SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the fiscal quarter ended November 2, 1996.

FEDERATED DEPARTMENT STORES, INC.
151 West 34th Street
New York, New York 10001
(212) 695-4400
and
7 West Seventh St.
Cincinnati, Ohio 45202
(513) 579-7000

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

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

207,948,611 shares of the Registrant's Common Stock, $.01 par value, were outstanding as of November 30, 1996.

PART I -- FINANCIAL INFORMATION

FEDERATED DEPARTMENT STORES, INC.

Consolidated Statements of Operations
(Unaudited)

(thousands, except per share figures)

| | 13 Weeks Ended | | 39 Weeks Ended | |
|---|---|---|---|---|
| | November 2, 1996 | October 28, 1995 | November 2, 1996 | October 28, 1995 |
| Net Sales, including leased department sales | $3,609,148 | $3,748,369 | $10,194,041 | $9,783,624 |
| Cost of sales | 2,189,903 | 2,328,577 | 6,200,124 | 6,015,413 |

| | | | | |
|---|---|---|---|---|
| Selling, general and administrative expenses | 1,187,629 | 1,275,680 | 3,454,678 | 3,413,526 |
| Business integration and consolidation expenses | 44,304 | 39,134 | 220,909 | 211,479 |
| Charitable contribution to Federated Department Stores Foundation | - | - | - | 25,581 |
| Operating Income | 187,312 | 104,978 | 318,330 | 117,625 |
| Interest expense | (124,510) | (142,217) | (374,851) | (365,775) |
| Interest income | 11,149 | 11,928 | 33,595 | 34,718 |
| Income (Loss) Before Income Taxes | 73,951 | (25,311) | (22,926) | (213,432) |
| Federal, state and local income tax benefit (expense) | (32,150) | (21,084) | (412) | 43,112 |
| Net Income (Loss) | $ 41,801 | $ (46,395) | $ (23,338) | $(170,320) |
| Earnings (Loss) per Share | $ .20 | $ (.24) | $ (.11) | $ (.91) |
| Average Number of Shares Outstanding | 207,820 | 197,017 | 207,398 | 187,508 |

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

FEDERATED DEPARTMENT STORES, INC.

Consolidated Balance Sheets
(Unaudited)

(thousands)

| | November 2, 1996 | February 3, 1996 | October 28, 1995 |
|---|---|---|---|
| ASSETS: | | | |
| Current Assets: | | | |
| Cash | $ 152,596 | $ 172,518 | $ 158,027 |
| Accounts receivable | 2,821,833 | 2,842,077 | 2,780,861 |
| Merchandise inventories | 4,170,860 | 3,094,848 | 3,905,535 |
| Supplies and prepaid expenses | 169,532 | 176,411 | 120,191 |
| Deferred income tax assets | 90,883 | 74,511 | 177,596 |
| Total Current Assets | 7,405,704 | 6,360,365 | 7,142,210 |
| Property and Equipment - net | 6,384,812 | 6,305,167 | 6,220,895 |
| Intangible Assets - net | 724,225 | 744,689 | 1,160,661 |
| Notes Receivable | 204,997 | 415,066 | 407,209 |
| Other Assets | 376,956 | 469,763 | 423,227 |
| Total Assets | $ 15,096,694 | $ 14,295,050 | $ 15,354,202 |
| LIABILITIES AND SHAREHOLDERS' EQUITY: | | | |
| Current Liabilities: | | | |
| Short-term debt | $ 741,117 | $ 733,115 | $ 941,375 |
| Accounts payable and accrued liabilities | 3,059,327 | 2,358,543 | 2,909,517 |
| Income taxes | 3,550 | 6,411 | 31,449 |
| Total Current Liabilities | 3,803,994 | 3,098,069 | 3,882,341 |

| | | | |
|---|---|---|---|
| Long-Term Debt | 5,624,065 | 5,632,232 | 5,943,473 |
| Deferred Income Taxes | 727,772 | 732,936 | 911,525 |
| Other Liabilities | 564,606 | 558,127 | 593,023 |
| Shareholders' Equity | 4,376,257 | 4,273,686 | 4,023,840 |
| Total Liabilities and Shareholders' Equity | $15,096,694 | $14,295,050 | $15,354,202 |

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

FEDERATED DEPARTMENT STORES, INC.

