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 October 31, 1998.

FEDERATED DEPARTMENT STORES, INC.
151 West 34th Street
New York, New York 10001
(212) 494-1602
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.

209,691,872 shares of the Registrant's Common Stock, $.01 par value, were outstanding as of November 28, 1998.

PART I -- FINANCIAL INFORMATION

FEDERATED DEPARTMENT STORES, INC.

Consolidated Statements of Income
(Unaudited)

(millions, except per share figures)

	13 Weeks Ended		39 Weeks Ended	
	October 31, 1998	November 1, 1997	October 31, 1998	November 1, 1997
Net Sales	$ 3,647	$ 3,746	$10,626	$10,608
Cost of sales	2,229	2,286	6,436	6,472
Selling, general and administrative expenses	1,161	1,192	3,485	3,508

Operating Income	257	268	705	628
Interest expense	(74)	(101)	(233)	(322)
Interest income	2	9	10	27
Income Before Income Taxes and Extraordinary Items	185	176	482	333
Federal, state and local income tax expense	(75)	(71)	(205)	(137)
Income Before Extraordinary Items	110	105	277	196
Extraordinary Items - loss on early extinguishment of debt, net of tax effect	(23)	-	(23)	(39)
Net Income	$ 87	$ 105	$ 254	$ 157

(Continued)
PART I -- FINANCIAL INFORMATION

FEDERATED DEPARTMENT STORES, INC.

Consolidated Statements of Income
(Unaudited)

(millions, except per share figures)

	13 Weeks Ended		39 Weeks Ended	
	October 31, 1998	November 1, 1997	October 31, 1998	November 1, 1997
Basic Earnings per Share:				
Income before extraordinary items	$ .53	$ .50	$ 1.32	$ .93
Extraordinary items	(.11)	-	(.11)	(.18)
Net income	$ .42	$ .50	$ 1.21	$ .75
Diluted Earnings per Share:				
Income before extraordinary items	$ .50	$ .47	$ 1.24	$ .90
Extraordinary items	(.10)	-	(.10)	(.17)
Net income	$ .40	$ .47	$ 1.14	$ .73

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

FEDERATED DEPARTMENT STORES, INC.

Consolidated Balance Sheets
(Unaudited)

(millions)

	October 31, 1998	January 31, 1998	November 1, 1997
ASSETS:			
Current Assets:			
Cash	$ 164	$ 142	$ 431
Accounts receivable	2,107	2,640	2,513
Merchandise inventories	4,322	3,239	4,288
Supplies and prepaid expenses	120	115	120
Deferred income tax assets	105	58	116
Total Current Assets	6,818	6,194	7,468
Property and Equipment - net	6,406	6,520	6,423
Intangible Assets - net	670	690	697
Other Assets	323	334	344
Total Assets	$14,217	$13,738	$14,932
LIABILITIES AND SHAREHOLDERS' EQUITY:			
Current Liabilities:			
Short-term debt	$ 699	$ 556	$ 1,899
Accounts payable and accrued liabilities	2,998	2,416	3,048
Income taxes	22	88	28
Total Current Liabilities	3,719	3,060	4,975
Long-Term Debt	3,549	3,919	3,683
Deferred Income Taxes	1,024	939	842
Other Liabilities	557	564	561
Shareholders' Equity	5,368	5,256	4,871
Total Liabilities and Shareholders' Equity	$14,217	$13,738	$14,932

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

FEDERATED DEPARTMENT STORES, INC.

Consolidated Statements of Cash Flows
(Unaudited)

(millions)

	39 Weeks Ended October 31, 1998	39 Weeks Ended November 1, 1997
Cash flows from operating activities:		
Net income	$ 254	$ 157
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization of property and equipment	448	418
Amortization of intangible assets	20	21
Amortization of financing costs	6	17
Amortization of unearned restricted stock	1	1
Loss on early extinguishment of debt	23	39

Changes in assets and liabilities:		
Decrease in accounts receivable	335	322
Increase in merchandise inventories	(1,083)	(1,041)
Increase in supplies and prepaid expenses	(5)	(10)
Increase in other assets not separately identified	(13)	(9)
Increase in accounts payable and accrued liabilities not separately identified	443	468
Increase (decrease) in current income taxes	(51)	44
Increase (decrease) in deferred income taxes	38	(16)
Decrease in other liabilities not separately identified	(7)	(3)
Net cash provided by operating activities	409	408
Cash flows from investing activities:		
Purchase of property and equipment	(377)	(411)
Disposition of property and equipment	28	120
Decrease in notes receivable	200	200
Net cash used by investing activities	(149)	(91)
Cash flows from financing activities:		
Debt issued	650	1,284
Financing costs	-	(6)
Debt repaid	(563)	(1,445)
Increase in outstanding checks	162	88
Acquisition of treasury stock	(531)	(2)
Issuance of common stock	44	46
Net cash used by financing activities	(238)	(35)

(Continued)

FEDERATED DEPARTMENT STORES, INC.

