deferred income tax assets	–	–	22	(22)	–
Total Current Assets	1,170	2,851	2,862	(143)	6,740
Property and Equipment–net	–	5,898	4,544	–	10,442
Goodwill	–	3,315	428	–	3,743
Other Intangible Assets–net	–	250	469	–	719
Other Assets	3	84	414	–	501
Deferred Income Tax Assets	119	–	–	(119)	–
Intercompany Receivable	541	–	2,090	(2,631)	–
Investment in Subsidiaries	3,030	2,791	–	(5,821)	–
Total Assets	$4,863	$ 15,189	$ 10,807	$ (8,714)	$ 22,145
LIABILITIES AND SHAREHOLDERS' EQUITY:					
Current Liabilities:					
Short-term debt	$ –	$ 963	$ 3	$ –	$ 966
Merchandise accounts payable	–	595	687	–	1,282
Accounts payable and accrued liabilities	143	1,336	1,149	–	2,628
Income taxes	–	23	126	(121)	28
Deferred income taxes	10	234	–	(22)	222
Total Current Liabilities	153	3,151	1,965	(143)	5,126
Long-Term Debt	–	8,706	27	–	8,733
Intercompany Payable	–	2,631	–	(2,631)	–
Deferred Income Taxes	–	363	875	(119)	1,119
Other Liabilities	64	1,139	1,318	–	2,521
Shareholders' Equity	4,646	(801)	6,622	(5,821)	4,646
Total Liabilities and Shareholders' Equity	$4,863	$ 15,189	$ 10,807	$ (8,714)	$ 22,145

(continued)

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

For purposes of the following discussion, all references to "third quarter of 2009" and "third quarter of 2008" are to the Company's 13-week fiscal periods ended October 31, 2009 and November 1, 2008, respectively, and all references to "2009" and "2008" are to the Company's 39-week fiscal periods ended October 31, 2009 and November 1, 2008, respectively.

The Company is a retail organization operating retail stores and Internet websites under two brands (Macy's and Bloomingdale's) that sell a wide range of merchandise, including men's, women's and children's apparel and accessories, cosmetics, home furnishings and other consumer goods. The Company's operations include more than 850 stores in 45 states, the District of Columbia, Guam and Puerto Rico, as well as macys.com and bloomingdales.com.

For the past several years, the Company has been focused on four key priorities for improving the business over the longer term: (i) differentiating and editing merchandise assortments; (ii) simplifying pricing; (iii) improving the overall shopping experience; and (iv) communicating better with customers through more brand focused and effective marketing.

In February 2008, the Company announced a new initiative intended to strengthen local market focus and enhance selling service expected to enable the Company to both accelerate same-store sales growth and reduce expense. The localization initiative, called "My Macy's," was developed with the goal to accelerate sales growth in existing locations by ensuring 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. To maximize the results from My Macy's, the Company has taken action, initially in select markets, that: concentrates more management talent in local markets, effectively reducing the "span of control" over local stores; creates new positions in the field to work with division central planning and buying executives in helping to understand and act on the merchandise needs of local customers; and empowers locally based executives to make more and better decisions. In combination with the localization initiative, the Company consolidated the Minneapolis-based Macy's North organization into New York-based Macy's East, the St. Louis-based Macy's Midwest organization into Atlanta-based Macy's South and the Seattle-based Macy's Northwest organization into San Francisco-based Macy's West. The Atlanta-based division was renamed Macy's Central. The savings from the division consolidation process, net of the amount invested in the localization initiative and increased store staffing levels, are expected to reduce selling, general and administrative ("SG&A") expenses, as compared to expected levels absent the consolidation, by approximately $100 million per year, beginning in fiscal 2009. The partial-year benefit in SG&A expenses for fiscal 2008 was more than $60 million. Sales performance in 2009 was strongest in some of the initial My Macy's markets.

In February 2009, the Company announced the expansion of the My Macy’s localization initiative across the country. As My Macy’s was rolled out nationally to new local markets in 2009, the Company’s Macy’s branded stores have been reorganized into a unified operating structure, through additional division consolidations, to support the Macy’s business. Division central office organizations have been eliminated in New York-based Macy’s East, San Francisco-based Macy’s West, Atlanta-based Macy’s Central and Miami-based Macy’s Florida. This is expected to reduce central office and administrative expense, eliminate duplication, sharpen execution, and help the Company to partner more effectively with its suppliers and business partners. The savings from the division consolidation process announced in February 2009, net of the amount to be invested in the localization initiative, are expected to reduce SG&A expenses, as compared to expected levels absent the consolidation, by approximately $400 million per year, beginning in fiscal 2010. The partial-year benefit in SG&A expenses for fiscal 2009 is estimated at approximately $250 million. The Company expects to record approximately $165 million of additional restructuring costs in the remainder of fiscal 2009.

The Company’s operations are impacted by competitive pressures from department stores, specialty stores, mass merchandisers 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 periods, consumer spending levels have been adversely affected by a number of factors, including substantial declines in the level of general economic activity and real estate and investment values, substantial increases in consumer pessimism, unemployment and the costs of basic necessities, and a significant tightening of consumer credit. These conditions have reduced 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. These conditions have also decreased projected future cash flows attributable to the Company’s operations, including projected future cash flows assumed in connection with the acquisition of The May Department Stores Company (“May”), resulting in the Company recording in the fourth quarter of 2008 a reduction in the carrying value of its goodwill, and a related non-cash impairment charge, in the estimated amount of $5,382 million. The Company finalized its goodwill impairment testing as of January 31, 2009 during the first quarter of 2009, and, in connection therewith, determined that no adjustment was necessary.

