

# 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 22, 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)

☐ 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. and certain of its subsidiaries (collectively, "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 credit card accounts and related receivables and other related assets of The May Department Stores Company (the "May Credit Assets").

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 May 22, 2006, Federated and Citibank entered into a Fourth Amendment to Purchase, Sale and Servicing Transfer Agreement (the "Fourth Amendment") to amend the Purchase Agreement, among other things, to provide for the sale of the May Credit Assets to Citibank in two transactions.

On May 22, 2006, Federated and Citibank entered in a Second Amendment to the Credit Card Program Agreement (the "Second Amendment") to amend the Program Agreement, among other things, to reflect and accommodate the sale to Citibank of the May Credit Assets in two transactions.

On May 22, 2006, Federated completed the sale of a portion of the May Credit Assets to Citibank in the first of the two contemplated transactions for a cash purchase price of approximately \$803 million.

A copy of the Fourth Amendment and Second Amendment are attached to this report as Exhibits 10.1 and 10.2, respectively, and are incorporated herein by reference.

The press release issued by Federated on May 22, 2006 with respect to the completion of the sale of a portion of the May Credit Assets is filed as Exhibit 99.1 hereto and is incorporated herein by reference.

The foregoing description of the Fourth Amendment and Second Amendment and the transactions contemplated thereby are qualified in their 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        Fourth Amendment to Purchase, Sale and Servicing Transfer Agreement, dated May 22, 2006, between Federated and Citibank
  
- 10.2        Second Amendment to the Credit Card Program Agreement, dated May 22, 2006, between Federated, FDS Bank, FACS Group, Inc., Macy's Department Stores, Inc., Bloomingdale's, Inc. and Department Stores National Bank and Citibank
  
- 99.1        Press Release, dated May 22, 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.

FEDERATED DEPARTMENT STORES, INC.

Dated: May 24, 2006

By: /s/ Dennis J. Broderick

Name: Dennis J. Broderick

Title: Senior Vice President, General Counsel and Secretary

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

This FOURTH AMENDMENT TO PURCHASE, SALE AND SERVICING TRANSFER AGREEMENT, dated as of June 1, 2005, (this "Amendment") is made and entered into as of May 19, 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) ("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 together with FDS, FDS Bank, Prime II and Macy's, each, an "FDS Company" and collectively, the "FDS Companies"), 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 and further amended by the Second Amendment to the Purchase, Sale and Servicing Transfer Agreement (the "Second Amendment") dated as of October 24, 2005 and the Third Amendment to the Purchase, Sale and Servicing Transfer Agreement (the "Third Amendment") dated as of May 1, 2006 (the "Purchase Agreement");

WHEREAS, the parties hereto desire to permit the sale pursuant to the Purchase Agreement of those May Assets and May Liabilities relating to May Accounts that have been converted from May Co. credit Systems to FACS Group, Inc. credit Systems prior to the Third Closing Date; 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 "May Accounts" is hereby amended by replacing the definition in its entirety with the following:

"*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, (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 or (iii) any Commercial Account owned by FDS Bank or one of its Affiliates."

(b) The definition of "Second Cut-Off Time" is hereby amended by replacing the word "Saturday" with the word "Sunday".

(c) The definition of "Sellers" is hereby amended by replacing the definition in its entirety with the following:

"*Sellers*" means the collective reference to FDS, FDS Bank and Prime II; *provided* that with respect to the (i) Second Purchase and Assumption (and the obligations and conditions to be satisfied in connection therewith) the "Sellers" shall mean FDS and FDS Bank, (ii) the CM Purchase and Assumption (and the obligations and conditions to be satisfied in connection therewith), the "Sellers" shall mean FDS, FDS Bank, Filene's Finance, Inc., Hecht's Finance, Inc. and Famous-Barr Finance, Inc. and (iii) the Third Purchase and Assumption (and the obligations and conditions to be satisfied in connection therewith), the "Sellers" shall mean FDS, FDS Bank, Marshall Field's Finance, Inc., Robinsons-May Finance, Inc. and Foley's Finance, Inc.

(d) The definition of "Third Cut-Off Time" is hereby amended by replacing the word "Saturday" with the word

"Sunday".

**3. Amendment of Section 4.4(a).** Section 4.4(a) of the Purchase Agreement is hereby amended by replacing the words "of the Fiscal Month after the Fiscal Month" with the words "of the calendar week after the calendar week".