Consolidated Statements of Cash Flows
(Unaudited)
(thousands)

| | 39 Weeks Ended November 2, 1996 | 39 Weeks Ended October 28, 1995 |
|---|---|---|
| Cash flows from operating activities: | | |
| Net loss | $ (23,338) | $ (170,320) |
| Adjustments to reconcile net loss to net cash provided (used) by operating activities: | | |
| Depreciation and amortization of property and equipment | 379,816 | 326,341 |
| Amortization of intangible assets | 20,464 | 34,811 |
| Amortization of financing costs | 20,448 | 15,428 |
| Amortization of original issue discount | 342 | 1,090 |
| Amortization of unearned restricted stock | 1,629 | 3,726 |
| Changes in assets and liabilities: | | |
| Decrease in accounts receivable | 220,041 | 44,729 |
| Increase in merchandise inventories | (1,076,012) | (1,169,834) |
| Decrease (increase) in supplies and prepaid expenses | 6,879 | (11,014) |
| Decrease in other assets not separately identified | 20,342 | 24,125 |
| Increase in accounts payable and accrued liabilities not separately identified | 652,942 | 444,013 |
| Decrease in current income taxes | (2,861) | (34,694) |
| Decrease in deferred income taxes | (21,536) | (50,352) |
| Increase in other liabilities not separately identified | 6,179 | 21,381 |
| Net cash provided (used) by operating activities | 205,335 | (520,570) |
| Cash flows from investing activities: | | |
| Purchase of property and equipment | (523,540) | (356,816) |
| Disposition of property and equipment | 137,464 | 23,842 |
| Acquisition of company, net of cash acquired | - | 15,901 |
| Net cash used by investing activities | (386,076) | (317,073) |
| Cash flows from financing activities: | | |
| Debt issued | 688,665 | 1,347,106 |
| Financing costs | (11,096) | (26,375) |
| Debt repaid | (689,172) | (546,675) |
| Decrease in outstanding checks | 47,842 | 4,544 |
| Acquisition of treasury stock | (646) | (388) |
| Issuance of common stock | 125,226 | 10,968 |
| Net cash provided by financing activities | 160,819 | 789,180 |
| Net decrease in cash | $ (19,922) | $ (48,463) |

| | | |
|---|---|---|
| Cash at beginning of period | 172,518 | 206,490 |
| Cash at end of period | $ 152,596 | $ 158,027 |

| | | |
|---|---|---|
| Supplemental cash flow information: | | |
| Interest paid | $ 337,553 | $ 291,928 |
| Interest received | 33,875 | 35,034 |
| Income taxes paid (net of refunds received) | 18,604 | 36,903 |
| Schedule of noncash investing and financing activities: | | |
| Capital lease obligations for new store fixtures | - | 2,818 |
| Debt assumed in acquisition | - | 1,267,074 |
| Equity issued in acquisition | - | 352,902 |
| Debt and equity issued for purchase of debt | - | 429,665 |

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

# FEDERATED DEPARTMENT STORES, INC.

## Notes to Consolidated Financial Statements (Unaudited)

1. Summary of Significant Accounting Policies

A description of the Company's significant accounting policies is included in the Company's Annual Report on Form 10-K for the fiscal year ended February 3, 1996 (the "1995 10-K"). The accompanying Consolidated Financial Statements should be read in conjunction with the Consolidated Financial Statements and notes thereto in the 1995 10-K.

Because of the seasonal nature of the general merchandising business, the results of operations for the 13 and 39 weeks ended November 2, 1996 and October 28, 1995 (which do not include the Christmas season) are not indicative of such results for the fiscal year.

The Consolidated Financial Statements for the 13 and 39 weeks ended November 2, 1996 and October 28, 1995, in the opinion of management, include all adjustments (consisting only of normal recurring adjustments) considered necessary to present fairly, in all material respects, the consolidated financial position and results of operations of the Company and its subsidiaries.

2. Acquisition of Companies

The Company acquired Broadway Stores, Inc. ("Broadway") pursuant to an Agreement and Plan of Merger dated August 14, 1995. The total purchase price of the Broadway acquisition was approximately $1,620.0 million, consisting of (i) 12.6 million shares of common stock and options to purchase an additional 1.5 million shares of common stock valued at $352.9 million and (ii) $1,267.1 million of Broadway debt. In addition, a wholly owned subsidiary of the Company purchased $422.3 million of mortgage indebtedness of Broadway for 6.8 million shares of common stock of the Company and a $242.3 million promissory note.