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

The Company cannot predict whether, when or the manner in which the economic conditions described above will change. Based on its assessment of current and anticipated market conditions and its recent performance, the Company is assuming that its comparable store sales in the fiscal quarter ended January 30, 2010 for most of the Company’s operations and the Company as a whole will be down between 1.0% and 2.0% from 2008 levels and full-year 2009 comparable store sales will be down between 5.4% and 5.7% from 2008 levels.

The following discussion should be read in conjunction with our Consolidated Financial Statements and the related notes included elsewhere in this report, as well as the financial and other information included in the 2008 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 2008 10-K (particularly in "Risk Factors").

Results of Operations

Comparison of the 13 Weeks Ended October 31, 2009 and November 1, 2008

The net loss for the third quarter of 2009 was $35 million, compared to the net loss of $44 million in the third quarter of 2008. The net loss for the third quarter of 2009 includes the impact of $33 million of division consolidation costs and the net loss for the third quarter of 2008 included the impact of $16 million of division consolidation costs.

Net sales for the third quarter of 2009 totaled $5,277 million, compared to net sales of $5,493 million for the third quarter of 2008, a decrease of $216 million or 3.9%. On a comparable store basis, net sales for the third quarter of 2009 were down 3.6% compared to the third quarter of 2008. Sales from the Company's Internet businesses in the third quarter of 2009 increased 21.1% compared to the third quarter of 2008 and positively affected the Company's third quarter of 2009 comparable store sales by 0.6%. Geographically, sales in the third quarter of 2009 were strongest in the Midwest, although improved performance was experienced throughout the Company. By family of business, sales in the third quarter of 2009 were strongest in moderate sportswear for both men and women, coats, shoes, home textiles, housewares and mattresses. Sales of the Company's private label and exclusive brands also continued to be strong in the third quarter of 2009. The weaker businesses during the quarter included dresses, fragrances, men's shoes, handbags and tabletop. The Company calculates comparable store sales as sales from stores in operation throughout 2008 and 2009 and all Internet sales. Stores undergoing remodeling, expansion or relocation remain in the comparable store sales calculation unless the store is closed for a significant period of time. Definitions and calculations of comparable store sales differ among companies in the retail industry.

Cost of sales was $3,156 million or 59.8% of net sales for the third quarter of 2009, compared to $3,324 million or 60.5% of net sales for the third quarter of 2008, a decrease of $168 million. The cost of sales rate for the third quarter of 2009 benefited from an improving sales trend and lower inventory levels. The valuation of merchandise inventories on the last-in, first-out basis did not impact cost of sales in either period.

SG&A expenses were $2,033 million or 38.5% of net sales for the third quarter of 2009, compared to $2,085 million or 38.0% of net sales for the third quarter of 2008, a decrease of $52 million. The SG&A rate as a percent to sales was higher in the third quarter of 2009, as compared to the third quarter of 2008, because of weaker sales. SG&A expenses in the third quarter of 2009 benefited from consolidation-related expense savings, partially offset by higher stock based compensation expense, higher performance based incentive compensation expense and lower credit income.

Division consolidation costs associated with the My Macy's initiative were $33 million for the third quarter of 2009, compared to $16 million for the third quarter of 2008, and consisted primarily of severance and other human resource-related costs.

Net interest expense was $137 million for the third quarter of 2009 compared to $143 million for the third quarter of 2008, a decrease of $6 million. This decrease resulted from a lower level of borrowings, partially offset by a decrease in interest income due to lower rates on invested cash.

The Company's effective income tax rate of 57.0% for the third quarter of 2009 and 42.0% for the third quarter of 2008 differ from the federal income tax statutory rate of 35.0%, 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. On a quarterly basis, federal, state and local income taxes can vary significantly due to adjustments to reflect the Company's current estimate of the effective tax rate for the fiscal year, which is currently estimated at approximately 42.0% for fiscal 2009, prior to giving effect to any tax settlements. Giving effect to tax settlements that have occurred or that are anticipated to occur during the remainder of fiscal 2009, the Company's current estimate of the effective tax rate for fiscal 2009 is approximately 34.0%.

Comparison of the 39 Weeks Ended October 31, 2009 and November 1, 2008

The net loss for 2009 was $116 million, compared to the net loss of $30 million for 2008. The net loss for 2009 reflects lower net sales as compared to 2008 and includes the impact of $205 million of division consolidation costs. The net loss for 2008 included the impact of $129 million of division consolidation costs and $50 million of asset impairment charges.

Net sales for 2009 totaled $15,640 million, compared to net sales of $16,958 million for 2008, a decrease of $1,318 million or 7.8%. On a comparable store basis, net sales for 2009 were down 7.5% compared to 2008. Sales from the Company's Internet businesses in 2009 increased 15.6% compared to 2008 and positively affected the Company's 2009 comparable store sales by 0.5%. Geographically, sales in 2009 were strongest in the Midwest. By family of business, sales in 2009 were strongest in moderate apparel, young men's, home textiles and housewares. Sales of the Company's private label and exclusive brands were also strong in 2009. The weaker businesses in 2009 included furniture, tabletop and handbags. The Company calculates comparable store sales as sales from stores in operation throughout 2008 and 2009 and all Internet sales. Stores undergoing remodeling, expansion or relocation remain in the comparable store sales calculation unless the store is closed for a significant period of time. Definitions and calculations of comparable store sales differ among companies in the retail industry.

Cost of sales was $9,396 million or 60.1% of net sales for 2009, compared to $10,197 million or 60.1% of net sales for 2008, a decrease of $801 million. The valuation of merchandise inventories on the last-in, first-out basis did not impact cost of sales in either period.

SG&A expenses were $5,850 million or 37.4% of net sales for 2009, compared to $6,225 million or 36.7% of net sales for 2008, a decrease of $375 million. The SG&A rate as a percent to sales was higher in 2009, compared to 2008, primarily because of weaker sales. SG&A expenses in 2009 benefited from consolidation-related expense savings, lower workers' compensation and general liability insurance costs and lower selling costs as a result of lower sales, partially offset by higher stock based compensation expense, higher performance based incentive compensation expense and lower credit income.

