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 May 3, 1997.

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.

209,132,435 shares of the Registrant's Common Stock, $.01 par value, were outstanding as of May 31, 1997.

<TABLE>
PART I -- FINANCIAL INFORMATION

FEDERATED DEPARTMENT STORES, INC.

Consolidated Statements of Income
(Unaudited)

(thousands, except per share figures)

<S>	13 Weeks Ended May 3, 1997 <C>	13 Weeks Ended May 4, 1996 <C>
Net Sales	$ 3,409,091	$ 3,300,665
Cost of sales:		
Recurring	2,086,865	2,014,648
Inventory valuation adjustments related to consolidation	-	36,588
Total cost of sales	2,086,865	2,051,236
Selling, general and administrative expenses:		
Recurring	1,174,166	1,153,065

Business integration and consolidation expenses	-	41,100
Total selling, general and administrative expenses	1,174,166	1,194,165
Operating Income	148,060	55,264
Interest expense	(114,725)	(123,345)
Interest income	10,348	11,064
Income (Loss) Before Income Taxes	43,683	(57,017)
Federal, state and local income tax (expense) benefit	(19,624)	19,071
Net Income (Loss)	$ 24,059	$ (37,946)
Earnings (Loss) per Share	$ .12	$ (.18)
Average Number of Shares Outstanding	208,235	206,710

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

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FEDERATED DEPARTMENT STORES, INC.

Consolidated Balance Sheets
(Unaudited)

(thousands)

<S>	May 3, 1997 <C>	February 1, 1997 <C>	May 4, 1996 <C>
ASSETS:			
Current Assets:			
Cash	$ 152,582	$ 148,794	$ 195,473
Accounts receivable	2,661,052	2,834,321	2,944,595
Merchandise inventories	3,384,883	3,245,996	3,204,023
Supplies and prepaid expenses	98,193	109,678	150,566
Deferred income tax assets	88,667	88,513	97,791
Total Current Assets	6,385,377	6,427,302	6,592,448
Property and Equipment - net	6,419,547	6,524,757	6,231,782
Intangible Assets - net	710,583	717,404	737,868
Notes Receivable	204,248	204,400	210,758
Other Assets	380,295	390,280	377,879
Total Assets	$14,100,050	$14,264,143	$14,150,735
LIABILITIES AND SHAREHOLDERS' EQUITY:			
Current Liabilities:			
Short-term debt	$ 1,059,543	$ 1,094,557	$ 537,594
Accounts payable and accrued liabilities	2,414,056	2,492,195	2,201,922
Income taxes	15,765	8,947	2,899
Total Current Liabilities	3,489,364	3,595,699	2,742,415
Long-Term Debt	4,514,247	4,605,916	5,768,933
Deferred Income Taxes	831,207	830,943	731,200
Other Liabilities	561,907	562,431	556,671
Shareholders' Equity	4,703,325	4,669,154	4,351,516

Total Liabilities and Shareholders' Equity	$14,100,050	$14,264,143	$14,150,735

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

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FEDERATED DEPARTMENT STORES, INC.

Consolidated Statements of Cash Flows
(Unaudited)

(thousands)

<S>	13 Weeks Ended May 3, 1997 <C>	13 Weeks Ended May 4, 1996 <C>
Cash flows from operating activities:		
Net income (loss)	$ 24,059	$ (37,946)
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities:		
Depreciation and amortization of property and equipment	138,554	125,859
Amortization of intangible assets	6,821	6,821
Amortization of financing costs	6,555	5,909
Amortization of unearned restricted stock	309	644
Changes in assets and liabilities:		
Decrease in accounts receivable	173,420	97,479
Increase in merchandise inventories	(138,888)	(109,175)
Decrease in supplies and prepaid expenses	11,485	25,845
(Increase) decrease in other assets not separately identified	(7,580)	8,350
Decrease in accounts payable and accrued liabilities not separately identified	(119,938)	(144,403)
Increase (decrease) in current income taxes	6,817	(3,512)
Increase (decrease) in deferred income taxes	111	(25,016)
Decrease in other liabilities not separately identified	(523)	(1,455)
Net cash provided (used) by operating activities	101,202	(50,600)
Cash flows from investing activities:		
Purchase of property and equipment	(49,859)	(62,029)
Disposition of property and equipment	27,704	92,007
Net cash (used) provided by investing activities	(22,155)	29,978
Cash flows from financing activities:		
Debt issued	-	46,865
Financing costs	(62)	(406)
Debt repaid	(126,801)	(105,796)
Increase (decrease) in outstanding checks	41,802	(12,218)
Acquisition of treasury stock	(1,662)	(574)
Issuance of common stock	11,464	115,706
Net cash (used) provided by financing activities	(75,259)	43,577

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(Continued)

<TABLE>
FEDERATED DEPARTMENT STORES, INC.