Consolidated Statements of Cash Flows
(Unaudited)

(millions)

	39 Weeks Ended October 31, 1998	39 Weeks Ended November 1, 1997
Net increase in cash	$ 22	$ 282
Cash at beginning of period	142	149
Cash at end of period	$ 164	$ 431
Supplemental cash flow information:		
Interest paid	$ 235	$ 310
Interest received	13	29
Income taxes paid (net of refunds received)	206	97
Schedule of noncash investing and financing activities:		
Conversion of long-term debt to common stock	344	-

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

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 January 31, 1998 (the "1997 10-K"). The accompanying Consolidated Financial Statements should be read in conjunction with the Consolidated Financial Statements and notes thereto in the 1997 10-K.

Because of the seasonal nature of the general merchandising business, the results of operations for the 13 and 39 weeks ended October 31, 1998 and November 1, 1997 (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 October 31, 1998 and November 1, 1997, 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.

During the first quarter of 1998, the Company adopted Statement of Financial Accounting Standards (SFAS) No. 130, "Reporting Comprehensive Income," which establishes standards for the reporting and display of comprehensive income and its components. For all periods presented, comprehensive income is equivalent to net income.

SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activity" was issued in June 1998 and is effective for all quarters of all fiscal years beginning after June 15, 1999. This statement establishes accounting and reporting standards for derivative instruments and hedging activities and requires recognition of all derivatives as either assets or liabilities on the balance sheet using fair value measurement. The accounting for changes in the fair value of derivatives depends on the intended use of the derivative and the resulting hedging designation, if any. The Company is currently reviewing the impact of this statement; however, based on the Company's limited use of derivatives, management does not anticipate that its adoption will have a material impact on the Company's consolidated financial position, results of operations or cash flows.

2. Extraordinary Items

The extraordinary item for the 13 and 39 weeks ended October 31, 1998 represents costs of $23 million, net of income tax benefit of $15 million, associated with the completion of a tender offer pursuant to which the Company purchased and retired approximately $340 million aggregate principal amount of its 10% Senior Notes due 2001.

The extraordinary item for the 39 weeks ended November 1, 1997 represents costs of $39 million, net of income tax benefit of $25 million, associated with the prepayment of all amounts outstanding under the Company's mortgage loan facility, secured promissory note, certain other mortgages and previous bank credit facility, all of which were retired and terminated.

3. Earnings Per Share

The following tables set forth the computation of basic and diluted earnings per share based on income before extraordinary items:

<TABLE>
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	13 Weeks Ended			
	October 31, 1998		November 1, 1997	
<S>	<C> <C>	<C>	<C> <C>	<C>
(millions, except per share data)	Shares	Income	Shares	Income
Income before extraordinary item and average number of shares outstanding	206.8	$ 110	209.6	$ 105
Shares to be issued under deferred compensation plan	.4	-	.3	-
	207.2	$ 110	209.9	$ 105
Basic earnings per share		$ .53		$ .50
Effect of dilutive securities:				
Warrants	6.7		6.6	
Stock options	1.9		2.4	
Convertible notes	6.6	1	10.2	3
	222.4	$ 111	229.1	$108
Diluted earnings per share		$ .50		$ .47

</TABLE>

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	13 Weeks Ended			
	October 31, 1998		November 1, 1997	
<S>	<C> <C>	<C>	<C> <C>	<C>
(millions, except per share data)	Shares	Income	Shares	Income
Income before extraordinary items and average number of shares outstanding	209.2	$ 277	209.0	$ 196
Shares to be issued under deferred compensation plan	.3	-	.3	-
	209.5	$ 277	209.3	$ 196
Basic earnings per share		$1.32		$ .93
Effect of dilutive securities:				
Warrants	7.9		4.9	
Stock options	2.4		1.9	
Convertible notes	9.0	7	10.2	7
	228.8	$ 284	226.3	$ 203
Diluted earnings per share		$1.24		$ .90

</TABLE>

In addition to the warrants and stock options reflected in the foregoing tables, warrants and stock options to purchase 4.5 million and .2 million shares of common stock at prices ranging from $44.91 to $79.44 per share were outstanding at October 31, 1998 and November 1, 1997, respectively, but were not included in the computation of diluted earnings per share because the exercise price thereof exceeded the average market price and would have been antidilutive.

