

The May
Department
Stores
Company

Policy on
Business
Conduct

MAY

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Policy On Business Conduct

To All Associates

The May Department Stores Company is committed to conducting its business according to the highest ethical, moral and legal standards. As a basic principle, all business conduct must adhere strictly to the highest standards of integrity and propriety. May expects each of you – worldwide – to:

- comply with the laws, rules and regulations that apply to May's business,
- use sound business judgment,
- adhere to the highest ethical and moral standards, and
- avoid all conflicts of interest.

May prepared this booklet to clearly outline our business and ethics policies. You should read this booklet thoroughly and clearly understand the behavior and the standards May expects of you.

You have a personal responsibility to comply with our policies, ask questions if you have doubts about the ethical or legal implications of any situation or proposed course of action, and report any concerns you may have about any business practice that may violate the law or our policies. If you:

- observe or know of violations of our policies,
- have a question about the legality of an action, or
- have a question as to whether an existing or potential conflict of interest exists, or whether May should consider consenting to any conflict because of the particular circumstances,

you should discuss the matter with the head of human resources for your local division or with one of the following executives at the corporate office: Barry S. Silver, vice president of audit; Alan E. Charlson, senior vice president and general counsel; or Richard A. Brickson, secretary and senior counsel. You may also anonymously report concerns relating to May's accounting and auditing practices by calling a confidential accounting and auditing hotline. You will not suffer retaliation in any form for reporting concerns in good faith.

I am confident that you will comply with our policies and will follow the highest standards of business integrity.



John L. Dunham
Chairman, President and
Chief Executive Officer

February, 2005

Conflict Of Interest Policy

To our Associates:

Our policy prohibits any direct or indirect conflict of interest between you and the company¹, unless the company specifically consents.

You have a conflict of interest if, in the course of employment, considerations of personal gain or benefit, or gain or benefit to a third party, may influence your judgment and discretion. All of your business decisions for May should reflect your independent judgment and discretion, not influenced by any considerations other than what you honestly believe to be in the best interest of the company and its shareowners. The divided loyalty that results from a conflict of interest could potentially lead to serious problems for you and for May.

May respects your privacy and your right to conduct your personal affairs without interference. However, if your personal affairs create a conflict of interest, a potential conflict of interest or the appearance of a conflict of interest, May must insist that you disclose the facts fully and timely. In many cases such a disclosure will permit May and you to avoid any problems. If you disclose the facts and if there is no illegal or unethical conduct involved, the company could consent to the proposed activity even though a technical or nominal conflict of interest may exist.

It is not possible to formulate in advance an all-inclusive set of guidelines regarding potential conflicts of interest. The illustrations that follow provide guidelines for certain types of situations. May will answer specific questions regarding situations that are not clearly covered by this policy statement on a case-by-case basis when they arise.

Illustrations of Potential Conflicts of Interest

Relationships with Suppliers, Customers or Competitors

You should not own any substantial stock or other financial interest in or participate in the business of, or serve as a director, employee or consultant to:

- anyone having or seeking business with the company, including actual or potential resources, or
- a competitor of the company.

The question of what constitutes a “substantial” stock or other financial interest will depend on the particular facts and circumstances in any given case.

You should not accept an offer by anyone having or seeking business with the company or a competitor of the company to purchase stock on terms that are not generally available to the public.

¹The words “company,” “May,” “our,” “us” and “we” refer to The May Department Stores Company and all of its subsidiaries.

Indirect Interest and Relationships

A conflict of interest can arise because of the business activities of your close relatives. You have a potential conflict of interest whenever a close relative has a significant interest in a transaction or a significant relationship with any competitor or resource. In such instances, you should not make or influence any decision that could directly or indirectly benefit your close relative and, in order to protect you and the company from the appearance of a conflict of interest, you should make appropriate disclosures to the company.