Division consolidation costs associated with the My Macy's initiative were $205 million for 2009, compared to $129 million for 2008, and consisted primarily of severance and other human resource-related costs.

Asset impairment charges for 2008 amounted to $50 million and related to indefinite lived private brand tradenames acquired in the May acquisition.

Net interest expense was $417 million for 2009 and 2008. The decrease in interest expense for 2009, as compared to 2008, resulted from a lower level of borrowings and was offset by a decrease in interest income due to lower rates on invested cash.

The Company's effective income tax rate of 49.3% for 2009 and 51.3% for 2008 differ from the federal income tax statutory rate of 35.0%, 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.

Liquidity and Capital Resources

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

Net cash provided by operating activities in 2009 was $384 million, compared to net cash provided by operating activities of $317 million in 2008, reflecting a smaller increase in merchandise inventories in 2009 compared to 2008.

Net cash used by investing activities was $275 million for 2009, compared to net cash used by investing activities of $606 million for 2008. Investing activities for 2009 include purchases of property and equipment totaling $238 million and capitalized software of $64 million, compared to purchases of property and equipment totaling $546 million and capitalized software of $104 million for 2008. During 2009, the Company opened five new Macy's department stores, re-opened two Macy's department stores that had been damaged in 2008 by Hurricane Ike and also opened one Macy's department store which is a replacement store. During 2008, the Company opened four new Macy's department stores and one new Macy's furniture gallery, and re-opened one Macy's store that was previously closed from hurricane damage. Cash flows from investing activities also included $10 million and $25 million from the disposition of property and equipment for 2009 and 2008, respectively, and $17 million and $19 million of proceeds from hurricane insurance claims for 2009 and 2008, respectively.

Net cash used by financing activities was $926 million for 2009, including the repayment of $964 million of debt and the payment of $63 million of cash dividends, partially offset by an increase in outstanding checks of $94 million and the issuance of $8 million of common stock, primarily related to the exercise of stock options. During 2009, the Company repurchased no shares of its common stock under its share repurchase program and anticipates no share repurchases under its share repurchase program for the remainder of fiscal 2009. Net cash provided by the Company from financing activities was $6 million for 2008, including debt issued of $770 million, the issuance of $7 million of common stock, primarily related to the exercise of stock options, and an increase in outstanding checks of $64 million, partially offset by the repayment of $663 million of debt and cash dividends paid of $166 million. The debt issued during 2008 was $650 million of 7.875% senior notes due 2015 and $120 million of outstanding borrowings under the Company's credit agreement at November 1, 2008. The debt repaid during 2008 included $500 million of 6.625% senior notes due September 1, 2008 and $150 million of 5.95% notes due November 1, 2008.

On February 10, 2009, the Company, through its wholly owned subsidiary, Macy's Retail Holdings, Inc., completed a cash tender offer pursuant to which it purchased approximately $199 million of its outstanding 6.30% senior notes due April 1, 2009 (resulting in approximately $151 million of such notes remaining outstanding until they were paid at maturity on April 1, 2009) and approximately $481 million of its outstanding 4.80% senior notes due July 15, 2009 (resulting in approximately $119 million of such notes remaining outstanding until they were paid at maturity on July 15, 2009) for aggregate consideration, including accrued and unpaid interest, of approximately $686 million. By using cash on hand to repurchase and retire this debt early, the Company has reduced its interest expense in 2009 by approximately $7 million, net of expenses associated with the debt tender offer. As of the date of this report, the Company intends to fund current debt maturities with cash on hand and funds from operations, but would also have the ability to fund these debt maturities with borrowings under its credit agreement.

The Company is a party to a credit agreement with certain financial institutions providing for revolving credit borrowings and letters of credit in an aggregate amount not to exceed $2,000 million (which may be increased to $2,500 million at the option of the Company, subject to the willingness of existing or new lenders to provide commitments for such additional financing) outstanding at any particular time. This agreement is set to expire August 30, 2012. As of and during the 39 weeks ended October 31, 2009, the Company had no borrowings outstanding under this agreement and the Company does not expect to borrow under this agreement during the remainder of fiscal 2009.

The credit agreement requires the Company to maintain a specified interest coverage ratio for the latest four quarters of no less than 3.00 (3.25 after October 2010) and a specified leverage ratio as of and for the latest four quarters of no more than 4.90 (4.75 commencing January 30, 2010 through October 2010 and then 4.50 thereafter). The Company's leverage ratio at October 31, 2009 was 3.38 and its interest coverage ratio for the latest four quarters as of October 31, 2009 was 4.21.

The rate of interest payable in respect of $650 million in aggregate principal amount of the Company's senior notes outstanding at October 31, 2009 was increased by 1 percent per annum effective in April 2009 as a result of a downgrade of the notes by specified rating agencies. The rate of interest payable in respect of these senior notes outstanding at October 31, 2009 could increase or decrease by up to 1 percent per annum from its current level in the event of one or more downgrades or upgrades of the notes by specified rating agencies.

On October 23, 2009, the Company's board of directors declared a regular quarterly dividend of 5 cents per share on its common stock, payable January 4, 2010, to shareholders of record at the close of business on December 15, 2009.

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. Depending upon 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, the proceeds of which could be used to refinance current indebtedness or for other corporate purposes.

Management believes the department store business and other retail businesses will continue to consolidate. The Company intends from time to time to consider additional acquisitions of, and investments in, department stores 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 October 31, 2009, 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 control over financial reporting that occurred during the Company's most recently completed fiscal quarter that materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II – OTHER INFORMATION

MACY'S, INC.

Item 1. Legal Proceedings.

