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 24, 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 240.14d-2(b))

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

Entry into a Material Definitive Agreement

Item 1.01.

As previously reported, on June 1, 2005, Federated Department Stores, Inc. (together with its subsidiaries, as applicable, "Federated") entered into a Purchase, Sale and Servicing Transfer Agreement (the "Purchase Agreement") with Citibank, N.A. (together with its subsidiaries, as applicable, "Citibank"). The Purchase Agreement provided, on the terms and subject to the conditions set forth therein, for, among other things, the purchase by Citibank of (i) the 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 owned all of Federated's interest in the Prime Credit Card Master Trust (the foregoing and certain related assets being the "FDS Credit Assets"), (ii) the "Macy's" credit card accounts owned by GE Capital Consumer Card Co. ("GE Bank"), together with related receivables balances (the foregoing and certain related assets being the "GE/Macy's Credit Assets"), upon the termination of Federated's credit card program agreement with GE Bank (which is scheduled to occur on May 1, 2006), and (iii) the proprietary credit card accounts owned by The May Department Stores Company ("May"), together with related receivables balances (the foregoing and certain related assets being the "May Credit Assets"), within 12 months after the acquisition of May by Federated (which occurred on August 30, 2005).

As previously reported, in connection with the Purchase Agreement, Federated and Citibank entered into a long-term marketing and servicing alliance pursuant to the terms of a Credit Card Program Agreement (the "Program Agreement') with an initial term of 10 years commencing upon the final closing under the Purchase Agreement and, unless terminated by either party as of the expiration of the initial term, an additional renewal term of three years. The Program Agreement provides, on the terms and subject to the conditions set forth therein, for, among other things, (i) the ownership by Citibank of the accounts purchased by Citibank pursuant to the Purchase Agreement, (ii) the ownership by Citibank of new accounts opened by Federated's customers, (iii) the provision of credit by Citibank to the holders of the credit cards associated with the foregoing accounts, (iv) the servicing of the foregoing accounts, and (v) the allocation between Citibank and Federated of the economic benefits and burdens associated with the foregoing and other aspects of the alliance.

On October 24, 2005, Federated and Citibank amended the Purchase Agreement and the Program Agreement to, among other things, (i) exclude certain employee credit card accounts (the "Employee Accounts") from the FDS Credit Assets, the GE/Macy's Credit Assets and the May Credit Assets, and (ii) provide for the transfer to Citibank of receivables balances on the Employee Accounts.

Copies of the amendments to the Purchase Agreement and the Program Agreement are attached to this report as Exhibits 10.1 and 10.2, respectively, and are incorporated herein by reference. The foregoing descriptions of these amendments and the transactions contemplated thereby are qualified in their entirety by reference to the full text of such documents.

On October 24, 2005, Federated completed the sale of the FDS Credit Assets to Citibank for a cash purchase price of $3.7 billion pursuant to the terms of the amended Purchase Agreement. The press release issued by Federated on October 24, 2005 with respect to the completion of the sale of the FDS Credit Assets is filed as Exhibit 99.1 hereto and is incorporated herein by reference.

In connection with the sale of the FDS Credit Assets to Citibank, Federated entered into an Amendment and Notice of Termination, dated October 24, 2005, with JPMorgan, as trustee ("Trustee"), and the certificate holders of the Prime Credit Card Master Trust II (the "Prime II Trust") created pursuant to the Pooling and Servicing Agreement, dated January 22, 1997 (as amended and supplemented, the "Pooling Agreement") to (i) amend the Prime II Trust termination provisions under the Pooling Agreement and (ii) provide notice to the Trustee and the certificate holders of the termination of the Prime II Trust on October 24, 2005.

A Copy of the Amendment and Notice of Termination is attached to this report as Exhibit 10.3 and incorporated herein by reference. The foregoing description of the Notice of Termination and the transactions contemplated thereby is qualified in its entirety by reference to the full text of such document.

Item 1.02. **Termination of a Material Definitive Agreement**

The information set forth above in Item 1.01 is incorporated by reference into this Item 1.02.

Item 2.01. **Completion of Acquisition or Disposition of Assets**

The information set forth above in Item 1.01 is incorporated by reference into this Item 2.01.

Item 9.01. **Financial Statements and Exhibits.**

(b) **Pro Forma Financial Information**

UNAUDITED PRO FORMA FINANCIAL STATEMENTS OF FEDERATED

On August 30, 2005, Federated completed the acquisition of The May Department Stores Company ("May") pursuant to the merger of May with a wholly owned subsidiary of Federated (the "Merger").

On October 24, 2005, Federated completed the sale to Citibank of the FDS Credit Assets.

The following unaudited pro forma consolidated financial statements of Federated give effect to the Merger and the sale of the FDS Credit Assets as if these transactions had been completed as of February 1, 2004, with respect to the pro forma consolidated condensed statements of income, and as of July 30, 2005, with respect to the pro forma consolidated balance sheet. The following unaudited pro forma consolidated financial statements should be read in conjunction with the historical consolidated financial statements and notes thereto and the other information set forth in the most recent reports on Form 10-K and Form 10-Q (including any amendments thereto) filed by Federated and May with the Securities and Exchange Commission.

The Merger will be accounted for under the purchase method of accounting, with Federated treated as the accounting acquirer. Under this method of accounting, the purchase price will be allocated to May's net assets based upon the estimated fair values of May's assets and liabilities at the date of acquisition. The unaudited pro forma consolidated financial statements include adjustments, which are based upon preliminary estimates, to reflect the allocation of the purchase price to May's net assets as of July 30, 2005. The purchase price allocation presented herein is preliminary; accordingly, the actual purchase accounting adjustments may differ from the pro forma adjustments reflected herein.

The following unaudited pro forma consolidated financial statements are presented for illustrative purposes only and are not necessarily indicative of what Federated's actual financial position or results of operations would have been had the Merger and the sale of the FDS Credit Assets been completed on the dates indicated above. Except as described above, the following unaudited pro forma consolidated financial statements do not give effect to (1) Federated's or May's results of operations or other transactions or developments since July 30, 2005, (2) the synergies, cost savings and one-time charges expected to result from the Merger, or (3) the effects of transactions or developments, including sales of stores or other assets, which may occur subsequent to the Merger. In particular, the following unaudited pro forma consolidated financial statements do not give effect to the purchase by Citibank of the GE/Macy's Credit Assets or the May Credit Assets, the former of which is not expected to occur until May 2006 and the latter of which may be deferred for up to 12 months following the Merger, or Federated's previously announced plan to divest 82 stores which accounted for approximately $2.2 billion of 2004 sales.

The foregoing matters and other factors identified in the documents that Federated files with the Securities and Exchange Commission could cause Federated's future financial position and results of operations to differ materially from those presented in the following unaudited pro forma consolidated financial statements.

FEDERATED DEPARTMENT STORES, INC.

Unaudited Pro Forma Consolidated Balance Sheet

July 30, 2005

(All amounts in millions)

	Historical Federated	Historical May (a)	Adjustments for Merger	Bridal Group Adjustment (c)	Federated as Adjusted	Adjustments for Credit Sale	Federated Pro Forma
ASSETS:							
Current Assets:							

Cash and cash equivalents	$ 1,399	$ 323	$ (1,445)	(b1)	$ 4	$ 281	$ (206)	(A)	$ 75
Accounts receivable	3,271	1,894	205	(b2)	(11)	5,359	(3,090)	(B)	2,269
Merchandise inventories	3,259	3,155	95	(b3)	(99)	6,410			6,410
Supplies and prepaid expenses	121	200			(27)	294			294
Assets of discontinued operations	-	-	-		905	905	—		905
Total Current Assets	8,050	5,572	(1,145)		772	13,249	(3,296)		9,953
Property and Equipment - net	5,824	6,115	785	(b4)	(213)	12,511			12,511
Goodwill	260	2,635	(2,635)	(b5)	(397)	9,243			9,243
			9,380	(b5)					
Other Intangible Assets - net	378	598	(598)	(b6)	(140)	498			498
			260	(b6)					
Other Assets	707	149	(49)	(b7)	(22)	740			740
			(45)	(b8)					
Total Assets	$15,219	$15,069	$ 5,953		$ -	$36,241	$ (3,296)		$32,945
LIABILITIES AND SHAREHOLDERS' EQUITY:									
Current Liabilities:									
Short-term debt	$ 1,229	$ 248	$ 4,338	(b1)	$ -	$ 5,815	$ (824)	(C)	$ 2,510
							(206)	(A)	
							(2,275)	(D)	
Accounts payable and accrued liabilities	2,715	2,759			(79)	5,395	(57)	(B)	5,338
Income taxes	178	80			(60)	198	78	(E)	276
Deferred income taxes	29					29	14	(E)	43
Liabilities of discontinued operations	-	-	—		226	226	—		226
Total current liabilities	4,151	3,087	4,338		87	11,663	(3,270)		8,393
Long-Term Debt	2,634	5,550	622	(b8)		8,806	(400)	(C)	8,406
Deferred Income Taxes	1,224	820	(87)	(b9)	(73)	1,884			1,884
Other Liabilities	597	532	263	(b7)	(14)	1,378			1,378
ESOP Preference Shares	-	179	(179)	(b10)					
Shareholders' Equity	6,613	4,901	(4,901)	(b11)		12,510	374	(F)	12,884
			5,897	(b11)					
Total Liabilities and Shareholders' Equity	$15,219	$15,069	$ 5,953		$ -	$36,241	$ (3,296)		$32,945

See Notes to Unaudited Pro Forma Consolidated Balance Sheet

FEDERATED DEPARTMENT STORES, INC.

