

Macy's, Inc.
Form 424B5
August 28, 2007

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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 state where the offer or sale is not permitted.

Filed pursuant to Rule 424(b)(5)
Registration No. 333-138376

SUBJECT TO COMPLETION, DATED AUGUST 28, 2007
PROSPECTUS SUPPLEMENT (TO PROSPECTUS DATED FEBRUARY 28, 2007)

\$
Macy's Retail Holdings, Inc.

% Senior Notes Due 2013

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 , 2013, which we refer to as the senior notes.

The senior notes mature on , 2013. 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 , 2008. 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 price set forth herein. Upon the occurrence of both (i) a change of control of Macy's, Inc. and (ii) a downgrade of the senior notes below an investment grade rating by each of Fitch Ratings, Moody's Investors Service, Inc. and Standard & Poor's Ratings Services within a specified period, 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.

Investing in the senior notes involves risks. See the Risk Factors section in our Annual Report on Form 10-K for the year ended February 3, 2007.

	Price to Public(1)	Underwriting Discounts and Commissions	Proceeds to Macy's Holdings(1)
Per senior note	%	%	%
Total	\$	\$	\$

(1) Plus accrued interest, if any, from _____, 2007.

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 _____, 2007.

Joint Book-Running Managers

Banc of America Securities LLC

Credit Suisse

JPMorgan

The date of this prospectus supplement is _____, 2007.

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You should rely only on the information contained in this document or to which Macy's, Inc. or Macy's Holdings has referred you. None of Macy's, Inc., Macy's Holdings or any underwriter has authorized anyone to provide you with information that is different. 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. (formerly known as Federated Retail Holdings, Inc.)
Guarantor	Macy's, Inc. (formerly known as Federated Department Stores, Inc.)
Securities Offered	\$ aggregate principal amount of % Senior Notes due 2013 (the senior notes)
Maturity Date	, 2013
Interest Payment Dates	Semi-annually in arrears on each and , commencing , 2008. Interest on the senior notes being offered by this prospectus supplement will accrue from , 2007.
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 or from time to time in whole or in part, redeem the senior notes at the redemption price 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) a downgrade of the senior notes below an investment grade rating by each of Fitch Ratings, Moody's Investors Service, Inc. and Standard & Poor's Ratings Services within a specified period, 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.

Use of Proceeds

Macy's Holdings will use approximately \$ of the net proceeds from this offering to repay borrowings outstanding under its commercial paper facility, and will use the balance of such net proceeds for general corporate purposes.

Trustee, Registrar and Paying Agent

U.S. Bank National Association

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The following tables present Macy's, Inc.'s unaudited results of operations data for the 13 weeks ended August 4, 2007 and July 29, 2006 and the 26 weeks ended August 4, 2007 and July 29, 2006. The data for the 13 weeks and 26 weeks ended August 4, 2007, including Macy's, Inc.'s ratios of earnings to fixed charges set forth below, are subject to adjustment in connection with Macy's, Inc.'s quarter-end review process. All of this 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.

Macy's, Inc.'s ratios of earnings to fixed charges for the 13 weeks and 26 weeks ended August 4, 2007 and for the 53 weeks ended February 3, 2007 are 1.6x, 1.5x and 3.5x, respectively. For purposes of determining the ratios 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.

