

AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON APRIL 22, 1999.

REGISTRATION NO. 333-

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM S-4
REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

FEDERATED DEPARTMENT STORES, INC.
(Exact Name of Registrant as Specified in Its Charter)

<TABLE>

<S>	<C>	<C>
DELAWARE	5311	13-3324058
(State of Incorporation)	(Primary Standard Industrial Classification Control Number)	(I.R.S. Employer Identification No.)

</TABLE>

151 WEST 34TH STREET
NEW YORK, NEW YORK 10001
(212) 494-1601
AND
7 WEST SEVENTH STREET
CINCINNATI, OHIO 45202
(513) 579-7000
(Principal Executive Offices)

DENNIS J. BRODERICK, ESQ.
SENIOR VICE PRESIDENT, GENERAL COUNSEL AND SECRETARY
FEDERATED DEPARTMENT STORES, INC.
7 WEST SEVENTH STREET
CINCINNATI, OHIO 45202
(513) 579-7000
(Agent For Service)

Copy to:
MARK E. BETZEN, ESQ.
JONES, DAY, REAVIS & POGUE
2300 TRAMMELL CROW CENTER
2001 ROSS AVENUE
DALLAS, TEXAS 75201
(214) 220-3939

APPROXIMATE DATE OF COMMENCEMENT OF PROPOSED SALE TO THE PUBLIC: As soon as practicable after this Registration Statement becomes effective.

If the only securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box. ☐

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

CALCULATION OF REGISTRATION FEE

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TITLE OF EACH CLASS OF SECURITIES TO BE REGISTERED	PROPOSED AMOUNT TO BE REGISTERED	PROPOSED MAXIMUM OFFERING PRICE PER UNIT(1)	MAXIMUM AGGREGATE OFFERING PRICE(1)	AMOUNT OF REGISTRATION FEE(2)
<S>	<C>	<C>	<C>	<C>
6.30% Senior Notes due 2009.....	\$350,000,000	100%	\$350,000,000	\$97,300
6.90% Senior Debentures due 2029.....	\$400,000,000	100%	\$400,000,000	\$111,200

</TABLE>

- (1) Estimated solely for the purpose of calculating the registration fee under Rule 457 of the Securities Act of 1933.
- (2) The registration fee for the securities offered hereby has been calculated under Rule 457(f)(2) of the Securities Act.

THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(a) OF THE SECURITIES ACT OR UNTIL THE REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE COMMISSION, ACTING PURSUANT TO SECTION 8(a), MAY DETERMINE.

The information in this prospectus is not complete and may be changed. Federated may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED APRIL 22, 1999

PROSPECTUS

EXCHANGE OFFER
FOR
ALL OUTSTANDING

6.30% SENIOR NOTES DUE 2009
AND
ALL OUTSTANDING

6.90% SENIOR DEBENTURES DUE 2029
OF

FEDERATED DEPARTMENT STORES, INC.
THE EXCHANGE OFFER WILL EXPIRE AT 5:00 P.M., NEW YORK CITY TIME,
ON , 1999, UNLESS EXTENDED.

TERMS OF THE EXCHANGE OFFER

- Federated is offering to exchange registered 6.30% Senior Notes due 2009 for all of its original unregistered 6.30% Senior Notes due 2009 and registered 6.90% Senior Debentures due 2029 for all of its original unregistered 6.90% Senior Debentures due 2029.
- The terms of the exchange notes are identical in all material respects to the terms of the original notes and the terms of the exchange debentures are identical in all material respects to the terms of the original debentures, except that the registration rights and related liquidated damages provisions, and the transfer restrictions, applicable to the original securities are not applicable to the exchange securities.
- Subject to the satisfaction or waiver of specified conditions, Federated

will exchange the applicable exchange securities for all original securities that are validly tendered and not withdrawn prior to the expiration of the exchange offer.

- You may withdraw tenders of original securities at any time prior to the expiration of the exchange offer.
- The exchange of original securities for exchange securities pursuant to the exchange offer generally will not be a taxable event for U.S. federal income tax purposes. See "Material United States Federal Income Tax Considerations."
- Federated will not receive any proceeds from the exchange offer.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR DETERMINED WHETHER THIS PROSPECTUS IS TRUTHFUL OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

This Prospectus is dated , 1999.

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WHERE YOU CAN FIND MORE INFORMATION

Federated files reports, proxy statements, and other documents with the Securities and Exchange Commission in accordance with the requirements of the Securities Exchange Act of 1934. Federated's SEC filings are available to the public over the Internet at the Commission's web site at <http://www.sec.gov>. You may also read and copy any document Federated files at the Commission's Public Reference Room at 450 Fifth Street, N.W., Washington, D.C. 20549. You may obtain information regarding the operation of the Public Reference Room by calling the Commission at 1-800-SEC-0330. In addition, because Federated's common stock is listed on the New York Stock Exchange, you may read reports, proxy statements, and other documents relating to Federated at the offices of the New York Stock Exchange at 20 Broad Street, New York, New York 10005.

Additional information regarding Federated and the exchange securities is contained in the registration statement of which this prospectus is a part, including the exhibits thereto. The statements contained in this prospectus regarding the provisions of any other document are not necessarily complete. Accordingly, each such statement is qualified in its entirety by reference to the copy of such document filed as an exhibit to the registration statement or otherwise filed with the Commission.

INCORPORATION OF DOCUMENTS BY REFERENCE

This prospectus incorporates important business and financial information about Federated that is not included in or delivered with this prospectus. The documents specified below, which have been or are to be filed by Federated with the Commission, are incorporated by reference into this prospectus. The information contained in those documents is considered to be part of this prospectus, except that the information contained in later-dated documents will supplement, modify, or supersede, as applicable, the information contained in earlier-dated documents.

Federated incorporates by reference into this prospectus the documents listed below and all documents filed by Federated with the Commission under Sections 13(a), 13(c), 14, or 15(d) of the Securities Exchange Act of 1934 after the date of this prospectus and prior to the time that the offering made hereby is completed.

- Federated's annual report on Form 10-K for the fiscal year ended January 30, 1999;
- Federated's current report on Form 8-K dated March 18, 1999.

You may obtain without charge a copy of any of the documents incorporated by reference herein, except for any exhibits to those documents that are not expressly incorporated by reference in those documents, by writing or telephoning Federated Department Stores, Inc., 7 West Seventh Street, Cincinnati, Ohio 45202, Attention: Investor Relations (telephone: (513) 579-7780).

In order to assure timely delivery, any request for copies of the indenture, supplemental indenture, or other agreements referred to in this prospectus, should be directed to Federated at the address referred to above no later than _____, 1999.

PROSPECTUS SUMMARY

This brief summary highlights selected information from the prospectus. It may not contain all of the information that is important to you. Federated urges you to carefully read and review the entire prospectus and the other documents to which it refers to fully understand the terms of the exchange securities and the exchange offer.

SUMMARY OF THE TERMS OF THE EXCHANGE OFFER

General..... On March 24, 1999, Federated completed a private offering of the original securities, which consist of \$350,000,000 aggregate principal amount of its 6.30% Senior Notes due 2009 and \$400,000,000 aggregate principal amount of its 6.90% Senior Debentures due 2029. In connection with the private offering, Federated entered into a registration rights agreement in which it agreed, among other things, to deliver this prospectus to you and to complete an exchange offer for the original securities.

The Exchange Offer..... Federated is offering to exchange up to \$350,000,000 aggregate principal amount of its 6.30% Senior Notes due 2009 which have been registered under the Securities Act for a like aggregate principal amount of the original notes and up to \$400,000,000 aggregate principal amount of its 6.90% Senior Debentures due 2029 which have been registered under the Securities Act for a like aggregate principal amount of the original debentures.

The terms of the exchange notes are identical in all material respects to the terms of the original notes, and the terms of the exchange debentures are identical in all material respects to the terms of the original debentures, except that the registration rights and related liquidated damages

provisions, and the transfer restrictions, applicable to the original securities are not applicable to the exchange securities.

Original securities may be tendered only in \$1,000 increments. Subject to the satisfaction or waiver of specified conditions, Federated will exchange the applicable exchange securities for all original securities that are validly tendered and not withdrawn prior to the expiration of the exchange offer. Federated will cause the exchange to be effected promptly after the expiration of the exchange offer.

UPON COMPLETION OF THE EXCHANGE OFFER, THERE MAY BE NO MARKET FOR THE ORIGINAL SECURITIES AND YOU MAY HAVE DIFFICULTY SELLING THEM.

Resales..... Based on interpretations by the staff of the Commission, Federated believes that exchange securities issued in the exchange offer may be offered for resale, resold, or otherwise transferred by you, without compliance with the registration and prospectus delivery requirements of the Securities Act, if:

- (1) you acquire the exchange securities in the ordinary course of your business;
- (2) you are not engaging in and do not intend to engage in a distribution of the exchange securities;
- (3) you do not have an arrangement or understanding with any person to participate in a distribution of the exchange securities; and

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- (4) you are not an affiliate of Federated within the meaning of Rule 405 under the Securities Act.

If you are an affiliate of Federated, or are engaging in or intend to engage in, or have any arrangement or understanding with any person to participate in, a distribution of the exchange securities:

- (1) you cannot rely on the applicable interpretations of the staff of the Commission; and
- (2) you must comply with the registration and prospectus delivery requirements of the Securities Act in connection with any resale transaction.

If you are a broker or dealer seeking to receive exchange securities for your own account in exchange for original securities that you acquired as a result of market-making or other trading activities, you must acknowledge that you will deliver this prospectus in connection with any offer to resell, resale, or other transfer of the exchange securities that you receive in the exchange offer.

Expiration Date..... The exchange offer will expire at 5:00 p.m., New York City time, on _____, 1999, unless extended by Federated.

Withdrawal..... You may withdraw the tender of your original

securities at any time prior to the expiration of the exchange offer. Federated will return to you any of your original securities that are not accepted for exchange for any reason, without expense to you, promptly after the expiration or termination of the exchange offer.

Interest on the Exchange

Securities and the

Original Securities..... The exchange securities will bear interest at the applicable rate per annum set forth on the cover page of this prospectus from the most recent date to which interest has been paid on the original securities or, if no interest has been paid on the original securities, from March 24, 1999. Such interest will be payable semi-annually on each April 1 and October 1, commencing October 1, 1999. No interest will be paid on original securities following their acceptance for exchange.

Conditions to the Exchange

Offer..... The exchange offer is subject to customary conditions. Federated may assert or waive these conditions in its sole discretion. See "The Exchange Offer -- Conditions to the Exchange Offer."

Exchange Agent..... Citibank, N.A. is serving as exchange agent for the exchange offer.

Procedures for Tendering

Original Securities..... If you wish to tender your original securities, you must properly complete, sign, and date the accompanying letter of transmittal and deliver it, together with your original securities and any other required documentation, to the exchange agent, at the address set forth in the letter of transmittal, no later than 5:00 p.m., New York City time, on the expiration date. By executing the letter of transmittal, you will represent to Federated that you are acquiring the exchange securities in the ordinary course of your business, that you are not participating, do not intend to participate, and have no arrangement or understanding with any person to participate, in a distribution of

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exchange securities, and that you are not an "affiliate" of Federated. See "The Exchange Offer -- Procedures for Tendering."

Special Procedures for

Beneficial Owners..... If you are the beneficial owner of original securities that are registered in the name of your broker, dealer, commercial bank, trust company, or other nominee, and you wish to participate in the exchange offer, you should promptly contact the person through which you beneficially own your original securities and instruct that person to tender original securities on your behalf. See "The Exchange Offer -- Procedures for Tendering."

Guaranteed Delivery

Procedures..... If you wish to tender your original securities and you cannot deliver your securities, the letter of transmittal, or any other required documents to the exchange agent before 5:00 p.m., New York City time, on the expiration date, you may tender your original securities according to the guaranteed delivery procedures set forth in "The Exchange Offer -- Guaranteed Delivery Procedures."

Acceptance of Original
Securities and Delivery of

Exchange Securities..... Subject to the satisfaction or waiver of the conditions to the exchange offer, Federated will accept for exchange any and all original securities that are properly tendered and not withdrawn prior to 5:00 p.m., New York City time, on the expiration date. Federated will cause the exchange to be effected promptly after the expiration of the exchange offer.

Material U.S. Federal
Income Tax

Considerations..... The exchange of original securities for exchange securities pursuant to the exchange offer generally will not be a taxable event for U.S. federal income tax purposes. See "Material United States Federal Income Tax Considerations."

Use of Proceeds..... Federated will not receive any proceeds from the issuance of exchange securities pursuant to the exchange offer. Federated will pay all expenses incident to the exchange offer.

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SUMMARY OF THE TERMS OF THE EXCHANGE SECURITIES

The terms of the exchange notes are identical in all material respects to the terms of the original notes and the terms of the exchange debentures are identical in all material respects to the original debentures, except that the registration rights and related liquidated damages provisions, and the transfer restrictions, applicable to the original securities are not applicable to the exchange securities. The exchange notes will evidence the same debt as the original notes, and the exchange debentures will evidence the same debt as the original debentures. The exchange securities and the original securities will be governed by the same indenture and supplemental indenture. Except where the context requires otherwise, references in this prospectus to "notes," "debentures," or "securities" are references to both original notes and exchange notes, both original debentures and exchange debentures, or both original securities and exchange securities, as the case may be.

Aggregate Amount..... \$350.0 million principal amount of 6.30% Senior Notes Due 2009, and \$400.0 million principal amount of 6.90% Senior Debentures Due 2029.

Interest Payment Dates..... April 1 and October 1 of each year, commencing October 1, 1999.

Maturity Date..... The exchange notes mature on April 1, 2009, and the exchange debentures mature on April 1, 2029.

Optional Redemption..... Federated, at its option, may redeem all or any portion of either tranche of the exchange securities on not less than 30 nor more than 60 days' prior notice at the redemption price stated in "Description of Exchange Securities -- Redemption" plus accrued interest to the date of redemption.

Events of Default..... The indenture and the supplemental indenture describe the circumstances that constitute events of default with respect to the exchange securities. See "Description of Exchange Securities -- Events of Default."

Restrictive Covenants..... The indenture and the supplemental indenture impose limitations on the ability of Federated and its subsidiaries to, among other things, create liens, enter into certain sale and leaseback transactions, and consolidate or merge with or sell all or substantially all of its properties assets to

another person. See "Description of Exchange Securities -- Covenants of Federated."

Use of Proceeds..... Federated will not receive any proceeds from the exchange offer. For a description of the use of proceeds of the offering of original securities, see "Use of Proceeds."

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FEDERATED

GENERAL

Federated is one of the leading operators of full-line department stores in the United States with over 400 department stores in 33 states as of January 30, 1999. Federated's department stores sell a wide range of merchandise, including men's, women's, and children's apparel and accessories, cosmetics, home furnishings, and other consumer goods. Federated's department stores are diversified by size of store, merchandising character, and character of community served. Federated's department stores are located at urban or suburban sites, principally in densely populated areas across the United States. Federated operates its department stores under the names "Macy's," "Bloomingdale's," "The Bon Marche," "Burdines," "Goldsmith's," "Lazarus," "Rich's," and "Stern's." Federated also operates direct mail catalog businesses under the names "Bloomingdale's By Mail" and "Macy's By Mail" and an electronic commerce catalog business under the name "macys.com."

On March 18, 1999, Federated acquired Fingerhut Companies, Inc. Fingerhut is a leading database marketing company that sells a broad range of products and services through catalogs, direct marketing, and the Internet. In addition to the core Fingerhut catalog business, Fingerhut owns:

- Figi's, a specialty food and gift catalog business;
- Arizona Mail Order and Bedford Fair, both apparel catalog businesses; and
- Popular Club, a membership-based general merchandise catalog business.

Fingerhut also offers a broad range of business services to third parties, including telemarketing, direct marketing, information management, warehousing, product fulfillment and distribution, order and returns processing, and customer service, and has investments in several providers of Internet-based merchandise and services.

Federated's principal executive offices are located at 151 West 34th Street, New York, New York 10001, and 7 West Seventh Street, Cincinnati, Ohio 45202. Federated's telephone numbers at such offices are (212) 494-1601 and (513) 579-7000, respectively.

USE OF PROCEEDS

The exchange offer is intended to satisfy Federated's obligations under the registration rights agreement that Federated entered into in connection with the private offering of the original securities. Federated will not receive any cash proceeds from the issuance of the exchange securities. The original securities that are surrendered in exchange for the exchange securities will be retired and canceled and cannot be reissued. As a result, the issuance of the exchange securities will not result in any increase or decrease in Federated's indebtedness.

Federated used the net proceeds from the private offering of the original securities to repay short-term borrowings used by Federated to finance the acquisition of Fingerhut. At the time of such repayment, such borrowings bore interest at a weighted-average rate of approximately 5% per annum.

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SELECTED FINANCIAL DATA

The selected financial data set forth below should be read in conjunction with the consolidated financial statements and the notes thereto incorporated by reference into this prospectus.

<TABLE>
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	FISCAL YEAR ENDED JANUARY 30, 1999	FISCAL YEAR ENDED JANUARY 31, 1998	FISCAL YEAR ENDED FEBRUARY 1, 1997	FISCAL YEAR ENDED FEBRUARY 3, 1996	FISCAL YEAR ENDED JANUARY 28, 1995
(MILLIONS EXCEPT PER SHARE DATA)					
<S>	<C>	<C>	<C>	<C>	<C>
CONSOLIDATED STATEMENT OF INCOME DATA:					
Net sales, including leased department sales.....	\$15,833	\$15,668	\$15,229	\$15,049	\$ 8,316
Cost of sales.....	9,616	9,581	9,354	9,410	5,146
Selling, general and administrative expenses.....	4,762	4,746	4,982	4,976	2,620
Operating income.....	1,455	1,341	893	663	550
Interest expense.....	(304)	(418)	(499)	(508)	(262)
Interest income.....	12	35	47	47	43
Income before income taxes and extraordinary items.....	1,163	958	441	202	331
Federal, state and local income tax expense.....	(478)	(383)	(175)	(127)	(143)
Income before extraordinary items.....	685	575	266	75	188
Extraordinary items(a).....	(23)	(39)	--	--	--
Net income.....	\$ 662	\$ 536	\$ 266	\$ 75	\$ 188
Basic earnings per share:					
Income before extraordinary items.....	\$ 3.27	\$ 2.74	\$ 1.28	\$.39	\$ 1.41
Net income.....	3.16	2.56	1.28	.39	1.41
Diluted earnings per share:					
Income before extraordinary items.....	\$ 3.06	\$ 2.58	\$ 1.24	\$.39	\$ 1.40
Net income.....	2.96	2.41	1.24	.39	1.40
Average number of shares outstanding....	209.1	209.2	207.5	191.5	132.9
Depreciation and amortization.....	\$ 624	\$ 590	\$ 533	\$ 497	\$ 286
Capital expenditures.....	\$ 695	\$ 696	\$ 846	\$ 699	\$ 398
BALANCE SHEET DATA (AT YEAR END):					
Cash.....	\$ 307	\$ 142	\$ 149	\$ 173	\$ 206
Working capital.....	2,904	3,134	2,831	3,262	2,376
Total assets.....	13,464	13,738	14,264	14,295	12,277
Short-term debt.....	524	556	1,095	733	463
Long-term debt.....	3,057	3,919	4,606	5,632	4,529
Shareholders' equity.....	5,709	5,256	4,669	4,274	3,640

</TABLE>

(a) The extraordinary items for the fiscal year ended January 30, 1999 and the fiscal year ended January 31, 1998 were after-tax expenses associated with debt prepayments.

RATIO OF EARNINGS TO FIXED CHARGES

Federated's ratio of earnings to fixed charges for each of the periods set forth below has been computed on a consolidated basis and should be read in conjunction with the consolidated financial statements, including the notes thereto, and other information set forth in the reports filed by Federated with the Commission.

<TABLE>
<CAPTION>

	FISCAL YEAR ENDED JANUARY 30, 1999	FISCAL YEAR ENDED JANUARY 31, 1998	FISCAL YEAR ENDED FEBRUARY 1, 1997	FISCAL YEAR ENDED FEBRUARY 3, 1996	FISCAL YEAR ENDED JANUARY 28, 1995
<S>	<C>	<C>	<C>	<C>	<C>
Consolidated ratio of earnings to fixed					

charges (unaudited).....	3.8x	2.8x	1.7x	1.3x	2.0x
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For purposes of computing the ratio of earnings to fixed charges, earnings consist of income from continuing operations before income taxes and extraordinary items plus fixed charges (excluding capitalized interest). Fixed charges consist of interest incurred on indebtedness, amortization of debt expense and the portion of rental expense under operating leases deemed to be the equivalent of interest.

CAUTIONARY STATEMENTS CONCERNING FORWARD-LOOKING STATEMENTS

This prospectus contains and incorporates by reference forward-looking statements. Forward-looking statements are based upon the beliefs and assumptions of, and on information available to, the management of Federated.

Forward-looking statements include statements regarding possible future results of operations, competitive position, and growth opportunities of Federated. In addition, the following statements are or may constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995: (1) 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 (2) other statements regarding matters that are not historical facts. Forward-looking statements are subject to various risks and uncertainties, including the following:

- risks and uncertainties relating to the possible invalidity of the underlying beliefs and assumptions;
- possible changes or developments in social, economic, business, industry, market, legal, and regulatory circumstances and conditions; and
- 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 the foregoing and any risks and uncertainties specifically identified in the text surrounding forward-looking statements, any statements in this prospectus or in the reports, proxy statements, and other documents referred to in "Where You Can Find More Information" that warn of risks or uncertainties associated with future results, events, or circumstances may identify important factors that could cause actual results, events, and circumstances to differ materially from those reflected in forward-looking statements.

THE EXCHANGE OFFER

INTRODUCTION

Federated hereby offers to exchange a like principal amount of exchange notes for any or all outstanding original notes and a like principal amount of exchange debentures for any or all outstanding original debentures, in each case on the terms and subject to the conditions set forth in this prospectus and the accompanying letter of transmittal. The offer described in the immediately preceding sentence is referred to in this prospectus as the "exchange offer." Holders may tender some or all of their original securities pursuant to the exchange offer. However, original securities tendered in the exchange offer must be in denominations of \$1,000 or any integral multiple of \$1,000.

As of the date of this prospectus, \$350,000,000 aggregate principal amount of the original notes and \$400,000,000 aggregate principal amount of original debentures are outstanding. This prospectus, together with the letter of transmittal, is first being sent to holders of original securities on or about , 1999.

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TERMS OF THE EXCHANGE OFFER

On the terms and subject to the conditions set forth in this prospectus and

in the accompanying letter of transmittal, Federated will accept for exchange pursuant to the exchange offer original securities that are validly tendered and not withdrawn prior to the expiration date. As used in this prospectus, the term "expiration date" means 5:00 p.m., New York City time, on _____, 1999. However, if Federated, in its sole discretion, extends the period of time for which the exchange offer is open, the term "expiration date" will mean the latest time and date to which Federated shall have extended the expiration of the exchange offer.

The exchange offer is subject to the conditions set forth in "-- Conditions to the Exchange Offer." Federated reserves the right, but will not be obligated, to waive any or all of the conditions to the exchange offer.

Federated reserves the right, at any time or from time to time, to extend the period of time during which the exchange offer is open by giving written notice of such extension to the exchange agent and by making a public announcement of such extension. There can be no assurance that Federated will exercise its right to extend the exchange offer. During any extension period, all original securities previously tendered will remain subject to the exchange offer and may be accepted for exchange by Federated. Assuming the prior satisfaction or waiver of the conditions to the exchange offer, Federated will accept for exchange, and exchange, promptly after the expiration date, in accordance with the terms of the exchange offer, all original securities validly tendered pursuant to the exchange offer and not withdrawn prior to the expiration date. Any original securities not accepted by Federated for exchange for any reason will be returned without expense to the tendering holder promptly after the expiration or termination of the exchange offer.

Federated reserves the right, at any time or from time to time, to (1) terminate the exchange offer, and not to accept for exchange any original securities not previously accepted for exchange, upon the occurrence of any of the events set forth in "-- Conditions to the Exchange Offer," by giving written notice of such termination to the exchange agent and (2) waive any conditions or otherwise amend the exchange offer in any respect, by giving written notice to the exchange agent. An extension, termination, or amendment of the exchange offer will be followed as promptly as practicable by public announcement, the announcement in the case of an extension to be issued no later than 9:00 a.m., New York City time, on the next business day after the previously scheduled expiration date. Without limiting the manner in which Federated may choose to make any public announcement, Federated will have no obligation to make or communicate any such announcement otherwise than by issuing a release to the Dow Jones News Service or as otherwise may be required by law.

Holders of original securities do not have any appraisal or dissenters' rights under the General Corporation Law of the State of Delaware, the indenture, or the supplemental indenture in connection with the exchange offer. Federated intends to conduct the exchange offer in accordance with the applicable requirements of the Securities Act, the Exchange Act, and the rules and regulations of the Commission promulgated under those Acts.

PROCEDURES FOR TENDERING

Except as set forth below, a holder who wishes to tender original securities for exchange pursuant to the exchange offer must deliver a properly completed and duly executed letter of transmittal, including all other documents required by the letter of transmittal, to Citibank, N.A., the exchange agent, at the address set forth below under "-- Exchange Agent" prior to the expiration date. In addition to such letter of transmittal and such other documents, the exchange agent must receive prior to the expiration date:

- the certificates representing the original securities; or
- a timely confirmation of book-entry transfer of the original securities into the exchange agent's account at The Depository Trust Company ("DTC"), pursuant to the procedure for book-entry transfer described below.

The method of delivery of original securities, letters of transmittal, and all other required documents is at your election and risk. If the delivery is by mail, Federated recommends that you use registered mail, properly insured, with return receipt requested. In all cases, you should allow sufficient time to assure timely delivery. You should not send letters of transmittal or

certificates representing original securities to Federated.

Any beneficial owner of original securities that are registered in the name of a broker, dealer, commercial bank, trust company, or other nominee who wishes to participate in the exchange offer should promptly contact the person through which it beneficially owns such original securities and instruct that person to tender original securities on behalf of such beneficial owner. Any registered holder of original securities that is a participant in DTC's Book-Entry Transfer Facility system may make book-entry delivery of the original securities by causing DTC to transfer the original securities into the exchange agent's account in accordance with DTC's procedures for such transfer.

Signatures on a letter of transmittal or a notice of withdrawal, as the case may be, must be guaranteed unless the original securities surrendered for exchange are tendered:

- by a registered holder of the original securities who has not completed the box entitled "Special Issuance Instructions" or "Special Delivery Instructions" on the letter of transmittal; or
- for the account of an eligible institution.

In the event that signatures on a letter of transmittal or a notice of withdrawal, as the case may be, are required to be guaranteed, the guarantees must be made by a firm that is an eligible institution -- including most banks, savings and loan associations, and brokerage houses -- that is a participant in the Securities Transfer Agents Medallion Program, the New York Stock Exchange Medallion Signature Program, or the Stock Exchanges Medallion Program.

If the letter of transmittal is signed by a person or persons other than the registered holder or holders of the original securities, the letter of transmittal must be accompanied by a written instrument or instruments of transfer or exchange in a form satisfactory to Federated, in its sole discretion, and duly executed by the registered holder or holders with the signature guaranteed by an eligible institution. Certificates representing the original securities must be endorsed or accompanied by appropriate powers of attorney, in either case signed exactly as the name or names of the registered holder or holders appear on the certificates representing the original securities.

If the letter of transmittal or any certificates representing original securities, instruments of transfer or exchange, or powers of attorney are signed by trustees, executors, administrators, guardians, attorneys-in-fact, officers of corporations, or others acting in a fiduciary or representative capacity, the persons should so indicate when signing, and, unless waived by Federated, proper evidence satisfactory to Federated of their authority to so act must be submitted.

By tendering original securities pursuant to the exchange offer, each holder will represent to Federated that, among other things:

- the holder has full power and authority to tender, sell, assign, transfer, and exchange the original securities tendered;
- when such original securities are accepted by Federated for exchange, Federated will acquire good and unencumbered title to the original securities, free and clear of all liens, restrictions, charges, encumbrances, and adverse claims;
- the exchange securities acquired pursuant to the exchange offer are being acquired in the ordinary course of business of the person receiving the exchange securities (whether or not the person is the holder of the original securities);
- neither the holder nor any such other person is engaging in or intends to engage in a distribution of the exchange securities;

- neither the holder nor any such other person has an arrangement or understanding with any person to participate in a distribution of the exchange securities; and

- neither the holder nor any such other person is an affiliate of Federated, or if either is an affiliate, it will comply with the registration and prospectus delivery requirements of the Securities Act.

In addition, each broker-dealer that is to receive exchange securities for its own account in exchange for original securities must represent that such original securities were acquired by such broker-dealer as a result of market-making activities or other trading activities, and must acknowledge that it will deliver a prospectus that meets the requirements of the Securities Act in connection with any resale of the exchange securities. The letter of transmittal states that by so acknowledging and by delivering a prospectus, a broker-dealer will not be deemed to admit that it is an "underwriter" within the meaning of the Securities Act. See "Plan of Distribution."

Federated will interpret the terms and conditions of the exchange offer, including the letter of transmittal and the instructions to the letter of transmittal, and will resolve all questions as to the validity, form, eligibility (including time of receipt), and acceptance of original securities tendered for exchange. Federated's determinations in this regard will be final and binding on all parties. Federated reserves the absolute right to reject any and all tenders of any particular original securities not properly tendered or to not accept any particular original securities if the acceptance might, in Federated's or its counsel's judgment, be unlawful. Federated also reserves the absolute right to waive any defects or irregularities or conditions of the exchange offer as to any particular original securities either before or after the expiration date, including the right to waive the ineligibility of any holder who seeks to tender original securities in the exchange offer.

Unless waived, any defects or irregularities in connection with tenders of original securities for exchange must be cured within such reasonable period of time as Federated determines. Neither Federated, the exchange agent, nor any other person will be under any duty to give notification of any defect or irregularity with respect to any tender of original securities for exchange, nor will any of them incur any liability for any failure to give notification. Any original securities received by the exchange agent that are not properly tendered and as to which the irregularities have not been cured or waived will be returned by the exchange agent to the tendering holder, unless otherwise provided in the letter of transmittal, promptly after the expiration date.

ACCEPTANCE OF ORIGINAL SECURITIES FOR EXCHANGE; DELIVERY OF EXCHANGE SECURITIES

Upon satisfaction or waiver of all of the conditions to the exchange offer, Federated will accept, promptly after the expiration date, all original securities that have been validly tendered and not withdrawn, and will issue the applicable exchange securities in exchange for such original securities promptly after its acceptance of such original securities. See "-- Conditions to the Exchange Offer" below. For purposes of the exchange offer, Federated will be deemed to have accepted validly tendered original securities for exchange when, as, and if Federated has given written notice of such acceptance to the exchange agent.

For each original note or original debenture accepted for exchange, the holder of the original note or original debenture, as the case may be, will receive an exchange note or exchange debenture, respectively, having a principal amount equal to that of the surrendered original security. The exchange securities will bear interest from the most recent date to which interest has been paid on the original securities or, if no interest has been paid on the original securities, from March 24, 1999. Accordingly, registered holders of exchange securities on the relevant record date for the first interest payment date following the completion of the exchange offer will receive interest accruing from the most recent date to which interest has been paid or, if no interest has been paid, from March 24, 1999. Original securities accepted for exchange will cease to accrue interest from and after the date on which they are accepted for exchange. Holders whose original securities are accepted for exchange will not receive any payment for accrued interest on the original securities otherwise payable on any interest payment date if the record date occurs on or after date

on which they are accepted for exchange and will be deemed to have waived their rights to receive the accrued interest on the original securities.

In all cases, issuance of exchange securities for original securities that are accepted for exchange pursuant to the exchange offer will be made only after timely receipt by the exchange agent of:

- the certificates representing the original securities, or a timely confirmation of book-entry transfer of the original securities into the exchange agent's account at the book-entry transfer facility;
- a properly completed and duly executed letter of transmittal; and
- all other required documents.

If any tendered original securities are not accepted for any reason or if original securities are submitted for a greater principal amount than the holder desires to exchange, such unaccepted or non-exchanged original securities will be returned without expense to the tendering holder of the original securities or, if the original securities were tendered by book-entry transfer, the non-exchanged original securities will be credited to an account maintained with the book-entry transfer facility. In either case, the return of such original securities will be effected promptly after the expiration or termination of the exchange offer.

BOOK-ENTRY TRANSFER

The exchange agent has advised Federated that it will establish an account with respect to the original securities at The Depository Trust Company, as book-entry transfer facility, for purposes of the exchange offer within two business days after the date of this prospectus. Any financial institution that is a participant in the book-entry transfer facility's system may make book-entry delivery of original securities by causing the book-entry transfer facility to transfer the original securities into the exchange agent's account at the facility in accordance with the facility's procedures for transfer. However, although delivery of original securities may be effected through book-entry transfer at the facility, a properly completed and duly executed letter of transmittal, with any required signature guarantees and any other required documents, must, in any case, be transmitted to, and received by, the exchange agent at the address set forth below under "-- Exchange Agent" prior to the expiration date, unless the holder has strictly complied with the guaranteed delivery procedures described below.

GUARANTEED DELIVERY PROCEDURES

If a registered holder of original securities desires to tender the original securities, and the original securities are not immediately available, or time will not permit the holder's original securities or other required documents to reach the exchange agent before the expiration date, or the procedure for book-entry transfer described above cannot be completed on a timely basis, a tender may nonetheless be effected if:

- the tender is made through an eligible institution;
- prior to the expiration date, the exchange agent receives from an eligible institution a properly completed and duly executed letter of transmittal and notice of guaranteed delivery, substantially in the form provided by Federated, by facsimile transmission, mail, or hand delivery, (a) setting forth the name and address of the holder of original securities and the amount of original securities tendered, (b) stating that the tender is being made thereby, and (c) guaranteeing that, within three NYSE trading days after the expiration date, the certificates for all physically tendered original securities, in proper form for transfer, or a book-entry confirmation, as the case may be, and any other documents required by the letter of transmittal will be deposited by the eligible institution with the exchange agent; and
- the certificates for all physically tendered original securities, in proper form for transfer, or a book-entry confirmation, as the case may be, and all other documents required by the letter of

WITHDRAWAL RIGHTS

You may withdraw tenders of original securities at any time prior to 5:00 p.m., New York City time, on the expiration date. Withdrawals may be made of any portion of such original securities in integral multiples of \$1,000 principal amount.

For a withdrawal to be effective, a written notice of withdrawal must be received by the exchange agent at the address or, in the case of eligible institutions, at the facsimile number, set forth below under "-- Exchange Agent" prior to 5:00 p.m., New York City time, on the expiration date. Any such notice of withdrawal must:

- specify the name of the person who tendered the original securities to be withdrawn;
- identify the original securities to be withdrawn, including the certificate number or numbers and principal amount of the original securities;
- contain a statement that the holder is withdrawing his election to have the original securities exchanged;
- be signed by the holder in the same manner as the original signature on the letter of transmittal by which the original securities were tendered, including any required signature guarantees, or be accompanied by documents of transfer to have the registrar with respect to the original securities (i.e., the trustee) register the transfer of such original securities in the name of the person withdrawing the tender; and
- specify the name in which such original securities are registered, if different from that of the person who tendered the original securities.

If original securities have been tendered pursuant to the procedure for book-entry transfer described above, any notice of withdrawal must specify the name and number of the account at the book-entry transfer facility to be credited with the withdrawn original securities and otherwise comply with the procedures of the facility. All questions as to the validity, form, and eligibility, including time of receipt, of notices of withdrawal will be determined by Federated, whose determination will be final and binding on all parties. Any original securities so withdrawn will be deemed not to have been validly tendered for exchange for purposes of the exchange offer. Properly withdrawn original securities may be retendered by following the procedures described under "-- Procedures for Tendering" above at any time prior to 5:00 p.m., New York City time, on the expiration date.

CONDITIONS TO THE EXCHANGE OFFER

Federated will not be required to accept for exchange, or to issue exchange securities in exchange for, any original securities, and may terminate or amend the exchange offer, if at any time before the acceptance of the original securities for exchange or the exchange of the exchange securities for the original securities:

- there shall be threatened, instituted, or pending any action or proceeding before, or any injunction, order, or decree shall have been issued by, any court or governmental agency or other governmental regulatory or administrative agency or commission (1) seeking to restrain or prohibit the making or consummation of the exchange offer or any other transaction contemplated by the exchange offer, or assessing or seeking any damages as a result of such transaction, or (2) resulting in a material delay in Federated's ability to accept for exchange or exchange some or all of the original securities pursuant to the exchange offer; or any statute, rule, regulation, order, or injunction shall be sought, proposed, introduced, enacted, promulgated, or deemed applicable to the exchange offer or any of the transactions contemplated by the exchange offer by any government or governmental authority,

domestic or foreign, or any action shall have been taken, proposed, or threatened, by any government, governmental authority, agency, or court, domestic or foreign, that in Federated's sole judgment might directly or

indirectly result in any of the consequences referred to in clauses (1) or (2) above or, in Federated's sole judgment, might result in the holders of exchange securities having obligations with respect to resales and transfers of exchange securities which are greater than those described in the interpretation of the Commission referred to above, or would otherwise make it inadvisable to proceed with the exchange offer; or

- there shall have occurred:

(1) any general suspension of or general limitation on prices for, or trading in, securities on any national securities exchange or in the over-the-counter market;

(2) any limitation by a governmental agency or authority which may adversely affect Federated's ability to complete the transactions contemplated by the exchange offer;

(3) a declaration of a banking moratorium or any suspension of payments in respect of banks in the United States or any limitation by any governmental agency or authority which adversely affects the extension of credit; or

(4) a commencement of a war, armed hostilities, or other similar international calamity directly or indirectly involving the United States or, in the case of any of the foregoing existing at the time of the commencement of the exchange offer, a material acceleration or worsening of such calamities; or

- any change, or any development involving a prospective change, shall have occurred or be threatened in Federated's business, properties, assets, liabilities, financial condition, operations, results of operations, or prospects and those of its subsidiaries taken as a whole that, in Federated's sole judgment, is or may be adverse to Federated, or Federated shall have become aware of facts that, in its sole judgment, have or may have adverse significance with respect to the value of the original securities or the exchange securities or would otherwise make it inadvisable to proceed with the exchange offer and/or with such acceptance for exchange or with such exchange.

The foregoing conditions are for Federated's benefit only and may be asserted by Federated regardless of the circumstances giving rise to any such condition, or may be waived by Federated in whole or in part at any time and from time to time in its sole discretion. Federated's failure at any time to exercise any of the foregoing rights shall not be deemed a waiver of any such right and each such right shall be deemed an ongoing right which may be asserted at any time and from time to time.

In addition, Federated will not accept for exchange any original securities tendered, and no exchange securities will be issued in exchange for any such original securities, if at such time any stop order shall be threatened or in effect with respect to the registration statement of which this prospectus constitutes a part or the qualification of the indenture under the Trust Indenture Act of 1939.

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EXCHANGE AGENT

Citibank, N.A. has been appointed as the exchange agent for the exchange offer. Citibank, N.A. also acts as trustee under the indenture. All executed letters of transmittal should be directed to the exchange agent at the address set forth below. Questions and requests for assistance, requests for additional copies of this prospectus or of the letter of transmittal, and requests for notices of guaranteed delivery should be directed to the exchange agent addressed as follows:

DELIVERY TO: CITIBANK, N.A. EXCHANGE AGENT

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By Mail:

By Overnight Courier
Delivery:

By Hand:

Citibank, N.A. c/o Citicorp Data Distribution, Inc. P.O. Box 7072 Paramus, New Jersey 07653	Citibank, N.A. c/o Citicorp Data Distribution, Inc. 404 Sette Drive Paramus, New Jersey 07652	Citibank, N.A. Corporate Trust Window 111 Wall Street, 5th Floor New York, New York 10005
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By Facsimile for Eligible Institutions:
(201) 262-3240

Facsimile Confirmation Only:
(800) 422-2077

For Information:
(800) 422-2077

IF YOU DELIVER THE LETTER OF TRANSMITTAL TO AN ADDRESS OTHER THAN AS SET FORTH ABOVE OR TRANSMIT INSTRUCTIONS VIA FACSIMILE OTHER THAN AS SET FORTH ABOVE, SUCH DELIVERY OR INSTRUCTIONS WILL NOT BE EFFECTIVE.

FEES AND EXPENSES

Federated will not make any payment to brokers, dealers, or others for soliciting acceptances of the exchange offer. Federated will pay the estimated cash expenses to be incurred in connection with the exchange offer. Federated estimates these expenses, excluding the registration fee paid to the Commission, to be approximately \$150,000.

ACCOUNTING TREATMENT

Federated will not recognize any gain or loss for accounting purposes upon the consummation of the exchange offer. Federated will amortize the expense of the exchange offer over the term of the exchange securities under generally accepted accounting principles.

TRANSFER TAXES

Holders who tender their original securities for exchange will not be obligated to pay any related transfer taxes, except that holders who instruct Federated to register exchange securities in the name of, or request that original securities not tendered or not accepted in the exchange offer be returned to, a person other than the registered tendering holder will be responsible for the payment of any applicable transfer taxes on such transfer.

RESTRICTIONS ON TRANSFER OF ORIGINAL SECURITIES

The original securities were originally issued in a transaction exempt from registration under the Securities Act, and may be offered, sold, pledged, or otherwise transferred only:

- in the United States to a person whom the seller reasonably believes is a qualified institutional buyer (as defined in Rule 144A under the Securities Act);

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- outside the United States in an offshore transaction in accordance with Rule 904 under the Securities Act;
- pursuant to an exemption from registration under the Securities Act provided by Rule 144, if available; or
- pursuant to an effective registration statement under the Securities Act.

The offer, sale, pledge, or other transfer of original securities must also be made in accordance with any applicable securities laws of any state of the United States, and the seller must notify any purchaser of the original securities of the restrictions on transfer described above. Holders of original securities who do not exchange their original securities for exchange securities pursuant to the exchange offer will continue to be subject to the restrictions on transfer of such original securities. As discussed below in "Description of Exchange Securities -- Exchange Offer; Registration Rights," Federated does not currently anticipate that it will register original securities under the

TRANSFERABILITY OF EXCHANGE SECURITIES

Based on interpretations by the staff of the Commission, as set forth in no-action letters issued to third parties, Federated believes that exchange securities issued pursuant to the exchange offer may be offered for resale, resold, or otherwise transferred by holders that are not affiliates of Federated within the meaning of Rule 405 under the Securities Act, without compliance with the registration and prospectus delivery provisions of the Securities Act if such exchange securities are acquired in the ordinary course of such holders' business and such holders do not engage in, and have no arrangement or understanding with any person to participate in, a distribution of such exchange securities. However, the Commission has not considered the exchange offer in the context of a no-action letter. Federated cannot assure that the staff of the Commission would make a similar determination with respect to the exchange offer. If any holder of original securities is an affiliate of Federated or is engaged in or intends to engage in, or has any arrangement or understanding with any person to participate in a distribution of the exchange securities to be acquired pursuant to the exchange offer, such holder:

(1) cannot rely on the interpretations of the staff of the Commission set forth in the no-action letters referred to above; and

(2) must comply with the registration and prospectus delivery requirements of the Securities Act in connection with any sale or transfer of the original securities or the exchange securities.

Each broker-dealer that is to receive exchange securities for its own account in exchange for original securities must represent that such original securities were acquired by such broker-dealer as a result of market-making activities or other trading activities and must acknowledge that it will deliver a prospectus in connection with any resale of the exchange securities. In addition, to comply with the securities laws of certain jurisdictions, if applicable, the exchange securities may not be offered or sold unless they have been registered or qualified for sale in such jurisdiction or an exemption from registration or qualification, with which there has been compliance, is available. See "Plan of Distribution."

DESCRIPTION OF EXCHANGE SECURITIES

GENERAL

The form and terms of the exchange notes and the original notes and the form and terms of the exchange debentures and the original debentures are identical in all material respects except that the registration rights and related liquidated damages provisions, and the transfer restrictions applicable to the original notes and the original debentures do not apply to the exchange notes or the exchange debentures.

The exchange securities will be issued under an indenture, dated as of September 10, 1997, between Federated and Citibank, N.A., as trustee, as supplemented by a third supplemental indenture, dated as of

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March 24, 1999, relating to the securities. The following discussion includes a summary description of certain material terms of the indenture, the supplemental indenture, the registration rights agreement, and the exchange securities. Because this is a summary, it does not include all of the information that is included in the indenture, the supplemental indenture, the registration rights agreement, or the exchange securities. This description of the exchange securities contains definitions of terms, including those defined under the caption "-- Definitions of Certain Terms Used in the Indenture or the Supplemental Indenture," that are used in the indenture and the supplemental indenture and are necessary to understand this section of the prospectus. You should read the indenture, the supplemental indenture, and the registration rights agreement carefully and in their entirety because they, and not this description, define your rights as holders of the securities. You may request copies of these documents at Federated's address set forth under "Where You Can Find More Information."

The exchange securities are senior unsecured obligations of Federated. The exchange notes are limited to \$350,000,000 aggregate principal amount, and the

exchange debentures are limited to \$400,000,000 aggregate principal amount. The exchange notes will mature on April 1, 2009, and the exchange debentures will mature on April 1, 2029. The exchange notes and the exchange debentures will bear interest at the applicable rate per annum shown on the cover page of this prospectus from the most recent date to which interest has been paid on the original securities or, if no interest has been paid on the original securities, from March 24, 1999. Federated will pay such interest semiannually on April 1 and October 1 of each year commencing October 1, 1999, to the person in whose name such exchange securities (or any predecessor security) are registered at the close of business on the March 15 or September 15, respectively, preceding the interest payment date. Interest on the exchange securities will be calculated on the basis of a 360-day year consisting of 12 months of 30 days each.

The original notes and the exchange notes constitute a single class of securities and will vote and consent together on all matters as one series, and neither the original notes nor the exchange notes will have the right to vote or consent as a class or series separate from one another on any matter. The original debentures and the exchange debentures constitute a single class of securities and will vote and consent together on all matters as one series, and neither the original debentures nor the exchange debentures will have the right to vote or consent as a class or series separate from one another on any matter.

Principal of and premium, if any, and interest on the exchange securities will be payable, and the exchange securities will be exchangeable and transfers thereof will be registrable, at an office or agency of Federated, one of which will be maintained for such purpose in New York, New York (which initially will be the corporate trust office of the trustee) or such other office or agency permitted under the indenture.

Federated does not intend to list the exchange securities on a national securities exchange.

Neither the indenture nor the supplemental indenture contains any provisions that would limit the ability of Federated to incur indebtedness or require the maintenance of financial ratios or specified levels of net worth or liquidity. However, the supplemental indenture does:

- provide that, subject to certain exceptions, neither Federated nor any Restricted Subsidiary will subject its property or assets to any mortgage or other encumbrance unless the exchange securities are secured equally and ratably with such other indebtedness thereby secured; and
- contain certain limitations on the ability of Federated and its Restricted Subsidiaries to enter into certain sale and leaseback arrangements.

In addition, neither the indenture nor the supplemental indenture contains any provisions that would require Federated to repurchase or redeem or otherwise modify the terms of any of the exchange securities upon a change in control or other events involving Federated that may adversely affect the creditworthiness of the exchange securities. See "-- Covenants of Federated."

REDEMPTION

Federated, at its option, may at any time redeem all or any portion of either tranche of exchange securities on not less than 30 nor more than 60 days' prior notice mailed to the holders of the tranche of exchange securities to be redeemed. The exchange securities will be redeemable at a redemption price, plus accrued interest to the date of redemption, equal to the greater of (1) 100% of the principal amount of the exchange securities to be redeemed or (2) the sum of the remaining scheduled payments of principal and interest on the exchange securities to be redeemed that would be due after the related redemption date but for such redemption (except that, if the redemption date is not an interest payment date with respect to such exchange securities, the amount of the next succeeding scheduled interest payment will be reduced by the amount of interest accrued thereon to the redemption date), discounted to the redemption date on a semiannual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate plus 20 basis points in the case of the exchange notes, and at the Treasury Rate plus 25 basis points in the case of the exchange debentures.