Notes to Unaudited Pro Forma Consolidated Balance Sheet

(All amounts in millions except per share figures)

Notes Relating to Merger Adjustments

(a) Certain reclassifications have been made to the historical presentation of May to conform to the presentation used in the unaudited pro forma consolidated balance sheet.

(b) The consideration payable to May stockholders in connection with the Merger consisted of 0.3115 shares of Federated common stock and $17.75 in cash for each May share of common stock.

Under the purchase method of accounting, the total consideration payable in the Merger will be allocated to May's tangible and intangible assets and liabilities based on their estimated fair values as of the date of the Merger. The total consideration is calculated for this purpose as follows:

	Common Stock	Additional Paid-in Capital	Total
Issuance of Federated shares to May stockholders (99.740 shares at $58.55 per share *)	$1	$5,839	$ 5,840
Estimate of fair value of May stock options assumed			57
(b11) Total equity consideration			5,897
Cash consideration payable to May stockholders			5,683
Estimated transaction costs			100
(b1) Total cash consideration			5,783
Total consideration			$11,680

* the average market price of Federated Common Stock from February 24, 2005 to March 2, 2005

The unaudited pro forma consolidated balance sheet reflects the application of $1,445 million of Federated and May cash and $4,338 million of commercial paper borrowings to the payment of cash consideration payable to May stockholders and estimated transaction costs. For purposes of the unaudited pro forma consolidated financial statements, the commercial paper is assumed to bear interest at the rate of 3.81% per annum. Pending the issuance of the commercial paper, access to May's cash and the receipt of additional cash from operations, Federated borrowed $4,580 million under its 364-day bridge credit agreement, which borrowing was fully repaid by September 1, 2005.

The total consideration is preliminarily allocated as follow:

(b11)	May's historical net book value	$4,901
(b5)	Elimination of May's historical goodwill	(2,635)
(b6)	Elimination of May's historical identifiable intangible assets	(598)
(b2)	Estimate of adjustment to fair value of accounts receivable	205
(b3)	Estimate of adjustment to fair value of merchandise inventories	95
(b4)	Estimate of adjustment to fair value of property and equipment	785
(b5)	Goodwill created	9,380
(b6)	Estimate of adjustment to fair value of identifiable intangible assets	260
(b7)	Estimate of adjustment to fair value of pension and post-retirement obligations	(312)
(b8)	Estimate of adjustment to fair value of assumed long-term debt (including the write-off of deferred financing costs)	(667)
(b10)	Elimination of ESOP preference shares	179
(b9)	Estimate of deferred taxes on adjustments at combined rate of 38%	87
	Total consideration allocated	$11,680

Federated has not completed an assessment of the fair values of assets and liabilities of May and has not finalized its plans regarding the integration of May's businesses with Federated's businesses. Although certain assets are expected to be sold, with the exception of the May Credit Assets, the May stores included in the previously announced divestiture plan and the bridal group business, the identification of such assets will not be made until Federated's review of May's assets has been completed. Federated expects that the final purchase price allocation will include adjustments to the fair values of depreciable tangible assets, identifiable intangible assets (some of which will have indefinite lives) and liabilities, including the establishment of any potential liabilities associated with business integration plans, sales of assets or operations, and termination and change in control benefits. To the extent such assessments indicate that the fair value of the assets and liabilities differ from their net book values, such differences would be allocated to those assets and liabilities.

For purposes of the allocation above, Federated has allocated $785 million to property and equipment. This allocation has been preliminarily assigned to land and buildings and improvements. The purchase price was allocated to property and equipment, with the exception of recent May acquisitions, using an industry-specific income capitalization approach. Furniture, fixtures and equipment, which generally have short lives and relatively modest residual values were determined to have fair values that approximated book values. The preliminary allocation to property and equipment included in these pro forma financial statements is as follows:

Asset Classification	Increase in Value	Estimated Remaining Useful Life
Land	$380	n/a
Buildings and improvements	405	15 years

For purposes of the allocation above, Federated has allocated $260 million to identifiable intangible assets. The values assigned to tradenames and customer relationships were estimated using relative value comparisons with prior acquisitions adjusted for the anticipated utility to Federated. The preliminary allocation to identifiable intangible assets included in these pro forma financial statements is as follows:

Asset Classification	Assigned Value	Estimated Remaining Useful Life
Tradenames	140	36
Customer relationships	120	7

(c) To reflect the reclassification of the bridal group business acquired in the Merger to discontinued operations. On September 20, 2005, Federated announced its intention to dispose of this acquired business.

Notes Relating to Credit Sale Adjustments

(A) To reflect the pay down of Merger-related indebtedness with the cash reserve associated with debt secured by Federated's proprietary credit card receivables portfolio.

(B) To reflect the sale of Federated's proprietary and non-proprietary credit card receivables portfolios (including credit balance reclassifications).

(C) To reflect the elimination of debt secured by Federated's proprietary and non-proprietary credit card receivables portfolios.

(D) To reflect the pay down of Merger-related indebtedness with the net cash proceeds resulting from the sale of Federated's proprietary and non-proprietary credit card receivables portfolios.

(E) To reflect the estimated income taxes directly related to the sale of Federated's proprietary and non-proprietary credit card receivables portfolios.

(F) To reflect the estimated after-tax gain on the sale of Federated's proprietary and non-proprietary credit card receivables portfolios.

FEDERATED DEPARTMENT STORES, INC.

Unaudited Pro Forma Consolidated Condensed Statement of Income

For the 26 Weeks Ended July 30, 2005

(All amounts in millions except per share figures)

	Historical Federated	Pro Forma Historical May (a)	Adjustments for Merger	Bridal Group Adjustment (i)	Federated as Adjusted	Adjustments for Credit Sale	Federated Pro Forma
Net Sales	$7,264	$6,815	$ -	$(444)	$13,635	$ -	$13,635
Cost of sales	4,302	3,920		(131)	8,091		8,091
Gross margin	2,962	2,895	-	(313)	5,544	-	5,544
Selling, general and administrative expenses	2,419	2,590	(67)(b)	(264)	4,693	93 (A)	4,786
			(5) (c)				
			13 (d)				
			7 (d)				
Operating income	543	305	52	(49)	851	(93)	758
Interest expense, net	(108)	(209)	(107)(e)		(398)	27 (B)	(323)
			26 (f)			48 (C)	
Income from continuing operations before income taxes	435	96	(29)	(49)	453	(18)	435
Federal, state and local income tax	(164)	(3)	11	20	(136)	7	(129)
Income from continuing operations	$ 271	$ 93	$ (18)	$ (29)	$ 317	$ (11)	$ 306
Basic earnings per share from continuing operations	$ 1.60				$ 1.18		$ 1.13
Diluted earnings per share from continuing operations	$ 1.56				$ 1.15		$ 1.11
Average common shares:							
Basic	170.0		99.7 (g)		269.7		269.7
Diluted	174.2		99.7 (g)		274.5		274.5
			.6 (h)				

See Notes to Unaudited Pro Forma Consolidated Condensed Statement of Income

FEDERATED DEPARTMENT STORES, INC.

Notes to Unaudited Pro Forma Consolidated Condensed Statement of Income

For the 26 Weeks Ended July 30, 2005

(All amounts in millions)

Notes Relating to Merger Adjustments

(a) Certain reclassifications have been made to the historical presentation of May to conform to the presentation used in the unaudited pro forma consolidated condensed statement of income. May's historical buying and occupancy costs of $987 million were reclassified from cost of sales to selling, general and administrative expenses.

(b) Represents the elimination of non-recurring charges directly related to the Merger, including $57 million of accelerated stock compensation expense triggered by shareholder approval of the Merger.