The Broadway acquisition was accounted for under the purchase method and, accordingly, the results of operations of Broadway have been included in the Company's results of operations since July 29, 1995 and the purchase price has been allocated to Broadway's assets and liabilities based on their estimated fair values as of that date.

The following unaudited pro forma condensed statement of operations gives effect to the Broadway acquisition and related financing transactions as if such transactions had occurred at the beginning of the period presented.

| | 39 Weeks Ended October 28, 1995 (millions, except per share figure) |
|---|---|
| Net sales | $10,668.2 |
| Net loss | (220.4) |
| Loss per share | (1.09) |



The foregoing unaudited pro forma condensed statement of operations gives effect to, among other pro forma adjustments, the following:

(i) Interest expense on debt incurred in connection with the acquisition and the reversal of certain of Broadway's historical interest expense;
(ii) Amortization, over 20 years, of the excess of cost over net assets acquired;
(iii) Depreciation and amortization adjustments related to fair market value of assets acquired;
(iv) Adjustments to income tax expense related to the above; and
(v) Adjustments for shares issued.

The foregoing unaudited pro forma information is provided for illustrative purposes only and does not purport to be indicative of results that actually would have been achieved had the Broadway acquisition been consummated on the first day of the period presented or of future results.

3. Business Integration and Consolidation Expenses

During the 39 weeks ended November 2, 1996, the Company recorded $220.9 million of business integration and consolidation expenses associated with the integration of Broadway into the Company ($182.6 million) and the ongoing consolidation of Macy's and other support operation restructurings ($38.3 million). Included in the Broadway integration expenses were $65.7 million of inventory valuation adjustments to merchandise in lines of business which the Company, subsequent to acquisition, eliminated or replaced. The remainder of the Broadway integration expenses relate primarily to the costs associated with converting the Broadway stores to other nameplates (including advertising, credit card issuance and promotion, and other name change expenses) and the costs of operating Broadway central office functions for a transitional period.

During the 39 weeks ended October 28, 1995, the Company recorded $211.5 million of business integration and consolidation expenses associated with the integration of Macy's and Broadway into the Company ($171.4 million and $7.3 million, respectively) and the consolidation of the Company's Rich's/Goldsmith's and Lazarus divisions ($32.8 million). The primary components of the Macy's integration expenses were $68.1 million of inventory valuation adjustments to merchandise in lines of business which the Company, subsequent to the acquisition, eliminated or replaced, $25.4 million of costs to close and sell certain stores and to convert a number of stores to other nameplates, $25.8 million of severance costs and $52.1 million of other costs and expenses associated with integrating Macy's into the Company. Of the $32.8 million of expenses associated with the divisional consolidation referred to above, $22.5 million relates to inventory valuation adjustments to merchandise of the affected divisions in lines of business which were eliminated or replaced as a result of the consolidation.

FEDERATED DEPARTMENT STORES, INC.

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

Results of Operations

Comparison of the 13 Weeks Ended November 2, 1996 and October 28, 1995

For purposes of the following discussion, all references to "third quarter of 1996" and "third quarter of 1995" are to the Company's 13-week fiscal periods ended November 2, 1996 and October 28, 1995, respectively.

Net sales for the third quarter of 1996 totaled $3,609.1 million, compared to net sales of $3,748.4 million for the third quarter of 1995, a decrease of 3.7%. Net sales for the third quarter of 1995 reflect revenue from all of the 82 Broadway stores acquired by the Company, while net sales for the third quarter of 1996 reflect only the revenues from those Broadway stores that were converted to other Company nameplates and remain open (52 stores as of November 2, 1996). On a comparable store basis, net sales for the third quarter of 1996 increased 2.5% over the third quarter of 1995. Although sales increases were strong in certain apparel categories, the Company's efforts to gradually reduce the degree to which it utilizes promotional selling practices with respect to home-related merchandise continued to negatively impact net sales in the third quarter of 1996. Net sales for the third quarter of 1995 include $414.8 million of Broadway sales.