Gifts, Loans and Entertainment

You should not:

- accept gifts, including cash, merchandise, trips, or other valuable items, from a competitor or from anyone having or seeking business with the company, other than non-cash gifts of nominal value,
- accept loans from any persons or entities having or seeking business with the company (a loan from a financial institution at normal interest rates prevailing at the time of the borrowing is, however, permissible), or
- purchase items for personal use from vendors having or seeking business with the company. If you want to buy an item that the company does not carry, you may request the company to order the item from the vendor. If the company elects to order the item, it then will sell the item to you at a price that reflects a customary department mark-up less your discount.

Participating in business-related functions, including the acceptance of meals with a supplier, customer or competitor on occasion, is a normal and permissible business practice. However, you should exercise care to ensure that such functions are necessary and that their value and frequency are not excessive under all the applicable circumstances.

Outside Business Activities

Active participation on a part-time or freelance basis in any outside business, whether or not such a business is a resource, competitor or non-retail customer, would also be a conflict if:

- your participating in that business could interfere with your ability to devote proper time and attention to your employment by the company, or
- it constitutes a drain away from the company of your talents and creative energy.

As a general rule, if annual earnings from any outside business in which you actively participate exceed 5% of your annual compensation from the company, or if you frequently render more than four hours of service per week to an outside business, there may be a conflict in violation of this policy. You should discuss the situation with your immediate supervisor or one of the executives identified on page 13.

Nonbusiness Activities

Your participating in the activities of a trade association, professional society, charitable institution or governmental institution on a non-compensated basis or holding a part-time public office (with or without compensation) will not generally create a conflict in violation of this policy. However, if participation involves a substantial commitment of time, you should first consult with the company.

Personal Use of Corporate Property and Corporate Information

You should not:

- use or divert any corporate property, including the services of other associates, for your own advantage or benefit, or
- use corporate letterhead paper when writing letters on personal or other matters not directly related to the company's business, because that practice uses the company's name and could expose the company to potential liability for activities beyond the scope of your employment.

Insider Trading

One special aspect of dealing with corporate information is the potential use or misuse of "material inside information." Material inside information means facts that have not been disclosed to the public that could influence a reasonable investor's decision to buy or sell a company's stock or other securities. Information is nonpublic if it has not been disseminated in a manner making it available to investors generally. Examples of events that could involve material inside information (until appropriate public disclosure has been made) include a change in the dividend, a stock split, a merger, an acquisition, disposition or consolidation, changes in directors or senior executive officers, changes in control, earnings information, or financial performance that is not generally expected on the basis of publicly known factors.

You may become aware of material inside information about May or about another company. If so, you must both hold that information in strictest confidence and refrain from buying or selling (or influencing others to buy or sell) any stock or other securities of May or of the other company until the information is public. Buying or selling securities before the information is publicly disclosed is deemed to be "insider trading," unless the transaction is made pursuant to a binding contract, specific instruction or written plan you put in place before you became aware of the information. Disclosing the information to anyone could be "tipping." Either of these actions could result in both civil and criminal liability, both to you personally and to the company.

Associate Responsibilities

You must not disclose material inside information to outsiders, either intentionally or inadvertently, under any circumstances, whether at meetings held as part of the business day, at informal after-hours discussions, or to friends or relatives.

You are responsible for recognizing any situation in which a conflict of interest is present or might arise and for taking appropriate action to eliminate or prevent such conflict. You must also exercise care to avoid or prevent conduct which might reasonably appear to be in conflict with the best interest of May and May's shareowners.

Who to Contact with Questions or Concerns

If you have a question as to whether an existing or potential conflict of interest exists, or whether May should consider consenting to any conflict because of the particular circumstances, you should immediately contact one of the executives identified on page 13 to report all the pertinent facts and to request an opinion with respect to the question.

Antitrust and Unfair Competition

May does not seek competitive advantage through illegal or unethical business practices. You must comply at all times with all antitrust and related laws designed to prevent unfair business arrangements and practices. You must not:

- discuss with competitors any of our pricing, marketing arrangements, terms or conditions of sale, our relationships with our suppliers, or any other competitive information,
- make any arrangement or agreement, directly or indirectly, with a competitor to pressure a vendor to refuse to sell to another competitor, or regarding pricing, terms or conditions of sale, costs, profits, or the division or allocation of markets, territories or customers, or
- make any arrangement or agreement, directly or indirectly, with any vendor that establishes the resale price of a product or limit a competitor's right to purchase the product.