**4. Amendment of Article XIII.** Article XIII of the Purchase Agreement is hereby amended by adding the following Section 13.13 at the end of Article XIII:

"Section 13.13. *Converted May Accounts*. The parties hereto agree to the terms and conditions set forth in Schedule 13.13."

**5. New Schedule 13.13.** The Purchase Agreement is hereby amended by adding a new Schedule 13.13 attached hereto.

**6. Capacity; Authorization; Validity.**

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

(i) The 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 the Purchaser pursuant hereto.

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

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

**7. 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.

**8. 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.

**9. 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.

**10. 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:

FEDERATED DEPARTMENT STORES, INC.

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

FDS BANK

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

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

**SECOND AMENDMENT TO  
CREDIT CARD PROGRAM AGREEMENT**

This SECOND AMENDMENT TO CREDIT CARD PROGRAM AGREEMENT, dated as of June 1, 2005, (this "Amendment") is made and entered into as of May 19, 2006, 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"), Macy's Department Stores, Inc., an Ohio corporation ("Macy's"), Bloomingdale's, Inc., an Ohio corporation ("Bloomingdale's"; and together with FDS, FDS Bank, FACS and Macy's, the "FDS Companies"), and Department Stores National Bank, a national banking association (as assignee of Citibank, N.A., a national banking association) ("Bank").

WHEREAS, the FDS Companies and Bank are parties to that certain Credit Card Program Agreement dated, as of June 1, 2005, as amended by the First Amendment to Credit Card Program Agreement and the letter agreement, each dated as of October 24, 2005 (the "Program Agreement");

WHEREAS, the parties hereto have agreed to permit the sale, pursuant to the Purchase Agreement, of those May Assets (as defined in the Purchase Agreement) and May Liabilities (as defined in the Purchase Agreement) relating to May Accounts (as defined in the Purchase Agreement) that have been converted from May Co. credit Systems to FACS Group, Inc. credit Systems prior to the Third Closing Date (as defined in the Purchase Agreement); 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. References to May Accounts.** All provisions of the Program Agreement (including the Schedules thereto) referring to the "May Accounts," the "May Purchase Price," the "Third Closing," the "Third Closing Date" and the "Final Third Closing Statement" shall apply *mutatis mutandis* to the "Converted May Accounts," the "CM Purchase Price," the "CM Closing," the "CM Closing Date" and the "Final CM Closing Statement" (in each case, as defined in the Purchase Agreement), respectively; provided, however, that references to the "Third Closing" in the definition of "Adverse Sales Development" and Section 16.2(d)(iv) of the Program Agreement shall apply solely to such closing and not to the CM Closing. All provisions of the Program Agreement referring to the "May Accounts," the "May Purchase Price," the "Third Closing," the "Third Closing Date" and the "Final Third Closing Statement" shall continue to apply thereto as set forth in the Program Agreement, but references to the "May Accounts" shall be deemed to exclude "Converted May Accounts."

**3. Amendment of Section 2.2(b).** Section 2.2(b) of the Program Agreement is hereby amended by adding the following text at the end of such Section:

"For the avoidance of doubt, from the CM Closing Date until the Third Closing Date, Bank shall not have the right to issue, offer or market a Credit Card bearing the following names of FDS retail divisions or have any other rights hereunder with respect to the offering of any products or services with respect to such FDS retail divisions: (a) Robinson's-May, (b) Meier & Frank, (c) Foley's, (d) Marshall Fields, (e) Lord & Taylor and (f) David's Bridal."

**4. Amendment of Section 9.3(a).** Section 9.3(a) of the Program Agreement is hereby amended by adding the following text at the end of such Section:

"Except to the extent paid pursuant to the previous sentence, not later than 10 A.M. (Eastern time) on each Business Day, Bank shall pay to FDS Bank an amount determined in accordance with Schedule 9.3(a)(i)."

**5. Amendment of Section 17.1.** Section 17.1(f) of the Program Agreement is hereby amended by replacing such section in its entirety with the following text:



"(f) any Solicitation Materials distributed by an FDS Company and not (i) approved by the Operating Committee or (ii) provided by Bank;"

**6. Amendment of Section 17.2.**

(a) Section 17.2 of the Program Agreement is hereby amended by adding "(direct or indirect)" after the word "damages" in the portion of the sentence that is before clause (a) of Section 17.2.

(b) Section 17.2(g) of the Program Agreement is hereby amended by replacing the words "any third party" with the words "any Governmental Authority or other third party".

**7. Amendment of Schedule 1.1(e).** Schedule 1.1(e) of the Program Agreement is hereby amended by replacing such Schedule in its entirety with Schedule 1.1(e) attached hereto.