Cost of sales was 60.7% as a percent of net sales for the third quarter of 1996 compared to 62.1% for the third quarter of 1995. In 1995, cost of sales was negatively impacted by greater markdowns at stores added through the Broadway acquisition. Excluding these stores, cost of sales would have been 61.2% as a percent of net sales for the third quarter of 1995. The lower level of promotional activity for home-related merchandise and increased sales of higher margin private label merchandise also contributed to the lower cost of sales as a percent of net sales for the third quarter of 1996. Cost of sales was not impacted by the valuation of merchandise inventory on the last-in, first-out basis in the third quarter of 1996 or the third quarter of 1995.

Selling, general and administrative expenses were 32.9% as a percent of net sales for the third quarter of 1996 compared to 34.0% for the third quarter of 1995. Excluding the effects of the Broadway acquisition, selling, general and administrative expenses would have been 33.2% as a percent of net sales for the third quarter of 1995. In addition to the expense savings from the integration of Broadway into the Company, tighter expense control and operating efficiencies from support operation restructurings (primarily merchandise distribution) contributed to the improved expense rate for the third quarter of 1996.

Business integration and consolidation expenses for the third quarter of 1996 consist of $33.9 million associated with the integration of Broadway and $10.4 million related to the ongoing consolidation of Macy's and other support operation restructurings. During the remainder of fiscal 1996, the Company expects to incur approximately $75.0 million of additional business integration and consolidation expenses in connection with the consolidation of Broadway, the ongoing consolidation of Macy's and the support operation restructurings.



Business integration and consolidation expenses for the third quarter of 1995 consist of $26.2 million associated with the integration of Macy's into the Company, $5.6 million related to the consolidation of the Company's Rich's/Goldsmith's and Lazarus divisions and $7.3 million related to the integration of Broadway into the Company.

Net interest expense was $113.4 million for the third quarter of 1996, compared to $130.3 million for the third quarter of 1995. The lower interest expense for the third quarter of 1996 is principally due to the lower levels of borrowings from the repayment of certain Broadway debt subsequent to the acquisition.

The Company's effective income tax rate of 43.5% for the third quarter of 1996 differs from the federal income tax statutory rate of 35.0% principally because of permanent differences arising from the amortization of intangible assets and the effect of state and local income taxes.

The Company's effective income tax rate for the third quarter of 1995 differs from the federal income tax statutory rate of 35.0% principally because of permanent differences arising from the non-deductibility of approximately $65.0 million of losses of Broadway and the amortization of intangible assets, and the effect of state and local income taxes.

Comparison of the 39 Weeks Ended November 2, 1996 and October 28, 1995

For purposes of the following discussion, all references to "1996" and "1995" are to the Company's 39 week fiscal periods ended November 2, 1996 and October 28, 1995, respectively.

Net sales for 1996 were $10,194.0 million compared to $9,783.6 million for 1995, an increase of 4.2%. On a comparable store basis, net sales increased 2.7%. Net sales for 1996 were somewhat negatively impacted by the Company's efforts to gradually reduce the degree to which it utilizes promotional selling practices with respect to home-related merchandise. Net sales for 1995 include $414.8 million of Broadway sales.

Cost of sales was 60.8% as a percent of net sales for 1996 compared to 61.5% for 1995. Excluding Broadway stores, cost of sales would have been 61.1% as a percent of net sales for 1995. The improvement reflects the lower level of promotional activity for home-related merchandise and increased sales of higher margin private label merchandise. Cost of sales includes no charge in 1996 compared to a charge of $1.8 million in 1995 resulting from the valuation of merchandise inventory on the last-in, first-out basis.

Selling, general and administrative expenses were 33.9% as a percent of net sales for 1996 compared to 34.9% for 1995. Excluding the effects of the Broadway acquisition, selling, general and administrative expenses would have been 34.7% as a percent of net sales for 1995. The improvement for 1996 primarily reflects the operating efficiencies resulting from the integration of Macy's into the Company in fiscal 1995 and other support operation restructurings (primarily merchandise distribution).



Business integration and consolidation expenses for 1996 consist of $182.6 million associated with the integration of Broadway and $38.3 million related to the ongoing consolidation of Macy's and other support operation restructurings.

