

Macy's, Inc.
Form 424B5
November 14, 2012
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The information in this preliminary prospectus supplement is not complete and may be changed. This preliminary prospectus supplement and the accompanying prospectus are not an offer to sell these securities and are not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED NOVEMBER 14, 2012

PROSPECTUS SUPPLEMENT (TO PROSPECTUS DATED DECEMBER 9, 2009)

\$

Macy's Retail Holdings, Inc.

% Senior Notes Due 2023

% Senior Notes Due 2043

Payment of principal and interest unconditionally guaranteed by

Macy's, Inc.

Macy's Retail Holdings, Inc. (Macy's Holdings) is offering \$ aggregate principal amount of its % Senior Notes due , 2023, which we refer to as the 2023 Notes and offering \$ aggregate principal amount of its % Senior Notes due , 2043, which we refer to as the 2043 Notes. We refer to the 2023 Notes and the 2043 Notes together as the senior notes.

The 2023 Notes mature on , 2023 and the 2043 Notes mature on , 2043 unless earlier redeemed in whole. Macy's Holdings will pay interest on the senior notes semi-annually in arrears on each and . The first interest payment will be made on , 2013. The senior notes will rank equal in right of payment to any other existing or future senior unsecured obligations of Macy's Holdings. The guarantee will rank equal in right of payment to all other existing and future senior unsecured obligations of Macy's, Inc.

Macy's Holdings may redeem the senior notes at any time at the redemption prices set forth herein. Upon the occurrence of both (i) a change of control of Macy's, Inc. and (ii) within a specified period in relation to the change of control, the senior notes being downgraded by at least two of Fitch Ratings, Inc., Moody's Investors Service, Inc. and Standard & Poor's Ratings Services and being rated below an investment grade rating by at least two of such rating agencies, Macy's Holdings will be required to make an offer to purchase the senior notes at 101% of their principal amount. On and after , 2022 and , 2042 Macy's Holdings may redeem the 2023 Notes and the 2043 Notes, respectively, at par, plus accrued and unpaid interest.

Investing in the senior notes involves risks. See the Risk Factors section in our Annual Report on Form 10-K for the year ended January 28, 2012.

	2023 Notes		2043 Notes	
	Per Note	Total	Per Note	Total
Initial public offering price (1)	%	\$	%	\$
Underwriting discounts and commissions	%	\$	%	\$
Proceeds to Macy's Holdings (1)	%	\$	%	\$

(1) Plus accrued interest, if any, from _____, 2012.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The underwriters expect to deliver the senior notes in book-entry form only through the facilities of The Depository Trust Company for the accounts of its participants, including Clearstream Banking, societe anonyme, and Euroclear Bank S.A./N.V., as operator of the Euroclear System, against payment in New York, New York on _____, 2012.

Joint Book-Running Managers

BofA Merrill Lynch

Credit Suisse

J.P. Morgan

The date of this prospectus supplement is _____, 2012.

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None of Macy's, Inc., Macy's Holdings or any underwriter has authorized anyone to provide any information or to make any representation other than those contained or incorporated by reference in this prospectus supplement, the accompanying prospectus or in any free writing prospectus that we have prepared. We take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. This document may only be used where it is legal to sell the securities. The information in this document may be accurate only on the date of this document.

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The following summary contains basic information about the senior notes and is not intended to be complete. For a more complete discussion of the senior notes, please refer to the section entitled "Description of Notes" in this prospectus supplement. You should read the entire prospectus supplement and the accompanying prospectus, as well as the documents incorporated by reference into them, before making an investment decision.

Issuer	Macy's Retail Holdings, Inc.
Guarantor	Macy's, Inc.
Securities Offered	\$ aggregate principal amount of % Senior Notes due 2023 (the 2023 Notes) and \$ aggregate principal amount of % Senior Notes due 2043 (the 2043 Notes and, together with the 2023 Notes, the senior notes).
2023 Note Maturity Date	, 2023.
2043 Note Maturity Date	, 2043.
Interest Payment Dates	Semi-annually in arrears on each and , commencing , 2013. Interest on the senior notes being offered by this prospectus supplement will accrue from , 2012.
Ranking	The senior notes will rank equal in right of payment to any other existing or future senior unsecured obligations of Macy's Holdings.
Guarantee	The obligations of Macy's Holdings under the senior notes will be fully and unconditionally guaranteed on a senior unsecured basis by Macy's, Inc. The guarantee will rank equal in right of payment to all other existing and future senior unsecured obligations of Macy's, Inc.
Optional Redemption	Macy's Holdings may, at its option, at any time in whole or from time to time in part, redeem the senior notes at the redemption prices described in this prospectus supplement, plus accrued interest to the date of redemption.
Change of Control	Upon the occurrence of both (i) a change of control of Macy's, Inc. and (ii) within a specified period in relation to the change of control, the senior notes being downgraded by at least two of Fitch Ratings, Inc., Moody's Investors Service, Inc. and Standard & Poor's Ratings Services and being rated below an investment grade rating by at least two of such rating agencies, Macy's Holdings will be required to make an offer to purchase the senior notes at a price equal to 101% of their principal amount, plus accrued and unpaid interest to the date of repurchase. See "Description of Notes" Change of Control.