Consolidated Statements of Cash Flows
(Unaudited)

(thousands)

<S>	<C> 13 Weeks Ended May 3, 1997	<C> 13 Weeks Ended May 4, 1996
Net increase in cash	3,788	22,955
Cash at beginning of period	148,794	172,518
Cash at end of period	$ 152,582	$ 195,473
Supplemental cash flow information:		
Interest paid	$ 113,484	$ 128,477
Interest received	10,861	11,682
Income taxes paid (net of refunds received)	9,319	5,198

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

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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 1, 1997 (the "1996 10-K"). The accompanying Consolidated Financial Statements should be read in conjunction with the Consolidated Financial Statements and notes thereto in the 1996 10-K.

Because of the seasonal nature of the general merchandising business, the results of operations for the 13 weeks ended May 3, 1997 and May 4, 1996 (which do not include the Christmas season) are not indicative of such results for the fiscal year.

The Consolidated Financial Statements for the 13 weeks ended May 3, 1997 and May 4, 1996, 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.

Statement of Financial Accounting Standards No. 128, "Earnings per Share" ("SFAS No. 128"), was issued in February 1997. The statement establishes standards for computing and presenting earnings per share and is effective for financial statements for periods ending after December 15, 1997. Adoption of this statement will not have a material impact on earnings per share computations. Earnings (loss) per share and fully diluted earnings (loss) per share for the 13 weeks ended May 3, 1997 and May 4, 1996 would be substantially identical to the basic and diluted earnings (loss) per share amounts determined in accordance with SFAS No. 128.

Certain reclassifications have been made to amounts for the 13 weeks ended May 4, 1996 to conform with the classifications of such amounts for the 52 weeks ended February 1, 1997.

2. Inventory Valuation Adjustments Related to Consolidation and Business Integration and Consolidation Expenses

In connection with the consolidation of merchandise inventories for acquired and pre-existing businesses, the Company recorded one-time inventory valuation adjustments related to merchandise in lines of business that were eliminated or replaced as a separate component of cost of sales. For the 13 weeks ended May 4, 1996, the amount recorded related to the consolidation of Broadway into the Company's Macy's West division.

Additionally, the Company incurred certain one-time costs related to the integration and consolidation of acquired and pre-existing businesses and classified such costs as business integration and consolidation expenses as a separate component of selling, general and administrative expenses. During the 13 weeks ended May 4, 1996, the Company recorded $41.1 million of business integration and consolidation expenses consisting of $29.3 million of costs associated with the integration of Broadway into the Company (related primarily to the incremental 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), $10.2 million of costs related to the consolidation of Macy's and $1.6 million of costs related to other support operation restructurings.

FEDERATED DEPARTMENT STORES, INC.

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

For purposes of the following discussion, all references to "first quarter of 1997" and "first quarter of 1996" are to the Company's 13-week fiscal periods ended May 3, 1997 and May 4, 1996, respectively.

Results of Operations

Comparison of the 13 Weeks Ended May 3, 1997 and May 4, 1996

Net sales for the first quarter of 1997 totaled $3,409.1 million, compared to net sales of $3,300.7 million for the first quarter of 1996, an increase of 3.3%. On a comparable store basis, sales for the first quarter of 1997 increased 2.5% over the first quarter of 1996. Sales for the first quarter of 1997, which were negatively impacted by unseasonably cold weather in some parts of the country, reflected growth in private label merchandise and increased strength in California markets.

Cost of sales was 61.2% of net sales for the first quarter of 1997, compared to 62.1% for the first quarter of 1996. Cost of sales for the first quarter of 1996 included $36.6 million of one-time inventory valuation adjustments related to merchandise in lines of business that were eliminated or replaced in connection with the consolidation of Broadway's merchandise inventories into the Company. Excluding these inventory valuation adjustments from the first quarter of 1996, cost of sales would have increased by 0.2% of net sales in the first quarter of 1997, due to higher merchandise markdowns associated with the elimination of certain consumer electronics lines of business.

Selling, general and administrative expenses were 34.5% of net sales for the first quarter of 1997 compared to 36.2% for the first quarter of 1996. Selling, general and administrative expenses for the first quarter of 1996 included $41.1 million of one-time costs related to the integration and consolidation of acquired and pre-existing businesses as business integration and consolidation expenses ("BICE"). Excluding BICE, selling, general and administrative expenses would have been 34.9% of net sales for the first quarter of 1996. The major factor contributing to the improvement for the first quarter of 1997 in the selling, general and administrative expense rate (excluding BICE for the first quarter of 1996) was lower distribution-related expenses resulting from restructuring and technological improvements within the merchandise distribution process.

