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Macy's, Inc. Same-Store Sales Down 4.0% in December

CINCINNATI--(BUSINESS WIRE)-- Macy's, Inc. (NYSE: M) today reported total sales of \$4.397 billion for the five weeks ended Jan. 3, 2009, a decrease of 4.7 percent compared with total sales of \$4.614 billion in the five weeks ended Jan. 5, 2008. On a same-store basis, Macy's, Inc. sales were down 4.0 percent in December. Same-store sales for the combined November-December period were down 7.5 percent.

(Editor's Note: Macy's, Inc. this morning also issued a separate news release announcing 11 store closings.)

For the year to date, Macy's, Inc. sales totaled \$23.679 billion, down 5.4 percent from total sales of \$25.040 billion in the first 48 weeks of fiscal 2007. On a same-store basis, Macy's, Inc.'s year-to-date sales were down 4.6 percent.

"The holiday shopping season ended with strong sales in the fourth and fifth weeks of December after a slow start to the month and unfavorable weather conditions in the Northeast, Midwest and Pacific Northwest," said Terry J. Lundgren, Macy's, Inc. chairman, president and chief executive officer. "This has been the most challenging economic environment in memory, and I am proud of our organization for staying focused on delivering a compelling combination of value and fashion to customers who were shopping cautiously. We went into the fourth quarter with an objective of reducing inventory levels to position us for 2009. We are pleased to have accomplished that objective with approximately 7.5 percent lower inventory on a comparable store basis at the end of December compared with last year.

"We are especially encouraged by our holiday season sales performance in My Macy's pilot districts, where we have been working to tailor store assortments, service levels and the shopping environment to local customer needs and preferences. Of our top 15 best-performing geographic markets in December, 13 were My Macy's pilot districts," Lundgren said.

Online sales (macys.com and bloomingdales.com combined) were up by 39.1 percent in December, by 26.0 percent in the November-December period, and by 30.1 percent for the year to date. Online sales are included in the same-store sales calculation for Macy's, Inc.

The company expects to end the fourth quarter with more than \$1 billion in cash on hand and no borrowings against its \$2 billion bank credit agreement.

The company said that same-store sales in the fourth quarter (the months of November through January) will be down approximately 7.5 percent, consistent with the November-December trend. This compares with previous guidance for same-store sales to be down between 1 and 6 percent for the fourth quarter. Achieving sales and inventory-reduction

results required incremental markdowns that will result in a lower gross margin rate for the fourth quarter. As a result, the company currently expects earnings per share on a diluted basis in the range of 90 cents to \$1.00 in the fourth quarter, excluding one-time costs associated with consolidations announced earlier in the year and store closings announced today, compared with previous guidance of \$1.10 to \$1.30 per diluted share on the same basis. For fiscal 2008 as a whole, current guidance is for earnings per share on a diluted basis of \$1.10 to \$1.20, excluding previously announced asset impairment charges and costs mentioned above, compared with previous guidance of \$1.30 to \$1.50 per diluted share on the same basis.

Macy's, Inc., with corporate offices in Cincinnati and New York, is one of the nation's premier retailers, with fiscal 2007 sales of \$26.3 billion. The company operates more than 840 department stores in 45 states, the District of Columbia, Guam and Puerto Rico under the names of Macy's and Bloomingdale's. The company also operates macys.com and bloomingdales.com. Prior to June 1, 2007, Macy's, Inc. was known as Federated Department Stores, Inc.

All statements in this press release that are not statements of historical fact are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements are based upon the current beliefs and expectations of Macy's management and are subject to significant risks and uncertainties. Actual results could differ materially from those expressed in or implied by the forward-looking statements contained in this release because of a variety of factors, including conditions to, or changes in the timing of, proposed transactions, prevailing interest rates, competitive pressures from specialty stores, general merchandise stores, manufacturers' outlets, off-price and discount stores, new and established forms of home shopping (including the Internet, mail-order catalogs and television) and general consumer spending levels, including the impact of the availability and level of consumer debt, the effect of weather and other factors identified in documents filed by the company with the Securities and Exchange Commission.

(NOTE: Additional information on Macy's, Inc., including past news releases, is available at www.macysinc.com/pressroom)

Source: Macy's, Inc.