Certain Covenants

The indenture, pursuant to which the senior notes will be issued, will contain covenants that will, among other things, limit the ability of Macy's Holdings to:

incur certain liens;

enter into sale and leaseback transactions; or

consolidate, merge or transfer all or substantially all of its assets.

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These covenants will be subject to important exceptions and qualifications, which are described in Description of Notes Certain Restrictive Covenants.

Denominations

Minimum denominations of \$2,000 and integral multiples of \$1,000 in excess thereof.

Settlement Date

, 2012 (T+). See Underwriting.

Use of Proceeds

Macy's Holdings will use all or a portion of the net proceeds from the sale of the senior notes offered hereby to purchase a portion of its outstanding debt securities listed in Use of Proceeds and to pay related costs and expenses. Macy's Holdings will use the remainder of the net proceeds, if any, for general corporate purposes, including an early financing of its 5.875% senior notes due 2013.

Ratio of Earnings to Fixed Charges

Macy's, Inc.'s ratios of earnings to fixed charges for the 26 weeks ended July 28, 2012 and for the fiscal years ended January 28, 2012, January 29, 2011 and January 30, 2010 were 3.6x, 4.5x, 2.9x and 1.7x, respectively.

For purposes of determining the ratio of earnings to fixed charges, earnings consist of income from continuing operations before income taxes plus fixed charges (excluding interest capitalized). Fixed charges represent interest incurred, amortization of debt expenses, and that portion of rental expenses on operating leases deemed to be the equivalent of interest.

Trustee, Registrar and Paying Agent

The Bank of New York Mellon Trust Company, N.A.

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On November 7, 2012, Macy's, Inc. announced its unaudited results of operations data for the 13 and 39 weeks ended October 27, 2012 and October 29, 2011, including the data set forth below. Macy's previously announced that sales on a same-store basis for the 13 and 39 weeks of fiscal 2012 were both up 3.7 percent compared to the same periods of the prior fiscal year. Macy's, Inc. calculates same store sales as sales from stores in operation throughout 2011 and 2012 and Internet sales. Stores undergoing remodeling, expansion or relocation remain in the same-store sales calculation unless the store is closed for a significant period of time. Definitions and calculations of same store sales differ among companies in the retail industry.

	13 Weeks Ended		39 Weeks Ended	
	October 27, 2012	October 29, 2011	October 27, 2012	October 29, 2011
	(Millions)			
Net sales	\$ 6,075	\$ 5,853	\$ 18,336	\$ 17,681
Cost of sales (1)	3,672	3,544	10,984	10,587
Gross margin	2,403	2,309	7,352	7,094
Selling, general and administrative expenses	(2,078)	(2,018)	(6,082)	(5,967)
Operating income	325	291	1,270	1,127
Interest expense - net (2)	(103)	(108)	(320)	(335)
Income before income taxes	222	183	950	792
Federal, state and local income tax expense (3)	(77)	(44)	(345)	(281)
Net income	\$ 145	\$ 139	\$ 605	\$ 511

- (1) Merchandise inventories are valued at the lower of cost or market using the last-in, first-out (LIFO) retail inventory method. Application of the LIFO retail inventory method did not result in the recognition of any LIFO charges or credits affecting cost of sales for the 13 and 39 weeks ended October 27, 2012 or October 29, 2011.
- (2) Interest expense for the 39 weeks ended October 27, 2012 includes approximately \$4 million of expenses associated with the early redemption of approximately \$173 million of 8.0% senior debentures due July 15, 2012.
- (3) Federal, state and local income taxes differ from the federal income tax statutory rate of 35%, principally because of the effect of state and local taxes, including the settlement of various tax issues and tax examinations.

Macy's ratio of earnings to fixed charges for the 39 weeks ended October 27, 2012 is 3.3x. For purposes of determining the ratio of earnings to fixed charges, earnings consist of income from continuing operations before income taxes plus fixed charges (excluding interest capitalized).

