

ANNUAL FUNDING NOTICE
For Macy's, Inc. Cash Account Pension Plan

Introduction

This notice includes important information about the funding status of your pension plan ("the Plan") and general information about the benefit payments guaranteed by the Pension Benefit Guaranty Corporation ("PBGC"), a federal insurance agency. All traditional pension plans (called "defined benefit pension plans") must provide this notice every year regardless of their funding status. This notice does not mean that the Plan is terminating. It is provided for informational purposes. **You are not required to respond in any way.** This notice is for the Plan Year beginning January 1, 2013 and ending December 31, 2013 ("Plan Year").

How Well Funded Is Your Plan

Under federal law, the Plan must report how well it is funded by using a measure called the "funding target attainment percentage." This percentage is obtained by dividing the Plan's Net Plan Assets by Plan Liabilities on the Valuation Date for the Plan Year. In general, the higher the percentage, the better funded the plan. Your Plan's funding target attainment percentage for the Plan Year and each of the two preceding Plan Years is shown in the chart below, along with a statement of the value of the Plan's assets and liabilities for the same period.

Funding Target Attainment Percentage			
	Plan Year Beginning in 2013	Plan Year Beginning in 2012	Plan Year Beginning in 2011
1. Valuation Date	January 1, 2013	January 1, 2012	January 1, 2011
2. Plan Assets			
a. Total Plan Assets	\$3,244,064,137	\$3,034,593,061	\$2,845,100,743
b. Funding Standard Carryover Balance	\$0	\$0	\$0
c. Prefunding Balance	\$598,608,480	\$392,396,998	\$729,025,769
d. Net Plan Assets (a) – (b) – (c) = (d)	\$2,645,455,657	\$2,642,196,063	\$2,116,074,974
3. Plan Liabilities	\$2,809,603,146	\$2,516,869,021	\$2,643,344,022
4. At-Risk Liabilities	Not applicable	Not applicable	Not applicable
5. Funding Target Attainment Percentage (2d)/(3)	94.15%	104.97%	80.05%

Plan Assets and Credit Balances

Total Plan Assets is the value of the Plan's assets on the Valuation Date (2). Credit balances were subtracted from Total Plan Assets to determine Net Plan Assets (2 d) used in the calculation of the funding target attainment percentage shown in the chart above. While pension plans are permitted to maintain credit balances [also called "funding standard carryover balances" or "prefunding balances" (2 b & 2c)] for funding purposes, they may not be taken into account when calculating a plan's funding target attainment percentage. A plan might have a credit balance, for example, if in a prior year an employer made contributions to the plan above the minimum level required by law. Generally, the excess contributions are counted as "credits" and may be applied in future years toward the minimum level of contributions a plan sponsor is required to make by law.

Plan Liabilities

Plan Liabilities (3) of the chart above are the liabilities used to determine the Plan's funding target attainment percentage. This figure is an estimate of the amount of assets the Plan needs on the Valuation Date to pay for promised benefits under the Plan.

Year-End Assets and Liabilities

The asset values in the chart above are measured as of the first day of the Plan Year and are actuarial values. Because market values can fluctuate daily based on factors in the marketplace, such as changes in the stock market, pension law allows plans to use actuarial values that are designed to smooth out those fluctuations for funding purposes. The asset values below are market values and are measured as of the last day of the Plan Year. Market values tend to show a clearer picture of a plan's funded status as of a given point in time. As of December 31, 2013, the fair market value of the Plan's assets was \$3,585,895,730. On this same date, the Plan's liabilities were \$3,347,042,911.

Participant Information

The total number of participants in the Plan as of the Plan's valuation date was 205,420. Of this number, 95,349 were active participants, 38,542 were retired or separated from service and receiving benefits, and 71,529 were retired or separated from service and entitled to future benefits.

Funding & Investment Policies

Every pension plan must have a procedure for establishing a funding policy to carry out plan objectives. A funding policy relates to the level of assets needed to pay for promised benefits. The funding policy of the Plan is to contribute amounts necessary to satisfy minimum contribution requirements of U.S. pension regulations, and recognize that Macy's, Inc. may in its discretion, from time to time, contribute additional amounts.

