

**Meeting Between Federal Reserve Bank of Cleveland Staff  
And Representatives of Macy's, Inc.  
May 25, 2011**

**Participants:** Douglas Banks, Stephen Jenkins, Mark Meder  
(Federal Reserve Bank of Cleveland)

Amy Hanson, Michael Gatio, Teresa Huxel, and Jeffrey Langer  
(Macy's, Inc.)

**Summary:** Representatives from Macy's, Inc. ("Macy's") provided an overview of their strategy, business results and the structure of their banking operations. Macy's personnel shared their annual report, proxy statement, and an organizational chart to support the discussion. Staff from the Federal Reserve Bank of Cleveland ("Reserve Bank") provided an overview of the Reserve Bank's approach to supervision and regulation and a description of related processes, including inspections, applications, and regulatory reporting. The Reserve Bank further described its approach to supervision using a central point of contact to foster communication with the institution and others across the Federal Reserve to promote consistency in approach. Reserve Bank staff also discussed the Federal Reserve's role as consolidated supervisor for bank holding companies ("BHCs"). The Reserve Bank noted the general rationale for establishing an intermediate holding company ("IHC"), as well as the Federal Reserve's desire to understand potential questions related to IHC's.

The meeting participants discussed the general capital outlook for SLHCs, including source of strength requirements, with Macy's representatives emphasizing the need for clarity in the application of these new Dodd-Frank Act provisions. Macy's representatives also expressed the need to consider the burden and clarify the reporting expectations for entities that report on a fiscal year that is different than a calendar year.

Representatives of Macy's presented their views about the potential operation of IHCs identified in the Dodd-Frank Act. Macy's representatives expressed the need to understand the ultimate requirements for capital, 'source of strength,' and financial reporting defined for the IHC, as well as the determination of activities considered to be 'financial' in nature for SLHC's. Macy's representatives also expressed views on transactions between an IHC and "affiliates" under Sections 23A and 23B of the Federal Reserve Act as they might be applied to Macy's if it establishes an IHC. Reserve Bank staff confirmed the desire to receive comments during the rulemaking process.