

Master Agreement

Revised 3-1-99

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4,000 ees

61 PAGES

LETTER OF UNDERSTANDING

The Company and the Union agree that an agreement in principle resolving each of the issues as detailed on the attached pages has been reached. Resolution of the issues is evidenced by the initials of the Company and Union authorized representatives.

Final contract language has been prepared and the parties have met on March 1, 1999, to review it for completeness and ease of understanding. It is understood that the agreement in principle language which has been initialed by the parties, will be compiled in final agreement form and that such final contract will not change the economic or operational impact of any issue which has been agreed to in principle on the attached pages.

The parties agree to use their best efforts to promptly complete the final agreement and formally sign such agreement and to do so no later than March 4, 1999.

The union agrees that upon formal signing of the final agreement, it will schedule ratification by the membership of the signed final agreement not later than March 10, 1999. The union agrees that it will recommend that its membership vote for the final agreement during such ratification.

The parties further agree that the collective bargaining agreement currently in force and scheduled to expire at 12:01 A.M. on March 4, 1999, is hereby extended indefinitely and will be subject to termination upon written notice from either party, to be hand delivered to the other party and received seventy - two (72) hours prior to the intended expiration of the extension, or upon ratification of the finalized agreement, whichever occurs first.

The parties have agreed on a new CBA effective from 2/1/99 through 2/1/06 which shall consist of the parties' 3/3/89 "Blue Book" Agreement and April 1993 MOA except as modified by the provisions set forth herein. The express provisions of this memo shall govern in the event of any conflict with the parties' former agreements and the practices hereunder.

James Dunlop McCullen

James Dunlop McCullen
President
Local 1 - S, RWDSU

Lloyd Dalzell

Lloyd Dalzell
Vice President,
Labor Relations
Macy's East

LOCAL 1-S AND MACY'S EAST
AGREEMENT IN PRINCIPLE
ON SUCCESSOR COLLECTIVE BARGAINING AGREEMENT

Duration: 7 years: February 1, 1999 through February 1, 2006 with an automatic 30 day extension.

Wages:

Year 1:

\$2,000 bonus for ^{all} full-time employees

\$1,200 bonus for ^{all} part-time employees and short hour employees

Year 2:

\$0.4750 GWI

Year 3:

\$0.4425 GWI

Year 4:

\$0.4375 GWI

Year 5:

\$0.500 GWI

Year 6:

\$0.500 GWI

Year 7:

\$0.500 GWI

Eligibility for GWI: Employee must have been employed for 180 days of consecutive service as of the day before the effective date of the GWI.

2006 Negotiations

The Company will pay the Local 1-S Negotiating Committee members their regular earnings for time spent in the 2006 negotiations with the Company provided that a successor contract is agreed upon and ratified by March 3, 2006.

Special Supplemental Retiree Benefit Package

In addition, if an employee is eligible for, and elects to participate in, the early retirement offer, he or she will also be eligible for a certain retiree benefits package in accordance with the following:

- PL*
- The Federated Health Care Plan for Retirees as described in The Exhibit "The New Supplemental Retiree Program" (details of which have been or will be provided and under which eligible retirees are entitled to a certain company contribution toward the cost of retiree medical coverage), provided he or she works on a based schedule of 20 hours or more per week on February 23, 1999, or was a participant in a company sponsored medical plan at the time of retirements, or meets the current eligibility criteria or new eligibility criteria for retiree medical coverage at the time of retirement. The new eligibility criteria require an employee to meet the following requirements: (1) have a hire date prior to 4/1/93, (2) be age 55 or older with 15 or more years of continuous service at retirement, and (3) be a participant in a company-sponsored medical plan at retirement and for the 5 consecutive years prior to retirement.

Effective July 30, 1999, retiree medical coverage will be provided solely through the Federated Health Care Plan for Retirees. If an employee is not eligible for or does not elect to accept the early retirement offer, and terminates on or after July 30, 1999, and before January 1, 2001, eligibility for retiree medical coverage will be based on either the current retiree medical eligibility criteria or the new eligibility criteria at the time of such termination. If an employee is not eligible for or does not elect to accept the early retirement offer, and terminates on or after January 1, 2001, eligibility for retiree medical coverage will be based only on the new eligibility criteria at the time of such termination.

PL

and

- Company-paid life insurance coverage of \$1,500, provided he or she works on a schedule of 20 hours or more per week on February 23, 1999, or meets the eligibility criteria for company paid retiree life insurance coverage at the time of retirement.
- If an employee is not eligible for or does not elect to accept the early retirement offer, and terminates on or after July 30, 1999, he or she would not be eligible for retiree life.

and

- Retiree declining life coverage, provided he or she has been a participant in a company-sponsored contributory life plan for at least 10 consecutive years on July 30, 1999, or meets the current eligibility criteria for declining life insurance coverage at the time of retirement.

If an employee is not eligible for or does not elect to accept the early retirement offer, and terminates on or after July 30, 1999, he or she would not be eligible for retiree life.

and

- Retiree discount for the retiree and eligible dependents. Retiree discount generally provides the same discount benefits as applied to active employees of the company.

If an employee is not eligible for or does not elect to accept the early retirement offer, and terminates on or after July 30, 1999, he or she would be eligible for retiree discount only if he or she is age 55 or older with 15 or more years of continuous service a the time of such termination.

BT

Employee Assistance Program

De- The Company will provide an Employee Assistance Program, as set for the in Exhibit
_____ attached hereto, fully paid for by the Company.

ER

EMPLOYEE ASSISTANCE PROGRAM

Employee Assistance programs are designed to enrich and support employees as they experience life changes, including childbirth, childcare, parenting, balancing work and home, diversity issues, relationship concerns illness/disability and sick or aging dependents.

31- Working Solutions is a major administrator for EAP's throughout the United States and is currently providing work/life support to employees across the United States. While "Working Solutions" is the vendor of choice of the 1999 plan year, Macy's East reserves the right to select a vendor provide substantially comparable services. 12

How and when will the EAP be introduced to I-S Associates

The Employee Assistance Program will become part of our core medical and dental program effective July 1, 1999. Associates who are participants in our medical and dental plans will automatically be enrolled in the EAP concurrently. Macy's East will absorb the cost of providing these services.

Program Design

- Through a toll-free, 24 hour telephone number, a participant can confidentially speak with a counselor regarding work/life concerns, Working Solutions also has emergency 911 response capabilities, and on-line access.
- Working Solutions will help the associate "shop smart" by providing them with information, referrals, educational materials and counseling. The EAP provider will work with the associate until their needs are met and follow-up to ensure that they are satisfied with the results.
- Working Solutions will be communicating regularly with associates regarding healthy living issues.