The consequences for failure to comply with these restrictions may involve criminal and civil liability for both you and May.

Accounting and Payment Practices Policies

Use of company funds or other company property for illegal, unethical or otherwise improper purposes is prohibited.

In prior years, there have been many widely publicized reports of various types of improper accounting and payment practices by or on behalf of a number of prominent companies.

Types of Improper Accounting or Payments

Some examples of improper practices include:

- capitalizing costs that should be expensed,
- recording expenses or income in the wrong period,
- recording credits or charges that are not appropriately documented or approved,
- misleading or otherwise less-than-clear financial disclosures,
- disregarding or ignoring the requirements of company SPIs relating to financial reporting,
- bribery of public officials, particularly officials of foreign countries, and
- creation or use of so-called “slush funds” (secret accounts of money diverted from legitimate corporate accounts or collected from corporate personnel which are used for political contributions, bribes or other improper or questionable purposes).

In many cases, the legal consequences for the companies and individuals who have engaged in these practices have been extremely serious. Some have faced federal criminal prosecution. Others have been subjected to expensive, time-consuming civil actions brought by various governmental agencies and private parties.

Many of these types of practices are directly covered by SPIs or by other corporate, divisional or departmental policy statements. Some, however, do not fall precisely within any written statement of policy. This policy is intended to make absolutely clear that we prohibit all such practices and all similar practices, whether legal or illegal.

The rules that follow are not intended to be all-inclusive, but address areas of particular concern.

Accounting Practices

May requires full, fair, accurate, timely and understandable recording and reporting of financial information. No undisclosed or unrecorded account or fund shall be established for any purpose. No false or misleading entries shall be made in May's books or records for any reason. No disbursement of corporate funds or other corporate property shall be made without adequate supporting documentation or for any purpose other than as described in the documents. All transactions must be fully and completely documented and recorded in May's books and records. All invoices and other documentation requested or accepted from vendors must accurately set forth the details of the transaction. Each of you shall comply with generally accepted accounting rules and May's internal controls at all times.

Political Contributions

No company funds or other company property shall be used for United States federal political campaign contributions. No company funds or other company property may be used for any other political contributions, whether within or without the United States, unless such use has been approved in accordance with SPI-A5.

Payments to Government Personnel

Direct or indirect payments to officials or associates of any government at any level of either May's or private funds in furtherance of May business are prohibited, whether or not it is accepted practice in that country.

Foreign Representatives, Agents and Consultants

Commission or fee arrangements shall be made only with firms or persons serving as bona fide commercial representatives, agents or consultants. Such arrangements may not be entered into with any firm in which a government official or associate is known to have an interest unless the arrangement is permitted by applicable law and has been specifically approved by the company's general counsel. All commission and fee arrangements shall be by written contract. Any commission or fee must be reasonable and consistent with normal practice for the industry, the merchandise involved and the services to be rendered. Payments shall not be made in cash.

Associate Responsibilities

You may not take any action or authorize any action which involves any illegal, unethical or otherwise improper payment of money or anything else of value. If you have information or knowledge of any unrecorded account or fund, of any false or misleading entry in May's books or records, or other violation of May's accounting practices, you must promptly report the matter to one of the executives identified on page 13. You may also anonymously report your concerns about May's accounting or auditing practices by calling May's confidential accounting and auditing hotline described on page 13.

Who to Contact with Questions or Concerns

If you have any concerns or questions about a situation with respect to these accounting and payment practices policies, before taking any action, you should immediately review the matter with one of the executives identified on page 13 or report the concern by calling the accounting and auditing hotline described on page 13.

Confidential Information and Work Product Policies

The company prohibits unauthorized disclosure of any confidential information. You may use confidential information about May only in performing your job responsibilities. You may not share this information outside of the company in any unauthorized way.