Net interest expense was $104.4 million for the first quarter of 1997, compared to $112.3 million for the first quarter of 1996. The lower interest expense for the first quarter of 1997 is principally due to the lower levels of borrowings.

The Company's effective income tax rate of 44.9% for the first quarter of 1997 differs from the federal income tax statutory rate of 35.0% principally because of the effect of state and local income taxes and permanent differences arising from the amortization of intangible assets.

Liquidity and Capital Resources

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

Net cash provided by operating activities in the first quarter of 1997 was $101.2 million, an increase of $151.8 million from the net cash used by operating activities in the first quarter of 1996 of $50.6 million. The major factors contributing to this improvement were improved operating results and greater reductions in accounts receivables.

Net cash used by investing activities was $22.2 million for the first quarter of 1997, with purchases of property and equipment totaling $49.9 million and dispositions of property and equipment totaling $27.7 million. The Company opened one new Bloomingdale's store in California and closed four stores in the first quarter of 1997.

Net cash used by the Company for all financing activities was $75.3 million for the first quarter of 1997. During the first quarter of 1997, the Company repaid $126.8 million of debt. The major components of debt repaid were $59.4 million of mortgages and $46.0 million of net borrowings under the Company's revolving credit and commercial paper facilities.

On May 5, 1997, a $200.0 million installment of a note receivable was received and $176.0 million of borrowings under a note monetization facility were repaid. Such amounts were included in accounts receivable and short-term debt, respectively, as of May 3, 1997.

Management believes the department store business 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 the issuance of debt or other securities, or other possible capital markets transactions, the proceeds of which could be used to refinance current indebtedness or for other corporate purposes.

PART II -- OTHER INFORMATION

FEDERATED DEPARTMENT STORES, INC.

Item 1. Legal Proceedings

The information regarding legal proceedings in the 1996 10-K covers events known to the Company and occurring prior to April 9, 1997. Subsequent to that date and prior to June 17, 1997, 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 4. Submission of Matters to a Vote of Security Holders

The Annual Meeting of the Company's stockholders was held on May 16, 1997 (the "1997 Annual Meeting"). The Company's stockholders voted on the following items at such meeting:

i. The stockholders approved the election of four Directors for a three-year term expiring at the 2000 Annual Meeting of the Company's stockholders. The votes for such elections were as follows: Earl G. Graves, Sr. - 168,397,168 votes in favor and 1,800,499 votes withheld; George V. Grune - 168,409,424 votes in favor and 1,788,243 votes withheld; Craig E. Weatherup - 167,127,261 votes in favor and 3,070,406 votes withheld; and James M. Zimmerman - 168,417,154 votes in favor and 1,780,513 votes withheld. There were no broker non-votes on this item.

ii. The stockholders ratified the employment of KPMG Peat Marwick LLP as the Company's independent accountants for the fiscal year ending January 31, 1998. The votes for the ratification were 169,942,203, the votes against the ratification were 115,042, the votes abstained were 153,523, and there were no broker non-votes.

iii. The stockholders approved a proposal to amend the 1995 Executive Equity Incentive Plan to increase the number of shares of common stock of the Company available for issuance thereunder and modify certain other terms thereof. The votes for the proposal were 157,144,061, the votes against the proposal were

12,802,214, the votes abstained were 264,493, and there were no broker non-votes.

iv. The stockholders approved the 1992 Incentive Bonus Plan. The votes for the proposal were 167,574,874, the votes against the proposal were 2,357,529, the votes abstained were 278,365, and there were no broker non-votes.

v. The stockholders voted against a resolution by a stockholder to publish periodically in various newspapers a detailed statement disclosing political and related contributions made by the Company. The votes against the resolution were 144,219,569, the votes for the resolution were 4,428,891, the votes abstained were 8,937,657, and there were 12,624,651 broker non-votes.

Item 5. Other Information

Immediately following the 1997 Annual Meeting, the Board of Directors of the Company elected Ms. Sara Levinson as a Class I Director and Mr. Terry Lundgren as a Class II Director to fill vacancies that then existed.

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

10.1 1995 Executive Equity Incentive Plan (As Amended and Restated as of May 16, 1997)

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 May 3, 1997.

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 June 17, 1997 /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)

FEDERATED DEPARTMENT STORES, INC.

1995 Executive Equity Incentive Plan

(As Amended and Restated as of May 16, 1997)

Federated Department Stores, Inc., a Delaware corporation (the "Company"), hereby amends and restates this 1995 Executive Equity Incentive Plan (this "Plan") effective, subject to the provisions of Section 13, as of May 16, 1997 (the "Effective Date").

1. Purpose. The purpose of this Plan is to attract and retain directors, officers, and other key executives and employees of the Company and its subsidiaries and to provide to such persons incentives and rewards relating to the Company's business plans.