	13 Weeks Ended August 4, 2007	13 Weeks Ended July 29, 2006	26 Weeks Ended July 29, 2007	26 Weeks Ended July 29, 2006
	(Millions)			
Net sales	\$ 5,892	\$ 5,995	\$ 11,813	\$ 11,925
Cost of sales – recurring (Note 1)	3,507	3,470	7,071	7,097
Gross margin – recurring	2,385	2,525	4,742	4,828
Inventory valuation adjustments – May integration (Note 2)		(134)		(140)
Gross margin	2,385	2,391	4,742	4,688
Selling, general and administrative expenses	(2,038)	(2,117)	(4,151)	(4,271)
May integration costs (Note 3)	(97)	(43)	(133)	(166)
Gains on sale of accounts receivable (Note 4)		191		191
Operating income	250	422	458	442
Interest expense – net (Note 5)	(137)	(99)	(262)	(237)
Income from continuing operations before income taxes	113	323	196	205
Federal, state and local income tax benefit (expense) (Note 6)	(39)	(41)	(70)	3
Income from continuing operations	74	282	126	208
Discontinued operations, net of income taxes (Note 7)		35	(16)	57
Net income	\$ 74	\$ 317	\$ 110	\$ 265

- (1) Merchandise inventories are primarily valued at the lower of cost or market using the last-in, first-out (LIFO) retail inventory method. Application of this method did not impact cost of sales for any of the periods presented.
- (2) Represents inventory valuation adjustments associated with the combination and integration of Macy's, Inc.'s and May's merchandise assortments.
- (3) Represents costs and expenses associated with the integration and consolidation of May's operations into Macy's, Inc.'s operations, including costs related to closed locations, system conversion costs and costs related to other operational consolidations. May integration costs for the 13 weeks and 26 weeks ended July 29, 2006 were partially offset by gains from the sale of Macy's locations.
- (4) Represents the gains recognized on the sale of Macy's, Inc.'s remaining proprietary and non-proprietary credit card accounts and related receivables.
- (5) Interest expense for the 13 weeks and 26 weeks ended July 29, 2006 included approximately \$17 million of interest income related to the settlement of various tax examinations.

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- (6) Income tax benefit (expense) for the 13 weeks and 26 weeks ended July 29, 2006 reflected approximately \$80 million of tax benefits related to the settlement of various tax examinations, primarily attributable to losses related to the disposition of a former subsidiary.
- (7) Represents the results of operations of Lord & Taylor and the Bridal Group, including David's Bridal, After Hours Formalwear and Priscilla of Boston. For the 26 weeks ended August 4, 2007, discontinued operations includes the loss on disposal of After Hours Formalwear of \$7 million.

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USE OF PROCEEDS

Macy's Holdings will use approximately \$ million of the net proceeds from the sale of the senior notes offered hereby to repay borrowings outstanding under its commercial paper facility and will use the balance of such net proceeds for general corporate purposes. As of August 24, 2007, the borrowings outstanding under Macy's Holdings commercial paper facility totaled \$407.5 million with a weighted average interest rate of 5.8674% and maturities ranging from August 27, 2007 to September 20, 2007.

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DESCRIPTION OF NOTES

The senior notes will be issued under an indenture, dated as of November 2, 2006 (the "Base Indenture"), among Macy's Holdings, as issuer, Macy's, Inc., as guarantor, and U.S. Bank National Association, as Trustee (the "Trustee"), as supplemented by a Fourth Supplemental Indenture (the "Supplemental Indenture" and 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 senior notes constitute a series of notes that will initially be limited to \$ aggregate principal amount and will mature on , 2013. Macy's Holdings will issue the senior notes in minimum denominations of \$2,000 and integral multiples of \$1,000. The senior notes will bear interest at the applicable rate per year shown on the cover page of this prospectus supplement from , 2007. Macy's Holdings will pay interest semi-annually in arrears on and of each year commencing , 2008 to the Person in whose name the senior notes (or any predecessor note) is registered at the close of business on or , 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.

Further Issuances

Macy's Holdings may, from time to time, without notice to or the consent of the holders of the senior notes, increase the principal amount of the senior 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 previously issued, and such additional notes will form a single series with the senior notes.

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Macy's Holdings may, at its option, at any time or from time to time in whole or in part, redeem the senior notes on not less than 30 nor more than 60 days prior notice mailed to the holders of senior notes to be redeemed. The senior notes will be 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 to be redeemed and (2) the sum of the remaining scheduled payments of principal and interest on the senior notes 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, 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.