Fixed charges represent interest incurred, amortization of debt expenses, and that portion of rental expenses on operating leases deemed to be the equivalent of interest.

The foregoing data should be read in conjunction with the consolidated financial statements (including the notes thereto) and the other information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus. Because of the seasonal nature of the retail business, the results of operations for the 13 and 39 weeks ended October 27, 2012 and October 29, 2011 (which do not include the Christmas season) are not necessarily indicative of the results for the fiscal year.

Macy's, Inc.'s independent registered public accounting firm has not audited any of the information set forth above. Macy's, Inc.'s independent registered public accounting firm will audit Macy's financial statements for the fiscal year ending February 2, 2013 following the completion of such fiscal year. This audit could result in changes to the preliminary results indicated above.

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Macy's Holdings will use all or a portion of the net proceeds from the sale of the senior notes offered hereby to purchase a portion of its outstanding debt securities listed below and to pay related costs and expenses. Macy's Holdings will use the remainder of the net proceeds, if any, for general corporate purposes, including an early financing of its 5.875% senior notes due 2013. Macy's Holdings has commenced a cash tender offer (the "tender offer") to purchase a portion of the debt securities listed below up to \$500 million in aggregate principal amount on terms and subject to the conditions set forth in the offer to purchase dated October 29, 2012 (the "Offer to Purchase"), relating to the tender offer. The amounts of each series of debt securities that are purchased in the tender offer will be determined in accordance with the priorities set forth in the "Acceptance Priority Level" column below and will be based on the amount of each series of debt securities tendered in the tender offer.

The consideration to be paid for debt securities of each series listed below will be determined by reference to a fixed spread specified for such series of debt securities over the yield based on the bid-side price of the applicable U.S. treasury security specified on the front cover of the Offer to Purchase and will include accrued and unpaid interest up to, but excluding, the date of purchase. The tender offer is made solely pursuant to, and governed solely by, the Offer to Purchase.

Title of Security	Aggregate Principal Amount Outstanding	Acceptance Priority Level
5.90% Senior Notes due 2016	\$ 976,966,000	1
7.45% Debentures due 2016	\$ 122,700,000	2
7.50% Debentures due 2015	\$ 100,000,000	3
7.875% Senior Notes due 2015	\$ 611,875,000	4

The aggregate principal amount of debt securities of any particular series and of all applicable series in the aggregate that may be purchased pursuant to the tender offer, and the aggregate consideration payable therefor, cannot be determined prior to the expiration of the tender offer, which we currently anticipate to be November 27, 2012.

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DESCRIPTION OF NOTES

The senior notes will be issued under an indenture, dated as of January 13, 2012 (the "Base Indenture"), among Macy's Holdings, as issuer, Macy's, Inc., as guarantor, and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"), as supplemented by a Third Supplemental Trust Indenture, to be dated as of November 1, 2012 (the "Third Supplemental Indenture") and as supplemented by a Fourth Supplemental Trust Indenture, to be dated as of November 1, 2012 (the "Fourth Supplemental Indenture" and together with the Third Supplemental Indenture, the "Supplemental Indentures" and the Supplemental Indentures together with the Base Indenture, the "Indenture") relating to the senior notes. The following discussion includes a summary description of certain material terms of the Indenture. Because this is a summary, it does not include all of the information that is included in the Indenture, including the definitions of certain terms used below. You should read the Indenture carefully and in its entirety. You may request a copy of the Indenture at Macy's, Inc.'s address set forth under the caption "Where You Can Find More Information" in the accompanying prospectus.

General

The senior notes are senior unsecured obligations of Macy's Holdings. The 2023 Notes constitute a series of notes that will initially be limited to \$ [redacted] aggregate principal amount and will mature on [redacted], 2023. The 2043 Notes constitute a series of notes that will initially be limited to \$ [redacted] aggregate principal amount and will mature on [redacted], 2043. Macy's Holdings will issue the senior notes in minimum denominations of \$2,000 and integral multiples of \$1,000 in excess thereof. The senior notes will bear interest at the applicable rate per year shown on the cover page of this prospectus supplement from [redacted], 2012. Macy's Holdings will pay interest semi-annually in arrears on [redacted] and [redacted] of each year commencing [redacted], 2013 to the Person in whose name the senior notes (or any predecessor note) is registered at the close of business on [redacted] or [redacted], respectively, preceding such interest payment date. Interest on the senior notes will be calculated on the basis of a 360-day year consisting of 12 months of 30 days each.

The senior notes will be exchangeable and transfers thereof will be registrable, at an office or agency of Macy's Holdings, one of which will be maintained for such purpose in New York, New York (which initially will be the corporate trust office of the Trustee) or such other office or agency permitted under the Indenture.

