

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

Quarterly Report Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934 for the fiscal quarter ended July
29, 2000.

FEDERATED DEPARTMENT STORES, INC.

151 West 34th Street
New York, New York 10001
(212) 494-1602
and
7 West Seventh St.
Cincinnati, Ohio 45202
(513) 579-7000

Delaware 1-13536 13-3324058
(State of Incorporation) (Commission File No.) (I.R.S. Employer
Identification Number)

The Registrant has filed all reports required to be filed by
Section 12, 13 or 15 (d) of the Act during the preceding 12
months and has been subject to such filing requirements for the
past 90 days.

201,918,002 shares of the Registrant's Common Stock, \$.01 par
value, were outstanding as of August 26, 2000.

PART I -- FINANCIAL INFORMATION

FEDERATED DEPARTMENT STORES, INC.

Consolidated Statements of Income
(Unaudited)

(millions, except per share figures)

| | 13 Weeks Ended | | 26 Weeks Ended | |
|---|------------------|------------------|------------------|------------------|
| | July 29, 2000 | July 31, 1999 | July 29, 2000 | July 31, 1999 |
| Net Sales | \$ 4,065 | \$ 4,006 | \$ 8,097 | \$ 7,606 |
| Cost of sales | 2,379 | 2,319 | 4,774 | 4,493 |
| Selling, general and administrative expenses | 1,466 | 1,369 | 2,850 | 2,570 |
| Operating Income | 220 | 318 | 473 | 543 |
| Interest expense | (110) | (87) | (210) | (165) |

| | | | | |
|---|-------|--------|--------|--------|
| Interest income | 2 | 2 | 3 | 5 |
| Income Before Income Taxes | 112 | 233 | 266 | 383 |
| Federal, state and local income tax expense | (49) | (96) | (114) | (159) |
| Net Income | \$ 63 | \$ 137 | \$ 152 | \$ 224 |

Basic earnings per share \$.31 \$.65 \$.73 \$ 1.07

Diluted earnings per share \$.30 \$.61 \$.72 \$ 1.02

The accompanying notes are an integral part of these unaudited Consolidated Financial Statements.

FEDERATED DEPARTMENT STORES, INC.

Consolidated Balance Sheets (Unaudited)

(millions)

| | July 29, 2000 | January 29, 2000 | July 31, 1999 |
|--|------------------|---------------------|------------------|
| ASSETS: | | | |
| Current Assets: | | | |
| Cash | \$ 296 | \$ 218 | \$ 357 |
| Accounts receivable | 3,818 | 4,313 | 3,512 |
| Merchandise inventories | 3,932 | 3,589 | 3,635 |
| Supplies and prepaid expenses | 231 | 230 | 221 |
| Deferred income tax assets | 183 | 172 | 142 |
| Total Current Assets | 8,460 | 8,522 | 7,867 |
| Property and Equipment - net | 6,757 | 6,828 | 6,689 |
| Intangible Assets - net | 1,703 | 1,735 | 1,807 |
| Other Assets | 655 | 607 | 516 |
| Total Assets | \$ 17,575 | \$ 17,692 | \$ 16,879 |
| LIABILITIES AND SHAREHOLDERS' EQUITY: | | | |
| Current Liabilities: | | | |
| Short-term debt | \$ 1,714 | \$ 1,284 | \$ 1,402 |
| Accounts payable and accrued liabilities | 2,992 | 3,043 | 2,905 |
| Income taxes | 97 | 225 | 46 |
| Total Current Liabilities | 4,803 | 4,552 | 4,353 |
| Long-Term Debt | 4,452 | 4,589 | 4,704 |
| Deferred Income Taxes | 1,458 | 1,444 | 1,240 |
| Other Liabilities | 548 | 555 | 586 |
| Shareholders' Equity | 6,314 | 6,552 | 5,996 |
| Total Liabilities and Shareholders' Equity | \$ 17,575 | \$ 17,692 | \$ 16,879 |

The accompanying notes are an integral part of these unaudited Consolidated Financial Statements.

FEDERATED DEPARTMENT STORES, INC.

Consolidated Statements of Cash Flows
(Unaudited)

(millions)

| | 26 Weeks Ended July 29, 2000 | 26 Weeks Ended July 31, 1999 |
|---|---------------------------------|---------------------------------|
| Cash flows from operating activities: | | |
| Net income | \$ 152 | \$ 224 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation and amortization | 322 | 324 |
| Amortization of intangible assets | 42 | 36 |
| Amortization of financing costs | 4 | 3 |
| Amortization of unearned restricted stock | 3 | - |
| Changes in assets and liabilities: | | |
| Decrease in accounts receiv | 499 | 178 |
| Increase in merchandise inventories | (340) | (211) |
| Increase in supplies and prepaid expenses | (1) | (19) |
| Decrease in other assets not separately identified | (32) | (20) |
| Increase (decrease) in accounts payable and accrued liabilities not separately identified | (74) | 30 |
| Decrease in current income taxes | (126) | (52) |
| Increase in deferred income taxes | 1 | 1 |
| Decrease in other liabilities not separately identified | (6) | (7) |
| Net cash provided by operating activities | 444 | 487 |
| Cash flows from investing activities: | | |
| Purchase of property and equipment | (251) | (241) |
| Capitalized software | (37) | (21) |
| Investments in companies | (31) | (49) |
| Acquisition of Fingerhut Companies, Inc., net of cash acquired | - | (1,539) |
| Disposition of property and equipment | 53 | 23 |
| Net cash used by investing activities | (266) | (1,827) |
| Cash flows from financing activities: | | |
| Debt issued | 350 | 1,299 |
| Financing costs | (3) | (10) |
| Debt repaid | (57) | (31) |
| Increase in outstanding checks | 2 | 81 |
| Acquisition of treasury stock | (431) | - |
| Issuance of common stock | 39 | 51 |
| Net cash provided (used) by financing activities | (100) | 1,390 |
| Net increase in cash | \$ 78 | \$ 50 |
| Cash at beginning of period | 218 | 307 |
| Cash at end of period | \$ 296 | \$ 357 |

Supplemental cash flow information:

| | | |
|---|--------|--------|
| Interest paid | \$ 196 | \$ 144 |
| Interest received | 3 | 4 |
| Income taxes paid (net of refunds received) | 242 | 194 |
| Schedule of non cash investing and financing activities: | | |
| Debt assumed in acquisition | - | 125 |
| Equity issued in acquisition | - | 12 |
| Consolidation of net assets and debt of previously unconsolidated subsidiary | - | 1,132 |

The accompanying notes are an integral part of these unaudited Consolidated Financial Statements.

FEDERATED DEPARTMENT STORES, INC.

Notes to Consolidated Financial Statements (Unaudited)

1. Summary of Significant Accounting Policies

A description of the Company's significant accounting policies is included in the Company's Annual Report on Form 10-K for the fiscal year ended January 29, 2000 (the "1999 10-K"). The accompanying Consolidated Financial Statements should be read in conjunction with the Consolidated Financial Statements and notes thereto in the 1999 10-K.

Because of the seasonal nature of the retail business, the results of operations for the 13 and 26 weeks ended July 29, 2000 and July 31, 1999 (which do not include the Christmas season) are not indicative of such results for the fiscal year.

Substantially all department store merchandise inventories are valued by the retail method and stated on the LIFO (last-in, first-out) basis, which is generally lower than market. Direct-to-customer merchandise inventories are stated at the lower of FIFO (first-in, first-out) cost or market.

The Consolidated Financial Statements as of and for the 13 and 26 weeks ended July 29, 2000 and July 31, 1999, in the opinion of management, include all adjustments (consisting only of normal recurring adjustments) considered necessary to present fairly, in all material respects, the consolidated financial position and results of operations of the Company and its subsidiaries.

Certain reclassifications were made to prior period amounts to conform with the classifications of such amounts for the most recent periods.

2. Acquisition

On March 18, 1999, the Company purchased Fingerhut Companies, Inc. ("Fingerhut") for a purchase price of approximately \$1,720 million, including the assumption of \$125 million of debt. The Fingerhut acquisition is being accounted for under the purchase method of accounting. Accordingly, the Company's results of operations do not include Fingerhut's results of operations for any period prior to March 18, 1999 and the purchase price has been allocated to Fingerhut's assets and liabilities based on the estimated fair value of these assets and liabilities as of March 18, 1999.

3. Segment Data

The Company conducts its business through two segments, department stores and direct-to-customer. The department store segment sells a wide range of merchandise, including men's, women's and children's apparel and accessories, cosmetics, home furnishings and other consumer goods. The direct-to-customer segment (Fingerhut, Bloomingdale's By Mail, bloomingdales.com, Macy's By Mail, macys.com and certain other direct marketing activities) sells a broad range of products and services directly to consumers via catalogs, direct marketing and the Internet. "Corporate and other" consists of the income or expense associated with the corporate office and certain items managed on a company-wide basis (e.g., intangibles, financial instruments, investments, retirement benefits and properties held for sale or disposition).

The financial information for each segment is reported on the basis used internally by the Company to evaluate performance and allocate resources.

| | 13 Weeks Ended | | 26 Weeks Ended | |
|--------------------|------------------|------------------|------------------|------------------|
| | July 29, 2000 | July 31, 1999 | July 29, 2000 | July 31, 1999 |
| | (millions) | | | |
| Net Sales: | | | | |
| Department Stores | \$ 3,644 | \$ 3,569 | \$ 7,185 | \$ 7,006 |
| Direct-to-Customer | 421 | 437 | 912 | 600 |
| Total | \$ 4,065 | \$ 4,006 | \$ 8,097 | \$ 7,606 |

Operating income:

| | | | | |
|---------------------|--------|--------|--------|--------|
| Department Stores | \$ 428 | \$ 398 | \$ 736 | \$ 671 |
| Direct-to-Customer | (183) | (27) | (206) | (29) |
| Corporate and other | (25) | (53) | (57) | (99) |
| Total | \$ 220 | \$ 318 | \$ 473 | \$ 543 |

Depreciation and amortization expense:

| | | | | |
|---------------------|--------|--------|--------|--------|
| Department Stores | \$ 149 | \$ 151 | \$ 298 | \$ 304 |
| Direct-to-Customer | 10 | 14 | 22 | 17 |
| Corporate and other | 23 | 22 | 47 | 39 |
| Total | \$ 182 | \$ 187 | \$ 367 | \$ 360 |

4. Earnings Per Share

The following tables set forth the computation of basic and diluted earnings per share:

| (millions, except per share data) | 13 Weeks Ended | | | |
|---|----------------|--------|---------------|--------|
| | July 29, 2000 | | July 31, 1999 | |
| | Income | Shares | Income | Shares |
| Net income and average number of shares outstanding | \$ 63 | 206.1 | \$ 137 | 209.5 |
| Shares to be issued under deferred compensation plans | - | .5 | - | .4 |
| | 63 | 206.6 | 137 | 209.9 |

Basic earnings per share \$.31 \$.65

Effect of dilutive securities:

| | | | | |
|---------------|-------|-------|--------|-------|
| Warrants | - | 1.0 | - | 8.8 |
| Stock options | - | .9 | - | 3.2 |
| | \$ 63 | 208.5 | \$ 137 | 221.9 |

Diluted earnings per share \$.30 \$.61

| (millions, except per share data) | 26 Weeks Ended | | | |
|---|----------------|--------|---------------|--------|
| | July 29, 2000 | | July 31, 1999 | |
| | Income | Shares | Income | Shares |
| Net income and average number of shares outstanding | \$ 152 | 209.2 | \$ 224 | 209.0 |
| Shares to be issued under deferred compensation plans | - | .5 | - | .4 |
| | 152 | 209.7 | 224 | 209.4 |

Basic earnings per share \$.73 \$ 1.07

Effect of dilutive securities:

| | | | | |
|---------------|--------|-------|--------|-------|
| Warrants | - | 1.5 | - | 7.3 |
| Stock options | - | 1.2 | - | 2.5 |
| | \$ 152 | 212.4 | \$ 224 | 219.2 |

Diluted earnings per share \$.72 \$ 1.02

FEDERATED DEPARTMENT STORES, INC.