Working Solutions will provide three primary services to Associates

Employee Assistance

Working Solutions counselors will provide a confidential assessment and referral program providing the help the Associate needs for a personal situation. In addition to the initial telephone interview, Working Solutions trained counselors will meet with the associate directly up to three times. If additional sessions are needed, Working Solutions will refer the associate to a professional affiliated with the associates health carrier and will monitor and assist in the progress as the counseling continues.

Topics can include:

Family/work relationships
Mental or emotional issues
Alcohol and chemical dependency
Loss and grief
Change/transition/stress management
Depression

Child and Family Services

Working Solutions will also provide information and services on the following topics:

21 — **Parenting and Child Development:** Working Solutions will offer educational and practical assistance in addressing family issues such as preparation for childbirth, discipline issues, understanding adolescence, step-parenting, etc.

Child care: Working Solutions will refer associates to providers and programs that meet their individual scheduling and financial needs, whether they want to make a change from their present situation or explore other options. Working Solutions will refer the Associate to child care centers, before/after school programs, preschools, nanny services, in-home services, parenting classes, adoption services, summer child care, teen issues, etc.

School Services: Working Solutions will help the associates in the selection of a public or private school tailored to the child's needs. Additional services include special needs services, testing, developmental issues, etc.

College Services: In addition, Working Solutions will assist the college selection processing including a specific plan for college searching, the application and scholarship information. Sourcing financial aid is one of the most popular features of this service.

Adult and Elder Services

Working Solutions will provide case management, consultations and referrals regarding health insurance, legal issues, medicare/medicaid and social security, housing, support and financial issues for associates who have elder family members or adult family members with special needs.

Other Services

Working Solutions will also be called in to handle critical incident debriefing as needed and may also be called upon to provide management consultation and support.

Performance Counseling

The Company will take the following actions to modify its performance counseling policy:

- all reviews will be done in ink
- employees whose quarterly performance would warrant being placed on warning will not be placed on warning if the employee's previous consecutive 52 weeks meets standard
- employees who at ratification are on warning for productivity will be removed from warning if their prior 52 consecutive weeks meets standard
- the Company will ~~use its best efforts to~~ provide each week productivity data plus an 800 number for retrieving such data
- Non-selling Time adjustment sheets will be made available.

3/11

012

Promotion to Higher Paying Job

A bargaining unit employee will be given consideration for promotion to a higher paying bargaining unit job within her/his same store, provided the employee:

- has a least six months seniority and time in current job with at least satisfactory performance; and,
- has the necessary qualifications to satisfactorily function in the new job; and,
- submits a completed "Promotion Interest Form" for a specific job classification to the store's employment office prior to the day the employment office commences interviews to fill a specific job.

Be All such qualified employees will be given consideration based on qualifications, experience and seniority. The employer's decision will be final and not subject to the grievance and arbitration procedure.

8/2

Union Bulletin Boards

in The Company will designate in each store covered by the collective bargaining agreement bulletin board(s) for exclusive use by the Union for official Union Business notices. Such board(s) shall not be used for Company business.

END

Bargaining Unit Lists

71 Every three (3) months the Company will submit to the Union a list showing bargaining unit members by store.

LR

Probation Period

Amend Section 7.12. probationary period to read "ninety (90) days" instead of sixty (60) days.

Add: Christmas hires whose employment is extended past January 30th shall have their probation period commence retroactively to 90 days prior to January 30th.

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Handwritten initials

Union Store Visits

Section 2.06 of the current Agreement shall be amended by adding the following paragraph:

Jan
The Company shall allow access to the stores covered by this Agreement to officers of the Union at reasonable times and upon reasonable advance notice for the purpose of observing working conditions and adherence to the terms of this Agreement. Management reserves the right to limit access to secured areas and areas not used by bargaining unit members. Union officers granted such access will not interfere with the operation of the business or the performance of work by employees. Advance notice is not required for store visits during public selling hours.

BR

Arbitration

Section 12.02 of the current agreement shall be amended as follows:

The Union and the Company agree to a list of three (3) arbitrators:

Handwritten initials: JH ~~Howard Edelman~~? (), and (), whose agreement will be jointly sought to make available one (1) hearing date per month among them for the purpose of ensuring prompt arbitration hearings. The arbitrator's fees for hearing dates not used shall be split by the Union and the Company. If such an arrangement cannot be worked out with the above named arbitrators, then the parties will utilize the normal procedures of the AAA for selection of an arbitrator.

Handwritten initials: BS

Supper Money

Eliminate from contract

Local 1-S Charitable Fund

JM Company will contribute \$25,000 per year to the Local 1-S charitable fund, payable the day after ratification of this agreement and every March 1st thereafter for the duration of this agreement.

LR

Inventories

Employees on the payroll as of the date of ratification may be scheduled to work up to 3 inventories per year. Employees hired after that date may be required to work up to 4 inventories per year. Any employee who works an inventory beyond 11:00 p.m. and works until released will receive a \$10 pay adjustment for transportation. The Company will in so far as is practicable not schedule employees who worked an inventory past 11:00 p.m. for 7:00 a.m. the following day.

7.4

Progression Rates

The parties have not yet resolved this issue and will attempt to resolve by March 1, 1999.

All employees as of 7/1/99 who are eligible to be in the progression rates shall remain in such progression rates as per current practice. Current progression rates shall be frozen.

Employees hired after 7/1/99 will no longer be subject to

For Such progression rates. During the period from 7/1/99 to 6/30/03 such employees shall be raised to a minimum of \$7.00/hr. following 18 months of employment. During the period from 7/1/03 to 2/1/06 such employees shall be raised to a minimum of \$7.50/hr. following 18 months of employment.

BR

Attendance Discipline

A progressive discipline process will be administered to employees failing to meet ^{reasonable} attendance standards determined by the company. The progression of discipline for unsatisfactory attendance will be on a rolling one year basis as follows:

Employee will be verbally informed ^{if} of their lateness and or absence does not meet company standard.

Warning - with a follow-up period of 90 days from the date of Warning, but open for one year after successful completion of any follow-up period.

Final Warning - with a follow-up period of 90 days from the date of Final Warning for one year after successful completion of any follow-up period.

Termination



Late Nights

Amend Section 4.05

Full time regular employee will ~~now~~ be scheduled to work no more than two (2) late nights during the work week. The Employer shall construe a late night as one on which such employee is scheduled to work until 7:00 p.m. or later, except during the period of Christmas night openings and the weeks in which inventory occurs. During such Christmas and inventory periods, a late night will be construed as one in which any such employee is scheduled to work after 7:00 p.m.

AP

LR

Night Shift Differential

Revise Section 3.19

Employees working between the hours of 10:00 p.m. and 6:00 a.m., will be paid a "night differential" of 10% for hours worked during those hours, except those employees scheduled until 11:00 p.m.

pu

BY

Home Early due to illness

Eliminate Schedule C - Section B. (6) except for employees with 25 years or more of service.