(c) Represents the elimination of compensation expense for employee stock options recorded by May under Statement of Financial Accounting Standards ("SFAS") No. 123, "Accounting for Stock-Based Compensation," to conform to Federated's accounting principles. Federated accounts for its stock-based employee compensation plan in accordance with Accounting Principles Board ("APB") Opinion No. 25 and related interpretations, so that no stock-based employee compensation cost related to stock options is reflected in net income.

(d) Represents an increase in depreciation and amortization expense resulting from the adjustment to May's property and equipment and identifiable intangible assets based on the adjustment of such assets to their fair value as described in Note b of the Notes to Unaudited Pro Forma Consolidated Balance Sheet. The increase in depreciation and amortization expense has been estimated as follows:

	Increase in Value	Estimated Remaining Useful Life	Additional Annual Depreciation and Amortization
Buildings and improvements	$405	15	$27
Definite Lived Intangible Assets	100	7	14

The unaudited pro forma consolidated financial statements reflect a preliminary allocation to tangible assets, liabilities, goodwill and other intangible assets. The final purchase price allocation may result in a different allocation for tangible and intangible assets than that presented in these unaudited pro forma consolidated financial statements. An increase or decrease in the amount or purchase price allocated to amortizable assets would impact the amount of annual amortization expense. The following table shows the effect on pro forma net income and diluted earnings per share for every $100 million of purchase price allocated to property and equipment and amortizing intangible assets at a range of weighted-average useful lives:

Weighted Average Life	Additional Annual Depreciation and Amortization	Net Income	Diluted Earnings Per Share
Five years	$20	$(12)	$(.04)
Ten years	10	(6)	(.02)
Twenty-five years	4	(3)	(.01)

(e) Represents the increase in interest expense as a result of the cash funding of the Merger as described in Note b of the Notes to Unaudited Pro Forma Consolidated Balance Sheet.

(f) Represents the decrease in interest expense resulting from the adjustment of May's long-term debt to its fair value as described in Note b of the Notes to Unaudited Pro Forma Consolidated Balance Sheet. The difference between the fair value and recorded value of each borrowing is amortized as a reduction to interest expense over the remaining term of the borrowing.

(g) Represents the shares of Federated Common Stock issued to May stockholders in connection with the Merger as described in Note b of the Notes to Unaudited Pro Forma Consolidated Balance Sheet.

(h) Represents the impact of the dilutive May stock options assumed by Federated as described in Note b of the Notes to Unaudited Pro Forma Consolidated Balance Sheet.

(i) To reflect the reclassification of the bridal group business acquired in the Merger to discontinued operations.

Notes Relating to Credit Sale Adjustments

(A) To reflect the net effect of the elimination of historical operating results of Federated's proprietary and non-proprietary credit card receivables portfolios and the recordation of estimated operating profit under the Program Agreement

(B) To reflect the elimination of historical interest expense related to debt secured by Federated's proprietary and non-proprietary credit card receivables portfolios.

(C) To reflect the elimination of interest expense related to the pay down of acquisition related borrowings with the proceeds from the sale of Federated's proprietary and non-proprietary credit card receivables portfolios.

FEDERATED DEPARTMENT STORES, INC.

Unaudited Pro Forma Consolidated Condensed Statement of Income

For the Fiscal Year Ended January 29, 2005

(All amounts in millions except per share figures)

	Historical Federated (a)	Pro Forma Historical May (b)	Adjustments for Merger	Bridal Group Adjustment (j)	Federated as Adjusted	Adjustments for Credit Sale	Federated Pro Forma
Net Sales	$15,776	$15,582	$ -	$(704)	$30,654	$ -	$30,654
Cost of sales	9,382	8,992	-	(213)	18,161		18,161
Gross margin	6,394	6,590	-	(491)	12,493	-	12,493
Selling, general and administrative expenses	4,994	5,354	(8) (c) 93 (d) 27 (e) 14 (e)	(482)	9,992	136 (A)	10,128
Operating income	1,400	1,236	(126)	(9)	2,501	(136)	2,365
Interest expense, net	(284)	(450)	(214) (f) 58 (g)		(890)	41 (B) 95 (C)	(754)
Income from continuing operations before income taxes	1,116	786	(282)	(9)	1,611	-	1,611
Federal, state and local income tax	(427)	(273)	107	4	(589)	-	(589)
Income from continuing operations	$ 689	$ 513	$ (175)	$ (5)	$ 1,022	$ -	$ 1,022
Basic earnings per share from continuing operations	$ 3.93				$ 3.72		$ 3.72
Diluted earnings per share from continuing operations	$ 3.86				$ 3.67		$ 3.67

Diluted earnings per share from continuing operations	$ 3.86		$ 3.67	$ 3.67
Average common shares:				
Basic	175.1	99.7 (h)	274.8	274.8
Diluted	178.2	99.7 (h) .6 (i)	278.5	278.5

See Notes to Unaudited Pro Forma Consolidated Condensed Statement of Income

FEDERATED DEPARTMENT STORES, INC.

Notes to Unaudited Pro Forma Consolidated Condensed Statement of Income

For the Fiscal Year Ended January 29, 2005

(All amounts in millions)

Notes Relating to Merger Adjustments

(a) Certain reclassifications have been made to the historical presentation of Federated to conform to the classifications of such amounts for the most recent period.

(b) Historical May results have been adjusted to reflect May's acquisition of the Marshall Field's department store group as if it had occurred as of February 1, 2004 rather than effective July 31, 2004. See the unaudited pro forma consolidated statement of income of May for the fiscal year ended January 29, 2005 included elsewhere in this report.

(c) Represents the elimination of compensation expense for employee stock options recorded by May under Statement of Financial Accounting Standards ("SFAS") No. 123, "Accounting for Stock-Based Compensation," to conform to Federated's accounting principles. Federated accounts for its stock-based employee compensation plan in accordance with Accounting Principles Board ("APB") Opinion No. 25 and related interpretations, so that no stock-based employee compensation cost related to stock options is reflected in net income.

(d) Represents the impact on operating income of the adjustment of May's merchandise inventories to fair value as described in Note b of the Notes to Unaudited Pro Forma Consolidated Balance Sheet.

(e) Represents an increase in depreciation and amortization expense resulting from the adjustment to May's property and equipment and identifiable intangible assets based on the adjustment of such assets to their fair value as described in Note b of the Notes to Unaudited Pro Forma Consolidated Balance Sheet. The increase in depreciation and amortization expense has been estimated as follows:

	Increase in Value	Estimated Remaining Useful Life	Additional Annual Depreciation and Amortization
Buildings and improvements	$405	15	$27
Definite Lived Intangible Assets	100	7	14

The unaudited pro forma consolidated financial statements reflect a preliminary allocation to tangible assets, liabilities, goodwill and other intangible assets. The final purchase price allocation may result in a different allocation for tangible and intangible assets than that presented in these unaudited pro forma consolidated financial statements. An increase or decrease in the amount or purchase price allocated to amortizable assets would impact the amount of annual amortization expense. The following table shows the effect on pro forma net income and diluted earnings per share for every $100 million of purchase price allocated to property and equipment and amortizing intangible assets at a range of weighted-average useful lives:

Weighted Average Life	Additional Annual Depreciation and Amortization	Net Income	Diluted Earnings Per Share
Five years	$20	$(12)	$(.04)
Ten years	10	(6)	(.02)
Twenty-five years	4	(3)	(.01)

(f) Represents the increase in interest expense as a result of the cash funding of the Merger as described in Note b of the Notes to Unaudited Pro Forma Consolidated Balance Sheet.

(g) Represents the decrease in interest expense resulting from the adjustment of May's long-term debt to its fair value as described in Note b of the Notes to Unaudited Pro Forma Consolidated Balance Sheet. The difference between the fair value and recorded value of each borrowing is amortized as a reduction to interest expense over the remaining term of the borrowing.

(h) Represents the shares of Federated Common Stock issued to May stockholders in connection with the Merger as described in Note b of the Notes to Unaudited Pro Forma Consolidated Balance Sheet.

(i) Represents the impact of the dilutive May stock options assumed by Federated as described in Note b of the Notes to Unaudited Pro Forma Consolidated Balance Sheet.

(j) To reflect the reclassification of the bridal group business acquired in the Merger to discontinued operations. Selling, general and administrative expenses included $3 million of integration costs related to a prior acquisition.

Notes Relating to Credit Sale Adjustments

(A) To reflect the net effect of the elimination of historical operating results of Federated's proprietary and non-proprietary credit card receivables portfolios and the recordation of estimated operating profit under the Program Agreement.

(B) To reflect the elimination of historical interest expense related to debt secured by Federated's proprietary and non-proprietary credit card receivables portfolios.