Notes to Consolidated Financial Statements
(Unaudited)

In addition to the warrants and stock options reflected in the foregoing tables, warrants and stock options to purchase 12.7 million and .8 million shares of common stock at prices ranging from \$34.38 to \$79.44 per share were outstanding at July 29, 2000 and July 31, 1999, respectively, but were not included in the computation of diluted earnings per share because the exercise price thereof exceeded the average market price and would have been antidilutive.

FEDERATED DEPARTMENT STORES, INC.

Management's Discussion and Analysis
of Financial Condition and Results of Operations

For purposes of the following discussion, all references to "second quarter of 2000" and "second quarter of 1999" are to the Company's 13-week fiscal periods ended July 29, 2000 and July 31, 1999, respectively, and all references to "2000" and "1999" are to the Company's 26-week fiscal periods ended July 29, 2000 and July 31, 1999, respectively.

Results of Operations

Comparison of the 13 Weeks Ended July 29, 2000 and July 31, 1999

Net sales for the second quarter of 2000 totaled \$4,065 million, compared to net sales of \$4,006 million for the second quarter of 1999, an increase of 1.5%. Net sales for department stores for the second quarter of 2000 were \$3,644 million, compared to net sales of \$3,569 million for the second quarter of 1999, an increase of 2.1%. On a comparable store basis (sales from stores in operation throughout 1999 and 2000), net sales for department stores for the second quarter of 2000 increased 1.9% compared to the second quarter of 1999. Net sales for the direct-to-customer segment totaled \$421 million for the second quarter of 2000 compared to \$437 million for the second quarter of 1999.

Cost of sales was 58.5% of net sales for the second quarter of 2000, compared to 57.9% for the second quarter of 1999. The increase in the cost of sales rate reflects additional markdowns taken through the second quarter of 2000, which enabled the Company to keep in-store inventories fresh and fashion-current. The valuation of department store merchandise inventories on the last-in, first-out basis did not impact cost of sales in either period.

Selling, general and administrative ("SG&A") expenses were 36.1% of net sales for the second quarter of 2000 compared to 34.2% for the second quarter of 1999. Department store SG&A expenses improved 1.1% as a percent of department store net

sales, reflecting the impact of lower non-payroll expenses and higher finance charge income. SG&A expenses for the direct-to-customer segment in the second quarter of 2000 were negatively impacted by higher than anticipated bad debt expenses resulting from increased credit delinquencies at Fingerhut. The higher credit related expenses in the direct-to-customer segment and increased costs related to recently launched businesses combined to offset the improvement in the department store SG&A expense rate and produce a 1.9% increase in the overall SG&A expense rate for the second quarter of 2000. The Company believes that the credit delinquency problem at Fingerhut will negatively impact direct-to-customer operating profits by \$200 - \$250 million through the remainder of the year. With a view to resolving the credit delinquency problem at Fingerhut, management has begun the process of comprehensively evaluating the Fingerhut operations and businesses. This process could result in the implementation of a plan that may result in the incurrence of one-time restructuring costs.

Net interest expense was \$108 million for the second quarter of 2000, compared to \$85 million for the second quarter of 1999. The higher interest expense for the second quarter of 2000 is due primarily to the increased outstanding debt resulting from the consolidation of the Fingerhut Master Trust for financial reporting purposes.

The Company's effective income tax rate of 43.5% for the second quarter of 2000 differs from the federal income tax statutory rate of 35.0% principally because of the effect of state and local income taxes and permanent differences arising from the amortization of intangible assets and from other non-deductible items.

Comparison of the 26 Weeks Ended July 29, 2000 and July 31, 1999

Net sales for 2000 totaled \$8,097 million, compared to net sales of \$7,606 million for 1999, an increase of 6.5%. Net sales for department stores for 2000 were \$7,185 million, compared to net sales of \$7,006 million for 1999, an increase of 2.6%. On a comparable store basis, net sales for department stores for 2000 increased 2.4% compared to 1999. Net sales for the direct-to-customer segment totaled \$912 million for 2000 (which includes Fingerhut for the entire period) compared to \$600 million for 1999 (which includes Fingerhut from and after the March 18, 1999 acquisition date).

Cost of sales was 59.0% of net sales for 2000, compared to 59.1% for 1999. Cost of sales as a percent of net sales for both department stores and the direct-to-customer segment for 2000 were relatively flat compared to the same period a year ago. The valuation of department store merchandise inventories on the last-in, first-out basis did not impact cost of sales in either period.

SG&A expenses were 35.2% of net sales for 2000 compared to 33.8% for 1999. Department store SG&A expenses improved 0.7% as a percent of department store net sales, reflecting the impact of lower non-payroll expenses, including depreciation expense, and higher finance charge income. SG&A expenses for the direct-to-customer segment in 2000 were negatively impacted by higher than anticipated bad debt expenses resulting primarily from increased credit delinquencies at Fingerhut during the second quarter of 2000. The higher credit related expenses in the direct-to-customer segment during the second quarter of 2000, increased costs related to recently launched businesses and increased amortization expense resulting from the Fingerhut acquisition combined to offset the improvement in the department store SG&A expense rate and produce a 1.4% increase in the overall SG&A expense rate for 2000.

Net interest expense was \$207 million for 2000, compared to \$160 million for 1999. The higher interest expense for 2000 is due primarily to the increased outstanding debt resulting from the Fingerhut acquisition and the consolidation of the Fingerhut Master Trust for financial reporting purposes.

The Company's effective income tax rate of 42.8% for 2000 differs from the federal income tax statutory rate of 35.0% principally because of the effect of state and local income taxes and permanent differences arising from the amortization of intangible assets and from other non-deductible items.

Liquidity and Capital Resources

The Company's principal sources of liquidity are cash from operations, cash on hand and certain available credit facilities.

Net cash provided by operating activities in 2000 was \$444 million, a decrease of \$43 million compared to the \$487 million provided in 1999. This reflects greater decreases in 2000 in non-merchandise accounts payable and accrued liabilities due to the timing of the Fingerhut acquisition and greater decreases in income tax liabilities. The lower net income resulting from higher reserves for bad debt at Fingerhut was offset by greater decreases in 2000 in accounts receivable. The greater increases in 2000 in merchandise inventories were offset by greater increases in merchandise accounts payable.

Net cash used by investing activities was \$266 million for 2000. Investing activities for 2000 included purchases of property and equipment totaling \$251 million, capitalized software of \$37 million and investments in companies engaged in complementary businesses totaling \$31 million. The Company opened two new department stores and one new furniture gallery during 2000, and plans to open eight additional department stores and two additional furniture galleries during the remainder of 2000.

Net cash used by the Company for all financing activities was \$100 million in 2000. On June 6, 2000, the Company issued \$350 million of 8.5% Senior Notes due 2010. The Company purchased 11.6 million shares of its Common Stock under its stock repurchase program during 2000 at a cost of \$429 million. On August 25, 2000, the Board of Directors approved a \$500 million increase to the current stock repurchase program. The Company may continue or, from time to time, suspend repurchases of shares under its stock repurchase program, depending on prevailing market conditions, alternate uses of capital and other factors. Also during 2000, the Company issued 1.0 million shares of its Common Stock and received \$35 million in proceeds from the exercise of the Company's Series B Warrants, which expired on February 15, 2000.

Management believes the department store business and other retail businesses will continue to consolidate. Accordingly, the Company intends from time to time to consider additional acquisitions of, and investments in, department stores, Internet-related companies, catalog companies and other complementary assets and companies.

Management believes that, with respect to its current operations, cash on hand and funds from operations, together with its credit facilities, will be sufficient to cover its reasonably foreseeable working capital, capital expenditure and debt service requirements. Acquisition transactions, if any, are expected to be financed through a combination of cash on hand and from operations and the possible issuance from time to time of long-term debt or other securities. Depending upon conditions in the capital markets and other factors, the Company will from time to time consider the issuance of debt

or other securities, or other possible capital markets transactions, the proceeds of which could be used to refinance existing indebtedness or for other corporate purposes.

PART II -- OTHER INFORMATION

FEDERATED DEPARTMENT STORES, INC.

Item 1. Legal Proceedings

The Company and certain members of its senior management have been named defendants in two substantially identical purported class action complaints (the "Complaints") filed on behalf of persons who purchased shares of the Company between February 23, 2000 and July 20, 2000. The Complaints were filed on August 24 and August 30, 2000, in the United States District Court for the Southern District of New York. The Complaints allege violation of Sections 10(b) and 20(a) of the Securities Exchange Act of 1934, and Rule 10b-5 thereunder, on the basis that the Company, among other things, made false and misleading statements regarding its financial condition and results of operations and failed to disclose material information relating to the credit delinquency problem at Fingerhut. The plaintiffs are seeking unspecified amounts of compensatory damages and costs, including legal fees. Management believes that the allegations contained in the Complaints are without merit and intends to vigorously defend against the allegations contained in the Complaints.