2. Definitions. In addition to the terms defined elsewhere herein, the following terms have the following meanings when used herein with initial capital letters:

(a) "Appreciation Right" means a right granted pursuant to Section 5.

(b) "Board" means the Board of Directors of the Company or, pursuant to any delegation by the Board to the Compensation Committee pursuant to Section 11, the Compensation Committee.

(c) "Change in Control" means the occurrence of any of the following events:

(i) The Company is merged, consolidated, or reorganized into or with another corporation or other legal entity, and as a result of such merger, consolidation, or reorganization less than a majority of the combined voting power of the then-outstanding securities of such corporation or entity immediately after such transaction are held in the aggregate by the holders of the then-outstanding securities entitled to vote generally in the election of directors of the Company (the "Voting Stock") immediately prior to such transaction;

(ii) The Company sells or otherwise transfers all or substantially all of its assets to another corporation or other legal entity and, as a result of such sale or transfer, less than a majority of the combined voting power of the then-outstanding securities of such other corporation or entity immediately after such sale or transfer is held in the aggregate by the holders of Voting Stock of the Company immediately prior to such sale or transfer;

(iii) There is a report filed on Schedule 13D or Schedule 14D-1 (or any successor schedule, form, or report or item therein), each as promulgated pursuant to the Securities Exchange Act of 1934, as amended (the "Exchange Act"), disclosing that any person (as the term "person" is used in Section 13(d)(3) or Section 14(d)(2) of the Exchange Act) has become the beneficial owner (as the term "beneficial owner" is defined under Rule 13d-3 or any successor rule or regulation promulgated under the Exchange Act) of securities representing 30% or more of the combined voting power of the Voting Stock of the Company;

(iv) The Company files a report or proxy statement with the Securities and Exchange Commission pursuant to the Exchange Act disclosing in response to Form 8-K or Schedule 14A (or any successor schedule, form, or report or item therein) that a change in control of the Company has occurred or will occur in the future pursuant to any then-existing contract or transaction; or

(v) If, during any period of two consecutive years, individuals who at the beginning of any such period constitute the directors of the Company cease for any reason to constitute at least a majority thereof; provided, however, that for purposes of this clause (v) each director who is first elected, or first nominated for election by the Company's stockholders, by a vote of at least two-thirds of the directors of the Company (or a committee thereof) then still in office who were directors of the Company at the beginning of any such period will be deemed to have been a director of the Company at the beginning of such period.

Notwithstanding the foregoing provisions of Section 2(d)(iii) or 2(d)(iv), unless otherwise determined in a specific case by majority vote of the Board, a "Change in Control" will not be deemed to have occurred for purposes of Section 2(d)(iii) or 2(d)(iv) solely because (1) the Company, (2) a Subsidiary, or (3) any employee stock ownership plan or any other employee benefit plan of the Company or any Subsidiary either files or becomes obligated to file a report or a proxy statement under or in response to Schedule 13D, Schedule 14D-1, Form 8-K, or Schedule 14A (or any successor schedule, form, or report or item therein) under the Exchange Act disclosing beneficial ownership by it of shares of Voting Stock, whether in excess of 30% or otherwise, or because the Company reports that a change in control of the Company has occurred or will occur in the future by reason of such beneficial ownership.

(d) "Code" means the Internal Revenue Code of 1986, as amended from time to time.

(e) "Common Shares" means shares of Common Stock of the Company or any security into which such Common Shares may be changed by reason of any transaction or event of the type referred to in Section 8.

(f) "Compensation Committee" means a committee appointed by the Board in accordance with the By-Laws of the Company consisting of at least three Non-Employee Directors.

(g) "Date of Grant" means the date determined in accordance with the Board's authorization on which a grant of Option Rights or Appreciation Rights, or a grant of Restricted Shares, becomes effective.

(h) "Immediate Family" has the meaning ascribed thereto in Rule 16a-1(e) under the Exchange Act.

(i) "Incentive Stock Options" means Option Rights that are intended to qualify as "incentive stock options" under Section 422 of the Code or any successor provision.

(j) "Market Value per Share" means any of the following, as determined in accordance with the Board's authorization: (i) the closing sale price per share of the Common Shares as reported in the New York Stock Exchange Composite Transactions Report (or any other consolidated transactions reporting system which subsequently may replace such Composite Transactions Report) for the New York Stock Exchange (the "NYSE") trading day immediately preceding the date determined in accordance with the Board's authorization, or if there are no sales on such date, on the next preceding day on which there were sales, (ii) the average (whether weighted or not) or mean price, determined by reference to the closing sales prices, average between the high and low sales prices, or any other standard for determining price adopted by the Board, per share of the Common Shares as reported in the NYSE Composite Transactions Report as of the date or for the period determined in accordance with the Board's authorization, or (iii) in the event that the Common Shares are not listed for trading on the NYSE as of a relevant Date of Grant, an amount determined in accordance with standards adopted by the Board.

