

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report: October 3, 2005

FEDERATED DEPARTMENT STORES, INC.

7 West Seventh Street, Cincinnati, Ohio 45202
(513) 579-7000

-and-

151 West 34th Street, New York, New York 10001
(212) 494-1602

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

Check the appropriate box below if the Form 8-K is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR

□ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 1.02. Termination of a Material Definitive Agreement

In anticipation of the completion of the pending sale by Federated Department Stores, Inc. (together with its subsidiaries, as applicable, "Federated") of certain proprietary and non-proprietary credit card accounts owned by Federated, together with related receivables balances, and the capital stock of Prime Receivables Corporation, a wholly owned subsidiary of Federated, which owns all of Federated's interest in the Prime Credit Card Master Trust, to Citibank, N.A., Federated entered into a Termination Agreement, dated October 3, 2005, with JPMorgan Chase Bank, National Association ("JPMorgan"), Credit Suisse, New York Branch ("Credit Suisse"), the commercial paper dealers party thereto and the financial institutions party thereto, for the purpose of terminating the following agreements previously entered into by Federated in connection with the sale of commercial paper and the establishment of certain other liquidity arrangements supported by assets held in the Prime Credit Card Master Trust: (i) the Depositary Agreement, dated as of December 31, 1992, among Federated and JPMorgan, as depositary, (ii) the Liquidity Agreement, dated as of December 31, 1992, among Federated, the financial institutions named therein, and Credit Suisse, as liquidity agent (the "Liquidity Agent"), and (iii) the Pledge and Security Agreement, dated as of December 31, 1992, among Federated, JPMorgan, as collateral agent, and the Liquidity Agent. In connection with the termination of the foregoing agreements, Federated repaid \$374.3 million of commercial paper obligations outstanding under the Depositary Agreement on October 3, 2005, and terminated \$375 million of liquidity commitments under the Liquidity Agreement.

A copy of the Termination Agreement is attached to this report as Exhibit 10.1 and incorporated herein by reference. The foregoing description of the Termination Agreement and the transactions contemplated thereby are qualified in their entirety by reference to the full text of such documents.

Item 9.01. Financial Statements and Exhibits.

(c) Exhibits

- 10.1 Termination Agreement, dated October 3, 2005, among Federated, JPMorgan Chase Bank, National Association, Credit Suisse, New York Branch, the commercial paper dealers party thereto and the financial institutions party thereto

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 hereunto duly authorized.

FEDERATED DEPARTMENT STORES, INC.

Dated: October 7, 2005

By: /s/ Dennis J. Broderick

Name: Dennis J. Broderick

Title: Senior Vice President, General Counsel and Secretary

TERMINATION AGREEMENT

This Termination Agreement, dated as of October 3, 2005 (this "Agreement"), is among Seven Hills Funding Corporation (formerly known as Deerfield Funding Corporation) (the "CP Issuer"); Federated Department Stores, Inc. ("Federated"); FDS Bank (the "Servicer"), successor in interest to Federated in its capacity as servicer under the Liquidity Agreement (defined below); Prime Receivables Corporation, a Delaware corporation, in its capacity as transferor (the "Transferor") under the Supplement (defined below); Credit Suisse, New York Branch, as liquidity agent (the "Liquidity Agent") under the Liquidity Agreement (as defined below); JPMorgan Chase Bank, National Association ("JPMorgan"), as successor in interest to Chemical Bank in its capacities as (i) Depositary under the Depositary Agreement (as defined in the Liquidity Agreement), (ii) Collateral Agent under the Security Agreement (as defined in the Liquidity Agreement) and (iii) Trustee under the Pooling Agreement (as defined below); and the Banks and CP Dealers listed on the signature pages hereto. Capitalized terms used in this Agreement and not otherwise defined have the meanings assigned to them in the Liquidity Agreement.

Preliminary Statements

1. The Transferor and the Servicer are among the parties to the Series 1992-3 Variable Funding Supplement, dated as of December 31, 1992 (as heretofore amended, waived or otherwise modified, the "Supplement") to the Amended and Restated Pooling and Servicing Agreement, dated as of December 15, 1992 among, inter alia, the Transferor and the Servicer (as heretofore amended, waived or otherwise modified, the "Pooling Agreement").

2. Under the Supplement, the Transferor created the Series 1992-3 Variable Funding Certificates and conveyed to the CP Issuer a Class A Variable Funding Certificate. The CP Issuer entered into arrangements for the sale of commercial paper and the provision for certain liquidity arrangements from other parties, including the entry into (i) the Liquidity Agreement, dated as of December 31, 1992 among the CP Issuer, the Servicer, the Banks and the Liquidity Agent (as amended, restated or otherwise modified, the "Liquidity Agreement"), (ii) the Depositary Agreement and (iii) the Security Agreement (collectively with the Depositary Agreement and the Liquidity Agreement, the "Operative Documents").

3. The parties hereto desire to terminate the Operative Documents, subject to the payment of the Commercial Paper outstanding under the Liquidity Agreement, and the termination of the Liquidity Commitments under the Liquidity Agreement.