Item 5. Other Information

This report and other reports, statements and information previously or subsequently filed by the Company with the Securities and Exchange Commission (the "SEC") contain or may contain forward-looking statements. Such statements are based upon the beliefs and assumptions of, and on information available to, the management of the Company at the time such statements are made. The following are or may constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995: (i) statements preceded by, followed by or that include the words "may," "will," "could," "should," "believe," "expect," "future," "potential," "anticipate," "intend," "plan," "estimate," or "continue" or the negative or other variations thereof and (ii) statements regarding matters that are not historical facts. Such forward-looking statements are subject to various risks and uncertainties, including (i) risks and uncertainties relating to the possible invalidity of the underlying beliefs and assumptions, (ii) possible changes or developments in social, economic, business, industry, market, legal and regulatory circumstances and conditions, and (iii) actions taken or omitted to be taken by third parties, including customers, suppliers, business partners, competitors and legislative, regulatory, judicial and other governmental authorities and officials. In addition to any risks and uncertainties specifically identified in the text surrounding such forward-looking statements, the statements in the immediately preceding sentence and the statements under captions such as "Risk Factors" and "Special Considerations" in reports, statements and information filed by the Company with the SEC from time to time constitute cautionary statements identifying important factors that could cause actual amounts, results, events and circumstances

to differ materially from those reflected in such forward-looking statements.

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

- 4.1 Fourth Supplemental Trust Indenture, dated as of June 6, 2000, by and among the Company and Citibank, N.A. (incorporated by reference to Exhibit 4 to the Company's Current Report on Form 8-K dated as of June 5, 2000).
- 10.1 Eleventh Amendment to Amended and Restated Pooling and Servicing Agreement, dated as of March 23, 2000, by and among Prime Receivables Corporation, FDS National Bank and The Chase Manhattan Bank.
- 10.2 Tenth Amendment to Receivables Purchase Agreement, dated as of March 23, 2000, by and among The Originators listed on the signature page thereto and Prime Receivables Corporation.
- 10.3 First Amendment to Series 1999-1 Variable Funding Supplement, dated as of August 1, 2000, by and among Prime II Receivables Corporation, FDS National Bank, The Chase Manhattan Bank, Market Street Funding Corporation and PNC Bank, National Association.
- 10.4 First Amendment to Series 1997-1 Variable Funding Supplement, dated as of June 19, 2000, by and among Prime II Receivables Corporation, FDS National Bank and The Chase Manhattan Bank.
- 10.5 Third Amended and Restated Credit Agreement, dated as of July 24, 2000, by and among the Company, the Initial Lenders named therein, Citibank, N.A., as Administrative Agent and Paying Agent, The Chase Manhattan Bank, as Administrative Agent, Fleet National Bank, as Syndication Agent, and Bank of America, N.A., as Documentation Agent.
- 10.6 Second Amendment Agreement to Fingerhut Receivables, Inc. Security Purchase Agreement, dated as of July 20, 2000, by and among Fingerhut Receivables, Inc., Kitty Hawk Funding Corporation, Falcon Asset Securitization Corporation, Four Winds Funding Corporation, Bank of America, N.A., Bank One, NA (Main Office Chicago), Norddeutsche Landesbank Girozentrale, New York Branch and/or Cayman Island Branch, and Commerzbank Aktiengesellschaft, Chicago Branch.

27 Financial Data Schedule

(b) Reports on Form 8-K

1. Current Report on Form 8-K dated May 31, 2000 reporting matters under Item 5 and related exhibits under Item 7 thereof.
2. Current Report on Form 8-K dated June 2, 2000 reporting matters under Item 5 and Item 7 thereof.

FEDERATED DEPARTMENT STORES, INC.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunder duly authorized.

FEDERATED DEPARTMENT STORES, INC.

Date September 11, 2000 /s/ Dennis J. Broderick
Dennis J. Broderick
Senior Vice President, General Counsel
and Secretary

/s/ Joel A. Belsky
Joel A. Belsky
Vice President and Controller
(Principal Accounting Officer)

ELEVENTH AMENDMENT
TO
AMENDED AND RESTATED POOLING AND SERVICING AGREEMENT

This Eleventh Amendment dated as of March 23, 2000 to the Amended and Restated Pooling and Servicing Agreement dated as of December 15, 1992 is among PRIME RECEIVABLES CORPORATION (the "Transferor"), FDS NATIONAL BANK, a national banking corporation (the "Servicer") and THE CHASE MANHATTAN BANK, as successor in interest to Chemical Bank, as Trustee (in such capacity, the "Trustee").

W I T N E S S E T H

WHEREAS, the Transferor, the Servicer and the Trustee entered into an Amended and Restated Pooling and Servicing Agreement as of December 15, 1992, as amended from time to time (the "Pooling and Servicing Agreement");

WHEREAS, the Transferor, the Servicer and the Trustee wish to amend Schedule II of the Pooling and Servicing Agreement;

WHEREAS, Section 13.01 of the Pooling and Servicing Agreement permits the amendment of Schedules subject to certain conditions;

NOW THEREFORE, in consideration of the premises and of the mutual agreements contained herein, the parties hereto hereby agree as follows:

1. Schedule II as attached to the Pooling and Servicing Agreement is hereby deleted in its entirety and Schedule II attached hereto is substituted therefor.

2. Attached hereto is an Opinion of Counsel stating that the amendment to the Pooling and Servicing Agreement effected by this Eleventh Amendment does not adversely affect in any material respect the interests of the Certificateholders, as defined in the Pooling and Servicing Agreement.

3. The Pooling and Servicing Agreement, as amended by this Eleventh Amendment, shall continue in full force and effect among the parties hereto.

IN WITNESS WHEREOF, the parties hereto have caused this Eleventh Amendment to be executed by their respective officers thereunto duly authorized, as of the date first above written.

PRIME RECEIVABLES CORPORATION

By /s/ Susan P. Storer

Title President

FDS NATIONAL BANK

By /s/ Susan R. Robinson

Title Treasurer

THE CHASE MANHATTAN BANK

By Jennifer Richardson

Title Assistant Vice President

EXHIBIT A

Opinion of Counsel

March 27, 2000

Prime Receivables Corporation The Chase Manhattan Bank, as Trustee
4705 Duke Drive 450 West 33rd Street
Mason, Ohio 45220 New York, NY 10001

Re: Prime Receivables, Inc. Amended and Restated Pooling &
Servicing Agreement dated as of December 15, 1992 (the
"Agreement")

Ladies and Gentlemen:

As Deputy General Counsel of Federated Department Stores, Inc., a Delaware corporation, the ultimate parent of Prime Receivables Corporation, a Delaware corporation ("Prime"), I have acted as counsel to Prime in connection with the Eleventh Amendment to the Agreement and the substitution of Schedule II of the Agreement.

I have examined such documents, records and matters of law as I have deemed necessary for purposes of this opinion. Based thereon, I am of the opinion that the Eleventh Amendment to the Agreement and the deletion of the current Schedule II to the Agreement and substitution therefor with an amended Schedule II do not, in accordance with Section 13.01 of the Agreement, adversely affect in any material respect the interest of any of the Investor Certificateholders, as such term is defined in the Agreement.

Very truly yours,

Dennis J. Broderick

SCHEDULE II

SCHEDULE OF LOCK-BOX ACCOUNTS

| Bank Name | Originator | Bank Account # |
|--|--|----------------|
| Bank of America Illinois 231 South Lasalle St. Chicago, IL 60697 | All Originators | 8188500959 |
| Norwest MAC N9305-031 Sixth and Marquette Minneapolis, MN 55479 | All Originators Prime Receivable Corp. St. Cloud, MN 56396-1205 | 6355064529 |
| Chase Manhattan Bank Corporate Banking Church Street Station P.O. Box 932 New York, NY | All Originators Electronic banking networks | 323890075 |
| | All Originators | 400471302 |

| | | |
|---|--|------------|
| 10008-0932 | Internet banking activity | |
| SunTrust Bank Mail Code 5099 P.O. Box 4418 Atlanta, GA 30302 | Macy's A&S * Electronic banking network | 8801245864 |
| Firststar P.O. Box 1038 425 Walnut Street Cincinnati, OH 45201-1036 | Burdines * Dept Mason, OH 45040-4585 | 480366723 |
| | Jordan Marsh * P.O. Box Mason, OH 45040-4583 | 480381425 |
| | Bloomingtons * P.O. Box Mason, OH 45040-4590 | 481442556 |
| | A & S * P.O. Box Mason, OH 45040-4580 | 481442598 |
| | Goldsmith's * P.O. Box Mason, OH 45040-4588 | 481442614 |
| | Rich's * P.O. Box Mason, OH 45040-4587 | 481442606 |
| PNC Bank 201 East 5th Street Cincinnati, Ohio 45201 | The Bon Marche * P.O. Box 8080 Mason OH 45040-8080 | 4060027019 |
| | Stern's * P.O. Box 8081 Mason OH 45040-8081 | 4190002709 |
| | Lazarus * P.O. Box 4504 Mason OH 45040-4504 | 4110175133 |
| | Macy's West ** P.O. Box 8021 Mason OH 45040-8021 | 3001544986 |
| | Broadway Stores * P.O. Box 8022 Mason OH 45040-8022 | 3001544994 |
| FifthThird Bank | Lazarus * | 71527336 |

38 Fountain Sq. Plaza
Cincinnati, Ohio 45263

P.O. Box 0064
Cincinnati, Ohio 45274

Notes:

* Account activity will transition to Chase Manhattan banking network account beginning in April 2000. Account will be closed by June 30, 2000.

** This account will remain intact and active.

TENTH AMENDMENT
TO
RECEIVABLES PURCHASE AGREEMENT

This Tenth Amendment to Receivables Purchase Agreement dated as of March 23, 2000 (this "Amendment"), is among THE ORIGINATORS listed on the signature page hereof (collectively, the "Originators") and PRIME RECEIVABLES CORPORATION, a Delaware corporation (the "Purchaser").

W I T N E S S E T H:

WHEREAS, the Originators and the Purchaser entered into a Receivables Purchase Agreement dated as of December 15, 1992, as amended from time to time, (the "Purchase Agreement") pursuant to which the Purchaser purchased Receivables (as defined in the Purchase Agreement) from the Originators on the terms and conditions set forth in the Purchase Agreement;

WHEREAS, the Originators and the Purchaser wish to amend the Purchase Agreement to revise Schedule IV attached to the Purchase Agreement;

WHEREAS, Section 8.01 of the Purchase Agreement permits the Originators and the Purchaser to amend the Purchase Agreement subject to certain conditions;

NOW, THEREFORE, in consideration of the premises and of the mutual covenants and agreements contained herein, the parties hereto agree as follows:

1. Schedule IV attached to the Purchase Agreement is hereby deleted in its entirety and Schedule IV attached hereto is substituted therefor.

2. Attached hereto as Exhibit A is a certificate by an officer of FDS National Bank, as Servicer, stating that the amendment to the Purchase Agreement effected by this Tenth Amendment does not adversely affect in any material respect the interests of any of the Investor Certificateholders (as defined in the Purchase Agreement), which certificate is required to be delivered to the Trustee (as defined in the Purchase Agreement) pursuant to Section 8.01 of the Purchase Agreement.