The senior notes will rank equal in right of payment to any other existing or future senior unsecured obligations of Macy's Holdings. The senior notes will not be subject to any sinking fund.

Macy's Holdings does not intend to list the senior notes on a national securities exchange.

The Indenture does not contain any provisions that would limit the ability of Macy's Holdings to incur indebtedness or require the maintenance of financial ratios or specified levels of net worth or liquidity. However, the Indenture does:

provide that, subject to certain exceptions, neither Macy's Holdings nor any Restricted Subsidiary will subject its property or assets to any mortgage or other encumbrance unless the senior notes are secured equally and ratably with such other indebtedness thereby secured; and

contain certain limitations on the ability of Macy's Holdings and its Restricted Subsidiaries to enter into certain sale and leaseback arrangements.

Guarantee

The obligations of Macy's Holdings under the senior notes will be fully and unconditionally guaranteed (the "Guarantee") on a senior unsecured basis by Macy's, Inc. The Guarantee will rank equal in right of payment to all other existing and future senior unsecured obligations of Macy's, Inc.

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Further Issuances

Macy's Holdings may, from time to time, without notice to or the consent of the holders of the senior notes of either series, increase the principal amount of the 2023 Notes and/or the 2043 Notes under the Indenture and issue such increased principal amount (or any portion thereof), in which case any additional notes so issued will have the same form and terms (other than the date of issuance and, under certain circumstances, the date from which interest thereon will begin to accrue), and will carry the same right to receive accrued and unpaid interest, as the senior notes of such series previously issued, and such additional notes will form a single series with the senior notes of such series.

Redemption

Macy's Holdings may, at its option, redeem the 2023 Notes, at any time in whole or from time to time in part, prior to _____, 2022 (three months prior to the maturity date) on not less than 30 nor more than 60 days' prior notice transmitted to the holders of the senior notes of such series to be redeemed. Macy's Holdings may, at its option, redeem the 2043 Notes, at any time in whole or from time to time in part, prior to _____, 2042 (six months prior to the maturity date) on not less than 30 nor more than 60 days' prior notice transmitted to the holders of the senior notes of such series to be redeemed. The senior notes of such series will be so redeemable at a redemption price, plus accrued interest to the date of redemption, equal to the greater of (1) 100% of the principal amount of the senior notes of such series to be redeemed and (2) the sum of the remaining scheduled payments of principal and interest on the senior notes of such series to be redeemed that would be due after the related redemption date but for such redemption (except that, if such redemption date is not an interest payment date with respect to the senior notes of such series, the amount of the next succeeding scheduled interest payment will be reduced by the amount of interest accrued thereon to the redemption date), discounted to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate plus _____ basis points in the case of the 2023 Notes and _____ basis points in the case of the 2043 Notes.

At any time on and after _____, 2022 (three months prior to the maturity date), Macy's Holdings may, at its option, redeem the 2023 Notes in whole or from time to time in part on not less than 30 nor more than 60 days' prior notice transmitted to the holders of senior notes of such series to be redeemed. At any time on and after _____, 2042 (six months prior to the maturity date), Macy's Holdings may, at its option, redeem the 2043 Notes in whole or from time to time in part on not less than 30 nor more than 60 days' prior notice transmitted to the holders of senior notes of such series to be redeemed. The senior notes will be so redeemable at a redemption price equal to 100% of the principal amount of the senior notes of such series to be redeemed plus accrued and unpaid interest on the senior notes of such series to be redeemed to the date of redemption.

Comparable Treasury Issue means the United States Treasury security selected by an Independent Investment Banker that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the applicable senior notes. *Independent Investment Banker* means one of the Reference Treasury Dealers appointed by Macy's Holdings.

Comparable Treasury Price means, with respect to any redemption date, (1) the average of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) on the third business day preceding such redemption date, as set forth in the daily statistical release (or any successor release) published by the Federal Reserve Bank of New York and designated Composite 3:30 p.m. Quotations for U.S. Government Securities or (2) if such release (or any successor release) is not published or does not contain such prices on such business day, (a) the average of the Reference Treasury Dealer Quotations for such redemption date, after excluding the highest and lowest of such Reference Treasury Dealer Quotations, or (b) if Macy's Holdings obtains fewer than four such Reference Treasury Dealer Quotations, the average of all such Quotations.

