

Macy's, Inc.
Form 11-K
March 31, 2009
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 11-K

ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE
ACT OF 1934

For the fiscal year ended December 31, 2008

or

TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE
ACT OF 1934

For the transition period from ____ to ____

Commission file number: 1-13536

A. Full title of the plan and the address of the plan, if different from that of the issuer named below:
Macy's, Inc. Executive Deferred Compensation Plan

B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive
office:

Macy's, Inc.
7 West Seventh Street
Cincinnati, Ohio 45202

and

151 West 34th Street
New York, New York 10001

MACY S, INC. EXECUTIVE DEFERRED COMPENSATION PLAN

Financial Statements

As of December 31, 2008 and 2007 and for

the Years Ended December 31, 2008, 2007 and 2006

With Report of Independent Registered Public Accounting Firm

MACY S, INC. EXECUTIVE DEFERRED COMPENSATION PLAN

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Report of Independent Registered Public Accounting Firm

Pension and Profit Sharing Committee
Macy s, Inc.:

We have audited the accompanying statements of assets available for plan benefits of Macy s, Inc. Executive Deferred Compensation Plan (the Plan) as of December 31, 2008 and 2007, and the related statements of changes in assets available for plan benefits for each of the years in the three year period ended December 31, 2008. These financial statements are the responsibility of the Plan s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board

(United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets available for plan benefits of the Plan as of December 31, 2008 and 2007, and the changes in assets available for plan benefits for each of the years in the three year period ended December 31, 2008, in conformity with U.S. generally accepted accounting principles.

/s/ KPMG LLP

Cincinnati, Ohio
March 27, 2009

MACY'S, INC. EXECUTIVE DEFERRED COMPENSATION PLAN

Statements of Assets Available for Plan Benefits

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December 31, 2008 and 2007

| | <u>2008</u> | <u>2007</u> |
|---|---------------------|---------------------|
| Receivables from Macy's, Inc. - Cash Credits..... | \$30,995,184 | \$30,586,464 |
| Macy's, Inc. common stock | | |
| 1,040,645 shares with a cost basis | | |
| of \$20,757,065 at December 31, 2008 and | <u>10,770,676</u> | <u>25,779,039</u> |
| 996,484 shares with a cost basis | | |
| of \$20,166,424 at December 31, 2007 | | |
| Assets available for plan benefits..... | <u>\$41,765,860</u> | <u>\$56,365,503</u> |

The accompanying notes are an integral part of these financial statements.

MACY'S, INC. EXECUTIVE DEFERRED COMPENSATION PLAN

Statement of Changes in Assets Available for Plan Benefits

Year Ended December 31, 2008

| | <u>Cash</u> <u>Credits</u> | <u>Stock</u> <u>Credits</u> | <u>Total</u> |
|--|-------------------------------|--------------------------------|---------------------|
| Interest income..... | \$ 763,213 | \$ - | \$ 763,213 |
| Dividend income..... | - | 519,658 | 519,658 |
| Unrealized depreciation on Macy's, Inc. common stock..... | - | (15,033,387) | (15,033,387) |
| Participant contributions..... | <u>2,191,295</u> | <u>1,156,457</u> | <u>3,347,752</u> |
| Total additions (reductions)..... | 2,954,508 | (13,357,272) | (10,402,764) |
| Distributions..... | <u>2,545,788</u> | <u>1,651,091</u> | <u>4,196,879</u> |
| Net additions (reductions) to assets available for plan benefits..... | 408,720 | (15,008,363) | (14,599,643) |
| Assets available for plan benefits: Beginning of year..... | <u>30,586,464</u> | <u>25,779,039</u> | <u>56,365,503</u> |
| End of year..... | <u>\$30,995,184</u> | <u>\$10,770,676</u> | <u>\$41,765,860</u> |

The accompanying notes are an integral part of these financial statements.

MACY'S, INC. EXECUTIVE DEFERRED COMPENSATION PLAN

Statement of Changes in Assets Available for Plan Benefits

Year Ended December 31, 2007

| | Cash | Stock | |
|--|---------------------|---------------------|---------------------|
| | <u>Credits</u> | <u>Credits</u> | <u>Total</u> |
| Interest income..... | \$ 1,212,217 | \$ - | \$ 1,212,217 |
| Dividend income..... | - | 500,178 | 500,178 |
| Unrealized depreciation on Macy's, Inc. | | | |
| common stock..... | - | (11,646,081) | (11,646,081) |
| Participant contributions..... | <u>3,322,698</u> | <u>1,429,111</u> | <u>4,751,809</u> |
| Total additions (reductions)..... | 4,534,915 | (9,716,792) | (5,181,877) |
| Distributions..... | <u>1,948,878</u> | <u>3,796,865</u> | <u>5,745,743</u> |
| Net additions (reductions) to assets available for plan benefits..... | 2,586,037 | (13,513,657) | (10,927,620) |
| Assets available for plan benefits: | | | |
| Beginning of year..... | <u>28,000,427</u> | <u>39,292,696</u> | <u>67,293,123</u> |
| End of year..... | <u>\$30,586,464</u> | <u>\$25,779,039</u> | <u>\$56,365,503</u> |