JM

2.12.9

Checkoff

Amend Section 2.04 by adding the words " and initiation fees" at the end of the first sentence

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Use of Retirees Per Diem, Temps

The Company and the Union recognize that retirees who are qualified to work and willing to work are a valuable source of on call employees. Therefore, retirees who are qualified and willing to work shall make known their interest to work by informing the Human Resources Department in a store covered by the Agreement. A list of those retirees shall be maintained in each such store. The Company agrees that persons on that list will be given preference over outside hires to fill the positions.

AC Retirees will be compensated at a rate of pay commensurate with prevailing competitive rate of temporary workers and are not eligible for benefits. *FD*

Vacation Entitlement

Employees transitioning to the Fiscal vacation accrual will receive 75% of the proposed vacation entitlement or 75% of the current vacation entitlement whichever is greater, as per schedule A1.

21

FD

Language to replace "standby rule"

Section 1.03 Nothing contained in this agreement shall prevent any class or group of employees or vendors not covered by this agreement from performing the duties heretofore performed by such class or group. It is understood that staff employees not covered by this agreement (such as, but not limited to, salary office cashiers, maintenance mechanics, and non-covered switchboard operators) because they perform services in job classifications not covered hereby (as distinguished from other employees such as, but not limited to, Short-Hour employees, Christmas employees and temporary employees) shall not perform services in job classifications covered by this agreement except as otherwise provided in this Article. The company and the union acknowledge that the success of each store and its employees is highly dependent on sales, and sales are positively influenced when customers receive the customer service they expect.

It is further understood that the Employer will not use executives, supervisors or vendors to perform work ordinarily performed by staff employees in such manner as to replace Regular Employees. The Union agrees that nothing contained in this agreement shall be construed to prevent executives, supervisors or vendors from performing work of the same kind as that performed by the employees they supervise, if such work is performed in order to (a) assist in facilitating service to customers during limited periods of emergency or unforeseen customer traffic, (b) instruct employees in the proper performance of assigned duties, (c) check on the proper performance of assigned duties, (d) participate in the handling of complicated transactions and work assignments, and, (e) meet with customers during limited periods for the purpose of acquainting themselves with buying habits necessary for the performance of their executive and supervisory functions.

JM
Section 1.04 Notwithstanding the foregoing, during the period from Thanksgiving through December 31, executives and vendors will be permitted to facilitate customer service on the selling floor, as necessary, provided no employee in any such department has recall rights under Article VII. *D*

3/1/99

COMPENSATION - INCENTIVE PAY CONVERSION
Effective 8/1/99

- Three primary pay plans
 1. Draw VS Commission
 2. Base hourly rate plus commission
 3. Base hourly rate
- Those Associates who are on other incentive pay plans, which include Sunday & Weekly guarantee or side payments, will convert from those pay plans effective 8/1/99 as follows:
- Associates who will convert from an old incentive pay plan will convert at a "Conversion Rate"

Associates converting to base hourly rate

If currently:

Straight Commission,
Base plus Commission w/ Sunday Guarantee or
Base Plus Commission
Weekly guarantee Commission

Conversion calculation (new draw rate or base hourly rate) is:

Total 1998 Earnings minus Overtime Earnings minus STIM Earnings
divided by
Total 1998 Regular hours plus all other hours (excluding OT hours)

Associates converting to Base plus Commission

If currently:

Base plus Commission w/ Sunday Guarantee

Conversion calculation (new base hourly rate) is:

Total 1998 Earnings minus Overtime Earnings minus STIM Earnings *minus*
Commission Earnings
divided by
Total 1998 Regular hours plus all other hours (excluding OT hours)



Associates converting to Draw VS Commission I

If currently:

Employee hired prior to 4/1/93 currently on

Straight Commission,

Base plus Commission w/ Sunday Guarantee

Base Plus Commission

Weekly guarantee Commission

Conversion calculation (new draw rate) is:

Hourly rate plus Prorate in the Human Resource System 2/28/99

Associates converting to Draw VS Commission II

If currently:

Employee hired prior to 4/1/93 currently on

Draw VS Commission

Conversion calculation (new draw rate) is:

Average rate in the Human Resource System 8/1/99

Prorate Calculation Conversion

All Associates on incentive pay plans effective 8/1/99 will be given a calculated prorate, reflecting the formula applicable to their specific pay plan. The calculation will be based upon the individual's 1998 calendar year results

Associates will retain their current pro-rate until the 8/1/99 conversion

Note: Associates who are subject to the conversion formula are paid at their base rate or draw rate for Sunday hours, as 1998 Sunday earnings were included in the calculated conversion rate

HOURLY BASE RATE PLUS COMMISSION
PAY PLAN

Selling departments are compensated on a Base Hourly Rate Pay Plan, Draw VS Commission Pay Plan or Base Plus Commission Pay Plan. Base hourly rates, commission rates, draw rates and the applicability of pay plans to specific departments are determined by the Company after seeking input from the Union. Leased or Vendor Operations may have additional pay plans and these are determined by the Company and the Vendor or Leasee, after seeking input from the Union.

BASE HOURLY RATE

- Associate is assigned a base hourly rate.
- Associates are paid their weekly base rate on the Friday following the week worked.
- Weekly base rate = hourly base rate X hours worked

COMMISSION

Commission is paid in addition to the base hourly rate

- Commission percent is assigned to the pay plan, may be department specific
- Commission is calculated as net sales X the commission %
- Net sales = gross sales minus identified returns and allocated unidentified returns
- Identified returns: Over six months from date of sale or date of delivery (whichever is later) is charged to a bypass number with manager approval
- Unidentified returns: Pooled based upon % of hours worked in the week
- Merchandise returned damaged and without a receipt will not be charged to the unidentified returns pool or the sales associate with the manager approval

COMMISSION EARNINGS

- Commission earned is paid the second Friday following the week worked

PRORATE

- Prorate is paid for all benefit and non-selling hours.
- Nonselling time is considered that time, following store opening, during which any non-selling work is performed off the floor (which prevents the servicing of customers) in excess of 15 consecutive minutes. Non-selling time meeting this criteria is paid at prorate.
- All inventory time, including off-floor prep and all hours taking the general inventories when the store is closed, is paid at prorate

02

- Prorate is calculated annually, based upon the individual's prior fiscal year results

Effective: First fiscal Sunday in May

Eligibility: Associates assigned to a Base Plus Commission pay plan earlier than 8/1 of the prior year are eligible for a Prorate calculation effective the first fiscal Sunday in May of the current year.

Calculation (includes earnings/hours accumulated while on a Base Plus Commission pay plan only):

$$\frac{\text{Regular earnings} + \text{Overtime earnings} + \text{Commission earnings} + \text{STIM earnings}}{\text{Regular hours} + \text{Overtime hours}}$$

Note: Regular earnings are earnings paid for hours worked, excluding Holidays worked. Regular hours are hours worked, which excludes holidays worked and overtime.