3. The Purchase Agreement, as amended by this Tenth Amendment shall continue in full force and effect among the parties hereto.

IN WITNESS WHEREOF, the parties hereto have caused this Ninth Amendment to be executed by their respective officers thereunto duly authorized, as of the date first above written.

THE ORIGINATORS:

BLOOMINGDALE'S, INC.

By: /s/ John R. Sims
Title: Vice President and Secretary

BURDINES, INC.

By: /s/ John R. Sims
Title: Vice President and Secretary

RICH'S DEPARTMENT STORES, INC.
(formerly Lazarus, Inc. and
successor by merger to Rich's
Department Stores, Inc.)

By: /s/ John R. Sims
Title: Vice President and Secretary

STERN'S DEPARTMENT STORES, INC.

By: /s/ John R. Sims
Title: Vice President and Secretary

THE BON, INC.

By: /s/ John R. Sims
Title: Vice President and Secretary

FEDERATED WESTERN PROPERTIES, INC.,
Assignee of Broadway Stores, Inc.

By: /s/ Richard C. Fiddes
Title: Vice President and Secretary

MACY'S EAST, INC.,
as successor in interest to Abraham
& Straus and Jordan Marsh Stores Corporation

By: /s/ John R. Sims
Title: Vice President and Secretary

FDS NATIONAL BANK

Date: March 23, 2000 By: /s/ Susan R. Robinson
Title: Treasurer

THE PURCHASER:

PRIME RECEIVABLES CORPORATION

Date: March 23, 2000 By: /s/ Susan P. Storer
Title: President

SCHEDULE IV

SCHEDULE OF LOCK-BOX ACCOUNTS

| Bank Name | Originator | Bank Account # |
|--|--|----------------------------|
| Bank of America Illinois 231 South Lasalle St. Chicago, IL 60697 | All Originators | 8188500959 |
| Norwest MAC N9305-031 Sixth and Marquette Minneapolis, MN 55479 | All Originators Prime Receivable Corp. St. Cloud, MN 56396-1205 | 6355064529 |
| Chase Manhattan Bank Corporate Banking Church Street Station P.O. Box 932 New York, NY 10008-0932 | All Originators Electronic banking networks All Originators Internet banking activity | 323890075 400471302 |

SunTrust Bank Macy's A&S * 8801245864
Mail Code 5099 Electronic banking network
P.O. Box 4418
Atlanta, GA
30302

Firststar Burdines * 480366723
P.O. Box 1038 Dept
425 Walnut Street Mason, OH
Cincinnati, OH 45040-4585
45201-1036

Jordan Marsh * 480381425
P.O. Box
Mason, OH
45040-4583

Bloomington * 481442556
P.O. Box
Mason, OH
45040-4590

A & S * 481442598
P.O. Box
Mason, OH
45040-4580

Goldsmith's * 481442614
P.O. Box
Mason, OH
45040-4588

Rich's * 481442606
P.O. Box
Mason, OH
45040-4587

PNC Bank The Bon Marche * 4060027019
201 East 5th Street P.O. Box 8080
Cincinnati, Ohio 45201 Mason OH
45040-8080

Stern's * 4190002709
P.O. Box 8081
Mason OH
45040-8081

Lazarus * 4110175133
P.O. Box 4504
Mason OH
45040-4504

Macy's West ** 3001544986
P.O. Box 8021
Mason OH
45040-8021

Broadway Stores * 3001544994
P.O. Box 8022
Mason OH
45040-8022

FifthThird Bank Lazarus * 71527336
38 Fountain Sq. Plaza P.O. Box 0064
Cincinnati, Ohio 45263 Cincinnati, Ohio 45274

Notes:

* Account activity will transition to Chase Manhattan banking network account beginning in April 2000. Account will be closed by June 30, 2000.

** This account will remain intact and active.

EXHIBIT A

FDS NATIONAL BANK

OFFICER'S CERTIFICATE

Pursuant to Section 8.01 (a) of the Receivables Purchase Agreement dated as of December 15, 1992, among the Originators listed therein and Prime Receivables Corporation, FDS National Bank, as Servicer, certifies that the amendment dated as of March 23, 2000 to Schedule IV of the Receivables Purchase Agreement does not adversely affect in any material respect the interests of any of the Investor Certificateholders.

FDS National Bank
As Servicer

Date: 03/23/2000 /s/ Susan R. Robinson
Name: Susan R. Robinson
Title: Treasurer

FIRST AMENDMENT TO SERIES 1999-1 VARIABLE
FUNDING SUPPLEMENT

THIS FIRST AMENDMENT TO SERIES 1999-1 VARIABLE FUNDING SUPPLEMENT (this "Amendment"), dated as of February __, 2000, is entered into by and among PRIME II RECEIVABLES CORPORATION (the "Transferor"), FDS NATIONAL BANK (the "Servicer"), THE CHASE MANHATTAN BANK (the "Trustee"), MARKET STREET FUNDING CORPORATION (the "Purchaser"), and PNC BANK, NATIONAL ASSOCIATION (the "Agent").

RECITALS

WHEREAS, the Transferor, the Servicer and the Trustee are parties to that certain Series 1999-1 Variable Funding Supplement, dated as of July 6, 1999 (as amended, supplemented or otherwise modified from time to time, the "Supplement") to the Pooling and Serving Agreement, dated as of January 22, 1997, among the Transferor, the Servicer and the Trustee (as amended, supplemented or otherwise modified from time to time, the "Agreement");

WHEREAS, the Agent, on behalf of the Purchaser, is the Holder of Investor Certificates evidencing Undivided Interests representing 100% of the Class A Invested Amount and the Class B Invested Amount; and

WHEREAS, the parties hereto desire to amend the Supplement as hereinafter set forth.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Certain Defined Terms. Capitalized terms that are used herein without definition and that are defined in the Supplement shall have the same meanings herein as therein defined.

2. Amendments to Agreement. (a) Section 2 of the Supplement is hereby amended by inserting the following definitions in their alphabetically determined places:

'AAA Reserve Account Trigger' shall mean, with respect to any Determination Date (i) the Payment Rate Percentage for the Monthly Period immediately preceding such Determination Date being less than 18%, (ii) the Delinquency Ratio for the Monthly Period immediately preceding such Determination Date being greater than 5%, or (iii) the Charge Off Ratio for the Monthly Period immediately preceding such Determination Date being greater than 10%.

'Automatic Addition Percentage' shall mean for any date of determination (i) if an AAA Reserve Account Trigger has occurred and is continuing on such date of determination, 2.0%, and (ii) on any other date of determination, 0.0%; provided that if a Reserve Account Increase Notice shall have been delivered and an AAA Reserve Account Trigger has occurred and is continuing, the Automatic Addition Percentage shall not exceed 100% minus the Enhancement Percentage then in effect.

'Charge Off Ratio' shall mean, with respect to any Monthly Period, the annualized percentage equivalent of a fraction, the numerator of which is the Investor Default Amount for such Monthly Period and the denominator of which is the average Invested Amount during such Monthly Period.

'Delinquency Ratio' shall mean, with respect to any Monthly Period, the percentage equivalent of a fraction, the numerator of which is the aggregate amount of all Receivables that were more than 60 days past due as of the end of each billing cycle during such Monthly Period and the

denominator of which is the aggregate amount of all Receivables as of the end of each billing cycle during such Monthly Period."

(b) The definition of Required Reserve Amount in Section 2 of the Supplement is hereby amended and restated in its entirety to read as follows:

"Required Reserve Amount' shall mean, with respect to any Business Day, the product of (i) the sum of (A) Automatic Addition Percentage for such Business Day, and (B) the Enhancement Percentage for such Business Day, times (ii) during the Revolving Period, the Invested Amount on such Business Day or, during the Amortization Period, the Invested Amount on the last day of the Revolving Period, provided that during the Amortization Period, the Required Reserve Amount on any Business Day shall not exceed the Invested Amount on such Business Day."

(c) Section 4.9 (a) of the Agreement is hereby amended by adding the following sentence at the end of such Section:

"Notwithstanding any other provision of this Agreement, the Transferor may at any time and from time to time in the Transferor's discretion deposit funds directly into the Reserve Account."

(d) Section 5.2(ix) of the Agreement is hereby amended and restated in its entirety to read as follows:

"(ix) the Excess Spread Percentage, the Excess Spread Enhancement Cap Percentage, Payment Rate Percentage, Payment Rate Enhancement Cap Percentage, the Enhancement Percentage, the Charge Off Ratio, the Delinquency Ratio and the Automatic Addition Percentage for the related Monthly Period;"

(e) Section 17 of the Agreement is hereby amended and restated in its entirety to read as follows:

"Automatic Additional Accounts. The Transferor shall not elect to terminate or suspend the inclusion of Automatic Additional Accounts without the prior written consent of the Administrative Agent acting on behalf of the Holders of Series 1999-1 Variable Funding Certificates as provided in Section 19 of this Variable Funding Supplement; provided, that if, on any Distribution Date immediately following a Determination Date on which an AAA Reserve Account Trigger occurred, the amount on deposit in the Reserve Account (without giving effect to any amounts deposited therein as a result of the Enhancement Percentage being greater than zero on such Determination Date) is less than the product of (i) the Automatic Addition Percentage on such Distribution Date, times (ii) during the Revolving Period, the Invested Amount on such Distribution Date or, during the Amortization Period, the Invested Amount on the last day of the Revolving Period (a "Suspension Event"), the Transferor will, in accordance with Section 2.6 of the Master Pooling and Servicing Agreement, declare a Suspension Date; provided, further, that, if a Suspension Event exists and is continuing, the Administrative Agent, on behalf of the Holders of the Series 1999-1 Variable Funding Certificates and in accordance with this Section 17, hereby consents to the Transferor's declaration of a Suspension Date; provided, further, that, if either (x) on any subsequent day the amount on deposit in the Reserve Account (without giving effect to any amounts deposited therein as a result of the Enhancement Percentage being greater than zero) is at least equal to the product of clauses (i) and (ii) above, or (y) on any subsequent Determination Date no AAA Reserve Account Trigger is continuing, the Transferor may, in its sole discretion, declare a Resumption Date."

3. Representations and Warranties. Each of the parties hereto (other than the Trustee) hereby represents and warrants as follows:

(a) Representations and Warranties. The representations and warranties contained in Section 4 of the Class A Certificate Purchase Agreement and the Class B Certificate Purchase Agreement are true and correct as of the date hereof.

(b) No Default. Both before and immediately after giving effect to this Amendment and the transactions contemplated hereby no Termination Event, Series 1999-1 Pay Out Event, Servicer Default or Trust Payout Event exists or shall exist.