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 "third quarter of 1998" and "third quarter of 1997" are to the Company's 13-week fiscal periods ended October 31, 1998 and November 1, 1997, respectively, and all references to "1998" and "1997" are to the Company's 39-week fiscal periods ended October 31, 1998 and November 1, 1997, respectively.

Results of Operations

Comparison of the 13 Weeks Ended October 31, 1998 and November 1, 1997

Net sales for the third quarter of 1998 totaled $3,647 million, compared to net sales of $3,746 million for the third quarter of 1997, a decrease of 2.7%. On a comparable store basis (i.e., current stores opened on or prior to February 1, 1997), net sales for the third quarter of 1998 decreased 1.3% from the third quarter of 1997. Since February 1, 1997, the Company has opened eight new department stores and two new furniture galleries, changed nameplates on two stores, closed twenty stores, sold the specialty store division and eliminated certain consumer electronics lines of business.

Cost of sales was 61.1% of net sales for the third quarter of 1998 compared to 61.0% for the third quarter of 1997. The increase reflects additional price reductions taken on slow selling inventory. Cost of sales was not impacted by the valuation of merchandise inventory on the last-in, first-out basis in the third quarter of 1998 or the third quarter of 1997.

Selling, general and administrative ("SG&A") expenses were 31.8% of net sales for the third quarter of 1998 and for the third quarter of 1997.

Net interest expense was $72 million for the third quarter of 1998, compared to $92 million for the third quarter of 1997. The lower interest expense for the third quarter of 1998 is principally due to lower levels of borrowings and lower interest rates resulting from refinancings completed in 1998.

The Company's effective income tax rate of 40.5% for the third quarter of 1998 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 and from other non-deductible items.

The extraordinary item of $23 million in the third quarter of 1998 represents the after-tax expenses associated with the completion of a tender offer pursuant to which the Company purchased and retired approximately $340 million aggregate principal amount of its 10% Senior Notes due 2001.

Comparison of the 39 Weeks Ended October 31, 1998 and November 1, 1997

Net sales for 1998 were $10,626 million compared to $10,608 million for 1997, an increase of 0.2%. On a comparable store basis, net sales for 1998 increased 1.3% over 1997.

Cost of sales was 60.6% of net sales for 1998 compared to 61.0% for 1997. The 0.4% improvement in the cost of sales rate reflects positive customer response to the merchandise assortments in the stores during the second quarter of 1998, attributed partially to an improved merchandise receipt flow. Cost of sales was not impacted by the valuation of merchandise inventory on the last-in, first-out basis in 1998 or 1997.

SG&A expenses were 32.8% of net sales for 1998 compared to 33.1% for 1997. The 0.3% reduction in the SG&A expense rate reflects improvements in operations related to the Company's credit card accounts.

Net interest expense was $223 million for 1998 compared to $295 million for 1997. The lower interest expense for 1998 is principally due to lower levels of borrowings and lower interest rates resulting from refinancings completed in 1998 and in July 1997.

The Company's effective income tax rate of 42.5% for 1998 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 and from other non-deductible items.

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 1998 was $409 million, compared to the $408 million provided in 1997.

Net cash used by investing activities was $149 million in 1998, with the final $200 million installment of a note receivable held by the Company being received on May 4, 1998, purchases of property and equipment totaling $377 million and dispositions of property and equipment totaling $28 million. The Company opened two new stores during the third quarter of 1998 and also opened two additional stores in November, 1998. On August 1, 1998, the Company completed the sale of its specialty store division to a group including the division's management. The sale did not have a material impact on the Company's financial position or results of operations.

Net cash used by the Company for financing activities was $238 million in 1998. On February 6, 1998, the Company issued $300 million of 7.0% Senior Debentures due 2028. On August 26, 1998, the Company issued $350 million of 6 1/8% Term Enhanced ReMarketable Securities due in 2011, puttable to the Company in 2001. Also during 1998, the Company renewed a portion of the bank credit agreement which provides a $500 million unsecured revolving credit facility with a termination date of July 26, 1999.