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Reference Treasury Dealer means each of Credit Suisse Securities (USA) LLC, J.P. Morgan Securities LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated and their respective successors and one other nationally recognized investment banking firm that is a primary U.S. Government securities dealer in New York City (a *Primary Treasury Dealer*) specified from time to time by Macy's Holdings, except that if any of the foregoing ceases to be a Primary Treasury Dealer, Macy's Holdings is required to designate as a substitute another nationally recognized investment banking firm that is a Primary Treasury Dealer.

Reference Treasury Dealer Quotations means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by Macy's Holdings, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to Macy's Holdings by such Reference Treasury Dealer as of 3:30 p.m., New York City time, on the third business day preceding such redemption date.

Treasury Rate means, with respect to any redemption date, the rate per annum equal to the semi-annual equivalent yield to maturity (computed as of the second business day immediately preceding such redemption date) of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date.

On and after any redemption date, interest will cease to accrue on the senior notes of such series called for redemption. On or prior to any redemption date, Macy's Holdings is required to deposit with a paying agent money sufficient to pay the redemption price of and accrued interest on the senior notes of such series to be redeemed on such date. If Macy's Holdings is going to redeem less than all the senior notes of such series, (a) if such senior notes are represented by global notes, interests in such global notes will be selected for redemption in accordance with the customary procedures of DTC, or (b) if such senior notes are represented by senior notes in certificated form, the Trustee will select the senior notes of such series to be redeemed by such method as the Trustee deems fair and appropriate in accordance with methods generally used at the time of selection by fiduciaries in similar circumstances.

Change of Control

If a Change of Control Triggering Event occurs, unless Macy's Holdings has exercised its right to redeem the senior notes in whole as described above, holders of senior notes will have the right to require Macy's Holdings to repurchase all or any part (equal to \$2,000 or an integral multiple of \$1,000 in excess thereof) of their senior notes pursuant to the offer described below (the *Change of Control Offer*) on the terms set forth in the Indenture. In the Change of Control Offer, Macy's Holdings will be required to offer payment in cash equal to 101% of the aggregate principal amount of senior notes repurchased plus accrued and unpaid interest, if any, on the senior notes repurchased, to the date of purchase (the *Change of Control Payment*). Within 30 days following any Change of Control Triggering Event or, at the option of Macy's Holdings, prior to any Change of Control, but after public announcement of the transaction or transactions that constitute or may constitute the Change of Control, Macy's Holdings will be required to mail a notice to holders of senior notes describing the transaction or transactions that constitute or may constitute the Change of Control Triggering Event and offering to repurchase the senior notes on the date specified in the notice, which date will be no earlier than 30 days and no later than 60 days from the date such notice is mailed (the *Change of Control Payment Date*), pursuant to the procedures required by the Indenture and described in such notice, which offer will constitute the Change of Control Offer. The notice will, if mailed prior to the date on which the Change of Control occurs, state that the Change of Control Offer is conditioned on the Change of Control Triggering Event occurring on or prior to the applicable Change of Control Payment Date.

On the Change of Control Payment Date, Macy's Holdings will be required, to the extent lawful, to:

accept for payment all senior notes or portions of senior notes properly tendered pursuant to the Change of Control Offer;

deposit with the paying agent an amount equal to the Change of Control Payment in respect of all senior notes or portions of senior notes properly tendered; and

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deliver or cause to be delivered to the Trustee the senior notes properly accepted together with an officers certificate stating the aggregate principal amount of senior notes or portions of senior notes being purchased.

Macy's Holdings will not be required to make a Change of Control Offer upon the occurrence of a Change of Control Triggering Event if a third party makes such an offer in the manner, at the times and otherwise in compliance with the requirements for an offer made by Macy's Holdings and the third party repurchases all senior notes properly tendered and not withdrawn under its offer. In addition, Macy's Holdings will not be required to repurchase any senior notes if it has given written notice of a redemption in whole of the senior notes as provided under Redemption .

Macy's Holdings will be required to comply with the requirements of Rule 14e-1 under the Securities Exchange Act of 1934, as amended (the *Exchange Act*) and any other securities laws and regulations thereunder to the extent those laws and regulations are applicable in connection with the repurchase of the senior notes as a result of a Change of Control Triggering Event. To the extent that the provisions of any securities laws or regulations conflict with the Change of Control provisions of the Indenture, Macy's Holdings will be required to comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under the Change of Control provisions of the Indenture by virtue of such compliance.