The accompanying notes are an integral part of these financial statements.

MACY'S, INC. EXECUTIVE DEFERRED COMPENSATION PLAN

Statement of Changes in Assets Available for Plan Benefits

Year Ended December 31, 2006

| | Cash | Stock | |
|--|---------------------|---------------------|---------------------|
| | <u>Credits</u> | <u>Credits</u> | <u>Total</u> |
| Interest income..... | \$ 1,231,656 | \$ - | \$ 1,231,656 |
| Dividend income..... | - | 513,702 | 513,702 |
| Unrealized appreciation on Macy's, Inc. | | | |
| common stock..... | - | 4,585,997 | 4,585,997 |
| Participant contributions..... | <u>3,142,817</u> | <u>1,347,601</u> | <u>4,490,418</u> |
| Total additions..... | 4,374,473 | 6,447,300 | 10,821,773 |
| Distributions..... | <u>2,830,640</u> | <u>858,932</u> | <u>3,689,572</u> |
| Net additions to assets available for plan benefits..... | 1,543,833 | 5,588,368 | 7,132,201 |
| Assets available for plan benefits: | | | |
| Beginning of year..... | <u>26,456,594</u> | <u>33,704,328</u> | <u>60,160,922</u> |
| End of year..... | <u>\$28,000,427</u> | <u>\$39,292,696</u> | <u>\$67,293,123</u> |

The accompanying notes are an integral part of these financial statements.

MACY'S, INC. EXECUTIVE DEFERRED COMPENSATION PLAN

Notes to Financial Statements

December 31, 2008, 2007 and 2006

1. Description of the Plan

The following brief description of the Macy's, Inc. Executive Deferred Compensation Plan (the Plan) is provided for general information purposes only. Participants should refer to the Plan document for more complete information.

General

The Plan is sponsored by Macy's, Inc. (the Company). The Plan, as amended, enables key employees of the Company to defer cash (and prior to January 1, 2005, certain stock option compensation) for personal income tax purposes. The nonqualified Plan was adopted in 1993 and is not subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended.

Eligibility and Vesting

The Plan covers key employees, as designated by the Company and defined in the Plan document. Participation is voluntary and participants can elect to make contributions to the Plan. Participants are 100% vested in the Plan at all times.

Participant Accounts

An account is maintained for each participant in the Plan, which shows the participant's separate interest in the Cash Credit and Stock Credit portions of the Plan. If a Cash Credit is elected, the participant's account shall be credited, as of the end of each calendar quarter, with the dollar amount of deferred compensation. At the end of each calendar quarter, the Cash Credit account shall be credited with interest at a rate equal to one-quarter of the percent per annum on United States Five-Year Treasury Bills as of the last day of such calendar quarter. If a Stock Credit is elected, the participant's account shall be credited, as of the end of each calendar quarter, with a stock equivalent which shall be the number of full shares of common stock of the Company that is transferred to or purchased by the Grantor Trust (defined later) with the amount of deferred compensation and with the dollar amount of any part of such credit that is not convertible into a full share. At the end of each calendar quarter, the Stock Credit account shall be credited with a dividend equivalent as declared by the Company, if any, upon each share of common stock during such calendar quarter.

Participants are eligible for distribution of their benefits upon retirement, death, termination of service, in the event of a designated change of control of the Company and in the event of immediate unexpected financial needs of the participant, as the Plan is not subject to the hardship rules of Section 401 of the Internal Revenue Code. Participants, prior to termination, may request to receive the balance of their cash and stock credit accounts in one to fifteen approximately equal installments. Such requests are subject to the Pension and Profit Sharing Committee of Macy's, Inc.'s approval.

