

**MACY'S CREDIT AND CUSTOMER SERVICES
COMPENSATION PROGRAM SUMMARY
FOR THE 2009 FISCAL YEAR
(FEBRUARY 1, 2009 TO JANUARY 30, 2010)**

BACKGROUND

Every year we review our compensation plan to determine if any changes will be made for the upcoming fiscal year. Following is a review of our compensation program effective February 1, 2009.

PAY RANGES AND HIRING RATES

All positions at Macy's Credit and Customer Services are assigned a pay range that reflects the activities, responsibilities, internal job value, external job value and the level of judgment required by the position.

Equitable hiring rates have been established for each pay range. Macy's Credit and Customer Services pays a higher starting salary to individuals based on their experience that is directly related to the position at Macy's Credit and Customer Services. Each pay range is comprised of a minimum, midpoint, and maximum. In no case is an associate paid less than the minimum of his or her pay range. The midpoint of the pay range represents the pay rate of a fully experienced individual. The maximum of the pay range is the amount that represents the greatest compensable point in terms of the position's contribution to the company. An associate's hourly rate should not be increased beyond the maximum of his or her pay range.

The minimum, midpoint and maximum of your specific pay range can be obtained from your manager or your Human Resources Department.

PERFORMANCE APPRAISALS AND MERIT INCREASES

All eligible associates are evaluated for performance on a quarterly basis using the Quarterly Performance Evaluations (QPE's). The average overall scores on the QPE's determine the review score for annual reviews. All associates are eligible for a merit increase twelve months from date of hire, promotion, or last annual review date not to exceed the maximum of his/her range. However, if an associate's hourly rate reaches the maximum when calculating the annual merit increase, the difference will be paid in the form of a lump sum.

Annual merit increases are determined by the average score of the associate's quarterly performance evaluations and the associate's position in his/her pay range. The 2009 merit increase scale is as follows:

	Overall Review Points	Annual Increase
Exceeds	275 - 300	3%
Exceeds	250 - 274	3%
Meets	225 - 249	2%
Meets	200 - 224	2%
Meets	175 - 199	0%
Acceptable	150 - 174	0%
Below	0 - 149	0%

Our annual merit scale for 2009 provides associates the opportunity to receive up to a 3% increase, based on their individual annual review score.

PRESIDENT'S AWARDS

Macy's Credit and Customer Services offers a bonus and recognition award for those associates with the highest performance in the company. The awards are presented at a banquet hosted by our President. Associates whose annual performance review rates in the top 5% of their Vice President's/Managing Director's pyramid (annual review scores during fiscal 2008) will be eligible for a \$1,250 President's Award. Eligible associates must be employed by Macy's Credit and Customer Services and consistently meeting expectations at the time the President's Awards are presented in May.

PROMOTIONS

An associate that is promoted to a position with a higher pay range from which he/she currently holds is eligible for a prorated merit increase plus a promotional increase.

The eligible merit increase for a promotion is determined as follows:

If an associate being promoted has received an annual review in the last 90 days, the rating on that review will be used to determine the merit increase. If an associate has not received an annual review in the last 90 days, it will be necessary for his/her manager to complete an annual review to determine the eligible merit increase.

The eligible merit increase will be prorated by the number of weeks since his/her last review (or date of hire). In all cases, when calculating the percentage increase for merit purposes on a promotional review, the annual merit increase scale will be used.

After the prorated merit is calculated, the associate will be eligible for one of the following promotional increases:

- 4% If the difference between the minimums from the associate's current position versus the position he/she is being promoted to is less than \$.50.
- 8% If the difference between the minimums from the associate's current position versus the position he/she is being promoted to is \$.50 or greater.

DEMOTIONS

Any associate that moves to a position with a lower pay range will be subject to a decrease in pay. (Please refer to the Human Resources Department for further information).

QUESTIONS/COMMENTS

If you have any questions regarding the information contained in this document, please contact your Manager or a Human Resources representative.

Important Information

Macy's Credit and Customer Services is an equal opportunity employer. All individuals are considered for employment, development, advancement and compensation based upon their skills and performance without regard to race, color, gender, religion, age, sexual orientation, marital status, national origin, disability or any other basis prohibited by federal, state, and local laws, orders and regulations.

The Macy's Credit and Customer Services Compensation Program and all other policies are subject to revision. Macy's Credit and Customer Services reserves the right to unilaterally modify in any way, or eliminate, or depart from any policy or practice in whole or part, in individual cases or in general application without prior notice. The reference to Macy's Credit and Customer Services is intended to include employees of both Macy's Credit and Customer Services and FDS Bank.

This document is meant to be an overview. Full policies regarding the subject matter contained in this document are maintained by Human Resources. Since this is an overview, the provisions of the actual applicable policies will govern if inconsistent with the contents of this overview.

Nothing herein should be construed as an express, implied, or inferred contract of employment between any individual and Macy's Credit and Customer Services, or as a right of any associate to be continued in the employment of Macy's Credit and Customer Services, or as limitation on the right of either the Company or any employee to at any time terminate the employment relationship, with or without cause and with or without notice.