On October 3, 2007, Ebrahim Shanehchian, an alleged participant in the Macy's, Inc. Profit Sharing 401(k) Investment Plan (the "401(k) Plan"), filed a purported class action lawsuit in the United States District Court for the Southern District of Ohio on behalf of persons who participated in the 401(k) Plan and The May Department Stores Company Profit Sharing Plan (the "May Plan") between February 27, 2005 and the present. The complaint charges the Company, as well as members of the Company's board of directors and certain members of senior management, with breach of fiduciary duties owed under the Employee Retirement Income Security Act ("ERISA") to participants in the 401(k) Plan and the May Plan, alleging that the defendants made false and misleading statements regarding the Company's business, operations and prospects in relation to the integration of the acquired May operations, resulting in supposed "artificial inflation" of the Company's stock price between August 30, 2005 and May 15, 2007. The plaintiff seeks an unspecified amount of compensatory damages and costs. The Company believes the lawsuit is without merit and intends to contest it vigorously.

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 on Form 10-K for the fiscal year ended January 31, 2009 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 third quarter of 2009:

	Total Number of Shares Purchased (thousands)	Average Price per Share ($)	Total Number of Shares Purchased Under Program (1) (thousands)	Open Authorization Remaining (1) ($) (millions)
August 2, 2009 - August 29, 2009	–	–	–	852
August 30, 2009 - October 3, 2009	–	–	–	852
October 4, 2009 - October 31, 2009	–	–	–	852
Total	–	–	–	

(1) The Company's board of directors initially approved a $500 million authorization to purchase common stock on January 27, 2000 and approved additional $500 million authorizations on each of August 25, 2000, May 18, 2001 and April 16, 2003, additional $750 million authorizations on each of February 27, 2004 and July 20, 2004, an additional authorization of $2,000 million on August 25, 2006 and an additional authorization of $4,000 million on February 26, 2007. All authorizations are cumulative and do not have an expiration date.

Item 5. Other Information

Forward-Looking Statements

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

- risks and uncertainties relating to the possible invalidity of the underlying beliefs and assumptions;
- competitive pressures from department and specialty stores, general merchandise stores, manufacturers' outlets, off-price and discount stores, and all other retail channels, including the Internet, 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;
- 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;
- adverse changes in relationships with vendors and other product and service providers;
- risks related to currency and exchange rates and other capital market, economic and geopolitical conditions;
- risks associated with severe weather and changes in weather patterns;
- risks associated with an outbreak of an epidemic or pandemic disease;
- the potential impact of national and international security concerns on the retail environment, including any possible military action, terrorist attacks or other hostilities;

(continued)

- risks associated with the possible inability of the Company's manufacturers to deliver products in a timely manner or meet quality standards;
- risks associated with the Company's reliance on foreign sources of production, including risks related to the disruption of imports by labor disputes;
- risks related to duties, taxes, and other charges and quotas on imports; and
- system 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 reflected in such forward-looking statements.

Item 6. Exhibits

10.1	Executive Severance Plan. *
10.2	Change in Control Plan. *
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 of Chief Executive Officer under Section 906 of the Sarbanes-Oxley Act.
32.2	Certification of 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 October 31, 2009, filed on December 7, 2009, formatted in XBRL: (i) Consolidated Statements of Operations, (ii) Consolidated Balance Sheets, (iii) Consolidated Statements of Cash Flows, and (iv) the Notes to Consolidated Financial Statements, tagged as blocks of text.

* 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.

MACY'S, INC.

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.

Dated: December 7, 2009

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

By: /s/ Joel A. Belsky
Name: Joel A. Belsky
Title: Executive Vice President and Controller (Principal Accounting Officer)

Exhibit 10.1

MACY'S, INC.

EXECUTIVE SEVERANCE PLAN

(Effective November 1, 2009)

1. Purpose of the Plan

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

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

"Board" means the Board of Directors of the Company.

"Cause," as it relates to the termination of a Participant's employment, means a Participant's:

(i) Intentional act of fraud, embezzlement, theft or any other material violation of law in connection with the Participant's duties or in the course of his employment with a Participating Employer;

(ii) Intentional wrongful damage to material assets of a Participating Employer;

(iii) Intentional wrongful disclosure of material confidential information of a Participating Employer;

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

(v) Intentional breach of any stated material employment policy of a Participating Employer;

(vi) Intentional neglect of duties and responsibilities; or

(vii) Breach of the Restrictive Covenant Agreement referred to in Section 4 of the Plan.

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

"Effective Date" means the effective date of the Plan set forth in Section 12.

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

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

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

3. Administration of the Plan

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

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

4. Participation.

On the Effective Date, each Executive who is at the GMM level equivalent or above (excluding any otherwise eligible Executive who, as of the Effective Date, is scheduled to retire on or before the expiration of such Executive’s employment agreement in effect on the Effective Date) shall be eligible to become a Participant in the Plan, subject to approval by the Compensation and Management Development Committee of the Board (the “CMD Committee”). In addition, any executive of the Company who (i) was a party to an employment agreement with the Company as of the Effective Date, (ii) held a position at the GMM level or equivalent prior to the Company’s 2009 unification, and (iii) held a position following such unification below the GMM or equivalent level shall be a Participant in the Plan provided that such executive remains in the same position (or equivalent level position).

Additionally, after the Effective Date of the Plan, an eligible Executive will be any Executive (i) who is a member of the senior management council of the Company, or (ii) who is designated by Company management and holds a position of GMM, SVP, or equivalent level, or above. In addition, Company management may designate for participation in this Plan any Executive who holds a position below such levels but whose participation is deemed necessary or advisable for recruitment or retention purposes, provided such Executive has a position of Vice President (VP) or equivalent level, or above. In no event may Company management designate for participation in this Plan any Executive who (i) is specifically excluded from participation by the terms of this Section 4, or (ii) has been previously disapproved for participation by the CMD Committee.