During 1998, the Company repaid $340 million of its 10% Senior Notes due 2001 and the remaining $176 million of borrowings under a note monetization facility.

During October 1998, the Board of Directors authorized an expansion and extension of the Company's $500 million stock repurchase program established in May 1998. The program now authorizes the Company to purchase up to $1 billion of its common stock through January 29, 2000. Through October 31, 1998, 11.3 million shares of common stock at an aggregate cost of $531 million had been acquired under the repurchase program. The Company intends to continue to repurchase shares under the repurchase program, depending on prevailing market conditions, alternate uses of capital and other factors. Any such purchases may be discontinued or resumed at any time.

In September 1998, the $350 million aggregate principal amount of the Company's 5.0% Convertible Subordinated Notes due 2003 was converted into 10.2 million shares of common stock.

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 and other complementary 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.

Year 2000 Matters

The Year 2000 Issue

Many existing computer programs utilized globally use only two digits to identify a year in the date field. These programs, if not corrected, could fail or create erroneous results after the century date changes on January 1, 2000 or when otherwise dealing with dates later than December 31, 1999. This "Year 2000" issue is believed to affect virtually all companies and organizations, including the Company.

The Company relies on computer-based technology and utilizes a variety of third-party hardware and proprietary and third-party software. The Company's retail functions, such as merchandise procurement and distribution, inventory control, point-of-sale information systems and proprietary credit card account servicing, generally use proprietary software, with third-party software being used more extensively for administrative functions, such as accounting and human resource management. In addition to such information technology ("IT") systems, the Company's operations rely on various non-IT equipment and systems that contain embedded computer technology, such as elevators, escalators and energy management systems. Third parties with whom the Company has commercial relationships, including vendors of merchandise for resale by the Company and of products and services used by the Company in its operations (such as banking and financial services, data processing services, telecommunications services and utilities), are also highly reliant on computer-based technology.

In February 1996, the Company commenced an assessment of the potential effects of the Year 2000 issue on the Company's business, financial condition and results of operations. In conjunction with such assessment, the Company developed and commenced the implementation of the compliance program described below.

The Company's Compliance Program

Proprietary IT Systems. Pursuant to the Company's Year 2000 compliance program, the Company has undertaken an examination of the Company's proprietary IT systems. All such systems that have been identified as relating to a critical function and as not being Year 2000 compliant have been or are being remediated or replaced. The Company believes that the remediation of its proprietary IT systems is substantially complete, and nearly all of the proprietary IT systems that have been remediated have been installed and placed into production. The Company commenced testing of such remediated systems for Year 2000 compliance in August 1998 and presently anticipates completing a comprehensive, integrated test of all of its main-frame and mid-range IT systems (including third-party and proprietary hardware, software, network components and interfaces) by January 31, 1999.

Third-Party IT Systems. The strategy instituted by the Company to identify and address Year 2000 issues affecting third-party IT systems used by the Company includes contacting all third-party providers of computer hardware and software to secure appropriate representations to the effect that such hardware or software is or will timely be Year 2000 compliant. The Company has received Year 2000 compliant versions of almost all third-party software and is currently engaged in testing those third-party software programs that have been identified as being critical to the Company's operations. The Company is also developing contingency plans as to third-party hardware and software used by the Company in respect of which the Company has not received adequate compliance assurances to date.

Non-IT Systems. The Company has undertaken a review of its non-IT systems and is in the process of implementing a remediation program in respect of such systems that are within the control of the Company. The Company expects to complete this remediation effort by April 30, 1999. In addition, the Company's centralized real estate department has communicated to the developers, landlords and property managers of substantially all of the Company's properties the Company's expectation that the systems utilized in the management and operation of such properties which are not within the Company's control are or will timely be Year 2000 compliant. As a further step, the Company plans to engage in written or oral communications with its key developers, landlords and property managers in order to assess the Year 2000 readiness of their respective operations.

Non-IT Vendors and Suppliers. The Company procures its merchandise for resale and supplies for operational purposes from a vast network of vendors located both within and outside the United States, and is not dependent on any one vendor for more than 5% of its merchandise purchases. The Company procures its private label merchandise, which constitutes approximately 15% of the Company's total sales, principally from manufacturers located outside the United States. All of the Company's vendors have been notified in writing of the Company's expectation that the systems and operations of such vendors will be Year 2000 compliant before January 31, 1999. As a part of its contingency planning effort, the Company has commenced making inquiries as to the Year 2000 readiness of selected key vendors and private label manufacturers in order to identify any significant exposures that may exist and establish alternate sources or strategies where necessary. As of October 31, 1998, approximately 75% of the selected key vendors contacted have provided to the Company written or verbal assurances that they are in the process of implementing compliance programs that are intended to address the Year 2000 issues affecting their respective operations.