(k) "Non-Employee Director" means a Director of the Company who is not a full-time employee of the Company or any Subsidiary.

(l) "Nonqualified Stock Option" means Option Rights other than Incentive Stock Options.

(m) "Optionee" means the optionee named in an agreement with the Company evidencing an outstanding Option Right.

(n) "Option Price" means the purchase price payable on exercise of an Option Right.

(o) "Option Right" means the right to purchase Common Shares upon exercise of an option granted pursuant to Section 4.

(p) "Participant" means a person who is approved by the Board to receive benefits under this Plan and who is at the time an officer, executive, or other employee of the Company or any one or more of its Subsidiaries, or who has agreed to commence serving in any of such capacities, and also includes each Non-Employee Director.

(q) "Restricted Shares" means Common Shares issued pursuant to Section 6 as to which neither the substantial risk of forfeiture nor the prohibition on transfers referred to in Section 6 has expired.

(r) "Rule 16b-3" means Rule 16b-3 promulgated under the Exchange Act (or any successor rule substantially to the same effect), as in effect from time to time.

(s) "Spread" means the excess of the Market Value per Share of the Common Shares on the date when an Appreciation Right is exercised, or on the date when Option Rights are surrendered in payment of the Option Price of other Option Rights, over the Option Price provided for in the related Option Right.

(t) "Subsidiary" has the meaning specified in Rule 405 promulgated under the Securities Act of 1933, as amended (or in any successor rule substantially to the same effect).

3. Shares Available Under the Plan. Subject to adjustment as provided in Section 8, the number of Common Shares that may be issued or transferred under this Plan upon the exercise of Option Rights or Appreciation Rights or as Restricted Shares and released from substantial risks of forfeiture thereof, may not exceed the sum of (i) 7.5 million and (ii) the number of Common Shares which remain available for issuance under this Plan immediately prior to the Effective Date. The aggregate number of Common Shares issued under this Plan upon the grant of Restricted Shares may not exceed the sum of (i) 1.0 million and (ii) the number of Common Shares which remain available for issuance under this Plan upon the grant of Restricted Shares immediately prior to the Effective Date. Shares issued under this Plan may be shares of original issuance or treasury shares or a combination of the foregoing. No Participant will be granted Option Rights

or Appreciation Rights, in the aggregate, for more than 1.0 million Common Shares in any period of three fiscal years of the Company, subject to adjustment as provided in Section 8.

4. Option Rights. The Board may from time to time authorize the grant to Participants of options to purchase Common Shares upon such terms and conditions as it may determine in accordance with the following provisions:

(a) Each grant will specify the number of Common Shares to which it pertains and the term during which the rights granted thereunder will exist. The aggregate number of Common Shares to which the grants to any Non-Employee Director in any fiscal year of the Company pertain shall not exceed 3,500 (subject to adjustment as provided in Section 8).

(b) Each grant will specify an Option Price per share, which may not be less than the Market Value per Share as of the Date of Grant.

(c) Each grant will specify whether the Option Price is payable (i) in cash, (ii) by the actual or constructive transfer to the Company of nonforfeitable, unrestricted Common Shares already owned by the Optionees (or other consideration authorized pursuant to Section 4(d)) having an actual or constructive value as of the time of exercise as determined by the Board or in accordance with the applicable agreement referred to in Section 4(i), equal to the total Option Price, or (iii) by a combination of such methods of payment.

(d) The Board may determine, at or after the Date of Grant, that payment of the Option Price of any option (other than an Incentive Stock Option) may also be made in whole or in part in the form of Restricted Shares or other Common Shares that are forfeitable or subject to restrictions on transfer, or other Option Rights (based on the Spread on the date of exercise). Unless otherwise determined by the Board at or after the Date of Grant, whenever any Option Price is paid in whole or in part by means of any of the forms of consideration specified in this paragraph, the Common Shares received upon the exercise of the Option Rights will be subject to such risks of forfeiture or restrictions on transfer as may correspond to any that apply to the consideration surrendered, but only to the extent of (i) the number of shares surrendered in payment of the Option Price or (ii) the Spread of any unexercisable portion of Option Rights surrendered in payment of the Option Price.

(e) Any grant may provide for deferred payment of the Option Price from the proceeds of sale through a bank or broker on the exercise date of some or all of the shares to which such exercise relates.

(f) Successive grants may be made to the same Participant whether or not any Option Rights previously granted to such Participant remain unexercised.