(C) To reflect the elimination of interest expense related to the pay down of acquisition related borrowings with the proceeds from the sale of Federated's proprietary and non-proprietary credit card receivables portfolios.

THE MAY DEPARTMENT STORES COMPANY

Unaudited Pro Forma Consolidated Statement of Income

For the Fiscal Year Ended January 29, 2005

(All amounts in millions)

	Historical May (a)	May Pro Forma Adjustments (b)	Pro Forma Historical May
Net Sales	$14,441	$1,141	$15,582
Cost of sales	8,335	657	8,992
Gross margin	6,106	484	6,590
Selling, general and administrative expenses	4,917	437	5,354
Operating income	1,189	47	1,236
Interest expense, net	(386)	(64)	(450)
Income before income taxes	803	(17)	786
Federal, state and local income tax	(279)	6	(273)
Net income (loss)	$ 524	$ (11)	$ 513

Notes:

(a) Certain reclassifications have been made to the historical presentation of May to conform to the presentation used in the Federated Unaudited Pro Forma Consolidated Statement of Income. May's historical buying and occupancy costs of $1,877 million were reclassified from cost of sales to selling, general and administrative expenses.

(b) Adjustments give effect to the results of operations for the Marshall Field's department store group for the 26 weeks ended July 31, 2004 as if May had acquired the Marshall Field's department store group as of February 1, 2004, including pro forma adjustments to reflect depreciation and amortization using the asset values recognized after applying purchase accounting adjustments and interest expense on borrowings used to finance the acquisition. May acquired Marshall Field's department store group effective July 31, 2004 and included Marshall Field's results of operations in May's consolidated financial statements only from and after that date.

(c) Exhibits

10.1	Second Amendment to Purchase, Sale and Servicing Transfer Agreement, dated October 24, 2005, between Federated and Citibank
10.2	First Amendment to Credit Card Program Agreement, dated October 24, 2005, between Federated and Citibank
10.3	Amendment and Notice of Termination, dated October 24, 2005, among Federated, JPMorgan, as trustee, and the certificate holders of the Prime Credit Card Master Trust II
99.1	Press Release, dated October 24, 2005

FEDERATED DEPARTMENT STORES, INC.

SIGNATURES

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 24, 2005

By: /s/ Dennis J. Broderick
Name: Dennis J. Broderick
Title: Senior Vice President, General Counsel and Secretary

EXHIBIT 10.1

SECOND AMENDMENT TO

PURCHASE, SALE AND SERVICING TRANSFER AGREEMENT

This SECOND AMENDMENT TO PURCHASE, SALE AND SERVICING TRANSFER AGREEMENT, dated as of June 1, 2005, (this "Amendment") is made and entered into as of October 24, 2005, by and among Federated Department Stores, Inc., a Delaware corporation ("FDS"), FDS Bank, a federally-chartered stock savings bank (" FDS Bank"), Prime II Receivables Corporation, a Delaware corporation (" Prime II"), Macy's Department Stores, Inc., an Ohio corporation and a wholly-owned subsidiary of FDS ("Macy's"), Bloomingdale's, Inc., an Ohio corporation and a wholly-owned subsidiary of FDS ("Bloomingdale's"), and Citibank, N.A., a national banking association (the "Purchaser").

WHEREAS, FDS, FDS Bank, Prime II and Purchaser are parties to that certain Purchase, Sale and Servicing Transfer Agreement dated as of June 1, 2005, as amended by the letter agreement (the "First Amendment") dated August 22, 2005 (the "Purchase Agreement");

WHEREAS, the parties hereto have agreed that Macy's and Bloomingdale's shall be parties to the Purchase Agreement and to make certain other changes to the Purchase Agreement as set forth herein; and

WHEREAS, the parties hereto desire to amend the Purchase Agreement in accordance with Section 13.4 of the Purchase Agreement.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound, agree as follows:

1. Defined Terms. Capitalized terms used without definition in this Amendment have the meanings assigned to them in the Purchase Agreement.

2. Amendment of Section 1.1 .

(a) The definition of "Charged Off Accounts" in Section 1.1 of the Purchase Agreement is hereby amended by replacing such definition in its entirety with the following definition:

> "*Charged Off Accounts*" means, collectively, all Credit Card Accounts that (a) would constitute FDS Accounts, but for clause (iii) of the definition of FDS Accounts, (b) would constitute GE/Macy's Accounts but for clause (iii) of the definition of GE/Macy's Accounts, and (c) would constitute May Accounts but for clause (ii) of the definition of May Accounts.

(b) The definition of "Credit Card Account" in Section 1.1 of the Purchase Agreement is hereby amended by adding the words "or an Employee Account" immediately after the words "which is recorded as an Account" and immediately before the words "on the computer system".

(c) The following definition is hereby added to Section 1.1 of the Purchase Agreement immediately before the defined term "Employees":

> "*Employee Accounts*" has the meaning set forth in the Program Agreement.

(d) The definition of "FDS Account" in Section 1.1 of the Purchase Agreement is hereby amended by replacing such definition in its entirety with the following definition:

> "*FDS Account*" means any Credit Card Account that exists and is owned by FDS or one of its Subsidiaries as of the First Cut-Off Time, other than (i) any GE/Macy's Account or any May Account, (ii) any Employee Account and (iii) any Credit Card Account that, as of the First Cut-Off Time, has been (or should have been) charged off in accordance with the Sellers' standard policies and procedures as in effect on the date of this Agreement.

(e) Clause (2) of the definition of "FDS Assets" in Section 1.1 of the Purchase Agreement is hereby amended by replacing such clause in its entirety with the following:

> (2) as of the First Cut-Off Time , the Gross Receivables (other than Prime Securitization Receivables) on the FDS Accounts and the Employee Accounts that but for clause (ii) of the definition of FDS Account

would be FDS Accounts;

(f) The definition of "First Cut-Off Time" in Section 1.1 of the Purchase Agreement is hereby amended by replacing such definition in its entirety with the following definition:

> "*First Cut-Off Time*" means the close of business of the Sellers on the date that is one day prior to the First Closing Date. At least two Business Days prior to the First Closing Date, the parties hereto shall agree upon the time zone cut-offs and systemic cut-off procedures applicable to the First Cut-Off Time.

(g) The definition of "GE/Macy's Account" in Section 1.1 of the Purchase Agreement is hereby amended by replacing such definition in its entirety with the following definition:

> "*GE/Macy's Account*" means a Credit Card Account owned by GE Bank or one of its Affiliates as of the Second Cut-Off Time and governed by the GE/Macy's Program Agreement that exists as of the Second Cut-Off Time, other than (i) any May Account, (ii) any Employee Account and (iii) any Credit Card Account that, as of the Second Cut-Off Time, has been (or should have been) charged off in accordance with the standard policies and procedures of GE Bank as in effect as of the date of this Agreement.

(h) Clause (2) of the definition of "GE/Macy's Assets" in Section 1.1 of the Purchase Agreement is hereby amended by replacing such clause in its entirety with the following:

> (2) as of the Second Cut-Off Time , the Gross Receivables on the GE/Macy's Accounts and the Employee Accounts that but for clause (ii) of the definition of GE/Macy's Account would be GE/Macy's Accounts;

(i) The definition of "Gross Receivables" in Section 1.1 of the Purchase Agreement is hereby amended by replacing such definition in its entirety with the following definition:

> "*Gross Receivables*" means amounts owing (net of credit balances) to the Sellers from Cardholders with respect to Accounts and Employee Accounts (in each case, including outstanding loans, cash advances, balance consolidation receivables and other extensions of credit, accrued finance charges and late charges, whether or not posted, and any other accrued fees, charges and interest assessed on such Accounts and Employee Accounts, whether or not posted).

(j) The definition of "May Account" in Section 1.1 of the Purchase Agreement is hereby amended by replacing such definition in its entirety with the following definition:

> "*May Account*" means a Credit Card Account owned by FDS or a Subsidiary of FDS prior to the Third Closing and associated with a retail division of May Co. as conducted as of the closing of May Merger (or a successor to such business as conducted by FDS and its Subsidiaries following the May Merger) that exists as of the Third Cut-Off Time, other than (i) any Employee Account and (ii) any Credit Card Account that, as of the Third Cut-Off Time, has been (or should have been) charged off in accordance with May Bank's or the Sellers' standard policies and procedures as in effect on the date of this Agreement.