Contingency Planning. The Company's Year 2000 compliance program is directed primarily towards ensuring that the Company will be able to continue to perform three critical functions: (i) effect sales, (ii) order and receive merchandise, and (iii) pay its employees and vendors. The Company is currently gathering data in an effort to assess the potential effects on these mission critical functions of a failure of the Company's Year 2000 compliance program to be fully effective and, to the extent deemed appropriate, to develop a contingency plan to address such effects. The Company expects to complete its contingency plan by July 31, 1999.

Costs

The Company has incurred to date approximately $21 million of costs to implement its Year 2000 compliance program and presently expects to incur approximately $50 million of costs in the aggregate, of which approximately 25% represents capitalized expenditures for hardware purchases. All of the Company's Year 2000 compliance costs have been or are expected to be funded from the Company's operating cash flow. The Company's Year 2000 compliance budget does not include material amounts for hardware replacement because the Company has historically employed a strategy to continually upgrade its main-frame and mid-range computer systems and to install state of the art point-of-sale systems with respect to both pre-existing operations and in conjunction with the acquisitions and mergers effected by the Company in recent years. Consequently, the Company's Year 2000 budget has not required the diversion of funds from or the postponement of the implementation of other planned IT projects.

Risks Associated With Year 2000 Issues

The novelty and complexity of the issues presented by the Year 2000 and the proposed solutions therefor and the Company's dependence on the technical skills of employees and independent contractors and on the representations and preparedness of third parties are among the factors that could cause the Company's Year 2000 compliance efforts to be less than fully effective. Moreover, Year 2000 issues present a number of risks that are beyond the Company's reasonable control, such as the failure of utility companies to deliver electricity, the failure of telecommunications companies to provide voice and data services, the failure of

financial institutions to process transactions and transfer funds, the failure of vendors to deliver merchandise or perform services required by the Company and the collateral effects on the Company of the effects of Year 2000 issues on the economy in general or on the Company's business partners and customers in particular. Although the Company believes that its Year 2000 compliance program is designed to appropriately identify and address those Year 2000 issues that are subject to the Company's reasonable control, there can be no assurance that the Company's efforts in this regard will be fully effective or that Year 2000 issues will not have a material adverse effect on the Company's business, financial condition or results of operations.

PART II -- OTHER INFORMATION

FEDERATED DEPARTMENT STORES, INC.

Item 5. Other Information

This report and other reports, statements and information previously or subsequently filed by the Company with the Securities and Exchange Commission (the "SEC") contain or may contain forward-looking statements. Such statements are based upon the beliefs and assumptions of, and on information available to, the management of the Company at the time such statements are made. The following are or may constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995: (i) statements preceded by, followed by or that include the words "may," "will," "could," "should," "believe," "expect," "future," "potential," "anticipate," "intend," "plan," "estimate," or "continue" or the negative or other variations thereof and (ii) statements regarding matters that are not historical facts. Such forward-looking statements are subject to various risks and uncertainties, including (i) risks and uncertainties relating to the possible invalidity of the underlying beliefs and assumptions, (ii) possible changes or developments in social, economic, business, industry, market, legal and regulatory circumstances and conditions, and (iii) actions taken or omitted to be taken by third parties, including customers, suppliers, business partners, competitors and legislative, regulatory, judicial and other governmental authorities and officials. In addition to any risks and uncertainties specifically identified in the text surrounding such forward-looking statements, the statements in the immediately preceding sentence and the statements under captions such as "Risk Factors" and "Special Considerations" in reports, statements and information filed by the Company with the SEC from time to time constitute cautionary statements identifying important factors that could cause actual amounts, results, events and circumstances to differ materially from those reflected in such forward-looking statements.

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

10.1 Tenth Amendment to Amended and Restated Pooling and Servicing Agreement, dated as of August 3,1998, by and among Prime Receivables Corporation, as Transferor, FDS National Bank, as Servicer, and The Chase Manhattan Bank, as Trustee.