4. Effect of Amendment. All provisions of the Supplement, as expressly amended and modified by this Amendment, shall remain in full force and effect. After this Amendment becomes effective, all references in the Supplement (or in any other Related Document) to "this Supplement", "hereof", "herein" or words of similar effect referring to the Supplement shall be deemed to be references to the Supplement as amended by this Amendment. This Amendment shall not be deemed, either expressly or impliedly, to waive, amend or supplement any provision of the Agreement other than as set forth herein.

5. Effectiveness. This Amendment shall become effective as of the date hereof upon receipt by the Agent of counterparts of this Amendment (whether by facsimile or otherwise) executed by each of the other parties hereto, in form and substance satisfactory to the Agent in its sole discretion.

6. Counterparts. This Amendment may be executed in any number of counterparts and by different parties on separate counterparts, each of which when so executed shall be deemed to be an original and all of which when taken together shall constitute but one and the same instrument.

7. Governing Law. This Amendment shall be governed by, and construed in accordance with, the internal laws of the State of New York (without regard to any otherwise applicable principles of conflicts of law).

8. Section Headings. The various headings of this Amendment are included for convenience only and shall not affect the meaning or interpretation of this Amendment, the Agreement or any provision hereof or thereof.

IN WITNESS WHEREOF, the parties have executed this Amendment as of the date first written above.

PRIME II RECEIVABLES CORPORATION,
as Transferor
By: /s/ Susan P. Storer
Name: Susan P. Storer
Title: President

FDS NATIONAL BANK,
as Servicer
By: /s/ Susan R. Robinson
Name: Susan R. Robinson
Title: Treasurer

THE CHASE MANHATTAN BANK
By: /s/ Jennifer Cupo
Name: Jennifer Cupo
Title: Vice President

MARKET STREET FUNDING CORPORATION,
as A Purchaser
By: /s/ Douglas K. Johnson
Name: Douglas K. Johnson
Title: President

PNC BANK, NATIONAL ASSOCIATION,
as Agent
By: /s/ Bruce A. Kintner
Name: Bruce A. Kintner
Title: Vice President

FIRST AMENDMENT TO SERIES 1997-1 VARIABLE
FUNDING SUPPLEMENT

THIS FIRST AMENDMENT TO SERIES 1997-1 VARIABLE FUNDING SUPPLEMENT (this "Amendment"), dated as of June 19, 2000, is entered into by and among PRIME II RECEIVABLES CORPORATION (the "Transferor"), FDS NATIONAL BANK (the "Servicer"), and THE CHASE MANHATTAN BANK (the "Trustee").

RECITALS

WHEREAS, the Transferor, the Servicer and the Trustee are parties to that certain Series 1997-1 Variable Funding Supplement, dated as of January 22, 1997 (as amended, supplemented or otherwise modified from time to time, the "Supplement") to the Pooling and Serving Agreement, dated as of January 22, 1997, among the Transferor, the Servicer and the Trustee (as amended, supplemented or otherwise modified from time to time, the "Agreement"); and

WHEREAS, the parties hereto desire to amend the Supplement as hereinafter set forth.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Certain Defined Terms. Capitalized terms that are used herein without definition and that are defined in the Supplement shall have the same meanings herein as therein defined.

2. Amendments to Agreement.

(a) Section 2 of the Supplement is hereby amended by inserting the following definitions in their alphabetically determined places:

"AAA Reserve Account Trigger" shall mean, with respect to any Determination Date (i) the Payment Rate Percentage for the Monthly Period immediately preceding such Determination Date being less than 18%, (ii) the Delinquency Ratio for the Monthly Period immediately preceding such Determination Date being greater than 5%, or (iii) the Charge Off Ratio for the Monthly Period immediately preceding such Determination Date being greater than 10%.

"Automatic Addition Percentage" shall mean for any date of determination (i) if an AAA Reserve Account Trigger has occurred and is continuing on such date of determination, 2.0%, and (ii) on any other date of determination, 0.0%; provided, that if a Reserve Account Increase Notice shall have been delivered and an AAA Reserve Account Trigger has occurred and is continuing, the Automatic Addition Percentage shall not exceed 100% minus the Enhancement Percentage then in effect.

"Charge Off Ratio" shall mean, with respect to any Monthly Period, the annualized percentage equivalent of a fraction, the numerator of which is the Investor Default Amount for such Monthly Period and the denominator of which is the average daily Invested Amount during such Monthly Period.

"Delinquency Ratio" shall mean, with respect to any Monthly Period, the percentage equivalent of a fraction, the numerator of which is the aggregate amount of all Receivables that were more than 60 days past due as of the end of each billing cycle during such Monthly Period and the denominator of which is the aggregate amount of all Receivables as of the end of each billing cycle during such Monthly Period."

(b) The definition of Required Reserve Amount in Section 2 of the Supplement is hereby amended and restated in its entirety to read as follows:

"Required Reserve Amount' shall mean, with respect to any Business Day, the product of (i) the sum of (A) Automatic Addition Percentage for such Business Day, and (B) the Enhancement Percentage for such Business Day, times (ii) during the Revolving Period, the Invested Amount on such Business Day or, during the Amortization Period, the Invested Amount on the last day of the Revolving Period; provided that during the Amortization Period, the Required Reserve Amount on any Business Day shall not exceed the Invested Amount on such Business Day."

(c) Section 4.9(a) of the Agreement is hereby amended by adding the following sentence at the end of such Section:

"Notwithstanding any other provision of this Agreement, the Transferor may at any time and from time to time in the Transferor's discretion deposit funds directly into the Reserve Account."

(d) Section 5.2(ix) of the Agreement is hereby amended and restated in its entirety to read as follows:

"(ix) the Excess Spread Percentage, the Excess Spread Enhancement Cap Percentage, the Payment Rate Percentage, the Payment Rate Enhancement Cap Percentage, the Enhancement Percentage, the Charge Off Ratio, the Delinquency Ratio and the Automatic Addition Percentage for the related Monthly Period;"

(e) Section 17 of the Agreement is hereby amended and restated in its entirety to read as follows:

"Automatic Additional Accounts. The Transferor shall not elect to terminate or suspend the inclusion of Automatic Additional Accounts without the prior written consent of the Administrative Agent acting on behalf of the Holders of Series 1997-1 Variable Funding Certificates as provided in Section 19 of this Variable Funding Supplement; provided, that if, on any Distribution Date immediately following a Determination Date on which an AAA Reserve Account Trigger occurred, the amount on deposit in the Reserve Account (without giving effect to any amounts deposited therein as a result of the Enhancement Percentage being greater than zero on such Determination Date) is less than the product of (i) the Automatic Addition Percentage on such Distribution Date, times (ii) during the Revolving Period, the Invested Amount on such Distribution Date or, during the Amortization Period, the Invested Amount on the last day of the Revolving Period (a "Suspension Event"), the Transferor will, in accordance with Section 2.6 of the Agreement, declare a Suspension Date; provided, further, that, if either (x) on any subsequent day the amount on deposit in the Reserve Account (without giving effect to any amounts deposited therein as a result of the Enhancement Percentage being greater than zero) is at least equal to the product of clauses (i) and (ii) above, or (y) on any subsequent Determination Date no AAA Reserve Account Trigger is continuing, the Transferor may, in its sole discretion, declare a Resumption Date."

3. Representations and Warranties. The Transferor and the Servicer each hereby represents and warrants as follows:

(a) Representations and Warranties. The representations and warranties contained in Section 4 of the Class A Certificate Purchase Agreement and the Class B Certificate Purchase Agreement are true and correct as of the date hereof.

(b) No Default. Both before and immediately after giving effect to this Amendment and the transactions contemplated hereby no Termination Event, Series 1997-1 Pay Out Event, Servicer Default or Trust Payout Event exists or shall exist.

4. Effect of Amendment. All provisions of the Supplement, as expressly amended and modified by this Amendment, shall remain in full force and effect. After this Amendment becomes effective, all references in the Supplement (or in any related document) to "this Supplement", "hereof", "herein" or words of similar effect referring to the Supplement shall be deemed to be references to the Supplement as amended by this Amendment. This Amendment shall not be deemed, either expressly or impliedly, to waive, amend or supplement any provision of the Agreement other than as set forth herein.

5. Effectiveness. This Amendment shall become effective as of the date hereof upon receipt by the Agent of counterparts of this Amendment (whether by facsimile or otherwise) executed by each of the other parties hereto, in form and substance satisfactory to the Agent in its sole discretion.

6. Consent of Holder of Class C Certificates. The Transferor, in its capacity as holder of all of the outstanding Class C Certificates (as defined in the Supplement), by its execution below hereby consents to the terms of this Amendment and the changes to the Agreement or the Supplement contemplated hereby.

7. Counterparts. This Amendment may be executed in any number of counterparts and by different parties on separate counterparts, each of which when so executed shall be deemed to be an original and all of which when taken together shall constitute but one and the same instrument.

8. Governing Law. This Amendment shall be governed by, and construed in accordance with, the internal laws of the State of New York (without regard to any otherwise applicable principles of conflicts of law).

9. Section Headings. The various headings of this Amendment are included for convenience only and shall not affect the meaning or interpretation of this Amendment, the Agreement or any provision hereof or thereof.

IN WITNESS WHEREOF, the parties have executed this Amendment as of the date first written above.

PRIME II RECEIVABLES CORPORATION,
as Transferor

By: /s/ Susan P. Storer
Name: Susan P. Storer
Title: President

FDS NATIONAL BANK,
as Servicer

By: /s/ Susan R. Robinson
Name: Susan R. Robinson
Title: Treasurer

THE CHASE MANHATTAN BANK, as
Trustee

By: /s/ Jennifer Richardson
Name: Jennifer Richardson
Title: Assistant Vice President

The undersigned, as Administrative Agent, hereby consents to the Transferor's declaration of Suspension Dates from time to time pursuant to Section 17 of the

Agreement as set forth above in this Amendment.

CREDIT SUISSE FIRST BOSTON,
NEW YORK BRANCH, as Administrative Agent

By: /s/ Michael W. Koenitzer
Name: Michael W. Koenitzer
Title: Vice President

By: /s/ Matthew J. Monaco
Name: Matthew J. Monaco
Title: Associate

THIRD AMENDED AND RESTATED CREDIT AGREEMENT

Dated as of July 24 , 2000

FEDERATED DEPARTMENT STORES, INC., a Delaware corporation (the "Borrower"), the banks, financial institutions and other institutional lenders (collectively, the "Initial Lenders") party hereto, CITIBANK, N.A., as an administrative agent (together with any successor thereto appointed pursuant to Article VII of the Existing Credit Agreement referred to below, in such capacity, an "Administrative Agent") for the Lenders (as defined in the Existing Credit Agreement referred to below) and as paying agent (in such capacity, the "Paying Agent") for the Lenders and as joint book manager and joint lead arranger, THE CHASE MANHATTAN BANK, as an administrative agent (together with any successor thereto appointed pursuant to Article VII of the Existing Credit Agreement referred to below, in such capacity, an "Administrative Agent"; the Administrative Agents and the Paying Agent being, collectively, the "Agents") for the Lenders and as joint book manager and joint lead arranger, FLEET NATIONAL BANK, as syndication agent, and BANK OF AMERICA, N.A., as documentation agent, hereby agree as follows:

PRELIMINARY STATEMENTS

(1) The Borrower is party to a Second Amended and Restated Credit Agreement dated as of July 26, 1999 (as amended, supplemented or otherwise modified from time to time to (but not including) the date of this Amendment and Restatement, the "Existing Credit Agreement") with the banks, financial institutions and other institutional lenders party thereto and Citibank, N.A. and The Chase Manhattan Bank, as Agents for the Lenders and such other lenders. Capitalized terms not otherwise defined in this Amendment and Restatement shall have the same meanings as specified in the Existing Credit Agreement.