OVERTIME

- Overtime hours are those hours paid in excess of 40 hours per week
- Overtime hours are paid at 1.5 X base rate.

Note:

- Base plus Commission Associates assigned a new base rate effective 8/1/99, as a result of commission plan conversion, are paid Sunday hours at base hourly rate (straight time)
- Cosmetics and Fragrance Associates fall under the Vendor Category. As a result, the application of prorate does not apply

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DRAW VS COMMISSION
PAY PLAN

Selling departments are compensated on a Base Hourly Rate Pay Plan, Draw VS Commission Pay Plan or Base Plus Commission Pay Plan. Base hourly rates, commission rates, draw rates and the applicability of pay plans to specific departments are determined by the Company after seeking input from the Union. Leased or Vendor Operations may have additional pay plans and these are determined by the Company and the Vendor or Lessee, after seeking input from the Union.

DRAW

- Associate is assigned an hourly draw. Draw is an advance against anticipated Commission earnings
- Associates are paid their weekly draw on the Friday following the week worked.
- Weekly draw = hourly draw rate X hours worked
- Draw VS Commission Associates are not eligible for the General Wage Increase and Draw is not subject to re-evaluation.

COMMISSION

- Commission percent is assigned to the merchandise sold
 - Commission is calculated as net sales X the commission % of the merchandise sold
 - Net sales = gross sales minus identified returns and allocated unidentified returns
 - Identified returns: Over six months from date of sale or date of delivery (whichever is later) is charged to a bypass number with manager approval
 - Unidentified returns: Pooled based upon % of hours worked in the week
 - *Merchandise returned damaged and without a receipt will not be charged to the un-*
- COMMISSION EARNINGS *returns pool or to the sales associate with the manager appr*

- Commission in excess of draw is paid the second Friday following the week in which the commission was earned
- When commission earned exceeds the weekly draw paid the prior week, Associate is paid the amount of commission earnings in excess of that draw

ARREARS

- When commission earned is less than the draw, the arrears are carried into the following week's draw VS commission calculation. Associates are paid commission when they eliminate their arrears
 - Because periodic arrears are not unusual in commission areas, Associates are not subject to discipline based upon their arrears
 - At the conclusion of each fiscal quarter, the Company will eliminate outstanding deficits up to a maximum of \$100
- di*

PRORATE

- Prorate is paid for all benefit and non-selling hours.
- Non-selling time is considered that time, following store opening, during which any non-selling work is performed off the floor, (which prevents the servicing of customers) in excess of 15 consecutive minutes. Non-selling time meeting this criteria is paid at prorate.
- All inventory time, including off-floor prep and all hours taking the general inventories when the store is closed, is paid at prorate
- Prorate is calculated annually, based upon the individual's prior fiscal year results

Effective: First fiscal Sunday in May

Eligibility: Associates assigned to a Draw VS Commission pay plan earlier than 8/1 of the prior year are eligible for a Prorate calculation effective the first fiscal Sunday in May of the current year.

Calculation (includes earnings/hours accumulated while on the Draw VS Commission pay plan only):

$$\frac{\text{Regular earnings} + \text{Overtime earnings} + \text{Commission earnings in excess of draw} + \text{STIM earnings}}{\text{Regular hours} + \text{Overtime hours}}$$

Note: Regular earnings are earnings paid at draw.

Regular hours are hours worked, paid at draw, which excludes holidays worked and overtime

OVERTIME

- Overtime hours are those hours paid in excess of 40 hours per week
- Overtime hours are paid at 1.5 X draw rate.
- The 1/2 pay is not included in any Draw VS Commission calculations

Note: Sunday hours are paid at hourly draw

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STORE CLOSING/REPLACEMENT STORE ACCRETION

In the event that either of the Herald Square, Queens, Parkchester or White Plains stores is permanently closed for business at any time during the duration of this agreement and the Company opens a replacement store ^{upon} ~~concurrent~~ with the closing of the aforementioned store, the Company will, prior to employing new hires, provide the employees of the store to be closed with a preferential transfer opportunity based on the availability of jobs, the individual's seniority, qualifications and ability to perform the available work.

— Affected employees shall have the option to accept either the transfer opportunity or severance pay, as provided for in the collective bargaining agreement between the parties.

In order to facilitate an orderly and timely staffing of the replacement store, such option must be selected and declared in writing, on a form provided by the Company, by each employee within fourteen (14) calendar days after it is offered. If an individual fails to respond to such offer option within the above stated time period, the transfer opportunity will then be waived and the individual will be eligible only for severance pay. With the opening of the replacement store, the terms and conditions of the collective bargaining agreement, dated _____, will then apply to employees employed in the bargaining unit described in that agreement.

81

Bay Plaza Store

As of the date of this agreement, the Company has announced the construction of the Bay Plaza store, planned to open in Fall, 2001. However, the Parkchester store is not scheduled to close, and could continue to operate well beyond Bay Plaza's opening. To accommodate that possibility, the Company and the Union have entered into a supplementary agreement to be known as The Bay Plaza Neutrality and Recognition Agreement.





Revised 3/1/99

**BAY PLAZA STORE - NEUTRALITY AND
RECOGNITION AGREEMENT**
(Side Letter Agreement)

This agreement is an addendum to the collective bargaining agreement between Macy's East (as well as stores at Herald Square, Queens and White Plains) and RWDSU Local 1-S covering the Parkchester store, and is effective for the same duration as the aforementioned agreement. This agreement confirms the understanding between Macy's East and RWDSU, Local 1-S, whereby, if the Macy's Parkchester store is announced for closure following, but not concurrent with the start-up and opening of Bay Plaza, Macy's agrees that, for a period of one hundred eighty (180) calendar days following the announced closing of Parkchester, Macy's will adopt a position of neutrality regarding efforts by RWDSU Local 1-S to obtain signed union authorization cards from the Macy's associates employed only at the Bay Plaza store.

Neutrality means that the Company shall neither help nor hinder the Union's conduct in its efforts to secure majority status, nor shall it demean the Union as an organization or its representatives as individuals. Also, the Company shall not provide any support or assistance of any kind to any person or group opposed to Union organization. Further Macy's agrees to inform all appropriate supervisors of this agreement and ensure their compliance with the intent thereof.

The Union agrees that all facets of its efforts to secure majority status will be conducted in a constructive and positive manner which does not misrepresent to the associates the facts and circumstance surrounding their employment and in a manner which neither demeans Macy's as an organization nor its representatives as individuals. All union activities will be directed to Macy's associates only and not the general public.



Upon written request, Macy's shall grant Union access to the above referenced store on one day each week for the purposes of communicating with associates in the aforementioned store. Such communications will occur in non-public areas of the store during an associate's non-work time and shall not disrupt the normal business of the store. Company and Union will mutually agree to location and times, but Company agrees to give Union exposure to its associates, including the right to distribute literature in non-public areas of the store.