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 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 the Trustee obtains fewer than four such Reference Treasury Dealer Quotations, the average of all such Quotations.

Reference Treasury Dealer means each of Credit Suisse Securities (USA) LLC, Banc of America Securities LLC, J.P. Morgan Securities Inc. 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 the Trustee, 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 the Trustee 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 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 to be redeemed on such date. If Macy's Holdings is going to redeem less than all the senior notes, the Trustee must select the senior notes 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.

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Change of Control

If a Change of Control Triggering Event occurs, unless Macy's Holdings has exercised its right to redeem the senior notes 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, Macy's Holdings will be required to mail a notice to holders of senior notes describing the transaction or transactions that 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. Macy's Holdings must 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 conflicts.

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

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.

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

Below Investment Grade Rating Event means the senior notes are rated below an Investment Grade Rating by each of the Rating Agencies (as defined below) on any date from the date of the public notice of an arrangement that could result in a Change of Control until the end of the 60-day period following public notice of the occurrence of the Change of Control (which 60-day period shall be extended so long as the rating of the senior notes is under publicly announced consideration for possible downgrade by any of the Rating Agencies).

Change of Control means the occurrence of any of the following: (1) the direct or indirect sale, 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 (3) the first day on which a majority of the members of Macy's, Inc.'s Board of Directors are not Continuing Directors.

Change of Control Triggering Event means the occurrence of both a Change of Control and a Below Investment Grade 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

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Supplemental Indenture; or (2) was nominated for election or elected to such Board of Directors with the approval of a 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.

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.

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.

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

Book-Entry System

The 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 some of whom (and/or their representatives) own DTC. 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 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. As a professional depository, Clearstream is subject to regulation by the Luxembourg Monetary Institute. 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.

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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 Euro-clear Clearance Systems S.C., a Belgian cooperative corporation (the Cooperative). All operations are conducted by the Euroclear Operator, and all Euroclear securities clearance accounts and Euroclear cash accounts are accounts with the Euroclear Operator, not the Cooperative. The Cooperative establishes policy for Euroclear on behalf of Euroclear Participants. 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 Commission.

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.

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Payment

The payment of principal of and interest on senior notes represented by a global security will be made in accordance with the applicable requirements of the depositary for the global security. The payment of principal of and interest on any other senior note will be made at the office or agency of Macy's Holdings maintained for that purpose or, at Macy's Holdings option, by mailing a check to such holder's registered address.

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.

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 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 comply with all tender offer rules, including but not limited to Section 14(e) of the Exchange Act and Rule 14e-1 thereunder, to the extent applicable to such offer to purchase. To the extent that the provisions of any securities laws or regulations conflict with the provisions of the Indenture related to limitations on sale and leaseback transactions, Macy's Holdings will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under the provisions of the Indenture related to limitations on sale and leaseback transactions by virtue of such conflicts.

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Limitations on Merger and Other Transactions

Prior to the satisfaction and discharge of the Indenture, Macy's Holdings will not be permitted to consolidate with or merge with or into any other Person, or transfer all or substantially all of its properties and assets to another Person unless:

(1) either

(a) Macy's Holdings is the continuing or surviving Person in the consolidation or merger; or

(b) the Person (if other than Macy's Holdings) formed by the consolidation or into which Macy's Holdings is merged or to which all or substantially all of the properties and assets of Macy's Holdings are transferred is a corporation, partnership, limited liability company, business trust, trust or other legal entity organized and validly existing under the laws of the United States, any State thereof, or the District of Columbia, and expressly assumes, by a supplemental indenture, all of Macy's Holdings' obligations under the senior notes and the Indenture;

(2) immediately after the transaction and the incurrence or anticipated incurrence of any indebtedness to be incurred in connection therewith, no Default exists; and

(3) an officer's certificate is delivered to the Trustee to the effect that both of the conditions set forth above have been satisfied and an opinion of outside counsel has been delivered to the Trustee to the effect that condition (1) set forth above has been satisfied.