(k) Clause (2) of the definition of "May Assets" in Section 1.1 of the Purchase Agreement is hereby amended by replacing such clause in its entirety with the following:

> (2) as of the Third Cut-Off Time , the Gross Receivables on the May Accounts and the Employee Accounts that but for clause (i) of the definition of May Account would be May Accounts;

3. <u>Amendment to Section 2.1</u> . Section 2.1 of the Purchase Agreement is hereby amended by replacing such Section in its entirety with the following:

> On the terms and subject to the conditions of this Agreement, at the First Closing and effective from and after the First Closing Date, the Sellers shall sell, convey and assign (or cause their Subsidiaries to sell, convey and assign) to the Purchaser, or in the case of the Prime Stock, to an Affiliate of the Purchaser, free and clear of all Liens, except Permissible Liens, and the Purchaser or an Affiliate of the Purchaser shall purchase, the FDS Assets and the Prime Stock. Immediately following receipt of the FDS Assets, the Purchaser shall transfer, contribute or otherwise assign to CEBA Bank the FDS Assets other than those assets described in clauses (2) and (8) of the definition of FDS Assets and clause (13) of such definition to the extent relating principally to the assets listed in clauses (2) and (8) of such definition.

4. <u>Amendment to Section 2.4</u> . Section 2.4(a) of the Purchase Agreement is hereby amended by replacing such

Section in its entirety with the following:

> (a) The closing (the "*First Closing*") of the purchase and sale of the FDS Assets and the Prime Stock and the assumption of the FDS Liabilities hereunder (collectively, the "*First Purchase and Assumption*") shall take place at the offices of Simpson Thacher & Bartlett LLP, 425 Lexington Avenue, New York, New York, or by facsimile transmission on October 24, 2005 or at such other date or location as the parties hereto jointly designate in writing (the "*First Closing Date*").

5. Amendment of Section 5.1(l) . Clauses (1) and (2) of Section 5.1(l) of the Purchase Agreement are hereby amended by replacing such clauses in their entirety as follows:

> (1) FDS Bank, Prime or Prime II is the sole owner of and has good and marketable title to (X) the FDS Accounts, (Y) the Gross Receivables on the FDS Accounts and the Employee Accounts that but for clause (ii) of the definition of FDS Accounts would be FDS Accounts, and (Z) the Prime Securitization Assets (subject in each case to the rights, claims and interests arising under the Securitization Documents). Upon the First Closing, subject to the filing of appropriate financing statements and all required continuations, amendments and replacements thereof, all right, title and interest in and to (X) the FDS Accounts, (Y) the Gross Receivables on the FDS Accounts and the Employee Accounts that but for clause (ii) of the definition of FDS Accounts would be FDS Accounts, and (Z) the Prime Securitization Assets shall vest or be vested in the Purchaser free and clear of all Liens other than Permissible Liens (and subject in each case to the rights, claims and interests arising under the Securitization Documents).

> (2) As of the Second Closing, FDS Bank shall be the sole owner of and have good and marketable title to (Y) the GE/Macy's Accounts and (Z) the Gross Receivables on the GE/Macy's Accounts and the Employee Accounts that but for clause (ii) of the definition of GE/Macy's Accounts would be GE/Macy's Accounts. This Agreement shall, following the Second Closing Date, and subject to the filing of appropriate financing statements and all required continuations, amendments and replacements thereof, vest in the Purchaser all right, title and interest in and to (Y) the GE/Macy's Accounts and (Z) the Gross Receivables on the GE/Macy's Accounts and the Employee Accounts that but for clause (ii) of the definition of GE/Macy's Accounts would be GE/Macy's Accounts, free and clear of all Liens other than Permissible Liens.

6. Amendment of Section 6.4(g) . Section 6.4(g) of the Purchase Agreement is hereby amended by replacing such Section in its entirety as follows:

> (g) The parties agree that if so requested by FDS not later than the earlier to occur of (i) fifteen (15) days prior to the First Closing Date and (ii) the date on which the Purchaser has received all Requisite Regulatory Approvals required to be obtained by it, the parties will negotiate in good faith with respect to such mutually acceptable changes to the terms of this Agreement and the Program Agreement as FDS may reasonably request in order to maintain the status of FDS Bank as a savings association in good standing with the Office of Thrift Supervision, including without limitation amending such agreements to provide that some or all of the Employee Accounts shall be retained following the First Closing at FDS Bank; *provided*, *however*, that, in the event FDS Bank is liquidated or voluntarily dissolved, the parties agree that the Employee Accounts will be transferred to CEBA Bank prior to such liquidation or dissolution; *provided*, *further however*, that no such changes shall be made to the extent they would affect the ability of the Purchaser and the CEBA Bank to file a consolidated federal income Tax Return following the First Closing Date in accordance with Section 6.14 (d).

7. Amendment of Section 6.17 . Section 6.17 of the Purchase Agreement is hereby amended by replacing clause (ii) of the second sentence of such Section in its entirety with the following:

> (ii) prepare all daily and monthly reports required in accordance with the Prime Pooling and Servicing Agreement (it being understood that the annual servicer's certificate and the annual independent accounts' report otherwise required to be delivered under the Prime Pooling and Servicing Agreement shall be waived by Bank following repayment of the investor certificates issued by Prime Master Trust in full)

8. Amendment to Section 7.1(i) . Section 7.1(i) of the Purchase Agreement is hereby amended by replacing the words "Participating Member in the VISA Partnership Program" with the words "member of the Cardholder Association".

9. Amendment to Section 7.2(c) . Section 7.2(c) of the Purchase Agreement is hereby amended by replacing the words "each Sellers' behalf by an executive officer of each Seller" with "FDS's behalf by an executive officer of FDS".

10. Amendment of Schedule 1.1(a) . Schedule 1.1(a) of the Purchase Agreement is hereby amended by replacing such Schedule in its entirety with Schedule 1.1(a) attached hereto.

11. Amendment of Schedule 1.1(b)(1) . Schedule 1.1(b)(1) of the Purchase Agreement is hereby amended by replacing such Schedule in its entirety with Schedule 1.1(b)(1) attached hereto.

12. Amendment of Schedule 1.1(b)(2) . Schedule 1.1(b)(2) of the Purchase Agreement is hereby amended by replacing such Schedule in its entirety with Schedule 1.1(b)(2) attached hereto.

13. Amendment of Schedule 1.1(b)(3) . Schedule 1.1(b)(3) of the Purchase Agreement is hereby amended by replacing such Schedule in its entirety with Schedule 1.1(b)(3) attached hereto.

14. Amendment of Schedule 5.1(c) . Schedule 5.1(c) of the Purchase Agreement is hereby amended by replacing such Schedule in its entirety with Schedule 5.1(c) attached hereto.

15. Macy's and Bloomingdales. The parties hereto hereby agree that Macy's and Bloomingdale's shall be parties to the Purchase Agreement.

16. Capacity; Authorization; Validity.

(a) FDS hereby represents and warrants to Bank as of the date hereof:

(i) Each FDS Company has all necessary corporate or similar power and authority to (A) execute and enter into this Amendment and (B) perform the obligations required of such FDS Company hereunder and the other documents, instruments and agreements to be executed and delivered by such FDS Company pursuant hereto.

(ii) The execution and delivery by the FDS Companies of this Amendment and all documents, instruments and agreements executed and delivered by the FDS Companies pursuant hereto, and the consummation by the FDS Companies of the transactions specified herein, have been duly and validly authorized and approved by all necessary corporate or similar actions of the FDS Companies.

(iii) This Amendment (A) has been duly executed and delivered by the FDS Companies, (B) constitutes the valid and legally binding obligation of the FDS Companies, and (C) is enforceable against the FDS Companies in accordance with its terms (subject to applicable bankruptcy, insolvency, reorganization, receivership or other laws affecting the rights of creditors generally and by general equity principles including those respecting the availability of specific performance).

(b) Bank hereby represents and warrants to the Sellers as of the date hereof:

(i) Bank has all necessary corporate or similar power and authority to (A) execute and enter into this Amendment and (B) perform the obligations required of it hereunder and the other documents, instruments and agreements to be executed and delivered by Bank pursuant hereto.

(ii) The execution and delivery by Bank of this Amendment and all documents, instruments and agreements executed and delivered by Bank pursuant hereto, and the consummation by Bank of the transactions specified herein, has been duly and validly authorized and approved by all necessary corporate or similar actions of Bank.

(iii) This Amendment (A) has been duly executed and delivered by Bank, (B) constitutes the valid and legally binding obligation of Bank and (C) is enforceable against Bank in accordance with its terms (subject to applicable bankruptcy, insolvency, reorganization, receivership or other laws affecting the rights of creditors generally and by general equity principles including those respecting the availability of specific performance).

17. Effect of Amendment. This Amendment is hereby incorporated into and made a part of the Purchase Agreement. Except as amended by this Amendment, all terms and provisions of the Purchase Agreement shall continue and remain in full force and effect and binding upon the parties thereto.