Upon the Union securing a simple majority of authorization cards or other designation of union membership, from employees employed in a Bay Plaza unit commensurate with the scope of the collective bargaining unit at Parkchester and subject to verification of signature and bargaining unit status, Macy's shall recognize the Union as the exclusive representative of such associates. Any authorization cards presented must unambiguously state the signing associate's desire to designate the Union as his or her exclusive bargaining representative.

Upon the Union securing such a majority, all associates in the Bay Plaza store will be covered by the current collective bargaining agreement between Macy's and Local 1-S, dated _____, except that associates in the Parkchester store will be given preferential employment opportunity at the Bay Plaza store for open jobs based on seniority and ability to perform the available work, but will have no bumping rights to displace any non-probationary employee at Bay Plaza.

When the Union requests verification of its majority status in the referenced unit, the parties will request a neutral Arbitrator to make such verification within ten calendar days of the making of the request. The Arbitrator shall compare the authorization cards or other evidence of union membership submitted by Union with original handwriting examples furnished by Macy's

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and shall determine if a simple majority of associates in the referenced bargaining unit have designated the Union as their bargaining agent.

In the event either party to this Agreement alleges any violation thereof, the parties agree to attempt to settle the dispute themselves. Absent settlement, any alleged violation of this agreement shall be submitted for resolution by an Arbitrator selected by mutual agreement. The parties agree to present all evidence and arguments over such violations to the Arbitrator within five days of the alleged violation. The parties agree to waive any briefs and to, instead, orally argue their respective positions. The Arbitrator shall render his decision at the conclusion of the proceeding. The Company and the Union agree that the Arbitrator's decision shall be final and binding. The Company further agrees that it will take no action to exclude the Union from its store premises before the Arbitrator renders final decision on the alleged violation.

The Company and the Union agree to share equally the Arbitrator's fees as well as all the costs of proceedings before him.

_____ 1999

RWDSU, Local 1-S

Macy's East

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The arbitrator shall have the authority to fashion appropriate relief to effectuate the purposes of the neutrality agreement but shall have no authority to determine that the union has attained majority status.



69

Revised 3-1-99

Restaurants

Notwithstanding the provisions of article XV, the company and the union understand and acknowledge that the terms and conditions of this agreement are not designed to address the unique competitive operating requirements commensurate with a restaurant, bar or other food / beverage service operation.

In keeping with that understanding, the union agrees that, effective ten (10) calendar days following the ratification of this agreement, any such restaurant, bar or other food/beverage service operation leasing space within any of the stores covered by this agreement, but not owned or operated directly by Macy's, will not be subject to this agreement, in whole or in part, and will cease to be included in the bargaining unit and will not become a separate bargaining unit of Macy's since the employees of any such restaurant, bar or other food/beverage service business are not and will not be employees of Macy's.



**PERSONAL DAYS
SICK DAYS**

SICK DAYS

- Effective with the ratification of this agreement, sick days are eliminated.
- Employees who have unused sick days must exhaust them by 2/15/2000

PERSONAL DAYS

- Personal Days under the current agreement are modified as per the following Personal/Sick Day policy

PERSONAL/SICK DAYS

Effective 2/1/2000, regular employees will be eligible to receive Personal/Sick days at the following schedule:

Regular status - Base schedule 20 or more hours per week

Length of Service as of 2/1	Personal/Sick Days
6 months	1 day at full pay
1 year	5 4 days at full pay
2 years	6 days at full pay

Regular status - Base schedule 12, but less than 20 hours per week

Length of Service as of 2/1	Personal/Sick Days
6 months	1 day at full pay
1 year	3 days at full pay
2 years	3 days at full pay

- Employees will not be disciplined for use of Personal/Sick days as a result of emergency or illness

See Attendance Discipline provision

Any unused sick days remaining on the effective date of ratification ¹⁴ will be converted to full pay and must be used no later than ~~2/15/20~~ 2/15/20. Sick days taken prior to ratification will not be adjusted to full pay.

SUNDAY PREMIUM PAY - GRANDFATHERED ASSOCIATES

Employees who currently receive Sunday Premium Pay under the grandfathered provisions of the 1993 Memorandum of Agreement, will continue with that grandfathered benefit with the following modification:

PA Employees converting to new pay plans effective 8/1/99 who were subject to a conversion rate calculation are no longer eligible for Sunday Premium Pay effective 8/1/99.

6/2

SCHEDULE A.1 - VACATIONS

Effective February 1, 2000, this schedule revises the method of vacation earning and accrual, as detailed in Section VI of the 1999 collective bargaining agreement. If any thing herein conflicts with the text in Article VI, the provisions within this schedule will apply.

Vacation Entitlement

1. **Regular Status - Base schedule 20 or more hours per week.**

Length of Service	Length of Service (based on LOS 2/1)
6 months	1 week**
1 year	2 weeks
2 years	2 weeks, 4 days
3 years	3 weeks
4 years	3 weeks, 2 days
5 years	3 weeks, 2 days
15 years	4 weeks
20 years	4 weeks
25 years	5 weeks

2. **Regular Status - Base schedule 12, but less than 20 hours per week.**

Length of Service*	Vacation
6 months	1 week**
1 year	2 weeks
3 years	3 weeks
5 years	3 weeks
15 years	4 weeks
20 years	4 weeks
25 years	5 weeks

*Associates with hire date 7/2 - 1/31 will be eligible for one week vacation effective the following July 1

Transition to Fiscal Accrual 1999:

Length of Service as of 5/1/99	Normal Entitlement	Entitlement 5/1/99 - 1/31/2000	Entitlement* 2/1/2000 - 1/31/2001
6 months	1 week	1 week	1 week
1 year	1 week, 2 days	1 week, 3 days	2 weeks
2 years	2 weeks, 4 days	2 weeks, 1 day	2 weeks, 4 days
3 years	3 weeks	2 weeks, 2 days	3 weeks
4 years	3 weeks, 1 day	2 weeks, 3 days	3 weeks, 2 days
5 years	3 weeks, 2 days	2 weeks, 3 days	3 weeks, 2 days
15 years	3 weeks, 2 days	3 weeks	4 weeks
20 years	4 weeks	3 weeks	4 weeks
25 years	5 weeks	4 weeks	5 weeks
6 months	-	-	1 week
1 year	-	-	2 weeks
3 years	2 weeks	2 weeks, 2 days	3 weeks
5 years	3 weeks	2 weeks, 2 days	3 weeks
15 years	3 weeks	3 weeks	4 weeks
20 years	4 weeks	3 weeks	4 weeks
25 years	5 weeks	4 weeks	5 weeks

*Reflects increased vacation entitlement

20+ hrs.
7/2

12-20 hrs.
7/2

19

* Associates with hire date 7/2 - 1/31 will be eligible for one week vacation effective the following July 1.