For purposes of the foregoing discussion of a repurchase at the option of holders, the following definitions are applicable:

Change of Control means the occurrence of any of the following: (1) the direct or indirect sale, lease, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of the properties or assets of Macy's, Inc. and its subsidiaries taken as a whole to any Person other than Macy's, Inc. or one of its subsidiaries; (2) the consummation of any transaction (including, without limitation, any merger or consolidation) the result of which is that any Person becomes the beneficial owner, directly or indirectly, of more than 50% of the then outstanding number of shares of Macy's, Inc.'s Voting Stock or other Voting Stock into which the Voting Stock of Macy's, Inc. is reclassified, consolidated, exchanged or changed, measured by voting power rather than number of shares; (3) Macy's, Inc. consolidates with, or merges with or into, any Person, or any Person consolidates with, or merges with or into Macy's, Inc., in any such event pursuant to a transaction in which any of the outstanding shares of Macy's, Inc.'s Voting Stock or the Voting Stock of such other Person is converted into or exchanged for cash, securities or other property, other than any such transaction where the shares of Macy's, Inc.'s Voting Stock outstanding immediately prior to such transaction constitute, or are converted into or exchanged for, a majority of the Voting Stock of the resulting or surviving Person or any direct or indirect parent company of the resulting or surviving Person immediately after giving effect to such transaction; (4) the first day on which a majority of the members of Macy's, Inc.'s Board of Directors are not Continuing Directors; or (5) the adoption of a plan providing for the liquidation or dissolution of Macy's, Inc. Notwithstanding the foregoing, a transaction will not be deemed to involve a Change of Control under clause (2) above if (i) Macy's, Inc. becomes a direct or indirect wholly owned subsidiary of a holding company and (ii)(A) the direct or indirect holders of the Voting Stock of such holding company immediately following that transaction are substantially the same as the holders of Macy's, Inc.'s Voting Stock immediately prior to that transaction or (B) immediately following that transaction no Person (other than a holding company satisfying the requirements of this sentence) is the beneficial owner, directly or indirectly, of more than 50% of the Voting Stock of such holding company. The term Person, as used in this definition, has the meaning given thereto in Section 13(d)(3) of the Exchange Act.

Change of Control Triggering Event means the occurrence of both a Change of Control and a Rating Event.

Continuing Directors means, as of any date of determination, any member of the Board of Directors of Macy's, Inc. who (1) was a member of such Board of Directors on the date of the Supplemental Indentures; or (2) was nominated for election or elected to such Board of Directors with the approval of a

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majority of the Continuing Directors who were members of such Board of Directors at the time of such nomination or election (either by a specific vote or by approval of Macy's, Inc.'s proxy statement in which such member was named as a nominee for election as a director, without objection to such nomination).

Fitch means Fitch Ratings, Inc. or its successor.

Investment Grade Rating means a rating equal to or higher than BBB- (or the equivalent) by Fitch, Baa3 (or the equivalent) by Moody's and BBB- (or the equivalent) by S&P.

Moody's means Moody's Investors Service, Inc. or its successor.

Rating Agencies means (1) each of Fitch, Moody's and S&P; and (2) if any of Fitch, Moody's or S&P ceases to rate the senior notes or fails to make a rating of the senior notes publicly available for reasons outside of Macy's Holdings' control, a nationally recognized statistical rating organization within the meaning of Rule 15c3-1(c)(2)(vi)(F) under the Exchange Act, selected by Macy's Holdings (as certified by a resolution of its Board of Directors) as a replacement agency for Fitch, Moody's or S&P, or all of them, as the case may be.

Rating Event means the rating on the senior notes is lowered by at least two of the three Rating Agencies and the senior notes are rated below an Investment Grade Rating by at least two of the three Rating Agencies, on any day during the period (which period will be extended so long as the rating of the applicable senior notes is under publicly announced consideration for a possible downgrade by any of the Rating Agencies) commencing 60 days prior to the first public notice of the occurrence of a Change of Control or the intention of Macy's, Inc. to effect a Change of Control and ending 60 days following consummation of such Change of Control.

S&P means Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., or its successor.

Voting Stock means, with respect to any specified Person (as that term is used in Section 13(d)(3) of the Exchange Act) as of any date, the capital stock of such Person that is at the time entitled to vote generally in the election of the board of directors of such Person.

Holder may not be entitled to require Macy's Holdings to purchase their senior notes in certain circumstances involving a significant change in the composition of Macy's, Inc.'s Board of Directors, including in connection with a proxy contest, where Macy's, Inc.'s Board of Directors initially publicly opposes the election of a dissident slate of directors, but subsequently approves such directors as Continuing Directors for purposes of the Indenture. This may result in a change in the composition of the Board of Directors that, but for such subsequent approval, would have otherwise constituted a Change of Control requiring a Change of Control Offer under the terms of the Indenture.