"Treasury Rate" means, with respect to any redemption date, the rate per annum equal to the semiannual equivalent yield to maturity (computed as of the second business day immediately preceding such redemption date) of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date.

"Comparable Treasury Issue" means the United States Treasury security selected by an Independent Investment Banker that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the applicable tranche of exchange securities. "Independent Investment Banker" means one of the Reference Treasury Dealers appointed by Federated.

"Comparable Treasury Price" means, with respect to any redemption date, (1) the average of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) on the third business day preceding such redemption date, as set forth in the daily statistical release (or any successor release) published by the Federal Reserve Bank of New York and designated "Composite 3:30 p.m. Quotations for U.S. Government Securities" or (2) if such release (or any successor release) is not published or does not contain such prices on such business day, (a) the average of the Reference Treasury Dealer Quotations for such redemption date, after excluding the highest and lowest of such Reference Treasury Dealer Quotations, or (b) if the trustee obtains fewer than four such Reference Treasury Dealer Quotations, the average of all such Quotations.

"Reference Treasury Dealer" means each of Credit Suisse First Boston Corporation, Salomon Smith Barney Inc., Chase Securities Inc., NationsBanc Montgomery Securities LLC, and PNC Capital Markets, Inc. and their respective successors and two other nationally recognized investment banking firms that are Primary Treasury Dealers specified from time to time by Federated, except that if any of the foregoing ceases to be a primary U.S. Government securities dealer in New York City (a "Primary Treasury Dealer"), Federated is required to designate as a substitute another nationally recognized investment banking firm that is a Primary Treasury Dealer.

"Reference Treasury Dealer Quotations" means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the trustee, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the trustee by such Reference Treasury Dealer as of 3:30 p.m., New York City time, on the third business day preceding such redemption date.

On and after any redemption date, interest will cease to accrue on the exchange securities called for redemption. Prior to any redemption date, Federated is required to deposit with a paying agent money sufficient to pay the redemption price of and accrued interest on the exchange securities to be redeemed on such date. If Federated is going to redeem less than all the exchange securities of the tranche, the trustee must select the exchange securities to be redeemed by such method as the trustee deems fair and

appropriate in accordance with methods generally used at the time of selection by fiduciaries in similar circumstances.

BOOK-ENTRY SYSTEM

Federated will initially issue the exchange securities in the form of one or more global securities. The global securities will be deposited with, or on behalf of, DTC and registered in the name of DTC or its nominee. Except as set forth below, the global securities may be transferred, in whole but not in part, only to DTC or another nominee of DTC. You may hold your beneficial interests in the global securities directly through DTC if you have an account with DTC or indirectly through organizations which have accounts with DTC.

DTC has advised Federated that DTC is a limited-purpose trust company organized under the Banking Law of the State of New York, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Exchange Act. DTC was created to hold the securities of institutions that have accounts with DTC ("participants") and to

facilitate the clearance and settlement of securities transactions among its participants in such securities through electronic book-entry changes in accounts of the participants, thereby eliminating the need for physical movement of securities certificates. DTC's participants include securities brokers and dealers (which may include the initial purchasers), banks, trust companies, clearing corporations, and certain other organizations. Access to DTC's book-entry system is also available to others, such as banks, brokers, dealers, and trust companies (collectively, the "indirect participants") that clear through or maintain a custodial relationship with a participant, either directly or indirectly.

Federated expects that pursuant to procedures established by DTC, upon the deposit of the global securities with DTC, DTC will credit, on its book-entry registration and transfer system, the principal amount of exchange securities represented by such global securities to the accounts of participants. Ownership of beneficial interests in the global securities will be limited to participants or persons that may hold interests through participants. Ownership of beneficial interests in the global securities will be shown on, and the transfer of those ownership interests will be effected only through, records maintained by DTC (with respect to participants' interest), the participants and the indirect participants (with respect to the owners of beneficial interests in the global securities other than participants). The laws of some jurisdictions may require that certain purchasers of securities take physical delivery of the securities in definitive form. Such limits and laws may impair your ability to transfer or pledge beneficial interests in the global securities.

So long as DTC, or its nominee, is the registered holder and owner of the global securities, DTC or its nominee, as the case may be, will be considered the sole legal owner and holder of any related exchange securities evidenced by the global securities for all purposes of the exchange securities and the indenture. Except as set forth below, as an owner of a beneficial interest in the global securities, you will not be entitled to have the exchange securities represented by the global securities registered in your name, will not receive or be entitled to receive physical delivery of certified exchange securities, and will not be considered to be the owner or holder of any exchange securities represented by the global securities. Accordingly, each person owning a beneficial interest in the global securities must rely on the procedures of DTC and, if a person is not a participant in the book-entry registration and transfer system of DTC, on the procedures of the participant through which such person owns its interest, to exercise any rights of an owner or holder of the exchange securities under the indenture and the supplemental indenture.

Federated understands that, under existing industry practice, if an owner of a beneficial interest in global securities desires to give any notice or take any action that DTC, as the owner or holder of the global securities is entitled to give or take, DTC would authorize the participants to give such notice or take such action and the participants would authorize beneficial owners owning through such participants to give such notice or take such action or would otherwise act upon the instructions of beneficial owners owning through them.

Federated will make payments of principal of, premium, if any, and interest on exchange securities represented by the global securities registered in the name of and held by DTC or its nominee to DTC or its nominee, as the case may be, as the registered owner and holder of the global securities.

Federated expects that DTC or its nominee, upon receipt of any payment of principal of, premium, if any, or interest on the global securities will credit participants' accounts with payments in amounts proportionate to their respective beneficial interests in the principal amount of the global securities as shown on the records of DTC or its nominee. Federated also expects that payments by participants or indirect participants to owners of beneficial interests in the global securities held through such participants or indirect participants will be governed by standing instructions and customary practices and will be the responsibility of such participants or indirect participants. None of Federated, the trustee, the registrar, or any paying agent for the exchange securities will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in global securities for any exchange securities or for maintaining, supervising, or reviewing any records relating to such beneficial ownership interests or for any other aspect of the relationship between DTC and its participants or indirect participants and the owners of beneficial interests in

the global securities owned through such participants.

Although DTC has agreed to the foregoing procedures in order to facilitate transfers of interests in the global securities among participants of DTC, it is under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of Federated, the trustee, the registrar, or any paying agent for the exchange securities will have any responsibility or liability for the performance by DTC or its participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

CERTIFICATED EXCHANGE SECURITIES

The exchange securities represented by the global securities are exchangeable for certificated exchange securities in definitive form of like tenor as such exchange securities in denominations of \$1,000 and integral multiples of \$1,000 if:

- (1) DTC notifies Federated that it is unwilling or unable to continue as depositary for the global securities or if at any time DTC ceases to be a clearing agency registered under the Exchange Act and a successor depositary is not appointed by Federated within 90 days of such notice;
- (2) Federated in its discretion at any time determines not to have all of the exchange securities represented by the global securities; or
- (3) an Event of Default has occurred and is continuing.

Any exchange security that is exchangeable pursuant to the preceding sentence is exchangeable for certificated exchange securities issuable in authorized denominations of \$1,000 and integral multiples thereof and registered in such names as DTC shall direct. Subject to the foregoing, the global securities are not exchangeable, except for global securities of the same aggregate denomination to be registered in the name of DTC or its nominee.

None of Federated, the trustee, the registrar, or any paying agent for the exchange securities will be liable for any delay by DTC or any participant in identifying the beneficial owners of the related exchange securities and each such person may conclusively rely on, and will be protected in relying on, instructions from DTC for all purposes (including with respect to the registration and delivery, and the respective principal amounts, of the exchange securities to be issued).

PAYMENT

The payment of principal of and interest on exchange securities represented by a global security will be made in accordance with the applicable requirements of the depositary for the global securities. The payment of principal of and interest on any other exchange securities will be made at the office or agency

of Federated maintained for that purpose or, at Federated's option, by mailing a check to such holder's registered address.

COVENANTS OF FEDERATED

Maintenance of Office or Agency. Federated is required to maintain an office or agency in each place of payment for each tranche of the exchange securities for notice and demand purposes and for the purposes of presenting or surrendering the exchange securities for payment, registration of transfer, or exchange.

Paying Agents, Etc. If Federated acts as its own paying agent with respect to the exchange notes or the exchange debentures, on or before each due date of the principal of or interest on those exchange securities, it will be required to segregate and hold in trust for the benefit of the persons entitled to payment a sum sufficient to pay the amount due and to notify the trustee promptly of its action or failure to act. If Federated has one or more paying agents for the exchange notes or the exchange debentures, prior to each due date of the principal of or interest on the applicable exchange securities, it will be required to deposit with a paying agent a sum sufficient to pay the amount due and, unless the paying agent is the trustee, to promptly notify the trustee

of its action or failure to act. All moneys paid by Federated to a paying agent for the payment of principal of or interest on any of the exchange securities that remain unclaimed for two years after such principal or interest has become due and payable may be repaid to Federated, and thereafter the holder of such exchange securities may look only to Federated for payment thereof.

Payment of Taxes and Other Claims. Federated will be required to pay and discharge, before the same become delinquent:

- all taxes, assessments and governmental charges levied or imposed upon Federated or any Subsidiary of Federated or their properties; and
- all claims that if unpaid would result in a lien on their property and have a material adverse effect on the business, assets, financial condition, or results of operations of Federated and its subsidiaries, taken as a whole (a "Material Adverse Effect");

unless, in either case, the same are being contested by proper proceedings.

Maintenance of Properties. Federated will be required to cause all properties used in the business of Federated or any subsidiary of Federated to be maintained and kept in good condition, repair, and working order and to make any necessary renewals, replacements, and improvements to such properties, except to the extent that the failure to do so would not have a Material Adverse Effect.

Existence. Federated will be required to, and will be required to cause its Subsidiaries to, preserve and keep in full force and effect their existence, charter rights, statutory rights, and franchises, except to the extent that the failure to do so would not have a Material Adverse Effect.

Compliance with Laws. Federated will be required to, and will be required to cause its Subsidiaries to, comply with all applicable laws to the extent that the failure to do so would have a Material Adverse Effect.

Limitation on Liens. Federated and the Restricted Subsidiaries will not be permitted to create, incur, assume, or suffer to exist any liens upon any of their respective assets, other than Permitted Liens, unless the exchange securities are secured by an equal and ratable lien on the same assets. The terms of other existing and future indebtedness of Federated may require that such other indebtedness be similarly secured by an equal and ratable lien on such assets.

Limitation on Sale and Leaseback Transactions. Federated and the Restricted Subsidiaries may not enter into any sale and leaseback transaction unless the net cash proceeds therefrom are applied as follows: to the extent that the aggregate amount of net cash proceeds from such sale and leaseback transaction that have not been reinvested in the business of Federated or its Subsidiaries or used to reduce Senior

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Indebtedness of Federated or its Subsidiaries within 12 months of the receipt of such proceeds exceeds \$100.0 million ("Excess Sale Proceeds") from time to time, Federated will offer to repurchase with the Excess Sale Proceeds the securities (on a pro rata basis with any other Senior Indebtedness of Federated or its Subsidiaries required by the terms of such Indebtedness to be repurchased with such Excess Sale Proceeds, based on the principal amount of such Senior Indebtedness required to be repurchased) at 100% of their principal amount, plus accrued and unpaid interest, and to pay related costs and expenses.

To the extent that the aggregate purchase price for the securities or other Senior Indebtedness tendered pursuant to such an offer to purchase is less than the aggregate purchase price offered in such offer, an amount of Excess Sale Proceeds equal to such shortfall will cease to be Excess Sale Proceeds and may thereafter be used for general corporate purposes. If the aggregate purchase price for the exchange securities or other Senior Indebtedness tendered pursuant to such an offer to purchase exceeds the amount of such Excess Sale Proceeds, the trustee will select the exchange securities or other Senior Indebtedness to be purchased by such method as the trustee deems fair and appropriate.

The net cash proceeds from any sale or leaseback transaction will be determined net of the following:

- all fees and expenses incurred and all taxes and reserves required to be accrued as a liability as a consequence of such a sale and leaseback transaction;
- all payments made on any Indebtedness that is secured by assets subject to a sale and leaseback transaction; and
- all distributions and other payments made to minority interest holders in Subsidiaries of Federated or joint ventures as a result of a sale and leaseback transaction.

Cash Equivalents will be deemed to be proceeds upon receipt of such Cash Equivalents and cash payments under promissory notes secured by letters of credit or similar assurances of payment issued by commercial banks of recognized standing will be deemed to be proceeds upon receipt of such payments.

If an offer to purchase the exchange securities is made, Federated will comply with all tender offer rules, including but not limited to Section 14(e) of the Exchange Act and Rule 14e-1 thereunder, to the extent applicable to such offer to purchase.

Limitation on Merger and Other Transactions. Prior to the satisfaction and discharge of the indenture and the supplemental indenture, Federated may not consolidate with or merge with or into any other person, or transfer all or substantially all of its properties and assets to another person, unless:

- either:
 - (1) Federated is the continuing or surviving person in the consolidation or merger; or
 - (2) the person (if other than Federated) formed by the consolidation or into which Federated is merged or to which all or substantially all of the properties and assets of Federated are transferred is a corporation organized and validly existing under the laws of the United States, any state thereof or the District of Columbia, and expressly assumes, by a supplemental indenture, all of the obligations of Federated under the exchange securities, the indenture, and the supplemental indenture;
- immediately after the transaction and the incurrence or anticipated incurrence of any Indebtedness to be incurred in connection therewith, no Event of Default exists; and
- an officer's certificate is delivered to the trustee to the effect that both of the conditions set forth above have been satisfied and an opinion of outside counsel has been delivered to the trustee to the effect that the first condition set forth above has been satisfied.

The continuing, surviving, or successor person will succeed to and be substituted for Federated with the same effect as if it had been named in the indenture as a party thereto, and thereafter the predecessor person will be relieved of all obligations and covenants under the indenture and the exchange securities.

EVENTS OF DEFAULT

The following are "Events of Default" with respect to each tranche of the securities:

- (1) failure to pay principal of or premium, if any, on any security of such tranche when due;
- (2) failure to pay any interest on any security of such tranche when due, which failure continues for 30 calendar days;
- (3) failure to perform, or breach of, any other covenant of Federated in the indenture or the supplemental indenture (other than a covenant included therein solely for the benefit of a series of debt securities other than the securities of such tranche), which failure or breach continues for 60 calendar days after written notice as provided in the

indenture or the supplemental indenture;

(4) any nonpayment at maturity or other default (beyond any applicable grace period) under any agreement or instrument relating to any other Indebtedness of Federated or any Restricted Subsidiary (the unpaid principal amount of which is not less than \$100.0 million), which default results in the acceleration of the maturity of such Indebtedness prior to its stated maturity or occurs at the final maturity thereof;

(5) the entry of any final judgments or orders against Federated or any of its Restricted Subsidiaries in excess of \$100.0 million individually or in the aggregate (not covered by insurance) that is not paid, discharged or otherwise stayed (by appeal or otherwise) within 60 calendar days after the entry of such judgments or orders;

(6) specified events of bankruptcy, insolvency, or reorganization of Federated or any Significant Subsidiary or any group of Subsidiaries of Federated that, if considered in the aggregate, would be a Significant Subsidiary; and

(7) the failure to redeem the securities of the tranche when required pursuant to the terms and conditions of the securities or to pay the repurchase price for any securities required by the terms of the supplemental indenture to be repurchased.

Federated will be required to provide the trustee with notice of any uncured Event of Default within 10 calendar days after any responsible officer of Federated becomes aware of or receives actual notice of the occurrence thereof. The trustee will be required, within 90 calendar days after the occurrence of a default in respect of a tranche of the securities, to give to the holders of the securities of that tranche notice of all uncured defaults known to it, except that:

- in the case of a default in the performance of any covenant of the character contemplated in clause (3) above, no notice will be given until at least 30 calendar days after the occurrence of such default; and
- in the case of a default of the character contemplated in clause (1) or (2) above, the trustee may withhold notice if and so long as it in good faith determines that the withholding of notice is in the interests of the holders of the securities of that tranche.

If an Event of Default described in clause (6) above occurs with respect to Federated, the principal of, premium, if any, and accrued interest on the securities of the applicable tranche will become immediately due and payable without any declaration or other act on the part of the trustee or any holder of the securities of the tranche. If any other Event of Default with respect to a tranche of the securities occurs and is continuing, either the trustee or the holders of at least 25% in principal amount of the securities of the tranche, by notice as provided in the indenture, may declare the principal amount of the securities of the tranche to be due and payable immediately. However, at any time after a declaration of acceleration with respect to the securities of either tranche has been made, but before a judgment or decree based on such acceleration has been obtained, the holders of a majority in principal amount of the securities of the tranche may, under certain circumstances, rescind and annul the acceleration.

Subject to the duty of the trustee to act with the required standard of care during an Event of Default, the trustee will have no obligation to exercise any of its rights or powers under the indenture at the request or direction of the holders of the securities unless such holders shall have offered to the trustee reasonable security or indemnity. Subject to the provisions of the indenture, including those requiring security or indemnification of the trustee, the holders of a majority in principal amount of a tranche of the securities will have the right to direct the time, method, and place of conducting any proceeding for any remedy available to the trustee, or exercising any trust or power conferred on the trustee, with respect to the securities of that tranche.

No holder of a security will have any right to institute any proceeding with respect to the indenture or the supplemental indenture or for any remedy thereunder unless:

- the holder has previously given to the trustee written notice of a continuing Event of Default;
- the holders of at least 25% in aggregate principal amount of the outstanding securities of the tranche have requested the trustee to institute a proceeding in respect of such Event of Default;
- the holder or holders have offered reasonable indemnity to the trustee to institute the proceeding as trustee;
- the trustee has not received from the holders of a majority in principal amount of the outstanding securities of the tranche a direction inconsistent with the request; and
- the trustee has failed to institute the proceeding within 60 calendar days.

However, the limitations described above do not apply to a suit instituted by a holder of securities of that tranche for enforcement of payment of the principal of and interest on the securities on or after the applicable due dates expressed in the securities.

Federated is required to furnish to the trustee annually a statement as to the performance by Federated of its obligations under the indenture and as to any default in its performance.

MODIFICATION AND WAIVER

Except as described below, modifications and amendments of the indenture may be made by Federated and the trustee with the consent of the holders of a majority in aggregate principal amount of the securities of the tranche affected thereby and a majority of the holders of each other series of debt securities affected thereby. However, no such modification or amendment may, without the consent of the holder of each security of the tranche affected thereby:

- change the stated maturity of, or any installment of principal of, or interest on, the tranche of the securities;
- reduce the principal amount of, the rate of interest on, or the premium, if any, payable upon the redemption of, the tranche of the securities;
- reduce the amount of principal of an original issue discount security payable upon acceleration of the maturity of the tranche of the securities;
- change the place or currency of payment of principal of, or premium, if any, or interest on the tranche of the securities;
- impair the right to institute suit for the enforcement of any payment on or with respect to the tranche of the securities on or after the stated maturity or prepayment date thereof; or
- reduce the percentage in principal amount of the tranche of the securities required for modification or amendment of the indenture or for waiver of compliance with certain provisions of the indenture or for waiver of certain defaults.

In addition, if such modification or amendment would have any such effect on any other series of debt securities issued under the indenture, the consent of each holder of each debt security of each other series affected thereby would also be required.

The holders of at least a majority in principal amount of the applicable tranche of the securities may, on behalf of the holders of all securities of that tranche, waive compliance by Federated with specified covenants of the indenture. The holders of at least a majority in principal amount of each tranche of the securities may, on behalf of the holders of all securities of that tranche, waive any past default under the indenture with respect to that tranche, except:

- a default in the payment of the principal of, or premium, if any, or interest on, the securities of that tranche; or
- a default of a provision of the indenture that cannot be modified or amended without the consent of the holder of each security of that tranche.

DEFEASANCE

Except as described below, upon compliance with the applicable requirements described below, Federated:

(1) will be deemed to have been discharged from its obligations with respect to a tranche of the securities; or

(2) will be released from its obligations to comply with the covenants described under "-- Covenants of Federated" above with respect to the securities of that tranche, and the occurrence of an event described in any of clauses (3), (4), (5) and (7) under "-- Events of Default" above will no longer be an Event of Default with respect to the exchange securities of that tranche,

except to the limited extent described below.

Following any defeasance described in clause (1) or (2) above, Federated will continue to have specified obligations under the indenture, including obligations to register the transfer or exchange of the securities of that tranche; replace destroyed, stolen, lost, or mutilated securities of that tranche; maintain an office or agency in respect of the securities of that tranche; and hold funds for payment to holders of securities of that tranche in trust. In the case of any defeasance described in clause (2) above, any failure by Federated to comply with its continuing obligations may constitute an Event of Default with respect to the securities of that tranche as described in clause (3) under "-- Events of Defaults" above.

In order to effect any defeasance described in clause (1) or (2) above, Federated must irrevocably deposit with the trustee, in trust, money or specified government obligations (or depositary receipts therefor) that through the payment of principal and interest in accordance with their terms will provide money in an amount sufficient to pay all of the principal of and any interest on the securities of that tranche on the dates such payments are due in accordance with the terms of such tranche of securities. In addition:

- no Event of Default or event that, with the giving of notice or lapse of time, or both, would become an Event of Default under the indenture or the supplemental indenture with respect to that tranche of the securities shall have occurred and be continuing on the date of such deposit;
- no Event of Default described in clause (6) under "-- Events of Default" above with respect to Federated or event that with the giving of notice or lapse of time, or both, would become such an Event of Default shall have occurred and be continuing at any time on or prior to the 124th calendar day following the date of deposit;
- in the event of defeasance described in clause (1) above, Federated shall have delivered an opinion of counsel stating that (a) Federated has received from, or there has been published by, the Internal Revenue Service a ruling or (b) there has been a change in applicable federal law, in

either case to the effect that, among other things, the holders of the applicable tranche of the securities will not recognize gain or loss for United States federal income tax purposes as a result of such deposit or defeasance and will be subject to United States federal income tax in the same manner as if such defeasance had not occurred;

- in the event of defeasance described in clause (2) above, Federated shall have delivered an opinion of counsel to the effect that, among other things, the holders of the applicable tranche of the securities will not recognize gain or loss for United States federal income tax purposes as a result of such deposit or defeasance and will be subject to United States

federal income tax in the same manner as if such defeasance had not occurred;

- Federated shall have delivered to the trustee an opinion of a nationally recognized independent public accounting firm certifying the sufficiency of the amount of any moneys or government obligations placed on deposit to pay, without regard to any reinvestment, the accrued interest, principal, interest, and premium, if any, on the tranche of securities; and
- such defeasance shall not result in a breach or violation of, or constitute a default under, any other agreement to which Federated is a party or violate any law to which Federated is subject.

If Federated fails to comply with its remaining obligations under the indenture and the supplemental indenture with respect to a tranche of the securities following a defeasance described under clause (2) above and the securities of that tranche are declared due and payable because of the occurrence of any undefeased Event of Default, the amount of money and government obligations on deposit with the trustee may be insufficient to pay amounts due on the securities of that tranche at the time of the acceleration resulting from such Event of Default. However, Federated will remain liable in respect of such payments.

SATISFACTION AND DISCHARGE

Federated, at its option, may satisfy and discharge the indenture and the supplemental indenture (except for specified obligations of Federated and the trustee, including, among others, the obligations to apply money held in trust) when:

- either:

- (1) all debt securities of Federated previously authenticated and delivered under the indenture (subject to specified exceptions relating to debt securities that have otherwise been satisfied or provided for) have been delivered to the trustee for cancellation; or
- (2) all debt securities of Federated not previously delivered to the trustee for cancellation have become due and payable, will become due and payable at their stated maturity within one year, or are to be called for redemption within one year under arrangements satisfactory to the trustee for the giving of notice of redemption by the trustee, and Federated has deposited or caused to be deposited with the trustee as trust funds for such purpose an amount sufficient to pay and discharge the entire indebtedness on such debt securities for principal and any premium and interest to the date of such deposit (in the case of debt securities which have become due and payable) or to the stated maturity or redemption date, as the case may be;

- Federated has paid or caused to be paid all other sums payable under the indenture by Federated; and
- Federated has delivered to the trustee an officer's certificate and an opinion of counsel, each to the effect that all conditions precedent relating to the satisfaction and discharge of the indenture have been satisfied.

GOVERNING LAW

The indenture, the supplemental indenture, and the exchange securities will be governed by, and construed in accordance with, the laws of the State of New York.

EXCHANGE OFFER; REGISTRATION RIGHTS

In connection with the sale of the original securities by Federated to the initial purchasers of the original securities, Federated and the initial purchasers entered into a registration rights agreement.

In the registration rights agreement, Federated agreed to:

- file with the Commission no later than June 22, 1999 a registration statement relating to an offer to exchange the exchange securities for original securities;
- use its reasonable best efforts to cause the registration statement to be declared effective by the Commission no later than September 20, 1999;
- offer to exchange the exchange securities for original securities promptly after the effectiveness of the registration statement; and
- keep the exchange offer open for not less than 30 days (or longer if required by applicable law) after the date on which notice of the exchange offer is mailed to the holders of the original securities.

The registration rights agreement also requires Federated to take additional action in the following circumstances:

- if Federated is not permitted to consummate the exchange offer because the exchange offer is not permitted by applicable law or Commission policy;
- if any of the initial purchasers of the original securities directly from Federated so requests with respect to original securities not eligible to be exchanged for exchange securities in the exchange offer and held by it following consummation of the exchange offer;
- if any holder of Transfer Restricted Securities (as defined below) is not eligible to participate in the exchange offer or, in the case of any holder (other than a broker-dealer) that participates in the exchange offer, such holder does not receive freely tradeable exchange securities; or
- if the exchange offer is not consummated by October 30, 1999.

In these circumstances, Federated would be required to:

- file with the Commission as promptly as practicable, a shelf registration statement relating to resales of the affected original securities or exchange securities, as the case may be;
- use its reasonable best efforts to cause the shelf registration statement to be declared effective under the Securities Act; and
- use its reasonable best efforts to keep the shelf registration statement effective (with certain exceptions) until the earlier of (1) two years from the effective date and (2) the date on which all securities registered thereunder cease to be Transfer Restricted Securities.

Federated will be permitted to suspend the effectiveness of the shelf registration statement or the use of the prospectus that is part of the shelf registration statement during specified periods ("Suspension Periods") in specified circumstances, including circumstances relating to the pending corporate developments.

"Transfer Restricted Securities" means each security until the earliest to occur of:

- the date on which the security has been exchanged by a person other than a broker-dealer for a freely tradeable exchange security in the exchange offer;
- following the exchange by a broker-dealer in the exchange offer of an original security for an exchange security, the date on which the exchange security is sold to a purchaser who receives from such broker-dealer on or prior to the date of sale a copy of this prospectus;
- the date on which the security has been effectively registered under the Securities Act and disposed of in accordance with the shelf registration

statement; and

- the date on which the security is distributed to the public pursuant to Rule 144 under the Securities Act or is saleable pursuant to Rule 144(k) under the Securities Act.

Federated has agreed to pay additional interest on the original securities if any of the following events (each of which constitutes a "registration default") occurs:

(1) at the close of business on October 30, 1999, the exchange offer has not been consummated and, if required to be filed in lieu of the exchange offer, the shelf registration statement is not declared effective by the Commission; or

(2) after either the registration statement or the shelf registration statement is declared effective, (a) such registration statement ceases to be effective or (b) such registration statement or the related prospectus ceases to be usable (excluding any Suspension Periods) in connection with resales of Transfer Restricted Securities during the applicable periods specified in the registration rights agreement because either:

- any event occurs as a result of which the related prospectus forming part of such registration statement would include an untrue statement of a material fact or omit to state a material fact necessary to make the statements therein in the light of the circumstances under which they were made not misleading; or
- it is necessary to amend such registration statement or supplement the related prospectus to comply with the Securities Act or the Exchange Act or the respective rules thereunder.

Additional interest will accrue on the affected original securities over and above the interest set forth in the title of the original securities from and including the date on which any registration default occurs to but excluding the date on which all such registration defaults have been cured, at a rate of 0.50% per annum (regardless of number of registration defaults).

Any holders (other than the initial purchasers) of original securities who are eligible to participate in the exchange offer but fail to, or elect not to, participate therein will continue to hold Transfer Restricted Securities and will have no further rights to exchange their original securities or have such original securities registered under the registration rights agreement.

REGARDING THE TRUSTEE

The indenture contains specified limitations on the right of the trustee, should it become a creditor of Federated within three months of, or subsequent to, a default by Federated to make payment in full of principal of or interest on any debt securities issued pursuant to the indenture when and as the same becomes due and payable, to obtain payment of claims, or to realize for its own account on property received in respect of any such claim as security or otherwise, unless and until such default is cured. However, the trustee's rights as a creditor of Federated will not be limited if the creditor relationship arises from, among other things:

- the ownership or acquisition of securities issued under any indenture or having a maturity of one year or more at the time of acquisition by the trustee;

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- specified advances authorized by a receivership or bankruptcy court of competent jurisdiction or by the indenture;
- disbursements made in the ordinary course of business in its capacity as indenture trustee, transfer agent, registrar, custodian, or paying agent or in any other similar capacity;
- indebtedness created as a result of goods or securities sold in a cash transaction or services rendered or premises rented; or
- the acquisition, ownership, acceptance, or negotiation of specified

drafts, bills of exchange, acceptances, or other obligations.

The indenture does not prohibit the trustee from serving as trustee under any other indenture to which Federated may be a party from time to time or from engaging in other transactions with Federated. If the trustee acquires any conflicting interest within the meaning of the Trust Indenture Act of 1939 and any debt securities issued pursuant to the indenture are in default, it must eliminate the conflict or resign.

DEFINITIONS OF CERTAIN TERMS USED IN THE INDENTURE OR THE SUPPLEMENTAL INDENTURE

Capitalized terms used but not defined herein have the meanings given to such terms in the indenture and the supplemental indenture. In addition, for purposes of the indenture and the supplemental indenture, the following definitions apply:

"Bank Facilities" means the financing provided for by (a) the 364-day Credit Agreement and (b) the Five-Year Credit Agreement, each dated as of July 28, 1997 and each by and among Federated, certain financial institutions, Citibank, N.A., as administrative agent and paying agent, The Chase Manhattan Bank, as administrative agent, BankBoston, N.A., as syndication agent, and Bank of America National Trust & Savings Association, as documentation agent, as the same may be amended, supplemented, or otherwise modified from time to time.

"Cash Equivalent" means:

(1) obligations issued or unconditionally guaranteed as to principal and interest by the United States of America or by any agency or authority controlled or supervised by and acting as an instrumentality of the United States of America;

(2) obligations (including, but not limited to, demand or time deposits, bankers' acceptances, and certificates of deposit) issued by a depository institution or trust company or a wholly owned Subsidiary or branch office of any depository institution or trust company, provided that (a) such depository institution or trust company has, at the time of Federated's or any Restricted Subsidiary's Investment therein or contractual commitment providing for such Investment, capital, surplus, or undivided profits (as of the date of such institution's most recently published financial statements) in excess of \$100.0 million and (b) the commercial paper of such depository institution or trust company, at the time of Federated's or any Restricted Subsidiary's Investment therein or contractual commitment providing for such Investment, is rated at least A1 by S&P or P-1 by Moody's;

(3) debt obligations (including, but not limited to, commercial paper and medium term notes) issued or unconditionally guaranteed as to principal and interest by any corporation, state or municipal government or agency or instrumentality thereof, or foreign sovereignty, if the commercial paper of such corporation, state or municipal government, or foreign sovereignty, at the time of Federated's or any Restricted Subsidiary's Investment therein or contractual commitment providing for such Investment, is rated at least A1 by S&P or P-1 by Moody's;

(4) repurchase obligations with a term of not more than seven days for underlying securities of the type described above entered into with a depository institution or trust company meeting the qualifications described in clause (2) above; and

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(5) Investments in money market or mutual funds that invest predominantly in Cash Equivalents of the type described in clauses (1), (2), (3), and (4) above; provided, however, that, in the case of the clauses (1) through (3) above, each such Investment has a maturity of one year or less from the date of acquisition thereof.

"Consolidated Net Tangible Assets" means total assets (less depreciation and valuation reserves and other reserves and items deductible from gross book value of specific asset accounts under GAAP) after deducting therefrom (1) all current liabilities and (2) all goodwill, trade names, trademarks, patents, unamortized debt discount, organization expenses, and other like intangibles, all as set forth on the most recent balance sheet of Federated and its

consolidated Subsidiaries and computed in accordance with GAAP.

"Existing Indebtedness" means all Indebtedness under or evidenced by:

- the original securities and the exchange securities;
- Federated's 6.125% Term Enhanced ReMarketable Securities;
- Federated's 7% Senior Debentures Due 2028;
- Federated's 7.45% Senior Debentures Due 2017;
- Federated's 6.79% Senior Debentures Due 2027;
- Federated's 10% Senior Notes Due 2001;
- Federated's 8.125% Senior Notes Due 2002;
- Federated's 8.5% Senior Notes Due 2003;
- Fingerhut's 7.375% Senior Notes Due 1999;
- the outstanding principal amount of notes issued pursuant to the Mortgage Note Agreement between Macy's Primary Real Estate, Inc. and Federated Noteholding Corporation;
- the outstanding principal amount of notes issued pursuant to the Loan Agreement among Lazarus PA, Inc., PNC Bank Ohio, National Association, as agent, and the financial institutions party thereto;
- capital lease obligations of Federated and the Restricted Subsidiaries existing on the date of issuance of the original securities; and
- the other secured Indebtedness of Federated or secured or unsecured Indebtedness of the Restricted Subsidiaries existing on the date of issuance of the original securities.

"Indebtedness" means, as applied to any Person, without duplication:

- (1) all obligations of such Person for borrowed money;
 - (2) all obligations of such Person for the deferred purchase price of property or services (other than property and services purchased, and expense accruals and deferred compensation items arising, in the ordinary course of business);
 - (3) all obligations of such Person evidenced by notes, bonds, debentures, mandatorily redeemable preferred stock, or other similar instruments (other than performance, surety, and appeals bonds arising in the ordinary course of business);
 - (4) all payment obligations created or arising under any conditional sale, deferred price, or other title retention agreement with respect to property acquired by such Person (unless the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property);
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- (5) any capital lease obligation of such Person;
 - (6) all reimbursement, payment or similar obligations, contingent or otherwise, of such Person under acceptance, letter of credit, or similar facilities (other than letters of credit in support of trade obligations or incurred in connection with public liability insurance, workers' compensation, unemployment insurance, old-age pensions, and other social security benefits other than in respect of employee benefit plans subject to ERISA);
 - (7) all obligations of such Person, contingent or otherwise, under any guarantee by such Person of the obligations of another Person of the type referred to in clauses (1) through (6) above; and

(8) all obligations referred to in clauses (1) through (6) above secured by (or for which the holder of such Indebtedness has an existing right, contingent or otherwise, to be secured by) any mortgage or security interest in property (including without limitation accounts, contract rights, and general intangibles) owned by such Person and as to which such Person has not assumed or become liable for the payment of such obligations other than to the extent of the property subject to such mortgage or security interest;

except that Indebtedness of the type referred to in clauses (7) and (8) above will be included within the definition of "Indebtedness" only to the extent of the least of (a) the amount of the underlying Indebtedness referred to in the applicable clause (1) through (6) above; (b) in the case of clause (7), the limit on recoveries, if any, from such Person under obligations of the type referred to in clause (7) above, and (c) in the case of clause (8), the aggregate value (as determined in good faith by Federated's board of directors) of the security for such Indebtedness.

"Investment" means, with respect to any Person, any direct or indirect loan or other extension of credit or capital contribution to (by means of any transfer of cash or other property to others or any payment for property or services for the account or use of others), or any purchase or acquisition by such Person of any capital stock, bonds, notes, debentures, or other securities or evidences of Indebtedness issued by any other Person. The amount of any Investment shall be the original cost thereof, plus the cost of all additions thereto, without any adjustments for increases or decreases in value, write-ups, write-downs, or writeoffs with respect to such Investment.

"Moody's" means Moody's Investors Service, Inc. or any successor to the rating agency business thereof.

"Permitted Liens" means:

(1) liens (other than liens on inventory) securing

(a) Existing Indebtedness;

(b) Indebtedness under the Bank Facilities in an aggregate principal amount at any one time not to exceed \$2,800.0 million, less (1) principal payments actually made by Federated on any term loan facility under such Bank Facilities (other than principal payments made in connection with or pursuant to a refinancing of the Bank Facilities in compliance with clause (1)(i) below) and (2) any amounts by which any revolving credit facility commitments under the Bank Facilities are permanently reduced (other than permanent reductions made in connection with or pursuant to a refinancing of the Bank Facilities in compliance with clause (1)(i) below), except that under no circumstances will the total allowable indebtedness under this clause (1)(b) be less than \$1,250.0 million (subject to increase from and after the date of issuance of the original securities at a rate, compounded annually, equal to 3% per annum) if incurred for the purpose of providing Federated and its Subsidiaries with working capital including bankers' acceptances, letters of credit, and similar assurances of payment whether as part of the Bank Facilities or otherwise;

(c) Indebtedness existing as of the date of issuance of the securities of any Subsidiary of Federated engaged primarily in the business of owning or leasing real property;

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(d) Indebtedness incurred for the purpose of financing store construction and remodeling or other capital expenditures;

(e) Indebtedness in respect of the deferred purchase price of property or arising under any conditional sale or other title retention agreement;

(f) Indebtedness of a Person acquired by Federated or a Subsidiary of Federated at the time of such acquisition;

(g) to the extent deemed to be "Indebtedness," obligations under swap agreements, cap agreements, collar agreements, insurance arrangements, or any other agreement or arrangement, in each case

designed to provide protection against fluctuations in interest rates, the cost of currency or the cost of goods (other than inventory);

(h) other Indebtedness in outstanding amounts not to exceed, in the aggregate, the greater of \$750.0 million and 12.5% of Consolidated Net Tangible Assets of Federated and the Restricted Subsidiaries at any particular time; and

(i) Indebtedness incurred in connection with any extension, renewal, refinancing, replacement, or refunding (including successive extensions, renewals, refinancings, replacements, or refundings), in whole or in part, of any Indebtedness of Federated or the Restricted Subsidiaries; provided that the principal amount of the Indebtedness so incurred does not exceed the sum of the principal amount of the Indebtedness so extended, renewed, refinanced, replaced, or refunded, plus all interest accrued thereon and all related fees and expenses (including any payments made in connection with procuring any required lender or similar consents);

(2) liens incurred and pledges and deposits made in the ordinary course of business in connection with liability insurance, workers' compensation, unemployment insurance, old-age pensions, and other social security benefits other than in respect of employee benefit plans subject to ERISA;

(3) liens securing performance, surety, and appeal bonds and other obligations of like nature incurred in the ordinary course of business;

(4) liens on goods and documents securing trade letters of credit;

(5) liens imposed by law, such as carriers', warehousemen's, mechanics', materialmen's, and vendors' liens, incurred in the ordinary course of business and securing obligations which are not yet due or which are being contested in good faith by appropriate proceedings;

(6) liens securing the payment of taxes, assessments, and governmental charges or levies (a) either (1) not delinquent or (2) being contested in good faith by appropriate legal or administrative proceedings and (b) as to which adequate reserves shall have been established on the books of the relevant Person in conformity with GAAP;

(7) zoning restrictions, easements, rights of way, reciprocal easement agreements, operating agreements, covenants, conditions, or restrictions on the use of any parcel of property that are routinely granted in real estate transactions or do not interfere in any material respect with the ordinary conduct of the business of Federated and its Subsidiaries or the value of such property for the purpose of such business;

(8) liens on property existing at the time such property is acquired;

(9) purchase money liens upon or in any property acquired or held in the ordinary course of business to secure Indebtedness incurred solely for the purpose of financing the acquisition of such property;

(10) liens on the assets of any Subsidiary of Federated at the time such Subsidiary is acquired;

(11) liens with respect to obligations in outstanding amounts not to exceed \$100.0 million at any particular time and that (a) are not incurred in connection with the borrowing of money or obtaining

advances or credit (other than trade credit in the ordinary course of business) and (b) do not in the aggregate interfere in any material respect with the ordinary conduct of the business of Federated and its Subsidiaries; and

(12) without limiting the ability of Federated or any Restricted Subsidiary to create, incur, assume or suffer to exist any lien otherwise permitted under any of the foregoing clauses, any extension, renewal, or replacement, in whole or in part, of any lien described in the foregoing clauses; provided, that any such extension, renewal, or replacement lien is

limited to the property or assets covered by the lien extended, renewed, or replaced or substitute property or assets, the value of which is determined by the Board of Directors of Federated to be not materially greater than the value of the property or assets for which the substitute property or assets are substituted.

"Person" means any individual, partnership, corporation, joint stock company, business trust, trust, unincorporated association, joint venture, or other entity, or a government or political subdivision or agency thereof.

"Restricted Subsidiary" means any Subsidiary of Federated other than an Unrestricted Subsidiary.

"S&P" means Standard & Poor's Ratings Group, a division of The McGraw-Hill Companies, Inc., or any successor to the rating agency business thereof.

"Senior Indebtedness" means any Indebtedness of Federated or its Subsidiaries other than Subordinated Indebtedness.

"Significant Subsidiary" means any Subsidiary of Federated that accounts for (1) 10% or more of the total consolidated assets of Federated and its Subsidiaries as of any date of determination or (2) 10% or more of the total consolidated revenues of Federated and its Subsidiaries for the most recently concluded fiscal quarter.

"Subordinated Indebtedness" means any Indebtedness of Federated which is expressly subordinated in right of payment to the securities.

"Subsidiary" means, as applied, with respect to any Person, any corporation, partnership or other business entity of which, in the case of a corporation, more than 50% of the issued and outstanding capital stock having ordinary voting power to elect a majority of the board of directors of such corporation (irrespective of whether at the time capital stock of any other class or classes of such corporation has or might have voting power upon the occurrence of any contingency), or, in the case of any partnership or other legal entity, more than 50% of the ordinary equity capital interests, is at the time directly or indirectly owned or controlled by such Person, by such Person and one or more of its other Subsidiaries or by one or more of such Person's other Subsidiaries.

"Unrestricted Subsidiary" means any entity designated as such (1) in the supplemental indenture (including Federated's existing receivables finance Subsidiaries, FDS National Bank, FACS Group, Inc., Federated Credit Holdings Corporation, Prime Credit Card Master Trust (to the extent that it is deemed to be a Subsidiary of Federated), Prime Credit Card Master Trust II (to the extent it is deemed to be a Subsidiary of Federated), Prime Receivables Corporation, Prime II Receivables Corporation, Seven Hills Funding Corporation, Ridge Capital Trust II (to the extent that it is deemed to be a Subsidiary of Federated), Macy Financial, Inc., R.H. Macy Overseas Finance, N.V., Macy Credit Corp., Macy's Data and Credit Services Corp., Fingerhut Receivables, Inc., PCP Receivables Corp., Fingerhut Master Trust (to the extent it is deemed to be a Subsidiary of Federated), Fingerhut National Bank, PCP Master Trust (to the extent it is deemed to be a Subsidiary of Federated), and Fingerhut Funding Co.) or (2) by Federated's board of directors, provided that such entity is a special purpose entity formed for financing purposes.

MATERIAL UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS

The following is a general discussion of certain United States federal income tax consequences associated with the exchange of the original securities for the exchange securities pursuant to the exchange offer and the ownership and disposition of the exchange securities. This summary applies only to a holder of an exchange security who acquired an original security from an initial purchaser and who acquires the exchange security pursuant to the exchange offer. This discussion is based on provisions of the Internal Revenue Code of 1986 ("Code"), Treasury regulations promulgated thereunder, and administrative and judicial interpretations of the foregoing, all as in effect on the date hereof and all of which are subject to change, possibly with retroactive effect. This discussion does not address tax consequences (1) of the purchase, ownership, or disposition (other than pursuant to the exchange offer) of the original securities to any holder of the original securities, or (2) of the purchase, ownership, or

disposition of the exchange securities to subsequent purchasers of the exchange securities, and is limited to investors who hold the exchange securities as capital assets. The tax treatment of the holders of the securities may vary depending upon their particular situations. In addition, certain holders (including insurance companies, tax exempt organizations, financial institutions, broker-dealers, and Non-U.S. Holders (as defined below) that are engaged in a trade or business in the United States or that have ceased to be United States citizens or to be taxed as resident aliens) may be subject to special rules not discussed below. EACH HOLDER SHOULD CONSULT ITS TAX ADVISOR REGARDING THE PARTICULAR TAX CONSEQUENCES TO SUCH HOLDER OF THE EXCHANGE OF THE ORIGINAL NOTES FOR THE EXCHANGE NOTES PURSUANT TO THE EXCHANGE OFFER AND THE OWNERSHIP DISPOSITION OF THE EXCHANGE NOTES, AS WELL AS ANY TAX CONSEQUENCES THAT MAY ARISE UNDER THE LAWS OF ANY RELEVANT FOREIGN, STATE, LOCAL, OR OTHER TAXING JURISDICTION.

UNITED STATES HOLDERS

As used herein, the term "United States Holder" means a holder of an exchange security that is, for United States federal income tax purposes, (1) a citizen or resident of the United States, (2) a corporation or other entity treated as a corporation, created or organized in or under the laws of the United States or of any political subdivision thereof, (3) an estate the income of which is subject to United States federal income taxation regardless of its source, (4) a trust if (a) a United States court is able to exercise primary supervision over the administration of the trust and one or more United States persons have the authority to control all substantial decisions of the trust or (b) the trust was in existence on August 20, 1996, was treated as a United States person prior to that date, and elected to continue to be treated as a United States person, and (5) a partnership, or other entity treated as a partnership, created or organized in or under the laws of the United States or of any political subdivision thereof, except as Treasury regulations may otherwise provide.

Exchange Offer

The exchange of an original security for an exchange security pursuant to the exchange offer will not constitute a "significant modification" of the original security for United States federal income tax purposes and, accordingly, the exchange security received will be treated as a continuation of the original security in the hands of the holder. As a result, there will be no United States federal income tax consequences to a United States Holder who exchanges an original security for an exchange security pursuant to the exchange offer and any such holder will have the same adjusted tax basis and holding period in the exchange security as that holder had in the original security immediately before the exchange.

Payment of Interest

Interest payable on a exchange security generally will be included in the gross income of a United States Holder as ordinary interest income at the time accrued or received, in accordance with such United States Holder's method of accounting for United States federal income tax purposes.

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Disposition of the Exchange Securities

Upon the sale, exchange, retirement at maturity, or other taxable disposition of an exchange security (collectively, a "disposition"), a United States Holder generally will recognize capital gain or loss equal to the difference between the amount realized by such holder (except to the extent such amount is attributable to accrued interest, which will be treated as ordinary interest income) and such holder's adjusted tax basis in the exchange security. Such capital gain or loss will be long-term capital gain or loss if such United States Holder's holding period for the exchange security exceeds one year at the time of the disposition.

Backup Withholding and Information Reporting

Backup withholding tax at a rate of 31%, and information reporting requirements, will apply in certain circumstances to interest and principal payments on, and proceeds from the disposition of, an exchange security held by a United States Holder other than a corporation. Backup withholding will apply

to such a United States Holder in the event of a failure by that United States Holder to furnish his, her or its correct taxpayer identification number to the relevant payor or otherwise fails to comply with, or to establish an exemption from, the backup withholding requirements. Corporate United States Holders generally will be exempt from information reporting and backup withholding requirements, but may be required to certify their status on a Form W-9 in order to secure that exemption.