Business integration and consolidation expenses for 1995 consist of $171.4 million associated with the integration of Macy's into the Company, $32.8 million related to the consolidation of the Company's Rich's/Goldsmith's and Lazarus divisions and $7.3 million related to the integration of Broadway into the Company.

Net interest expense was $341.3 million for 1996 compared to $331.1 million for 1995. The higher interest expense for 1996 is principally due to higher levels of borrowing incurred in connection with the acquisition of Broadway.

The Company's effective income tax rate for 1996 differs from the federal income tax statutory rate of 35.0% principally because of permanent differences arising from the amortization of intangible assets, and the effect of state and local income taxes.

The Company's effective income tax rate for 1995 differs from the federal income tax statutory rate of 35.0% principally because of permanent differences arising from the non-deductibility of approximately $65.0 million of losses of Broadway and the amortization of intangible assets, and the effect of state and local income taxes.

Liquidity and Capital Resources

For purposes of the following discussion, all references to "1996" and "1995" are to the Company's 39 week fiscal periods ended November 2, 1996 and October 28, 1995, respectively.

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

Net cash provided by operating activities in 1996 was $205.3 million, an increase of $725.9 million compared to net cash used by operating activities of $520.6 million in 1995. In addition to improved operating results, the most significant factors contributing to this improvement were greater reductions in customer accounts receivable and lower increases in merchandise inventories due to Broadway store closings. Additionally, cash provided from operations in 1995 was negatively impacted by higher payments of non-merchandise payables and accrued liabilities (including liabilities related to the Macy's merger).

Net cash used in investing activities was $386.1 million in 1996 with purchases of property and equipment totaling $523.5 million and dispositions of property and equipment, principally Broadway stores, totaling $137.5 million. During 1996, the Company opened two new department stores and two new furniture galleries, converted an existing Stern's store to a Macy's store and closed the existing Macy's store in that trading area and closed six other stores.

Net cash provided by the Company for all financing activities was $160.8 million in 1996. During 1996, the Company repaid $689.2 million of debt, including $386.5 million of commercial paper borrowings under a receivables based credit facility of a subsidiary of Broadway which was terminated on May 14, 1996, $64.0 million of asset-backed notes issued by a subsidiary of Broadway and $222.9 million of term borrowings under its bank credit facility.

During 1996, the Company issued $450.0 million of 8-1/2% Senior Notes due 2003 and a wholly owned subsidiary of the Company issued $238.8 million of asset-backed certificates in two separate classes. The two classes are: (i) $218.0 million in aggregate principal amount of 6.70% Class A Asset-Backed Certificates, Series 1996-1 due May 15, 2001 and (ii) $20.8 million in aggregate principal amount of 6.85% Class B Asset-Backed Certificates, Series 1996-1 due June 15, 2001. The Company also issued 4.1 million shares of common stock and received $99.0 million in proceeds upon the exercise of its Series A Warrants.

On May 3, 1997, a $200.0 million installment of a note receivable matures and $176.0 million of borrowings under a note monetization facility become due and payable. Accordingly, as of November 2, 1996, such amounts have been included in accounts receivable and short-term debt, respectively.

Management believes the department store industry will continue to consolidate. Accordingly, the Company intends from time to time to consider additional acquisitions of department store assets and companies.

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

## PART II -- OTHER INFORMATION

FEDERATED DEPARTMENT STORES, INC.

### Item 1. Legal Proceedings

The information regarding legal proceedings in the Company's Quarterly Report on Form 10-Q for the period ended May 4, 1996 covers events known to the Company and occurring prior to June 4, 1996. Subsequent to that date, the Company and its subsidiaries have been involved in various legal proceedings incidental to the normal course of their business. Management does not expect that any of such proceedings will have a material adverse effect on the Company's consolidated financial position or results of operations.

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

11 Statement re: computation of per share earnings

27 Financial Data Schedule

(b) Reports on Form 8-K

No reports were filed on Form 8-K during the quarter ended November 2, 1996.

FEDERATED DEPARTMENT STORES, INC.

SIGNATURES

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

FEDERATED DEPARTMENT STORES, INC.