Under a recent Delaware Chancery Court interpretation of the foregoing definition of Continuing Directors, a board of directors may approve for purposes of such definition, a slate of shareholder-nominated directors without endorsing them, while simultaneously recommending and endorsing its own slate. This interpretation permits Macy's, Inc.'s Board of Directors to approve a slate of directors that includes a majority of dissident directors nominated pursuant to a proxy contest and the ultimate election of such dissident slate would not constitute a Change of Control that would trigger the holder's right to require Macy's Holdings to repurchase its senior notes as described above.

The definition of Change of Control includes a phrase relating to the direct or indirect sale, lease, transfer, conveyance or other disposition of all or substantially all of the properties and assets of Macy's, Inc. and its subsidiaries taken as a whole. Although there is a limited body of case law interpreting the phrase substantially all, there is no precise established definition of the phrase under applicable law. Accordingly, the ability of a holder of senior notes to require Macy's Holdings to repurchase its senior notes as a result of a sale, lease, transfer, conveyance or other disposition of less than all of the properties and assets of Macy's, Inc. and its subsidiaries taken as a whole to another person or group may be uncertain.

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Book-Entry System

Each series of senior notes will initially be issued in the form of a global security held in book-entry form. Accordingly, The Depository Trust Company (DTC) or its nominee will be the sole registered holder of the senior notes for all purposes under the Indenture. DTC has advised Macy's Holdings that DTC is a limited-purpose trust company organized under the Banking Law of the State of New York, a member of the Federal Reserve System, a clearing corporation within the meaning of the New York Uniform Commercial Code, and a clearing agency registered under the Exchange Act.

DTC was created to hold the securities of its participants and to facilitate the clearance and settlement of securities transactions among its participants in such securities through electronic book-entry changes in accounts of the participants, thereby eliminating the need for physical movement of securities certificates. DTC's participants include securities brokers and dealers (including the underwriters), banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (DTCC). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to DTC's book-entry system is also available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a participant, either directly or indirectly. See Description of Debt Securities Global Securities in the accompanying prospectus.

Clearstream Banking, societe anonyme (Clearstream), is incorporated under the laws of Luxembourg as a professional depository. Clearstream holds securities for its participating organizations (Clearstream Participants) and facilitates the clearance and settlement of securities transactions between Clearstream Participants through electronic book-entry changes in accounts of Clearstream Participants, thereby eliminating the need for physical movement of certificates. Clearstream provides Clearstream Participants with, among other things, services for safekeeping, administration, clearance and establishment of internationally traded securities and securities lending and borrowing. Clearstream interfaces with domestic markets in several countries. Clearstream is subject to regulation by the Commission de Surveillance du Secteur Financier and the Luxembourg Central Bank. Clearstream Participants are recognized financial institutions around the world, including underwriters, securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations, and may include the underwriters. Indirect access to Clearstream is also available to others, such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Clearstream Participant either directly or indirectly.

Distributions with respect to senior notes held beneficially through Clearstream will be credited to cash accounts of Clearstream Participants in accordance with its rules and procedures to the extent received by DTC for Clearstream.

Euroclear was created in 1968 to hold securities for participants of Euroclear (Euroclear Participants) and to clear and settle transactions between Euroclear Participants through simultaneous electronic book-entry delivery against payment, thereby eliminating the need for physical movement of certificates and any risk from lack of simultaneous transfers of securities and cash. Euroclear includes various other services, including securities lending and borrowing and interfaces with domestic markets in several markets in several countries. Euroclear is operated by Euroclear Bank S.A./N.V. (the Euroclear Operator), under contract with Euroclear plc, a U.K. corporation. All operations are conducted by the Euroclear Operator, and all Euroclear securities clearance accounts and Euroclear cash accounts are accounts with the Euroclear Operator. Euroclear Participants include banks (including central banks), securities brokers and dealers and other professional financial intermediaries and may include the underwriters. Indirect access to Euroclear is also available to other firms that clear through or maintain a custodial relationship with a Euroclear Participant, either directly or indirectly.

The Euroclear Operator is regulated and examined by the Belgian Banking and Finance Commission and the National Bank of Belgium.

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Links have been established among DTC, Clearstream and Euroclear to facilitate the initial issuance of the senior notes sold outside of the United States and cross-market transfers of the senior notes associated with secondary market trading.

Although DTC, Clearstream and Euroclear have agreed to the procedures provided below in order to facilitate transfers, they are under no obligation to perform these procedures, and these procedures may be modified or discontinued at any time.