Backup withholding is not an additional tax. Any amounts withheld from a payment to a United States Holder under the backup withholding rules will be allowed as a credit against the holder's United States federal income tax liability and may entitle the holder to a refund, provided that the required information is furnished to the United States Internal Revenue Service.

Under current Treasury Regulations, payments on the sale, exchange, or other disposition of an exchange security made to or through a foreign office of a foreign broker generally will not be subject to backup withholding or information reporting. However, if such broker is, for United States federal income tax purposes, a United States person, a controlled foreign corporation, a foreign person 50% or more of whose gross income is effectively connected with a United States trade or business for a specified three-year period or (in the case of payments made after December 31, 1999) a foreign partnership with certain connections to the United States, then information reporting will be required unless the broker has in its records documentary evidence that the beneficial owner is not a United States person and certain other conditions are met or the beneficial owner otherwise establishes an exemption. Backup withholding may apply to any payment that such broker is required to report if the broker has actual knowledge that the payee is a United States person. Payments to or through the United States office of a broker will be subject to backup withholding and information reporting unless the holder certifies, under penalties of perjury, that it is not a United States person or otherwise establishes an exemption.

NON-UNITED STATES HOLDERS

As used herein, the term "Non-U.S. Holder" means any beneficial owner of an exchange security that is not a United States Holder.

Exchange Offer

The exchange of an original security for an exchange security pursuant to the exchange offer will not constitute a "significant modification" of the original security for United States federal income tax purposes and, accordingly, the exchange security received will be treated as a continuation of the original security in the hands of the holder. As a result, there will be no United States federal income tax consequences to a Non-U.S. Holder who exchanges an original security for an exchange security pursuant to the exchange offer and any such holder will have the same adjusted tax basis and holding period in the exchange security as that holder had in the original security immediately before the exchange.

Payment of Interest

Subject to the discussion below concerning backup withholding, payment of interest on the exchange securities to any Non-U.S. Holder will not be subject to United States federal withholding tax, provided that (1) such holder does not own, actually or constructively, 10% or more of the total combined voting power of all classes of stock of Federated entitled to vote, is not a controlled foreign corporation related, directly or indirectly, to Federated through stock ownership, and is not a bank receiving interest described in Section 881(c)(3)(a) of the Code and (2) the requirement to certify such holder's non-U.S. status, as set forth in Section 871(h) or Section 881(c) of the Code, has been fulfilled with respect to the beneficial owner.

Disposition of the Exchange Securities

Subject to the discussion below concerning backup withholding, a Non-U.S. Holder of an exchange security will not be subject to United States federal income tax on gain realized on the sale, exchange, or other disposition of that exchange security, unless (1) the Non-U.S. Holder is an individual who is present in the United States for 183 days or more in the taxable year of

disposition, and certain other conditions are met, or (2) the gain is effectively connected with the conduct by the Non-U.S. Holder of a trade or business in the United States.

Backup Withholding and Information Reporting

Under current United States federal income tax law, backup withholding at a rate of 31% will not apply to payments by Federated or any paying agent thereof on an exchange security if the certifications required by Sections 871(h) and 881(c) of the Code are received, provided in each case that Federated or such paying agent, as the case may be, does not have actual knowledge that the payee is a United States person.

Under current Treasury Regulations, payments on the sale, exchange, or other disposition of an exchange security made to or through a foreign office of a foreign broker generally will not be subject to backup withholding or information reporting. However, if such broker is, for United States federal income tax purposes, a United States person, a controlled foreign corporation, a foreign person 50% or more of whose gross income is effectively connected with a United States trade or business for a specified three-year period, or (in the case of payments made after December 31, 1999) a foreign partnership with certain connections to the United States, then information reporting will be required unless the broker has in its records documentary evidence that the beneficial owner is not a United States person and certain other conditions are met or the beneficial owner otherwise establishes an exemption. Backup withholding may apply to any payment that such broker is required to report if the broker has actual knowledge that the payee is a United States person. Payments to or through the United States office of a broker will be subject to backup withholding and information reporting unless the holder certifies, under penalties of perjury, that it is not a United States person or otherwise establishes an exemption. Recently enacted Treasury Regulations, effective for payments after December 31, 1999, provide certain presumptions under which Non-U.S. Holders will be subject to backup withholding or information reporting unless such holder certifies its non-U.S. status.

Non-U.S. Holders of exchange securities should consult their tax advisors regarding the application of information reporting and backup withholding in their particular situations, the availability of an exemption therefrom, and the procedure for obtaining such an exemption, if available. Any amounts withheld from a payment to a Non-U.S. Holder under the backup withholding rules will be allowed as a credit against that holder's United States federal income tax liability and may entitle that holder to a refund, provided that the required information is furnished to the United States Internal Revenue Service.

PLAN OF DISTRIBUTION

Each broker-dealer that receives exchange securities for its own account pursuant to the exchange offer must acknowledge that it will deliver a prospectus in connection with any resale of such exchange securities. This prospectus, as it may be amended or supplemented from time to time, may be used by a broker-dealer in connection with resales of exchange securities received in exchange for original securities where such original securities were acquired as a result of market-making activities or other trading activities. Federated has agreed that, for a period of 135 days after the expiration date, it will make this prospectus, as amended or supplemented, available to any broker-dealer for use in connection with any such resale.

Federated will not receive any proceeds from any sale of exchange securities by broker-dealers. Exchange securities received by broker-dealers for their own account pursuant to the exchange offer may be sold from time to time in one or more transactions in the over-the-counter market, in negotiated transactions, through the writing of options on the exchange securities, or through a combination of such methods of resale, at market prices prevailing at the time of resale, at prices related to such prevailing market prices, or at negotiated prices. Any such resale may be made directly to purchasers or to or through brokers or dealers who may receive compensation in the form of commissions or concessions from any such broker-dealer or the purchasers of any such exchange securities. Any broker-dealer that resells exchange securities that were received by it for its own account pursuant to the exchange offer and any broker or dealer that participates in a distribution of such exchange securities may be deemed to be an "underwriter" within the meaning of the

Securities Act and any profit on any such resale of exchange securities and any commission or concessions received by any such persons may be deemed to be underwriting compensation under the Securities Act. The letter of transmittal states that, by acknowledging that it will deliver and by delivering a prospectus, a broker-dealer will not be deemed to admit that it is an "underwriter" within the meaning of the Securities Act.

Federated has agreed, for a period of 135 days after the expiration date to promptly send additional copies of this prospectus and any amendment or supplement to this prospectus to any broker-dealer that requests such documents in the letter of transmittal. Federated has also agreed to pay all expenses incident to the exchange offer (including the expenses of one counsel for the initial purchasers of the original securities directly from Federated) and will indemnify the holders of the securities (including any broker-dealers) against certain liabilities, including liabilities under the Securities Act to the extent they arise out of or are based upon (1) any untrue statement or alleged untrue statement of a material fact contained in the registration statement or prospectus or (2) an omission or alleged omission to state in the registration statement or the prospectus a material fact that is necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. This indemnification obligation does not extend to statements or omissions in the registration statement or prospectus made in reliance upon and in conformity with written information pertaining to the holder that is furnished to Federated by or on behalf of the holder.

LEGAL MATTERS

Certain legal matters relating to the exchange notes and exchange debentures offered hereby will be passed upon for Federated by Jones, Day, Reavis & Pogue.

EXPERTS

The financial statements of Federated, from Federated's annual report on Form 10-K for the fiscal year ended January 30, 1999, and Fingerhut, from Federated's current report on Form 8-K dated March 18, 1999, have been incorporated by reference herein in reliance upon the reports of KPMG LLP, independent certified public accountants, incorporated by reference herein, and upon the authority of said firm as experts in accounting and auditing.

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FEDERATED
DEPARTMENT STORES, INC.

\$350,000,000 6.30% SENIOR NOTES DUE 2009
\$400,000,000 6.90% SENIOR DEBENTURES DUE 2029

PROSPECTUS

, 1999

EXCEPT FOR THE INFORMATION CONTAINED IN THIS PROSPECTUS, FEDERATED HAS NOT AUTHORIZED ANY PERSON TO GIVE ANY INFORMATION OR MAKE ANY REPRESENTATION IN CONNECTION WITH THE OFFER TO EXCHANGE THESE SECURITIES. THIS PROSPECTUS DOES NOT CONSTITUTE AN OFFER TO SELL OR A SOLICITATION OF AN OFFER TO BUY ANY SECURITIES IN ANY CIRCUMSTANCES IN WHICH SUCH OFFER OR SOLICITATION WOULD BE UNLAWFUL. NEITHER THE DELIVERY OF THIS PROSPECTUS NOR ANY OFFER OR SALE MADE HEREUNDER SHALL, UNDER ANY CIRCUMSTANCES, IMPLY THAT THE INFORMATION CONTAINED HEREIN IS CORRECT AS OF ANY DATE SUBSEQUENT TO THE DATE HEREOF.

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

ITEM 20. INDEMNIFICATION OF DIRECTORS AND OFFICERS

Federated's certificate of incorporation provides, as do the charters of many other publicly held companies, that the personal liability of directors of Federated to Federated is eliminated to the maximum extent permitted by Delaware law. Federated's certificate of incorporation and by-laws provide for the indemnification of the directors, officers, employees, and agents of Federated and its subsidiaries to the full extent permitted by Delaware law from time to time and, in the case of the by-laws, for various procedures relating thereto. Certain provisions of Federated's certificate of incorporation protect Federated's directors against personal liability for monetary damages resulting from breaches of their fiduciary duty of care. Federated's certificate of incorporation absolves directors of liability for negligence in the performance of their duties, including gross negligence. However, Federated's directors remain liable for breaches of their duty of loyalty to Federated and its stockholders, as well as for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law and transactions from which a director derives improper personal benefit. Federated's certificate of incorporation also does not absolve directors of liability under Section 174 of the General Corporation Law of the State of Delaware, which makes directors personally liable for unlawful dividends or unlawful stock repurchases or redemptions in certain circumstances and expressly sets forth a negligence standard with respect to such liability.

Under Delaware law, directors, officers, employees, and other individuals may be indemnified against expenses (including attorneys' fees), judgments, fines, and amounts paid in settlement in connection with specified actions, suits, or proceedings, whether civil, criminal, administrative, or investigative (other than an action by or in the right of the corporation -- a "derivative action") if they acted in good faith and in a manner they reasonably believed to be in or not opposed to the best interests of the corporation and, with respect to any criminal action or proceeding, had no reasonable cause to believe their conduct was unlawful. A similar standard of conduct is applicable in the case of a derivative action, except that indemnification only extends to expenses (including attorneys' fees) incurred in connection with defense or settlement of such an action and Delaware law requires court approval before there can be any indemnification of expenses where the person seeking indemnification has been found liable to the corporation.

Federated's certificate of incorporation provides, among other things, that each person who was or is made a party to, or is threatened to be made a party to, or is involved in, any action, suit, or proceeding by reason of the fact that he or she is or was a director or officer of Federated (or was serving at the request of Federated as a director, officer, employee, or agent for another entity), will be indemnified and held harmless by Federated to the full extent authorized by Delaware law against all expense, liability, or loss (including attorneys' fees, judgments, fines, ERISA excise taxes or penalties, and amounts to be paid in settlement) reasonably incurred by such person in connection therewith. The rights conferred thereby will be deemed to be contract rights and will include the right to be paid by Federated for the expenses incurred in defending the proceedings specified above in advance of their final disposition.

Federated's by-laws provide for, among other things, (1) the indemnification by Federated of its directors and officers to the extent described above, (2) the advancement of attorneys' fees and other expenses, and (3) the establishment, upon approval by the board of directors, of trusts or other funding mechanisms to fund Federated's indemnification obligations.

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ITEM 21. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) Exhibits

<TABLE>

<CAPTION>

EXHIBIT NO.	DESCRIPTION OF DOCUMENT
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<C>	<S>
1.1	-- Purchase Agreement, dated March 18, 1999, between Federated and the purchasers named therein.
4.1	-- Indenture, dated as of September 10, 1997, between Federated and Citibank, N.A., as Trustee (incorporated by

reference to Exhibit 4.4 to Registration Statement No. 333-34321)

- 4.2 -- Third Supplemental Indenture, dated as of March 24, 1999, between Federated and Citibank, N.A., as Trustee.
- 4.3 -- Registration Rights Agreement, dated as of March 18, 1999 among Federated, Credit Suisse First Boston Corporation, Salomon Smith Barney Inc., Chase Securities Inc., NationsBank Montgomery Securities LLC, and PNC Capital Markets, Inc.
- 5.1 -- Opinion of Jones, Day, Reavis & Pogue
- 12.1 -- Statement re: Computation of Ratios
- 23.1 -- Consent of KPMG LLP
- 23.2 -- Consent of Jones, Day, Reavis & Pogue (included in Exhibit 5.1)
- 24.1 -- Powers of Attorney
- 25.1 -- Statement of Eligibility and qualification under the Trust Indenture Act of 1939 on Form T-1 of Citibank, N.A. to act as Trustee under the Indenture
- 99.1 -- Form of Letter of Transmittal
- 99.2 -- Form of Letter to Brokers, Dealers, Commercial Banks, Trust Companies and Other Nominees
- 99.3 -- Form of Letter to Clients
- 99.4 -- Form of Notice of Guaranteed Delivery

</TABLE>

ITEM 22. UNDERTAKINGS

The undersigned registrant hereby undertakes:

1. To file, during any period in which offers or sales are being made of the securities registered hereby, a post-effective amendment to this registration statement:

a. To include any prospectus required by Section 10(a)(3) of the Securities Act of 1933;

b. To reflect in the prospectus any facts or events arising after the effective date of this registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in this registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than a 20% change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement; and

c. To include any material information with respect to the plan of distribution not previously disclosed in this registration statement or any material change to such information in this registration statement;

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provided, however, that the undertakings set forth in paragraphs (a) and (b) above shall not apply if the information required to be included in a post-effective amendment by those paragraphs is contained in periodic reports filed by the registrant pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934 that are incorporated by reference in this registration statement.

2. That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment will be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time will be deemed to be the initial bona fide offering thereof.

3. To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

4. That, for purposes of determining any liability under the Securities Act of 1933, each filing of the registrant's annual report pursuant to Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934 (and, where applicable, each filing of an employee benefit plan's annual report pursuant to Section 15(d) of the Securities Exchange Act of 1934) that is incorporated by reference in this registration statement will be deemed to be a new registration statement relating to the securities offered herein, and the offering of such securities at that time will be deemed to be the initial bona fide offering thereof.

5. To respond to requests for information that is incorporated by reference into this prospectus pursuant to Item 4, 10(b), 11, or 13 of this form, within one business day of receipt of such request, and to send the incorporated documents by first class mail or other equally prompt means. This includes information contained in documents filed subsequent to the effective date of the registration statement through the date of responding to the request.

6. To supply by means of a post-effective amendment all information concerning a transaction, and the company being acquired involved therein, that was not the subject of and included in the registration statement when it became effective.

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers, and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act of 1933 and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer, or controlling person of the registrant in the successful defense of any action, suit, or proceeding) is asserted by such director, officer, or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act of 1933 and will be governed by the final adjudication of such issue.

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SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, there unto duly authorized, in the City of Cincinnati, State of Ohio on April 22, 1999.

FEDERATED DEPARTMENT STORES, INC.

By: /s/ DENNIS J. BRODERICK

Dennis J. Broderick,
Senior Vice President

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed below by the following persons in the capacities indicated on April 22, 1999.

<TABLE>
<CAPTION>

SIGNATURE -----	TITLE -----
<C>	<S>
* ----- James M. Zimmerman	Chairman of the Board and Chief Executive Officer (principal executive officer)
* ----- Terry J. Lundgren	President and Chief Merchandising Officer and Director

*	Vice Chairman and Director

	Ronald W. Tysoe
*	Senior Vice President, Chief Financial Officer and Treasurer (principal financial officer)

	Karen M. Hoguet
*	Vice President and Controller (principal accounting officer)

	Joel A. Belsky
*	Director

	Meyer Feldberg
*	Director

	Earl G. Graves, Sr.
*	Director

	George V. Grune
*	Director

	Sara Levinson
*	Director

	Joseph Neubauer

</TABLE>

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<TABLE>

<CAPTION>

	SIGNATURE		TITLE
	-----		-----
<C>		<S>	
	*	Director	

	Joseph A. Pichler		
	*	Director	

	Karl M. von der Heyden		
		Director	

	Craig E. Weatherup		
	*	Director	

	Marna C. Whittington		

</TABLE>

* The undersigned, by signing his name hereto, does sign and execute this registration statement pursuant to the Powers of Attorney executed by the above-named persons.

/s/ DENNIS J. BRODERICK

Dennis J. Broderick,
Attorney-in-Fact

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<TABLE>

<CAPTION>

EXHIBIT NUMBER	DESCRIPTION
<C>	<S>
1.1	-- Purchase Agreement, dated March 18, 1999, between Federated and the purchasers named therein.
4.1	-- Indenture, dated September 10, 1997, between Federated and Citibank, N.A., as Trustee (incorporated by reference to Exhibit 4.4 to Registration Statement No. 333-34321)
4.2	-- Third Supplemental Indenture, dated as of March 24, 1999, between Federated and Citibank, N.A., as Trustee.
4.3	-- Registration Rights Agreement, dated as of March 18, 1999 among Federated, Credit Suisse First Boston Corporation, Salomon Smith Barney Inc., Chase Securities Inc., NationsBanc Montgomery Securities LLC, and PNC Capital Markets, Inc.
5.1	-- Opinion of Jones, Day, Reavis & Pogue
12.1	-- Statement re: Computation of Ratios
23.1	-- Consent of KPMG LLP
23.2	-- Consent of Jones, Day, Reavis & Pogue (included in Exhibit 5.1)
24.1	-- Powers of Attorney
25.1	-- Statement of Eligibility and qualification under the Trust Indenture Act of 1939 on Form T-1 of Citibank, N.A. to act as Trustee under the Indenture
99.1	-- Form of Letter of Transmittal
99.2	-- Form of Letter to Brokers, Dealers, Commercial Banks, Trust Companies and Other Nominees
99.3	-- Form of Letter to Clients
99.4	-- Form of Notice of Guaranteed Delivery

</TABLE>

EXHIBIT 1.1

\$750,000,000

FEDERATED DEPARTMENT STORES, INC.

6.30% SENIOR NOTES DUE 2009
6.90% SENIOR DEBENTURES DUE 2029

PURCHASE AGREEMENT

March 18, 1999

CREDIT SUISSE FIRST BOSTON CORPORATION
SALOMON SMITH BARNEY INC.
CHASE SECURITIES INC.
NATIONSBANC MONTGOMERY SECURITIES LLC
PNC CAPITAL MARKETS, INC.
As Representatives of the Several Purchasers,
c/o Credit Suisse First Boston Corporation,
Eleven Madison Avenue,
New York, N.Y. 10010-3629

Ladies and Gentlemen:

1. Introductory. Federated Department Stores, Inc., a Delaware corporation (the "COMPANY"), proposes, subject to the terms and conditions stated herein, to issue and sell to the several initial purchasers named in Schedule A hereto (the "PURCHASERS") U.S. \$350,000,000 principal amount of its 6.30% Senior Notes due April 1, 2009 (the "SENIOR NOTES") and U.S. \$400,000,000 principal amount of its 6.90 % Senior Debentures due April 1, 2029 (the "SENIOR DEBENTURES," and together with the Senior Notes, the "OFFERED SECURITIES") to be issued under an indenture, dated as of September 10, 1997, (the "INDENTURE") as supplemented by the Third Supplemental Indenture, to be dated as of March 24, 1999 (the "THIRD SUPPLEMENTAL INDENTURE"), between the Company and Citibank N.A., as Trustee. The United States Securities Act of 1933 is herein referred to as the "SECURITIES ACT."

The Company and the several Purchasers hereby agree as follows:

2. Representations and Warranties of the Company. The Company represents and warrants to, and agrees with, the several Purchasers that:

a. An offering circular relating to the Offered Securities to be offered by the Purchasers has been prepared by the Company. Such offering circular (the "OFFERING CIRCULAR"), as supplemented as of the date of this Agreement, together with the documents incorporated by reference listed in Schedule B hereto and any other document approved by the Company in writing for use in connection with the contemplated resale by the Purchasers of the Offered

Securities are hereinafter collectively referred to as the "OFFERING DOCUMENT". On the date of this Agreement, the Offering Document does not include any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading. The preceding sentence does not apply to statements in or omissions from the Offering Document in reliance on and in conformity with written information furnished to the Company by any Purchaser through Credit Suisse First Boston Corporation ("CSFBC") specifically for use therein. The Company's Annual Report on Form 10-K most recently filed with the Securities and Exchange Commission (the "COMMISSION") and all subsequent reports (collectively, the "EXCHANGE ACT REPORTS") which have been filed by the Company with the Commission or sent to stockholders pursuant to the Securities Exchange Act of 1934 (the "EXCHANGE Act") did not at the time they were so filed or mailed, include any untrue statement of a material

fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. Such documents, when they were filed with the Commission, conformed in all material respects to the requirements of the Exchange Act and the rules and regulations of the Commission thereunder.

b. The Company has been duly incorporated and is an existing corporation in good standing under the laws of the State of Delaware, with power and authority (corporate and other) to own its properties and conduct its business as described in the Offering Document; and the Company is duly qualified to do business as a foreign corporation and is in good standing in all other jurisdictions in which its ownership or lease of property or the conduct of its business requires such qualification, except where failure to be so qualified and in good standing individually or in the aggregate would not have a material adverse effect on the business, financial position or results of operations or reasonably foreseeable prospects of the Company and its subsidiaries taken as a whole (a "MATERIAL ADVERSE EFFECT").

c. Each Significant Subsidiary (as such term is defined in Rule 405 under the Securities Act) of the Company has been duly incorporated and is an existing corporation in good standing under the laws of the jurisdiction of its incorporation, except where failure to be duly incorporated, validly existing and in good standing would not, individually or in the aggregate, have a Material Adverse Effect.

d. All of the issued shares of capital stock of the Company have been duly and validly authorized and issued and are fully paid and non-assessable; all of the issued shares of capital stock of each Significant Subsidiary have been duly and validly authorized and issued,

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are fully paid and non-assessable and (except as otherwise disclosed in the Offering Document as amended or supplemented) are owned directly or indirectly by the Company, free and clear of all material liens, encumbrances, equities or claims; and all of the issued shares of capital stock of each subsidiary of the Company have been duly and validly authorized and issued, are fully paid and non-assessable and are owned directly or indirectly by the Company, free and clear of all liens, encumbrances, equities or claims (except as otherwise disclosed in the Offering Document as amended or supplemented or where, individually or in the aggregate, the failure to have been duly and validly authorized and issued, to be fully paid and non-assessable and to be owned directly or indirectly by the Company free and clear of liens, encumbrances, equities or claims would not have a Material Adverse Effect).

e. The Offered Securities have been duly authorized and, when issued and delivered pursuant to this Agreement, will have been duly executed, authenticated, issued and delivered and will constitute valid and legally binding obligations of the Company entitled to the benefits provided by the Indenture, as supplemented by the Third Supplemental Indenture; the Indenture has been duly authorized, executed and delivered and duly qualified under the Trust Indenture Act; the Indenture constitutes (and the Third Supplemental Indenture, when executed and delivered by the Company and the Trustee, will constitute) a valid and legally binding instrument, enforceable in accordance with its terms, except as the enforceability thereof may be limited to bankruptcy, insolvency, reorganization, and other laws of general applicability relating to or affecting creditors' rights and to general principles of equity, regardless of whether such enforceability is considered in a proceeding in equity or at law; and the Offered Securities and the Indenture will conform in all material respects to the descriptions thereof in the Offering Circular as amended or supplemented.

f. The issue and sale of the Offered Securities and the compliance by the Company with all of the provisions of the Offered Securities, the Indenture, as supplemented by the Third Supplemental Indenture, and this Agreement and the consummation of the transactions herein and therein contemplated will not conflict with or result in a breach or violation of

any of the terms or provisions of, or constitute a default under, any indenture, mortgage, deed of trust, sale/leaseback agreement, loan agreement or other similar financing agreement or instrument or other agreement or instrument to which the Company or any of its subsidiaries is a party or by which the Company or any of its subsidiaries is bound or to which any of the property or assets of the Company or any of its subsidiaries is subject, except for such conflicts, breaches, violations and defaults as individually or in the aggregate would not have a Material Adverse Effect, nor will such action result in any material violation of the provisions of the Certificate of Incorporation or By-laws of the Company or any material statute, order, rule or regulation of any court or governmental agency or body having jurisdiction over the Company or any of its Significant Subsidiaries or any of their properties, except for such violations as individually or in the aggregate would not have a Material

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Adverse Effect; and no consent, approval, authorization, order, registration or qualification of or with any such court or governmental agency or body is required for the issue and sale of the Offered Securities or the consummation by the Company of the transactions contemplated by this Agreement, the Registration Rights Agreement, dated the date hereof, between the Company and the Purchasers (the "Registration Rights Agreement") or the Indenture, as supplemented by the Third Supplemental Indenture, except such consents, approvals, authorizations, registrations or qualifications as may be required under state securities or Blue Sky laws in connection with the purchase and distribution of the Offered Securities by the Purchasers, and the order of the Commission declaring the Exchange Offer Registration Statement and/or the Shelf Registration Statement (each as defined in the Registration Rights Agreement) effective.

g. This Agreement has been duly authorized, executed and delivered by the Company. The Registration Rights Agreement has been duly authorized, executed and delivered by the Company and, when duly executed and delivered by the Purchasers, will be a valid and legally binding obligation of the Company enforceable against the Company in accordance with its terms, except as the enforceability thereof may be limited by bankruptcy, insolvency, reorganization and other laws of general applicability relating to or affecting creditors' rights and to general principles of equity, regardless of whether such enforceability is considered in a proceeding in equity or at law.

h. Except as disclosed in the Offering Document as amended or supplemented, the Company and its subsidiaries have good and marketable title to all real property and title to all personal property owned by them, in each case free from liens, encumbrances and defects except such as are disclosed in the Offering Document as amended or supplemented, or as do not, individually or in the aggregate, have a Material Adverse Effect; and except as disclosed in the Offering Document, the Company and its subsidiaries hold any leased real property and buildings under valid and enforceable leases, subject to such exceptions as would not, individually or in the aggregate, have a Material Adverse Effect.

i. Except as disclosed in the Offering Document, as amended or supplemented, there are no legal or governmental proceedings pending to which the Company or any of its subsidiaries is party or of which any property of the Company or any of its subsidiaries is the subject which, if determined adversely to the Company or any of its subsidiaries, would individually or in the aggregate have a Material Adverse Effect; and, to the best of the Company's knowledge, no such proceedings are threatened or contemplated by governmental authorities or threatened by others.

j. KPMG LLP, who have certified certain financial statements of the Company and its subsidiaries, are independent certified public accountants under Rule 101 of the AICPA's Code of Professional Conduct and its interpretations and rulings.

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k. There has not been any material adverse change in the business, financial position or results of operations of the Company and its subsidiaries, taken as a whole, from the date as of which information is given in the Offering Circular. Neither the Company nor any of its subsidiaries has sustained since the date of the latest audited financial statements included or incorporated by reference in the Offering Document any material loss or interference with its business from fire, explosion, flood or other calamity, whether or not covered by insurance, or from any labor dispute or court or governmental action, order or decree, otherwise than as set forth or contemplated in the Offering Document as amended or supplemented; and, since the date as of which information is given in the Offering Document, there has not been any change in the capital stock (other than issuances and forfeitures of stock in connection with equity-based compensation plans of executive officers of the Company or as set forth or contemplated in the Offering Document as amended or supplemented), or any increase in excess of \$25,000,000 in long-term debt of the Company or any of its subsidiaries otherwise than as set forth or contemplated in the Offering Document as amended or supplemented, or any material adverse change, or any development involving a prospective material adverse change, in or affecting the general affairs, management, financial position, shareholders' equity or results of operations of the Company and its subsidiaries, otherwise than as set forth or contemplated in the Offering Document as amended or supplemented.

l. The Company is not an open-end investment company, unit investment trust or face-amount certificate company that is or is required to be registered under Section 8 of the United States Investment Company Act of 1940 (the "INVESTMENT COMPANY ACT") ; and the Company is not and, after giving effect to the offering and sale of the Offered Securities and the application of the proceeds thereof as described in the Offering Document, will not be an "investment company" as defined in the Investment Company Act.

m. No securities of the same class (within the meaning of Rule 144A(d)(3) under the Securities Act) as the Offered Securities are listed on any national securities exchange registered under Section 6 of the Exchange Act or quoted in a U.S. automated inter-dealer quotation system.

n. The offer and sale of the Offered Securities to the Purchasers and the initial resale of the Offered Securities by the Purchasers, in each case in the manner contemplated by this Agreement will be exempt from the registration requirements of the Securities Act by reason of Section 4(2) thereof and Regulation S thereunder and it is not necessary to qualify an indenture in respect of the Offered Securities under the United States Trust Indenture Act of 1939, as amended (the "TRUST INDENTURE ACT").

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o. Neither the Company, nor any of its affiliates, nor any person acting on its or their behalf (i) has, within the six-month period prior to the date hereof, offered or sold in the United States or to any U.S. person (as such terms are defined in Regulation S under the Securities Act) the Offered Securities or any security of the same class or series as the Offered Securities or (ii) has offered or will offer or sell the Offered Securities (A) in the United States by means of any form of general solicitation or general advertising within the meaning of Rule 502(c) under the Securities Act or (B) with respect to any such securities sold in reliance on Rule 903 of Regulation S ("REGULATION S") under the Securities Act, by means of any directed selling efforts within the meaning of Rule 902(c) of Regulation S. The Company, its affiliates and any person acting on its or their behalf have complied and will comply with the offering restrictions requirement of Regulation S. The Company has not entered and will not enter into any contractual arrangement with respect to the distribution of the Offered Securities except for this Agreement and the Registration Rights Agreement.

3. Purchase, Sale and Delivery of Offered Securities. On the basis of the representations, warranties and agreements herein contained, and subject to the terms and conditions herein set forth, the Company agrees to sell to the Purchasers, and each of the Purchasers agrees, severally and not jointly, to

purchase from the Company, (i) at a purchase price of 99.077 % of the principal amount thereof plus accrued interest on the Senior Notes from the Closing Date (as hereinafter defined) to the time of issuance and (ii) at a purchase price of 98.683 % of the principal amount thereof plus accrued interest on the Senior Debentures from the Closing Date to the time of issuance, the respective principal amounts of Offered Securities set forth opposite the names of the several Purchasers in Schedule A hereto.

The Company will deliver against payment of the purchase price the Offered Securities in the form of one or more permanent global Securities in definitive form (the "GLOBAL SECURITIES") deposited with the Trustee as custodian for The Depository Trust Company ("DTC") and registered in the name of Cede & Co., as nominee for DTC. Interests in any permanent Global Securities will be held only in book-entry form through DTC, except in the limited circumstances described in the Offering Document. Payment for the Offered Securities shall be made by the Purchasers in federal (same day) funds by wire transfer to an account designated by the Company for such purpose at a bank reasonably acceptable to CSFBC at 9:30 A.M. (New York time), on March 24, 1999, or at such other time not later than seven full business days thereafter as CSFBC and the Company determine, such time being herein referred to as the "CLOSING DATE", against delivery to the Trustee as custodian for DTC of the Global Securities representing all of the Securities. The Global Securities will be made available for checking at the office of DTC or its designated custodian at least 24 hours prior to the Closing Date.

4. Representations by Purchasers; Resale by Purchasers. a. Each Purchaser severally represents and warrants to the Company that it is an "accredited investor" within the meaning of Regulation D under the Securities Act.

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b. Each Purchaser severally acknowledges that the Offered Securities have not been registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in accordance with Regulation S or pursuant to another exemption from the registration requirements of the Securities Act. Each Purchaser severally represents and agrees that it has offered and sold the Offered Securities, and will offer and sell the Offered Securities only in accordance with Rule 903 or Rule 144A under the Securities Act ("RULE 144A"). Accordingly, neither such Purchaser nor its affiliates, nor any persons acting on its or their behalf, have engaged or will engage in any directed selling efforts with respect to the Offered Securities, and such Purchaser, its affiliates and all persons acting on its or their behalf have complied and will comply with the offering restrictions requirement of Regulation S and Rule 144A.

c. Each Purchaser severally represents and agrees that it and each of its affiliates has not entered and will not enter into any contractual arrangement with respect to the distribution of the Offered Securities except for any such arrangements with the other Purchasers or affiliates of the other Purchasers or with the prior written consent of the Company.

d. Each Purchaser severally agrees that it and each of its affiliates will not offer or sell the Offered Securities in the United States by means of any form of general solicitation or general advertising within the meaning of Rule 502(c) under the Securities Act, or by means of a public offering within the meaning of Section 4(2) of the Securities Act, including, but not limited to (A) any advertisement, article, notice or other communication published in any newspaper, magazine or similar media or broadcast over television or radio, or (B) any seminar or meeting whose attendees have been invited by any general solicitation or general advertising. Each Purchaser severally agrees, with respect to resales made in reliance on Rule 144A of any of the Offered Securities, to deliver either with the confirmation of such resale or otherwise prior to settlement of such resale a notice to the effect that the resale of such Offered Securities has been made in reliance upon the exemption from the registration requirements of the Securities Act provided by Rule 144A.

e. Each of the Purchasers severally represents and agrees that (i) it has not offered or sold and prior to the date six months after the date of issue of the Offered Securities will not offer or sell any Offered Securities to

persons in the United Kingdom except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or otherwise in circumstances which have not resulted and will not result in an offer to the public in the United Kingdom within the meaning of the Public Offers of Securities Regulations 1995; (ii) it has complied and will comply with all applicable provisions of the Financial Services Act 1986 with respect to anything done by it in relation to the

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Offered Securities in, from or otherwise involving the United Kingdom; and (iii) it has only issued or passed on and will only issue or pass on in the United Kingdom any document received by it in connection with the issue of the Offered Securities to a person who is of a kind described in Article 11(3) of the Financial Services Act 1986 (Investment Advertisements) (Exemptions) Order 1996 or is a person to whom such document may otherwise lawfully be issued or passed on.

5. Certain Agreements of the Company. The Company agrees with the several Purchasers that:

a. The Company will advise CSFBC promptly of any proposal to amend or supplement the Offering Document and will not effect such amendment or supplementation without CSFBC's consent. If, at any time prior to the completion of the resale of the Offered Securities by the Purchasers, any event occurs as a result of which the Offering Document as then amended or supplemented would include an untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading, the Company promptly will notify CSFBC of such event and promptly will prepare, at its own expense, an amendment or supplement which will correct such statement or omission. Neither CSFBC's consent to, nor the Purchasers' delivery to offerees or investors of, any such amendment or supplement shall constitute a waiver of any of the conditions set forth in Section 6.

b. The Company will furnish to CSFBC copies of any preliminary offering circular, the Offering Document and all amendments and supplements to such documents, in each case as soon as available and in such quantities as CSFBC reasonably requests and the Company will furnish to CSFBC on the date hereof three copies of the Offering Document signed by a duly authorized Officer of the Company, one of which will include the independent accountant's report therein manually signed by such independent accountants. At any time when the Company is not subject to Section 13 or 15(d) of the Exchange Act, the Company will promptly furnish or cause to be furnished to CSFBC (and, upon request, to each of the other Purchasers) and, upon request of holders and prospective purchasers of the Offered Securities, to such holders and purchasers, copies of the information required to be delivered to holders and prospective purchasers of the Offered Securities pursuant to Rule 144A(d)(4) under the Securities Act (or any successor provision thereto) in order to permit compliance with Rule 144A in connection with resales by such holders of the Offered Securities. The Company will pay the expenses of printing and distributing to applicable persons referred to above all such documents.

c. The Company will promptly from time to time take such action as CSFBC may reasonably request to qualify the Offered Securities for sale under the securities laws of such jurisdictions in the United States and Canada as CSFBC may request and to comply with such laws so as to permit the continuance of sales and dealings therein in such jurisdiction for as long as may

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be necessary to complete the resale of the Offered Securities by the Purchasers, provided that the Company will not be required to qualify as a foreign corporation, to file a general consent to service of process in any such state or to take any action that would subject it to general taxation in any jurisdiction.

d. For so long as the Offered Securities are in global form, the

Company will furnish to CSFBC and, upon request, to each of the other Purchasers, as soon as practicable after the end of each fiscal year, a copy of its annual report to stockholders for such year; and the Company will furnish to CSFBC and, upon request, to each of the other Purchasers (i) as soon as available, a copy of each report and any definitive proxy statement of the Company filed with the Commission under the Exchange Act or mailed to stockholders and (ii) to furnish to the holders of the Offered Securities all other documents specified in Section 7.04 of the Indenture, all in the manner so specified. For a period of three years following the date of this Agreement, the Company will furnish to CSFBC and, upon request, to each of the other Purchasers, from time to time, such other information concerning the Company as CSFBC or such other Purchasers may reasonably request, provided any material nonpublic information received by CSFBC or the other Purchasers will be held in confidence and not used in violation of any applicable law.

e. During the period of two years after the Closing Date, the Company will, upon request, furnish to CSFBC, each of the other Purchasers and any holder of Offered Securities a copy of the restrictions on transfer applicable to the Offered Securities.

f. During the period of two years after the Closing Date, the Company will not, and will not permit any of its affiliates (as defined in Rule 144 under the Securities Act) to, resell any of the Offered Securities that have been reacquired by any of them.

g. During the period of two years after the Closing Date, the Company will not be or become, an open-end investment company, unit investment trust or face-amount certificate company that is or is required to be registered under Section 8 of the Investment Company Act.

h. The Company will pay or cause to be paid all expenses incidental to the performance of its obligations under this Agreement, the Indenture, the Third Supplemental Indenture and the Registration Rights Agreement (except, in the case of the Registration Rights Agreement, any underwriting discounts and commissions and all other costs and expenses customarily borne by security holders), including (i) the fees and expenses of the Trustee and its professional advisers in connection with the Indenture, the Third Supplemental Indenture and the Offered Securities; (ii) all expenses in connection with the execution, issue, authentication, packaging and initial delivery of the Offered Securities and, as applicable, the Exchange Securities (as defined in the Registration Rights Agreement), the preparation and printing of this Agreement, the Registration Rights Agreement, the Offered Securities, the Indenture, the Third Supplemental Indenture, the Offering Document and

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amendments and supplements thereto, and any other document relating to the issuance, offer, sale and delivery of the Offered Securities and as applicable, the Exchange Securities; (iii) the cost of listing the Offered Securities and qualifying the Offered Securities for trading in The Portal(SM) Market ("PORTAL") and any expenses incidental thereto; (iv) any expenses (including fees and disbursements of counsel) incurred in connection with qualification of the Offered Securities or the Exchange Securities for sale under the laws of such jurisdictions in the United States and Canada as CSFBC designates, including the fees and disbursements of counsel for the Purchasers (not to exceed \$5,500 in the aggregate) in connection with such qualification and in connection with the Blue Sky Memorandum; (v) any fees charged by investment rating agencies for the rating of the Securities or the Exchange Securities; (vi) the filing fees incident to, and fees and the disbursements of counsel to the Purchasers in connection with, any required review by the National Association of Securities Dealers, Inc. of the terms of the sale of the Offered Securities and (vii) the expenses incurred in distributing the Offering Document (including any amendments and supplements thereto) to the Purchasers. It is understood, however, that except as provided in this agreement, the Purchasers will pay for their own expenses, including the fees of their counsel, any transfer taxes on the resale of any of the Offered Securities by them, and any advertising expenses connected with any offers they may make.

i. In connection with the offering, until CSFBC shall have notified the Company and the other Purchasers of the completion of the resale of the Offered Securities, neither the Company nor any of its affiliates has or will,

either alone or with one or more other persons, bid for or purchase for any account in which it or any of its affiliates has a beneficial interest any Offered Securities or attempt to induce any person to purchase any Offered Securities; and neither it nor any of its affiliates will make bids or purchases for the purpose of creating actual, or apparent, active trading in, or of raising the price of, the Offered Securities.

j. During the period beginning on the date hereof and continuing to and including the Closing Date, the Company will not offer, sell, contract to sell, pledge or otherwise dispose of, directly or indirectly, any United States dollar-denominated debt securities issued or guaranteed by the Company and having a maturity of more than one year from the date of issue. The Company will not at any time offer, sell, contract to sell, pledge or otherwise dispose of, directly or indirectly, any securities under circumstances where such offer, sale, pledge, contract or disposition would cause the exemption afforded by Section 4(2) of the Securities Act or the safe harbor of Regulation S thereunder to cease to be applicable to the offer and sale of the Offered Securities.

6. Conditions of the Obligations of the Purchasers. The obligations of the several Purchasers to purchase and pay for the Offered Securities will be subject in the sole discretion of the Purchasers to the condition that all representations and warranties and other statements of the Company herein are, at and as of the Closing Date, true and correct, the condition that the Company

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shall have performed all of its obligations hereunder theretofore to be performed and to the following additional conditions precedent:

a. On the Closing Date KPMG LLP shall have furnished to the Purchasers a letter, dated the Closing Date, substantially in the form attached hereto as Annex IV);

b. Subsequent to the execution and delivery of this Agreement, there shall not have occurred (i) any material adverse change in the existing financial, political or economic conditions in the United States or elsewhere which, in the judgment of a majority in interest of the Purchasers including CSFBC, would materially and adversely affect the financial markets or the market for the Offered Securities and other debt securities; (ii)(A) any downgrading in the rating accorded any of the Company's debt securities by any "nationally recognized statistical rating organization", as that term is defined by the Commission for purposes of Rule 436(g) under the Securities Act, and (B) no such organization shall have publicly announced that it has under surveillance or review, with possible negative implications, its rating of any of the Company's debt securities; (iii) any suspension or material limitation in trading in securities generally on the New York Stock Exchange; (iv) any suspension in trading in the Company's securities on the New York Stock Exchange; (v) a general moratorium on commercial banking activities declared by either Federal or New York State authorities; or (vi) any outbreak or escalation of hostilities involving the United States, or the declaration by the United States of a national emergency or war if, in the judgment of a majority in interest of the Purchasers including CSFBC, the effect of any such outbreak, escalation, declaration, or emergency makes it impractical or inadvisable to proceed with completion of the offering or sale or delivery of and payment for the Offered Securities on the terms and in the manner contemplated in the Offering Document.

c. The Purchasers shall have received an opinion, dated the Closing Date, of Jones, Day, Reavis & Pogue, counsel for the Company, in substantially the form attached hereto as Annex I.

d. The Purchasers shall have received an opinion, dated the Closing Date, of the General Counsel or Deputy General Counsel of the Company in substantially the form attached hereto as Annex II.

e. The Purchasers shall have received an opinion, dated the Closing Date, from Simpson Thacher & Bartlett, counsel for the Purchasers, in substantially the form attached hereto as Annex III.

f. The Purchasers shall have received a certificate, dated the

Closing Date, signed on behalf of the Company by the President or any Vice President and a principal financial or

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accounting officer of the Company in which such officers state on behalf of the Company that the representations and warranties of the Company in this Agreement are true and correct, that the Company has complied with all agreements and satisfied all conditions on its part to be performed or satisfied hereunder at or prior to the Closing Date, and that, subsequent to the date of the most recent financial statements in the Exchange Act Reports there has been no material adverse change, nor any development or event involving a prospective material adverse change, in the condition (financial or other), business, properties or results of operations of the Company and its subsidiaries taken as a whole except as set forth in or contemplated by the Offering Document or as described in such certificate.

g. (i) Neither the Company nor any of its subsidiaries shall have sustained since the date of the latest audited financial statements included or incorporated by reference in the Offering Document as first amended or supplemented any loss or interference with its business from fire, explosion, flood or other calamity, whether or not covered by insurance, or from any labor dispute or court or governmental action, order or decree, otherwise than as set forth or contemplated in the Offering Document as amended or supplemented, and (ii) since the respective dates as of which information is given in the Offering Document as amended or supplemented there shall not have been any change in the capital stock or long-term debt of the Company or any of its subsidiaries or any change, or any development involving a prospective change, in or affecting the general affairs, management, financial position, shareholders' equity or results of operations of the Company and its subsidiaries, otherwise than as set forth or contemplated in the Offering Document as amended or supplemented, the effect of which, in any such case described in clause (i) or (ii), is in the judgment of the Purchasers so material and adverse as to make it impracticable or inadvisable to proceed with the offering or the delivery of the Offered Securities on the terms and in the manner contemplated in the Offering Document as amended or supplemented.

The Company will furnish the Purchasers with such conformed copies of such opinions, certificates, letters and documents as the Purchasers reasonably request. CSFBC may in its sole discretion waive on behalf of the Purchasers compliance with any conditions to the obligations of the Purchasers hereunder.

7. Indemnification and Contribution. a. The Company will indemnify and hold harmless each Purchaser against any losses, claims, damages or liabilities, joint or several, to which such Purchaser may become subject, under the Securities Act or the Exchange Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of any material fact contained in the Offering Document, or any amendment or supplement thereto, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were

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made, not misleading, including any losses, claims, damages or liabilities arising out of or based upon the Company's failure to perform its obligations under Section 5(a) of this Agreement and will reimburse each Purchaser for any legal or other expenses reasonably incurred by such Purchaser in connection with investigating or defending any such loss, claim, damage, liability or action as such expenses are incurred; provided, however, that the Company will not be liable in any such case to the extent that any such loss, claim, damage or liability arises out of or is based upon an untrue statement or alleged untrue statement in or omission or alleged omission from any of such documents in reliance upon and in conformity with written information furnished to the

Company by any Purchaser through CSFBC specifically for use therein.

b. Each Purchaser will severally and not jointly indemnify and hold harmless the Company against any losses, claims, damages or liabilities to which the Company may become subject, under the Securities Act or the Exchange Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of any material fact contained in the Offering Document, or any amendment or supplement thereto, or arise out of or are based upon the omission or the alleged omission to state therein a material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading, in each case to the extent, but only to the extent, that such untrue statement or alleged untrue statement or omission or alleged omission was made in reliance upon and in conformity with written information furnished to the Company by such Purchaser through CSFBC specifically for use therein, and will reimburse any legal or other expenses reasonably incurred by the Company in connection with investigating or defending any such loss, claim damage, liability or action as such expenses are incurred, provided, however, that the Purchasers shall not be liable for any losses, claims, damages or liabilities arising out of or based upon the Company's failure to perform its obligations under Section 5(a) of this Agreement.

c. Promptly after receipt by an indemnified party under this Section 7 of notice in writing of the commencement of any action, such indemnified party will, if a claim in respect thereof is to be made against the indemnifying party under subsection (a) or (b) above, notify the indemnifying party of the commencement thereof; but the omission so to notify the indemnifying party will not relieve it from any liability which it may have to any indemnified party otherwise than under subsection (a) or (b) above. In case any such action is brought against any indemnified party and it notifies the indemnifying party of the commencement thereof, the indemnifying party will be entitled to participate therein and, to the extent that it may wish, jointly with any other indemnifying party similarly notified, to assume the defense thereof, with counsel satisfactory to such indemnified party (who shall not, except with the consent of the indemnified party, be counsel to the indemnifying party), and after notice from the indemnifying party to such indemnified party of its election so to assume the defense thereof, the indemnifying party will not be liable to such indemnified party under this Section 7 for any legal or other expenses subsequently incurred by such indemnified party in

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connection with the defense thereof other than reasonable costs of investigation. No indemnifying party shall, without the prior written consent of the indemnified party, effect any settlement of any pending or threatened action in respect of which any indemnified party is or could have been a party and indemnity could have been sought hereunder by such indemnified party unless such settlement includes an unconditional release of such indemnified party from all liability on any claims that are the subject matter of such action and does not include a statement as to and an admission of fault, culpability or failure to act by or on behalf of any indemnified party.

d. If the indemnification provided for in this Section 7 is unavailable or insufficient to hold harmless an indemnified party under subsection (a) or (b) above, then each indemnifying party shall contribute to the amount paid or payable by such indemnified party as a result of the losses, claims, damages or liabilities referred to in subsection (a) or (b) above (i) in such proportion as is appropriate to reflect the relative benefits received by the Company on the one hand and the Purchasers on the other from the offering of the Offered Securities or (ii) if the allocation provided by clause (i) above is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (i) above but also the relative fault of the Company on the one hand and the Purchasers on the other in connection with the statements or omissions which resulted in such losses, claims, damages or liabilities as well as any other relevant equitable considerations. The relative benefits received by the Company on the one hand and the Purchasers on the other shall be deemed to be in the same proportion as the total net proceeds from the offering (before deducting expenses) received by the Company bear to the total discounts and commissions received by the Purchasers from the Company under this Agreement. The relative fault shall be

determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Company or the Purchasers and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such untrue statement or omission. The amount paid by an indemnified party as a result of the losses, claims, damages or liabilities referred to in the first sentence of this subsection (d) shall be deemed to include any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any action or claim which is the subject of this subsection (d). Notwithstanding the provisions of this subsection (d), no Purchaser shall be required to contribute any amount in excess of the amount by which the total price at which the Offered Securities purchased by it were resold exceeds the amount of any damages which such Purchaser has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. The Purchasers' obligations in this subsection (d) to contribute are several in proportion to their respective purchase obligations and not joint.

e. The obligations of the Company and the Purchasers under this Section 7 shall be in addition to any liability which the Company or the Purchasers may otherwise have and shall extend, upon the same terms and conditions, to the partners, directors and officers of the Company or such Purchaser and each person, if any, who controls the Company or such Purchaser within the meaning of Section 15 of the Securities Act.