10.2 Second Supplemental Trust Indenture, dated as of August 26,1998, between Federated Department Stores, Inc. and Citibank, N.A., as Trustee (incorporated by reference to Exhibit 2 to the Company's Current Report on Form 8-K dated as of August 25, 1998).

27 Financial Data Schedule

(b) Reports on Form 8-K

Current Report on Form 8-K, dated August 25, 1998, reporting matters under Items 5 and 7 thereof.

Current Report on Form 8-K, dated September 2, 1998, reporting matters under Items 5 and 7 thereof.

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 15, 1998 /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)

TENTH AMENDMENT TO
AMENDED AND RESTATED POOLING AND SERVICING AGREEMENT

This Tenth Amendment to Amended and Restated Pooling and Servicing Agreement, made as of August 3, 1998 (this "Amendment"), is among Prime Receivables Corporation (the "Transferor"), FDS National Bank (successor servicer to Federated Departments Stores, Inc.), as servicer (in such capacity, the "Servicer"), and The Chase Manhattan Bank (successor to Chemical Bank), as trustee (in such capacity, the "Trustee"). Capitalized terms used in this Amendment and not otherwise defined have the meanings assigned to such terms in the Pooling and Servicing Agreement (as defined below).

PRELIMINARY STATEMENTS:

1. The Purchaser, the Servicer and the Trustee are parties to the Amended and Restated Pooling and Servicing Agreement dated as of December 15, 1992 (as amended, restated, supplemented or otherwise modified from time to time, the "Pooling and Servicing Agreement").

2. The Transferor, the Servicer and the Trustee desire to amend the Pooling and Servicing Agreement more accurately to reflect the calculation of finance changes thereunder.

3. Section 13.01 of the Pooling and Servicing Agreement permits the amendment of the Pooling and Servicing Agreement subject to certain conditions.

AGREEMENT:

The Transferor, the Servicer and the Trustee agree to the following terms and conditions:

1. Amendment. On the date of this Amendment, Section 1.01 of the Pooling and Servicing Agreement is amended as follows:

(a) The definition of "Default Amount" set forth in such Section 1.01 is amended and restated in its entirety as follows:

> "Default Amount" shall mean, on any Business Day, (x) the aggregate Outstanding Balance of Receivables in Accounts that became Defaulted Accounts on such Business Day that do not constitute finance charges, late fees, or any other fee or charge minus (y) the portion of the Ineligible Default Amount that does not constitute finance charges, late fees, or any other fee or charge.

2. Conditions Precedent. (A) Attached to this Amendment as Exhibit A is an Officer's Certificate of the Servicer stating that the amendment to the Pooling and Servicing Agreement effected by this Amendment does not adversely effect in any material respect the interests of any of the Certificateholders. Such Officer's Certificate is required to be delivered under Section 13.01 of the Pooling and Servicing Agreement.

(B) Attached to this Amendment as Exhibit B is an Opinion of Counsel stating that the amendment to the Pooling and Servicing Agreement effected by this Amendment will not cause the Trust to be characterized for Federal income tax purposes as an association taxable as a corporation or otherwise have any material adverse effect on the Federal income taxation of any outstanding Series of Investor Certificates or any Certificate Owner. Such Opinion of Counsel is required to be delivered under

Section 13.01 of the Pooling and Servicing Agreement.

(C) Attached to this Amendment as Exhibit C are written confirmations from the Rating Agencies to the effect the current rating of any Series or any class of any Series will not be reduced or withdrawn as a result of the amendment to the Pooling and Servicing Agreement effected by Amendment. Such confirmations are required to be delivered under Section 13.01 of the Pooling and Servicing Agreement. The Servicer provided written notice to each Rating Agency of the amount to the Pooling and Servicing Agreement effected by this Amendment at least ten Business Days prior to the date of this Amendment.

3. Continuing Agreement. The Pooling and Servicing Agreement, as amended by this Amendment, continues in full force and effect among the Transferor, the Servicer and the Trustee.

Delivered as of the day and year above first written.

PRIME RECEIVABLES CORPORATION

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

FDS NATIONAL BANK, as Servicer

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

THE CHASE MANHATTAN BANK,
as Trustee

By:/s/ Trust Officer
Title: Trust Officer

EXHIBIT A

FDS NATIONAL BANK

OFFICER'S CERTIFICATE

Reference is made to the Amended and Restated Pooling and Servicing Agreement dated as of December 15, 1992 (as amended, restated, supplemented or otherwise modified from time to time, the "Pooling and Servicing Agreement"), among Prime Receivables Corporation, as transferor, FDS National Bank (successor to Federated Department Stores, Inc.), as servicer (the "Servicer"), and Chase Manhattan Bank (successor to Chemical Bank), as trustee. Capitalized terms used in this officer's certificate and not otherwise defined have the meanings set forth for such terms in the Pooling and Servicing Agreement.

