

# 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: May 1, 2006

## FEDERATED DEPARTMENT STORES, INC.

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

-and-

151 West 34<sup>th</sup> 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)

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☐ 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 April 4, 2006, FDS Bank, an indirect subsidiary of Federated Department Stores, Inc. ("Federated"), entered into a Sale and Purchase Agreement (the "GE Money Bank Agreement") with GE Money Bank and Monogram Credit Services, LLC (collectively, the "GECC Parties"). The GE Money Bank Agreement provided for, subject to the receipt of all required regulatory approvals, FDS Bank to purchase from the GECC Parties all of the "Macy's" credit card accounts and related receivables and other related assets owned by the GECC Parties as of 11:59 p.m. on the day immediately preceding the closing date (the foregoing and certain related assets being the "GE/Macy's Credit Assets"). On May 1, 2006, Federated and the GECC Parties completed the purchase by Federated of the GE/Macy's Credit Assets.

As previously reported, on June 1, 2005, 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 the GE/Macy's Credit Assets upon the termination of Federated's credit card program agreement with the GECC Parties.

On May 1, 2006, Federated and Citibank entered into a Third Amendment to Purchase, Sale and Servicing Transfer Agreement (the "Third Amendment") to amend the Purchase Agreement, among other things, to exclude certain commercial credit card accounts from the sale of assets to Citibank.

On May 1, 2006, Federated completed the sale of the GE/Macy's Credit Assets to Citibank pursuant to the terms of the amended Purchase Agreement.

A copy of the Third Amendment is attached to this report as Exhibit 10.1, and is incorporated herein by reference.

The press release issued by Federated on May 1, 2006 with respect to the completion of the sale of the GE/Macy's Credit Assets is filed as Exhibit 99.1 hereto and is incorporated herein by reference.

The foregoing description of the Third Amendment and the transactions contemplated

The foregoing description of the Third Amendment and the transactions contemplated thereby is qualified in its entirety by reference to the full text of such document.

**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.**

(c) Exhibits

10.1 Third Amendment to Purchase, Sale and Servicing Transfer Agreement, dated May 1, 2006, between Federated and Citibank

99.1 Press Release, dated May 1, 2006

**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 hereunto duly authorized.

FEDERATED DEPARTMENT STORES, INC.

Dated: May 3, 2006

By: /s/ Dennis J. Broderick

Name: Dennis J. Broderick

Title: Senior Vice President, General Counsel and Secretary

**THIRD AMENDMENT TO  
PURCHASE, SALE AND SERVICING TRANSFER AGREEMENT**

This THIRD AMENDMENT TO PURCHASE, SALE AND SERVICING TRANSFER AGREEMENT, dated as of June 1, 2005 (this "Amendment") is made and entered into as of May 1, 2006, by and among Federated Department Stores, Inc., a Delaware corporation ("FDS"), FDS Bank, a federally-chartered stock savings bank ("FDS Bank"), Federated Corporate Services, Inc., an Ohio corporation (as successor in interest to Prime II Receivables Corporation, a Delaware corporation) ("FCS"), 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 collectively with FDS, FDS Bank, FCS and Macy's, the "FDS Parties"), and Citibank, N.A., a national banking association (the "Purchaser").

WHEREAS, the FDS Parties 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"), and as further amended by the Second Amendment to Purchase, Sale and Servicing Transfer Agreement (the "Second Amendment") dated October 24, 2005;

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 following definition is hereby added to Section 1.1 of the Purchase Agreement immediately before the defined term "Constituent Documents":

*"Commercial Accounts"* means any Credit Card Account that was not issued to a natural person primarily for personal, family or household purposes.

(b) 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) a 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 and (iv) any Commercial Account owned by GE Bank or one of its Affiliates.

**3. Amendment to Article VI.** The following covenant is hereby added immediately after Section 6.18 of the Purchase Agreement:

"SECTION 6.19. *Commercial Accounts.* The parties shall work together in good faith to arrive at mutually agreeable arrangements designed to ensure that (i) Commercial Accounts are not intentionally included in the Accounts sold to Purchaser at any future closing pursuant to this Agreement and (ii) any Commercial Accounts that are or have been sold to Purchaser pursuant to this Agreement can be identified and repurchased (on mutually agreeable terms and conditions) by FDS Bank or an affiliate thereof designated by FDS Bank. For the avoidance of doubt, the parties acknowledge and agree that the implementation of such arrangements shall not be a condition of any closing hereunder but that no such closing shall in any way diminish the parties' obligations to work together pursuant to this Section."

**4. Capacity; Authorization; Validity.**

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

(i) Each of the FDS Parties 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 Parties hereunder and the other documents, instruments and agreements to be executed and delivered by such FDS Parties pursuant hereto.

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

(iii) This Amendment (A) has been duly executed and delivered by the FDS Parties, (B) constitutes the valid and legally binding obligation of the FDS Parties, and (C) is enforceable against the FDS Parties 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) Purchaser hereby represents and warrants to the FDS Parties as of the date hereof:

(i) Purchaser 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 Purchaser pursuant hereto.

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

(iii) This Amendment (A) has been duly executed and delivered by Purchaser, (B) constitutes the valid and legally binding obligation of Purchaser and (C) is enforceable against Purchaser 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).

**5. 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.

**6. 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.

**7. 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.

**8. 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/ Steven J. Freiberg  
Name: Steven J. Freiberg  
Title: Executive Vice President

FEDERATED DEPARTMENT STORES, INC.

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

FDS BANK

By: /s/ Teresa Huxel  
Name: Teresa Huxel  
Title: President

FEDERATED CORPORATE SERVICES, 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

BLOOMINGDALES, INC.

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

## **Federated Completes Second Credit Card Receivables Transaction with Citigroup**

CINCINNATI--(BUSINESS WIRE)--May 1, 2006--Federated Department Stores, Inc. (NYSE:FD) (NYSE Arca:FD) today announced it has completed a second transaction related to its previously announced sale of Federated and May Department Stores Company credit card receivables to Citigroup.

Today's transaction, covering receivables that Federated has repurchased from General Electric Capital Corporation entities, yielded a pre-tax gain of approximately \$179 million (\$112 million after tax). These proceeds will be used to repay short-term debt associated with Federated's acquisition of May Company, which was completed on Aug. 30, 2005.

Under the terms of an agreement announced in June 2005, Citigroup will purchase all Federated and May Company credit receivables in several separate transactions at a premium of approximately 11.5 percent. In total, these transactions are expected to produce after-tax proceeds of approximately \$4.6 billion.

A first transaction completed in October 2005, which included 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.

In addition, prior to Aug. 30, 2006, Federated will sell to Citigroup the May Company credit portfolio, which included approximately \$1.8 billion in receivables at Jan. 28, 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.

All statements in this press release that are not statements of historical fact are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. 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 or implied by the forward-looking statements contained in this release because of a variety of factors, including conditions to, or changes in the timing of, proposed transactions, prevailing interest rates, competitive pressures from specialty stores, general merchandise stores, manufacturers' outlets, off-price and discount stores, new and established forms of home shopping (including the Internet, mail-order catalogs and television) and general consumer spending levels, including the impact of the availability and level of consumer debt, the effect of weather and other factors identified in documents filed by the company with the Securities and Exchange Commission

Federated, with corporate offices in Cincinnati and New York, is one of the nation's premier retailers, with fiscal 2006 sales expected to be more than \$27 billion. Federated operates more than 850 department stores and more than 720 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](http://www.fds.com/pressroom))

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SOURCE: Federated Department Stores, Inc.