Date December 17, 1996 /s/ Dennis J. Broderick
Dennis J. Broderick
Senior Vice President, General Counsel
and Secretary

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

<TABLE>
EXHIBIT 11

FEDERATED DEPARTMENT STORES, INC.
Exhibit of Primary and Fully Diluted Earnings (Loss) Per Share
(thousands, except per share figures)

<CAPTION>

| | 13 Weeks Ended | | | | 39 Weeks Ended | | | |
|---|---|---|---|---|---|---|---|---|
| | November 2, 1996 | | October 28, 1995 | | November 2, 1996 | | October 28, 1995 | |
| | Shares | Income | Shares | Loss | Shares | Loss | Shares | Loss |
| <S> | <C> | <C> | <C> | <C> | <C> | <C> | <C> | <C> |
| Net income (loss) and average number of shares outstanding | 207,820 | $41,801 | 197,017 | $(46,395) | 207,398 | $(23,338) | 187,508 | $(170,320) |
| Earnings (loss) per share | | $ .20 | | $(.24) | | $(.11) | | $(.91) |
| PRIMARY COMPUTATION: | | | | | | | | |
| Average number of common share equivalents: | | | | | | | | |
| Shares to be issued to the U.S. Treasury | 40 | | 81 | | 40 | | 81 | |
| Deferred compensation plan | 237 | | 164 | | 224 | | 155 | |
| Warrants | 1,875 | | 798 | | 1,701 | | 295 | |
| Stock options | 1,580 | - | 1,294 | - | 1,577 | - | 840 | - |
| Adjusted number of common and common equivalent shares outstanding and adjusted net income (loss) | 211,552 | 41,801 | 199,354 | (46,395) | 210,940 | (23,338) | 188,879 | (170,320) |
| Primary earnings (loss) per share | | $ .20 | | $(.23) | | $(.11) | | $(.90) |
| FULLY DILUTED COMPUTATION: | | | | | | | | |
| Additional adjustments to a fully diluted basis: | | | | | | | | |
| Warrants | | | | | 75 | | 221 | |
| Stock options | - | - | - | - | 64 | - | 150 | - |
| Adjusted number of shares outstanding and net income (loss) on a fully diluted basis | 211,552 | $41,801 | 199,354 | $(46,395) | 211,079 | $(23,338) | 189,250 | $(170,320) |
| Fully diluted earnings (loss) per share | | $ .20 | | $(.23) | | $(.11) | | $(.90) |

</TABLE>

<TABLE> <S> <C>

<ARTICLE> 5
<MULTIPLIER> 1,000

<S> <C>
<PERIOD-TYPE> 9-MOS
<FISCAL-YEAR-END> FEB-01-1997
<PERIOD-START> AUG-04-1996
<PERIOD-END> NOV-02-1996
<CASH> 152,596
<SECURITIES> 0
<RECEIVABLES> 2,821,833
<ALLOWANCES> 0
<INVENTORY> 4,170,860
<CURRENT-ASSETS> 7,405,704<F1>
<PP&E> 6,384,812
<DEPRECIATION> 0
<TOTAL-ASSETS> 15,096,694<F2>
<CURRENT-LIABILITIES> 3,803,994
<BONDS> 5,624,065
<PREFERRED-MANDATORY> 0
<PREFERRED> 0
<COMMON> 0
<OTHER-SE> 0
<TOTAL-LIABILITY-AND-EQUITY> 15,096,694<F3>
<SALES> 3,609,148
<TOTAL-REVENUES> 0
<CGS> 0
<TOTAL-COSTS> 2,189,903
<OTHER-EXPENSES> 1,231,933
<LOSS-PROVISION> 0
<INTEREST-EXPENSE> 124,510
<INCOME-PRETAX> 73,951<F4>
<INCOME-TAX> 32,150
<INCOME-CONTINUING> 0
<DISCONTINUED> 0
<EXTRAORDINARY> 0
<CHANGES> 0
<NET-INCOME> 41,801
<EPS-PRIMARY> .20
<EPS-DILUTED> .20
<FN>
<F1>Includes the following:
Supplies and prepaid expenses 169,532
Deferred income tax assets 90,883
<F2>Includes the following:
Intangible assets - net 724,225
Notes receivable 204,997
Other assets 376,956
<F3>Includes the following:
Deferred income taxes 727,772
Other liabilities 564,606
Shareholders' Equity 4,376,257
<F4>Includes the following:
Interest Income 11,150
</FN>

</TABLE>