Regular associates on a base schedule of 12 or more hours per week are eligible for paid vacation based upon length of continuous service.

1. **Vacation Entitlement** is based upon continuous length of service as of February 1.
2. **Earning and Accrual**
The vacation year reflects the fiscal year (Fiscal February through Fiscal January).
Vacation is earned (and accrued) at the rate of 1/12 the annual entitlement each whole month worked February - January.
3. **Borrowing Against Earned Vacation**
Vacation must be taken within the fiscal year it is earned and accrued. Associates may take vacation prior to its actual accrual by "borrowing" against anticipated earned vacation during the year.
4. **Separation of Employment:**
Associates are paid any unused accrued vacation.
5. **Vacation Carry Over**
Earned and Accrued vacation may not be carried over to the following fiscal year, except that, if an associate incurs a medical absence of at least fourteen (14) continuous calendar days during the fourth quarter of the fiscal year, then any earned and accrued, but untaken, vacation may be carried over through April 15 of the following year.
6. **All Paid Time Entitlement Must Be Exhausted Prior To Any Unpaid Leave Of Absence:**
Paid time taken at the onset of a leave is considered part of the leave in determining leave entitlement. During a paid or unpaid leave of absence other than a medical or workers compensation leave of absence, vacation time will continue to accrue only for the first ninety days of the leave. When the leave extends beyond ninety days, vacation time ceases to accrue until the date the employee returns to work.
7. **Retirement**
Associates who meet the Federated definition of a bonafide retiree for benefit purposes (age 55, 15 years continuous service) or who accept the Company's early retirement option (incurred as a part of this agreement), are considered 100% vested in vacation, regardless of retirement date.
8. **Holiday Occurring During Vacation Period**
If a holiday for which the associate is eligible falls within the associate's selected vacation period, the associate is eligible for an additional day off to be added to the vacation week.

JW

9. Illness or Disability During Vacation

Associates who become ill or disabled during vacation period may have their vacation rescheduled under the following provisions:

1. Associates immediately notify the Company of the illness or disability.
2. The illness or disability exceeds three days.
3. The illness or disability is verified by a Physician's certificate of illness or disability and the duration of such illness or disability.

The associate is not eligible to receive vacation pay in addition to short term disability payments for the same period. An associate claim for short term disability payments must return vacation pay for the period covered by the benefit claim.

10. Death

In the event of the death of an active employee, their beneficiary will receive the employee's entire vacation year entitlement (less vacation already taken).

11. Grandfathered Vacation Eligibility

Those employees on a base schedule of less than 12 hours per week, as of the date of ratification of this agreement, will retain eligibility for vacation benefits at the short hour benefit level.

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Safety Committee

Section 14.11 of the collective bargaining agreement shall be amended by adding the following paragraph:

411 — The Company and the Union shall establish Safety Committees in each store covered by this Agreement. The Herald Square Safety Committee will be composed of ^{five (5)} ~~four (4)~~ employees and up to ^{two (2)} ~~four (4)~~ Company representatives. Parkchester, Queens, and White Plains will be composed of two (2) employees and up to two (2) Company representatives. The function of the store safety committees shall be to advise and make recommendations to management concerning safety and health matters but not to handle grievances. The safety committees shall meet quarterly during normal business hours and safety committee members will be paid at their regular rate for time spent in such meetings.

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Overtime

Overtime will be paid after 40 hours paid *per week.*

A handwritten signature in black ink, appearing to be 'J. H.' or similar, located to the left of the main text.Handwritten initials 'L.R.' in black ink, located to the right of the main text.

Article V Holidays

Section 5.01. Regular Employees other than those employed in division or departments which normally operate on Sundays and holiday, shall not (except as otherwise provided in this Article) be required to work on any of the following holidays: New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, and Christmas Day. Regular Employees are defined as all regular associates who work a base schedule of 12 hours a week or more and have completed 90 days of continuous service.

Those employees on a base schedule of less than 12 hours per week, as of the date of ratification of this agreement, will retain eligibility for holiday benefits.

- (a) Easter Sunday: Regular Employees who work Sundays on a regular or rotating basis and who would have been scheduled to work Easter Sunday, will be paid for the day.
- (b) Washington's Birthday: The former provision with respect to short-hour employees - working Washington's Birthday is eliminated. There is no superseding or replacement provision.
- (c) The birthday holiday provision is eliminated effective 12/31/99.

Section 5.03. Hourly Regular Employees receive holiday pay calculated as base scheduled hours divided by the normal scheduled number of work days.

Draw/Commission Regular Employees receive a benefit rate calculated in the same manner.

Section 5.06. Any Regular Employee who was not scheduled to work on a holiday, but was requested to do so by their department or divisional manager, will receive regular hourly pay for all hours worked plus time and one-half for all hours worked that holiday. This provision includes base plus commission associates.

Salary plus commission associates also receive any commission earned.

Draw/Commission associates receive normal draw/commission plus time and one-half at the prorate rate.

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Unless otherwise expressly indicated, all reference herein to "employee(s)" shall mean Macy's employees who are represented by Local 1-S and included in the collective bargaining agreement, and all capitalized terms shall have the meaning from time to time set forth in the Federated Health Care Plan ("Health Care Plan").

MEDICAL/DENTAL PLANS

Full-Time Employees

Eligibility

Medical/Dental - Effective for new hires on and after 7/1/99, to be benefits eligible the employee must

- Be an active regular employee and
- Be regularly scheduled to work a minimum base schedule of 35 hours per week

If the employee meets this criteria he or she will be eligible to enroll in the Federated Department Stores Inc. Health Care Plan ("Health Care Plan") as of the first day of the month following or coincident with completion of six consecutive months of service on a base schedule of 35 or more hours per week.

Employees hired prior to 7/1/99 and who on 7/1/99 participate in the Health Care Plan shall be eligible to continue to participate in the Health Care Plan if they continue to maintain at least 35 regularly scheduled hours per week, provided that, as to employees who have been deemed eligible for participation prior to 7/1/99 even though they maintained a schedule of less than 35 hours per week, such employees shall remain eligible for participation so long as their number of regularly scheduled hours subsequent to 7/1/99 is not reduced below said level as of 7/1/99 (unless such reduction in the number of regularly scheduled hours is due to the Company's initiation) and such employee meets all other requirements for participation. If an employee described in the proviso to the preceding sentence ceases to be eligible because his or her regularly scheduled hours falls below the said level as of 7/1/99, eligibility for such employee will thereafter be determined under the same rules as for newly hired employees.

Domestic Partner Benefits

Effective on or before 7/1/2000, same sex Domestic Partnership benefits will be available to employees who participate in the Federated Department Stores Inc. Health Care Plan, so long as such coverage is available to non-represented employees of the Company in each plan or program. An eligible Domestic Partnership coverage is defined in the exhibit.