18. Binding Effect. This Amendment shall be binding in all respects and inure to the benefit of the successors and permitted assigns of the parties hereto.

19. Governing Law. This Amendment and all rights and obligations hereunder, including matters of construction, validity and performance, shall be governed by and construed in accordance with the laws of the State of Delaware applicable to contracts made to be performed within such State and applicable federal law.

20. <u>Counterparts/Facsimiles</u>. This Amendment may be executed in any number of counterparts, all of which together shall constitute one and the same instrument, but in making proof of this Amendment, it shall not be necessary to produce or account for more than one such counterpart. Any facsimile of an executed counterpart shall be deemed an original.

IN WITNESS WHEREOF, each of the parties hereto has caused this Amendment to be duly executed as of the date first above written.

CITIBANK, N.A.

By: /s/ Ray Quinlan
Name: Ray Quinlan
Title: Executive Vice President

FEDERATED DEPARTMENT STORES, INC.

By: /s/ Karen M. Hoguet
Name: Karen M. Hoguet
Title: Executive Vice President and Chief Financial Officer

FDS BANK

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

PRIME II RECEIVABLES CORPORATION

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

MACY'S DEPARTMENT STORES, INC.

By: /s/ Bradley R. Mays
Name: Bradley R. Mays
Title: Vice President

BLOOMINGDALE'S, INC.

By: /s/ Bradley R. Mays
Name: Bradley R. Mays
Title: Vice President

EXHIBIT 10.2

FIRST AMENDMENT TO

CREDIT CARD PROGRAM AGREEMENT

This FIRST AMENDMENT TO CREDIT CARD PROGRAM AGREEMENT, dated as of June 1, 2005, (this "Amendment") is made and entered into as of October 24, 2005, by and among Federated Department Stores, Inc., a Delaware corporation, ("FDS"), FDS Bank, a federally-chartered stock savings bank (" FDS Bank"), FACS Group, Inc., an Ohio corporation ("FACS", and together with FDS and FDS Bank, the " FDS Companies"), Macy's Department Stores, Inc., an Ohio corporation ("Macy's"), Bloomingdale's, Inc., an Ohio corporation (" Bloomingdale's"), and Citibank, N.A., a national banking association ("Bank").

WHEREAS, the FDS Companies and Bank parties hereto are parties to that certain Credit Card Program Agreement dated as of June 1, 2005 (the "Program Agreement");

WHEREAS, the parties hereto have agreed that Macy's and Bloomingdale's shall be parties to the Program Agreement and to make certain other changes to the Program Agreement as set forth herein; and

WHEREAS, the parties hereto desire to amend the Program Agreement in accordance with Section 18.5 of the Program Agreement.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound, agree as follows:

1. **Defined Terms.** Capitalized terms used without definition in this Amendment have the meanings assigned to them in the Program Agreement.

2. **Amendment of Section 1.1 .**

(a) Clause (ii) of the definition of "Account" in Section 1.1 of the Program Agreement is hereby amended by adding "(subject to Schedule 2.1(b))" immediately before the words "the Employee Accounts".

(b) The definition of "Business Plan" in Section 1.1 of the Program Agreement is hereby amended by replacing the words "on or prior to" with the words "within 120 days after".

(c) The definition of "Cardholder Indebtedness" in Section 1.1 of the Program Agreement is hereby amended by replacing such definition in its entirety with the following definition:

> "Cardholder Indebtedness" means all amounts charged and owing to Bank or FDS Bank (subject to Schedule 2.1(b) with respect to the Employee Accounts) by Cardholders with respect to Accounts (including principal balances from outstanding charges, charges for Approved Ancillary Products, balance transfers, convenience checks, cash advances, finance charges, NSF fees, late charges, pay-by-phone fees and any other fees and charges), whether or not billed, less the amount of any credit balances owing by Bank and FDS Bank (subject to Schedule 2.1(b) with respect to the Employee Accounts) to Cardholders, including in respect of any payments and any credits associated with returns of goods and/or services and other credits and adjustments, whether or not billed.

(d) The definition of "Credit Card Agreement" in Section 1.1 of the Program Agreement is hereby amended by replacing such definition in its entirety with the following definition:

> "Credit Card Agreement" means the Credit Card agreement between Bank (including as an assignee of FDS Bank, GE Bank or May Bank (as defined in the Purchase Agreement)) or FDS Bank (subject to Schedule 2.1(b) with respect to the Employee Accounts) on the one hand and a Cardholder on the other hand (and any replacement of such agreement), governing the use of an Account, together with any amendments, modifications or supplements that now or hereafter may be made to such Credit Card Agreement (and any replacement of such agreement).

(e) The following definition is hereby added to Section 1.1 of the Purchase Agreement immediately before the defined term "Parties":

> "Original Agreement" means this Agreement without giving effect to any modifications, alterations, supplements or amendments hereto.

(f) The definition of "Program Assets" in Section 1.1 of the Program Agreement is hereby amended by adding ", except to the extent owned by FDS Bank" immediately after the parenthetical clause and before the period.

(g) The definition of "Transition Plan" in Section 1.1 of the Program Agreement is hereby amended by replacing the words "on or before" with the words "within 120 days after".

3. Amendment of Section 2.1 . Section 2.1 of the Program Agreement is hereby amended by replacing such section in its entirety as follows:

> Section 2.1 Credit Program.
>
> (a) Beginning as of the Effective Date, Bank shall offer and issue the FDS Credit Cards (other than the Employee Accounts, which shall be offered and issued by FDS Bank and administered in accordance with this Agreement), and shall issue (or arrange to be issued by an Affiliate or another third party acceptable to FDS or currently offering such products on Bank's behalf) the Approved Ancillary Products. Bank shall promptly open a new Account and issue a new Private Label Credit Card or Co-Branded Credit Card with respect to each Credit Card Application approved in accordance with the Risk Management Policies.
>
> (b) The credit program with respect to all Employee Accounts is set forth in Schedule 2.1(b).
>
> (c) To the extent approved in accordance with the terms of this Agreement, in addition to the FDS Credit Cards and Approved Ancillary Products, the Program shall include such other Ancillary Products and other payment products as shall be incorporated in the Program in the future.

4. Amendment of Section 2.2(a) . Section 2.2(a) of the Program Agreement is hereby amended by adding "Section 2.1(b), Schedule 2.1(b) and" immediately after "Except as otherwise provided in" and immediately before "this Section 2.2".

5. Amendment of Section 4.3(a)(i) . Section 4.3(a)(i) of the Program Agreement is hereby amended by adding the following words immediately after the semicolon:

> provided that, with respect to the Employee Accounts, FDS Bank shall establish all FDS Bank Policies and Terms as set forth in Schedule 2.1(b);

6. Amendment of Section 4.7(b) . Section 4.7(b) of the Program Agreement is hereby amended by deleting the second sentence in such section in its entirety.

7. Amendment of Section 9.3(c) . Section 9.3(c) of the Program Agreement is hereby amended by replacing such Section in its entirety with the following:

> (c) Card Association Compensation. The Parties hereby agree to the terms and conditions set forth on Schedule 9.3(c).

8. Amendment of Section 11.4(g) . Section 11.4(g) of the Program Agreement is hereby amended by adding the following sentence at the end of such Section immediately after the last sentence thereof:

> For the avoidance of doubt, "Special Condition" shall not include any Applicable Order or any other requirement of Applicable Law affecting the operation of the Program to the extent relating to or resulting from actions taken to maintain the existence of FDS Bank with the Office of Thrift Supervision.

9. Amendment of Section 12.1 . Section 12.1 of the Program Agreement is hereby amended by adding the words ", including, without limitation, the facilities of any third-party collection agency utilized in connection with the Program," immediately after the word "facility" and immediately prior to the word "related."

10. Amendment of Section 12.2 . Section 12.2 of the Program Agreement is hereby amended by adding the words ", including any third-party collection agency utilized by such Party in connection with the Program," immediately after the word "Party" and immediately prior to the words "to ensure" in clause (ii) of Section 12.2.

11. Amendment of Section 16.2(d) . Section 16.2(d) of the Program Agreement is hereby amended by adding the words "constituting Program Assets" immediately after the words "Cardholder Indebtedness" in each instance in which the words "Cardholder Indebtedness" appear. Section 16.2(d) of the Program Agreement is hereby further amended by adding the words "under any Employee Account owned by FDS Bank at any time after the Effective Time or under any Account" immediately after the words "was outstanding" and immediately before the words "at the time of the First Closing" in the last sentence of Section 16.2(d).