The undersigned the duly elected, qualified and acting Treasurer of the Servicer, does hereby certify, pursuant to Section 13.01 of the Pooling and Servicing Agreement, that the Tenth Amendment to the Pooling and Servicing Agreement does not adversely effect in any material respect the interests of any of the Certificates.

IN WITNESS WHEREOF, the undersigned has hereunto set his or her hand this third day of August, 1998.

FDS NATIONAL BANK

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

EXHIBIT B

August 3, 1998

The Chase Manhattan Bank, as Trustee
450 West 33rd Street
New York, NY 10001

Re: Prime Receivables, Inc. Amended and Restated Pooling & Servicing Agreement dated as of December 15,1992 (as amended, the "Agreement")

Ladies and Gentlemen:

As General Counsel of Federated Department Stores, Inc., a Delaware corporation, the ultimate parent of Prime Receivables Corporation, a Delaware corporation ("Prime"), I have acted as counsel to Prime in connection with the Tenth Amendment to the Agreement and the modification of the definition of "Defaulted Amount" thereunder.

I have examined such documents, records and matters of law as I have deemed necessary for purposes of this opinion. Based thereon, I am of the opinion that the Tenth Amendment to the Agreement and the modification of the definition of "Defaulted Amount" as described in such Tenth Amendment will not, in accordance with Section 13.01 of the Agreement, cause the Trust to be characterized for Federal income tax purposes as an association taxable as a corporation or otherwise have any material adverse effect on the Federal income taxation of any outstanding Series of Investor Certificates or any Certificate Owner (capitalized terms used herein and not otherwise defined have the meanings set forth for such terms in this Agreement).

Very truly yours,

Dennis J. Broderick

EXHIBIT C

August 3, 1998

Ms. Susan Storer
President
Prime Receivables Corporation
9111 Duke Boulevard
Mason, Ohio 45040

Re: Tenth Amendment to the Amended and Restated Pooling and

Servicing Agreement:

Dear Ms. Storer:

Standard and Poor's has reviewed the following amendment and has concluded that such an amendment will not result in a reduction or withdrawal of the rating on any class or series of Prime Credit Card Master Trust investor certificates currently rated by Standard and Poor's.

> Tenth Amendment, dated as of August 3, 1998 to the Amended and Restated Pooling and Servicing Agreement dated as of December 15, 1992 by and among Prime Receivables Corporation (the Transferor), FDS National Bank (the Servicer), and The Chase Manhattan Bank (the Trustee).

Standard & Poor's affirmation of the ratings contained in this letter only addresses the effect of the proposed changes on the last rating assigned by Standard & Poor's to the securities referenced above. Ratings affirmation does not address the effect of such changes on the rights or interests of the holders of the securities under the documents or whether such changes are permitted by the terms of the documents.

We are pleased to have been of assistance to you in this matter. If you have any questions, or if we may be of further help, please do not hesitate to contact us.

Very truly yours,

Joseph F. Sheridan
Managing Director

August 3, 1998

Chase Manhattan Bank, as Trustee
450 West 33 Street
New York, NY 10001

Re: Prime Credit Card Master Trust
Amendment No. 10 to the Restated Pooling and Servicing Agreement dated August 3, 1998

Ladies and Gentlemen:

We have reviewed Amendment No. 10 dated as of August 3, 1998, to the Restated Pooling and Servicing Agreement dated as of December 15, 1992, among Prime Receivables Corporation, FDS National Bank of servicer, and The Chase Manhattan Bank as trustee. Please be advised that Amendment No. 10, will not result in the reduction or withdrawal of our rating of any of the outstanding series issued from Prime Credit Card Master Trust.

Thank you for using our services.

Sincerely,

Latonia D. Dukes
Assistant Vice President
Analyst

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<F1>Includes the following:

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<F2>Includes the following:

Intangible assets - net	670
Other assets	323

<F3>Includes the following:

Deferred income taxes	1,024
Other liabilities	557
Shareholders' Equity	5,368

<F4>Includes the following:

Interest Income	2

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