In order to become a Participant, an Executive who has become eligible for the Plan pursuant to the preceding paragraphs of this Section 4 must execute a noncompetition, nonsolicitation and trade secrets and confidential information agreement in the form provided by the Company (the "Restrictive Covenant Agreement"). If an eligible Executive fails to sign the Restrictive Covenant Agreement within 90 days of being notified of eligibility for participation (or, for Executives who become eligible on the Effective Date, by January 31, 2010), the Executive will not become a Participant in the Plan. An Executive who timely executes a Restrictive Covenant Agreement will become a Participant as of the later of (i) the date of the Executive's execution of the Restrictive Covenant Agreement, and (ii) the Effective Date.

If a Participant ceases to be an Executive, the Participant will no longer be eligible to participate in the Plan. Such Participant's participation in the Plan and eligibility for benefits hereunder shall end on the date that is the first anniversary of the effective date of the Participant's change in status.

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

5. Involuntary Termination

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

(i) The Participant's voluntary resignation or retirement;

(ii) The Participant's death prior to the effective date of the Participant's termination from employment;

(iii) The Participant becoming permanently disabled within the meaning of the long-term disability plan of the Company or any other Participating Employer in effect for, or applicable to, the Participant immediately prior to the effective date of the Participant's termination from employment (whether or not the Participant actually enrolled in such long-term disability plan);

(iv) The Participant's termination in connection with the sale or other disposition of a business of the Company where the Executive continues working for the acquiring entity; or

(v) The Participant's termination of employment for Cause.

6. Benefits upon Involuntary Termination

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

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

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

7. Form and Timing of Payment

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

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

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

8. Claims and Appeal Procedure

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

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

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

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

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

Senior Human Resources Executive
Macy's, Inc.
7 West Seventh Street
Cincinnati, OH 45202

with a copy to:

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

9. Miscellaneous Provisions

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

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

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

10. Amendments and Termination

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

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

11. Governing Law; Plan Interpretation

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

12. Effective Date of the Plan

The Plan shall be effective as of November 1, 2009.

CEO ADDENDUM
TO MACY'S, INC.
EXECUTIVE SEVERANCE PLAN

Notwithstanding the previous provisions of this Plan, the following shall apply to a Plan Participant who has the title of Chief Executive Officer:

1. The amount of the severance benefit payable under Section 6 is equal to either

   a. fifty four times the Participant's monthly base salary rate in effect at the time of the Participant's termination from employment; or

   b. thirty six times the Participant's monthly base salary rate in effect at the time of the Participant's termination from employment;

   depending on the form of Restrictive Covenant that the Participant signs under Section 4.

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

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

Exhibit 10.2

MACY'S, INC.

CHANGE IN CONTROL PLAN

(Effective November 1, 2009)

1. Purpose of the Plan.

The Macy's, Inc. Change in Control Plan (the "Plan") is adopted by Macy's, Inc. (the "Company") to assist the Company in recruiting and retaining senior executives and/or key employees and to provide financial assistance and additional protection to certain senior executives and/or key employees of the Company, and its subsidiaries, divisions, or controlled affiliates (individually, a "Participating Employer," and collectively, the "Participating Employers") whose employment is involuntarily terminated by a Participating Employer (or who voluntarily terminates for "good reason") under certain circumstances in connection with a Change in Control and who are not otherwise excluded as described below.

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

"Board" means the Board of Directors of the Company.

"Cause," as it relates to the termination of a Participant's employment, means:

(i) An intentional act of fraud, embezzlement, theft or any other material violation of law in connection with the Participant's duties or in the course of his employment with a Participating Employer:

(ii) Intentional wrongful damage to material assets of a Participating Employer;

(iii) Intentional wrongful disclosure of material confidential information of a Participating Employer;

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

(v) Intentional breach of any stated material employment policy of a Participating Employer;

(vi) Intentional neglect of duties and responsibilities; or

(vii) Breach of the nonsolicitation or trade secrets and confidential information provisions set forth in Sections 5 and 6 of this Plan.

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

Notwithstanding the foregoing, the Executive will not be deemed to have been terminated for "Cause" hereunder unless and until there has been delivered to the Executive a copy of a resolution duly adopted by the affirmative vote of not less than three-quarters of the Board at a meeting of the Board called and held, after reasonable notice to the Executive and an opportunity for the Executive, together with the Executive's counsel (if the Executive chooses to have counsel present at such meeting), to be heard before the Board, finding that, in the good faith opinion of the Board, the Executive had committed an act constituting "Cause" as herein defined and specifying the particulars thereof in detail. Nothing herein will limit the right of the Executive or the Executive's beneficiaries to contest the validity or propriety of any such determination.

"Change in Control" means the occurrence of any of the following events:

(i) The acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")) (a "Person") of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 30% or more of the combined voting power of the then-outstanding securities of the Company entitled to vote generally in the election of directors (the "Voting Stock"); provided, however, that for purposes of this subsection (i), the following acquisitions will not constitute a Change of Control: (A) any acquisition of Voting Stock directly from the Company that is approved by a majority of the Incumbent Board (as defined in subsection (ii) below); (B) any acquisition of Voting Stock by any entity in which the Company, directly or indirectly, beneficially owns 50% or more ownership or other equity interest (a "Subsidiary"); (C) any acquisition of Voting Stock by any employee benefit plan (or related trust) sponsored or maintained by the Company or any Subsidiary; or (D) any acquisition of Voting Stock by any Person pursuant to a transaction that complies with clauses (A), (B) and (C) of subsection (iii) below; provided further, that: (X) if any Person is or becomes the beneficial owner of 30% or more of the Voting Stock as a result of a transaction described in clause (A) of this subsection (i), and such Person thereafter becomes the beneficial owner of any additional shares of Voting Stock, and after obtaining such additional beneficial ownership beneficially owns 30% or more of the Voting Stock, other than in an acquisition of Voting Stock directly from the Company that is approved by a majority of the Incumbent Board or other than as a result of a stock dividend, stock split or similar transaction effected by the Company in which all holders of Voting Stock are treated equally, such subsequent acquisition will be treated as a Change in Control; and (Y) a Change in Control will not be deemed to have occurred if a Person is or becomes the beneficial owner of 30% or more of the Voting Stock as a result of a reduction in the number of shares of Voting Stock outstanding pursuant to a transaction or series of transactions approved by a majority of the Incumbent Board unless and until such Person thereafter becomes the beneficial owner of any additional shares of Voting Stock, and after obtaining such additional beneficial ownership beneficially owns 30% or more of the Voting Stock, other than as a result of a stock dividend, stock split or similar transaction effected by the Company in which all holders of Voting Stock are treated equally; or