12. Amendment to Section 18.2 .

(a) Section 18.2 of the Program Agreement is hereby amended by adding the words "(a) the rights and obligations of Citibank, N.A. set forth in Schedule 2.1(b) (including the exhibits thereto) shall not be assigned to CEBA Bank, and (b)" immediately after the words "consent, provided, however, that" and immediately before the words "the indemnification obligations".

(b) Section 18.2 of the Program Agreement is hereby further amended by replacing the words "provided, further, that FDS Bank may assign" with the words "provided, further, that each of FDS Bank, Macy's and Bloomingdales may assign".

13. Amendment of Section 18.3 . Section 18.3 of the Program Agreement is hereby amended by adding "2.1(b)," immediately after "set forth in Sections" and immediately before "18.1 or 18.2".

14. Amendment of Schedule 1.1(i) .

(a) Schedule 1.1(i) of the Program Agreement is hereby amended by adding the following text (formatted flush left) below the definition of "FDS Profit Share" and above the definition of "Pre-Tax Adjusted ROAA":

> The FDS Profit Share will be calculated monthly based on the sum of the monthly Pre-Tax Profit for the period from the beginning of the then-current Fiscal Year through the end of the preceding Fiscal Month.

(b) Schedule 1.1(i) of the Program Agreement is hereby further amended by replacing the definition of "Pre-Tax Adjusted ROAA" in its entirety with the following:

> "Pre-Tax Adjusted ROAA " equals (a) Pre-Tax Profit divided by (b) an amount equal to the product of (i) Average Receivables divided by the total number of days in the applicable Fiscal Year multiplied by (ii) the number of days to date in the applicable Fiscal Year.

15. New Schedule 2.1(b). The Program Agreement is hereby amended by adding a new Schedule 2.1(b) attached hereto.

16. Amendment of Schedule 9.3(a) . Section (i) of Schedule 9.3(a) of the Program Agreement is hereby amended by replacing such section in its entirety with the following:

> (i) Card Association Arrangements. The amounts payable to FDS Bank pursuant to Section 9.3(c) for the prior Fiscal Month.

17. New Schedule 9.3(c). The Program Agreement is hereby amended by adding a new Schedule 9.3(c) attached hereto.

18. Macy's and Bloomingdales. The parties hereto hereby agree that Macy's and Bloomingdale's shall be parties to the Program Agreement.

19. Capacity; Authorization; Validity.

(a) FDS hereby represents and warrants to Bank as of the date hereof:

(i) Each FDS Company has all necessary corporate or similar power and authority to (A) execute and enter into this Amendment and (B) perform the obligations required of such FDS Company hereunder and the other documents, instruments and agreements to be executed and delivered by such FDS Company pursuant hereto.

(ii) The execution and delivery by the FDS Companies of this Amendment and all documents, instruments and agreements executed and delivered by the FDS Companies pursuant hereto, and the consummation by the FDS Companies of the transactions specified herein, have been duly and validly authorized and approved by all necessary corporate or similar actions of the FDS Companies.

(iii) This Amendment (A) has been duly executed and delivered by the FDS Companies, (B) constitutes the valid and legally binding obligation of the FDS Companies, and (C) is enforceable against the FDS Companies in accordance with its terms (subject to applicable bankruptcy, insolvency, reorganization, receivership or other laws affecting the rights of creditors generally and by general equity principles including those respecting the availability of specific performance).

(b) Bank hereby represents and warrants to the FDS Companies as of the date hereof:

(i) Bank has all necessary corporate or similar power and authority to (A) execute and enter into this Amendment and (B) perform the obligations required of it hereunder and the other documents, instruments and agreements to be executed and delivered by Bank pursuant hereto.

(ii) The execution and delivery by Bank of this Amendment and all documents, instruments and agreements executed and delivered by Bank pursuant hereto, and the consummation by Bank of the transactions specified herein, has been duly and validly authorized and approved by all necessary corporate or similar actions of Bank.

(iii) This Amendment (A) has been duly executed and delivered by Bank, (B) constitutes the valid and legally binding obligation of Bank and (C) is enforceable against Bank in accordance with its terms (subject to applicable bankruptcy, insolvency, reorganization, receivership or other laws affecting the rights of creditors generally and by general equity principles including those respecting the availability of specific performance).

20. Effect of Amendment. This Amendment is hereby incorporated into and made a part of the Program Agreement. Except as amended by this Amendment, all terms and provisions of the Program Agreement shall continue and remain in full force and effect and binding upon the parties thereto.

21. Binding Effect. This Amendment shall be binding in all respects and inure to the benefit of the successors and permitted assigns of the parties hereto.

22. Governing Law. This Amendment and all rights and obligations hereunder, including matters of construction, validity and performance, shall be governed by and construed in accordance with the laws of the State of Delaware applicable to contracts made to be performed within such State and applicable federal law.

23. Counterparts/Facsimiles. This Amendment may be executed in any number of counterparts, all of which together shall constitute one and the same instrument, but in making proof of this Amendment, it shall not be necessary to produce or account for more than one such counterpart. Any facsimile of an executed counterpart shall be deemed an original.

IN WITNESS WHEREOF, each of the parties hereto has caused this Amendment to be duly executed as of the date first above written.

CITIBANK, N.A.

By: /s/ Ray Quinlan
Name: Ray Quinlan
Title: Executive Vice President

FEDERATED DEPARTMENT STORES, INC.

By: /s/ Karen M. Hoguet
Name: Karen M. Hoguet
Title: Executive Vice President and Chief Financial Officer

FDS BANK

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

FACS GROUP, INC.

By: /s/ Bradley R. Mays
Name: Bradley R. Mays
Title: Vice President

MACY'S DEPARTMENT STORES, INC.

By: /s/ Bradley R. Mays
Name: Bradley R. Mays
Title: Vice President

BLOOMINGDALE'S, INC.

By: /s/ Bradley R. Mays
Name: Bradley R. Mays
Title: Vice President

EXHIBIT 10.3

AMENDMENT AND NOTICE OF Termination

This Amendment and Notice of Termination, dated as of October 24, 2005 (this "Amendment"), is among Prime II Receivables Corporation, a Delaware corporation in its capacity as transferor (the "Transferor") under the Pooling and Servicing Agreement dated as of January 22, 1997 (as amended, waived or otherwise modified from time to time, the "Pooling Agreement"); FDS Bank, as successor in interest to FDS National Bank in its capacity as servicer (the "Servicer") under the Pooling Agreement; and JPMorgan Chase Bank, National Association, as successor in interest to The Chase Manhattan Bank in its capacity as trustee (the "Trustee") under the Pooling Agreement. Capitalized terms used in this Amendment and not otherwise defined have the meanings assigned to them in the Pooling Agreement.

Preliminary Statements

1. The Transferor, the Servicer and the Trustee (collectively, the "Parties") are parties to the Pooling Agreement (a) as supplemented by the Series 1997-1 Variable Funding Supplement, dated as of January 22, 1997, by and among the Parties (as modified by the First Amendment to Series 1997-1 Variable Funding Supplement, dated as of June 19, 2000, among the Parties and the Second Amendment to Series 1997-1 Variable Funding Supplement, dated as of July 5, 2002, among the Parties, the "1997 Supplement"); (b) as further supplemented by the Series 1999-1 Variable Funding Supplement, dated as of July 6, 1999, by and among the Parties (as modified by the First Amendment to Series 1999-1 Variable Funding Supplement, dated as of August 1, 2000, among the Parties and the Second Amendment to Series 1999-1 Variable Funding Supplement, dated as of July 5, 2002, among the Parties, the "1999 Supplement"); and (c) as further supplemented by the Series 2002-1 Variable Funding Supplement, dated as of November 6, 2002, by and among the Parties (the "2002 Supplement").

2. The parties hereto desire to amend the Pooling Agreement to permit the final distribution to the Investor Certificateholders under the Trust to be made on a date other than a Distribution Date and permit the termination of the Trust on a date other than the day following a Distribution Date. The Transferor and the Servicer also desire to provide notification to the Trustee of the termination of the Trust. Each Investor Certificateholder desires to evidence its agreement with the terms of the final distributions with respect to its Certificate(s) and the termination of the Trust in connection with the effectiveness of this Amendment.

3. Section 13 of the Pooling Agreement permits such amendment of the Pooling Agreement subject to the conditions included in this Amendment.