Agreement

The parties hereto agree to the following terms and conditions:

SECTION 1. Payment of Commercial Paper. The CP Issuer desires to pay the obligations of the Commercial Paper outstanding under the Depositary Agreement on October 3, 2005, and attaches as Exhibit A hereto the information necessary to evidence the proposed payment of Commercial Paper on such date. Each of the other parties hereto accepts and agrees with the terms set forth therein.

SECTION 2. Termination of Liquidity Commitments and Liquidity Agreement. Pursuant to Section 4.01(a) of the Liquidity Agreement, the CP Issuer hereby gives written notice to the Trustee, the Transferor, the Liquidity Agent, the CP Dealers, and the Depositary as of the date hereof, that the Liquidity Commitments shall terminate on October 3, 2005, upon the repayment in full of all outstanding Commercial Paper. Each of the Trustee, the Transferor, the Liquidity Agent, the CP Dealers and the Depositary accepts and acknowledges such notice hereunder, and agrees that the Liquidity Commitments shall terminate as provided above and that the Liquidity Agreement shall terminate in connection therewith without further action on the part of any of the parties hereto.

SECTION 3 Termination of Depositary Agreement. Notwithstanding anything in the Depositary Agreement to the contrary, each party hereto agrees that the Depositary Agreement shall terminate on October 3, 2005 upon the repayment in full of all outstanding Commercial Paper and the termination of the Liquidity Commitments in accordance with the terms of this Agreement.

SECTION 4 Termination of Security Agreement. In accordance with Section 22 of the Security Agreement, on October 3, 2005, upon the occurrence of the actions described in Section 3, the Loan Obligations under the Security Agreement shall have been paid and satisfied in full, the Commitments of the Liquidity Banks shall have been terminated in accordance with the terms of this Agreement, and the Security Agreement shall terminate at such time in accordance with its terms.

SECTION 5 Termination of Series 1992-3 Investor Certificates. Notwithstanding anything in the Supplement or the Pooling Agreement to the contrary, the Trustee, the CP Issuer, the Transferor and the Liquidity Agent agree that the Supplement and the rights of the Certificateholders of the 1992-3 Series Investor Certificates to receive payment on the Certificates shall terminate upon the repayment in full of the outstanding Commercial Paper.

SECTION 6 Evidence of Termination; Further Assurances. Each party hereto agrees that, upon the occurrence of the actions described above in this Agreement, it will execute any other documents and provide such other information concerning the termination of the Operative Documents as is reasonably requested by the CP Issuer.

SECTION 7 Conditions to Effectiveness. This Agreement shall become effective as of the date hereof upon (a) receipt by the Liquidity Agent of counterparts of this Agreement (whether by facsimile or otherwise) executed by each of the other parties hereto and (b) execution and delivery to the other parties hereto of a counterpart of this Agreement (whether by facsimile or otherwise) by the Liquidity Agent.

SECTION 8 Counterparts. This Agreement 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 an original and all of which when taken together shall constitute but one and the same instrument.

SECTION 9 Governing Law. This Agreement shall be governed by, and construed in accordance with, the laws of the State of New York.

SECTION 10 Section Headings. The various headings of this Agreement are included for convenience only and shall not affect the meaning or interpretation of this Agreement, the Operative Documents or any provision hereof or thereof.

Delivered as of the day and the year first above written.

SEVEN HILLS FUNDING CORPORATION,
as CP Issuer

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

PRIME RECEIVABLES CORPORATION,
as Transferor

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

FDS BANK, as Servicer

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

FEDERATED DEPARTMENT STORES, INC.

By: /s/ Ron Tysoe
Name: Ronald W. Tysoe
Title: Vice Chair

JPMORGAN CHASE BANK, NATIONAL ASSOCIATION, as
Depositary, Collateral Agent, Trustee and a Bank

By: /s/ Luiza Sinanian
Name: Luiza Sinanian
Title: Trust Officer

CREDIT SUISSE. NEW YORK BRANCH.

CREDIT SUISSE FIRST BOSTON LLC,
as Liquidity Agent and a Bank

By: /s/ Alberto Zonca
Name: Alberto Zonca
Title: Director

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

BANK OF AMERICA, NA, as a Bank

By: /s/ William Van Beek
Name: William Van Beek
Title: Principal

MELLON BANK, N.A., as a Bank

By: /s/ Mark F. Johnson
Name: Mark F. Johnston
Title: First Vice President

PNC BANK, NATIONAL ASSOCIATION, as a Bank

By: /s/ Bruce A. Kintner
Name: Bruce A. Kintner
Title: Vice President

Acknowledged by:

CREDIT SUISSE FIRST BOSTON LLC,
as a CP Dealer

By: /s/ Helena M. Willner
Name: Helena M. Willner
Title: Director

**GOLDMAN SACHS & CO. (successor to GOLDMAN SACHS
MONEY MARKETS, L.P.),**
as a CP Dealer

By: /s/ Patrick Welch
Name: Patrick Welch
Title: Vice President

J.P. MORGAN SECURITIES INC.,
as a CP Dealer

By: /s/ Johanna C. Foley
Name: Johanna C. Foley
Title: Vice President

JPMORGAN CHASE BANK, NATIONAL ASSOCIATION, as
Depository, Collateral Agent and Trustee

By: /s/ William Hendricks
Name: William Hendricks
Title: Vice President