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

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

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

"Competing Business" means

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

- Abercrombie & Fitch
- Bed, Bath & Beyond
- Belk's
- Burlington Coat Factory
- Bon-Ton Stores
- Dillard's
- The Gap
- J.C. Penney
- Kohl's
- Limited Brands
- Nordstrom
- Neiman-Marcus

- Ross Stores
- Saks
- Sears
- Target
- TJX
- Walmart; or

(ii) any retailer that

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

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

"Effective Date" means the effective date of the Plan set forth in Section 16.

"Executive" means an employee of a Participating Employer who is designated by the Board as being subject to section 16 of the Securities Exchange Act of 1934 (a "Section 16 officer"). In addition, "Executive" includes any other employee designated as an Executive by the Compensation and Management Development Committee of the Board (the "CMD Committee"), provided that the Committee has not subsequently revoked such designation.

"**Participant"** means an Executive who is eligible for participation in the Plan and who has not ceased to be eligible for participation pursuant to Section 4(c).

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

"**Severance Period**" means the period of time commencing on the date of the first occurrence of a Change in Control and continuing until the earlier of (i) the expiration of two years after the first occurrence of a Change in Control, and (ii) the Executive's death.

3. Administration of the Plan

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

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

4. Participation

(a) An Executive shall become a Participant in the Plan on the latest of (i) the Effective Date in the case of an Executive who is a Section 16 officer as of the Effective Date, (ii) the date the Executive is designated by the Board as a Section 16 officer, in the case of an Executive who is not a Section 16 officer on the Effective Date, or (iii) the date the Executive is designated for participation by the CMD Committee in the case of all other Executives. Notwithstanding the preceding, any Executive who, as of the date the Executive would otherwise become a Participant in the Plan, is covered by an employment agreement with a Participating Employer that provides for an extension of said agreement upon the occurrence of a Change in Control, shall become a Participant in the Plan upon the expiration of said employment agreement.

(b) Under no circumstances may a Participant receive severance benefits under more than one severance plan of the Participating Employers. Unless otherwise provided in the applicable plan, a Participant who is eligible for benefits under more than one plan shall receive benefits under the plan which provides the highest level of benefits. For purposes of this provision, a severance plan is a plan designed primarily to provide benefits payable in cash upon an employee's involuntary termination from employment (including for this purpose termination in circumstances comparable to the circumstances described in Section 7(b)) and not a plan that provides either ancillary benefits upon involuntary termination (such as accelerated vesting under an equity program) or retirement benefits.

(c) If a Participant ceases to be an Executive prior to a Change in Control, the Participant will no longer be eligible to participate in the Plan. Such Participant's participation in the Plan and eligibility for benefits hereunder, shall end on the date that is the first anniversary of the effective date of the Participant's change in status.

5. Nonsolicitation

During the period of the Executive's employment, and for a period of two years following termination of such employment (such period is referred to as the "No-recruit period"), the Participant will not solicit, either directly or indirectly, any person that he knows or should reasonably know to be an employee of the Company or any of its subsidiaries, divisions, or affiliates (whether such employees are now or hereafter through the No-recruit period so employed or engaged) to terminate their employment with the Company or any of its subsidiaries, divisions, or affiliates.

6. Confidential Information

A Participant shall not (either during the period of participation in the Plan or thereafter) without the consent of the Company disclose or provide to anyone, and will not use, modify, copy or adapt (except in the course of performing Participant's duties for the Company) any of the Company's Confidential Information.

7. Termination Following a Change in Control

(a) A Participant whose employment is terminated during the Severance Period shall be entitled to the benefits described in Section 8 unless the Participant's termination of employment occurs in connection with one of the following events:

(i) The Participant's voluntary resignation or retirement other than as provided in Section 7(b), below;

(ii) The Participant's death prior to the effective date of the Participant's termination from employment;

(iii) The Participant becoming permanently disabled within the meaning of the long-term disability plan of the Company or any other Participating Employer in effect for, or applicable to, the Participant immediately prior to the effective date of the Participant's termination from employment (whether or not the Participant actually enrolled in such long-term disability plan);

(iv) The Participant's termination from a Participating Employer in a transaction involving the sale or other disposition of a business of the Company where the Executive continues working for the acquiring entity; or

(v) The Participant's termination of employment for Cause.

(b) If one or more of the following events (regardless of whether any other reason, other than Cause, for termination exists or has occurred, including without limitation the Executive's acceptance and/or commencement of other employment) occurs during the Severance Period and an event that constitutes Cause has not occurred, the Participant may terminate employment with the Participating Employer during the Severance Period (but after the correction period described below) and become entitled to the benefits provided by Section 8 if the Participant provides notice to the Company (in a manner consistent with a claim for benefits as provided for in Section 10) within 90 days following the occurrence of the event and the Company fails to make correction within 30 days following notice (and such termination shall be considered a termination for "good reason"):

(i) A material diminution in the Executive's base compensation;

(ii) A material diminution in the Executive's authority, duties, or responsibilities;

(iii) A material change in the geographic location at which the executive must perform the services; or

(iv) Any other action or inaction that constitutes a material breach by a Participating Employer of an agreement under which the Executive provides services.