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8. Default of Purchasers. If any Purchaser or Purchasers default in their obligations to purchase Offered Securities hereunder and the aggregate principal amount of Offered Securities that such defaulting Purchaser or Purchasers agreed but failed to purchase does not exceed 10% of the total principal amount of the Offered Securities, CSFBC may make arrangements satisfactory to the Company for the purchase of such Offered Securities by other persons, including any of the Purchasers, but if no such arrangements are made by the Closing Date, the non-defaulting Purchasers shall be obligated severally, in proportion to their respective commitments hereunder, to purchase the Offered Securities that such defaulting Purchasers agreed but failed to purchase. If any Purchaser or Purchasers so default and the aggregate principal amount of the Offered Securities with respect to which such default or defaults occur exceeds 10% of the total principal amount of the Offered Securities and arrangements satisfactory to CSFBC and the Company for the purchase of such Offered Securities by other persons are not made within 36 hours after such default, this Agreement will terminate without liability on the part of any non-defaulting Purchaser or the Company, except as provided in Section 9. As used in this Agreement, the term "Purchaser" includes any person substituted for a Purchaser under this Section 8. Nothing herein will relieve a defaulting Purchaser from liability for its default.

9. Survival of Certain Representations and Obligations. The respective indemnities, agreements, representations, warranties and other statements of the Company and of the several Purchasers set forth in or made pursuant to this Agreement will remain in full force and effect, regardless of any investigation, or statement as to the results thereof, made by or on behalf of any Purchaser, the Company or any of their respective representatives, officers or directors or any controlling person, and will survive delivery of and payment for the Offered Securities. If this Agreement is terminated pursuant to Section 8 or if for any reason the purchase of the Offered Securities by the Purchasers is not consummated, the Company shall remain responsible for the expenses to be paid or reimbursed by it pursuant to Section 5 and the respective obligations of the Company and the Purchasers pursuant to Section 7 shall remain in effect. If the purchase of the Offered Securities by the Purchasers is not consummated for any reason other than solely because of the termination of this Agreement pursuant to Section 8, the Company will reimburse the Purchasers for all out-of-pocket expenses (including fees and disbursements of counsel) reasonably incurred by them in connection with the offering of the Offered Securities and the Company shall then be under no further liability to any Purchaser except as provided in Sections 5(h) and 7 hereof.

10. Notices. All communications hereunder will be in writing and, if sent to the Purchasers will be mailed, delivered or telegraphed and confirmed to the Purchasers, c/o Credit Suisse First Boston Corporation, Eleven Madison

Avenue, New York, N.Y. 10010-3629, Attention: Transactions Advisory Group, or, if sent to the Company, will be mailed, delivered or telegraphed

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and confirmed to it at 7 West Seventh Street, Cincinnati, Ohio 45202, Attention: Chief Financial Officer and Secretary; provided, however, that any notice to a Purchaser pursuant to Section 7 will be mailed, delivered or telegraphed and confirmed to such Purchaser.

11. Successors. This Agreement will inure to the benefit of and be binding upon the parties hereto and their respective successors and to the extent provided in Sections 7 and 9 hereof, the officers and directors of the Company and the controlling persons referred to in Section 7, and no other person will have any right or obligation hereunder, except that holders of Offered Securities shall be entitled to enforce the agreements for their benefit contained in the second and third sentences of Section 5(b) hereof against the Company as if such holders were parties thereto.

12. Representation of Purchasers. You will act for the several Purchasers in connection with this purchase, and any action under this Agreement taken by you will be binding upon all the Purchasers.

13. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but all such counterparts shall together constitute one and the same Agreement.

14. APPLICABLE LAW. THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK WITHOUT REGARD TO PRINCIPLES OF CONFLICT OF LAWS.

The Company hereby submits to the non-exclusive jurisdiction of the Federal and state courts in the Borough of Manhattan in The City of New York in any suit or proceeding arising out of or relating to this Agreement or the transactions contemplated hereby.

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If the foregoing is in accordance with the Purchasers' understanding of our agreement, kindly sign and return to us one of the counterparts hereof, whereupon it will become a binding agreement between the Company and the several Purchasers in accordance with its terms.

Very truly yours,

FEDERATED DEPARTMENT STORES, INC.

By: /s/ Karen Hoguet

Name: Karen M. Hoguet
Title: Senior Vice President, CFO
and Treasurer

The foregoing Purchase Agreement is hereby confirmed and accepted as of the date first above written.

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CREDIT SUISSE FIRST BOSTON CORPORATION
SALOMON SMITH BARNEY INC.
CHASE SECURITIES INC.
NATIONSBANC MONTGOMERY SECURITIES LLC
PNC CAPITAL MARKETS, INC.

Acting on behalf of themselves
and as the Representative
of the several Purchasers

By: CREDIT SUISSE FIRST BOSTON CORPORATION

By: /s/ David Russell

Name: David Russell
Title: Managing Director

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SCHEDULE A

<TABLE>
<CAPTION>

INITIAL PURCHASER	PRINCIPAL AMOUNT OF NOTES	PRINCIPAL AMOUNT OF OFFERED SENIOR DEBENTURES	OFFERED SENIOR
-----	-----	-----	
<S>	<C>	<C>	
CREDIT SUISSE FIRST BOSTON CORPORATION		\$ 168,000,000	\$ 192,000,000
SALOMON SMITH BARNEY INC.		122,500,000	140,000,000
CHASE SECURITIES INC.	26,250,000	30,000,000	
NATIONSBANC MONTGOMERY SECURITIES LLC		26,250,000	30,000,000
PNC CAPITAL MARKETS, INC.	7,000,000	8,000,000	
	-----	-----	
Total	\$ 350,000,000	\$ 400,000,000	
	=====	=====	

</TABLE>

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SCHEDULE B

- o Federated's Annual Report on form 10-K for the fiscal year ended January 31, 1998;
- o Federated's Quarterly Reports on Form 10-Q for the fiscal quarters ended May 2, 1998, August 1, 1998 and October 31, 1998; and
- o Federated's Current Reports on form 8-K, dated August 19, 1998, September 2, 1998, December 3, 1998 and March 18, 1999.

March 24, 1999

Credit Suisse First Boston Corporation
Salomon Smith Barney
Chase Securities, Inc.
NationsBanc Montgomery Securities LLC
PNC Capital Markets, Inc.

c/o Credit Suisse First Boston Corporation
11 Madison Avenue
New York, New York 10010

Re: \$ Aggregate Principal Amount of % Senior Notes due
 March __, 2009 and \$ Aggregate Principal Amount
 of __% Senior Debentures due March __, 2029 of Federated
 Department Stores, Inc.

Ladies and Gentlemen:

We have acted as counsel for Federated Department Stores, Inc. (the "Company") in connection with the sale of \$ aggregate principal amount of the Company's % Senior Notes due 2009 and \$ aggregate principal amount of __% Senior Debentures due 2029 (the "Offered Securities") pursuant to the Purchase Agreement, dated March 18, 1999 (the "Purchase Agreement"), among you and the Company. The Offered Securities are being issued pursuant to the Indenture, dated as of September 10, 1997 (the "Base Indenture"), between the Company and Citibank, N.A., as trustee (the "Trustee"), as supplemented by the Third Supplemental Indenture, dated as of March 24, 1999, between the Company and the Trustee (the "Supplemental Indenture" and, together with the Base Indenture, the "Indenture"). This opinion is furnished to you pursuant to Section 6(c) of the Purchase Agreement. Except as otherwise defined herein, terms used herein with initial capital letters are so used with the respective meanings ascribed thereto in the Purchase Agreement.

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Credit Suisse First Boston Corporation, et al.

March 24, 1999

We have examined such documents, records and matters of law as we have deemed necessary for purposes of this opinion. Based thereupon, we are of the opinion that:

1. The Company has been duly incorporated and is validly existing as a corporation in good standing under the laws of the State of Delaware, with the requisite corporate power and authority to own its properties and conduct its business as described in the Offering Document as amended or supplemented prior to the date hereof;

2. The Purchase Agreement has been duly authorized, executed, and delivered by the Company;

3. The Registration Rights Agreement has been duly authorized, executed, and delivered by the Company and, assuming the Registration Rights Agreement is the valid and binding obligation of the Purchasers, is a valid and binding obligation of the Company, enforceable against the Company in accordance with its terms, except as the enforcement thereof may be subject to (a) bankruptcy, insolvency, reorganization and other laws of general applicability relating to or affecting creditors' rights and (b) general principles of equity, regardless of whether enforceability is considered in a proceeding in equity or at law;

4. The Offered Securities have been duly authorized, executed, authenticated, issued and delivered and constitute valid and binding obligations of the Company enforceable against the Company in accordance with their terms and are entitled to the benefits provided by the Indenture, except as the enforceability of the Offered Securities and the Indenture may be limited by bankruptcy, insolvency, reorganization, and other laws of general applicability relating to or affecting creditors' rights and to general principles of equity, regardless of whether such enforceability is considered in a proceeding in

equity or at law; and the Offered Securities, the Registration Rights Agreement and the Indenture conform in all material respects to the descriptions thereof in the Offering Document, as amended or supplemented prior to the date hereof;

5. The Indenture has been duly authorized, executed and delivered by the Company and, assuming that the Indenture is the valid and binding obligation of the Trustee, constitutes a valid and binding obligation of the Company, enforceable against the Company in accordance with its terms, except as the enforceability thereof may be limited by bankruptcy, insolvency, reorganization, and other laws of general applicability relating to or affecting creditors' rights and to general principles of equity, regardless of whether such enforceability is considered in

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Credit Suisse First Boston Corporation, et al.

March 24, 1999

a proceeding in equity or at law; and the Base Indenture has been duly qualified under the Trust Indenture Act;

6. No consent, approval, authorization, order, registration or qualification of or with any United States court or governmental agency or body is required for the issue and sale of the Offered Securities or the consummation by the Company of the transactions contemplated by the Purchase Agreement, the Registration Rights Agreement or the Indenture, except such as may be required under the Securities Act, the Exchange Act, and the Trust Indenture Act, and such consents, approvals, authorizations, orders, registrations or qualifications as may be required under state securities or Blue Sky laws in connection with the purchase and distribution of the Offered Securities by the Purchasers and except for the order of the Commission declaring the Exchange Offer Registration Statement or the Shelf Registration Statement effective;

7. The statements set forth in the Offering Document, as amended or supplemented prior to the date hereof, under the caption "Description of Securities" and under the caption "Plan of Distribution," insofar as they purport to summarize the provisions of the laws and agreements to which the Company or any of its affiliates is a party referred to therein, constitute accurate summaries of such provisions in all material respects;

8. The Company is not an "investment company" or an entity "controlled" by an "investment company," as such terms are defined in the Investment Company Act;

9. The documents incorporated by reference in the Offering Document or any amendment or supplement thereto made by the Company prior to the date hereof (other than the financial statements and related schedules and other financial or statistical data contained therein, as to which we express no opinion), when they were filed with the Commission, complied as to form in all material respects with the requirements of the Exchange Act and the rules and regulations of the Commission thereunder; and

10. No registration of the Offered Securities under the Securities Act of 1933, as amended, and no qualification of the Indenture under the Trust Indenture Act of 1939, is required for the offer and sale of the Offered Securities by the Company to the Purchasers or the reoffer and resale of the Offered Securities by the Purchasers to the initial purchasers therefrom solely in the manner contemplated by the Offering Document, the Purchase Agreement, and the Indenture.

We have participated in the preparation of the Offering Document (but not the documents incorporated by reference into the Offering Document) and, based on such participation, no facts have come to our attention which cause us to believe that, as of the date hereof, the Offering

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Credit Suisse First Boston Corporation, et al.

March 24, 1999

Document (including the Exchange Act Documents incorporated by reference

therein), as amended or supplemented prior to the date hereof (other than the financial statements and related schedules and other financial data contained or incorporated by reference therein, as to which we express no belief), contained an untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. However, we have not independently verified, and we assume no responsibility for, the accuracy, completeness, or fairness of the Offering Document as amended or supplemented prior to the date hereof (including any documents incorporated or deemed to be incorporated by reference therein) except to the extent of the opinion expressed in paragraph 7 hereof and for purposes of expressing the beliefs referred to in this paragraph we have made inquiry only of the lawyers who are members of or employed by this Firm involved in the preparation of the Offering Document.

We express no opinion as to the validity, binding effect, or enforceability of any provision of the Registration Rights Agreement or any related provisions of the Indenture that requires or relates to payment of any interest at a rate or in an amount which a court would determine in the circumstances under applicable law to be commercially unreasonable or a penalty or a forfeiture or any provision of the Registration Rights Agreement that requires or relates to indemnification or contribution.

In rendering the foregoing opinions, we have assumed (i) the due authorization, execution, and delivery of the Purchase Agreement by or on behalf of the Purchasers, (ii) the authenticity of all documents represented to us to be originals, the conformity to original documents of all copies of documents submitted to us, the accuracy and completeness of all corporate records made available to us by the Company, (iii) that the signatures on all documents examined by us are genuine and that where any such signature purports to have been made in a corporate, governmental, fiduciary, or other capacity, the person who affixed such signature to such document had authority to do so, and (iv) that the representations of the Purchasers and the Company in the Purchase

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Credit Suisse First Boston Corporation, et al.

March 24, 1999

Agreement are true and correct and that the statements and certificates described in the following paragraph are accurate in all material respects at the date of this opinion.

In rendering the foregoing opinions, we have relied, as to certain matters of fact, without any independent investigation, inquiry, or verification, upon statements or certificates of representatives of the Company and of the Trustee under the Indenture and upon statements or certificates of public officials. This opinion is limited to the federal laws of the United States of America, the laws of the State of New York, and the General Corporation Law of the State of Delaware.

This opinion is limited to the matters expressly stated herein, and no opinion is implied or may be inferred beyond the matters expressly stated herein. This opinion is furnished by us, as counsel for the Company, to you solely for your benefit and solely with respect to the purchase by you of the Offered Securities from the Company, and may not be relied upon by any other person for any purpose.

Very truly yours,

Jones, Day, Reavis & Pogue

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March 24, 1999

Credit Suisse First Boston Corporation
Salomon Smith Barney
Chase Securities, Inc.
NationsBanc Montgomery Securities LLC
PNC Capital Markets, Inc.

c/o Credit Suisse First Boston Corporation
11 Madison Avenue
New York, New York 10010

Re: \$ _____ Aggregate Principal Amount of ____% Senior Notes due
March __, 2009 and \$ _____ Aggregate Principal Amount
of ____% Senior Debentures due March __, 2029

Ladies and Gentlemen:

As General Counsel of Federated Department Stores, Inc. (the "Company"), I have acted as counsel for the Company in connection with the sale of \$ aggregate principal amount of the Company's % Senior Notes due 2009 and \$ _____ aggregate principal amount of the Company's ____% Senior Debentures 2029 (the "Offered Securities") pursuant to the Purchase Agreement, dated March 18, 1999 (the "Purchase Agreement"), between you and the Company. This opinion is furnished to you pursuant to Section 6(d) of the Purchase Agreement. The Offered Securities are being issued pursuant to the Indenture, dated as of September 10, 1997 (the "Base Indenture"), between the Company and Citibank, N.A., as trustee (the "Trustee"), as supplemented by the Third Supplemental Indenture, dated as of March 24, 1999 (the "Supplemental Indenture" and, collectively with the Base Indenture, the "Indenture") between the Company and the Trustee.

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Credit Suisse First Boston Corporation, et al.

March 24, 1999

Except as otherwise defined herein, terms used herein with initial capital letters are so used with the respective meanings ascribed thereto in the Purchase Agreement.

I have examined such documents, records and matters of law as I have deemed necessary for purposes of this opinion. Based thereupon, I am of the opinion that:

1. The Company has been duly incorporated and is validly existing as a corporation in good standing under the laws of the State of Delaware, with corporate power and authority to own its properties and conduct its business as described in the Offering Document as amended or supplemented prior to the date hereof;

2. The Company has been duly qualified as a foreign corporation for the transaction of business and is in good standing under the laws of each other jurisdiction in which it is required to be so qualified, except for such failures to be so qualified and in good standing as individually or in the aggregate would not have a Material Adverse Effect;

3. Each Significant Subsidiary of the Company has been duly incorporated and is validly existing as a corporation in good standing under the laws of its jurisdiction of incorporation; all of the issued shares of capital stock of each such Significant Subsidiary have been duly and validly authorized and issued, are fully paid and non-assessable, and (except as otherwise disclosed in the Offering Document as amended or supplemented prior to the date hereof) are owned directly or indirectly by the Company, free and clear of all material liens, encumbrances, equities or claims; each subsidiary of the Company has been duly incorporated and is validly existing as a corporation in good standing under the laws of its jurisdiction of incorporation, except where the

failure to be duly incorporated, validly existing and in good standing would not, individually or in the aggregate, have a Material Adverse Effect; and all of the issued shares of capital stock of each subsidiary of the Company have been duly and validly authorized and issued, are fully paid and non-assessable and are owned directly or indirectly by the Company, free and clear of all liens, encumbrances, equities or claims (except as otherwise disclosed in the Offering Document as amended or supplemented prior to the date hereof or where, individually or in the aggregate, the failure to have been duly and validly authorized and issued, to be fully paid and non-assessable or to be owned directly or indirectly by the Company free and clear of liens, encumbrances, equities or claims would not have a Material Adverse Effect);

4. To my knowledge, except as otherwise disclosed in the Offering Document as amended or supplemented prior to the date hereof, there are no legal or governmental proceedings pending to which the Company or any of its subsidiaries is a party or of which any property of the Company or any of its subsidiaries is the subject which, if determined adversely to the Company or any of its subsidiaries, is reasonably likely individually or in the aggregate to have a Material Adverse Effect; and, to my knowledge, no such proceedings are threatened or contemplated by governmental authorities or threatened by others;

5. The issue and sale of the Offered Securities and the compliance by the Company with all of the provisions of the Offered Securities, the Indenture, the Registration Rights

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Credit Suisse First Boston Corporation, et al.

March 24, 1999

Agreement and the Purchase Agreement and the consummation of the transactions therein contemplated will not conflict with or result in a breach or violation of any of the terms or provisions of, or constitute a default under, any indenture, mortgage, deed of trust, sale/leaseback agreement, loan agreement or other financing agreement or any other agreement or instrument known to me to which the Company or any of its subsidiaries is a party or by which the Company or any of its subsidiaries is bound or to which any of the property or assets of the Company or any of its subsidiaries is subject, except for such conflicts, breaches, violations and defaults as individually or in the aggregate would not have a Material Adverse Effect, nor will such action result in any material violation of the provisions of the Certificate of Incorporation or By-laws of the Company or (a) any material statute, order, rule or regulation of any court or governmental agency or body having jurisdiction over the Company or any of its Significant Subsidiaries or any of their properties or (b) any statute, order, rule or regulation of any court or governmental agency or body having jurisdiction over the Company or any of its subsidiaries or any of their properties, except, with respect to this clause (b) only, for such violations, defaults and failures as individually or in the aggregate would not have a Material Adverse Effect it being understood that no opinion is expressed in this paragraph 5 with respect to any matter governed by the Securities Act, the Exchange Act, the Trust Indenture Act or any state's or other jurisdiction's securities or Blue Sky laws;

6. Neither the Company nor any of its Subsidiaries is (a) in violation of its certificate of incorporation or by-laws (or comparable governing documents) or (b) in default in the performance or observance of any material obligation, covenant or condition contained in any indenture, mortgage, deed of trust, loan agreement, lease or other agreement or instrument known to me after due inquiry to which it is a party or by which it or any of its properties may be bound, except for such violations and defaults as individually or in the aggregate would not have a Material Adverse Effect;

7. The Purchase Agreement has been duly authorized, executed and delivered by the Company;

8. The Offered Securities have been duly authorized, executed, authenticated, issued and delivered and constitute valid and binding obligations of the Company enforceable against the Company in accordance with their terms and are entitled to the benefits provided by the Indenture, except as the enforceability of the Offered Securities and the Indenture may be limited by bankruptcy, insolvency, reorganization and other laws of general applicability relating to or affecting creditors' rights and to general principles of equity, regardless of whether such enforceability is considered in a proceeding in

equity or at law; and the Offered Securities, the Registration Rights Agreement and the Indenture conform in all material respects to the descriptions thereof in the Offering Document, as amended or supplemented prior to the date hereof;

9. The Registration Rights Agreement has been duly authorized, executed, and delivered by the Company and, assuming that the Registration Rights Agreement is the valid and legally binding obligation of the Purchasers, is a valid and binding obligation of the Company, enforceable against the Company in accordance with its terms, except as the enforcement thereof may be subject to (a) bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium,

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Credit Suisse First Boston Corporation, et al.

March 24, 1999

and other similar laws now or hereafter in effect relating to or affecting enforcement of creditors' rights generally and (b) general principles of equity, regardless of whether enforceability is considered in a proceeding at law or in equity;

10. The Indenture has been duly authorized, executed and delivered by the Company and, assuming that the Indenture is the valid and binding obligation of the Trustee, constitutes a valid and binding obligation of the Company, enforceable against the Company in accordance with its terms, except as the enforceability thereof may be limited by bankruptcy, insolvency, reorganization and other laws of general applicability relating to or affecting creditors' rights and to general principles of equity, regardless of whether such enforceability is considered in a proceeding in equity or at law; and the Base Indenture has been duly qualified under the Trust Indenture Act;

11. No consent, approval, authorization, order, registration or qualification of or with any United States court or governmental agency or body is required for the issue and sale of the Offered Securities or the consummation by the Company of the transactions contemplated by the Purchase Agreement, the Registration Rights Agreement or the Indenture except such as may be required under the Securities Act, the Exchange Act, and the Trust Indenture Act and such consents, approvals, authorizations, orders, registrations or qualifications as may be required under the state securities or Blue Sky laws in connection with the purchase and distribution of the Offered Securities by the Purchasers and except for the order of the Commission declaring the Exchange Offer Registration Statement or the Shelf Registration Statement effective;

12. The statements set forth in the Offering Document, as amended or supplemented prior to the date hereof, under the caption "Description of Securities" and under the caption "Plan of Distribution," insofar as they purport to summarize the provisions of the laws and documents referred to therein, constitute accurate summaries of such provisions in all material respects;

13. The Company is not an "investment company" or an entity "controlled" by an "investment company," as such terms are defined in the Investment Company Act;

14. The documents incorporated by reference in the Offering Document or any amendment or supplement thereto made by the Company prior to the date hereof (other than the financial statements and related schedules and other financial or statistical data contained or incorporated by reference therein, as to which I express no opinion), when they were filed with the Commission, complied as to form in all material respects with the requirements of the Exchange Act and the rules and regulations of the Commission thereunder; and no facts have come to my attention that cause me to believe that any of the documents referred to in this paragraph 14, when such documents were so filed, contained an untrue statement of a material fact or omitted to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made when such documents were so filed, not misleading. However, I have not independently verified, and I assume no responsibility, for the accuracy, completeness or fairness

of the Offering Document, as amended or supplemented (including any documents incorporated by reference therein), except to the extent of the opinion expressed in paragraph 12;

15. I do not know of any exhibits to any documents incorporated by reference into the Offering Document which are required to be filed which have not been so filed; and

16. It is not necessary in connection with (i) the offer, sale and delivery of the Offered Securities by the Company to the several Purchasers pursuant to the Purchase Agreement or (ii) the resales of the Offered Securities by the several Purchasers in the manner contemplated by the Purchase Agreement, to register the Offered Securities under the Securities Act or to qualify an indenture in respect thereof under the Trust Indenture Act.

In rendering the opinions in paragraphs 8 through 14 and 16 hereof, I have relied solely on the opinion of Jones, Day, Reavis & Pogue furnished to you pursuant to Section 6(c) of the Purchase Agreement.

I express no opinion as to the validity, legally binding effect or enforceability of any provision of the Registration Rights Agreement or any related provisions of the Indenture that requires or relates to payment of any interest at a rate or in an amount which a court would determine in the circumstances under applicable law to be commercially unreasonable or a penalty or a forfeiture or any provision of the Registration Rights Agreement that requires or relates to indemnification or contribution.

In rendering this opinion, I have assumed that (i) the signatures on all documents examined by me are genuine and that, where any such signature purports to have been made in a corporate, governmental, fiduciary or other capacity, the person who affixed such signature to such document had authority to do so and (ii) the representations of the Purchasers in the Purchase Agreement are true and correct and the statements and certificates described in the following paragraph are accurate in all material respects at the date of this opinion.

I am a member of the bar of the State of Ohio, and have not been admitted to the bar of any other jurisdiction. In rendering the opinions set forth herein, my examination of matters of law has been limited to the federal laws of the United States of America, the corporation laws of the States of Delaware and Ohio, and the laws of the State of New York. In rendering the opinions in paragraphs 1-13 and paragraphs 15 and 16, I have relied, as to certain matters of fact, without any independent investigation, inquiry or verification, upon statements or certificates of representatives of the Company and of the Trustee under the Indenture and upon statements or certificates of public officials.

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This opinion is furnished by me, as General Counsel of the Company, to you solely for your benefit and solely with respect to the purchase by you of the Offered Securities from the Company, upon the understanding that I am not assuming hereby any professional responsibility to any other person whatsoever.

Very truly yours,

Dennis J. Broderick

ANNEX III

March 24, 1999

CREDIT SUISSE FIRST BOSTON CORPORATION
SALOMON SMITH BARNEY
CHASE SECURITIES INC.
NATIONSBANC MONTGOMERY SECURITIES LLC
PNC CAPITAL MARKETS, INC.

c/o Credit Suisse First Boston Corporation
11 Madison Avenue
New York, New York 10010

Ladies and Gentlemen:

We have acted as your counsel in connection with the purchase by you of \$ _____ aggregate principal amount of ____ % Senior Notes due March __, 2009 and \$ _____ aggregate principal amount of ____ % Senior Debentures due March __, 2029 (the "Securities") of Federated Department Stores, Inc., a Delaware corporation (the "Company"), pursuant to the Purchase Agreement dated March 18, 1999 (the "Purchase Agreement") among Credit Suisse First Boston Corporation, Salomon Smith Barney, Chase Securities, Inc., NationsBanc Montgomery Securities LLC and PNC Capital Markets, Inc. as initial purchasers (the "Initial Purchasers") and the Company.

We have examined the Offering Circular dated March __, 1999 relating to the sale of the Securities (the "Offering Circular"), which incorporates by reference the Annual Report on Form 10-K of the Company for the fiscal year ended January 31, 1998, the Quarterly Reports on Form 10-Q of the Company for the fiscal quarters ended May 2, 1998, August 1, 1998 and October 31, 1998, the Current Reports on Form 8-K of the Company, dated August 19, 1998, September 2, 1998, December 3, 1998 and March 18, 1999, (the "Exchange Act Documents"), each as filed under the Securities Exchange Act of 1934, as amended (the "Exchange Act"); the Indenture dated as of September 10, 1997, as supplemented by the Third Supplemental Indenture dated as of March 24, 1999 (the "Indenture") between the Company and Citibank, N.A., as Trustee (the "Trustee") relating to the Securities; the Purchase Agreement; and the Registration

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Rights Agreement dated as of March 18, 1999 (the "Registration Rights Agreement") among the Company and the Initial Purchasers. In addition, we have examined, and have relied as to matters of fact upon, the documents delivered to you at the closing, and upon originals or duplicates or certified or conformed copies, of such corporate records, agreements, documents and other instruments and such certificates or comparable documents of public officials and of officers and representatives of the Company, and have made such other investigations, as we have deemed relevant and necessary in connection with the opinions hereinafter set forth.

In such examination, we have assumed the genuineness of all signatures, the legal capacity of natural persons, the authenticity of all documents submitted to us as originals, the conformity to original documents of all documents submitted to us as certified or photostatic copies, and the authenticity of the originals of such latter documents.

Based upon the foregoing, and subject to the qualifications and limitations stated herein, we are of the opinion that:

1. The Company has been duly incorporated and is validly existing and in good standing as a corporation under the laws of the State of

Delaware.

2. The Indenture has been duly authorized, executed and delivered by the Company and, assuming that the Indenture is the valid and legally binding obligation of the Trustee, constitutes a valid and legally binding obligation of the Company enforceable against the Company in accordance with its terms.

3. The Securities have been duly authorized, executed and issued by the Company and, assuming due authentication thereof by the Trustee and upon payment and delivery in accordance with the Purchase Agreement, will constitute valid and legally binding obligations of the Company enforceable against the Company in accordance with their terms and entitled to the benefits of the Indenture.

4. The Registration Rights Agreement has been duly authorized, executed and delivered by the Company and, assuming that the Registration Rights Agreement is the valid and legally binding obligation of the Initial Purchasers, constitutes a valid and legally binding obligation of the Company, enforceable against the Company in accordance with its terms.

5. The Purchase Agreement has been duly authorized, executed and delivered by the Company.

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6. The statements made in the Offering Document under the caption "Description of Securities," insofar as they purport to constitute summaries of certain terms of documents referred to therein, constitute accurate summaries of the terms of such documents in all material respects.

7. No registration under the Securities Act of 1933, as amended, of the Securities and no qualification of the Indenture under the Trust Indenture Act of 1939, as amended, is required for the offer and sale of the Securities by the Company to the Initial Purchasers or the reoffer and resale of the Securities by the Initial Purchasers to the initial purchasers therefrom solely in the manner contemplated by the Offering Circular, the Purchase Agreement and the Indenture.

Our opinions in paragraphs 2, 3 and 4 above are subject to (i) the effects of bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws relating to or affecting creditors' rights generally, (ii) general equitable principles (whether considered in a proceeding in equity or at law) and (iii) an implied covenant of good faith and fair dealing. Our opinion in paragraph 4 is further limited by considerations of public policy.

We express no opinion as to the validity, legally binding effect or enforceability of any provision of the Registration Rights Agreement or any related provisions of the Indenture that requires or relates to payment of any interest at a rate or in an amount which a court would determine in the circumstances under applicable law to be commercially unreasonable or a penalty or a forfeiture. In addition, we express no opinion as to the validity, legally binding effect or enforceability of the specific performance provisions of the Registration Rights Agreement.

All legal proceedings taken by the Company in connection with the offering of the Securities, and the legal opinions, dated the date hereof, rendered to you by Dennis J. Broderick, General Counsel, Senior Vice President and Secretary of the Company, and Jones, Day, Reavis & Pogue, counsel for the Company, pursuant to the Purchase Agreement, are in form satisfactory to us.

We have not independently verified the accuracy, completeness or fairness of the statements made or included in the Offering Circular or the Exchange Act Documents and take no responsibility therefor, except as and to the extent set forth in paragraph 6 above. In the course of the preparation by the Company of the Offering Circular (excluding the Exchange Act

Documents), we participated in conferences with certain officers and employees of the Company, with representatives of KPMG LLP and with counsel to the Company. We did not participate in the preparation of the Exchange Act Documents or review the Exchange Act Documents prior to their filing with the Securities and Exchange Commission. Based upon our examination of the Offering Circular and the Exchange Act Documents, our investigations made in connection with the preparation of the Offering Circular (excluding the Exchange Act Documents) and our participation in the conferences referred to above, we have no reason to believe that Offering Circular (including the Exchange Act Documents) contains any untrue statement of a material fact or omits to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading, except that we express no belief with respect to the financial statements or other financial data contained or incorporated by reference in Offering Circular or the Exchange Act Documents.

We are members of the Bar of the State of New York and we do not express any opinion herein concerning any law other than the law of the State of New York, the federal law of the United States and the Delaware General Corporation Law.

This opinion letter is rendered to you in connection with the above described transactions. This opinion letter may not be relied upon by you for any other purpose, or relied upon by, or furnished to, any other person, firm or corporation without our prior written consent.

Very truly yours,

SIMPSON THACHER & BARTLETT

EXHIBIT 4.2
EXECUTION COPY

FEDERATED DEPARTMENT STORES, INC.

and

CITIBANK, N.A.

Trustee

THIRD SUPPLEMENTAL TRUST INDENTURE

Dated as of March 24, 1999

Supplementing that certain

INDENTURE

Dated as of September 10, 1997

Authorizing the Issuance and Delivery of

Senior Securities

consisting of \$350,000,000 aggregate principal amount of

6.30% Senior Notes Due 2009

and

consisting of \$400,000,000 aggregate principal amount of

6.90% Senior Debentures Due 2029

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THIRD SUPPLEMENTAL INDENTURE, dated as of March 24, 1999, between Federated Department Stores, Inc., a corporation duly organized and existing under the laws of the State of Delaware (the "Company"), and Citibank, N.A., a national banking association duly organized and validly existing under the laws of the United States of America, as Trustee (the "Trustee"), supplementing that certain Indenture, dated as of September 10, 1997, between the Company and the Trustee (the "Indenture").

RECITALS

A. The Company has duly authorized the execution and delivery of the Indenture to provide for the issuance from time to time of its unsecured debentures, notes, or other evidences of indebtedness to be issued in one or more series as provided for in the Indenture.

B. The Indenture provides that the securities of each series issued thereunder shall be in substantially the form set forth in the Indenture, or in such other form as may be established by or pursuant to a Board Resolution or in one or more indentures supplemental thereto, in each case with such appropriate insertions, omissions, substitutions, and other variations as are required or permitted by the Indenture, and may have such letters, numbers, or other marks of identification and such legends or endorsements placed thereon as may be required to comply with the rules of any securities exchange or as may, consistently therewith, be determined by the officers executing such securities, as evidenced by their execution thereof.

C. The Company and the Trustee have agreed that the Company shall issue and deliver, and the Trustee shall authenticate, (1) securities denominated "6.30% Senior Notes Due 2009" (the "Senior Notes") and "6.90% Senior Debentures Due 2029" (the "Senior Debentures" and, together with the Senior Notes, the "Initial Securities"), and (2), if and when issued in exchange for Initial Securities as provided in the Registration Rights Agreement (as hereinafter defined in this Supplemental Indenture), securities denominated "6.30% Series B Senior Notes Due 2009" (the "Exchange Notes") and "6.90% Series B Senior Debentures Due 2029" (the "Exchange Debentures" and, together with the Exchange Notes, the "Exchange Securities") and (3) if and when issued in exchange for Initial Securities pursuant to a private exchange as provided in the Registration Rights Agreement, securities denominated "6.30% Series C Senior Notes Due 2009" (the "Private Exchange Notes") and "6.90% Series C Senior Debentures Due 2029" (the "Private Exchange Debentures" and, together with the Private Exchange Notes, the "Private Exchange Securities" and, together with the Initial Securities and the Exchange Securities, the "Securities") pursuant to

the terms of this Supplemental Indenture and substantially in the form provided below, in each case with such appropriate insertions, omissions, substitutions, and other variations as are required or permitted by the Indenture and this Supplemental Indenture, and with such letters, numbers, or other marks of identification and such legends or endorsements placed thereon as may be required to comply with the rules of any securities exchange or as may, consistently herewith, be determined by the officers executing such Securities, as evidenced by their execution of such Securities.

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D. All acts and things necessary to make the Securities, when the Securities have been executed by the Company and authenticated by the Trustee and delivered as provided in the Indenture and this Supplemental Indenture, the valid, binding, and legal obligations of the Company and to constitute these presents a valid indenture and agreement according to its terms, have been done and performed, and the execution and delivery by the Company of the Indenture and this Supplemental Indenture and the issue hereunder of the Securities have in all respects been duly authorized; and the Company, in the exercise of legal right and power in it vested, has executed and delivered the Indenture and is executing and delivering this Supplemental Indenture and proposes to make, execute, issue, and deliver the Securities.

NOW, THEREFORE, THIS SUPPLEMENTAL INDENTURE WITNESSETH:

In order to declare the terms and conditions upon which the Securities are authenticated, issued, and delivered, and in consideration of the premises and of the purchase and acceptance of the Securities by the Holders thereof, it is mutually agreed, for the equal and proportionate benefit of the respective Holders from time to time of the Securities, as follows:

ARTICLE I. CERTAIN DEFINITIONS.

SECTION 1.1. CERTAIN DEFINITIONS.

The terms defined in this Section 1.1 (except as herein otherwise expressly provided or unless the context of this Supplemental Indenture otherwise requires) for all purposes of this Supplemental Indenture and of any indenture supplemental hereto have the respective meanings specified in this Section 1.1. All accounting terms not otherwise defined herein have the meanings assigned to them in accordance with GAAP. All other terms used in this Supplemental Indenture that are defined in the Indenture or the Trust Indenture Act, either directly or by reference therein (except as herein otherwise expressly provided or unless the context of this Supplemental Indenture otherwise requires), have the respective meanings assigned to such terms in the Indenture or the Trust Indenture Act, as the case may be, as in force at the date of this Supplemental Indenture as originally executed.

"Additional Interest" has the meaning provided in the Registration Rights Agreement.

"Agent Members" has the meaning provided in Section 2.1(d).

"Bank Facilities" means the financing provided to the Company by certain financial institutions pursuant to (i) the Five-Year Credit Agreement, pursuant to which such financial institutions have provided the Company with a \$1,500,000,000 revolving loan facility and (ii) the 364-Day Credit Agreement, pursuant to which such financial institutions have provided the Company with a \$500,000,000 revolving loan facility, with Citibank N.A., as administrative agent and paying agent, The Chase Manhattan Bank as administrative agent, BankBoston, N.A. as

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syndication agent, and Bank of America National Trust & Savings Association, as documentation agent, as the same may be amended, supplemented, or otherwise

modified from time to time.

"Cash Equivalent" means: (a) obligations issued or unconditionally guaranteed as to principal and interest by the United States of America or by any agency or authority controlled or supervised by and acting as an instrumentality of the United States of America; (b) obligations (including, but not limited to, demand or time deposits, bankers' acceptances and certificates of deposit) issued by a depository institution or trust company or a wholly owned Subsidiary or branch office of any depository institution or trust company, provided that (i) such depository institution or trust company has, at the time of the Company's or any Restricted Subsidiary's Investment therein or contractual commitment providing for such Investment, capital, surplus, or undivided profits (as of the date of such institution's most recently published financial statements) in excess of \$100.0 million and (ii) the commercial paper of such depository institution or trust company, at the time of the Company's or any Restricted Subsidiary's Investment therein or contractual commitment providing for such Investment, is rated at least A1 by S&P or P-1 by Moody's; (c) debt obligations (including, but not limited to, commercial paper and medium term notes) issued or unconditionally guaranteed as to principal and interest by any corporation, state, or municipal government or agency or instrumentality thereof, or foreign sovereignty, if the commercial paper of such corporation, state, or municipal government or foreign sovereignty, at the time of the Company's or any Restricted Subsidiary's Investment therein or contractual commitment providing for such Investment, is rated at least A1 by S&P or P-1 by Moody's; (d) repurchase obligations with a term of not more than seven days for underlying securities of the type described above entered into with a depository institution or trust company meeting the qualifications described in clause (b) above; and (e) Investments in money market or mutual funds that invest predominantly in Cash Equivalents of the type described in clauses (a), (b), (c), and (d) above; provided, however, that, in the case of clauses (a) through (c) above, each such Investment has a maturity of one year or less from the date of acquisition thereof.

"Consolidated Net Tangible Assets" means total assets (less depreciation and valuation reserves and other reserves and items deductible from gross book value of specific asset accounts under GAAP) after deducting therefrom (i) all current liabilities and (ii) all goodwill, trade names, trademarks, patents, unamortized debt discount, organization expenses, and other like intangibles, all as set forth on the most recent balance sheet of the Company and its consolidated Subsidiaries and computed in accordance with GAAP.

"Depository" means The Depository Trust Company, its nominees and their respective successors and assigns.

"Exchange Debentures" has the meaning provided in the recitals hereto.

"Exchange Notes" has the meaning provided in the recitals hereto.

"Exchange Securities" has the meaning provided in the recitals hereto.

"Existing Indebtedness" means all Indebtedness under or evidenced by: (a) the Securities; (b) the Company's 7% Senior Debentures Due 2028; (c) the Company's "6 1/8% Term Enhanced Remarketable Securities(SM)"; (d) the Company's 6.79% Senior Debentures Due 2027; (e)

the Company's 10% Senior Notes Due 2001; (f) the Company's 8.125% Senior Notes Due 2002; (g) the Company 8 1/2% Senior Notes due 2003; (h) the Company's 7.45% Senior Debentures due 2017; (i) Fingerhut's 7.375% Senior Notes due 1999; (j) the outstanding principal amount of notes issued pursuant to the Mortgage Note Agreement, between Macy's Primary Real Estate, Inc. and Federated Noteholding Corporation; (k) the outstanding principal amount of notes issued pursuant to the Loan Agreement among Lazarus PA, Inc., PNC Bank Ohio, National Association, as agent, and the financial institutions party thereto; (l) Capital Lease Obligations of the Company and the Restricted Subsidiaries existing on the date of issuance of the Initial Securities; and (m) the other secured Indebtedness of the Company or secured or unsecured Indebtedness of the Restricted Subsidiaries existing on the date of the issuance of the Initial Securities.

"Fingerhut" means Fingerhut Companies, Inc.

"Global Securities" has the meaning provided in Section 2.1(c).

"Initial Purchasers" means Credit Suisse First Boston Corporation, Salomon Smith Barney Inc., Chase Securities Inc., NationsBanc Montgomery Securities LLC and PNC Capital Markets, Inc.

"Initial Securities" has the meaning provided in the recitals hereto.

"Investment" means, with respect to any Person, any direct or indirect loan or other extension of credit or capital contribution to (by means of any transfer of cash or other property to others or any payment for property or services for the account or use of others), or any purchase or acquisition by such Person of any capital stock, bonds, notes, debentures, or other securities or evidences of Indebtedness issued by any other Person. The amount of any Investment shall be the original cost thereof, plus the cost of all additions thereto, without any adjustments for increases or decreases in value, write-ups, write-downs, or write-offs with respect to such Investment.

"Lien" means any mortgage, deed of trust, pledge, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or other), security interest, or preference, priority, or other security agreement or preferential arrangement of any kind or nature whatsoever intended to assure payment of any Indebtedness or other obligation, including without limitation any conditional sale, deferred purchase price, or other title retention agreement, the interest of a lessor under a Capital Lease Obligation, any financing lease having substantially the same economic effect as any of the foregoing, and the filing, under the Uniform Commercial Code or comparable law of any jurisdiction, of any financing statement naming the owner of the asset to which such Lien relates as debtor.

"Moody's" means Moody's Investors Service, Inc. or any successor to the rating agency business thereof.

"Notice" means, with respect to an Offer to Purchase, a written notice stating:

(a) the Section of this Supplemental Indenture pursuant to which such Offer to Purchase is being made;

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(b) the applicable Purchase Amount (including, if less than all the Securities, the calculation thereof pursuant to the Section hereof requiring such Offer to Purchase);

(c) the applicable Purchase Date;

(d) the purchase price to be paid by the Company for each \$1,000 principal amount at maturity of Securities accepted for payment (as specified in this Supplemental Indenture);

(e) that the Holder of any Security may tender for purchase by the Company all or any portion of such Security equal to \$1,000 principal amount or any integral multiple thereof;

(f) the place or places where Securities are to be surrendered for tender pursuant to such Offer to Purchase;

(g) that any Security not tendered or tendered but not purchased by the Company pursuant to such Offer to Purchase shall continue to accrue interest as set forth in such Security and this Supplemental Indenture;

(h) that on the Purchase Date the purchase price shall become due and payable upon each Security (or portion thereof) selected for purchase pursuant to such Offer to Purchase and that interest thereon shall cease to accrue on and after the Purchase Date;

(i) that each Holder electing to tender a Security pursuant to such Offer to Purchase shall be required to surrender such Security at the place or places specified in the Notice prior to the close of business on the fifth Business Day prior to the Purchase Date (such Security being, if the Company or the Trustee so requires, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Company and the Trustee duly executed by, the Holder thereof or its attorney duly authorized in writing);

(j) that (i) if Securities (or portions thereof) in an aggregate principal amount less than or equal to the Purchase Amount are duly tendered and not withdrawn pursuant to such Offer to Purchase, the Company shall purchase all such Securities and (ii) if Securities in an aggregate principal amount in excess of the Purchase Amount are duly tendered and not withdrawn pursuant to such Offer to Purchase, (A) the Company shall purchase Securities having an aggregate principal amount equal to the Purchase Amount and (B) the particular Securities (or portions thereof) to be purchased shall be selected by such method as the Trustee shall deem fair and appropriate and which may provide for the selection for purchase of portions (equal to \$1,000 or an integral multiple of \$1,000) of the principal amount of Securities of a denomination larger than \$1,000;

(k) that, in the case of any Holder whose Security is purchased only in part, the Company shall execute, and the Trustee shall authenticate and deliver to the Holder of such Security without service charge, a new Security or Security of any authorized denomination

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as requested by such Holder in an aggregate principal amount equal to and in exchange for the unpurchased portion of the Security so tendered; and

(l) any other information required by applicable law to be included therein.

"Offer to Purchase" means an offer to purchase Securities pursuant to and in accordance with a Notice, in the aggregate Purchase Amount, on the Purchase Date, and at the purchase price specified in such Notice (as determined pursuant to this Supplemental Indenture). Any Offer to Purchase shall remain open from the time of mailing of the Notice until the Purchase Date, and shall be governed by and effected in accordance with, and the Company and the Trustee shall perform their respective obligations specified in, the Notice for such Offer to Purchase.

