

**Remarks By
Terry J. Lundgren
Chairman, President and Chief Executive Officer
To The Macy's, Inc. Annual Shareholders Meeting
May 14, 2010**

For Macy's, Inc., 2009 was a remarkable year. I would not want to go through it again, but I am glad to have had the experience, and to come out of it the way we did.

Never have we undergone so much change in such a short period of time. Never have we seen so many potential obstacles and potential disruptions – including one of the worst economies any of us have ever lived through.

But thanks to the talent and energy of our organization, we generated better-than-expected sales, improved earnings and cash flow, and enhanced gross margins.

The momentum behind our business has continued into the first quarter of 2010, as you saw from the results we reported two days ago. We continue to outperform most of our competitors and to gain market share.

So what is fueling our positive results today?

Certainly, our talented people are at the top of the list. We must do millions of little things right every day. And I want to thank our 160,000 employees for rising to the challenge.

I'd like to call out four obvious reasons why we did so well versus our competitors in 2009 and the first quarter of 2010.

No. 1 is My Macy's. Our experience in the pilot and rollout phases over the past two years has reinforced what we initially believed... that our My Macy's localization strategy is a powerful tool for us to drive sales.

No other national retailer has anything like My Macy's, and it's unlikely that anyone will make the investment required to copy us.

No other retailer is likely to have the resources or the high level of talent that we have added to 69 districts around the country.

My Macy's is our sustainable competitive advantage. It allows us to truly mold the Macy's assortment and shopping experience for the customer in each store and community.

I'd like to show you a video that we played two weeks ago at a meeting of analysts and investors in New York. This is a videotaped excerpt from a live meeting we held in mid-March for all of our associates around the country. About 45,000 people participated in it.

This internal meeting originated at Madison Square Garden – and we Skyped-in groups of associates here in Cincinnati and from our eight regions across America.

At one point in that meeting, we asked every region to give us just one My Macy's success story from their part of the country – in 60 seconds or less. Here is what they said...

(run video of My Macy's stories)

I'm in our stores every week and I see our execution of the My Macy's strategy continuing to improve as we learn more about the variations in customer need ... and we better understand preferences from location to location. We have only begun to scratch the surface on harnessing the advantages of My Macy's. So we see the potential for a long runway of continued positive results.

The second reason for the success of Macy's, Inc. is Bloomingdale's, which has rebounded as a leading upscale retailer. We have re-emphasized the designer merchandise, contemporary fashion and uniqueness in its assortment, coupled with a high level of customer service and engagement.

Bloomingdale's also has reached out to international audiences with its first overseas store in Dubai in February. And we are preparing for the launch of Bloomingdale's outlets stores in four locations that will begin opening in the August/September period.

Reason number 3 for our success is our progress in multichannel integration.

At both Macy's and Bloomingdale's, we have adopted a 360-degree view of the customer so we can serve her needs whether she shops in one of our stores or online.

Often, it's both. That's our best customer.

Our company's online sales were up nearly 20 percent in 2009 and by another 34 percent in the first quarter of 2010. The momentum continues to build, even as the online business grows larger.

We're planning for significant increases in the next few years, and we are investing to continue to fuel the multichannel opportunity.

Reason number 4 is the strength of our private brands and exclusive market brands.

Private brands like I.N.C., Alfani, Style&co., Epic Threads, Hotel Collection and American Rag offer the highest quality at the best value in their categories.

No one does private brands better than Macy's.

But beyond that, think of the names that are sold exclusively at Macy's – Martha Stewart Collection ... Tommy Hilfiger ... Donald Trump ... Rachel Rachel Roy.

We have Ellen Tracy and Threads & Heirs new this spring.

And we recently announced new deals to be the exclusive retailer of Kenneth Cole reaction men's sportswear...

...Material Girl juniors products through a new exclusive relationship with Madonna...

...and Sean John men's sportswear.

Five years ago, critics spoke about the sameness of department stores. They talked about how the same goods could be found up and down the mall. That is no longer the case for Macy's.

Last year, more than 42 percent of Macy's sales came from private brands, as well as those that are exclusive and in limited distribution. This percentage will be growing in the years ahead.

Take a look at these displays around the room. The combination of fashion, quality and value is exceptional in our private and exclusive brands. Our customers are voting for these products with their wallets.

As our business and momentum have accelerated, so has our share price.

At last year's annual meeting, our share price was \$11.18. Today, it's more than double that. In fact, our total shareholder return – share price appreciation plus dividend – was up by 81% in fiscal 2009 ... and it rose by another 46% in the first quarter of 2010.

We don't intend to let up on the accelerator pedal.

As a roadmap for future growth, we have recently updated the Macy's business and brand strategies.

The customer is at the center of all of our decisions at Macy's today. We are getting to know her better than ever through extensive customer research and analysis of transaction data in partnership with dunnhumby USA. We are molding our assortments, our pricing, our shopping experience and our marketing to her wants and needs. These remain our 4 priorities.

I have committed myself to serving in the role of Macy's Chief Customer Officer. I am very serious about this. I will be the #1 advocate for our customers in every major decision we make.

I won't go through our updated strategy in detail this morning. You will see it outlined on the large posters in the hallway outside of the room this morning.

Financially, we will measure our success in terms of sales growth, EBITDA and return on invested capital. This, in turn, should drive increases in total shareholder return.

You should note that, going forward, the culture of our company will encourage continuous innovation and testing. Ours is a company that always will be trying and doing new things. We will be investing in our people. We are encouraging collaboration, as well as diversity and inclusion in all we do.

We now are in the fourth year of Macy's as a truly national brand. While we have come a long way in these four years, Macy's still is a very young brand that continues to develop on a national stage.

The potential we see in the Macy's brand is enormous. We are limited only by our own imaginations and by our ability to execute. And that is why our focus today is on vigorous execution of the new strategies we have put in place over the past two years.

I will close my remarks this morning with one final video.

Macy's clearly is a unique brand that holds a special place in the hearts and minds of consumers nationwide. Our customers count on us to inspire, delight and entertain them.

We bring magic to the shopping experience. Listen to what our customers have to say about the magic of Macy's...

(run Magic of Macy's video)

I feel incredibly fortunate that our company has attracted, developed and retained the very best talent in the retailing industry. That continues to be the case today – perhaps more than ever. I am very proud of our organization. It is the people of Macy's, Inc. who will fuel our continued success.