(g) Each grant will specify the period or periods of continuous service by the Optionee with the Company or any Subsidiary which is necessary before the Option Rights or installments thereof will become exercisable and may provide for the earlier exercise of such Option Rights in the event of a Change in Control or other event.

(h) Option Rights granted under this Plan may be (i) Incentive Stock Options, (ii) Nonqualified Stock Options, or (iii) combinations of the foregoing.

(i) Each grant of Option Rights will be evidenced by an agreement executed on behalf of the Company by any officer, director, or, if authorized by the Board, employee of the Company and delivered to the Optionee and containing such terms and provisions as the Board may approve, except that in no event will any such agreement include any provision prohibited by the express terms of this Plan.

5. Appreciation Rights. The Board may also authorize the grant to any Optionee (other than a Non-Employee Director) of Appreciation Rights in respect of Option Rights granted hereunder. An Appreciation Right will be a right of the Optionee, exercisable by surrender of the related Option Right or in accordance with the applicable agreement referred to in Section 5(f), to receive from the Company an amount, as determined by the Board, which will be expressed as a percentage of the Spread at the time of exercise. Each such grant will be in accordance with the following provisions:

(a) Any grant may provide that the amount payable on exercise of an Appreciation Right may be paid by the Company in cash, in Common Shares, or in any combination thereof and may either grant to the Optionee or retain in the Board the right to elect among those alternatives.

(b) Any grant may specify that the amount payable on exercise of an Appreciation Right may not exceed a maximum specified by the Board as of the Date of Grant.

(c) Any grant may specify waiting periods before exercise and permissible exercise dates or periods and will provide that no Appreciation Right may be exercised except at a time when the related Option Right is also exercisable and at a time when the Spread is positive.

(d) Any grant may specify that such Appreciation Right may be exercised only in the event of a Change in Control or other event.

(e) Any grant may provide that, in the event of a Change in Control, then any such Appreciation Right will automatically be deemed to have been exercised by the Optionee, the related Option Right will be deemed to have been surrendered by the Optionee and will be cancelled, and the Company forthwith upon the consummation thereof will pay to the Optionee in cash an amount equal to the Spread at the time of such consummation.

(f) Each grant of Appreciation Rights will be evidenced by an agreement executed on behalf of the Company by any officer, director, or, if authorized by the Board, employee of the Company and delivered to and accepted by the Optionee, which agreement will describe such Appreciation Rights, identify the related Option Rights, state that such Appreciation Rights are subject to all the terms and conditions of this Plan, and contain such other terms and provisions as the Board may approve, except that in no event will any such agreement include any provision prohibited by the express terms of this Plan.

6. Restricted Shares. The Board may also authorize the issuance or transfer of Restricted Shares to Participants (other than Non-Employee Directors) in accordance with the following provisions:

(a) Each such issuance or transfer will constitute an immediate transfer of the ownership of Common Shares to the Participant in consideration of the performance of services, entitling such Participant to voting, dividend, and other ownership rights, but subject to the substantial risk of forfeiture provided below.

(b) Each such issuance or transfer may be made without additional consideration.

(c) Each such issuance or transfer will provide that the Restricted Shares covered thereby will be subject, except (if the Board so determines) in the event of a Change in Control to a "substantial risk of forfeiture" within the meaning of Section 83 of the Code, for a period to be determined by the Board at the Date of Grant; provided, however, that at least a portion of the Restricted Shares covered by such issuance or transfer will be subject to a "substantial risk of forfeiture" within the meaning of Section 8.3 of the Code for a period of (i) at least one (1) year following the Date of Grant in the case of a performance-based grant of Restricted Shares, and (ii) at least three (3) years following the Date of Grant in the case of any grant of Restricted Shares that is not performance based.

(d) Each such issuance or transfer will provide that during the period for which such substantial risk of forfeiture is to continue, the transferability of the Restricted Shares will be prohibited or restricted in the manner and to the extent prescribed in or pursuant to the agreement referred to in Section 6(e) (which restrictions may include, without limitation, rights of repurchase or first refusal or provisions subjecting the Restricted Shares to a continuing substantial risk of forfeiture in the hands of any transferee).

(e) Each issuance or transfer of Restricted Shares will be evidenced by an agreement executed on behalf of the Company by any officer, director, or, if authorized by the Board, employee of the Company and delivered to and accepted by the Participant and containing such terms and provisions as the Board may approve except that in no event will any such agreement include any provision prohibited by the express terms of the Plan. All certificates representing Restricted Shares will be held in custody by the Company until all restrictions thereon have lapsed, together with a stock power executed by the Participant in whose name such certificates are registered, endorsed in blank and covering such Restricted Shares, which may be executed by any officer of the Company upon a determination by the Board that an event causing the forfeiture of the Restricted Shares has occurred.

