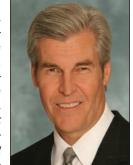
SHAPING THE FUTURE

Giving Back

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

EDITORS' NOTE In January 2004, Terry Lundgren assumed his current title. Prior to this, he served as President and Chief Operating Officer, a title be 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 Terry J. Lundgren Merchandising Manager in 1984.



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 Headquartered in New York and Cincinnati, Macy's, Inc. (www.macysinc.com), is one of America's premier national retailers. operating 37 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.

How do you focus your charitable efforts and decide what makes sense for Macy's to be involved in?

We decided several years ago that we wanted to make a difference in the categories of giving that were most important to our customers and employees. So we surveyed them and the response came back to five categories: education, so we're largely involved in public education but also with higher level education; women's health issues, that ranges from breast cancer awareness to ovarian cancer, to the American Heart Association Go Red For Women, which is focused on heart disease; HIV/AIDS; arts and culture; and we give back to the United Way and the environment.

Are your efforts mainly local or do you concentrate more on one major corporate effort?

We do it on both sides. When we do major campaigns, we raise a lot of money for national organizations and, in fact, we have become one of, if not, the largest financial donor for several of these organizations such as the Make-A-Wish Foundation, American Heart Go Red For Women, and Reading Is Fundamental.

But we don't want to forget the organizations that are locally relevant, in the same way that we focus on making our inventory locally relevant through My Macy's. We're giving

money to our district teams in the cities across America and allowing our district teams to decide where they would like to give back to the local communities.

How critical are these efforts to your employee engagement?

You get your associates engaged in your company when you get them engaged in the community. When people feel good about their jobs and companies, they're happy to sign up to support efforts at giving back. Early in my career, one of the messages I received from my boss was, you've just gone from supervising two assistant buyers to supervising 300 associates, but the bad news is that you don't have a volunteer program and your people give little to the United Way, and the rest of our company is much stronger than that. If you don't have a strong give-back program, there is something wrong with how people feel in the store. So I had to make people feel they were part of a team. He told me that I would know if I was doing well six months from then if our United Way results were better and my people were ready to volunteer. I never forgot that message and our employees are still very engaged in giving back.

How critical is it to the success of Macy's to have a diverse workforce that mirrors your clientele and how have you worked to build an inclusive environment?

What makes America great is our diversity, that we come from different backgrounds, and that certain people have different beliefs. Yet, what everyone has in common is that you can start with nothing and with hard work and the right opportunities, you can perform well in the business and social world, and in other fields. That freedom attracts people from all over the world who want to become Americans.

The diversity of our population is represented in our customer base which, in turn, is representative of our employee base. I spend my time making sure that everyone feels included in our company and that we value individuals, regardless of their background, and that we celebrate their diversity. You have to take a leadership role in this regard. I have been Chairman of the National Minority Supplier Development Council for three and a half years. We're helping companies who are working in retail and other pipelines understand how to work with large companies like Macy's. We set up our own workshop program to interview potential small business vendors that can someday grow into large businesses with diverse ownership.

Is it important that there are metrics to track ROI and measure the impact of your giving programs? Is it tracked as the business is or is it looked at differently?

You have to look at these areas separately. You have to know who is benefitting from your investments, be those investments of time or financial support, and you want to make sure that the group receiving those investments is going to use them in a way that will ultimately help them grow and improve their situation. If they later become part of our customer base or our employee base, that is an extra bonus. But you have to separate the two and respond to the need. All companies, but especially large companies, need to give back to the community because that ultimately creates a healthy business environment for all businesses. So we also have to look at those efforts without a specific return on investment.

Innovation is at the core of what you do. How do you maintain that element of your culture, especially when you reach the size and scale you have as a company?

I think it's more important to maintain a culture of innovation when you become larger to ensure that you're constantly looking forward, that you're never slowing down and that you're never in the position where someone else is taking the chance at doing something first because they were investing in forward thinking and you weren't. So we are always challenging ourselves on this subject.

Do you ever take the time to celebrate all that the company has accomplished?

We're always looking to recognize those who helped us have a tremendous year, as we did in 2010 and 2011, and to encourage them to keep pushing for better results in the future.