(c) Any termination of the employment of the Participant or the occurrence of an event described in clauses (i) through (iv) of Section 7(b) following the commencement of any discussion with a third person that results in a Change in Control within 60 calendar days after the effective date of such termination or occurrence (which 60 calendar day period is referred to herein as the “Pre-Change in Control Protection Period”) will be deemed to have occurred after a Change in Control for purposes of this Plan.

8. Benefits

(a) Participants who are eligible for benefits under Section 7 shall be entitled to a severance benefit equal to two times the sum of (i) the Participant’s annual base salary rate in effect as of (A) the date of the first event constituting a Change in Control, (B) the date of the Participant’s termination of employment, or (C) if Section 7(c) applies, the date of the occurrence of the event described in Section 7(c), whichever is greater, and (ii) the Participant’s average annual bonus (if any) received for the three full fiscal years of the Company immediately preceding the fiscal year in which the first event constituting a Change in Control occurs (provided that, if the Participant’s termination of employment following a Change in Control or during the Pre-Change in Control Protection Period shall occur prior to the third anniversary of the Effective Date, the amount under this clause (ii) shall be the Participant’s target bonus for the fiscal year in which the Change of Control occurs). If, as of the Effective Date, a Participant is covered by an employment agreement with the Company that provides for severance payments in the event of involuntary termination, the severance benefit shall be reduced by the value of the maximum cumulative severance payments (if any) that could be made to the Participant under said agreement.

(b) Participants who are eligible for benefits under Section 7 shall be entitled to an additional severance benefit equal to the value of the excess (if any) of (i) the lump sum value of the Participant’s retirement benefit (including any accruals under a qualified or nonqualified defined benefit pension plan and any non-matching, non-elective contributions, allocations or credits made by the Employer to a qualified or nonqualified defined contribution plan on behalf of the Participant) determined as if the Participant had earned an additional two years of service, over (ii) the lump sum value of the Participant’s retirement benefit determined as of the Participant’s termination.

(c) If a Participant who is eligible for benefits under Section 7 does not, for a period of one year following the effective date of the Participant’s termination from employment, render personal services to a Competing Business in any manner, including, without limitation, as owner, partner, director, trustee, officer, employee, consultant or advisor thereof, the Participant shall be entitled to an additional noncompetition severance benefit equal to the sum of:

(i) one-half of the amount determined under Section 8(a); and

(ii) an additional noncompetition severance benefit equal to the value of the excess of (A) the lump sum value of the Participant’s retirement benefit (including any accruals under a qualified or nonqualified defined benefit pension plan and any non-matching, non-elective contributions, allocations or credits made by the Employer to a qualified or nonqualified defined contribution plan on behalf of the Participant) determined as if the Participant had earned an additional one year of service, over (B) the lump sum value of the Participant's retirement benefit determined as of the effective date of the Participant's termination.

(d) If a Participant who is entitled to benefits under Section 7 dies following his or her termination from employment, but prior to receipt of the severance payment provided in Sections 8(a) and (b), payment of such severance amounts shall be made to the Participant's estate. If a Participant dies during the one-year period following the effective date of the Participant's termination from employment following a Change in Control without having engaged in an activity that preclude payment of the additional noncompetition severance benefits under Section 8(c), his estate shall be entitled to a pro-rata portion of the additional noncompetition severance benefit described in Section 8(c).

(e) For purposes of determining the additional noncompetition severance benefit under Section 8(b) and/or 8(c)(ii), above, the following assumptions shall be used;

(i) The Participant continued to work through the date that is the second anniversary of the effective date of the Participant's termination from employment;

(ii) The Participant received the same base compensation through the date described in (i), above, that the Participant was receiving at the Executive's termination from employment;

(iii) The Participant received a bonus for any fiscal year (or portion thereof) from the Executive's termination from employment through the date described in (i), above, equal to the actual bonus (if any) that the participant receives for that year (even if paid after the Executive's termination from employment); and

(iv) The terms of the qualified defined benefit retirement plans, the nonqualified supplementary defined benefit retirement plans and profit sharing/401(k) plans maintained by the Company reflect the terms of such plans as those plans are amended from time to time through the date described in (i), above.

9. Form and Timing of Payment

(a) All payments shall be made wholly in cash, less applicable withholding. Where payments are to be made within a fixed number of days following a specified date, the Participant shall not have the right to designate the taxable year of payment. Each payment under this Plan shall be a separate payment and not one of a series of payments.

(b) Severance benefits payable under Sections 8(a) and (b) shall be paid in a single lump sum payment, less applicable withholding, in cash within 5 days after the effective date of the Participant's severance from employment. The additional noncompetition severance benefit payable under Section 8(c) shall be paid in a single lump sum payment in cash within 5 days after the first anniversary of the effective date of the Participant's severance from employment.

(c) Severance payments payable to the Participant's estate under Section 8(d) shall be paid in a single lump sum payment, less applicable withholding, in cash no later than 60 days after the date of the Participant's death. The pro-rata additional noncompetition severance benefits payable to the Participant's estate under Section 8(d) shall be paid in a single lump sum payment in cash no later than 60 days after the date of the Participant's death.

(d) Severance benefits under Sections 8(a) and (b) that are payable to a Participant because of the Participant's termination of employment or the occurrence of an event described in clauses (i) through (iv) of Section 7(b) during the Pre-Change in Control Protection Period shall be paid in a single lump sum payment, less applicable withholding, in cash within 5 days after the later of (i) the date on which the Change in Control occurs or (ii) the effective date of the Participant's severance from employment. The additional noncompetition severance benefit payable under Section 8(c) to such a Participant shall be paid in a single lump sum payment in cash within 5 days after the first anniversary of the effective date of the Participant's severance from employment.