7. Transferability. (a) Except as provided in Section 7(b), no Option Right, Appreciation Right, or Restricted Share granted, issued, or transferred under this Plan will be transferable otherwise than (i) upon death, by will or the laws of descent and distribution, (ii) pursuant to a qualified domestic relations order, as that term is defined in the Code or the rules thereunder Title I of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), or the rules thereunder, or (iii) to a fully revocable trust of which the Optionee is treated as the owner for federal income tax purposes.

(b) Notwithstanding the provisions of Section 7(a), Option Rights, Appreciation Rights, and Restricted Shares (including Option Rights, Appreciation Rights, and Restricted Shares granted, issued, or transferred under this Plan prior to the Effective Date) will be transferable by a Participant who at the time of such transfer is eligible to earn "Long-Term Incentive Awards" under the Company's 1992 Incentive Bonus Plan, as amended (or any successor plan thereto) or is a Non-Employee Director, without payment of consideration therefor by the transferee, to any one or more members of the Participant's Immediate Family (or to one or more trusts established solely for the benefit of one or more members of the Participant's Immediate Family or to one or more partnerships in which the only partners are members of the Participant's Immediate Family); provided, however, that (i) no such transfer will be effective unless reasonable prior notice thereof is delivered to the Company and such transfer is thereafter effected in accordance with any terms and conditions that shall have been made applicable thereto by the Company or the Board and (ii) any such transferee will be subject to the same terms and conditions hereunder as the Participant.

(c) The Board may specify at the Date of Grant that part or all of the Common Shares that are (i) to be issued or transferred by the Company upon the exercise of Option Rights or Appreciation Rights or (ii) no longer subject to the substantial risk of forfeiture and restrictions on transfer referred to in Section 6, will be subject to further restrictions on transfer.

8. Adjustments. The Board may make or provide for such adjustments in the numbers of Common Shares covered by outstanding Option Rights or Appreciation Rights granted hereunder, in the prices per share applicable to such Option Rights and Appreciation Rights, and in the kind of shares covered thereby, as the Board may determine is equitably required to prevent dilution or enlargement of the rights of Participants that otherwise would result from (a) any stock dividend, stock split, combination of shares, recapitalization, or other change in the capital structure of the Company, (b) any merger, consolidation, spin-off, split-off, spin-out, split-up, reorganization, partial or complete liquidation, or other distribution of assets or issuance of rights or warrants to purchase securities, or (c) any other corporate transaction or event having an effect similar to any of the foregoing; provided, however, that no such adjustment in the numbers of Common Shares covered by outstanding Option Rights or Appreciation Rights will be made unless such adjustment would change by more than 5% the number of Common Shares issuable upon exercise of Option Rights or Appreciation Rights; provided, further, however, that any adjustment which by reason of this Section 8 is not required to be made currently will be carried forward and taken into account in any subsequent adjustment. In the event of any such transaction or event, the Board may provide in substitution for any or all outstanding awards under this Plan such alternative consideration as it may determine to be equitable in the circumstances and may require in connection therewith the surrender of all awards so replaced. The Board may also make or provide for such adjustments in the numbers of shares specified in Section 3 as the Board may determine is appropriate to reflect any transaction or event described in this Section 8.

9. Fractional Shares. The Company will not be required to issue any fractional Common Shares pursuant to this Plan. The Board may provide for the elimination of fractions and for the settlement of fractions in cash.

10. Withholding Taxes. To the extent that the Company is required to withhold federal, state, local, or foreign taxes in connection with any payment made or benefit realized by a Participant or other person under this Plan, and the amounts available to the Company for such withholding are insufficient, it will be a condition to the receipt of such payment or the realization of such benefit that the Participant or such other person make arrangements satisfactory to the Company for payment of the balance of such taxes required to be withheld, which arrangements may include relinquishment of a portion of such benefit.

11. Administration of the Plan. (a) This Plan will be administered by the Board, which may from time to time delegate all or any part of its authority under this Plan to the Compensation Committee or any subcommittee thereof.

(b) The Board will take such actions as are required to be taken by it hereunder, may take the actions permitted to be taken by it hereunder, and will have the authority from time to time to interpret this Plan and to adopt, amend, and rescind rules and regulations for implementing and administering this Plan. All such actions will be in the sole discretion of the Board, and when taken, will be final, conclusive, and binding. Without limiting the generality or effect of the foregoing, the interpretation and construction by the Board of any provision of this Plan or of any agreement, notification, or document evidencing the grant of Option Rights, Appreciation Rights, or Restricted Shares, and any determination by the Board in its sole discretion pursuant to any provision of this Plan or of any such agreement, notification, or document will be final and conclusive. Without limiting the generality or effect of any provision of the Certificate of Incorporation of the Company, no member of the Board will be liable for any such action or determination made in good faith.