"Permitted Liens" means: (a) Liens (other than Liens on inventory) securing (A) Existing Indebtedness; (B) Indebtedness under the Bank Facilities in an aggregate principal amount at any one time not to exceed \$2,800.0 million, less (i) principal payments actually made by the Company on any term loan facility under such Bank Facilities (other than principal payments made in connection with or pursuant to a refinancing of the Bank Facilities in compliance with clause (a)(I) below) and (ii) any amounts by which any revolving credit facility commitments under the Bank Facilities are permanently reduced (other than permanent reductions made in connection with or pursuant to a refinancing of the Bank Facilities in compliance with clause (a)(I) below) except that under no circumstances shall the total allowable indebtedness under this clause (a)(B) be less than \$1,250.0 million (subject to increase from and after the date hereof at a rate, compounded annually, equal to 3% per annum) if incurred for the purpose of providing the Company and its Subsidiaries with working capital, including without limitation, bankers' acceptances, letters of credit, and similar assurances of payment whether as part of the Bank Facilities or otherwise; (C) Indebtedness existing as of the date of the initial issuance of Securities of any Subsidiary of the Company engaged primarily in the business of owning or leasing real property; (D) Indebtedness incurred for the purpose of financing store construction and remodeling or other capital expenditures; (E) Indebtedness in respect of the deferred purchase price of property or arising under any conditional sale or other title retention agreement; (F) Indebtedness of a Person acquired by the Company or a Subsidiary of the Company at the time of such acquisition; (G) to the extent deemed to be "Indebtedness," obligations under swap agreements, cap agreements, collar agreements, insurance arrangements, or any other agreement or arrangement, in each case designed to provide protection against fluctuations in interest rates, the cost of currency

or the cost of goods (other than inventory); (H) other Indebtedness in outstanding amounts not to exceed, in the aggregate, the greater of \$750.0 million and 12.5% of Consolidated Net Tangible Assets of the Company and the Restricted Subsidiaries at any particular time; and (I) Indebtedness incurred in connection with any extension, renewal, refinancing, replacement, or refunding (including successive extensions, renewals, refinancings, replacements, or refundings), in whole or in part, of any Indebtedness of the Company or the Restricted Subsidiaries; provided, however, that the principal amount of the Indebtedness so incurred does not exceed the sum of the principal amount of the Indebtedness so extended, renewed, refinanced, replaced, or refunded, plus all interest accrued thereon and all related fees and expenses (including any payments made in connection with procuring any required lender or similar consents); (b) Liens incurred and pledges and deposits made in the ordinary course of business in connection with liability insurance, workers' compensation, unemployment insurance, old-age pensions, and other social security benefits other than in respect of employee benefit plans subject to the Employee

Retirement Income Security Act of 1974, as amended; (c) Liens securing performance, surety, and appeal bonds and other obligations of like nature incurred in the ordinary course of business; (d) Liens on goods and documents securing trade letters of credit; (e) Liens imposed by law, such as carriers', warehousemen's, mechanics', materialmen's, and vendor's Liens, incurred in the ordinary course of business and securing obligations which are not yet due or which are being contested in good faith by appropriate proceedings; (f) Liens securing the payment of taxes, assessments, and governmental charges or levies, either (i) not delinquent or (ii) being contested in good faith by appropriate legal or administrative proceedings and as to which adequate reserves shall have been established on the books of the relevant Person in conformity with GAAP; (g) zoning restrictions, easements, rights of way, reciprocal easement agreements, operating agreements, covenants, conditions, or restrictions on the use of any parcel of property that are routinely granted in real estate transactions or do not interfere in any material respect with the ordinary conduct of the business of the Company and its Subsidiaries or the value of such property for the purpose of such business; (h) Liens on property existing at the time such property is acquired; (i) purchase money Liens upon or in any property acquired or held in the ordinary course of business to secure Indebtedness incurred solely for the purpose of financing the acquisition of such property; (j) Liens on the assets of any Subsidiary of the Company at the time such Subsidiary is acquired; (k) Liens with respect to obligations in outstanding amounts not to exceed \$100.0 million at any particular time and that (i) are not incurred in connection with the borrowing of money or obtaining advances or credit (other than trade credit in the ordinary course of business) and (ii) do not in the aggregate interfere in any material respect with the ordinary conduct of the business of the Company and its Subsidiaries; and (l) without limiting the ability of the Company or any Restricted Subsidiary to create, incur, assume, or suffer to exist any Lien otherwise permitted under any of the foregoing clauses, any extension, renewal, or replacement, in whole or in part, of any Lien described in the foregoing clauses; provided, however, that any such extension, renewal, or replacement Lien is limited to the property or assets covered by the Lien extended, renewed, or replaced or substitute property or assets, the value of which is determined by the Board of Directors of the Company to be not materially greater than the value of the property or assets for which the substitute property or assets are substituted.

"Private Exchange" means the offer by the Company, pursuant to the Registration Rights Agreement, to the Initial Purchasers to issue and deliver to each Initial Purchaser, in exchange for the Initial Securities held by the Initial Purchaser as part of its initial allotment, a like aggregate principal amount of Private Exchange Securities.

"Private Exchange Debentures" has the meaning provided in the recitals hereto.

"Private Exchange Notes" has the meaning provided in the recitals hereto.

"Private Exchange Securities" has the meaning provided in the recitals hereto.

"Purchase Agreement" means the Purchase Agreement dated March 18, 1999, among the Company and the Initial Purchasers.

"Purchase Amount" means the aggregate outstanding principal amount of the Securities required to be offered to be purchased by the Company pursuant to an Offer to Purchase.

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"Purchase Date" means, with respect to any Offer to Purchase, a date specified by the Company in such Offer to Purchase not less than 30 calendar days or more than 60 calendar days after the date of the mailing of the Notice of such Offer to Purchase (or such other time period as is necessary for the Offer to Purchase to remain open for a sufficient period of time to comply with applicable securities laws).

"QIB" means a "qualified institutional buyer" as defined in Rule 144A.

"Registered Exchange Offer" means the offer by the Company, pursuant to the Registration Rights Agreement, to certain Holders of Initial Securities, to issue and deliver to such Holders, in exchange for the Initial Securities, a like aggregate principal amount of Exchange Securities.

"Registration Rights Agreement" means the Registration Rights Agreement dated March 18, 1999, among the Company and the Initial Purchasers.

"Registration Statement" has the meaning provided in the Registration Rights Agreement.

"Regulation S" means Regulation S under the Securities Act.

"Restricted Subsidiary" means any Subsidiary of the Company other than an Unrestricted Subsidiary.

"Rule 144A" means rule 144A under the Securities Act.

"S&P" means Standard & Poor's Ratings Service, a division of The McGraw-Hill Companies, Inc., or any successor to the rating agency business thereof.

"Sale and Leaseback Transaction" means, with respect to any Person, an arrangement with any bank, insurance company, or other lender or investor or to which such lender or investor is a party providing for the leasing pursuant to a Capital Lease by such Person or any Subsidiary of such Person of any property or asset of such Person or such Subsidiary which has been or is being sold or transferred by such Person or such Subsidiary to such lender or investor or to any Person to whom funds have been or are to be advanced by such lender or investor on the security of such property or asset.

"Securities" means the Initial Securities, the Exchange Securities and the Private Exchange Securities.

"Securities Act" means the Securities Act of 1933, as amended.

"Securities Custodian" means the custodian with respect to the Global Securities (as appointed by the Depositary), or any successor person thereto, and shall initially be the Trustee.

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"Senior Indebtedness" means any Indebtedness of the Company or its Subsidiaries other than Subordinated Indebtedness.

"Senior Debentures" has the meaning provided in the recitals hereto.

"Senior Notes" has the meaning provided in the recitals hereto.

"Shelf Registration Statement" has the meaning provided in the Registration Rights Agreement.

"Significant Subsidiary" means any Subsidiary of the Company which accounts for (a) 10.0% or more of the total consolidated assets of the Company and its Subsidiaries as of any date of determination or (b) 10.0% or more of the total consolidated revenues of the Company and its Subsidiaries for the most recently concluded fiscal quarter.

"Subordinated Indebtedness" means any Indebtedness of the Company which is expressly subordinated in right of payment to the Securities.

"Transfer Restricted Securities" means Securities that bear or are required to bear the legend set forth in Section 2.3(b) hereto.

"Unrestricted Subsidiary" means (a) FDS National Bank, FACS Group, Inc., Federated Credit Holdings Corporation, Prime Credit Card Master Trust (to the extent that it is deemed to be a Subsidiary of the Company), Prime Credit Card Master Trust II (to the extent it is deemed to be a Subsidiary of the Company), Prime Receivables Corporation, Prime II Receivables Corporation, Seven Hills Funding Corporation, Ridge Capital Trust II (to the extent that it is deemed to be a Subsidiary of the Company), Macy Financial, Inc., R.H. Macy Overseas Finance, N.V., Macy Credit Corp., Macy's Data and Credit Services Corp., Fingerhut Receivables, Inc., PCP Receivables Corp., Fingerhut Master Trust (to the extent it is deemed to be a Subsidiary of the Company), Fingerhut National Bank, PCP Master Trust (to the extent it is deemed to be a Subsidiary of the Company) and Fingerhut Funding Co. (b) any Subsidiary of the Company the primary business of which consists of, and is restricted by the charter, partnership agreement, or similar organizational document of such Subsidiary to, financing operations on behalf of the Company and its Subsidiaries, and/or purchasing accounts receivable or direct or indirect interests therein, and/or making loans secured by accounts receivable or direct or indirect interests therein (and business related to the foregoing), or which is otherwise primarily engaged in, and restricted by its charter, partnership agreement, or similar organizational document to, the business of a finance company (and business related thereto), which, in accordance with the provisions of this Supplemental Indenture, has been designated by Board Resolution as an Unrestricted Subsidiary, in each case unless and until any of the Subsidiaries of the Company referred to in the foregoing clauses (a) and (b) is, in accordance with the provisions of this Supplemental Indenture, designated by a Board Resolution as a Restricted Subsidiary, and (c) any Subsidiary of the Company of which, in the case of a corporation, more than 50% of the issued and outstanding capital stock having ordinary voting power to elect a majority of the board of directors of such corporation (irrespective of whether at the time capital stock of any other class or classes of such corporation has or might have voting power upon the occurrence of any contingency), or, in the case of any partnership or other legal entity, more than 50% of the ordinary

equity capital interests, is at the time directly or indirectly owned or controlled by one or more Unrestricted Subsidiaries and the primary business of which consists of, and is restricted by the charter, partnership agreement, or similar organizational document of such Subsidiary to, financing operations on behalf of the Company and its Subsidiaries, and/or purchasing accounts receivable or direct or indirect interests therein, and/or making loans secured by accounts receivable or direct or indirect interests therein (and business related to the foregoing), or which is otherwise primarily engaged in, and restricted by its charter, partnership agreement or similar organizational document to, the business of a finance company (and business related thereto).

ARTICLE II. ISSUANCE OF THE SECURITIES.

SECTION 2.1. FORM OF SECURITIES; ISSUANCE OF INITIAL SECURITIES.

(a) Form of Securities. Certain provisions relating to the Initial Securities, the Exchange Securities and the Private Exchange Securities are set forth in Exhibits A and B to this Supplemental Indenture, which are hereby incorporated in and expressly made a part of this Supplemental Indenture. The

Initial Securities and the related Trustee's certificate of authentication shall be substantially in the form of Exhibit A to this Supplemental Indenture, which is hereby incorporated in and expressly made a part of this Supplemental Indenture. The Exchange Securities, the Private Exchange Securities and the related Trustee's certificate of authentication shall be substantially in the form of Exhibit B, which is hereby incorporated in and expressly made a part of this Supplemental Indenture. Subject to the foregoing, certificates representing Securities may reflect such appropriate insertions, omissions, substitutions, and other variations as are required or permitted by the Indenture and this Supplemental Indenture, and such letters, numbers, or other marks of identification and such legends or endorsements as may be required to comply with the rules of any securities exchange or as may, consistently herewith, be determined by the officers executing such Securities, as evidenced by their execution of such Securities.

(b) Issuance of Initial Securities. The Initial Securities are being issued and sold by the Company to the Initial Purchasers pursuant to the Purchase Agreement.

The Senior Notes shall be issued in the aggregate principal amount of \$350,000,000 and shall mature on April 1, 2009. The Senior Debentures shall be issued in the aggregate principal amount of \$400,000,000 and shall mature on April 1, 2029.

(c) Global Securities. Initial Securities offered and sold to a QIB in reliance on Rule 144A or in reliance on Regulation S, in each case as provided in the Purchase Agreement, shall be issued initially in the form of one or more permanent global Securities in definitive, fully registered form without interest coupons with the global securities legend and restricted securities legend set forth in Exhibit A hereto (each, a "Global Security"), which shall be deposited on behalf of the purchasers of the Initial Securities represented thereby with the Trustee as custodian for the Depositary (or with such other custodian as the Depositary may direct), and registered in the name of the Depositary or a nominee of the Depositary, duly executed by the Company and authenticated by the Trustee as hereinafter provided. The aggregate principal amount of the Global Securities may from time to time be increased or decreased by adjustments made on the records of the Trustee and the Depositary or its nominee as hereinafter provided.

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(d) Book-Entry Provisions. This Section 2.1(d) shall apply only to a Global Security deposited with or on behalf of the Depositary.

The Company shall execute and the Trustee shall, in accordance with this Section 2.1(d), authenticate and deliver initially one or more Global Securities that (i) shall be registered in the name of the Depositary for such Global Security or Global Securities or the nominee of such Depositary and (ii) shall be delivered by the Trustee to such Depositary or pursuant to such Depositary's instructions or held by the Trustee as custodian for the Depositary.

Members of, or participants in, the Depositary ("Agent Members") shall have no rights under the Indenture with respect to any Global Security held on their behalf by the Depositary or by the Trustee as the custodian of the Depositary or under such Global Security, and the Depositary may be treated by the Company, the Trustee and any agent of the Company or the Trustee as the absolute owner of such Global Security for all purposes whatsoever. Notwithstanding the foregoing, nothing herein shall prevent the Company, the Trustee or any agent of the Company or the Trustee from giving effect to any written certification, proxy or other authorization furnished by the Depositary or impair, as between the Depositary and its Agent Members, the operation of customary practices of such Depositary governing the exercise of the rights of a holder of a beneficial interest in any Global Security.

(e) Certificated Securities. Except as provided in this Section 2.1 or Section 2.3 or 2.4, owners of beneficial interests in Global Securities will not be entitled to receive physical delivery of certificated Securities.

SECTION 2.2. EXECUTION; AUTHENTICATION AND DELIVERY OF SECURITIES.

(a) The Securities will be executed on behalf of the Company by the Chairman or any Vice Chairman of the Board of Directors, the Chief Executive Officer, the President, or any Vice President of the Company and attested by the Treasurer, the Secretary, any Assistant Treasurer or any Assistant Secretary of the Company.

(b) The Trustee shall authenticate and deliver: (1) Senior Notes for original issue in an aggregate principal amount of U.S. \$350,000,000; (2) Senior Debentures for original issue in an aggregate principal amount of U.S. \$400,000,000; (3) Exchange Notes and, if applicable, Private Exchange Notes for issue in exchange for a like principal amount of Senior Notes upon the consummation of a Registered Exchange Offer and, if applicable, a Private Exchange pursuant to the Registration Rights Agreement; and (4) Exchange Debentures and, if applicable, Private Exchange Debentures in exchange for a like principal amount of Senior Debentures upon the consummation of a Registered Exchange Offer and, if applicable, a Private Exchange pursuant to the Registration Rights Agreement; in each case upon a written order of the Company, as specified in Section 2.2(a) above. Such order shall specify (1) the amount of the Securities to be authenticated and the date on which the original issue of Securities is to be authenticated, (2) whether the Securities are to be Initial Securities, Exchange Securities, or Private Exchange Securities, and (3) delivery instructions for such Securities, including applicable CUSIP numbers.

SECTION 2.3. TRANSFER AND EXCHANGE.

(a) Transfer and Exchange of Global Securities. (i) The transfer and exchange of Global Securities or beneficial interests therein shall be effected through the Depositary, in accordance with the Indenture and this Supplemental Indenture (including all applicable restrictions on transfer set forth herein, if any) and the procedures of the Depositary therefor. The transferor of a beneficial interest in a Global Security shall deliver to the Security Registrar a written order given in accordance with the Depositary's procedures containing information regarding the participant accounts of the Depositary to be debited and credited with such beneficial interest in the Global Security in connection with such transfer. The Security Registrar shall, in accordance with such instructions, instruct the Depositary to debit the participant account specified in such instructions from which such beneficial interest in the Global Security is to be transferred and to credit the participant account specified in such instructions to which such beneficial interest in the Global Security is to be transferred.

(ii) Notwithstanding any other provisions of this Supplemental Indenture (other than the provisions set forth in Section 2.4), a Global Security may not be transferred as a whole except (A) by the Depositary to a nominee of the Depositary, (B) by a nominee of the Depositary to the Depositary or another nominee of the Depositary, or (C) by the Depositary or any such nominee to a successor Depositary or a nominee of such successor Depositary.

(iii) In the event that a Global Security representing Transfer Restricted Securities is exchanged for certificated Securities in definitive registered form pursuant to Section 2.4 of this Supplemental Indenture or Section 2.06 of the Indenture, such Transfer Restricted Securities may be exchanged only in accordance with such procedures as are substantially consistent with the provisions of this Section 2.3 (including the certification requirements set forth in Exhibit A intended to ensure that such transfers comply with Rule 144A or Regulation S, as the case may be) and such other procedures as may from time to time be adopted by the Company.

(b) Legend.

(i) Except as permitted by the following paragraphs (ii), (iii) and (iv), each certificate evidencing Securities shall bear a legend in substantially the following form:

"THIS SECURITY (OR ITS PREDECESSOR) WAS ORIGINALLY ISSUED IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER THE UNITED STATES SECURITIES ACT OF 1933 (THE "SECURITIES ACT"), AND THIS

SECURITY MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION OR AN APPLICABLE EXEMPTION THEREFROM. EACH PURCHASER OF THIS SECURITY IS HEREBY NOTIFIED THAT THE SELLER OF THIS SECURITY MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A THEREUNDER.

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THE HOLDER OF THIS SECURITY AGREES FOR THE BENEFIT OF THE COMPANY THAT (A) THIS SECURITY MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY (i) INSIDE THE UNITED STATES TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (ii) OUTSIDE THE UNITED STATES IN A TRANSACTION IN ACCORDANCE WITH RULE 904 UNDER THE SECURITIES ACT, (iii) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE) OR (iv) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH OF CASES (i) THROUGH (iv) IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES, AND (B) THE HOLDER WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY PURCHASER OF THIS SECURITY FROM IT OF THE RESALE RESTRICTIONS REFERRED TO IN (A) ABOVE."

(ii) Upon any sale or transfer of a Transfer Restricted Security (including any Transfer Restricted Security represented by a Global Security) pursuant to Rule 144 under the Securities Act, the Security Registrar shall permit the Holder thereof to exchange such Transfer Restricted Security for a certificated Security that does not bear the legend set forth above and rescind any restriction on the transfer of such Transfer Restricted Security, if the Holder certifies in writing to the Security Registrar that its request for such exchange was made in reliance on Rule 144 (such certification to be in the form set forth on the reverse of the Security).

(iii) After a transfer of any Initial Securities or Private Exchange Securities during the period of the effectiveness of a Shelf Registration Statement with respect to such Initial Securities or Private Exchange Securities, as the case may be, all requirements pertaining to legends on such Initial Securities or such Private Exchange Securities will cease to apply, the requirements requiring such Initial Securities or such Private Exchange Securities issued to certain Holders be issued in global form will cease to apply, and certificated Initial Securities or Private Exchange Securities that do not bear the legend set forth above will be available to the transferee of the Holder of such Initial Securities or Private Exchange Securities upon exchange of such transferring Holder's certificated Initial Securities or Private Exchange Securities or directions to transfer such Holder's interest in the Global Security, as applicable.

(iv) Upon the consummation of a Registered Exchange Offer with respect to the Initial Securities pursuant to which certain Holders of such Initial Securities are offered Exchange Securities in exchange for their Initial Securities, the requirements of Section 2.1(c) that Initial Securities issued to certain Holders be issued in global form will cease to

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apply and, subject to the provisions of Section 2.4(a) of this Supplemental Indenture, certificated Initial Securities that bear the legend set forth above will be available to Holders of such Initial Securities that do not exchange their Initial Securities, and Exchange Securities in certificated or global form that do not bear the legend set forth above will be available to Holders that exchange such Initial Securities in such Registered Exchange Offer.

(v) Upon the consummation of a Private Exchange with respect to the Initial Securities pursuant to which Holders of such Initial Securities are offered Private Exchange Securities in exchange for their Initial Securities, the requirements of Section 2.1(c) that Initial Securities issued to certain Holders be issued in global form will still apply, and Private Exchange Securities in global form that bear the legend set forth above will be available to Holders that exchange such Initial Securities in such Private Exchange.

(c) Cancellation or Adjustment of Global Security. At such time as all beneficial interests in a Global Security have either been exchanged for certificated Securities, redeemed, repurchased or canceled, such Global Security shall be returned to the Depositary for cancellation or retained and canceled by the Trustee. At any time prior to such cancellation, if any beneficial interest in a Global Security is exchanged for certificated Securities, redeemed, repurchased or canceled, the principal amount of Securities represented by such Global Security shall be reduced and an adjustment shall be made on the books and records of the Securities Custodian for such Global Security to reflect such reduction.

(d) Obligations with Respect to Transfers and Exchanges of Securities.

(i) To permit registrations of transfers and exchanges, the Company shall execute and the Trustee shall authenticate certificated Securities and Global Securities at the Security Registrar's or any co-registrar's request.

(ii) No service charge shall be made for any registration of transfer or exchange (other than any such transfer taxes, assessments or similar governmental charge payable upon exchange or transfer pursuant to Section 2.05 of the Indenture).

(iii) The Security Registrar or co-Security Registrar shall not be required to register the transfer of or exchange of (A) any Securities selected for redemption (except, in the case of a Security to be redeemed in part, the portion of the Security not to be redeemed) or (B) any Security for a period beginning 15 Business Days before the mailing of a notice of an offer to repurchase or redeem such Securities or 15 Business Days before an interest payment date.

(iv) Prior to the due presentation for registration of transfer of any Security, the Company, the Trustee, the Paying Agent, the Security Registrar or any co-Security Registrar may deem and treat the person in whose name a Security is registered as the absolute owner of such Security for the purpose of receiving payment of Principal of and interest on such Security and for all other purposes whatsoever, whether or not such Security is overdue, and none of the Company, the Trustee, the Paying Agent, the Security Registrar or any co-Security Registrar shall be affected by notice to the contrary.

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(v) All Securities issued upon any transfer or exchange pursuant to the terms of this Supplemental Indenture shall evidence the same debt and shall be entitled to the same benefits under this Supplemental Indenture and the Indenture as the Securities surrendered upon such transfer or exchange.

(e) No Obligation of the Trustee.

(i) The Trustee shall have no responsibility or obligation to any beneficial owner of a Global Security, a member of, or a participant in the Depositary or other Person with respect to the accuracy of the records of the Depositary or its nominee or of any participant or member thereof, with respect to any ownership interest in the Securities or with respect to the delivery to any participant, member, beneficial owner or other Person (other than the Depositary) of any notice (including any notice of redemption) or the payment of any amount, under or with respect to such Securities. All notices and communications to be given to the Holders and all payments to be made to Holders under the Securities shall be given or

made only to or upon the written order of the registered Holders (which shall be the Depositary or its nominee in the case of a Global Security). The rights of beneficial owners in any Global Security shall be exercised only through the Depositary subject to the applicable rules and procedures of the Depositary. The Trustee may rely and shall be fully protected in relying upon information furnished by the Depositary with respect to its members, participants and any beneficial owners.

(ii) The Trustee shall have no obligation or duty to monitor, determine or inquire as to compliance with any restrictions on transfer imposed under the Indenture, this Supplemental Indenture or under applicable law with respect to any transfer of any interest in any Security (including any transfers between or among Depositary participants, members or beneficial owners in any Global Security) other than to require delivery of such certificates and other documentation or evidence as are expressly required by, and to do so if and when expressly required by, the terms of this Supplemental Indenture and the Indenture, and to examine the same to determine substantial compliance as to form with the express requirements hereof.

SECTION 2.4. CERTIFICATED SECURITIES.

(a) A Global Security deposited with the Depositary or with the Trustee as custodian for the Depositary pursuant to Section 2.1 shall be transferred to the beneficial owners thereof in the form of certificated Securities in an aggregate principal amount equal to the principal amount of such Global Security, in exchange for such Global Security, only if such transfer complies with Section 2.3 and (i) the Depositary notifies the Company that it is unwilling or unable to continue as Depositary for such Global Security or if at any time such Depositary ceases to be a "clearing agency" registered under the Exchange Act and a successor depositary is not appointed by the Company within 90 days of such notice, or (ii) an Event of Default has occurred and is continuing or (iii) the Company executes and delivers to the Trustee a Company Order that such Global Security shall be so transferable and such transfers shall be registerable.

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(b) Any Global Security that is transferable to the beneficial owners thereof pursuant to this Section 2.4 shall be surrendered by the Depositary to the Trustee located in the Borough of Manhattan, The City of New York, to be so transferred, in whole or from time to time in part, without charge, and the Trustee shall authenticate and deliver, upon such transfer of each portion of such Global Security, an equal aggregate principal amount of certificated Securities of authorized denominations. Any portion of a Global Security transferred pursuant to this Section shall be executed, authenticated and delivered only in denominations of \$1,000 and any integral multiple thereof and registered in such names as the Depositary shall direct. Any certificated Security delivered in exchange for an interest in the Global Security shall, except as otherwise provided by Section 2.3(b), bear the restricted securities legend set forth in Exhibit A hereto.

(c) Subject to the provisions of Section 2.4(b), the registered Holder of a Global Security may grant proxies and otherwise authorize any Person, including Agent Members and Persons that may hold interests through Agent Members, to take any action that a Holder is entitled to take under the Indenture or the Securities.

(d) In the event of the occurrence of any of the events specified in Section 2.4(a), the Company will promptly make available to the Trustee a reasonable supply of certificated Securities in definitive, fully registered form without interest coupons.

SECTION 2.5. VOTING AND CONSENT RIGHTS

(a) The Senior Notes, the Exchange Notes and the Private Exchange Notes shall constitute a single series of securities (as such term is defined in the Indenture) and shall vote and consent together on all matters as one series and none of the Senior Notes, the Exchange Notes or the Private Exchange Notes shall have the right to vote or consent as a class or series separate from one another on any matter, and (b) the Senior Debentures, the Exchange Debentures

and the Private Exchange Debentures shall constitute a single series of securities (as such term is defined in the Indenture) and shall vote and consent together on all matters as one series and none of the Senior Debentures, the Exchange Debentures or the Private Exchange Debentures will have the right to vote or consent as a class or series separate from one another on any matter.

ARTICLE III. CERTAIN COVENANTS.

The following covenants shall be applicable to the Company for so long as any of the Securities are Outstanding. Nothing in this paragraph will, however, affect the Company's rights or obligations under any other provision of the Indenture or this Supplemental Indenture.

SECTION 3.1. LIENS.

The Company shall not, and shall not permit any Restricted Subsidiary to, create, incur, assume, or suffer to exist any Liens upon any of their respective assets, other than Permitted Liens, unless the Securities are secured by an equal and ratable Lien on the same assets.

SECTION 3.2. SALE AND LEASEBACK TRANSACTIONS.

The Company shall not, and shall not permit any Restricted Subsidiary to, enter into any Sale and Leaseback Transaction unless the net cash proceeds therefrom are applied as follows: to the extent that the aggregate amount of net cash proceeds (net of all legal, title, and recording tax expenses, commissions, and other fees and expenses incurred, and all federal, state, provincial, foreign, and local or other taxes and reserves required to be accrued as a liability, as a consequence of such Sale and Leaseback Transaction, net of all payments made on any Indebtedness that is secured by the assets subject to such Sale and Leaseback Transaction in accordance with the terms of any Liens upon or with respect to such assets or which must by the terms of such Lien, or in order to obtain a necessary consent to such Sale and Leaseback Transaction or by applicable law be repaid out of the proceeds from such Sale and Leaseback Transaction, and net of all distributions and other payments made to minority interest holders in Subsidiaries or joint ventures as a result of such Sale and Leaseback Transaction) from such Sale and Leaseback Transaction that shall not have been reinvested in the business of the Company or its Subsidiaries or used to reduce Senior Indebtedness of the Company or its Subsidiaries within 12 months of the receipt of such proceeds (with Cash Equivalents being deemed to be proceeds upon receipt of such Cash Equivalents and cash payments under promissory notes secured by letters of credit or similar assurances of payment issued by commercial banks of recognized standing being deemed to be proceeds upon receipt of such payments) shall exceed \$100.0 million ("Excess Sale Proceeds") from time to time, the Company shall offer to repurchase pursuant to an Offer to Purchase Securities with such Excess Sale Proceeds (on a pro rata basis with any other Senior Indebtedness of the Company or its Subsidiaries required by the terms of such Indebtedness to be repurchased with such Excess Sale Proceeds, based on the principal amount of such Senior Indebtedness required to be repurchased) at 100% of principal amount, plus accrued and unpaid interest, and to pay related costs and expenses. Such Offer to Purchase shall be made by mailing a Notice to the Trustee and to each Holder at the address appearing in the Security Register, by first class mail, postage prepaid, by the Company or, at the Company's request, by the Trustee in the name and at the expense of the Company, on a date selected by the Company not later than 12 months from the date such Offer to Purchase is required to be made pursuant to the immediately preceding sentence. To the extent that the aggregate purchase price for Securities or other Senior Indebtedness tendered pursuant to such offer to repurchase is less than the aggregate purchase price offered in such offer, an amount of Excess Sale Proceeds equal to such shortfall shall cease to be Excess Sale Proceeds and may thereafter be used for general corporate purposes. On the Purchase Date, the Company shall (i) accept for payment Securities or portions thereof tendered pursuant to the Offer to Purchase in an aggregate principal amount equal to the Purchase Amount (selected by such method as the Trustee shall deem fair and appropriate and which may provide for the selection for purchase of portions (equal to \$1,000 or an integral multiple of \$1,000) of the principal amount of Securities of a denomination larger than \$1,000), (ii) deposit with the Paying Agent money

sufficient to pay the purchase price of all Securities or portions thereof so accepted, and (iii) deliver to the Trustee Securities so accepted. The Paying Agent shall promptly mail to the Holders of Securities so accepted payment in an amount equal to the purchase price, and the Trustee shall promptly authenticate and mail to such Holders a new Security equal in principal amount to any unpurchased portion of each Security surrendered.

Election of the Offer to Purchase by a Holder shall (unless otherwise provided by law) be irrevocable. The payment of accrued interest as part of any repurchase price on any

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Purchase Date shall be subject to the right of Holders of record on the relevant Regular Record Date to receive interest due on an Interest Payment Date that is on or prior to such Purchase Date.

If an Offer to Purchase Securities is made, the Company shall comply with all tender offer rules, including but not limited to Section 14(e) of the Exchange Act and Rule 14e-1 thereunder, to the extent applicable to such Offer to Purchase.

SECTION 3.3. PERMITTING UNRESTRICTED SUBSIDIARIES TO BECOME RESTRICTED SUBSIDIARIES .

The Company shall not permit any Unrestricted Subsidiary to be designated as a Restricted Subsidiary unless such Subsidiary is otherwise in compliance with all provisions of the Indenture and this Supplemental Indenture that apply to Restricted Subsidiaries.

SECTION 3.4. PAYMENT OFFICE.

The Company shall cause a Payment Office for the Securities to be maintained at all times in New York, New York.

ARTICLE IV. ADDITIONAL EVENTS OF DEFAULT.

SECTION 4.1. ADDITIONAL EVENTS OF DEFAULT.

In addition to the Events of Default set forth in the Indenture, the term "Event of Default," whenever used in the Indenture or this Supplemental Indenture with respect to a series of the Securities, means any one of the following events (whatever the reason for such Event of Default and whether it may be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree, or order of any court or any order, rule, or regulation of any administrative or governmental body):

(a) the failure to redeem such Securities when required pursuant to the terms and conditions thereof or to pay the repurchase price for such Securities to be repurchased in accordance with Section 3.2 of this Supplemental Indenture;

(b) any nonpayment at maturity or other default under any agreement or instrument relating to any other Indebtedness of the Company or any Restricted Subsidiary (the unpaid principal amount of which is not less than \$100.0 million), and, in any such case, such default (i) continues beyond any period of grace provided with respect thereto and (ii) results in such Indebtedness becoming due prior to its stated maturity or occurs at the final maturity of such Indebtedness; provided, however, that, subject to the provisions of Section 9.01 and 8.08 of the Indenture, the Trustee shall not be deemed to have knowledge of such nonpayment or other default unless either (1) a Responsible Officer of the Trustee has actual knowledge of nonpayment or other default or (2) the Trustee has received written notice thereof from the Company, from any Holder, from the holder of any such Indebtedness or from the trustee under the agreement or instrument, relating to such Indebtedness;

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(c) the entry of one or more final judgments or orders for the payment of money against the Company or any Restricted Subsidiary, which judgments and orders create a liability of \$100.0 million or more in excess of insured amounts and have not been stayed (by appeal or otherwise), vacated, discharged, or otherwise satisfied within 60 calendar days of the entry of such judgments and orders; and

(d) Events of Default of the type and subject to the conditions set forth in clauses (vi) and (vii) of Section 8.01(a) of the Indenture in respect of any Significant Subsidiary or, in related events, any group of Subsidiaries which, if considered in the aggregate, would be a Significant Subsidiary of the Company.

ARTICLE V. DEFEASANCE.

SECTION 5.1. APPLICABILITY OF ARTICLE V OF THE INDENTURE.

(a) The Securities of each series shall be subject to Defeasance and Covenant Defeasance as provided in Article V of the Indenture; provided, however, that no Defeasance or Covenant Defeasance shall be effective unless and until:

(i) there shall have been delivered to the Trustee the opinion of a nationally recognized independent public accounting firm certifying the sufficiency of the amount of the moneys, U.S. Government Obligations, or a combination thereof, placed on deposit to pay, without regard to any reinvestment, the principal of and any premium and interest on such Securities on the Stated Maturity thereof or on any earlier date on which such Securities shall be subject to redemption;

(ii) there shall have been delivered to the Trustee the certificate of a Responsible Officer of the Company certifying, on behalf of the Company, to the effect that such Defeasance or Covenant Defeasance shall not result in a breach or violation of, or constitute a default under, any agreement to which the Company is a party or violate any law to which the Company is subject; and

(iii) No Event of Default or event that (after notice or lapse of time or both) would become an Event of Default shall have occurred and be continuing at the time of such deposit or, with regard to any Event of Default or any such event specified in Sections 8.01(a)(vi) and (vii) of the Indenture, at any time on or prior to the 124th calendar day after the date of such deposit (it being understood that this condition shall not be deemed satisfied until after such 124th calendar day).

(b) Upon the exercise of the option provided in Section 5.01 of the Indenture to have Section 5.03 of the Indenture applied to the Outstanding Securities of either series, in addition to the obligations from which the Company shall be released specified in the Indenture, the Company shall be released from its obligations under Article III hereof with respect to such Securities.

ARTICLE VI. REDEMPTION OF SECURITIES.

SECTION 6.1. RIGHT OF REDEMPTION.

The Securities may be redeemed by the Company in accordance with provisions of the applicable form of Securities attached hereto.

ARTICLE VII. MISCELLANEOUS.

SECTION 7.1. REFERENCE TO AND EFFECT ON THE INDENTURE.

This Supplemental Indenture shall be construed as supplemental to the Indenture and all the terms and conditions of this Supplemental Indenture

shall be deemed to be part of the terms and conditions of the Indenture. Except as set forth herein, the Indenture heretofore executed and delivered is hereby (i) incorporated by reference in this Supplemental Indenture and (ii) ratified, approved, and confirmed.

SECTION 7.2. WAIVER OF CERTAIN COVENANTS.

The Company may omit in any particular instance to comply with any term, provision, or condition set forth in Article III hereof with respect to the Securities of either series if the Holders of a majority in principal amount of the Outstanding Securities of such series shall, by Act of such Holders, either waive such compliance in such instance or generally waive compliance with such term, provision or condition, but no such waiver shall extend to or affect such term, provision, or condition except to the extent so expressly waived, and, until such waiver shall become effective, the obligations of the Company and the duties of the Trustee in respect of any such term, provision, or condition shall remain in full force and effect.

SECTION 7.3. SUPPLEMENTAL INDENTURE MAY BE EXECUTED IN COUNTERPARTS.

This instrument may be executed in any number of counterparts, each of which shall be an original; but such counterparts shall together constitute but one and the same instrument.

SECTION 7.4. EFFECT OF HEADINGS.

The Article and Section headings herein are for convenience only and shall not affect the construction hereof.

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IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture to be duly executed, and their respective corporate seals to be hereunto affixed and attested, all as of the day and year first above written.

[Seal]

FEDERATED DEPARTMENT STORES, INC.

By: /s/ Karen Hoguet

Name: Karen M. Hoguet
Title: Senior Vice President, CFO
and Treasurer

Attest:

/s/ Susan P. Storer

Name: Susan P. Storer
Title: OVP and Assistant Treasurer

CITIBANK, N.A.,
as Trustee

By: /s/ R. Duma

Name: R. Duma
Title: Senior Trust Officer

Attest:

/s/ Nancy Forte

Name: Nancy Forte
Title: Trust Officer

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STATE OF OHIO)
) ss.:
COUNTY OF HAMILTON)

On this 22nd day of March, 1999, before me personally came Karen Hoguet, to me known, who, being by me duly sworn, did depose and say that he/she is a Senior Vice President/CFO of FEDERATED DEPARTMENT STORES, INC., one of the entities described in and which executed the above instrument; that he/she knows the seal of said entity; that the seal or a facsimile thereof affixed to said instrument is such seal; that it was so affixed by authority of the Board of Directors of said entity, and that he/she signed his/her name thereto by like authority.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.

/s/ Jason C. Bruewer

Notary Public

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STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

On this 23rd day of March, 1999, before me personally came R. Duma, to me known, who, being by me duly sworn, did depose and say that he/she is a Senior Trust Officer of CITIBANK, N.A., one of the entities described in and which executed the above instrument; that he/she knows the seal of said entity; that the seal or a facsimile thereof affixed to said instrument is such seal; that it was so affixed by authority of the Board of Directors of said entity, and that he/she signed his/her name thereto by like authority.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.

/s/ Jeffry Berger

Notary Public

EXHIBIT A

[FORM OF FACE OF INITIAL SECURITIES]

[Global Securities Legend]

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE

OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), NEW YORK, NEW YORK, TO THE COMPANY OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO., OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

TRANSFERS OF THIS GLOBAL SECURITY SHALL BE LIMITED TO TRANSFERS IN WHOLE, BUT NOT IN PART, TO NOMINEES OF DTC OR TO A SUCCESSOR THEREOF OR SUCH SUCCESSOR'S NOMINEE AND TRANSFERS OF PORTIONS OF THIS GLOBAL SECURITY SHALL BE LIMITED TO TRANSFERS MADE IN ACCORDANCE WITH THE RESTRICTIONS SET FORTH IN THE INDENTURE REFERRED TO ON THE REVERSE HEREOF.

[Restricted Securities Legend]

THIS SECURITY (OR ITS PREDECESSOR) WAS ORIGINALLY ISSUED IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER THE UNITED STATES SECURITIES ACT OF 1933 (THE "SECURITIES ACT"), AND THIS SECURITY MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION OR AN APPLICABLE EXEMPTION THEREFROM. EACH PURCHASER OF THIS SECURITY IS HEREBY NOTIFIED THAT THE SELLER OF THIS SECURITY MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A THEREUNDER.

THE HOLDER OF THIS SECURITY AGREES FOR THE BENEFIT OF THE COMPANY THAT (A) THIS SECURITY MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY (i) INSIDE THE UNITED STATES TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (ii) OUTSIDE THE UNITED STATES IN A TRANSACTION IN ACCORDANCE WITH RULE 904 UNDER THE SECURITIES ACT, (iii)

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PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE) OR (iv) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH OF CASES (i) THROUGH (iv) IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES, AND (B) THE HOLDER WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY PURCHASER OF THIS SECURITY FROM IT OF THE RESALE RESTRICTIONS REFERRED TO IN (A) ABOVE.

Federated Department Stores, Inc.

No. ____ Principal Amount \$ _____

CUSIP NO. _____

[6.30% Senior Note Due 2009]
[6.90% Senior Debenture Due 2029]

Federated Department Stores, Inc., a Delaware corporation, promises to pay to Cede & Co., or registered assigns, the principal sum of _____ Dollars on April 1, [2009] [2029].

Interest Payment Dates: April 1 and October 1.

Record Dates: March 15 and September 15.

Additional provisions of this Security are set forth on the other side of this Security.

Dated: _____, _____ FEDERATED DEPARTMENT STORES, INC.

By: _____

Attest: _____

TRUSTEE'S CERTIFICATE OF
AUTHENTICATION

Dated: _____, _____

CITIBANK, N.A.
as Trustee, certifies that
this is one of the Securities
referred to in the Indenture,
as supplemented by the
Supplemental Indenture
related to these Securities.

By: _____
Authorized Signatory

[FORM OF REVERSE SIDE OF INITIAL SECURITIES]

(Reverse of Security)

[6.30% Senior Note Due 2009]
[6.90% Senior Debenture Due 2029]

1. Interest

Federated Department Stores, Inc., a corporation duly organized and existing under the laws of the State of Delaware (hereinafter called the "Company", which term includes any successor Person under the Indenture hereinafter referred to), for value received, hereby promises to pay to Cede & Co., or registered assigns, the principal sum of \$ on April 1, [2009] [2029] and to pay interest thereon from March 24, 1999 or from the most recent Interest Payment Date to which interest has been paid or duly provided for, semiannually on April 1 and October 1 of each year, commencing on October 1, 1999 at the rate per annum shown above, until the principal hereof is paid or made available for payment; provided, however, that if a Registration Default (as defined in the Registration Rights Agreement) occurs, additional cash interest will accrue on this Security at a rate of 0.50% per annum (regardless of the number of Registration Defaults) from and including the date on which any such Registration Default shall occur (subject to the terms of the Registration Rights Agreement) to but excluding the date on which all Registration Defaults have been cured. Such interest is calculated on the principal amount of this Security as of the date on which such interest is payable. Such interest is payable in addition to any other interest payable from time to time with respect to this Security. The Trustee will not be deemed to have notice of a Registration Default until it shall have received actual notice of such Registration Default.

The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date shall, as provided in said Indenture, be paid to the Person in whose name this Security (or one or more Predecessor Securities) is registered at the close of business on the Regular Record Date for such interest, which shall be the March 15 or September 15 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date. Any such interest not so punctually paid or duly provided for shall forthwith cease to be

payable to the Holder on such Regular Record Date and may either be paid to the Person in whose name this Security (or one or more Predecessor Securities) is registered at the close of business on a Special Record Date for the payment of such Defaulted Interest to be fixed by the Trustee, notice whereof shall be given to Holders of Securities of this series not less than 10 calendar days prior to such Special Record Date, or be paid at any time in any other lawful manner not inconsistent with the requirements of any securities exchange on which the Securities of this series may be listed, and upon such notice as may be required by such exchange, all as more fully provided in said Indenture.

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2. Method of Payment

Subject in the case of any Global Security to any applicable requirements of the Depositary, the payment of the principal of and any such interest on this Security shall be made at the office or agency of the Company maintained for the purpose in New York, New York, in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts; provided, however, that at the option of the Company payment of interest may be made by check mailed to the address of the Person entitled thereto as such address appears in the Security Register.

3. Indenture

This Security is one of a duly authorized issue of securities of the Company (herein called the "Securities") issued and to be issued in one or more series under an Indenture, dated as of September 10, 1997 (herein called the "Indenture"), between the Company and Citibank, N.A. as Trustee (herein called the "Trustee," which term includes any successor trustee under the Indenture), to which Indenture and all indentures supplemental thereto reference is hereby made for a statement of the respective rights, limitations of rights, duties, and immunities thereunder of the Company, the Trustee, and the Holders of the Securities and of the terms upon which the Securities are, and are to be, authenticated and delivered. This Security is one of the series designated on the face hereof, limited in aggregate principal amount to [\$350,000,000] [\$400,000,000].

The Securities are senior unsecured obligations of the Company. The Initial Securities issued on the Closing Date and all Exchange Securities or Private Exchange Securities issued in exchange therefor will be treated as a single series for all purposes under the Indenture.

4. Redemption

The Securities are redeemable in whole or in part, at the option of the Company at any time and from time to time, on not less than 30 or more than 60 days' prior notice mailed to the Holders of the Securities, at a Redemption Price equal to the greater of (i) 100% of the principal amount of the Securities to be redeemed and (ii) the sum of the present values of the Remaining Scheduled Payments thereon discounted to the Redemption Date on a semiannual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate plus [20][25] basis points, together in either case with accrued interest on the principal amount being redeemed to the Redemption Date.

"Treasury Rate" means, with respect to any Redemption Date, the rate per annum equal to the semiannual equivalent yield to maturity (computed as of the second business day immediately preceding such Redemption Date) of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such Redemption Date.

"Comparable Treasury Issue" means the United States Treasury security selected by an Independent Investment Banker that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable

maturity to the remaining term of the Securities. "Independent Investment Banker" means one of the Reference Treasury Dealers appointed by the Company.

"Comparable Treasury Price" means, with respect to any Redemption Date, (i) the average of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) on the third business day preceding such Redemption Date, as set forth in the daily statistical release (or any successor release) published by the Federal Reserve Bank of New York and designated "Composite 3:30 p.m. Quotations for U.S. Government Securities" or (ii) if such release (or any successor release) is not published or does not contain such prices on such business day, (a) the average of the Reference Treasury Dealer Quotations for such Redemption Date, after excluding the highest and lowest of such Reference Treasury Dealer Quotations, or (b) if the Trustee obtains fewer than four such Reference Treasury Dealer Quotations, the average of all such Quotations. "Reference Treasury Dealer Quotations" means, with respect to each Reference Treasury Dealer and any Redemption Date, the average, as determined by the Trustee, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Trustee by such Reference Treasury Dealer as of 3:30 p.m., New York City time, on the third Business Day preceding such Redemption Date.

"Reference Treasury Dealer" means each of Credit Suisse First Boston Corporation, Salomon Smith Barney Inc., Chase Securities Inc., NationsBanc Montgomery Securities LLC and PNC Capital Markets, Inc. and their respective successors and two other nationally recognized investment banking firms that are Primary Treasury Dealers specified from time to time by the Company; provided, however, that if any of the foregoing shall cease to be a primary U.S. Government securities dealer in New York City (a "Primary Treasury Dealer"), the Company shall designate as a substitute another nationally recognized investment banking firm that is a Primary Treasury Dealer.

"Remaining Scheduled Payments" means, with respect to each Security to be redeemed, the remaining scheduled payments of the principal thereof and interest thereon that would be due after the related Redemption Date but for such redemption, except that, if such Redemption Date is not an interest payment date with respect to such Security, the amount of the next succeeding scheduled interest payment thereon shall be reduced by the amount of interest accrued thereon to such Redemption Date.

On and after any Redemption Date, interest will cease to accrue on the Securities or any portion thereof called for redemption. Prior to any Redemption Date, the Company shall deposit with a paying agent money sufficient to pay the Redemption Price of and accrued interest on the Securities to be redeemed on such date. If less than all the Securities are to be redeemed, the Securities to be redeemed shall be selected by the Trustee by such method as the Trustee shall deem fair and appropriate in accordance with methods generally used at the time of selection by fiduciaries in similar circumstances.

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5. Registration Rights; Holders' Compliance

The Company is party to a Registration Rights Agreement, dated as of March 18, 1999, among the Company, Credit Suisse First Boston Corporation, Salomon Smith Barney Inc., Chase Securities Inc., NationsBanc Montgomery Securities LLC and PNC Capital Markets, Inc. pursuant to which it is obligated to pay Additional Interest upon the occurrence of certain Registration Defaults (as defined therein).

Each Holder of a Security, by acceptance, hereof, acknowledges and agrees to the provisions of the Registration Rights Agreement, including the obligations of the Holders with respect to a registration and the indemnification of the Company to the extent provided therein.