(2) The parties to this Amendment and Restatement desire to amend the Existing Credit Agreement as set forth herein and to restate the Existing Credit Agreement in its entirety to read as set forth in the Existing Credit Agreement with the following amendments.

(3) The Borrower has requested that the Lenders agree to extend credit to it from time to time in an aggregate principal amount of up to \$500,000,000 for general corporate purposes of the Borrower and its Subsidiaries not otherwise prohibited under the terms of this Amendment and Restatement. The Lenders have indicated their willingness to agree to extend credit to the Borrower from time to time in such amount on the terms and conditions of this Amendment and Restatement.

SECTION 1. Amendments to the Existing Credit Agreement.

(a) Section 1.01 of the Existing Credit Agreement is, effective as of July 24, 2000 and subject to the satisfaction of the conditions precedent set forth in Section 2, hereby amended by deleting the definition of "Revolver Termination Date" set forth therein and replacing it with the following new definition thereof:

"Revolver Termination Date" means the earlier of (a) July 23, 2001 (subject to the extension thereof pursuant to Section 2.15) and (b) the date of termination in whole of the Revolving Credit Commitments pursuant to Section 2.04 or 6.01; provided, however, that the Revolver Termination Date of any Lender that is a Non-Consenting Lender to any requested extension pursuant to Section 2.15 shall be the Revolver Termination Date in effect immediately prior to the

applicable Extension Date for all purposes of this Agreement and any Notes.

(b) Schedule I to the Existing Credit Agreement is, effective as of July 24, 2000 and subject to the satisfaction of the conditions precedent set forth in Section 2, deleted in its entirety and replaced with Schedule I to this Amendment and Restatement.

SECTION 2. Conditions of Effectiveness of this Amendment and Restatement. This Amendment and Restatement shall become effective as of the date first above written (the "Amendment Effective Date") when and only if:

(a) The Paying Agent shall have received counterparts of this Amendment and Restatement executed by the Borrower, the Agents and all of the Initial Lenders or, as to any of the Initial Lenders, advice satisfactory to the Paying Agent that such Initial Lender has executed this Amendment and Restatement.

(b) The Paying Agent shall have received on or before July 24, 2000 the following, each dated such date and (unless otherwise specified below) in form and substance satisfactory to the Paying Agent and in sufficient copies for each Initial Lender: the Revolving Credit Notes payable to the order of each of the Lenders that have requested Revolving Credit Notes prior to July 24, 2000.

(c) The representations and warranties contained in Section 4.01 of the Existing Credit Agreement shall be correct on and as of the Amendment Effective Date, before and after giving effect to the Amendment Effective Date, as though made on and as of such date.

(d) No event shall have occurred and be continuing, or shall occur as a result of the occurrence of the Amendment Effective Date, that constitutes a Default.

SECTION 3. Reference to and Effect on the Existing Credit Agreement and the Notes.

(a) On and after the effectiveness of this Amendment and Restatement, each reference in the Existing Credit Agreement to "this Agreement", "hereunder", "hereof" or words of like import referring to the Existing Credit Agreement, and each reference in the Notes to "the Credit Agreement", "thereunder", "thereof" or words of like import referring to the Existing Credit Agreement, shall mean and be a reference to the Existing Credit Agreement, as amended by this Amendment and Restatement.

(b) The Existing Credit Agreement and the Notes, as specifically amended by this Amendment and Restatement, are and shall continue to be in full force and effect and are hereby in all respects ratified and confirmed.

(c) Without limiting any of the other provisions of the Existing Credit Agreement, as amended by this Amendment and Restatement, any references in the Existing Credit Agreement to the phrases "on the date hereof", "on the date of this Agreement" or words of similar import shall mean and be a reference to July 28, 1997.

SECTION 4. Costs and Expenses. The Borrower agrees to pay on demand all reasonable out-of-pocket costs and expenses of the Agents in connection with the preparation, execution, delivery and administration, modification and amendment of this Amendment and Restatement, the Notes and the other documents to be delivered hereunder (including, without limitation, the reasonable and documented fees and expenses of counsel for the Agents with respect hereto and thereto) in accordance with the terms of Section 8.04 of the Existing Credit Agreement.

SECTION 5. Execution in Counterparts. This Amendment and Restatement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page to this Amendment and Restatement by telecopier shall be effective as delivery of a manually executed counterpart of this Amendment and Restatement.

SECTION 6. Governing Law. This Amendment and Restatement shall be governed by, and construed in accordance with, the laws of the State of New York.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment and Restatement to be executed by their respective officers thereunto duly authorized, as of the date first above written.

THE BORROWER

FEDERATED DEPARTMENT STORES, INC.,

By /s/ Brian Szames
Name: Brian Szames
Title: Treasurer

THE AGENTS

CITIBANK, N.A.,
as an Administrative Agent and
as Paying Agent

By /s/ Laura A. Siracuse
Name: Laura A. Siracuse
Title: Vice President

THE CHASE MANHATTAN BANK,
as an Administrative Agent

By /s/ Barry K. Bergman
Name: Barry K. Bergman
Title: Vice President

FLEET NATIONAL BANK
(f/k/a BANKBOSTON, N.A.)
as Syndication Agent

By /s/ Judith C.E. Kelly
Name: Judith C.E. Kelly
Title: Director

BANK OF AMERICA, N.A.
as Documentation Agent

By /s/ Bridget A. Garavalia
Name: Bridget A. Garavalia
Title: Managing Director

THE INITIAL LENDERS

CITIBANK, N.A.

By /s/ Laura A. Siracuse
Name: Laura A. Siracuse
Title: Vice President

THE CHASE MANHATTAN BANK

By /s/ Barry K. Bergman
Name: Barry K. Bergman
Title: Vice President

BANK OF AMERICA, N.A.

By /s/ Bridget A. Garavalia
Name: Bridget A. Garavalia
Title: Managing Director

THE BANK OF NEW YORK

By /s/ Howard F. Basoom, Jr.
Name: Howard F. Basoom, Jr.
Title: Vice President

CREDIT AGRICOLE INDOSUEZ

By /s/ Richard A. Drennan
Name: Richard A. Drennan
Title: Vice President,
Senior Relationship Manager

By /s/ Paul A. Dytrych
Name: Paul A. Dytrych
Title: Vice President,
Senior Relationship Manager

COMERICA BANK

By /s/ Lisa M. Kotual
Name: Lisa M. Kotual
Title: Corporate Banking Officer

CREDIT SUISSE FIRST BOSTON

By /s/ Bill O'Daly
Name: Bill O'Daly
Title: Vice President

By /s/ Kristin Lepri
Name: Kristin Lepri
Title: Associate

THE FIFTH THIRD BANK

By /s/ Thomas G. Welch, Jr.
Name: Thomas G. Welch, Jr.
Title: Vice President

BANK ONE, NA
(f/k/a THE FIRST NATIONAL BANK OF CHICAGO)

By /s/ Catherine A. Muszynski
Name: Catherine A. Muszynski
Title: Vice President

FLEET NATIONAL BANK

(f/k/a BANKBOSTON, N.A.)

By /s/ Judith C.E. Kelly
Name: Judith C.E. Kelly
Title: Director

ALLFIRST BANK

By /s/ Carol A. Dalton
Name: Carol A. Dalton
Title: Senior Vice President

MELLON BANK, N.A.

By /s/ Richard J. Schaich
Name: Richard J. Schaich
Title: Vice President

MORGAN GUARANTY TRUST COMPANY
OF NEW YORK

By /s/ Dennis Wilczek
Name: Dennis Wilczek
Title: Associate

PNC BANK, NATIONAL ASSOCIATION

By /s/ John L. Noelcke
Name: John L. Noelcke
Title: Senior Vice President

FIRSTAR BANK, N.A.

By /s/ Derek S. Roudebush
Name: Derek S. Roudebush
Title: Vice President

SUMITOMO BANK, LIMITED

By /s/ Edward D. Henderson
Name: Edward D. Henderson , Jr.
Title: Senior Vice President

FIRST UNION NATIONAL BANK

By /s/ Joan Anderson
Name: Joan Anderson
Title: Vice President

UNION BANK OF CALIFORNIA, N.A.

By /s/ Timothy P. Streb
Name: Timothy P. Streb
Title: Vice President

WACHOVIA BANK, N.A.

By /s/ Bradford L. Watkins
Name: Bradford L. Watkins
Title: Vice President

WELLS FARGO BANK, N.A.