**8. Amendment of Schedule 1.1(f).** Schedule 1.1(f) of the Program Agreement is hereby amended by replacing such Schedule in its entirety with Schedule 1.1(f) attached hereto.

**9. Amendment of Schedule 1.1(k).** Schedule 1.1(k) of the Program Agreement is hereby amended by replacing such Schedule in its entirety with Schedule 1.1(k) attached hereto.

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

**11. Amendment of Schedule 4.8(b)(ii).** Schedule 4.8(b)(ii) of the Program Agreement is hereby amended by replacing such Schedule in its entirety with Schedule 4.8(b)(ii) attached hereto.

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

"(a) Monthly Net Credit Sale Share: The compensation payable to FDS on a monthly basis shall be reduced by an amount equal to the product of the aggregate Net Credit Sale Share paid to FDS Bank pursuant to Schedule 9.3(a)(i) during the preceding Fiscal Month multiplied by the annualized Funding Cost for such Fiscal Month, divided by 360, and multiplied by 20."

**13. New Schedule 9.3(a)(i).** The Program Agreement is hereby amended by adding a new Schedule 9.3(a)(i) attached hereto.

**14. Amendment of Schedule 9.3(c).** Schedule 9.3(c) of the Program Agreement is hereby amended by adding the following new clause (v) at the end thereof:

"(v) For the avoidance of doubt, the parties acknowledge and agree that all May Accounts shall be covered by and subject to the provisions of this Schedule 9.3(c) from and after the Third Closing Date."

**15. Waiver of Compliance with Section 2.2(d).** Bank hereby waives compliance by FDS or any of its Affiliates with Section 2.2(d) of the Program Agreement solely with respect to the issuance by FDS Bank of FDS Debit Cards to customers whose Credit Card Applications have been declined by Bank in accordance with the terms and provisions of the Program Agreement, *provided* that in the event FDS or any of its Affiliates determines and communicates in writing to the OTS its decision not to offer, issue or market any of the FDS Debit Cards in furtherance of the implementation of the business plan of FDS Bank (which FDS or one of its Affiliates shall do as promptly as practicable following such determination), such waiver shall no longer apply and the provisions of Section 2.2(d) shall continue to apply to FDS and its Affiliates following the date hereof. At the request of FDS, the FDS Companies and Bank shall engage in discussions regarding mutually agreeable extensions of the scope of the waiver of Section 2.2(d).

**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 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).

**17. 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.

**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. 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.

DEPARTMENT STORES NATIONAL BANK

By: /s/ Douglas C. Morrison  
Name: Douglas C. Morrison  
Title:

FEDERATED DEPARTMENT STORES, INC.

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

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

BLOOMINGDALES, INC.

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

**Federated Completes First of Two Transactions in May Company Credit Card Portfolio Sale to Citigroup**

CINCINNATI--(BUSINESS WIRE)--May 22, 2006--Federated Department Stores, Inc. (NYSE:FD)(NYSE Arca:FD) today announced it has completed the first of two transactions in its planned sale of May Company credit card receivables to Citigroup. The previously announced transaction completed today includes that portion of the May Company portfolio - about 40 percent of the total - for which systems have been converted.

Today's sale yielded total pre-tax proceeds of \$803 million (\$753 million after tax), as well as a gain of approximately \$13 million (\$8 million after tax, or approximately 1 cent per diluted post-split share). The gain on sales of credit card receivables continues to be excluded from Federated's earnings per share guidance.

The second transaction, planned for late July or August after the requisite systems conversions, will cover the remainder of the portfolio, with pre-tax proceeds estimated at \$1.075 billion to \$1.125 billion. At that time, Federated will have completed the sale of all Federated and May Company customer credit receivables, which in total will have produced after-tax proceeds of approximately \$4.6 billion.

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.

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 in 45 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, L.S. Ayres, Marshall Field's, Meier & Frank, Robinsons-May, Strawbridge's and The Jones Store. The company also operates macys.com and Bloomingdale's By Mail.

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, the risk the company will not be able to divest the assets that it intends to divest or that the amounts realized in connection with the divestitures are less than anticipated, the risk that the company is not able to realize cost synergies expected from the merger with May Company or is not able to integrate the May Company as anticipated, the risk that shareholders will not approve an increase in the number of authorized shares of Federated common stock, 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.

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

CONTACT: Federated Department Stores, Inc.

Media - Jim Sluzewski, 513-579-7764

Investor - Susan Robinson, 513-579-7780