Confidential Information

All information pertaining to the company's business is confidential, proprietary and a protectable trade secret of May, except to the extent that the company has intentionally made such information public through a press release, a publicly filed report or any other widely available public distribution of the information. Confidential information includes, among other things, reports, any form of written summary of any kind, verbal disclosures or pictures, and other information, including merchandising or strategic information (such as vendor performance results, comparative data, IT/MIS system specifications, etc.).

Work Product

All rights to any associate's inventions, improvements, designs, ideas, or original works of authorship that (a) are developed using equipment, supplies, facilities, confidential information, or personnel of May; (b) result from or are suggested by your work for May; or (c) relate to the present or prospective business of May, are the sole and exclusive property of May. You will, at May's request, take reasonable steps to secure, protect, and enforce May's rights.

Associate Responsibilities

You should exercise care to reduce the likelihood of unauthorized disclosures of confidential information. You should guard against disclosing the information to spouses, friends and business associates, even seemingly innocently or inadvertently.

You should properly safeguard documents at all times. For example, after a meeting, whether on or off company premises, you should not leave any written materials behind.

You should not attempt to obtain confidential information that does not relate to your employment duties. You should treat all non-public company information as confidential while you are employed and after your employment at May ends.

Equal Opportunity

Employment

May forbids discrimination and harassment in all terms, conditions and privileges of employment. The company's policy is to provide equal opportunity in employment and to act to ensure such equal opportunity. The policy applies to **all** personnel actions and procedures, including but not limited to recruiting, hiring, training, transfers and promotions, compensation, benefits and all other terms, conditions and privileges of employment.

Diversity

May's commitment and policy on non-discrimination extend to more than its associates. We require that each of you treats all other associates, all customers, suppliers and any others with whom you come into contact during the course of the business day fairly, equally and with dignity. The variety and individuality of all associates, all customers, and all others with whom we interact enhance the quality of our work environment and our customers' shopping experience. We strive every day to be sensitive to the uniqueness each of us brings to the company.

May's equal employment opportunity and diversity policies are to be administered without regard to age, citizenship, color, disability, gender identity, marital status, national origin, race, religion, sex, sexual orientation, veteran's status or any other characteristic protected by federal, state or local laws. If you believe you have experienced, learned of or witnessed a violation of these policies, you must immediately notify the human resources manager at your location or a member of management with whom you are comfortable. The company will treat a violation of these policies like any other form of associate misconduct. Company policy forbids retaliation against anyone who has complained of a violation of these policies.

Americans With Disabilities Act

Every associate must assist May in implementing its Americans with Disabilities Act (or ADA) policy to provide all customers full and equal access to the company's stores, merchandise and services. May is also committed to providing equal employment opportunities and reasonable accommodations to qualified individuals with disabilities. We must provide exceptionally friendly service to all customers and be sensitive to the needs of both customers and associates with disabilities. A few examples illustrate how to assist customers with disabilities.

Customer Etiquette

- Give a customer with a disability prompt, courteous, cheerful service and respect.
- Focus attention and service on the customer, not his or her companion.
- Don't assume the customer will or will not need extra help; ask if the customer requires service or assistance and be ready to provide it.
- Do not ask personal questions about the disability.
- Take the time needed to provide extra service.
- If you are unable to offer prompt assistance to a customer with a disability, you should request additional assistance.

Customer Service

- Offer assistance to hold open a door or help maneuver a wheelchair.
- Offer to escort a visually impaired customer.
- Offer to bring merchandise to the customer at an accessible location like a hard surface aisle, wrap stand or fitting room.
- Check prices and read price tags aloud to a customer with a visual impairment.
- Retrieve merchandise stored above or below the reach of a person with a disability.
- Keep movable fixtures out of the accessible route to merchandise, fitting rooms, restrooms, elevators and other facilities.

Customers

May is committed to complying with the ADA. All customers deserve the highest level of attention, service and respect. May expects each of you to make an extra effort to help May serve customers with disabilities as required by the ADA.