Employee Contributions - Medical

The employee premium for employees participating in the Health Care Plan as of 7/1/99 will be adjusted as a percentage of the total premium for 1999 and subsequent years, as per the following schedule:

Date	Single Coverage	Two party/family coverage
7/1/1999	35%	30%
7/1/2000	35%	35%
7/1/2001	38%	38%
7/1/2002	41%	41%
7/1/2003	44%	44%
7/1/2004	47%	47%
7/1/2005	50%	50%

- The employee premium for employees becoming eligible to participate in the Health Care Plan between 7/2/99 and 6/30/2002 will equal 50% of the total premium for the medical coverage selected in each year.
- The employee premium for employees becoming eligible to participate in the Health Care Plan on 7/1/2002 and thereafter will equal 54% of the total premium for the medical coverage selected in each year. *for remaining term of this agreement*

Employee Contributions - Dental

All benefits eligible employees who have met the medical eligibility requirements, regardless of their participation date in the Health Care Plan, will contribute 50% of the total dental premium.

Medical and Dental Plan Options for Full-Time Employees

- An employee must be a participant in Company sponsored medical coverage to be eligible for Company sponsored dental coverage.
- The plan options offered will be substantially comparable to the Federated Health Care options effective 7/1/99.

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BENEFIT PLAN
Grandfathered Short-Hour Medical Plan Participants

Short-Hour employees who

- Were hired prior to 4/1/93 and
- Work a regular base schedule of fewer than 20 hours per week

and are participants in the grandfathered short-hour Medical plan on the date of ratification of the agreement, will be provided with substantially comparable programs in the aggregate to the programs in place prior to ratification of this contract. Current included in the short hour program are medical, prescription, dental and vision programs. The employee premium will equal 30% of the total premium for such short hour program for each year and the employee contribution will be adjusted annually.

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MEDICAL PLAN
Part-Time Employees (Effective 7/1/2000)

Participation in a base Health Care Plan will be made available to eligible part time employees effective 7/1/2000. In order to be eligible for part time health care benefits an employee must

- Be an active employee on or after 7/1/2000, and
- Be regularly scheduled to work a minimum base schedule of 20 or more hours and less than 35 hours per week
- If the employee meets this criteria, he or she will be eligible to enroll in the part-time base Health Care Plan as of the first day of the month following or coincident with the completion of six consecutive months of service on a base schedule of 20, but less than 35 hours per week. The part time health care features, in the aggregate, shall be comparable to those described in Exhibit _____.

Employee Contributions

Employee participating in this program will pay 100% of the total premium for such coverage, to be adjusted annually.



EMPLOYEE ASSISTANCE PROGRAM

Effective 7/1/99 full-time employees participating in the Health Care Plan and grandfathered short-hour employees are eligible to participate in the Employee Assistance Program consistent with the Employee Assistance Program offered to other Macy's East employees as may be changed from time to time.

JH The cost of the Employee Assistance Program will be paid by Macy's East. *AK*

MEDICAL BENEFITS

Retirees

Effective with retirements on and after 7/30/99, retiree medical coverage for eligible employees will be in the Federated Health Care Plan for Retirees

Effective with ratification of the collective bargaining agreement, the new criteria for the eligibility for Federated Health Care Plan for Retirees is as follows:

- Hire date prior to 4/1/93 and
- Age 55 with 15 years of continuous service, and
- A participant in a Company sponsored medical plan at the time of retirement and
- A participant in a Company sponsored medical plan for at least five consecutive years prior to retirement

Transition Eligibility Period - If retirement occurs on or after July 30, 1999 and on or before December 31, 2000, satisfaction of either the eligibility requirements in effect prior to July 30, 1999 or the eligibility criteria described above will make the employee eligible for retiree medical coverage. If retirement occurs on or after 1/1/2001 only the new eligibility criteria described above will apply.

Employer Contributions Under Age 65

- The Company will contribute \$50 for each year of credited service toward the annual cost of Company-sponsored medical coverage
- The Company does not contribute toward the cost of dependent coverage

Employer Contributions Age 65 and Older

The Company will contribute \$25 for each year of credited service toward the annual cost of Company-sponsored medical coverage

The Company does not contribute toward the cost of dependent coverage
at its full cost

For retirements prior to 7/30/99 the Company will maintain programs substantially comparable in the aggregate as in place under the current agreement, subject to the grievance and arbitration procedures.

Current Retirees and Employees who Retire prior to 7/30/99

LIFE INSURANCE
Retiree

JR Effective with retirements on and after 7/30/99 retiree life insurance will no longer be offered. Upon retirement an employee will have the option to convert his or her active life insurance to an individual life insurance policy fully paid for by the former employee.

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DISCOUNT

Retiree

Effective with retirements on and after 7/30/99 eligibility for retiree discount will be at least age 55 and 15 years of consecutive service. Retiree discount benefits will be at the rate which is the same as for other Macy's East active hourly paid employees and may change from time to time.

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LIFE INSURANCE
Active Employees

Effective on or before 7/1/2000, Company paid life insurance and the current contributing life insurance plan for active employees will be eliminated.

Coincident with the elimination of these benefits, the following optional life and optional accidental death and dismemberment plan will be offered.

Eligibility for optional life insurance and optional accidental death and dismemberment (AD&D) coverage will be as follows:

- The employee must be an active regular employee regularly scheduled to work a base schedule of 20 or more hours per week

If the employee meets this criteria he or she will be eligible to enroll in the Federated Department Stores, Inc. Optional Life and Optional Accidental Death & Dismemberment Plan, the current features of which are described on the (attachment) as of the first day of the month following or coincident with completion of six consecutive months of service on a base schedule of 20 or more hours per week

Employee Contributions for Life Insurance

Employees will make the same employee contributions as other non-union Macy's East employees make toward the cost of the coverage.

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DISABILITY PLANS

NYS Disability

Employees will contribute to the NYS Mandated Disability Plan up to that amount prescribed by NYS law

Supplemental Disability Plan

Eligibility

Effective for new hires on and after 7/1/99, the employee must

- Be an active regular employee and
- Be regularly scheduled to work a minimum base schedule of 20 hours per week.

If the employee meets this criteria he or she will be eligible to participate in the Supplemental Disability Plan as of the first day of the month following or coincident with completion of six consecutive months of service on a base schedule of 20 or more hours per week.