6. Amendment, Waiver

The Indenture permits, with certain exceptions as therein provided,

the amendment thereof and the modification of the rights and obligations of the Company and the rights of the Holders of the Securities of each series to be affected under the Indenture at any time by the Company and the Trustee with the consent of the Holders of a majority in principal amount of the Securities at the time Outstanding of each series to be affected. The Indenture also contains provisions permitting the Holders of specified percentages in principal amount of the Securities of each series at the time Outstanding, on behalf of the Holders of all Securities of such series, to waive compliance by the Company with certain provisions of the Indenture and certain past defaults under the Indenture and their consequences. Any such consent or waiver by the Holder of this Security shall be conclusive and binding upon such Holder and upon all future Holders of this Security and of any Security issued upon the registration of transfer hereof or in exchange herefor or in lieu hereof, whether or not notation of such consent or waiver is made upon this Security.

7. Defaults and Remedies

This Security is subject to the provisions of the Indenture which provide for defeasance at any time of (a) the entire indebtedness of this Security or (b) certain restrictive covenants and Events of Default with respect to this Security, in each case upon compliance with certain conditions set forth in the Indenture.

If an Event of Default with respect to Securities of this series shall occur and be continuing, the principal of the Securities of this series may be declared due and payable in the manner and with the effect provided in the Indenture.

As provided in and subject to the provisions of the Indenture, the Holder of this Security shall not have the right to institute any proceeding with respect to the Indenture or for the appointment of a receiver or trustee or for any other remedy thereunder unless such Holder shall have previously given the Trustee written notice of a continuing Event of Default with respect to the Securities of this series, the Holders of not less than 25% in principal amount of the Securities of this series at the time Outstanding shall have made written request to the Trustee to institute proceedings in respect of such Event of Default as Trustee and offered the Trustee reasonable indemnity, and the Trustee shall not have received from the Holders of a majority in principal amount of Securities of this series at the time Outstanding a direction inconsistent with such request

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and shall have failed to institute such proceeding for 60 calendar days after receipt of such notice, request, and offer of indemnity. The foregoing shall apply to any suit instituted by the Holder of this Security for the enforcement of any payment of principal hereof or any premium or interest hereon on or after the respective due dates expressed herein.

8. Obligation Absolute

No reference herein to the Indenture and no provision of this Security or of the Indenture shall alter or impair the obligation of the Company, which is absolute and unconditional, to pay the principal of and any premium and interest on this Security at the times, place, and rate, and in the coin or currency, herein prescribed.

9. Denominations; Transfer; Exchange

As provided in the Indenture and subject to certain limitations therein set forth, the transfer of this Security is registerable in the Security Register, upon surrender of this Security for registration of transfer at the office or agency of the Company in any place where the principal of and any premium and interest on this Security are payable, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Company and the Security Registrar duly executed by, the Holder hereof or his or her attorney duly authorized in writing, and thereupon one or more new Securities of this series and of like tenor, of authorized denominations and for the same aggregate principal amount, shall be issued to the designated transferee or transferees.

The Securities of this series are issuable only in registered form without coupons in denominations of \$1,000 and integral multiples thereof. As provided in the Indenture and subject to certain limitations therein set forth, Securities of this series are exchangeable for a like aggregate principal amount of Securities of this series and of like tenor of a different authorized denomination, as requested by the Holder surrendering the same.

No service charge shall be made for any such registration of transfer or exchange, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

10. Persons Deemed Owners

Prior to due presentment of this Security for registration of transfer, the Company, the Trustee, and any agent of the Company or the Trustee may treat the Person in whose name this Security is registered as the owner hereof for all purposes, whether or not this Security shall be overdue, and neither the Company, the Trustee, nor any such agent shall be affected by notice to the contrary.

Unless this Security is presented by an authorized representative of The Depositary Trust Company (55 Water Street, New York, New York) to the Company or its agent for registration of transfer, exchange, or payment, and any Security issued upon registration of transfer of, or in exchange for or in lieu of, this Security is registered in the name of Cede & Co. or such other name as requested by an authorized representative of The Depositary Trust Company and payment hereon

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is made to Cede & Co., ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL because the registered owner hereof, Cede & Co., has an interest herein.

11. Defined Terms

All terms used in this Security that are defined in the Indenture shall have the respective meanings assigned to them in the Indenture.

ASSIGNMENT FORM

To assign this Security, fill in the form below:

I or we assign and transfer this Security to

(Print or type assignee's name, address and zip code)

(Insert assignee's soc. sec. or tax I.D. No.)

and irrevocably appoint agent to transfer this Security on the books of the Company. The agent may substitute another to act for him.

Date: _____ Your Signature: _____

Signature Guarantee: _____
(Signature must be guaranteed)

Sign exactly as your name appears on the other side of this Security.

In connection with any transfer or exchange of any of the Securities evidenced by this certificate occurring prior to the expiration of the period referred to in Rule 144(k) under the Securities Act after the later of the date of original issuance of such Securities and the last date, if any, on which such Securities were owned by the Company or any Affiliate of the Company, the undersigned confirms that such Securities are being transferred in accordance with their terms:

CHECK ONE BOX BELOW:

- (1) ☐ to the Company; or
- (2) ☐ pursuant to an effective registration statement under the Securities Act of 1933; or
- (3) ☐ inside the United States to a "qualified institutional buyer" (as defined in Rule 144A under the Securities Act of 1933) that purchases for its own account or for the account of a qualified institutional buyer to whom notice is given that such transfer is being made in reliance on Rule 144A, in each case pursuant to and in compliance with Rule 144A under the Securities Act of 1933; or
- (4) ☐ outside the United States in an offshore transaction within the meaning of Regulation S under the Securities Act in compliance with Rule 904 under the Securities Act of 1933; or

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- (5) ☐ pursuant to the exemption from registration provided by Rule 144 under the Securities Act of 1933.

Unless one of the boxes is checked, the Trustee will refuse to register any of the Securities evidenced by this certificate in the name of any Person other than the registered holder thereof; provided, however, that if box (4) or (5) is checked, the Trustee may require, prior to registering any such transfer of the Securities, such legal opinions, certifications and other information as the Company has reasonably requested to confirm that such transfer is being made pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act of 1933.

Signature
Signature Guarantee:

Signature
Signature must be guaranteed

TO BE COMPLETED BY PURCHASER IF (3) ABOVE IS CHECKED.

The undersigned represents and warrants that it is purchasing this Security for its own account or an account with respect to which it exercises sole investment discretion and that it and any such account is a "qualified institutional buyer" within the meaning of Rule 144A under the Securities Act of 1933, and is aware that the sale to it is being made in reliance on Rule 144A and acknowledges that it has received such information regarding the Company as the undersigned has requested pursuant to Rule 144A or has determined not to request such information and that it is aware that the transferor is relying upon the undersigned's foregoing representations in order to claim the exemption from registration provided by Rule 144A.

Dated: _____
NOTICE: To be executed by

an executive officer

[TO BE ATTACHED TO GLOBAL SECURITIES]

SCHEDULE OF INCREASES OR DECREASES IN GLOBAL SECURITY

The following increases or decreases in this Global Security have been made:

<TABLE>

<CAPTION>

Date of Exchange	Amount of decrease in Principal Amount of this Global Security	Principal Amount of increase in this Global Security	Signature of this Global Security following such decrease or increase	authorized officer of Trustee or Securities Custodian
<S>	<C>	<C>	<C>	

</TABLE>

1

[OPTION OF HOLDER TO ELECT PURCHASE]

If you want to elect to have this Security purchased by the Company pursuant to Section 3.2 of the Third Supplemental Indenture; check the box:

☐

If you want to elect to have only part of this Security purchased by the Company pursuant to Section 3.2 of the Third Supplemental Indenture, state the amount in principal amount: \$

Date: _____ Your Signature: _____

Signature Guarantee: _____
(Signature must be guaranteed)

EXHIBIT B

[FORM OF FACE OF EXCHANGE SECURITY [OR PRIVATE EXCHANGE SECURITY]]

*

**

Federated Department Stores, Inc.

No. ____ Principal Amount \$ _____

CUSIP NO. _____

[6.30% Senior Note Due 2009]
[6.90% Senior Debenture Due 2029]

Federated Department Stores, Inc., a Delaware corporation, promises to pay to Cede & Co., or registered assigns, the principal sum of _____ Dollars on April 1, [2009] [2029].

Interest Payment Dates: April 1 and October 1.

Record Dates: March 15 and September 15.

Additional provisions of this Security are set forth on the other side of this Security.

Dated: _____, _____ FEDERATED DEPARTMENT STORES, INC.

By: _____

* [If the Security is to be issued in global form add the Global Securities Legend from Exhibit A and the attachment from such Exhibit A captioned "[TO BE ATTACHED TO GLOBAL SECURITIES] - SCHEDULE OF INCREASES OR DECREASES IN GLOBAL SECURITY".]

** [If the Security is a Private Exchange Security issued in a Private Exchange to an Initial Purchaser holding an unsold portion of its initial allotment, add the Restricted Securities Legend from Exhibit A and replace the Assignment Form with that included in such Exhibit A.]

2

Attest: _____

TRUSTEE'S CERTIFICATE OF
AUTHENTICATION

Dated: _____, _____

CITIBANK, N.A.
as Trustee, certifies that
this is one of the Securities
referred to in the Indenture,
as supplemented by the
Supplemental Indenture
related to these Securities.

By: _____
Authorized Signatory

[FORM OF REVERSE SIDE OF EXCHANGE SECURITY [OR
PRIVATE EXCHANGE SECURITY]]

[__% Senior Note Due 2009]
[__% Senior Debenture Due 2029]

1. Interest

Federated Department Stores, Inc., a corporation duly organized and existing under the laws of the State of Delaware (hereinafter called the

"Company", which term includes any successor Person under the Indenture hereinafter referred to), for value received, hereby promises to pay to Cede & Co., or registered assigns, the principal sum of \$ on April 1, [2009] [2029] and to pay interest thereon from March 24, 1999 or from the most recent Interest Payment Date to which interest has been paid or duly provided for, semiannually on April 1 and October 1 of each year, commencing on October 1, 1999 at the rate per annum shown above, until the principal hereof is paid or made available for payment [; provided, however, that if a Registration Default (as defined in the Registration Rights Agreement) occurs, additional cash interest will accrue on this Security at a rate of 0.50% per annum (regardless of the number of Registration Defaults) from and including the date on which any such Registration Default shall occur (subject to the terms of the Registration Rights Agreement) to but excluding the date on which all Registration Defaults have been cured. Such interest is calculated on the principal amount of this Security as of the date on which such interest is payable. Such interest is payable in addition to any other interest payable from time to time with respect to this Security. The Trustee will not be deemed to have notice of a Registration Default until it shall have received actual notice of such Registration Default.]***

The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date shall, as provided in said Indenture, be paid to the Person in whose name this Security (or one or more Predecessor Securities) is registered at the close of business on the Regular Record Date for such interest, which shall be the March 15 or September 15 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date. Any such interest not so punctually paid or duly provided for shall forthwith cease to be payable to the Holder on such Regular Record Date and may either be paid to the Person in whose name this Security (or one or more Predecessor Securities) is registered at the close of business on a Special Record Date for the payment of such Defaulted Interest to be fixed by the Trustee, notice whereof shall be given to Holders of Securities of this series not less than 10 calendar days prior to such Special Record Date, or be paid at any time in any other lawful manner not inconsistent with the requirements of any securities exchange on which the Securities of this series may be listed, and upon such notice as may be required by such exchange, all as more fully provided in said Indenture.

*** Insert only on Private Exchange Security prior to satisfaction of all registration obligations with respect to such Private Exchange Security.

2. Method of Payment

Subject in the case of any Global Security to any applicable requirements of the Depositary, the payment of the principal of and any such interest on this Security shall be made at the office or agency of the Company maintained for the purpose in New York, New York, in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts; provided, however, that at the option of the Company payment of interest may be made by check mailed to the address of the Person entitled thereto as such address appears in the Security Register.

3. Indenture

This Security is one of a duly authorized issue of securities of the Company (herein called the "Securities") issued and to be issued in one or more series under an Indenture, dated as of September 10, 1997 (herein called the "Indenture"), between the Company and Citibank, N.A. as Trustee (herein called the "Trustee," which term includes any successor trustee under the Indenture), to which Indenture and all indentures supplemental thereto reference is hereby made for a statement of the respective rights, limitations of rights, duties, and immunities thereunder of the Company, the Trustee, and the Holders of the Securities and of the terms upon which the Securities are, and are to be, authenticated and delivered. This Security is one of the series designated on the face hereof, limited in aggregate principal amount to [\$350,000,000]

[\$400,000,000].

The Securities are senior unsecured obligations of the Company. The Initial Securities issued on the Closing Date and all Exchange Securities or Private Exchange Securities issued in exchange therefor will be treated as a single series for all purposes under the Indenture.

4. Redemption

The Securities are redeemable in whole or in part, at the option of the Company at any time and from time to time, on not less than 30 or more than 60 days' prior notice mailed to the Holders of the Securities, at a Redemption Price equal to the greater of (i) 100% of the principal amount of the Securities to be redeemed and (ii) the sum of the present values of the Remaining Scheduled Payments thereon discounted to the Redemption Date on a semiannual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate plus [20][25] basis points, together in either case with accrued interest on the principal amount being redeemed to the Redemption Date.

"Treasury Rate" means, with respect to any Redemption Date, the rate per annum equal to the semiannual equivalent yield to maturity (computed as of the second business day immediately preceding such Redemption Date) of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such Redemption Date.

"Comparable Treasury Issue" means the United States Treasury security selected by an Independent Investment Banker that would be utilized, at the time of selection and in accordance

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with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the Securities. "Independent Investment Banker" means one of the Reference Treasury Dealers appointed by the Company.

"Comparable Treasury Price" means, with respect to any Redemption Date, (i) the average of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) on the third business day preceding such Redemption Date, as set forth in the daily statistical release (or any successor release) published by the Federal Reserve Bank of New York and designated "Composite 3:30 p.m. Quotations for U.S. Government Securities" or (ii) if such release (or any successor release) is not published or does not contain such prices on such business day, (a) the average of the Reference Treasury Dealer Quotations for such Redemption Date, after excluding the highest and lowest of such Reference Treasury Dealer Quotations, or (b) if the Trustee obtains fewer than four such Reference Treasury Dealer Quotations, the average of all such Quotations. "Reference Treasury Dealer Quotations" means, with respect to each Reference Treasury Dealer and any Redemption Date, the average, as determined by the Trustee, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Trustee by such Reference Treasury Dealer as of 3:30 p.m., New York City time, on the third Business Day preceding such Redemption Date.

"Reference Treasury Dealer" means each of Credit Suisse First Boston Corporation, Salomon Smith Barney Inc., Chase Securities Inc., NationsBanc Montgomery Securities LLC and PNC Capital Markets, Inc. and their respective successors and two other nationally recognized investment banking firms that are Primary Treasury Dealers specified from time to time by the Company; provided, however, that if any of the foregoing shall cease to be a primary U.S. Government securities dealer in New York City (a "Primary Treasury Dealer"), the Company shall designate as a substitute another nationally recognized investment banking firm that is a Primary Treasury Dealer.

"Remaining Scheduled Payments" means, with respect to each Security to be redeemed, the remaining scheduled payments of the principal thereof and interest thereon that would be due after the related Redemption Date but for such redemption, except that, if such Redemption Date is not an interest payment date with respect to such Security, the amount of the next succeeding scheduled

interest payment thereon shall be reduced by the amount of interest accrued thereon to such Redemption Date.

On and after any Redemption Date, interest will cease to accrue on the Securities or any portion thereof called for redemption. Prior to any Redemption Date, the Company shall deposit with a paying agent money sufficient to pay the Redemption Price of and accrued interest on the Securities to be redeemed on such date. If less than all the Securities are to be redeemed, the Securities to be redeemed shall be selected by the Trustee by such method as the Trustee shall deem fair and appropriate in accordance with methods generally used at the time of selection by fiduciaries in similar circumstances.

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5. Registration Rights; Holders' Compliance****

The Company is party to a Registration Rights Agreement, dated as of March 18, 1999, among the Company, Credit Suisse First Boston Corporation, Salomon Smith Barney Inc., Chase Securities Inc., NationsBanc Montgomery Securities LLC and PNC Capital Markets, Inc. pursuant to which it is obligated to pay Additional Interest upon the occurrence of certain Registration Defaults (as defined therein).

Each Holder of a Security, by acceptance, hereof, acknowledges and agrees to the provisions of the Registration Rights Agreement, including the obligations of the Holders with respect to a registration and the indemnification of the Company to the extent provided therein.

6. Amendment, Waiver

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Company and the rights of the Holders of the Securities of each series to be affected under the Indenture at any time by the Company and the Trustee with the consent of the Holders of a majority in principal amount of the Securities at the time Outstanding of each series to be affected. The Indenture also contains provisions permitting the Holders of specified percentages in principal amount of the Securities of each series at the time Outstanding, on behalf of the Holders of all Securities of such series, to waive compliance by the Company with certain provisions of the Indenture and certain past defaults under the Indenture and their consequences. Any such consent or waiver by the Holder of this Security shall be conclusive and binding upon such Holder and upon all future Holders of this Security and of any Security issued upon the registration of transfer hereof or in exchange herefor or in lieu hereof, whether or not notation of such consent or waiver is made upon this Security.

7. Defaults and Remedies

This Security is subject to the provisions of the Indenture which provides defeasance at any time of (a) the entire indebtedness of this Security or (b) certain restrictive covenants and Events of Default with respect to this Security, in each case upon compliance with certain conditions set forth in the Indenture.

If an Event of Default with respect to Securities of this series shall occur and be continuing, the principal of the Securities of this series may be declared due and payable in the manner and with the effect provided in the Indenture.

As provided in and subject to the provisions of the Indenture, the Holder of this Security shall not have the right to institute any proceeding with respect to the Indenture or for the appointment of a receiver or trustee or for any other remedy thereunder unless such Holder shall

**** If all registration obligations with respect to the applicable Exchange Securities or Private Exchange Securities have been satisfied, this Section 5 shall be deleted.

have previously given the Trustee written notice of a continuing Event of Default with respect to the Securities of this series, the Holders of not less than 25% in principal amount of the Securities of this series at the time Outstanding shall have made written request to the Trustee to institute proceedings in respect of such Event of Default as Trustee and offered the Trustee reasonable indemnity, and the Trustee shall not have received from the Holders of a majority in principal amount of Securities of this series at the time Outstanding a direction inconsistent with such request and shall have failed to institute such proceeding for 60 calendar days after receipt of such notice, request, and offer of indemnity. The foregoing shall apply to any suit instituted by the Holder of this Security for the enforcement of any payment of principal hereof or any premium or interest hereon on or after the respective due dates expressed herein.

8. Obligations Absolute

No reference herein to the Indenture and no provision of this Security or of the Indenture shall alter or impair the obligation of the Company, which is absolute and unconditional, to pay the principal of and any premium and interest on this Security at the times, place, and rate, and in the coin or currency, herein provided.

9. Denominations; Transfer; Exchange

As provided in the Indenture and subject to certain limitations therein set forth, the transfer of this Security is registerable in the Security Register, upon surrender of this Security for registration of transfer at the office or agency of the Company in any place where the principal of and any premium and interest on this Security are payable, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Company and the Security Registrar duly executed by, the Holder hereof or his or her attorney duly authorized in writing, and thereupon one or more new Securities of this series and of like tenor, of authorized denominations and for the same aggregate principal amounts shall be issued to the designated transferee or transferees.

The Securities of this series are issuable only in registered form without coupons in denominations of \$1,000 and integral multiples thereof. As provided in the Indenture and subject to certain limitations therein set forth, Securities of this series are exchangeable for a like aggregate principal amount of Securities of this series and of like tenor of a different authorized denomination, as requested by the Holder surrendering the same.

No service charge shall be made for any such registration of transfer or exchange, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

10. Persons Deemed Owners

Prior to due presentment of this Security for registration of transfer, the Company, the Trustee, and any agent of the Company or the Trustee may treat the Person in whose name this Security is registered as the owner hereof for all purposes, whether or not this Security shall be overdue, and neither the Company, the Trustee, nor any such agent shall be affected by notice to the contrary.

Unless this Security is presented by an authorized representative of The Depository Trust Company (55 Water Street, New York, New York) to the Company or its agent for registration of transfer, exchange or payment, and any Security issued upon registration of transfer of, or is exchange for or in lieu of, this Security is registered in the name of Cede & Co. or such other name as requested by an authorized representative of The Depository Trust Company and payment hereon is made to Cede & Co., ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF

FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL because the registered owner hereof, Cede & Co., has an interest herein.

11. Defined Terms

All terms used in this Security that are defined in the Indenture shall have the respective meanings assigned to them in the Indenture.

ASSIGNMENT FORM

To assign this Security, fill in the form below:

I or we assign and transfer this Security to

(Print or type assignee's name, address and zip code)

(Insert assignee's soc. sec. or tax I.D. No.)

and irrevocably appoint agent to transfer this Security on the books of the Company. The agent may substitute another to act for him.

Date: Your Signature:

Signature Guarantee: _____
(Signature must be guaranteed)

Sign exactly as your name appears on the other side of this Security.

[Include the following if it is a Private Exchange Security:]

In connection with any transfer or exchange of any of the Securities evidenced by this certificate occurring prior to the expiration of the period referred to in Rule 144(k) under the Securities Act after the later of the date of original issuance of such Securities and the last date, if any, on which such Securities were owned by the Company or any Affiliate of the Company, the undersigned confirms that such Securities are being transferred in accordance with their terms:

CHECK ONE BOX BELOW:

- (1) ☐ to the Company; or
- (2) ☐ pursuant to an effective registration statement under the Securities Act of 1933; or
- (3) ☐ inside the United States to a "qualified institutional buyer" (as defined in Rule 144A under the Securities Act of 1933) that purchases for its own account or for the account of a qualified institutional buyer to whom notice is given that such transfer is being made in reliance on Rule 144A, in each case pursuant to and in compliance with Rule 144A under the Securities Act of 1933; or
- (4) ☐ outside the United States in an offshore transaction within the meaning of Regulation S under the Securities Act in compliance with Rule 904 under the Securities Act of 1933; or

- (5) ☐ pursuant to the exemption from registration provided by Rule 144 under the Securities act of 1933.

Unless one of the boxes is checked, the Trustee will refuse to register any of the Securities evidenced by this certificate in the name of any Person other than the registered holder thereof; provided, however, that if box (4) or (5) is checked, the Trustee may require, prior to registering any such transfer of the Securities, such legal opinions, certifications and other information as the Company has reasonably requested to confirm that such transfer is being made pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act of 1933.

Signature

Signature Guarantee:

Signature

Signature must be guaranteed

TO BE COMPLETED BY PURCHASER IF (3) ABOVE IS CHECKED.

The undersigned represents and warrants that it is purchasing this Security for its own account or an account with respect to which it exercises sole investment discretion and that it and any such account is a "qualified institutional buyer" within the meaning of Rule 144A under the Securities Act of 1933, and is aware that the sale to it is being made in reliance on Rule 144A and acknowledges that it has received such information regarding the Company as the undersigned has requested pursuant to Rule 144A or has determined not to request such information and that it is aware that the transferor is relying upon the undersigned's foregoing representations in order to claim the exemption from registration provided by Rule 144A.

Dated: -----

NOTICE: To be executed by
an executive officer

[TO BE ATTACHED TO GLOBAL SECURITIES]

SCHEDULE OF INCREASES OR DECREASES IN GLOBAL SECURITY

The following increases or decreases in this Global Security have been made:

<TABLE>
<CAPTION>

Date of Exchange	Amount of decrease in Principal Amount of this Global Security	Principal Amount of increase in this Global Security	Signature of this Global Security following such decrease or increase	Signature of authorized officer of Trustee or Securities Custodian
<S>	<C>	<C>	<C>	<C>

</TABLE>

OPTION OF HOLDER TO ELECT PURCHASE

If you want to elect to have this Security purchased by the Company pursuant to Section 3.2 of the Third supplemental Indenture; check the box:

[]

If you want to elect to have only part of this Security purchased by the Company pursuant to Section 3.2 of the Third Supplemental Indenture, state the amount in principal amount: \$

Date: _____ Your Signature: _____

Signature Guarantee: _____
(Signature must be guaranteed)

EXHIBIT 4.3

\$750,000,000

FEDERATED DEPARTMENT STORES, INC.

6.30% SENIOR NOTES DUE 2009

6.90% SENIOR DEBENTURES DUE 2029

REGISTRATION RIGHTS AGREEMENT

March 18, 1999

Credit Suisse First Boston Corporation
Salomon Smith Barney
Chase Securities Inc.
NationsBanc Montgomery Securities LLC
PNC Capital Markets, Inc.
c/o Credit Suisse First Boston Corporation
Eleven Madison Avenue
New York, New York 10010-3629

Ladies and Gentlemen:

Federated Department Stores, Inc., a Delaware corporation (the "COMPANY"), proposes to issue and sell to Credit Suisse First Boston Corporation, Salomon Smith Barney Chase Securities Inc., NationsBanc Montgomery Securities LLC and PNC Capital Markets, Inc. (collectively, the "INITIAL PURCHASERS"), upon the terms set forth in a purchase agreement of even date herewith (the "PURCHASE AGREEMENT"), \$350,000,000 aggregate principal amount of its 6.30% Senior Notes due 2009 (the "INITIAL NOTES") and \$400,000,000 aggregate principal amount of its 6.90% Senior Debentures due 2029 (the "INITIAL DEBENTURES" and, together with the Initial Notes, the "INITIAL SECURITIES"). The Initial Securities will be issued pursuant to an Indenture, dated as of September 10, 1997, as supplemented by the Third Supplemental Indenture, to be dated as of March 24, 1999 (the "INDENTURE"), between the Company and Citibank, N.A. as trustee (the "TRUSTEE"). As an inducement to the Initial Purchasers to enter into the Purchase Agreement, the Company agrees with the Initial Purchasers, for the benefit of the holders of the Initial Securities (including, without limitation, the Initial Purchasers), the Exchange Securities (as defined below) and any Private Exchange Securities (as defined below) (collectively the "HOLDERS"), as follows:

1. Registered Exchange Offer. The Company shall, at its own cost, prepare and, not later than 90 days (or if the 90th day is not a business day, the first business day thereafter) after the date of original issue of the Initial Securities (the "ISSUE DATE"), file with

the Securities and Exchange Commission (the "COMMISSION") a registration statement (the "EXCHANGE OFFER REGISTRATION STATEMENT") on an appropriate form under the Securities Act of 1933, as amended (the "SECURITIES ACT"), with respect to a proposed offer (the "REGISTERED EXCHANGE OFFER") to the Holders of Transfer Restricted Securities (as defined in Section 6 hereof), who are not prohibited by any law or policy of the Commission from participating in the Registered Exchange Offer, to issue and deliver (a) to such Holders that hold Initial Notes, in exchange for the Initial Notes, a like aggregate principal amount of debt securities of the Company issued under the Indenture and identical in all material respects to the Initial Notes (except for the transfer restrictions relating to the Initial Notes and the provisions relating to the matters described in Section 6 hereof) that would be registered under the Securities Act (the "EXCHANGE NOTES") and (b) to such Holders that hold Initial Debentures, in exchange for the Initial Debentures, a like aggregate principal amount of debt securities of the Company issued under the Indenture and identical in all material respects to the Initial Debentures (except for the

transfer restrictions relating to the Initial Debentures and the provisions relating to the matters described in Section 6 hereof) that would be registered under the Securities Act (the "EXCHANGE DEBENTURES" and, together with the Exchange Notes, the "EXCHANGE SECURITIES"). The Company shall use its reasonable best efforts to cause such Exchange Offer Registration Statement to become effective under the Securities Act within 180 days (or if the 180th day is not a business day, the first business day thereafter) after the Issue Date of the Initial Securities and shall keep the Exchange Offer Registration Statement effective for not less than 30 days (or longer, if required by applicable law) after the date notice of the Registered Exchange Offer is mailed to the Holders of Initial Securities (such period being called the "EXCHANGE OFFER REGISTRATION Period").

If the Company effects the Registered Exchange Offer, the Company will be entitled to close the Registered Exchange Offer 30 days after the commencement thereof provided that the Company has accepted all the Initial Securities theretofore validly tendered and not withdrawn in accordance with the terms of the Registered Exchange Offer.

Following the declaration of the effectiveness of the Exchange Offer Registration Statement, the Company shall promptly commence the Registered Exchange Offer, it being the objective of such Registered Exchange Offer to enable each Holder of Transfer Restricted Securities (as defined in Section 6 hereof) electing to exchange Initial Securities for Exchange Securities (assuming that such Holder is not an affiliate of the Company within the meaning of the Securities Act, acquires the Exchange Securities in the ordinary course of such Holder's business, has no arrangements with any person to participate in the distribution of the Exchange Securities and is not prohibited by any law or policy of the Commission from participating in the Registered Exchange Offer) to trade such Exchange Securities from and after their receipt without any limitations or restrictions under the Securities Act (other than the prospectus delivery requirements referred to in clause (i) of the next paragraph, if and to the extent applicable) and without material restrictions under the securities laws of the several states of the United States.

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The Company acknowledges that, pursuant to current interpretations by the Commission's staff of Section 5 of the Securities Act, in the absence of an applicable exemption therefrom, (i) each Holder that is a broker-dealer electing to exchange Initial Securities, acquired for its own account as a result of market making activities or other trading activities, for Exchange Securities (an "EXCHANGING DEALER"), is required to deliver a prospectus containing the information set forth in (a) Annex A hereto on the cover, (b) Annex B hereto in the "Exchange Offer Procedures" section and the "Purpose of the Exchange Offer" section, and (c) Annex C hereto in the "Plan of Distribution" section of such prospectus in connection with a sale of any such Exchange Securities received by such Exchanging Dealer pursuant to the Registered Exchange Offer and (ii) an Initial Purchaser that elects to sell Private Exchange Securities (as defined below) acquired in exchange for Initial Securities constituting any portion of an unsold allotment is required to deliver a prospectus containing the information required by Items 507 or 508 of Regulation S-K under the Securities Act, as applicable, in connection with such sale.

The Company shall use its reasonable best efforts to keep the Exchange Offer Registration Statement effective and to amend and supplement the prospectus contained therein, in order to permit such prospectus to be lawfully delivered by all persons subject to the prospectus delivery requirements of the Securities Act for such period of time as such persons must comply with such requirements in order to resell the Exchange Securities; provided, however, that (i) in the case where such prospectus and any amendment or supplement thereto must be delivered by an Exchanging Dealer or an Initial Purchaser, such period shall be the lesser of 135 days and the date on which all Exchanging Dealers and the Initial Purchasers have sold all Exchange Securities held by them (unless such period is extended pursuant to Section 3(j) below) and (ii) the Company shall make such prospectus and any amendment or supplement thereto available to any broker-dealer for use in connection with any resale of any Exchange Securities for a period of not less than 135 days after the consummation of the Registered Exchange Offer.

If, upon consummation of the Registered Exchange Offer, any Initial

Purchaser holds Initial Securities acquired by it as part of its initial distribution, the Company, simultaneously with the delivery of the Exchange Securities pursuant to the Registered Exchange Offer, shall issue and deliver to such Initial Purchaser upon the written request of such Initial Purchaser, in exchange (the "PRIVATE EXCHANGE") for (a) the Initial Notes held by such Initial Purchaser, a like principal amount of debt securities of the Company issued under the Indenture and identical in all material respects (including the existence of restrictions on transfer under the Securities Act and the securities laws of the several states of the United States) to the Initial Notes (the "PRIVATE EXCHANGE NOTES" and (b) the Initial Debentures held by such Initial Purchaser, a like principal amount of debt securities of the Company issued under the Indenture and identical in all material respects (including the existence of restrictions on transfer under the Securities Act and the securities laws of the several states of the United States) to the Initial Debentures (the "PRIVATE EXCHANGE DEBENTURES" and, together with the Private Exchange Notes, the "PRIVATE EXCHANGE SECURITIES"). The Initial Securities, the Exchange Securities and the Private Exchange Securities are herein collectively called the "SECURITIES".

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In connection with the Registered Exchange Offer, the Company shall:

- (a) mail to each Holder a copy of the prospectus forming part of the Exchange Offer Registration Statement, together with an appropriate letter of transmittal and related documents;
- (b) keep the Registered Exchange Offer open for not less than 30 days (or longer, if required by applicable law) after the date notice thereof is mailed to the Holders;
- (c) utilize the services of a depositary for the Registered Exchange Offer with an address in the Borough of Manhattan, The City of New York, which may be the Trustee or an affiliate of the Trustee;
- (d) permit Holders to withdraw tendered Securities at any time prior to the close of business, New York time, on the last business day on which the Registered Exchange Offer shall remain open; and
- (e) otherwise comply with all applicable laws.

As soon as practicable after the close of the Registered Exchange Offer or the Private Exchange, as the case may be, the Company shall:

- (x) accept for exchange all the Securities validly tendered and not withdrawn pursuant to the Registered Exchange Offer and the Private Exchange;
- (y) deliver to the Trustee for cancellation all the Initial Securities so accepted for exchange; and
- (z) cause the Trustee to authenticate and deliver promptly to each Holder of the Initial Securities, Exchange Securities or Private Exchange Securities, as the case may be, equal in principal amount to the Initial Securities of such Holder so accepted for exchange.

The Indenture will provide that (a) the Exchange Securities will not be subject to the transfer restrictions set forth in the Indenture, (b) the Initial Notes, the Exchange Notes and the Private Exchange Notes will vote and consent together on all matters as one class and that none of the Initial Notes, the Exchange Notes or the Private Exchange Notes will have the right to vote or consent as a class separate from one another on any matter, and (c) the Initial Debentures, the Exchange Debentures and the Private Exchange Debentures will vote and consent together on all matters as one class and that none of the Initial Debentures, the Exchange Debentures or the Private Exchange Debentures will have the right to vote or consent as a class separate from one another on any matter.

Interest on each Exchange Security and Private Exchange Security issued pursuant to the Registered Exchange Offer and in the Private Exchange will accrue from the last interest payment date on which interest was paid on the Initial Securities surrendered in exchange therefor or, if no interest has been paid on the Initial Securities, from the date of original issue of the Initial Securities.

Each Holder participating in the Registered Exchange Offer shall be required to represent to the Company that at the time of the consummation of the Registered Exchange Offer (i) any Exchange Securities received by such Holder will be acquired in the ordinary course of business, (ii) such Holder will have no arrangements or understanding with any person to participate in the distribution of the Initial Securities or the Exchange Securities within the meaning of the Securities Act, (iii) such Holder is not an "affiliate," as defined in Rule 405 of the Securities Act, of the Company or if it is an affiliate, such Holder will comply with the registration and prospectus delivery requirements of the Securities Act to the extent applicable, (iv) such Holder is not engaged in, and does not intend to engage in, the distribution of the Exchange Securities and (v) if such Holder is a broker-dealer, that it will receive Exchange Securities for its own account in exchange for Initial Securities that were acquired as a result of market-making activities or other trading activities and that it will deliver a prospectus in connection with any resale of such Exchange Securities.

Notwithstanding any other provisions hereof, the Company will ensure that (i) any Exchange Offer Registration Statement and any amendment thereto and any prospectus forming part thereof and any supplement thereto complies in all material respects with the Securities Act and the rules and regulations thereunder, (ii) any Exchange Offer Registration Statement and any amendment thereto does not, when it becomes effective, contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading and (iii) any prospectus forming part of any Exchange Offer Registration Statement, and any supplement to such prospectus, does not include an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

2. Shelf Registration. If, (i) because of any change in law or in applicable interpretations thereof by the staff of the Commission, the Company is not permitted to effect a Registered Exchange Offer, as contemplated by Section 1 hereof, (ii) the Registered Exchange Offer is not consummated within 220 days of the Issue Date, (iii) any Initial Purchaser so requests with respect to the Initial Securities not eligible to be exchanged for Exchange Securities in the Registered Exchange Offer (or the Private Exchange Securities) and held by it following consummation of the Registered Exchange Offer or (iv) any Holder of Transfer Restricted Securities (other than an Exchanging Dealer) is not eligible to participate in the Registered Exchange Offer or, in the case of any Holder (other than an

Exchanging Dealer) that participates in the Registered Exchange Offer, such Holder does not receive freely tradeable Exchange Securities on the date of the exchange, the Company shall take the following actions:

(a) The Company shall, at its cost, as promptly as practicable (but in no event more than 90 days after so required or requested pursuant to this Section 2) file with the Commission and thereafter shall use its reasonable best efforts to cause to be declared effective a registration statement (the "SHELF REGISTRATION STATEMENT" and, together with the Exchange Offer Registration Statement, a "REGISTRATION STATEMENT") on an appropriate form under the Securities Act relating to the offer and sale of the Transfer Restricted Securities (as defined in Section 6 hereof) by the Holders thereof from time to time in accordance with the methods of distribution set forth in the Shelf Registration Statement and Rule 415 under the Securities Act (hereinafter, the "SHELF REGISTRATION"); provided, however, that no Holder (other than an Initial Purchaser) shall be entitled to have the

Transfer Restricted Securities held by it covered by such Shelf Registration Statement unless such Holder agrees in writing to be bound by all the provisions of this Agreement applicable to such Holder.

(b) The Company shall use its reasonable best efforts to keep the Shelf Registration Statement continuously effective in order to permit the prospectus included therein to be lawfully delivered by the Holders of the relevant Transfer Restricted Securities for a period of two years (or for such longer period if extended pursuant to Section 3(j) below) from the date of its effectiveness or such shorter period that will terminate when all the Securities covered by the Shelf Registration Statement cease to be Transfer Restricted Securities; provided, however, that the Company shall not be obligated to keep the Shelf Registration Statement continuously effective to the extent set forth above, or to keep the prospectus included therein usable for offers and sales of Securities, if (i) the Company determines, in its reasonable judgment, upon the advice of counsel, that the continued effectiveness of the Shelf Registration Statement or usability of any prospectus included therein would (x) require the disclosure of material information, which the Company has a bona fide business reason for preserving as confidential, or (y) interfere with any financing, acquisition, corporate reorganization or other material transaction or development involving the Company or any of its subsidiaries or the contemplated timing thereof, and (ii) the Company promptly thereafter complies with the requirements of Section 3(j) hereof, if applicable. The number of days of any actual Suspension Period (as defined below) shall be added on to the end of the two-year period specified above. Any such period during which the Company is excused from keeping the Shelf Registration Statement effective and the prospectus included therein usable for offers and sales of Securities is referred to herein as a "SUSPENSION PERIOD." A Suspension Period shall commence on and include the date that the Company gives notice that the Shelf Registration Statement is no longer effective or the prospectus included therein is no longer usable for offers and sales of Securities

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and shall end on the earlier to occur of (1) the date on which each seller of Securities covered by the Shelf Registration Statement either receives the copies of the supplemented or amended prospectus contemplated by Section 3(j) hereof or is advised in writing by the Company that the use of the prospectus may be resumed, and (2) the occurrence of a Suspension Period Limit (as defined below). There shall be no more than three Suspension Periods in any 12-month period and the aggregate number of days of such Suspension Periods shall not exceed 90 days in such 12-month period or 45 days in any three month period (collectively, the "SUSPENSION PERIOD LIMITS"). Except as provided above, the Company shall be deemed not to have used its reasonable best efforts to keep the Shelf Registration Statement effective during the requisite period if it voluntarily takes any action that would result in Holders of Transfer Restricted Securities covered thereby not being able to offer and sell such Securities during that period, unless such action is required by applicable law.

(c) Notwithstanding any other provisions of this Agreement to the contrary, the Company shall cause the Shelf Registration Statement and the related prospectus and any amendment or supplement thereto, as of the effective date of the Shelf Registration Statement, amendment or supplement, (i) to comply in all material respects with the applicable requirements of the Securities Act and the rules and regulations of the Commission and (ii) not to contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading.

3. Registration Procedures. In connection with any Shelf Registration contemplated by Section 2 hereof and, to the extent applicable, any Registered Exchange Offer contemplated by Section 1 hereof, the following provisions shall apply:

(a) The Company shall (i) furnish to each Initial Purchaser, prior to the filing thereof with the Commission, a copy of the

Registration Statement and each amendment thereof and each supplement, if any, to the prospectus included therein and, in the event that an Initial Purchaser (with respect to any portion of an unsold allotment of Initial Securities) is participating in the Registered Exchange Offer or the Shelf Registration Statement, the Company shall use its reasonable best efforts to reflect in each such document, when so filed with the Commission, such comments as such Initial Purchaser reasonably may propose; (ii) include the information set forth in Annex A hereto on the cover, in Annex B hereto in the "Exchange Offer Procedures" section and the "Purpose of the Exchange Offer" section and in Annex C hereto in the "Plan of Distribution" section of the prospectus forming a part of the Exchange Offer Registration Statement and include the information set forth in Annex D hereto in the Letter of Transmittal delivered pursuant to the Registered Exchange Offer; (iii) if requested by an Initial Purchaser, include the information required by Items 507 or 508 of Regulation S-K under the

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Securities Act, as applicable, in the prospectus forming a part of the Exchange Offer Registration Statement; (iv) include within the prospectus contained in the Exchange Offer Registration Statement a section entitled "Plan of Distribution," reasonably acceptable to the Initial Purchasers, which shall contain a summary statement of the positions taken or policies made by the staff of the Commission with respect to the potential "underwriter" status of any broker-dealer that is the beneficial owner (as defined in Rule 13d-3 under the Securities Exchange Act of 1934, as amended (the "EXCHANGE ACT")) of Exchange Securities received by such broker-dealer in the Registered Exchange Offer (a "PARTICIPATING BROKER-DEALER"), whether such positions or policies have been publicly disseminated by the staff of the Commission or such positions or policies, in the reasonable judgment of the Initial Purchasers based upon advice of counsel (which may be in-house counsel), represent the prevailing views of the staff of the Commission; and (v) in the case of a Shelf Registration Statement, include the names of the Holders who propose to sell Securities pursuant to the Shelf Registration Statement as selling securityholders.

(b) The Company shall give written notice to the Initial Purchasers, and (i) in the case of a Shelf Registration Statement, the Holders of the Securities covered thereby, or (ii) in the case of an Exchange Offer Registration Statement, the Holders of the Initial Securities and any Participating Broker-Dealer from whom the Company has received prior written notice that it will be a Participating Broker-Dealer in the Registered Exchange Offer (which notice pursuant to clauses (ii)-(v) hereof shall be accompanied by an instruction to suspend the use of the prospectus until the requisite changes have been made):

(i) when the Registration Statement or any amendment thereto has been filed with the Commission and when the Registration Statement or any post-effective amendment thereto has become effective;

(ii) of any request by the Commission for amendments or supplements to the Registration Statement or the prospectus included therein or for additional information;

(iii) of the issuance by the Commission of any stop order suspending the effectiveness of the Registration Statement or the initiation of any proceedings for that purpose;

(iv) of the receipt by the Company or its legal counsel of any notification with respect to the suspension of the qualification of the Securities for sale in any jurisdiction or the initiation or, threatening of any proceeding for such purpose; and

(v) of the occurrence of any event, including, without limitation, any event resulting in a Suspension Period, that

requires the Company to

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make changes in the Registration Statement or the prospectus in order that the Registration Statement or the prospectus do not contain an untrue statement of a material fact nor omit to state a material fact required to be stated therein or necessary to make the statements therein (in the case of the prospectus, in light of the circumstances under which they were made) not misleading.

(c) The Company shall make every reasonable effort to obtain the withdrawal at the earliest possible time, of any order suspending the effectiveness of the Registration Statement.

(d) The Company shall furnish to each Holder of Securities included within the coverage of the Shelf Registration, without charge, at least one copy of the Shelf Registration Statement and any post-effective amendment thereto, including financial statements and schedules, and, if the Holder so requests in writing, all exhibits thereto (including those, if any, incorporated by reference).

(e) The Company shall deliver to each Exchanging Dealer and each Initial Purchaser, and to any other Holder who so requests, without charge, at least one copy of the Exchange Offer Registration Statement and any post-effective amendment thereto, including financial statements and schedules, and, if any Initial Purchaser or any such Holder requests, all exhibits thereto (including those incorporated by reference).

(f) The Company shall, during the Shelf Registration Period, deliver to each Holder of Securities included within the coverage of the Shelf Registration, without charge, as many copies of the prospectus (including each preliminary prospectus) included in the Shelf Registration Statement and any amendment or supplement thereto as such person may reasonably request. The Company consents, subject to the provisions of this Agreement, to the use of the prospectus or any amendment or supplement thereto by each of the selling Holders of the Securities in connection with the offering and sale of the Securities covered by the prospectus, or any amendment or supplement thereto, included in the Shelf Registration Statement.

(g) The Company shall deliver to each Initial Purchaser, any Exchanging Dealer, any Participating Broker-Dealer and such other persons required to deliver a prospectus following the Registered Exchange Offer, without charge, as many copies of the final prospectus included in the Exchange Offer Registration Statement and any amendment or supplement thereto as such persons may reasonably request. The Company consents, subject to the provisions of this Agreement, to the use of the prospectus or any amendment or supplement thereto by any Initial Purchaser, if any Participating Broker-Dealer and such other persons required to deliver a prospectus following the Registered Exchange Offer in connection with the offering and sale of

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the Exchange Securities covered by the prospectus, or any amendment or supplement thereto, included in such Exchange Offer Registration Statement.

(h) Prior to any public offering of the Securities pursuant to any Registration Statement the Company shall register or qualify or cooperate with the Holders of the Securities included therein and their respective counsel in connection with the registration or qualification of such Securities for offer and sale under the securities or "blue sky" laws of such states of the United States as any Holder of such Securities reasonably requests in writing and do any and all other acts or things reasonably necessary or advisable to enable the offer and

sale in such jurisdictions of the Securities covered by such Registration Statement; provided, however, that the Company shall not be required to (i) qualify generally to do business in any jurisdiction where it is not then so qualified or (ii) take any action which would subject it to general service of process or to taxation in any jurisdiction where it is not then so subject.

(i) The Company shall cooperate with the Holders of the Securities to facilitate the timely transfer of the Securities to be sold pursuant to any Registration Statement free of any restrictive legends and, to the extent consistent with the terms of the Indenture, facilitate the timely preparation and delivery of certificates representing the Securities in such denominations and registered in such names as the Holders may request a reasonable period of time prior to sales of the Securities pursuant to such Registration Statement.

(j) Upon the occurrence of any event (other than an event resulting in a Suspension Period, in which case the Company must comply with this Section 3(j) within 90 days of the termination of such Suspension Period) contemplated by paragraphs (ii) through (v) of Section 3(b) above during the period for which the Company is required to maintain an effective Registration Statement, the Company shall promptly prepare and file a post-effective amendment to the Registration Statement or a supplement to the related prospectus and any other required document so that, as thereafter delivered to Holders of Securities or purchasers of Securities, the prospectus will not contain an untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. If the Company notifies the Initial Purchasers, the Holders of the Securities and any known Participating Broker-Dealer in accordance with paragraphs (ii) through (v) of Section 3(b) above to suspend the use of the prospectus until the requisite changes to the prospectus have been made, then the Initial Purchasers, the Holders of the Securities and any such Participating Broker-Dealers shall suspend use of such prospectus, and the period of effectiveness of the Shelf Registration Statement provided for in Section 2(b) above and the Exchange Offer Registration Statement provided for in Section 1 above shall each be extended by the number of days, without duplication of any extension under Section 2(b), from and including the date

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of the giving of such notice to and including the date when the Initial Purchasers, the Holders of the Securities and any known Participating Broker-Dealer, as applicable, shall have received such amended or supplemented prospectus pursuant to this Section 3(j).

(k) Not later than the effective date of the applicable Registration Statement, the Company will provide a CUSIP number for the Initial Securities, the Exchange Securities or the Private Exchange Securities, as the case may be, and provide the applicable trustee with certificates for the Initial Securities, the Exchange Securities or the Private Exchange Securities, as the case may be, in a form eligible for deposit with The Depository Trust Company.