Once money is contributed to the Plan, the money is invested by plan officials, called fiduciaries, who make specific investments in accordance with the Plan's investment policy. Generally speaking, an investment policy is a written statement that provides that the fiduciaries are responsible for plan investments with guidelines or general instructions concerning investment management decisions. The investment policy of the Plan may be summarized as follows:

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

Under the Plan's investment policy, the Plan's assets were allocated among the following categories of investments, as of the end of the Plan Year. These allocations are percentages of total assets:

Asset Allocations	Percentage
Cash and cash equivalents	12.01%
Equity securities:	
U.S.	23.59%
International	21.75%
Fixed income securities:	
U.S. Treasury Bonds	3.54%
Other Government bonds	0.79%
Agency backed bonds	0.19%
Corporate bonds	9.47%
Mortgage-backed securities and forwards	2.80%
Asset-backed securities	0.61%
Pooled funds	8.33%
Other types of investments:	
Real estate	7.84%
Hedge funds	4.59%
Private equity	4.49%
Total	100.00%

For information about the Plan's investment in any of the following types of investments as described in the chart – common/collective trusts, pooled separate accounts, master trust investment accounts, or 103-12 investment entities – contact the Plan Administrator at Macy's, Inc., 7 West Seventh Street, Cincinnati, OH 45202; Telephone: 1-800-234-MACY(6229).

Right to Request a Copy of the Annual Report

A pension plan is required to file with the US Department of Labor an annual report called the Form 5500 that contains financial and other information about the plan. Copies of the annual report are available from the US Department of Labor, Employee Benefits Security Administration's Public Disclosure Room at 200 Constitution Avenue, NW, Room N-1513, Washington, DC 20210, or by calling 202-693-8673. For 2009 and subsequent Plan Years, you may obtain an electronic copy of the plan's annual report by going to www.efast.dol.gov and using the Form 5500 search function. Or you may obtain a copy of the Plan's annual report by making a written request to the plan administrator. Individual information, such as the amount of your accrued benefit under the Plan, is not

contained in the annual report. If you are seeking information regarding your benefits under the Plan, contact the Plan Administrator identified below under "Where To Get More Information."

Summary of Rules Governing Termination of Single-Employer Plans

If a plan is terminated, there are specific termination rules that must be followed under federal law. A summary of these rules follows.

There are two ways an employer can terminate its pension plan. First, the employer can end the plan in a "standard termination" but only after showing the PBGC that the plan has enough money to pay all benefits owed to participants. Under a standard termination, the plan must either purchase an annuity from an insurance company (which will provide you with periodic retirement benefits, such as monthly, for life or for a set period of time when you retire) or, if your plan allows, issue one lump-sum payment that covers your entire benefit. Your plan administrator must give you advance notice that identifies the insurance company (or companies) that your employer may select to provide the annuity. The PBGC's guarantee ends when your employer purchases your annuity or gives you the lump-sum payment.

Second, if the plan is not fully-funded, the employer may apply for a distress termination. To do so, however, the employer must be in financial distress and prove to a bankruptcy court or to the PBGC that the employer cannot remain in business unless the plan is terminated. If the application is granted, the PBGC will take over the plan as trustee and pay plan benefits, up to the legal limits, using plan assets and PBGC guarantee funds.

Under certain circumstances, the PBGC may take action on its own to end a pension plan. Most terminations initiated by the PBGC occur when the PBGC determines that plan termination is needed to protect the interests of plan participants or of the PBGC insurance program. The PBGC can do so if, for example, a plan does not have enough money to pay benefits currently due.

Benefit Payments Guaranteed by the PBGC

When the PBGC takes over a plan, it pays pension benefits through its insurance program. Only benefits that you have earned a right to receive and that cannot be forfeited (called vested benefits) are guaranteed. Most participants and beneficiaries receive all of the pension benefits they would have received under their plan, but some people may lose certain benefits that are not guaranteed.

The amount of benefits that PBGC guarantees is determined as of the plan termination date. However, if a plan terminates during a plan sponsor's bankruptcy and the bankruptcy proceeding began on or after September 16, 2006, then the amount guaranteed is determined as of the date the sponsor entered bankruptcy.

The PBGC maximum benefit guarantee is set by law and is updated each calendar year. For a plan with a termination date or sponsor bankruptcy date, as applicable in 2014, the maximum guarantee is \$4,943.18 per month, or \$59,318.16 per year, for a benefit paid to a 65-year-old retiree with no survivor benefit. If a plan terminates during a plan sponsor's bankruptcy, and the bankruptcy proceeding began on or after September 16, 2006, the maximum guarantee is fixed as of the calendar year in which the sponsor entered bankruptcy. The maximum guarantee is lower for an individual who begins receiving benefits from PBGC before age 65; the maximum guarantee by age can be found on PBGC's website, www.pbgc.gov. The guaranteed amount is also reduced if a benefit will be provided to a survivor of the plan participant.