Clearstream and Euroclear will record the ownership interests of their participants in much the same way as DTC, and DTC will record the total ownership of each of the U.S. agents of Clearstream and Euroclear, as participants in DTC. When senior notes are to be transferred from the account of a DTC participant to the account of a Clearstream participant or a Euroclear participant, the purchaser must send instructions to Clearstream or Euroclear through a participant at least one day prior to settlement. Clearstream or Euroclear, as the case may be, will instruct its U.S. agent to receive senior notes against payment. After settlement, Clearstream or Euroclear will credit its participant's account. Credit for the senior notes will appear on the next day (European time).

Because settlement is taking place during New York business hours, DTC participants will be able to employ their usual procedures for sending senior notes to the relevant U.S. agent acting for the benefit of Clearstream or Euroclear participants. The sale proceeds will be available to the DTC seller on the settlement date. As a result, to the DTC participant, a cross-market transaction will settle no differently than a trade between two DTC participants. When a Clearstream or Euroclear participant wishes to transfer senior notes to a DTC participant, the seller will be required to send instructions to Clearstream or Euroclear through a participant at least one business day prior to settlement. In these cases, Clearstream or Euroclear will instruct its U.S. agent to transfer these senior notes against payment for them. The payment will then be reflected in the account of the Clearstream or Euroclear participant the following day, with the proceeds back valued to the value date, which would be the preceding day, when settlement occurs in New York if settlement is not completed on the intended value date, that is, the trade fails, proceeds credited to the Clearstream or Euroclear participant's account will instead be valued as of the actual settlement date.

You should be aware that you will only be able to make and receive deliveries, payments and other communications involving the senior notes through Clearstream and Euroclear on the days when those clearing systems are open for business. Those systems may not be open for business on days when banks, brokers and other institutions are open for business in the United States. In addition, because of time zone differences there may be problems with completing transactions involving Clearstream and Euroclear on the same business day as in the United States.

Payment

The payment of principal of and interest on senior notes represented by a global security will be made in immediately available funds in accordance with the applicable requirements of the depository for the global security.

Certain Restrictive Covenants

The Indenture will contain the following restrictive covenants.

Limitation on Liens. Macy's Holdings and the Restricted Subsidiaries will not be permitted to create, incur, assume or suffer to exist any liens upon any of their respective assets, other than Permitted Liens, unless the senior notes are secured by an equal and ratable lien on the same assets. The terms of other existing and future indebtedness of Macy's Holdings may require that such other indebtedness be similarly secured by an equal and ratable lien on such assets.

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Limitation on Sale and Leaseback. Macy's Holdings and the Restricted Subsidiaries will not be permitted to enter into any sale and leaseback transaction unless the net cash proceeds therefrom are applied as follows: to the extent that the aggregate amount of net cash proceeds from such sale and leaseback transaction that have not been reinvested in the business of Macy's Holdings or its Subsidiaries or used to reduce Senior Indebtedness of Macy's Holdings or its Subsidiaries within 12 months of the receipt of such proceeds exceeds \$100.0 million (Excess Sale Proceeds) from time to time, such Excess Sale Proceeds will be used to offer to repurchase the senior notes (on a pro rata basis with any other Senior Indebtedness of Macy's Holdings or its Subsidiaries required by the terms of such Indebtedness to be repurchased with such Excess Sale Proceeds, based on the principal amount of such Senior Indebtedness required to be repurchased) at 100% of their principal amount, plus accrued and unpaid interest, and to pay related costs and expenses.

To the extent that the aggregate purchase price for the senior notes or other Senior Indebtedness tendered pursuant to such an offer to purchase is less than the aggregate purchase price offered in such offer, an amount of Excess Sale Proceeds equal to such shortfall will cease to be Excess Sale Proceeds and may thereafter be used for general corporate purposes. If the aggregate purchase price for the senior notes or other Senior Indebtedness tendered pursuant to such an offer to purchase exceeds the amount of such Excess Sale Proceeds, the Trustee will select the senior notes or other Senior Indebtedness to be purchased by such method as the Trustee deems fair and appropriate.

The net cash proceeds from any sale or leaseback transaction will be determined net of the following:

all fees and expenses incurred and all taxes and reserves required to be accrued as a liability as a consequence of such a sale and leaseback transaction;

all payments made on any Indebtedness that is secured by assets subject to a sale and leaseback transaction; and

all distributions and other payments made to minority interest holders in Subsidiaries of Macy's Holdings or joint ventures as a result of a sale and leaseback transaction.

Cash Equivalents will be deemed to be proceeds upon receipt of such Cash Equivalents and cash payments under promissory notes secured by letters of credit or similar assurances of payment issued by commercial banks of recognized standing will be deemed to be proceeds upon receipt of such payments.

If an offer to purchase the senior notes is made, Macy's Holdings will com