(l) The Company will comply with all rules and regulations of the Commission to the extent and so long as they are applicable to the Registered Exchange Offer or the Shelf Registration and will make generally available to its security holders (or otherwise provide in accordance with Section 11(a) of the Securities Act) an earnings statement satisfying the provisions of Section 11(a) of the Securities Act, no later than 45 days after the end of a 12-month period (or 90 days, if such period is a fiscal year) beginning with the first month of the Company's first fiscal quarter commencing after the effective date of the Registration Statement, which statement shall cover such 12-month period.

(m) The Company shall cause the Indenture to be qualified under the Trust Indenture Act of 1939, as amended, in a timely manner and containing such changes, if any, as shall be necessary for such

qualification. In the event that such qualification would require the appointment of a new trustee under the Indenture, the Company shall appoint a new trustee thereunder pursuant to the applicable provisions of the Indenture.

(n) The Company may require each Holder of Securities to be sold pursuant to the Shelf Registration Statement to furnish to the Company such information regarding the Holder and the distribution of the Securities as the Company may from time to time reasonably require for inclusion in the Shelf Registration Statement, and the Company may exclude from such registration the Securities of any Holder that fails to furnish such information within a reasonable time after receiving such request.

(o) The Company shall enter into such customary agreements (including, if requested, an underwriting agreement in customary form) and take all such other action, if any, as any Holder of the Securities shall reasonably request in order to facilitate the disposition of the Securities pursuant to any Shelf Registration.

(p) In the case of any Shelf Registration, the Company shall (i) make reasonably available for inspection by the Holders of the Securities, any underwriter

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participating in any disposition pursuant to the Shelf Registration Statement and any attorney, accountant or other agent retained by such Holders of the Securities or any such underwriter all relevant financial and other records, pertinent corporate documents and properties of the Company and (ii) use its reasonable best efforts to cause the Company's officers, directors, employees, accountants and auditors to supply all relevant information reasonably requested by the Holders of the Securities covered by such Shelf Registration Statement or any such underwriter, attorney, accountant or agent in connection with the Shelf Registration Statement, in each case, as shall be reasonably necessary to enable such persons, to conduct a reasonable investigation within the meaning of Section 11 of the Securities Act; provided, however, that the foregoing inspection and information gathering shall be coordinated on behalf of the Initial Purchasers by you and on behalf of the other parties, by one counsel designated by and on behalf of such other parties as described in Section 4 hereof; provided, further, however, that any such records, documents and properties and such information that is designated in writing by the Company, in good faith, as confidential at the time of delivery of such records, documents, properties or information shall be kept confidential by any such Holder, underwriter, attorney, accountant or other agent and shall be used only in connection with such Shelf Registration Statement, unless disclosure thereof is made in connection with a court proceeding or required by law, or such information has become available (otherwise than in violation of this Agreement) to the public generally.

(q) In the case of any Shelf Registration, the Company, if requested by the selling Holder(s) of Securities covered thereby, shall cause (i) its counsel to deliver an opinion and updates thereof relating to the Securities in customary form addressed to such Holders and the managing underwriters, if any, thereof and dated, in the case of the initial opinion, the effective date of such Shelf Registration Statement covering the matters customarily covered in opinions rendered in connection with underwritten offerings by the Company; (ii) its officers to execute and deliver on behalf of the Company all customary documents and certificates and updates thereof requested by any underwriters of the applicable Securities and (iii) its independent public accountants to provide to the selling Holders of the applicable Securities and any underwriter therefor a comfort letter in customary form and covering matters of the type customarily covered in comfort letters in connection with primary underwritten offerings, subject to receipt of appropriate documentation as contemplated, and only if permitted, by Statement of Auditing Standards No. 72.

(r) In the case of the Registered Exchange Offer, if requested by any Initial Purchaser or any known Participating Broker-Dealer, the Company shall cause (i) its counsel to deliver to such Initial Purchaser or such Participating Broker-Dealer signed opinions in the respective forms set forth in Annex I and Annex II of the Purchase Agreement with such changes as are customary in connection with the preparation of a Registration Statement and (ii) its independent public accountants to deliver to such Initial Purchaser or such Participating Broker-Dealer a comfort

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letter, in customary form, meeting the requirements as to the substance thereof as set forth in Section 6(a) of the Purchase Agreement, with appropriate date changes.

(s) If a Registered Exchange Offer or a Private Exchange is to be consummated, upon delivery of the Initial Securities by Holders to the Company (or to such other Person as directed by the Company) in exchange for the Exchange Securities or the Private Exchange Securities, as the case may be, the Company shall mark, or caused to be marked, on the Initial Securities so exchanged that such Initial Securities are being canceled in exchange for the Exchange Securities or the Private Exchange Securities, as the case may be; in no event shall the Initial Securities be marked as paid or otherwise satisfied.

(t) The Company will use its reasonable best efforts to (i) if the Initial Securities have been rated prior to the initial sale of such Initial Securities, confirm such ratings will apply to the Securities covered by a Registration Statement, or (ii) if the Initial Securities were not previously rated, cause the Securities covered by a Registration Statement to be rated with the appropriate rating agencies, if so requested by Holders of a majority in aggregate principal amount of Securities covered by such Registration Statement, or by the managing underwriters, if any.

(u) In the event that any broker-dealer registered under the Exchange Act shall underwrite any Securities to be sold pursuant to the Shelf Registration Statement or participate as a member of an underwriting syndicate or selling group or "assist in the distribution" (within the meaning of the Conduct Rules (the "RULES") of the National Association of Securities Dealers, Inc. ("NASD")) thereof, whether as a Holder of such Securities or as an underwriter, a placement or sales agent or a broker or dealer in respect thereof, or otherwise, the Company will assist such broker-dealer in complying with the requirements of such Rules, including, without limitation, by (i) if such Rules, including Rule 2720, shall so require, engaging a "qualified independent underwriter" (as defined in Rule 2720) to participate in the preparation of the Registration Statement relating to such Securities, to exercise usual standards of due diligence in respect thereto and, if any portion of the offering contemplated by such Registration Statement is an underwritten offering or is made through a placement or sales agent, to recommend the yield of such Securities, (ii) indemnifying any such qualified independent underwriter to the extent of the indemnification of underwriters provided in Section 5 hereof and (iii) providing such information to such broker-dealer as may be required in order for such broker-dealer to comply with the requirements of the Rules.

(v) The Company shall use its reasonable best efforts to take all other steps necessary to effect the registration of the Securities covered by a Registration Statement contemplated hereby. The Initial Purchasers agree to provide any reasonable assistance requested by the Company in complying with its obligations

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pursuant to this Section 3, including, without limitation, identifying and contacting Holders entitled to participate in the Registered

Exchange Offer.

4. Registration Expenses. The Company shall bear all fees and expenses incurred in connection with the performance of its obligations under Sections 1 through 3 hereof (including the reasonable fees and expenses, if any, of Simpson Thacher & Bartlett, counsel for the Initial Purchasers, incurred in connection with the Registered Exchange Offer), whether or not the Registered Exchange Offer or a Shelf Registration is filed or becomes effective, and, in the event of a Shelf Registration, shall bear or reimburse the Holders of the Securities covered thereby for the reasonable fees and disbursements of one firm of counsel designated by the Holders of a majority in principal amount of the Securities covered thereby to act as counsel for the Holders of the Securities in connection therewith. Notwithstanding the foregoing, such Holders shall be responsible for any and all underwriting discounts and commissions and all other costs and expenses customarily borne by securityholders in similar circumstances.

5. Indemnification. (a) The Company will indemnify and hold harmless each Holder of the Securities and any Participating Broker-Dealer and each person, and their respective officers, directors and, in the case of transactions pursuant to Section 3(o) hereof, underwriters and each person who controls such Holder or such Participating Broker-Dealer within the meaning of the Securities Act or the Exchange Act (each Holder, any Participating Broker-Dealer and such controlling persons are referred to collectively as the "INDEMNIFIED PARTIES") from and against any losses, claims, damages or liabilities, joint or several, or any actions in respect thereof (including, but not limited to, any losses, claims, damages, liabilities or actions relating to purchases and sales of the Securities) to which each Indemnified Party may become subject under the Securities Act, the Exchange Act or otherwise, insofar as such losses, claims, damages, liabilities or actions arise out of or are based upon any untrue statement or alleged untrue statement of a material fact contained in a Registration Statement or prospectus or in any amendment or supplement thereto or in any preliminary prospectus relating to a Shelf Registration, or arise out of, or are based upon, the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, and shall reimburse, as incurred, the Indemnified Parties for any legal or other expenses reasonably incurred by them in connection with investigating or defending any such loss, claim, damage, liability or action in respect thereof; provided, however, that (i) the Company shall not be liable in any such case to the extent that such loss, claim, damage, liability or action arises out of or is based upon any untrue statement or alleged untrue statement or omission or alleged omission made in a Registration Statement or prospectus or in any amendment or supplement thereto or in any preliminary prospectus relating to a Shelf Registration in reliance upon and in conformity with written information pertaining to such Holder and furnished to the Company by or on behalf of such Indemnified Party or any affiliate thereof specifically for inclusion therein and (ii) with respect to any untrue statement or omission or alleged untrue statement or omission made in any preliminary prospectus relating to a Shelf Registration Statement, the indemnity agreement

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contained in this subsection (a) shall not inure to the benefit of any Holder or Participating Broker-Dealer from whom the person asserting any such losses, claims, damages or liabilities purchased the Securities concerned (or any affiliate of such Holder or Participating Broker-Dealer), to the extent that a prospectus relating to such Securities was required to be delivered by such Holder or Participating Broker-Dealer under the Securities Act in connection with such purchase and any such loss, claim, damage or liability of such Holder or Participating Broker-Dealer or any affiliate thereof results from the fact that there was not sent or given to such person, at or prior to the written confirmation of the sale of such Securities to such person, a copy of the final prospectus if the Company had previously furnished copies thereof to such Holder or Participating Broker-Dealer; provided further, however, that this indemnity agreement will be in addition to any liability which the Company may otherwise have to such Indemnified Party.

(b) Each Holder of the Securities, severally and not jointly, will indemnify and hold harmless the Company and each person, if any, who controls

the Company within the meaning of the Securities Act or the Exchange Act from and against any losses, claims, damages or liabilities or any actions in respect thereof, to which the Company or any such controlling person may become subject under the Securities Act, the Exchange Act or otherwise, insofar as such losses, claims, damages, liabilities or actions arise out of or are based upon any untrue statement or alleged untrue statement of a material fact contained in a Registration Statement or prospectus or in any amendment or supplement thereto or in any preliminary prospectus relating to a Shelf Registration, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, but in each case only to the extent that the untrue statement or omission or alleged untrue statement or alleged omission was made in reliance upon and in conformity with written information pertaining to such Holder and furnished to the Company by or on behalf of such Holder specifically for inclusion therein; and, subject to the limitation set forth immediately preceding this clause, shall reimburse, as incurred, the Company for any legal or other expenses reasonably incurred by the Company or any such controlling person in connection with investigating or defending any loss, claim, damage, liability or action in respect thereof. This indemnity agreement will be in addition to any liability which such Holder may otherwise have to the Company or any of its controlling persons.

(c) Promptly after receipt by an indemnified party under this Section 5 of notice of the commencement of any action or proceeding (including a governmental investigation), such indemnified party will, if a claim in respect thereof is to be made against the indemnifying party under this Section 5, notify the indemnifying party in writing of the commencement thereof; but the omission so to notify the indemnifying party will not, in any event, relieve the indemnifying party from any obligations to any indemnified party other than the indemnification obligation provided in paragraph (a) or (b) above. In case any such action is brought against any indemnified party, and it notifies the indemnifying party of the commencement thereof, the indemnifying party will be entitled to participate therein and, to the extent that it may wish, jointly with any other indemnifying party similarly notified, to

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assume the defense thereof, with counsel reasonably satisfactory to such indemnified party (who shall not, except with the consent of the indemnified party, be counsel to the indemnifying party), and after notice from the indemnifying party to such indemnified party of its election so to assume the defense thereof the indemnifying party will not be liable to such indemnified party under this Section 5 for any legal or other expenses, other than reasonable costs of investigation, subsequently incurred by such indemnified party in connection with the defense thereof. No indemnifying party shall, without the prior written consent of the indemnified party, effect any settlement of any pending or threatened action in respect of which any indemnified party is or could have been a party and indemnity could have been sought hereunder by such indemnified party unless such settlement includes an unconditional release of such indemnified party from all liability on any claims that are the subject matter of such action.

(d) If the indemnification provided for in this Section 5 is unavailable or insufficient to hold harmless an indemnified party under subsection (a) or (b) above, then each indemnifying party shall contribute to the amount paid or payable by such indemnified party as a result of the losses, claims, damages or liabilities (or actions in respect thereof) referred to in subsection (a) or (b) above (i) in such proportion as is appropriate to reflect the relative benefits received by the indemnifying party or parties on the one hand and the indemnified party on the other from the exchange of the Securities, pursuant to the transactions contemplated by the applicable Registration Statement or prospectus, or (ii) if the allocation provided by the foregoing clause (i) is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (i) above but also the relative fault of the indemnifying party or parties on the one hand and the indemnified party on the other in connection with the statements or omissions that resulted in such losses, claims, damages or liabilities (or actions in respect thereof) as well as any other relevant equitable considerations. The relative fault of the parties shall be determined by reference to, among other things, whether the untrue or alleged untrue

statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Company on the one hand or such Holder or such other indemnified party, as the case may be, on the other, and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such untrue statement or omission. The amount paid by an indemnified party as a result of the losses, claims, damages or liabilities referred to in the first sentence of this subsection (d) shall be deemed to include any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any action or claim which is the subject of this subsection (d). Notwithstanding any other provision of this Section 5(d), the Holders of the Securities shall not be required to contribute any amount in excess of the amount by which the net proceeds received by such Holders from the sale of the Securities pursuant to a Registration Statement exceeds the amount of damages which such Holders have otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. For purposes of this paragraph (d), each

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person, if any, who controls such indemnified party within the meaning of the Securities Act or the Exchange Act shall have the same rights to contribution as such indemnified party and each person, if any, who controls the Company within the meaning of the Securities Act or the Exchange Act shall have the same rights to contribution as the Company.

(e) The agreements contained in this Section 5 shall survive the sale of the Securities pursuant to a Registration Statement and shall remain in full force and effect, regardless of any termination or cancellation of this Agreement or any investigation made by or on behalf of any indemnified party.

(6) Additional Interest Under Certain Circumstances. Additional interest (the "ADDITIONAL INTEREST") with respect to the Initial Securities and the Private Exchange Securities shall be assessed as follows if any of the following events occur (each such event in clauses (i) through (iii) below a "REGISTRATION DEFAULT"):

(i) If by June 22, 1999, neither the Exchange Offer Registration Statement nor a Shelf Registration Statement has been filed with the Commission;

(ii) If by October 30, 1999, neither the Registered Exchange Offer is consummated nor, if required in lieu thereof, the Shelf Registration Statement is declared effective by the Commission; or

(iii) If after either the Exchange Offer Registration Statement or the Shelf Registration Statement is declared effective (A) such Registration Statement thereafter ceases to be effective or (B) such Registration Statement or the related prospectus ceases to be usable (excluding any Suspension Periods) in connection with resales of Transfer Restricted Securities in each case during the period the Company is required to keep such Registration Statement effective as specified in Section 1 or 2(b), as applicable, because either (1) any event occurs as a result of which the related prospectus forming part of such Registration Statement would include any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein in the light of the circumstances under which they were made not misleading, or (2) it shall be necessary to amend such Registration Statement or supplement the related prospectus, to comply with the Securities Act or the Exchange Act or the respective rules thereunder.

Additional Interest shall accrue on the Initial Securities and the Private Exchange Notes over and above the interest set forth in the title of the Initial Securities or the Private Exchange Notes, as applicable, from and including the date on which any such Registration Default shall occur to but excluding the date on which all such Registration Defaults have been cured, at a rate of 0.50% per annum (regardless of the number of Registration Defaults).

(b) A Registration Default referred to in Section 6(a)(iii) hereof shall be deemed not to have occurred and be continuing in relation to a Shelf Registration Statement or the related prospectus during any Suspension Period if (i) such Registration Default has occurred solely as a result of (x) the filing of a post-effective amendment to such Shelf Registration Statement to incorporate annual audited financial information with respect to the Company where such post-effective amendment is not yet effective and needs to be declared effective to permit Holders to use the related prospectus or (y) other material events, with respect to the Company that would need to be described in such Shelf Registration Statement or the related prospectus and (ii) in the case of clause (y), the Company is proceeding promptly and in good faith to amend or supplement such Shelf Registration Statement and related prospectus to describe such events; provided, however, that in any case if such Registration Default occurs for a continuous period in excess of 30 days, Additional Interest shall be payable in accordance with the above paragraph from the day such Registration Default occurs until such Registration Default is cured or until the Company is no longer required to keep such Registration Statement effective or such prospectus usable pursuant to the terms of this Agreement.

(c) Any amounts of Additional Interest due pursuant to clause (i), (ii) or (iii) of Section 6(a) above will be payable in cash on the regular interest payment dates with respect to the Securities. The amount of Additional Interest will be determined by multiplying the applicable Additional Interest rate by the principal amount of the Initial Securities or Private Exchange Notes, as the case may be, multiplied by a fraction, the numerator of which is the number of days such Additional Interest rate was applicable during such period (determined on the basis of a 360-day year comprised of twelve 30-day months), and the denominator of which is 360.

(d) "TRANSFER RESTRICTED SECURITIES" means each Security until (i) the date on which such Security has been exchanged by a person other than a broker-dealer for a freely transferable Exchange Security in the Registered Exchange Offer, (ii) following the exchange by a broker-dealer in the Registered Exchange Offer of an Initial Security for an Exchange Security, the date on which such Exchange Security is sold to a purchaser who receives from such broker-dealer on or prior to the date of such sale a copy of the prospectus contained in the Exchange Offer Registration Statement, (iii) the date on which such Security has been effectively registered under the Securities Act and disposed of in accordance with the Shelf Registration Statement or (iv) the date on which such Security is distributed to the public pursuant to Rule 144 under the Securities Act or is saleable pursuant to Rule 144(k) under the Securities Act.

7. Rules 144 and 144A. The Company shall use its reasonable best efforts to file the reports required to be filed by it under the Securities Act and the Exchange Act in a timely manner and, if at any time the Company is not required to file such reports, it will, upon the request of any Holder of Transfer Restricted Securities, make publicly available other information so long as necessary to permit sales of their Transfer Restricted Securities pursuant to Rules 144 and 144A. The Company covenants that it will take such further

action as any Holder of Transfer Restricted Securities may reasonably request, all to the extent required from time to time to enable such Holder to sell Transfer Restricted Securities without registration under the Securities Act within the limitation of the exemptions provided by Rules 144 and 144A (including the requirements of Rule 144A(d)(4)). The Company will provide a copy of this Agreement to prospective purchasers of Initial Securities identified to the Company by the Initial Purchasers upon request. Upon the request of any Holder of Initial Securities, the Company shall deliver to such Holder a written statement as to whether it has complied with such requirements. Notwithstanding the foregoing, nothing in this Section 7 shall be deemed to require the Company to register any of its securities pursuant to the Exchange Act.

8. Underwritten Registrations. If any of the Transfer Restricted Securities covered by any Shelf Registration are to be sold in an underwritten offering, the investment banker or investment bankers and manager or managers

that will administer the offering ("MANAGING UNDERWRITERS") will be selected by the Holders of a majority in aggregate principal amount of such Transfer Restricted Securities to be included in such offering.

No person may participate in any underwritten registration hereunder unless such person (i) agrees to sell such person's Transfer Restricted Securities on the basis reasonably provided in any underwriting arrangements approved by the persons entitled hereunder to approve such arrangements and (ii) completes and executes all questionnaires, powers of attorney, indemnities, underwriting agreements and other documents reasonably required under the terms of such underwriting arrangements.

9. Miscellaneous.

(a) Amendments and Waivers . The provisions of this Agreement may not be amended, modified or supplemented, and waivers or consents to departures from the provisions hereof may not be given, except by the Company and the written consent of the Holders of a majority in principal amount of the Securities affected by such amendment, modification, supplement, waiver or consents.

(b) Notices . All notices and other communications provided for or permitted hereunder shall be made in writing by hand delivery, first-class mail, facsimile transmission, or air courier which guarantees overnight delivery:

(1) if to a Holder of the Securities, at the most current address given by such Holder to the Company.

(2) if to the Initial Purchasers;

Credit Suisse First Boston Corporation
Eleven Madison Avenue
New York, NY 10010-3629
Fax No.: (212) 325-8278
Attention: Transactions Advisory Group

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with a copy to:

Simpson Thacher & Bartlett
425 Lexington Avenue
New York, NY 10017-3954
Fax No.: (212) 455-2502
Attention: Vincent Pagano

(3) if to the Company, at its address as follows:

Federated Department Stores, Inc.
7 West Seventh Street
Cincinnati, OH 45202
Fax No.: (513) 579-7555
Attention: Chief Financial Officer and General Counsel

with a copy to:

Jones, Day Reavis & Pogue
2001 Ross Avenue, Suite 2300
Dallas, TX 75201
Fax No.: (214) 969-5100
Attention: Mark Betzen

All such notices and communications shall be deemed to have been duly given: at the time delivered by hand, if personally delivered; three business days after being deposited in the mail, postage prepaid, if mailed; when receipt is acknowledged by recipient's facsimile machine operator, if sent by facsimile transmission; and on the day delivered, if sent by overnight air courier guaranteeing next day delivery.

(c) No Inconsistent Agreements. The Company has not, as of the date

hereof, entered into, nor shall it, on or after the date hereof, enter into, any agreement with respect to its securities that is inconsistent with the rights granted to the Holders herein or otherwise conflicts with the provisions hereof.

(d) Successors and Assigns. This Agreement shall be binding upon the Company and its successors and assigns.

(e) Counterparts. This Agreement may be executed in any number of counterparts and by the parties hereto in separate counterparts, each of which when so

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executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

(f) Headings. The headings in this Agreement are for convenience of reference only and shall not limit or otherwise affect the meaning hereof.

(g) Governing Law. THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK WITHOUT REGARD TO PRINCIPLES OF CONFLICT OF LAWS.

(h) Severability. If any one or more of the provisions contained herein, or the application thereof in any circumstance, is held invalid, illegal or unenforceable, the validity, legality and enforceability of any such provision in every other respect and of the remaining provisions contained herein shall not be affected or impaired thereby.

(i) Securities Held by the Company. Whenever the consent or approval of Holders of a specified percentage of principal amount of Securities is required hereunder, Securities held by the Company or its affiliates (other than subsequent Holders of Securities if such subsequent Holders are deemed to be affiliates solely by reason of their holdings of such Securities) shall not be counted in determining whether such consent or approval was given by the Holders of such required percentage.

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If the foregoing is in accordance with your understanding of our agreement, please sign and return to the Company a counterpart hereof, whereupon this instrument, along with all counterparts, will become a binding agreement among the several Initial Purchasers and the Company in accordance with its terms.

Very truly yours,

FEDERATED DEPARTMENT STORES, INC.

By: /s/ Karen Hoguet

Name: Karen M. Hoguet
Title: Senior Vice President, CFO
and Treasurer

The foregoing Registration
Rights Agreement is hereby confirmed
and accepted as of the date first
above written.

CREDIT SUISSE FIRST BOSTON CORPORATION
SALOMON SMITH BARNEY
CHASE SECURITIES INC.
NATIONSBANC MONTGOMERY SECURITIES LLC
PNC CAPITAL MARKETS, INC.

by: CREDIT SUISSE FIRST BOSTON CORPORATION

By: /s/ David Russell

Name: David Russell
Title: Managing Director

ANNEX A

Each broker-dealer that receives Exchange Securities for its own account pursuant to the Exchange Offer must acknowledge that it will deliver a prospectus in connection with any resale of such Exchange Securities. The Letter of Transmittal states that by so acknowledging and by delivering a prospectus, a broker-dealer will not be deemed to admit that it is an "underwriter" within the meaning of the Securities Act. This Prospectus, as it may be amended or supplemented from time to time, may be used by a broker-dealer in connection with resales of Exchange Securities received in exchange for Initial Securities where such Initial Securities were acquired by such broker-dealer as a result of market-making activities or other trading activities. The Company has agreed that, for a period of 135 days after the Expiration Date (as defined herein), it will make this Prospectus available to any broker-dealer for use in connection with any such resale. See "Plan of Distribution."

ANNEX B

Each broker-dealer that receives Exchange Securities for its own account in exchange for Initial Securities, where such Initial Securities were acquired by such broker-dealer as a result of market-making activities or other trading activities, must acknowledge that it will deliver a prospectus in connection with any resale of such Exchange Securities. See "Plan of Distribution."

ANNEX C

PLAN OF DISTRIBUTION

Each broker-dealer that receives Exchange Securities for its own account pursuant to the Exchange Offer must acknowledge that it will deliver a prospectus in connection with any resale of such Exchange Securities. This Prospectus, as it may be amended or supplemented from time to time, may be used by a broker-dealer in connection with resales of Exchange Securities received in exchange for Initial Securities where such Initial Securities were acquired as a result of market-making activities or other trading activities. The Company has agreed that, for a period of 135 days after the Expiration Date, it will make this prospectus, as amended or supplemented, available to any broker-dealer for use in connection with any such resale. In addition, until [____], 1999, all dealers effecting transactions in the Exchange Securities may be required to deliver a prospectus.

The Company will not receive any proceeds from any sale of Exchange Securities by broker-dealers. Exchange Securities received by broker-dealers for their own account pursuant to the Exchange Offer may be sold from time to time in one or more transactions in the over-the-counter market, in negotiated transactions, through the writing of options on the Exchange Securities or a combination of such methods of resale, at market prices prevailing at the time

of resale, at prices related to such prevailing market prices or negotiated prices. Any such resale may be made directly to purchasers or to or through brokers or dealers who may receive compensation in the form of commissions or concessions from any such broker-dealer or the purchasers of any such Exchange Securities. Any broker-dealer that resells Exchange Securities that were received by it for its own account pursuant to the Exchange Offer and any broker or dealer that participates in a distribution of such Exchange Securities may be deemed to be an "underwriter" within the meaning of the Securities Act and any profit on any such resale of Exchange Securities and any commission or concessions received by any such persons may be deemed to be underwriting compensation under the Securities Act. The Letter of Transmittal states that, by acknowledging that it will deliver and by delivering a prospectus, a broker-dealer will not be deemed to admit that it is an "underwriter" within the meaning of the Securities Act.

For a period of 135 days after the Expiration Date the Company will promptly send additional copies of this Prospectus and any amendment or supplement to this Prospectus to any broker-dealer that requests such documents in the Letter of Transmittal. The Company has agreed to pay all expenses incident to the Exchange Offer (including the expenses of one counsel for the Holders of the Securities) other than commissions or concessions of any brokers or dealers and will indemnify the Holders of the Securities (including any broker-dealers) against certain liabilities, including liabilities under the Securities Act.

ANNEX D

[] CHECK HERE IF YOU ARE A BROKER-DEALER AND WISH TO RECEIVE 10 ADDITIONAL COPIES OF THE PROSPECTUS AND 10 COPIES OF ANY AMENDMENTS OR SUPPLEMENTS THERETO.

Name:

Address:

The undersigned represents that it is not engaged in, and does not intend to engage in, a distribution of Exchange Securities. If the undersigned is a broker-dealer that will receive Exchange Securities for its own account in exchange for Initial Securities, it represents that such Initial Securities were acquired by it as a result of market-making activities or other trading activities, and acknowledges that it will deliver a prospectus meeting the requirements of the Securities Act in connection with any resale of such Exchange Securities; however, by so acknowledging and by delivering a prospectus, the undersigned will not be deemed to admit that it is an "underwriter" within the meaning of the Securities Act.

EXHIBIT 5.1

JONES, DAY, REAVIS & POGUE
2300 TRAMMELL CROW CENTER
2001 ROSS AVENUE
DALLAS, TEXAS 75201

April 22, 1999

Federated Department Stores, Inc.
7 West Seventh Street
Cincinnati, OH 45202

Re: Registration Statement on Form S-4 for Federated Department
Stores, Inc.

Ladies and Gentlemen:

We are acting as counsel to Federated Department Stores, Inc., a Delaware corporation (the "Company"), in connection with the offering of \$350,000,000 aggregate principal amount of the Company's 6.30% Senior Notes due 2009 (the "Exchange Notes") and \$400,000,000 aggregate principal amount of the Company's 6.90% Senior Debentures due 2029 (the "Exchange Debentures" and, together with the Exchange Notes, the "Exchange Securities") pursuant to the registration statement on Form S-4 to which this opinion is Exhibit 5.1 (the "Registration Statement"). As contemplated by the Registration Statement, the Exchange Notes are to be issued pursuant to an exchange offer (the "Exchange Offer") in exchange for a like principal amount of the issued and outstanding 6.30% Senior Notes due 2009 of the Company (the "Original Notes"), and the Exchange Debentures are to be issued pursuant to the Exchange Offer in exchange for a like principal amount of the issued and outstanding 6.90% Senior Debentures due 2029 of the Company (the "Original Debentures" and, together with the Original Notes, the "Original Securities"). The Exchange Securities will be issued under an Indenture, dated as of September 10, 1997 (the "Base Indenture"), between the Company and Citibank, N.A., as trustee (the "Trustee"), as supplemented by the Third Supplemental Indenture, dated as of March 24, 1999, between the Company and the Trustee (the "Supplemental Indenture" and, together with the Base Indenture, the "Indenture").

We have examined such documents, records, and matters of law as we have deemed necessary for purposes of this opinion. Based upon such examination and the assumptions set forth below, we are of the opinion that the Exchange Securities, when (a) duly executed by the Company and authenticated by the Trustee in accordance with the provisions of the Indenture and (b) delivered upon the consummation of the Exchange Offer against receipt of Original Securities surrendered in exchange therefor in accordance with the terms of the Exchange Offer, will be valid and binding obligations of the Company.

In rendering this opinion, we have assumed (i) the Base Indenture and the Supplemental Indenture are valid and binding obligations of the Trustee, (ii) the Registration Statement, and any amendment thereto, will have become effective, and (iii) the Exchange Securities are issued in compliance with applicable federal and state securities laws.

In rendering this opinion, we have relied as to certain factual matters upon statements or certificates of representatives of the Company and statements or certificates of public officials, and we have not independently checked or verified the accuracy of such statements or certificates. This opinion is limited to the federal laws of the United States of America, the laws of the State of New York and the General Corporation Law of the State of Delaware, as in effect on the date hereof.

This opinion is limited to the matters expressly stated herein, and no opinion is implied or may be inferred beyond the matters expressly stated herein.

We hereby consent to the filing of this opinion as Exhibit 5.1 to the Registration Statement and to the reference to us in the related prospectus under the caption "Legal Matters."

Very truly yours,

/s/ Jones, Day, Reavis & Pogue

Jones, Day, Reavis & Pogue

EXHIBIT 12.1

FEDERATED DEPARTMENT STORES, INC.
 COMPUTATION OF HISTORICAL RATIOS OF EARNINGS TO FIXED CHARGES(a)
 (IN MILLIONS, EXCEPT RATIO DATA)

<TABLE>
 <CAPTION>

	Fiscal Year Ended 1/30/99	Fiscal Year Ended 1/31/98	Fiscal Year Ended 2/1/97	Fiscal Year Ended 2/3/96	Fiscal Year Ended 1/28/95
<S>	<C>	<C>	<C>	<C>	<C>
Income before income taxes and extraordinary items	\$1,163	\$ 958	\$ 441	\$ 202	\$ 331
Add: Portion of rents representative of the interest factor	113	120	117	134	71
Interest Expense	304	418	499	508	262
Adjusted Income	<u>\$1,580</u>	<u>\$1,496</u>	<u>\$1,057</u>	<u>\$ 844</u>	<u>\$ 664</u>
Fixed Charges:					
Interest Expense	\$ 304	\$ 418	\$ 499	\$ 508	\$ 262
Capitalized Interest	3	2	1	1	1
Portion of rents representative of the interest factor	113	120	117	134	71
Total Fixed Charges	<u>\$ 420</u>	<u>\$ 540</u>	<u>\$ 617</u>	<u>\$ 643</u>	<u>\$ 334</u>
Ratio of earnings to fixed charges	3.8x	2.8x	1.7x	1.3x	2.0x

</TABLE>

(a) For purposes of determining the ratio of earnings to fixed charges, earnings consist of income before income taxes and extraordinary items plus fixed charges (excluding interest capitalized). Fixed charges represent interest incurred, amortization of debt expenses, and that portion of rental expense on operating leases deemed to be the equivalent of interest.

EXHIBIT 23.1

CONSENT OF INDEPENDENT AUDITORS

The Board of Directors and Shareholders
Federated Department Stores, Inc.

We consent to the use of our reports incorporated herein by reference and to the reference to our firm under the heading "Experts" in the registration statement.

/s/ KPMG LLP

Cincinnati, Ohio
April 21, 1999

EXHIBIT 24.1

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the undersigned hereby constitutes and appoints Ronald W. Tysoe, Dennis J. Broderick, John R. Sims, and Padma Tatta Cariappa, or any of them, the true and lawful attorneys-in-fact of the undersigned, with full power of substitution and resubstitution, for him or her and in his or her name, place and stead, to sign on his or her behalf, as a director or officer, or both, as the case may be, of Federated Department Stores, Inc., a Delaware corporation (the "Corporation"), a Registration Statement on Form S-4 (the "Registration Statement") relating to the registration under the Securities Act of 1933, as amended, of up to \$750,000,000 aggregate principal amount of debt securities to be issued by the Corporation in exchange for a like amount of outstanding debt securities of the Corporation and to sign any or all amendments and any or all post-effective amendments to the Registration Statement, whether on Form S-4 or otherwise, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys or attorneys-in-fact full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys or attorneys-in-fact or any of them or their substitute or substitutes may lawfully do or cause to be done by virtue hereof.

Dated: April 20, 1999

/s/ James M. Zimmerman

James M. Zimmerman

/s/ George V. Grune

George V. Grune

/s/ Terry J. Lundgren

Terry J. Lundgren

/s/ Sara Levinson

Sara Levinson

/s/ Ronald W. Tysoe

Ronald W. Tysoe

/s/ Joseph Neubauer

Joseph Neubauer

/s/ Karen M. Hoguet

Karen M. Hoguet

/s/ Joseph A. Pichler

Joseph A. Pichler

/s/ Joel A. Belsky

Joel A. Belsky

/s/ Karl M. von der Heyden

Karl M. von der Heyden

/s/ Meyer Feldberg

Meyer Feldberg

Craig E. Weatherup

/s/ Earl G. Graves, Sr.

Earl G. Graves, Sr.

/s/ Marna C. Whittington

Marna C. Whittington

EXHIBIT 25.1

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM T-1

STATEMENT OF ELIGIBILITY
UNDER THE TRUST INDENTURE ACT OF 1939 OF A
CORPORATION DESIGNATED TO ACT AS TRUSTEE

Check if an application to determine eligibility of a Trustee
pursuant to Section 305 (b)(2) _____

CITIBANK, N.A.

(Exact name of trustee as specified in its charter)

13-5266470
(I.R.S. employer
identification no.)

399 Park Avenue, New York, New York 10043
(Address of principal executive office) (Zip Code)

FEDERATED DEPARTMENT STORES, INC.

(Exact name of obligor as specified in its charter)

Delaware 13-3324058
(State or other jurisdiction of (I.R.S. employer
incorporation or organization) identification no.)

151 West 34 Street
New York, New York 10001
and

7 West Seventh Street
Cincinnati, Ohio 45202

(Addresses of principal executive offices) (Zip Codes)

Debt Securities
(Title of the indenture securities)

Item 1. General Information.

Furnish the following information as to the trustee:

- (a) Name and address of each examining or supervising authority to which it
is subject.

Name	Address
Comptroller of the Currency	Washington, D.C.

Federal Reserve Bank of New York 33 Liberty Street New York, NY	New York, NY
---	--------------

Federal Deposit Insurance Corporation	Washington, D.C.
---------------------------------------	------------------

- (b) Whether it is authorized to exercise corporate trust powers.

Yes.

Item 2. Affiliations with Obligor.

If the obligor is an affiliate of the trustee, describe each such affiliation.

None.

Item 16. List of Exhibits.

List below all exhibits filed as a part of this Statement of Eligibility.

Exhibits identified in parentheses below, on file with the Commission, are incorporated herein by reference as exhibits hereto.

Exhibit 1 - Copy of Articles of Association of the Trustee, as now in effect. (Exhibit 1 to T-1 to Registration Statement No. 2-79983)

Exhibit 2 - Copy of certificate of authority of the Trustee to commence business. (Exhibit 2 to T-1 to Registration Statement No. 2-29577).

Exhibit 3 - Copy of authorization of the Trustee to exercise corporate trust powers. (Exhibit 3 to T-1 to Registration Statement No. 2-55519)

Exhibit 4 - Copy of existing By-Laws of the Trustee. (Exhibit 4 to T-1 to Registration Statement No. 33-34988)

Exhibit 5 - Not applicable.

Exhibit 6 - The consent of the Trustee required by Section 321(b) of the Trust Indenture Act of 1939. (Exhibit 6 to T-1 to Registration Statement No. 33-19227.)

Exhibit 7 - Copy of the latest Report of Condition of Citibank, N.A. (as of December 31, 1998 - attached)

Exhibit 8 - Not applicable.

Exhibit 9 - Not applicable.

SIGNATURE

Pursuant to the requirements of the Trust Indenture Act of 1939, the Trustee, Citibank, N.A., a national banking association organized and existing under the laws of the United States of America, has duly caused this statement of eligibility to be signed on its behalf by the undersigned, thereunto duly authorized, all in The City of New York and State of New York, on the 22nd day of April, 1999.

CITIBANK, N.A.

By /s/Nancy Forte

Nancy Forte
Trust Officer

Charter No. 1461
Comptroller of the Currency
Northeastern District
REPORT OF CONDITION
CONSOLIDATING
DOMESTIC AND FOREIGN
SUBSIDIARIES OF

CITIBANK, N.A.

of New York in the State of New York, at the close of business on December 31, 1998, published in response to call made by Comptroller of the Currency, under Title 12, United States Code, Section 161. Charter Number 1461 Comptroller of the Currency Northeastern District.

ASSETS

<TABLE>

<CAPTION>

THOUSANDS
OF DOLLARS

<S>

<C>

Cash and balances due from de-		
pository institutions:		
Noninterest-bearing balances		
and currency and coin	\$	8,052,000
Interest-bearing balances		15,782,000
Held-to-maturity securities		0
Available-for-sale securities		37,330,000
Federal funds sold and		
securities purchased under		
agreements to resell		8,039,000
Loans and lease financing receivables:		
Loans and Leases, net of un-		
earned income	\$	182,508,000
LESS: Allowance for loan		
and lease losses		4,709,000

Loans and leases, net of un-		
earned income, allowance,		
and reserve	\$	177,799,000
Trading assets		31,683,000
Premises and fixed assets (includ-		
ing capitalized leases)		4,022,000
Other real estate owned		458,000
Investments in unconsolidated		
subsidiaries and associated com-		
panies		1,154,000
Customers' liability to this bank		
on acceptances outstanding		1,281,000
Intangible assets		3,504,000
Other assets		11,791,000

TOTAL ASSETS	\$	300,895,000
		=====

LIABILITIES

Deposits:

In domestic offices	\$	39,355,000
Noninterest-		
bearing	\$	13,199,000
Interest-		
bearing		26,156,000

In foreign offices, Edge and		
Agreement subsidiaries, and		
IBFs		163,573,000
Noninterest-		
bearing		10,803,000
Interest-		
bearing		152,770,000

Federal funds purchased and		
securities sold under agree-		
ments to repurchase		9,752,000
Trading liabilities		30,753,000
Other borrowed money (includes		
mortgage indebtedness and		
obligations under capitalized		
leases):		
With a remaining maturity of one		
year or less		13,308,000

With a remaining maturity of more than one year through three years ..	1,528,000
With a remaining maturity of more than three years	2,110,000
Bank's liability on acceptances executed and outstanding	1,382,000
Subordinated notes and debentures	6,600,000
Other liabilities	12,802,000

TOTAL LIABILITIES	\$ 281,163,000
=====	

EQUITY CAPITAL

Perpetual preferred stock and related surplus	0
Common stock	\$ 751,000
Surplus	9,397,000
Undivided profits and capital reserves	10,356,000
Net unrealized holding gains (losses) on available-for-sale securities ...	(113,000)
Cumulative foreign currency translation adjustments	(659,000)

TOTAL EQUITY CAPITAL	\$ 19,732,000

TOTAL LIABILITIES, LIMITED-LIFE PREFERRED STOCK, AND EQUITY CAPITAL	\$ 300,895,000
=====	

</TABLE>

I, Roger W. Trupin, Controller of the above-named bank do hereby declare that this Report of Condition is true and correct to the best of my knowledge and belief.

ROGER W. TRUPIN
CONTROLLER

We, the undersigned directors, attest to the correctness of this Report of Condition. We declare that it has been examined by us, and to the best of our knowledge and belief has been prepared in conformance with the instructions and is true and correct.

PAUL J. COLLINS
JOHN S. REED
WILLIAM R. RHODES
DIRECTORS

LETTER OF TRANSMITTAL

EXCHANGE OFFER FOR ALL OUTSTANDING
6.30% SENIOR NOTES DUE 2009
AND
6.90% SENIOR DEBENTURES DUE 2029
OF
FEDERATED DEPARTMENT STORES, INC.

PURSUANT TO THE PROSPECTUS DATED _____, 1999

THE EXCHANGE OFFER WILL EXPIRE AT 5:00 P.M., NEW YORK CITY TIME, ON
_____, 1999 UNLESS EXTENDED (THE "EXPIRATION DATE").

The Exchange Agent for the Exchange Offer is:
Citibank, N.A.

<TABLE>

<CAPTION>

By Mail: By Overnight Courier Delivery: By Hand:

<S>	<C>	<C>	
Citibank, N.A.	Citibank, N.A.	Citibank, N.A.	
c/o Citicorp Data Distribution, Inc.	c/o Citicorp Data Distribution, Inc.	Corporate Trust Window	
P.O. Box 7072	404 Sette Drive	111 Wall Street, 5th Floor	
Paramus, New Jersey 07653	Paramus, New Jersey 07652	New York, New York 10005	

</TABLE>

By Facsimile for Eligible Institutions:
(201) 262-3240

Facsimile Confirmation Only:
(800) 422-2077

For Information:
(800) 422-2077

IF YOU DELIVER THIS LETTER OF TRANSMITTAL TO AN ADDRESS OTHER THAN AS SET FORTH ABOVE OR TRANSMIT INSTRUCTIONS VIA FACSIMILE OTHER THAN AS SET FORTH ABOVE, SUCH DELIVERY OR INSTRUCTIONS WILL NOT BE EFFECTIVE. YOU MUST SIGN THIS LETTER OF TRANSMITTAL IN THE APPROPRIATE SPACE PROVIDED THEREFOR AND COMPLETE THE SUBSTITUTE FORM W-9 SET FORTH BELOW.

THE INSTRUCTIONS ACCOMPANYING THIS LETTER OF TRANSMITTAL SHOULD BE READ CAREFULLY BEFORE THIS LETTER OF TRANSMITTAL IS COMPLETED.

Federated Department Stores, Inc. (the "Company") is offering, upon the terms and subject to the conditions set forth in the Prospectus, dated _____, 1999 (the "Prospectus"), and in this Letter of Transmittal (which, together with any supplements or amendments hereto or thereto, collectively constitute the "Exchange Offer") to exchange its 6.30% Senior Notes due 2009 (the "Exchange Notes") which have been registered under the Securities Act of 1933, as amended (the "Securities Act"), for a like principal amount of its outstanding 6.30% Senior Notes due 2009 (the "Original Notes"), and to exchange its 6.90% Senior Debentures due 2029 (the "Exchange Debentures," and together with the Exchange Notes, the "Exchange Securities") which have been registered under the Securities Act for a like principal amount of its 6.90% Senior Debentures due 2029 (the "Original Debentures" and, together with the Original Notes, the "Original Securities"). Terms used herein with initial capital letters have the respective meanings ascribed to them in the Prospectus.

This Letter of Transmittal is to be completed by holders of Original Securities if either (i) certificates representing Original Securities ("Certificates") are to be forwarded herewith or (ii) delivery of Original Securities is to be made by book-entry transfer to the account maintained by the Exchange Agent at the Depository Trust Company (the "Book-Entry Transfer Facility") pursuant to the procedures set forth in the Prospectus under the caption "The Exchange Offer-Book-Entry Transfer." Holders whose Certificates are not immediately available or who cannot deliver their Certificates and all other required documents to the Exchange Agent prior to the Expiration Date, or who cannot complete the procedures for book-entry transfer on a timely basis, may tender their Original Securities pursuant to the guaranteed delivery procedures set forth in the Prospectus under the caption "The Exchange Offer-Guaranteed Delivery Procedures." See Instruction 1. Delivery of documents to the Book-Entry Transfer Facility does not constitute delivery to the Exchange Agent.

List below the Original Securities to which this Letter of Transmittal relates. If the space provided below is inadequate, list the certificate numbers and principal amount of Original Notes or Original Debentures on a separate signed schedule and affix the list to this Letter of Transmittal.

<TABLE>
<CAPTION>

DESCRIPTION OF ORIGINAL NOTES			
NAME(S) AND ADDRESS(ES) OF REGISTERED HOLDERS (PLEASE COMPLETE, IF BLANK)	CERTIFICATE NUMBER(S)*	AGGREGATE PRINCIPAL AMOUNT OF ORIGINAL NOTES REPRESENTED BY CERTIFICATE(S)	AGGREGATE PRINCIPAL AMOUNT OF ORIGINAL NOTES TENDERED**
<S>	<C>	<C>	<C>
TOTAL PRINCIPAL AMOUNT TENDERED:			
* Need not be completed if Original Notes are being tendered by book-entry.			
** Unless otherwise indicated in this column, a holder will be deemed to have tendered the entire principal amount of its Original Notes.			

</TABLE>

<TABLE>
<CAPTION>

DESCRIPTION OF ORIGINAL DEBENTURES			
NAME(S) AND ADDRESS(ES) OF REGISTERED HOLDERS (PLEASE COMPLETE, IF BLANK)	CERTIFICATE NUMBER(S)*	AGGREGATE PRINCIPAL AMOUNT OF ORIGINAL DEBENTURES REPRESENTED BY CERTIFICATE(S)	AGGREGATE PRINCIPAL AMOUNT OF ORIGINAL DEBENTURES TENDERED**
<S>	<C>	<C>	<C>
TOTAL PRINCIPAL AMOUNT TENDERED:			
* Need not be completed if Original Debentures are being tendered by book-entry.			
** Unless otherwise indicated in this column, a holder will be deemed to have tendered the entire principal amount of its Original Debentures.			

</TABLE>

[] CHECK HERE IF TENDERED ORIGINAL SECURITIES ARE BEING DELIVERED BY BOOK-ENTRY TRANSFER MADE TO THE ACCOUNT MAINTAINED BY THE EXCHANGE AGENT WITH THE BOOK-ENTRY TRANSFER FACILITY AND COMPLETE THE FOLLOWING:

Name of Tendering Institution:

Account Number: _____ Transaction Code Number: _____

[] CHECK HERE IF TENDERED ORIGINAL SECURITIES ARE BEING DELIVERED PURSUANT TO A NOTICE OF GUARANTEED DELIVERY PREVIOUSLY SENT TO THE EXCHANGE AGENT AND COMPLETE THE FOLLOWING:

Name(s) of Registered Holder(s) of Original Securities:

Window Ticket Number (if any):

Date of Execution of Notice of Guaranteed Delivery:

Name of Institution that Guaranteed Delivery:

[] CHECK HERE IF YOU ARE A BROKER-DEALER AND WISH TO RECEIVE 10 ADDITIONAL COPIES OF THE PROSPECTUS AND 10 COPIES OF ANY AMENDMENTS OR SUPPLEMENTS THERETO AND COMPLETE THE FOLLOWING.

