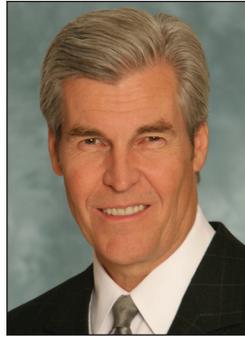


Brand Power

An Interview with Terry J. Lundgren,
Chairman, President, and Chief Executive Officer, Macy's, Inc.

EDITORS' NOTE Terry Lundgren assumed his current title in January 2004. Before this, he served as President and Chief Operating Officer, a title he assumed in March 2003 after having served as President and Chief Merchandising Officer since May 1997. He began his retailing career in 1975 as a trainee with Bullock's, a Los Angeles-based division of Federated Department Stores, and became Senior Vice President and General Merchandising Manager in 1984.



Terry J. Lundgren

In 1987, he was named President and CEO of Bullocks Wilshire, an upscale chain of specialty department stores owned by Federated. Lundgren left Federated in 1988 to join Neiman Marcus, where he served as Executive Vice President and, shortly thereafter, was named Chairman and CEO. He returned to Federated in April 1994 as Chairman and CEO of the Federated Merchandising Group. Lundgren holds a B.A. degree from the University of Arizona.

COMPANY BRIEF Macy's, Inc. (www.macysinc.com), headquartered in New York and Cincinnati, is one of America's premier national retailers, operating 41 Bloomingdale's stores and about 810 Macy's stores in 45 states, the District of Columbia, Guam, and Puerto Rico. The company also operates macys.com, bloomingdales.com, and Bloomingdale's Outlet stores.

Where are we positioned coming out of the downturn and is retail regaining strength?

Retail is generally a leading economic indicator because it stems from confidence consumers have at that moment and what they choose to spend their money on.

Based on our business for the year-to-date period at both Macy's and Bloomingdales, things are improving for many consumers. Our business has been consistently very strong and we had one of the best spring seasons in a decade. That is on top of 2010, which was an excellent year for our company.

So the consumers are feeling better about the economy and about their own situations, and with our broad coverage of Macy's and Bloomingdales, we speak for many consumers.

How have you been able to keep both of your brands so strong?

It has a lot to do with the impact and distinctiveness of both the Macy's and Bloomingdale's brands. Macy's, in particular, stretches across 45 states including Hawaii and into Puerto Rico and Guam, so we have very broad coverage.

We have the power of the national branding with iconic events such as Macy's Thanksgiving Day Parade and Macy's fireworks.

We've coupled that with a structure put in place over the past few years, which we refer to as My Macy's – our localization effort. In 69 markets around

the country, we have executive teams of former buyers and planning executives who are driving the localized needs for product in very small groups of stores, typically 10 per district. They have knowledge and expertise because they live in these various markets and are helping guide the assortments of product as it relates to size, color, weight of fabric, timing of deliveries, brand preference, and emphasis on certain categories for the individual stores they supervise. That is unique in our industry for a company of our size.

How much opportunity is there in the online space and will there be a time when the salesperson/customer interaction in stores will be lost?

I don't believe so. In fact, we refer to our best customers as the omni-channel consumers who shop in our stores, but also online, and through their mobile devices – that is today's consumer.

That is helping our store business, because often the research is done online and then a customer comes into the store to try on the dress or sit on the chair – whatever it takes to get to that final comfort level before making the purchase. So the online business is helping the store business.

More and more, we're going to make our stores interact with the online shopping experience. Today, you go into our stores and you might see on the hang tag, a QR – quick response – code where your smartphone can photograph the image and you will receive a playback of a video from that particular brand talking to you about that brand's collection at Macy's.

So it's personalizing the shopping experience and you are getting the benefits of the online experience now in the stores while you're interacting with an individual sales associate and trying out the merchandise.

How have you been able to find and retain the talent you need?

We made a very important decision several years ago to make New York City the headquarters for our merchandising, marketing, planning, and creative talent for the company. We previously had buying offices in seven cities around the country and New York is the most expensive of all of those to operate in, but we felt that to attract and retain the best talent in the fashion industry, we needed to be in New York City. It was an expensive move, but it was the right decision.

The Partnership for New York City, led by Kathy Wylde, brings together business leaders in the community who compete in their industries but work closely in this group to address the city's needs. What is it about New York that allows for such a tight-knit and cooperative group?

There is a need here for business leaders to use their expertise and knowledge, their connections and resources, and to leave their personal and company priorities behind, in order to think through and act upon the best possible solutions for New York.

The Partnership has flourished while Mayor Bloomberg has been in office. He has not only made himself accessible to the Partnership but he comes and talks to us when he needs input or advice.

Kathy Wylde has been a terrific leader. I would not have become the Co-Chair of the Partnership had I not felt so strongly that it is an organization that functions extremely well for New York City; the political leaders are responsive; and we have a Governor who is supportive and responsive to the New York Partnership initiatives.

How critical is community engagement for your brands?

It's very important. Our customers have a choice as to where they will shop and do their business, and part of our connection with our consumer is giving back. It's one of the core values of our company, and we try to find those subjects and individual organizations that are aligned with our customers and employees.

Today, many very important cultural organizations would not survive without the assistance of companies such as Macy's and Bloomingdale's and we give rather significant support, not just in New York but also in other cities around the country. ●