Participants also have the ability to defer cash compensation on a short-term basis, for a minimum of five years. At the time of such deferral election, participants may request to receive the balance of this short-term deferral account in one to fifteen approximately equal installments. Notwithstanding, participants are eligible for distribution of this short-term account as well as other balances due to them under the Plan upon retirement, death, termination of service, in the event of a designated change of control of the Company and in the event of immediate unexpected financial needs of the participant, as the Plan is not subject to the hardship rules of Section 401 of the Internal Revenue Code.

For deferrals to the Plan on or after January 1, 2005, participants must make an election to receive the balance of these cash and stock credit accounts in one to fifteen approximately equal installments prior to the deferral. Subsequent changes are subject to restrictions. If no election is made, the cash and stock credit accounts will be paid out in five approximately equal installments.

Grantor Trust

The Company established a Grantor (Rabbi) Trust, a wholly owned subsidiary of the Company, intended to meet the safe harbor provisions of RevProc 92-64, for the benefit of participants' Stock Credits under the Plan. The Trust shall be governed by and subject to the terms of a trust agreement entered into between the Company, as grantor, and the

trustee.

2. Summary of Significant Accounting Policies

a) Basis of Presentation

The accompanying financial statements of the Plan have been prepared on the accrual basis of accounting.

b) Investments

The Plan's investments consist of receivables from the Company and common stock of the Company, both of which exceed 5% of assets available for Plan benefits. The Company maintains separate book accounts for the benefit of each Plan participant and periodically credits such accounts for deferred compensation, interest and dividend income and distributions. The share amounts have been adjusted for the two-for-one stock split effected in the form of a stock dividend distributed on June 9, 2006. Company shares are allocated to participant accounts based on the share price on the date of purchase.

At December 31, 2008, there were 64 participants in the Cash Credit portion of the Plan, 60 participants in the Stock Credit portion of the Plan and 235 participants in both the Cash Credit portion and Stock Credit portion of the Plan.

At December 31, 2007, there were 58 participants in the Cash Credit portion of the Plan, 72 participants in the Stock Credit portion of the Plan and 224 participants in both the Cash Credit portion and Stock Credit portion of the Plan.

In September 2006, the FASB issued Statement of Financial Accounting Standards (SFAS) No. 157, Fair Value Measurements (SFAS 157). SFAS 157 defines fair value, establishes a framework for measuring fair value in accordance with generally accepted accounting principles and expands disclosures about fair value measurements. The SFAS 157 fair value hierarchy consists of three levels of which only Level 1 applies to the Plan - Level 1 fair values are valuations based on quoted market prices in active markets for identical assets or liabilities that the Company has the ability to access. The common stock of the Company is valued and reported in the Plan's Statements of Assets Available for Plan Benefits at quoted market prices in active markets.

SFAS No. 159 The Fair Value Option for Financial Assets and Financial Liabilities, (SFAS 159), which provides companies with the option to report selected financial assets and liabilities at fair value, became effective for the Plan

beginning January 1, 2008. The adoption of this statement did not and is not expected to have an impact on the Plan.

c) Risks and Uncertainties

The Plan invests in common stock of the Company. Securities investments, in general, are exposed to various risks, such as interest rates, credit, and overall market volatility risks. Due to the general level of risk associated with securities investments and the additional risks associated with investment in a single security, it is at least reasonably possible that a change in the value of the Company's stock will occur in the near term and that such a change could materially affect the amount reported in the statement of assets available for benefits.

d) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the plan administrator to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Such estimates and assumptions are subject to inherent uncertainties, which may result in actual amounts differing from reported amounts.

3. Plan Termination

Although the Company has not expressed any intent to terminate the Plan, it may do so at any time. In the event the Plan is terminated, all sums credited to individual accounts would be distributed to participants.

4. Administrative Expenses

All administrative costs of the Plan are paid by the Company.

5. Tax Status

The Plan is not subject to Federal income tax. It is operated as a nonqualified deferred compensation arrangement that effectively defers compensation for individual participants. The related Grantor (Rabbi) Trust is intended to conform to the safe harbor terms of the model trust as described in Rev. Proc. 92-64.

The Plan adopted the provisions of FASB Interpretation (FIN) No. 48, Accounting for Uncertainty in Income Taxes - An Interpretation of FASB Statement No 109 (Fin 48) on January 1, 2008. The adoption of FIN 48 did not and is not expected to have an impact on the Plan.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the members of the Pension and Profit Sharing Committee (which is the administrative committee for the Macy's, Inc. Executive Deferred Compensation Plan) have duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

Macy's, Inc. Executive Deferred
Compensation Plan

Dated March 31, 2009

By: /s/ David W. Clark

David W. Clark

Pension and Profit Sharing Committee

Macy's, Inc.