Name:

Address:

2

Ladies and Gentlemen:

On the terms and subject to the conditions of the Exchange Offer, the undersigned hereby tenders to the Company the aggregate principal amount of Original Notes and/or Original Debentures indicated above. Subject to, and effective upon, the acceptance for exchange of the Original Securities tendered hereby, the undersigned hereby (i) sells, assigns, and transfers to, or upon the order of, the Company all right, title, and interest in and to the Original Securities tendered hereby and (ii) irrevocably constitutes and appoints the Exchange Agent as its true and lawful agent and attorney-in-fact (with full knowledge that the Exchange Agent also acts as the agent of the Company) with respect to such Original Securities, with full power of substitution (such power of attorney deemed to be an irrevocable power of attorney coupled with an interest), to (a) deliver Certificates evidencing such Original Securities, or transfer ownership of such Original Securities on the account books maintained by the Book-Entry Transfer Facility, together, in any such case, with all accompanying evidences of transfer and authenticity to, or upon the order of, the Company, (b) present such Original Securities for transfer on the books of the registrar for the Original Securities, and (c) receive all benefits and otherwise exercise all rights of beneficial ownership of such Original Securities.

The undersigned hereby represents and warrants that the undersigned has full power and authority to tender, sell, assign, transfer, and exchange the Original Securities tendered hereby and that, when the same are accepted by the Company for exchange, the Company will acquire good and unencumbered title thereto, free and clear of all liens, restrictions, charges, encumbrances, and adverse claims. The undersigned hereby further represents that (i) any Exchange Securities acquired in exchange for Original Securities tendered hereby are being acquired in the ordinary course of business of the person receiving such Exchange Securities, whether or not such person is the holder of such Original Securities, (ii) neither the undersigned nor any such other person is engaging in or intends to engage in a distribution of the Exchange Securities, (iii) neither the undersigned nor any such other person has an arrangement or understanding with any person to participate in the distribution of such Exchange Securities, and (iv) neither the undersigned nor any such other person is an "affiliate" (as defined in Rule 405 under the Securities Act) of the Company, or, if either is an affiliate, it will comply with the registration and prospectus delivery requirements of the Securities Act. If the undersigned is a broker-dealer that is to receive Exchange Securities for its own account in exchange for Original Securities, it further represents that such Original Securities were acquired as a result of market-making activities or other trading activities, and acknowledges that it will deliver a prospectus meeting the requirements of the Securities Act in connection with any resale of such Exchange Securities; however, by so acknowledging and by delivering a prospectus, the undersigned will not be deemed to admit that it is an "underwriter" with respect to such Exchange Securities within the meaning of the Securities Act.

The undersigned acknowledges that this Exchange Offer is being made in reliance upon interpretations by the staff of the Securities and Exchange Commission (the "Commission"), as set forth in no-action letters issued to third parties, that indicate that the Exchange Securities issued in exchange for the Original Securities pursuant to the Exchange Offer may be offered for resale, resold, or otherwise transferred by the holders thereof (other than any such holder that is an "affiliate" of the Company within the meaning of Rule 405 under the Securities Act), without compliance with the registration and prospectus delivery provisions of the Securities Act, if such Exchange Securities are acquired in the ordinary course of such holders' business and such holders have no arrangement or understanding with any person to participate in a distribution of such Exchange Securities. However, the Commission has not considered the Exchange Offer in the context of a no-action letter and there can be no assurance that the staff of the Commission would make a similar determination with respect to the Exchange Offer. If any holder of Original Securities is an affiliate of the Company or is engaged in, or intends to engage in or has any arrangement or understanding with any person to participate in,

the distribution of the Exchange Securities to be acquired pursuant to the Exchange Offer, such holder (i) cannot rely on the applicable interpretations of the staff of the Commission and (ii) must comply with the registration and prospectus delivery requirements of the Securities Act in connection with any resale transaction.

The undersigned will, upon request, execute and deliver any additional documents deemed by the Exchange Agent or the Company to be necessary or desirable to complete the sale, assignment, and transfer of the Original Securities tendered hereby.

All authority conferred or agreed to be conferred by this Letter of Transmittal and every obligation of the undersigned hereunder shall be binding upon the undersigned's heirs, executors, administrators, trustees in bankruptcy, legal representatives, successors, and assigns and shall survive the death, incapacity, or dissolution of the undersigned.

The undersigned understands that the valid tender of Original Securities pursuant to the procedures set forth in the Prospectus under the caption "The Exchange Offer-Procedures for Tendering" and in the instructions hereto will constitute a binding agreement between the undersigned and the Company upon the terms and subject to the conditions of the Exchange Offer.

Unless otherwise indicated herein under "Special Issuance Instructions," please issue the Certificates representing the Exchange Securities and return any Original Securities not tendered or not accepted for exchange in the name(s) of the undersigned or, in the case of a book-entry delivery of Original Securities, please credit the account indicated above maintained at the Book-Entry Transfer Facility. Similarly, unless otherwise indicated herein under "Special Delivery Instructions," please mail the Certificates representing the Exchange Securities issued in exchange for the Original Securities accepted for exchange and any certificates for Original Securities not tendered or not accepted for exchange (and accompanying documents, as appropriate) to the undersigned at the address shown below the undersigned's signature(s). The undersigned recognizes that the Company has no obligation pursuant to the "Special Issuance Instructions" and "Special Delivery Instructions" to transfer any Original Securities from the name of the registered holder(s) thereof if the Company does not accept for exchange any of the Original Securities so tendered.

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THE UNDERSIGNED, BY COMPLETING THE BOX ENTITLED "DESCRIPTION OF ORIGINAL NOTES" OR "DESCRIPTION OF ORIGINAL DEBENTURES" ABOVE AND SIGNING THIS LETTER OF TRANSMITTAL, WILL BE DEEMED TO HAVE TENDERED THE ORIGINAL NOTES OR THE ORIGINAL DEBENTURES AS SET FORTH IN SUCH BOX ABOVE.

SPECIAL ISSUANCE INSTRUCTIONS
(See Instructions 3, 4 and 6)

To be completed ONLY (i) if Certificates for Exchange Securities and any Original Securities that are not accepted for exchange are to be issued in the name of and sent to someone other than the undersigned or (ii) if Original Securities tendered by book-entry transfer that are not accepted for exchange are to be returned by credit to an account maintained at the Book-Entry Transfer Facility other than the account indicated above.

Issue Certificate(s) to:

Name:

(Please Print)

Address:

(Include Zip Code)

[] Credit unexchanged Original Securities delivered by book-entry transfer to the Book-Entry Transfer Facility Account set forth below.

(Taxpayer Identification or Social Security No.)
(Please Also Complete Substitute Form W-9)

SPECIAL DELIVERY INSTRUCTIONS
(See Instructions 3, 4 and 6)

To be completed ONLY if Certificates for Exchange Securities and any Original Securities that are not accepted for exchange are to be sent to someone other than the undersigned, or to the undersigned at an address other than that shown above.

Mail Certificate(s) to:

Name:

(Please Print)

Address:

(Include Zip Code)

IMPORTANT: THIS LETTER OR A FACSIMILE HEREOF (TOGETHER WITH THE CERTIFICATES FOR ORIGINAL SECURITIES OR A BOOK-ENTRY CONFIRMATION AND ALL OTHER REQUIRED DOCUMENTS OR THE NOTICE OF GUARANTEED DELIVERY) MUST BE RECEIVED BY THE EXCHANGE AGENT PRIOR TO 5:00 P.M., NEW YORK CITY TIME, ON THE EXPIRATION DATE.

PLEASE READ THIS ENTIRE LETTER OF TRANSMITTAL
CAREFULLY BEFORE COMPLETING ANY BOX ABOVE.

4

IMPORTANT:
SIGN HERE AND COMPLETE SUBSTITUTE FORM W-9 BELOW

SIGNATURE(S) OF HOLDER(S) OF ORIGINAL SECURITIES

Dated: _____, 1999

(MUST BE SIGNED BY THE REGISTERED HOLDER(S) OF ORIGINAL SECURITIES AS THEIR NAME(S) APPEAR(S) ON THE CERTIFICATES FOR THE ORIGINAL SECURITIES OR ON A SECURITY POSITION LISTING, OR BY PERSON(S) AUTHORIZED TO BECOME REGISTERED HOLDER(S) BY ENDORSEMENTS AND DOCUMENTS TRANSMITTED HERewith. IF SIGNATURE IS BY TRUSTEES, EXECUTORS, ADMINISTRATORS, GUARDIANS, ATTORNEYS-IN-FACT, AGENTS, OFFICERS OF CORPORATIONS, OR OTHERS ACTING IN A FIDUCIARY OR REPRESENTATIVE CAPACITY, PLEASE PROVIDE THE FOLLOWING INFORMATION. SEE INSTRUCTION 3.)

Name:

(PLEASE TYPE OR PRINT)

Capacity (Full Title):

Address:

(INCLUDE A ZIP CODE)

Area Code and Telephone No.:

(HOME)

(BUSINESS)

Tax Identification or
Social Security No.:

(COMPLETE SUBSTITUTE FORM W-9 BELOW)

GUARANTEE OF SIGNATURE(S)
(SEE INSTRUCTION 3)

Authorized Signature(s):

Name:

(PLEASE TYPE OR PRINT)

Title:

Name of Firm:

Address:

(INCLUDE A ZIP CODE)

Area Code and Telephone No.:

Dated: , 1999

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INSTRUCTIONS

FORMING PART OF THE TERMS AND CONDITIONS OF THE EXCHANGE OFFER

1. DELIVERY OF THIS LETTER OF TRANSMITTAL AND ORIGINAL SECURITIES; GUARANTEED DELIVERY PROCEDURES. This Letter of Transmittal is to be completed by holders of Original Securities if either (a) Certificates are to be forwarded herewith or (b) delivery of Original Securities is to be made by book-entry transfer pursuant to the procedures set forth in the Prospectus under the caption "The Exchange Offer-Book-Entry Transfer." Certificates for all physically tendered Original Securities, or Book-Entry Confirmation (as defined below), as the case may be, as well as a properly completed and duly executed Letter of Transmittal and any other documents required by this Letter of Transmittal, must be received by the Exchange Agent at the address set forth herein prior to the Expiration Date, or the tendering holder must comply with the guaranteed delivery procedures set forth below. Original Securities tendered hereby must be in denominations of principal amount of \$1,000 and any integral multiple thereof. Holders whose Certificates are not immediately available or who cannot deliver their Certificates and all other required documents to the Exchange Agent prior to the Expiration Date, or who cannot complete the procedures for book-entry transfer on a timely basis, may tender their Original Securities pursuant to the guaranteed delivery procedures set forth in the Prospectus under the caption "The Exchange Offer-Guaranteed Delivery Procedures." Pursuant to such procedures, (a) such tender must be made through an Eligible Institution prior to 5:00 p.m., New York City time, on the Expiration Date, (b) the Exchange Agent must receive from such Eligible Institution a properly completed and duly executed Letter of Transmittal and Notice of Guaranteed Delivery, substantially in the form provided by the Company (by facsimile transmission, mail or hand delivery), setting forth the name and address of the holder of Original Securities and the amount of Original Securities tendered, stating that the tender is being made thereby, and guaranteeing that within three New York Stock Exchange ("NYSE") trading days after the Expiration Date, the Certificates for all physically tendered Original Securities, in proper form for transfer, or confirmation of the book-entry transfer of the Original Securities into the Exchange Agent's account at the Book-Entry Transfer Facility (a "Book-Entry Confirmation"), as the case may be, and any other documents required by this Letter of Transmittal will be deposited by the Eligible Institution with the Exchange Agent, and (c) the Certificates for all physically tendered Original Securities, in proper form for transfer, or

a Book-Entry Confirmation, as the case may be, and all other documents required by this Letter of Transmittal, must be received by the Exchange Agent within three NYSE trading days after the Expiration Date. The method of delivery of this Letter of Transmittal, the Original Securities, and all other required documents is at the election and risk of the tendering holders, but the delivery will be deemed made only when actually received or confirmed by the Exchange Agent. If Original Securities are sent by mail, it is suggested that the mailing be registered mail, properly insured, with return receipt requested, made sufficiently in advance of the Expiration Date to permit delivery to the Exchange Agent prior to 5:00 p.m., New York City time, on the Expiration Date. See "The Exchange Offer" in the Prospectus.

2. PARTIAL TENDERS (NOT APPLICABLE TO SECURITY HOLDERS WHO TENDER BY BOOK-ENTRY TRANSFER). If less than all of the Original Securities evidenced by a submitted Certificate are to be tendered, the tendering holder(s) should fill in the aggregate principal amount of Original Securities to be tendered in the box above entitled "Description of Original Notes-Aggregate Principal Amount of Original Notes Tendered" or "Description of Original Debentures-Aggregate Principal Amount of Original Debentures Tendered," as applicable. A reissued Certificate representing the balance of nontendered Original Securities will be sent to such tendering holder, unless otherwise provided in the appropriate box on this Letter of Transmittal, promptly after the Expiration Date. ALL OF THE ORIGINAL SECURITIES DELIVERED TO THE EXCHANGE AGENT WILL BE DEEMED TO HAVE BEEN TENDERED UNLESS OTHERWISE INDICATED.

3. SIGNATURES ON THIS LETTER; BOND POWERS AND ENDORSEMENTS; GUARANTEE OF SIGNATURES. If this Letter of Transmittal is signed by the registered holder of the Original Securities tendered hereby, the signature must correspond exactly with the name as written on the face of the Certificates without any change whatsoever. If any tendered Original Securities are owned of record by two or more joint owners, all of such owners must sign this Letter of Transmittal. If any tendered Original Securities are registered in different names on several Certificates, it will be necessary to complete, sign, and submit as many separate copies of this Letter of Transmittal as there are different registrations of Certificates. When this Letter of Transmittal is signed by the registered holder or holders of the Original Securities specified herein and tendered hereby, no endorsements of Certificates or separate bond powers are required. If, however, the Exchange Securities are to be issued, or any untendered Original Securities are to be reissued, to a person other than the registered holder, then endorsements of any Certificates transmitted hereby or separate bond powers are required. Signatures on such Certificate(s) must be guaranteed by an Eligible Institution. If this Letter of Transmittal is signed by a person other than the registered holder or holders of any Certificate(s) specified herein, such Certificate(s) must be endorsed or accompanied by appropriate bond powers, in either case signed exactly as the name or names of the registered holder or holders appear(s) on the Certificate(s) and signatures on such Certificate(s) must be guaranteed by an Eligible Institution. If this Letter of Transmittal or any Certificates or bond powers are signed by trustees, executors, administrators, guardians, attorneys-in-fact, officers of corporations, or others acting in a fiduciary or representative capacity, such persons should so indicate when signing and, unless waived by the Company, proper evidence satisfactory to the Company of their authority to so act must be submitted. ENDORSEMENTS ON CERTIFICATES FOR ORIGINAL SECURITIES OR SIGNATURES ON BOND POWERS REQUIRED BY THIS INSTRUCTION 3 MUST BE GUARANTEED BY A FIRM THAT IS A FINANCIAL INSTITUTION (INCLUDING MOST BANKS, SAVINGS AND LOAN ASSOCIATIONS, AND BROKERAGE HOUSES) THAT IS A PARTICIPANT IN THE SECURITIES TRANSFER AGENTS MEDALLION PROGRAM, THE NEW YORK STOCK EXCHANGE MEDALLION SIGNATURE PROGRAM, OR THE STOCK EXCHANGES MEDALLION PROGRAM (EACH AN "ELIGIBLE INSTITUTION"). SIGNATURES ON THIS LETTER OF TRANSMITTAL NEED NOT BE GUARANTEED BY AN ELIGIBLE INSTITUTION, PROVIDED THE ORIGINAL SECURITIES ARE TENDERED: (i) BY A REGISTERED HOLDER OF ORIGINAL SECURITIES (WHICH TERM, FOR PURPOSES OF THE EXCHANGE OFFER, INCLUDES ANY PARTICIPANT IN THE

BOOK-ENTRY TRANSFER FACILITY SYSTEM WHOSE NAME APPEARS ON A SECURITY POSITION LISTING AS THE HOLDER OF SUCH ORIGINAL SECURITIES) WHO HAS NOT COMPLETED THE BOX ENTITLED "SPECIAL ISSUANCE INSTRUCTIONS" OR "SPECIAL DELIVERY INSTRUCTIONS" ON THIS LETTER OF TRANSMITTAL OR (ii) FOR THE ACCOUNT OF AN ELIGIBLE INSTITUTION.

4. SPECIAL ISSUANCE AND DELIVERY INSTRUCTIONS. Tendering holders of Original Securities should indicate in the applicable box the name and address to which Exchange Securities issued pursuant to the Exchange Offer and or substitute Certificates evidencing Original Securities not exchanged are to be issued or sent, if different from the name or address of the person signing this Letter of Transmittal. In the case of issuance in a different name, the employer identification or social security number of the person named must also be indicated. Security holders tendering Original Securities by book-entry transfer may request that Original Securities not exchanged be credited to such account maintained at the Book-Entry Transfer Facility as such security holder may designate hereon. If no such instructions are given, such Original Securities not exchanged will be returned to the name and address of the person signing this Letter of Transmittal.

5. **TAXPAYER IDENTIFICATION NUMBER.** Federal income tax law generally requires that a tendering holder whose Original Securities are accepted for exchange must provide the Company (as payer) with such holder's correct Taxpayer Identification Number ("TIN") on Substitute Form W-9 below, which in the case of a tendering holder who is an individual, is his or her social security number. If the Company is not provided with the current TIN or an adequate basis for an exemption from backup withholding, such tendering holder may be subject to a \$50 penalty imposed by the Internal Revenue Service. In addition, the Exchange Agent may be required to withhold 31% of the amount of any reportable payments made after the exchange to such tendering holder of Exchange Securities. If withholding results in an overpayment of taxes, a refund may be obtained. Exempt holders of Original Securities (including, among others, all corporations and certain foreign individuals) are not subject to these backup withholding and reporting requirements. See the enclosed Guidelines of Certification of Taxpayer Identification Number on Substitute Form W-9 (the "W-9 Guidelines") for additional instructions. To prevent backup withholding, each tendering holder of Original Securities must provide its correct TIN by completing the Substitute Form W-9 set forth below, certifying, under penalties of perjury, that the TIN provided is correct (or that such holder is awaiting a TIN) and that (a) the holder is exempt from backup withholding, (b) the holder has not been notified by the Internal Revenue Service that such holder is subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the Internal Revenue Service has notified the holder that such holder is no longer subject to backup withholding. If the tendering holder of Original Securities is a nonresident alien or foreign entity not subject to backup withholding, such holder must give the Exchange Agent a completed Form W-8, Certificate of Foreign Status. These forms may be obtained from the Exchange Agent. If the Original Securities are in more than one name or are not in the name of the actual owner, such holder should consult the W-9 Guidelines for information on which TIN to report. If such holder does not have a TIN, such holder should consult the W-9 Guidelines for instructions on applying for a TIN, check the box in Part 2 of the Substitute Form W-9 and write "applied for" in lieu of its TIN. Note: Checking this box and writing "applied for" on the form means that such holder has already applied for a TIN or that such holder intends to apply for one in the near future. If the box in Part 2 of the Substitute Form W-9 is checked, the Exchange Agent will retain 31% of reportable payments made to a holder during the 60-day period following the date of the Substitute Form W-9. If the holder furnishes the Exchange Agent with his or her TIN within 60 days of the Substitute Form W-9, the Exchange Agent will remit such amounts retained during such 60-day period to such holder and no further amounts will be retained or withheld from payments made to the holder thereafter. If, however, such holder does not provide its TIN to the Exchange Agent within such 60-day period, the Exchange Agent will remit such previously withheld amounts to the Internal Revenue Service as backup withholding and will withhold 31% of all reportable payments to the holder thereafter until such holder furnishes its TIN to the Exchange Agent.

6. **TRANSFER TAXES.** The Company will pay all transfer taxes, if any, applicable to the transfer of Original Securities to it or its order pursuant to the Exchange Offer. If, however, Exchange Securities and/or substitute Original Securities not exchanged are to be delivered to, or are to be registered or issued in the name of, any person other than the registered holder of the Original Securities tendered hereby, or if tendered Original Securities are registered in the name of any person other than the person signing this Letter of Transmittal, or if a transfer tax is imposed for any reason other than the transfer of Original Securities to the Company or its order pursuant to the Exchange Offer, the amount of any such transfer taxes (whether imposed on the registered holder or any other persons) will be payable by the tendering holder. If satisfactory evidence of payment of such taxes or exemption therefrom is not submitted herewith, the amount of such transfer taxes will be billed directly to such tendering holder. **EXCEPT AS PROVIDED IN THIS INSTRUCTION 6, IT WILL NOT BE NECESSARY FOR TRANSFER TAX STAMPS TO BE AFFIXED TO THE ORIGINAL SECURITIES SPECIFIED IN THIS LETTER OF TRANSMITTAL.**

7. **WAIVER OF CONDITIONS.** The Company reserves the absolute right to waive satisfaction of any or all conditions to the Exchange Offer set forth in the Prospectus.

8. **NO CONDITIONAL TENDERS.** No alternative, conditional, irregular, or contingent tenders will be accepted. All tendering holders of Original Securities, by execution of this Letter of Transmittal, shall waive any right to receive notice of the acceptance of their Original Securities for exchange. Neither the Company, the Exchange Agent, nor any other person is obligated to give notice of any defect or irregularity with respect to any tender of Original Securities nor shall any of them incur any liability for failure to give any such notice.

holder whose Original Securities have been mutilated, lost, stolen, or destroyed should contact the Exchange Agent at the address indicated above for further instructions.

10. WITHDRAWAL RIGHTS. Tenders of Original Securities may be withdrawn at any time prior to 5:00 p.m., New York City time, on the Expiration Date. For a withdrawal of a tender of Original Securities to be effective, a written notice of withdrawal must be received by the Exchange Agent at the address, or in the case of eligible institutions, at the facsimile number set forth above prior to 5:00 p.m., New York City time, on the Expiration Date. Any such notice of withdrawal must (a) specify the name of the person who tendered the Original Securities to be withdrawn (the "Depositor"), (b) identify the Original Securities to be withdrawn (including certificate number or numbers and the principal amount of such Original Securities), (c) contain a statement that such holder is withdrawing his election to have such Original Securities exchanged, (d) be signed by the holder in the same manner as the original signature on the Letter of Transmittal by which such Original Securities were tendered (including any required signature guarantees) or be accompanied by documents of transfer to have the registrar with respect to the Original Securities register the transfer of such Original Securities in the name of the person withdrawing the tender, and (e) specify the name in which such Original Securities are registered, if different from that of the Depositor. If Original Securities have been tendered pursuant to the procedure for book-entry transfer set forth in the Prospectus under the caption "The Exchange Offer-Book-Entry Transfer," any notice of withdrawal must specify the name and number of the account at the Book-Entry Transfer Facility to be credited with the withdrawn Original Securities and otherwise comply with the procedures of such facility. All questions as to the validity, form, and eligibility (including time of receipt) of such notices will be determined by the Company, whose determination shall be final and binding on all parties. Any Original Securities so withdrawn will be deemed not to have been validly tendered for exchange for purposes of the Exchange Offer. Any Original Securities that have been tendered for exchange but which are not exchanged for any reason will be returned to the holder thereof without cost to such holder (or, in the case of Original Securities tendered by book-entry transfer into the Exchange Agent's account at the Book-Entry Transfer Facility pursuant to the book-entry transfer procedures set forth in the Prospectus under the caption "The Exchange Offer-Book-Entry Transfer," such Original Securities will be credited to an account maintained with the Book-Entry Transfer Facility for the Original Securities) promptly after the expiration or termination of the Exchange Offer. Properly withdrawn Original Securities may be retendered by following the procedures described above at any time prior to 5:00 p.m., New York City time, on the Expiration Date.

11. REQUESTS FOR ASSISTANCE OR ADDITIONAL COPIES. Questions relating to the procedure for tendering, requests for additional copies of the Prospectus and this Letter of Transmittal, and requests for Notices of Guaranteed Delivery and other related documents may be directed to the Exchange Agent, at the address and telephone number indicated above.

PLEASE COMPLETE SUBSTITUTE FORM W-9 BELOW.

<TABLE>
<CAPTION>

PAYER'S NAME: CITIBANK, N.A.

<S>
SUBSTITUTE
FORM W-9

<C>
PART 1 - PLEASE PROVIDE YOUR TIN IN
THE BOX AT RIGHT AND CERTIFY BY
SIGNING AND DATING BELOW.
OR

<C>
Social Security Number

DEPARTMENT OF THE
TREASURY
INTERNAL REVENUE SERVICE

Employer Identification Number

PART 2 - TIN Applied For []

PAYER'S REQUEST FOR
TAXPAYER IDENTIFICATION
NUMBER ("TIN")
CERTIFICATION

PART 3 - CERTIFICATION - Under penalties of perjury, I certify that (1) the
number shown on this form is my correct taxpayer identification number (or
I am waiting for a number to be issued to me) AND (2) I am not subject to
backup withholding because (a) I am exempt from backup withholding, or (b)
I have not been notified by the Internal Revenue Service (the "IRS") that I
am subject to backup withholding as a result of a failure to report all
interest or dividends, or (c) the IRS has notified me that I am no longer
subject to backup withholding. (You must cross out Item (2) above if you
have been notified by the IRS that you are subject to backup withholding
because of underreporting of interest or dividends on your return.)

SIGNATURE

DATE

</TABLE>

YOU MUST COMPLETE THE FOLLOWING CERTIFICATE IF YOU CHECKED THE BOX IN PART 2 OF
SUBSTITUTE FORM W-9.

CERTIFICATE OF AWAITING TAXPAYER IDENTIFICATION NUMBER

I certify under penalties of perjury that a taxpayer identification number has not been issued to me, and either (a) I have mailed or delivered an application to receive a taxpayer identification number to the appropriate Internal Revenue Center or Social Security Administration Office or (b) I intend to mail or deliver an application in the near future. I understand that if I do not provide a taxpayer identification number at the time of the exchange, 31% of all reportable payments made to me thereafter will be withheld until I provide a number.

Signature

Date

9

GUIDELINES FOR CERTIFICATION OF TAXPAYER IDENTIFICATION
NUMBER ON SUBSTITUTE FORM W-9

GUIDELINES FOR DETERMINING THE PROPER IDENTIFICATION NUMBER TO GUIDE
THE PAYER. - Social Security Numbers have nine digits separated by two hyphens:
i.e. 000-00-0000. Employer Identification Numbers have nine digits separated by
only one hyphen: i.e. 00-0000000. The table below will help determine the number
to give the payer.

<TABLE>

<CAPTION>

FOR THIS TYPE OF ACCOUNT:

GIVE THE SOCIAL SECURITY NUMBER OF

<S>

<C>

1. An individual's account

The individual

2. Two or more individuals (joint account)

The actual owner of the account or, if combined
funds, any one of the individuals (1)3. Custodian account of a minor (Uniform Gift to
Minors Act)

The minor (2)

4. (a) The usual revocable savings trust account
(grantor is also trustee)

The grantor-trustee (1)

(b) So-called trust account that is not a legal
or valid trust under state law

The actual owner (1)

5. Sole proprietorship account

The owner (3)

<CAPTION>

FOR THIS TYPE OF ACCOUNT:

NUMBER OF

GIVE THE EMPLOYER IDENTIFICATION

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6. A valid trust, estate, or pension trust

The legal entity (4)

7. Corporate account

The corporation

8. Association, club, religious, charitable,
educational or other tax-exempt organization

The organization

9. Partnership	The partnership
10. A broker or registered nominee	The broker or nominee
11. Account with the Department of Agriculture in the name of a public entity (such as a state or local government, school district, or prison) that receives agricultural program payments	The public entity

</TABLE>

-
- (1) List first and circle the name of the person whose number you furnish.
 - (2) Circle the minor's name and furnish the minor's Social Security Number.
 - (3) Show the name of the owner. You may also enter your business name. You may use your Social Security Number or Employer Identification Number.
 - (4) List first and circle the name of the legal trust, estate, or pension trust. (Do not furnish the identifying number of the personal representative or trustee unless the legal entity itself is not designated in the account title.)

If no name is circled when more than one name is listed, the number will be considered to be that of the first name listed.

Section references are to the Internal Revenue Code.

OBTAINING A NUMBER

If you don't have a Taxpayer Identification Number or you don't know your number, obtain Form SS-5, Application for a Social Security Number Card, or Form SS-4, Application for Employer Identification Number, at the local office of the Social Security Administration or the Internal Revenue Service and apply for a number.

PAYEES EXEMPT FROM BACKUP WITHHOLDING

Payees specifically exempted from backup withholding on broker transactions include the following:

- o A corporation.
- o A financial institution.
- o An organization exempt from tax under Section 501(a), or an individual retirement plan.
- o The United States or any agency or instrumentality thereof.
- o A State, the District of Columbia, a possession of the United States, or any subdivision or instrumentality thereof.
- o A foreign government, a political subdivision of a foreign government, or any agency or instrumentality thereof.
- o An international organization or any agency or instrumentality thereof.
- o A dealer in securities or commodities registered in the United States or a possession of the United States.
- o A real estate investment trust.
- o A common trust fund operated by a bank under Section 584(a).
- o An entity registered at all times during the tax year under the Investment Company Act of 1940.
- o A foreign central bank of issue.
- o A person registered under the Investment Advisors Act of 1940 who regularly acts as a broker.

PAYMENTS OF DIVIDENDS AND PATRONAGE DIVIDENDS NOT GENERALLY SUBJECT TO BACKUP WITHHOLDING ALSO INCLUDE THE FOLLOWING:

- o Payments to nonresident aliens subject to withholding under Section 1441.

- o Payments to partnerships not engaged in a trade or business in the United States and which have at least one nonresident partner.
- o Payments of patronage dividends not paid in money.
- o Payments made by certain foreign organizations.

PAYMENTS OF INTEREST NOT GENERALLY SUBJECT TO BACKUP WITHHOLDING ALSO INCLUDE THE FOLLOWING:

- o Payments of interest on obligations issued by individuals.

Note: You may be subject to backup withholding if this interest is \$600 or more and is paid in the course of the payer's trade or business and you have not provided your correct taxpayer identification number to the payer.
- o Payments of tax-exempt interest (including exempt interest dividends under section 852).
- o Payments described in section 6049(b)(5) to nonresident aliens.
- o Payments on tax-free covenant bonds under section 1451.
- o Payments made by certain foreign organizations.
- o Mortgage interest paid by you.

Payments that are not subject to information reporting are also not subject to backup withholding. For details see sections 6041, 6041A(a), 6042, 6044, 6045, 6049, 6050A and 6050N, and the regulations under such sections.

Exempt payees described above should file Substitute Form W-9 to avoid possible erroneous backup withholding. **FILE THIS FORM WITH THE PAYER, FURNISH YOUR TAXPAYER IDENTIFICATION NUMBER, WRITE "EXEMPT" ON THE FACE OF THE FORM, SIGN AND DATE THE FORM AND RETURN IT TO THE PAYER.**

PRIVACY ACT NOTICE - Section 6109 requires you to give your correct Taxpayer Identification Number to payers who must report the payments to the IRS. The IRS uses the numbers for identification purposes. Payers must be given the numbers whether or not you are required to file a tax return. Payers must generally withhold 31% of taxable interest, dividend, and certain other payments to a payee who does not furnish a Taxpayer Identification Number to a payer. Certain penalties may also apply.

PENALTIES

- (1) **PENALTY FOR FAILURE TO FURNISH TAXPAYER IDENTIFICATION NUMBER** - If you fail to furnish your correct Taxpayer Identification Number to a payer, you are subject to a penalty of \$50 for each such failure unless your failure is due to reasonable cause and not to willful neglect.
- (2) **CIVIL PENALTY FOR FALSE INFORMATION WITH RESPECT TO WITHHOLDING** - If you make a false statement with no reasonable basis which results in no imposition of backup withholding, you are subject to a penalty of \$500.
- (3) **CRIMINAL PENALTY FOR FALSIFYING INFORMATION** - Wilfully falsifying certifications or affirmations may subject you to criminal penalties including fines and/or imprisonment. **FOR ADDITIONAL INFORMATION CONTACT YOUR TAX CONSULTANT OR THE IRS.**

EXHIBIT 99.2

EXCHANGE OFFER FOR ALL OUTSTANDING
6.30% SENIOR NOTES DUE 2009
AND
6.90% SENIOR DEBENTURES DUE 2029
OF
FEDERATED DEPARTMENT STORES, INC.

PURSUANT TO THE PROSPECTUS DATED _____, 1999

To: Brokers, Dealers, Commercial Banks,
Trust Companies, and Other Nominees:

Federated Department Stores, Inc. (the "Company") is offering, upon the terms and subject to conditions set forth in the Prospectus, dated _____, 1999 (the "Prospectus"), and the enclosed Letter of Transmittal (the "Letter of Transmittal"), to exchange its 6.30% Senior Notes due 2009 which have been registered under the Securities Act of 1933 for a like principal amount of its outstanding 6.30% Senior Notes due 2009 (the "Original Notes"), and to exchange its 6.90% Senior Debentures due 2029 which have been registered under the Securities Act of 1933 for a like principal amount of its outstanding 6.90% Senior Debentures due 2029 (the "Original Debentures" and, together with the Original Notes, the "Original Securities"). The Exchange Offer is being made in order to satisfy certain obligations of the Company contained in the Registration Rights Agreement, dated March 18, 1999, by and among the Company and the initial purchasers of the Original Securities from the Company.

Please forward to your clients for whose accounts you hold Original Securities registered in your name or in the name of your nominee copies of the following enclosed documents:

1. Prospectus dated _____, 1999;
2. The Letter of Transmittal to tender Original Securities for your use and for the information of your clients;
3. A Notice of Guaranteed Delivery to be used to accept the Exchange Offer if the other procedures for tendering Original Securities set forth in the Prospectus cannot be completed on a timely basis;
4. A form of letter which may be sent to your clients for whose account you hold Original Securities registered in your name or the name of your nominee, with space provided for obtaining such clients' instructions with regard to the Exchange Offer;
5. Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9; and
6. Return envelopes addressed to Citibank, N.A., the Exchange Agent for the Exchange Offer.

YOUR PROMPT ACTION IS REQUESTED. THE EXCHANGE OFFER WILL EXPIRE AT 5:00 P.M., NEW YORK CITY TIME, ON _____, 1999, UNLESS EXTENDED BY THE COMPANY (THE "EXPIRATION DATE"). ORIGINAL SECURITIES TENDERED PURSUANT TO THE EXCHANGE OFFER MAY BE WITHDRAWN AT ANY TIME BEFORE THE EXPIRATION DATE.

To participate in the Exchange Offer, a duly executed and properly completed Letter of Transmittal, with any required signature guarantees and any other required documents, should be sent to the Exchange Agent and certificates representing the Original Securities should be delivered to the Exchange Agent, all in accordance with the instructions set forth in the Letter of Transmittal and the Prospectus.

If holders of Original Securities desire to tender their Original Securities, but it is impracticable for them to deliver the certificates for such Original Securities or other required documents or to complete the procedures for book-entry transfer prior to the Expiration Date, a tender may be effected by following the guaranteed delivery procedures described in the

Prospectus under the caption "The Exchange Offer-Guaranteed Delivery Procedures."

The Company will, upon request, reimburse brokers, dealers, commercial banks, and trust companies for reasonable and necessary costs and expenses incurred by them in forwarding the Prospectus and the related

documents to the beneficial owners of Original Securities held by them as nominee or in a fiduciary capacity. The Company will pay or cause to be paid all stock transfer taxes applicable to the exchange of Original Securities pursuant to the Exchange Offer, except as set forth in Instruction 6 of the Letter of Transmittal.

Any inquiries you may have with respect to the Exchange Offer, or requests for additional copies of the enclosed materials, should be directed to Citibank, N.A., the Exchange Agent for the Exchange Offer, at its address and telephone number set forth on the front of the Letter of Transmittal.

Very truly yours,

FEDERATED DEPARTMENT STORES, INC.

NOTHING HEREIN OR IN THE ENCLOSED DOCUMENTS SHALL CONSTITUTE YOU OR ANY PERSON AS AN AGENT OF THE COMPANY OR THE EXCHANGE AGENT, OR AUTHORIZE YOU OR ANY OTHER PERSON TO USE ANY DOCUMENT OR MAKE ANY STATEMENTS ON BEHALF OF EITHER OF THEM WITH RESPECT TO THE EXCHANGE OFFER, EXCEPT FOR STATEMENTS EXPRESSLY MADE IN THE PROSPECTUS OR THE LETTER OF TRANSMITTAL.

Enclosures

EXHIBIT 99.3

EXCHANGE OFFER FOR ALL OUTSTANDING
6.30% SENIOR NOTES DUE 2009
AND
6.90% SENIOR DEBENTURES DUE 2029
OF
FEDERATED DEPARTMENT STORES, INC.

PURSUANT TO THE PROSPECTUS DATED _____, 1999

To Our Clients:

Enclosed for your consideration is a Prospectus, dated _____, 1999 (the "Prospectus"), and the related Letter of Transmittal (the "Letter of Transmittal"), relating to the offer (the "Exchange Offer") by Federated Department Stores, Inc. (the "Company") to exchange its 6.30% Senior Notes due 2009 which have been registered under the Securities Act of 1933 (the "Exchange Notes") for a like principal amount of its outstanding 6.30% Senior Notes due 2009 (the "Original Notes"), and to exchange its 6.90% Senior Debentures due 2029 which have been registered under the Securities Act of 1933 (the "Exchange Debentures" and, together with the Exchange Notes, the "Exchange Securities") for a like principal amount of its outstanding 6.90% Senior Debentures due 2029 (the "Original Debentures" and, together with the Original Notes, the "Original Securities"), upon the terms and subject to the conditions described in the Prospectus and the Letter of Transmittal. The Exchange Offer is being made in order to satisfy certain obligations of the Company contained in the Registration Rights Agreement, dated March 18, 1999, by and among the Company and the initial purchasers of the Original Securities from the Company.

We are (or our nominee is) the holder of record of Original Securities held by us for your account. A tender of such Original Securities can be made only by the holder of record and pursuant to your instructions. The Letter of Transmittal accompanying this letter is furnished to you for your information only and cannot be used by you to tender Original Securities held by us for your account.

Accordingly, we request instructions as to whether you wish us to tender on your behalf the Original Securities held by us for your account, pursuant to the terms and conditions set forth in the enclosed Prospectus and Letter of Transmittal. Your instructions should be forwarded to us as promptly as possible in order to permit us to tender Original Securities on your behalf (should you so desire) in accordance with the provisions of the Exchange Offer.

Your attention is directed to the following:

1. Federated is offering to exchange the Exchange Notes for any and all of the Original Notes and to exchange the Exchange Debentures for any and all of the Original Debentures.

2. The terms of the Exchange Notes are identical in all material respects to the terms of the Original Notes, and the terms of the Exchange Debentures are identical in all material respects to the terms of the Original Debentures, except that the registration rights and related liquidated damages provisions, and the transfer restrictions, applicable to the Original Securities are not applicable to the Exchange Securities.

3. Subject to the satisfaction or waiver of certain conditions set forth in the Prospectus in the section captioned "The Exchange Offer-Conditions to the Exchange Offer," Federated will exchange the applicable Exchange Securities for all Original Securities that are validly tendered and not withdrawn prior to the expiration of the Exchange Offer.

4. The Exchange Offer will expire at 5:00 p.m., New York City time, on _____, 1999, unless extended by the Company.

5. You may withdraw tenders of Original Securities at any time prior to the expiration of the Exchange Offer.

6. The exchange of Original Securities for Exchange Securities pursuant

to the Exchange Offer generally will not be a taxable event for U.S. federal income tax purposes. See "Material United States Federal Income Tax Considerations" in the enclosed Prospectus.

If you wish to have us tender your Original Notes or Original Debentures, please so instruct us by completing, executing and returning to us the instruction form on the back of this letter. THE LETTER OF TRANSMITTAL IS FURNISHED TO YOU FOR INFORMATION ONLY AND CANNOT BE USED BY YOU TO TENDER ORIGINAL SECURITIES HELD BY US FOR YOUR ACCOUNT.

2

INSTRUCTIONS WITH RESPECT TO
THE EXCHANGE OFFER

The undersigned acknowledge(s) receipt of your letter and the enclosed material referred to therein relating to the Exchange Offer made by Federated Department Stores, Inc. with respect to the Original Securities. Terms used herein with initial capital letters have the respective meanings ascribed to them in your letter.

This will instruct you to tender the Original Notes or Original Debentures held by you for the account of the undersigned, upon and subject to the terms and conditions set forth in the Prospectus and the related Letter of Transmittal.

☐ Please tender the Original Notes or Original Debentures held by you for my account as indicated below:

\$ _____ Aggregate Principal Amount of 6.30% Senior Notes due 2009

\$ _____ Aggregate Principal Amount of 6.90% Senior Debentures due 2029

☐ Please do not tender any Original Notes held by you for my account.

☐ Please do not tender any Original Debentures held by you for my account.

Dated: _____, 1999

Signatures(s):

Print Name(s) here:

Print Address(es):

Area Code and Telephone Number(s):

Tax Identification or Social Security Number(s):

None of the Original Securities held by us for your account will be tendered unless we receive written instructions from you to do so. If you authorize the tender of Original Securities held by us for your account, all such Original Securities will be tendered unless a specific contrary instruction is given in the space provided.

3

EXHIBIT 99.4

NOTICE OF GUARANTEED DELIVERY
FOR TENDER OF
6.30% SENIOR NOTES DUE 2009
AND/OR
6.90% SENIOR DEBENTURES DUE 2029
OF
FEDERATED DEPARTMENT STORES, INC.

This notice or one substantially equivalent hereto must be used to accept the Exchange Offer of Federated Department Stores, Inc. (the "Company") made pursuant to the Prospectus, dated _____, 1999 (the "Prospectus"), if certificates for the outstanding 6.30% Senior Notes due 2009 and/or 6.90% Senior Debentures due 2029 of the Company (the "Original Securities") are not immediately available or if the procedure for book-entry transfer cannot be completed on a timely basis or time will not permit all required documents to reach Citibank, N.A., as exchange agent (the "Exchange Agent"), prior to 5:00 p.m., New York City time, on the Expiration Date of the Exchange Offer.

This notice may be delivered or transmitted by facsimile transmission, mail, or hand delivery to the Exchange Agent as set forth below. In order to utilize the guaranteed delivery procedure to tender Original Securities pursuant to the Exchange Offer, both this notice and a properly completed and duly executed Letter of Transmittal must be received by the Exchange Agent prior to 5:00 p.m., New York City time, on the Expiration Date.

The Exchange Agent for the Exchange Offer is:

Citibank, N.A.

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By Mail:

By Overnight Courier Delivery:

By Hand:

Citibank, N.A. c/o Citicorp Data Distribution, Inc. P.O. Box 7072 Paramus, New Jersey 07653	Citibank, N.A. c/o Citicorp Data Distribution, Inc. 404 Sette Drive Paramus, New Jersey 07652	Citibank, N.A. Corporate Trust Window 111 Wall Street, 5th Floor New York, New York 10005
--	--	--

By Facsimile for Eligible Institutions:
(201) 262-3240

Facsimile Confirmation Only:
(800) 422-2077

For Information:
(800) 422-2077

</TABLE>

DELIVERY OF THIS NOTICE OF GUARANTEED DELIVERY TO AN ADDRESS OTHER THAN AS SET FORTH ABOVE, OR TRANSMISSION OF INSTRUCTIONS VIA FACSIMILE OTHER THAN AS SET FORTH ABOVE, WILL NOT CONSTITUTE A VALID DELIVERY.

Ladies and Gentlemen:

The undersigned hereby tenders to Federated Department Stores, Inc. (the "Company") the principal amount of 6.30% Senior Notes due 2009 of the Company ("Original Notes") and/or the principal amount of 6.90% Senior Debentures due 2029 of the Company ("Original Debentures") set forth below pursuant to the guaranteed delivery procedure described in "The Exchange Offer-Guaranteed Delivery Procedures" section of the Company's prospectus, dated _____, 1999 (the "Prospectus"). Terms used herein with initial capital letters have the

respective meanings ascribed to them in the Prospectus.

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Principal Amount of Original Notes Tendered
(must be an integral multiple of \$1,000):

Principal Amount of Original Debentures Tendered
(must be an integral multiple of \$1,000):

\$

\$

Certificate Nos. (if available):

Certificate Nos. (if available):

If Original Notes will be delivered book-entry
transfer to the Depository Trust Company,
provide account number below.

If Original Debentures will be delivered book-entry
transfer to the Depository Trust Company, provide
account number below.

</TABLE>

ALL AUTHORITY HEREIN CONFERRED OR AGREED TO BE CONFERRED SHALL SURVIVE THE DEATH OR INCAPACITY OF THE UNDERSIGNED AND EVERY OBLIGATION OF THE UNDERSIGNED HEREUNDER SHALL BE BINDING UPON THE HEIRS, PERSONAL REPRESENTATIVES, SUCCESSORS AND ASSIGNS OF THE UNDERSIGNED.

IMPORTANT:

SIGN HERE AND COMPLETE ENCLOSED SUBSTITUTE FORM W-9

SIGNATURE(S) OF HOLDER(S) OF ORIGINAL SECURITIES

Dated: , 1999

MUST BE SIGNED BY THE REGISTERED HOLDER(S) OF ORIGINAL SECURITIES EXACTLY AS THEIR NAME(S) APPEAR(S) ON THE CERTIFICATES FOR THE ORIGINAL SECURITIES OR ON A SECURITY POSITION LISTING, OR BY PERSON(S) AUTHORIZED TO BECOME REGISTERED HOLDER(S) BY ENDORSEMENT AND DOCUMENTS TRANSMITTED WITH THIS NOTICE OF GUARANTEED DELIVERY. IF SIGNATURE IS BY TRUSTEES, EXECUTORS, ADMINISTRATORS, GUARDIANS, ATTORNEYS-IN-FACT, OFFICERS OF CORPORATIONS, OR OTHERS ACTING IN A FIDUCIARY OR REPRESENTATIVE CAPACITY, PLEASE PROVIDE THE FOLLOWING INFORMATION.

Name:

(PLEASE TYPE OR PRINT)

Capacity (Full Title):

Address:

(INCLUDE A ZIP CODE)

Area Code and Telephone No.:

(HOME)

(BUSINESS)

GUARANTEE
(NOT TO BE USED FOR SIGNATURE GUARANTEE)

The undersigned, a financial institution that is a participant in the Securities Transfer Agents Medallion Program, the New York Stock Exchange Medallion Signature Program, or the Stock Exchanges Medallion Program, hereby guarantees that the certificates representing the principal amount of Original Notes or Original Debentures tendered hereby in proper form for transfer, or timely confirmation of the book-entry transfer of such Original Notes or Original Debentures into the Exchange Agent's account at the Depository Trust Company pursuant to the procedures set forth in "The Exchange Offer-Guaranteed Delivery Procedures" section of the Prospectus, together with any required signature guarantee and any other documents required by the Letter of Transmittal, will be received by the Exchange Agent at the address set forth above, no later than three New York Stock Exchange trading days after the Expiration Date.

----- Name of Firm	----- Authorized Signature
----- Name of Person Signing	
----- Address	----- Title of Person Signing
----- Telephone Number	----- Date

NOTE: DO NOT SEND CERTIFICATES FOR ORIGINAL SECURITIES WITH THIS FORM.
CERTIFICATES FOR ORIGINAL SECURITIES SHOULD BE SENT ONLY WITH A COPY OF
YOUR PREVIOUSLY EXECUTED LETTER OF TRANSMITTAL.