The PBGC guarantees "basic benefits" earned before a plan is terminated, which includes:

- pension benefits at normal retirement age;
- most early retirement benefits;
- annuity benefits for survivors of plan participants; and
- disability benefits for a disability that occurred before the date the plan terminated.

The PBGC does not guarantee certain types of benefits:

- The PBGC does not guarantee benefits for which you do not have a vested right, usually because you have not worked enough years for the company.
- The PBGC does not guarantee benefits for which you have not met all age, service, or other requirements.
- Benefit increases and new benefits that have been in place for less than one year are not guaranteed. Those that have been in place for less than five years are only partly guaranteed.
- Early retirement payments that are greater than payments at normal retirement age may not be guaranteed. For example, a supplemental benefit that stops when you become eligible for Social Security may not be guaranteed.
- Benefits other than pension benefits, such as health insurance, life insurance, death benefits, vacation pay, or severance pay, are not guaranteed.

- The PBGC generally does not pay lump sums exceeding \$5,000.

In some circumstances, participants and beneficiaries still may receive some benefits that are not guaranteed. This depends on how much money the terminated plan has and how much the PBGC recovers from employers for plan underfunding.

Where to Get More Information

For more information about this notice, you may contact the Plan Administrator at Macy's, Inc., 7 West Seventh Street, Cincinnati, OH 45202; Telephone: 1-800-234-MACY(6229). For identification purposes, the official plan number is 012 and the plan sponsor's name and employer identification number or "EIN" is Macy's, Inc., 13-3324058. For more information about the PBGC, go to PBGC's website, www.pbgc.gov.

Disclosure Statement and Disclaimer

This notice is intended to comply with the requirements of section 101(f) of the Employee Retirement Income Security Act of 1974, as amended. The disclosures provided in this notice are based on information available and believed to be accurate as of the date this notice is provided. All computations reflected in these disclosures have been performed based on a good faith interpretation of the applicable statutory and regulatory guidance in effect on the date this notice is provided. Such information and computations include, but are not limited to, the measurement of Plan liabilities, reported values of Plan assets, and allocation of assets. However, actual results for the Plan Year reported as part of the annual report (i.e. the Form 5500) filed with the Department of Labor may be different than reported in this notice. See the "Right to Request a Copy of the Annual Report" section for information about how to obtain a copy of the annual report. The plan sponsor does not undertake any obligation to update or publicly release any revisions to this notice, and no such revisions will be issued, to reflect any differences between information provided here and the information reported in the Annual Report.

MAP-21 Supplement to Annual Funding Notice of Macy's, Inc. Cash Account Pension Plan for Plan Year Beginning January 1, 2013 and Ending December 31, 2013 ("Plan Year")

This is a temporary supplement to your annual funding notice. It is required by a new federal law named Moving Ahead for Progress in the 21st Century Act (MAP-21). MAP-21 changed how pension plans calculate their liabilities. The purpose of this supplement is to show you the effect of these changes. Prior to MAP-21, pension plans determined their liabilities using a two-year average of interest rates. Now pension plans also must take into account a 25-year average of interest rates. This means that MAP-21 interest rates likely will be higher and plan liabilities lower than they were under prior law. As a result, your employer may contribute less money to the plan at a time when market interest rates are at or near historical lows.

The "MAP-21 Information Table" shows how the MAP-21 interest rates affect the Plan's: (1) Funding Target Attainment Percentage, (2) Funding Shortfall, and (3) Minimum Required Contribution. The funding target attainment percentage of a plan is a measure of how well the plan is funded on a particular date. The funding shortfall of a plan is the amount by which liabilities exceed net plan assets. The minimum required contribution is the amount of money an employer is required by law to contribute to a plan in a given year. The following table shows this information determined with and without the MAP-21 rates to illustrate the effect of MAP-21. The information is provided for the Plan Year and for each of the two preceding Plan Years, if applicable.

MAP-21 Information Table						
	Plan Year Beginning 2013		Plan Year Beginning 2012		Plan Year Beginning 2011	
	With MAP-21 Interest Rates	Without MAP-21 Interest Rates	With MAP-21 Interest Rates	Without MAP-21 Interest Rates	With MAP-21 Interest Rates	Without MAP-21 Interest Rates
Funding Target Attainment Percentage	94.15%	81.44%	104.97%	90.13%	Not Applicable	80.05%
Funding Shortfall	\$164,147,489	\$602,605,844	\$0	\$289,324,325	Not Applicable	\$527,269,048
Minimum Required Contribution	\$162,495,221	\$249,661,361	\$0	\$216,526,556	Not Applicable	\$231,477,872