The continuing, surviving, or successor Person will succeed to and be substituted for Macy's Holdings with the same effect as if it had been named in the Indenture as a party thereto, and thereafter the predecessor Person will be relieved of all obligations and covenants under the Indenture and the senior notes.

Events of Default

The following are Events of Default with respect to the senior notes:

(1) failure to pay principal of or premium, if any, on any senior note when due and payable;

(2) failure to pay any interest on any senior note when due and payable, which failure continues for 30 calendar days;

(3) failure to perform, or breach of, any other of Macy's Holdings' covenants or warranties in the Indenture (other than a covenant or warranty included therein solely for the benefit of a series of debt securities other than the senior notes), which failure or breach continues for 60 calendar days after written notice as provided in the Indenture;

(4) any nonpayment at maturity or other default (beyond any applicable grace period) under any agreement or instrument relating to any other Indebtedness of Macy's Holdings or any Restricted Subsidiary (the unpaid principal amount of which is not less than \$100.0 million), which default results in the acceleration of the maturity of such Indebtedness prior to its stated maturity or occurs at the final maturity thereof;

(5) the entry of any final judgments or orders against Macy's Holdings, Macy's, Inc. or any of their respective Restricted Subsidiaries in excess of \$100.0 million individually or in the aggregate (not covered by insurance) that is not paid, discharged or otherwise stayed (by appeal or otherwise) within 60 calendar days after the entry of such judgments or orders;

(6) the Guarantee ceases to be in full force and effect (except as contemplated by the terms of the Indenture) or is declared in a judicial proceeding to be null and void, or Macy's, Inc. denies or disaffirms in writing its obligation under the Guarantee; and

(7) specified events of bankruptcy, insolvency or reorganization of Macy's Holdings, Macy's, Inc. or any Significant Subsidiary or any group of Subsidiaries of Macy's Holdings or Macy's, Inc. that, if considered in the aggregate, would be a Significant Subsidiary.

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Macy's Holdings will be required to provide the Trustee with notice of any uncured Event of Default within 10 calendar days after any responsible officer of Macy's Holdings becomes aware of or receives actual notice of the occurrence thereof. The Trustee will be required, within 90 calendar days after the occurrence of a default in respect of the senior notes, to give to the holders of the senior notes notice of all such uncured defaults known to it, except that:

in the case of a default in the performance of any covenant of the character contemplated in clause (3) above, no such notice to holders of the senior notes will be given until at least 30 calendar days after the occurrence of such default; and

other than in the case of a default of the character contemplated in clause (1) or (2) above, the Trustee may withhold such notice if and so long as it in good faith determines that the withholding of such notice is in the interests of the holders of the senior notes.

If an Event of Default described in clause (7) above occurs, the principal of, and any premium and accrued interest on the senior notes will become immediately due and payable without any declaration or other act on the part of the Trustee or any holder of the senior notes. If any other Event of Default with respect to the senior notes occurs and is continuing, either the Trustee or the holders of at least 25% in principal amount of the outstanding senior notes, by notice as provided in the Indenture, may declare the principal amount of the senior notes to be due senior notes, by notice as provided in the Indenture, may declare the principal amount of the senior notes to be due and payable immediately. However, at any time after a declaration of acceleration with respect to the senior notes has been made, but before a judgment or decree based on such acceleration has been obtained, the holders of a majority in principal amount of the outstanding senior notes may, under specified circumstances, rescind and annul such acceleration.

Subject to the duty of the Trustee to act with the required standard of care during an Event of Default, the Trustee will have no obligation to exercise any of its rights or powers under the Indenture at the request or direction of any of the holders of the senior notes unless such holders shall have offered to the Trustee reasonable security or indemnity. Subject to the provisions of the Indenture, inclu