By /s/ Melissa F. Nachman
Name: Melissa F. Nachman
Title: Vice President

By /s/ Mary D. Falck
Name: Mary D. Falck
Title: Senior Vice President

SCHEDULE I TO THE AMENDMENT AND RESTATEMENT
COMMITMENTS AND APPLICABLE LENDING OFFICES

| Name of Initial Lender | Revolving Credit Commitment | Domestic Lending Office | Eurodollar Lending Office |
|--------------------------------|-----------------------------|--|--|
| Citibank, N.A. | \$55,000,000 Credit: | Credit: 399 Park Avenue, 5th Floor New York, NY 10043 Attn: Robert Snell Phone: (212)559-3215 Fax: (212) 793-7585 Administrative: 2 Penns Plaza Suite 200 New Castle, DE 19720 Attn:Leonard Sarcona Phone: (718)248-4536 Fax: (718) 248-4844 | Credit: 399 Park Avenue, 5th Floor New York, NY 10043 Attn: Robert Snell Phone: (212)559-3215 Fax: (212) 793-7585 Administrative: 2 Penns Plaza Suite 200 New Castle, DE 19720 Attn:Leonard Sarcona Phone: (718)248-4536 Fax: (718) 248-4844 |
| The Chase Manhattan Bank, N.A. | \$55,000,000 Credit: | Credit: 270 Park Avenue, 48th Fl. New York, NY 10017 Attn: Barry Bergman Phone: (212)270-0203 Fax: (212) 270-5646 Administrative: 1 Chase Manhattan Plaza 8th Floor New York, NY 10081 Attn: Amy Labinger Phone: (212)552-4025 Fax: (212) 552-7500 | Credit: 270 Park Avenue, 48th Fl. New York, NY 10017 Attn: Barry Bergman Phone: (212)270-0203 Fax: (212) 270-5646 Administrative: 1 Chase Manhattan Plaza 8th Floor New York, NY 10081 Attn: Amy Labinger Phone: (212)552-4025 Fax: (212) 552-7500 |
| Bank of America, N.A. | \$50,500,000 Credit: | Credit: 231 South LaSalle Street Chicago, IL 60697 Attn: Bridget Garavalia Phone: (312)828-1259 Fax: (312) 828-6269 Administrative: 1850 Gateway Blvd. Concord, CA 94520- 3282 Attn: G.K. Lapitan Phone: (925)675-8205 Fax: (925) 969-2852 | Credit: 231 South LaSalle Street Chicago, IL 60697 Attn: Bridget Garavalia Phone: (312)828-1259 Fax: (312) 828-6269 Administrative: 1850 Gateway Blvd. Concord, CA 94520- 3282 Attn: G.K. Lapitan Phone: (925)675-8205 Fax: (925) 969-2852 |
| The Bank of New York | \$24,000,000 Credit: | Credit: One Wall Street, 8th Floor New York, NY 10286 Attn: Clarence Burleigh Phone: (212)635-7867 Fax: (212) 635-1483 Administrative: | Credit: One Wall Street, 8th Floor New York, NY 10286 Attn: Clarence Burleigh Phone: (212)635-7867 Fax: (212) 635-1483 Administrative: |

| | |
|-----------------------------------|--|
| | One Wall Street, One Wall Street, 8th Floor 8th Floor New York, NY 10286 New York, NY 10286 Attn: Susan Baratta Attn: Susan Baratta Phone: (212)635-6761 Phone: (212)635-6761 Fax: (212) 635-6397 Fax: (212) 635-6397 |
| Credit Suisse First Boston | \$24,000,000 Credit: Credit: 11 Madison Ave., 11 Madison Ave., 19th Fl. 19th Fl. New York, NY 10010 New York, NY 10010 Attn: Chris Hogan Attn: Chris Hogan Phone: (212)325-9157 Phone: (212)325-9157 Fax: (212) 325-8309 Fax: (212) 325-8309 Administrative: Administrative: 11 Madison Ave. 11 Madison Ave. New York, NY 10010 New York, NY 10010 Attn: Gina Attn: Gina Manginello Manginello Phone: (212)325-9149 Phone: (212)325-9149 Fax: (212) 325-8319 Fax: (212) 325-8319 |
| Fleet National Bank | \$66,000,000 Credit: Credit: 100 Federal Street 100 Federal Street MA DE 100 09E MA DE 100 09E Boston, MA 02110 Boston, MA 02110 Attn: Judy Kelly Attn: Judy Kelly Phone: (617) 434-5280 Phone: (617) 434-5280 Fax: (617) 434-6685 Fax: (617) 434-6685 Administrative: Administrative: One Federal Street One Federal Street MA De 10307L MA DE 10307L Boston, MA 02110 Boston, MA 02110 Attn: Dwayne Nelson Attn: Dwayne Nelson Phone: (617) 346-4223 Phone: (617) 346-4223 Fax: (617) 346-0595 Fax: (617) 346-0595 |
| PNC Bank, National Association | \$24,000,000 Credit: Credit: 201 East 5th Street 201 East 5th Street Cincinnati, OH 45202 Cincinnati, OH 45202 Attn: Joe Richardson Attn: Joe Richardson Phone: (513)651-8688 Phone: (513)651-8688 Fax: (513) 651-8951 Fax: (513) 651-8951 Administrative: Administrative: 201 E. 5th Street 201 E. 5th Street Cincinnati, OH 45202 Cincinnati, OH 45202 Attn: Sandy Wilson Attn: Sandy Wilson Phone: (513)651-8984 Phone:(513) 651-8984 Fax: (513) 651- 8951 Fax: (513) 651-8951 |
| Sumitomo Bank, Limited | \$20,000,000 Credit: Credit: U.S. Corporate Dept. U.S. Corporate Dept. 277 Park Avenue, 277 Park Avenue, 6th Floor 6th Floor New York, NY 10172 New York, NY 10172 Attn: Rohn Attn: Rohn Laudenschlager Laudenschlager Phone: (212)224-4226 Phone: (212)224-4226 Fax (212) 418-4384 Fax (212) 418-4384 Administrative: Administrative: International International Finance Dept. Finance Dept. 277 Park Avenue, 277 Park Avenue, 6th Floor 6th Floor New York, NY 10172 New York, NY 10172 Attn: Ivellesse Mena- Attn: Ivellesse Mena- Garcia Garcia Phone: (212)224-4150 Phone: (212)224-4150 Fax (212) 224-5197 Fax (212) 224-5197 |
| Union Bank of California, N.A. | \$15,000,000 Credit: Credit: 350 California St., 350 California St., 11th Fl. 11th Fl. San Francisco, CA San Francisco, CA 94104 94104 Attn: Timothy P. Attn: Timothy P. Streb, VP Streb, VP |

Phone: (415)705-7021 Phone: (415)705-7021
Fax: (415) 705-7085 Fax: (415) 705-7085
Administrative: Administrative:
350 California St., 350 California St.,
11th Fl. 11th Fl.
San Francisco, CA San Francisco, CA
94104 94104

Attn: Richard A. Attn: Richard A.
Sutter, VP Sutter, VP
Phone: (415)705-7090 Phone: (415)705-7090
Fax: (415) 705-7085 Fax: (415) 705-7085

Mellon Bank, N.A.

\$19,000,000 Credit: Credit:
One Mellon Bank One Mellon Bank
Center, Center,
Room 370 Room 370
Pittsburgh, PA Pittsburgh, PA
15258-0001 15258-0001

Attn: Rick Schaich Attn: Rick Schaich
Phone: (412)234-4420 Phone: (412)234-4420
Fax: (412) 236-1914 Fax: (412) 236-1914

Administrative: Administrative:
Three Mellon Bank Three Mellon Bank
Center, Center,
Room 2305 Room 2305
Pittsburgh, PA Pittsburgh, PA
15259-0003 15259-0003

Attn: Greg Klino Attn: Greg Klino
Phone: (412)234-1867 Phone: (412)234-1867
Fax: (412) 234-5049 Fax: (412) 234-5049

Credit Agricole
Indosuez

\$12,500,000 Credit: Credit:
55 E. Monroe Street 55 E. Monroe Street
Suite 4700 Suite 4700
Chicago, IL 60603 Chicago, IL 60603

Attn: Ray Falkenberg Attn: Ray Falkenberg
Phone: (312)917-7426 Phone: (312)917-7426
Fax: (312) 372-3724 Fax: (312) 372-3724

Administrative: Administrative:
55 E. Monroe Street 55 E. Monroe Street
Suite 4700 Suite 4700
Chicago, IL 60603 Chicago, IL 60603

Attn: James Barrett Attn: James Barrett
Phone: (312)917-7429 Phone: (312)917-7429
Fax: (312) 372-4421 Fax: (312) 372-4421

Bank One, NA
(f/k/a The First
National Bank of
Chicago)

\$21,250,000 Credit: Credit:
One First National One First National
Plaza Plaza
Chicago, IL 60670 Chicago, IL 60670

Attn: Diane Stark Attn: Diane Stark
Phone: (312)732-8251 Phone: (312)732-8251
Fax: (312) 336-4380 Fax: (312) 336-4380

Administrative: Administrative:
One First National One First National
Plaza Plaza
Chicago, IL 60670 Chicago, IL 60670

Attn: Karen Hannusch Attn: Karen Hannusch
Phone: (312)732-9868 Phone: (312)732-9868
Fax: (312) 732-2715 Fax: (312) 732-2715

Morgan Guaranty Trust
Company of New York

\$15,000,000 Credit: Credit:
60 Wall Street 60 Wall Street
New York, NY 10260- New York, NY 10260-
0060 0060

Attn: Deborah Attn: Deborah
Boodheim Boodheim
Phone: (212)648-8063 Phone: (212)648-8063
Fax: (212) 648-5018 Fax: (212) 648-5018

Administrative: Administrative:
500 Stanton 500 Stanton
Christiana Ctr. Christiana Ctr.
Newark, DE 19713- Newark, DE 19713-
2107 2107

Attn: Vickie Fedele Attn: Vickie Fedele
Phone: (302)634-4225 Phone: (302)634-4225
Fax: (302) 634-1852 Fax: (302) 634-1852