Employment

May prohibits employment discrimination on the basis of disability. In addition, it is May's policy to reasonably accommodate the known limitations of an otherwise qualified individual with a disability, if we can do so without undue hardship. If you wish to request a reasonable accommodation, you should contact your human resources manager.

Sexual Harassment

May prohibits inappropriate or unwelcome sexual conduct – verbal, physical or visual – in the workplace.

Inappropriate or unwelcome sexual behavior can hinder performance, violates company policy, and may be unlawful. Even if it does not meet the legal definition of sexual harassment, inappropriate or unwelcome sexual behavior is a company policy violation May will not tolerate.

The company will act promptly to investigate every sexual harassment complaint and to remedy the situation effectively when a violation of company policy has occurred. May will treat sexual harassment as it does any other form of associate misconduct and will take disciplinary action, up to and including termination, as management determines to be appropriate.

May recognizes that there can be a question as to whether a particular action or incident is part of a purely personal, social relationship with no harassing effect. May reviews the particulars of each situation to determine the facts.

An associate who believes he or she has experienced, witnessed, or learned of sexual harassment in the workplace should immediately notify his or her human resources manager or another member of management with whom he or she is comfortable. This is to ensure that the company can take appropriate action to determine whether company policy has been violated and, if so, prevent similar conduct in the future.

As in all such matters, the privacy of the associate will be respected to the extent possible. Company policy forbids retaliation against anyone who has made a sexual harassment complaint or assisted in an investigation. Retaliation is also a form of associate misconduct, and May will take disciplinary action, up to and including termination, as management determines to be appropriate when retaliation has occurred.

General

Note to All Associates

A violation of the policies described in this booklet harms anyone with an economic interest in May, including shareowners and associates. A violation may also expose you and the company to civil and criminal liability. If you violate these policies, you are subject to disciplinary action up to and including termination.

Taking action to prevent problems is part of the May culture. If you know of or reasonably believe there is a violation or possible violation of applicable laws or any of these policies, you must promptly report that information. You may report the information either by name or anonymously, in writing, by email or by telephone to one of the individuals listed on the next page.

It is company policy to promptly investigate each complaint alleging the violation of a law or company policy and to effectively remedy the situation when a violation has occurred. Every manager is responsible for assisting May in implementing these policies, and we expect each associate to adhere to these policies not only in practice but in spirit. It is all of our jobs to make sure our commitment and policy is a way of life. No associate will suffer retaliation in any form for reporting concerns in good faith. May will take corrective action and/or disciplinary action against anyone who retaliates, directly or indirectly, against any associate who reports in good faith a suspected violation of its policies or law.

Who to Contact with Questions or Concerns

If you have a concern or a question about any of the policies described in this booklet, you should contact the head of human resources for your local division or with one of the following executives at the corporate office: Barry S. Silver, vice president of audit; Alan E. Charlson, senior vice president and general counsel; or Richard A. Brickson, secretary and senior counsel. You can find the applicable telephone numbers, fax numbers and email addresses in the copy of the Policy on Business Conduct distributed to you this year, in the copy of the Policy on Business Conduct on May's Intranet web site and in May's telephone and email directories.

If the question or concern relates to accounting, internal accounting controls, or auditing matters, it will be referred to Barry Silver. Mr. Silver meets independently with the audit committee of May's board of directors. He will review such questions and concerns with the audit committee.

Anonymous Accounting and Auditing Hotline

If you wish to remain anonymous when reporting an accounting or auditing concern, you may call May's accounting and auditing hotline. You can find the telephone number for the accounting and auditing hotline in the copy of the Policy on Business Conduct distributed to you this year and in the copy of the Policy on Business Conduct on May's Intranet web site. The accounting and auditing hotline is toll-free, available 24 hours a day, seven days a week, and is provided by an independent third party. It is completely confidential.

Waivers and Disclosure

Any waiver of any of the policies described in this booklet for the benefit of an executive officer or director of May must be approved by the board of directors or a committee of the board. We will promptly disclose to shareowners any waiver made by the board of directors on behalf of any executive officer or director.

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