(c) The provisions of Sections 4, 5, and 6 will be interpreted as authorizing the Board, in taking any action under or pursuant to this Plan, to take any action it determines in its sole discretion to be appropriate subject only to the express limitations therein contained and no authorization in any such Section or other provision of this Plan is intended or may be deemed to constitute a limitation on the authority of the Board.

(d) The existence of this Plan or any right granted or other action taken pursuant hereto will not affect the authority of the Board or the Company to take any other action, including in respect of the grant or award of any option, security, or other right or benefit, whether or not authorized by this Plan, subject only to limitations imposed by applicable law as from time to time applicable thereto.

12. Amendments, Etc. (a) This Plan may be amended from time to time by the Board, but without further approval by the holders of a majority of the Common Shares actually voting on the matter at a meeting of the Company's stockholders or such other approval as may be required by Rule 16b-3, no such amendment will (i) increase the maximum numbers of Common Shares or Restricted Shares issuable pursuant to Section 3 or the maximum number of Common Shares that may be subject to Option Rights or Appreciation Rights granted to any Participant in any period of three fiscal years of the Company (except that adjustments and additions authorized by this Plan will not be limited by this provision) or (ii) cause Rule 16b-3 to become inapplicable to this Plan or Option Rights, Appreciation Rights, or Restricted Shares granted, issued, or transferred hereunder during any period in which the Company has any class of equity securities registered pursuant to Section 13 or 15 of the Exchange Act.

(b) In case of termination of employment by reason of death, disability, or normal or early retirement, or in the case of hardship or other special circumstances, of a Participant who holds an Option Right or Appreciation Right not immediately exercisable in full, or any Restricted Shares as to which the substantial risk of forfeiture or the prohibition or restriction on transfer has not lapsed, or who holds Common Shares subject to any transfer restriction imposed pursuant to Section 7(b), the Board may take such action as it deems equitable in the circumstances or in the best interests of the Company, including without limitation waiving or modifying any other limitation or requirement under any such award.

(c) This Plan will not confer upon any Participant any right with respect to continuance of employment or other service with the Company or any Subsidiary, nor will it interfere in any way with any right the Company or any Subsidiary would otherwise have to terminate or modify the terms of such Participant's employment or other service at any time.

(d) To the extent that any provision of this Plan would prevent any Option Right that was intended to qualify as an Incentive Stock Option from qualifying as such, that provision will be null and void with respect to such Option Right, but will remain in effect for other Option Rights and there will be no further effect on any provision of this Plan.

(e) This Plan will be governed by and construed in accordance with the laws of the State of Delaware, without giving effect to the principles of conflict of laws thereof. If any provision of this Plan is held to be invalid or unenforceable, no other provision of this Plan will be affected thereby.

13. Effectiveness. The amendment and restatement of this Plan set forth herein will not become effective unless the holders of a majority of the Common Shares present in person or by proxy at a meeting of the stockholders of the Company and entitled to vote generally in the election of directors approve the amendments to be effected hereby.

<TABLE>

EXHIBIT 11

FEDERATED DEPARTMENT STORES, INC.
EXHIBIT OF PRIMARY AND FULLY DILUTED EARNINGS (LOSS) PER SHARE
(thousands, except per share data)

	13 Weeks Ended			
	May 3, 1997		May 4, 1996	
	Shares	Income	Shares	Loss
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Net income (loss) and average number of shares outstanding	208,235	$24,059	206,710	$(37,946)
Earnings (loss) per share	$ .12		$ (.18)	
PRIMARY COMPUTATION:				
Average number of common share equivalents:				
Deferred compensation plan	285			
Warrants	3,507			
Stock options	1,556		-	-
Adjusted number of common and common equivalent shares outstanding and adjusted net income (loss)	213,583	$24,059	206,710	$(37,946)
Primary earnings (loss) per share	$ .11		$ (.18)	
FULLY DILUTED COMPUTATION:				
Additional adjustments to a fully diluted basis:				
Stock options	2		-	
Adjusted number of shares outstanding and net income (loss) on a fully diluted basis	213,585	$24,059	206,710	$(37,946)
Fully diluted earnings (loss) per share	$ .11		$ (.18)	

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<F1>Includes the following:

Supplies and prepaid expenses	98,193
Deferred income tax assets	88,667

<F2>Includes the following:

Intangible assets - net	710,583
Notes receivable	204,248
Other assets	380,295

<F3>Includes the following:

Deferred income taxes	831,207
Other liabilities	561,907
Shareholders' Equity	4,703,325

<F4>Includes the following:

Interest Income	10,348

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</TABLE>