| | | |
|---------------------------|--|---------|
| Wachovia Bank, N.A. | \$10,000,000 Credit: | Credit: |
| | 191 Peachtree Street, 191 Peachtree Street, N.E. N.E. | |
| | 28th Floor, GA-370 28th Floor, GA-370 | |
| | Atlanta, GA 30303 Atlanta, GA 30303 | |
| | Attn: Brad Watkins Attn: Brad Watkins | |
| | Phone: (404)332-1093 Phone: (404)332-1093 | |
| | Fax: (404) 332-6898 Fax: (404) 332-6898 | |
| | Administrative: Administrative: | |
| | 191 Peachtree Street, 191 Peachtree Street, N.E. N.E. | |
| | 28th Floor, GA-370 28th Floor, GA-370 | |
| | Atlanta, GA 30303 Atlanta, GA 30303 | |
| | Attn: Christy N. Attn: Christy N. | |
| | Howard Howard | |
| | Phone: (404)332-6261 Phone: (404)332-6261 | |
| | Fax: (404) 332-6898 Fax: (404) 332-6898 | |
| Comerica Bank | \$7,500,000 Credit: | Credit: |
| | 500 Woodward Ave. 500 Woodward Ave. MC 3268 MC 3268 | |
| | Detroit, MI 48226 Detroit, MI 48226 | |
| | Attn: Hugh Porter Attn: Hugh Porter | |
| | Phone (313)222-6192 Phone (313)222-6192 | |
| | Fax: (312) 222-9514 Fax: (312) 222-9514 | |
| | Administrative: Administrative: | |
| | 500 Woodward Ave. 500 Woodward Ave. MC 3268 MC 3268 | |
| | Detroit, MI 48226 Detroit, MI 48226 | |
| | Attn: Beverly Jones Attn: Beverly Jones | |
| | Phone (313)222-3805 Phone (313)222-3805 | |
| | Fax: (312) 222-3351 Fax: (312) 222-3351 | |
| The Fifth-Third Bank | \$6,250,000 Credit: | Credit: |
| | 38 Fountain Square 38 Fountain Square Plaza Plaza | |
| | Cincinnati, OH 45263 Cincinnati, OH 45263 | |
| | Attn: Andy Hauck Attn: Andy Hauck | |
| | Phone: (513)579-4178 Phone: (513)579-4178 | |
| | Fax: (513) 579-5226 Fax: (513) 579-5226 | |
| | Administrative: Administrative: | |
| | 38 Fountain Square 38 Fountain Square Plaza Plaza | |
| | Cincinnati, OH 45263 Cincinnati, OH 45263 | |
| | Attn: Daniel Mullen Attn: Daniel Mullen | |
| | Phone: (513)579-4104 Phone: (513)579-4104 | |
| | Fax: (513) 579-4226 Fax: (513) 579-4226 | |
| Allfirst Bank | \$7,500,000 Credit: | Credit: |
| | 25 S. Charles Street 25 S. Charles Street Baltimore, MD 21201 Baltimore, MD 21201 | |
| | Attn: John Serocca Attn: Sean Fitzgerald | |
| | Phone: (410)244-4852 Phone: (410)244-4575 | |
| | Fax: (410) 545-2047 Fax: (410) 545-2079 | |
| | Administrative: Administrative: | |
| | 25 S. Charles Street 25 S. Charles Street Baltimore, MD 21201 Baltimore, MD 21201 | |
| | Attn: John Serocca Attn: Sean Fitzgerald | |
| | Phone: (410)244-4852 Phone: (410)244-4575 | |
| | Fax: (410) 545-2047 Fax: (410) 545-2079 | |
| Firstar Bank, N.A. | \$17,500,000 Credit: | Credit: |
| | 425 Walnut Street, 425 Walnut Street, ML: 8160 ML: 8160 | |
| | Cincinnati, OH 45202 Cincinnati, OH 45202 | |
| | Attn: Derek Roudebush Attn: Derek Roudebush | |
| | Phone: (513)632-4010 Phone: (513)632-4010 | |
| | Fax: (513) 762-2068 Fax: (513) 762-2068 | |
| | Administrative: Administrative: | |
| | 425 Walnut Street 425 Walnut Street Cincinnati, OH 45202 Cincinnati, OH 45202 | |
| | Attn: Patty Gambert Attn: Patty Gambert | |
| | Phone: (513)632-4034 Phone: (513)632-4034 | |
| | Fax: (513) 632-3099 Fax: (513) 632-3099 | |
| First Union National Bank | \$25,000,000 Credit: | Credit: |
| | Widener Building, Widener Building, 12th Floor 12th Floor | |

One South Penn Square One South PennSquare
Philadelphia, PA Philadelphia, PA
19107 19107
Attn: Joan Anderson Attn: Joan Anderson
Phone: (215)973-8376 Phone: (215)973-8376
Fax: (215) 786 2877 Fax: (215) 786 2877
Administrative: Administrative:
Widener Building, Widener Building,
10th Floor 10th Floor
One South Penn Square One South PennSquare
Philadelphia, PA Philadelphia, PA
19107 19107
Attn: Lisa Johnson- Attn: Lisa Johnson-
Keyes Keyes
Phone: (215)786-4363 Phone: (215)786-4363
Fax: (215) 973-7185 Fax: (215) 973-7185

Wells Fargo Bank, N.A. \$25,000,000 Credit: Credit:
230 W. Monroe St. 230 W. Monroe St.
Suite 2900 Suite 2900
Chicago, IL 60606 Chicago, IL 60606
Attn: Suzanne Morys, Attn: Suzanne Morys,
V.P. V.P.
Phone: 312-845-8605 Phone: 312-845-8605
Fax: 312-553-4783 Fax: 312-553-4378
Administrative: Administrative:
707 Wilshire Blvd. 707 Wilshire Blvd.
MAC 2818-165 MAC 2818-165
Los Angeles,CA 90017 Los Angeles,CA 90017
Attn: Matt Frey Attn: Matt Frey
Phone: 213-614-5038 Phone: 213-614-5038
Fax: 213-623-5674 Fax: 213-623-5674

TOTAL OF COMMITMENTS: \$500,000,000

SECOND AMENDMENT AGREEMENT
to
FINGERHUT RECEIVABLES, INC.
SECURITY PURCHASE AGREEMENT

This Second Amendment Agreement (the "Amendment") is executed as of the 20th day of July, 2000, by and among Fingerhut Receivables, Inc. (the "Transferor"), Kitty Hawk Funding Corporation ("Kitty Hawk"), Falcon Asset Securitization Corporation ("Falcon"), Four Winds Funding Corporation ("Four Winds" and, collectively with Kitty Hawk and Falcon, the "Conduit Purchasers"), Bank of America, N.A. ("BofA" or the "Administrative Agent"), Bank One, NA (Main Office Chicago) ("Bank One"), Norddeutsche Landesbank Girozentrale, New York Branch and/or Cayman Island Branch ("Norddeutsche"), and Commerzbank Aktiengesellschaft, Chicago Branch ("Commerzbank" and collectively with BofA, Bank One and Norddeutsche, the "Alternate Purchasers" and collectively with BofA and Bank One, the "Managing Agents").

W I T N E S S E T H:

WHEREAS, the Transferor, the Conduit Purchasers, the Managing Agents, the Alternate Purchasers and the Administrative Agent executed the Security Purchase Agreement dated as of July 30, 1998, as amended by the First Amendment Agreement dated as of July 29, 1999 (the "Security Purchase Agreement") Capitalized terms used herein and not otherwise defined shall have the meanings assigned to such terms in the Security Purchase Agreement.

WHEREAS, the parties hereto have agreed to amend the Security Purchase Agreement on the terms and conditions hereinafter set forth:

NOW, THEREFORE, the parties hereto agree as follows:

SECTION 1. Amendment of the Security Purchase Agreement. The Security Purchase Agreement is, effective on the date hereof and subject to the satisfaction of the condition precedent set forth in Section 2 below, hereby amended as follows:

1.1 The definition of "Specified Termination Date" contained in Section 1.01 of the Security Purchase Agreement shall be amended and restated in their entirety to read as follows:

"Specified Termination Date" shall mean August 28, 2000, or such later date to which the Specified Termination Date may be extended in accordance with Section 2.05 hereof."

1.2 This amendment shall be deemed to extend the Specified Termination Date for purposes of Section 2.05 of the Security Purchase Agreement.

SECTION 2. Condition Precedent. This Amendment shall become effective as of the date hereof upon the execution hereof by all of the parties hereto.

SECTION 3. Miscellaneous.

3.1 Ratification. As amended hereby, the Security Purchase Agreement is in all respects ratified and confirmed and the Security Purchase Agreement as so amended by this Amendment shall be read, taken and construed as one and the same instrument.

3.2 Representation and Warranty. The Transferor represents and warrants that this Amendment has been duly authorized, executed and delivered by it and constitutes its

legal, valid and binding obligation, enforceable in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, fraudulent transfer, moratorium or other similar laws now or hereafter in effect affecting the enforcement of creditors' rights in general and by general principles of equity (whether considered in a suit at law or in equity).

3.3 Governing Law; Parties. THIS AMENDMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK. Whenever in this Amendment there is a reference made to any of the parties hereto, such reference shall also be a reference to the successors and assigns of such party, including, without limitation, any debtor-in-possession or trustee. The provisions of this Amendment shall be binding upon and shall inure to the benefit of the successors and assigns of the parties hereto.

3.4 Counterparts; Severability. This Amendment may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which when taken together shall constitute one and the same agreement. In case any provision in or obligation under this Amendment shall be invalid, illegal or unenforceable in any jurisdiction, the validity, legality and enforceability of the remaining provisions or obligations, or of such provision or obligation in any other jurisdiction, shall not in any way be affected or impaired thereby.

3.5 Expenses. The Transferor agrees to pay all reasonable out-of-pocket expenses (including, without limitation, the fees and expenses of counsel to the Purchasers) incurred by the Administrative Agent or the Purchasers in connection with the negotiation, execution, delivery and preparation of this Amendment.

IN WITNESS WHEREOF, the Transferor, the Purchasers, the Managing Agents and the Administrative Agent have caused this Amendment to be fully executed by their respective officers as of the day and year first above written.

FINGERHUT RECEIVABLES, INC.,
as Transferor

By: /s/ Brian M. Szames
Name: Brian M. Szames
Title: President

KITTY HAWK FUNDING CORPORATION,
as Conduit Purchaser

By: /s/ Andy Yan
Name: Andy Yan
Title: Vice President

FALCON ASSET SECURITIZATION CORPORATION,
as Conduit Purchaser

By: /s/ Brooks P. Crankshaw
Name: Brooks P. Crankshaw
Title: Authorized Signatory

FOUR WINDS FUNDING CORPORATION,
as Conduit Purchaser

By: /s/ Carl H. Jackson
Name: Carl H. Jackson
Title: Senior Vice President

By: /s/ Kevin A. Tanzer
Name: Kevin A. Tanzer
Title: Assistant Vice President

BANK OF AMERICA, N.A.,
as Alternate Purchaser and Managing
Agent

By: /s/ Elliott T. Lemon
Name: Elliott T. Lemon
Title:

BANK ONE, NA (MAIN OFFICE CHICAGO),
as Alternate Purchaser and Managing
Agent

By: /s/ Brooks P. Crankshaw
Name: Brooks P. Crankshaw
Title: First Vice President

COMMERZBANK AKTIENGESELLSCHAFT, CHICAGO
BRANCH, as Alternate Purchaser and
Managing Agent

By: /s/ Carl H. Jackson
Name: Carl H. Jackson
Title: Senior Vice President

By: /s/ Kevin A. Tanzer
Name: Kevin A. Tanzer
Title: Assistant Vice President

BANK OF AMERICA, N.A.,
as Administrative Agent for the
Purchasers

By: /s/ Elliott T. Lemon
Name: Elliott T. Lemon
Title:

<TABLE> <S> <C>

<ARTICLE> 5

<MULTIPLIER> 1,000,000

| | | |
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| <PERIOD-START> | APR-30-2000 | |
| <PERIOD-END> | JUL-29-2000 | |
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| <RECEIVABLES> | 3,818 | |
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| <DEPRECIATION> | 0 | |
| <TOTAL-ASSETS> | 17,575 | <F2> |
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| <BONDS> | 4,452 | |
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| <OTHER-SE> | 0 | |
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| <F1>Includes the following: | | |
| Supplies and prepaid expenses | 231 | |
| Deferred income tax assets | 183 | |
| <F2>Includes the following: | | |
| Intangible assets - net | 1,703 | |
| Other assets | 655 | |
| <F3>Includes the following: | | |
| Deferred income taxes | 1,458 | |
| Other liabilities | 548 | |
| Shareholders' Equity | 6,314 | |
| <F4>Includes the following: | | |
| Interest income | 2 | |
| </FN> | | |

</TABLE>