Employees hired prior to 7/1/99 and who on 7/1/99 participate in the Supplemental Disability Plan shall continue to be eligible to participate in that plan

Macy's East will pay the cost of the Supplemental Disability Benefit Plan

Benefit Level

Employees hired prior to 7/1/99 will maintain the benefit levels under the plan in place on the date of prior to the ratification of the collective bargaining agreement

Employees hired 7/1/99 and later will be subject to a \$300 weekly maximum benefit level

Waiting Period

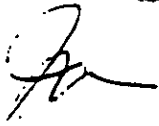
Effective 2/1/2000, Employees with 25 years of service or more will be required to satisfy a one day waiting period before the commencement of benefits

Effective 2/1/2000, Employees with 25 years of service or more may apply their personal/sick days to this waiting period until those benefits under the personal/sick day plan are exhausted

All other policies relative to the Supplemental Disability Plan in place prior to the ratification of the agreement remain unchanged

RESERVATION OF RIGHTS AS TO ALL PLANS AND PROGRAMS

The Company reserves the right to select benefit providers and carriers, design and determine plan features and the processes and procedures governing administration of the plans and programs provided that any new plans are substantially comparable, which issue is subject to the grievance and arbitration procedures.



DOMESTIC PARTNERSHIP - HEALTH CARE

A domestic partnership is a long term relationship of indefinite duration between adults of the same gender who:

1. have an exclusive mutual commitment similar to that of marriage;
2. have agreed to be responsible for each other's welfare;
3. would be married, if same gender marriages were permitted under the laws of the state in which they reside; and
4. meet the following other requirements:
 - are not related by blood,
 - are not married to or legally separated from anyone else,
 - are at least 18 years of age and meet the marriage age requirement of the state in which they reside,
 - currently share a household, have been doing so continuously for at least 12 months, and plan to continue to do so indefinitely,
 - have filed a domestic partnership agreement or registration if available in their state (and/or city) of residence, and
 - are financially interdependent as can be demonstrated by
 - joint ownership of real property,
 - common ownership of an automobile,
 - joint bank accounts,
 - driver's license listing a common address,
 - assignment of a durable property, power of attorney or health care power of attorney, or
 - a will, retirement plan, or life insurance policy designating the other as primary beneficiary.

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The New Supplemental Retiree Program
Effective 7/30/99

Eligibility for participation:

Following are the conditions that must be met to be eligible for the new supplemental medical and discount retiree benefits.

Retiree Discount Benefits Only: Employee must retire on or after attaining age 55 with a minimum of 15 years of continuous service.

Retiree Medical Benefits: Employee must retire on or after attaining age 55 with a minimum of 15 years of continuous service, employee must have been hired before 4/1/93, must have a regular schedule of at least 20 hours per week or more and must be a participant in a Company-sponsored medical plan at the time of retirement. If employee retires on or after 1/1/2001, however, they must also have been a participant in a Company-sponsored medical plan for at least five consecutive years prior to retirement, in addition to the above noted requirements, in order to be eligible for retiree medical benefits.

Supplemental Retiree Benefit Programs Available:

Retiree Discount - If the retiree eligibility rules as described above are met, the program will allow the employee and eligible dependents to receive the same associate discount privileges that are offered to active employees. The new program will also provide discount benefits to eligible dependents.

Retiree Medical - If the retiree medical eligibility rules as described above are met, under the new program, the employee and their eligible dependents may participate in the new Federated Health Care Plan for Retirees, including coverage offered by a number of our Company sponsored health maintenance organizations. The Federated Health Care Plan for Retirees currently has a "traditional program" for under age 65 retirees and a "carve-out program", which reduces benefit to the extent Medicare pays for them, for age 65 and older retirees. *Reimbursement for the Medicare Part B premium is not included in the new program.*

Retiree Life Insurance - If an employee is a participant in the Company sponsored contributory life insurance plan, under the new program, that plan may be converted to a private plan within 31 days after retirement. The premium amounts are based on age and determined by the carrier. No other life insurance coverage is available upon retirement.

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Company Contribution for retiree medical coverage

If eligible for retiree medical coverage the Company will contribute amounts at an annual rate of \$50 for each year of credited service toward the cost of medical coverage up until the month employee reaches age 65. If eligible for retiree medical coverage the Company will contribute amounts at an annual rate of \$25 for each year of credited service toward the cost of such medical coverage for any month which ends on or after retiree's 65th birthday. Generally Medicare provides primary medical coverage for retirees when you are age 65 or older.

Retiree cost, either under age 65 or age 65 and older, will be the difference between the total cost of the premium for the coverage option selected as determined by the Company, and the Company contribution for you. Although dependents may participate in group retiree medical coverage, the Company does not contribute toward the cost of dependent coverage. Participants will be billed for coverage.

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FEDERATED HEALTH CARE PLAN FOR RETIREES

<u>Plan Overview effective 1/1/99</u>		
	<u>Under 65 Traditional Program</u>	<u>65+ Medicare Carve-out Program</u>
Service Area	Not restricted	Not restricted
Type of Plan	Traditional comprehensive Major Medical Plan that does not restrict physician choice or hospital. Plan requires pre-admission certification and review for all non-emergency and certain outpatient procedures. Benefits are reduced 15% if individual does not obtain pre-certification	A comprehensive Major Medical plan that does not restrict physician choice or hospital. The plan coordinates with Medicare
Annual Deductible	\$375 per person	\$375 per person
Plan's CO-payment	After deductible is met, Plan pay 80% of the maximum allowable charge on eligible expenses	After deductible is met, Plan pays 80% of Medicare allowable charges less the Medicare payment
Benefits payable at 100% of the maximum allowable charge	Annual Physical; Home Health Care; Hospice; Extended Care Facility	Annual Physical; Home Health Care; Hospice; Extended Care Facility
Annual maximum out-of-pocket	\$3,750 per person	\$3,750 per person
Lifetime Maximum	\$250,000 per person	\$75,000 per person
Prescription Drug	80%	80%

In addition, most of the managed care options offered by Macy's East to active associates also offer retiree coverage. You may elect one of the managed care options, the Traditional Plan or the over age 65 Medicare Carve-out option depending on your Medicare eligibility and where you live.

Maternity Leave

Eligibility

Effective on and after 7/1/99, the employee must

- Be an active regular employee and
- Be regularly scheduled to work a minimum base schedule of 20 hours per week.

If the employee meets this criteria, she may request an unpaid leave of absence as a result of pregnancy. Such leave of absence will be granted for a period not to exceed four (4) months to eligible employees having at least one (1) year's continuous service at the time such leave of absence is requested.

If the employee is also eligible for a leave under the Family and Medical Leave Act (FMLA), the maternity leave shall run concurrently, and shall not serve to extend her eligibility for leave under FMLA.

If the employee is otherwise eligible for disability benefits during some or all of the maternity leave period, benefits will be paid in accordance with the applicable disability program. However, eligibility for disability benefits will not serve to extend the employee's leave period beyond four months. Continuation of the leave beyond four months will be determined under any other leave policy or program (including disability) for which the employee may be eligible.

In no event may an eligible employee receive more than 26 weeks of leave (paid or unpaid) during any 12 consecutive month period.

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