Agreement

The parties hereto agree to the following terms and conditions:

SECTION 1. Amendment of Pooling Agreement. On the date of this Amendment, the Pooling Agreement is amended as follows:

1.01 Amendments to Section 1.1 of the Pooling Agreement.

a. Amendment to Definition of Trust Termination Date. Section 1.1 of the Pooling Agreement is amended by deleting clause (i) of the definition of "Trust Termination Date" in its entirety and is replacing such clause with the following:

"(i) unless a Trust Extension shall have occurred, upon notice given by the Servicer to the Trustee in accordance with Section 12.3(a) or (d), the date (such date, the "Termination Payment Date") on which funds shall have been deposited in the Distribution Account or the applicable Series Account for the payment of Investor Certificateholders of each Series then issued and outstanding sufficient to pay in full the Aggregate Invested Amount plus interest accrued at the applicable Certificate Rate through the end of the day prior to the Termination Payment Date with respect to each such Series and certain other amounts as may be specified in any Series Supplement,".

b. Addition of Defined Term. Section 1.1 of the Pooling Agreement is amended by adding in appropriate alphabetical order the following defined term:

""Termination Payment Date" shall have the meaning specified in clause (i) of the definition of "Trust Termination Date"."

1.02 Amendment to Section 12 of the Pooling Agreement . A new Section 12.3(d) is added to the Pooling Agreement after Section 12.3(c) as follows:

> "(d) Notwithstanding any other provision of this Agreement, the Trust shall terminate on any date selected by the Servicer for payment in full of the Investor Certificates upon (i) written notice to the Trustee and the Investor Certificateholders accompanied by calculations necessary to determine the amounts due to the relevant Investor Certificateholders on the proposed Termination Payment Date and (ii) the agreement of the Investor Certificateholders of each Series issued and outstanding with the terms of such proposed Termination Payment Date. Final distributions under this section may be made to the Investor Certificateholders regardless of whether the Investor Certificates are surrendered to the Trustee in connection therewith."

SECTION 2. Notice of Trust Termination Date; Confirmation of Trustee and Agreement of Investor Certificateholders. The Servicer hereby provides written notice to the Trustee and the Investor Certificateholders of the Termination Payment Date and the Trust Termination Date in accordance with Section 12.3(d) of the Pooling Agreement and attaches as Exhibit A hereto the information required to be delivered by such section. The Trustee confirms receipt of such information, and agrees that it will comply with the requirements applicable to it under the Pooling Agreement concerning the release of security interests and the termination of the Trust. Each Investor Certificateholder agrees with the terms of the proposed Termination Payment Date provided in Exhibit A hereto, and further agrees to comply with any requirements of the Pooling Agreement concerning the termination of the Trust.

SECTION 3. Effect of Amendment. All provisions of the Pooling Agreement, as expressly amended and modified by this Amendment, shall remain in full force and effect. After this Amendment becomes effective, all references in the Pooling Agreement (or in any related document) to "this Agreement", "hereof", "herein", or words of similar effect referring to the Pooling Agreement shall be deemed to be references to the Pooling Agreement as amended by this Amendment. This Amendment shall not be deemed, either expressly or impliedly, to waive, amend or supplement any provision of the Pooling Agreement other than as set forth herein.

SECTION 4. Conditions to Effectiveness. This Amendment, including the notice of termination described in Section 2 above, shall become effective as of the date hereof upon (a) receipt by the Trustee and the Investor Certificateholders of counterparts of this Amendment (whether by facsimile or otherwise) executed by each of the Servicer and the Transferor and (b) execution and delivery to the other parties hereto of a counterpart of this Amendment by the Trustee and the Investor Certificateholders.

SECTION 5. 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 an original and all of which when taken together shall constitute but one and the same instrument.

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

SECTION 7. 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 Pooling Agreement or any provision hereof or thereof.

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

PRIME II RECEIVABLES CORPORATION, as Transferor and as an Investor Certificateholder of the Investor Certificates created under the 1997 Supplement, the 1999 Supplement and the 2002 Supplement

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

CREDIT SUISSE, NEW YORK BRANCH, as an Investor Certificateholder of the Investor Certificates created under the 1997 Supplement

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

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

ALPINE SECURITIZATION CORP., as an Investor Certificateholder of the Investor Certificates created under the 1997 Supplement, by CREDIT SUISSE, NEW YORK BRANCH, as attorney-in-fact

By: /s/ Joseph Soave
Name: Joseph Soave
Title: Director

By: /s/ Mark Lengel
Name: Mark Lengel
Title: Director

BAYERISCHE HYPO - UND VEREINSBANK AG, NEW YORK BRANCH, as an Investor Certificateholder of the Investor Certificates created under the 1997 Supplement

By: /s/ Michael Plunket
Name: Michael Plunket
Title: Director

By: /s/ Lara Lorenzana
Name: Lara Lorenzana
Title: Associate Director

PNC BANK, NATIONAL ASSOCIATION, as an Investor Certificateholder of the Investor Certificates created under the 1999 Supplement

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

MARKET STREET FUNDING LLC, as an Investor Certificateholder of the Investor Certificates created under the 1999 Supplement

By: /s/ Evelyn Echevarria
Name: Evelyn Echevarria
Title: Vice President

JPMORGAN CHASE BANK, NATIONAL ASSOCIATION (successor in interest to BANK ONE, NA (MAIN OFFICE CHICAGO)), as an Investor Certificateholder of the Investor Certificates created under the 2002 Supplement

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

JUPITER SECURITIZATION CORPORATION, as an

Investor Certificateholder of the Investor Certificates created under the 2002 Supplement

By: /s/ William Hendricks
Name: William Hendricks
Title: Authorized Signatory

JPMORGAN CHASE BANK, NATIONAL ASSOCIATION,
as Trustee

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

Exhibit 99.1

Federated Completes First of Three Credit Card Receivables Transactions with Citigroup

CINCINNATI, Oct 24, 2005 (BUSINESS WIRE) -- Federated Department Stores, Inc. (NYSE:FD)(PCX:FD) today announced it has completed the first of three transactions related to its previously announced sale of Federated and May Department Stores Company credit card receivables to Citigroup.

Today's initial closing, which includes Federated's owned proprietary credit and Visa receivables, yielded after-tax proceeds of approximately $2.7 billion after eliminating approximately $1.2 billion of outstanding receivables-backed debt. These proceeds will be used to repay debt associated with Federated's acquisition of May Company, which was completed on Aug. 30.

Under the terms of an agreement announced in June 2005, Citigroup will purchase all Federated and May Company credit receivables in three separate transactions at a premium of approximately 11.5 percent. In total, these transactions are expected to produce after-tax proceeds of approximately $4.9 billion.

In the second transaction expected to be completed on May 1, 2006, Federated will transfer to Citigroup a Federated receivables portfolio it will repurchase from General Electric Capital Corporation (GECC). The GECC portfolio included about $1.2 billion in receivables at the end of Federated's fiscal 2004.

In the third transaction, Federated will sell to Citigroup the May Company credit portfolio, which included approximately $1.8 billion in receivables at July 31, 2005. This transaction is expected to occur prior to Aug. 30, 2006.

Federated's Financial, Administrative and Credit Services (FACS) division, headquartered in suburban Cincinnati, will continue to manage key customer service functions, and no job losses are expected as a result of the transactions. No changes are planned to Federated's loyalty reward programs, and customers should continue to use their cards in the same manner as they do today.

This document contains statements about expected future events that are forward-looking within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements include, but are not limited to, Federated's expectations regarding the anticipated closings of the remaining credit portfolio transactions, statements about the benefits of the credit portfolio sales and the marketing initiatives, including future financial and operating results, the company's plans, objectives, expectations and intentions and other statements that are not historical facts. Such statements are based upon the current beliefs and expectations of Federated's management and are subject to significant risks and uncertainties. Actual results could differ materially from those expressed in the forward-looking statements contained in this document because of a variety of factors, including the conditions to closing of the proposed transactions contained in the transaction agreements. Additional factors that may affect the future results of Federated are set forth in its filings with the SEC, which are available at www.fds.com.

Federated, with corporate offices in Cincinnati and New York, is one of the nation's premier retailers, with 2004 sales of more than $15.6 billion. With the May Company's 487 department stores and 710 bridal and formalwear stores in 47 states, the District of Columbia and Puerto Rico, Federated operates nearly 950 department stores and more than 700 bridal and formalwear stores in 49 states, the District of Columbia, Guam and Puerto Rico under the names of Macy's, Bloomingdale's, Famous-Barr, Filene's, Foley's, Hecht's, Kaufmann's, Lord & Taylor, L.S. Ayres, Marshall Field's, Meier & Frank, Robinsons-May, Strawbridge's, The Jones Store, David's Bridal, After Hours Formalwear and Priscilla of Boston. The company also operates macys.com and Bloomingdale's By Mail.

(NOTE: Additional information on Federated, including past news releases, is available at www.fds.com/pressroom.)