(e) Payments made to Participants under the Plan shall not be considered compensation for purposes of the Company's qualified or nonqualified retirement plans or its group health and welfare benefit plans.

10. Claims and Appeal Procedure

A Participant will be paid as provided in Sections 7, 8 and 9. No claim for benefits is necessary. If a Participant believes that he/she is due benefits that are not paid, he/she may file a claim with the Plan Administrator for those benefits. If any benefits are denied, either in whole or in part, the Plan Administrator will give the employee notice of the specific reason or reasons for the denial, along with reference to the pertinent plan provisions on which the denial is based. The plan administrator will also indicate what additional material or information, if any, is required to perfect the claim.

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

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

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

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

Senior Human Resources Executive
Macy's, Inc.
7 West Seventh Street
Cincinnati, OH 45202

with a copy to:

General Counsel
Macy’s, Inc.
7 West Seventh Street
Cincinnati, OH 45202

11. Limitation on Payments and Benefits

Notwithstanding anything to the contrary contained in this Plan, if, after taking into account all amounts or benefits to be paid or provided to the Executive under this Plan or other arrangement with any Participating Employer, any amount or benefit to be paid or provided to the Executive would be an “Excess Parachute Payment,” within the meaning of Section 280G of the Internal Revenue Code of 1986, as amended (the “Code”), or any successor provision thereto, but for the application of this sentence, then the payments and benefits to be so paid or provided under this Plan or other arrangement with a Participating Employer will be reduced to the minimum extent necessary (but in no event to less than zero) so that no portion of any such payment or benefit, as so reduced, constitutes an Excess Parachute Payment; provided, however, that the foregoing reduction will be made only if and to the extent that such reduction would result in an increase in the aggregate payments and benefits to be provided, determined on an after-tax basis (taking into account the Excise Tax, as defined below). The determination of whether any reduction in such payments or benefits to be provided under this Plan is required pursuant to the preceding sentence will be made at the expense of the Company, if requested by the Executive or the Company, by the Company’s independent accountants. The fact that the Executive’s right to payments or benefits may be reduced by reason of the limitations contained in this Section 11 will not of itself limit or otherwise affect any other rights of the Executive other than pursuant to this Plan. In the event that any payment or benefit intended to be provided under this Plan or otherwise is required to be reduced pursuant to this Section 11, the Company will reduce the amount of the Executive’s severance benefit payable pursuant to Section 8(a). For purposes of this Section 11, “Excise Tax” shall mean the excise tax imposed by Section 4999 of the Code (or any successor provision thereto) by reason of being considered “contingent on a change in ownership or control” of the Company, within the meaning of Section 280G of the Code, or any successor provision thereto, any similar tax imposed by state or local law, and any interest or penalties with respect to such tax.

12. Legal Fees and Expenses; Security

It is the intent of the Company that the Executive not be required to incur legal fees and the related expenses associated with the interpretation, enforcement, or defense of the Executive’s rights under this Plan by litigation or otherwise because the cost and expense thereof would substantially detract from the benefits intended to be extended to the Executive hereunder. Accordingly, if it should appear to the Executive that the Company has failed to comply with any of its obligations under this Plan or in the event that the Company or any other person takes or threatens to take any action to declare this Plan void or unenforceable, or institutes any litigation or other action or proceeding designed to deny, or to recover from, the Executive the benefits provided or intended to be provided to the Executive hereunder, the Company irrevocably authorizes the Executive from time to time to retain counsel of the Executive’s choice, at the expense of the Company as hereinafter provided, to advise and represent the Executive in connection with any such interpretation, enforcement, or defense, including without limitation the initiation or defense of any litigation or other legal action, whether by or against the Company or any director, officer, stockholder, or other person affiliated with the Company, in any jurisdiction. Notwithstanding any existing or prior attorney-client relationship between the Company and such counsel, the Company irrevocably consents to the Executive's entering into an attorney-client relationship with such counsel, and in that connection the Company and the Executive agree that a confidential relationship will exist between the Executive and such counsel. Without regard to whether the Executive prevails, in whole or in part, in connection with any of the foregoing, the Company will pay to the Executive and be solely financially responsible for any and all attorneys' and related fees and expenses incurred by the Executive in connection with any of the foregoing. Such payments shall be made no later than December 31 of the year following the year in the which the Executive incurs the expenses, provided that in no event will the amount of expenses eligible for reimbursement in one year affect the amount of expenses to be reimbursed, or in-kind benefits to be provided, in any other taxable year.

13. Miscellaneous Provisions

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

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

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

14. Amendments and Termination.

The Company reserves the right, by action taken by the Incumbent Board, at any time and from time to time, in its sole discretion, to modify, amend or terminate this Plan. No amendment or termination may be made or effected (i) if it would cause the Plan to fail to comply with Section 409A or (ii) during the Severance Period without the consent of all Participants in the Plan at the time of the amendment or termination.

Any such amendment that has the effect of reducing the benefit to which a Participant would be entitled under Section 8 upon a termination following a Change in Control or during the Pre-Change in Control Protection Period, and any termination of the Plan, shall not become effective until 12 months following the date on which the Company adopts such amendment or termination, provided, however, that any amendment or termination which occurs within 12 months before a Change in Control will not become effective until the first day following the end of the Severance Period.

15. Governing Law; Plan Interpretation

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

16. Effective Date of the Plan

The Plan shall be effective as of November 1, 2009.

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 quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
    a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    c. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    d. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

   a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

December 7, 2009

/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 quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
    a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    c. evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    d. disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting.

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

   a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

December 7, 2009

/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 October 31, 2009, 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: December 7, 2009

/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 October 31, 2009, 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: December 7, 2009

/s/ Karen M. Hoguet

Name: Karen M. Hoguet

Title: Chief Financial Officer